

**PRINCIPAL CASH MANAGEMENT FUND – ABRIDGED ANNUAL REPORT FOR 2014-15**

**INDEPENDENT AUDITORS' REPORT**

**TO THE TRUSTEE OF PRINCIPAL MUTUAL FUND**

**Report on the Financial Statements**

We have audited the accompanying financial statements of the schemes mentioned below (collectively "the Schemes") of the Principal Mutual Fund, which comprise the respective Balance Sheet as at March 31, 2015, the Revenue Account, Cash Flow Statements for the year/period then ended and a summary of significant accounting policies and other explanatory information.

- Principal Growth Fund • Principal Index Fund - Nifty • Principal Large Cap Fund • Principal Dividend Yield Fund • Principal Emerging Bluechip Fund • Principal Personal Tax Saver Fund • Principal Smart Equity Fund • Principal Tax Savings Fund • Principal Global Opportunities Fund • Principal Debt Opportunities Fund - Conservative Plan • Principal Debt Opportunities Fund - Corporate Bond Plan • Principal Government Securities Fund • Principal Income Fund - Long Term Plan • Principal Bank CD Fund • Principal Income Fund - Short Term Plan • Principal Debt Savings Fund - MIP • Principal Debt Savings Fund - Retail Plan • Principal Balanced Fund • Principal Cash Management Fund • Principal Retail Money Manager Fund • Principal PNB Fixed Maturity Plan - Series B2 • Principal PNB Fixed Maturity Plan - Series B5 • Principal PNB Fixed Maturity Plan - Series B10 • Principal PNB Fixed Maturity Plan - Series B13 • Principal PNB Fixed Maturity Plan - Series B14 • Principal PNB Fixed Maturity Plan - Series B15 • Principal PNB Fixed Maturity Plan - Series B16 • Principal Index Fund - Midcap • Principal PNB Fixed Maturity Plan - Series B17

**Management's Responsibility for the Financial Statements**

The Trustee of Principal Mutual Fund and Principal Pnb Asset Management Company Private Limited, the Schemes Investment Manager are responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Schemes in accordance with the accounting principles generally accepted in India, including the accounting policies as specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto ("the Regulations"). This responsibility also includes the design, implementation and maintenance of adequate internal financial controls and ensuring their operating effectiveness and the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements of the Schemes that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 auditors' 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 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 Principal Mutual Fund has in place an adequate internal financial controls system over financial reporting and operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 aforesaid financial statements give the information required by the Regulations as applicable 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 Schemes as at 31st March, 2015, its surplus and its cash flow of the respective Schemes for the year/period ended on that date.

**Report on Other Legal and Regulatory Requirements**

As required under the Regulations, we report that:

1. 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;
2. The respective Balance Sheet, Revenue Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account of the Schemes;
3. In our opinion, the respective Balance Sheet, Revenue Account and Cash Flow Statements dealt with by this report have been prepared in accordance with the accounting policies and standards as specified in Ninth Schedule of the Regulations.
4. The methods used to value non traded securities (as explained in II(3) of Schedule 9), as determined by Principal Pnb Asset Management Company Private Limited and as approved by the Trustee of Principal Mutual Fund are in good faith and in accordance with the guidelines for valuation of securities for mutual funds as mentioned in the Eighth Schedule of the Regulations issued by the Securities and Exchange Board of India, and are fair and reasonable.

For **Haribhakti & Co. LLP**  
Chartered Accountants  
Firm Registration No. 103523W  
Sd/-  
**Chetan Desai**  
Partner  
Membership No. 17000

Place : Mumbai  
Date : April 24, 2015

**TRUSTEE REPORT**

To the Unitholders,

Directors of Principal Trustee Company Private Limited have the pleasure in presenting the Twenty First Annual Report along with the audited financial statements of the Schemes of Principal Mutual Fund for the Financial Year 2014-2015.

**1. Scheme Performance, Future Outlook and Operations of the Scheme :**

**Performance as on March 31, 2015:**

**Principal Cash Management Fund (An Open Ended Liquid Scheme)**

Period	Date	Regular Plan <sup>^</sup>		Direct Plan <sup>^#</sup>	
		Returns (%)	Crisil Liquid Fund Index (%)	Returns (%)	Crisil Liquid Fund Index (%)
Last 1 Year	28-Mar-14	9.01	8.98	9.09	8.98
Last 3 Years	30-Mar-12	9.22	8.89	N.A.	N.A.
Last 5 Years	31-Mar-10	8.68	8.26	N.A.	N.A.
Since Inception	30-Aug-04	7.61	7.08	9.21	9.11

<sup>#</sup> Direct Plan - Since Inception - January 1, 2013. <sup>^</sup> Growth Option

Past performance may or may not be sustained in the future

**Note: Returns less than one year are calculated on absolute basis and returns for more than one year are calculated on Compounded Annualised basis.**

During the Financial Year 2014-15, the Regular and Direct Plans under the Scheme outperformed its benchmark. This was mainly due to judicious mix of cash management through prudent Asset Liability management, mix of higher yielding commercial papers and effective management of mark to market portion of the fund.

The net assets of the Scheme accounted to ₹ 1551.99 Crores as at March 31, 2015 as compared to ₹ 1081.44 Crores as at March 31, 2014.

**Outlook and Operations of the Scheme:**

**a. Equity Market:** While the economy through FY15 generally remained weak, there are some signs of a pick up. The sales of Commercial Vehicles, esp. Heavy CVs has shown an uptick in the past few months. Toll road operators say that traffic flow has picked up meaningfully on some stretches, not only in areas where mining is restarting, but even otherwise. There have been initial moves towards transmission of lower interest rates by the banks. However, it is key that the strength of corporate balance sheets improve as that is a necessary condition for a strong recovery in the capital expenditure cycle. We have seen some signs of that with asset sales in the infrastructure space. Globally, the picture is mixed. The key event to watch out for would be the Fed raising rates and the markets' reaction to that as that can impact flows into EMS. Incrementally, stock markets in developed markets are doing better than those in EMS. However, India in some ways is better placed, as while the macros have improved, the markets now expect the micro (i.e. the company level) picture also to improve. This is not true of most EMS, which should benefit India as far as relative fund flows are concerned.

**b. Debt Market:** The key drivers for debt market in FY 2015-16 would be the RBI monetary policy stance, CPI Inflation trajectory, Banking system liquidity conditions and demand supply dynamics for Government Securities (G-Sec). RBI is expected to keep CPI inflation as the nominal anchor of monetary policy. If the trajectory of CPI inflation is in line with RBI projections (4% by Aug 15, and 5.8% by Mar 16), then we may see further rate cuts this year. Global crude oil prices would continue to remain an important indicator in terms of fuel inflation, oil import growth and subsidy bill of government. Any fall in prices to below US\$50 per barrel on account of global growth concerns would be positive for debt market. Banking system liquidity is expected to remain in deficit mode in FY16 as well. Most of the deficit, though, would be financed through Term repo like FY15.

The supply of G-Sec in the first half of FY 2015-16 is 60% of the total dated G-sec borrowing programme of ₹ 6.00 lakh crores (in turn higher than ₹ 5.92 Lac Cr of FY 2014-15). The government plans to conduct buyback (swap) of short tenor G-sec and issue fresh long dated G-sec of an equivalent amount this year as well, which may put pressure on long term G-Sec yields. The broad range for 10 year benchmark for financial year 2015-16 is likely to be 7.00%-8.00%.

**Operations:** Principal Mutual Fund (PMF) as at March 31, 2015 offers twenty nine Schemes.

These include nine Equity Schemes (including two Equity Linked Savings Schemes), one Balanced Scheme, one Hybrid Scheme, one Fund of Fund Scheme (Overseas), nine Debt Schemes/ Plans including one Liquid Scheme, and eight Fixed Maturity Plans. The total assets under management across all these Schemes as on March 31, 2015 was ₹ 5027.22 Crore.

The AMC operates out of 11 branches, including Mumbai. Increased use of technology coupled with optimum allocation and utilization of resources has helped us to enhance operational efficiency at PMF. During the year, SEBI has introduced significant changes to the MF regulations which has impacted the industry as a whole. PMF has continued to modify its processes, wherever required, to remain compliant with the said regulations at all times.

**Brief background of Sponsors, Trust, Trustee Co. and AMC Co.**

**a. Sponsor:** Principal Mutual Fund is sponsored by Principal Financial Services Inc., USA [acting through its wholly owned subsidiary Principal Financial Group (Mauritius) Ltd.]. Established in 1879, the Principal Financial Group has more than \$519.3 billion in assets under management and serves over 19.6 million customers worldwide through operations in the United States, Asia, Australia, Europe, Latin America and North America (as on December 31, 2014). The business of Principal Financial Group (Mauritius) Limited, is to carry out business activities which are not prohibited under the Laws of Mauritius and the laws of the countries where the Company is transacting business and to do all such things as are incidental or conducive to the attainment of the above objects. The Sponsor is the Settlor of the Mutual Fund Trust with Punjab National Bank as co-settlor. Punjab National Bank (PNB) is a Scheduled Commercial Bank. PNB has a network of over 6,000 branches throughout India and offers a wide variety of banking services.

**b. Constitution of the Mutual Fund:** Principal Mutual Fund (formerly known as IDBI-PRINCIPAL Mutual Fund and herein referred to as the "Mutual Fund") has been constituted as a trust on November 25, 1994 in accordance with the provision of the Indian Trusts Act, 1882 (2 of 1882).

On March 31, 2000, Principal Financial Services Inc., USA, became the deemed sponsor (along with the IDBI) by acquiring 50% stake in IDBI-PRINCIPAL Asset Management Company Limited, where after and pursuant to the SEBI letter dated October 18, 2002 all rights, responsibilities and duties of the Board of Trustees were transferred in favour of IDBI-Principal Trustee Company Ltd. On June 23, 2003, Principal Financial Services Inc. USA became the sole sponsor by acquiring 100% stake in IDBI-PRINCIPAL Asset Management Company Limited, through its wholly owned subsidiary Principal Financial Group (Mauritius) Limited (Principal Mauritius). Principal Mauritius thus became the sole settlor of the Fund and the name of the Trustee Company and of the Asset Management Company was changed respectively to Principal Trustee Company Pvt. Ltd. and Principal Asset Management Company Private Limited to reflect the change in ownership. In tune with the industry standards and practices, Principal Mauritius, the Settlor, maintains a corpus of ₹ 25 lakh in the Trust in place of the original contribution of ₹ 1 lakh and additional contribution of ₹ 24.99 crore vide execution of a supplemental trust deed dated April 16, 2004. On May 5, 2004, Punjab National Bank (PNB) and Vijaya Bank (VB) became equity shareholders and they hold equity shares to the extent of 30% and 5% of the equity capital of Principal Trustee Company Private Limited and 30% and 4.03% of the equity capital of Principal Pnb Asset Management Company Private Limited (earlier name - Principal Asset Management Company Private Limited).

On June 27, 2014, Principal Mauritius acquired Vijaya Bank's 4.03% and 5% stake respectively in Principal Pnb Asset Management Company Private Limited and Principal Trustee Company Private Limited. Pursuant to this change, Principal Mauritius and Punjab National Bank hold 70% and 30% rights, title, interest and obligations respectively as co-settlers to Principal Mutual Fund. Further, on December 11, 2014, an offer of Rights Entitlement under the Rights Issue of equity shares was made to both the existing shareholders namely Principal Mauritius and Punjab National Bank. However, Punjab National Bank decided to renounce its rights in favor of Principal Mauritius. Principal Mauritius has subscribed to all the equity shares issued under the said Rights Issue. Accordingly, Principal Mauritius and Punjab National Bank hold 78.6% and 21.4% % rights, title, interest and obligations respectively as co-settlers to Principal Mutual Fund.

**c. Principal Trustee Company Private Limited ("the Trustee"):** The Trustee is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the Unitholders. The Trustee has been discharging its duties and carrying out its responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed. The Trustee seeks to ensure that the Fund and the Schemes floated there under are managed by the AMC in accordance with the Trust Deed, the Regulations, directions and guidelines issued by the SEBI, the Association of Mutual Funds in India and other regulatory agencies.

d. **Asset Management Company (AMC):** Principal Pnb Asset Management Company Private Limited (AMC) is a private limited company incorporated under the Companies Act, 1956 on November 20, 1991 having its Registered Office at Exchange Plaza, 'B' Wing, Ground Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, India. Principal Pnb Asset Management Company Private Limited has been appointed as the Asset Management Company of the Principal Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated November 25, 1994 executed between Trustee and AMC. The AMC has also been registered as a Portfolio Manager under the provisions of SEBI (Portfolio Manager) Regulations, 1993 vide SEBI Registration no. INP00000951. Further, the AMC has obtained No Objection from SEBI for undertaking activities which are in the nature of advisory services to offshore funds, venture capital funds, financial consultancy and exchange of research pertaining to securities. The present share holding pattern of the AMC is as follows:

Name of the Shareholder	% of equity capital
Principal Financial Group (Mauritius) Limited	78.62
Punjab National Bank	21.38

2. **Liabilities and Responsibilities of Trustee and Settlor**

The key responsibility of the Trustee is to safeguard the interest of the Unit holders and inter-alia ensure that Principal Pnb Asset Management Company Private Limited functions in the interest of investors and as laid down under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, the provisions of the Investment Management Agreement, Statement of Additional Information and Scheme Information Document of the respective Schemes. From the information provided to the Trustees and the reviews the Trustee has undertaken, the Trustee believes Principal AMC has operated in the interests of the Unit holders.

The Sponsor and any of its associates including co-settlers is not responsible or liable for any loss resulting from the operations of the Mutual Fund beyond the initial contribution of an amount of ₹ 25 lakhs towards setting up of Principal Mutual Fund.

3. **Investment Objective:**

The investment objective of the Scheme is to provide investors with as high a level of income available from short-term investments as is considered consistent with preservation of capital and maintenance of liquidity, by investing in a portfolio of money market and investment grade debt instruments.

The Scheme will invest its assets in a portfolio of money market instruments. The investments will be in securities, which the Investment Manager believes present minimal liquidity and/or credit risks.

4. **Significant Accounting Policies:**

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Scheme. Accounting policies are in accordance with Securities Exchange Board of India (Mutual Fund) Regulations, 1996.

5. **Unclaimed Dividends & Redemptions for the financial year 2014-2015:**

Scheme	Unclaimed Dividends		Unclaimed Redemptions	
	Amount (₹ in Lacs)	No. of Investors	Amount (₹ in Lacs)	No. of Investors
Principal Cash Management Fund	0.11	44	0.63	87

6. **Investor Grievances:**

The data on Investor Grievance as per the SEBI prescribed is enclosed herewith as Annexure I (Refer page 4).

7. **General Policies & Procedures for exercising the voting rights & Exercise of Proxy Votes:**

a. As per the requirements of the SEBI Circular No. SEBI/IMD/CIR No. 18/198647/2010 dated March 15, 2010 and SEBI Circular No. CIR/IMD/DF/05/2014 dated March 24, 2014 the General policies and procedures for exercising voting rights in respect of the shares held by the Schemes of Principal Mutual Fund; has been hosted on our website - www.principalindia.com.

b. During the FY 2014-2015, the proxy voting was exercised by Principal Pnb Asset Management Company Private Limited for and on behalf of Principal Mutual Fund ('the Fund'). The summary of proxy votes cast by Principal Mutual Fund/AMC across all the investee companies is as follows:

Summary of Votes cast during the F.Y. 2014-2015					
F.Y.	Quarter	Total no. of resolutions	Break-up of Vote decision		
			For	Against	Abstained
2014-2015	April - June	264	234	30	NIL
2014-2015	July - September	2150	1763	363	24
2014-2015	October - December	96	84	12	NIL
2014-2015	January - March	191	151	37	3

For complete voting details for the period 2014-15, unit holders can log on to the website (www.principalindia.com) of the Fund. Further the said details are also available in the Annual Report for the period 2014-2015. A copy thereof is available on the said website of the Fund and shall be sent / emailed to the unit holders free of cost on demand.

8. **Statutory Information:**

- The Sponsors/Co-Settlers are not responsible or liable for any loss resulting from the operations of the Schemes of Principal Mutual Fund beyond their initial contribution of an amount of ₹ 25 lakhs towards setting up Principal Mutual Fund, and such other accretions/ additions to the same;
- The price and redemption value of the units, and income from them, can go up as well down with fluctuations in the market value of its underlying investment;
- Full Annual Report shall be disclosed on the website www.principalindia.com and shall also be available for inspection at the Head Office of Principal Mutual Fund. Present and prospective unitholder can obtain copy of the trust deed, the full Annual Report of the Fund / AMC at a price.

**Acknowledgement:**

The Trustee wish to thank Securities and Exchange Board of India, Reserve Bank of India and Association of Mutual Funds in India for their support and direction. The Trustees also wish to thank all the Unitholders for their strong support.

For Principal Trustee Company Private Limited

Date : April 24, 2015

Place : Mumbai

Sd/-

V. S. Mathur

Chairman

ABRIDGED BALANCE SHEET AS AT MARCH 31, 2015

(₹ In Lacs)

	As at March 31, 2015	As at March 31, 2014
<b>LIABILITIES</b>		
Unit Capital	116,227.55	91,783.71
<b>Reserves &amp; Surplus</b>		
Unit Premium Reserves	112.16	11.14
Unrealised Appreciation Reserve	49.44	28.59
Other Reserves	38,809.55	16,320.84
<b>Loans &amp; Borrowings</b>	45,000.00	21,150.00
<b>Current Liabilities &amp; Provisions</b>		
Provision for doubtful Income/Deposits	-	-
Other Current Liabilities & Provisions	89.46	69.31
<b>TOTAL</b>	<b>200,288.16</b>	<b>129,363.59</b>
<b>ASSETS</b>		
<b>Investments</b>		
<b>Listed Securities:</b>		
Equity Shares	-	-
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures & Bonds	-	-
Securitized Debt securities	-	-
<b>Securities Awaited Listing:</b>		
Equity Shares	-	-
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures & Bonds	-	-
Securitized Debt securities	-	-
<b>Unlisted Securities</b>		
Equity Shares	-	-
Preference Shares	-	-
Equity Linked Debentures	-	-
Other Debentures & Bonds	-	-
Securitized Debt securities	-	-
<b>Government Securities</b>		
Treasury Bills	1,027.95	1,165.34
Commercial Paper	106,804.69	30,139.22
Certificate of Deposits	72,095.62	63,789.37
Bill Rediscounting	-	-
Units of Domestic Mutual Fund	-	-
Foreign Securities	-	-
<b>Total Investments</b>	<b>179,928.26</b>	<b>95,093.93</b>
<b>Deposits</b>	20,061.12	30,961.12
<b>Other Current Assets</b>		
Cash & Bank Balance	5.56	25.72
CBLO/ Reverse Repo Lending	227.02	3,038.84
Others	66.20	243.98
<b>Deferred Revenue Expenditure (to the extent not written off)</b>	-	-
<b>TOTAL</b>	<b>200,288.16</b>	<b>129,363.59</b>

Notes to Accounts – Annexure I

ABRIDGED REVENUE ACCOUNT FOR THE YEAR ENDED MARCH 31, 2015

(₹ In Lacs)

	Current Year ended March 31, 2015	Previous Year ended March 31, 2014
<b>INCOME</b>		
Dividend	-	-
Interest (Refer Note 6 of Notes to Accounts)	16,441.29	17,741.16
Realised Gain / (Loss) on Foreign Exchange Transactions	-	-
Realised Gains / (Losses) on Interscheme sale of investments	-	0.17
Realised Gains / (Losses) on External sale / redemption of investments	57.28	(72.02)
Realised Gains / (Losses) on Derivative Transactions	-	-
Other Income	(0.00)	-
	(A)	
	<b>16,498.57</b>	<b>17,669.31</b>
<b>EXPENSES</b>		
Management fees	108.12	65.67
Service tax on Management fees	13.36	8.12
Transfer agents fees and expenses	21.49	22.50
Custodian fees	7.35	8.22
Trusteeship fees	18.79	19.88
Commission to Agents	38.51	69.84
Marketing & Distribution expenses	0.57	2.42
Audit fees	0.09	0.08
Other operating expenses (Refer note 4 of Notes to Accounts)	60.30	45.77
	(B)	
	<b>268.58</b>	<b>242.50</b>
<b>NET REALISED GAINS / (LOSSES) FOR THE YEAR (A - B = C)</b>	<b>16,229.99</b>	<b>17,426.81</b>
Change in Unrealised Depreciation in value of investments (D)	23.96	0.23
<b>NET GAINS / (LOSSES) FOR THE YEAR (E=(C-D))</b>	<b>16,206.03</b>	<b>17,426.58</b>
Change in unrealised appreciation in the value of investments (F)	44.81	28.73
<b>NET SURPLUS / (DEFICIT) FOR THE YEAR (E + F = G)</b>	<b>16,250.84</b>	<b>17,455.31</b>
<b>Opening Balance</b>	<b>16,320.84</b>	<b>10,577.16</b>
Add: Balance transfer from Unrealised Appreciation Reserve	28.59	0.09
Less: Balance transfer to Unrealised Appreciation Reserve	49.44	28.59
Add / (Less): Equalisation	8,726.57	(8,609.26)
<b>Total (Including G)</b>	<b>41,277.40</b>	<b>19,394.71</b>
<b>Dividend appropriation</b>		
Income Distributed during the year	1,785.53	2,303.36
Tax on income distributed during the year	682.32	770.51
<b>Retained Surplus / (Deficit) carried forward to Balance sheet</b>	<b>38,809.55</b>	<b>16,320.84</b>

Notes to Accounts – Annexure I

NOTES TO ACCOUNTS

Annexure I to the Abridged Balance Sheet and Revenue Account for the Year Ended 31 March, 2015

1 Investments :-

- 1.1 Except Government Securities, CBLO's and Treasury Bills (which are held in the name of the Mutual Fund) all other investments of the scheme are registered in the name of Principal Trustee Company Pvt. Ltd. - Trustee to Principal Mutual Fund for the benefit of the Schemes unitholders.
- 1.2 There was no exposure to derivative products during the year ended March 31, 2015 & previous year ended March 31, 2014.
- 1.3 During the year ended March 31, 2015 the scheme has made investments in securities of the Associate / Group Companies of the Sponsor. Details of Aggregate Value of Investments made by the schemes of Principal Mutual Fund during the year ended March 31, 2015 is given in Annexure II.  
The above investments were considered sound before making investment. The AMC evaluated the same on merits and on arm's length basis and in accordance with the investment objectives of the respective Schemes.
- 1.4 There are no open position of securities borrowed and / or lent by the scheme as at March 31, 2015 and as at March 31, 2014.
- 1.5 Non Performing Assets as at March 31, 2015 is ₹ Nil (as at March 31, 2014 is ₹ Nil).
- 1.6 Aggregate value of Unrealised Gain / Loss as at the end of the Financial Year / Period, expressed as a percentage to Net Assets.

(₹ in Lacs)

Scheme	Year ended 31-March-2015		Year ended 31-March-2014	
	Unrealised Gain / (Loss)	% to Avg. Net Assets	Unrealised Gain / (Loss)	% to Avg. Net Assets
Principal Cash Management Fund	49.44	0.07	28.59	0.03

- 1.7 Aggregate Value of Purchase and Sale made during the year, expressed as a percentage of Average Daily Net Asset Value :

(₹ in Lacs)

	Purchases		Sales*	
	Amount	% of Avg. Net Assets	Amount	% of Avg. Net Assets
March 31, 2015	2,848,280.54	1,515.55	2,789,036.53	1,484.03
March 31, 2014	2,510,986.26	1,263.29	2,496,681.73	1,256.09

\* Sales includes redemptions / maturities

- 1.8 The Aggregate book value of Non-Traded / Thinly traded Debt Investments, which have been valued in good faith in accordance with the guidelines for valuation of securities of Mutual Fund issued by SEBI, expressed as percentage to Net Assets is given below :

(₹ in Lacs)

Scheme	Year ended 31-March-2015		Year ended 31-March-2014	
	Amount	% of Net Assets	Amount	% of Net Assets
Book Value	178,307.37	114.89	93,589.04	86.54
Market / Fair Value	178,900.32	115.27	93,928.58	86.85

- 2 As per the requirements of Regulation 25 (8) of SEBI Regulation 1996, the details of Payments made to Associates during the year is given in Annexure III.
- 3 As per the SEBI disclosure wide circular No. MFD/CIR No. 3/211/2001 dated April 30, 2001; The scheme does not have a single unitholder holding more than 25% of the NAV as on March 31, 2015.
- 4 Expenses are exclusive of Service Tax amount. The Service Tax amount has been included in Other Operating Expenses except for Service Tax on Management Fees which has been reported separately.
- 5 Investments in Pass Through Certificates (PTC) issued by IL&FS Trust Company Limited (ITCL) For A.Y. 2009-10 and 2010-11, the Income Tax Authorities had initiated proceedings for recovery of tax, in respect of income from investments made in Pass Through Certificates (PTCs) by some of the Schemes of Principal Mutual Fund (PMF) (viz. Principal Debt Opportunities Fund - Conservative Plan, Principal Debt Opportunities Fund - Corporate Bond Plan, Principal Income Fund - Long Term Plan, Principal Bank CD Fund, Principal Cash Management Fund, Principal Debt Savings Fund - MIP, Principal Debt Savings Fund - Retail Plan, Principal Balanced Fund, Principal Retail Money Manager Fund, Principal Personal Tax Saver Fund & Principal Income Fund - Short Term Plan) The said demand, raised originally on ITCL (as Trustees to Indian Corporate Loan Securitization Trust 2008 Series 33, Loan Receivable Trust April 2008, Indian Commercial Loan Trust Series II 2008, Indian Commercial Loan Trust Series III 2008 and India Commercial Loan Trust Series I 2010), was sought to be recovered from various Mutual Funds (being Beneficiaries of the Trusts) including PMF. PMF, through its Trustees filed Writ Petitions before the Bombay High Court and obtained necessary reliefs for stay of the demand till the adjudication of the appeal by the first Appellate Authority. During the year 2013-14, Order of the CIT (A) received by ITCL, granting deduction for payments made to Pass Through Certificate (PTC) holders by the Trusts as an allowable expense. Consequently the assessed income of the ITCL was substantially reduced and ITCL has subsequently filed appeals against the CIT (A) orders with the Income-tax Appellate Tribunal.
- 6 Details of movements in Unit Capital during the year is given in Annexure IV.
- 7 Previous year's figures have been regrouped and reclassified, wherever necessary, to make them comparable.
- 8 There was no Contingent Liability for the current financial year & previous financial year.

Annexure - II

Details of Investments made in Associates / Group Companies (₹ In Lacs)

LARSEN & TOUBRO LTD	Equity Shares	
	2014-2015	2013-2014
Schemes		
GROWTH	-	22.41
INDEX	34.14	33.42
LCAP	612.81	1,277.91
PTSF	701.17	1,421.50
SMART	121.86	262.91
TAX96	25.32	-
PBF	-	0.96
Aggregate Investments by all Schemes	1,495.30	3,019.11

SCHEME CODE LIST: • GROWTH - Principal Growth Fund • INDEX - Principal Index Fund - Nifty • LCAP - Principal Large Cap Fund • PBF - Principal Balanced Fund • PEBF - Principal Emerging Bluechip Fund • PTSF - Principal Personal Tax Saver Fund • SMART - Principal Smart Equity Fund • TAX96 - Principal Tax Savings Fund

Annexure - III

Commission Paid to Associates / Related Parties / Group Companies of Sponsor AMC

Name of the Associates	Nature of Association / Nature of Relation	Period covered	Business Given (₹ In Crores)	% of Business Given to total Business Received	Commission Paid (₹)	% of Commission paid to total Commission paid
Punjab National Bank	Company Holding 21.38% stake in the Investment Manager of the Schemes of the Fund	FY 2014-15	1,901.11	3.28%	480,599.71	10.21%
		FY 2013-14	932.71	1.61%	198,167.70	2.25%
PNB Gilts Ltd	Associate of Investment Manager	FY 2014-15	-	0.00%	0.00	0.00%
		FY 2013-14	-	0.00%	55,673.08	0.63%
Principal Retirement Advisors Pvt Ltd	Associate of Investment Manager	FY 2014-15	9.94	0.02%	5,218.46	0.11%
		FY 2013-14	0.40	0.00%	1,599.76	0.02%
Principal Consulting (India) Pvt Ltd	Associate of Investment Manager	FY 2014-15	-	0.00%	-	0.00%
		FY 2013-14	-	0.00%	1,763.06	0.02%

Note: Commission paid to associates has been disclosed on payment basis and business given indicates Gross Mobilisation (net of rejections, if any) during the corresponding period for which the commission paid has been disclosed.

Fees/Charges Paid to Associates / Related Parties / Group Companies of Sponsor AMC

Name of the Related Party	Nature of Transactions	For the year ended March 31, 2015 (₹)	Outstanding as at March 31, 2015 (₹)	For the year ended March 31, 2014 (₹)	Outstanding as at March 31, 2014 (₹)
Punjab National Bank	Bank Charges	120,025	-	134,876	-

Interest on Borrowings

(₹ In Lacs)

Related Party	Scheme	Amount Borrowed	Rate of Interest	Date of Borrowing	Date of Repayment	Nature of Borrowing	Interest for the Year ended March 31, 2015
Punjab National Bank	Principal Cash Management Fund	27,000.00	10.25%	31-Mar-15	06-Apr-15	Loan (Punjab National Bank)	7.58

Annexure – IV

Details of Movement in Unit Capital for the year ended 31 March, 2015

Scheme	Opening Balance *	Subscription *	Redemption *	Closing Balance *
Principal Cash Management Fund - Growth Option	4,574,882,783	99,029,136,024	97,562,962,670	6,041,056,137
Principal Cash Management Fund - Daily Dividend Option	1,841,983,346	33,789,442,122	35,425,614,830	205,810,638
Principal Cash Management Fund - Weekly Dividend Option	8,632,567	9,418,960	13,501,492	4,550,035
Principal Cash Management Fund - Monthly Dividend Option	15,529,987	37,169,228	17,507,668	35,191,547
Principal Cash Management Fund - Direct Growth Option	2,041,232,132	288,592,207,335	285,843,268,910	4,790,170,557
Principal Cash Management Fund - Direct Daily Dividend Option	680,757,827	29,406,290,222	29,549,067,651	537,980,398
Principal Cash Management Fund - Direct Weekly Dividend Option	13,188,611	5,459,045	13,088,247	5,559,409
Principal Cash Management Fund - Direct Monthly Dividend Option	2,164,147	6,179,336	5,907,069	2,436,414

- : indicates Nil \* Face Value is ₹ 10 per unit

KEY STATISTICS FOR THE YEAR ENDED 31 MARCH, 2015

PRINCIPAL CASH MANAGEMENT FUND

Particulars	Regular Plan								Direct Plan								
	Daily Dividend Option		Weekly Dividend Option		Monthly Dividend Option		Growth Option		Daily Dividend Option		Weekly Dividend Option		Monthly Dividend Option		Growth Option		
	March 31, 2015 (₹)	March 31, 2014 (₹)	March 31, 2015 (₹)	March 31, 2014 (₹)	March 31, 2015 (₹)	March 31, 2014 (₹)	March 31, 2015 (₹)	March 31, 2014 (₹)	March 31, 2015 (₹)	March 31, 2014 (₹)	March 31, 2015 (₹)	March 31, 2014 (₹)	March 31, 2015 (₹)	March 31, 2014 (₹)	March 31, 2015 (₹)	March 31, 2014 (₹)	
1. NAV per unit (₹):																	
Open	1000.3037	1000.0700	1006.8350	1006.7945	1024.1107	1021.7840	1245.3047	1140.4133	1000.3870	1000.0700	1007.5741	1006.8071	1024.1383	1021.8067	1246.9067	1140.7182	
High	1000.3189	1001.0802	1008.1228	1008.3526	1030.8302	1032.3114	1358.4634	1246.2713	1000.3870	1001.1718	1008.8766	1009.1270	1030.9312	1032.4187	1361.2231	1247.8848	
Low	1000.3037	997.5299	1006.2673	1004.3304	1022.9534	1021.6953	1246.5937	1141.0462	1000.3870	997.5327	1006.9815	1004.4473	1022.9720	1021.7155	1248.2111	1141.3579	
End	1000.3189	1000.3037	1008.0186	1006.8350	1024.9793	1024.1107	1358.4634	1245.3047	1000.3870	1000.3870	1008.7446	1007.5741	1025.0101	1024.1383	1361.2231	1246.9067	
2. Closing Assets Under Management (₹ in Lakhs)																	
End	2,058.76	18,439.73	45.87	86.98	360.71	159.17	82,065.54	57,015.45	5,381.89	6,815.56	56.08	132.99	24.97	22.18	65,204.91	25,472.23	
	March 31, 2015								March 31, 2014								
Average (AAUM) - Regular Plan (₹ in Lakhs)	72,530.77								81,102.91								
- Direct Plan (₹ in Lakhs)	115,406.13								117,662.46								
3. Gross income as % of AAUM <sup>1</sup>	8.79%								8.89%								
4. Expense Ratio:																	
a. Total Expense as % of AAUM (plan wise)																	
- Regular plan	0.18%								0.19%								
- Direct Plan	0.12%								0.08%								
b. Management Fee as % of AAUM (plan wise)																	
- Regular plan	0.05%								0.04%								
- Direct Plan	0.06%								0.03%								
5. Net Income as a percentage of AAUM <sup>2</sup>	8.65%								8.77%								
6. Portfolio turnover ratio <sup>3</sup>	-								-								
7. Total Net Dividend per unit distributed during the year / period (plan wise)																	
Corporates	61.80	65.51	61.37	66.11	62.84	66.06	-	-	62.35	66.21	61.97	66.36	63.39	66.47	-	-	
Non-Corporates	65.51	68.40	65.06	69.03	66.61	68.97	-	-	66.09	69.14	65.69	69.29	67.19	69.40	-	-	
8. Returns (%) <sup>4</sup>	March 31, 2015								March 31, 2014								
a. Last One Year	9.01								9.28								
Benchmark	8.98								9.54								
b. Since Inception	7.61								7.46								
Benchmark	7.08								6.88								
Benchmark	Crisil Liquid Fund Index																

Past performance may or may not be sustained in the future.

\* Calculated after considering that all dividend payouts / bonus have been reinvested in the Scheme at the then prevailing NAV. Returns are calculated only in respect of Growth Plan/Option, on compounded annualised basis for a period of more than one year and on an absolute basis for a period less than one year.

‘-’ Indicates NIL.

<sup>1</sup> Gross income = amount against (A) in the Revenue account i.e. Income.

<sup>2</sup> Net income = amount against (C) in the Revenue account i.e. NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD

<sup>3</sup> Portfolio Turnover = Lower of sales or purchase divided by the Average AUM for the year/period.

<sup>4</sup> AAUM=Average daily net assets

Annexure – I to the Trustee Report:

Redressal of Complaints received against Principal Mutual Fund during 2014-2015:

Principal Mutual Fund Total number of folios as on March 31, 2015 – 4,55,660

Complaint Code	Type of Complaint #	(a) No. of complaints pending at the beginning of the year Total	(b) No. of complaints received during the year Total	Action on (a) and (b)									
				Resolved				Non Actionable <sup>1</sup>	Pending				
				Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3 months	3-6 months	6-9 months	9-12 months	
I A	Non receipt of Dividend on Units	-	7	7	-	-	-	-	-	-	-	-	-
I B	Interest on delay payment of dividend	-	-	-	-	-	-	-	-	-	-	-	-
I C	Non receipt of Redemption Proceeds	4	214	217	-	-	-	-	1	-	-	-	-
I D	Interest on delay payment of redemption	-	-	-	-	-	-	-	-	-	-	-	-
II A	Non receipt of Statement of Account/Unit Certificate	-	1	1	-	-	-	-	-	-	-	-	-
II B	Discrepancy in Statement of Account	2	864	866	-	-	-	-	-	-	-	-	-
II C	Non receipt of Annual Report/Abridged Summary	-	-	-	-	-	-	-	-	-	-	-	-
III A	Wrong switch between Schemes	-	8	8	-	-	-	-	-	-	-	-	-
III B	Unauthorized switch between Schemes	-	-	-	-	-	-	-	-	-	-	-	-
III C	Deviation from Schemes attributes	-	-	-	-	-	-	-	-	-	-	-	-
III D	Wrong or excess charges/load	-	-	-	-	-	-	-	-	-	-	-	-
III E	Non updation of changes viz. address, PAN, bank details, nomination, etc	-	216	216	-	-	-	-	-	-	-	-	-
IV	Others	-	243	237	-	-	-	-	6	-	-	-	-
	<b>Total</b>	<b>6</b>	<b>1553</b>	<b>1552</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Notes: # Including against its authorized persons/distributors/employees etc.

<sup>1</sup> Non actionable means the complaints that are incomplete / outside the scope of Mutual Fund.

**Mutual Fund investments are subject to market risks,  
read all scheme related documents carefully.**