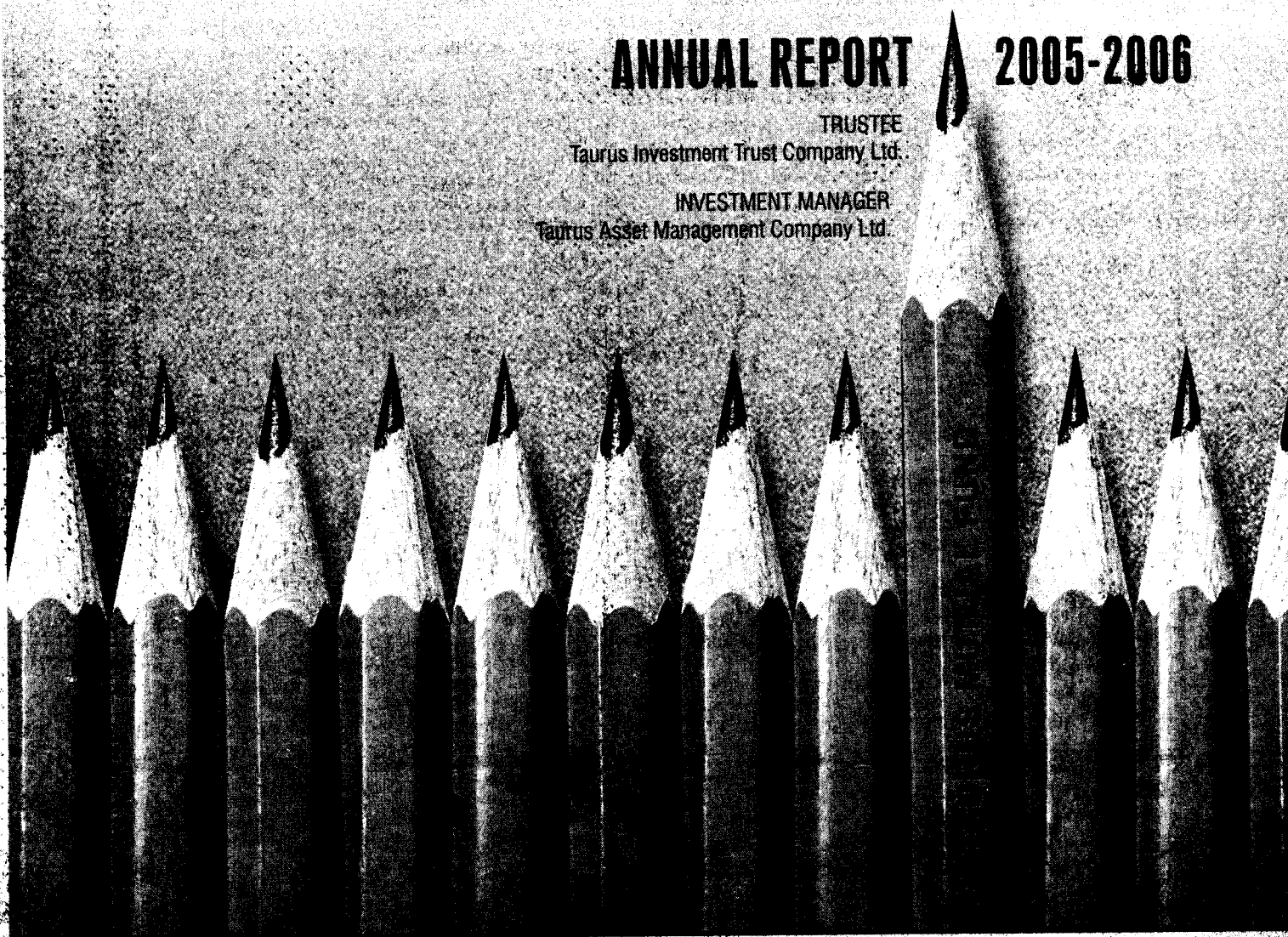


ANNUAL REPORT

2005-2006

TRUSTEE
Taurus Investment Trust Company Ltd.

INVESTMENT MANAGER
Taurus Asset Management Company Ltd.



· **Regd. Office :** 305, Regent Chambers, 208, Jammalal Bajaj Marg, Nariman Point, Mumbai-400021 Tel.: 22826598, 22826599
Corporate Office : 3rd Floor, DCM Building, 16, Barakhamba Road, New Delhi-110001. Tel.: 23321631, 23321756, 23717593
e-mail : research@taurusmutualfund.com website : www.taurusmutualfund.com

Dear Unitholder,

At the first place, we express our gratitude for patronizing Taurus Mutual Fund by considering this Fund as part of your investment horizon.

It is our endeavour to provide best of services alongwith decent growth to enhance the wealth of all the investors who have posed confidence in us.

Further, in terms of Securities & Exchange Board of India Regulations, it is mandatory for all the investors to provide bank account details i.e. account number, name and address of bank etc. in their applications for sale and redemption of units. This is necessary to avoid misuse of cheques issued towards redemption of units / payment of dividend etc. In case you have not furnished the bank details or if there is any change in the details already furnished, please intimate the same to the Registrar & Transfer Agent at the address given below:

Karvy Computershare Private Limited

Unit: Taurus Mutual Fund,

"Karvy Plaza", H.No. 8-2-596, St. No. 1, Banjara Hills,
Hyderabad - 500 034

For your convenience, please provide the desired details in the following format:-

Bank Name

Bank Address

Account No.

Type of Account

MICR No. (9 digits)

Folio No.

Name of Scheme

Investor's Address

With Warm Regards,

C M MATHUR

Vice President

Marketing & Operations

TRUSTEES REPORT FOR THE FINANCIAL YEAR 2005-06

Dear Unitholders,

We take pleasure in presenting 12th Annual Report and Audited Accounts of various schemes of Taurus Mutual Fund for the year ended March 31, 2006

ECONOMIC SCENARIO

The world Economic Scenario in 2005-06 witnessed a new dimension. The U.S. economy continued to remain under pressure, whereas India and China remained as dominating forces. This year has shown remarkable pace of growth of Indian economy and corporate, by and large are turning out fabulous financial performance. As the Indian growth story has started making waves throughout the wealthy nations of the world, the stock market has also entered into a strong bull orbit. Heavy speculation followed by tremendous flow of funds from domestic as well as overseas market took the market to a sky high level. The BSE Sensex which was around 6500 level at the start of the financial year touched a high of 11,357 by the end of fiscal year. As such, Sensex itself has moved up by around 74% during this fiscal period.

This year will be remembered for the various reasons, such as, unprecedented inflows of the FII's alone in the market followed by payment of good dividend and gift of liberal bonus shares by large number of Companies.

The super natural returns of the previous year may not be possible in the year 2006-07 as the volatility in the market has increased significantly. May and June 2006 have turned out to be the cruellest months for the stock market. This period had witnessed many steep falls, which will be remembered in the history of the Sensex. In the month of June 2006, India has become the top loser amongst many stock market groups in the world. However, as a seasoned market player, we have to leave these scars as bad dreams and look forward more positively. The silver line on the whole issue is that on the macro front, 9.3% GDP growth for fourth quarter and 8.4% for whole of financial year 2006 was above the estimates and second to the China only. For financial year 2007, the upward revision of GDP growth has been forecasted, which should increase the optimism and consumer's confidence.

MUTUAL FUND INDUSTRY – AT A GLANCE

The financial year 2005-06 has been quite significant for the Mutual Fund industry. During this period, 190 new schemes were launched as against 97 in the previous year and could mobilize more than Rs.70,000/- crs. as against Rs.25,000 crs. in the previous year. This is a record by itself which indicates that confidence of the investors in the Mutual Fund is increasing.

The Indian Mutual Fund Industry has still to organize systems to adequately mobilize investments from semi-urban and rural areas. Efforts need to be made to capture this growing income source and generate interest in the minds of investors from the rural and semi-urban areas. The fact is that unitholders of most of the Funds are currently either corporate investors or high net worth investors of big-cities. It is a paradoxical situation that the special purpose vehicle, which was designed for the small and retail investor, has been more effectively utilized by the larger corporate / investors.

Though industry is showing robust growth, it still has a challenge before it – a challenge to reach out to retail investors and to position the Mutual Fund products as long-term investment avenues for the household sector. More innovative schemes including those offering sophisticated products need to be designed.

TAURUS MUTUAL FUND – THE YEAR IN RETROSPECT

At present Taurus Mutual Fund is managing following six open-end schemes:

Equity Oriented Schemes

- The Starshare
- Discovery Stock Fund
- Bonanza Exclusive Growth Scheme - Open

Equity Linked Saving Schemes

- Libra Tax Shield

Income Schemes

- Libra Bond Fund
- Libra Gift Fund

It is heartening to report that performance of all the schemes has shown considerable improvement during the period under review. As indicated in our last annual report, previous year was used for consolidating the business as well as restructuring and rebalancing the portfolios of all the schemes. Such pro-active approach in our investment strategy helped us not only to improve the NAV of all the equity schemes but also able to outperform BSE-200, the benchmark index for evaluating the performance of equity schemes.

PERFORMANCE OF THE SCHEMES

The performance of individual schemes during the year is reviewed hereunder:

Taurus the Starshare

This is an open-end equity growth scheme with the objective to provide long-term capital appreciation.

The scheme has generated more than 81% return during the Financial Year 2005-06 whereas BSE-200, the benchmark index, has moved up by 62.82% only. During this period, NAV of the scheme has improved from Rs.18.86 per unit to Rs.34.17 per unit as on 31st March 2006, as per details given below:

NAV on 31.03.05	NAV on 31.03.06	%age Change	BSE 200 on 31.03.05	BSE 200 on 31.03.06	%age Change
18.86	34.17	81.18	867.58	1412.62	62.82

The portfolio of the scheme is well diversified comprising of large cap, midcap and small cap stocks to minimize index specific volatility. Further, investment style is a combination of long term investment which provides stability and short term investment which is being used for getting higher returns.

The portfolio of the scheme comprises of highly liquid stocks with 0% illiquid securities. Further, the expense ratio is low in comparison to industry average applicable for the equity schemes.

Discovery Stock Fund

This is an open-end equity growth scheme. The investment objective of the scheme is to identify and select low priced stocks through discovery mechanism, which would include:

- (i) Undervalued stocks offering opportunities for growth potential.
- (ii) Low priced stocks with decent dividend yield
- (iii) Stocks where lower side risk is minimum
- (iv) Stocks of turnaround cases with potential for improvement.

The net asset value of the scheme has moved almost in tandem with the BSE 200, the benchmark index during the financial year 2005-06 as per the details given below:

NAV on 31.03.05	NAV on 31.03.06	%age Change	BSE 200 on 31.03.05	BSE 200 on 31.03.06	%age Change
9.55	15.51	62.75	867.58	1412.62	62.82

The scheme's investments are predominantly in midcap and low cap stocks. This scheme was amongst the top performing Funds during April 2005 to September 2005 based on one-year return.

However, subsequently, on account of market vagaries and percentage exposure in certain scrips at that time, NAV of the Scheme was, accordingly, impacted temporarily. The portfolio of the scheme is, therefore, restructured depending upon the sectors' performance. We can assure the investors that it is always our endeavour to improve the performance of the scheme on an on going basis by churning the portfolio.

Bonanza Exclusive Growth Scheme - Open

This is an open-ended growth scheme with investment objective to provide long-term capital appreciation.

The scheme has generated more than 95% return during the financial year 2005-06 whereas BSE-200, the benchmark index, has moved up by 62.82% only. During this period, NAV of the scheme has improved from Rs.18.26 per unit to Rs.35.61 per unit on 31st March 2006 as per details given below:

NAV on 31.03.05	NAV on 31.03.06	%age Change	BSE 200 on 31.03.05	BSE 200 on 31.03.06	%age Change
18.26	35.61	95.02	867.58	1412.62	62.82

The portfolio of the scheme is well diversified under various sectors and predominantly in blue-chip companies. Most of the investment is in those shares whose market capitalization is around Rs.5,000 crs. As such, Scheme has highly liquid stocks with 0% illiquid securities. The expense ratio of the scheme is low in comparison to the industry average applicable for the equity schemes. As such the performance of the scheme is satisfactory.

Libra Tax Shield

Libra Tax Shield is an open-end equity linked tax saving scheme with endeavour to provide tax benefit and long term capital appreciation by investing in a portfolio of equity and equity-linked securities. Being a tax saving scheme, there is a lock in period of 3 years from the date of investment.

In terms of the Finance Act 2005, Section 88 of Income Tax Act 1961 has been modified as Section 80C whereby investment upto Rs.1 lac in Libra Tax Shield will be eligible for deduction U/s 80 C for assessment year 2006-07 and subsequent years.

With this modification in the income tax rule, Libra Tax Shield can now be treated at par with the other available tax saving instruments in the market where average returns vary between 6% to 8% p.a. only.

During the year, dividend of 35% was declared in December 2005 in the scheme which gave a dividend yield of more than 15% as on record date which is much higher than any other tax saving instruments available in the market.

Further, the dividend distributed by the scheme is exempt from tax in the hands of the investors and investment in the scheme is also exempted from Wealth Tax. As the investment is locked in for a period

of 3 years from the date of investment, no capital gain tax is applicable at the time of redemption.

The scheme has given a compounded yield of 41.74% in the last financial year as per details given below:

NAV on 31.03.05	NAV on 31.03.06	%age Change	BSE 200 on 31.03.05	BSE 200 on 31.03.06	%age Change
15.64	18.64	41.56*	867.58	1412.62	62.82

(* After taking into consideration dividend of 35%)

There is no illiquid security in the scheme. For the benefit of the small investors, Systematic Investment Plan (SIP) has been introduced in this scheme whereby unitholder can invest fixed sum of rupees every month or every quarter by purchasing additional units of the scheme at the applicable NAV. For more details, investor can contact the Mutual Fund offices at Delhi, Mumbai, Chennai and Bangalore.

Libra Bond Fund

The scheme was launched in July, 2001 as an open-end bond scheme with investment objective to maximize income through a basket of debt, bonds, debentures, government securities and money market instruments etc. of varying maturities while maintaining safety and liquidity.

In this scheme, there are two Options for the Investors (a) Growth Option (b) Dividend Option. The scheme has consistently performed satisfactorily except during certain periods when there were big falls in the bond market.

The initial investment strategy adopted was to invest in securities of long-term maturity, which was later reduced to medium term maturity securities. With more funds coming into the scheme, the strategy is expected to be towards investment in securities of short term, medium and long term maturities so as to maximize returns for the investors. The performance of the scheme is given below:

NAV on 31.03.05	NAV on 31.03.06	% age Change	Crisil Composite Bond Fund Index on 31.03.05	Crisil Composite Bond Fund Index on 31.03.06	%age Change
13.3979	13.2356	-1.21	1208.99	1248.87	3.30

The performance of the scheme is not comparable with the benchmark index on account of low corpus and extreme volatility in the Bond market.

Libra Gilt Fund

The scheme was launched in July 2001 as an open-end gilt scheme with investment objective to provide risk free returns to investors through investment in securities issued by Central Government or State Governments or any security unconditionally guaranteed by Government of India.

In this scheme, there are two options for the investors (a) Growth Option and (b) Dividend option.

The performance of the scheme is given below:

NAV on 31.03.05	NAV on 31.03.06	% age Change	I-Sec Composite Index on 31.03.05	I-Sec Composite Index on 31.03.06	%age Change
12.9451	12.5445	-3.09	3423.64	3574.65	4.41

The scheme's performance is not comparable with the benchmark market index due to low corpus and volatility in the G-Sec market.

Libra Leap and Bonanza Equity Linked Saving on Tax Scheme 1993 – Redeemed Schemes

Libra Leap Scheme and Bonanza Equity Linked Saving on Tax Scheme 1993 were pre-maturely redeemed in October 2002. Unitholders who have not yet applied for redemption are being reminded to surrender unit certificates / transaction slips for claiming redemption proceeds. Funds still lying with us in respect of these investors have been kept in Fixed Deposit Accounts with banks as per SEBI Regulations.

INVESTOR SERVICES

During the year, the Fund put its best foot forward in terms of redressal of investor grievances addressing each and every individual investor complaint. The data, is given below:

Schemes	Investor Complaints			
	Received In Previous Year	Received During the	Redressed During the	Out-standing 31.03.06
Taurus the Starshare	245	398	398	NIL
Discovery Stock Fund	95	181	181	NIL
Libra Tax Shield	1	11	11	NIL
Libra Bond Fund	NIL	1	1	NIL
Libra Gilt Fund	NIL	0	0	NIL
BONANZA Exclusive Growth Scheme-Open	29	27	27	NIL
Total	370	618	618	NIL

INTERNAL CONTROL & SYSTEMS

In terms of SEBI's Regulations for Mutual Funds, Taurus Asset Management Company Limited (TAMCO) (name of the company changed from Creditcapital Asset Management Company Limited to Taurus Asset Management Company Ltd. w.e.f. 21.4.2006) is the Investment Manager for all the schemes of Taurus Mutual Fund and Taurus Investment Trust Company Limited (TITCO) (name of the Company changed from Creditcapital Investment Trust Company Limited to Taurus Investment Trust Company Ltd. w.e.f. 21.4.2006) is acting as the Trustees.

The Asset Management Company

TAMCO has been appointed as the Investment Manager of Taurus Mutual Fund by the Trustees in terms of SEBI Regulations for Mutual Funds. As such, TAMCO is responsible for managing the schemes on day-to-day basis and required to take all reasonable steps and exercise due diligence and care in all its investment decisions. The Trustees liability is discharged on TAMCO's performing its duties in good faith and after due diligence and care.

The company has in place an adequate system of internal controls which provide reasonable assurance with regard to maintaining proper financial records, preserving economy and efficiency of operations, safe-guarding assets against unauthorized uses or losses and compliance with applicable laws and regulations etc. External Auditors also advise on these system aspects.

There are six Directors on the Board of the company, out of which four are independent Directors. The Board is assisted by a team of senior officials representing Accounts, Audit, Marketing, Admin., Research and Investment etc.

In an endeavour to attaining the standards of good corporate governance, following Committees have been constituted comprising mostly of Independent Directors.

Investment Committee

Investment Committee meets every month to review the investment / disinvestments made by the Fund based on in-house research. For this purpose, Committee is obtaining Management Information Reports for all the trade transactions done during the month, movement in the NAVs and performance of various schemes against the benchmark index i.e. BSE-200, I-Sec Composite Index and Crisil Composite Bond Fund Index, which has been identified by the Board of

Trustees for evaluating the performance of various schemes on an on going basis. The committee also reviews the details of the outstanding corporate actions submitted by the custodian of the schemes, overall activities of the Fund on monthly basis, review of portfolios of all the schemes etc.

The composition of the Investment Committee and the details of meetings attended by the Directors are given below: -

Sl. No.	Name of Directors	Category	No. of meetings attended during 2005-06
1.	Mr. J P Kundra	Independent, Non executive	12
2.	Mr. M G Gupta	Independent, Non executive	12
3.	Mr. P Murari	Independent, Non executive	7
4.	Mr. R K Gupta	Non-independent, executive	12

Audit Committee

The company had constituted an Audit Committee to review the reports of the Internal Auditors as well as Statutory Auditors to discuss their findings, suggestions and other related matters. Audit Committee also reviews the financial results of various schemes and other related matters referred to by the Board from time to time.

The composition of the Audit Committee and the details of meetings attended by the Directors are given below: -

Sl. No.	Name of Directors	Category	No. of meetings attended during 2005-06
1.	Mr. M G Gupta	Independent, Non executive	6
2.	Maharaj Jai Singh	Independent, Non executive	6
3.	Mr. R K Gupta	Non-independent, executive	6

Board of Directors

The Company has a non-executive Chairman complying with SEBI regulations of 50% Independent Directors.

The composition of Board and details of the meetings attended by the Directors are given below:

Sl. No.	Name of Directors	Category	No. of meetings attended during 2005-06
1.	Mr. J P Kundra	Independent, Non executive	7
2.	Mr. M G Gupta	Independent, Non executive	7
3.	Mr. P Murari	Independent, Non executive	5
4.	Maharaj Jai Singh	Independent, Non executive	6
5.	Mr. Lalit Bhasin	Non-independent, Non executive	5
6.	Mr. R K Gupta	Non-independent, Executive	7

SHAREHOLDING PATTERN OF THE AMC

The shareholding pattern of Taurus Asset Management Company Ltd. (the Investment Manager of the Fund) as on March 31, 2006 is as under:

Shareholder's Name	Equity Shareholding (%)
H B Portfolio Ltd.	50.000
RRB Securities Ltd.	29.880
H B Stockholdings Ltd.	20.119
Others	00.001
Total	100.000

Trust Company

In terms of the provisions of Trust Deed, Taurus Investment Trust Company Limited (TITCO) is the Trustee Company which is administering the Mutual Fund and monitoring the operations of the Asset Management Company. The Trustees have also appointed Independent Internal Auditors for all the schemes managed by Taurus Mutual Fund to support the Trustees with a reasonable assurance that the Fund and Investment Manager have complied with the various investment restrictions, reporting requirements and that Fund has adequate internal control systems.

There are six Directors on the Board of Company out of which four are Independent Directors. Trustees have also constituted an Audit Committee of the Independent Trustees pursuant to the circular MFD/CIR/010/024/2000 dated January 17, 2000 of SEBI. The scope of the Audit Committee is to periodically review the internal audit systems and the recommendations of the internal and statutory auditors. The Audit Committee also meets internal auditors and statutory auditors of each scheme to discuss their findings, suggestions and other related matters. The composition of Audit Committee and details of meetings attended by the Directors are given below: -

Sl. No.	Name of Directors	Category	No. of meetings attended during 2005-06
1.	Mr. G N Tandon	Independent, Non executive	6
2.	Mr. K N Goyal	Independent, Non executive	6
3.	Mr. L K Malhotra	Independent, Non executive	4

Board of Directors

The Board of Trustees has a non-executive Chairman complying with the SEBI's Regulations of having 2/3rd Independent Directors.

Mr. P K Kaul, one of the Independent & Non-executive Director has resigned from the Directorship of TITCO w.e.f. 11.1.2006 due to his indifferent health. The Board of Trustees very reluctantly accepted the resignation of Mr. Kaul and placed on record his valuable and active participation, direction and guidance given to the Fund with his vast knowledge and experience, particularly, in reference to corporate governance, SEBI compliances and disclosure requirements etc. for the progress of the Company and Taurus Mutual Fund as a whole.

The composition of Board of Directors and details of meetings attended by the Directors are given below: -

Sl. No.	Name of Directors	Category	No. of meetings attended during 2005-06
1.	Mr. P K Kaul *	Independent, Non executive	4
2.	Mr. H C Bhasin	Non-independent, Non executive	6
3.	Mr. Harbhjan Singh	Independent, Non executive	2
4.	Mr. K N Malhotra	Non-independent, Non executive	1
5.	Mr. K N Goyal	Independent, Non executive	6
6.	Mr. G N Tandon	Independent, Non executive	6
7.	Mr. Lalit K Malhotra	Independent, Non executive	4

* upto 11.1.2006

FUTURE OUTLOOK

After consolidating the business and restructuring the Portfolios of all the schemes, Trustees have taken steps to launch new schemes as well as to start Portfolio Management Services (PMS) under TAMCO, as per details given below:-

A. Launch of New Schemes

Trustees are happy to inform that now Fund is proposing to launch 4/5 new schemes during the Financial Year 2006-07. The current status is given below:-

Taurus Liquid Fund: Approval from SEBI has already been received and this scheme is likely to be launched during the last week of July or 1st week of August 2006. With the launch of Liquid Scheme, we hope that the corpus of the Fund will improve substantially in the near future.

Taurus Fixed Maturity Plan – Series 'A': Necessary papers have been submitted to SEBI for approval of Fixed Maturity Plan – Series 'A'. This plan will be launched as a new scheme immediately after getting the approval from SEBI.

Taurus Infrastructure Fund: This scheme will be launched as an open-end scheme under the category of Theme Fund. The investment will be predominantly in the Infrastructure/Infrastructure related industries only. Necessary documents have already been submitted to SEBI and we may launch this scheme in the month of August 2006 after getting necessary approval from SEBI.

After launching of these 3 schemes Trustees will consider to launch other schemes also depending upon the demand of products and the prevailing market conditions.

B. Portfolio Management Services (PMS)

SEBI vide its letter dated June 22, 2006 granted its approval, to TAMCO vide registration No. INP00001439 to act as Portfolio Manager. PMS will be additional activity other than

Mutual Fund activities and separate infrastructure is being created in terms of SEBI Regulation. Further, PMS activities will be :-

- Discretionary
- Non-discretionary

Minimum investment - Rs.10 Lacs.

DISCLOSURES

- Taurus Investment Trust Company Limited is the Trustees of the Taurus Mutual Fund. The Trustees have exclusive ownership of the Trust Fund and are vested with the general power of superintendence, direction and management of the affairs of the Trust. The Trustees need to ensure that the Asset Management Company and the custodians appointed in terms of the Trust Deed fulfill the functions assigned to them from time to time; subject to the Trust Deed, the Mutual Fund Regulations, 1996, and other laws in force.
- The sponsors are not responsible or liable for any loss resulting from the operations of the schemes beyond the initial contribution of Rs.2 lacs each made towards setting up of the Mutual Fund.

- 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 values of its underlying investments.
- The prospective historical per unit statistics in accordance with para 6 (1) of the XI schedule appear after schedules to the scheme account.
- Full portfolio of the schemes has been published in the newspapers on 28th October, 2005 and on 28th April 2006.
- On written request, present and prospective unitholder / investor can obtain copy of the Trust Deed, the Annual Report (at a price) and the text of the relevant scheme.

ACKNOWLEDGEMENT

For their continued help, assistance and co-operation, the Trustees express their gratitude to the Securities and Exchange Board of India, AMFI, Registrar & Transfer Agent, Custodians, Banks and the Board of Directors and employees and staff of Taurus Asset Management Co. Ltd.

FOR & ON BEHALF OF BOARD OF TRUSTEES

Date : July 03, 2006
Place : New Delhi

**K.N. GOYAL
CHAIRMAN**

**INVESTOR SERVICE CENTRES OF KARVY COMPUTERSHARE PRIVATE LIMITED
REGISTRAR AND TRANSFER AGENTS**

AHMEDABAD : 201 Shail Buildings, Opp : Madhusudhan House, Off : C G Road, Nr. Navrangpura Telephone Exchange Tel.. 079 - 31124959, 26400527 • **ALLAHABAD** : 1st Floor, Meena Bazar, 10, Sardar Patel Marg, Civil Lines Tel. 0532-2561073 • **AMRITSAR** : 72-A, Taylor'S Road, Opp Aga Heritage Gandhi Ground Tel: 0183 - 5053802 • **BANGALORE** : No. 51/25, 1st Floor, Surya Building, Ratna Avenue, Richmond Road Tel. 080-25320085, 36961001 • **CALICUT** : IInd Floor, Sowbhagya Shopping Complex, Mavoor Road Tel. 0495-2742105 • **COIMBATORE** : SNV Chambers, 482/483, Ponne Street, Opp: Power House, Cross Cut Road Tel. 0422-5577211, 2237501 • **CHANDIGARH** : SCO-371-372, First Floor, Above HDFC Bank, Sector 35B Tel. 0172-5071726 • **CHENNAI** : Flat No.F11, First Floor, Akshya Plaza, (Erstwhile Harris Road), #108, Adhithanar Salai, Egmore Tel.: 044-4202 8513, 4202 8512 • **GWALIOR** : 37/38, Near Nadi Gate Pul, Mlb Road, Shinde Ki Chhawani, Lashkar Tel. 0751-5069000-903 • **HYDERABAD** : "Karvy Plaza", H.No. 8-2-596, St. No.1 Banjara Hills Tel. 040-23312454 • **JALANDHAR** : Lower Ground Floor, Office No : 3, Plot No :28, G T Road, Tel. 0181-3315124. • **JAIPUR** : 108-110, First Floor, Anukampa Mansion li, Opp. Raymond Showroom, M I Road Tel, 0141-2363321 • **KANPUR** : 15/46, B, First Floor, Opp : Muir Mills, Civil Lines Tel. 0512-3296000 • **KOLKATA** : 16 Jatin Bagchi Road Tel. 033-24659267, 24651275-78 • **LUCKNOW** : 94, Mahatma Gandhi Marg, Opp Governor House Tel. 0522-2236819, 2236820-26 • **LUDHIANA** : SCO-2, Ground Floor, Aptech Building, Feroze Gandhi Market Tel. 0161- 3018485 -11 • **MADURAI** : "Rakesh Towers", 30-C, Bye Pass Road, First Floor, Opp. Nagappa Motors Tel. 0452-2600851-855, 2350852 • **MEERUT** : 1St Floor, Medi Centre, Opp Eyes Cinema, Hapur Road Near Bachha Park Tel. 0121-3952943, 3210049 • **MORADABAD** : First Floor, Singh Bhawan, Taari Khana Chowk, G M D Road Tel. 0591 - 3112686, 3117615 • **MUMBAI** : 26/30 ,Fort Foundation Bldg, Near MSC Bank, Maharashtra Chamber Of Commerce Lane, Fort Tel. 022-56341967, 56382666 • **NEW DELHI** : 105-108 Arunachal Building, 19 Barakhamba Road, Connaught Place Tel. 011-51577627, 23324401 • **PUNE** : Trupti Apartment, Flat No.8, 4th Floor, Lane Next To HDFC Bank, Opp Ranajeet Hotel, Bhandarkar Road Tel. 020-25660793, 25660794 • **SALEM** : 49 / 50, Fort Main Road, Shevapet Tel. 0427-3102292, 5020300. • **TRICHY** : 60 Srikrishna Arcade, 1st Floor, Thennur High Road Tel. 0431-2793799, 2792800 • **VADODARA**: Ground Floor, Sharad Apartment, Near Surya Hotel, SayajiGanj Tel. 0265-2225210

CUSTODIAN : Citibank N.A. **BANKERS** : HDFC Bank Ltd. , Citibank N.A.

STATUTORY AUDITORS- N.M. Rajji & Co., P. Bholusaria & Co. **INTERNAL AUDITORS**- Thakur Vaidyanath Aiyar & Co.

AUDITORS' REPORT - BONANZA EXCLUSIVE GROWTH SCHEME-OPEN

To the Board of Trustees

Taurus Investment Trust Company Limited

1. We have audited the attached Balance Sheet of Taurus Mutual Fund - Bonanza Exclusive Growth Scheme-Open as at 31st March 2006 and the Revenue Account for the year ended 31st March 2006 annexed thereto. These financial statements are the responsibility of the Board of Trustees of Taurus Mutual Fund and management of Taurus Asset Management Company Ltd (the "management"). Our responsibility is to express an opinion on these financial statements based on our audit.

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 disclosure 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 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.

2. In our opinion and to the best of our information and according to the explanations given to us; 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 give respectively a true and fair view of the state of affairs of Taurus Mutual Fund-Bonanza Exclusive Growth Scheme-Open as on 31st March 2006 and its net Surplus for the year ended on that date.

ii. The Balance Sheet as on 31st March 2006 and the Revenue Account for the year ended on that date, together with the notes thereon, 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 and amendments thereto, as applicable.

iii. The methods used to value
 a) Thinly traded/non traded securities in accordance with the guidelines for valuation of securities for Mutual Funds issued by SEBI
 b) Unlisted equity shares in accordance with the guidelines for valuation of unlisted equity shares for Mutual Funds issued by SEBI
 as on March 31, 2006 as determined by Taurus Asset Management Company Ltd as per policies approved by the Board of Trustees of Taurus Mutual Fund are fair and reasonable.

Amit Goel
 Partner
 For and on behalf of
 P. Bholusaria & Co.
 Chartered Accountants

Place : New Delhi
 Dated : July 3, 2006

BALANCE SHEET OF BONANZA EXCLUSIVE GROWTH SCHEME -OPEN AS AT 31ST MARCH 2006

	Schedule	As at 31.03.2006 Amount (Rs.)	As at 31.03.2005 Amount (Rs.)
LIABILITIES			
Unit Capital	A	129,709,828.17	169,656,172.42
Reserves & Surplus	B	332,135,759.11	140,175,689.20
Loans		—	—
Current Liabilities and Provisions	C	4,863,950.77	3,991,483.83
		466,709,538.05	313,823,345.45
ASSETS			
Investments	D	446,294,100.25	297,710,633.70
Deposits	E	12,100,000.00	—
Other Current Assets	F	8,315,437.80	16,112,711.75
Fixed Assets		—	—
Deferred Revenue Expenditure		—	—
		466,709,538.05	313,823,345.45
Significant Accounting Policies & Notes to Accounts	J		

REVENUE ACCOUNT OF BONANZA EXCLUSIVE GROWTH SCHEME-OPEN FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule	For the Year ended 31.03.2006 Amount (Rs.)	For the Year ended 31.03.2005 Amount (Rs.)
INCOME			
Dividend		5,505,924.05	5,724,006.50
Interest	G	737,361.25	759,675.56
Profit on sale/ redemption of investments (Net) - inter-scheme - others		59,154,345.87	86,261,073.35
Miscellaneous Income	H	—	15,735.88
Net change in unrealised gain/ loss in value of Investments		186,410,634.39	1,787,425.01
		251,808,265.56	94,548,816.30
EXPENSES			
Management, Trusteeship Fees, Administrative & Other Operating expenses	I	6,650,847.71	5,504,762.57
Loss on sale/ redemption of investments (Net) - inter-scheme - others		—	—
		6,650,847.71	5,504,762.57
Surplus for the year		245,157,417.85	89,044,053.78
Opening Balance in Revenue Reserve Brought Forward		242,936,133.99	183,562,495.37
Transfer from / (to) Income Equalisation Account		(60,741,210.10)	(29,670,415.11)
Balance transferred to Revenue Reserve		427,352,341.74	242,936,133.99
Significant Accounting Policies & Notes to Accounts	J		

Schedules referred to above form an integral part of the Balance Sheet and Revenue Account

This is the Balance Sheet & Revenue Account referred to in our report of even date

For and on behalf of
 P. Bholusaria & Co.
 Chartered Accountants

For Taurus Investment Trust Company Limited

For and on behalf of Taurus Asset Management Company Limited

Amit Goel
 Partner
 Place : New Delhi
 Date : July 3, 2006

K.N.Goyal
 Director

L.K. Malhotra
 Director

J.P.Kundra
 Director

M.G.Gupta
 Director

Deepa Varshnei
 Vice President
 (Accounts)

R K Gupta
 Fund Manager &
 Managing Director

AUDITORS' REPORT - BONANZA EXCLUSIVE GROWTH SCHEME-OPEN

To the Board of Trustees

Taurus Investment Trust Company Limited

1. We have audited the attached Balance Sheet of Taurus Mutual Fund - Bonanza Exclusive Growth Scheme-Open as at 31st March 2006 and the Revenue Account for the year ended 31st March 2006 annexed thereto. These financial statements are the responsibility of the Board of Trustees of Taurus Mutual Fund and management of Taurus Asset Management Company Ltd (the "management"). Our responsibility is to express an opinion on these financial statements based on our audit.

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 disclosure 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 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.

2. 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 give respectively a true and fair view of the state of affairs of Taurus Mutual Fund-Bonanza Exclusive Growth Scheme-Open as on 31st March 2006 and its net Surplus for the year ended on that date.

ii. The Balance Sheet as on 31st March 2006 and the Revenue Account for the year ended on that date, together with the notes thereon, 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 and amendments thereto, as applicable.

iii. The methods used to value
a) Thinly traded/non traded securities in accordance with the guidelines for valuation of securities for Mutual Funds issued by SEBI
b) Unlisted equity shares in accordance with the guidelines for valuation of unlisted equity shares for Mutual Funds issued by SEBI
as on March 31, 2006 as determined by Taurus Asset Management Company Ltd as per policies approved by the Board of Trustees of Taurus Mutual Fund are fair and reasonable.

Amit Goel
Partner
For and on behalf of
P. Bholusaria & Co.
Chartered Accountants

Place : New Delhi
Dated : July 3, 2006

BALANCE SHEET OF BONANZA EXCLUSIVE GROWTH SCHEME -OPEN AS AT 31ST MARCH 2006

	Schedule	As at 31.03.2006 Amount (Rs.)	As at 31.03.2005 Amount (Rs.)
LIABILITIES			
Unit Capital	A	129,709,828.17	169,656,172.42
Reserves & Surplus	B	332,135,759.11	140,175,689.20
Loans		—	—
Current Liabilities and Provisions	C	4,863,950.77	3,991,483.83
		466,709,538.05	313,823,345.45
ASSETS			
Investments	D	446,294,100.25	297,710,633.70
Deposits	E	12,100,000.00	—
Other Current Assets	F	8,315,437.80	16,112,711.75
Fixed Assets		—	—
Deferred Revenue Expenditure		—	—
		466,709,538.05	313,823,345.45
Significant Accounting Policies & Notes to Accounts	J		

REVENUE ACCOUNT OF BONANZA EXCLUSIVE GROWTH SCHEME-OPEN FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule	For the Year ended 31.03.2006 Amount (Rs.)	For the Year ended 31.03.2005 Amount (Rs.)
INCOME			
Dividend		5,505,924.05	5,724,806.50
Interest	G	737,361.25	759,675.56
Profit on sale/ redemption of investments (Net) - inter-scheme - others		—	—
Miscellaneous Income	H	59,154,345.87	86,261,073.35
Net change in unrealised gain/ loss in value of Investments		186,410,634.39	15,735.88
		251,808,265.56	94,548,816.30
EXPENSES			
Management, Trusteeship Fees, Administrative & Other Operating expenses	I	6,650,847.71	5,504,762.57
Loss on sale/ redemption of investments (Net) - inter-scheme - others		—	—
		6,650,847.71	5,504,762.57
Surplus for the year		245,157,417.85	89,044,053.78
Opening Balance in Revenue Reserve Brought Forward		242,936,133.99	183,562,495.37
Transfer from / (to) Income Equalisation Account		(60,741,210.10)	(29,670,415.11)
Balance transferred to Revenue Reserve		427,352,341.74	242,936,133.99
Significant Accounting Policies & Notes to Accounts	J		

Schedules referred to above form an integral part of the Balance Sheet and Revenue Account

This is the Balance Sheet & Revenue Account referred to in our report of even date

For and on behalf of
P. Bholusaria & Co.
Chartered Accountants

Amit Goel
Partner
Place : New Delhi
Date : July 3, 2006

For Taurus Investment Trust Company Limited

K.N.Goyal
Director

L.K. Malhotra
Director

For and on behalf of Taurus Asset Management Company Limited

J.P.Kundra
Director

M.G.Gupta
Director

Deepa Varshnei
Vice President
(Accounts)

R K Gupta
Fund Manager &
Managing Director

TAURUS MUTUAL FUND

SCHEDULES FORMING PART OF BALANCE SHEET & REVENUE ACCOUNT OF BONANZA EXCLUSIVE GROWTH SCHEME-OPEN

	As at 31.03.2006	As at 31.03.2005	For the year ended 31.03.2006	For the year ended 31.03.2005
SCHEDULE 'A' : UNIT CAPITAL				
12,970,982.817 units (Previous Year)				
16,965,617.242 units				
of Rs.10/- each fully paid up	<u>129,709,828.17</u>	<u>169,656,172.42</u>		
			<u>737,361.25</u>	<u>759,675.56</u>
SCHEDULE 'B' : RESERVES & SURPLUS				
Unit Premium Reserve				
Balance at the commencement of the year	(102,760,444.79)	(59,133,427.83)		
Discount / Premium on units repurchased/sold during the year	(53,197,347.94)	(73,297,432.07)		
Transfer from / (to) Income Equalisation Account	<u>60,741,210.10</u>	<u>29,670,415.11</u>		
	<u>(95,216,582.63)</u>	<u>(102,760,444.79)</u>		
Revenue Reserve				
Balance at the commencement of the year	242,936,133.99	183,562,495.37		
Surplus for the year	245,157,417.85	89,044,053.73		
Transfer from / (to) Income Equalisation Account	<u>(60,741,210.10)</u>	<u>(29,670,415.11)</u>		
	<u>427,352,341.74</u>	<u>242,936,133.99</u>		
	<u>332,135,759.11</u>	<u>140,175,689.20</u>		
SCHEDULE 'C' : CURRENT LIABILITIES AND PROVISIONS				
Current Liabilities				
Sundry Creditors	806,920.38	373,476.41		
Contract for Purchase of Investments	587,045.00	666,581.60		
Audit fee payable	132,429.00	130,549.00		
Service Tax Payable	8,289.57	—		
Security Transaction Tax payable	43,465.00	40,314.00		
Payable to TAMCO Ltd (including Management Fees Payable)	483,275.90	1,253,376.30		
Redemption Warrants payable	431,481.67	426,423.67		
Tax deducted at source payable	122,532.00	72,035.00		
Lead Payable	2,189,703.55	1,009,635.88		
Custodian Fee Payable	56,798.70	19,091.97		
	<u>4,863,950.77</u>	<u>3,991,483.83</u>		
SCHEDULE 'D' : INVESTMENTS				
(Refer Note 1(b) of schedule J)				
Equity Shares	437,956,013.25	289,000,739.30		
Debentures/Bonds (Privately Placed)	—	—		
Debentures/Bonds (Listed/ Awaiting Listing)	4,117,812.00	4,293,429.40		
Government Securities	4,220,275.00	4,416,465.00		
	<u>446,294,100.25</u>	<u>297,710,633.70</u>		
SCHEDULE 'E' : DEPOSITS				
Deposits with Scheduled Banks	—	—		
Collateralised Borrowing & Lending Obligation (CBLO)	12,100,000.00	—		
	<u>12,100,000.00</u>	<u>—</u>		
SCHEDULE 'F' : OTHER CURRENT ASSETS				
Balance with Banks in Current Accounts	3,407,245.81	12,442,241.18		
Contract for sale of investment	9,139,799.12	6,277,491.00		
Less: Provision for doubtful receivables	(5,495,000.00)	(5,495,000.00)		
Dividend Receivable	144,000.00	293,916.00		
Accrued Interest on debentures/bonds	177,853.43	177,853.43		
Accrued interest on CBLO	407.67	—		
Debt Redemption Receivable	23,750,000.00	23,750,000.00		
Less: Provision for doubtful receivables	(23,750,000.00)	(23,750,000.00)		
Amount Receivable from other schemes	497,371.63	—		
Amount due from brokers and others	44,169.00	44,169.00		
Less: Provision for doubtful receivables	(44,169.00)	(44,169.00)		
Advance against expenses	27,550.00	—		
Margin Money for Derivative Trading / CBLO	416,210.14	2,416,210.14		
	<u>8,315,437.80</u>	<u>16,112,711.75</u>		
SCHEDULE 'G' : INTEREST				
Debentures/Bonds			689,650.00	612,116.56
Call Money / CBLO			47,711.25	147,559.00
			<u>737,361.25</u>	<u>759,675.56</u>
SCHEDULE 'H' : MISCELLANEOUS INCOME				
Interest on Income tax refund			—	65.74
Excess Dividend			—	15,670.14
			<u>—</u>	<u>15,735.88</u>
SCHEDULE 'I' : MANAGEMENT, TRUSTEESHIP, ADMINISTRATIVE AND OTHER OPERATING EXPENSES				
Management Fee			4,671,387.80	3,994,787.73
Registrar Charges			736,493.58	474,387.44
Custodian Fee			302,597.34	323,801.24
Trusteeship Fee			110,200.00	108,000.00
Insurance			123,620.00	—
Printing & Stationary			199,441.51	97,196.47
Postage & Courier Charges			172,056.80	200,694.07
Legal & Professional charges			91,484.21	53,932.00
Sebi Annual Fees			44,150.00	54,175.00
Auditors Remuneration			140,300.00	137,750.00
Advertisement Expenses			58,217.79	58,736.12
Other Operating Expenses			898.68	1,302.50
			<u>6,650,847.71</u>	<u>5,504,762.57</u>

Perspective Historical Per Unit Statistics

Amount in Rupees

	As at 31.3.2006	As at 31.3.2005	As at 31.3.2004
Per Unit Particulars			
A) Face Value	10.00	10.00	10.00
B) Net Asset Value	35.61	18.26	14.63
C) Gross Income			
i) Income other than Profit on sale of investment	0.48	0.38	0.32
ii) Income from Profit on inter scheme sale/transfer of investments (net)	—	—	—
iii) Income from Profit on sale of investment to third party (net)	4.56	5.08	2.56
iv) Net change in Unrealised gain/loss in value of investments	14.37	0.11	5.43
v) Transfer to Revenue Account from past years reserve.	—	—	—
vi) Gross Income [Total of (i) to (v)]	19.41	5.57	8.31
D) Total Expenses			
i) Aggregate of Expenses, write off, amortisation and charges	0.51	0.32	0.21
ii) Net change in Unrealised gain/loss in value of investments	—	—	—
iii) Total Expenses [Total of (i) and (ii)]	0.51	0.32	0.21
E) Net Income [(C)-(D)]	18.90	5.25	8.10
F) Unrealised appreciation/(depreciation) in value of investments	22.24	6.02	3.73
G) (1) Trading Price/NAV			
i) Highest during the year	35.82	19.55	18.08
ii) Lowest during the year	18.04	9.79	9.73
(2) Price Earning Ratio			
	NA	NA	NA
H) Per unit ratio of expenses to average net assets by %			
	1.83%	1.78%	1.93%
I) Per unit ratio of gross income to average net assets by % (including net changes in unrealised gain/loss in value of investments)			
	69.25%	30.61%	74.65%

AUDITORS' REPORT - LIBRA TAX SHIELD

To the Board of Trustees

Taurus Investment Trust Company Limited

1. We have audited the attached Balance Sheet of Taurus Mutual Fund - Libra Tax Shield Scheme as at 31st March 2006 and the Revenue Account for the year ended 31st March 2006 annexed thereto. These financial statements are the responsibility of the Board of Trustees of Taurus Mutual Fund and management of Taurus Asset Management Company Ltd (the "management"). Our responsibility is to express an opinion on these financial statements based on our audit.

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 disclosure 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 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.

2. 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 Taurus Mutual Fund - Libra Tax Shield Scheme as on 31st March 2006 and its net Surplus for the year ended on that date.

- ii. The Balance Sheet as on 31st March 2006 and the Revenue Account for the year ended on that date, together with the notes thereon, 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 and amendments thereto, as applicable.
 - iii. The methods used to value
 - a) Thinly traded/non traded securities in accordance with the guidelines for valuation of securities for Mutual Funds issued by SEBI
 - b) Unlisted equity shares in accordance with the guidelines for valuation of unlisted equity shares for Mutual Funds issued by SEBI
- as on March 31, 2006 as determined by Taurus Asset Management Company Ltd as per policies approved by the Board of Trustees of Taurus Mutual Fund are fair and reasonable.

Amit Goel
Partner
For and on behalf of
P. Bholusaria & Co.
Chartered Accountants

Place : New Delhi
Date : July 3, 2006

BALANCE SHEET OF LIBRA TAX SHIELD AS AT ON 31ST MARCH, 2006

	Schedule	As at 31.03.2006 Amount (Rs.)	As at 31.03.2005 Amount (Rs.)
LIABILITIES			
Unit Capital	A	28,964,301.35	16,102,271.38
Reserves & Surplus	B	25,033,534.47	9,051,505.53
Loans		—	—
Current Liabilities and Provisions	C	53,681.76	167,316.30
		54,051,517.58	25,321,093.21
ASSETS			
Investments	D	50,492,138.45	23,598,436.15
Deposits	E	1,300,000.00	—
Other Current Assets	F	2,259,379.13	1,722,657.06
Fixed Assets		—	—
Deferred Revenue Expenditure		—	—
		54,051,517.58	25,321,093.21
Significant Accounting Policies & notes to Accounts	J		

REVENUE ACCOUNT OF LIBRA TAX SHIELD FOR THE YEAR ENDED 31ST MARCH, 2006

	Schedule	For the Year ended 31.03.2006 Amount (Rs.)	For the Year ended 31.03.2005 Amount (Rs.)
INCOME			
Dividend		410,013.80	590,248.00
Interest	G	292,107.56	337,898.99
Profit on sale/ redemption of investments (Net) - inter-scheme		—	—
- others		5,550,112.32	4,846,425.27
Net change in unrealised gain/loss in value of Investments		6,109,439.83	8,444,430.34
Miscellaneous Income	H	200.00	6,317.65
		12,361,873.51	14,225,320.25
EXPENSES			
Management, Trusteeship Fees, Administrative & Other Operating expenses	I	1,017,049.46	726,833.30
Initial issue costs of sponsoring the fund		21,327.00	21,327.00
Loss on sale of investment - inter-scheme		—	—
- others		—	—
		1,038,376.46	748,160.30
Surplus for the Year		11,323,497.05	13,477,159.95
Less : Dividend/Income Distribution during the Year (Refer Note No. 18 of Schedule J)		(10,053,596.44)	—
Residual Dividend Paid for last Year		—	(135.77)
		1,269,900.61	13,477,024.18
Opening Balance in Revenue Reserve brought forward		5,749,907.63	(833,539.16)
Transfer from / (to) Income Equalisation Account		7,747,975.76	(6,893,577.39)
Balance transferred to Revenue Reserve		14,767,784.00	5,749,907.63
Significant Accounting Policies & Notes to Accounts	J		

Schedules referred to above form an integral part of the Balance Sheet and Revenue Account

This is the Balance Sheet & Revenue Account referred to in our report of even date

For and on behalf of
P. Bholusaria & Co.
Chartered Accountants

For Taurus Investment Trust Company Limited

For and on behalf of Taurus Asset Management Company Limited

Amit Goel
Partner
Place : New Delhi
Date : July 3, 2006

K.N.Goyal
Director

L.K. Malhotra
Director

J.P.Kundra
Director

M.G.Gupta
Director

Deepa Varshnei
Vice President
(Accounts)

R K Gupta
Fund Manager &
Managing Director

TAURUS MUTUAL FUND

SCHEDULES FORMING PART OF BALANCE SHEET & REVENUE ACCOUNT OF LIBRA TAX SHIELD

Amount in Rupees

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'A' : UNIT CAPITAL		
2,896,430.135 units (previous year 1,610,227.138 units) of Rs. 10 each fully paid up	28,964,301.35	16,102,271.38
	<u>28,964,301.35</u>	<u>16,102,271.38</u>

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'B' : RESERVES & SURPLUS		
Unit Premium Reserve		
Balance at the commencement of the year	3,301,597.90	(32,956.01)
Discount / Premium on units repurchased/sold during the year	14,712,128.33	(3,559,023.48)
Transfer from / (to) Income Equalisation Account	(7,747,975.76)	6,893,577.39
	<u>10,265,750.47</u>	<u>3,301,597.90</u>

	As at 31.03.2006	As at 31.03.2005
Revenue Reserve		
Balance at the commencement of the year	5,749,907.63	(833,539.16)
Surplus for the year	11,323,497.05	13,477,159.95
Less: Dividend/Income Distribution during the Year (Refer Note No. 18 of Schedule J)	(10,053,596.44)	—
Residual Dividend Paid for last Year	—	(135.77)
Transfer from / (to) Income Equalisation Account	7,747,975.76	(6,893,577.39)
	<u>14,767,784.00</u>	<u>5,749,907.63</u>
	<u>25,033,534.47</u>	<u>9,051,505.53</u>

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'C' : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry creditors	5,378.71	16,710.00
Payable to Other schemes (net)	22,817.18	—
Payable to TAMCO Ltd (including Management Fee payable)	—	132,208.11
Excess Dividend Received	—	200.00
Service Tax Payable	499.80	—
Security Transaction Tax Payable	26.00	7.00
Tax Deducted at Source Payable	6,912.00	4,843.00
Audit Fee Payable	10,594.00	10,444.00
Custodian Fee Payable	7,454.07	2,622.32
Load Payable	—	281.87
	<u>53,681.76</u>	<u>167,316.30</u>

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'D' : INVESTMENTS		
(Refer Note 1(b) of schedule J)		
Equity Shares	48,478,429.65	20,463,466.15
Debentures/Bonds (Listed/ Awaiting Listing)	2,013,708.80	3,134,970.00
	<u>50,492,138.45</u>	<u>23,598,436.15</u>

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'E' : DEPOSITS		
Deposits with Scheduled Banks	—	—
Collateralised Borrowing & Lending Obligation (CBLO)	1,300,000.00	—
	<u>1,300,000.00</u>	<u>—</u>

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'F' : OTHER CURRENT ASSETS		
Balance with Banks in Current Accounts	644,080.93	1,459,233.95
Contract for sale of investment	614,929.32	127,204.00
Accrued Interest on debentures/bonds	109,123.22	136,219.11
Other Current Assets	22,495.00	—
Receivable from TAMCO Ltd (Net of Management Fees Payable)	868,750.66	—
Tax deducted at Source on Income	—	11,323.00
Less: Provision for Doubtful Receivables	—	(11,323.00)
	<u>2,259,379.13</u>	<u>1,722,657.06</u>

	For the year ended 31.03.2006	For the year ended 31.03.2005
SCHEDULE 'G' : INTEREST		
Debentures/Bonds	287,904.11	314,136.99
Call Money/CBLO	4,203.45	23,762.00
	<u>292,107.56</u>	<u>337,898.99</u>

	For the year ended 31.03.2006	For the year ended 31.03.2005
SCHEDULE 'H' : MISCELLANEOUS INCOME		
Interest on Income tax refund	—	342.65
Excess Dividend	200.00	5,975.00
	<u>200.00</u>	<u>6,317.65</u>

	For the year ended 31.03.2006	For the year ended 31.03.2005
SCHEDULE 'I' : MANAGEMENT, TRUSTEESHIP, ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Management Fee	556,827.36	401,363.20
Custodian Fee	47,559.31	27,873.93
Trusteeship Fee	110,200.00	108,000.00
Advertisement Expenses	100,077.20	11,424.24
Registrar Charges	77,518.92	70,783.05
Printing & Stationary	75,532.13	24,395.05
Postage & Courier charges	51,621.68	30,286.88
Legal & Professional Charges	22,097.45	31,892.00
Brokerage & Commission	388,309.85	—
Insurance	28,060.00	—
Sebi Fees	4,175.00	6,950.00
Other Operating Expenses	792.10	2,844.95
Auditors Remuneration	11,224.00	11,020.00
	<u>1,473,995.00</u>	<u>726,833.30</u>
Less: Expenses in excess of 2.5% recoverable from Taurus Asset Management Company Limited	456,945.54	—
	<u>1,017,049.46</u>	<u>726,833.30</u>

Perspective Historical Per Unit Statistics

	As at 31.3.2006	As at 31.3.2005	As at 31.3.2004
Per Unit Particulars			
A) Face Value	10.00	10.00	10.00
B) Net Asset Value	18.64	15.62	9.75
C) Gross Income			
i) Income other than Profit on sale of investment	0.24	0.58	0.28
ii) Income from Profit on inter scheme sale/transfer of investments (net)	—	—	—
iii) Income from Profit on sale of investment to third party (net)	1.92	3.01	2.41
iv) Net change in Unrealised gain/loss in value of investments	2.11	5.24	2.16
v) Transfer to Revenue Account from past years reserve.	—	—	—
vi) Gross Income [Total of (i) to (v)]	4.27	8.83	4.85
D) Total Expenses			
i) Aggregate of Expenses, write off, amortisation and charges	0.36	0.46	0.27
ii) Net change in Unrealised gain/loss in value of investments	—	—	—
iii) Total Expenses [Total of (i) and (ii)]	0.36	0.46	0.27
E) Net Income [(C)-(D)]	3.91	8.37	4.58
F) Unrealised appreciation/(depreciation) in value of Investments	2.00	(0.20)	(2.54)
G) (1) Trading Price/NAV			
i) Highest during the year	24.73	17.41	14.80
ii) Lowest during the year	14.93	8.05	7.81
(2) Price Earning Ratio	NA	NA	NA
H) Per unit ratio of expenses to average net assets by %	2.50%	2.46%	2.50%
I) Per unit ratio of gross income to average net assets by % (including net changes in unrealised gain/loss in value of investments)	30.39%	48.12%	45.56%

AUDITORS' REPORT - TAURUS THE STARSHARE

To the Board of Directors

Taurus Investment Trust Company Limited

- 1) We have audited the attached Balance Sheet of Taurus Mutual Fund – Taurus the Starshare Scheme as at March 31, 2006 and the Revenue Account of the scheme for the year ended on that date annexed thereto both of which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) 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 misstatements. 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.
- 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, **except in respect of items referred to in para 7 below.**
- 4) The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of Taurus Mutual Fund – Taurus the Starshare Scheme.
- 5) The accounts have been prepared in accordance with accounting policies approved by the Directors, which are principally in accordance with the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996 and amendments thereto.

6) The methods used to value:

- a) Thinly traded/non-traded securities in accordance with the guidelines for valuation of securities by SEBI,
 - b) Unlisted securities in accordance with the guidelines for valuation of investments in unlisted equity shares by SEBI, as on 31st March 2006 as determined by the Taurus Asset Management Company Limited as per the policies approved by the Board of Trustees of Taurus Mutual Fund are fair and reasonable.
- 7) **An account is pending reconciliation at the year end. (Refer Note No. 9 of Notes on Accounts) Impact, if any, of the above, on the financial statements is not presently ascertainable.**
- 8) In our opinion and to the best of our information and according to the explanations given to us and **subject to our comments in para 7 above**, the said accounts read together with the notes forming part of accounts thereon, give a true and fair view:
- i) in the case of the Balance Sheet of the state of affairs of Taurus Mutual Fund - Taurus The Starshare Scheme as at March 31, 2006, and
 - ii) in the case of Revenue Account of the excess of income over expenditure of Taurus Mutual Fund - Taurus The Starshare Scheme for the year ended March 31, 2006.

Place : New Delhi
Dated : July 3, 2006

for N.M. Rajji & Co.
Chartered Accountants
S.N. Shivakumar
Partner

BALANCE SHEET OF TAURUS THE STARSHARE AS AT 31ST MARCH 2006

	Schedule	As at 31.03.2006 Amount (Rs.)	As at 31.03.2005 Amount (Rs.)
LIABILITIES			
Unit Capital	A	453,373,723.82	535,814,873.32
Reserves & Surplus	B	1,095,708,548.42	474,637,546.52
Loans		—	—
Current Liabilities and Provisions	C	5,048,123.86	5,935,259.11
		1,554,130,396.10	1,016,387,678.95
ASSETS			
Investments	D	1,513,615,068.05	997,855,760.85
Deposits	E	11,700,000.00	—
Other Current Assets	F	28,815,328.05	18,531,918.10
Fixed Assets		—	—
Deferred Revenue Expenditure		—	—
		1,554,130,396.10	1,016,387,678.95
Significant Accounting Policies & Notes to Accounts	J		

REVENUE ACCOUNT OF TAURUS THE STARSHARE FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule	For the Year ended 31.03.2006 Amount (Rs.)	For the Year ended 31.03.2005 Amount (Rs.)
INCOME			
Dividend		14,636,446.10	15,963,770.50
Interest	G	2,756,826.67	2,718,414.41
Profit on sale/ redemption of investments (Net)		—	—
- inter-scheme		—	—
- others		136,190,525.62	95,782,012.61
Miscellaneous Income	H	5,115,067.40	287,559.62
Provisions no longer required written back		523,713.00	71,432.82
Net change in unrealised gain/loss in value of Investments		589,998,458.19	369,761,723.30
		749,221,036.98	484,584,913.26
EXPENSES			
Management, Trusteeship Fees, Administrative & Other Operating expenses	I	21,942,582.00	15,221,560.17
Loss on sale/ redemption of investments (Net)		—	—
- inter-scheme		—	—
- others		—	—
		21,942,582.00	15,221,560.17
Surplus / (Deficit) for the period		727,278,454.98	469,363,353.09
Opening Balance in Revenue Reserve Brought Forward		241,867,278.01	(263,226,662.08)
Transfer from / (to) Income Equalisation Account		71,906,454.40	35,730,587.00
		1,041,052,187.39	241,867,278.01
Balance transferred to Revenue Reserve			
Significant Accounting Policies & Notes to Accounts	J		

Schedules referred to above form an integral part of the Balance Sheet & Revenue Account

As per our attached report of even date

For N.M. Rajji & Co.
Chartered Accountants
S.N. Shivakumar
Partner

For Taurus Investment Trust Company Limited

K.N.Goyal
Director

L.K. Malhotra
Director

For and on behalf of Taurus Asset Management Company Limited

J.P.Kundra
Director

M.G.Gupta
Director

Deepa Varshnei
Vice President
(Accounts)

R K Gupta
Fund Manager &
Managing Director

Place : New Delhi
Date : July 3, 2006

TAURUS MUTUAL FUND



SCHEDULES FORMING PART OF BALANCE SHEET & REVENUE ACCOUNT OF TAURUS THE STARSHARE

Amount in Rupees

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'A' : UNIT CAPITAL		
45,337,372.382 units (Previous Year 53,581,487.332 units) of Rs. 10/- each fully paid up	453,373,723.82	535,814,873.32
	<u>453,373,723.82</u>	<u>535,814,873.32</u>
SCHEDULE 'B' : RESERVES & SURPLUS		
Unit Premium Reserve		
Balance at the commen- cement of the year	232,770,268.51	320,470,754.95
Discount / Premium on units repurchased/ sold during the year	(106,207,453.08)	(51,969,899.44)
Transfer from / (to)	(71,906,454.40)	(35,730,587.00)
Income Equalisation Account		
	<u>54,656,361.03</u>	<u>232,770,268.51</u>
Revenue Reserve		
Balance at the commen- cement of the year	241,867,278.01	(263,226,662.08)
Surplus (Deficit) for the year	727,278,454.98	469,363,353.09
Transfer from / (to)	71,906,454.40	35,730,587.00
Income Equalisation Account		
	<u>1,041,052,187.39</u>	<u>241,867,278.01</u>
	<u>1,095,708,548.42</u>	<u>474,637,546.52</u>
SCHEDULE 'C' : CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	942,039.74	345,906.07
Contract for Purchase of Investments	1,777,201.00	225,729.00
Excess Dividend Received Payable to TAMCO Ltd (Including Management Fees Payable)	365,632.55	302,996.35
Tax deducted at source payable	1,266,249.08	4,222,313.31
Securities Transaction Tax Payable	165,262.00	137,261.00
Load payable - Service Tax Payable	122,364.00	112,541.00
Audit Charges Payable	—	364,196.09
Custodian Fee Payable	37,349.38	—
	158,915.00	156,659.00
	213,111.11	67,657.29
	<u>5,048,123.86</u>	<u>5,935,259.11</u>
SCHEDULE 'D' : INVESTMENTS		
(Refer Note 1(b) of schedule J)		
Equity Shares	1,483,558,271.05	965,567,279.35
Debentures/Bonds (Privately Placed)	5,021,628.50	5,217,557.00
Debentures (Listed / Awaiting listing)	13,337,418.50	14,742,624.50
Government Securities	213,111.11	12,328,300.00
	<u>1,513,615,068.05</u>	<u>997,855,760.85</u>
SCHEDULE 'E' : DEPOSITS		
Deposits with Scheduled Banks		
Collateralised Borrowing & Lending Obligation (CBLO)	—	—
	<u>11,700,000.00</u>	<u>—</u>
	<u>11,700,000.00</u>	<u>—</u>
SCHEDULE 'F' : OTHER CURRENT ASSETS		
Balance with Banks in Current Accounts	14,791,913.71	10,513,018.60
Contract for sale of investment	11,714,025.14	2,892,745.99
Dividend Receivable	144,795.00	1,291,664.50
Accrued Interest on Debentures/Government Securities	13,501,431.10	13,528,033.84
Less: Provision for doubtful Interest	(12,415,938.48)	(12,415,938.48)
Accrued interest on Fixed Deposit/CBLO	2,038.33	—
Debenture Redemption Receivable	96,259,393.00	96,259,393.00
Less: Provision for doubtful receivables	(96,259,393.00)	(96,259,393.00)
Amount due from brokers, schemes and others	264,543.60	9,874.00
Tax Deducted at Source on Income	—	570,323.27
Less: Provision for Doubtful receivables	—	(570,323.27)
Margin Money for Derivative / CBLO Trading	812,519.65	2,712,519.65
	<u>28,815,328.05</u>	<u>18,531,918.10</u>

	For the year ended 31.03.2006	For the year ended 31.03.2005
SCHEDULE 'G' : INTEREST		
Fixed Deposits	—	91,919.83
Debentures/Bonds/ Government Securities	2,643,607.26	2,486,653.58
Call Money/CBLO	113,219.41	139,841.00
	<u>2,756,826.67</u>	<u>2,718,414.41</u>
SCHEDULE 'H' : MISCELLANEOUS INCOME		
Excess Dividend	—	221,078.04
Interest on Income tax refund	—	1,184.47
Other Income	5,115,067.40	65,297.11
(Refer Note 15 of Schedule J)		
	<u>5,115,067.40</u>	<u>287,559.62</u>
SCHEDULE 'I' : MANAGEMENT, TRUSTEESHIP, ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Management Fee	15,723,831.92	11,108,724.28
Registrar Charges	1,668,094.94	1,867,911.94
Custodian Fee	1,005,278.88	742,078.36
Trusteeship Fee	110,200.00	108,000.00
Advertisement Expenses	191,556.07	163,150.94
Printing & Stationary	677,907.32	295,872.74
Postage & Courier Charges	592,158.66	563,543.91
Legal & Professional charges	872,002.38	76,182.00
Insurance A/c	390,460.00	—
Sebi Annual Fees	139,450.00	130,450.00
Brokerage	401,683.40	—
Auditors Remuneration	168,360.00	165,300.00
Other Operating Expenses	1,598.43	346.00
	<u>21,942,582.00</u>	<u>15,221,560.17</u>

Perspective Historical Per Unit Statistics

Amount in Rupees

	As At 31.3.2006	As At 31.3.2005	As At 31.3.2004
Per Unit Particulars			
A) Face Value	10.00	10.00	10.00
B) Net Asset Value	34.17	18.86	10.89
C) Gross Income			
i) Income other than Profit on sale of investment	0.51	0.35	0.30
ii) Income from Profit on inter scheme sale/transfer of investments (net)	—	—	—
iii) Income from Profit on sale of Investment to third party (net)	3.00	1.79	1.03
iv) Net change in Unrealised gain/loss in value of investments	13.01	6.90	5.50
v) Transfer to Revenue Account from past years' reserve	—	—	—
vi) Gross Income [Total of (i) to (v)]	16.52	9.04	6.83
D) Total Expenses			
i) Aggregate of Expenses, write off, amortisation and charges	0.48	0.28	0.23
ii) Net change in Unrealised gain/loss in value of investments	—	—	—
iii) Total Expenses [Total of (i) and (ii)]	0.48	0.28	0.23
E) Net Income [(C)-(D)]	16.04	8.76	6.60
F) Unrealised appreciation/(depreciation) in value of investments			
G) (1) Trading Price/NAV			
i) Highest during the year	34.17	20.77	13.43
ii) Lowest during the year	17.92	9.20	5.47
(2) Price Earning Ratio	NA	NA	NA
H) Per unit ratio of expenses to average net assets by %			
I) Per unit ratio of gross income to average net assets by %	1.84%	1.86%	2.29%
J) Per unit ratio of gross income to average net assets by % (including net changes in unrealised gain/ loss in value of investments)	62.82%	59.26%	68.83%

TAURUS MUTUAL FUND

AUDITORS' REPORT - DISCOVERY STOCK FUND

To The Board of Directors

Taurus Investment Trust Company Limited

- We have audited the attached Balance Sheet of Taurus Mutual Fund - Discovery Stock Fund Scheme as at March 31, 2006 and the Revenue Account of the scheme for the year ended on that date annexed thereto both of which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 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 misstatements. 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 have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit, **except in respect of items referred to in para 7 below.**
- The Balance Sheet and the Revenue Account referred to above are in agreement with the books of account of Taurus Mutual Fund - Discovery Stock Fund Scheme.
- The accounts have been prepared in accordance with accounting policies approved by the Directors, which are principally in accordance with the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996 and amendments thereto.

- The methods used to value:
 - Thinly traded/non-traded securities in accordance with the guidelines for valuation of securities by SEBI,
 - Unlisted securities in accordance with the guidelines for valuation of investments in unlisted equity shares by SEBI, as on 31st March 2006 as determined by the Taurus Asset Management Company Limited as per the policies approved by the Board of Trustees of Taurus Mutual Fund are fair and reasonable.
- An account is pending reconciliation at the year-end. (Refer Note No. 9 of Notes on Accounts) Impact, if any, of the above, on the financial statements is not presently ascertainable.**
- In our opinion and to the best of our information and according to the explanations given to us and **subject to our comments in para 7 above**, the said accounts read together with the notes forming part of the accounts thereon, give a true and fair view:
 - in the case of the Balance Sheet of the state of affairs of Taurus Mutual Fund - Discovery Stock Fund Scheme as at March 31, 2006, and
 - in the case of Revenue Account of the excess of income over expenditure of Taurus Mutual Fund - Discovery Stock Fund Scheme for the year ended March 31, 2006.

for N.M. Rajji & Co.
Chartered Accountants
S.N. Shivakumar
Partner

Place : New Delhi
Dated : July 3, 2006

BALANCE SHEET OF DISCOVERY STOCK FUND AS AT 31ST MARCH, 2006

	Schedule	As at 31.03.2006 Amount (Rs.)	As at 31.03.2005 Amount (Rs.)
LIABILITIES			
Unit Capital	A	164,483,237.89	231,596,692.73
Reserves & Surplus	B	90,696,263.59	(10,894,013.48)
Loans			
Current Liabilities and Provisions	C	1,299,199.97	2,108,193.98
		256,478,701.45	222,810,873.23
ASSETS			
Investments	D	250,378,384.98	215,700,685.45
Deposits	E		
Other Current Assets	F	6,100,316.47	7,110,187.78
Fixed Assets			
Deferred Revenue Expenditure			
		256,478,701.45	222,810,873.23
Significant Accounting Policies & Notes to Accounts	J		

REVENUE ACCOUNT OF DISCOVERY STOCK FUND FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule	For the Year ended 31.03.2006 Amount (Rs.)	For the Year ended 31.03.2005 Amount (Rs.)
INCOME			
Dividend		3,216,938.40	3,051,116.90
Interest	G	426,849.00	500,690.01
Profit on sale/ redemption of investments (Net) - inter-scheme - others		55,774,246.77	27,709,109.80
Miscellaneous Income	H	570.00	2,277.03
Provision no longer required written back Net change in unrealised gain/ loss in value of Investments		140,141.00	
		67,515,736.04	75,512,400.68
		127,074,481.21	106,775,594.42
EXPENSES			
Management, Trusteeship Fees, Administrative & Other Operating Expenses	I	6,553,294.54	4,787,800.63
Loss on sale/ redemption of investments (Net) - inter-scheme - others			
		6,553,294.54	4,787,800.63
Surplus / (Deficit) for the period		120,521,186.67	101,987,793.79
Opening Balance in Revenue Reserve Brought Forward		(189,969,358.24)	(297,883,611.82)
Transfer from / (to) Income Equalisation Account		81,919,652.44	5,926,459.79
Balance Transferred to Revenue Reserve		12,471,480.87	(189,969,358.24)
Significant Accounting Policies & Notes to Accounts	J		

Schedules referred to above form an integral part of the Balance Sheet & Revenue Account

As per our attached report of even date

For N.M. Rajji & Co.
Chartered Accountants
S.N. Shivakumar
Partner

For Taurus Investment Trust Company Limited

K.N. Goyal
Director

L.K. Malhotra
Director

For and on behalf of Taurus Asset Management Company Limited

J.P. Kundra
Director

M.G. Gupta
Director

Deepa Varshnei
Vice President
(Accounts)

R K Gupta
Fund Manager &
Managing Director

Place : New Delhi
Date : July 3, 2006

TAURUS MUTUAL FUND



SCHEDULES FORMING PART OF BALANCE SHEET & REVENUE ACCOUNT OF DISCOVERY STOCK FUND

Amount in Rupees

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'A': UNIT CAPITAL		
16,448,323.789 units (previous year)	164,483,237.89	231,596,692.73
23,159,669.273 units of Rs.10/- each fully paid up		
	<u>164,483,237.89</u>	<u>231,596,692.73</u>
SCHEDULE 'B': RESERVES & SURPLUS		
Unit Premium Reserve		
Balance at the	179,075,344.76	178,464,619.81
commencement of the year		
Discount / Premium on	(18,930,909.60)	6,537,184.74
units Repurchased/Sold		
during the year		
Transfer from/(to) Income	(81,919,652.44)	(5,926,459.79)
Equalisation Account		
	<u>78,224,782.72</u>	<u>179,075,344.76</u>
Revenue Reserve		
Balance at the	(189,969,358.24)	(297,883,611.82)
commencement		
of the year		
Surplus (Deficit)	120,521,186.67	101,987,793.79
for the year		
Transfer from/(to) Income	81,919,652.44	5,926,459.79
Equalisation Account		
	<u>12,471,480.87</u>	<u>(189,969,358.24)</u>
	<u>90,696,263.59</u>	<u>(10,894,013.48)</u>
SCHEDULE 'C': CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry Creditors	105,892.11	157,533.00
Payable to schemes	109,684.12	—
and others (net)		
Excess Dividend Received	7,601.00	7,291.00
Load Payable	—	79,774.61
Tax deducted at source payable	42,501.00	38,051.00
Payable to TAMCO Ltd (Net of	680,056.85	1,474,345.55
Management Fees Payable)		
Securities Transaction	40,645.00	64,573.00
Tax Payable	—	—
Audit Fee Payable	132,429.00	130,549.00
Custodian Fee Payable	36,742.89	12,428.82
Unit Redemption Payable	143,648.00	143,648.00
	<u>1,299,199.97</u>	<u>2,108,193.98</u>
SCHEDULE 'D': INVESTMENTS		
(Refer Note 1(b) of schedule J)		
Equity Shares	245,392,832.48	210,515,645.45
Debentures/Bonds (Privately Placed)	2,507,377.50	2,598,590.00
Debentures/Bonds (Listed/ Awaiting Listing)	—	—
Government Securities	2,478,175.00	2,586,450.00
	<u>250,378,384.98</u>	<u>215,700,685.45</u>
SCHEDULE 'E': DEPOSITS		
Deposits with Scheduled Banks	—	—
	<u>—</u>	<u>—</u>
SCHEDULE 'F': OTHER CURRENT ASSETS		
Balance with Banks in		
Current Accounts	1,751,783.02	5,613,952.40
Contract for sale of		
Investment	4,202,129.40	1,349,831.33
Accrued Interest	2,963,527.22	2,963,527.22
Less: Provision for	(2,817,123.17)	(2,817,123.17)
doubtful Interest		
Debenture	15,000,000.00	15,000,000.00
Redemption Receivable	—	—
Less: Provision for	(15,000,000.00)	(15,000,000.00)
doubtful receivables		
Tax Deducted at Source	—	152,614.11
on Income	—	(152,614.11)
Less: Provision for	—	—
Doubtful Receivables	—	—
	<u>6,100,316.47</u>	<u>7,110,187.78</u>

SCHEDULE 'G': INTEREST

	For the year ended 31.03.2006	For the year ended 31.03.2005
Debentures	419,000.00	418,363.01
Call Money	7,849.00	82,327.00
	<u>426,849.00</u>	<u>500,690.01</u>

SCHEDULE 'H': MISCELLANEOUS INCOME

	For the year ended 31.03.2006	For the year ended 31.03.2005
Excess Dividend	570.00	2,200.00
Miscellaneous amounts written back	—	77.03
	<u>570.00</u>	<u>2,277.03</u>

SCHEDULE 'I': MANAGEMENT, TRUSTEESHIP, ADMINISTRATIVE AND OTHER OPERATING EXPENSES

	For the year ended 31.03.2006	For the year ended 31.03.2005
Management Fees	3,486,641.88	2,537,543.04
Registrar Charges	780,340.76	781,770.50
Custodian Fees/Charges	235,019.36	151,822.67
Trusteeship Fees	110,200.00	108,000.00
Advertisement Expenses	207,663.45	79,883.21
Printing & Stationary	293,253.44	128,100.44
Postage & Courier Charges	288,893.33	243,444.22
Legal & Professional Fees	128,595.48	53,932.00
Insurance	168,770.00	—
Brokerage	231,965.07	—
Sebi Annual Fees	60,275.00	55,650.00
Auditors Remuneration	140,300.00	137,750.00
Other Operating Expenses	421,376.77	509,904.55
	<u>6,553,294.54</u>	<u>4,787,800.63</u>

Perspective Historical Per Unit Statistics

Per Unit Particulars	Amount in Rupees		
	As at 31.3.2006	As at 31.3.2005	As at 31.3.2004
A) Face Value	10.00	10.00	10.00
B) Net Asset Value	15.52	9.53	5.67
C) Gross Income			
i) Income other than Profit on sale of investment	0.24	0.15	0.15
ii) Income from Profit on inter scheme sale/transfer of investments (net)	—	—	—
iii) Income from Profit on sale of investment to third party (net)	3.39	1.20	0.76
iv) Net change in Unrealised gain/loss in value of investments	4.10	3.26	2.18
v) Transfer to Revenue Account from past years' reserve.	—	—	—
vi) Gross Income [Total of (i) to (v)]	7.73	4.61	3.09
D) Total Expenses			
i) Aggregate of Expenses, write off, amortisation and charges	0.40	0.21	0.14
ii) Net change in Unrealised gain/loss in value of investments	—	—	—
iii) Total Expenses [Total of (i) and (ii)]	0.40	0.21	0.14
E) Net Income [(C)-(D)]	7.33	4.40	2.95
F) Unrealised appreciation/(depreciation) in value of investments	6.38	1.61	(1.38)
G) (1) Trading Price/NAV			
i) Highest during the year	15.52	10.49	7.94
ii) Lowest during the year	9.20	4.77	3.43
(2) Price Earning Ratio	NA	NA	NA
H) Per unit ratio of expenses to average net assets by %	2.50%	2.50%	2.50%
I) Per unit ratio of gross income to average net assets by % (including net changes in unrealised gain/loss in value of investments)	48.48%	55.75%	56.72%

TAURUS MUTUAL FUND

AUDITORS' REPORT - LIBRA GILT FUND

To The Board of Directors

Taurus Investment Trust Company Limited

- We have audited the attached Balance Sheet of Taurus Mutual Fund - Libra Gift Fund Scheme as at March 31, 2006 and the Revenue Account of the scheme for the year ended on that date annexed thereto both of which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 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 misstatements. 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 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 Taurus Mutual Fund - Libra Gift Fund Scheme.

- The accounts have been prepared in accordance with accounting policies approved by the Directors, which are principally in accordance with the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996 and amendments thereto.
- The methods used to value thinly traded/non-traded securities as on 31st March 2006 in accordance with the guidelines for valuation of securities by SEBI as determined by the Taurus Asset Management Company Limited as per the policies approved by the Board of Trustees of Taurus Mutual Fund are fair and reasonable.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes forming part of accounts thereon, give a true and fair view:
 - in the case of the Balance Sheet of the state of affairs of Taurus Mutual Fund - Libra Gift Fund Scheme as at March 31, 2006, and
 - in the case of Revenue Account of the excess of expenditure over income of Taurus Mutual Fund - Libra Gift Fund Scheme for the year ended March 31, 2006.

for N.M. Raiji & Co.
Chartered Accountants
S.N. Shivakumar
Partner

Place: New Delhi
Dated: July 3, 2006

BALANCE SHEET OF LIBRA GILT FUND AS AT 31ST MARCH 2006

	Schedule	As at 31.03.2006 Amount (Rs.)	As at 31.03.2005 Amount (Rs.)
LIABILITIES			
Unit Capital	A	112,031.16	2,485,375.90
Reserves & Surplus	B	27,292.02	719,228.69
Loans		—	—
Current Liabilities and Provisions	C	343,020.96	799,703.26
		482,344.14	4,004,307.85
ASSETS			
Investments	D	—	—
Deposits	E	100,000.00	—
Other Current Assets	F	382,344.14	4,004,307.85
Fixed Assets		—	—
Deferred Revenue Expenditure		—	—
		482,344.14	4,004,307.85
Significant Accounting Policies & Notes to Accounts	J		

REVENUE ACCOUNT OF LIBRA GILT FUND FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule	For the Year ended 31.03.2006 Amount (Rs.)	For the Year ended 31.03.2005 Amount (Rs.)
INCOME			
Interest	G	268.88	68,409.39
Profit on sale/ redemption of investments (Net)		—	—
- inter-scheme		—	103,500.00
- others		—	—
		268.88	171,909.39
EXPENSES			
Management, Trusteeship Fees, Administrative & Other Operating expenses	H	36,637.25	107,463.34
Net change in unrealised gain/loss in value of Investments		—	12,500.00
		36,637.25	119,963.34
Surplus		(36,368.37)	51,946.05
Opening Balance in Revenue Reserve brought forward		297,159,098.99	165,529,908.04
Transfer from / (to) Income Equalisation Account		(297,105,159.99)	131,577,244.90
Funds available for appropriation		17,570.63	297,159,098.99
Significant Accounting Policies & Notes to Accounts	J		

Schedules referred to above form an integral part of the Balance Sheet & Revenue Account

As per our attached report of even date

For N.M. Raiji & Co.
Chartered Accountants
S.N. Shivakumar
Partner

For Taurus Investment Trust Company Limited

K.N.Goyal
Director

L.K. Malhotra
Director

For and on behalf of Taurus Asset Management Company Limited

J.P.Kundra
Director

M.G.Gupta
Director

Deepa Varshnei
Vice President
(Accounts)

R K Gupta
Fund Manager &
Managing Director

Place : New Delhi
Date : July 3, 2006

TAURUS MUTUAL FUND

SCHEDULES FORMING PART OF BALANCE SHEET & REVENUE ACCOUNT OF LIBRA GILT FUND

Amount in Rupees

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'A': UNIT CAPITAL		
(I) Libra Gilt Fund - Dividend Plan 3,853,796 units (Previous Year 39,086,854 units) of Rs. 10 each fully paid up	38,537.96	390,863.54
(II) Libra Gilt Fund - Growth Plan 7,349,320 units (Previous Year 209,451,236 units) of Rs. 10 each fully paid up	73,493.20	2,094,512.36
	<u>112,031.16</u>	<u>2,485,375.90</u>

SCHEDULE 'B': RESERVES & SURPLUS		
Unit Premium Reserve		
Balance at the commencement of the year	(296,439,870.30)	(164,397,791.92)
Discount / Premium on units repurchased/sold during the year	(655,568.30)	(464,833.48)
Transfer from / (to) Income Equalisation Account	297,105,159.99	(131,577,244.90)
	<u>9,721.39</u>	<u>(296,439,870.30)</u>

Revenue Reserve		
Balance at the commencement of the year	297,159,098.99	165,529,908.04
Surplus for the year	(36,368.37)	51,946.05
Transfer from / (to) Income Equalisation Account	(297,105,159.99)	131,577,244.90
	<u>17,570.63</u>	<u>297,159,098.99</u>
	<u>27,292.02</u>	<u>719,228.69</u>

SCHEDULE 'C': CURRENT LIABILITIES AND PROVISIONS		
Current Liabilities		
Sundry creditors	98.80	10,977.00
Trusteeship fees payable	—	17,447.89
Audit fee payable	1,059.00	10,444.00
Payable to TAMCO Ltd (Including Management Fee payable)	284.40	—
Tax Deducted payable	87.00	2,900.00
Load Payable	341,491.76	757,934.37
	<u>343,020.96</u>	<u>799,703.26</u>

SCHEDULE 'D': INVESTMENTS		
Debentures/Bonds (Listed/ Awaiting Listing)	—	—
Government Securities	—	—

SCHEDULE 'E': DEPOSITS		
Deposits with Scheduled Banks	—	—
Collateralised Borrowing & Lending Obligation (CBLO)	100,000.00	—
	<u>100,000.00</u>	<u>—</u>

SCHEDULE 'F': OTHER CURRENT ASSETS		
Balance with Banks in Current Accounts	382,344.14	3,988,057.20
Receivable from TAMCO Ltd (Net of Management Fees Payable)	—	16,250.65
	<u>382,344.14</u>	<u>4,004,307.85</u>

	For the year ended 31.03.2006	For the year ended 31.03.2005
SCHEDULE 'G': INTEREST		
Debentures/Bonds/Government Securities	—	16,176.39
Call Money / CBLO	268.88	52,233.00
	<u>268.88</u>	<u>68,409.39</u>

SCHEDULE 'H': MANAGEMENT, TRUSTEESHIP, ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Management Fee	22,205.59	48,795.14
Registrar Charges	3,130.64	34,519.01
Trusteeship fees	—	18,424.89
Custodian Fees	—	616.00
Advertisement Expenses	801.51	95.36
Legal & Professional Charges	542.79	22,863.00
Printing & Stationary	2,918.77	203.98
Insurance	1,820.00	—
Postage and Courier	3,064.89	421.76
Auditors Remuneration	1,122.00	11,020.11
Sebi Annual Fees	650.00	873.81
Other Operating Expense	381.06	—
	<u>36,637.25</u>	<u>137,833.99</u>
Less: Expenditure in excess of 2.5% limit, borne by Taurus Asset Management Co. Ltd.	—	30,321.00
	<u>36,637.25</u>	<u>107,462.99</u>

Perspective Historical Per Unit Statistics

	As at 31.3.2006	As at 31.3.2005	As at 31.3.2004
Per Unit Particulars			
A) Face Value	10.00	10.00	10.00
B) Net Asset Value - Growth Option	12.55	12.95	12.95
- Dividend Option	12.23	12.62	12.62
C) Gross Income			
i) Income other than Profit on sale of investment	0.02	0.27	1.19
ii) Income from Profit on inter scheme sale/transfer of investments (net)	—	—	—
iii) Income from Profit on sale of investment to third party (net)	—	0.42	0.00
iv) Net change in Unrealised gain/loss in value of investments	—	—	0.00
v) Transfer to Revenue Account from past years' reserve.	—	—	—
vi) Gross Income [Total of (i) to (v)]	0.02	0.69	1.19
D) Total Expenses			
i) Aggregate of Expenses, write off, amortisation and charges	3.27	0.43	0.00
ii) Net change in Unrealised gain/loss in value of investments	—	0.05	—
iii) Total Expenses [Total of (i) and (ii)]	3.27	0.48	0.00
E) Net Income [(C)-(D)]	(3.25)	0.21	1.19
F) Unrealised appreciation/(depreciation) in value of investments	—	—	0.00
G) (1) Trading Price/NAV			
i) Highest during the year - Growth Option	12.94	13.11	12.94
- Dividend Option	12.62	12.78	12.62
ii) Lowest during the year - Growth Option	12.54	12.70	12.54
- Dividend Option	12.23	12.36	12.23
(2) Price Earning Ratio	NA	NA	NA
H) Per unit ratio of expenses to average net assets by %	1.81%	2.25%	1.77%
I) Per unit ratio of gross income to average net assets by % (including net changes in unrealised gain/loss in value of investments)	0.01%	3.60%	6.29%

AUDITORS' REPORT-LIBRA BOND FUND

To the Board of Directors
Taurus Investment Trust Company Limited

- We have audited the attached Balance Sheet of Taurus Mutual Fund - Libra Bond Fund Scheme as at March 31, 2006 and the Revenue Account of the scheme for the year ended on that date annexed thereto both of which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 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 misstatements. 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 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 Taurus Mutual Fund - Libra Bond Fund Scheme.

- The accounts have been prepared in accordance with accounting policies approved by the Directors, which are principally in accordance with the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996 and amendments thereto.
- The methods used to value thinly traded/non-traded securities as on 31st March 2006 in accordance with the guidelines for valuation of securities by SEBI as determined by the Taurus Asset Management Company Limited as per the policies approved by the Board of Trustees of Taurus Mutual Fund are fair and reasonable.
- In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes forming part of the accounts thereon, give a true and fair view:
 - in the case of the Balance Sheet of the state of affairs of Taurus Mutual Fund - Libra Bond Fund Scheme as at March 31, 2006, and
 - in the case of Revenue Account of the excess of expenditure over income of Taurus Mutual Fund - Libra Bond Fund Scheme for the year ended March 31, 2006.

for N.M. Raiji & Co.
Chartered Accountants

S.N. Shivakumar
Partner

Place: New Delhi
Date: July 3, 2006

BALANCE SHEET OF LIBRA BOND FUND AS AT 31ST MARCH 2006

	Schedule	As at 31.03.2006 Amount (Rs.)	As at 31.03.2005 Amount (Rs.)
LIABILITIES			
Unit Capital	A	1,994,613.77	4,962,654.39
Reserves & Surplus	B	622,788.75	1,666,980.50
Loans		—	—
Current Liabilities and Provisions	C	-1,262,449.22	4,684,086.35
		3,879,851.74	11,313,721.24
ASSETS			
Investments	D	1,012,675.00	1,063,523.00
Deposits	E	800,000.00	—
Other Current Assets	F	2,067,176.74	10,250,198.24
Fixed Assets		—	—
Deferred Revenue Expenditure		—	—
		3,879,851.74	11,313,721.24
Significant Accounting Policies and Notes to Accounts	J		

REVENUE ACCOUNT OF LIBRA BOND FUND FOR THE YEAR ENDED 31ST MARCH 2006

	Schedule	For the Year ended 31.03.2006 Amount (Rs.)	For the Year ended 31.03.2005 Amount (Rs.)
INCOME			
Interest	G	123,637.59	851,035.74
Profit on sale/ redemption of investments (Net)		—	—
- inter-scheme		299.99	—
- others		525.01	1,347.00
Miscellaneous Income		124,462.59	852,382.74
		233,096.50	527,039.04
EXPENSES			
Management, Trusteeship Fees, Administrative & Other Operating expenses	H	233,096.50	527,039.04
Loss on sale/ redemption of investments (Net)		—	—
- inter-scheme		—	252,743.53
- others		50,848.00	118,504.00
Net change in unrealised gain/ loss in value of Investments		283,944.50	898,286.57
		(159,481.91)	(45,903.83)
Surplus / (Deficit)		146,339,855.89	101,404,898.00
Opening Balance in Revenue Reserve brought forward		(145,856,892.90)	44,960,897.72
Transfer from / (to) Income Equalisation Account		323,481.08	146,339,855.89
Funds available for appropriation			
Significant Accounting Policies and Notes to Accounts	J		

Schedules referred to above form an integral part of the Balance Sheet & Revenue Account

As per our attached report of even date

For N.M. Raiji & Co.
Chartered Accountants
S.N. Shivakumar
Partner

For Taurus Investment Trust Company Limited

K.N. Goyal
Director

L.K. Malhotra
Director

For and on behalf of Taurus Asset Management Company Limited

J.P. Kundra
Director

M.G. Gupta
Director

Deepa Varshnei
Vice President
(Accounts)

R K Gupta
Fund Manager &
Managing Director

Place : New Delhi
Date : July 3, 2006

SCHEDULES FORMING PART OF BALANCE SHEET & REVENUE ACCOUNT OF LIBRA BOND FUND

Amount in Rupees

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'A' : UNIT CAPITAL		
(I) Libra Bond Fund - Dividend Plan 603,02,054 units (Previous Year 56,70,4632 units) of Rs. 10 each, fully paid up	603,020.54	567,046.82
(II) Libra Bond Fund - Growth Plan 139,159,323 units (Previous Year 439,56,1757 units) of Rs. 10 each fully paid up	1,391,593.23	4,395,607.57
	<u>1,994,613.77</u>	<u>4,962,654.39</u>

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'B' : RESERVES & SURPLUS		
Unit Premium Reserve		
Balance at the commencement of the year	(144,672,875.39)	(99,409,447.02)
Discount / Premium on units repurchased/sold during the year	(884,709.84)	(282,566.65)
Transfer from / (to) Income Equalisation Account	145,856,892.90	(44,980,861.72)
	<u>299,307.67</u>	<u>(144,672,875.39)</u>
Revenue Reserve		
Balance at the commencement of the year	146,339,855.89	101,404,898.00
Surplus (Deficit) for the year	(159,481.91)	(45,903.83)
Transfer from / (to) Income Equalisation Account	(145,856,892.90)	44,980,861.72
	<u>323,481.08</u>	<u>146,339,855.89</u>
	<u>622,788.75</u>	<u>1,666,980.50</u>

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'C' : CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry creditors	626.37	10,966.00
Custodian Charges payable	56.06	29.88
Load payable	1,242,333.05	4,649,098.90
Audit charges payable	10,594.00	10,444.00
Other Liabilities	5,034.72	5,525.00
Payable to TAMCO Ltd. (Including Management Fee payable)	2,731.02	6,718.57
Tax deducted payable	1,074.00	1,304.00
	<u>1,262,449.22</u>	<u>4,684,086.35</u>

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'D' : INVESTMENTS		
(Refer Note 1(b) of schedule J)		
Debentures/Bonds (Listed Awaiting Listing)	—	—
Debentures/Bonds (Privately Placed)	1,012,675.00	1,063,523.00
	<u>1,012,675.00</u>	<u>1,063,523.00</u>

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'E' : DEPOSITS		
Deposits with Scheduled Banks	—	—
Collateralised Borrowing & Lending Obligation (CBLO)	800,000.00	—
	<u>800,000.00</u>	<u>—</u>

	As at 31.03.2006	As at 31.03.2005
SCHEDULE 'F' : OTHER CURRENT ASSETS		
Balance with Banks in Current Accounts	1,847,671.64	10,155,102.35
Accrued Interest on Debentures/ Government Securities	95,095.89	95,095.89
Amount due from brokers, schemes and others	124,409.21	—
	<u>2,067,176.74</u>	<u>10,250,198.24</u>

	For the year ended 31.03.2006	For the year ended 31.03.2005
SCHEDULE 'G' : INTEREST		
Debentures/Bonds/ Government Securities	114,659.54	568,736.74
Call Money/ CBLO	8,978.05	282,299.00
	<u>123,637.59</u>	<u>851,035.74</u>

	For the year ended 31.03.2006	For the year ended 31.03.2005
SCHEDULE 'H' : MANAGEMENT, TRUSTEESHIP, ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Management Fee	159,033.29	374,893.82
Registrar Charges	24,691.91	60,927.03
Trusteeship fees	6,182.00	8,640.00
Custodian Charges	3,183.06	3,932.25
Advertisement Expenses	1,744.23	15,970.90
Legal & Professional Charges	4,020.69	22,873.00
Printing & Stationary	10,280.57	8,771.14
Insurance	3,640.00	—
Auditors Remuneration	11,224.00	11,020.00
Sebi Annual Fees	1,300.00	1,900.00
Other Operating Expenses	7,796.75	18,110.90
	<u>233,096.50</u>	<u>527,039.04</u>

	Amount in Rupees		
	As at 31.3.2006	As at 31.3.2005	As at 31.3.2004
Perspective Historical Per Unit Statistics			
Per Unit Particulars			
A) Face Value	10.00	10.00	10.00
B) Net Asset Value - Growth Option	13.23	13.40	12.12
- Dividend Option	12.87	13.03	11.77
C) Gross Income			
i) Income other than Profit on sale of investment	0.62	1.72	1.48
ii) Income from Profit on inter scheme sale/transfer of investments (net)	—	—	—
iii) Income from Profit on sale of investment to third party (net)	—	(0.51)	0.20
iv) Net change in Unrealised gain/loss in value of investments	—	—	0.08
v) Transfer to Revenue Account from past years' reserve	—	—	—
vi) Gross Income [Total of (i) to (v)]	0.62	1.21	1.76
D) Total Expenses			
i) Aggregate of Expenses, write off, amortisation and charges	1.16	1.06	0.58
ii) Net change in Unrealised gain/loss in value of investments	0.26	0.24	—
iii) Total Expenses [Total of (i) and (ii)]	1.42	1.30	0.58
E) Net Income [(C)-(D)]	(0.80)	(0.09)	1.18
F) Unrealised appreciation/(depreciation) in value of investments	0.06	0.13	0.19
G) (1) Trading Price/NAV			
i) Highest during the year - Growth Option	13.38	13.44	12.12
- Dividend Option	13.02	13.07	11.78
ii) Lowest during the year - Growth Option	13.24	11.98	11.34
- Dividend Option	12.87	11.66	11.01
(2) Price Earning Ratio	NA	NA	NA
H) Per unit ratio of expenses to average net assets by %	1.46%	1.52%	1.52%
I) Per unit ratio of gross income to average net assets by % (including net changes in unrealised gain/loss in value of investments)	0.46%	1.73%	4.61%

Schedule – J: Significant Accounting Policies and Notes to Accounts

1. Significant Accounting Policies

a) Method of Accounting

The Schemes maintain their books of accounts on accrual basis.

b) Portfolio Valuation

Investments in shares and securities are valued on "Marked to Market" basis, principally as stated below:

- I. Quoted investments are valued at the quoted price on Bombay stock exchange and if such quotation is not available, at quoted price on any other stock exchange. If the security has not been traded on the valuation date, then the security is valued at the last quoted price available on any stock exchange upto 30 days prior to valuation date.
- II. Non-Traded/Thinly traded/Unlisted shares are valued at fair value as determined in good faith by Board of Asset Management Company in accordance with the guidelines for valuation of securities for mutual funds as issued by SEBI and approved by the Board of Trustees. For Non-traded/thinly traded, Fair Value has been determined as lower of last traded price or value as per SEBI formula. As a matter of prudence, in true spirit of SEBI Guidelines and as approved by the Board of Trustees such values are further marked down on periodical basis in case of securities being continuously non-traded.
- III. Non traded and thinly traded debt security

Those securities which are upto or having residual period of upto 182 days to maturity are valued on the basis of amortisation i.e. cost plus accrued interest till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments.

The securities of over 182 days of maturity are valued as under:

 - * Investment grade debt securities are valued on Yield to Maturity based on yield matrix released by CRISIL in accordance with the SEBI regulations.
 - * Non-investment grade performing debt securities are valued at a discount of 25% to the face value.
 - * Non-investment grade non-performing debt securities are valued net of provisions.
- IV. Investments in Central Government Securities are valued at the prices released by CRISIL in accordance with the SEBI regulations.

c) Securities Transactions

- I. Investment transactions are accounted on trade dates for equity and value date for debt securities. The cost of acquisition includes the cost of purchase, stamp duty, security transaction tax and charges customarily included in the broker's bought note. In respect of privately placed debt instruments, front-end discount is reduced from cost of investment.
- II. Bonus and Right entitlements are recognized on ex-bonus and ex-rights dates respectively.

d) Recognition of revenue and treatment of expenses

- I. Dividend is recognized on ex-dividend dates of the respective scrip. Dividend on unquoted investments is recognized on date of declaration.
- II. Interest is accrued on day-to day basis, except for debt classified as non-performing assets, on which interest is recognized on receipt basis, in line with applicable regulations. In respect of interest bearing investments, interest paid at the time of purchase for the period from the last interest due date upto the date of purchase is debited to Interest Recoverable Account and interest received at the time of sale for the period from the last interest due date upto the date of sale is credited to Interest Recoverable Account.
- III. If the interest is not received till after the expiry of the 1st quarter from the date the income has fallen due, no further interest accrual is made on that asset. In case of NPAs, provision is made for income accrued & not received within the time period specified by SEBI.

- IV. The net unrealized gain/loss in the value of investments on account of change in market value is recognized in the Revenue Account. However, unrealized gain is excluded for calculating distributable income.
- V. Common expenses of the Fund have been allocated in proportion to the corpus of the respective schemes as at the month end to which the expenses pertain.
- VI. Excess dividend received and unclaimed/outstanding for over 3 years is taken to miscellaneous income.
- VII. Profit and loss on sale or redemption of investments is computed by applying the weighted average cost of such investments.
- VIII. Initial issue expenses are treated as deferred revenue expenses and are amortized over the life of the Scheme in case of schemes launched as close-ended and are borne by the asset management company in case of schemes launched as open ended.
- IX. Brokerage and incidental expenses incurred in connection with the collection / redemption of the units are adjusted against entry and exit load payable to the extent available. The expenses in excess of load available are charged to Revenue Account.

e) Unit Re-purchase/ Sale transactions

Unit repurchase/sale transactions are recorded on the basis of advice received from the Registrar & Transfer agent on daily basis. The discount/premium on re-purchase is credited/debited to unit premium reserve. Similarly the discount/premium on sale of units is debited/credited to unit premium reserve.

f) Income Equalisation Reserve

In case of open-ended schemes, on sale/purchase of units an appropriate part of the proceeds are credited/debited to Income Equalisation account. The net balance of the same is transferred to the Revenue Account.

g) Determination of net asset values

- I. The net asset value of the units of the scheme is determined separately for units issued under the Dividend and Growth Plans.
- II. For calculating the net asset values of Dividend and Growth Plans, the amount of sale/repurchase under each plan are separately accounted for. Further, net income arising from such deployment is allocated daily to the plans in proportion to their Net Asset Values.

Notes to Accounts

2. The name of the Asset Management Company and the Trustee Company has been changed from Creditcapital Asset Management Company Limited and Creditcapital Investment Trust Company Limited to Taurus Asset Management Company Limited (TAMCO) and Taurus Investment Trust Company Limited (TITCO) respectively w.e.f. 21st April 2006.
3. The Schemes have paid management fees to Taurus Asset Management Company Limited calculated @ 1.25% plus applicable service tax & cess thereon of the average weekly Net Assets except in Libra Bond Fund and Libra Gilt Fund, where management fees has been charged @ 1% plus applicable service tax & cess thereon. No management fee has been charged on the investments made by the Asset Management Company in the units of the schemes.
4. Trusteeship fee of Rs 6182/- inclusive of service tax (Previous Year 8640/-) has been charged to Libra Bond Fund during the year being fees apportioned between Libra Bond Fund-FMII and Libra Bond Fund on the basis of their respective corpus as on the beginning of the year (i.e. 1st April 2005). No Trusteeship fee has been charged during the year in Libra Gilt Fund.
5. The scheme Bonanza Exclusive Growth-Open was taken over by Taurus Mutual Fund from BOI Mutual Fund w.e.f. March 25, 2002. Debt Securities taken over from BOI Mutual fund and held in physical form were pending change of name from BOI Mutual Fund to Taurus Mutual fund as on 31st March 2006.
6. Contract for sale of Investments in Bonanza Exclusive Growth Scheme includes Rs 54,95,000/- (Previous Year Rs 54,95,000/-) outstanding for more than one year for which deliveries were not given, as the matter is sub-judice. However provision of Rs 54,95,000/- (Previous Year Rs 54,95,000/-) has already been made against the same in the books of accounts in the earlier years. The matter pertains to the period prior to take over of the scheme by Taurus Mutual Fund from BOI Mutual Fund.

7. During the current year an amount of Rs 523,713/- in Starshare, Rs 140,141/- in Discovery Stock Fund and Nil in Libra Tax Shield including interest has been recovered against tax deducted in the previous years on dividend and interest income of the scheme. The amount having been fully provided for in the books of accounts in the earlier years, the amount recovered has been written back and the balance amount has been written off during the current year.
8. In Starshare, the holding statement received from the Custodian is being reconciled with the books on on-going basis. However, statement of Depository Account with NSDL indicates certain scrips in excess of the Fund's holding, presumably on account of non-transfer of scrips by the transferee. The respective Boards of TAMCO and TITCO are in the process of formulating policy for clearing with these excess shares.
9. The old bank accounts for redemption of units are pending reconciliation in Starshare and Discovery Stock Fund. Efforts are being made to reconcile the same and necessary adjustments will be carried out in due course.
10. In Discovery Stock Fund, the Brand image expenses incurred by Taurus Asset Management Co. Ltd were to be reimbursed by the scheme over 5 years w.e.f. 31st March 1995, subject to the expenditure limit of 2.5% of average net assets. The period had been extended to 10 years in March 2001. However the amount could not be charged to the scheme as the prescribed expenditure limit of 2.5% was exceeding in the financial years 2002 to 2004. The period has been further extended by 5 years i.e. upto 31st March 2009 as approved by the respective boards of TAMCO and TITCO and accordingly an amount of Rs 419,685.55 (P.Y: Rs 509,818.55) has been debited to other operating expenses in the current year. A balance of Rs 93,245.79 (P.Y. Rs 5,12,931.34) is still outstanding in the books of TAMCO, which will be accounted for by the scheme in the remaining period subject to the expenditure limit of 2.5% of average net assets.
11. Registration and other initial expenses incurred by the erstwhile HB Asset Management Co. Ltd before the launch of Libra Tax Shield were to be reimbursed by the scheme on the basis of higher of 0.05% of corpus or 1/10th of the expense. Accordingly Rs. 21,327/- (P.Y. Rs. 21,327/-) has been debited to the Revenue Account of the scheme and a balance of Rs. 9,647/- (P.Y. Rs. 30,974/-) is still outstanding as receivable from the scheme in the books of TAMCO.
12. Illiquid securities at fair value as % of NAV as on 31st March, 2006
- | Scheme | Fair Value
(Amt in Lacs) | % of
NAV |
|----------------------|-----------------------------|-------------|
| Discovery Stock Fund | 6.45 | 0.25 |
13. Non Performing Assets as on 31st March, 2006
- | Scheme | Book Value
(Amt in Lacs) | Market Value/Fair
Value(Amt in Lacs) |
|-------------------------------------|-----------------------------|---|
| Taurus the Starshare-Debentures | 940.69 | Nil |
| Discovery Stock Fund-Debentures | 280.00 | Nil |
| Bonanza Exclusive Growth-Debentures | 237.50 | Nil |
- The Book Value of Non performing debentures includes debentures that are overdue for redemption.
14. Unrealised appreciation as on 31st March 2006 included in Revenue Reserve is as under:
- | Scheme | Appreciation
(Amt in Lacs) |
|--------------------------|-------------------------------|
| Taurus the Starshare | 10632.16 |
| Discovery Stock Fund | 1396.80 |
| Libra Tax Shield | 152.53 |
| Bonanza Exclusive Growth | 2934.16 |
| Libra Bond Fund | 0.13 |
15. During the earlier years, in terms of the approval by the respective Boards of Taurus Asset Management Company Ltd (TAMCO) and Taurus Investment Trust Company Ltd (TITCO), investments in certain illiquid securities were sold to TITCO with the agreement that, profit, if any, arising in future from sale of these securities would be shared in the ratio of 4:1 between the respective schemes and TITCO. Accordingly, Rs 5,043,187.40 (Previous Year Rs 64,112.64) has been received by Starshare from TITCO towards sale of the illiquid securities in the Financial Year 2005-2006 and grouped under the head Miscellaneous Income. Further, during the year under consideration, all the non-traded illiquid securities have been sold by TITCO to TAMCO in all the schemes at book value resulting in no profit/loss.
16. During the year, the gain or loss from trading in derivative securities was Nil (Previous Year Rs 156,607.69) in Starshare and Nil (Previous Year gain of Rs 105,514.46) in Bonanza Exclusive Growth Scheme and the same if any, is included in profit on sale/redemption of investments as shown in Revenue Account. As on 31st March 2006 an amount of Rs. 312,519.65 (Previous Year Rs 2,712,519.65) in Starshare and Rs 316,210.14 (Previous Year Rs 2,416,210.14) in Bonanza Exclusive Growth Scheme was recoverable by the schemes being the margin money paid for derivative trading.
17. Details of unclaimed dividend/redemption as on 31st March 2006 are as under:
- | Scheme | Unclaimed Amount (Rs.) | No. of Unitholders |
|---|------------------------|--------------------|
| Libra Leap Dividend - Feb. 2000 | 1,010.00 | 1 |
| Libra Leap - Redemption | 1,386,751.70 | 333 |
| Bonanza Tax Saving - Redemption | 5,987,287.50 | 1908 |
| Bonanza Tax Saving - Dividend July 1994 | 108,360.00 | 120 |
| Bonanza Tax Saving - Dividend June 1995 | 187,200.00 | 144 |
| Genshare - Redemption | 3,028,068.00 | 211 |
18. During the Current Year dividend was distributed in Libra Tax shield from realized income at the time of declaration to the unitholders as under:
- | Record Date | Rate |
|-------------|------|
| 23/12/2005 | 35% |
19. During the current year, a personal accident death insurance cover has been taken in Libra Tax shield for existing and new unit holders. An amount of Rs. 22,495/- has been paid as premium in advance which has been included in other current assets.
20. There are no unit holders holding over 25% of the NAV in any of the schemes as at the year end.
21. The schemes have not subscribed to any issue lead managed by its associate companies or any issue of equity or debt on private placement basis where the sponsor or its associates acted as the arranger or manager.
22. At 31st March 2006, none of the schemes held investments in companies which had invested more than 5% of the NAV of any scheme of the fund, or their subsidiaries, as at that date.
23. There has been no transaction with the associates in terms of regulation 25(7) of SEBI Regulations, 1996.
24. During the year the services of the sponsor, its associates/ employees were not utilised nor any brokerage or commission paid therefor.
25. There are no underwriting commitments.
26. There is no contingent liability on partly paid equity shares.
27. None of the schemes has any exposure in Derivatives/Foreign Securities ADRS/GDRS as on 31st March 2006.
28. The Previous year's figures have been regrouped or rearranged wherever necessary.
29. Full annual report of each scheme is available at the Head Office of the Fund and a copy thereof shall be made available to the unitholder on payment of a nominal fee.
30. On request unit holders can obtain a copy of the Annual Report of the Asset Management Company.
31. These results have been taken on record by the Trustees at their meeting held at New Delhi on 3rd July 2006.
32. A full portfolio of investments of the Schemes is attached herewith as Annexure I.

ANNEXURE I PORTFOLIO AS ON 31.3.2006

STARSHARE

S. No.	Name of the Instrument	Quantity	Mkt Value Rs in Lacs
Equity - Listed/Awaiting Listing			
1	JP ASSOCIATES	1050409	4943.75
2	CROMPTON GREAVES	292474	3069.22
3	NEW DELHI TELEVISION	301500	775.46
4	BALLARPUR INDUSTRIES	415314	573.13
5	ADITYA BIRLA NUVO	77069	572.58
6	CEAT	814223	535.35
7	ALPS INDUSTRIES	261635	521.05
8	TISCO	78870	423.06
9	S R F	99999	331.20
10	RAYMOND	60516	313.29
11	LARSEN & TOUBRO	10237	249.03
12	ZEE TELEFILMS	100000	238.45
13	CIPLA	29903	197.94
14	JAGSONPAL PHARMA	615068	186.37
15	ONGC	11715	153.41
16	RELIANCE INDUSTRIES	18408	146.57
17	VISUALSOFT TECHNOLOGIES	103185	131.56
18	ALOK INDUSTRIES	153500	113.21
19	TATAMOTORS	10998	102.57
20	JSW STEELS	33840	102.43
21	NTPC	70000	93.80
22	RELIANCE COMM. VENTURES LTD	27283	84.28
23	DR REDDYS LABORATORIES	5381	76.43
24	GREAVES COTTON	22321	72.92
25	RANBAXY LABORATORIES	16196	69.90
26	MCLEOD RUSSEL INDIALTD.	47849	66.25
27	FACOR STEELS LTD	800000	63.60
28	JK PAPERS	103425	63.24
29	BHARAT ELECTRONICS	4505	59.54
30	IDBI	71901	56.30
31	INDRAPRASTHA GAS LTD	36516	53.13
32	BALARAMPUR CHINI MILLS LTD	26723	50.16
33	ASHOK LEYLAND	115000	46.29
34	CUMMINS INDIA	18816	44.66
35	MARAL OVERSEAS	138800	40.81
36	VXL INSTRUMENTS	77696	38.96
37	HINDALCO INDUSTRIES LTD	21000	38.31
38	WIPRO	6000	33.51
39	STERLITE INDUSTRIES	1500	26.24
40	ENTERTAINMENT NETWORK LTD	10450	22.94
41	SOUTHERN IRON	100000	20.85
42	RAM INFORMATICS	56717	8.51
43	RELIANCE ENERGY VENTURES LTD	15283	6.63
44	WELLWIN INDUSTRIES	189983	6.55
45	RELIANCE NATURAL RESOURCES LTD	15283	5.10
46	RELIANCE CAPITAL VENTURES LTD.	15283	3.80
47	PADMALYA TELEFILMS	25341	3.24
Total			14835.58

S. No.	Name of the Instrument	Quantity	Mkt Value Rs in Lacs
Debt Instruments			
a) Listed/Awaiting Listing			
1	6.00% IDBI BONDS 2009	5	47.14
2	KOTAK MAHINDRA BANK BONDS	5	45.47
3	ICICI SAFETY BOND (JUNE SERIES)	500	25.21
4	10% HUDCO 2012	3	15.55
Total			133.37
b) Privately Placed/Unlisted			
1	9.55% NCRPB BONDS	5	25.14
2	9.30% PFC BONDS	25	25.08
Total			50.22
Government Securities			
1	11.03% GOI 2012	50000	58.98
2	9.85% GOI 2015	50000	58.00
Total			116.98
Total Market/Fair Value			15136.15

LIBRA TAX SHIELD

S. No.	Name of the Instrument	Quantity	Mkt Value Rs in Lacs
Equity - Listed/Awaiting Listing			
1	RELIANCE CAPITAL	13000	67.52
2	BALARAMPUR CHINI MILLS LTD	32713	61.40
3	SUPRAJIT ENGINEERING	32275	60.23
4	FACOR STEELS LTD	480190	38.18
5	IDFC	45000	29.93
6	PBA INFRASTRUCTURE	18000	29.50
7	RAJ RAYON LTD.	53000	29.12
8	BONGAIGAON REFINERY & PETROCHEMICALS	42218	27.67
9	INDRAPRASTHAMEDICAL CORP LTD	75407	27.07
10	USHA INTERNATIONAL	10401	26.58
11	NEYVELI LIGNITE CORPORATION	27000	20.26
12	SOUTHERN IRON	90000	18.77
13	TATA TELESERVICES MAH. LTD.	50000	11.88
14	ASHIMA SYNTEX LTD.	100400	10.70
15	NATIONAL RAYON CORPORATION	21515	9.89
16	HENKEL INDIA LTD.	30000	8.95
17	HOTLINE GLASS	54168	5.02
18	IEC SOFTWARES	56737	2.11
Total			484.78
Debt Instruments- Listed/Awaiting Listing			
1	ICICI SAFETY BONDS (AUGUST 2001)	200	10.05
2	ICICI SAFETY BONDS (JUNE 2001)	200	10.09
Total			20.14
Total Market/Fair Value			504.92



TAURUS MUTUAL FUND

DISCOVERY STOCK FUND

SI No.	Name of the Instrument	Quantity	Mkt Value Rs in Lacs
Equity - Listed/Awaiting Listing			
1	JP ASSOCIATES	99685	469.17
2	S R F	114081	377.84
3	NEW DELHI TELEVISION	144132	370.71
4	RELIANCE CAPITAL	32000	166.21
5	CENTURION BANK	494299	131.24
6	POLARIS SOFTWARE	101713	119.21
7	MARAL OVERSEAS	329531	96.88
8	GTL	59818	87.48
9	NEYVELI LIGNITE CORPORATION	93647	70.28
10	IDBI	74200	58.10
11	I P C L	21827	57.18
12	FACOR STEELS LTD	700000	55.65
13	BALLARPUR INDUSTRIES	39718	54.81
14	NAHAR SPINNING MILLS	19472	54.52
15	GAIL INDIA	16929	53.88
16	SREI INFRASTRUCTURE FINANCE	94622	53.41
17	MAWANA SUGAR	29939	37.54
18	C E S C	8987	30.86
19	PUNJAB TRACTORS	11118	28.06
20	CHEMPLAST SANMAR	283380	25.08
21	PREMIER INSTRUMENTS	54555	21.69
22	MPHASIS BFL LTD	5000	10.42
23	I F C I	79201	8.56
24	SOVIKA INFOTEK	150000	6.45#
25	IEC SOFTWARES	170457	6.34
26	VICTORY PROJECTS	80423	2.38
Total			2453.93
Debt Instruments			
a) Listed/Awaiting Listing			
1	TANGERINE INFORMATIQUE	100000	0.00@
Total			0.00
b) Privately placed/Unlisted			
1	9.30% PFC BONDS	25	25.07
Total			25.07
Government Securities			
1	7.46% GOI 2017	25000	24.78
Total			24.78
Total Market/Fair Value			2503.78

LIBRA BOND FUND

S. No.	Name of the Instrument	Quantity	Mkt Value Rs. In Lacs
Debt Instruments- Privately placed			
1	GE CAPITAL SERVICE	1	10.13
Total Market Value/Fair Value			10.13

BONANZA EXCLUSIVE GROWTH SCHEME-OPEN

SI No.	Name of the Instrument	Quantity	Mkt Value Rs In Lacs
Equity - Listed/Awaiting Listing			
1	CROMPTON GREAVES	59497	624.36
2	BHARAT EARTH MOVERS	40927	605.91
3	JP ASSOCIATES	116592	548.74
4	T I S C O	58500	313.80
5	MAHINDRA & MAHINDRA	49624	311.19
6	STATE BANK OF INDIA	29287	283.51
7	NALCO	61357	179.96
8	I P C L	68011	178.16
9	INDIAN HOTELS	10598	143.81
10	A C C	18000	140.78
11	I T C	69110	134.73
12	RELIANCE INDUSTRIES	14000	111.48
13	DABUR INDIA LTD.	80000	99.16
14	RELIANCE COMM. VENTURES LTD	26000	80.31
15	TATACHEMICALS	27976	73.81
16	WOCKHARDT	13000	65.86
17	ARVIND MILLS	61293	61.54
18	PTC INDIA	98985	58.45
19	STRIDE ARCOLABS	16276	56.47
20	VIJAYA BANK	93500	49.13
21	INDIA GLYCOLS	30481	46.04
22	GUJARAT AMBUJACEMENT	40500	41.82
23	M R P L	95282	40.49
24	INFOSYS TECHNOLOGIES	1200	35.77
25	HINDUSTAN LEVER	10246	27.90
26	HINDUSTAN ZINC LTD.	4876	25.51
27	PHILIPS CARBON BLACK	22260	12.06
28	ZEE TELEFILMS	3564	8.50
29	PRITISH NANDY COMMUNICATION	12748	6.09
30	RELIANCE ENERGY VENTURES LTD	14000	6.07
31	RELIANCE NATURAL RESOURCES LTD	14000	4.67
32	RELIANCE CAPITAL VENTURES LTD.	14000	3.48
Total			4379.56
Debt Instruments- Listed/Awaiting Listing			
1	11.50% IDBI SLR BONDS 2011	2000	22.51
2	7.90% HUDCO BONDS 2013	2	18.67
Total			41.18
Government Securities			
1	6.25 % GOI 2018	25000	22.34
2	7.27% GOI 2013	20000	19.86
Total			42.20
Total Market/Fair Value			4462.94

Notes:
Unlisted (Illiquid) shares
@ Debt Instruments which are NPAs

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