

N. M. RAIJI & CO.

Chartered Accountants

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AUDITORS' REPORT

**TO THE BOARD OF TRUSTEES
TAURUS MUTUAL FUND**

We have audited the attached Balance Sheet as at March 31, 2010 and the Revenue Account for the year ended on that date, annexed thereto of **Taurus Gilt Fund** (the scheme) of the Taurus Mutual Fund. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit. We report that:

1. Our audit was conducted in accordance with generally accepted Standards on Auditing 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 the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. We have obtained all information and explanations, which, to the best of our knowledge and belief were necessary for the purpose of our audit.
3. The Balance Sheet and the Revenue Account are in agreement with the books of account of the Scheme.
4. In our opinion, valuation methods for Non Traded Securities, adopted by the scheme are fair and reasonable and are in accordance with the guidelines for valuation issued by SEBI and approved by the Trustees.
5. The accounts have been prepared in accordance with the accounting policies adopted by the trustees of the Fund and as specified in the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996.

6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the SEBI (Mutual Funds) Regulations, 1996 and give a true and fair view in accordance with the generally accepted accounting principles in India:
- a. in the case of Balance Sheet, of the state of affairs of the scheme as at March 31, 2010; and
 - b. in the case of Revenue Account, of the surplus of the scheme for the year ended on that date.

For N. M. Raiji & Co.
Chartered Accountants
Firm Regn. No. 108296W


Vinay D. Balse
Partner
Membership No. 39434

Place: Mumbai

Date: June 30, 2010

TAURUS MUTUAL FUND
BALANCE SHEET OF TAURUS GILT FUND AS AT MARCH 31, 2010

	SCHEDULE	AS AT MARCH 31, 2010 AMOUNT (RS.)	AS AT MARCH 31, 2009 AMOUNT (RS.)
LIABILITIES			
Unit Capital	A	100,859	158,137
Reserves and Surplus	B	38,435	56,598
Current Liabilities and Provisions	C	360,811	469,170
		500,105	683,905
ASSETS			
Investments	D	-	622,634
Other Current Assets	E	500,105	61,271
		500,105	683,905
Significant Accounting Policies and Notes to Accounts	H		

Schedules referred to above form an integral part of the Balance Sheet.

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

For and on behalf of
N.M.Raiji & Co.
Chartered Accountants


Vinay D. Balse
Partner


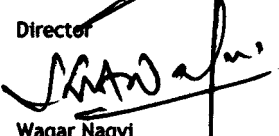


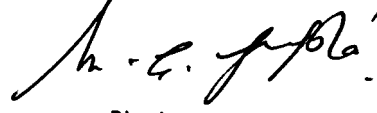

For and on behalf of Taurus Investment Trust Company Limited


Director


Director

For and on behalf of Taurus Asset Management Company Limited


Director

Waqar Naqvi
Chief Executive Officer


Director

Sanjay Parikh
Chief Operation Officer

Place: Mumbai
Date: June 30, 2010


Pankaj Jain
Fund Manager

TAURUS MUTUAL FUND
REVENUE ACCOUNT OF TAURUS GILT FUND FOR THE YEAR ENDED MARCH 31, 2010

	SCHEDULE	FOR THE YEAR ENDED MARCH 31, 2010 AMOUNT (RS.)	FOR THE YEAR ENDED MARCH 31, 2009 AMOUNT (RS.)
INCOME			
Interest	F	6,838	26,768
		6,838	26,768
EXPENSES			
Management, Trusteeship Fees, Administrative and Other Operating expenses	G	3,142	5,890
		3,142	5,890
Surplus/(Deficit) for the year		3,696	20,878
Opening Balance in Revenue Reserve brought forward		61,729	231,584
Amount available for Appropriation		65,425	252,462
Transfer from Income Equalisation Reserve		(26,990)	(190,733)
Balance transferred to Balance Sheet		38,435	61,729
Significant Accounting Policies and Notes to Accounts	H		

Schedules referred to above form an integral part of the Revenue Account.

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

For and on behalf of
N.M. Raiji & Co.
 Chartered Accountants


 Viraj D. Balse
 Partner




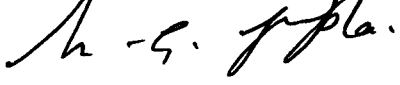
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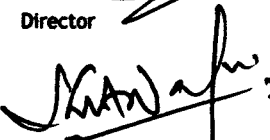

 Director



 Director

For and on behalf of Taurus Asset Management Company Limited


 Director


 Director


 Waqar Naqvi
 Chief Executive Officer


 Sanjay Parikh
 Chief Operation Officer







Place: Mumbai
 Date: June 30, 2010


 Pankaj Jain
 Fund Manager

TAURUS GILT FUND
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

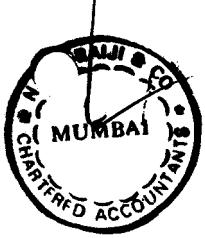
		AS AT MARCH 31, 2010 AMOUNT (RS.)	AS AT MARCH 31, 2009 AMOUNT (RS.)
SCHEDULE 'A' : UNIT CAPITAL			
a) Initial Capital Issued and Subscribed 816,500.000 units of Rs 10 each fully paid up		8,165,000	8,165,000
b) Outstanding at the end :			
(I) Taurus Gilt Fund- Dividend Plan 3,815.236 units (Previous Year- 5,012.044 units) of Rs. 10 each fully paid up	38,153		50,120
(II) Taurus Gilt Fund - Growth Plan 6,270.546 units (Previous Year- 10,801.613 units) of Rs. 10 each fully paid up	62,706	100,859	158,137
		100,859	158,137
SCHEDULE 'B' : RESERVES AND SURPLUS			
Unit Premium Reserve			
Balance at the commencement of the year	(5,131)		(15,016)
Discount / Premium on units repurchased/sold during the year	5,131		9,885
Closing balance			(5,131)
Balance in Revenue Reserve [Including unrealised appreciation in value of Investments Rs. Nil (Previous year- Rs. Nil)]		38,435	61,729
		38,435	56,598
SCHEDULE 'C' : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities			
Sundry Creditors		122	609
Tax Deducted payable		266	249
Entry / Exit Load		358,430	467,125
Audit Fees payable		1,985	1,174
Service Tax Payable		1	3
Brokerage on Distribution Payable		7	-
		360,811	469,170
SCHEDULE 'D' : INVESTMENTS			
(Refer Note 1(b) of Schedule H)			
Collateralised Borrowing and Lending Obligation (CBLO)		-	622,634
		-	622,634

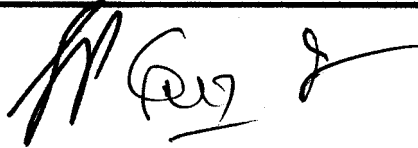
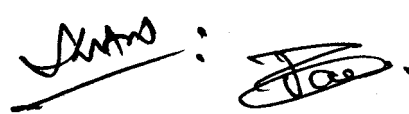



TAURUS GILT FUND
SCHEDULES FORMING PART OF BALANCE SHEET AS AT MARCH 31, 2010

	AS AT MARCH 31, 2010 AMOUNT (RS.)	AS AT MARCH 31, 2009 AMOUNT (RS.)
SCHEDULE 'E' : OTHER CURRENT ASSETS		
Balance with Banks in Current Accounts	497,891	47,032
Receivable from Taurus Asset Management Co. Ltd. (Net of Management Fees payable)	2,214	14,172
Interest Receivable-Deposits	-	67
	500,105	61,271



TAURUS GILT FUND
SCHEDULES FORMING PART OF THE REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

		FOR THE ENDED MARCH 31, 2010 AMOUNT (RS.)	FOR THE YEAR ENDED MARCH 31, 2009 AMOUNT (RS.)
SCHEDULE 'F' : INTEREST			
Collateralised Borrowing and Lending Obligation (CBLO)	6,838		25,818
Government Securities	-	6,838	950
		6,838	26,768
SCHEDULE 'G' : MANAGEMENT, TRUSTEESHIP, ADMINISTRATIVE AND OTHER OPERATIVE EXPENSES			
Management Fees	1,109		1,099
Trusteeship Fees	18		72
Registrar Charges	135		2,253
Advertisement and Publicity Expenses	20		2,957
Audit Fees	2,231		1,324
Postage and Courier	763		11,438
Custodian Fees	34		93
Other Operating Expenses	1,116	5,426	1,515
		2,284	20,751
Less : Expenditure in excess borne by Taurus Asset Management Co. Ltd.			14,861
		3,142	5,890

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Schedule - H:

Significant Accounting Policies and Notes to Accounts (Annexed to and forming part of Balance Sheet as at March 31, 2010 and Revenue Account for the year ended March 31, 2010).

1 Significant Accounting Policies

a) Method of Accounting

The Scheme maintains its books of accounts on accrual basis. The accounting policies of the Scheme and its Financial Statements are prepared in accordance with the Mutual Fund Regulations, 1996 of the Securities and Exchange Board of India ('SEBI').

b) Portfolio Valuation

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

I. Quoted debt 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 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 a Yield to Maturity basis based on the yield matrix released by an approved independent agency in accordance with the SEBI/AMFI 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.

III. Investments in Central Government Securities are valued at the prices released by CRISIL, an AMFI approved independent agency, in accordance with the SEBI regulations.

IV. Investments in Collateralised Borrowing and Lending Obligation (CBLO) are valued at cost plus accrual. Other money market instruments are valued on the basis of amortisation (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).

c) Investment Transactions

Investment transactions are accounted on 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.

d) Recognition of revenue and treatment of expenses

I. 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.

II. 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.

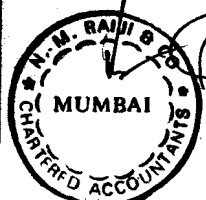
III. The net unrealized gain/loss in the value of investments is determined separately for each class of investments. Further the change in net unrealized gain/ loss, if any, between two balance sheet dates is recognized in the Revenue Account.

IV. Registrar expenses common to the fund have been allocated in proportion to the monthly number of transactions and other common expenses have been allocated in proportion to the number of unitholders of the respective schemes as at the month-end to which the

V. Profit and loss on sale or redemption of investments is computed by applying the weighted average cost of such investments.

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 of the respective plan. Similarly the discount/premium on sale of units is debited/credited to unit premium reserve of the respective plan.



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f) Income Equalisation Reserve

i) Upto March 14, 2010

In case of open-ended schemes, on sale/repurchase of units an appropriate part of the proceeds representing realised income are credited / debited to Income Equalization Reserve. The net balance of the same is transferred to the Revenue Account at the year end.

ii) From March 15, 2010

Persuant to SEBI Dated March 15, 2010, incase of open ended schemes, when units are purchased / sold by the scheme at NAV based price, an amount representing unrealised appreciation per unit is transferred to Unit Premium Reserve. The balance amount of purchase / sale price after reducing the face value of units is transferred to Income Equalisation and net balance of this account is credited or debited to Revenue Account at the year end. The Distributable surplus is arrived after excluding both unit premium reserve as well as unrealised appreciation from NAV.

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 diferent plans.

ii. For calculating the net asset values under different plans, the amount of sale/repurchase of units under each plan are separately accounted for. Further, net income arising from such deployment are allocated daily to the plans in proportion to their Net Asset Values.

h) Entry and Exit Load

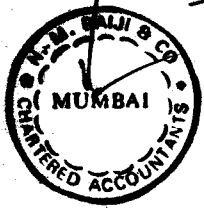
Upto July 31, 2009

Load charged at the time of sale / repurchase of units was utilised towards meeting marketing and incidental expenses in connection with the collection / redemption of the units to the extent available.

Persuant to SEBI circular dated June 30, 2009 applicable w.e.f August 01, 2009

i) No entry load is charged on fresh purchase applications received after August 01, 2009.

ii) Exit Load charged above 1% is recognised as an income of the scheme imediately. The Exit Load charged upto 1% is utilised for meeting marketing and incidental expenses. Unutilised amount of load is carried forward to subsequent years unless the same is considered excess by Trustees. In the event the load is considered excess by the trustees, the same would be recognised as income.



Notes to Accounts

2 Taurus Gilt Fund Scheme has two plans namely Dividend Plan and Growth Plan. A combined Balance Sheet and Revenue Account is prepared for the scheme.

3 As at the year end, the details of investments are as under:

	March 31,2010	March 31,2009
	Market /Fair Value	Market /Fair Value
	(Rs)	(Rs)
Collateralised Borrowing & Lending Obligation (CBLO)	Nil	622,634

4 Unrealized appreciation as on March 31, 2010 is Nil (Previous Year Nil).

5 Net Asset Value (NAV) per unit as at the year end is as follows :

	March 31,2010	March 31,2009
Dividend Plan	13.6371	13.3915
Growth Plan	13.9166	13.6660

6 The Scheme has not declared any dividend during the year.

7 The Scheme has paid management fees aggregating to Rs.1,109 (Previous year Rs. 1,099) to Taurus Asset Management Company Limited calculated @ 0.50% plus applicable service tax and cess thereon of the average daily NAV. No management fee has been charged on the investments made by the Asset Management Company in the units of the scheme.

8 The aggregate value of purchases and sales of investments and income and expenditure during the year expressed as a % of average daily net assets is as under :

	Rs.	% as above
Purchases	-	-
Previous year	Nil	Nil
Sales	-	-
Previous year	Nil	Nil
Income	6,838	3.40
Previous year	26,768	5.54
Expenditure	3,142	1.56
Previous year	5,890	1.22

Note: Income excludes net change in unrealized gain/loss in value of investments, profit on sale thereof and provisions written back. Expenditure excludes net change in unrealized gain/loss in value of investments and loss on sale thereof.

9 Movement in unit capital during the year 2009-10 is as under :

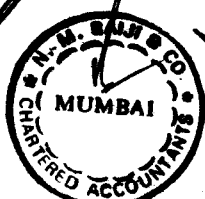
	No. of units	Face Value (Rs.)
Balance at the commencement of the year	15,813.661	158,137
Previous year	64,018.710	640,187
Units sold during the year	3,933.113	39,331
Previous year	91,593.737	915,937
Unit repurchased during the year	9,660.992	96,610
Previous year	139,798.786	1,397,988
Balance as on March 31,2010	10,085.782	100,858
Balance as on March 31,2009	15,813.661	158,137

10 During the year, the scheme has paid Trusteeship fees aggregating to Rs.18 (Previous year Rs. 72) at a rate of 0.01% of unit capital as on 1st April of the respective year or Rs. 1 Lakh whichever is lower along with applicable service tax and cess thereon.

11 No provision for taxation is required as the fund is a recognised Mutual Fund u/s 10(23D) of the Income Tax Act, 1961.

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- 12 As at the year end, the investment of the scheme was Nil, hence disclosure of Industry wise classification of investment has not been given.
- 13 At March 31, 2010 the scheme does not hold 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.
- 14 There has been no transaction with the associates in terms of regulation 25(7) of SEBI (Mutual Fund) Regulations, 1996.
- 15 There are no underwriting commitments.
- 16 The scheme has no exposure in Derivatives/Foreign Securities/ADRS/GDRS as on March 31, 2010.
- 17 During the year the services of the sponsor, its associates / employees were not utilised nor any brokerage or commission paid therefor.
- 18 The scheme has not subscribed to any issue lead managed by its associate companies or any issue of debt on private placement basis where the sponsor or its associates acted as the arranger or manager.
- 19 There are no unitholders holding over 25% of the NAV of the scheme as at the year end.
- 20 In order to comply with SEBI circular dated March 15, 2010, the balance in unit premium reserve has been restated to reflect unrealised appreciation in the scheme by debiting Rs. 14,224 to Income equalisation reserve.
- 21 The previous year's figures have been regrouped or rearranged wherever considered necessary.
- 22 A full portfolio of investments of the Scheme is attached herewith as Annexure I.

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Portfolio Statement as on March 31, 2010

Name of the Instrument	Quantity	Market Value (in Rs. Lakh)
MONEY MARKET INSTRUMENTS		
CBLO/REPO		-
Sub Total		-
Total		-
GRAND TOTAL		-

** Non Traded Security, # Unlisted Security



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	TAURUS GILT FUND		
	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Per Unit Particulars			
A) Face Value	10.0000	10.0000	10.0000
B) Net Asset Value, per unit - Growth Plan	13.9166	13.6660	13.4091
- Dividend Plan	13.6371	13.3915	13.1578
C) Gross Income			
i) Income other than Profit on sale of investment	0.68	1.69	6.69
ii) Income from Profit on inter scheme sale/transfer of investments (net)	-	-	-
iii) Income from Profit on sale of investment to third party) (net)	-	-	-
iv) Net change in Unrealised gain/loss in value of investments	-	-	-
v) Transfer to Revenue Account from past years' reserve.	-	-	-
vi) Gross Income [Total of (i) to (v)]	0.68	1.69	6.69
D) Total Expenses			
i) Aggregate of Expenses, write off, amortisation and charges	0.31	0.37	1.26
ii) Net change in Unrealised gain/loss in value of investments	-	-	-
iii) Total Expenses [Total of (i) and (ii)]	0.31	0.37	1.26
E) Net Income [(C)-(D)]	0.37	1.32	5.43
F) Unrealised appreciation/(depreciation) in value of investments	-	-	-
G) (1) Trading Price/NAV			
i) Highest during the year - Growth Plan	13.9172	13.6660	13.4091
- Dividend Plan	13.6376	13.3915	13.1578
ii) Lowest during the year - Growth Plan	13.6696	13.3558	12.8891
- Dividend Plan	13.3951	13.1054	12.5630
(2) Price Earning Ratio	N.A	N.A	N.A
H) Per unit ratio of expenses to average net assets by %	1.56%	1.22%	1.09%
I) Per unit ratio of gross income to average net assets by %	3.40%	5.54%	5.80%
(including net changes in unrealised gain/loss in value of investments)			



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