STATEMENT OF ADDITIONAL INFORMATION (SAI)

This Statement of Additional Information (SAI) contains details of Principal Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference in and is legally a part of the Scheme Information Document.

This SAI is dated June 24, 2009.

Name of Mutual Fund :	Principal Mutual Fund	
Name of Asset Management Company :	Principal Pnb Asset Management Company Private Limited	
Name of Trustee Company :	Principal Trustee Company Private Limited	
Address, Website of the entities :		
Principal Mutual Fund	**Principal Pnb Asset Management Company Private Limited**	**Principal Trustee Company Private Limited**
Exchange Plaza, 'B' Wing, 2nd Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051.	Exchange Plaza, 'B' Wing, 2nd Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051	Maker Bhavan - II, 1st Floor, 18, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai- 400 020.
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Principal™ pnb Asset Management
in association with Vijaya Bank

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I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES

A. 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 provisions of the Indian Trusts Act, 1882 (2 of 1882).

The Fund was initially set up by Industrial Development Bank of India (IDBI) in 1994 by execution of the afore-referred Trust Deed, under which IDBI was the sole Settlor, Sponsor and Principal Trustee and an initial amount of Rs.1 lakh and additional amount of Rs.24.99 crore was settled as the trust corpus. Accordingly the Board of Trustees were vested with all the rights, duties and responsibilities vis-à-vis functioning of the Mutual Fund. The said Trust Deed has been registered under the Indian Registration Act, 1908 and the Mutual Fund was registered with SEBI on December 13, 1994 under Registration Code MF/019/94/0

Subsequently, 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 Asset Management Company and of the Trustee Company was changed respectively to Principal Asset Management Company Private Limited and Principal Trustee Company Pvt. Ltd. to reflect the change in ownership. In tune with the industry standards and practices, Principal Mauritius, the Settlor, maintains a corpus of Rs.25 lakh in the Trust in place of the original contribution of Rs. 1 lakh and additional contribution of Rs.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% respectively of the equity capital of both Principal Pnb Asset Management Company Private Limited (earlier name - Principal Asset Management Company Private Limited) and Principal Trustee Company Private Limited. Pursuant to this change in ownership, certain amendments have been made to the Principal Mutual Fund vide Supplemental Trust Deed dated 5th May 2004, to reflect, amongst other amendments, the addition of Punjab National Bank and Vijaya Bank as the co-settlors to the Fund. Accordingly, Principal Mauritius, Punjab National Bank and Vijaya Bank have 65%, 30% and 5% rights, title, interest and obligations respectively as co-settlors to Principal Mutual Fund.

B. Sponsor

Principal Mutual Fund is sponsored by Principal Financial Services Inc., USA [acting through its wholly owned subsidiary Principal Financial Group (Mauritius) Ltd.]. The Sponsor is the Settlor of the Mutual Fund Trust with Punjab National Bank and Vijaya Bank as co-settlors. The Sponsor and co-settlors have entrusted a sum of Rs. 25 lakhs to the Trustee as the initial contribution towards the corpus of the Mutual Fund. Principal Financial Services Inc. is a member of the Principal Financial Group - a leading provider of financial products and services globally to businesses and individuals including retirement and investment services, Mutual Funds, life and health insurance, annuities and mortgage banking. Established in 1879, the Principal Financial Group has more than $236.6 billion in assets under management and serves over 18.8 million customers worldwide through operations in the United States, Asia, Australia, Europe and Latin America (as on March 31, 2009). 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.

Financial Performance of the Sponsor (past three years):

Condensed Financial Position of Principal Financial Group, Inc. (holding Company of Principal Financial Services Inc., USA)

(In Millions USD)

Particulars	Dec '08	Dec '07	Dec '06
Net Worth	2,473	7,422	7,861
Total Income	9,936	10,907	9,873
Profit after tax	458	860	1,064
Assets Under Management	247,000	311,100	256,900

Both Punjab National Bank (PNB) and Vijaya Bank (VB) are Scheduled Commercial Banks. PNB has a network of over 4,600 branches and 200 extension counters throughout India and offers a wide variety of banking services. VB has built a network of over 1000 branches that span all 28 states and 4 union territories in the country. With the said infrastructure, Principal Pnb Asset Management Company Private Limited has been in a position to leverage the combined and far-reaching distribution networks of PNB and VB, including more than 5,500 combined retail and commercial banking branches throughout India, along with Principal's international expertise and its position as a recognized manager of mutual funds in India.

C. The Trustee

Principal Trustee Company Private Limited (the "Trustee"), through its Board of Directors, shall discharge its obligations as Trustee of the Principal Mutual Fund. The Trustee ensures that the transactions entered into by the Principal Pnb Asset Management Company Private Limited (AMC) are in accordance with the SEBI (Mutual Funds) Regulations, 1996 and will also review the activities carried on by the AMC.

Principal Trustee Company Private Limited (formerly IDBI-PRINCIPAL Trustee Company Limited), a company incorporated under the Companies Act, 1956 is the Trustee to the Fund with effect from October 18, 2002. Prior to October 18, 2002, Board of Trustees discharged the Trusteeship function of the Fund. The Trustee has the exclusive ownership of the Trust Fund and is vested with the general powers of superintendence, direction and management of the affairs of the Trust.

On June 23, 2003, Principal Financial Services Inc. USA acquired 100% stake in IDBI-PRINCIPAL Trustee Company Limited, through its wholly owned subsidiary Principal Financial Group (Mauritius) Limited. Name of the Trustee Company was changed to Principal Trustee Company Private Limited, to reflect the change in ownership. On May 5, 2004, Punjab National Bank and Vijaya Bank became equity shareholders of the Trustee Company and post this, Principal Financial Group (Mauritius) Limited, Punjab National Bank and Vijaya Bank hold 65%, 30% and 5% respectively of the paid up equity capital of the Trustee Company.

The Trustees have appointed Citibank NA as the Custodian and Karvy Computershare Pvt. Ltd. as the Registrar & Transfer Agent for all the schemes, existing as well as schemes to be launched from time to time.

The Trustee discharges the supervisory role by having a number of checks and balances besides having continuous feedback from the AMC on matters of importance and a review of the Mutual Fund's operations at the periodical meetings of the Board of Directors of the Trustee Company which are required to be held at least once in two calendar months as per the Regulations. The Trustees shall also discharge the supervisory role by reviewing the internal audit report/compliance reports on a regular basis.

Six Board Meetings of the Trustee Company were held during the period April 1, 2009 to March 31, 2009 and one Board Meeting of the Trustee Company was held during the period ended April 1, 2009 to June 24, 2009.

Details of Trustee Directors:

Name	Age / Qualification	Brief Experience
MR. B.G. DESHMUKH	80 years B. Sc. (Hons), M.A. (Econ.)	Mr. Deshmukh, IAS was Cabinet Secretary, Government of India and has over 55 years of experience in different functions. He is presently the Chairman of the Board of Director of Siporex India Limited and Director on the Boards of Venkateshwara Hatcheries Pvt. Ltd., Finolex Cables Ltd., Venky's (India) Ltd., Five Stars Bulkcarriers Ltd.
MR. NED BURMEISTER*	50 years Bachelor's degree from Drake University	Mr. Burmeister is Vice President, Chief Financial Officer and Risk Manager at Principal International, Inc. He has been associated with the Principal Group for the past 30 years. He is a Director on the Board of various Principal Group Companies. He is also a member of Society of Actuaries and the American Academy of Actuaries.
MR. H. M. SINGH	76 years M.A. (Political Science)	Mr. Singh is an Ex-Civil Servant. In his career spanning 35 years with the Government of India he was posted in various functions. He is currently with Arya Offshore Services Private Ltd. - as an advisor for Shipping and Port Companies. He is also a Maritime Arbitrator.
MR. V. S. MATHUR	63 years M.A.	Mr. Mathur, was Director General, Systems - Income Tax Dept., in charge for setting up comprehensive nation wide computerization in the Income Tax Department. Currently he is on the Board of Emmson's International Ltd., BCL Consortium Ltd. and Bindal Papers Ltd.
MR. PRAMOD H. LELE	59 years B.Com, LLB (Gen.), ACA, AICWA	Mr. Lele is currently the Chief Executive Officer of P. D. Hinduja National Hospital & Medical Research Centre. He is on the Board of SICOM Ltd., SICOM Reality Private Ltd., Maharashtra Safe Chemists & Distributors Alliance Ltd., Renaissance Jewellery Ltd. and as a Trustee of Brihad Bharatiya Samaj.
MR. RANJAN DHAWAN*	53 years MBA (Finance), Cost & Management Accountant (U.K), CIA - USA	Mr. Dhawan is currently the Chief General Manager, Punjab National Bank in charge of International Banking Division. In his career spanning 31 years, he has been associated with Punjab National Bank for the past 25 years handling various positions. He is presently on the Board of Joint Venture Companies of Principal with PNB.

* Associate Directors in terms of SEBI Regulations.

Duties and Responsibilities of Trustees

1. The Trustees and the AMC shall, with the prior approval of SEBI, enter into an Investment Management Agreement.
2. The Investment Management Agreement shall contain such clauses as are mentioned in the Fourth Schedule of SEBI (Mutual Funds) Regulations, 1996 and such other clauses as are necessary for the purpose of making investments.
3. The Trustees shall have a right to obtain from the AMC such information as is considered necessary by the Trustees.
4. The Trustees shall ensure before the launch of any scheme that the AMC has -
   - systems in place for its back office, dealing room and accounting;
   - appointed all key personnel including Fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the Trustees, within 15 days of their appointment;
   - appointed auditors to audit its accounts;
   - appointed a Compliance Officer to comply with regulatory requirements and for redressal of investors' grievances;
   - appointed registrars and laid down parameters for their supervision;
   - prepared a compliance manual and designed internal control mechanisms including internal audit systems;
   - specified norms for empanelment of brokers and marketing agents.
   - Obtained wherever required under the regulations prior in-principle approval from the Stock Exchange(s) where units are proposed to be listed.

4(A). The Trustees shall ensure that the Compliance officer appointed immediately and independently reports to SEBI any non-compliance observed by him.

5. The Trustees shall ensure that an AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
6. The Trustees shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the unitholders.
7. The Trustees shall ensure that the transactions entered into by the AMC are in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the scheme.
8. The Trustees shall ensure that the AMC has been managing the Mutual Fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.
9. The Trustees shall ensure that all the activities of the AMC are in accordance with the provisions of the SEBI (Mutual Funds) Regulations, 1996.
10. Where the Trustees have reason to believe that the conduct of business of the Mutual Fund is not in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the scheme, they shall forthwith take such remedial steps as are necessary by them, and shall immediately inform SEBI of the violation and the action taken by them.
11. Each Trustee shall file the details of his transactions (exceeding Rs. 1 lac) of dealing in securities with the Mutual Fund on a quarterly basis.
12. The Trustees shall be accountable for, and be the custodian of, the Funds and property of the respective schemes and shall hold the same in trust for the benefit of the unitholders in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the provisions of trust deed.
13. The Trustees shall take steps to ensure that the transactions of the Mutual Fund are in accordance with the provisions of the trust deed and SEBI Regulations.
14. The Trustees shall be responsible for the calculation of any income due to be paid to the Mutual Fund and also of any income received in the Mutual Fund for the holders of the units of any scheme in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the trust deed.
15. The Trustees shall obtain the consent of the unitholders -
    a) whenever required to do so by SEBI in the interest of the unitholders; or
    b) whenever required to do so on the requisition made by three-fourths of the unitholders of any scheme; or
    c) when the majority of the Trustees decide to wind up or prematurely redeem the units;

15(A) The trustees shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unitholders, shall be carried out unless,

a) a written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and

b) the unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.

16. The Trustees shall call for the details of transactions in securities by the Key Personnel of the AMC in his own name or on behalf of the AMC and shall report to SEBI, as and when required.
17. The Trustees shall quarterly review all transactions carried out between the Mutual Fund, AMC and its associates.
18. The Trustees shall review the net worth of the AMC on a quarterly basis and in case of any shortfall, ensure that the AMC make up for the shortfall as per clause (f) of sub-regulation (1) of regulation 21 of SEBI (Mutual Funds) Regulations, 1996.

19. The Trustees shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and verify it that such contracts are executed in the interest of the unitholders.
20. The Trustees shall ensure that there is no conflict of interest between the manner of deployment of its networth by the AMC and the interest of the unitholders.
21. The Trustees shall periodically review the investor complaints received and the redressal of the same by the AMC.
22. The Trustees shall abide by the Code of Conduct as specified in the Fifth Schedule of SEBI (Mutual Funds) Regulations, 1996.
23. The Trustees shall furnish to SEBI on a half yearly basis -
    a) a report on the activities of the Mutual Fund;
    b) a certificate stating that the Trustees have satisfied themselves that there have been no instances of self dealing or front running by any of the Trustees, Directors and Key Personnel of the AMC;
    c) a certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of regulation 24 of SEBI (Mutual Funds) Regulations, 1996 have been undertaken by the AMC and has taken adequate steps to ensure that the interest of the unitholders are protected.
24. The independent Trustees referred to in sub-regulation (5) of regulation 16 of SEBI (Mutual Funds) Regulations, 1996 shall give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of group companies of the Sponsor.
25. The Trustees shall not acquire nor allow the AMC to acquire any assets out of the Trust Fund and/or unit capital, which involves the assumption of unlimited liability or results in the encumbrances of Trust Fund, and/ or Unit Capital in any way.
26. The Trustees shall maintain arms' length relationship with companies, institutions, financial intermediaries or bodies corporate with which the Trustees may be associated in any capacity in carrying out their responsibilities as the Trustees of the Mutual Fund.
27. The Trustees shall not participate in any decision-making process/ resolution of its Board for any investment in which they may be interested.
28. All of the Trustees shall furnish to SEBI, the interest which they may have in any other company, or institution or financial intermediary or any corporate by virtue of his/her position as Director, partner or with which he/she may be associated in any other capacity.
29. No amendments to the trust deed shall be carried out without the prior approval of SEBI and unitholder's approval / consent would be obtained where it affects the interests of unitholders as per the procedure / provisions laid down in the Regulations.

    Trustees shall exercise due diligence as under:

    General Due Diligence

    a) The Trustees shall be discerning in the appointment of the Board of Directors of the AMC.
    b) The Trustees shall review the desirability of continuance of AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.
    c) The Trustees shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
    d) The Trustees shall ensure that all service providers are holding appropriate registrations from SEBI or concerned regulatory authority.
    e) The Trustees shall arrange for test checks of service contracts.
    f) The Trustees shall immediately report to SEBI of any special developments in the Mutual Fund.

    Specific Due Diligence

    The Trustees shall

    a) Obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees
    b) Obtain compliance certificates at regular intervals from the AMC.
    c) Hold meeting of Trustees more frequently.
    d) Consider the reports of the independent auditor and compliance reports of AMC at the meetings of Trustees for appropriate action.
    e) Maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings.
    f) Prescribe and adhere to a code of ethics by the Trustees, AMC and its personnel.
    g) Communicate in writing to the AMC of the deficiencies and checking the removal of deficiencies.
30. Notwithstanding anything contained herein above from points (1) to (29) the Trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
31. The Trustees shall pay specific attention to the following as may be applicable, namely -
    a) The Investment Management Agreement and the compensation paid under the agreement.
    b) Service contracts with affiliates - whether the AMC has charged higher fees than outside contractors for the same services.
    c) Selection of the AMC's independent directors.
    d) Securities transactions involving affiliates to the extent such transactions are permitted.
    e) Selecting and nominating individuals to fill independent directors vacancies.
    f) Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions,
    g) The reasonableness of the fees paid to the sponsors, AMC and any other for services provided.
    h) Principal underwriting contracts and the renewals.
    i) Any service contract with the associates of the AMC.

D. Asset Management Company

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, 2nd 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.

AMC has been granted approval by SEBI to function as an Asset Management Company of Principal Mutual Fund, and shall be responsible, inter alia, for the following:

1. Launching and operating various schemes of the Mutual Fund
2. Performing Investment Management functions for various schemes of the Mutual Fund.
3. Ensuring that the investment of the assets pertaining to any scheme is made in accordance with the provisions of the SEBI Regulations and the Trust Deed including Supplemental Trust Deed thereto.
4. Ensuring that adequate disclosures are made to the unitholders and to SEBI.

Besides the offering and management of Schemes offered by Principal Mutual Fund, the AMC may undertake activities in the nature of management and advisory services to offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds, financial consultancy and exchange of research on commercial basis if any of such activities are not in conflict with the activities of the mutual fund in line with SEBI (Mutual Funds) Regulations, 1996.

AMC has been registered as a Portfolio Manager under the provisions of SEBI (Portfolio Manager) Regulations, 1993 vide SEBI Registration no. INP000000951 dated April 18, 2007. AMC has ensured that the key personnel of the AMC, the systems, back office, bank and securities accounts have been segregated activity wise and there exists systems to prohibit access to inside information of various activities. Further, the AMC has ensured that it meets with the capital adequacy requirements as mentioned in the Regulations separately for each of the activities.

SEBI has vide letter No. IMD/MHS/37746/2005 dated April 5, 2005 has granted no objection to AMC 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 AMC can be terminated by a majority of the Trustees or 75% of the unitholders in the Fund opting so, subject to scrutiny and approval of SEBI.

The present share holding pattern of the AMC is as follows:

Name of the share holder	% of equity capital
Principal Financial Group (Mauritius) Limited	65
Punjab National Bank	30
Vijaya Bank	5

Details of AMC Directors:

Name	Age / Qualification	Brief Experience
MR. MUKUND M. CHITALE	59 years *B. Com,* *Chartered Accountant*	Mr. Chitale, is a practicing Chartered Accountant since 1972 and is a partner with Mukund M. Chitale & Co. - Chartered Accountants. He is on Board of various companies i.e. Larsen & Toubro Ltd., Ram Ratna Wires Limited, Shriram Transport Finance Company Ltd., ONGC Mangalore Petrochemicals Ltd. etc.
MR. RAJAN GHOTGALKAR*	51 years *B. Com (Honours),* *Chartered Accountant*	Mr. Ghotgalkar is the Country Head - India at Principal International and also the Managing Director of Principal Pnb Asset Management Co. Pvt. Ltd. He has over 26 years of experience in Banking Sector viz. branch banking, offshore banking, finance, strategy and re-engineering. He is also on Board of various Principal Group Companies.
MR. RUSTAM GAGRAT	49 years *M.A., Advocate, Solicitor, Notary*	Mr. Gagrat is a Partner in Gagrats, a leading law Firm in Mumbai and Gagrat & Co., New Delhi. He has over 25 years of experience as an Advocate and Solicitor. He is on Board of various companies i.e. Indo-Aden Salt Manufacturing & Trading Co. Pvt. Ltd., Potash Fertilisers (India) Pvt. Ltd., Aristo Realty Developers Ltd, Blue Rose Properties Pvt. Ltd., and is a member of the Supervisory Board of Forbes Marshall Private Ltd.
MR. S.K. DUBEY*	57 years *MSc (Physics), C.A.I.I.B.*	Mr. Dubey is currently the General Manager, Punjab National Bank in charge of the Treasury division and international banking division since May 2005. In his career spanning 31 years with Punjab National Bank he has experience in various areas i.e. General Banking, Credit, Foreign Exchange assignment in branches and well as in administrative offices.
MR. ASHOK VIJ	54 years *B. Com, Chartered Accountant*	Mr. Vij is a practicing Chartered Accountant since 1979 and is a partner with Lamba Vij & Co. - Chartered Accountants. He is associated with various companies as Director i.e. Dedicated Digital Machines Private Ltd., India Professional Services & Investment Ltd., Dewanchand Ramsaran Industries Pvt Ltd, etc.
MR. REX AUYEUNG*	57 years Graduate (Ying Wa College, Hongkong) BES majoring in Urban and Regional Planning	Mr. Auyeung is currently Vice President, Principal Financial Group and Senior Vice President and Chief Executive - Asia for Principal International Inc. based in Hongkong. He has been associated with the Principal Group for the past 15 years and is a Director on the board of various Principal Group Companies. He is the a member of the Council of City University of Hongkong and a member of the Corporate Advisory Board of the Finance Department of the Hongkong University of Science and Technology.

* Associate Directors in terms of SEBI Regulations.

Duties and Responsibilities of the AMC

1. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any scheme is not contrary to the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Trust Deed.
2. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.

2A. The AMC shall obtain wherever required under the regulation, prior in principle approval from recognised Stock Exchange(s) where units are proposed to be listed.

3. The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.
4. The AMC shall submit to the Trustees quarterly reports of each year on its activities and the compliance with SEBI (Mutual Funds) Regulations, 1996.
5. The Trustees at the request of the AMC may terminate the assignment of the AMC at any time. Provided that such termination shall become effective only after the Trustees have accepted the termination of assignment and communicated their decision in writing to the AMC.
6. Notwithstanding anything contained in any contract or agreement of termination, the AMC or its Directors or other officers shall not be absolved of liability to the Mutual Fund for their acts of commission or omission, while holding such position or office.
   (a) The Managing Director of the asset management company shall ensure that the mutual fund complies with all the provisions of SEBI (Mutual Funds) Regulations, 1996 and that the investments made by the fund managers are in the interest of the unitholders and shall also be responsible for the overall risk management function of the mutual fund.
   (b) The fund manager/s shall ensure that the funds of the schemes are invested to achieve the objectives of the scheme and in the interest of the unitholders.

7 (a) The AMC shall not through any broker associated with the Sponsor, purchase or sell securities, which on an average is 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes.

Provided that for the purpose of this provision, aggregate purchase and sale shall exclude sale and distribution of units issued by the Mutual Fund.

Provided further that the aforesaid limit of 5% shall apply for a block of any three months.

(b) The AMC shall not purchase or sell securities through any broker (other than a broker referred to in clause (a) of (7) above) which is on an average of 5% or more of the aggregate purchase and sale of securities made by the Mutual Fund in all its Schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5% and reports of all such Investments are sent to the Trustees on a quarterly basis. Provided that the aforesaid limit of 5% shall apply for a block of 3 months.

8. The AMC shall not utilize the services of the Sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. Provided that an AMC may utilize such services if disclosure to that effect is made to the unitholders and the brokerage or commission paid is also disclosed in the half yearly and annual accounts of the Mutual Fund.

   Provided further that the Mutual Fund shall disclose at the time of declaring half-yearly and yearly results:
   - any underwriting obligations undertaken by the schemes of the Mutual Fund with respect to issue of securities of associate of companies,
   - devolvement, if any,
   - subscription by the schemes in the issues lead managed by associate companies.
   - Subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies has acted as arranger or manager.
9. The AMC shall file with the Trustees the details of transactions in securities by the key personnel of the AMC in their own name or on behalf of the AMC and shall also report to SEBI, as and when required by SEBI.
10. In case the AMC enters into any Securities transactions with any of its associates a report to that effect shall be sent to the Trustees at its next meeting.
11. In case any company has invested more than 5 percent of the NAV of a scheme, the investment made by that scheme or by any other scheme of the Mutual Fund in that company or its subsidiaries shall be brought to the notice of the Trustees by the AMC and be disclosed in the half yearly and annual accounts of the respective schemes with justification for such investment, provided the latter investment has been made within one year of the date of the former investment calculated on either side.
12. The AMC shall file with the Trustees and SEBI :
    - Detailed bio-data of all its directors along with their interest in other companies within fifteen days of their appointment; and
    - Any change in the interest of Directors every six months.
    - A quarterly report to the Trustees giving details and adequate justification about the purchase and sale of the Securities of the group companies of the sponsor or the AMC as the case may be, by the Mutual Fund during the said quarter.
13. A statement of holdings in securities of the Directors of the AMC shall be filed with the Trustees with dates of acquisitions of such Securities at the end of each financial year.
14. The AMC shall not appoint any person as key personnel who has been found guilty of any economic offence or involved in violation of securities laws.
15. The AMC shall appoint Registrars and Share Transfer Agents who are registered with SEBI. Provided if the work relating to the transfer of units is processed in-house, the charges at competitive market rates may be debited to the scheme and for rate higher than the competitive market rates, prior approval of the Trustees shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
16. The AMC shall abide by the Code of Conduct as specified in the Fifth Schedule of SEBI (Mutual Funds) Regulations, 1996.

Information on Key Personnel:

Name / Designation	Age / Qualification	Brief Experience
Mr. Rajan Ghotgalkar *Managing Director*	51 years *B.Com (Hons),* *Chartered Accountant*	Mr. Ghotgalkar is the Country Head - India at Principal International and also the Managing Director of Principal Pnb Asset Management Co. Pvt. Ltd. He has over 26 years of experience in Banking Sector viz. branch banking, offshore banking, finance, strategy and re-engineering. Prior to this he has been associated with IDBI Bank, National Bank of Dubai, Standard Chartered Bank, ANZ Grindlays Bank plc.
Mr. Sudipto Roy *Business Head*	43 years *B.Com (Hons), A.C.A.,* *A.I.C.W.A.*	Mr. Roy is Business Head - Asset Management Company. He has over 18 years of experience in various areas out which the last two and half years being associated with Principal as Business Head for Insurance Broking and Financial Planning Business. In his previous assignment he was associated with Kotak Life Insurance as the Vice President - Alternate Channel. Prior to the same he has been also associated with Birla Life Insurance Company Limited, Kotak Securities Limited and Special Steels Limited (a subsidiary of TATA Steel).
Mr. Ritesh Jain *Chief Financial Officer*	36 years *B.Com, A.C.A.,* *C.W.A., C.S.*	Mr. Jain is Chief Financial Officer -AMC. He has over 14 years of experience in the areas of finance, treasury, tax, audit, regulatory compliances and general administration out which the last 8 years being with Principal. In his previous assignment he was associated with Morgan Stanley for their asset management and custody business as Financial Controller and with JM Morgan Stanley for their securities business as Treasurer.
Mr. Rajat Jain *Chief Investment Officer*	46 years *B.E. (Mech), PGDM*	Mr. Jain is Chief Investment Officer at AMC. In his current role he oversees investments of Principal Mutual Fund and the overall portfolio strategy. He has over 19 years of experience in Investment Management at Mutual Funds out which last 7 years being associated with Principal Mutual Fund. In his previous assignment he was associated with SBI Mutual Fund as the Chief Investment Officer.
Mr. Sudhinchandra Padhye *Head - Operation Control & Risk*	46 years *B.Com., A.C.A.,* *Grad. C.W.A., CISA*	Mr. Padhye is the Head -Operations Control & Risk at AMC. He has over 19 years experience in the fields of operations, finance, accounts, audit and administration. In his previous assignment he associated with BNP Paribas and Peregrine Capital as Head - Operations for their equity broking business.
Ms. Sujata Punjabi *Head - Legal & Compliance*	42 years *B. A., L.L.B.*	Ms. Punjabi is Head - Legal & Compliance at AMC. She has over 16 years of experience in the area of Compliance, Corporate Secretarial and legal function. In her previous assignment she was associated with Kotak Mahindra Old Mutual Life Insurance Limited as Vice President - Legal & Compliance. Prior to that she was also associated with companies like Ion Exchange (India) Limited, UTV Software Communications Ltd. and JKM Group of Companies.
Ms. Kashmira Kalwachwala *Head - Customer Service*	43 years *M.Com and Diploma in Computers*	Ms. Kalwachwala is Head -Customer Service at AMC. She has over 21 years of experience in the areas of share registry and mutual fund operations. In her previous assignment she was associated with TATA Share Registry Ltd. responsible for the Registry Business viz. Client servicing, shares, share transfer operations, quality control, banking and interest / dividend departments.
Mr. Shyamsunder Bhat *AVP - Investments*	38 years *B.E., M.M.S.*	Mr. Bhat has over 13 years experience in equity research and fund management. In his previous assignment, he was associated with Tata Mutual Fund, as General Manager (Investments), as member of the fund management team, managing equity and balanced funds.
Mr. Badrish Kulhalli *Sr. Fund Manager*	36 years *B.E. (Mech), P.G.D.M*	Mr. Kulhalli has over 10 years of experience in Fixed Income Markets, sales, Trading and Fund Management. In his previous assignment he was associated as a Fund Manager with ING Investment Mgmt India Pvt Ltd - Optimix Division, Alliance Capital Asset Mgmt India Pvt Ltd.
Mr. Pankaj Tibrewal *Fund Manager*	30 years *B.Com (Hons),* *Master in Finance*	Mr. Tibrewal has over 6 years experience in Fund Management, Credit Risk analyzing. In his previous assignment he was associated with Global Stint Finance.
Mr. Pramod Gupta *Fund Manager*	36 years *B.Tech (Hons),* *PGDM, CFA*	Mr. Gupta has over 10 years of experience in Equity Research and Fund Management In his previous assignments he was associated with HSBC Securities & Capital Market India Ltd, ABN Amro Asia Equities (India) Ltd, Enam securities, Dresdner Kleinwort Wasserstein Securities (India) Limited, SBI Funds Management Ltd

The research team comprising of the following members supports the Fund Manager(s)

Sr. No.	Name	Experience
1.	Abhijit Mukherjee	Over 9 years experience in Corporate Finance and Equity Research Function
2.	Gurvinder Singh Wasan	Over 4 years experience in Banking and Structured Finance
3.	Raj Gandhi	Over 4 years experience in Equity Research
4.	Arjun Khanna	Over a years experience as a Technical Associate and over a years experience as a Research Analyst with Principal Mutual Fund

Procedure followed for Investment decisions

There is separate team for investment in fixed income instruments & equities. The team works under the supervision of Chief Investment Officer (CIO). CIO is overall in charge for the Fund's investment.

Debt – Decision making process :

The debt team comprises of the Fund Manager, Credit Analyst & Dealer. The Fund Manager holds charge of the schemes under his management. He is responsible for the performance of the schemes under him. Role of Credit Analysts is to study all companies in which the fund is investing for credit quality. The dealer executes the trading mandates that are passed onto him with a view to getting the best execution in terms of price and quantity.

A Credit Committee (CC) comprising of Managing Director, Chief Investment Officer (CIO) and the Debt Fund Manager has been constituted to approve the investment in Securities having credit risks. The decision making in the committee is by majority vote, one of them being Managing Director. The investment proposals in specified format are put up before the committee for their approval. The fund manager can invest only in those credits that have been approved by the committee. Such approvals are kept to record the decision taken at the credit committee meeting. In case of unrated papers, same are circulated to AMC board and Board of Trustees for their approval before making an investment. No specific approval is required for investment in government securities and Treasury Bills.

The AMC has been recording investment decisions since the receipt of instructions from SEBI.

Equities – Decision making process :

Equity team comprises of Fund Manager, Equity Analysts & Dealer. The Fund Manager holds charge of the schemes under his management. He is responsible for the performance of the schemes under him. Analysts have responsibilities for specific sectors and it is their duty to provide the fund managers with well researched opinions on the companies and the sectors they track. The dealer executes the trading mandates that are passed onto him with a view to getting the best execution in terms of price and quantity. The analysts/fund managers meet companies, if possible at one on one meetings or at analyst/fund manager meets. Equity group meets once a week to discuss the following;

1. Presentations on all the companies met during the past week;
2. Review of the portfolio and action to be taken
3. Review of the sectors by the analysts.

The analysts/fund managers prepares a report (research report) on the companies they have covered. The AMC has been recording investment decisions since the receipt of instructions from SEBI

E. Service providers

Custodian

Name: Citibank NA

Address: Ramnord House, 77 Dr. Annie Besant Road, Worli, Mumbai-400 018, India.

SEBI registration number: IN/CUS/004 dated April 7, 1998

The Custodian shall hold the custody and possession of the securities and investments of the scheme and will discharge all functions as are ordinarily discharged by a depository institution. It does not have any power or authority to sell or dispose of or deal with the securities/investments held by it on behalf of the Fund except as instructed by the AMC.

The AMC reserves the right to change the custodian, if required.

The salient features of the Custodian Agreement with Citibank are as under:

- Keeping in safe custody all the securities and such other instruments belonging to the Scheme segregated from the other assets of the custodian and from the assets of other clients of the Custodian and shall be held in the name of the Trustee(s) a/c., or in such other manner as may be mutually agreed.
- Ensuring the smooth inflow/outflow of securities and such other instruments as and when necessary, in the best interests of the unitholders.
- Ensuring that the benefits due to the holdings are recovered.
- Responsibility for loss of /or damage to the securities due to fraud, bad faith, negligence, willful neglect, default or willful default on its part or on the part of its approved agents.

The Custodian will charge the Fund a fee in accordance with the terms of the Custodian Service Agreement entered into between the Custodian and the Mutual Fund.

Transfer agent (Dividend Paying Agent)

Name: Karvy Computershare Pvt. Ltd

Address: KARVY HOUSE (Unit: PMF), 46, Avenue- 4, Street No. 1, Banjara Hills, Hyderabad-500 034. India.

SEBI registration number: INR000000221

The Board of the Trustees and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unitholders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints. As Registrar to the Scheme, the Registrar will accept and process unitholders applications and advise the AMC as to the amounts received for subscriptions (duly reconciled) during the New Fund Offer period and also during the ongoing subscription period. They will also handle communications with unitholders, unitholder's grievances, perform data entry services and dispatch Account Statement, or any instrument, received on processing redemption/repurchase/switch requests after the close of the initial offer. They will also maintain an updated, accurate form for the register of unitholders of the Fund and other records as may be required by SEBI Regulations and the laws of India.

The Registrar is thus responsible for carrying out the functioning of Registrar and Transfer Agent set out in the agreement entered into with it and as per any modifications from time to time. The Registrar will be entitled to remuneration for its services as per the terms of the Registrar's Agreement. The AMC has the right to change the Registrar and Transfer Agent for any or all of the schemes that may be floated by the Fund. The unitholders will then be informed accordingly.

STATUTORY AUDITOR FOR MUTUAL FUND

Haribhakti and Co., Chartered Accountants

Address :42 Free Press House, 4th Floor, 215 Nariman Point, Mumbai-400 021, India

Haribhakti & Co., Chartered Accountants, have been appointed as the auditors for all the schemes of Principal Mutual Fund. The Trustees have the right to appoint, or change the Auditors for any or all of the Schemes that may be floated by the Fund.

Legal Counsel

The Fund has an in-house Legal function. However, as and when required opinion or advice is sought from external legal counsel/law firm.

Fund Accountant

Fund Accounting function is in-house and not outsourced.

Collecting Bankers

Name, Address and SEBI Registration Number

Name of Collecting Banker	Address	SEBI Registration No.
Punjab National Bank	PNB House, P.M. Road, Fort, Mumbai 400001	INBI00000084
IDBI Bank Limited	Mittal Tower, 'C' Wing, Gr. Floor, Nariman Point, Mumbai 400021	INBI00000076
Axis Bank Limited	Universal Insurance Bldg. Gr. Floor, Sir P. M. Road, Fort, Mumbai 400 001.	INBI00000017
Kotak Mahindra Bank Limited	5C/II Mittal Court, 224, Nariman Point, Mumbai- 400 021.	INBI00000927
Standard Chartered Bank	270, D N Road, Fort, Mumbai 400001.	INBI00000885
Citibank N.A.	Fort House, 4th Floor, Unit No. 1, 224, Dr. D.N. Road, Fort, Mumbai 400 001.	INBI00000037
HDFC Bank Ltd.	Maneckjiwadia Building, Nanik Motwani Marg, Mumbai 400 023.	INBI00000063

The AMC may appoint or remove any Collection Banker for any of the schemes of Principal Mutual Fund.

F. Condensed financial information (CFI) for all the schemes launched by MF during the last three fiscal years (excluding redeemed schemes) in the format given below:

1. Principal Services Industries Fund

Date of Inception : 6th March , 2006

	Fiscal Year 2008-2009		Fiscal year 2007-2008		Fiscal year 2006-2007	
	Dividend Plan	Growth Plan	Dividend Plan	Growth Plan	Dividend Plan	Growth Plan
NAV at the beginning of the year (as on April 1)	12.69	12.69	10.96	10.96	10.70	10.70
Dividends						
- Net Dividend - Corporate (Rs. Per Unit)	--	--	--	--	--	--
- Net Dividend - Non-Corporate (Rs. Per Unit)	--	--	--	--	--	--
NAV at the end of the year (as on March 31)	7.63	7.63	12.69	12.69	10.96	10.96
Annualised return**	--	-39.87	--	15.69	--	3.34
Net Assets at the end of period (Rs. Crs.)	42.18	52.01	78.36	85.95	128.33	129.63
Ratio of Recurring Expenses to net assets	2.41%		2.29%		2.23%	

2. Principal Emerging Bluechip Fund

Date of Inception : 12th November, 2008

	Fiscal Year 2008-2009	
	Dividend Plan	Growth Plan
NAV at the beginning of the year (as on April 1)	--	--
Dividends		
- Net Dividend - Corporate (Rs. Per Unit)	--	--
- Net Dividend - Non-Corporate (Rs. Per Unit)	--	--
NAV at the end of the year (as on March 31)	11.57	11.57
Annualised return**	--	15.7
Net Assets at the end of period (Rs. Crs.)	4.29	11.19
Ratio of Recurring Expenses to net assets	2.33%	

3. Principal Pnb Fixed Duration Fund - 3 year Plan - Series I

Date of Inception : 6th July, 2006

	Fiscal Year 2008-2009		Fiscal year 2007-2008		Fiscal year 2006-2007	
	Dividend Plan	Growth Plan	Dividend Plan	Growth Plan	Dividend Plan	Growth Plan
NAV at the beginning of the year (as on April 1)	11.7169	11.7169	10.5358	10.5358	--	--
Dividends						
- Net Dividend - Corporate (Rs. Per Unit)	--	--	--	--	--	--
- Net Dividend - Non-Corporate (Rs. Per Unit)	--	--	--	--	--	--
NAV at the end of the year (as on March 31)	11.5639	11.5639	11.7169	11.7169	10.5358	10.5358
Annualised return**	--	-1.31	--	11.15	--	5.36
Net Assets at the end of period (Rs. Crs.)	7.30	20.03	8.03	24.81	9.53	35.05
Ratio of Recurring Expenses to net assets	1.53%		0.82%		0.83%	

4. Principal Pnb Long Term Equity Fund - 3 year Plan - Series I

Date of Inception : 23rd March, 2007

	Fiscal Year 2008-2009		Fiscal year 2007-2008		Fiscal year 2006-2007	
	Dividend Plan	Growth Plan	Dividend Plan	Growth Plan	Dividend Plan	Growth Plan
NAV at the beginning of the year (as on April 1)	12.48	12.48	9.89	9.89	--	--
Dividends						
- Net Dividend - Corporate (Rs. Per Unit)	--	--	--	--	--	--
- Net Dividend - Non-Corporate (Rs. Per Unit)	--	--	--	--	--	--
NAV at the end of the year (as on March 31)	4.71	4.71	12.48	12.48	9.89	9.89
Annualised return**	--	-62.26	--	26.03	--	-1.1
Net Assets at the end of period (Rs. Crs.)	35.62	49.86	96.29	134.53	81.42	134.20
Ratio of Recurring Expenses to net assets	2.33%		2.26%		1.44%	

5. Principal Pnb Long Term Equity Fund - 3 year Plan - Series II

Date of Inception : 28rd September, 2007

	Fiscal Year 2008-2009		Fiscal year 2007-2008	
	Dividend Plan	Growth Plan	Dividend Plan	Growth Plan
NAV at the beginning of the year (as on April 1)	9.72	9.72	--	--
Dividends				
- Net Dividend - Corporate (Rs. Per Unit)	--	--	--	--
- Net Dividend - Non-Corporate (Rs. Per Unit)	--	--	--	--
NAV at the end of the year (as on March 31)	4.49	4.49	9.72	9.72
Annualised return**	--	-53.81	--	-2.8
Net Assets at the end of period (Rs. Crs.)	23.26	99.62	54.28	223.60
Ratio of Recurring Expenses to net assets	2.25%		2.11%	

6. Principal Ultra Short Term Fund

Date of Inception : 6th November, 2007

	Fiscal Year 2008-2009				Fiscal year 2007-2008			
	Regular Growth Plan	Regular Dividend Plan	Regular Weekly Dividend Plan	Regular Monthly Dividend Plan	Regular Growth Plan	Regular Dividend Plan	Regular Weekly Dividend Plan	Regular Monthly Dividend Plan
NAV at the beginning of the year (as on April 1)	10.3512	10.0200	10.0306	10.1030	--	--	--	--
Dividends								
- Net Dividend - Corporate (Rs. Per Unit)	--	0.71	0.71	0.38	--	0.27	0.26	0.20
- Net Dividend - Non-Corporate (Rs. Per Unit)	--	0.76	0.76	0.40	--	0.29	0.28	0.21
NAV at the end of the year (as on March 31)	11.2876	10.0200	10.0299	10.5309	10.3512	10.0200	10.0306	10.1030
Annualised return**	9.05				3.512			
Net Assets at the end of period (Rs. Crs.)	122.34	27.02	4.62	1.90	56.42	150.89	2.50	4.58
Ratio of Recurring Expenses to net assets	0.25%				0.27%			

7. Principal Money Manager Fund

Date of Inception : 28th December, 2007

	Fiscal Year 2008-2009								Fiscal year 2007-2008							
	Regular Option				Institutional Option				Regular Option				Institutional Option			
	Daily Dividend	Growth	Weekly Dividend	Monthly Dividend	Growth	Daily Dividend	Weekly Dividend	Monthly Dividend	Daily Dividend	Growth	Weekly Dividend	Monthly Dividend	Growth	Daily Dividend	Weekly Dividend	Monthly Dividend
NAV at the beginning of the year (as on April 1)	10.0247	10.1837	10.1142	10.1837	10.1837	10.0247	10.1142	10.1837	-	-	-	-	-	-	-	-
Dividends - Net Dividend - Corporate (Rs. Per Unit)	0.49	-	0.50	0.07	-	0.11	0.01	0.08	0.12	-	0.05	-	-	0.12	0.05	-
- Net Dividend - Non-Corporate (Rs. Per Unit)	0.49	-	0.50	0.07	-	0.11	0.01	0.08	0.12	-	0.05	-	-	0.12	0.05	-
NAV at the end of the year (as on March 31)	10.0247	10.8433	10.1120	10.5379	10.4975	10.0247	10.1161	10.4006	10.0247	10.1837	10.1142	10.1837	10.1837	10.0247	10.1142	10.1837
Annualised return**	-	6.48	-	-	3.08	-	-	-	-	1.837	-	-	1.837	-	-	-
Net Assets end of period (Rs. Crs.)	0.01	0.03	0.00	-	-	-	-	-	0.00	0.03	0.00	-	-	20.17	0.14	-
Ratio of Recurring Expenses to net assets	0.06%				0.67%				0.37%				0.33%			

8. Principal Pnb Fixed Maturity Plan - 460 Days - Series IV

Date of Inception : 5th March, 2008

	Fiscal Year 2008-2009				Fiscal Year 2007-2008			
	Regular Option		Institutional Option		Regular Option		Institutional Option	
	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth
NAV at the beginning of the year (as on April 1)	10.0577	10.0577	10.0603	10.0603	-	-	-	-
Dividends								
- Net Dividend - Corporate (Rs. Per Unit)	-	-	-	-	-	-	-	-
- Net Dividend - Non-Corporate (Rs. Per Unit)	-	-	-	-	-	-	-	-
NAV at the end of the year (as on March 31)	10.9927	10.9927	11.0429	11.0429	10.0577	10.0577	10.0603	10.0603
Annualised return**	9.28		9.75		0.577		0.603	
Net Assets at the end of period (Rs. Crs.)	0.21	1.15	6.07	32.03	0.20	1.42	5.53	39.25
Ratio of Recurring Expenses to net assets	0.54%		0.09%		0.43%		0.08%	

9. Principal Pnb Fixed Maturity Plan - 540 Days - Series II

Date of Inception : 25th March, 2008

	Fiscal Year 2008-2009				Fiscal Year 2007-2008			
	Regular Option		Institutional Option		Regular Option		Institutional Option	
	Dividend	Growth	Dividend	Growth	Dividend	Growth	Dividend	Growth
NAV at the beginning of the year (as on April 1)	10.0171	10.0171	10.0178	10.0178	N.A.	N.A.	N.A.	N.A.
Dividends								
- Net Dividend - Corporate (Rs. Per Unit)	-	-	-	-	-	-	-	-
- Net Dividend - Non-Corporate (Rs. Per Unit)	-	-	-	-	-	-	-	-
NAV at the end of the year (as on March 31)	10.9166	10.9166	10.9649	10.9649	10.0171	10.0171	10.0178	10.0178
Annualised return**	8.98		9.45		0.171		0.178	
Net Assets at the end of period (Rs. Crs.)	0.01	4.84	-	75.84	0.11	4.62	-	77.30
Ratio of Recurring Expenses to net assets	0.56%		0.12%		0.48%		0.11%	

10. Principal Pnb Fixed Maturity Plan - 385 Days - Series VII

Date of Inception : 20th June, 2008

	Fiscal Year 2008-2009			
	Regular Option		Institutional Option	
	Dividend	Growth	Dividend	Growth
NAV at the beginning of the year (as on April 1)	-	-	-	-
Dividends				
- Net Dividend - Corporate (Rs. Per Unit)	0.44	-	0.46	-
- Net Dividend - Non-Corporate (Rs. Per Unit)	0.47	-	0.50	-
NAV at the end of the year (as on March 31)	10.1225	10.6626	10.1291	10.6992
Annualised return**	6.63		6.99	
Net Assets at the end of period (Rs. Crs.)	1.38	14.90	20.26	131.55
Ratio of Recurring Expenses to net assets	0.67%		0.23%	

11. Principal Pnb Fixed Maturity Plan - 385 Days - Series VIII

Date of Inception : 8th July, 2008

	Fiscal Year 2008-2009			
	Regular Option		Institutional Option	
	Dividend	Growth	Dividend	Growth
NAV at the beginning of the year (as on April 1)	-	-	-	-
Dividends				
- Net Dividend - Corporate (Rs. Per Unit)	-	-	-	-
- Net Dividend - Non-Corporate (Rs. Per Unit)	-	-	-	-
NAV at the end of the year (as on March 31)	10.6920	10.6920	10.7428	10.7428
Annualised return**	6.95		7.46	
Net Assets at the end of period (Rs. Crs.)	1.70	4.75	-	26.01
Ratio of Recurring Expenses to net assets	0.80%		0.16%	

12. Principal Pnb Fixed Maturity Plan - 385 Days - Series IX

Date of Inception : 14th August, 2008

	Fiscal Year 2008-2009			
	Regular Option		Institutional Option	
	Dividend	Growth	Dividend	Growth
NAV at the beginning of the year (as on April 1)	-	-	-	-
Dividends				
- Net Dividend - Corporate (Rs. Per Unit)	-	-	-	-
- Net Dividend - Non-Corporate (Rs. Per Unit)	-	-	-	-
NAV at the end of the year (as on March 31)	10.7115	10.7115	10.7476	10.7476
Annualised return**	7.115		7.476	
Net Assets at the end of period (Rs. Crs.)	1.25	8.88	-	37.16
Ratio of Recurring Expenses to net assets	0.49%		0.03%	

13. Principal Pnb Fixed Maturity Plan - 385 Days - Series XI

Date of Inception : 25th March, 2009

	Fiscal Year 2008-2009			
	Regular Option		Institutional Option	
	Dividend	Growth	Dividend	Growth
NAV at the beginning of the year (as on April 1)	-	-	-	-
Dividends				
- Net Dividend - Corporate (Rs. Per Unit)	-	-	-	-
- Net Dividend - Non-Corporate (Rs. Per Unit)	-	-	-	-
NAV at the end of the year (as on March 31)	10.0123	10.0123	10.0123	10.0123
Annualised return**	0.123		0.123	
Net Assets at the end of period (Rs. Crs.)	0.89	10.36	-	30.04
Ratio of Recurring Expenses to net assets	0.06%		0.06%	

** For Growth option. Returns less than one year are calculated on absolute basis and more than one year calculated on compounded annualized basis on the face value of Rs. 10/- per unit.

III. HOW TO APPLY?

There is only one application form for Residents, Non-Resident Investors and FIIs on repatriable/non-repatriable basis. However, if for reasons of expediency, interest of unitholders and other circumstances make it necessary for the Fund, separate application forms may be made for Residents and for Non-Resident Investors (based on repatriation parameters). Applicants should clearly specify their status and indicate the Scheme(s), Plan(s) and Option(s), for which the subscription is made by marking the appropriate choice provided for such purpose in the Application Form. Unless the applicant has ticked the appropriate NRI box, the application shall be treated under Resident category.

No receipt will be issued for the application money. The Official Point of Acceptance which receives the application form shall stamp and return the "Acknowledgement Slip" of the application form, thereby acknowledging receipt of the application form.

KINDLY RETAIN THE ACKNOWLEDGEMENT SLIP OF THE APPLICATION FORM/STAMPED BY THE OFFICIAL POINT OF ACCEPTANCE. THIS SUBSCRITION SHALL BE SUBJECT TO FINAL VERIFICATION AND SCRUTINY BY THE BANKERS/TRUSTEES/AMC THAT THE CHEQUE AND APPLICATION FORM ARE IN ORDER/VALID.

Subscription by Residents

- The application form for the sale of units of the Scheme(s) will be available at Official Point of Acceptance/ISC/Office of the AMC etc. Unitholders under any of the existing scheme(s) can also switch from one scheme to another during the relevant NFO or otherwise as applicable.
- Applications must be completed in Block Letters in English.
- Signatures should be in English or in any Indian Language. A Magistrate/ Notary Public under his/her official seal must attest Thumb impressions.
- Payment should be made in cheque or bank draft on any bank, which is situated at and is a member of the Bankers' Clearing House, located at the place where the Application is submitted. In respect of valid applications with outstation cheques/ demand drafts not payable at par at the place where the application is received, closing NAV of the day on which cheque/demand draft is credited shall be applicable.
- All cheques, bank drafts and payorders must be drawn in favour of the "Name of the Scheme" of Principal Mutual Fund and crossed **"Account Payee only".** A separate cheque or bank draft must accompany each application. In case the Fund has separate application forms for Resident & Non-Resident Investors, the cheques may be drawn in the above manner and the Non-Residential status may be added on the cheque.
- Applications not complete in any respect are liable to be rejected.
- Applicants located in a place where there is no designated Official Point of Acceptance / Investor Service Centre, may send their application, accompanied with a separate bank draft crossed "Account Payee only" in favour of **the Name of the Scheme of Principal Mutual Fund** to the office of the AMC/Investor Service Centre/Official Point of Acceptance super scribing the envelope with the **Name of the Scheme of Principal Mutual Fund**. Bank charges for outstation demand drafts will be borne by the AMC and will be limited to those stipulated by the Indian Banks Association. The Mutual Fund will not entertain any request for refund of demand draft charges.
- Please state the application form number and name on the reverse of the cheque/bank draft/payorder.

Subscription by NRIs

In terms of Schedule 5 of Notification No. FEMA 20/2000 dated May 3, 2000, RBI has granted general permission to NRIs to purchase, on a repatriation basis units of domestic mutual funds. Further, the general permission is also granted to NRIs to sell the units to the mutual funds for repurchase or for the payment of maturity proceeds, provided that the units have been purchased in accordance with the conditions set out in the aforesaid notification.

For the purpose of this section, the term "Mutual Funds" is as referred to in Clause (23D) of Section 10 of Income-Tax Act 1961.

However, NRI investors, if so desired, also have the option to make their investment on a non-repatriable basis.

Pursuant to A.P.(DIR Series) Circular No.14 dated September 16, 2003 issued by Exchange Control Depatment, Reserve Bank of India, OCBs shall not undertake purchase of Government dated securities or treasury bills or units of domestic mutual funds or units of Money Market Mutual Funds in India or National Plan / Savings Certificates both on repatriation and non-repatriation basis. However, the OCBs may continue to hold these securities till they are sold.

Subscription by FIIs

In terms of Schedule 5 of Notification No. FEMA 20/2000 dated May 3, 2000, RBI has granted general permission to a registered FII to purchase on a repatriation basis units of domestic mutual funds subject to the conditions set out in the aforesaid notification. Further, the general permission is also granted to FIIs to sell the units to the mutual funds for repurchase or for the payment of maturity proceeds, provided that the units have been purchased in accordance with the conditions set out in the aforesaid notification.

For the purpose of this section, the term "Mutual Funds" is as referred to in Clause (23D) of Section 10 of Income-Tax Act 1961.

Mode of Payment on Repatriation basis

NRIs

In case of NRIs and persons of Indian origin, payment may be made by way of Indian Rupee drafts purchased abroad and payable at Mumbai or by way of cheques drawn on Non-Resident (External) (NRE) Accounts payable at par at Mumbai. Payments can also be made by means of rupee drafts payable at Mumbai and purchased out of funds held in NRE/FCNR Accounts.

In case Indian rupee drafts are purchased abroad or from Foreign Currency Accounts or Non-resident Rupee Accounts an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

FIIs

FIIs may pay their subscription amounts either by way of inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Non-resident Rupee Account maintained by the FII with a designated branch of an authorized dealer with the approval of the RBI subject to the terms and conditions set out in the aforesaid notification.

All cheques/drafts should be made out in favour of the Name of the Scheme of Principal Mutual Fund and crossed "Account Payee Only". In case Indian Rupee drafts are purchased abroad or from FCNR/NRE A/c, an account debit certificate from the Bank issuing the draft confirming the debit shall also be enclosed.

Mode of payment on Non-Repatriation basis

In case of NRIs/ Persons of Indian origin seeking to apply for Units on a non-repatriation basis, payments may be made by cheques/demand drafts drawn out of Non-Resident Ordinary (NRO) accounts/Non-Resident Special Rupee (NRSR) accounts and Non Resident Non-Repatriable (NRNR) accounts payable at the city where the Application Form is accepted.

Refunds, interest and other distribution (if any) and maturity proceeds/ repurchase price and/or income earned (if any) will be payable in Indian Rupees only. The maturity proceeds/repurchase value of units issued on repatriation basis, income earned thereon, net of taxes may be credited to NRE/FCNR account (details of which should be furnished in the space provided for this purpose in the Application Form) of the non-resident investor or remitted to the non-resident investor. Such payments in Indian Rupees will be converted into US dollars or into any other currency, as may be permitted by the RBI, at the rate of exchange prevailing at the time of remittance and will be dispatched through Registered Post at the unitholders risk. The Fund will not be liable for any loss on account of exchange fluctuations, while converting the rupee amount in US dollar or any other currency. Credit of such proceeds to NRE/FCNR account or remittance thereof may be permitted by authorized dealer only on production of a certificate from the Fund that the investment was made out of inward remittance or from the Funds held in NRE/FCNR account of the investor maintained with an authorized dealer in India. However, there is no objection to credit of such proceeds to NRO/NRSR account of the investor if he so desires.

Subscription by Multilateral Funding Agencies, on full repatriation basis, is subject to approval by the Foreign Investment Promotion Board.

Kindly note that neither this Statement of Additional Information; nor the Scheme Information Document, nor the Application for the Units, nor the Units ("these Documents") have been registered in any jurisdiction. The distribution of these Documents in certain jurisdictions may be prohibited or restricted or subject to registration requirements and accordingly, persons who come into possession of any of these Documents are required to inform themselves about and to observe, any such restrictions. No person receiving a copy of any of these Documents in such jurisdiction may act or treat these Documents as constituting an invitation to him to subscribe for Units, nor should he in any event use any such Documents, unless in the relevant jurisdiction such an invitation could lawfully be made to him and such Documents could lawfully be used without compliance with any registration or other legal requirements. Accordingly, none of these Documents constitute an offer or solicitation by any one in any jurisdiction in which such offer or solicitation is not lawful or in which the person making such offer or solicitation is not qualified to do so or to any one to whom it is unlawful to make such offer or solicitation. It is the responsibility of any persons in possession of any of these Documents and any persons wishing to apply for Units pursuant to these Documents to inform themselves of and to observe, all applicable laws and Regulations of such relevant jurisdiction.

Any suspension or restriction of repurchase/redemption facility under any scheme of the mutual fund shall be made applicable only after the approval from the Board of Directors of the AMC and the Trustees.

Unitholder's Bank Account Details

Unitholders are on a mandatory basis required to mention their bank account details in their applications/requests for redemption. Redemption Cheques and/or any other instruments will then be made out in favour of the Bank for crediting the respective unitholder's account so specified. The normal processing time may not be applicable in situations where such details are not provided by unitholders. The AMC will not be responsible for any loss arising out of fraudulent encashment of cheques and delay/loss in transit.

Unitholder's Permanent Account Number

As per SEBI directive, effective from July 2, 2007, Permanent Account Number [PAN] issued by Income Tax Authorities has been made the sole identification number for all participants transacting in the securities market, including Mutual Funds, irrespective of the amount of transaction.

Consequently, it is mandatory for all existing as well as prospective investors [including Non Residents Indians, joint applicants and guardians] to furnish a copy of their PAN card while investing in Mutual Funds.

In view of the above, with effect from July 2, 2007, investors are required to submit a copy of PAN card along with the application form. Original PAN card has to be offered for verification at the point of such investment [which will be immediately returned across the counter] or alternatively, certified* copy of PAN card can be submitted. Investors are advised to register their PAN with the AMC by providing their certified* PAN card copy along with a list of their folio numbers for verification and update.

Further, as directed by SEBI, on submission of sufficient documentary evidence, submission of PAN shall not be insisted in case of Central Government, State Government and the officials appointed by the Courts e.g. official liquidator, court receiver etc. (under the category of Government) while investing in Mutual Funds. Further, subject to submission of sufficient documentary evidence submission of PAN shall not be insisted for residents of Sikkim.

* A copy of PAN card can be certified by any of the distributors of Principal Mutual Fund holding ARN, the identified officials of AMC across all branches, Investor Service Centers, Bank Managers, or Notary.

Know Your Customer Requirement

In terms of the Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML Laws), all intermediaries, including Mutual Funds, have to formulate and implement a client identification programme, verify and maintain the record of identity and address(es) of investors. In order to make the data capture and document submission easy and convenient for the investors, Mutual Fund Industry has collectively entrusted the responsibility of collection of documents relating to identity and address of the investor(s) to an independent agency [presently CDSL Ventures Limited ("CVL")] which will act as central record keeping agency ('Central Agency'). As a token of having verified the identity and address of the investor(s) and for efficient retrieval of records, the Central Agency will issue a KYC Acknowledgement Letter (KYC Letter) to each investor who submits an application and the prescribed documents to the Central Agency. Investors should note that it is mandatory for all applications for subscription of value of Rs.50,000/- and above to quote the KYC Compliance Status of each applicant (guardian in case of minor) in the application for subscription and attach proof of KYC Compliance viz. KYC Acknowledgement Letter / Printout of KYC Compliance Status downloaded from CVL website (www.cvlindia.com) using the PAN Number. Applicants intending to apply for units through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their KYC Compliance Status and attach proof of KYC Compliance at the time of investment above the threshold. Investors who wish to obtain a KYC Acknowledgement Letter have to submit a completed Application Form for Know Your Customer ('KYC Form') along with all the prescribed documents listed in the KYC Form, at any of the Point of Service ('POS'). The KYC Form is available at our website - www.principalindia.com and AMFI website - www.amfiindia.com. POS are the designated centres appointed by the Central Agency for receiving application forms, processing the same and issuance of KYC Acknowledgement Letter. List and location of POS is available at our website www.principalindia.com and www.amfiindia.com. On submission of KYC Form, documents and information to the satisfaction of the POS, the investor will be issued a provisional KYC Acknowledgement Letter across the counter. Subsequently, the Central Agency will verify the information and documents submitted by the investor. The verification process will be completed within 10 working days from the date of provisional KYC Acknowledgment Letter. In case of any deficiency/ insufficiency in documentation, intimation will be sent to the investors. However, the Central Agency may cancel the KYC Acknowledgement Letter within 10 working days from the date of issue of provisional KYC Acknowledgement Letter, in case of any deficiency in the document/information. Intimation of cancellation of KYC Acknowledgement Letter will be despatched by the Central Agency to the investor immediately. No communication will be sent to the investor if the KYC documents are in order. The KYC Acknowledgement Letter is presently being issued free of cost. The KYC status will be validated with the records of the Central Agency before allotting units. Principal Mutual Fund will not be held responsible and /or liable for rejection of KYC Form, if any, by the Central Agency. Applications for subscriptions of value of Rs. 50,000 and above without a valid KYC compliance may be rejected. Provided further, where it is not possible to verify the KYC compliance status of the investor at the time of allotment of units, the Trustee / AMC shall verify the KYC compliance status of the investor within a reasonable time after the allotment of units. In the event of non compliance of KYC requirements, Trustee / AMC reserves the right to freeze the folio of the investor(s) and affect mandatory redemption of unit holdings of the investors at the applicable NAV, subject to payment of exit load, if any. All investors (both individual and non-individual) can apply for KYC compliance. However, applicants should note that minors cannot apply for KYC compliance and any investment in the name of minors should be through a Guardian, who should be KYC compliant for the purpose of investing with a Mutual Fund. Also, applicants / unit holders intending to apply for units / currently holding units and operating their Mutual Fund folios through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their KYC compliance status at the time of investment, if such investment(s) are above the prescribed threshold limit. PoA holders are not permitted to apply for KYC compliance on behalf of the issuer of the PoA. Separate procedures are prescribed for change in name, address and other KYC related details, should the applicant desire to change such information. POS will extend the services for effecting such changes.

Documents to be submitted alongwith application

In addition to documents specified under the section titled 'Unitholder's Permanent Account Number and KYC Requirement', below mentioned documents should be submitted.

In case of applications under Power of Attorney. If any application or any request for transmission is signed by a person holding a valid Power of Attorney, the original Power of Attorney or a certified copy duly notarized should be submitted with the application or the transmission request, as the case may be unless the Power of Attorney has already been registered with the Fund/Registrar.

In the case of applications by limited Company, a corporate body, an eligible institution, a registered society, a Trust, a Fund, or an FII etc. In the case of applications by limited company, a corporate body, an eligible institution, a registered society, a trust, a Fund, or a FII, a certified true copy of the Board resolution of the Managing Body authorizing investments in Units including authority granted in favour of the officials signing the application of Units and their specimen signature etc. along with a certified copy of the Memorandum and Articles of Association and/or bylaws and/or trust deed and/or partnership deed and Certificate or Registration should be submitted. The officials should sign the application under the official designation. In the case of a trust/fund, it shall produce a resolution from the Trustee(s) authorizing purchases. The above mentioned documents or duly certified copy thereof must be lodged with the Official Point of Acceptance where the application form has been submitted simultaneously with the submission of the Application form. All NRI applications by mail should be sent to the address(es) of the AMC/Investor Services Centres/Official Point of Acceptance along with the relevant foreign inward remittance certificates to indicate the status of the Account debited and the relevant approvals if required.

In case of non submission of the above mentioned documents, the AMC is entitled, in its sole and absolute discretion, to reject or accept any application. Besides the normal processing time may not be applicable in situations where such documents/details are not provided by unitholders. The AMC will not be responsible for any loss arising out of non-allotment/ rejection of such application. It is expressly understood that the investor/ unitholder has the express authority from the relevant constitution to invest in units of the Fund and the AMC/Trustee/Fund would not be responsible if the investment is ultravires the relevant constitution.

IV. RIGHTS OF UNITHOLDERS OF THE SCHEME

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. If the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be despatched within 30 days of the declaration of the dividend. Account Statement reflecting the new or additional subscription as well as Redemption / Switch of Units shall be despatched to the Unit holder within 10 business days of the Specified Redemption Date/ Subscription Date. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 30 days of the receipt of request for the certificate.
3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the duly completed Redemption request.

4. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
7. The Trustee shall obtain the consent of the Unit holders:
   - whenever required to do so by SEBI, in the interest of the Unit holders.
   - whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
   - when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
8. The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless :
   (i) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
   (ii) the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
9. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI. Unitholders are entitled to one vote per unit held on all matters to be voted upon by unitholders.

V. VALUATION POLICY AND DETERMINATION OF NET ASSET VALUE (NAV)

The Investments of the Scheme will be valued according to the following valuation norms, as specified in Schedule VIII of the Regulations or such other norms as may be prescribed by SEBI from time to time.

The broad valuation norms pertaining to the scheme are detailed below.

1. Traded Securities:

1. The securities shall be valued at the closing price on the principal stock exchange.
2. When the securities are traded on more than one recognized stock exchange, the securities shall be valued at the closing price on the stock exchange where the security is actively traded. It would be left to the AMC to select the appropriate stock exchange, but the reasons for the selection should be recorded in writing. There should however be no objection for all scrips being valued at the prices quoted on the stock exchange where majorities in value of the investments are principally traded such as the National Stock Exchange (NSE) or The Stock Exchange, Mumbai (BSE).
3. Once a stock exchange has been selected for valuation of a particular security, reasons for change of the exchange shall be recorded in writing by the AMC.
4. When on a particular valuation day, a security has not been traded on the selected stock exchange; the value at which it is traded on another stock exchange may be used.
5. When a security (other than Debt securities) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the selected stock exchange or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than 30 days prior to the valuation date.
6. Presently the AMC is valuing the securities of the scheme based on the quotations of the NSE, since the price quotations of all securities listed on most of the Stock Exchanges are available on NSE. However, in case a particular equity security is not listed on NSE, the same is valued on the basis of price prevailing in any other recognized stock exchange wherever it is listed.

   Further, the AMC reserves the right to change the basis of valuation to BSE, or any other stock exchange, if it is found to be more appropriate.

2. Thinly Traded Securities:

(i) ***Thinly Traded Equity/Equity Related Securities:***

When trading in an equity/equity related security (such as convertible debentures, equity warrants, etc.) in a month is both less than Rs. 5 lacs (Rupees Five Lakhs only) and the total volume is less than 50,000 (Fifty Thousand only) shares, it shall be considered as a thinly traded security and valued accordingly.

For example, if the volume of trade is 100,000 and value is Rs. 400,000 the share does not qualify as thinly traded. Also if the volume traded is 40,000, but the value of trades is Rs. 600,000, the share does not qualify as thinly traded. In order to determine whether a security is thinly traded or not, the volumes traded in all recognised stock exchanges in India may be taken into account.

Where a stock exchange identifies the "thinly traded" securities by applying the above parameters for the preceding calendar month and publishes/provides the required information along with the daily quotations, the same can be used by the Fund.

If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the Fund to make its own analysis in line with the above criteria to check whether such securities are thinly traded which would then be valued accordingly.

In case trading in an equity security is suspended upto 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than 30 days, then the Asset Management Company/Trustees will decide the valuation norms to be followed in good faith and such norms would be documented and recorded.

(ii) ***Thinly Traded Debt Securities:***

A debt security (other than Government Securities) shall be considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (currently Rs 5 crore) on the principal stock exchange or any other stock exchange.

A thinly traded debt security as defined above would be valued as per the norms set for non-traded debt security.

3. Non Traded Securities:

When a security is not traded on any stock exchange for a period of thirty days prior to the valuation date, the scrip must be treated as a 'non traded' security.

4. Valuation of Non-Traded/Thinly Traded Securities

Non traded/ thinly traded securities shall be valued "in good faith" by the Asset Management Company on the basis of appropriate valuation methods based on the principles laid down below and approved by the AMC. Such decision of the AMC must be documented and the supporting data in respect of each security so valued must be preserved. The methods used to arrive at the values "in good faith" shall be periodically reviewed by the Trustees and reported upon by the Auditors as "Fair and Reasonable" in their report on the annual accounts of the Fund. For the purpose of valuation of Non traded/ Thinly traded securities, the following principles will be adopted;

(i) Non Traded/Thinly Traded Equity/Equity Related Securities:

- Based on the latest available Balance Sheet, net worth shall be calculated as follows:

  Net Worth per share = [share capital + reserves (excluding revaluation reserves) - miscellaneous expenditure and debit balance in P&L A/ c] divided by number of paid up shares.
- Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.
- The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.
- In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- In case where the latest balance sheet of the company is not available within 9 months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
- In case an individual security accounts for more than 5% of the total assets of the Scheme, an independent valuer shall be appointed for the valuation of the said security.

  To determine if a security accounts for more than 5% of the total assets of the Scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the Scheme to which it belongs would be compared on the date of valuation.

(ii) Non Traded/Thinly Traded Debt Securities (Other than Government Securities):

Non traded debt instruments in the Fund shall generally be valued on an "yield to maturity" basis, the capitalization factor being determined for comparable traded securities and with appropriate discount for lower liquidity.

(a) Non Traded/Thinly Traded Debt Securities of Upto 182 Days to Maturity :

As the non-traded money market securities are valued on the basis of amortization (cost plus accrued interest till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments) the same process should be adopted for non-traded debt securities with residual maturity of upto 182 days, in the absence of any other standard benchmarks in the market. All other non traded Non Government debt instruments should be valued using the method suggested in (ii)(b) hereof.

(b) Non Traded/Thinly Traded Debt Securities of Over 182 Days to Maturity.

For the purpose of valuation, all Non Traded Debt Securities would be classified into "Investment grade" and "Non Investment grade" securities based on their credit ratings. The non-investment grade securities would further be classified as "Performing" and "Non Performing" assets

- All Non Government investment grade debt securities, classified as not traded, shall be valued on yield to maturity basis as described below.
- All Non Government non investment grade performing debt securities would be valued at a discount of 25% to the face value
- All Non Government non investment grade non performing debt securities would be valued based on the provisioning norms.

The approach in valuation of non traded debt securities is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the non traded security.

The Yields for pricing the non traded debt security would be arrived at using the process as defined below.

Step A

A Risk Free Benchmark Yield is built using the government securities (GOI Sec) as the base. GOI Secs are used as the benchmarks as they are traded regularly; free of credit risk; and traded across different maturity spectrums every week.

Step B

A Matrix of spreads(based on the credit risk) are built for marking up the benchmark yields. The matrix is built based on traded corporate paper on the wholesale debt segment of an appropriate stock exchange and the primary market issuances. The matrix is restricted only to investment grade corporate paper.

Step C

The yields as calculated above are Marked-up/Marked-down for ill-liquidity risk

Step D

The Yields so arrived are used to price the portfolio

METHODOLOGY

A. Construction of Risk Free Benchmark

Using Government of India dated securities, the Benchmark shall be constructed as below :

Government of India Dated securities will be grouped into the following duration buckets viz., 0.5-1 years, 1-2 years, 2-3 years, 3-4 years, 4-5 years, 5-6 years and over 6 years and the volume weighted yield would be computed for each bucket. Accordingly, there will be a benchmark YTM for each duration bucket.

The benchmark as calculated above will be set weekly, and in the event of any change in the Reserve Bank of India (RBI) policies affecting interest rates during the week, the benchmark will be reset to reflect any change in the market conditions.

Note : The concept of duration over tenor has been chosen in order to capture the reinvestment risk. It is intended to gradually move towards a methodology that incorporates the continuous curve approach for valuation of such securities. However, in view of the current lack of liquidity in the corporate bond markets, a continuous curve approach to valuation would be necessarily based on limited data points, and this would result in out of line valuations. As an interim methodology therefore it is proposed that the Duration Bucket approach be adopted and continuously tracked in order to fine tune the duration buckets on a periodic basis. Over the next few years it is expected that with the deepening of the secondary market trading, it would be possible to make a gradual move from the Duration Bucket approach towards a continuous curve approach.

B . Building a Matrix of Spreads for Marking-up the Benchmark Yield

Mark up for credit risk over the risk free benchmark YTM as calculated in step A, will be determined using the trades of corporate debentures/bonds of different ratings. All trades on appropriate stock exchange during the fortnight prior to the benchmark date will be used in building the corporate YTM and spread matrices. Initially these matrices will be built only for corporate securities of investment grade. The matrices are dynamic and the spreads will be computed every week. The matrix will be built for all duration buckets for which the benchmark GOI matrix is built to effectively link the corporate matrix with the GOI securities matrix.

Accordingly:

- All traded paper (with minimum traded value of Rs. 1 crore) will be classified by their ratings and grouped into 7 duration buckets; for rated securities, the most conservative publicly available rating will be used;
- For each rating category, average volume weighted yield will be obtained both from trades on the appropriate stock exchange and from the primary market issuances
- Where there are no secondary trades on the appropriate stock exchange in a particular rating category and no primary market issuances during the fortnight under consideration, then trades on appropriate stock exchange during the 30 day period prior to the benchmark date will be considered for computing the average YTM for such rating category;
- If the matrix cannot be populated using any or all of the above steps, then credit spreads from trades on appropriate stock exchange of the relevant rating category over the AAA trades will be used to populate the matrix;
- In each rating category, all outliers will be removed for smoothening the YTM matrix;
- Spreads will be obtained by deducting the YTM in each duration category from the respective YTM of the GOI securities;
- In the event of lack of trades in the secondary market and the primary market the gaps in the matrix would be filled by extrapolation. If the spreads cannot be extrapolated for the reason of practicality, the gaps in the matrix will be filled by carrying the spreads from the last matrix.

C. Mark-up/Mark-down Yield

The Yields calculated would be marked-up/marked-down to account for the illiquidity risk, promoter background, finance company risk and the issuer class risk. As the level of illiquidity risk would be higher for non rated securities the marking process for rated and non rated securities would be differentiated as follows:

C(I) Adjustments for Securities rated by External Rating Agencies

The Yields so derived out of the above methodology could be adjusted to account for risk mentioned above by an appropriate discount or premium as may be required. The range of the markups for both discount as well as premium is given below:

Premium

A Discretionary premium of up to -50 Basis Points for securities having duration of up to 2 years and up to -25 Basis Points for securities having duration higher than 2 years will be permitted to be provided for the above mentioned types of risks. The rationale for the above discount structure is to take cognizance of the differential interest rate risk of the securities. This structure will be reviewed periodically.

Discount

SEBI has revised the discretionary discount limits as below:

Category	Discretionary discount over benchmark yield in basis points
Rated Instruments with duration up to 2 years	Discretionary Discount of up to +100
Rated Instruments with duration over 2 years	Discretionary Discount of up to +75

C(II) Adjustments for Internally Rated Securities

To value an unrated security, the fund manager has to assign an internal credit rating, which will be used for valuation. Since unrated instruments tend to be more illiquid than rated securities, the yields would be mandatorily marked up by adding +50 basis point for securities having a duration of up to two years and +25 basis point for securities having duration of higher than two years to account for the illiquidity risk.

The yields derived from the above methodology could be adjusted to account for risk mentioned above. SEBI has revised the discretionary discount limits as below:

Category	Discretionary discount over benchmark yield in basis points
Unrated Instruments with duration up to 2 years	Discretionary Discount of up to +50 over and above the mandatory Discount of +50
Unrated Instruments with duration over 2 years	Discretionary Discount of up to +50 over and above the mandatory Discount of +25

5. Valuation of Unlisted Equity Securities

Unlisted equity shares of a company shall be valued "in good faith" on the basis of the valuation principles laid down below:

a) Based on the latest available audited balance sheet, net worth shall be calculated as lower of (i) and (ii) below:

i. Net worth per share = [share capital plus free reserves (excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by Number of Paid up Shares.

ii. After taking into account the outstanding warrants and options, Net worth per share shall again be calculated and shall be = [share capital plus consideration on exercise of Option/Warrants received/receivable by the Company plus free reserves(excluding revaluation reserves) minus Miscellaneous expenditure not written off or deferred revenue expenditure, intangible assets and accumulated losses] divided by {Number of Paid up Shares plus Number of Shares that would be obtained on conversion/exercise of Outstanding Warrants and Options}

The lower of (i) and (ii) above shall be used for calculation of net worth per share and for further calculation in (c) below.

(b) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any, noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.

(c) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 15% for illiquidity so as to arrive at the fair value per share.

The above methodology for valuation shall be subject to the following conditions:

i. All calculations as aforesaid shall be based on audited accounts.

ii. In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.

iii. If the net worth of the company is negative, the share would be marked down to zero.

iv. In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.

v. In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security. To determine if a security accounts for more than 5% of the total assets of the scheme, it should be valued in accordance with the procedure as mentioned above on the date of valuation.

At the discretion of the AMC and with the approval of the trustees, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology.

6. Valuation of securities with Put/Call Options

The option embedded securities would be valued as follows:

Securities with call option :

The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option.

In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

Securities with Put option :

The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option.

In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments.

Securities with both Put and Call option on the same day.

The securities with both Put and Call option on the same day would be deemed to mature on the Put/Call day and would be valued accordingly.

7. Government bonds:

All Government bonds are to be valued at the prices released by agency/ies (as notified by AMFI) on a daily basis. The agencies so notified by AMFI is CRISIL and ICRA. In the event of non availability of the CRISIL and ICRA prices for any reason whatsoever prices released by FIMMDA will be used. When prices from both the aforesaid sources are not available, Reuters or Bloomberg price quotes (bid price quotes) will be used, failing which the average of the indicative bid price quotes obtained from two Government securities brokers will be used.

8. Treasury Bills:

As the non-traded money market securities are valued on the basis of amortization (cost plus accrued interest till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments) the same process should be adopted for non-traded Treasury Bills

Traded Treasury Bills (T-Bills) are to be valued at last traded yield to maturity (YTM) and are to be amortized at YTM from that level upon them getting qualified as a thinly traded security.

9. Illiquid Securities :

(a) Aggregate value of "illiquid securities" of the scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.

(b) The Fund shall disclose as on March 31 and September 30 the scheme-wise total illiquid securities in value and percentage of the net assets while making disclosures of half yearly portfolios to the unitholders. In the list of investments, an asterisk mark shall also be given against all such investments which are recognised as illiquid securities.

(c) The Fund shall not transfer illiquid securities among its schemes w.e.f. October 1, 2000.

(d) In respect of closed ended funds, for the purposes of valuation of illiquid securities, the limits of 15% and 20% applicable to open-ended funds should be increased to 20% and 25% respectively.

10) In respect of convertible debentures and bonds, the non-convertible and convertible components will be valued separately. The non-convertible component is valued on the same basis as would be applicable to a debt instrument. The convertible component is valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari-passu with an existing instrument, which is traded, the value of the latter instrument is adopted after appropriately discounting for the non-tradability of the instrument during the period preceding the conversion. While valuing such instruments, the fact whether the conversion is optional will be factored in.

11) In respect of warrants to subscribe for shares attached to instruments, the warrants are valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect of convertible debentures (as referred to above) is deducted to account for the period that must elapse before the warrant can be exercised.

12) Where instruments have been bought on 'repo' basis, the instrument will be valued at the resale price after deduction of applicable interest up to date of resale. Where an instrument has been sold on a 'repo' basis, adjustment must be made for the difference between the repurchase price (after deduction of applicable interest up to date of repurchase) and the value of the instrument. If the repurchase price exceeds the value, the depreciation must be provided for and if the repurchase price is lower than the value, credit must be taken for the appreciation.

13) While investments in call money, bills purchased under rediscounting scheme and short term deposits with bank shall be valued at cost plus accrual, other money market instruments shall be valued at the yield at which they are currently traded. For this purpose, non-traded instruments (instruments not traded for a period of seven days) will be valued at cost plus interest accrued till the beginning of the day plus the difference between the repurchase value and the cost spread uniformly over the remaining maturity period of the instruments.

14) Until they are traded, the value of "rights" shares shall be calculated as:

$Vr = n \div m \times (Pex - Pof)$

Where Vr = Value of rights
n = no. of rights offered
m = no. of original shares held
Pex = Ex-rights price
Pof = Rights Offer Price

Where the rights are not treated pari passu with the existing shares, suitable adjustments shall be made to the value of the rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights can be valued at the renunciation value.

15) Valuation of Derivative Products

The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Regulations.

The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Regulations.

ACCRUAL OF EXPENSES AND INCOME

All expenses and incomes accrued up to the valuation date shall be considered for computation of NAV. For this purpose, while major expenses like management fees and other periodic expenses should be accrued on a day to day basis, other minor expenses and income need not be so accrued, provided the non-accrual does not affect the NAV calculations by more than 1%.

RECORDING OF CHANGES IN THE SECURITIES AND UNITS

Any changes in securities and in the number of units are recorded in the books not later than the first valuation date following the date of transaction. If this is not possible given the frequency of NAV disclosure, the recording may be delayed up to a period of seven days following the date of the transaction, provided that as a result of the non-recording, the NAV calculations shall not be affected by more than 1%.

In case the Net Asset Value of a scheme differs by more than 1%, due to non - recording of the transactions, the investors or scheme/s as the case may be, shall be paid the difference in amount as follows:-

(i) If the investors are allotted units at a price higher than Net Asset Value or are given a price lower than Net Asset Value at the time of sale of their units, they shall be paid the difference in amount by the scheme.

(ii) If the investors are charged lower Net Asset Value at the time of purchase of their units or are given higher Net Asset Value at the time of sale of their units, asset management company shall pay the difference in amount to the scheme. The asset management company may recover the difference from the investors.

All other assets (if any) are taken at fair value as determined in-good faith in accordance with the appropriate valuation methods based on the principles approved/adopted by the AMC, and amended from time to time, to ensure appropriate fair valuation of assets for the Fund. The Trustees/AMC may alter these above stated investment valuation norms from time to time, and also to the extent the SEBI (Mutual Funds) Regulations, 1996 change, so as to permit the Scheme to make valuation of its investments in the full spectrum of permitted valuation norms for Mutual Funds to determine NAV. As such valuation of all investments of the Scheme will be made in accordance with SEBI (Mutual Funds) Regulations, 1996 including Schedule VIII thereof.

DETERMINATION OF NAV

The NAV of the Scheme for each option at any time shall be determined by dividing the net assets of the Scheme by the number of outstanding units on the valuation date

The NAV of the Scheme will be calculated on a daily basis as shown below:

$$\text{NAV per unit} = \frac{\text{(Market / Fair Value of Securities + Accrued Income + Receivables+other assets+ unamortised issue expenses - Accrued Expenses – payables - other liabilities)}}{\text{No. of units outstanding of the scheme / option}}$$

The NAV will be calculated up to two or four decimals as prescribed by SEBI. The NAVs will be calculated as of the close of every Business Day.

The computation of Net Asset Value, valuation of assets, computation of applicable Net Asset Value (related price) for repurchase, switch and their frequency of disclosure shall be based upon a formula in accordance with the Regulations and as amended from time to time including by way of Circulars, Press Releases, or Notifications issued by SEBI or the Government of India to regulate the activities and growth of Mutual Funds.

The dividend paid on units under the Dividend Option of the Fund shall be deducted in computing the NAV of the units under the Dividend Option, each time a dividend is declared and till it is distributed. Consequently, once the dividend is distributed, the NAV of the units will always remain lower than the NAV of the units under the Growth Option. The income earned and profits realized attributable to the units under the Growth Option shall remain invested and shall be deemed to have remained invested in the Growth Option (exclusive of the units under the Dividend Option) and would be reflected in the NAV of the units under the Growth Option.

The valuation of the Scheme's assets and calculation of the Scheme's NAV shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

The first NAV will be calculated and announced within a period of 30 days after the close of the NFO Period. Subsequently, the NAV shall be calculated on all Business Days.

ACCOUNTING POLICIES AND STANDARDS

The AMC, for the Scheme(s) and its Plan(s), shall keep and maintain proper books of account, records and documents, so as to explain its transactions and to disclose at any point of time the financial position of the Scheme(s) and, in particular, give a true and fair view of the state of affairs of the Fund.

In keeping and maintaining proper books of accounts, the AMC will follow the accounting policies and standards as outlined below which are as per the existing Regulations and are subject to change as per changes in the Regulations.

1. All investments will be marked to market and will be carried in the balance sheet at market value. However, since the unrealised gain arising out of appreciation can not be distributed, provision will be made for exclusion of this item when arriving at distributable income.
2. Dividend income earned by the scheme will be recognised; not on the date the dividend is declared, but on the date the share is quoted on an ex-dividend basis. For investments that are not quoted on the stock exchange, dividend income shall be recognised on the date of declaration.
3. Bonus shares to which the Scheme becomes entitled shall be recognised only when the original shares to which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlements shall be recognised only when the original shares on which the rights entitlement accrues are traded on the stock exchange on an ex-rights basis.
4. In respect of all interest bearing investments, income will be accrued on a day to day basis as it is earned. Therefore, when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to Interest Recoverable Account.
5. In determining the holding cost of investments and the gains or loss on sale of investments, the "average cost" method shall be followed.
6. Transactions for purchase or sale of investments would be recognized as of the trade date and not as of the settlement date so that the effect of all investments traded during the financial year are recorded and reflected in the financial statements for that year. When investment transactions take place outside the stock market, e.g. acquisition through private placement or purchase or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
7. Where income receivable on investments has been accrued and has not been received for a period beyond the due date as specified in the guidelines for identification and provisioning of NPA issues by SEBI, provision shall be made by debit to the revenue account for the income so accrued and no further accrual of income shall be made in respect of such investment in accordance with the aforesaid guidelines issued by SEBI in this behalf. In so far as provision for the principal amount is concerned, the same shall be provided for as specified in the aforementioned guidelines.
8. When Units are sold in the Scheme(s) and its Plans, an appropriate part of the sale proceeds shall be credited or debited to an Equalisation Account and when Units are repurchased an appropriate amount shall be credited or debited to Equalisation Account. The net balance on this account shall be credited or debited to the Revenue Account. The balance on the Equalisation Account debited or credited to the Revenue Account shall not decrease or increase the net income of the Fund but is only an adjustment to the distributable surplus. It shall therefore be reflected in the Revenue Account only after the net income of the Fund is determined.
9. When Units are sold, after considering the equalisation as above, the difference between the sale price and the face value of the Unit, if positive, shall be credited to reserves and if negative, shall be debited to reserve, the face value being credited to Capital Account. Similarly, when the Units are repurchased, after considering the equalisation as above, the difference between the purchase price and face value of the Unit, if positive, shall be debited to reserves and, if negative, shall be credited to reserves, the face value being debited to the Capital Account.
10. The cost of investment acquired or purchased would include brokerage, stamp charges and any charge customarily included in the brokers' bought note. In respect of privately placed debt instrument, any front-end discount offered shall be reduced from the cost of the investment.
11. Underwriting commission, if any, shall be recognised as revenue only when there is no devolvement on the Scheme. Where there is devolvement on the Scheme, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of the investment.

GUIDELINES FOR IDENTIFICATION AND PROVISIONING FOR NON PERFORMING ASSETS (DEBT SECURITIES)

(i) Definition of a Non Performing Asset (NPA)

An 'asset' shall be classified as non performing, if the interest and/or principal amount has not been received or remained outstanding for one quarter from the day such income / installment has fallen due.

(ii) Effective date for classification and provisioning of NPAs :

The definition of NPA may be applied after a quarter following the due date of interest. For e.g. if the due date for interest is 30.09.2009 it will be classified as NPA from 01.01.2010.

(iii) Treatment of income accrued on the NPA and further accruals

- After the expiry of the 1st quarter from the date the income has fallen due, there will be no further interest accrual on the asset i.e. if the due date for interest falls on 30.09.2009 and if the interest is not received, accrual will continue till 31.12.2009 after which there will be no further accrual of income. In short, taking the above example, from the beginning of the 2nd quarter, there will be no further accrual on income.
- On classification of the asset as NPA from a quarter following the due date of interest, all interest accrued and recognized in the books of accounts of the Fund till the date, should be provided for. For e.g. if interest income falls due on 30.09.2009, accrual will continue till 31.12.2009 even if the income as on 30.09.2009 has not been received. Further, no accrual will be done from 01.01.2010 onwards. Full provision will also be made for interest accrued and outstanding as on 30.09.2009.

(iv) Provision for NPAs

Both secured and unsecured investments, once recognized as NPAs, call for provisioning in the same manner and where these are related to close ended scheme the phasing would be such to ensure full provisioning prior to the closure of the scheme or the scheduled phasing, whichever is earlier.

The value of the asset must be provided in the following manner or earlier at the discretion of the fund. The Fund will not have the discretion to extend the period of provisioning. The provisioning against the principal amount or instalments should be made at the following rates irrespective of whether the principal is due for repayment or not.

- 10% of the book value of the asset should be provided for after 6 months following the due date of interest i.e. 3 months from the date of classification of the asset as NPA.
- 20% of the book value of the asset should be provided for after 9 months following the due date of interest i.e 6 months from the date of classification of the asset as NPA.
- Another 20% of the book value of the assets should be provided for after 12 months following the due date of interest i.e 9 months from the date of classification of the asset as NPA.
- Another 25% of the book value of the assets should be provided for after 15 months following the due date of interest i.e. 12 months from the date of classification of the asset as NPA.
- The balance 25% of the book value of the asset should be provided for after 18 months following the due date of interest i.e 15 months from the date of classification of the assets as NPA.

Book value for the purpose of provisioning for NPAs shall be taken as a value determined as per the prescribed valuation method. If any installment is fallen due, during the period of interest default, the amount of provision should be installment amount or above provision amount, whichever is higher.

(v) Reclassification of assets:

Upon reclassification of assets as 'performing assets':

1. In case an issuer has fully cleared all the arrears of interest, the interest provisions can be written back in full.
2. The asset will be reclassified as performing on clearance of all interest arrears and if the debt is regularly serviced over the next two quarters.
3. In case the issuer has fully cleared all the arrears of interest, the interest not credited on accrual basis would be credited at the time of receipt.
4. The provision made for the principal amount can be written back in the following manner :-
   - 100% of the asset provided for in the books will be written back at the end of the 2nd quarter where the provision of principal was made due to the interest defaults only.
   - 50% of the asset provided for in the books will be written back at the end of the 2nd quarter and 25% after every subsequent quarter where both installments and interest were in default earlier.
5. An asset is reclassified as 'standard asset' only when both overdue interest and overdue installments are paid in full and there is satisfactory performance for a subsequent period of 6 months.

(vi) Receipt of past dues :

When the fund has received income/principal amount after their classification as NPAs ;

- For the next 2 quarters, income should be recognized on cash basis and thereafter on accrual basis. The asset will continue to be classified as NPA for these two quarters.
- During this period (2 quarters), although the asset is classified as NPA no provision needs to be made for the principal if the same is not due and outstanding.
- If part payment is received towards principal, the asset continues to be classified as NPA and provisions are continued as per the norms set at (iv) above. Any excess provision will be written back.

(vii) Classification of Deep Discount Bonds as NPAs :

Investments in Deep Discount Bonds can be classified as NPAs, if any two of the following conditions are satisfied:

- If the rating of the Bond comes down to grade 'BB' or below.
- If the company is defaulting in their commitments in respect of other assets, if available.
- Full Net worth erosion.

Provision should be made as per the norms set at (iv) above as soon as the asset is classified as NPA.

Full provision can be made if the rating comes down to grade 'D'.

(viii) Reschedulement of an asset :

In case any company defaults either interest or principal amount and the Fund has accepted a reschedulement of the schedule of payments, then the following practice may be adhered to :

(a) In case it is a first reschedulement and only interest is in default, the status of the asset, namely, 'NPA' may be continued and existing provisions should not be written back. This practice should be continued for two quarters of regular servicing of the debt. Thereafter, this be classified as 'performing asset' and the interest provided may be written back.

(b) If the reschedulement is done due to default in interest and principal amount, the asset should be continued as non performing for a period of 4 quarters, even though the asset continues to be serviced during these 4 quarters regularly. Thereafter, this can be classified as 'performing asset' and all the interest provided till such date should be written back.

(c) If the reschedulement is done for a second/third time or thereafter, the characteristic of NPA should be continued for eight quarters of regular servicing of the debt. The provision should be written back only after it is reclassified as 'performing asset'.

To provide appropriate details of the Scheme wise deployment of the assets of the Fund, certain accounting policies and standards in accordance with the appropriate guidance notes issued by the Institute of Chartered Accountants of India may be adopted by AMC and amended from time to time. The Trustees/AMC may alter these above stated accounting policies and standards from time to time, and also to the extent the guidance notes issued by the Institute of Chartered Accountants of India, and the SEBI (Mutual Funds) Regulations, 1996 change, so as to permit the Scheme to give a true and fair view of its state of affairs. As such the accounting policies and standards, and the preparation of the annual report and annual statement of account of the Scheme will be in accordance with SEBI (Mutual Funds) Regulations, 1996, including Schedule IX and XI thereof.

V. TAX & LEGAL & GENERAL INFORMATION

A. TAXATION ON INVESTING IN MUTUAL FUNDS

The following tax implications are provided for general information purposes based on the law prevalent as on the date of this document. Such implications would have to be determined taking into account the specific facts of each individual case. Further, in the event of amendments to legislation pertaining to taxation from time to time, the nature and / or quantum of such benefits / implications is subject to change.

Accordingly, it is recommended that each Unit holder appropriately consult his / her tax consultant with respect to the specific tax implications arising out of their participation in the Scheme.

I. To the Mutual Fund:

Income in the hands of the Mutual fund

The entire income of the Mutual Fund registered under Securities and Exchange Board of India Act, 1992 or any regulations made thereunder is exempt from income-tax in accordance with the provisions of section 10(23D) of the Income-tax Act, 1961 ("the Act").

The income received by such Mutual Fund is not liable for deduction of income tax at source under the provisions of Section 196(iv) of the Act.

Tax on distribution of income by the Mutual Fund to the Unit holders

Under section 115R of the Act, income distribution, if any, made by the Mutual Fund to the unit holders will attract distribution tax at the following rates:

- **In case of Money Market Mutual Fund or Liquid Fund**

  @ 25% plus surcharge on such income-tax @ 10% and education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge.

- **In case of Other than Equity Oriented Fund, not being a Money Market Mutual Fund or a Liquid Fund**
  - @ 12.5% plus surcharge on such income-tax @ 10% and education cess and secondary and higher education cess @ 3% on the amount of tax and surcharge, in case income is distributed to individuals and HUFs; and
  - @ 20% plus surcharge on such income-tax @ 10% and education cess and secondary and higher education cess @ 3 % on the amount of tax and surcharge, in case of income distributed to persons other than individuals and HUFs.

Proviso (b) to Section 115R (2) of the Act provides exemption to equity oriented mutual funds from paying distribution tax on income distributed.

The expression "money market mutual fund" has been defined under Explanation (d) to Section 115T which means a scheme of a mutual fund which has been set up with the objective of investing exclusively in money market instruments as defined in sub-clause (p) of clause (2) of the Securities and Exchange Board of India (Mutual Funds) Regulations,1996.

The expression" liquid fund" has been defined under Explanation (e) to Section 115T which means a scheme or plan of a mutual fund which is classified by the Securities and Exchange Board of India as a liquid fund in accordance with the guidelines issued by it in this behalf under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or regulations made thereunder.

The expression "equity oriented fund" has been defined under Explanation (b) to Section 115T of the Act to include a fund where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent of the total proceeds of such fund.

Where the Fund receives any income from investments made in overseas jurisdiction, the same may be subject to withholding tax (or any other tax) in the relevant jurisdiction from which the income is received. As the fund is exempted from its entire income (including foreign income) in India, credit/ refund in respect of such foreign taxes withheld/paid by the fund will not be available.

II. To the Unit Holders:

Deduction from total income

Under section 80C of the Act, an assessee, being an individual or HUF, is eligible to claim a deduction upto an aggregate of Rs. 1 lacs on account of sums paid as subscription to units of an Equity Linked Savings Scheme.

The expression "Equity Linked Savings Scheme " refers to Equity Linked Savings Scheme, 2005 as notified by the Central Board of Direct Taxes, Ministry of Finance vide notification dated November 3, 2005 as amended vide notification dated December 13, 2005.

Securities Transaction Tax

Under Chapter VII of Finance Act, the unit holder is liable to pay Securities Transaction Tax ("STT") in respect of "taxable securities transaction" at the applicable rates.

The units of mutual funds other than equity–oriented funds will be exempt from STT.

The unit holders of equity–oriented funds are liable to pay Securities Transaction Tax ("STT") in respect of "taxable securities transaction" at the applicable rates. Taxable securities transactions include purchase or sale of units of an equity oriented fund, entered into on the recognized stock exchange or sale of units of an equity-oriented fund to the mutual fund.

The purchaser and seller of units of an equity oriented fund are liable to pay STT @ 0.125 % each where the purchase and sale is entered into on a recognized stock exchange and the contract for the purchase and sale of such units is settled by actual delivery or transfer of such units.

Further, the seller of units is also liable to pay STT @ 0.025 % in case of sale of units of an equity oriented fund where the transaction of such sale is entered into on a recognized stock exchange and the contract for the sale of such units is settled otherwise than by the actual delivery or transfer of such units.

At the time of sale of units of equity oriented fund to the mutual fund, the seller is required to pay an STT @ 0.25%.

The Finance Bill 2008 has discontinued the rebate available to the assessee under section 88E of the Act with effect from assessment year 2009-10. Further, the securities transaction tax paid by the assessee during the year in respect of taxable securities transactions entered in the course of business shall be allowed as deduction under section 36 of the Act subject to the condition that such income from taxable securities transactions is included under the head 'profits and gains of business or profession'.

Incomes from Units

Under the provisions of section 10(35) of the Act, any income (other than income arising from transfer of units) received by any person in respect of the units of the mutual fund is exempt from income tax.

The Schemes which have been classified as "Debt Scheme", the additional income-tax on distribution of income to an Individual / Hindu Undivided Family (HUF) is payable by the Mutual Fund at the rate of 14.1625%# and at the rate of 22.66%# on distribution of income to any other investor. However, any Debt Scheme, owing to any relevant regulatory provision, is subsequently classified as "Liquid Fund", then additional income-tax on distribution of income will be payable by the Mutual Fund at the rate of 28.325%#.

Further, in case of distribution of income already paid by the Scheme, the Trustee / AMC reserves the right to recover the different additional income-tax on distribution of income so paid from the unit holders of respective Plan/option.

Including applicable surcharge, education cess and secondary and higher education cess.

Gains on transfer / redemption of Units

Gains arising on transfer / redemption of Units as well as switching between schemes will be chargeable to tax under the Act. The characterization of income from investment in securities as 'business income' or 'capital gains' will have to be examined on a case-to-case basis.

➢ ***Business Income***

Where the units are regarded as Business Asset, then any gain arising from transfer / redemption of Units would be taxed under the head "Profits and Gains of Business or Profession" under section 28 of the Act. The gain / loss is to be computed under the head "Profits and Gains of Business or Profession" after allowing normal business expenses (inclusive of the expenses incurred on transfer).

Business Income is chargeable to tax at the following rates:

Assessee	% of Income Tax
Individuals, HUF, Association of Persons	Applicable Slab Rates
Partnership Firms & Indian Corporates	30%
Foreign Company	40%

The income tax rates specified above and elsewhere in this document are exclusive of the applicable surcharge, education cess and secondary and higher education cess. For the financial year ended March 31, 2009, the applicable rates for surcharge are given below:

Assessee	% of Income Tax
Individual (including proprietorships), HUF& Association of Persons (if income exceeds Rs. 10 lakhs)	10%
Partnership Firms & Indian Corporates (if income exceeds Rs. 1 crore)	10%
Foreign Company (if income exceeds Rs. 1 crore)	2.5%

Additionally, education cess and secondary and higher education cess is leviable @ 3% on the income tax and surcharge as computed above.

➢ **Capital Gains**

The mode of computation of capital gains would be as follows:

Sale Consideration		xxx
Less:	Cost of Acquisition (Note 1)	(xxx)
	Expenses on Transfer (Note 2)	(xxx)
	Capital Gains	**xxx**

Note 1: In case of the computation of long-term capital gains, option of indexation of cost is available.

Note 2: This would include only expenses relating to transfer of units. Normal business expenses would not be allowable.

Capital gain arising on transfer or redemption of units held for a period of more than 12 months is regarded as "Long-term Capital Gain" which otherwise would be "Short-term Capital Gain". In case of ELSS, the units are subject to a lock-in of 3 years. Accordingly, any sale of units after such lock-in will qualify as Long-term Capital Gain.

- ***Long term capital gains***

In case of Other than Equity Oriented Fund, including Money Market Mutual Fund or a Liquid Fund

As per section 112 of the Act, tax on income on long term capital gains arising from the transfer of units shall be lower of the following amount:

(i) 10% plus applicable surcharge and education cess at the rate of 3% on the amount of tax and surcharge, on the Long-term Capital Gains computed without substituting indexed cost of acquisition in place of the cost of acquisition; or

(ii) 20% plus applicable surcharge and education cess at the rate of 3% on the amount of tax and surcharge, on the Long-term Capital Gain computed after substituting indexed cost of acquisition in place of the cost of acquisition.

The benefit of indexation will, however, not be available to specified Offshore Fund who would be taxable @ 10% plus applicable surcharge and education cess at the rate of 3% on the amount of tax and surcharge in terms of section 115AB of the Act.

In case where the taxable income as reduced by Long-term Capital Gains of a resident individual and Hindu Undivided family is below the taxable limit, the Long-term Capital gain will be reduced to the extent of such shortfall and only the balance Long-term Capital Gain is chargeable to Income-tax.

The following deductions are available from Long-term Capital Gains arising on sale of Mutual Fund units, if the sale proceeds are invested in eligible avenues:

	Section 54 EC	Section 54F
Eligible persons	All assesses	Individual and HUFs
Asset to be purchased to claim exemption	Specified Bonds of National Highways Authority of India and Rural Electrification Corporation Limited (cap of Rs. fifty lakhs in a financial year)	Residential house property
Time-limit for purchase from date of sale of MF units	6 months	Purchase: 1 year backward / 2 years forward & Construction: 3 years forward
Amount Exempt	Investment in the new asset or capital gain whichever is lower	Capital gains proportionate to the investment made from the sale proceeds
Lock-in period	3 years	3 years

The investment in the above eligible avenues, on account of which deduction has been claimed from long-term capital gains, will not be available for deduction under section 80C of the Act.

In case of Equity Oriented Fund including ELSS scheme

Long Term Capital Gains arising from transfer of units of an Equity Oriented scheme including ELSS scheme (as defined u/s 115T of the Income Tax Act, 1961) would be exempt from Income Tax as per section 10(38) of the Income Tax Act, 1961. The mutual fund would recover STT from the unit holder as per the applicable rates.

- ***Short-term Capital Gain***

In case of Other than Equity Oriented Fund, including Money Market Mutual Fund or a Liquid Fund

Short term capital gains arising from the transfer of units of funds other than equity oriented scheme would be chargeable to tax as under:

Short term capital gains are taxed at the normal rates applicable to each unitholder. In case where the taxable income as reduced by Short-term Capital Gains of a resident individual and Hindu Undivided family is below the taxable limit, the Short-term Capital gain will be reduced to the extent of such shortfall and only the balance Short-term Capital Gain is chargeable to Income-tax.

In case of Equity Oriented Fund

Short Term Capital Gains arising from transfer of units of an Equity Oriented scheme (as defined u/s 115T of the Income Tax Act, 1961) would be charged to tax u/s 111-A of the Income Tax Act, 1961 @ 15% (plus applicable surcharge, education cess and secondary and higher education cess). The mutual fund would recover STT from the unit holder at the applicable rates when the units are re-purchased by the mutual fund/ redeemed by the investor.

In case where the taxable income as reduced by Short-term Capital Gains of a resident individual and Hindu Undivided family is below the taxable limit, the Short-term Capital Gain will be reduced to the extent of such shortfall and only the balance Short-term Capital Gain is chargeable to Income-tax.

Deduction of income tax at Source From Capital Gains

Resident Unit holders

No income tax is required to be deducted at source from capital gains arising on transfer of units by resident unit holders.

Non-Resident unit holders

➢ **In case of Other than Equity Oriented Fund (Other than Offshore Fund)**

Income-tax is required to be deducted at source from the capital gains under section 195 of the Act at the applicable rates.

Under the Act, the following rates have been prescribed for deduction of tax at source from capital gains:

- On income by way of long-term capital gains @ 20% (plus surcharge and education cess, if applicable)
- On income by way of short-term capital gains at normal rates as applicable under Business Income.

In the case of an assessee of a country with which a DTAA is in force, the tax should be withheld as per provisions in the Act or as per the provisions in the DTAA which ever is more beneficial to the non-resident holder. However, such a non-resident unit holder will be required to provide appropriate documents to the Fund, to be entitled to a beneficial rate under such DTAA.

Offshore Fund

Under Section 196B of the Act, tax shall be deducted at source from the long term capital gains @ 10% plus applicable surcharge, education cess and secondary and higher education cess at the rate of 3% on the amount of tax and surcharge.

Income-tax is required to be deducted at source from the short-term capital gains under section 195 of the Act at the applicable rates. In the case of an assessee of a country with which a DTAA is in force, the tax should be withheld as per the provisions of the Act or the provisions in the DTAA which ever is more beneficial to the assessee. However, the Unit holder will be required to provide appropriate documents to the Fund, to be entitled to a beneficial rate under such DTAA.

➢ **In case of Equity Oriented Fund (including Offshore Fund)**

Income-tax is required to be deducted at source from the capital gains under section 195 of the Act at the applicable rates. In the case of an assessee of a country with which a DTAA is in force, the tax should be withheld as per provisions in the Act or as per the provisions in the DTAA which ever is more beneficial to the non-resident holder. However, such a non-resident unit holder will be required to provide appropriate documents to the Fund, to be entitled to a beneficial rate under such DTAA.

Foreign Institutional Investors

As per the provisions of section 196D of the Act, no deduction of tax shall be made from any income, by way of capital gains arising from the transfer of securities referred to in section 115AD, payable to a Foreign Institutional Investor.

Dividend Stripping

As per Section 94(7) of the Act, loss arising on sale of units, which are bought within 3 months of the record date and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

Bonus Stripping

As per Section 94 (8) of the Act, units purchased within a period of 3 months prior to record date of entitlement of bonus and sold within a period of 9 months after such date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax.

The amount of loss so ignored shall be deemed to be the cost of purchase / acquisition of the bonus units.

III. Religious and Charitable Trust

Investments in Units of the Mutual Fund will rank as an eligible form of investment under section 11(5) of the Act read with Rule 17C of the Income-tax Rules, 1962 for Religious and Charitable Trust.

IV. Wealth-tax

Units held under the Scheme of the Fund are not treated as assets within the meaning of section 2(ea) of the Wealth-tax Act, 1957 and are, therefore, not liable to Wealth-tax.

V. Gift-tax

The Gift –Tax Act, 1958 has been repealed since October 1, 1988. Further, gift of units of Mutual fund units would not be subject to income-tax.

B. LEGAL INFORMATION

MODE OF HOLDING

The mode of holding may be "single", "joint" or "either/anyone or survivor".

When units are held "singly", all notices, correspondences, distributions,

redemptions, etc would be sent to the single holder. Where Units are jointly held, the person first-named in the Application Form will receive all notices and correspondences with respect to the Account, as well as any distributions through dividends, redemptions or otherwise. Such person shall hold the voting right, if any, associated with the Units. However, all documentation/ purchase applications/redemption requests/enrollment forms shall necessarily be signed by all the holders. All payments and settlements, etc made to such first named holder shall be a valid discharge by the Fund and the liability of the Mutual Fund in this regard shall be only to the first-named holder.

When Units are held as "either/anyone or survivor", the person first-named in the Application Form will receive all notices and correspondences with respect to the Account, as well as any distributions through dividends, redemptions or otherwise. Any one of the Joint holders (in case of either/ anyone or survivor) shall hold the voting right, if any, associated with the Units and all documentation/purchase applications/redemption requests/ enrolment forms may be signed by any one of the joint holders (in case of either/anyone or survivor) and the Mutual Fund will act on the instructions of the first holder/anyone of the joint account holders. However under all the cases ("joint" or "either/anyone or survivor" and without percentage allocation of investment amongst joint holders), the Fund shall recognise the first named joint holder as the unit holder and all payments and settlements, etc. made to such first-named holder shall be a valid discharge by the Fund and the Fund shall not be liable to any other joint applicants in this regard.

In case the joint holder/s want to nominate nominees, all joint-holders should jointly indicate the nominees.

NOMINATION FACILITY

If an application is made in the name of a single individual holder or jointly not exceeding three individuals (under any mode of holding) the unitholders can request a Nomination Form to nominate beneficiary(s)/successor(s) (upto three) to receive the Units upon his/her/their death, to the extent provided in the Regulations. Unitholders can nominate individuals not exceeding three (jointly) as beneficiary(s)/successor(s) to receive the units either on first holder basis or in a particular percentage allocation upon his/her/their death. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such units of the Scheme, where a nomination made in the prescribed manner purports to confer on any person(s) the right to vest the units of the scheme, the nominee(s) shall, on the death of the unitholders (single holder or all the joint holders) of the scheme become entitled to all the rights in the units of the Scheme (as an agent & trustee) to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. In case of 3 joint nominee(s) without any percentage allocation the first named nominee alone has the right to receive the amount due in respect of units in the event of death of the unitholder(s). In case of 3 joint nominee(s) with a particular percentage allocation, all payouts and settlements would be made to all successors in the particular percentage as stated by the unitholder(s). If no percentage is stated for allocation amongst nominees and if the first named nominee predeceases the unitholder(s) and the unitholder(s) has/have not cancelled or substituted the nomination, second named nominee shall be entitled to receive the amount due in respect of the units of the deceased unitholder(s). However, the nomination will cease to be valid on units repurchased/ by the original unitholder in full or being transferred by operation of law or upon enforecement of a pledge/charge. All payments and settlements made to such nominee(s) (as agent & trustee) and a receipt thereof shall be a valid discharge by the Fund. Unitholders being either parent or lawful guardian on behalf of a minor and power of attorney holder of an eligible institution, societies, Funds, bodies corporate, partnership firms and HUF shall have no right to make any nomination. Nomination in favor of Non-residents will be governed by the rules formulated by Reserve Bank of India from time to time.

Nomination can also be made for units which are pledged and offered as security in favour of any entity/body for any purpose but only after "approval"/ "no objection" clearance from such entity/body. Notwithstanding anything contained in any other law for the time being in force or in disposition, whether testamentary or otherwise, in respect of such pledge units of the scheme, where a nomination made in the prescribed manner purports to confer on any person(s) the right to vest the pledged units of the scheme, the nominee(s) shall, on the death of the unitholder(s) (single holder or all the joint holders) of the scheme become entitled to all the rights in the pledged units of the scheme to the exclusion of all other persons except the entity/body in whose favour the units are pledged by way of lieu, unless the nomination is cancelled or varied.

The provisions for nomination with regard to Mutual Funds would be as per Section 56 and Section 69 (regarding the right of the beneficiary to transfer possession) of the Indian Trust Act, 1882 since the Mutual Fund is formed as a Trust under the said Act. However, acceptance of such nomination/ appointment of beneficiary would be at the entire discretion of the Fund taking into consideration the provisions of the Indian Trust Act and the Mutual Fund assumes no responsibility therefor, and the unitholder(s) would be liable for the loss resulting from a fraudulent nomination/appointment of beneficiary based on the unitholder(s) (single holder or joint-holders) instructions, that the Fund reasonably believed as genuine.

By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee. A nomination in respect of the Units does not create an interest in the property after the death of the Unitholder. The nominee shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominees under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination and the transmission of units would normally be governed as per succession certificate/probate of the will.

The nomination can be made only by individuals applying for / holding units on their own behalf singly or jointly. Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate. If the units are held jointly, all joint holders will sign the nomination form. A minor can be nominated and in that event, the name and address of the guardian of the minor nominee shall be provided by the unit holder. Nomination can also be in favour of the Central Government, State Government, a local authority, any person designated by virtue of his office or a religious or charitable trust. The Nominee shall not be a trust other than religious or charitable trust, society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder. A non-resident Indian can be a Nominee subject to the exchange controls in force, from time to time. Nomination in respect of the units stands rescinded upon the transfer of units. Transfer of units in favour of a Nominee shall be valid discharge by the asset management company against the legal heir. The cancellation of nomination can be made only by those individuals who hold units on their own behalf singly or jointly and who made the original nomination. On cancellation of the nomination, the nomination shall stand rescinded and the asset management company shall not be under any obligation to transfer the units in favour of the Nominee.

PLEDGE OF UNITS

In conformity with the guidelines and notification issued by SEBI/Government of India/any other regulatory body from time to time and/or any statutory modification or re-enactment thereof, the units under the Scheme may be offered as security by way of a pledge/charge in favor of scheduled banks, financial institutions, NBFC, or any other body. The AMC and/or the Registrar will note and record such pledged units. Appropriate documentation has been drafted for this purpose and is available on request. However, disbursement of such loans will be at the entire discretion of the bank/financial institution/NBFC, any other regulatory body concerned and the Mutual Fund assumes no responsibility thereof.

Unclaimed Distribution Amount

As per SEBI guidelines Ref: MFD/CIR/9/120/2000 dated November 24, 2000, unclaimed redemption and dividend amounts shall be deployed by the Fund in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount can be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such amount can be used for the purpose of investor education. The AMC shall make continuous efforts to remind the investors to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

Scheme Amendments

The AMC may add to or otherwise amend either all or any of the terms of the Scheme, by duly complying with the guidelines of and notifications issued by SEBI/GOI/any other regulatory body, that may be issued from time to time subject to the prior approval of SEBI, wherever required. Till the time the Scheme Information Document is revised and reprinted, an addendum giving details of each of the changes shall be attached to Scheme Information Document. The addendum shall be circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Document already in stock. Further, arrangements will be made to provide changes in the Scheme Information Document in the form of a notice/any other manner in/at all the investor service centers/distributors/brokers office.

Prevention of Money Laundering

Prevention of Money Laundering Act, 2002 (hereinafter referred o as "Act") came into effect from July 1, 2005 vide Notification No. GSR 436(E) dated July 1, 2005 issued by Department of Revenue, Ministry of Finance, Government of India. Further, SEBI vide its circular reference number ISD/ CIR/RR/AML/1/06 dated January 18, 2006 mandated that all intermediaries including Mutual Funds should formulate and implement a proper policy

framework as per the guidelines on anti money laundering measures and also to adopt a Know Your Customer (KYC) policy. The intermediaries may, according to their requirements specify additional disclosures to be made by clients for the purpose of identifying, monitoring and reporting incidents of money laundering and suspicious transactions undertaken by clients. SEBI also issued another circular reference no. ISD/CIR/RR/AML/2/06 dated March 20, 2006 advising all intermediaries to take necessary steps to ensure compliance with the requirement of section 12 of the Act inter-alia maintenance and preservation of records and reporting of information relating to cash and suspicious transactions to Financial Intelligence Unit-India (FIU-IND), New Delhi. The investor(s) should ensure that the amount invested in the scheme is through legitimate sources only and does not involve and is not designated for the purpose of any contravention or evasion of the provisions of the Income Tax Act, Prevention of Money Laundering Act, Prevention of Corruption Act and / or any other applicable law in force and also any laws enacted by the Government of India from time to time or any rules, regulations, notifications or directions issued thereunder. To ensure appropriate identification of the investor(s) under its KYC policy and with a view to monitor transactions for the prevention of money laundering, Principal Mutual Fund reserves the right to seek information, record investor's telephonic calls and / or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose. The investor(s) and their attorney, if any, shall produce reliable, independent source documents such as photographs, certified copies of ration card/ passport/ driving license/PAN card, etc. and/or such documents or produce such information as may be required from time to time for verification of the identity, residential address and financial information of the investor(s) by the AMC/Mutual Fund. If the investor(s) or the person making payment on behalf of the investor(s), refuses / fails to provide the required documents/ information within the period specified in the communication(s) sent by the AMC to the investor(s) then the AMC, after applying appropriate due diligence measures, believes that the transaction is suspicious in nature within the purview of the Act and SEBI circulars issued from time to time and/or on account of deficiencies in the documentation, shall have absolute discretion to report suspicious transactions to FIU-IND and / or to freeze the folios of the investor(s), reject any application(s) / allotment of units and effect mandatory redemption of unit holdings of the investor(s) at the applicable NAV subject to payment of exit load, if any, in terms of the said communication sent by the AMC to the investor(s) in this regard. The KYC documentation shall also be mandatorily complied with by the holders entering the Register of Members by virtue of operation of law e.g. transmission, etc. The Mutual Fund, AMC, Principal Trustee Company Pvt. Limited and their Directors, employees and agents shall not be liable in any manner for any claims arising whatsoever on account of freezing the folios / rejection of any application / allotment of units or mandatory redemption of units due to non-compliance with the provisions of the Act, SEBI circular(s) and KYC policy and / or where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circular(s) and reporting the same to FIU-IND.

Investors should note that it is mandatory for all applications for subscription of value of Rs.50,000/- and above to quote the KYC Compliance Status of each applicant (guardian in case of minor) in the application for subscription and attach proof of KYC Compliance viz. KYC Acknowledgement Letter / Printout of KYC Compliance Status downloaded from CVL website (www.cvlindia.com) using the PAN Number.

TRANSFER

The Mutual Fund will be repurchasing units and hence the transfer facility is found redundant. However, if a transferee becomes a holder of the Units by operation of law or upon enforcement of a pledge, then the AMC shall, subject to production of such evidence and submission of such documents, which in their opinion is sufficient, proceed to effect the transfer, if the intended transferee is otherwise eligible to hold the Units. Any addition / deletion of name from the folio of the Unit holder is deemed as transfer of Units. In view of the same, additions / deletions of names will not be allowed under any folio of the Scheme. The said provisions in respect of deletion of names will not be applicable in case of death of a Unit holder (in respect of joint holdings) as this is treated as transmission of Units and not transfer.

TRANSMISSION

The scheme's units can be transmitted after completion of necessary formalities to the entitled person(s) in the event of death of unitholder. All the restrictions and limitations specified herein including those relating to lock-in period and creation of charge, will be binding also on the successors, legal heirs, pledgee or assigns of the investor.

LISTING:

In case of a close ended Scheme listed on the Stock Exchange(s), the procedure for transfer of Units will be similar to that for listed equity share. The trading will be as per settlement cycle. Buying or selling of units by investor can be made from the secondary market on National Stock Exchange at market prices through demat mode.

DURATION OF THE SCHEME AND WINDING UP

The Closed ended Scheme will come to an end as per specified period/duration of the Scheme. On maturity of the scheme, the outstanding units shall be redeemed and proceeds will be paid to the unitholders unless rolled over as per SEBI guidelines. In case the due date of maturity falls on a non-business day, the maturity date will be deemed to be the 'immediately following business day'. The open ended schemes have a perpetual life. The AMC, the Fund and Trustees reserve the right to make such changes/alterations to the Scheme (including charging of fees and expenses) to the extent permitted by the SEBI Regulations.

However, in terms of the SEBI Regulations, the Scheme may be wound up:

a) On the happening of any event which, in the opinion of the Trustees, requires the Scheme to be wound up; or

b) Seventy five percent of the unitholders of the Scheme(s) pass a resolution that the Scheme be wound up; or

c) SEBI directs the Scheme to be wound up in the interest of the unitholders.

Where a Scheme is to be wound up pursuant to the above/SEBI Regulations, the Trustees shall give notice of the circumstances leading to the winding up of the Scheme to SEBI; and in two daily newspapers having circulation all over India and also in a vernacular newspaper circulating at the place where the Mutual Fund is established.

Effect of Winding Up

On and from the date of the publication of the notice as stated above, the Trustee or the AMC as the case maybe, shall -

- Cease to carry on any business activities in respect of the Scheme so wound up;
- Cease to create or cancel units in the Scheme;
- Cease to issue or redeem units in the Scheme.

Procedure and Manner of Winding Up

In the event of the Scheme being wound up, the AMC shall proceed as follows:

- The Trustee shall call a meeting of the unitholders to consider and pass necessary resolutions by simple majority of unitholders present and voting at the meeting for authorising the AMC or any other person/agency to take the steps for winding up of the Scheme
- The AMC or the person authorised as above shall dispose of the assets of the Scheme(s) concerned in the best interests of the unitholders of that Scheme.
- The proceeds of the sale made in pursuance of the above, shall in the first instance be utilised towards discharge of such liabilities as are properly due under the Scheme and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the unitholders in proportion to their respective interests in the assets of the Scheme as on the date when the decision for the winding up was taken.
- On the completion of the winding up, the AMC shall forward to SEBI and the unitholders, a report on the winding up containing particulars such as circumstances leading to the winding up, the steps taken for disposal of assets of the Scheme before winding up, expenses of the Scheme for winding up, net assets available for distribution to the unitholders and a certificate from the Auditors of the Fund.

Notwithstanding anything contained herein, the application of the provisions of SEBI Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until the winding up is completed or the Scheme ceases to exist.

After the receipt of report referred to in the above, if SEBI is satisfied that all measures for winding up of the Scheme have been completed, the Scheme shall cease to exist.

C. General Information

UNDERWRITING

The Scheme may also undertake underwriting and sub-underwriting activities in order to augment its income, after complying with the approval and compliance process specified in the SEBI (Underwriters) Rules and Regulations, 1993 and/or Reserve Bank of India and further subject to the following norms:

- The capital adequacy of the Mutual Fund for the purposes of SEBI (Underwriters) Rules and Regulations, 1993 shall be the net assets of the Scheme.
- The total underwriting obligation of the Scheme shall not exceed 50% of the total net asset value of the Scheme, or such limit as may be stipulated by the AMC and/or Trustees from time to time.
- The decision to take up any underwriting commitment shall be made as if the Scheme is actually investing in that particular security.

- As such, all investment restrictions and prudential guidelines relating to investments, individually and as far as may be applicable, apply to underwriting commitments, which may be undertaken under the Scheme.

These underwriting norms/parameters (as expressed/linked to the net asset/ net asset value/capital) shall in the ordinary course apply as at the date of the most recent transaction of commitment to underwrite, and changes do not have to be effected merely because, owing to appreciation or depreciation in value or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any scheme of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, AMC shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the unitholders.

As such all underwriting and sub-underwriting activities of the Fund will be undertaken in accordance with SEBI (Underwriters) Rules and Regulations, 1993, and the norms as laid down by SEBI Circular dated June 30, 1994, and as amended from time to time.

BORROWING BY THE MUTUAL FUND

In terms of Regulations as presently prevailing, a Scheme shall have the power to borrow up to 20% of its net assets outstanding as on the date of borrowing for a period of up to six months or as may be permitted by the prevailing regulations. This borrowing shall be used only for the purpose of paying repurchase proceeds or payment of interest or dividend to the unitholders. The Mutual Fund may tie up with various banks/institutions for the above mentioned facility for which it may have to give a guarantee or the delivery of the shares/other securities held by it as collateral. The limit of 20% may be revised by the Fund and to the extent the Regulations hereafter permit. Borrowing by the Fund on account of the Scheme will tend to increase the impact of investment gains and losses on the NAV of the Scheme.

The borrowing limitations/parameters (as expressed/limited to the net assets/ NAV/Capital) shall in the ordinary course apply as of the date of the most recent transaction or commitment to borrow and changes do not have to effected merely because, owing to appreciation or depreciation in value or at any repayment or repurchase or other reason beyond the control of the Fund, any such limit would thereby be breached. If the limit is exceeded for reasons beyond its control, the AMC shall adopt as a priority objective the remedying of that situation, taking due account of the interests of the unitholders.

SERVICES TO UNITHOLDERS

Investor Services

It is the endeavour of the Fund to provide consistently high quality service to its unitholders. This would encompass all interactions by the unitholders with the Fund. The Fund will strive to upgrade the quality of service through implementation of appropriate technology and through ensuring quality consciousness amongst its service personnel and agencies associated with it. The Fund will endeavour to provide a high degree of convenience for the unitholders' dealing with it. The Fund will strive to constantly increase this level of convenience.

Facilitating Enquiries and Transactions

a) It will be the endeavour of the Fund to extensively use technological tools in rendering unitholder service. The Fund will endeavour to send the Account Statements (on account of financial and/or non-financial transactions) e.g., allotment of units in lieu of distribution of periodic dividend, besides periodic information etc by way of e-mail, which is speedier and economical. Other financial transactions (subscription of units) can also be conveyed to the unitholders by way of e-mail, wherever requested, subject to such safeguards the Fund may deem necessary.

b) Investor Service centres in select cities

The AMC shall provide unitholder service through its centers. Unitholders' enquiries and transactions during business hours will be entertained at the AMC's centres at the addresses listed at the end of the Scheme Information Document. Unitholders/investors can also write/e-mail/contact them at the AMC's corporate office at Mumbai. In addition, unitholders may also contact the AMC at its corporate office for any additional service. The AMC will, in course of time, be setting up its own service centres at other major locations to handle unitholder enquiries and transactions, besides providing a high degree of convenience to the unitholders.

c) Meeting in Person

An Investor Relations personnel of the AMC will be available every business day between normal official hours of the AMC for personal meeting with any unitholder. The purpose of this facility is to attend to any query related to investment needs of a unitholder, resolve any unitholder service related queries through the Registrar and to provide such other services that the unitholder desires.

d) Service Standards

The Fund will follow the below mentioned statutory time schedules on an ongoing basis provided the unitholder furnishes the Mutual Fund with all the required correct and complete supporting legal /other documents.

SERVICE	TIME SCHEDULE
Repurchase Cheque Mailing	Within 10 Business Days
Purchase intimation	Within 30 Days
Updated Account Statement on a/c of allotment of units in lieu of dividend	Within 30 Days
Address Change	Within 10 Business Days
Ownership Transmission	Within 30 Days
Despatch of Dividend Proceeds	Within 30 Days

The Fund shall endeavour to meet the service standard well within the above time schedule

The above mentioned time schedule does not include postal transit time.

SIGNATURE VERIFICATION/INDEMNITY

Certain transactions may require that the unitholder's signature be verified by a bank manager, or a notary public or a magistrate or any other party acceptable to the Fund for the following:-

- To change ownership of a folio/account in case of transmission.
- To add telephone transaction services or other privileges that would be added from time to time.
- To change bank account information designated under an existing plan.
- To have a redemption cheque mailed to an address other than the addresses on the folio/account or to the address on the folio/account if it has been changed within the preceding month.
- To issue duplicate unit certificate.
- To excercise redemption request or introduce nomination.

The above is an indication of transactions, that may require signature verification that the AMC may insist upon.

REGISTER OF UNITHOLDERS

A register of unitholders shall be maintained electronically or in any other mode at the office of the Registrar and Transfer Agent and also at such other places as the AMC may decide and such register shall be conclusive evidence of ownership. The register may be closed for such time and for such period as the AMC may determine. In the event of closure of the register for a period or periods, appropriate notice shall be given by way of publication in newspaper(s) or other media. Requests for fresh/ongoing sales, repurchase, switching will not be accepted during the period the register is closed and no NAV would be determined/declared.

SECURITIES LENDING AND BORROWING

The Fund may engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by the SEBI.

Inter-Scheme Transfer of Investments:

Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if -

(a) such transfers are done at the prevailing market price for quoted instruments on spot basis.

Explanation : "spot basis" shall have same meaning as specified by stock exchange for spot transactions.

(b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

ASSOCIATE TRANSACTIONS :

I. UNDERWRITING OBLIGATION UNDERTAKEN / SUBSCRIPTION BY PRINCIPAL MUTUAL FUND IN ISSUES OF ASSOCIATES

During last three fiscal years i.e 2006-2007, 2007-2008 & 2008-2009 the Fund has not undertaken any underwriting obligations with respect to issues of associate companies and have not subscribed to the issues lead managed by associate companies.

II. DETAILS OF TRANSACTIONS WITH ASSOCIATES IN LAST THREE FISCAL YEARS :

A. Transactions with Associates acting as Brokers

IDBI CAPITAL MARKET SERVICES LIMITED (ICMSL)* being a registered broker, its services were utilized for investing in securities. The details of brokerage paid to ICMSL up to the date it was an associate is as below :

(All volume figures in Rs lacs and brokerage is a % of volume)

Period	Principal Equity Fund$		Principal Tax Savings Fund		Principal Child Benefit Fund	
	Volume	Brokerage%	Volume	Brokerage%	Volume	Brokerage%
1/4/2006 to 15/3/2007	19.08	0.32	7.61	0.32	37.30	0.33

Period	Principal Index Fund		Principal Monthly Income Plan		Principal Monthly Income Plan – MIP Plus	
	Volume	Brokerage%	Volume	Brokerage%	Volume	Brokerage%
1/4/2006 to 15/3/2007	2896.45	0.24	27.72	0.32	13.87	0.31

Period	Principal Growth Fund^		Principal Balanced Fund		Principal Personal Tax Saver Fund	
	Volume	Brokerage%	Volume	Brokerage%	Volume	Brokerage%
1/4/2006 to 15/3/2007	534.40	0.32	13.90	0.32	115.20	0.30

Period	Principal Resurgent India Equity Fund		Principal Dividend Yield Fund$		Principal Focused Advantage Fund^	
	Volume	Brokerage%	Volume	Brokerage%	Volume	Brokerage%
1/4/2006 to 15/3/2007	92.33	0.33	398.21	0.32	49.16	0.32

Period	Principal Junior Cap Fund		Principal Infrastructure & Services Industries Fund#		Principal Pnb Fixed Duration Fund - 3 Year Plan - Series I	
	Volume	Brokerage%	Volume	Brokerage%	Volume	Brokerage%
1/4/2006 to 15/3/2007	153.60	0.32	399.02	0.33	12.42	0.25

Note :

* Ceased to be Associate w.e.f March 15, 2007.

$ Effective August 4, 2006, Principal Equity Fund has merged with Principal Dividend Yield Fund. Hence the data for Principal Equity Fund regarding payment to IDBI Capital Market Services Limited is from period April 1, 2006 to August 4, 2006.

^ Effective November 3, 2007, Principal Focussed Advantage Fund has merged with Principal Growth Fund.

\# Effective August 25, 2008, Principal Infrastructure and Services Industries Fund has been restructured and renamed as Principal Services Industries Fund.

B. Transactions with Associates for Distribution of Mutual Fund Units :

The AMC enters into arrangements with various distributors for distribution of mutual fund units. In this connection, the commission paid for amount mobilized by Distributors (for last three fiscal years) who are / were associates of AMC is detailed below :

(Rs. in Lacs)

Name of the Associate	1/4/2006 to 31/3/2007	1/4/2007 to 31/3/2008	1/4/2008 to 31/3/2009
Punjab National bank	287.33	686.84	131.88
PNB Gilts Limited	13.98	7.67	7.03
Pnb Principal Financial Planners Private Limited	1.42	8.79	1.64
Quantum Information Services Limited*	0.60	0.50	-
Corporation Bank@	4.88	3.41	-
IDBI Capital Market Services Limited*	15.92	-	-

* Ceased to be Associate w.e.f March 15, 2007

@ Ceased to be Associate w.e.f. December 18, 2006

C. Transactions with Associates for availing Investor Communication Services:

AMC had availed the services of Principal Consulting (India) Private Ltd., for investor communication services. In this connection the fees paid (for last three fiscal years) is as follows :

Financial Year	Fees Paid (Rs. In lacs)
2006 - 2007	620.64
2007 - 2008	864.38
2008 - 2009	637.72

D. Transaction with Associates for Banking and Other Services

Particulars	Name of the Associate	2006-2007	2007-2008	2008-2009
Bank charges	Punjab National Bank	1.83	3.32	14.03
Interest Paid on borrowings	Punjab National Bank	30.81	9.49	382.21

Note : The entire cost on the borrowings during the financial year 2008-2009 has been borne by Principal Pnb Asset Management Company Private Limited (investment Manager to Principal Mutual Fund)

III. POLICY FOR INVESTMENT IN ASSOCIATES

Such investments if any made, will be done on a pure commercial consideration for the benefit and interest of PMF and in accordance with the SEBI (Mutual Funds) Regulations, 1996, and any other regulations in this regard. The Scheme shall not make investment in :

- any unlisted security of an Associate or Group Company of the Sponsor
- any security issued by way of private placement by an Associate or Group Company of the Sponsor
- the listed securities of Group Companies of the Sponsor which is in excess of 25% of the net assets of the Scheme.

Investment in Associate Companies as on 31st March, 2007

AUM in Lacs as on March 31, 2007: 928,934.85

in Rs. Lacs

Scheme	Larsen and Tubro Ltd.	% to AUM as on 31-Mar-07	Punjab National Bank	% to AUM as on 31-Mar-07	Shriram Transport Finance Co. Ltd.	% to AUM as on 31-Mar-07	Total	% to AUM as on 31-Mar-07
FDF	17.82	0.00	-	-	-	-	17.82	0.00
FMP-34	-	-	-	-	474.17	0.05	474.17	0.05
FMP-35	-	-	-	-	4,000.00	0.43	4,000.00	0.43
FMP-38	-	-	1,466.02	0.16	-	-	1,466.02	0.16
FOCUS	66.42	0.01	33.87	0.00	-	-	100.29	0.01
FR-FMP	500.00	0.05	-	-	-	-	500.00	0.05
FR-SMP	2,500.00	0.27	977.35	0.11	1,395.92	0.15	4,873.26	0.52
GROWTH	541.24	0.06	-	-	-	-	541.24	0.06
INDEX	25.71	0.00	8.44	0.00	-	-	34.15	0.00
INFRA	582.04	0.06	-	-	-	-	582.04	0.06
LCAP	664.24	0.07	-	-	-	-	664.24	0.07
LIQUID	2,000.00	0.22	-	-	8,171.56	0.88	10,171.56	1.09
PBF	24.30	0.00	47.14	0.01	-	-	71.45	0.01
PDYF	-	-	67.81	0.01	-	-	67.81	0.01
RIF	324.02	0.03	-	-	-	-	324.02	0.03
Grand Total	7,245.80	0.78	2,600.62	0.28	14,041.64	1.51	23,888.07	2.57

Investment in Associate Companies as on 31st March, 2008

AUM in Lacs as on March 31, 2008: 1,178,002.11

in Rs. Lacs

Scheme	Larsen and Tubro Ltd.	% to AUM as on 31-Mar-08	Punjab National Bank	% to AUM as on 31-Mar-08	Shriram Transport Finance Co. Ltd.	% to AUM as on 31-Mar-08	Total	% to AUM as on 31-Mar-08
FR-FMP	2798.45	0.24	-	-	-	-	2,798.45	0.24
FR-SMP	1,377.21	0.12	-	-	-	-	1,377.21	0.12
GROWTH	-	-	-	-	892.81	0.08	892.81	0.08
INCOME	2,990.71	0.25	-	-	-		2,990.71	0.25
INDEX	10.48	0.00	-	-	55.92	0.00	66.40	0.01
LIQUID	980.82	0.08	-	-	-	-	980.82	0.08
MIPPL	-	-	55.54	0.00	-	-	55.54	0.00
PTSF	31.41	0.00	937.10	0.08	1,032.50	0.09	2,001.00	0.17
RIF	-	-	-	-	682.66	0.06	682.66	0.06
STP	499.07	0.04	-	-	-	-	499.07	0.04
FMP-36	-	-	2,503.54	0.21	-	-	2,503.54	0.21
INFRA	-	-	-	-	703.61	0.06	703.61	0.06
LCAP	-	-	-	-	1,487.62	0.13	1,487.62	0.13

Investment in Associate Companies as on 31st March, 2009

AUM in Lacs as on March 31, 2009: 543,851.89

in Rs. Lacs

Scheme	Larsen and Tubro Ltd.	% to AUM as on 31-Mar-09	Punjab National Bank	% to AUM as on 31-Mar-09	Shriram Transport Finance Co. Ltd.	% to AUM as on 31-Mar-09	Total	% to AUM as on 31-Mar-09
CHILD1	58.58	0.01	-	-	-	-	58.58	0.01
FR-FMP	-	-	-	-	2,444.91	0.45	2,444.91	0.45
GROWTH	489.45	0.09	-	-	-	-	489.45	0.09
INDEX	45.03	0.01	15.03	0.00	-	-	60.07	0.01
LCAP	704.97	0.13	-	-	-	-	704.97	0.13
MINCOM	45.99	0.01	-	-	-	-	45.99	0.01
MIPPL	53.71	0.01	-	-	-	-	53.71	0.01
PBF	38.94	0.01	-	-	-	-	38.94	0.01
PEBF	36.59	0.01	-	-	-	-	36.59	0.01
PTSF	1,000.05	0.18	-	-	-	-	1,000.05	0.18
RIF	339.06	0.06	-	-	-	-	339.06	0.06
TAX96	523.69	0.10	-	-	-	-	523.69	0.10
Grand Total	3,336.07	0.61	15.03	0.00	2,444.91	0.45	5,796.01	1.07

SCHEME CODE	SCHEME NAME
FDF	Principal Pnb Fixed Duration Fund - 3 Year Plan Series I
FMP-34	Principal Pnb Fixed Maturity Plan - 91 days - Series VII
FMP-35	Principal Pnb Fixed Maturity Plan - 91 Days - Series VIII
FMP-38	Principal Pnb Fixed Maturity Plan - 91 days - Series IX
FMP-36	Principal Pnb Fixed Maturity Plan - 460 Days - Series III
FOCUS	Principal Focussed Advantage Fund
FR-FMP	Principal Floating Rate Fund - Flexible Maturity Plan
FR-SMP	Principal Floating Rate Fund - Short Maturity Plan
GROWTH	Principal Growth Fund
INDEX	Principal Index Fund
INFRA	Principal Services Industries Fund
LCAP	Principal Large Cap Fund
LIQUID	Principal Cash Management Fund -Liquid Option
PBF	Principal Balanced Fund
PDYF	Principal Dividend Yield Fund
RIF	Principal Resurgent India Equity Fund
CHILD1	Principal Child Benefit Fund
MINCOM	Principal Monthly Income Plan
MIPPL	Principal Monthly Income Plan-MIP Plus
PEBF	Principal Emerging Bluechip Fund
PTSF	Principal Personal Tax Saver Fund
TAX96	Principal Tax Saving Fund
INCOME	Principal Income Fund
STP	Principal Income Fund - Short Term Plan

IV. INVESTMENT OF MORE THAN 25% OF FUNDS NET ASSETS IN ASSOCIATES

None of the Schemes of the Fund has invested more than 25% of its Net Assets in the Associates.

V. NAMES OF ASSOCIATES WITH WHICH FUND PROPOSES TO HAVE DEALINGS

Under the normal circumstances, the Fund, may have dealing with and/or do transactions with or utilise the services of associates of sponsors/AMC, which shall include associates as mentioned below :

Sr. No.	Name of the Associate
1	Punjab National Bank
2	PNB Gilts Limited
3	Principal Consulting (India) Private Limited
4	Pnb Principal Financial Planners Private Limited

The details of payment made to Associates (if any) is also disclosed in the Unaudited Half Yearly Financial results and the Annual Accounts of the Scheme(s).

Documents Available for Inspection

The following documents will be available for inspection at the office of the Mutual Fund at Exchange Plaza, 'B' Wing, 2nd Floor, NSE Building, Bandra Kurla Complex, Bandra (East), Mumbai-400 051 during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

Investor Grievances Redressal Mechanism

Investors may contact the ISCs or the office of the AMC for any queries / clarifications. The Corporate Office of the AMC will follow up with the respective ISC to ensure timely redressal and prompt investor services. Ms. Kashmira Kalwachwala, Head - Customer Services can be contacted at Maker Bhavan - II, 1st Floor, 18, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai- 400 020. email: customer@principalindia.com Toll Free: 1800 22 5600 Fax: +91 22 2204 4990.

INVESTOR COMPLAINTS AND REDRESSAL

The basic objective of the Fund is to set high standards with regard to unitholder servicing as stated in the earlier clauses. To achieve this end, the Fund has attempted to handle unitholder grievances efficiently and resolve any problems relating to its unitholders. Unitholder grievances are normally received at AMC's corporate office /Centres.

The complaint/query history given as below:

Particulars	Principal Equity Fund$	Principal Tax Savings Fund	Principal Deposit Fund$	Principal Child Benefit Fund	Principal Index Fund	Principal Growth Fund	Principal Balanced Fund	Principal Income Fund	Principal Cash Management Fund	Principal Government Securities Fund
Direct 01/04/2006 to 31/03/2007										
Received	5	42	1	8	1	70	22	0	1	0
Redressed	5	41	1	8	1	69	22	0	1	0
Pending as on 31/03/2007	0	1	0	0	0	1	0	0	0	0
01/04/2007 to 31/03/2008										
Received	3	130	0	7	0	55	4	6	1	1
Redressed	3	128	0	7	0	55	4	6	1	1
Pending as on 31/03/2008	0	2	0	0	0	1	0	0	0	0
01/04/2008 to 31/03/2009										
Received	13	795	0	39	21	143	35	32	2	5
Redressed	13	782	0	39	20	143	33	28	2	5
Pending as on 31/03/2009	0	38	0	0	1	7	2	4	0	0
01/04/2009 to 31/05/2009										
Received	2	177	2	9	7	56	5	21	5	2
Redressed	2	191	0	7	7	56	6	24	4	2
Pending as on 31/05/2009	0	24	2	2	1	7	1	1	1	0
Forwarded by SEBI 01/04/2006 to 31/03/2007										
Received	4	3	0	0	0	6	3	0	0	0
Redressed	4	3	0	0	0	6	3	0	0	0
Pending as on 31/03/2007	0	0	0	0	0	0	0	0	0	0
01/04/2007 to 31/03/2008										
Received	4	12	0	0	0	16	7	1	0	1
Redressed	4	12	0	0	0	15	5	1	0	1
Pending as on 31/03/2008	0	0	0	0	0	1	2	0	0	0
01/04/2008 to 31/03/2009										
Received	3	23	0	0	0	17	10	0	0	0
Redressed	3	29	0	0	0	17	11	0	0	0
Pending as on 31/03/2009	0	0	0	0	0	0	0	0	0	0
01/04/2009 to 31/05/2009										
Received	0	1	0	0	0	1	1	0	0	0
Redressed	0	1	0	0	0	0	1	0	0	0
Pending as on 31/05/2009	0	0	0	0	0	1	0	0	0	0

Particulars	Principal Monthly Income Plan	Principal Monthly Income Plan - MIP Plus	Principal Trust Benefit Fund$	Principal Global Opportunities Fund	Principal PNB Debt Fund$	Principal Personal Tax Saver Fund	Principal Resurgent India Equity Fund	Principal Money Value Bond Fund$	Principal Floating Rate Fund - Short Maturity Plan	Principal Floating Rate Fund - Flexible Maturity Plan
Direct 01/04/2006 to 31/03/2007										
Received	3	5	0	8	0	9	76	0	2	0
Redressed	3	4	0	7	0	9	74	0	2	0
Pending as on 31/03/2007	0	1	0	1	0	0	2	0	0	0
01/04/2007 to 31/03/2008										
Received	1	3	0	29	0	147	60	0	2	0
Redressed	2	2	0	28	0	135	58	0	2	0
Pending as on 31/03/2008	0	1	0	1	0	12	4	0	0	0
01/04/2008 to 31/03/2009										
Received	34	196	0	31	0	2183	162	0	21	11
Redressed	33	193	0	31	0	2159	160	0	21	11
Pending as on 31/03/2009	1	6	0	1	0	68	6	0	1	0
01/04/2009 to 31/05/2009										
Received	21	57	0	12	0	338	43	0	3	3
Redressed	19	60	0	13	0	371	44	0	4	3
Pending as on 31/05/2009	3	3	0	0	0	35	5	0	0	0
Forwarded by SEBI 01/04/2006 to 31/03/2007										
Received	0	0	0	0	0	0	11	0	0	0
Redressed	0	0	0	0	0	0	11	0	0	0
Pending as on 31/03/2007	0	0	0	0	0	0	0	0	0	0
01/04/2007 to 31/03/2008										
Received	0	0	0	3	0	18	3	0	3	1
Redressed	0	0	0	3	0	16	3	0	3	1
Pending as on 31/03/2008	0	0	0	0	0	2	0	0	0	0
01/04/2008 to 31/03/2009										
Received	0	2	0	2	0	173	8	0	0	0
Redressed	0	2	0	2	0	173	8	0	0	0
Pending as on 31/03/2009	0	0	0	0	0	0	0	0	0	0
01/04/2009 to 31/05/2009										
Received	0	2	0	0	0	3	0	0	0	0
Redressed	0	2	0	0	0	3	0	0	0	0
Pending as on 31/05/2009	0	0	0	0	0	0	0	0	0	0

Particulars	Principal Dividend Yield Fund	Principal Focussed Advantage Fund	Principal Junior Cap Fund++	Principal Large Cap Fund##	Principal Services Industries Fund^	Principal Pnb Fixed Duration Fund - 3 Year Plan - Series I	Principal Pnb Fixed Maturity Plan - 91 days - Series VIII$	Principal Pnb Fixed Maturity Plan - 385 days - Series III$
Direct 01/04/2006 to 31/03/2007								
Received	39	8	7	63	147	3	0	0
Redressed	39	8	7	62	147	3	0	0
Pending as on 31/03/2007	0	0	0	1	0	0	0	0
01/04/2007 to 31/03/2008								
Received	52	19	19	91	64	101	1	0
Redressed	52	18	19	85	63	101	1	0
Pending as on 31/03/2008	0	1	0	7	2	0	0	0
01/04/2008 to 31/03/2009								
Received	74	10	17	194	65	1	0	0
Redressed	72	10	16	188	63	1	0	0
Pending as on 31/03/2009	4	0	2	10	4	0	0	0
01/04/2009 to 31/05/2009								
Received	28	4	14	122	25	1	0	0
Redressed	30	4	13	114	24	1	0	0
Pending as on 31/05/2009	2	0	3	18	5	0	0	0
Forwarded by SEBI 01/04/2006 to 31/03/2007								
Received	2	1	0	0	3	0	0	1
Redressed	2	1	0	0	3	0	0	1
Pending as on 31/03/2007	0	0	0	0	0	0	0	0
01/04/2007 to 31/03/2008								
Received	2	2	0	5	8	0	0	0
Redressed	2	1	0	4	4	0	0	0
Pending as on 31/03/2008	0	1	0	1	4	0	0	0
01/04/2008 to 31/03/2009								
Received	5	0	0	2	1	0	0	0
Redressed	5	1	0	3	5	0	0	0
Pending as on 31/03/2009	0	0	0	0	0	0	0	0
01/04/2009 to 31/05/2009								
Received	0	0	0	0	0	0	0	0
Redressed	0	0	0	3	0	0	0	0
Pending as on 31/05/2009	0	0	0	0	0	0	0	0

Particulars	Principal Pnb Long Term Equity Fund - 3 Year Plan - Series I	Principal Pnb Long Term Equity Fund - 3 Year Plan - Series II	Principal Ultra Short Term Fund	Principal Pnb Fixed Maturity Plan - 385 days - Series IV$	Principal Pnb Fixed Maturity Plan - 91 days - Series XVI$	Principal Pnb Fixed Maturity Plan - 91 days - Series XII$	Principal Pnb Fixed Maturity Plan - 91 days - Series XVII$
Direct 01/04/2006 to 31/03/2007							
Received	–	–	–	–	–	–	–
Redressed	–	–	–	–	–	–	–
Pending as on 31/03/2007	–	–	–	–	–	–	–
01/04/2007 to 31/03/2008							
Received	129	17	0	–	–	–	–
Redressed	129	17	0	–	–	–	–
Pending as on 31/03/2008	0	0	0	–	–	–	–
01/04/2008 to 31/03/2009							
Received	52	50	8	1	6	1	1
Redressed	52	46	7	1	6	1	1
Pending as on 31/03/2009	4	5	2	0	0	0	0
01/04/2009 to 31/05/2009							
Received	10	18	2	0	0	0	0
Redressed	12	21	4	0	0	0	0
Pending as on 31/05/2009	2	2	0	0	0	0	0
Forwarded by SEBI 01/04/2006 to 31/03/2007							
Received	–	–	–	–	–	–	–
Redressed	–	–	–	–	–	–	–
Pending as on 31/03/2007	–	–	–	–	–	–	–
01/04/2007 to 31/03/2008							
Received	0	0	0	0	–	–	–
Redressed	0	0	0	0	–	–	–
Pending as on 31/03/2008	0	1	0	0	–	–	–
01/04/2008 to 31/03/2009							
Received	3	0	1	1	0	0	0
Redressed	3	0	1	1	0	0	0
Pending as on 31/03/2009	0	0	0	0	0	0	0
01/04/2009 to 31/05/2009							
Received	0	0	0	0	0	0	0
Redressed	0	0	0	0	0	0	0
Pending as on 31/05/2009	0	0	0	0	0	0	0

++ The Scheme was launched on May 12, 2005. ## The Scheme was launched on September 23, 2005. ^ The Scheme was launched on January 9, 2006.

Particulars	Principal Fixed Maturity Plan - 30 days - Series III$	Principal Fixed Maturity Plan - 385 days - Series VII	Principal Fixed Maturity Plan - 91 days - Series XVIII$	Principal Fixed Maturity Plan - 91 days - Series XIX$	Principal Fixed Maturity Plan - Plan - 91 days - Series XV$	Principal Emerging Bluechip Fund	Principal Fixed Maturity Plan - 385 days - Series VIII	Principal Fixed Maturity Plan - 540 days - Series II
Direct 01/04/2006 to 31/03/2007								
Received	0	0	0	0	0	0	0	0
Redressed	0	0	0	0	0	0	0	0
Pending as on 31/03/2007	0	0	0	0	0	0	0	0
01/04/2007 to 31/03/2008								
Received	0	0	0	0	0	0	0	0
Redressed	0	0	0	0	0	0	0	0
Pending as on 31/03/2008	0	0	0	0	0	0	0	0
01/04/2008 to 31/03/2009								
Received	6	1	1	3	2	18	0	0
Redressed	7	1	1	3	1	18	0	0
Pending as on 31/03/2009	0	0	0	0	1	0	0	0
01/04/2009 to 31/05/2009								
Received	0	0	0	0	1	11	1	2
Redressed	0	0	0	0	2	9	0	2
Pending as on 31/05/2009	0	0	0	0	0	2	1	0
Forwarded by SEBI 01/04/2006 to 31/03/2007								
Received	0	0	0	0	0	0	0	0
Redressed	0	0	0	0	0	0	0	0
Pending as on 31/03/2007	0	0	0	0	0	0	0	0
01/04/2007 to 31/03/2008								
Received	0	0	0	0	0	0	0	0
Redressed	0	0	0	0	0	0	0	0
Pending as on 31/03/2008	0	0	0	0	0	0	0	0
01/04/2008 to 31/03/2009								
Received	0	0	0	0	0	0	0	0
Redressed	0	0	0	0	0	0	0	0
Pending as on 31/03/2009	0	0	0	0	0	0	0	0
01/04/2009 to 31/05/2009								
Received	0	0	0	0	0	0	0	0
Redressed	0	0	0	0	0	0	0	0
Pending as on 31/05/2009	0	0	0	0	0	0	0	0

$ - Redeemed/Merged Schemes

JURISDICTION

Any dispute arising under each Scheme of Principal Mutual Fund shall be subject to the exclusive jurisdiction of the Courts in India.

Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.

Offices of AMC Identified as Official Point of Acceptance / Investor Service Centres

Principal Pnb Asset Management Company Private Limited - Official Point of Acceptance: • **Mumbai:** Maker Bhavan - II, 1st Floor, 18, Sir Vithaldas Thackersey Marg, New Marine Lines, Mumbai- 400 020 • **Agra:** C/o. PNB - Integrated Zonal Off., 2/3, Raghunath Nagar, M.G. Road, Agra-282 002 • **Ahmedabad:** 401, Broadway Business Centre, Opp. Samartheshwar Mahadev Temple, Law Garden Cross Road, Ellisbridge, Ahmedabad-380 006 • **Ajmer:** 55, Ajmer Tower, 1st Floor, Kuchehry Road, Ajmer, Rajasthan-305 001 • **Allahabad***: 43/1, Sardar Patel Marg, Civil Lines, Near HDFC Bank, Allahabad-211 001 • **Amritsar**: SCO 30-31 ,1st Floor Deep Complex, Court Road, Opp. Doaba Automobiles, Amritsar-143 001 • **Asansol:** Safe Savings, Street No.1, House No.2, Hindustan Park, Asansol - 713 304 • **Bangalore:** Raheja Paramount, Unit No. 001 / 1, Gr. Floor, 138, Residency Road, Bangalore-560 025 • **Bhubaneshwar:** Gr. Floor, O.C.H.C Building, Near Ram Mandir, Janpath, Kharavel Nagar, Bhubaneswar-751 001 • **Burdwan:** Aykantik, 495, B.C. Road, Beside Proyozone, Burdwan-713 101 • **Chandigarh:** SCO 455-56, 2nd Floor, Sector-35 C, Chandigarh-160 022 • **Chennai:** 305, Challamal Complex, 3rd Floor, 11 Thiyagaraya Road, Chennai-600 017 • **Cochin:** 2nd Flr., Mayur Business Center, Pullepady Junction, Chittor Road, Cochin-682 035 • **Coimbatore:** No. 9, Gowtham Center Annexe, 1054, Avinashi Road, Coimbatore-641 018 • **Dehradun:** Below Digvijay Cinema, Clock Tower, Dehradun-248 001 • **Durgapur:** Aykantik, C-SO-10, Central Market, City Centre, Durgapur-713 216 • **Goa*:** C/o Advani Business Center, Neelkamal Arcade, CL -13, Atmaram Borkar Road, Panjim, Goa- 403 001 • **Guwahati:** 4th Floor, Ganpati Enclave, Bora Service, G.S. Road, Guwahati-781 007 • **Hyderabad:** White House, 503, 5th Floor, Block No. 1, Begumpet, Hyderabad-500 016 • **Indore:** 406, City Center, 570, M.G. Road, Indore-452 001 • **Jaipur:** 305-B, 3rd Floor, Shyam Anukampa Complex, Ashok Marg, C-Scheme, Jaipur-302 001 • **Jalandhar:** C/o. Punjab National Bank, Nakodar Road, Near Jyoti Chowk, Jalandhar-144 001 • **Jamshedpur:** 109, Kamani Centre, 3rd Floor, Bistupur, Jamshedpur-831 001 • **Jodhpur:** Gang Towers, 1st Floor, Upper Chopasani Road, Opp. Arora Motors, Jodhpur-342 001 • **Kanpur:** 118-119, Kan Chambers, Near Stock Exchange Building, 13/114 Civil Lines, Kanpur-208 001 • **Kolkata:** Block No. 503, SHUBHAM, 5th Floor, 1, Sarojini Naidu Sarani, Kolkata-700 017 • **Lucknow:** Sky Hi Chambers, S-205, 2nd Floor, 11/5, Park Road, Lucknow-226 001 • **Ludhiana:** 302, SCO-18, Opp. Ludhiana Stock Exchange, Feroze Gandhi Market, Ludhiana-141001 • **Mangalore*:** 1st Floor, Immanuel Building, Near HDFC Bank, Mallikatte, Kadri, Mangalore-575 002 • **Nagpur*:** Block No.105, 1st Floor, Bhagwaghar Complex, Opposite Ajit Bakery, Dharampeth, Nagpur-440 010 • **Nasik***: Dhanlakshmi Business Point, Cabin No. 14/15, 7 Sathye Baug, M.G. Road, Nasik-422 001 • **New Delhi:** Alps Building,1st Floor, 56 Janpath, New Delhi-110 001 • **Patna:** 610, Ashiana Hariniwas, Dak Bungalow Road, Patna-800 001 • **Pune:** 1st Floor, Shreenath Plaza, Dnyaneshwar Paduka Chowk, F. C. Road, Pune-411 005 • **Raipur:** Shop No. 248-249, Lalganga Shopping Mall, G.E. Road, Raipur-492 001 • **Rajkot:** 315, Star Chambers, Harihar Chowk, Panchnath Road, Rajkot-360 001 • **Ranchi:** Shop No. 11, A C Market, G.E.L. Church Complex, Main Road, Ranchi-834 001 • **Siliguri:** Nanak Complex, 3rd Floor, Sevoke Road, Siliguri-734 401 • **Surat:** 206 Jolly Plaza, Athwagate, Surat-395 001 • **Udaipur:** 301, 3rd Floor, Madhav Tower, Opp. G. P. O., Chetak Circle, Madhuban, Udaipur-313 001 • **Vadodara:** 103, Paradise Complex, Sayajigunj, Vadodara-390 005 • **Visakhapatnam:** D.No-47-10-10, 1st Floor-3, Rednam Regency, Near Diomond Park, Dwarkanagar, Visakhapatnam-530 016.

*Note: These locations are not Official Point of Acceptance.*Note: These locations are not Official Point of Acceptance.

Centres of Karvy Computershare Private Limited (R&T to Principal Mutual Fund) which have been identified as Official Point of Acceptance :

• **Agra:** Deepak Wasan Plaza, Behind Holiday Inn, Opp. Megdoot Furnitures, Sanjay Place, Agra-282 002 • **Ahmedabad:** 201-202, Shail Buildings, Opp. Madhusudhan House, Off. C. G. Road, Nr. Navrangpura, Telephone Exchange, Ahmedabad-380 006 • **Ajmer:** 1, 2nd Floor, Ajmer Tower, Kutchary Road, Ajmer-305 001 • **Allahabad:** RSA Towers, 2nd Floor, Above Sony TV Showroom, 57, S.P. Marg, Civil Lines, Allahabad-211 001 • Amritsar: 72-A, Taylor's Road, Aga Heritage Gandhi Ground, Amritsar-143 001 • **Anand:** F-6, Chitrangana Complex, Opp. Motikaka Chawl, V.V. Nagar, Anand-388 001 • **Aurangabad:** Shop No. 214/215, Tapadiya City Centre, Nirala Bazar, Aurangabad-431 001 • **Bangalore:** No. 51/25, 1st Floor, Surya Building, Ratna Avenue, Richmond Road, Bangalore-560 025 • **Bareilly:** 1st Floor, 165, Civil Lines, Opp. Hotel Bareilly Palace, Near Rly. Station Road, Bareilly-243 001 • **Bhavnagar:** 1st Floor, Corporate House, Above Canara Bank, Waghawadi Road, Bhavnagar-364 001 • **Bhilai:** No.138, New Civic Centre, Bhilai-490 006. • **Bhopal:** Kay Kay Business Centre, 133, Zone 1, M.P. Nagar, Bhopal-462 011 • **Bhubaneshwar:** 624, Sahid Nagar, 1st Floor, Bhubaneswar-751 007 • **Bokaro:** B-1, 1st Floor, Near Sona Chandi Jewellers, City Centre, Sector-4, Bokaro Steel City, Bokaro-827 004 • **Burdwan:** 63, G.T. Road, Birhata, Halder Complex, 1st Floor, Burdwan-713 101 • **Calicut:** 2nd Floor, Sowbhagya Shoping Complex, Mavoor Road, Calicut-673 004 • **Chandigarh:** SCO 371-372, 1st Floor, Above HDFC Bank, Sector 35-B, Chandigarh-160 022 • **Chennai:** Flat No. F11, 1st Floor, Akshya Plaza, Erstwhile Harris Road, Opp. Chief City Metropolitan Court, # 108, Adhithanar Salai, Egmore, Chennai-600 002 • **Cochin:** Shop No. II, 2nd Floor, Jewel Arcade, (Above Oriental Insurance Ltd), Layam Road, Cochin-682 011 • **Coimbatore:** 29/1, 1st Floor, Chinthamani Nagar, Opp. Indian Overseas Bank, N.S.R. Road, Saibaba Colony, Coimbatore-641 011 • **Cuttack:** Dargha Bazar, Opp. Dargha Bazar Police Station, Buxibazar, Cuttack-753 001 • **Dalhousie:** 19, R.N. Mukherjee Road, 2nd Floor, Dalhousie, Kolkatta-700 001 • **Dehradun:** Kaulagarh Road, Near Sirmaur Marg, Above Reliance Webworld, Dehradun-248 001 • **Dhanbad:** 208, New Market, 2nd Floor, Katras Road, Bank More, Dhanbad-826 001 • **Durgapur:** Old Dutta Automobiles Building, 1st Floor, Nachan Road, Benachity, Durgapur-713 213 • **Gorakhpur:** Above V.I.P. House, Ajdacent A.D. Girls Inter College, Bank Road, Gorakpur-273 001 • **Gurgaon:** Shop No. 18, Gr. Floor, Sector-14, Opp. AKD Tower, Near Huda Office, Gurgaon-122 001 • **Guwahati:** 54 Sagarika Bhawan, R. G. Baruah Road, Guwahati-781 024 • **Gwalior:** Shindi Ki Chawani, Nadi Gate Pul, M.L.B. Road, Gwalior-474 001 • **Hubli:** 8 & 9, Upper Gr. Floor, C Block, Akshaya Park, Gokul Road, Hubli-580 029 • **Indore:** LG - 3, Bombay Trade Centre, Lower Gr. Floor, Grand Hotel, Opp. Bombay Hospital, Scheme No. 54, Indore-452 010 • **Jaipur:** S-16 A, 3rd Floor, Land mark, Opposite Jaipur Club, Mahavir Marg, C-Scheme, Jaipur-302 001 • **Jalandhar:** Lower Gr. Floor, Office No. 3, Arora Prime Tower, Plot No : 28, G.T. Road, Jalandhar-144 004 • **Jammu:** 29 D/C, Near Service Selection Commission Office, Gandhi Nagar, Jammu-180 004 • **Jamnagar:** 108 Madhav Plaza, Opp. SBI Bank, Near Lal Bangalow, Jamnagar-361 001 • **Jamshedpur:** Kanchan Tower, 3rd Floor, Chhaganlal Dayalji @ Sons, 3-S B Shop Area, Main Road, Bistupur, Jamshedpur-831 001 • **Jodhpur:** 203, Modi Arcade, Chupasni Road, Jodhpur-342 001 • **Kanpur:** 15/46, Opp. Muir Mills, Civil Lines, Kanpur-208 001 • **Kolkata:** 16, Jatin Bagchi Road, Kolkata-700 029 • **Kolhapur:** 610-A, A.K. Vardhaman Chambers, 2nd Lane, Shahupuri, Kolhapur-416 001 • **Kottayam:** 1st Floor, CSI Ascension Church Complex, Kottayam-686 001 • **Lucknow:** 94, Mahatma Gandhi Marg, Opp. Governor House, Hazratganj, Lucknow-226 001 • **Ludhiana:** SCO-3, Bawa Building, Feroze Gandhi Market, Ludhiana-141 001 • **Madurai:** Rakesh Towers, 30-C, Bye Pass Road, 1st Floor, Opp. Nagappa Motors, Madurai-625 010 • **Mangalore:** Mahendra Arcade , Gr. Floor, Karangalapani, Kodialbail, Managalore-575 003 • **Mehsana:** 14-15, Prabhu Complex, Near HDFC Bank, Mehsana Highway, Mehsana-384 002 • **Moradabad:** Om Arcade, Parker Road, Above Syndicate Bank, Tari Khana Chowk, Moradabad-244 001 • **Mumbai:** ***Fort:*** DAS Chambers, Gr. Floor, Opp. BSE & next to Corporation Bank, Dalal Street, Fort, Mumbai-400 023 • ***Borivali:*** Gr. Floor, Himanshu Bldg., Sodawala Lane, Chandawarkar Road, Borivali (West), Mumbai-400 092. • ***Thane:*** 1st Floor, Jeevan Chaya Bldg, Near Adidas Show Room, Ram Maruti Road, Thana (W)-400 601 • **Mysore:** L-350, Silver Tower, Clock Tower, Ashoka Road, Mysore-570 001 • **Nagpur:** Sadoday Arcade, Above Top N Town, Dharampeth, Nagpur - 440 001 • **Nasik:** S-12, 2nd Floor, Suyojit Sankul, Sharanpur Road, Nasik-422 002 • **Navsari:** 1st Floor, Chinmay Arcade, Opp. Sattapir, Tower Road, Navsari-396 445 • **New Delhi:** 2E / 23, Jhandewalan Extn., New Delhi-110 055 • **Noida:** 307 Jaipuria Plaza, D-68-A, 2nd Floor, Opp. Delhi Public School, Sector 26, Noida-201 301 • **Panjim:** No.7 & 8, El. Dorado Plaza, Heliodoro Salgado Road, Panjim-403 001 • **Patiala:** SCO 27-D, Chhoti Baradari, Patiala-147 001 • **Patna:** 3A, 3rd Floor, Anand Tower, Beside Chankya Cinema Hall, Exhibition Road, Patna-800 001 • **Pondicherry:** 1st Floor, No.7, Thiayagaraja Street, Pondicherry-605 001 • **Pune:** Srinath Plaza, C Wing, Office No. 58 - 59, 3rd Floor, Dyaneshwar Paduka Chowk, F. C. Road, Pune-411 004 • **Raipur:** Room No.12 & 13, Gr. Floor, Millennium Plaza, Behind Indian Coffee House, G.E. Road, Raipur-492 001 • **Rajkot:** 104, Siddhi Vinayak Complex, Dr. Yagnik Road, Opp. Ramkrishna Ashram, Rajkot-360 001 • **Ranchi:** Commerce Towers, 3rd Floor, Room No. 307, Beside Mahabir Towers, Main Road, Ranchi-834 001 • **Salem:** 49 / 50, Fort Main Road Old No.17, 1st Floor, Shevapet, Salem-636 002 • **Siliguri:** Nanak Complex, Near Church Road, Sevoke Road, Siliguri-734 401 • **Surat:** G-16, Empire State Building, Nr. Udhna Darwaja, Ring Road, Surat-395 009 • **Tirunelveli:** Jeney Building, 55/18, S. N. Road, Near Arvind Eye Hospital, Tirunelveli-627 001 • **Trichur:** 2'nd Floor, Brother's Complex, Near Dhana Laxmi Bank Head Office, Naikkanal Junction, Trichur-680 001 • **Trichy:** 60 Srikrishna Arcade, 1st Floor, Thennur High Road, Trichy-621 017 • **Trivandrum:** 2nd Floor, Akshaya Towers, Sasthamangalam, Trivandrum-695 010 • **Udaipur:** 201-202, Madhav Chambers, Opp. G. P. O., Chetak Circle, Madhuban, Udaipur-313 001 • **Vadodara:** Piccadilly, Office # 5, 1st Floor, Opp. Adani Super Market, Jetalpur Road, Vadodara-390 007 • **Valsad:** Shop No. 2, Phiroza Corner, ICICI Bank Char Rasta, Tithal Road, Valsad-396 001 • **Vapi:** Shop No. 5, Phikhaji Residency, Opp. DCB Bank, Vapi Silvassa Road, Vapi-396 195 • **Varanasi:** D-64/132, KA, 1st Floor, Anant Complex, Sigra, Varanasi-226 022 • **Vellore:** No.1, M.N.R. Arcade, Officer's Line, Krishna Nagar, Vellore-632 001 • **Vijayawada:** 39-10-7 Opp. Municipal Water Tank, Labbipet, Vijayawada-520 010 • **Visakhapatnam:** 47-14-5/1 Eswar Paradise, Dwaraka Nagar, Main Road, Visakhapatnam-530 016.

Name, Address and Website of Registrar:
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