



BULLISH ON LIFE

DSP Merrill Lynch Mutual Fund Closed Ended Schemes



**Annual Report
2005-2006**

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UNITHOLDER INFORMATION REPORT

From the Board of Directors, DSP Merrill Lynch Trustee Company Private Limited

DSP MERRILL LYNCH MUTUAL FUND

DSP Merrill Lynch Mutual Fund (DSPMLMF) was set up as a Trust by the Settlers, DSP Merrill Lynch Ltd. and Merrill Lynch Asset Management L.P., now known as **Merrill Lynch Investment Managers L.P. (MLIM)**, on 16th December, 1996, with **DSP Merrill Lynch Trustee Company Pvt. Ltd. (the Trustee Company)** as a Trustee in accordance with the provisions of the Indian Trust Act, 1882 and is duly registered under the Indian Registration Act, 1908. The Trustee has entered into an Investment Management Agreement dated 16th December, 1996 with DSP Merrill Lynch Investment Managers Ltd. now known as DSP Merrill Lynch Fund Managers Ltd. (the AMC) to function as the Investment Manager for all the Schemes of DSPMLMF. DSPMLMF was registered with SEBI on 30th January, 1997.

On March 23, 2006, DSP Merrill Lynch Limited (DSPML) has transferred its 60% of shareholding in the AMC to Mr. Hemendra Kothari along with HMK Investment Private Limited and ADIKO Investment Private Limited.

DSP MERRILL LYNCH TRUSTEE COMPANY PRIVATE LIMITED

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

DIRECTORS OF DSP MERRILL LYNCH TRUSTEE COMPANY PRIVATE LIMITED

- Mr. Shitin D. Desai – Mr. Desai is the Executive Vice-Chairman of DSP Merrill Lynch Ltd.
- Mr. S. S. Thakur – Mr. Thakur is currently the Chairman of the Central Depository Services (India) Ltd. and serves on the Board of Directors of various other companies.
- Ms. Tarjani Vakil – Ms. Vakil was the Chairperson and Managing Director of Export Import Bank of India from 1993 to 1996 and serves on the Board of Directors of various other companies.
- Mr. Andrew Holland – Mr. Holland is the Executive Vice President of DSP Merrill Lynch Ltd.
- Mr. Ashok Mody – Mr. Mody is a designated Senior Advocate of the High Court at Mumbai since 1982. He was a Judge of the High Court at Mumbai for the years 1980 and 1981 (ceased to be a director w.e.f. April 26, 2005).
- Dr. P. R. Joshi (appointed on June 20, 2005) – Dr. Joshi is an economic consultant, with about 17 years of experience in development banking, 12 years in merchant banking and 30 years in management teaching. He retired as the Director of UTI Institute of Capital Markets in May 2001 and through his illustrious career, served as Deputy General Manager at ICICI and as a Director at DSP Merrill Lynch Ltd.
- Mr. S. Doreswamy (appointed on October 25, 2005) – Mr. Doreswamy is a financial consultant, with an experience of about 35 years in commercial banking, preceded by practice as a High Court Advocate for about 3 years. Mr. Doreswamy has acted as Chairman and Managing Director of Dena Bank and Central Bank of India, is currently the Chairman of Can Fin Homes Ltd. and serves on the Board of Directors of various other companies.

DIRECTORS OF DSP MERRILL LYNCH FUND MANAGERS LTD.

- Mr. Hemendra M. Kothari – Mr. Kothari is the Chairman of DSP Merrill Lynch Ltd.
- Mr. Pradeep Dokania – Mr. Dokania is the Executive Vice President and head of Global Private Client Group of DSP Merrill Lynch Limited.
- Mr. K. R. V. Subrahmanian – Mr. Subrahmanian is a Management Consultant and is on the Board of various well-known corporates in India.
- Dr. Omkar Goswami – Dr. Goswami is the Founder and Chairman of CERG Advisory Private Limited. CERG primarily provides corporate advisory services, consulting services and research for companies and industries in India and abroad.
- Mr. Ranjan Pant – Mr. Pant is a global Management Consultant advising CEOs/Boards on Strategy and Change Management.
- Mr. David Graham – Mr. Graham is the Managing Director of Merrill Lynch Investment Managers based in London.
- Mr. Piyush Mankad – Mr. Mankad is a retired civil servant with a distinguished career of over 40 years in the prestigious Indian Administrative Service.

As on date, DSPMLMF has fourteen open ended schemes (available for ongoing purchases) namely DSP Merrill Lynch Bond Fund, DSP Merrill Lynch Equity Fund, DSP Merrill Lynch Liquidity Fund, DSP Merrill Lynch Balanced Fund, DSP Merrill Lynch Government Securities Fund, DSP Merrill Lynch Technology.com Fund, DSP Merrill Lynch Opportunities Fund, DSP Merrill Lynch Short Term Fund, DSP Merrill Lynch Top100 Equity Fund, DSP Merrill Lynch Savings Plus Fund - Moderate, DSP Merrill Lynch Floating Rate Fund, DSP Merrill Lynch Savings Plus Fund – Aggressive, DSP Merrill Lynch Savings Plus Fund – Conservative and DSP Merrill Lynch India T.I.G.E.R. Fund (The Infrastructure Growth and Economic Reforms Fund).

DSPMLMF has launched following Fixed Term Plans (FTP): Closed Ended Schemes. The primary investment objective of the Schemes is to seek capital appreciation by investing in a portfolio of debt and money market securities. It is envisaged that the portfolio will display the maturity profile that is generally in line with the term of the scheme. There can be no assurance that the investment objective of the Schemes will be realised.

Schemes Name	Date of Launch	Maturity date
FTP- Series 1	November 14, 2005	February 16, 2006
FTP- Series 1A	December 20, 2005	March 23, 2006
FTP- Series 1B	February 28, 2006	June 01, 2006
FTP- Series 2	February 14, 2006	August 16, 2006
FTP- Series 3	December 6, 2005	December 11, 2006
FTP- Series 1C	March 21, 2006	June 29, 2006
FTP- Series 3A	March 21, 2006	April 16, 2007

MARKET PREVIEW

DEBT MARKET

Fixed income market began F.Y. 2005 on a weaker note as bond prices corrected sharply in response to a rate hike in the Credit Policy in April 2005. 10 year yield on government securities rose to 7.30% in May 2005 from 6.75% at the beginning of the year. However, there was a sharp appreciation in bond prices towards the end of the First quarter amid good demand for bonds, lower inflation and supportive global factors. Second half of the financial year was quite volatile as two successive rate hikes and tight liquidity conditions due to IMD maturity pushed the Benchmark 10 year yield back to 7.4%. Higher credit offtake and tight liquidity conditions kept market participants on the sidelines in the last quarter of the year despite marked decline in inflation.

EQUITY MARKET

The equity market witnessed an unprecedented rally in the Financial Year 2005-2006 with the benchmark indices gaining almost 60% on the back of strong macro economic fundamentals and impressive corporate earnings. Liquidity flows were strong all through the year with foreign institutional investors (FII) pumping in close to US \$ 10 billion during the calendar year 2005. Barring the month of October 2005, when the market had seen a correction of approximately 15%, the indices had a secular run. With the exception of the oil and gas sector, all other sectors have delivered impressive returns with engineering, capital goods and construction stealing the lime light.

The correction in the month of October 2005 was more a technical one than fundamental, with FII's turning sellers for a short period. The recovery was equally quick and sound, indicating the strong investor interest in the market.

Post Budget 2006, the market has defied higher interest rates and rising oil prices and BSE Sensex and Nifty closed at an all time high of 11280 and 3402 respectively at the close of the year clearly driven by strong flows, domestic as well as FII.

OBJECTIVES, INVESTMENT POLICY AND PERFORMANCE OF THE SCHEMES

EQUITY FUNDS

DSP MERRILL LYNCH EQUITY FUND

The primary investment objective of the Scheme is to seek to generate long term capital appreciation, from a portfolio that is substantially constituted of equity securities and equity related securities of issuers domiciled in India. Equity related securities include, but are not limited to, fully convertible debentures, partly convertible debentures, convertible preference shares and warrants converting into equity securities. The Scheme may also invest a certain portion of its corpus in debt and money market securities, in order to meet liquidity requirements from time to time. There can be no assurance that the investment objective of the Scheme will be realized.

The Scheme outperformed its benchmark (the S&P CNX Nifty Index) over the last financial year. The outperformance was largely due to its buy and hold strategy of stock selected and overweight position in industrial capital goods, retailing and consumer staples sectors. The underweight position in sectors like oil & gas sector also helped the fund to outperform the benchmark.

As of April 17, 2006 the net assets of the Fund were Rs. 546.73 crores.

DSP MERRILL LYNCH TECHNOLOGY.COM FUND

DSP Merrill Lynch Technology.com Fund focuses on investing in technology and technology dependent companies, including businesses relating to hardware, peripherals and components, software (products and services), telecom, telecommunications and media and entertainment, internet and E-commerce, and other technology enabled companies (e.g. transaction processing and call centers). The primary investment objective of the Scheme is to seek to generate long term capital appreciation and the secondary objective is income generation and the distribution of dividend from a portfolio constituted of equity and equity related securities concentrating on the investment focus of the Scheme. However, there can be no assurance that the investment objective of the Scheme will be realized.

The Scheme did reasonably well by focusing on IT and Telecom sectors, although it did underperform its benchmark (the BSE Teck Index) marginally. The underperformance may be attributed to the benchmark's larger weightage in the top tier IT companies as compared to mid-cap IT companies. The DSP ML Technology.com Fund has a diversified portfolio across the IT Services, Hardware, Telecom & Media Sectors.

As of April 17, 2006 the net assets of the Fund were Rs. 30.13 crores.

DSP MERRILL LYNCH OPPORTUNITIES FUND

DSP Merrill Lynch Opportunities Fund focuses on responding to the dynamically changing Indian economy by moving its investments amongst different sectors such as the Lifestyle sector, Pharmaceuticals sectors, Cyclical sector and Technology sector as prevailing trends change. This Scheme allows the Investment Manager to be highly concentrated in any of two or more Sectors. The Investment Manager may at any given time have a zero weightage in any or more of the sectors.

The investment objective of the Scheme is to seek to generate long term capital appreciation and the secondary objective is income generation and the distribution of dividend from a portfolio constituted of equity and equity related securities concentrating on the investment focus of the Scheme. However, there can be no assurance that the investment objective of the Scheme will be realized.

The Scheme outperformed its benchmark (the S&P CNX Nifty Index) over the last financial year. The outperformance was largely due to its superior stock selection and overweight position in cement, engineering, information technology, banking and sugar sectors. The underweight position in oil & gas sector also helped the fund to outperform the benchmark.

As of April 17, 2006 the net assets of the Fund were Rs. 1089.68 crores.

DSP MERRILL LYNCH TOP100 EQUITY FUND

The primary investment objective of the Scheme is to generate capital appreciation, from a portfolio that is substantially constituted of equity securities and equity related securities of the 100 largest corporates by market capitalisation, listed in India. However, there can be no assurance that the investment objective of the Scheme will be realized.

The scheme outperformed its benchmark (the BSE 100 Index) over the last financial year. The outperformance was largely due to its stock selection and overweight position in cement, engineering and information technology sectors.

As of April 17, 2006 the net assets of the Fund were Rs. 210.50 crores.

DSP MERRILL LYNCH INDIA T.I.G.E.R. FUND (THE INFRASTRUCTURE GROWTH AND ECONOMIC REFORMS FUND)

The Scheme was launched on April 27, 2004 and was open for subscription between April 27, 2004 and May 25, 2004. Thereafter, the scheme was reopened for subscription and redemption on June 14, 2004. Investment Objective of the Scheme is to seek to generate capital appreciation, from a portfolio that is substantially constituted of equity securities and equity related securities of corporates, which could benefit from structural changes brought about by continuing liberalization in economic policies by the Government and / or from continuing investments in infrastructure, both by the public and private sector. However, there can be no assurance that the investment objectives of the Scheme will be realized.

The Scheme outperformed its benchmark (the BSE 100 Index) over the last financial year. The outperformance was largely due to its stock selection and overweight position in engineering, banking, cement and construction sectors.

As of April 17, 2006 the net assets of the Fund were Rs. 850.17 crores.

HYBRID FUNDS

DSP MERRILL LYNCH BALANCED FUND

The primary investment objective of the Scheme is to seek to generate long-term capital appreciation and current income from a portfolio constituted of equity and equity related securities as well as fixed income securities (debt and money market securities). Equity related securities include, but are not limited to, fully convertible debentures, partly convertible debentures, convertible preference shares and warrants converting into equity securities. However, there can be no assurance that the investment objective of the Scheme will be realized.

The Scheme performed well relative to its benchmark (the CRISIL Balanced fund Index) in the past year, not only because of its overweight positions in engineering, cement and consumer staples sectors, but also because of the dynamic allocation between the debt and equity components of its portfolio.

As of April 17, 2006 the net assets of the Fund were Rs. 339.84 crores.

DSP MERRILL LYNCH SAVINGS PLUS FUND - MODERATE

The objective of the Scheme is to generate attractive returns with prudent risk from a portfolio which is substantially constituted of quality debt securities. The Scheme will also seek to generate capital appreciation by investing a smaller portfolio of its corpus in equity and equity related securities of the 100 largest corporates, by market capitalization listed in India. However, there can be no assurance that the investment objective of the Scheme will be realized.

The Scheme has been actively managing the equity component of the portfolio, in keeping with its prevailing outlook on the equity market. This enabled the Scheme to perform well relative to its benchmark (CRISIL MIP Blended Index). The debt component

of the portfolio was largely invested in floating rate debt securities and shorter-tenor fixed rate corporate securities as also government securities, in order to minimize the price risk that may arise from likely volatility in interest rates.

As of April 17, 2006 the net assets of the Fund were Rs.189.82 crores.

DSP MERRILL LYNCH SAVINGS PLUS FUND - AGGRESSIVE

The Scheme was launched on April 27, 2004 and was open for subscription between April 27, 2004 and May 25, 2004. Thereafter, the scheme was reopened for subscription and redemption on June 14, 2004. The objective of the Scheme is to generate attractive returns with prudent risk from a portfolio which is substantially constituted of quality debt securities. The Scheme will also seek to generate capital appreciation by investing a smaller portfolio of its corpus in equity and equity related securities of the 100 largest corporates, by market capitalization listed in India. However, there can be no assurance that the investment objective of the Scheme will be realized.

The Scheme has been actively managing the equity component of the portfolio, in keeping with its prevailing outlook on the equity market. This enabled the Scheme to perform well relative to its benchmark (CRISIL MIP Blended Index). The debt component of the portfolio was largely invested in floating rate debt securities and shorter-tenor fixed rate corporate securities as also government securities, in order to minimise the price risk that may arise from likely volatility in interest rates.

As of April 17, 2006 the net assets of the Fund were Rs. 51.05 crores.

DSP MERRILL LYNCH SAVINGS PLUS FUND - CONSERVATIVE

The Scheme was launched on April 27, 2004 and was open for subscription between April 27, 2004 and May 25, 2004. Thereafter, the scheme was reopened for subscription and redemption on June 14, 2004. The objective of the Scheme is to generate attractive returns with prudent risk from a portfolio which is substantially constituted of quality debt securities. The Scheme will also seek to generate capital appreciation by investing a smaller portfolio of its corpus in equity and equity related securities of the 100 largest corporates, by market capitalization listed in India. However, there can be no assurance that the investment objective of the Scheme will be realized.

The Scheme has been actively managing the equity component of the portfolio, in keeping with its prevailing outlook on the equity market. This enabled the Scheme to perform well relative to its benchmark (CRISIL MIP Blended Index). The debt component of the portfolio was largely invested in floating rate debt securities and shorter-tenor fixed rate corporate securities as also government securities, in order to minimise the price risk that may arise from likely volatility in interest rates.

As of April 17, 2006 the net assets of the Fund were Rs. 12.71 crores.

FIXED INCOME FUNDS

DSP MERRILL LYNCH BOND FUND

The primary investment objective of the Scheme is to seek to generate an attractive return, consistent with prudent risk, from a portfolio which is substantially constituted of high quality debt securities of issuers domiciled in India and the secondary objective of the Scheme is to seek capital appreciation. The Scheme will also invest a certain portion of its corpus in money market securities, in order to meet liquidity requirements from time to time. There can be no assurance that the investment objective of the Scheme will be realized.

The Scheme continued to witness outflows last year amid volatile interest rates and widening credit spreads. Assets under management continued to decline throughout the year, as investors preferred investing in floating rate funds and liquid funds to earn better returns.

As of April 17, 2006 the net assets of the Fund were Rs. 67.91 crores.

DSP MERRILL LYNCH LIQUIDITY FUND

The primary investment objective of the Scheme is to seek to generate a reasonable return commensurate with low risk and a high degree of liquidity, from a portfolio constituted of money market securities and high quality debt securities. However, there can be no assurance that the investment objective of the Scheme will be realized.

The Liquidity scheme witnessed strong inflow in the second half of the year amid tight liquidity conditions and high money market rates. The fund benefited immensely by staggering its maturity profile and was able to re-deploy its maturity proceeds in higher yielding money market assets. The fund continues to invest in quality money market assets and short-term liquid corporate assets.

As of April 17, 2006 the net assets of the Fund were Rs. 7,149.86 crores.

DSP MERRILL LYNCH GOVERNMENT SECURITIES FUND

The primary investment objective of the Scheme is to seek to generate income through investments in Central Government Securities of various maturities. There are two Investment Plans offered under this Scheme viz. Plan A - Longer Duration Plan and Plan B - Shorter Duration Plan. Plan A typically invests in long-term Government Securities with a residual maturity upto 30 years or more while Plan B typically invests in Government Securities with a residual maturity of upto 5 years. However, there can be no assurance that the investment objectives of the Scheme/Plans will be realized.

The Government securities market was quite volatile last year. First half of the year witnessed 10 year government securities yield moving from low of 6.75% to high of 7.3% due to RBI raising rates and then declining back to 6.75% amid good demand of

government bonds and comfortable liquidity conditions. However, second half of 2005 saw the 10 year yield moving up to 7.40% due to tight liquidity conditions following the IMD redemption. The duration of both Schemes was reduced considerably in response to volatile interest rates.

As of April 17, 2006 the net assets of the Fund (including Plan A and Plan B) were Rs. 49.45 crores.

DSP MERRILL LYNCH SHORT TERM FUND

The primary investment objective of the Scheme is to generate income commensurate with prudent risk, from a portfolio constituting of money market securities, floating rate debt securities and debt securities. However, there can be no assurance that the investment objective of the Scheme will be realized.

The Scheme continued to witness outflows last year amid volatile interest rates and widening credit spreads. Assets under management continued to decline throughout the year, as investors preferred investing in floating rate funds and liquid funds to earn better returns.

As of April 17, 2006 the net assets of the Fund were Rs. 78.15 crores.

DSP MERRILL LYNCH FLOATING RATE FUND

The primary investment objective of the Scheme is to seek to generate income commensurate with prudent risk, from a portfolio substantially constituted of floating rate securities and fixed rate debt securities swapped for floating rate returns. The Scheme may also invest in fixed rate debt securities. However, there can be no assurance that the investment objective of the Scheme will be realized.

The Scheme witnessed a significant growth in assets under management in the first half of 2005 as investors preferred investing in floating rate funds amid a volatile interest rate scenario. However, the second half of the year was tough for the fund as high money market rates lured investors away from floating rate funds to liquidity funds.

As of April 17, 2006 the net assets of the Fund were Rs. 1,074.12 crores.

FUTURE OUTLOOK

DEBT MARKET

We expect interest rates to exhibit a declining bias in the first half of the financial year. Comfortable liquidity conditions, range-bound inflation and a bright outlook for fundamental factors affecting interest rates are likely to keep interest rates lower in the second half.

EQUITY MARKET

We expect Financial Year (F.Y.) 2006-2007 to be a good year for equities as corporate earnings continue to grow at around 18%, while valuations are reasonable at 18x forward earnings. A significant increase in infrastructure spending coupled with the capital expenditure by the corporate sector and sustained growth in domestic consumption should contribute to GDP growth of around 7% during the F.Y. 2006-07. While our long term view on the Indian markets is positive, we are cautious in the near term mainly due to higher commodity prices and hardening of interest rates globally.

INVESTOR SERVICES

During the year, the AMC continued to provide innovative services and facilities for investors. The AMC opened new offices in Nagpur and Vashi (Navi Mumbai) apart from moving to new premises in Ahmedabad, Bangalore, Chandigarh, Chennai and Kolkatta. Registrars & Transfer Agents (CAMS) have also increased their reach to cater to investors of various cities and now have Investor Service Centres (ISCs) in 25 cities and Transaction Points (TPs) in 50 locations. CAMS have also shifted some of their ISCs like Madurai, Bangalore, Jamshedpur to larger premises.

The AMC introduced a new call centre during the year. The call centre is exclusive to DSP Merrill Lynch Mutual Fund clients and provides a host of services to investors and distributors through an advanced Interactive Voice Response (IVR) System. The call centre IVR can provide information on latest NAVs, Dividends, Load structure apart from providing account statements via email or fax or post for the convenience of the investors. Investors can also subscribe to the unique T-PIN facility which enables them to transact over telephone. Investors can reach the call centre from BSNL / MTNL lines using toll free number 1800 345 4499 or alternatively from other lines on 044 3048 2855.

On the services front, AMC started the concept of weekly Systematic Transfer Plan (STP) apart from offering STP on four dates of the month viz 1st / 7th / 14th and 21st of the month. Further, the AMC has launched a Change of Payment Mechanism Form for Systematic Investment Plan investors whereby they can modify the mode of payment for SIP / SSIP from cheques to auto debit and vice versa.

We encourage the investors to provide their valuable feedback via email on dspmlmf@ml.com or by reaching us on number 1800 345 4499 (Toll free from BSNL / MTNL Lines) or 044 3048 2855 from other lines.

DISTRIBUTION OF INCOME

The fund has declared dividends in some of the Schemes during the Financial Year 2005-2006. Details are annexed and forms part of this Annual Report.

UNCLAIMED DIVIDENDS AND REDEMPTION AMOUNTS

Based on the feed back received from the bankers to the dividend / redemption account, the amount of dividends / redemption declared and remaining unclaimed (for more than six months) as on the balance sheet date are as under:

Scheme	Unclaimed Dividends		Unclaimed Redemptions	
	Amount (Rs.)	No. of Unclaimed Drafts/ Warrants	Amount (Rs.)	No. of Unclaimed Drafts/ Warrants
DSPML Bond Fund	2,388,984	765	257,781	17
DSPML Equity Fund	530,926	127	184,864	8
DSPML Balanced Fund	266,458	71	132,758	8
DSPML Technology.com Fund	-	-	265,944	30
DSPML Opportunities Fund	2,657,423	356	1,623,635	25
DSPML Short Term Fund	1,255	3	-	-
DSPML Top 100 Equity Fund	116,559	36	23,467	4
DSPML Government Securities Fund – Plan A	1,379	2	-	-
DSPML Floating Rate Fund	787	5	2,045	1
DSPML Savings Plus Fund - Moderate	124,171	424	355,174	39
DSPML Savings Plus Fund - Aggressive	16,404	94	110,002	3
DSPML Savings Plus Fund - Conservative	9,090	38	20,618	2
DSPML Liquidity Fund	580	5	-	-
DSPML India T.I.G.E.R. Fund	144,783	71	158,476	13
Grand Total	6,258,799	1,997	3,134,764	150

Investors are requested to reconcile their bank account statements with the account statements sent by the Fund and contact in case of any non receipt of dividend / redemption proceeds.

LARGE HOLDING IN THE SCHEMES (i.e. in excess of 25% of the net assets)

Scheme	No. of Investors	Percentage of holding
DSP Merrill Lynch Government Securities Fund - Plan B - Short Duration Plan	1	36.76 % *

* Holding as of March 31, 2006. However, based on quarterly average net assets the investor's holding is less than 25%.

STATUTORY DETAILS

DSP Merrill Lynch Mutual Fund (the Fund) was set up as a Trust by the settlors, DSP Merrill Lynch Ltd. and Merrill Lynch Investment Managers LP, USA. The Sponsors to the Fund are DSP Merrill Lynch Ltd., HMK Investment Pvt. Ltd. and ADIKO Investment Pvt. Ltd (collectively). The Trustee and Investment Manager to the Fund are DSP Merrill Lynch Trustee Company Pvt. Ltd. and DSP Merrill Lynch Fund Managers Ltd. respectively. The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond their initial contribution (to the extent contributed) of Rs. 1 lakh for setting up the Fund, and such other accretions/additions to the same.

The price and redemption value of the units, and income from them, can go up as well as down with fluctuations in the market value of its underlying investments.

On written request, present and prospective unitholder/investor can obtain copy of the trust deed, the annual report of the Fund /AMC at a price and the text of the relevant scheme.

Investors are requested to furnish the details of their bank account, if not already submitted, to the Fund/AMC as SEBI has made it mandatory to mention the bank account details on the redemption / dividend cheques. You will appreciate that this measure is in the interest of the investors as it is intended to prevent fraudulent encashment of cheques.

ACKNOWLEDGEMENTS

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

The Trustees would also like to thank its Fund's Auditors, Custodian, Registrar & Transfer agent, Bankers, Distributors, Brokers and all other service providers for their valuable support.

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

For and on behalf of the Board of DSP Merrill Lynch Trustee Company Private Limited

Shitin D. Desai

Chairman

Place: Mumbai

Date: 27th April 2006

DIVIDEND DECLARED IN 2005-2006

EQUITY FUNDS

DSPML EQUITY FUND *	
19-Dec-05	6.00
14-Jun-05	4.00
Total	10.00

DSPML OPPORTUNITIES FUND *	
24-Jan-06	5.00
Total	5.00

DSPML T.I.G.E.R. FUND *	
11-April-05	1.50
27-Feb-06	4.50
Total	6.00

HYBRID FUNDS

DSPML SAVINGS PLUS MODERATE: Quarterly Dividend **		
	Individual & HUF	Others
28-Jun-05	0.114010	0.106174
28-Sep-05	0.263100	0.245018
28-Dec-05	0.175400	0.163345
28-Mar-06	0.263100	0.245018
Total	0.815610	0.759555

DSPML SAVINGS PLUS MODERATE: Monthly Dividend **		
	Individual & HUF	Others
28-Apr-05	0.021925	0.020418
27-May-05	0.035080	0.032669
28-Jun-05	0.057005	0.053087
27-Jul-05	0.087700	0.081673
26-Aug-05	0.057005	0.053087
28-Sep-05	0.118395	0.110258
28-Nov-05	0.078930	0.073505
28-Dec-05	0.096470	0.089840
27-Jan-06	0.070160	0.065338
28-Feb-06	0.061390	0.057171
28-Mar-06	0.131550	0.122509
Total	0.815610	0.759555

DSPML SAVINGS PLUS CONSERVATIVE: Monthly Dividend **		
	Individual & HUF	Others
28-Apr-05	0.013155	0.012251
27-May-05	0.026310	0.024502
28-Jun-05	0.048235	0.044920
27-Jul-05	0.061390	0.057171
26-Aug-05	0.043850	0.040836
28-Sep-05	0.096470	0.089840
28-Nov-05	0.070160	0.065338
28-Dec-05	0.061390	0.057171
27-Jan-06	0.052620	0.049004
28-Feb-06	0.043850	0.040836
28-Mar-06	0.052620	0.049004
Total	0.570050	0.530873

DSPML SAVINGS PLUS CONSERVATIVE: Quarterly Dividend **		
	Individual & HUF	Others
28-Jun-05	0.087700	0.081673
28-Sep-05	0.201710	0.187847
28-Dec-05	0.131550	0.122509
28-Mar-06	0.149090	0.138844
Total	0.570050	0.530873

DSPML SAVINGS PLUS AGGRESSIVE: Monthly Dividend **

	Individual & HUF	Others
28-Apr-05	0.030695	0.028585
27-May-05	0.043850	0.040836
28-Jun-05	0.065775	0.061254
27-Jul-05	0.114010	0.106174
26-Aug-05	0.070160	0.065338
28-Sep-05	0.122780	0.114342
28-Nov-05	0.087700	0.081673
28-Dec-05	0.13155	0.122509
27-Jan-06	0.087700	0.081673
28-Feb-06	0.078930	0.073505
28-Mar-06	0.175400	0.163345
Total	1.008550	0.939234

DSPML SAVINGS PLUS AGGRESSIVE: Quarterly Dividend **

	Individual & HUF	Others
28-Jun-05	0.140320	0.130676
28-Sep-05	0.306950	0.285854
28-Dec-05	0.219250	0.204182
28-Mar-06	0.342030	0.318523
Total	1.008550	0.939235

FIXED INCOME FUNDS

DSPML LIQUIDITY FUND: Weekly Dividend **

	Individual & HUF	Others
During F.Y. 2005-2006	0.617989	0.575512

DSPML LIQUIDITY FUND: Institutional Weekly Dividend**

	Individual & HUF	Others
During F.Y. 2005-2006	18.789801	17.498423

DSPML LIQUIDITY FUND: Daily Dividend **

	Individual & HUF	Others
During F.Y. 2005-2006	0.492406	0.458554

DSPML LIQUIDITY FUND: Institutional Daily Dividend **

	Individual & HUF	Others
During F.Y. 2005-2006	18.921241	17.621286

DSPML GOVERNMENT SECURITIES FUND PLAN A: Dividend **

	Individual & HUF	Others
28-Sep-05	0.219250	0.204182
28-Mar-06	0.175400	0.163345
Total	0.394650	0.367527

DSPML GOVERNMENT SECURITIES FUND PLAN A: Monthly Dividend **

	Individual & HUF	Others
27-May-05	0.087700	0.081673
28-Jun-05	0.105240	0.098007
28-Sep-05	0.026310	0.024502
28-Nov-05	0.078930	0.073505
28-Dec-05	0.026310	0.024502
28-Feb-06	0.035080	0.032669
28-Mar-06	0.035080	0.032669
Total	0.394650	0.367527

DSPML GOVERNMENT SECURITIES FUND PLAN B: Dividend **		
	Individual & HUF	Others
28-Sep-05	0.219250	0.204182
28-Mar-06	0.219250	0.204182
Total	0.438500	0.408364

DSPML GOVERNMENT SECURITIES FUND PLAN B: Monthly Dividend **		
	Individual & HUF	Others
28-Mar-06	0.087700	0.081673
Total	0.087700	0.081673

DSPML SHORT TERM FUND: Weekly Dividend **		
	Individuals & HUF	Others
During F.Y. 2005-2006	0.438783	0.408624

DSPML SHORT TERM FUND: Monthly Dividend **		
	Individual & HUF	Others
27-May-05	0.052620	0.049004
28-Jun-05	0.035080	0.032669
28-Sep-05	0.087700	0.081673
28-Nov-05	0.061390	0.057171
28-Dec-05	0.021925	0.020418
27-Jan-06	0.021925	0.020418
28-Feb-06	0.03508	0.032669
28-Mar-06	0.030695	0.028585
Total	0.346415	0.322607

DSPML SHORT TERM FUND: Dividend **		
	Individuals & HUF	Others
28-Jun-05	0.087700	0.081673
28-Sep-05	0.087700	0.081673
28-Dec-05	0.083315	0.077589
28-Mar-06	0.087700	0.081673
Total	0.346415	0.322608

DSPML FLOATING RATE FUND: Weekly Dividend **		
	Individual & HUF	Others
During F.Y. 2005-2006	0.482842	0.449656

DSPML FLOATING RATE FUND: Institutional Weekly Dividend **		
	Individual & HUF	Others
During F.Y. 2005-2006	21.661680	20.172928

DSPML FLOATING RATE FUND: Daily Dividend **		
	Individual & HUF	Others
During F.Y. 2005-2006	0.472510	0.440031

DSPML FLOATING RATE FUND: Institutional Daily Dividend **		
	Individual & HUF	Others
During F.Y. 2005-2006	21.789689	20.292133

DSPML FLOATING RATE FUND: Dividend **		
	Individuals & HUF	Others
28-Jun-05	0.105240	0.098007
28-Sep-05	0.114010	0.106174
28-Dec-05	0.087700	0.081673
28-Mar-06	0.087700	0.081673
Total	0.394650	0.367527

DSPML FLOATING RATE FUND: Institutional Dividend **		
	Individual & HUF	Others
28-Dec-05	1.754001	1.633453
Total	1.754001	1.633453

DSPML BOND FUND: Monthly Dividend **		
	Individual & HUF	Others
27-May-05	0.087700	0.081673
27-Jul-05	0.043850	0.040836
28-Sep-05	0.043850	0.040836
28-Nov-05	0.043850	0.040836
28-Feb-06	0.026310	0.024502
Total	0.24556	0.228683

DSPML BOND FUND: Dividend **		
	Individuals & HUF	Others
28-Jun-05	0.131550	0.122509
28-Sep-05	0.043850	0.040836
28-Dec-05	0.043850	0.040836
Total	0.219250	0.204181

FIXED TERM PLANS (CLOSED ENDED SCHEMES)

Series	Date	Individuals & HUF	Others
Series 1	15-Feb-06	0.127165	0.118425
Series 1A	22-Mar-06	0.137689	0.128226
Series 1B	28-Mar-06	4.385003	4.083633
Series 2	28-Mar-06	0.07016	0.065338
Series 3	28-Mar-06	0.15786	0.147011

Note:

1. EQUITY SCHEMES *

Post declaration of the dividend, the NAV of the Scheme will fall to the extent of the dividend payout.

2. DEBT SCHEMES **

Post declaration of the dividend, the NAV of the Scheme will fall to the extent of the dividend payout and distribution tax, surcharge and cess.

3. All dividends are calculated on a face value of Rs. 10 per unit. Past performance may or may not sustain in future.

In case of Weekly Dividend and Daily Dividend Options, consolidated amount of dividend declared during the Financial Year 2005-2006 is reported.

CONSOLIDATED AUDITORS' REPORT

To the Trustee of

DSP MERRILL LYNCH MUTUAL FUND

We have audited the attached balance sheets of the schemes mentioned below (collectively 'the Schemes') as at the dates mentioned below and the revenue accounts for the period ended on that date annexed thereto. These financial statements are the responsibility of the management of DSP Merrill Lynch Fund Managers Limited, the Schemes' asset managers. Our responsibility is to express an opinion on these financial statements based on our audit. Presentation of these separate Balance Sheets, Revenue Accounts and Cash Flow statements, in a columnar form is not intended to indicate that they bear any relation to each other, or are interdependent or comparable in any way.

DSP Merrill Lynch Mutual Fund – Fixed Term Plan – Series 1	February 16, 2006
DSP Merrill Lynch Mutual Fund – Fixed Term Plan – Series 1A	March 23, 2006
DSP Merrill Lynch Mutual Fund – Fixed Term Plan – Series 1B	March 31, 2006
DSP Merrill Lynch Mutual Fund – Fixed Term Plan – Series 2	March 31, 2006
DSP Merrill Lynch Mutual Fund – Fixed Term Plan – Series 3	March 31, 2006
DSP Merrill Lynch Mutual Fund – Fixed Term Plan – Series 1C	March 31, 2006
DSP Merrill Lynch Mutual Fund – Fixed Term Plan – Series 3A	March 31, 2006

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- i. We have obtained all the information and explanations, which, to the best of our knowledge and belief, were necessary for the purposes of our audit.
- ii. The balance sheets and revenue accounts dealt with by this report are in agreement with the books of account.
- iii. In our opinion, the balance sheets and revenue accounts dealt with by this report have been prepared in conformity with the accounting policies and standards specified in the Eighth, Ninth and Tenth Schedules to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ('the Regulations').
- iv. In our opinion, and on the basis of information and explanations given to us, the methods used to value non traded securities, where applicable, as at the balance sheet date, in accordance with the Regulations and other guidelines issued by the Securities and Exchange Board of India as applicable and approved by the Board of Directors of DSP Merrill Lynch Trustee Company Private Limited, are fair and reasonable.
- v. In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements give the information required by the Regulations as applicable, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the balance sheets, of the state of affairs of the Schemes as at the dates mentioned above; and
 - b) in the case of the revenue accounts, of the surplus/deficit, as applicable, for the period ended on that date.

For S.R. BATLIBOI & CO.
Chartered Accountants

per **Hemal Shah**
Partner
Membership No.: 42650
Mumbai, April 27, 2006

**DSP MERRILL LYNCH MUTUAL FUND BALANCE SHEET AS AT MARCH 31, 2006
FIXED TERM PLANS (FTP) : CLOSED ENDED SCHEMES**

	Schedule	DSP Merrill Lynch FTP- Series 1	DSP Merrill Lynch FTP- Series 1A	DSP Merrill Lynch FTP- Series 1B	DSP Merrill Lynch FTP- Series 2	DSP Merrill Lynch FTP- Series 3	DSP Merrill Lynch FTP- Series 1C	DSP Merrill Lynch FTP- Series 3A
		As at 16.02.2006 Rupees	As at 23.03.2006 Rupees	As at 31.03.2006 Rupees	As at 31.03.2006 Rupees	As at 31.03.2006 Rupees	As at 31.03.2006 Rupees	As at 31.03.2006 Rupees
LIABILITIES								
Unit Capital	1	2,449,802,662	4,812,724,739	3,890,931,919	2,218,194,139	1,539,066,171	3,639,767,217	2,526,830,726
Reserves & Surplus	2	8,809,893	6,021,526	7,638,632	3,661,969	28,956,203	6,472,388	4,365,803
Current Liabilities and Provisions	3	28,278,711	72,541,691	3,785,339	11,273,221	588,706	2,506,124	3,328
		2,486,891,266	4,891,287,956	3,902,355,890	2,233,129,329	1,568,611,080	3,648,745,729	2,531,199,857
ASSETS								
Investments	4	-	491,760,000	3,205,563,750	2,165,093,561	1,506,913,200	2,936,175,000	2,409,648,700
Deposits	5	-	-	650,000,000	-	-	650,000,000	-
Other Current Assets	6	2,486,891,266	4,399,527,956	46,792,140	68,035,768	61,697,880	62,570,729	121,551,157
		2,486,891,266	4,891,287,956	3,902,355,890	2,233,129,329	1,568,611,080	3,648,745,729	2,531,199,857

Notes to Accounts 8

The schedules referred to the above and the notes to accounts form an integral part of the accounts.

As per our attached report of even date.

For S.R. Batliboi & Co.
Chartered Accountants

per **Hemal Shah**
Partner
Membership No. 42650

Mumbai, April 27, 2006

For DSP Merrill Lynch Trustee Company
Private Limited

Shitin D. Desai
Chairman

S. S. Thakur
Director

Mumbai, April 27, 2006

For DSP Merrill Lynch Fund Managers Limited

Hemendra Kothari
Chairman

K. R. V. Subrahmanian
Director

Naganath Sundaresan
President & Chief Investment Officer

Mumbai, April 27, 2006

Dhawal Dalal
Fund Manager

**DSP MERRILL LYNCH MUTUAL FUND REVENUE ACCOUNT FOR THE PERIOD ENDED MARCH 31, 2006
FIXED TERM PLANS (FTP) : CLOSED ENDED SCHEMES**

	Schedule	DSP Merrill Lynch FTP- Series 1	DSP Merrill Lynch FTP- Series 1A	DSP Merrill Lynch FTP- Series 1B	DSP Merrill Lynch FTP- Series 2	DSP Merrill Lynch FTP- Series 3	DSP Merrill Lynch FTP- Series 1C	DSP Merrill Lynch FTP- Series 3A
		Period ended 16.02.2006 Rupees	Period ended 23.03.2006 Rupees	Period ended 31.03.2006 Rupees				
INCOME & GAINS								
Interest	7	38,626,210	81,613,979	25,358,076	21,353,023	33,111,110	6,478,598	4,428,414
Miscellaneous Income		59,979	-	-	-	-	-	-
		38,686,189	81,613,979	25,358,076	21,353,023	33,111,110	6,478,598	4,428,414
EXPENSES & LOSSES								
Management fees		1,505,691	3,326,929	466,563	705,820	929,420	-	-
Transfer agents fees and expenses		161,515	318,795	64,770	66,547	128,028	-	-
Custodian fees and Transaction charges		105,525	265,936	40,303	60,621	102,561	3,306	2,480
Trusteeship fees		25,000	38,100	-	-	12,200	-	-
Marketing expenses		32,077	578,575	117,549	-	232,356	-	-
Payment to Auditor								
Audit fees		27,550	27,550	5,438	10,167	31,807	-	-
Other matters including reimbursement of expenses		-	-	-	-	-	-	-
Other operating expenses		4,305	3,690	1,445	1,903	3,293	2,966	1,106
Loss on sale/redemption of investments (net)		138,812	153,360	-	654,429	3,103	-	-
Loss on inter-scheme sale of Investments (net)		-	488,394	-	-	-	-	-
Change in net unrealised loss in the value of investments		-	-	-	-	2,600,800	-	59,000
		2,000,475	5,201,329	696,068	1,499,487	4,043,568	6,272	62,586
Excess of income and gains over expenses and losses		36,685,714	76,412,650	24,662,008	19,853,536	29,067,542	6,472,326	4,365,828
Income available for appropriation		36,685,714	76,412,650	24,662,008	19,853,536	29,067,542	6,472,326	4,365,828
Appropriation								
Income Distributed during the period		22,550,564	57,543,781	13,962,933	13,448,897	55,400	-	-
Tax on income distributed during the period		5,019,035	12,812,593	3,013,905	2,699,395	12,099	-	-
Retained Surplus carried forward to Balance sheet		9,116,115	6,056,276	7,685,170	3,705,244	29,000,043	6,472,326	4,365,828

Notes to Accounts

8

The schedules referred to the above and the notes to accounts form an integral part of the accounts.

As per our attached report of even date.

For S.R. Batliboi & Co.
Chartered AccountantsFor DSP Merrill Lynch Trustee Company
Private Limited

For DSP Merrill Lynch Fund Managers Limited

per Hemal Shah
Partner
Membership No. 42650Shitin D. Desai
ChairmanS. S. Thakur
DirectorHemendra Kothari
ChairmanK. R. V. Subrahmanian
DirectorNaganath Sundaresan
President & Chief Investment OfficerDhawal Dalal
Fund Manager

Mumbai, April 27, 2006

Mumbai, April 27, 2006

Mumbai, April 27, 2006

DSP MERRILL LYNCH MUTUAL FUND SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2006 FIXED TERM PLANS (FTP) : CLOSED ENDED SCHEMES

		DSP Merrill Lynch FTP- Series 1		DSP Merrill Lynch FTP- Series 1A		DSP Merrill Lynch FTP- Series 1B	
Schedules							
1	UNIT CAPITAL	As at 16.02.2006		As at 23.03.2006		As at 31.03.2006	
	Issued and subscribed:	Units	Rupees	Units	Rupees	Units	Rupees
	Units of Rs. 10 each fully paid up: Series 1, Series 1A, Series 2, Series 3						
	Units of Rs. 1000 each fully paid up: Series 1B, Series 1C, Series 3A						
	Opening Balance	-	-	-	-	-	-
	New Fund Offer	250,558,083.773	2,505,580,838	481,551,114.465	4,815,511,145	3,896,998.032	3,896,998,032
	Dividend reinvested during the period	-	-	-	-	13,950.290	13,950,290
		250,558,083.773	2,505,580,838	481,551,114.465	4,815,511,145	3,910,948.322	3,910,948,322
	Redemptions during the period	5,577,817.570	55,778,176	278,640.568	2,786,406	20,016.403	20,016,403
	Unit Capital at the end of the period	244,980,266.203	2,449,802,662	481,272,473.897	4,812,724,739	3,890,931.919	3,890,931,919
Growth Plan	54,844,545.800	548,445,458	33,142,458.416	331,424,584	481,614.334	481,614,334	
Dividend Plan	190,135,720.403	1,901,357,204	448,130,015.481	4,481,300,155	3,409,317.585	3,409,317,585	
Unit Capital at the end of the period	244,980,266.203	2,449,802,662	481,272,473.897	4,812,724,739	3,890,931.919	3,890,931,919	
2	RESERVES AND SURPLUS	As at 16.02.2006		As at 23.03.2006		As at 31.03.2006	
		Rupees		Rupees		Rupees	
	Unit Premium Reserve						
	Net premium on issue /redemption of units during the period		(306,222)		(34,750)		(46,538)
	Closing balance		(306,222)		(34,750)		(46,538)
	Retained Surplus						
Add: Surplus transferred from Revenue Account		9,116,115		6,056,276		7,685,170	
Closing balance		9,116,115		6,056,276		7,685,170	
		8,809,893		6,021,526		7,638,632	
3	CURRENT LIABILITIES & PROVISIONS	As at 16.02.2006		As at 23.03.2006		As at 31.03.2006	
		Rupees		Rupees		Rupees	
	Sundry creditors		659,111		2,166,428		665,754
	Payable for units repurchased / switch out		-		15,111		-
	Distributed income / tax payable		27,569,599		70,356,374		3,013,905
	Other liabilities		50,001		3,778		105,680
		28,278,711		72,541,691		3,785,339	

DSP MERRILL LYNCH MUTUAL FUND SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2006 FIXED TERM PLANS (FTP) : CLOSED ENDED SCHEMES

DSP Merrill Lynch FTP- Series 2		DSP Merrill Lynch FTP- Series 3		DSP Merrill Lynch FTP- Series 1C		DSP Merrill Lynch FTP- Series 3A	
As at 31.03.2006		As at 31.03.2006		As at 31.03.2006		As at 31.03.2006	
Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
-	-	-	-	-	-	-	-
231,227,002.962	2,312,270,030	154,226,538.214	1,542,265,382	3,639,767.217	3,639,767,217	2,526,830.726	2,526,830,726
657,718.867	6,577,189	78.892	789	-	-	-	-
231,884,721.829	2,318,847,219	154,226,617.106	1,542,266,171	3,639,767.217	3,639,767,217	2,526,830.726	2,526,830,726
10,065,307.958	100,653,080	320,000.000	3,200,000	-	-	-	-
221,819,413.871	2,218,194,139	153,906,617.106	1,539,066,171	3,639,767.217	3,639,767,217	2,526,830.726	2,526,830,726
29,373,020.292	293,730,203	153,531,538.214	1,535,315,382	420,988.305	420,988,305	2,514,856.598	2,514,856,598
192,446,393.579	1,924,463,936	375,078.892	3,750,789	3,218,778.912	3,218,778,912	11,974.128	11,974,128
221,819,413.871	2,218,194,139	153,906,617.106	1,539,066,171	3,639,767.217	3,639,767,217	2,526,830.726	2,526,830,726
	As at 31.03.2006		As at 31.03.2006		As at 31.03.2006		As at 31.03.2006
	Rupees		Rupees		Rupees		Rupees
	(43,275)		(43,840)		62		(25)
	(43,275)		(43,840)		62		(25)
	3,705,244		29,000,043		6,472,326		4,365,828
	3,705,244		29,000,043		6,472,326		4,365,828
	3,661,969		28,956,203		6,472,388		4,365,803
	As at 31.03.2006		As at 31.03.2006		As at 31.03.2006		As at 31.03.2006
	Rupees		Rupees		Rupees		Rupees
	668,524		439,439		6,121		3,319
	-		-		-		-
	9,568,078		66,710		-		-
	1,036,619		82,557		2,500,003		9
	11,273,221		588,706		2,506,124		3,328

DSP MERRILL LYNCH MUTUAL FUND SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2006 FIXED TERM PLANS (FTP) : CLOSED ENDED SCHEMES

4	INVESTMENTS	DSP Merrill Lynch FTP- Series 1		DSP Merrill Lynch FTP- Series 1A		DSP Merrill Lynch FTP- Series 1B	
		As at 16.02.2006		As at 23.03.2006		As at 31.03.2006	
		Rupees		Rupees		Rupees	
		Cost	Market/Fair value	Cost	Market/Fair value	Cost	Market/Fair value
	Bonds & Debentures						
	Listed or awaiting listing	-	-	-	-	-	-
	Commercial Papers	-	-	491,760,000	491,760,000	19,754,976	19,754,976
	Certificate of Deposits	-	-	-	-	2,206,348,500	2,206,348,500
	Bills Rediscounting (BRDS)	-	-	-	-	979,460,274	979,460,274
		-	-	491,760,000	491,760,000	3,205,563,750	3,205,563,750
5	DEPOSITS		As at 16.02.2006		As at 23.03.2006		As at 31.03.2006
			Rupees		Rupees		Rupees
		Fixed Deposits with Scheduled Banks	-	-	-	-	650,000,000
			-	-	-	650,000,000	
6	OTHER CURRENT ASSETS		As at 16.02.2006		As at 23.03.2006		As at 31.03.2006
			Rupees		Rupees		Rupees
		Balances with banks in current account	931,953	1,043,376	365,701		
		Contracts for sale of investments	793,959,313	1,771,744,580	-		
		Collateralised lending (reverse repurchase transactions)	1,691,707,963	2,618,033,775	21,490,267		
		Outstanding and accrued income	292,037	8,706,225	24,936,172		
Other receivable	-	-	-				
		2,486,891,266	4,399,527,956	46,792,140			
7	INTEREST		Period ended 16.02.2006		Period ended 23.03.2006		Period ended 31.03.2006
			Rupees		Rupees		Rupees
		Collateralised lending (reverse repurchase transactions)	1,181,383	1,396,611	425,148		
		Securities and fixed deposits	37,444,827	80,217,368	24,932,928		
		38,626,210	81,613,979	25,358,076			

DSP MERRILL LYNCH MUTUAL FUND SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED MARCH 31, 2006 FIXED TERM PLANS (FTP) : CLOSED ENDED SCHEMES

DSP Merrill Lynch FTP- Series 2		DSP Merrill Lynch FTP- Series 3		DSP Merrill Lynch FTP- Series 1C		DSP Merrill Lynch FTP- Series 3A	
As at 31.03.2006		As at 31.03.2006		As at 31.03.2006		As at 31.03.2006	
Rupees		Rupees		Rupees		Rupees	
Cost	Market/Fair value	Cost	Market/Fair value	Cost	Market/Fair value	Cost	Market/Fair value
-	-	200,014,000	197,413,200	-	-	202,102,700	202,043,700
962,803,000	962,803,000	468,198,500	468,198,500	-	-	-	-
1,202,290,561	1,202,290,561	841,301,500	841,301,500	2,936,175,000	2,936,175,000	2,207,605,000	2,207,605,000
-	-	-	-	-	-	-	-
2,165,093,561	2,165,093,561	1,509,514,000	1,506,913,200	2,936,175,000	2,936,175,000	2,409,707,700	2,409,648,700
	As at		As at		As at		As at
	31.03.2006		31.03.2006		31.03.2006		31.03.2006
	Rupees		Rupees		Rupees		Rupees
	-		-		650,000,000		-
	-		-		650,000,000		-
	As at		As at		As at		As at
	31.03.2006		31.03.2006		31.03.2006		31.03.2006
	Rupees		Rupees		Rupees		Rupees
	162,663		354,728		229,613		791,637
	-		-		-		-
	47,978,271		28,986,873		56,974,199		102,956,237
	19,894,834		32,356,279		5,366,917		15,303,283
	-		-		-		2,500,000
	68,035,768		61,697,880		62,570,729		121,551,157
	Period ended		Period ended		Period ended		Period ended
	31.03.2006		31.03.2006		31.03.2006		31.03.2006
	Rupees		Rupees		Rupees		Rupees
	574,492		763,676		1,120,234		706,275
	20,778,531		32,347,434		5,358,364		3,722,139
	21,353,023		33,111,110		6,478,598		4,428,414

DSP MERRILL LYNCH MUTUAL FUND FIXED TERM PLANS (FTP): CLOSED ENDED SCHEMES
Schedules forming part of the Balance Sheet as at March 31, 2006 and the
Revenue Account for the period ended March 31, 2006

Schedule 8: NOTES TO ACCOUNTS

1 Organisation

In conformity with Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 (the Regulations), DSP Merrill Lynch Fund Managers Limited has been set up to act as the Asset Management Company (AMC) to DSP Merrill Lynch Mutual Fund (Fund). In terms of the Investment Management Agreement (IMA) dated December 16, 1996, entered into between DSP Merrill Lynch Trustee Company Private Limited (Trustee) and the AMC, the AMC has been appointed as the Investment Manager to the Schemes of the Fund. On March 23, 2006 DSP Merrill Lynch Limited (DSPML) has transferred its 60% of shareholding in AMC to Mr. Hemendra Kothari along with HMK Investment Private Limited and ADIKO Investment Private Limited.

The Schemes have been sponsored by DSP Merrill Lynch Ltd. (DSPML), with effect from March 23, 2006 HMK Investment Pvt. Ltd. & ADIKO Investment Pvt. Ltd. have also become sponsors.

Schemes Name	Date of Launch	IPO Period	Maturity date	Investment objective
FTP- Series 1	Nov 14, 2005	Nov 14, 2005 - Nov 18, 2005	Feb 16, 2006	The primary investment objective of the scheme is to seek capital appreciation by investing in a portfolio of debt and money market securities. It is envisaged that the portfolio will display the maturity profile that is generally in line with the term of the scheme. The scheme may also invest a certain portion of its corpus in money market securities, in order to meet liquidity requirements from time to time. There can be no assurance that the investment objective of the scheme will be realised.
FTP- Series 1A	Dec 20, 2005	Dec 20, 2005 - Dec 23,2005	March 23, 2006	The primary investment objective of the scheme is to seek capital appreciation by investing in a portfolio of debt and money market securities. It is envisaged that the portfolio will display the maturity profile that is generally in line with the term of the scheme. The scheme may also invest a certain portion of its corpus in money market securities, in order to meet liquidity requirements from time to time. There can be no assurance that the investment objective of the scheme will be realised.
FTP- Series 1B	Feb 28, 2006	Feb 28, 2006 - March 03, 2006	June 01, 2006	The primary investment objective of the scheme is to seek capital appreciation by investing in a portfolio of debt and money market securities. It is envisaged that the portfolio will display the maturity profile that is generally in line with the term of the scheme. The scheme may also invest a certain portion of its corpus in money market securities, in order to meet liquidity requirements from time to time. There can be no assurance that the investment objective of the scheme will be realised.
FTP- Series 2	Feb 14, 2006	Feb 14, 2006 - Feb 17, 2006	Aug 16, 2006	The primary investment objective of the scheme is to seek capital appreciation by investing in a portfolio of debt and money market securities. It is envisaged that the portfolio will display the maturity profile that is generally in line with the term of the scheme. The scheme may also invest a certain portion of its corpus in money market securities, in order to meet liquidity requirements from time to time. There can be no assurance that the investment objective of the scheme will be realised.
FTP- Series 3	Dec 6, 2005	Dec 06, 2005 - Dec 09, 2005	Dec 11, 2006	The primary investment objective of the scheme is to seek capital appreciation by investing in a portfolio of debt and money market securities. It is envisaged that the portfolio will display the maturity profile that is generally in line with the term of the scheme. The scheme may also invest a certain portion of its corpus in money market securities, in order to meet liquidity requirements from time to time. There can be no assurance that the investment objective of the scheme will be realised.
FTP- Series 1C	March 21, 2006	March 21, 2006 - March 24, 2006	June 29, 2006	The primary investment objective of the scheme is to seek capital appreciation by investing in a portfolio of debt and money market securities. It is envisaged that the portfolio will display the maturity profile that is generally in line with the term of the scheme. The scheme may also invest a certain portion of its corpus in money market securities, in order to meet liquidity requirements from time to time. There can be no assurance that the investment objective of the scheme will be realised.
FTP- Series 3A	March 21, 2006	March 21, 2006 - March 24, 2006	Apr 16, 2007	The primary investment objective of the scheme is to seek capital appreciation by investing in a portfolio of debt and money market securities. It is envisaged that the portfolio will display the maturity profile that is generally in line with the term of the scheme. The scheme may also invest a certain portion of its corpus in money market securities, in order to meet liquidity requirements from time to time. There can be no assurance that the investment objective of the scheme will be realised.

2 Significant Accounting Policies

2.1 Basis of Accounting

The financial statements are prepared on the accrual basis of accounting, under the historical cost convention, as modified for investments, which are 'marked to market'. The financial statements have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time.

2.2 Unit Capital

Unit Capital represents the net outstanding units as at the Balance Sheet date.

Upon issue and redemption of units, the net premium or discount to the face value of units is credited or debited respectively to the Unit Premium Reserve account, after adjusting an appropriate portion of the sale / repurchase price to the Income Equalisation account.

2.3 Investments

a) Accounting for investment transactions

Investments are accounted on the date of the transaction at cost after considering transaction costs as applicable excluding custodian transaction charges. The front end fee receivable, if any, is reduced from the cost of such investment.

b) Valuation of investments

During the year, the Fund has valued its investments in accordance with SEBI (Mutual Funds) Regulations, 1996, as amended from time to time. All investments are marked to market and are stated in the balance sheet at their market / fair value. In valuing the Scheme's investments:

I. Valuation of Traded Securities

Debt Securities

Traded Debt Securities (other than Government Securities) are valued at the last quoted price on the NSE on the day of valuation.

II. Valuation of Thinly Traded Securities/ Non-traded and Unlisted Securities

II.I. Debt Securities of upto 182 Days to Maturity

Non-traded / thinly traded / unlisted debt securities of upto 182 days to maturity are valued at cost or last valuation price (in case of securities having maturity period of more than 182 days at the time of purchase) plus difference between the redemption value and the cost or last valuation price spread uniformly over the remaining maturity period of the instrument.

II.II. Debt Securities of over 182 Days to Maturity

Non traded / thinly traded / unlisted debt securities of over 182 days to maturity are valued in good faith by the investment manager on the basis of valuation principles laid down by the SEBI. The approach in valuation of a non-traded / thinly traded / unlisted debt security is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the security.

III. Valuation of Non Traded /Thinly Traded and Unlisted Floating Rate Debt Securities (Floaters)

There are no valuation guidelines prescribed by SEBI for Valuation of Non Traded / Thinly Traded and Unlisted Floating Rate Debt Securities. These securities are valued as determined by the investment manager based on policy as approved by the Board of Trustees.

IV. Valuation of Government Securities

Government Securities are valued at the prices provided by the agency (currently Crisil Limited) approved by the Association of Mutual Funds of India (AMFI), on a daily basis.

V. Valuation of securities with Put/Call Options

V.I. Securities with Call option

The securities with call option are valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case

there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is taken as the value of the instrument.

V.II. Securities with Put option

The securities with put option are valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is taken as the value of the instruments.

V.III. The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.

VI. Valuation of Money Market Instruments

Investments in call money and short-term deposits with banks are valued at cost plus accrued interest.

Money market instruments are valued at the last traded yield on the date of valuation. In case the security is not traded on the valuation day then it is valued on straight-line amortization over the maturity period of the instruments.

2.4 Revenue Recognition

Income on investments is recognised on accrual basis except where there is uncertainty about ultimate recovery / realisation. Such income is recognised when the uncertainty is resolved.

Interest on fixed income securities is recognised as income on a daily basis over the period of holding. In respect of discounted securities, the discount to redemption value is amortised and recognised as interest income equally over the period to redemption.

Profit or loss on sale of investments is recognised on the trade date and is determined on the basis of the weighted average cost method.

2.5 Expenses

All expenses are accounted for on accrual basis.

2.6 Exit Load

The exit load collected is utilised for meeting the selling and distribution expenses. Unutilized exit load collected is written back on maturity of the Plans (Scheme).

2.8 New Fund offer expenses

New Fund offer expenses for the Schemes were borne by the AMC.

3 Investments

- Investments of the Schemes are registered in the name of the Trustees for the benefits of the Schemes Unitholders.
- Investments made in companies which have invested more than five percent of the net asset value of the Schemes of DSP Merrill Lynch Mutual Fund in terms of Regulation 25 (11)
 - Investment in Companies includes investment in subsidiaries.
 - Purchases represents purchases (including derivatives transactions and inter scheme transactions) made during the period prescribed under regulation 25(11).
 - Value represents closing market value of investments as of March 31, 2006

Rupees in Crores

Companies	Investment by Schemes		FTP Series 1	FTP Series 1A	FTP Series 1B	FTP Series 1C	FTP Series 2	FTP Series 3	FTP Series 3A
HDFC Bank Limited	FRF	Value	-	-	97.95	-	-	-	-
		Purchases	-	-	-	-	-	-	-
ICICI Bank Limited	LF	Value	-	-	-	-	96.23	-	138.84
		Purchases	35.03	-	-	-	96.23	-	138.85
Punjab National Bank	STF	Value	-	-	-	25.00	-	-	-
		Purchases	-	40.00	-	25.00	-	-	-
State Bank of India	EF, ITF	Value	-	-	202.10	-	-	37.40	-
		Purchases	-	-	202.10	-	-	37.40	-
UCO Bank	STF	Value	-	-	-	-	-	-	-
		Purchases	-	49.27	-	-	-	-	-

The Investment Manager is of the opinion that the investments are made by the schemes in such companies since they are perceived as fundamentally strong and possess a high potential for growth. Further, investments in bonds issued by the aforesaid companies would yield attractive returns commensurate with the risks associated with the issuer.

4 Investment Management and Trusteeship fees

Investment management fees have been charged by the Schemes pursuant to an agreement with DSP Merrill Lynch Fund Managers Limited (AMC), as under:

Schemes	FTP-Series 1	FTP-Series 1A	FTP-Series 1B	FTP-Series 2	FTP-Series 3	FTP-Series 1C	FTP-Series 3A
Average *	0.25%	0.29%	0.20%	0.29%	0.20%	0.00%	0.00%

* Average rate in percentage per annum on daily average net assets

The Fund has accrued trusteeship fees aggregating Rs. 2,755,000 (previous year Rs. 1,051,000) for the year ended March 31, 2006 in accordance with the original Trust Deed dated December 16, 1996 as amended by supplementary Trust Deed dated December 23, 1999. The trusteeship fees have been allocated between the schemes in proportion to the net assets of the schemes. The Trusteeship fees are subject to a maximum of 0.02% of the average net assets per annum.

5 Details of Transactions with Associates in terms of Regulation 25(8):

Name of Associate: DSP Merrill Lynch Limited

Rupees

Scheme Name	Securities transaction in the form of investments in various Public issues / Private placements where the associate was the sole or one of the several lead managers	Payment of Brokerage on Secondary Market transactions	Payment of Brokerage for Distribution and Sale of Units
FTP- Series 1	-	-	123,086
FTP- Series 1A	-	-	108,334
FTP- Series 1B	-	-	19,302
FTP- Series 2	962,803,000	-	28,173
FTP- Series 3	-	-	20,747
FTP- Series 1C	-	-	3,103
FTP- Series 3A	-	-	255,707

Note: Brokerage on distribution and sale of units paid / payable represents the amount paid / payable for the year and does not necessarily reflect the amount charged to the Scheme's revenue account.

For S. R. Batliboi & Co.
Chartered Accountants

per **Hemal Shah**
Partner
Membership No. 42650

For DSP Merrill Lynch Trustee Company Private Limited

Shitin Desai
Chairman
S. S. Thakur
Director

Mumbai, April 27, 2006

Mumbai, April 27, 2006

6 The aggregate value of investments purchased and sold (including redeemed) during the period and these amounts as a percentage of average daily net assets are as follows:

Scheme	Purchase (Rupees)	Sale (Rupees)	Purchases as a % to average daily net assets	Sales as % to average daily net assets
	2005-2006	2005-2006	2005-2006	2005-2006
FTP- Series 1	2,569,257,528	2,593,680,562	103.27%	104.25%
FTP- Series 1A	5,291,867,528	5,349,464,690	109.00%	110.19%
FTP- Series 1B	3,855,563,750	-	98.85%	0.00%
FTP- Series 2	2,261,740,950	96,883,900	97.48%	4.18%
FTP- Series 3	1,539,142,960	29,738,488	98.91%	1.91%
FTP- Series 1C	3,586,175,000	-	98.37%	0.00%
FTP- Series 3A	2,409,707,700	-	95.23%	0.00%

7 Distributable Surplus:

Rupees

Scheme Name	Net Income as per Revenue Account	Less: Distributed to unitholders & distribution tax	Balance Distributable income
FTP- Series 1A	76,412,650	70,356,374	6,056,276
FTP- Series 1B	24,662,008	16,976,838	7,685,170
FTP- Series 2	19,853,536	16,148,292	3,705,244
FTP- Series 3	29,067,542	67,499	29,000,043
FTP- Series 1C	6,472,326	-	6,472,326
FTP- Series 3A	4,365,828	-	4,365,828

8 Prior Year Comparatives

As these are the first Financial Statements of the Schemes since the date of its launch, there are no comparatives for the prior period.

9 Large holdings in any of the Schemes (over 25% of the NAV of the Scheme):

NIL

10 Contingent Liability: Nil

11 Unit-holders can obtain from the mutual fund a copy of the Annual Report of the scheme in which he /she has invested

For DSP Merrill Lynch Fund Managers Limited

Hemendra Kothari
Chairman
K. R. V. Subrahmanian
Director

Naganath Sundaresan
President & Chief Investment Officer

Dhawal Dalal
Fund Manager

Mumbai, April 27, 2006

Perspective Historical per Unit Statistics

	FTP- Series 1	FTP- Series 1A	FTP- Series 1B	FTP- Series 2	FTP- Series 3	FTP- Series 1C	FTP- Series 3A
	As at 16-Feb-06	As at 23-Mar-06	As at 31-Mar-06				
a. Net assets value, at the end of the period							
G	10.1485	10.1587	*1006.3462	*10.0859	*10.1886	*1001.7782	*1001.7277
D	10.0035	10.0017	*1001.3440	*10.0059	*10.0085	*1001.7782	*1001.7277
* refers to computed NAV							
b. Gross Income							
(i) Income other than profit on sale of investments	0.1579	0.1696	6.5172	0.0963	0.2151	1.7799	1.7526
(ii) Income from profit / (loss) on inter scheme sales/transfer of investment	-	(0.0010)	-	-	-	-	-
(iii) Income from profit / (loss) on sale of investment to third party	(0.0006)	(0.0003)	-	(0.0030)	-	-	-
(iv) Transfer to revenue account from past years' reserve	-	-	-	-	-	-	-
c. Aggregate of expenses, writeoff, amortisation and charges (excluding change in unrealised depreciation in investments)	0.0076	0.0095	0.1789	0.0038	0.0094	0.0017	0.0014
d. Net Income (excluding change in unrealised depreciation in investments)	0.1497	0.1588	6.3383	0.0895	0.2057	1.7782	1.7512
e. Unrealised appreciation / (depreciation) in value of investments	-	-	-	-	(0.0169)	-	(0.0233)
f. Redemption Price:							
Highest Price							
G	10.1485	10.1587	998.3624	9.9838	9.9811	-	-
DD	-	-	-	-	-	-	-
WD	-	-	-	-	-	-	-
MD	-	-	-	-	-	-	-
QD / D	10.0696	10.0809	996.8388	9.9695	9.9683	-	-
Lowest Price							
G	9.9351	9.9354	995.5338	9.9123	9.8102	-	-
DD	-	-	-	-	-	-	-
WD	-	-	-	-	-	-	-
MD	-	-	-	-	-	-	-
QD / D	10.0035	10.0017	993.3999	9.9046	9.8047	-	-
Purchase Price							
Highest Price							
G	NA						
DD	NA						
WD	NA						
MD	NA						
QD / D	NA						
Lowest Price							
G	NA						
DD	NA						
WD	NA						
MD	NA						
QD / D	NA						
g. Ratio of expenses to average daily net assets by percentage	0.31%	0.39%	0.30%	0.35%	0.31%	0.06%	0.05%
h. Ratio of gross income to average daily net assets by percentage (excluding transfer to revenue account from past years' reserve but including unrealised appreciation / depreciation on investments).	1.55%	1.67%	0.65%	0.89%	1.96%	0.18%	0.17%

Notes :

- (1) G - Growth, DD - Daily Dividend, WD - Weekly Dividend, MD - Monthly Dividend, QD - Quarterly Dividend, D - Dividend
- (2) The highest and lowest repurchase price of the units of the Scheme has been determined after reducing from the highest and lowest declared NAV, the maximum CDSC applicable.
- (3) The per unit calculations are based on the number of units outstanding at the end of the financial year / last outstanding units in case of matured schemes.
- (4) P/E ratio is not applicable since the units are not listed on any stock exchange.
- (5) For FTP- Series 1C, FTP- Series 3A after date of allotment (March 29, 2006) no NAV is declared and hence High / Low Redemption Price is not applicable.
- (6) In case of Matured schemes No. NAV available as of March 31, 2006.
- (7) Since the Schemes are closed ended schemes No. highest / lowest purchase price is computed.

Investment Objectives:

DSPML Bond Fund (DSPMLBF) is an open-ended income scheme seeking to generate an attractive return, consistent with prudent risk, from a portfolio which is substantially constituted of high quality debt securities of issuers domiciled in India. **DSPML Balanced Fund (DSPMLBalF)** is an open-ended balanced scheme seeking to generate long-term capital appreciation and current income from a portfolio constituted of equity and equity related securities as well as debt & money market securities. **DSPML Equity Fund (DSPMLEF)** is an open-ended growth scheme seeking to generate long-term capital appreciation, from a portfolio which is substantially constituted of equity and equity related securities of issuers domiciled in India. The scheme may also invest a certain portion of its corpus in debt and money market securities, in order to meet liquidity requirements from time to time. **DSPML Floating Rate Fund (DSPMLFRF)** is an open-ended income scheme seeking to generate income commensurate with prudent risk from a portfolio substantially constituted of floating rate debt securities and fixed rate debt securities swapped for floating rate returns. The scheme may also invest in fixed rate debt securities and money market securities. **DSPML Government Securities Fund (DSPMLGSF)** is an open-ended scheme seeking to generate returns through investments in Central Government securities. There are two investment plans - Plan A (Longer Duration Plan) & Plan B (Shorter Duration Plan). **DSPML Liquidity Fund (DSPMLLF)** is an open-ended scheme seeking to generate a reasonable return commensurate with low risk and high degree of liquidity from a portfolio constituted of money market securities and a high quality debt securities. **DSPML Opportunities Fund (DSPMLOF)** is an open-ended growth scheme with a primary objective to generate long-term capital appreciation, and a secondary objective of income generation and distribution of dividend, from a portfolio constituted of equity and equity-related securities, concentrating on the investment focus of the scheme. **DSPML Savings Plus Fund (DSPMLSPF)** is an open-ended income scheme seeking to generate attractive returns with prudent risk from a portfolio which is substantially constituted of quality debt securities. The scheme will also seek to generate capital appreciation by investing a smaller portion of its corpus in equity and equity related securities of the 100 largest corporations, by market capitalisation, listed in India. **DSPML Short Term Fund (DSPMLSTF)** is an open-ended income scheme seeking to generate income commensurate with prudent risk, from a portfolio constituting of money market securities, floating rate debt securities and debt securities. **DSPML Technology.com Fund** is an open-ended growth scheme with a primary objective to generate long-term capital appreciation, and a secondary objective of income generation and distribution of dividend, from a portfolio constituted of equity and equity-related securities. **DSPML Top 100 Equity Fund** is an open-ended growth scheme seeking to generate capital appreciation, from a portfolio that is substantially constituted of equity and equity related securities of the 100 largest corporations by market capitalisation, listed in India. The scheme may also invest a certain portion of its corpus in debt and money market securities in order to meet liquidity requirements from time to time. **DSPML India T.I.G.E.R. Fund (The Infrastructure Growth and Economic Reforms Fund) (DSPMLITF)** is an open-ended growth scheme whose primary investment objective is to seek to generate capital appreciation, from a portfolio that is substantially constituted of equity securities of corporations that could benefit from structural changes brought about by continuing liberalisation in economic policies by the government and/or from continuing investments in infrastructure, both by the public and private sector. **DSPMLFTP** schemes seek capital appreciation by investing in a portfolio of debt and money market securities. For each of these schemes, it is envisaged that the portfolio will display the maturity profile that is generally in line with the Term of the scheme.

Statutory Details: DSP Merrill Lynch Mutual Fund (the Fund) was set up as a Trust by the settlers, DSP Merrill Lynch Ltd. and Merrill Lynch Investment Managers LP, USA. The Sponsors to the Fund are DSP Merrill Lynch Ltd., HMK Investment Pvt. Ltd. and ADIKO Investment Pvt. Ltd (collectively). The Trustee and Investment Manager to the Fund are DSP Merrill Lynch Trustee Company Pvt. Ltd. and DSP Merrill Lynch Fund Managers Ltd. respectively. The Sponsors are not responsible or liable for any loss resulting from the operation of the Schemes of the Fund beyond their initial contribution (to the extent contributed) of Rs. 1 lakh for setting up the Fund, and such other accretions/additions to the same.

Risk Factors: Mutual funds, like securities investments, are subject to market and other risks and there can be no assurance that the Schemes' objectives will be achieved. As with any investment in securities, the NAV of Units issued under the Schemes can go up or down depending on the factors and forces affecting capital markets. The NAV of the Schemes' Units may be affected by changes in the general level of interest rates. The past performance of the mutual funds managed by the Sponsors and their affiliates/associates is not necessarily indicative of the future performance of the Schemes. Investors in the Schemes are not being offered a guaranteed or assured rate of return. The liquidity of the Schemes' investments may be restricted by trading volumes, settlement periods and transfer procedures. In the event of an inordinately large number of redemption requests or of a restructuring of either of the Schemes' portfolios, the time taken by the Fund for redemption of Units may become significant. Please see 'Risk Factors and Special Considerations' and 'Right to Limit Redemptions' in the Standard Offer Document. The liquidity & valuation of the Schemes' investments due to their holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment. In the event that investible funds of more than 50% of the total proceeds of the equity schemes are not invested in equity shares of domestic companies, the tax concessions on income distribution will not be available to the Unit Holders. The scheme may enter into derivatives transactions, which are subject to embedded risks. As per SEBI circular each scheme and individual plan(s) under the schemes should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s). In case of non-fulfilment with either of the above two conditions on an ongoing basis for each calendar quarter, the respective schemes/plans shall be wound up by following the guidelines prescribed by SEBI and the investor's money would be redeemed at applicable NAV. DSPMLITF will focus on companies which will benefit from structural changes brought about by continuing liberalisation in economic policies by the government and/or from continuing investments in infrastructure, both by the public and private sector. It is possible that such policies may not fructify or crystallise in a manner commensurate with expectations thereby affecting the prospects of companies held in the portfolio of the Scheme. Since the NAV of the scheme is linked to the share price performance of such companies, they may outperform or under perform the benchmark index (BSE 100) and/or the constituents of the said benchmark index. While Government Securities carry minimal credit risk since the Government of India issues them, they do carry price risk depending upon the general level of interest rates prevailing from time to time. To the extent DSPMLFRF's and DSPMLSTF's investments are in floating rate debt instruments or fixed debt instruments swapped for floating rate return, they will be affected by interest rate movement, spread movement, settlement risk and liquidity risk. DSPMLTF will predominantly focus on equities of select companies in technology intensive sectors. Consequently, the NAV of the scheme is linked to the equity performance of such companies and may be more volatile than a more diversified portfolio of equities. Since DSPMLOF's investment focus is on select sectors of the market the portfolio will be concentrated in select companies across these sectors. This may make the portfolios vulnerable to factors that may affect these sectors in general thereby leading to increased volatility in the movement of the scheme's NAV. The NAV of DSPMLTEF is linked to the share price performance of the top 100 listed companies, which may outperform or under perform the benchmark index (the BSE 100) and/or its constituents. DSPMLFTP schemes – These schemes are closed ended and their Units can be redeemed at the Redemption Price only once in a week. As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes and settlement periods, the time taken by the Fund for redemption of Units may be significant in the event of an inordinately large number of redemption requests or a restructuring of the Scheme. Although the investments made by a close-ended scheme are normally in line with the scheduled maturity date, there is a possibility where precise tenor matching of the underlying assets is not possible with that of the scheduled maturity of the scheme. In such instances, there could be a dilution in the expected returns for an investor. Also, redemption made by an investor prior to the scheduled maturity date of a close-ended scheme may attract exit load, which can further dilute the expected returns for the investor. DSPMLLF, DSPMLBF, DSPMLFRF, DSPMLSTF, DSPMLGSF - Plan A (Longer Duration Plan), DSPMLGSF - Plan B (Shorter Duration Plan), DSPMLSPF, DSPMLBalF, DSPMLEF, DSPMLTEF, DSPMLOF, DSPMLITF and DSPMLTF are the names of the Schemes and do not in any manner indicate the quality of the Schemes, their future prospects or returns. **For more details, please refer to the Key Information Memorandum cum Application Form, which is available at the ISC/Distributor. Please read the Standard Offer Document before investing.**