

Principal Pnb Asset Management
Company Private Limited

Annual report

2014-2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Principal Pnb Asset Management Company Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Principal Pnb Asset Management Company Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true

and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its loss and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.V. Ghatalia & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 103162W

Sd/-
per Hormuz Master
Partner
Membership Number: 110797
Place of Signature: Mumbai
Date: August 18, 2015

Annexure referred to in paragraph 1 of Report on Legal and Regulatory requirements on our report of even date

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) All fixed assets were physically verified by the management in the previous years in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (ii) The Company's business does not involve inventories and therefore the provisions of clause (ii) of paragraph 3 of the said Order are not applicable to the Company and hence not commented upon.
- (iii) (a) According to the information and explanations given to us, the Company has not granted / taken any loans, secured or unsecured to / from companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) (a) and 3 (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues applicable to it. The provisions related to investor education and protection fund, sales-tax, wealth-tax, customs duty and excise duty are not applicable to the Company.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions related to investor education and protection fund, sales-tax, wealth-tax, customs duty and excise duty are not applicable to the Company.
 - (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth and it has incurred cash losses in the current and immediately preceding financial year.
- (ix) The Company has not taken any loans from financial institutions, bank or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For S. V. GHATALIA & ASSOCIATES LLP
Chartered Accountants
ICAI Firm registration number: 103162W

Sd/-
per Hormuz Master
Partner
Membership No.: 110797

Place: Mumbai
Date: August 18, 2015

**Principal Pnb Asset Management Company Private Limited
Balance Sheet as at March 31, 2015**

	<u>Notes</u>	March 31, 2015 Rs.	March 31, 2014 Rs.
<u>Equity and Liabilities</u>			
Shareholders' Funds			
Share Capital	' 3 '	174,000,140	124,000,100
Reserves and Surplus	' 4 '	566,731,656	72,325,743
Non-Current Liabilities			
Long-term Provisions	' 5 '	2,668,575	2,371,212
Current Liabilities			
Trade Payables	' 6A '	25,013,468	21,086,293
Other Payables	' 6B '	69,017,608	48,912,030
Short-term Provisions	' 5 '	5,872,643	569,372
		<u>99,903,719</u>	<u>70,567,695</u>
Total		<u>843,304,090</u>	<u>269,264,750</u>
<u>Assets</u>			
Non-Current Assets			
Fixed Assets:			
Tangible Assets	' 7 '	6,120,569	9,052,022
Intangible Assets	' 8 '	3,105,406	3,992,784
Intangible Assets under Development		839,891	1,536,451
Long-term Loans & advances	' 10 '	42,919,902	31,570,590
Non-Current investments	' 9A '	79,342,498	-
Current Assets			
Current Investments	' 9B '	605,068,764	133,933,646
Trade Receivables	' 11 '	38,328,052	25,264,863
Cash & Bank Balances	' 12 '	4,134,314	3,101,183
Short Term Loans & Advances	' 10 '	63,444,694	60,813,211
		<u>710,975,824</u>	<u>223,112,903</u>
Total		<u>843,304,090</u>	<u>269,264,750</u>
Summary of Significant Accounting Policies	' 2.1 '		

The accompanying notes are an integral part of the financial statements

As per our report of even date.

For S. V. Ghatalia & Associates LLP
ICAI Firm Registration No. 103162W
Chartered Accountants

**For and on behalf of the Board of
Principal Pnb Asset Management Company Private Limited**

**Sd/-
per Hormuz Master**
Partner
Membership No.110797

**Sd/-
M. M. Chitale**
Chairman

**Sd/-
Lalit Vij**
Managing Director

**Sd/-
Niyati Shah**
Company Secretary

Mumbai, August 18, 2015

Mumbai, August 18, 2015

Principal Pnb Asset Management Company Private Limited
Statement of Profit and Loss for the year ended March 31, 2015

	<u>Notes</u>	Year ended March 31, 2015 Rs.	Year ended March 31, 2014 Rs.
Income			
Income from Operations	' 13 '	339,843,986	289,499,660
Other Income	' 14 '	28,614,289	14,467,142
		368,458,275	303,966,802
Expenses			
Employee Cost	' 15 '	291,795,987	253,617,404
Administrative and Other Expenses	' 16 '	174,136,812	180,017,675
Depreciation and Amortisation	' 17 '	8,120,043	15,763,474
		474,052,842	449,398,553
Loss before tax		(105,594,567)	(145,431,751)
Tax Expenses			
- Income Tax		-	-
- Deferred Tax		-	-
Total Tax Expense		-	-
Loss for the year from continuing operations		(105,594,567)	(145,431,751)
Earnings per Equity Share (Basic and Diluted)			
[Nominal value of Share Rs. 10 (March 31, 2014: Rs. 10)]		(7.59)	(11.73)

Summary of Significant Accounting Policies ' 2.1 '

The accompanying notes are an integral part of the financial statements

As per our report of even date.

For S. V. Ghatalia & Associates LLP
ICAI Firm Registration No. 103162W
Chartered Accountants

For and on behalf of the Board of
Principal Pnb Asset Management Company Private Limited

Sd/-
per Hormuz Master
Partner
Membership No.110797

Sd/-
M. M. Chitale
Chairman

Sd/-
Lalit Vij
Managing Director

Sd/-
Niyati Shah
Company Secretary

Mumbai, August 18, 2015

Mumbai, August 18, 2015

Principal Pnb Asset Management Company Private Limited
Cash Flow Statement for the year ended March 31, 2015

	Year ended March 31, 2015 Rs.	Year ended March 31, 2014 Rs.
Cash Flow from Operating Activities		
Loss before Tax	(105,594,567)	(145,431,751)
Non-Cash Adjustment to reconcile Profit before Tax to Net Cash Flows		
Depreciation and Amortisation	8,120,043	15,763,474
Loss / (Profit) on Sale of Fixed Assets	(52,000)	(738,437)
Net (Gain) / Loss on Sale of Current Investments (considered separately)	<u>(28,552,848)</u>	<u>(13,718,530)</u>
Operating Profit before Working Capital Changes	(126,079,372)	(144,125,244)
Movements in Working Capital		
Increase / (Decrease) in Long Term Provisions	297,363	(536,784)
Increase / (Decrease) in Trade Payables	3,927,175	(3,702,774)
Increase / (Decrease) in Other Payables	20,105,578	(4,148,276)
Increase / (Decrease) in Short Term Provisions	5,303,271	(3,006,469)
(Increase) / Decrease in Long-term Loans and Advances	(11,349,312)	1,810,193
(Increase) / Decrease in Trade Receivables	(13,063,189)	18,750,056
(Increase) / Decrease in Short-term Loans and Advances	<u>1,085,603</u>	<u>9,151,569</u>
Less: Taxes paid	<u>(119,772,883)</u>	<u>(125,807,729)</u>
	<u>(3,717,096)</u>	<u>(4,023,939)</u>
Net Cash Flow from Operating Activities (A)	(123,489,979)	(129,831,668)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(3,604,653)	(10,716,872)
Sale of Fixed Assets	52,000	856,446
Purchase of Non-Current Investments	(79,342,498)	-
Purchase of Current Investments	(1,548,025,690)	(439,165,875)
Sale of Current Investments	<u>1,105,443,431</u>	<u>381,028,000</u>
Net Cash Flow from Investing Activities (B)	(525,477,410)	(67,998,301)
Cash Flow from Financing Activities		
Proceeds from Issuance of Share Capital	650,000,520	69,259,250
Net Cash Flow from Financing Activities (C)	650,000,520	69,259,250
Net Increase / (Decrease) in Cash and Cash Equivalents (A + B + C)	1,033,131	(128,570,719)
Cash and Cash Equivalents at the beginning of the year	3,101,183	131,671,902
Cash and Cash Equivalents at the end of the year	<u>4,134,314</u>	<u>3,101,183</u>
Notes to cash flow statement		
1 Cash and Cash Equivalents include:		
Balance with banks	4,123,181	3,077,304
Cash on hand	<u>11,133</u>	<u>23,879</u>
	<u>4,134,314</u>	<u>3,101,183</u>

As per our report of even date.
For S. V. Ghatalia & Associates LLP
ICAI Firm Registration No. 103162W
Chartered Accountants

Sd/-
per Hormuz Master
Partner
Membership No.110797

Mumbai, August 18, 2015

For and on behalf of the Board of
Principal Pnb Asset Management Company Private Limited

Sd/-
M. M. Chitale
Chairman

Sd/-
Lalit Vij
Managing Director

Sd/-
Niyati Shah
Company Secretary

Mumbai, August 18, 2015

Principal Pnb Asset Management Company Private Limited
Notes forming part of the financial statements for the year ended March 31, 2015

1. Corporate Information

Principal Pnb Asset Management Company Private Limited (the Company) is a private limited company domiciled in India. The Company provides asset management services to Principal Mutual Fund. It also provides portfolio management and advisory services.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of Significant Accounting Policies:

a. Accounting concepts

The Company is a Small and Medium Sized Company (SMC) as defined in the General Instructions in respect of Accounting Standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. Accordingly, the Company has complied with the Accounting Standards as applicable to the Asset Management Company (AMC).

b. Use of estimates

The presentation of the financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. The actual outcome may differ from these estimates.

c. Revenue recognition

Investment management fees are recognised in accordance with the terms of contract between the Company and the Board of Trustees of Principal Mutual Fund and are in line with the Securities and Exchange Board of India ("SEBI") (Mutual Funds) Regulations, 1996 (SEBI Regulations) as amended from time to time, based on daily net asset value (excluding investments made by the Company in the schemes in accordance with SEBI Regulations). Such fees and other revenues received for providing asset management services are recognised as revenue when the service is performed.

Portfolio Management Fees and Advisory Fees are recognised on an accrual basis at the time the services are rendered and an enforceable right to receive has arisen in accordance with terms of the contract between the Company and clients.

Principal Pnb Asset Management Company Private Limited
Notes forming part of the financial statements for the year ended March 31, 2015

d. Fixed assets and depreciation / amortisation

(a) Tangible fixed assets and depreciation

Tangible fixed assets acquired by the Company are reported at acquisition value, with deductions for accumulated depreciation and impairment losses, if any.

The acquisition value includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in the working condition for its intended use. Examples of directly attributable expenses included in the acquisition value are delivery and handling costs, installation, legal services and consultancy services.

Depreciation is charged over the estimated useful life of a fixed asset on a straight line basis. If the management's estimate based on technical assessment of the useful life of the fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is different than that envisaged in the aforesaid Schedule II, depreciation is charged based on the management's estimate of the useful life or remaining useful life of the fixed asset. Pursuant to this policy, depreciation on the following assets is provided over the estimated useful lives stated below:

Asset Type	As per Schedule II	As per Estimated Life
Furniture and fixtures	10 years	4 years
Office equipments	5 years	3 years
Computers	3 years	3 years
Electrical installations	10 years	4 years
Motor cars	8 years	4 years

Leasehold improvements are depreciated on a straight line basis over the primary period of lease. Assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase.

(b) Intangible assets and amortisation

Intangible assets other than goodwill are valued at cost less amortisation. These generally comprise of asset management rights acquired by the Company and costs incurred to acquire computer software licences and implement the software for internal use (including software coding, installation, testing and certain data conversion).

Intangible assets are reported at acquisition value with deductions for accumulated amortisation and any impairment losses.

Amortisation takes place on a straight line basis over the asset's anticipated useful life estimated by the Management. The useful life is determined based on the period of the underlying contract and the period of time over which the intangible asset is expected to be used and generally does not exceed three years except in case of asset management rights, which are amortised over a period of ten years.

An impairment test of intangible assets is conducted annually or more often if there is an indication of a decrease in value. The impairment loss, if any, is reported in the Statement

Principal Pnb Asset Management Company Private Limited
Notes forming part of the financial statements for the year ended March 31, 2015

of Profit and Loss Account. Where assets are impaired, the amortisation charge is adjusted so as to charge off the carrying value of such asset after adjusting the impairment in their value, over their respective remaining useful lives.

e. Impairment of assets

The carrying values of assets of the Company's cash-generating units are reviewed for impairment at the Balance Sheet date. If any indication of such impairment exists, the recoverable amounts of those assets are estimated and impairment loss is recognised, if the carrying amount of those assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the estimated future cash flows to their present value based on appropriate discounting factor.

f. Long Term Investments

Long Term Investments are valued at cost unless otherwise stated. Cost includes the purchase price and related expenses such as brokerage and stamp duties.

The carrying values of Long Term Investments of the Company are reviewed for permanent impairment annually. If any indication of such impairment exists, impairment loss is recognised.

g. Current Investments and investment income

Current Investments are valued at the lower of cost and fair value. Cost includes the purchase price and related expenses such as brokerage and stamp duties.

The difference between the cost and the redemption / sale proceeds net of expenses is recognised in the statement of profit and loss. For calculation of profit/loss on investment, cost is calculated on first-in-first-out basis.

Dividend income is accounted when the right to receive the income is established.

h. Employee Benefits

(a) Short Term

A short term employee benefit is recognised as an expense at the undiscounted amount expected to be paid over the period of services rendered by the employees to the Company.

(b) Long Term

The Company has both defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company, and in the case of some defined contribution plans, by the Company along with its employees.

(c) Defined-contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund and family pension fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

Principal Pnb Asset Management Company Private Limited
Notes forming part of the financial statements for the year ended March 31, 2015

(d) Defined-benefit plans

Expenses for defined-benefit gratuity payment plans are calculated as at the balance sheet date by an Actuary in a manner that distributes expenses over the employee's working life. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate estimated by the Actuary having regard to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees.

(e) Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on availment of encashment of such accrued benefit or where the availment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

i. Foreign currency translation

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expenses in the Statement of Profit and Loss.

Monetary assets and liabilities in foreign currencies as at the year end are valued at closing-date rates, and unrealised translation differences are included in the Statement of Profit and Loss.

j. Taxes on income

Income taxes include tax payable in respect of taxable income for the year, adjustment attributable to earlier periods and changes in deferred taxes. Valuation of all tax liabilities / receivables is conducted at nominal amounts and in accordance with enacted tax regulations and tax rates and in the case of deferred taxes, those that have been substantially enacted.

Deferred tax is calculated to correspond to the tax effect arising when final tax is determined. Deferred tax corresponds to the net effect of tax on all timing differences which occur as a result of items being allowed for income tax purposes during a period different from when they were recognised in the financial statements.

Deferred tax assets are recognised with regard to all deductible timing differences to the extent that it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the aggregate deferred tax asset to be utilised.

Principal Pnb Asset Management Company Private Limited
Notes forming part of the financial statements for the year ended March 31, 2015

k. Scheme Administration Expenses

Expenses of schemes of Principal Mutual Fund in excess of the stipulated rates are required to be borne by the Company, in accordance with the requirements of Securities and Exchange Board of India (Mutual Fund) Regulations, 1996, and as such, are charged to the Statement of Profit and Loss.

l. Provisions and contingencies

A provision is recognised when the Company has a present legal obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised, however adequate disclosure has been made for the same. A contingent asset is neither recognised nor disclosed.

m. Operating leases

Leases of assets whereby the lessor essentially remains the owner of the asset is classified as operating leases. The payments made by the Company as lessee in accordance with operational leasing contracts or rental agreements are expensed on a straight line basis during the lease or rental period respectively. Any compensation, according to agreement, that the lessee is obliged to pay to the lessor if the leasing contract is terminated prematurely is expensed during the period in which the contract is terminated.

Principal Pnb Asset Management Company Private Limited
Notes forming part of the Balance Sheet as at March 31, 2015

	March 31, 2015	March 31, 2014
	Rs.	Rs.
3. SHARE CAPITAL		
Authorised Shares	250,000,000	150,000,000
25,000,000 (31 March 2014: 15,000,000) equity shares of Rs. 10 each		
NIL (31 March 2014: 1,000,000) 10% cumulative redeemable preference shares of Rs. 100 each	-	100,000,000
	250,000,000	250,000,000
Issued, Subscribed and Fully Paid-up shares		
17,400,014 (31 March 2014: 12,400,010) equity shares of Rs. 10 each	174,000,140	124,000,100
Total Issued, Subscribed and Fully Paid-up share capital	174,000,140	124,000,100

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	March 31, 2015		March 31, 2014	
	No.	Rs.	No.	Rs.
At the beginning of the year	12,400,010	124,000,100	10,800,009	108,000,090
Issued during the year	5,000,004	50,000,040	1,600,001	16,000,010
Outstanding at the end of the year	17,400,014	174,000,140	12,400,010	124,000,100

b. Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation, the holders of equity shares will be entitled to receive remaining assets of the Company.

c. Shares held by Holding Company

Out of Equity Shares issued by the Company, shares held by its Holding Company are as below:

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Principal Financial Group (Mauritius) Ltd., the holding Company		
13,680,014 (March 31, 2014: 8,180,010) Equity Shares of Rs.10 each fully paid (including nominee shares)	136,800,140	81,800,100

d. Details of shareholders holding more than 5% shares in the Company

	March 31, 2015		March 31, 2014	
	No.	% holding in the class	No.	% holding in the class
Equity Shares of Rs.10 each fully paid				
Principal Financial Group (Mauritius) Ltd, the holding company				
(including nominee shares)	13,680,014	79%	8,180,010	66%
Punjab National Bank	3,720,000	21%	3,720,000	30%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents legal and beneficial ownerships of shares.

	March 31, 2015	March 31, 2014
	Rs.	Rs.
4. RESERVES AND SURPLUS		
Capital Redemption Reserve	60,000,000	60,000,000
Share Premium Account		
Balance as per last financial statements	676,000,230	492,000,115
Add: Premium on issue of equity shares	600,000,480	184,000,115
Closing Balance	1,276,000,710	676,000,230
General Reserve	71,313,027	71,313,027
Surplus / (Deficit) in the Statement of Profit & Loss		
Balance as per last financial statements	(734,987,514)	(589,555,763)
Loss for the year	(105,594,567)	(145,431,751)
Net Surplus / (Deficit) in the Statement of Profit & Loss	(840,582,081)	(734,987,514)
Total Reserves and Surplus	566,731,656	72,325,743

Principal Pnb Asset Management Company Private Limited
Notes forming part of the Balance Sheet as at March 31, 2015

	Non-Current		Current	
	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
5. PROVISIONS				
Provision for Employee Benefits				
Provision for gratuity	-	-	5,255,515	-
Provision for leave benefits	2,668,575	2,371,212	617,128	569,372
	<u>2,668,575</u>	<u>2,371,212</u>	<u>5,872,643</u>	<u>569,372</u>
			March 31, 2015	March 31, 2014
			Rs.	Rs.
6. CURRENT LIABILITIES				
Trade Payables (including acceptances)			(A) 25,013,468	21,086,293
(refer note 27 for details of dues to micro and small enterprises)				
Other Payables				
Service tax Payable			4,214,031	2,779,713
TDS Payable			27,191,632	21,847,538
PF Payable			1,960,906	1,663,989
Profession Tax Payable			21,917	7,167
Other Liabilities			35,629,122	22,613,623
			(B) 69,017,608	48,912,030
Total (A + B)			<u>94,031,076</u>	<u>69,998,323</u>

Principal Pnb Asset Management Company Private Limited
Notes forming part of the Balance Sheet as at March 31, 2015

7. TANGIBLE ASSETS

	Office Equipments	Furniture & Fixtures	Computers	Motor Cars	Leasehold Improvements	Electrical Installations	Total
Cost or Valuation							
As at March 31, 2013	12,830,453	2,183,319	36,237,543	2,080,453	841,369	74,679	54,247,816
Additions	999,886	50,959	3,490,481	2,984,775	-	-	7,526,101
Disposals	(1,304,954)	(236,610)	(4,141,798)	(2,080,453)	(779,894)	(59,464)	(8,603,173)
As at March 31, 2014	12,525,385	1,997,668	35,586,226	2,984,775	61,475	15,215	53,170,744
Additions	111,627	-	1,830,026	-	-	-	1,941,653
Disposals	(37,613)	(143,557)	(1,492,889)	-	-	-	(1,674,059)
As at March 31, 2015	12,599,399	1,854,111	35,923,363	2,984,775	61,475	15,215	53,438,338
Depreciation							
As at March 31, 2013	11,328,735	2,125,681	31,052,816	2,080,453	841,369	74,679	47,503,733
Additions	872,249	49,931	3,433,853	744,121	-	-	5,100,154
Disposals	(1,233,941)	(191,099)	(4,140,314)	(2,080,453)	(779,894)	(59,464)	(8,485,165)
As at March 31, 2014	10,967,043	1,984,513	30,346,355	744,121	61,475	15,215	44,118,722
Additions	843,885	13,155	3,269,872	746,194	-	-	4,873,106
Disposals	(37,613)	(143,557)	(1,492,889)	-	-	-	(1,674,059)
As at March 31, 2015	11,773,315	1,854,111	32,123,338	1,490,315	61,475	15,215	47,317,768
Net Block							
As at March 31, 2014	1,558,342	13,155	5,239,871	2,240,654	-	-	9,052,022
As at March 31, 2015	826,084	-	3,800,025	1,494,460	-	-	6,120,569

8. INTANGIBLE ASSETS

	Asset Management Rights	Computer Software	Total
Gross Block			
As at March 31, 2013	91,655,275	20,126,453	111,781,728
Additions	-	3,276,516	3,276,516
Disposals	-	-	-
As at March 31, 2014	91,655,275	23,402,969	115,058,244
Additions	-	2,359,560	2,359,560
Disposals	-	-	-
As at March 31, 2015	91,655,275	25,762,529	117,417,804
Amortisation			
As at March 31, 2013	76,442,614	18,035,538	94,478,152
Charge for the year	8,344,739	2,318,582	10,663,321
As at March 31, 2014	84,787,353	20,354,120	105,141,473
Charge for the year	943,935	2,303,003	3,246,938
As at March 31, 2015	85,731,288	22,657,123	108,388,411
Impairment Loss			
As at March 31, 2013	5,923,987	-	5,923,987
Charge for the year	-	-	-
Reversals for the year	-	-	-
As at March 31, 2014	5,923,987	-	5,923,987
Charge for the year	-	-	-
Reversals for the year	-	-	-
As at March 31, 2015	5,923,987	-	5,923,987
Net Block			
As at March 31, 2014	943,935	3,048,849	3,992,784
As at March 31, 2015	-	3,105,406	3,105,406

Principal Pnb Asset Management Company Private Limited
Notes forming part of the Balance Sheet as at March 31, 2015

	March 31, 2015 Rs.	March 31, 2014 Rs.
9 A. NON - CURRENT INVESTMENTS		
Non Current Investments (valued at cost unless stated otherwise)		
Unquoted Mutual Funds		
101,394.046 units (March 31, 2014: Nil) of Rs.10.21 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Index Fund-Mid Cap-Direct-Growth	1,035,000	-
136,462.88 units (March 31, 2014: Nil) of Rs.36.64 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Dividend Yield Fund -Direct Plan -Growth	5,000,000	-
75,483.092 units (March 31, 2014: Nil) of Rs.66.24 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Emerging Blue ChipFund -Direct Plan -Growth	5,000,000	-
2,282.84 units (March 31, 2014: Nil) of Rs.2,190.25 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Debt Opportunities Fund Conservative Plan-Direct Plan -Growth	5,000,000	-
178.79 units (March 31, 2014: Nil) of Rs.2,129.82 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Debt Opportunities Fund Corporate Bond Plan-Direct Plan -Growth	380,789	-
53,078.556 units (March 31, 2014: Nil) of Rs.94.2 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Growth Fund -Direct Plan-Growth	5,000,000	-
181,346.68 units (March 31, 2014: Nil) of Rs.27.57 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Government Securities Fund-direct Plan-Growth	5,000,000	-
107,864.05 units (March 31, 2014: Nil) of Rs.21.99 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Global Opportunities Fund-Direct Plan-Growth	2,371,402	-
209,885.61 units (March 31, 2014: Nil) of Rs.23.82 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Income Fund Long Term Plan -Direct Plan-Growth	5,000,000	-
205,202.29 units (March 31, 2014: Nil) of Rs.24.37 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Income Fund Short Term Plan-Direct Plan -Growth	5,000,000	-
108,271.98 units (March 31, 2014: Nil) of Rs.46.18 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Large CapFund -Direct Plan - Growth	5,000,000	-
3,742.56 units (March 31, 2014: Nil) of Rs.1,335.98 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Cash Management Fund -Direct Plan -Growth	5,000,000	-
95,628.622 units (March 31, 2014: Nil) of Rs.28.14 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Debt Savnig Plan -Direct Plan MIP-Growth	2,691,305	-
966.029 units (March 31, 2014: Nil) of Rs.1552.75 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Retail Money Manager Fund-Direct Plan-Growth	1,500,000	-
466.05 units (March 31, 2014: Nil) of Rs.1553.13 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Retail Money Manager Fund-Direct Plan-Growth	723,839	-
104,585.712 units (March 31, 2014: Nil) of Rs.24.42 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Debt Savings Fund Retail -Direct Plan -Growth	2,553,502	-
2,825.54 units (March 31, 2014: Nil) of Rs.1769.57 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Bank CD Fund-Direct -Growth	5,000,000	-
302,663.44 units (March 31, 2014: Nil) of Rs.16.52 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Smart Equity Fund -Direct Plan-Growth	5,000,000	-
33,970.78 units (March 31, 2014: Nil) of Rs.50.34 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Balance Fund -Direct Plan-Growth	1,710,089	-
32,860.15 units (March 31, 2014: Nil) of Rs.152.16 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Personal Tax Saver Fund-Direct Plan-Growth	5,000,000	-
36,030.84 units (March 31, 2014: Nil) of Rs.138.77 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Tax Saving Fund-Direct Plan -Growth	5,000,000	-
15,234.93 units (March 31, 2014: Nil) of Rs.57.54 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Index Fund Nifty-Direct Plan -Growth	876,572	-
Investment in Equities		
500,000 units (March 31, 2014: Nil) of Rs.1.00 (March 31, 2014: Rs.Nil) each fully paid-up of MF utilities India Pvt Ltd	500,000	-
	79,342,498	-
Aggregate amount of unquoted investments (Market Value Rs.81,407,212.55 (March 31, 2014: Nil))	79,342,498	-
9 B. CURRENT INVESTMENTS		
Current Investments (valued at lower of cost and fair value, unless stated otherwise)		
Unquoted Mutual Funds		
3,740.90 units (March 31, 2014: 110,547.89) of Rs.1,361.22 (March 31, 2014: Rs.1,211.54) each fully paid-up of Principal Cash Management Fund - Direct - Growth Plan	5,068,764	133,933,646
268,992.134 units (March 31, 2014: Nil) of Rs.2236.21 (March 31, 2014: Rs.Nil) each fully paid-up of Principal Debt Opp Fund Cons Plan-Direct-Gwth	600,000,000	-
	605,068,764	133,933,646
Aggregate amount of unquoted investments (Market Value Rs.606,614,340.8 (March 31, 2014: 137,950,498.5))	605,068,764	133,933,646

Principal Pnb Asset Management Company Private Limited
Notes forming part of the Balance Sheet as at March 31, 2015

	Non-Current		Current	
	March 31, 2015 Rs.	March 31, 2014 Rs.	March 31, 2015 Rs.	March 31, 2014 Rs.
10. LOANS AND ADVANCES				
Capital Advances				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	42,563	16,515
(A)	<u>-</u>	<u>-</u>	<u>42,563</u>	<u>16,515</u>
Security Deposit				
Secured, considered good	-	-	-	-
Unsecured, considered good	37,075,337	30,924,378	-	-
Doubtful	145,136	-	-	-
	<u>37,220,473</u>	<u>30,924,378</u>	<u>-</u>	<u>-</u>
Provision for Doubtful Security Deposit	145,136	-	-	-
(B)	<u>37,075,337</u>	<u>30,924,378</u>	<u>-</u>	<u>-</u>
Advances recoverable in cash or kind				
Secured, considered good	-	-	-	-
Unsecured, considered good	5,824,165	-	12,340,606	11,235,409
Doubtful	-	-	1,162,776	1,170,776
	<u>5,824,165</u>	<u>-</u>	<u>13,503,383</u>	<u>12,406,185</u>
Provision for doubtful advances	-	-	1,162,776	1,170,776
(C)	<u>5,824,165</u>	<u>-</u>	<u>12,340,607</u>	<u>11,235,409</u>
Other Loans and Advances				
Advance Income Tax (net of provision for taxation)	-	-	44,591,143	40,874,057
Advance Fringe Benefit Tax (net of provision for taxation)	-	-	-	331,099
Prepaid Expenses	20,400	646,212	6,407,336	8,213,861
Loans to Employees	-	-	63,046	142,270
Doubtful	-	-	331,099	-
	<u>20,400</u>	<u>646,212</u>	<u>51,392,624</u>	<u>49,561,287</u>
Provision for doubtful Fringe Benefit Tax	-	-	331,099	-
(D)	<u>20,400</u>	<u>646,212</u>	<u>51,061,525</u>	<u>49,561,287</u>
Total (A+B+C+D)	<u><u>42,919,902</u></u>	<u><u>31,570,590</u></u>	<u><u>63,444,694</u></u>	<u><u>60,813,211</u></u>
11. TRADE RECEIVABLES				
Trade Receivables				
Outstanding for a period less than six months from the date they are due for payment				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	38,328,052	25,264,863
Doubtful	-	-	-	-
	<u>-</u>	<u>-</u>	<u>38,328,052</u>	<u>25,264,863</u>
Provision for doubtful receivables	-	-	-	-
	<u>-</u>	<u>-</u>	<u>38,328,052</u>	<u>25,264,863</u>
12. CASH AND BANK BALANCES				
Cash and cash equivalents				
Balances with Banks				
On current accounts	-	-	4,123,181	3,077,304
Cash on hand	-	-	11,133	23,879
	<u>-</u>	<u>-</u>	<u>4,134,314</u>	<u>3,101,183</u>

Principal Pnb Asset Management Company Private Limited
Notes forming part of the Profit and Loss Account for the year ended March 31, 2015

	Year ended March 31, 2015 Rs.	Year ended March 31, 2014 Rs.
13. INCOME FROM OPERATIONS		
Details of Services Rendered		
Fees from Mutual Fund Operations	339,843,986	289,499,660
	<u>339,843,986</u>	<u>289,499,660</u>
14. OTHER INCOME		
Interest income	9,441	10,175
Net Gain on Sale of Current Investments	28,552,848	13,718,530
Profit on sale of fixed assets (net)	52,000	738,437
	<u>28,614,289</u>	<u>14,467,142</u>
15. EMPLOYEE COST		
Salary, bonus and allowances	267,883,497	234,671,343
Contribution to Provident and Other Funds	18,712,156	13,269,677
Welfare Expenses	5,200,334	5,676,384
	<u>291,795,987</u>	<u>253,617,404</u>
16. ADMINISTRATIVE AND OTHER EXPENSES		
Rent	40,386,326	52,424,889
Electricity	4,874,748	4,461,821
Repairs and Maintenance		
Office Equipments	1,003,315	996,240
Others	25,166,623	26,587,866
Travel and Entertainment	26,068,044	25,748,488
Admin and Office Support	6,554,719	7,122,080
Legal and Professional Fees	11,276,514	9,779,575
Auditors' Remuneration: (net of service tax)		
Audit Fees	500,000	400,000
For Tax Audit	150,000	100,000
Out of Pocket Expenses	22,385	13,469
Computer Expenses	6,105,645	7,150,070
Telecommunication Expenses	7,994,033	6,716,654
Subscription to Databases, Books & Periodicals	14,323,496	13,401,132
Printing, Stationery, Postage and Courier	1,530,882	1,528,796
Advertisement and Publicity	45,765	2,596,140
Membership/Registration fees	746,318	842,305
Scheme Administration Expenses	10,618,774	6,875,517
Insurance Expenses	1,028,069	582,190
Rates and Taxes	678,941	226,541
SEBI Filing Fees	871,219	2,457,981
Miscellaneous Expenses	14,190,996	10,005,921
	<u>174,136,812</u>	<u>180,017,675</u>
17. DEPRECIATION AND AMORTISATION		
Depreciation of Tangible Assets	4,873,105	5,100,153
Amortisation of Intangible Assets	3,246,938	10,663,321
	<u>8,120,043</u>	<u>15,763,474</u>

Principal Pnb Asset Management Company Private Limited
Notes forming part of the financial statements for the year ended March 31, 2015

18. Managerial Remuneration

(a) Director's Remuneration: -

(Amount in Rs.)

Particulars	2014-2015	2013-2014
Salaries and allowances (including amount recovered from Principal International Inc.)	20,609,225	18,303,570
Contribution to Provident and Other Funds	960,005	748,192
Perquisites	1,017,342	68,172
Total	22,586,572	19,119,934

Notes:

- Provision for Gratuity and Compensated Absences is made in aggregate for the Company as a whole and the component attributable to the Director's remuneration is not separately identifiable and has therefore not been included above.

(b) Miscellaneous expenses include: -

(Amount in Rs.)

Particulars	2014-2015	2013-2014
Sitting Fees paid to Directors	904,800	402,400

The above amounts do not include reimbursement of expenses paid to directors.

19. Expenditure in foreign currency: -

(Amount in Rs.)

Particulars	2014-2015	2013-2014
Travel Expenses	17,903	16,048
Professional Charges	Nil	744,894
Software Maintenance/E-Communication	3,202,576	3,665,752
Information/Wire-Service Expenses	2,288,604	4,292,215
Training Expenses	1,967,869	2,941,250
Total	7,476,952	11,660,159

20. Foreign Currency Exposures:

The year end foreign currency exposures that were not hedged by derivative instruments or otherwise are given below:

Particulars	2014-2015		2013-2014	
	Rs.	USD	Rs.	USD
Liability for Stock Purchase Plan	2,938,167	46,942	1,302,511	21,676
Information/Wire-Service Expenses	3,755,448	60,000	3,605,400	60,000
Software Maintenance/E Communication	112,663	1,800	448,151	7,458

Principal Pnb Asset Management Company Private Limited
Notes forming part of the financial statements for the year ended March 31, 2015

21. Related Party Disclosures:-

Disclosure as required by Accounting Standard (AS) - 18 "Related Party Disclosures".

A. Names of the related parties and their relationship with the Company:

Nature of Relationship	Name of the related party
Ultimate Holding Company	Principal Financial Group, Inc
Holding Company of Principal Financial Group (Mauritius) Limited	Principal Financial Services, Inc
Subsidiary of Principal Financial Services, Inc	Principal International, Inc
Holding Company	Principal Financial Group (Mauritius) Limited
Substantive Shareholder	Punjab National Bank
Fellow Subsidiaries	Principal Trustee Company Private Limited Principal Retirement Advisors Private Limited
Key Management Personnel	Mr. Rajan Ghotgalkar, Managing Director (upto Oct 31,2014) Mr. Lalit Vij, Managing Director (from Nov 01,2014 till date) Mr. Rajat Jain, Alternate Director (upto Oct 14, 2014)

Additional Related parties as per the Companies Act, 2013 with whom transactions have taken place during the year

Nature of Relationship	Name of the related party
Company Secretary	Mr. Pratik Shah (upto Sept 26, 2014)

B. Transaction with Related Parties

(Amount in Rs.)

Name of the related party	Particulars	2014-2015	2013-2014
Principal International, Inc.	Recovery of Employee Cost	-	3,464,457
	Reimbursement of Professional Charges	-	634,694
Principal Financial Group (Mauritius) Ltd	Subscription to Share Capital	650,000,520	140,000,125
	Closing Balance of Shares Subscribed	136,800,140	81,800,100
Principal Retirement Advisors Private Limited	Net Recovery relating to sharing of common expenses	3,534,196	3,457,963

Principal Pnb Asset Management Company Private Limited
Notes forming part of the financial statements for the year ended March 31, 2015

Name of the related party	Particulars	2014-2015	2013-2014
	Payments relating to sharing of common infrastructure	15,913,118	17,863,237
	Recovery Relating to sharing of deposit for premises	2,820,460	Nil
	Balance Receivable/(Payable) as on March 31, 2015	(1,721,789)	(1,295,278)
Mr. Rajan Ghotgalkar*	Remuneration Paid	9,925,894	19,119,934
Mr. Lalit Vij*		8,187,678	Nil
Mr. Rajat Jain*		4,473,000	10,618,798
Mr. Pratik Shah*		497,690	1,057,448

* For Part of the year in 2014-15

Transactions in the normal course of banking business with Punjab National Bank have not been considered for reporting related party transactions.

22. The Company has not recognised deferred tax asset on account of prudence.
23. **Earnings Per Share (EPS):**

The earnings per equity share is calculated as stated below: -

(Amount in Rs.)

Particulars	2014-2015	2013-2014
Net Profit / (Loss) after tax for calculation of Basic/Diluted EPS	(105,594,567)	(145,431,751)
Weighted average numbers of equity shares (Nos.)	13,920,559	12,400,010
Basic and Diluted EPS	(7.59)	(11.73)
Nominal value per share	10.00	10.00

24. The employees of the Company are offered an Employee Stock Purchase Plan (Plan) by Principal Financial Group Inc. USA (PFG), the ultimate holding company. Contributions received from the employees are held by the Company, for onward remittance to PFG. Contributions received as at the year end Rs. 2,938,167 (Previous Year Rs. 1,302,511) have been included as part of "Other Liabilities".
25. Miscellaneous expenses include foreign currency exchange loss (net) of Rs. 149,931 (Previous Year - (net) of Rs. 551,717).
26. Expenses are net of recoveries / reimbursements, and include share of expenses, wherever services / facilities are shared with other entities.
27. Dues to micro, small and medium enterprises: There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises. For the year ended March 31,

Principal Pnb Asset Management Company Private Limited
Notes forming part of the financial statements for the year ended March 31, 2015

2015, no supplier has intimated the Company about its status as micro and small enterprises or its registration with the appropriate authority under 'MSMED'.

28. Employee Benefit Obligations

Defined-Contribution Plans

The Company makes a contribution towards recognised provident fund and family pension fund for substantially all the qualifying employees. Contributions are paid during the year into separate funds under certain statutory arrangements. The employees and the Company pay predetermined contributions into the provident fund and family pension fund which is based on specified percentage of the employees' salary.

A sum of Rs. 11,131,498 (Previous Year Rs. 10,179,041) has been charged to the Statement of Profit and Loss in this respect.

Defined-Benefits Plans

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are typically based either on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers all regular employees of the Company. The Company contributes funds to the Life Insurance Corporation of India. Commitments are actuarially determined at year-end. In accordance with the revised Accounting Standard, (AS) 15 on "Employee Benefits", actuarial valuation is done based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to Statement of the profit and loss.

The actuarial calculations used to estimate defined benefit commitments and expenses are based on the following assumptions which if changed, would affect the defined benefit commitment's size, funding requirements and pension expense.

Actuarial Assumptions	2014-2015	2013-2014
Discount rate	7.92%	9.35%
Expected rate of return on assets	7.92%	9.35%
Salary increase rate	5.00%	5.00%

The estimates of future salary increases, considered in the actuarial valuation, take into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

A sum of Rs. 7,580,658 (Previous Year Rs. 3,090,636) has been charged to the Statement of Profit and Loss in this respect.

Compensated Absences

The Company has treated the earned leave which can be carried forward to future periods as a "short term" benefit only if the employees are entitled to either encash or utilise the benefits during the period of twelve months following the end of the accounting period (when they became entitled to the leave) and are also expected to do so. In other cases the benefit has been treated as "long term".

A sum of Rs. 710,100 has been provided for in the current year (Previous Year Rs. 148,662 has been written back) to the Statement of Profit and Loss in this respect.

Principal Pnb Asset Management Company Private Limited
Notes forming part of the financial statements for the year ended March 31, 2015

29. The figures in respect of the previous year have been regrouped / rearranged, wherever necessary to make them comparable.

For S. V. Ghatalia & Associates LLP

ICAI Firm Registration No. 103162W
Chartered Accountants

Sd/-
per Hormuz Master
Partner
Membership No.110797

Mumbai, August 18, 2015

For and on behalf of the Board of

Principal Pnb Asset Management Company Private Limited

Sd/-
M. M. Chitale
Chairman

Sd/-
Lalit Vij
Managing Director

Sd/-
Niyati Shah
Company Secretary

Mumbai, August 18, 2015