



Abridged  
ANNUAL REPORT  
2004-2005

## Directors of Principal Trustee Company Private Limited

Mr. B.G. Deshmukh, *Chairman*  
Mr. Norman Sorensen  
Dr. S.A. Dave  
Mr. D.L. Rawal  
Mr. S. Ravi  
Mr. H.M Singh\*  
(\*Appointed w.e.f. September 20, 2004)

## Directors of Principal Pnb Asset Management Company Private Limited

Mr. Arpan Thanawala  
Mr. Sanjay Sachdev  
Dr. Amit Mitra  
Mr. Rustam Gagrath  
Mr. Arun Kaul  
Mr. Rajat Jain

**Investment Manager :** Principal Pnb Asset Management Company Private Limited

**Custodian :** Citibank N.A.

**Registrar & Transfer Agent :** Karvy Computershare Pvt. Ltd.

**Statutory Auditors :** Haribhakti & Co., *Chartered Accountants*

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## REPORT OF THE TRUSTEES TO THE UNITHOLDERS OF PRINCIPAL MUTUAL FUND

### Financial Year 2004-05 – An update

2004-05 was really a mixed bag for capital markets. It had it all – a surprise at the hustings that saw the ruling coalition lose out to a Congress-led coalition, higher inflation, higher international oil & metal prices, rising yields, dipping bond prices, flight of savings from Bond funds to Liquid funds and a continuous flow of FII equity investments into the country. Yields shot up on a reversal in the interest rate cycle with benchmark yields moving higher by 125-160bps across the curve. While the rise was good in a philosophical sense (it allows for higher coupons in the future), it meant that existing holders of long-term bonds had very little to show as returns. In summary,

- Indian Bond markets witnessed a sharp rise in yields. The 10-yr bond yield hardened 152bps to 6.67%, the 5-yr 161bps to 6.38%, the 5-yr OIS 172bps to 6.51% and the 364DTB 121bps to 5.66%. Performance of long-term funds was flat. The benchmark Crisil Bond Index delivered a paltry 0.18% returns. The safer categories, (Short-term, Liquids and Floaters) though, sailed through comfortably with returns in the 4.50-5.25% range.
- The dollar exhibited a mixed behavior. While it lost 5.80% to close at 1.3039/Euro, it gained 2.8% to close at 107.17/Yen. The Indian rupee, however, ended flat, at 43.74/USD against a start of 43.60. India's forex reserves jumped USD 32bn (29%) to USD 142.13bn on strong FII equity flows. The trade gap worsened on stronger imports (led by Oil) though strength in invisibles helped sustain a modest current account surplus.

### Debt Markets during Financial Year 2004-05

**April 04** – The Government cancels its first auction scheduled for early April. Inflation dips to 4.50%. Liquidity dominates sentiment. The Indian 10-yr drops 3ps to 5.12%, notwithstanding a 66bp jump in US 10-yr yield to 4.50%. INR/USD loses 90p to 44.50(43.60).

**May 04** – **General Elections** throw a major surprise as the ruling coalition loses out to a Congress-led, Left-supported coalition. The **Credit Policy leaves rates unchanged but hints at a possible change in stance** somewhere down the line. Markets react negatively to the political and the policy uncertainty. Equities tank, bond yields move higher. The 10-yr closes 17bps higher at 5.29%. US yields move higher, anticipating a rapid change in Fed stance. INR/USD depreciates about 2% (96p) to 45.46.

**June 04** – **Yields begin an upward march!** Higher expected inflation and declining bond appetite push the 10-yr 55bps higher to 5.84%. 5-OIS swaps harden a whopping 80bps to 6.37%, reflective of weakening market sentiment. In international markets, a year after its last rate cut, the **US Fed raises rates 25bps to 1.25%, as its first step towards a 'measured' tightening.** US 10-yr closes 8bps lower at 4.59%. INR depreciates further to 46.06/USD.

**July 04** – Inflation moves higher, to 6.50% levels. The confusion relating to transaction tax on bonds takes its toll. Sentiment gets worse even as the Union Budget advocates financial discipline. The 10-yr hardens another 30-odd bps to 6.16%. Rupee weakens further, closes at 46.06. International markets experience relatively less volatility, the 10-yr UST sliding 11bps to 4.48%.

**August 04** – A roller-coaster month that sees the Indian 10-yr rise initially (intra-month high of 6.70%) and decline subsequently to 6.10%. Inflation shoots up to 7.94% (updatation of commodity prices)

and Government initiates fiscal steps (duty-reduction in petroleum & steel) to check inflation. Nymex crude cools off \$7-8/bl after touching \$49.70/bl mid-month. US Fed raised rates 25bps, as expected, to 1.50%. The 10-yr UST closes 35bps lower at 4.13%. INR continues to lose ground, closing at 46.37.

**September 04** – **Inflation touches a high of 8.33%** mid-month. **RBI raises CRR 50bps to 5% to reduce liquidity.** Nymex crude soars to \$50 again. Auction calendar for the second half of FY05 shows borrowings of INR 440bn, lower than expectations. The 10-yr hardens marginally to 6.24%. INR has its first month of gains, closing 37p higher at 46/USD. The US 10-yr closes flat, at 4.13% after visiting the sub-4% level briefly.

**October 04** – **The Credit Policy hikes Repo Rate 25bps to 4.75%, but leaves Bank Rate and CRR unchanged.** RBI keeps options open for further adjustments in rates in response to evolving circumstances. Nymex Crude remains tight, above \$50/bl. Inflation moves down to 7.10% but the near-term expectation remains bearish. The 10-yr moves up 68bps to 6.92%. INR/USD appreciates sharply to 45.41 on strong inflows and a global dollar weakening. US Fed hikes 25bps for the third time, taking its key rate to 1.75%. 10-yr UST dips to 4.05% on a benign Fed statement.

**November 04** – Yields edge higher on lack of appetite, the 10-yr closing at 7.20%. Primary auction supply worries keep markets on tenterhooks. Oil prices remain tight. INR appreciates to 44.65 on FII inflows and general dollar weakness. US yields move up 29bps to 4.34% on concerns relating to rising inflation & sustained economic growth. US Fed does another expected 25bp hike to 2%.

**December 04** – Govt. cancels its scheduled bond auction. Nymex dips to \$43/bl on better inventories. Inflation dips to 6.50% with the promise of a further dip over the next quarter. Dollar continues to get a beating, crossing 1.35/Euro and 103/Yen. The outcome – Indian bond yields decline, the 10-yr closing 55bps lower at 6.65%. INR appreciates 90p to 43.72/USD. US Fed hikes another 25bps to 2.25% while US yields decline to 4.22%.

**January 05** – A relatively uneventful month that sees narrow movement in yields. The 10-yr edges up 6ps to 6.71%. INR is range bound around 43.72/USD even as USD makes a strong comeback against Euro (1.30) and Yen (103.70). The US 10-yr closes 9bps down at 4.13%.

**February 05** – Inflation declines to 5.01% while Nymex crude remains firm over \$50/bl on talk of supply cuts by OPEC. S&P raises India's LT foreign currency rating to BB+. Yields decline initially. The 10-yr dips to 6.40%. **However, Union Budget 05-06 spooks the rally by projecting larger than expected borrowing numbers (Net of INR 103,000 cr) for next year.** It also postpones its deficit reduction target by a year to fund expenditure. The 10-yr yield moves up on the last day of the month to close at 6.54%. INR closes flat at 43.69/USD. US Fed hikes 25bps again, keeping its measured tightening stance. The 10-yr UST moves up to 4.36%.

**March 05** – Lackluster market with low volumes. Nationalized banks and insurance companies support bonds. Traders mostly sit out. The borrowing calendar for H1FY06 is on expected lines with a decent spread of maturity buckets. Oil continues to run higher, Nymex trading in the \$53-56/bl band. Inflation comes in at 5.23% for the last week of March05. Liquidity remains abundant. INR closes at 43.74. US

Fed hikes 25bps to 2.75%. The 10-yr bond closes at 6.67%, 5-yr OIS at 6.51%, 5-yr benchmark corporate bond at 7.13% and 10-yr UST at 4.49%.

### Key Indicators

Benchmarks	Current Year 31-03-05	Prev Year 31-03-04	Change	Yearly High	Yearly Low
364 Day Tbill (primary)	5.66%	4.45%	1.21%	5.77%	4.44%
5-year Benchmark	6.38%	4.77%	1.61%	7.04%	4.73%
10-year Benchmark	6.67%	5.15%	1.52%	7.31%	5.04%
15-year Benchmark	7.01%	5.57%	1.44%	7.53%	5.41%
91 Day Manufacturing CP(P1+)	5.70%	4.75%	0.95%	5.75%	4.75%
Annualized 1-yr AAA Spreads	0.50%	0.60%	-0.10%	0.60%	0.25%
Annualized 5-yr AAA Spreads	0.60%	0.80%	-0.20%	0.90%	0.25%
5-yr OIS	6.51%	4.72%	1.79%	6.64%	4.72%
INR/USD (Inverted Scale)	43.74	43.60	0.14	46.47	43.43
Bank Rate	6.00%	6.00%	0.00%	6.00%	6.00%
RBI LAF- Repo Rate	4.75%	4.50%	0.25%	4.75%	4.50%
Foreign Exchange Reserve (\$ bn)	142.13	109.90	32.23	142.13	109.90
Nymex Crude	55.40	35.76	19.64	57.46	34.39
US Fed Funds Rate	2.75%	1.00%	1.75%	2.75%	1.00%
US 10-yr Gilt	4.49%	3.84%	0.65%	4.87%	3.97%
USD/Euro	1.3039	1.2317	5.86%	1.3636	1.1867
USD/Yen	107.17	104.25	2.80%	114.21	102.13
Crisil Composite Bond Index	1,208.99	1,206.78	0.18%	1,215.04	1,162.92
NSE-Nifty	2,035.65	1,771.90	14.89%	1,388.75	2,168.95

Source- internal

### Performance of Debt Funds during Financial Year 2004-05

#### Performance – Principal Income Fund

Period	Date	Appreciation <sup>#</sup>			
		NAV <sup>A</sup>	Crisil Composite Bond Fund Index	Institutional Plan	
				NAV <sup>A</sup>	Crisil Composite Bond Fund Index
As on	31/03/05				
Last 1 Year	29/03/04	1.06%	0.23%	1.78%	0.23%
Last 3 Years	28/03/02	7.63%	N.A.	N.A.	N.A.
Since Inception	25/10/00	10.71%	N.A.	5.03% <sup>§</sup>	3.45% <sup>§</sup>

**Note:** The past performance may or may not be sustained in the future  
# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>A</sup>Growth Option  
<sup>§</sup> Inception Date - May 9, 2003

#### Performance – Principal Income Fund - Short Term Plan

Period	Date	Appreciation <sup>#</sup>			
		NAV <sup>A</sup>	Crisil Short Term Bond Fund Index	Institutional Plan	
				NAV <sup>A</sup>	Crisil Short Term Bond Fund Index
As on	31/03/05				
Last 1 Year	30/03/04	4.93%	3.04%	5.14%	3.04%
Since Inception	24/04/02	6.29%	5.43%	5.56% <sup>§</sup>	4.14% <sup>§</sup>

**Note:** The past performance may or may not be sustained in the future  
# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>A</sup>Growth Option  
<sup>§</sup> Inception Date - May 9, 2003

#### Performance – Principal Monthly Income Plan

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>A</sup>	Crisil MIP Blended Index
As on	31/03/05		
Last 1 Year	29/03/04	5.10%	2.17%
Since Inception	23/05/02	10.68%	9.80%

**Note:** The past performance may or may not be sustained in the future  
# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>A</sup>Growth Option

#### Performance – Principal Monthly Income Plan - MIP Plus

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>A</sup>	Crisil MIP Blended Index
As on	31/03/05		
Last 1 Year	29/03/04	7.10%	2.17%
Since Inception	30/12/03	6.10%	2.12%

**Note:** The past performance may or may not be sustained in the future  
# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>A</sup>Growth Option

#### Performance – Principal Floating Rate Plan

Period	Date	Appreciation <sup>#</sup>				
		Short Maturity Plan <sup>A</sup>		Flexible Maturity Plan <sup>A</sup>		Crisil Liquid Fund Index
		Regular Option	Institutional Option	Regular Option	Institutional Option	
As on	31/03/05					
Since Inception	14/09/04	2.77%	2.87%	2.91%	3.01%	2.35%

**Note:** The past performance may or may not be sustained in the future  
# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>A</sup>Growth Option

**Performance – Principal Government Securities Fund**

Period	Date	Appreciation <sup>#</sup>					
		Investment Plan		Provident Fund Plan		Savings Plan	
		NAV <sup>^</sup>	I-Sec Li-Bex	NAV <sup>^</sup>	I-Sec Li-Bex	NAV <sup>^</sup>	I-Sec Si-Bex
As on	31/03/05						
Last 1 Year	29/03/04	-0.48%	-1.92%	-0.64%	-1.92%	3.16%	3.47%
Since Inception	23/08/01	11.08%	N.A	0.05%	-0.08%	7.01%	N.A.

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualised basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Cash Management Fund - Liquid Option**

Period	Date	Appreciation <sup>#</sup>					
		NAV <sup>^</sup>	Crisil Liquid Fund Index	Institutional Plan		Institutional Premium Plan	
				NAV <sup>^</sup>	Crisil Liquid Fund Index	NAV <sup>^</sup>	Crisil Liquid Fund Index
As on	31/03/05						
Last 1 Month	28/02/05	0.42%	0.36%	0.44%	0.36%	0.45	0.36%
Last 3 Months	29/12/04	1.23%	1.14%	1.28%	1.14%	1.32%	1.14%
Last 6 Months	29/09/04	2.40%	2.19%	2.50%	2.19%	2.59%	2.19%
Last 1 Year	30/03/04	4.58%	4.16%	4.84%	4.16%	N.A	N.A
Since Inception	25/10/00	6.25%	N.A	4.93%\$	4.14%\$	2.99%@	2.50%@

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualised basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

\$ Inception Date - May 9, 2003 @ Inception date - August 30, 2004.

**Performance – Principal Cash Management Fund - Money at Call Option**

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	Crisil Liquid Fund Index
As on	31/03/05		
Last 1 Month	28/02/05	0.35%	0.36%
Last 3 Months	29/12/04	1.06%	1.14%
Last 6 Months	29/09/04	2.23%	2.19%
Last 1 Year	30/03/04	4.36%	4.16%
Since Inception	25/10/00	5.69%	-

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualised basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Money Value Bond Fund**

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	Crisil Composite Bond Fund Index
As on	31/03/05		
Last 1 Year	31/03/04	1.14%	0.18%
Last 3 Years	28/03/02	6.77%	N.A
Last 5 Years	31/03/00	9.56%	N.A
Since Inception	23/11/98	10.30%	N.A

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualised basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Trust Benefit Fund**

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	Crisil Composite Bond Fund Index
As on	31/03/05		
Last 1 Year	29/03/04	1.23%	0.23%
Since Inception	30/09/02	6.72%	5.65%

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualised basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal PNB Debt Fund**

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	Crisil Composite Bond Fund Index
As on	31/03/05		
Last 1 Year	31/03/04	-4.44%	0.18%
Last 3 Years	30/03/02	6.26%	6.52%
Last 5 Years	31/03/00	11.21%	N.A
Since Inception	28/05/98	11.58%	N.A

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualised basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option



**Performance – Principal Deposit Fund - 371 Days Fixed Maturity Plan - March 2004**

Period	Date	Appreciation <sup>#</sup>
		NAV <sup>^</sup>
As on	31/03/05	
Since Inception	29/03/04	5.29%

*Note: The past performance may or may not be sustained in the future*  
 # Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Deposit Fund - 371 Days Fixed Maturity Plan - June 2004**

Period	Date	Appreciation <sup>#</sup>
		NAV <sup>^</sup>
As on	31/03/05	
Since Inception	29/06/04	3.74%

*Note: The past performance may or may not be sustained in the future*  
 # Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Deposit Fund - 371 Days Fixed Maturity Plan - November 2004**

Period	Date	Appreciation <sup>#</sup>
		NAV <sup>^</sup>
As on	31/03/05	
Since Inception	09/11/04	2.37%

*Note: The past performance may or may not be sustained in the future*  
 # Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Deposit Fund - Plan 54EA/EB**

Period	Date	Appreciation <sup>#</sup>
		NAV <sup>^</sup>
As on	31/03/05	
Last 1 Year	31/03/04	2.83%
Last 3 Years	31/03/02	4.94%
Since Inception	13/08/97	6.76%

*Note: The past performance may or may not be sustained in the future*  
 # Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Deposit Fund - 91 Days Fixed Maturity Plan - January 2005**

Period	Date	Appreciation <sup>#</sup>
		NAV <sup>^</sup>
As on	31/03/05	
Since Inception	19/01/04	1.13%

*Note: The past performance may or may not be sustained in the future*  
 # Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Deposit Fund - 91 Days Fixed Maturity Plan - February 2005**

Period	Date	Appreciation <sup>#</sup>
		NAV <sup>^</sup>
As on	31/03/05	
Since Inception	28/02/04	0.49%

*Note: The past performance may or may not be sustained in the future*  
 # Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Deposit Fund - 371 Days Fixed Maturity Plan - March 2005**

Period	Date	Appreciation <sup>#</sup>
		NAV <sup>^</sup>
As on	31/03/05	
Since Inception	28/03/04	0.13%

*Note: The past performance may or may not be sustained in the future*  
 # Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Note:** AMFI prescribed indices have been used for comparison

**Portfolio Review for 2004-05**

2004-05 was quite a challenging year for fixed income fund managers. On one hand, investors had high expectations from bond funds (going by above-average returns over the past 3 years); on the other hand, market conditions made it extremely difficult for long-term bond funds to keep up with past performance. What transpired was a year that had long-term bond funds underperform as bond yields rose sharply. Even as portfolio managers reduced portfolio duration, a substantial part of the portfolio coupons was eradicated by lower bond valuations. Simultaneously, the search for safety caused most investors to shift to shorter-term funds like Liquid, Floating Rate funds etc.

The best category of funds during the year was probably the Short-term Fund. Among our institutional plans, **Principal Income Fund – Short Term Plan** generated 1-yr returns of 5.10%, as the portfolio was invested in assets with an accrual focus and minimal duration risk. Against the backdrop of a more than 125bp rise in short-term yields, the performance was quite encouraging. **Principal Income Fund** generated 1-yr returns of 1.70% against benchmark returns of 0.18%. **Principal Cash Management Fund – Liquid Option** generated 4.82% for the year while **Principal Monthly Income Plan & Principal Monthly Income Plan – MIP Plus** generated 5% and 7% respectively, riding strong equity returns. The **Principal Government Securities Fund** generated negative 0.60% returns, reeling under adverse bond valuations.

Our funds had another year of solid performance; maintaining top quartile performance across most fund categories. The year also saw our performance being applauded by leading mutual fund evaluating agencies-

- **CNBC TV18-CRISIL\*** ranked **PRINCIPAL INCOME FUND** among the two best performing Income Funds based on its CRISIL CPR methodology for 2004. (Refer to pg 7 for Awards Methodology)
- **CNBC TV18-CRISIL\*** also ranked **PRINCIPAL INCOME FUND – SHORT TERM PLAN** among the two best performing Short-term Funds for 2004.
- **ICRA-ONLINE\*** ranked **PRINCIPAL INCOME FUND – SHORT TERM PLAN** as the best performing Short-term Plan for 2004.

The above recognition is a testimony to the immense faith that our investors have shown in us. We shall strive to live up to their expectations in the future as well.

### Outlook for Financial Year 2005-06

We expect 2005-06 to be another challenging year for fixed income managers. While yields went up sharply during 2004-05, it is unlikely that the trend will be reversed this year. Global factors point towards more rate hikes by the US Fed and the threat from higher commodity prices still remains. Domestic industrial momentum is strong after two years of good performance and credit offtake from banks seems to be quite strong. RBI could hike its key rate by 25-50bps during the year, as a pre-emptive measure. On the positives, inflation should come down this year due to a positive base effect and liquidity conditions should remain benign. We think that a combination of the above factors would push yields higher, probably into the 7.00-7.50% for the 10-year sovereign bond. Thankfully, portfolio durations are on the lower side this year and returns should be protected despite the anticipated increase in market yields, unlike last year when longer duration portfolios got hurt by a sharp yield rise.

For the future, we would continue to be balanced in managing our portfolios, striving to strike an optimum balance between risk and returns in pursuit of our investment goals.

### OVERVIEW – EQUITY MARKETS

The following table gives the performance of the key equity indices during the financial year 2004-05.

Indices	Performance
NSE Nifty	14.89%
NSE Midcap	73.54%
NSE 500	21.64%

The Mid-cap stocks had an excellent run in FY 2005, as is shown by the numbers above and the outperformance by the mid-caps stood out strongly over the large capitalization indices.

The year was very volatile, especially in the first quarter (April-June'04), where the stock markets were surprised by election results with the NSE Nifty index losing nearly 15%. However, after initial bout of selling, the markets stabilized and had a strong recovery which lasted till January 2005. The markets were upbeat as they saw a continuation of the reform process; the companies continue to perform well, there were capital expenditure both in

the industrial sector and in infrastructure and the flow of liquidity both domestic and offshore were very positive. Not only did the FII invest over \$10bn in FY'05 into the country, the domestic mutual funds and institutions were also large investors in equity during the financial year.

Overall, all the sectors did well, but the PSU stocks index was a relative underperformer in the market as a result of the uncertainty about government policies concerning PSUs. The Consumer Goods index and the Healthcare index were the notable underperformers in the market.

### Equity Funds Performance during Financial Year 2004-05

#### Performance – Principal Growth Fund

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	S&P Nifty
As on	31/03/05		
Last 6 Months	30/09/04	23.45%	16.62%
Last 1 Year	29/03/04	45.28%	15.44%
Last 3 Years	28/03/02	39.69%	21.61%
Since Inception	25/10/00	25.23%	13.01%

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

#### Performance – Principal Dividend Yield Fund

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	S&P CNX 500 Nifty
As on	31/03/05		
Since Inception	15/10/04	14.00%	17.52%

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

#### Performance – Principal Resurgent India Equity Fund

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	S&P Nifty
As on	31/03/05		
Last 1 Year	29/03/04	22.04%	15.44%
Last 3 Years	28/03/02	54.30%	21.61%
Since Inception	30/06/00	33.06%	7.07%

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

\* Past performance is no guarantee of future results.

**Performance – Principal Focussed Advantage Fund**

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	S&P Nifty
As on	31/03/05		
Since Inception	15/03/05	-3.00%	-4.38%

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Child Benefit Fund**

Period	Date	Career Builder Plan		Future Guard Plan	
		Appreciation #		Appreciation #	
		NAV <sup>^</sup>	Crisil Balanced Fund Index	NAV <sup>^</sup>	Crisil Balanced Fund Index
As on	31/03/05				
Last 1 Year	30/03/04	21.36%	7.26%	21.53%	7.26%
Last 3 Years	28/03/02	22.58%	–	22.64%	–
Last 5 Years	22/03/00	19.38%	–	19.30%	–
Since Inception	07/01/98	16.68%	–	16.48%	–

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Equity Fund**

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	S&P Nifty
As on	31/03/05		
Last 1 Year	29/03/04	18.69%	15.44%
Last 3 Years	28/03/02	27.45%	21.61%
Last 5 Years	22/03/00	6.72%	5.04%
Since Inception	14/06/95	7.37%	7.61%

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Index Fund**

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	S&P Nifty
As on	31/03/05		
Last 1 Year	30/03/04	13.70%	16.26%
Last 3 Years	28/03/02	20.42%	21.61%
Last 5 Years	27/03/00	5.01%	5.41%
Since Inception	27/07/99	7.52%	8.07%

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Tax Savings Fund**

Period	Date	Appreciation <sup>#</sup>	
		NAV	S&P Nifty
As on	31/03/05		
Last 1 Year	30/03/04	42.94%	16.26%
Last 3 Years	28/03/02	41.42%	21.61%
Last 5 Years	22/03/00	12.92%	5.04%
Since Inception	31/03/96	19.66%	8.39%

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any).

**Performance – Principal Personal Tax Saver Fund**

Period	Date	Appreciation <sup>#</sup>	
		NAV	BSE 100
As on	31/03/05		
Last 1 Year	29/03/04	31.75%	18.15%
Last 3 Years	28/03/02	34.30%	26.48%
Last 5 Years	24/03/00	10.65%	3.44%
Since Inception	31/03/96	30.82%	9.06%

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any).

**Performance – Principal Balanced Fund**

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	Crisil Balanced Fund
As on	31/03/05		
Last 1 Year	29/03/04	21.39%	7.26%
Last 3 Years	28/03/02	27.18%	–
Since Inception	14/01/00	6.86%	–

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

**Performance – Principal Global Opportunities Fund**

Period	Date	Appreciation <sup>#</sup>	
		NAV <sup>^</sup>	MSCI World Index
As on	31/03/05		
Since Inception	29/03/04	8.02%	9.07%

*Note: The past performance may or may not be sustained in the future*

# Returns are calculated on **compounded annualized basis** for a period of **more** than 365 days and **absolute basis** for a period **less** than (or **equal** to) 365 days, with reinvestment of dividends (if any). <sup>^</sup>Growth Option

- Notes :** 1) AMFI prescribed indices have been used for comparison  
 2) The tracking deviation for the year ended March 31, 2005 for Index Fund stood at 1.46%



## Outlook for Financial Year 2005-06

The markets have done very well since the beginning of the financial year and the Nifty index has gained 17.40% for the period April-August end. While the earnings growth of the companies are still fairly strong these are likely to be more skewed in favour of companies linked to the infrastructure sector viz. cement, capital goods and infrastructure construction companies; sectors benefiting from the buying power of the consumers and sectors which gain from outsourcing. Overall, we expect returns from equity to range around low double digits in the next 2-3 years, with periods of volatility in between.

## Investor Servicing

Dedicated client relations' personnel at the Fund's offices attend to all queries that come through telephone, email, letters or walk-ins (at our office). The quality of service continues to be one of the key factors that have enabled us to differentiate ourselves from competitors.

We are pleased to inform you that the Fund has set up a National Call Centre at their Mumbai Office, which has a Toll Free Number 1 600 22 5600. This means that now the investor, can call us from their location at no extra cost. Currently this service has been activated only at our AMC branches.

The Fund has also implemented an Interactive Voice Response (IVR) mechanism by which an investor can receive the NAV, product information, fact sheets, and account balance through phone/fax.

Fund has also introduced the SMS facilities 98205 08020, which offers the convenience of receiving market updates, NAV's and information about the investor's account on their mobile phone

Investors can also access the Fund website [www.principalindia.com](http://www.principalindia.com) for a wide range of information and services, including download of application forms. Besides this existing investors can also check their account balance on the website with the help of a PIN (Personal Identification Number).

## New products

With renewed investor interest in equities due to the buoyant equity markets, 2 new equity products were launched during the year. October 2004 saw the launch of Principal Dividend Yield fund, only the second such fund in the market which was well received with over 36,453 investors and Rs.381 crores coming in the IPO. The year ended with the launch of Principal Focussed Advantage Fund, an equity fund with dynamic selection of six sectors which are poised to do well. This fund saw about 48,290 investors with about Rs.317 crores in the IPO. Apart from these equity offerings, in debt, the Floating Rate Fund, an open ended income scheme was launched in Sept 2004 and the Institutional Premium Plan in Principal Cash Management Fund was launched in Aug 2004. While some of the products filled in gaps in the fund's product portfolio (debt funds), both the equity funds increased the product choice to the consumer. The Mutual Fund will continue with the constant endeavor to be on the lookout for new products or features aimed at adding value to the investors.

For Principal Trustee Company Private Limited  
 Trustee of Principal Mutual Fund

Place: Mumbai  
 Date : May 27, 2005

Sd/-  
 B.G. Deshmukh  
 Chairman

## Notes:

- The price and redemption value of the units, and income from them, can go up as well as down with the fluctuations in the market value of its underlying investments.
- On written request, present and prospective unitholders/ investors can obtain a copy of the trust deed, supplemental trust deed, the annual report at a price and the text of the relevant scheme.
- On written request, present and prospective unitholders/ investors can obtain a copy of the Annual Report of Principal Pnb Asset Management Company Private Limited
- On written request, present and prospective unitholders/ investors can obtain a copy of the portfolio of the schemes of Principal Mutual Fund
- Returns are calculated on compounded annualised basis for a period of more than a year and absolute basis for a period less than a year. All dividends declared are assumed to be reinvested within the plan/scheme at ex-dividend NAV.

## Awards Methodology

**Principal Income Fund** was among the 2 schemes that won the CNBC TV18 – CRISIL Mutual Fund of the Year Award in the Open-ended Income Funds Category. In total 13 schemes were eligible for the award universe. **Principal Income Fund – Short Term Plan** was among the 2 schemes that won the CNBC TC-18 CRISIL Mutual Fund of the Year award in the Open-ended Income – Short Term Funds Category. In total 14 schemes were eligible for the award universe. Schemes present in all four quarter CRISIL CPRs were considered for the award. These awards are based on consistency of scheme's performance in the four quarterly CRISIL CPR rankings released during the calendar year 2004. The individual CRISIL CPR parameter scores averaged for the four quarters and further multiplied by the parameter weight as per the CRISIL CPR methodology to arrive at the final scores. A detailed methodology of the CRISIL CPR is available at [www.crisil.com](http://www.crisil.com).

**Principal Income Fund – Short Term Plan** has been ranked ICRA MFR 1 by ICRA Online in the category Debt Short term for its one year performance till December 31, 2004. The rank indicates performance within the top 10% of the stated category, which had a total of 24 similar schemes, including this scheme. The rank is an outcome of an objective and comparative analysis against various performance parameters, including: risk adjusted return; fund size, Sector Concentration, and average maturity. The ranking methodology did not take into account the entry and exit loads imposed by the Fund. The rank is neither a certificate of statutory compliance nor any guarantee on the future performance of Principal Mutual Fund. Ranking Source: ICRA Online.

## AUDITORS' REPORT

### TO THE BOARD OF DIRECTORS OF PRINCIPAL TRUSTEE COMPANY PRIVATE LIMITED

We have audited the attached Balance Sheet of the Scheme 'Principal Dividend Yield Fund' of Principal Mutual Fund as at 31<sup>st</sup> March, 2005 and the Revenue Account of the Scheme for the Period ended 31<sup>st</sup> March, 2005 and report thereon as follows:

- a) The Balance Sheet and the Revenue Account dealt with by this report have been prepared in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. These financial statements are the responsibility of the Managements of the Trustee and the Asset Management Companies.
- b) Our audit was conducted in accordance with the generally accepted auditing standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Financial Statements. We believe that our audit provides a reasonable basis for our opinion.
- c) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- d) The Balance Sheet and the Revenue Account dealt with by this report are in agreement with the books of account of the Scheme.
- e) Non-traded securities have been valued in accordance with the guidelines notified by the Securities and Exchange Board of India. In our opinion, these valuations are fair and reasonable.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read with Notes to the Accounts, give the information required by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Balance Sheet, of the state of affairs of the Scheme as at 31<sup>st</sup> March, 2005 and
  - (ii) in the case of the Revenue Account, of the Surplus of the Scheme for the year ended 31<sup>st</sup> March, 2005.

For **HARIBHAKTI & CO.**  
Chartered Accountants

**CHETAN DESAI**  
Partner  
Membership No.17000

Place : Mumbai,  
Date : 7<sup>th</sup> June, 2005

## Balance Sheet

as on March 31, 2005 (Audited - Abridged)

	(Rupees in Lacs)
	<b>As on 31/03/05</b>
<b>Liabilities</b>	
<b>Unit Capital</b>	26,825.62
Dividend Plan (Initial capital Rs.270,54.96)	
Growth Plan (Initial capital Rs.84,98.86 )	
<b>Reserves and Surplus</b>	
Unit Premium Reserve	(761.86)
Appropriation	4,479.55
<b>Current Liabilities &amp; Provisions</b>	
Sundry Payables	489.09
Purchase contracts Awaiting Completion	2,293.20
Issue expense payable	154.73
Repurchase Amount Payable	33.13
<b>Total</b>	<b>33,513.46</b>
<b>Assets</b>	
<b>Investments</b>	
Equity Shares	24,545.49
Commercial Paper/Certificate of Deposits	498.30
<b>Deposits</b>	
Deposits with Scheduled Banks	1,000.00
Call Deposits with Others	170.00
<b>Other Current Assets</b>	
Balances with Banks and RBI in Current Account	1,041.75
Outstanding and accrued income	33.59
Contract for Sale of Investment	0.11
Reverse Repo with RBI	4,214.44
Collateralised Lending with CCIL	599.84
<b>Deferred Revenue Expenditure</b>	1,409.94
<b>Total</b>	<b>33,513.46</b>

## Revenue Account

for the year ended March 31, 2005 (Audited - Abridged)

	(Rupees in Lacs)
	<b>15/10/2004 to 31/03/2005</b>
<b>Income</b>	
Dividend	392.39
Interest	332.92
Profit on sale/redemption of Investments (Net) (other than inter-scheme transfer)	3,723.30
Net change in Value of Investments (Refer Note VI(3) to Significant Accounting Policies and Notes to Accounts)	1,069.78
<b>Total</b>	<b>5,518.39</b>
<b>Expenses and losses</b>	
Investment Management Fees	183.20
Trusteeship Fees	1.78
Commission to Agents	136.64
Publicity Expenses	16.52
Audit Fees	1.06
Other Operating Expenses	34.93
Custodian Fees	6.60
Registrar/Transfer Agent Fees	16.68
Deferred Revenue Expenses Amortised	140.06
	537.47
Surplus for the year	4,980.92
<b>Total</b>	<b>5,518.39</b>
<b>Appropriation</b>	
Opening Balance	—
Add : Surplus for the period	4,980.92
Add/(Less) : Income Equalisation - Credit / (Debit)	(501.37)
Net Surplus/(Deficit) Transferred to Revenue Reserve	<b>4,479.55</b>

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

### I. ORGANISATION

Principal Mutual Fund (formerly known as IDBI-PRINCIPAL Mutual Fund) has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882). The Mutual Fund is registered with SEBI under registration no. MF/019/94/0 dated December 13, 1994.

The Fund was initially set up by Industrial Development Bank of India (IDBI) in 1994 by execution of a Trust Deed dated November 25, 1994, under which IDBI was the sole Settlor, Sponsor and Principal Trustee. Subsequently, on March 31, 2000, Principal Financial Services Inc. USA became the deemed sponsor along with IDBI by acquiring 50% stake in IDBI-PRINCIPAL Asset Management Company Limited. Effective October 18, 2002, the IDBI-PRINCIPAL Trustee Company Limited has taken over the trusteeship and the associated rights and obligations of the IDBI-PRINCIPAL Mutual Fund. The Name of the Trustee Company had changed to Principal Trustee Company Limited w.e.f. June 27, 2003. The Name of the Trustee Company has changed to Principal Trustee Company Private Limited w.e.f. October 20, 2003.

On June 23, 2003, Principal Financial Services Inc. USA acquired 100% stake in IDBI-PRINCIPAL Asset Management Company Limited, through its wholly owned subsidiary Principal Financial Group (Mauritius) Limited. Principal Financial Group (Mauritius) Limited has become the sole settlor of the Fund. Name of the Asset Management Company had changed to Principal Asset Management Company Limited w.e.f. June 27, 2003.

The name of the Asset Management Company has changed to Principal Asset Management Company Private Limited w.e.f. October 20, 2003

On May 5, 2004, Punjab National Bank and Vijaya Bank acquired 30% stake and 5% stake in Principal Asset Management Company Private Limited respectively. The name of the Asset Management Company has changed to Principal Pnb Asset Management Company Private Limited w.e.f. January 24, 2005.

Principal Dividend Yield Fund is a open ended scheme of Principal Mutual Fund launched for initial subscription on September 06, 2004. The Scheme's initial offer closed on September 27, 2004. The allotment date for the IPO units is 15 October 2004. The Scheme has a dividend plan and a growth plan.

The investment objective of the scheme is to provide investors long term capital appreciation.

### II. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Accounting

The scheme maintains books of account on an accrual basis.

#### 2. Investments

- 2.1 Investment transactions are accounted on trade dates.
- 2.2 The cost of investment includes brokerage, premium paid on acquisition, transaction charges and other costs associated with purchase of investments.
- 2.3 Bonus entitlements are recognised on ex-bonus dates.

#### 3. Portfolio Valuation

- 3.1 Investments are valued on the Balance Sheet date as per the recommendations of the Securities and Exchange Board of India (SEBI)
- 3.2 Traded securities (excluding government securities and Treasury bills) are valued at the last quoted closing price on the principal stock exchange on which the security is traded.
- 3.3 A security (other than debt securities), which is not traded on any stock exchange on a particular valuation day, is valued at the price at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day, such day not being more than thirty days prior to the valuation date.
- 3.4 A debt security (other than government securities), which is not traded on any stock exchange on any particular valuation day, is valued by using the CRISIL Bond Valuer.
- 3.5 A debt security (other than government securities) is valued at cost on the date of first purchase and thereafter valued on the CRISIL Bond Valuer.
- 3.6 Investments in traded/non-traded/thinly traded government securities are valued at the prices released by an approved agency.
- 3.7 Treasury bills are valued at cost plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instrument. Treasury Bills listed on a recognised stock exchange are valued at the last quoted weighted average yield on the principal exchange on which the security is traded. If no sale is reported at that date Treasury Bills are valued at fair value as determined in good faith by Principal Pnb Asset Management Company Private Limited under procedures approved by the Trustees of Principal Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India (SEBI).
- 3.8 Money Market securities and non-traded debt securities with residual maturity of upto 182 days are valued at cost (including accrued interest) plus the difference between the redemption

value(inclusive of interest) and the cost spread uniformly over the remaining maturity period of the instrument.

- 3.9 Thinly traded Equity shares /Equity related securities/non-traded securities (other than Government Securities) are valued in good faith by the investment manager on the basis of valuation principles laid down by SEBI.
- 3.10 Investment in non-traded debt securities including securitised debt (other than government securities) with a residual maturity greater than 182 days are valued using CRISIL Bond Valuer, which is based on the concept of using spread to maturity to arrive at the yields for pricing.
- 3.11 Securities in the nature of Floating Rate Notes (FRN) are valued at cost plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instrument. FRNs listed on a recognised stock exchange are valued at the last quoted closing price on the principal exchange on which the security is traded. If no sale is reported at that date FRN's are valued at fair value as determined in good faith by Principal Pnb Asset Management Company Private Limited under procedures approved by the Trustees of Principal Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India (SEBI).
- 3.12 Securitised Debt are valued at fair value as determined in good faith Principal Pnb Asset Management Company Private Limited under procedures approved by the Trustees of Principal Mutual Fund in accordance with the guidelines for valuation of securities for mutual funds issued by the Securities and Exchange Board of India (SEBI).
- 3.13 Investments in Call money, bills purchased under re-discounting scheme and term deposits with banks are valued at cost plus accruals.
- 3.14 An investment is regarded as non-performing if the interest and / or principal amount has not been received or remains outstanding for one quarter from the day such income or instalment has fallen due.
- 3.15 Appreciation/Depreciation, as the case may be, in the value of the securities at the year-end has been computed for the scheme, whereby the aggregate market value taken together is compared with the aggregate cost of acquisition . Such net balance is charged to Revenue Account.
- 3.16 The above policies are followed as and when applicable.

#### **4. Income Recognition**

- 4.1 Dividend income is accrued on ex-dividend date.
- 4.2 Profit or loss on sale of investments is arrived at by applying weighted average cost on trade date.
- 4.3 Interest on debentures and other fixed income investments is recognised on accrual basis.
- 4.4. Income on non-performing assets(NPA) is recognised on cash basis.

#### **5. Management Fees**

Investment Management fees payable to Principal Pnb Asset Management Co. Pvt. Ltd. have been computed on the basis of daily Net Assets Value.

#### **6. Unit Premium Reserve**

Upon the issue and redemption of units, that part of the NAV representing net unrealised appreciation, which is taken away or brought in, as the case maybe, is debited and credited respectively to the UPR. On the other hand, debit balance in the UPR is deducted from the Appropriation Account for determining the distributable profit.

#### **7. Distributable Income**

For the purpose of arriving at distributable income, the unrealised gain arising out of appreciation of investments (net), has been excluded.

#### **8. Income Equalisation**

Income Equalisation is determined at the point of subscription or redemption and is that part of the NAV which represents distributable profits, or the revenue losses, as the case may be. The amount so determined is duly adjusted in the Appropriation Account at the end of the accounting period.

#### **9. Provisions**

Provision is made against interest accrued on investments, which has not been received for a period of 3 months beyond the due date; no further accrual of income is made in respect of such investments.

Provision against the principal amount of such securities is made in accordance with valuation principles laid down by SEBI.

Provision is made against accrued dividend which has not been received for a period of twelve months beyond the due date.

#### **10. Load Charges**

Load amount collected on sale/redemption of units is utilized for meeting the selling and distribution expenses.



### III. PRINCIPAL TRUSTEE FEES:

Principal trustee fees have been accrued in the books @0.01% p.a. of average daily net assets in accordance with the Trustee Board Approval dated December 12, 2001. The name of the Trustee company had changed from Principal Trustee Company Limited to Principal Trustee Company Private Limited w.e.f. October 20, 2003.

### IV. CUSTODIAN FEES:

Citibank N.A. has provided custodial services to the schemes during the financial year 2004-05 for which they have been paid custodian fees.

### V. REGISTRAR AND TRANSFER AGENT FEES:

Karvy Computershare Private Limited provides registration and transfer services to the fund for which it receives fees based on the average net assets under management of the individual schemes and is also reimbursed for the out of pocket expenses incurred by them.

### VI. NOTES TO ACCOUNTS

- The scheme has dividend and growth plans. A combined Balance sheet and Revenue Account is prepared for the scheme.
- The cost and market value/fair value of investments as on March 31, 2005 is given below:

Particulars	Amount (Rs. In Lacs)	
	Cost	Market/Fair Value
Equity	23,475.71	24,545.49
Commercial Papers / Certificates of Deposits	498.30	498.30
<b>Total</b>	<b>23,974.01</b>	<b>25,043.79</b>

- Appreciation in value of investment as at March 31, 2005, and adjustment for the year made in respect thereof is as under:

Particulars	Amount (Rs. in lacs)
Appreciation in value of investment as on March 31, 2005	1069.78

- The aggregate book value and fair value of non traded investments, exceeding 5% of the net asset value, which have been valued 'in good faith', amounts to nil.
- Net Asset Value as on March 31, 2005 is Rs. 11.38 for Dividend Plan and Rs. 11.40 for the Growth Plan.

### 6. Details of movements in Unit Capital during the year:

Particulars	Dividend Plan		Growth Plan	
	Units	Amount (Rs)	Units	Amount (Rs)
IPO Subscription	270,549,594.98	2,705,495,949.85	84,988,555.85	849,885,558.55
Add : Units sold during the year	189,605,008.49	1,896,050,084.93	337,735,156.16	3,377,351,561.67
Less: Units redeemed during the year	237,061,329.79	2,370,613,297.96	377,560,806.78	3,775,608,067.88
Closing Balance as on March 31, 2005	223,093,273.68	2,230,932,736.82	45,162,905.23	451,629,052.34

- Aggregate value of purchases and sales of investments during the year, expressed as percentage of average daily net asset value:

Particulars	Amount (Rs. In lacs)	Amount as a % of Average Net Assets
Purchases	986,652.71	2,986.89
Sales *	965,058.83	2,921.52

\* Sales include redemptions.

- Contracts for Sale Pending deliveries as on March 31, 2005 amounting to Rs.0.11 lacs have been excluded from the Investments where as there were purchases of securities by the Scheme, the deliveries of which were pending as on March 31, 2005 amounting to Rs. 22.93 lacs have been included in Investment.
- Details of Management Fee paid to Principal Pnb Asset Management Company Pvt. Ltd. and computation thereof:

Particulars	Amount (Rs.in lacs)
Average Net Asset Value	33,032.80
Management Fees	183.20

### Structure of Management Fees during the Year:

Period	% of Average Net Assets
01/04/2004 to 31/03/2005	1.25 % on first Rs.100 crores 1.00% on the balance assets

- As per the requirement of Reg.25(11) of SEBI (MF) Regulations, 1996, the details of investments made by the Fund in companies, where the company's investment in any of Principal Mutual Fund schemes exceeds 5% of scheme's Net Asset Value are as per Annexure I.

11. During the period ended March 31, 2005 no investments were made in-group companies of the Sponsor. However Investment in associate companies as on 31 March 2005 is with Punjab National Bank amounting to Rs.478.77 lacs.

12. Total Income and recurring expenditure for the year expressed as a % of Average daily Net Assets:

Particulars	% of Average Daily NAV
Income	2.20
Recurring expenditure	2.23

Income/Expenditure is exclusive of appreciation/depreciation on investments and profit/loss on realisation of investments. The income is inclusive of NPA recovery.

13. Particulars of Unclaimed Redemptions / Dividend as on March 31, 2005 is as under:

Particulars	No. of Investors	Amount (Rs. in Lacs)
Unclaimed Dividends	—	—
Unclaimed Redemptions	68	7.47

14. As per the requirements of Regulation 25(8) of SEBI Regulation,1996, the details of Payments made to Associates during the year are as under:

(Rs. In Lacs)

Name of the Associate	Amount	Nature of Payment
Principal Consultancy Services(I) Pvt. Ltd	11.67	Investor Consultancy Charges
Punjab National Bank	23.03	Brokerage on Mobilisation
PNB Gilts Ltd.	0.35	Brokerage on Mobilisation
IDBI Capital Market Services Ltd.	2.29	Brokerage on Securities traded
IDBI Capital Market Services Ltd.	0.18	Brokerage on Mobilisation

15. As per SEBI disclosure vide circular No.MFD/CIR No.3/211/2001 dated 30<sup>th</sup> April 2001, the scheme does not have a single unitholder holding more than 25 % of the NAV as on March 31, 2005.
16. Scheme has incurred initial issue expenses during IPO, same is being amortised over the period of 5 years.
17. Since the scheme was launched during the year no previous year figure is available.
18. Historical per unit statistics as on 31/03/05 are enclosed as per Annexure II
19. A copy of full Annural Report is available for inspection at the Head Office of the Mutual Fund and the same shall be made available to the unitholder on payment of a nominal fee of Re. 1/-.

As per our attached report of even date

For Haribhakti & Co.  
Chartered Accountants

Chetan Desai  
Partner

Place: Mumbai  
Date: June 7, 2005

For and on behalf of  
Principal Pnb Asset  
Management Company Pvt. Limited

Sanjay Sachdev  
Managing Director & CEO

Arpan Thanawala  
Chairman  
Date: June 7, 2005

For and on behalf of  
Principal Trustee Company Pvt. Limited

B.G. Deshmukh  
Chairman  
Date: May 27, 2005

Dr. S.A.Dave  
Director

## Annexure I

Details of investments made by any scheme in company which has invested in any scheme of Principal Mutual Fund in excess of 5% of net assets of that scheme as on March 31, 2005

Name Company (Investor)	Scheme in which investment is made by Company	Aggregate investment by schemes in securities of the company during the specified period **		Schemes by which investment is made in securities of the company	Aggregate Investment outstanding as on March 31, 2005 (At Market Value)	
		Nature of Investment	(Rupees in Lacs)		Nature of Investment	(Rupees in Lacs)
Allahabad Bank Limited	Principal Resurgent India Equity Fund	Equity Shares	1,922.47	Principal Growth Fund, & Principal Dividend Yield Fund.	Equity Shares	1,052.72
		Term Deposit	41,900.00	Principal Cash Management Fund - Liquid Option	Term Deposit	7,395.20
Andhra Bank	Principal Resurgent India Equity Fund	Equity Shares	1,088.62	Principal Dividend Yield Fund	Equity Shares	552.66
Finolex Industries	Principal 91 Days Fixed Maturity Plan (FMP-17) Jan 2005, Principal Monthly Income Plan, Principal 371 Days Fixed Maturity Plan (FMP-15) Nov 2004	Equity Shares	2,042.83	Principal Equity Fund, Principal Dividend Yield Fund & Principal Balanced Fund.	Equity Shares	666.94
Grasim Industries Limited	Principal 91 Days Fixed Maturity Plan (FMP-17) Jan 2005, Principal 91 Days Fixed Maturity Plan (FMP-17) Jan 2005, Principal 371 Days Fixed Maturity Plan (FMP-15) Nov 2004, Principal 91 Days Fixed Maturity Plan June 2004	Equity Shares	1,217.61	Principal Index Fund	Equity Shares	5.11
		Debt	1,576.20	Principal Monthly Income Plan & Principal Income Fund.	Debt	1,037.32
Hindalco Industries Ltd.	Principal 371 Days Fixed Maturity Plan (FMP-15) Nov 2004, Principal 91 Days Fixed Maturity Plan (FMP-17) Jan 2005, Principal Floating Rate Fund - Flexible Maturity Plan, Principal 91 Days Fixed Maturity Plan (FMP-17) Jan 2005, Principal 371	Equity Shares	3,991.10	Principal Child Benefit Fund, Principal Index Fund, Principal Equity Fund, Principal Growth Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - Plus, Principal Tax Saving Fund, Principal Personal Tax Saver Fund & Principal Resurgent India Fund	Equity Shares	1,632.15
		Debt	4,379.40	Principal Monthly Income Plan, Principal Trust Benefit Fund, Principal Income Fund, Principal Monthly Income Plan - Plus, Principal Income Fund - Short Term Plan, Principal Deposit Fund - 371 Days - November 2004.	Debt	3,582.33
Hindustan Lever Limited	Principal Floating Rate Fund - Short Maturity Plan, Principal 371 Days Fixed Maturity Plan Mar 2004	Equity Shares	5,857.92	Principal Growth Fund, Principal Index Fund, Principal Dividend Yield Fund, Principal Equity Fund	Equity Shares	2,326.56
		Term Deposit	705.35		Term Deposit	
HCL Technologies Limited	Principal Floating Rate Fund - Short Maturity Plan, Principal Income Fund - Short Term Plan, Principal 91 Days Fixed Maturity Plan June 2004	Equity Shares	2,319.27	Principal Index Fund and Principal Dividend Yield Fund.	Equity Shares	1,127.19
		Debt			Debt	-
Hindustan Zinc Limited	Principal 91 Days Fixed Maturity Plan (FMP-17) Jan 2005, Principal 371 Day Fixed	Equity Shares	2,315.90	Principal Child Benefit Fund, Principal Growth Fund, Principal Tax Saving Fund, Principal Equity Fund, Personal Tax Saver Fund, Principal Monthly Income Plan, Principal Monthly Income Plan - Plus, Principal Focussed Advantage Fund & Principal Resurgent India Fund.	Equity Shares	2,284.24
ICICI Bank	Principal Liquid Fund	Debt	7,152.06	Principal Monthly Income Plan, Principal Deposit Fund - 371 Days - June 2004, Principal Floating Rate - Flexible Maturity Plan, Principal Floating Rate - Short Maturity Plan, Principal Cash Management Fund - Liquid Option, Principal Income Fund - Short Term Plan & Principal Monthly Income Plan - Plus.	Debt	13,227.42
		Term Deposit	5,700.00	Principal Cash Management Fund - Liquid Option, Principal Floating Rate - Short Maturity Plan, Principal Floating Rate - Flexible Maturity Plan & Principal Income Fund - Short Term Plan	Term Deposit	4,750.00
ITC Limited	Principal Liquid Fund, Principal Floating Rate Fund - Short Maturity Plan	Equity Shares	3,187.71	Principal Growth Fund, Principal Index Fund, Principal Balanced Fund, & Principal Equity Fund	Equity Shares	344.02
Maruti Udyog Ltd.	Principal 371 Day Fixed Maturity Plan (FMP-371 Days) Mar 2004, Principal 91 Days Fixed Maturity Plan June 2004, Principal 91 Days Fixed Maturity Plan June 2004	Equity Shares	8,415.89	Principal Growth Fund, Principal Index Fund, Principal Balanced Fund, Principal Tax Saving Fund, Principal Focussed Advantage Fund & Principal Equity Fund	Equity Shares	2,021.22
		Debt	-		Debt	-
Patni Computers	Principal 91 Days Fixed Maturity Plan June 2004	Equity Shares	2,092.76	Principal Balanced Fund.	Equity Shares	71.00
Raymond Limited	Principal 91 Days Fixed Maturity Plan June 2004, Principal 371 Day Fixed Maturity Plan (FMP-371 Days) Mar 2004, Principal 91 Days Fixed Maturity Plan June 2004, Principal 91 Days Fixed Maturity Plan (FMP-17) Jan 2005	Equity Shares	274.78	Principal Growth Fund	Equity Shares	196.88
		Debt	9,000.00		Debt	-
Sun Pharmaceutical Industries Limited	Principal 371 Days Fixed Maturity Plan (FMP-15) Nov 2004, Principal 91 Days Fixed Maturity Plan (FMP-17) Jan 2005, Principal 91 Days Fixed Maturity Plan June 2004	Equity Shares	1,949.79	Principal Index Fund, Principal Tax Saving Fund	Equity Shares	93.37
		Debt	7,000.00		Debt	-
Tata Consultancy Services	Principal 91 Days Fixed Maturity Plan June 2004	Equity Shares	2,534.24	Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan, Principal Monthly Income Lan-mip Plus, Principal Personal Tax Saver Fund, Principal Child Benefit Fund	Equity Shares	288.93
Tata Iron & Steel Company	Principal Liquid Fund	Equity Shares	5,683.31	Principal Growth Fund, Principal Index Fund, Principal Monthly Income Plan, Principal Monthly Income Plan-mip Plus, Principal Resurgent India Equity Fund, Principal Tax Saving Fund, Principal Focussed Advantage Fund	Equity Shares	2,960.79
Tata Motors Ltd.	Principal 91 Days Fixed Maturity Plan (FMP-17) Jan 2005, Principal Income Fund - Short Term Plan, Principal Floating Rate Fund - Flexible Maturity Plan, Principal 371 Day Fixed Maturity Plan (FMP-371 Days) Mar 2004	Equity Shares	6,331.82	Principal Index Fund, Principal Equity Fund, Principal Focussed Advantage Fund & Principal Growth Fund.	Equity Shares	1,564.37
		Debt	42.00		Debt	-
Videsh Sanchar Nigam Ltd.	Principal 91 Days Fixed Maturity Plan (FMP-17) Jan 2005	Equity Shares	160.63	Principal Index Fund, Principal Equity Fund	Equity Shares	3.07
Vijaya Bank	Principal Income Fund	Equity Shares	18.10	Principal Index Fund	Equity Shares	
		Debt	14,600.00	Principal Cash Management Fund - Liquid Option, Principal Floating Rate - Short Maturity Plan	Debt	2,500.00

\*\* Specified period means one year prior and one year after the date of investment by company in any scheme.

Most of the above securities were purchased from the open secondary/primary market at relevant market/offer prices over a period of time based on the approved investment strategy. All the securities pertain to highly rated blue-chip companies.

The AMC is of the view that the above investments are considered sound and in line with the investment objective of the relevant schemes.

**HISTORICAL PER UNIT STATISTICS AS AT March 31, 2005 (Rs. per unit of Face Value Rs. 10/-)**

PARTICULARS	Principal Dividend Yield Fund	
	Dividend	Growth
	As on 31/03/05	As on 31/03/05
a. Net Asset Value per unit	11.3800	11.4000
	<b>31/03/05</b>	
b. i. Income other than profit on sale of Investments	0.27	
ii. Income from profit on inter-scheme sale/ transfer of investments	0.00	
iii. Income from profit on sale of investments to third party	1.39	
<b>Gross Income b (i to iii)</b>	<b>1.66</b>	
c. i. Aggregate of expenses, write off, amortisation and charges	0.20	
d. Net Income (b-c)	<b>1.46</b>	
e. Change in unrealised appreciation/ (depreciation) in value of investments	0.40	
	<b>31/03/05</b>	<b>31/03/05</b>
f. i. Repurchase Price		
1. Highest during the year/period	11.7700	11.7800
2. Lowest during the year/period	9.9400	9.9400
ii. Reissue Price		
1. Highest during the year/period	12.0300	12.0500
2. Lowest during the year/period	10.0000	10.0000

Notes:

1. Income and Expenditure per unit have been worked out based on balance in Unit Capital Account as on 31/03/05.
2. Since the scheme is not traded on Stock Exchange Trading Price and Price Earning Ratio is not applicable.
3. Transfer to Revenue Account from Past Years Reserve is NIL.
4. Previous year figures for the scheme are not available since the scheme was launched during the current year.
5. Information is given for the Schemes/Plans outstanding as on 31/03/2005.

**ADDENDUM DATED JANUARY 31, 2005 TO THE COMBINED OFFER DOCUMENT**

**Notice** is hereby given that with effect from February 1, 2005 the dates of investments specified for Systematic Investment Plan (SIP), wherever SIP facility is offered as per the terms and conditions of the Offer Document, stand revised as explained below :

Current dates – 5<sup>th</sup> or 15<sup>th</sup> or 25<sup>th</sup> day of the month

Revised dates – 1<sup>st</sup> or 5<sup>th</sup> or 15<sup>th</sup> or 25<sup>th</sup> day of the month

All other terms / conditions remain unchanged.

**Date: January 31, 2005**

**ADDENDUM DATED SEPTEMBER 22, 2004 TO THE OFFER DOCUMENT OF PRINCIPAL DIVIDEND YIELD FUND**

Notice is hereby given that in view of Ganpati Visarjan, the Initial Public Offer of Principal Dividend Yield Fund, an open-ended equity scheme of Principal Mutual Fund, is hereby extended from 27th to 29th of September 2004. Accordingly, the Initial Public Offer of the scheme will be from 6th September 2004 to 29th September 2004.

Investors are hereby informed that there is a change in the load structure of the Principal Dividend Yield Fund during the IPO as follows :

Particulars	Existing	Revised
Entry Load (as % of Applicable NAV)	Nil	Nil
Exit Load (as % of Applicable NAV)	1.5% If redeemed within 6 months.	1.5% If redeemed within 6 months for applications < Rs. 2 crores. 1.5% If redeemed within 150 days for applications of Rs. 2 crores and above.

Date: September 22, 2004

**ADDENDUM DATED MARCH 2, 2005 TO THE OFFER DOCUMENT OF PRINCIPAL DIVIDEND YIELD FUND**

Investors are hereby informed that there is a change with effect from Friday March 4, 2005 in the load structure with respect to Principal Dividend Yield Fund as given below:

**Existing Load Structure for Principal Dividend Yield Fund:**

Particular	Load Structure
Entry Load	2.25%
Exit Load	Nil

**Revised Load Structure for Principal Dividend Yield Fund:**

Particular	Load Structure
Entry Load	For investments upto and equal to Rs.1 lakh – Nil; For investments above Rs.1 lakh and upto Rs.3 crore – 2.25%, For investments of Rs.3 crore and above – Nil.
Exit Load	For investments upto and equal to Rs.1 lakh – if redeemed within 180 days – 2%, if redeemed beyond 180 days – Nil. For investments above Rs.1 lakh – Nil

The same will be in force till further notice. All other features / terms and conditions remain unchanged.

Date: March 2, 2005

**ADDENDUM DATED MARCH 17, 2005 TO THE OFFER DOCUMENT OF PRINCIPAL DIVIDEND YIELD FUND**

Investors are hereby informed that there is a change with effect from Friday March 18, 2005 in the entry load with respect to Principal Dividend Yield Fund as given below:

**Existing Load Structure for Principal Dividend Yield Fund:**

Particular	Load Structure
Entry Load	For investments upto and equal to Rs.1 lakh – Nil; For investments above Rs.1 lakh and upto Rs.3 crore – 2.25%, For investments of Rs.3 crore and above – Nil.
Exit Load	For investments upto and equal to Rs.1 lakh – if redeemed within 180 days – 2%, if redeemed beyond 180 days – Nil. For investments above Rs.1 lakh – Nil

**Revised Load Structure for Principal Dividend Yield Fund:**

Particular	Load Structure
Entry Load	For investments upto and equal to Rs.1 lakh – Nil; For investments above Rs.1 lakh – 2.25%.
Exit Load	For investments upto and equal to Rs.1 lakh – if redeemed within 180 days – 2%, if redeemed beyond 180 days – Nil. For investments above Rs.1 lakh – Nil

The same will be in force till further notice. All other features / terms and conditions remain unchanged.

Date: March 17, 2005

**Statutory Details:** Principal Mutual Fund has been constituted as a trust with Principal Financial group (Mauritius) Limited, Punjab National Bank and Vijaya Bank as co-settlers. The Sponsor is not responsible or liable for any loss resulting from the operations of the Principal Mutual Fund beyond the initial contribution of an amount of Rs. 25 Lakhs towards setting up of Principal Mutual Fund. **Sponsor:** Principal Financial Services Inc., USA. **Trustee:** Principal Trustee Company Private Limited. **Investment Manager:** Principal Pnb Asset Management Company Private Limited. **Risk Factors:** Mutual Funds and Securities investments are subject to market risks and there can be no assurance and no guarantee that the objectives of the Principal Mutual Fund can be achieved. All investments in mutual funds and securities are subject to market risks and the NAV of the schemes may go up or down depending upon the factors and forces affecting the securities market. Past performance of the Sponsor/AMC/ Principal Mutual Fund/Punjab National Bank/Vijaya Bank does not indicate or guarantee the future performance of the scheme(s) of the Principal Mutual Fund. Principal Dividend Yield Fund (Investment Objective: To provide capital appreciation and/or dividend distribution by investing predominantly in a well diversified portfolio of companies that have a relatively high dividend yield) is only the name of the schemes and does not in any manner indicate either the quality of the schemes or its future prospects or return. Investors are urged to read the offer document of the respective schemes carefully before investing. This newsletter is for informative purpose only and under no circumstances is to be used or considered as an investment advice. The AMC/Trustee/Sponsor accept no liability whatsoever for any direct or consequential loss arising from any information provided in this newsletter.



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<b>Ajmer:</b>	C/o. Punjab National Bank, Kuchehry Road, Ajmer-305001. Tel.: (0145) 5120970 / 9828199713.
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<b>Bhubaneshwar:</b>	C/o. PNB Regional Office, Plot No. 116, Station Square, Bhubaneshwar-751 001. Tel.: 9437063766.
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<b>Dehradun:</b>	C/o. Punjab National Bank, Below Digvijay Cinema, Clock Tower, Dehradun-248 001. Tel.: 5543886 / 9897423996.
<b>Guwahati:</b>	C/o. PNB Regional Office, Nilgiri Mansion, Bhangagarh, G.S. Road, Guwahati-781 005. Tel.: 9864117432.
<b>Hyderabad:</b>	White House, 503, 5th Floor, Block No. 1, Begumpet, Hyderabad-500 016. Tel: (040) 5562 0812. Tele/Fax: (040) 5566 9548.
<b>Indore:</b>	G 8 & 9, Ground Floor, City Center, 570, Mahatma Gandhi Marg, Indore-452 001. Tel: (0731) 506 7596 / 506 7345.
<b>Jaipur:</b>	105-B, 1st Floor, Shyam Anukampa Complex, Opp. HDFC Bank Ltd., Ashok Marg, C-Scheme, Jaipur-302 001. Tel.: (0141) 511 8240/60/61.
<b>Jalandhar:</b>	C/o. Punjab National Bank, Nehru Garden Chowk, Jalandhar-144 001. Tel.: (0181) 5061251 / 9876421144.
<b>Jodhpur:</b>	C/o. Punjab National Bank, M.G.H. Road, Takiya Chand Shah Market, Jodhpur. Tel.: (0291) 5537371 / 9829437371 / 9314223007.
<b>Kanpur:</b>	118-119, Kan Chambers, Near Stock Exchange Building, 13/114 Civil Lines, Kanpur-208 001. Tel: (0512) 3097150 / 9838811843.
<b>Kochi:</b>	2nd Flr., Mayur Business Center, Pullepady Junction, Chittor Road, Kochi-682 035. Tel.: (0484) 5533164-65 / 98468 68888
<b>Kolkata:</b>	Block No. 503, SHUBHAM, 5th Floor, 1, Sarojini Naidu Sarani, Kolkata-700 017. Tel: (033) 2281 7268 / 2281 7247.
<b>Lucknow:</b>	210-B, 2nd Floor, Saran Chambers-2, 5, Park Road, Lucknow-226 001. Tel: (0522) 223 9770 / 223 8816.
<b>Ludhiana:</b>	302, SCO-18, Opp. Ludhiana Stock Exchange, Feroze Gandhi Market, Ludhiana-141001. Tel.: (0161) 277 4209/508 6682.
<b>New Delhi:</b>	310, Ansal Bhawan, 16, K.G. Marg, New Delhi-110 001. Tel: (011) 5511 5111.
<b>Patiala:</b>	F-11, 1st Floor, SCO-131, Chotti Baradari, Patiala-147 001. Tel.: (0175) 5000601 / 9815688222.
<b>Pune:</b>	1st Floor, Shreenath Plaza, Dnyaneshwar Paduka Chowk, F. C. Road, Pune-411 005. Tel.: (020) 2553 8737/38, 5601 5055.
<b>Raipur:</b>	Shop No. 248-249, Lalganga Shopping Mall, G.E. Road, Raipur-492001 (Chattisgarh). Tel.: (0771) 5042115 / 5042116.
<b>Rajkot:</b>	C/o. PNB Regional Office, "Giriraj Complex", Rajput Para Main Road, Rajkot-360 001. Tel.: (0281) 5594383 / 9824236646.
<b>Ranchi:</b>	Room No.12, A.C.Market, G.E.L Chruuch Complex, Main Road, Ranchi - 834 001. Tel.: (0651) 2330539 / 9431102883.
<b>Siliguri:</b>	Nanak Complex, 3rd Floor, Sevoke Road, Siliguri-734 401. Tel.: 9832012055.
<b>Surat:</b>	206 Jolly Plaza, Athwagate, Surat-395001. Tel: (0261) 246 0123 / 557 7964. Telefax: (0261) 246 3256.
<b>Udaipur:</b>	C/o. Punjab National Bank, Chetak Circle, Udaipur-313 001. Tel.: (0294) 5120699 / 2529175 / 9828215143.
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