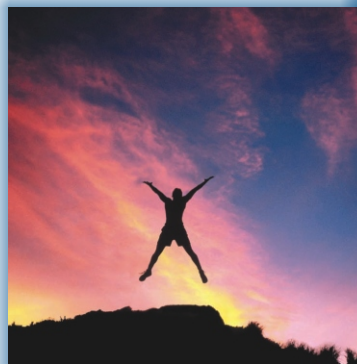


Principal Mutual Fund

Annual Report 2002-2003



WE UNDERSTAND WHAT YOU'RE WORKING FOR™



Directors of Principal Trustee Company Limited

Mr. B. G. Deshmukh, *Chairman*

Mr. Norman Sorensen

Dr. S.A. Dave

Investment Manager : Principal Asset Management Company Limited

Custodian : Citibank N.A.

Registrar & Transfer Agent : Karvy Consultants Limited

Statutory Auditors : M/s N. M. Raiji & Co.

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AMENDMENTS MADE IN THE SCHEMES OF PRINCIPAL MUTUAL FUND DURING FINANCIAL YEAR 2002-03

- Redemption facility for payouts on Saturday has been introduced for Principal Cash Management Fund.
- The SIP facility for Principal Government Securities Fund, Principal Child Benefit Fund – Future Guard Plan, Principal Income Fund – Short Term Plan, Principal Cash Management Fund and Principal Trust Benefit Fund has been discontinued. Also, the minimum initial amount for subscribing to the SIP in the other schemes has been reduced from Rs.1000 to Rs.500. The minimum number of post dated cheques required to subscribe to the SIP (in addition to the meeting the requirement of the minimum initial investment amount applicable for the respective scheme) has also been reduced from 4 cheques to 2 cheques.
- We have introduced Recurring Investment Scheme (RIS) under Principal Income Fund-Growth Option and Principal Growth Fund – Growth option.

Note: The name(s) of the scheme(s)/plan(s) have been changed from “IDBI Principal (scheme name) to Principal (scheme name)” w.e.f. June 24, 2003. Eg. IDBI Principal Income Fund has been renamed as Principal Income Fund.

All cheques/demand may be drawn in favour of ‘Principal (scheme name)’.

REPORT OF THE TRUSTEES TO THE UNITHOLDERS OF PRINCIPAL MUTUAL FUND

INTRODUCTION

Principal Mutual Fund (the Fund) (formerly known as IDBI-PRINCIPAL Mutual Fund) has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882). The Fund is registered with SEBI under Registration No. MF/019/94/0 dated December 13, 1994. The underlying objective of the Fund is to mobilise savings from the public and provide investment expertise to achieve optimal returns on their investments.

The Fund was initially set up by Industrial Development Bank of India (IDBI) in 1994 by execution of a Trust Deed dated November 25, 1994, under which IDBI was the sole Settlor, Sponsor and Principal Trustee. Subsequently, on March 31, 2000, Principal Financial Services Inc. USA became the deemed sponsor along with IDBI by acquiring 50% stake in IDBI-PRINCIPAL Asset Management Company Limited.

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 Financial Group (Mauritius) Limited has become the sole settlor of the fund. Name of the Asset Management Company has changed to Principal Asset Management Company Limited. Principal Asset Management Company Limited (formerly known as IDBI-PRINCIPAL Asset Management Company Limited) (Principal) has been appointed as the Investment Managers to the Principal Mutual Fund.

The Sponsor has contributed an initial amount of Rs. 1 lakh as the Trust Corpus. Subsequently an additional amount of Rs. 24.99 crore was contributed in February 1995. The Trust Corpus is held and managed as per the provisions of the Trust Deed. Principal Trustee Company Limited (earlier known as IDBI-PRINCIPAL Trustee Company Limited) discharges the Trusteeship function of Principal Mutual Fund effective October 18, 2002. 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 became the sole sponsor by acquiring 100% stake in IDBI-PRINCIPAL Trustee Company Limited, through its wholly owned subsidiary Principal Financial Group (Mauritius) Limited. Name of the Trustee Company has changed to Principal Trustee Company Limited. Principal Financial Group (Mauritius) Limited has also taken over the complete rights, duties, responsibilities of the Mutual Fund and Trust Corpus.

OVERVIEW - DEBT MARKETS

The year was influenced as much by non-economic factors as it was by economic ones. In between were several rounds of bullishness and bearishness. While April 2002 saw markets move on economic issues, sentiments in May 2002 were dented by heightened Indo-Pak tensions. The 10-year sovereign hardened to 8.20% levels from April 2002 lows of sub 7%. Thereafter, markets moved on fundamentals till the last quarter when the US-Iraq issue cast its shadows. In fact, Feb-March03 was completely dominated by it with markets swinging on differing expectations – first, on the start of the war, then on its end, and finally, on the impact it will leave on the world. On the whole, the year ended with positive gains for fixed-income investors with yields declining and spreads compressing. The benchmark 10-yr closed at 6.11% from its start of 7.26%, with an intra-year range of 235 bps (5.85-8.20%). Corporate spreads narrowed significantly, from 210bps at the start of the year to 60-70bps at the end of it. The Indian external sector showed a lot of strength, with six successive current account surpluses and record reserves that ended around USD 74bn. Inflation reversed its declining trend, moving up to 5% levels from 1-2% levels last year. Industrial activity grew by a robust 5-6%, despite bad monsoons.

Key Events during FY03

April 02 – RBI's credit policy keeps Bank Rate unchanged (6.50%), reduces CRR 50bps to 5%. It proposes a graded reduction in inter-bank call lending/borrowing activity to encourage shift to alternative money market instruments like depots, repos etc. The 10-yr hardens 11bps to 7.37% after dipping below 7% briefly, while INR closes at 48.95/USD.

May 02 – Indo-Pak tensions dent sentiments. Markets go into a tailspin. The 10-yr hardens to 8.15-8.20% before retracing to 7.63% as RBI takes successive private placements on its books and possibilities of a military exchange recede. INR depreciates to close at 49.04 /USD.

June 02 – A surprise 25bps Repo Rate cut (to 5.75%) brings cheer to markets. The 10-yr yield drops to 7.48%. The US 10-yr declines 60bps to 4.80% on disappointing economic news. Corporate bond spreads compress; AAs outperform AAAs. INR gains 16p to close at 48.88/USD.

July 02 – Abundant liquidity and monsoon disappointments push yields down. The 10-yr closes at 7.30% while corporate bonds continue to make merry. AAA spreads shrink another 10-20bps to 110-120 over treasuries. Inflation, though, moves up to 2.45% against 1.25% in May02. INR gains some more to close at 48.67/USD.

Key Indicators

Benchmark Sovereigns	As on 31-03-03	As on 31-03-02	Change	Lo-FY03	Hi-FY03
364 Day Treasury Bill (Primary)	5.90%	6.17%	-0.27%	5.37%	7.01%
10-year Benchmark Gilts	6.13%	7.30%	-1.17%	5.84%	8.18%
15-year Benchmark Gilts	6.41%	7.45%	-1.04%	6.00%	8.49%
Annualised 1-year AAA spreads	0.60%	2.15%	-1.55%	0.40%	1.80%
Annualised 5-year AAA spreads	0.70%	2.05%	-1.35%	0.45%	1.75%
INR/USD (inverted scale)	47.49	48.80	1.31	47.49	49.05
Bank Rate	6.25%	6.50%	-0.25%	6.25%	6.50%
SBI-PLR	10.75%	11.00%	-0.25%	10.75%	11.00%
US Fed funds rate	1.25%	1.75%	-0.50%	1.25%	1.75%
Dated Brent Crude (USD/B)	28.09	25.85	2.24	22.64	35.43
Av. Overnight Benchmark rate [#]	5.90%	7.17%	-1.27%	5.06%	7.95%
Av. Inflation [*]	3.20%	3.70%	-0.50%	1.37%	5.56%

Overnight benchmark rates based on average of NSE Mibid+Mibor

* Inflation low/high numbers are weekly point-to-point, while average during the year was 3.2% approx.

August 02 – Liquidity glut stays, RBI reaffirms its soft interest rate bias and yields/spreads decline further. The 10-yr closes at 7.15%, AAAs at 90-100 bps over Treasuries and INR at 48.50/USD. Inflation moves up to 3.41%.

September 02 – Even as the US 10-yr loses 50bps to end at 3.65%, Indian sovereigns remain range bound with the 10-yr closing at 7.17%. Corporate spreads, however, shrink another 10-15bps. Inflation crosses the 4% mark. S&P downgrades India's local currency rating to BB+ from BBB- but the rupee closes stronger at INR 48.39/USD.

October 02 – RBI's mid-term credit policy surprises markets positively with 25bps each chopped from Bank Rate (6.25%), Repo Rate (5.50%) and CRR (4.75%). Sovereigns react positively; the 10-yr closes at 6.92%. AAA Corporate spreads shrink to 60-70bps over Treasuries. Rupee closes at INR 48.36/USD.

November 02 – Credit policy measures and a 50bp cut in US Fed Funds Rate (1.25%) cause yields to dip sharply. Liquidity remains strong. Iraq's acceptance of UN resolution for arms inspection soothes market sentiments. The 10-yr rallies to 6.43%, INR to 48.30/USD and AAA corporate spread to 55-60bps over Treasuries.

December 02 – The party continues as markets ignore a heightened US-Iraq confrontation risk. The 10-yr closes at 6.06%. Spreads narrow. The 10-over-15 sovereign shrinks to 14-15bps, AAAs-over-Treasuries to 40-45bps. Foreign exchange reserves soar to USD 69bn while INR strengthens to 47.97/USD. Inflation stays in the 3-3.25% comfort zone.

January 03 – The initial momentum takes the 10-yr down to a record 5.82%. Then, the reversal sets in. US-Iraq tensions (international crude prices climb higher), higher inflation (3.76%) and tighter liquidity cause waves of panic. The 10-yr hardens to 6.25% while corporate spreads widen to 65-70bps over Treasuries. Reserves, however, swell to USD 72bn; INR appreciates to 47.80/USD.

February 03 – Geo-political tensions, higher inflation (5.02%) and rising international oil prices keep markets bearish right through. A one-notch upgrade of India's foreign currency rating to Ba1 by Moody's also doesn't help. But things change dramatically on the last day. First, Budget 03-04 cuts contractual savings rate by 100bps; then RBI unexpectedly follows with a 50bp cut each in Repo rate (to 5%) and Savings bank rate (to 3.50%). The ensuing buying frenzy causes the 10-year to dive to 5.90%. Corporate bonds follow suit. INR appreciates to 47.68/USD while reserves swell to USD 74bn. Government prepays USD 3bn of foreign debt.

March 03 – The budget frenzy gives way to fear as an attack on Iraq by the allied forces becomes imminent. Year-end selling by banks to book accounting gains weakens sentiment further. The 10-yr hardens to 6.40-45% levels when air strikes start (18March03). Thereafter, yields seesaw on conflicting expectations on the length of the war. But things improve in the last 2-3 trading sessions as investors/traders return to add positions. The 10-yr closes at 6.11%.

Corporate bonds react similarly, though volumes are subdued. Liquidity remains strained through the month, keeping average overnight rates at 5.80%-6.10% levels. Inflation rises to a two-year high of 5.56%. 3Q GDP growth numbers are below expectation, at 2.6% on much lower agricultural output. INR gains further to close the year at INR 47.49/USD. Reserves hold steady around USD 74bn.

OVERVIEW - EQUITY MARKETS

The NIFTY closed the year at 978.20, down 14% for the year. This was the third financial year in a row when the index failed to record any gains.

The volatility in the markets has kept the domestic investor away from the markets for some time now. However, the good performance of the Indian markets relative to most of the markets globally, and their relative independence from most global markets make the Indian markets attractive to FIIs. We see increased activity from them this year. The main events during the year that had an impact on the markets were the Indo-Pak tensions, the weak monsoon, the activity on the investment front and, lastly, the tensions in the Middle East and the Iraq war. These factors diverted the attention of investors from the fundamentals and added to the uncertainty in the markets.

However, the fundamentals of the companies have improved and the focus of the government on the infrastructure sector will continue to unlock efficiency gains for the economy as a whole. We believe that efficiencies in India's infrastructure can have a major impact on the economy, as they will add to the efficiencies created in the corporate sector. This has the potential to substantially reduce the Incremental Capital Output Ratio (ICOR) for the economy and take the economy to a new growth trajectory. In these times of the increase in global uncertainty, India's relative isolation – it is not much exposed to the global economy (except for energy prices) – even as the economy get increasingly competitive, is good news for the country.

We think this will lead to increased FII flows to the Indian stock market which should have a positive effect in the markets.

Principal Equity Fund

Investment objective and policy

The objective of this scheme is to provide long-term capital appreciation. Being an equity scheme, upto 85% of the investments are primarily made in equity and equity-related instruments while the remaining will be in high-quality debt securities and money market instruments.

Comments on the operation during financial year - 2002-03

The Equity Fund performed well during the year beating the index by about 6% during the year. The fund was helped by strong performance in oil and gas, automobiles and banking sectors. The fund has an exposure of up to 15% to debt. All the debt instruments remained performing and there were no defaults with regard to any of these investments.

Performance – Principal Equity Fund

Period	Date	NAV		Nifty	Appreciation [#]		
		Growth Plan	Dividend Plan		Growth Plan	Dividend Plan	Nifty
As on	31/03/03	9.1000	9.5900	978.2			
Last 1 Year	01/04/02	9.9412	10.4779	1138.95	-8.46%	-8.47%	-14.11%
Last 3 Years	05/04/00	12.5200	12.7500	1528.45	-10.13%	-9.1%	-13.82%
Last 5 Years	01/04/98	9.1800	10.2600	1150.1	-0.17%	-0.68%	-3.19%
Since Inception	14/06/95	9.4400	9.4400	991.82	-0.47%	0.64%	-0.18%

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

[#] Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Principal Tax Savings Fund

Investment objective and policy

The objective of the scheme is to build a high-quality growth-oriented portfolio to provide long-term capital appreciation to investors. The Scheme aims at providing returns through capital appreciation over the life of the scheme. Keeping in view the objective of the scheme, investments will be made in equity and equity-related instruments. The Principal Tax Savings Fund had opened for repurchase from April 1, 1999 after the completion of 3-year lock-in period in line with ELSS guidelines. On April 12, 2001, the scheme was converted into an open-ended fund and, since then, has remained open for ongoing subscription.

Comments on the operation during financial year 2002 - 03

During the year, the fund reduced its exposure to Oil & Gas, Pharma and Consumer sectors. The fund moved out completely from the media and metals sectors. On the other hand, the fund increased exposure to domestic cyclical sectors such as Auto, Banking and Cement and international cyclical sectors such as petrochemicals.

Principal Growth Fund

Investment objective and policy

The objective of the scheme is to achieve long-term capital appreciation. Principal Growth Fund is an open-ended equity scheme that follows a disciplined approach to investing and provides effective diversification and strives to identify companies with good track records, strong earnings potential and excellent management. Accordingly, the scheme can make upto 100% of its investments in equity and equity-related instruments and upto 10% in debt and money market instruments.

Comments on the operation during financial year 2002 - 03

During the year, the fund reduced its exposure to Oil & Gas, IT Services, Pharma and Consumer sectors. The fund moved out completely from the media sector. On the other hand, the fund increased exposure to domestic cyclical sectors such as Auto, Banking and Cement and international cyclical sectors such as petrochemicals.

Performance – Principal Growth Fund

Period	Date	NAV		Nifty	Appreciation [#]		
		Growth Plan	Dividend Plan		Growth Plan	Dividend Plan	Nifty
As on	31/03/03	9.7000	9.6500	1129.55			
Last 1 Year	01/04/02	10.0992	10.0600	1148.20	-3.95%	-4.08%	-14.11%
Last 2 Years	31/03/01	8.9599	8.9443	1148.20	4.05%	3.87%	-7.31%
Since Inception	25/10/00	10.0000	10.0000	1183.90	-1.25%	-1.46%	-7.55%

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

[#] Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Performance – Principal Tax Savings Fund

Period	Date	NAV	Nifty	Appreciation [#]	
				NAV	Nifty
As on	31/03/03	13.8200	978.20		
Last 1 Year	01/04/02	14.1523	1138.95	-2.35%	-14.11%
Last 3 Years	05/04/00	17.2800	1528.45	-7.21%	-13.82%
Last 5 Years	31/03/98	9.3100	1116.9	13.86%	-2.62%
Since Inception	31/03/96	10.0000	994.80	8.60%	-0.24%

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

[#] Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Principal Child Benefit Fund

Investment objective and policy

The objective of the scheme is to generate regular returns and/or capital appreciation/accretion with the aim of giving lumpsum capital growth at the end of the chosen target period or otherwise to the beneficiary.

Comments on the operation during financial year 2002-03

During the year, the fund reduced its exposure to Oil & Gas, Banking and Consumer sectors. The fund moved out completely from the metals sector. On the other hand, the fund increased exposure to domestic cyclical sectors such as Auto and Cement.

Performance – Principal Child Benefit Fund

Period	Date	NAV		Appreciation [#]	
		Career Builder	Future Guard	Career Builder	Future Guard
As on	31/03/03	16.3600	16.1400		
Last 1 Year	01/04/02	16.6659	16.4396	-1.84%	-1.82%
Last 3 Years	05/04/00	12.5100	12.4100	9.40%	9.20%
Last 5 Years	01/04/98	10.3100	10.3300	9.67%	9.34%
Since Inception	07/01/98	10.0000	10.0000	9.87%	9.58%

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

[#] Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Principal Index Fund

Investment objective and policy

The primary investment objective of the scheme is to invest principally in securities that comprise the S&P CNX Nifty and subject to tracking errors, endeavour to attain results commensurate with the Nifty.

Comments on the operation during financial year 2002-03

The scheme replicates the index by investing in securities in the same proportion as that of the S&P CNX Nifty Index, which comprises 50 blue chip, large-cap, liquid and highly traded stocks spread across sectors. The net assets of the fund as on March 31, 2003 was Rs.176.86 crore. The NAV of the fund as on March 31, 2003 stood at Rs.7.5712 per unit. The scheme has managed to keep a low tracking deviation during the period of its operation. The tracking deviation for the 12 months ended March 31, 2003 was 0.76%.

Performance – Principal Index Fund

Period	Date	NAV	Nifty	Appreciation [#]	
				NAV	Nifty
As on	31/03/03	7.5712	978.20		
Last 1 Year	01/04/02	8.6962	1138.95	-12.94%	-14.11%
Last 2 Years	31/03/01	8.7004	1138.10	-6.71%	-7.31%
Last 3 Years	31/03/00	11.5910	1528.45	-13.23%	-13.82%
Since Inception	26/07/99	10.0000	1326.15	-7.28%	-7.93%

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

Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Principal Balanced Fund

Investment objective and policy

The primary investment objective of the scheme is to provide periodic returns and capital appreciation/accretion from a judicious mix of equity and debt instruments, with the aim to minimise any capital erosion. Investments will be in equity and equity-related instruments as well as fixed-income bearing instruments rated investment grade or otherwise comparable. The scheme shall not take high risks in managing the equity portion of the portfolio and stock selection would be a well-researched and disciplined process comprising a range of parameters, including quality of management, competitive position and financial analysis.

Comments on the operation during financial year 2002-03

The fund had a strong performance during the year. The fund beat the CRISIL benchmark Balanced Fund Index by 6.70% during the year. On the equity portion the fund had diversified exposure to various sectors. However, particularly strong performance from the Oil and Gas, Banking and Automobiles Sector helped the fund. All the debt instruments remained performing assets.

Performance – Principal Balanced Fund

Period	Date	NAV		Appreciation [#]	
		Growth Plan	Dividend Plan	Growth Plan	Dividend Plan
As on	31/03/03	9.9000	10.0000		
Last 1 Year	01/04/02	9.8783	10.0530	0.22%	-0.53%
Last 2 Years	31/03/01	9.1414	9.1899	4.07%	4.31%
Since Inception	25/10/00	10.0000	10.0000	-0.41%	0.00%

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

Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Principal Income Fund

Investment objective and policy

The objective of the scheme is to generate regular income and capital appreciation/accretion through investments in debt instruments and related securities besides preservation of capital. The scheme will aim to invest its assets in a portfolio of debt instruments and related securities of government, quasi-government, corporate issuers and money market instruments with varying risks (rated investment grade or otherwise comparable).

Comments on the operation during financial year 2002-03

As on March 2003, the average portfolio maturity was 5.83 years and our sovereign bond exposure was 51.46%. All instruments remained performing and there are no defaults with regard to any of these investments.

Performance – Principal Income Fund

Period	Date	NAV		Appreciation [#]	
		Growth Plan	Half-Yrly Dividend	Growth Plan	Half-Yrly Dividend
As on	31/03/03	14.1784	10.6503		
Last 1 Year	01/04/02	12.6486	10.4237	12.09%	12.10%
Last 2 Years	31/03/01	10.7404	10.3707	14.90%	14.06%
Since Inception	25/10/00	10.0000	10.0000	15.45%	14.24%

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

Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Principal Cash Management Fund

Investment objective and policy

The investment objective of the scheme is to provide investors with as high a level of income available from short-term investments as is considered consistent with preservation of capital and maintenance of liquidity, by investing in a portfolio of money market and investment grade debt instruments. The investments will be in securities that the Investment Manager believes present minimum liquidity and/or credit risks.

Comments on the operation during financial year 2002-03

In the *Money-at-call Option*, the average portfolio maturity as on March 2003 was about 0.22 months. Fixed rate assets constituted 66% of the portfolio at the end of March 03.

In the *Liquid Option*, the average portfolio maturity was 3.01 months as on March 31, 2003. Fixed rate assets constituted 85.67% of the portfolio at the end of March 2003.

Performance – Principal Cash Management Fund - Money at call Option

Period	Date	NAV		Appreciation [#]	
		Growth Plan	Dividend Plan	Growth Plan	Dividend Plan
As on	31/03/03	11.7222	10.0000		
Last 1 Year	31/03/02	11.0599	10.0000	5.99%	5.95%
Since Inception	25/10/00	10.0061	10.0000	6.73%	6.23%

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

Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Performance – Principal Cash Management Fund - Liquid Option

Period	Date	NAV		Appreciation [#]	
		Growth Plan	Dividend Plan	Growth Plan	Dividend Plan
As on	31/03/03	11.9345	10.1056		
Last 1 Year	31/03/02	11.1832	10.1010	6.72%	6.73%
Last 2 Years	31/03/01	10.3792	10.0490	7.23%	6.74%
Since Inception	25/10/00	10.0064	10.0078	7.52%	6.85%

Note: The past performance may or may not be sustained in the future
Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Principal Government Securities Fund

Investment objective and policy

The objective of the scheme will be to generate risk-free returns and thus provide medium to long term capital gains and income distribution to its unitholders, while at all times emphasising the importance of capital preservation. Assets in the scheme will be invested solely in government securities. To meet temporary liquidity needs, the scheme may invest in overnight call money/notice money/bank deposits and/or repos. It may also invest a part of its assets in financial derivatives, the proportion of which would be decided by the AMC as per SEBI/RBI guidelines.

Comments on the operation during financial year 2002-03

As on March 2003, the Investment Plan had government securities with an average portfolio maturity of 10.41 years. The Savings Plan had a portfolio maturity of 0.85 years with a large cash component of 91%.

Performance – Principal Government Securities Fund

Period	Date	NAV		Appreciation [#]	
		Investment Plan*	Savings Plan*	Investment Plan	Savings Plan
As on	31/03/03	13.1178	11.8233		
Last 1 Year	01/04/02	11.6870	10.8771	8.70%	12.24%
Since Inception	23/08/01	10.0000	10.0000	11.02%	18.45%

Note: The past performance may or may not be sustained in the future.
* Growth Option
Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Principal Deposit Fund

Investment objective and policy

The objective of the scheme is to build a high quality income-oriented portfolio and provide returns along with regular liquidity to investors. Much of the investment would be made in money market instruments and debt instruments, including government securities. As on March 31, 2003 three plans of the scheme with varying maturity periods were in operation viz. Plan 54EA/EB, FMP 6, FMP 371 days March 03.

Comments on the operation during financial year 2002-03

Plan 54EA/EB

The Plan was managed to match the investments to maturity with marginal interest risk. Occasionally, trading opportunities were also made use of in sovereign bonds, but the focus was essentially to stay invested in corporate bonds. The average maturity as on March 31, 2003 was 8.40 months and the gilt exposure was 4.73%. The exposure to corporate debt was 48%.

FMP6

The 371-Day Fixed Maturity Plan (FMP6) was launched in March 2002 through the initial offer. The average maturity of the plan as on

March 31, 2003 was 0.04 months and the exposure to corporate debt was 43.35%. Moreover, the net assets of this plan as on March 31, 2003 stood at Rs 44.14 crore.

FMP 371 Days – Mar 03

The average maturity of this plan as on March 31, 2003 was 9.18 months and the net assets stood at Rs 16.45 crores. The exposure to corporate debt was 54.86% as on March 31, 2003.

Performance - Principal Deposit Fund - Plan 54EA/EB

Period	Date	NAV	Appreciation [#]
As on	31/03/03	15.0507	
Last 1 Year	01/04/02	14.1789	6.17%
Last 3 Years	04/04/00	11.4750	9.5%
Last 5 Years	07/04/98	10.4990	7.49%
Since Inception	16/09/97	10.0020	7.66%

Note: The past performance may or may not be sustained in the future
Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Performance – Principal Deposit Fund - FMP6

Period	Date	NAV		Appreciation [#]	
		Growth Plan	Dividend Plan	Growth Plan	Dividend Plan
As on	31/03/03	10.8566	10.8554		
Since Inception	27/03/02	10.0000	10.0000	8.46%	8.47%

Note: The past performance may or may not be sustained in the future.
Performance is calculated on a compounded annualised basis; after reinvestment of dividends, if any.

Principal Monthly Income Plan*

(an open ended income scheme with no assured monthly returns)

Investment objective and policy

To generate regular income through investments in fixed income securities so as to make periodical income distribution to the unitholders and also to generate long term capital appreciation by investing a portion of the scheme's assets in equity and equity related instruments. To achieve the investment objective, assets under the scheme will be invested in a wide range of fixed income and money market instruments. The scheme may also invest a small part of its assets in equity and equity related instruments.

Comments on the operation during financial year 2002-03

In the Monthly Income Plan, the average portfolio maturity was 3.02 years as on March 31, 2003. The exposure to corporate debt and gilts stood at 67% and 16% respectively

Performance – Monthly Income Plan

Period	Date	NAV		Appreciation [#]	
		Growth	Monthly Dividend	Growth	Monthly Dividend
As on	31/03/03	11.0891	10.3134		
Since Inception	23/05/02	10.0000	10.0000	10.89%	10.87%

Note: The past performance may or may not be sustained in the future
Performance is calculated on an absolute basis; after reinvestment of dividends, if any.

Principal Trust Benefit Fund

Investment objective and policy

The investment objective of the scheme is to build a high quality income oriented portfolio and provide returns and/or capital appreciation along with regular liquidity to a distinct class of investors who have special needs.

The Scheme currently has a Debt Plan. However, at a later date,

the Trustees may introduce another plan to be called as Gilt Plan. To achieve its investment objective, assets under the Debt Plan will be invested upto 100% in Top Rated (AAA/P1+ or equivalent) Corporate Debt instrument, Money market instruments and Gsecs, upto 50% in securitised debt and upto 20% in other long term debt instruments.

Comments on the operation during financial year 2002-03

In Trust Benefit Plan, the average portfolio maturity was 5.03 years as on March 31, 2003. The exposure to corporate debt and gilts stood at 34% and 45% respectively. The entire corporate debt exposure as on March 31, 2003 was in AAA rated instruments.

Performance – Trust Benefit Fund

Period	Date	NAV		Appreciation#	
		Growth	Qtrly Dividend	Growth	Qtrly Dividend
As on	31/03/03	10.6563	10.2071		
Since Inception	07/10/02	10.0567	10.0567	5.96%	5.98%

Note: The past performance may or may not be sustained in the future
Performance is calculated on an absolute basis; after reinvestment of dividends, if any.

Principal Income Fund – Short Term Plan

Investment objective and policy

To generate regular income and capital appreciation / accretion through investment in debt instruments and related securities besides preservation of capital. The investment objective of the STP is the same as that of Principal Income Fund. However, the STP has been designed to achieve stable returns over shorter term investment horizons.

Comments on the operation during financial year 2002-03

In the Short Term Plan, the average portfolio maturity was 1.12 years as on March 31, 2003. Fixed rate assets constituted 88% of the portfolio at the end of March 2003. The percentage of AAA and AA rated instruments in the portfolio was 96% and 4% respectively.

Performance – Income Fund - Short Term Plan

Period	Date	NAV		Appreciation#	
		Growth	Dividend	Growth	Dividend
As on	31/03/03	10.7342	10.1189		
Since Inception	26/04/02	10.0016	10.0016	7.32%	7.44%

Note: The past performance may or may not be sustained in the future
Performance is calculated on an absolute basis; after reinvestment of dividends, if any.

Outlook for 2003-04

Debt Markets - RBI's annual policy stance for 2003-04 recognizes the constraints facing our economy while taking steps to sustain the economic growth process. It aims to provide adequate liquidity to meet credit and investment needs while creating an environment for a more flexible rate structure. A cut of 25bp each in Bank Rate (to 6%) and CRR (to 4.50%) sets the tone for a soft interest rate environment for the ensuing fiscal. Simultaneously, measures like allowing mutual funds to invest in overseas markets, introduction of rupee derivatives/options etc. would help create a better investment climate.

We expect the interest rate environment to stay soft during FY03-04 as the industrial recovery is still not strong enough to cause a sharp jump in credit requirements. Flows into the country are likely to be robust as Indian interest rates provide an arbitrage in favour of

converting dollar holdings into rupees and investing them in Indian fixed income markets. This, with a positive current account and strong FII equity flows should cause the rupee to appreciate and forex reserves to grow. Possibility of rate cuts by international central banks may influence decision makers in India positively. Inflation, though, could edge up on a combination of base effect and better manufacturing product prices. On the whole, we expect the benchmark 10-yr bond to trade in the 5.75-6% band. Yields could edge lower if monsoons turn out to be bountiful and RBI cuts its key interest rates further based on that.

Equity Markets – Over the last few years, the Indian economy has been going through a reform process. Even if the progress of the reform process has been patchy, we believe that enough work is being done for it to make a structural impact on the corporate sector. For example, we have seen the impact of lower interest rates on the performance of the Indian corporate sector in the past few years. We now expect that the deregulation and reform of the power sector can help bring down cost of power to industry in a material way. This will also be helped by the substantial availability of gas both from domestic and offshore fields. Besides, as there is improvement in all round infrastructure this will lead to better efficiencies. On the revenue side, we are seeing the rise of consumer demand within India. This, along with the fact that Indian industry, could emerge as a sourcing base, not only for services but also for manufacturing, could be a big revenue earner. As the valuation of Indian markets are reasonable we think that equities as an asset class should do better than other asset classes over the next few years.

Investor Servicing

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

Investors can also access the Fund website www.principalindia.com for a wide range of information and services, including download of application forms. Besides, existing investors can also check their account balance on the website with the help of a PIN (Personal Identification Number). The Fund has also recently implemented an Interactive Voice Response (IVR) mechanism by which an investor can receive the NAV, product information, fact sheets, and account balance through phone/fax.

New Products

The year started off with the launch of the Short Term Plan in Principal Income Fund in April 2002; followed by the Principal Monthly Income Plan in May 2002. This was followed with the launch of India's first Trust Benefit Fund. Principal Trust Benefit Fund, rated AAAf by Crisil, was launched in September 2002. It is India's first investment solution for a niche section of the investors – religious and charitable trusts and other non-profit organizations. We also introduced a 371 day plan under the Principal Deposit Fund in March 2003. With the introduction of these plans, we now have a comprehensive range of schemes. We will continue monitoring the market and introducing new products to as a part of our endeavour to cover our investors at all stages of the life stage investing cycle.

For Principal Trustee Company Limited
Trustee to Principal Mutual Fund

Place : Mumbai
Date : July 11, 2003

B. G. Deshmukh
Chairman

Note:

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

AUDITORS' REPORT

The Board of Trustees,
Principal Mutual Fund (Formerly IDBI-PRINCIPAL Mutual Fund)

We have audited the attached Balance Sheets of Principal Mutual Fund (Formerly IDBI-PRINCIPAL Mutual Fund) comprising of Principal Equity Fund, Principal Tax Savings Fund, Principal Growth Fund, Principal Balanced Fund, Principal Income Fund (including Short Term Plan), Principal Child Benefit Fund, Principal Index Fund, Principal Cash Management Fund (Money at Call Option and Liquid Option), Principal Government Securities Fund (Investment Plan and Savings Plan), Principal Deposit Fund (Plan 54EA/EB, Fixed Maturity Plan - 6 and Fixed Maturity Plan - 16), Principal Trust Benefit Fund, Principal Monthly Income Plan, as at March 31, 2003 and the related Revenue accounts for the year/periods, as the case may be, ended on that date. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with SEBI (Mutual Funds) Regulations, 1996. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentations. We believe that our audit provides a reasonable basis for our opinion.

We report that:

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

2. The Balance Sheets and the Revenue Accounts referred to above are in agreement with the books of accounts of the scheme.
3. (a) The accounts have been prepared in accordance with accounting policies approved by the Trustees, which are principally in accordance with the Ninth Schedule to the SEBI (Mutual Funds) Regulations, 1996.
(b) In our opinion, the valuation methods for Non-Traded Securities are fair and reasonable and are in accordance with guidelines for valuation issued by SEBI.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes thereon give a true and fair view:
 - i) In the case of Balance Sheets, of the state of affairs of the respective schemes of Principal Mutual Fund, as at March 31, 2003 and
 - ii) In the case of Revenue Accounts of the surplus / deficit for the year / periods, as the case may be, ended on that date.

For **N.M. RAIJI & CO.**
Chartered Accountants

(VINAY D. BALSE)
Partner

Place : Mumbai
Date : July 11, 2003

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital	6,436.41	8,415.83
(Initial Capital - 18,740.74 Lacs)		
Reserves and Surplus		
Unit Premium Reserve	–	(1,150.73)
Appropriation Account	(449.55)	1,100.04
Current Liabilities and Provisions		
Contract for purchase of investments	–	–
Provision for doubtful outstanding incomes/assets	–	–
Sundry Creditors	58.04	65.52
Total	6,044.90	8,430.66
Assets		
Investments		
Equity Shares	5,099.61	7,046.70
Privately placed Debentures and Bonds	200.89	–
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	109.91	411.38
Central & State Government Securities	217.45	456.40
Securitized Debt	52.29	–
Deposits		
With Scheduled Banks	141.50	48.40
With Others	100.00	–
Other Current Assets		
Cash and Bank Balance	8.47	10.69
Contract for Sale of Investments	89.34	26.14
Outstanding Income and Other Current Assets	25.44	31.05
Application money pending allotment	–	399.90
Deferred Revenue Expenditure (to the extent not written off)	–	–
Total	6,044.90	8,430.66

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Dividend	141.38	169.63
Interest	86.05	123.54
Profit on inter scheme transfer/sale of Investments (Net)	8.95	–
Other income	–	0.55
Net change in value of Investments (Refer Note 13 to Notes to Accounts)	126.56	1,156.29
Total	362.93	1,450.01
Expenses and Losses		
Loss on sale / redemption of investments(Net) (other than inter-scheme transfer / sale)	587.13	375.12
Management Fees	89.36	94.68
Trusteeship Fees	0.71	0.76
Commission to Agents	0.21	5.46
Publicity Expenses	22.63	25.41
Audit Fees	0.80	0.75
Other operating expenses	55.00	37.03
Custodian Fees	3.75	5.95
Registrar Fees	5.36	6.83
	764.94	551.97
Surplus / (Deficit) for the year	(402.01)	898.04
Total	362.93	1,450.01
Appropriation		
Opening Balance	1,100.03	107.35
Add : Surplus/(Deficit) for the year	(402.01)	898.04
Add/(Less) : Income Equalisation - Credit / (Debit)	(1,147.57)	94.64
Balance carried to Balance Sheet	(449.55)	1,100.03

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital (Initial Capital - 2,684.12 Lacs)	1,527.15	913.55
Reserves and Surplus		
Unit Premium Reserve	300.83	38.26
Appropriation Account	(348.98)	(48.50)
Current Liabilities and Provisions		
Contract for purchase of investments	—	—
Provision for doubtful outstanding incomes/assets	—	—
Sundry Creditors	64.75	9.07
Total	1,543.75	912.38
Assets		
Investments		
Equity Shares	1,357.31	831.72
Privately placed Debentures and Bonds	—	—
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	—	—
Central & State Government Securities	—	—
Others	—	—
Deposits		
With Scheduled Banks	126.10	76.50
With Others	—	—
Other Current Assets		
Cash and Bank Balance	60.32	3.29
Contract for Sale of Investments	—	0.82
Outstanding Income and Other Current Assets	0.02	0.05
Application money pending allotment	—	—
Deferred Revenue Expenditure (to the extent not written off)	—	—
Total	1,543.75	912.38

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Dividend	22.26	50.87
Interest	6.07	7.58
Profit on sale/redemption of Investments (other than inter-scheme transfer)	25.22	—
Net change in the value of investments (Refer Note 13 to Notes to Accounts)	(40.64)	409.14
Total	12.91	467.59
Expenses and Losses		
Loss on sale / redemption of investments (other than inter-scheme transfer / sale)	—	561.28
Loss on inter-scheme transfer/sale of investments	—	71.17
Management Fees	14.30	18.27
Trusteeship Fees	0.11	0.16
Commission to Agents	4.75	2.47
Publicity Expenses	0.02	5.06
Audit Fees	0.13	0.08
Other Operating Expenses	4.27	2.05
Deferred Revenue Expenditure Written Off	—	28.38
Custodian Fees	0.92	1.61
Registrar Fees	0.86	1.53
	25.36	692.06
Deficit for the year	(12.45)	(224.47)
Total	12.91	467.59
Appropriation		
Opening Balance	(48.50)	(293.80)
Add : Deficit for the year	(12.45)	(224.47)
Add/(Less) : Income Equalisation - Credit / (Debit)	(288.03)	469.77
Balance carried to Balance Sheet	(348.98)	(48.50)

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital	23,359.55	19,172.57
(Initial Capital - 16,132.92 Lacs)		
Reserves and Surplus		
Unit Premium Reserve	—	(310.79)
Appropriation Account	(5,673.55)	(2,323.90)
Current Liabilities and Provisions		
Contract for purchase of investments	602.37	6.92
Provision for doubtful outstanding incomes/assets	—	—
Other Current Liabilities and Provisions	29.48	36.59
Total	18,317.85	16,581.39
Assets		
Investments		
Equity Shares	17,442.33	16,513.50
Privately placed Debentures and Bonds	—	—
Debentures and Bonds listed/awaiting listing on recognised Stock Exchanges	—	—
Central & State Government Securities	—	—
Others	—	—
Deposits		
With Scheduled Banks	586.90	17.00
With Others	—	—
Other Current Assets		
Cash and Bank Balance	280.76	6.64
Contract for Sale of Investments	—	—
Outstanding Income and Other Current Assets	7.86	44.25
Application money pending allotment	—	—
Deferred Revenue Expenditure (to the extent not written off)	—	—
Total	18,317.85	16,581.39

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Dividend	353.64	387.61
Interest	18.57	18.58
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer)	—	623.47
Net change in Value of Investments (Refer Note 13 to Notes to Accounts)	(1,450.53)	1,989.90
Other Income	—	1.49
Total	(1,078.32)	3,021.05
Expenses and Losses		
Loss on sale/redemption of Investments (Net) (Other than inter-scheme transfer)	828.31	2,757.10
Management Fees	176.25	166.58
Trusteeship Fees	1.76	1.67
Commission to Agents	12.02	12.02
Publicity Expenses	81.67	69.07
Audit Fees	1.96	1.47
Other Operating Expenses	40.60	15.08
Custodian Fees	11.32	10.02
Registrar Fees	11.46	14.53
	1,165.36	3,059.57
Excess of expenditure over permissible limit recovered from AMC	(54.49)	(44.12)
	1,110.87	3,003.42
Surplus / (Deficit) for the year	(2,189.19)	5.60
Total	(1,078.32)	3,021.05
Appropriation		
Opening Balance	(2,323.90)	(3,193.75)
Add : Surplus / (Deficit) for the year	(2189.19)	17.63
Add/(Less) : Income Equalisation - Credit / (Debit)	(1,160.46)	852.22
Balance carried to Balance Sheet	(5,673.55)	(2,323.90)

Principal Tax Savings Fund

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital (Initial Capital - 5,341.65 Lacs)	2,989.90	3,165.36
Reserves and Surplus		
Unit Premium Reserve	(1,151.57)	(1,191.60)
Appropriation Account	2,294.55	2,379.39
Current Liabilities and Provisions		
Contract for purchase of investments	-	-
Provision for doubtful outstanding incomes/assets	-	-
Other Current Liabilities and Provisions	107.92	124.22
Total	4,240.80	4,477.37
Assets		
Investments		
Equity Shares	4,078.21	4,268.31
Privately placed Debentures and Bonds	-	7.93
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	5.32	-
Central & State Government Securities	-	-
Others	-	-
Deposits		
With Scheduled Banks	56.30	39.00
With Others	-	-
Other Current Assets		
Cash and Bank Balance	100.93	110.38
Contract for Sale of Investments	-	-
Outstanding Income and Other Current Assets	0.04	51.75
Application money pending allotment	-	-
Deferred Revenue Expenditure (to the extent not written off)	-	-
Total	4,240.80	4,477.37

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Dividend	95.32	114.63
Interest	8.83	6.77
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer)	207.64	-
Profit on inter-scheme transfer of investments (Net)	-	-
Net change in the value of investment (Refer Note 13 to Notes to Accounts)	(188.16)	896.74
Other Income	-	0.03
Total	123.63	1,018.17
Expenses and Losses		
Loss on sale / redemption of Investments (Net) (Other than inter-scheme transfer / sale)	-	379.88
Management Fees	52.13	46.72
Trusteeship Fees	0.42	0.37
Commission to Agents	0.87	-
Publicity Expenses	11.01	26.85
Audit Fees	0.46	0.37
Other Operating Expenses	40.34	61.28
Custodian Fees	2.68	3.91
Registrar Fees	3.13	5.64
	111.04	525.02
Excess of expenditure over permissible limit recovered from AMC	(6.79)	(51.71)
	104.25	473.31
Surplus for the year	19.38	544.86
Total	123.63	1,018.17
Appropriation		
Opening Balance	2,379.39	1,985.84
Add : Surplus for the year	19.38	544.86
Add/(Less) : Income Equalisation - Credit / (Debit)	(104.22)	(151.31)
Balance carried to Balance Sheet	2,294.55	2,379.39

Principal Balanced Fund

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital	1,461.63	1,467.70
(Initial Capital - 3,674.22 Lacs)		
Reserves and Surplus		
Unit Premium Reserve	18.73	17.14
Appropriation Account	(19.62)	(40.17)
Current Liabilities and Provisions		
Contract for purchase of investments	-	-
Provision for doubtful outstanding incomes/assets	-	-
Other Current Liabilities and Provisions	5.56	12.99
Total	1,466.30	1,457.66
Assets		
Investments		
Equity Shares	949.15	834.17
Privately placed Debentures and Bonds	-	309.39
Debentures and Bonds listed/awaiting listing on recognised Stock Exchanges	226.24	-
Central & State Government Securities	125.40	-
Others	37.35	100.00
Deposits		
With Scheduled Banks	56.90	70.50
With Others	-	-
Other Current Assets		
Cash and Bank Balance	2.14	2.21
Contract for Sale of Investments	-	31.51
Outstanding Income and Other Current Assets	10.91	13.52
Application money pending allotment	-	15.50
Deferred Revenue Expenditure (to the extent not written off)	58.21	80.86
Total	1,466.30	1,457.66

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Dividend	26.77	41.36
Interest	37.94	88.37
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer)	93.80	-
Net change in the value of investments (Refer Note 13 to Notes to Accounts)	(84.61)	491.42
Total	73.90	621.15
Expenses and Losses		
Loss on sale / redemption of Investments (Net) (Other than inter-scheme transfer / sale)	-	554.93
Loss on inter-scheme transfer/sale of investments	-	18.93
Management Fees	17.32	25.55
Trusteeship Fees	0.15	0.21
Commission to Agents	3.13	5.94
Publicity Expenses	3.03	5.83
Audit Fees	0.16	0.12
Other Operating Expenses	5.86	3.67
Deferred Revenue Expenditure Written Off	22.65	22.65
Custodian Fees	0.91	1.54
Registrar Fees	1.09	2.05
	54.30	641.42
Surplus/(Deficit) for the year	19.60	(20.26)
Total	73.90	621.15
Appropriation		
Opening Balance	(40.17)	(305.24)
Add : Surplus/(Deficit) for the year	19.60	(20.26)
Add/(Less) : Income Equalisation - Credit / (Debit)	0.95	285.32
Balance carried to Balance Sheet	(19.62)	(40.17)

Principal Child Benefit Fund

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital (Initial Capital - 105.06 Lacs)	144.07	121.28
Reserves and Surplus		
Unit Premium Reserve	10.64	3.58
Appropriation Account	80.15	74.49
Current Liabilities and Provisions		
Contract for purchase of investments	—	—
Provision for doubtful outstanding incomes/assets	—	—
Other Current Liabilities and Provisions	0.43	1.13
Total	235.29	200.48
Assets		
Investments		
Equity Shares	127.96	112.64
Privately placed Debentures and Bonds	—	—
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	56.53	58.64
Central & State Government Securities	—	—
Others	—	—
Deposits		
With Scheduled Banks	45.00	15.40
With Others	—	—
Other Current Assets		
Cash and Bank Balance	1.17	0.52
Contract for Sale of Investments	—	—
Outstanding Income and Other Current Assets	4.63	12.32
Application money pending allotment	—	—
Deferred Revenue Expenditure (to the extent not written off)	—	0.96
Total	235.29	200.48

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Dividend	1.89	0.75
Interest	9.43	13.84
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer)	10.98	5.25
Profit on inter-scheme transfer of investments (net)	—	0.84
Net change in the value of investment (Refer Note 13 to Notes to Accounts)	(17.15)	17.48
Other Income	0.01	—
Total	5.17	38.16
Expenses and Losses		
Loss on sale/redemption of Investments (Net) (Other than inter-scheme transfer)	—	0.08
Management Fees	2.68	2.14
Trusteeship Fees	0.02	0.02
Commission to Agents	0.24	0.23
Publicity Expenses	2.10	5.34
Audit Fees	0.02	0.02
Other Operating Expenses	1.23	4.48
Custodian Fees	0.20	0.06
Registrar Fees	0.16	0.15
Deferred Revenue Expenditure written off	0.97	1.26
	7.63	13.78
Excess of expenditure over permissible limit recovered from AMC	(1.27)	(7.67)
	6.36	6.11
Surplus/(Deficit) for the year	(1.19)	32.05
Total	5.17	38.16
Appropriation		
Opening Balance	74.49	42.70
Add : Surplus/(Deficit) for the year	(1.19)	32.06
Add/(Less) : Income Equalisation - Credit / (Debit)	6.85	(0.27)
Balance carried to Balance Sheet	80.15	74.49

Principal Monthly Income Plan

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

(Rupees in Lacs)

	As on 31/03/03
Liabilities	
Unit Capital	8,871.89
(Initial Capital - 1,762.01 Lacs)	
Reserves and Surplus	
Unit Premium Reserve	144.31
Appropriation Account	792.10
Current Liabilities and Provisions	
Contract for purchase of investments	—
Provision for doubtful outstanding incomes/assets	—
Other Current Liabilities and Provisions	39.95
Total	9,848.25
Assets	
Investments	
Equity Shares	443.82
Privately placed Debentures and Bonds	300.89
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	6,282.12
Central & State Government Securities	1,542.02
Securitized Debt	304.42
Commercial Paper	93.27
Deposits	
With Scheduled Banks	567.40
With Others	—
Other Current Assets	
Cash and Bank Balance	36.66
Contract for Sale of Investments	—
Outstanding Income and Other Current Assets	263.30
Application money pending allotment	—
Others	14.35
Total	9,848.25

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

(Rupees in Lacs)

	26/04/02 to 31/03/03
Income	
Dividend	3.41
Interest	501.01
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer/ sale of investments)	221.67
Net change in the value of investments (Refer Note 13 to Notes to Accounts)	75.94
Total	802.02
Expenses and Losses	
Management Fees	74.98
Trusteeship Fees	0.65
Commission to Agents	30.74
Publicity Expenses	28.54
Audit Fees	0.72
Other operating expenses	16.90
Custodian Fees	3.30
Registrar fees	4.81
	160.64
Excess of expenditure over permissible limit recovered from AMC	(31.38)
	129.25
Surplus for the period	672.77
Total	802.02
Appropriation	
Surplus for the period	672.77
Add/(Less) : Income Equalisation - Credit / (Debit)	141.75
Less: Dividend paid to unitholders	(22.42)
Balance carried to Balance Sheet	792.10

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital	41,848.91	37,054.17
(Initial Capital - 10,964.29 Lacs)		
Reserves and Surplus		
Unit Premium Reserve	831.13	1,701.10
Appropriation Account	13,513.27	4,710.82
Current Liabilities and Provisions		
Contract for purchase of investments	–	1,321.79
Provision for doubtful outstanding incomes/assets	–	–
Sundry Creditors	2818.73	906.03
Interest received in advance and other liabilities	0.64	–
Total	59,012.68	45,693.91
Assets		
Investments		
Equity Shares	–	–
Privately placed Debentures and Bonds	712.66	22,089.58
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	19,926.35	1,530.41
Central & State Government Securities	28,918.66	15,905.55
Floating Rate Bonds	1,000.00	1,934.15
Securitized Debt	3,873.63	–
Commercial Paper	853.49	–
Deposits		
With Scheduled Banks	1,376.70	699.10
With Others	–	–
Other Current Assets		
Cash and Bank Balance	793.16	655.76
Contract for Sale of Investments	–	1,193.13
Outstanding Income and Other Current Assets	1,519.82	1,686.23
Application money pending allotment	–	–
Others	38.21	–
Total	59,012.68	45,693.91

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Interest	4,311.10	4,901.36
Profit on sale/redemption of Investments (Net) (other than inter-scheme transfer)	2,236.01	3,539.09
Profit on inter-scheme transfer of Investments (Net)	–	6.46
Net change in Value of Investments (Refer Note 13 to Notes to Accounts)	388.39	368.73
Other Income	3.27	0.13
Total	6,938.77	8,815.77
Expenses and Losses		
Loss on inter-scheme transfer of Investments (Net)	9.05	–
Management Fees	530.80	515.23
Trusteeship Fees	5.30	5.23
Commission to Agents	295.27	219.30
Publicity expenses	74.95	98.84
Audit Fees	5.89	5.32
Other Operating Expenses	101.39	70.55
Custodian Fees	17.98	22.09
Registrar Fees	34.42	42.37
	1,075.05	978.92
Excess of expenditure over permissible limit recovered from AMC	(61.54)	(32.06)
	1,013.51	946.87
Surplus for the year	5,925.26	7,868.90
Total	6,938.77	8,815.77
Appropriation		
Opening Balance	5,987.31	1,506.45
Add : Surplus for the year	5,925.26	7,868.90
Add/(Less) : Income Equalisation - Credit / (Debit)	2,400.37	(638.24)
Less : Dividend paid to unitholders	(799.67)	(3,653.62)
Less : Distribution tax	–	(372.67)
Balance carried to Balance Sheet	13,513.27	4,710.82

Principal Income Fund - Short Term Plan

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

(Rupees in Lacs)

	As on 31/03/03
Liabilities	
Unit Capital	11,653.20
(Initial Capital - 7,001.70 Lacs)	
Reserves and Surplus	
Unit Premium Reserve	46.29
Appropriation Account	808.41
Current Liabilities and Provisions	
Contract for purchase of investments	-
Provision for doubtful outstanding incomes/assets	-
Sundry Creditors	160.71
Total	12,668.61
Assets	
Investments	
Equity Shares	-
Privately placed Debentures and Bonds	-
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	5,388.62
Central & State Government Securities	-
Floating Rate Bonds	1,500.05
Securitized Debt	1,440.78
Commercial Paper	1,436.89
Deposits	
Call Deposits with Banks	296.00
Term Deposits with Banks	2,300.00
Other Current Assets	
Cash and Bank Balance	1.04
Contract for Sale of Investments	-
Outstanding Income and Other Current Assets	305.23
Application money pending allotment	-
Deferred Revenue Expenditure (to the extent not written off)	-
Total	12,668.61

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

(Rupees in Lacs)

	24/04/02 to 31/03/03
Income	
Interest	2,176.28
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer)	207.75
Net change in Value of Investments (Refer Note 13 to Notes to Accounts)	8.46
Total	2,392.49
Expenses and Losses	
Loss on inter-scheme transfer of Investments (Net)	17.85
Management Fees	165.69
Trusteeship Fees	2.88
Commission to Agents	75.57
Publicity Expenses	26.55
Audit Fees	3.24
Other Operating Expenses	42.89
Custodian Fees	14.73
Registrar Fees	18.90
	368.30
Excess of expenditure over permissible limit recovered from AMC	(54.45)
	313.85
Surplus for the period	2,078.64
Total	2,392.49
Appropriation	
Opening Balance	-
Add : Surplus for the period	2,078.64
Add/(Less) : Income Equalisation - Credit / (Debit)	(1,193.03)
Less: Dividend paid to unitholders	(77.21)
Balance carried to Balance Sheet	808.41

Principal Government Securities Fund - Investment Plan

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital	1,702.59	4,678.09
(Initial Capital - 129.60 Lacs)		
Reserves and Surplus		
Unit Premium Reserve	54.57	187.97
Appropriation Account	267.60	553.45
Current Liabilities and Provisions		
Contract for purchase of investments	-	662.44
Provision for doubtful outstanding incomes/assets	-	-
Other Current Liabilities and Provisions	212.88	9.95
Total	2,237.64	6,091.90
Assets		
Investments		
Equity Shares	-	-
Privately placed Debentures and Bonds	-	-
Debentures and Bonds listed/awaiting listing on recognised Stock Exchanges	-	-
Central & State Government Securities	2,087.60	4,751.15
Others	-	-
Deposits		
With Scheduled Banks	53.00	1,196.80
With Others	-	-
Other Current Assets		
Cash and Bank Balance	40.86	28.18
Contract for Sale of Investments	-	-
Outstanding Income and Other Current Assets	56.18	115.77
Application money pending allotment	-	-
Deferred Revenue Expenditure (to the extent not written off)	-	-
Total	2,237.64	6,091.90

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Interest	226.43	66.61
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer/sale)	65.43	96.02
Profit on inter-scheme transfer/sale of investments	-	1.01
Other income	-	-
Net change in the value of investments (Refer Note 13 to Notes to Accounts)	(18.89)	50.49
Total	272.97	214.13
Expenses and Losses		
Management Fees	21.97	5.98
Trusteeship Fees	0.29	0.08
Commission to Agents	10.18	0.99
Publicity Expenses	4.72	1.62
Audit Fees	0.33	0.27
Other Operating Expenses	7.57	1.24
Registrar Fees	2.20	0.58
	47.26	10.76
Excess of expenditure over permissible limit recovered from AMC	(10.64)	(0.69)
	36.61	10.07
Surplus for the year/period	236.35	204.06
Total	272.97	214.13
Appropriation		
Opening Balance	553.45	-
Add : Surplus for the year/period	236.35	204.06
Add/(Less) : Income Equalisation - Credit / (Debit)	(467.28)	374.47
Less : Dividend paid to unitholders	(54.93)	(22.76)
Less: Distribution tax	-	(2.32)
Balance carried to Balance Sheet	267.60	553.45

Principal Government Securities Fund - Savings Plan

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital (Initial Capital - 420.84 Lacs)	230.24	622.99
Reserves and Surplus		
Unit Premium Reserve	(2.28)	6.83
Appropriation Account	42.93	27.71
Current Liabilities and Provisions		
Contract for purchase of investments	—	—
Provision for doubtful outstanding incomes/assets	—	—
Other Current Liabilities and Provisions	0.35	1.49
Total	271.24	659.02
Assets		
Investments		
Equity Shares	—	—
Privately placed Debentures and Bonds	—	—
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	—	—
Central & State Government Securities	24.33	380.87
Others	—	—
Deposits		
With Scheduled Banks	78.30	266.90
With Others	—	—
Other Current Assets		
Cash and Bank Balance	168.49	1.88
Contract for Sale of Investments	—	—
Outstanding Income and Other Current Assets	0.12	9.37
Application money pending allotment	—	—
Deferred Revenue Expenditure (to the extent not written off)	—	—
Total	271.24	659.02

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Interest	25.98	27.62
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer/ sale of investments)	3.36	15.39
Profit on Inter scheme transfer/ sale of investments(Net)	2.82	—
Net change in the value of investments (Refer Note 13 to Notes to Accounts)	(1.80)	1.99
Total	30.36	45.00
Expenses and Losses		
Management Fees	2.67	2.29
Trusteeship Fees	0.04	0.03
Commission to Agents	0.95	0.28
Publicity Expenses	0.41	3.69
Audit Fees	0.04	0.08
Other Operating Expenses	1.12	0.59
Registrar Fees	0.27	0.26
	5.49	7.23
Excess of expenditure over permissible limit recovered from AMC	(1.27)	(3.09)
	4.22	4.14
Surplus for the year/period	26.15	40.86
Total	30.36	45.00
Appropriation		
Opening Balance	27.71	—
Add : Surplus for the year/period	26.15	40.86
Add/(Less) : Income Equalisation - Credit / (Debit)	(10.21)	2.26
Less: Dividend paid to unitholders	(0.72)	(13.98)
Less: Distribution tax	—	(1.43)
Balance carried to Balance Sheet	42.93	27.71

Principal Trust Benefit Fund

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

(Rupees in Lacs)

	As on 31/03/03
Liabilities	
Unit Capital	1,995.67
(Initial Capital - 1,189.90 Lacs)	
Reserves and Surplus	
Unit Premium Reserve	14.79
Appropriation Account	79.49
Current Liabilities and Provisions	
Contract for purchase of investments	—
Provision for doubtful outstanding incomes/assets	—
Other Current Liabilities and Provisions	2.24
Total	2,092.19
Assets	
Investments	
Equity Shares	—
Privately placed Debentures and Bonds	—
Debentures and Bonds listed/awaiting listing on recognised Stock Exchanges	719.99
Central & State Government Securities	938.09
Others	79.20
Deposits	
Call Deposits with Banks	59.60
Term Deposits with Banks	200.00
Other Current Assets	
Cash and Bank Balance	41.00
Contract for Sale of Investments	—
Outstanding Income and Other Current Assets	54.31
Application money pending allotment	—
Deferred Revenue Expenditure (to the extent not written off)	—
Total	2,092.19

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

(Rupees in Lacs)

	17/09/02 to 31/03/03
Income	
Interest	60.70
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer)	35.12
Net change in Value of Investments (Refer Note 13 to Notes to Accounts)	14.02
Total	109.84
Expenses and Losses	
Management Fees	6.49
Trusteeship Fees	0.08
Commission to Agents	3.47
Publicity Expenses	1.00
Audit Fees	0.10
Other Operating Expenses	1.78
Custodian Fees	0.59
Registrar Fees	0.21
	13.72
Excess of expenditure over permissible limit recovered from AMC	(2.91)
	10.82
Surplus for the period	99.02
Total	109.84
Appropriation	
Opening Balance	—
Add : Surplus for the period	99.02
Add/(Less) : Income Equalisation - Credit / (Debit)	12.02
Less : Dividend paid to unitholders	(31.55)
Balance carried to Balance Sheet	79.49

Principal Cash Management Fund - Money at Call Option

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital	17,469.58	3,378.91
(Initial Capital - 35,705.06 Lacs)		
Reserves and Surplus		
Unit Premium Reserve	—	—
Appropriation Account	2,921.15	86.08
Current Liabilities and Provisions		
Contract for purchase of investments	—	—
Provision for doubtful outstanding incomes/assets	—	—
Other Current Liabilities and Provisions	11.95	50.42
Total	20,402.68	3,515.41
Assets		
Investments		
Equity Shares	—	—
Privately placed Debentures and Bonds	1,700.00	2,000.00
Debentures and Bonds listed/awaiting listing on recognised Stock Exchanges	—	—
Commercial Paper	485.42	—
Central & State Government Securities	—	—
Deposits		
With Scheduled Banks	7,010.50	1,462.45
With Others	5,700.00	—
Other Current Assets		
Cash and Bank Balance	2,500.58	0.58
Contract for Sale of Investments	—	—
Outstanding Income and Other Current Assets	3,006.18	52.38
Application money pending allotment	—	—
Deferred Revenue Expenditure (to the extent not written off)	—	—
Total	20,402.68	3,515.41

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Interest	176.04	2,408.09
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer)	0.54	—
Net change in the value of investment (Refer Note 13 to Notes to Accounts)	(0.06)	—
Other Income	3.15	0.24
Total	179.67	2,408.33
Expenses and Losses		
Loss on inter-scheme transfer of investments (Net)	0.06	—
Management Fees	10.62	156.50
Trusteeship Fees	0.27	3.13
Commission to Agents	1.25	64.84
Publicity Expenses	0.89	48.15
Audit Fees	0.29	3.16
Other Operating Expenses	5.25	27.86
Custodian Fees	1.03	7.55
Registrar Fees	1.59	25.47
	21.25	336.66
Excess of expenditure over permissible limit recovered from AMC	—	(23.58)
	21.25	313.08
Surplus for the year	158.42	2,095.25
Total	179.67	2,408.33
Appropriation		
Opening Balance	86.08	62.83
Add : Surplus for the year	158.42	2,095.24
Add/(Less) : Income Equalisation - Credit / (Debit)	2,710.67	(78.74)
Less : Dividend paid to unitholders	(34.02)	(1,780.15)
Less : Distribution tax	—	(213.10)
Balance carried to Balance Sheet	2,921.15	86.08

Principal Cash Management Fund - Liquid Option

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital	21,686.19	17,156.26
(Initial Capital - 5,853.32 Lacs)		
Reserves and Surplus		
Unit Premium Reserve	148.45	(78.86)
Appropriation Account	3,984.48	1,742.47
Current Liabilities and Provisions		
Contract for purchase of investments	-	-
Provision for doubtful outstanding incomes/assets	-	-
Other Current Liabilities and Provisions	157.67	140.85
Total	25,976.79	18,960.72
Assets		
Investments		
Equity Shares	-	-
Privately placed Debentures and Bonds	9,602.19	7,126.10
Debentures and Bonds listed/awaiting listing on recognised Stock Exchanges	2,506.53	1,641.00
Central & State Government Securities	-	-
Securitised Debt	141.94	7,500.00
Commercial Paper	5,805.44	-
Deposits		
With Scheduled Banks	4,105.00	1,358.90
With Others	3,500.00	900.00
Other Current Assets		
Cash and Bank Balance	1.11	38.13
Contract for Sale of Investments	-	-
Outstanding Income and Other Current Assets	314.58	396.59
Application money pending allotment	-	-
Deferred Revenue Expenditure (to the extent not written off)	-	-
Total	25,976.79	18,960.72

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Interest	1,486.18	1,664.15
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer)	28.24	-
Net change in the value of investment (Refer Note 13 to Notes to Accounts)	(37.14)	32.63
Total	1,477.28	1,696.78
Expenses and Losses		
Loss on sale / redemption of investments (Net) (Other than inter-scheme transfer / sale)	-	2.05
Loss on inter-scheme transfer/ sale of investments (Net)	1.82	5.85
Management Fees	84.34	99.99
Trusteeship Fees	2.02	2.04
Commission to Agents	51.87	43.02
Publicity Expenses	19.83	22.47
Audit Fees	2.24	3.13
Other Operating Expenses	35.86	31.57
Custodian Fees	11.66	12.70
Registrar Fees	13.17	15.43
	222.81	238.25
Excess of expenditure over permissible limit recovered from AMC	(42.36)	(26.80)
	180.45	211.43
Surplus for the year	1,296.83	1,485.35
Total	1,477.28	1,696.78
Appropriation		
Opening Balance	1,742.47	121.11
Add : Surplus for the year	1,296.83	1,485.35
Add/(Less) : Income Equalisation - Credit / (Debit)	994.35	456.72
Less: Dividend paid to unitholders	(49.17)	(289.65)
Less: Distribution tax	-	(31.06)
Balance carried to Balance Sheet	3,984.48	1,742.47

Principal Deposit Fund - 371 Days Fixed Maturity Plan (FMP 6)

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital (Initial Capital - 3,495.66 Lacs)	4,091.39	4,077.54
Reserves and Surplus		
Unit Premium Reserve	(5.48)	—
Appropriation Account	355.45	4.16
Current Liabilities and Provisions		
Contract for purchase of investments	—	—
Provision for doubtful outstanding incomes/assets	—	—
Other Current Liabilities and Provisions	2.12	58.72
Total	4,443.48	4,140.42
Assets		
Investments		
Equity Shares	—	—
Privately placed Debentures and Bonds	1,925.23	2,000.00
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	—	—
Central & State Government Securities	—	—
Mutual Fund Units	2,301.10	1,200.00
Deposits		
With Scheduled Banks	43.00	828.45
With Others	—	—
Other Current Assets		
Cash and Bank Balance	0.60	105.15
Contract for Sale of Investments	—	—
Outstanding Income and Other Current Assets	173.56	6.82
Application money pending allotment	—	—
Deferred Revenue Expenditure (to the extent not written off)	—	—
Total	4,443.48	4,140.42

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Interest	374.94	4.38
Net Profit on inter-scheme transfer of investments	0.58	—
Net change in the value of investment (Refer Note 13 to Notes to Accounts)	1.72	—
Total	377.24	4.38
Expenses and Losses		
Management Fees	20.65	0.09
Trusteeship Fees	0.43	—
Publicity Expenses	1.04	—
Audit Fees	0.48	—
Custodian Fees	1.16	—
Registrar Fees	3.30	—
Other Operating Expenses	7.42	0.13
	34.49	0.22
Excess of expenditure over permissible limit recovered from AMC	(8.54)	—
	25.96	0.22
Surplus for the year	351.29	4.16
Total	377.24	4.38
Appropriation		
Opening Balance	4.16	—
Add : Surplus for the year	351.29	4.16
Balance carried to Balance Sheet	355.45	4.16

Principal Deposit Fund - 91 Days Fixed Maturity Plan (FMP 3)

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital (Initial Capital - 1,113.55 Lacs)	-	1,218.07
Reserves and Surplus		
Unit Premium Reserve	-	-
Appropriation Account	-	1.07
Current Liabilities and Provisions		
Contract for purchase of investments	-	-
Provision for doubtful outstanding incomes/assets	0.12	-
Other Current Liabilities and Provisions	(0.12)	20.07
Total	-	1,239.21
Assets		
Investments		
Equity Shares	-	-
Privately placed Debentures and Bonds	-	-
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	-	-
Central & State Government Securities	-	-
Others	-	1,000.00
Deposits		
With Scheduled Banks	-	234.80
With Others	-	-
Other Current Assets		
Cash and Bank Balance	0.12	4.16
Contract for Sale of Investments	-	-
Outstanding Income and Other Current Assets	-	0.25
Application money pending allotment	-	-
Deferred Revenue Expenditure (to the extent not written off)	(0.12)	-
Total	-	1,239.21

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 25/06/02	28/03/02 to 31/03/02
Income		
Interest	24.18	1.14
Total	24.18	1.14
Expenses and Losses		
Loss on sale/redemption of Investments (Net) (Other than inter-scheme sale/transfer)	0.38	-
Loss on inter-scheme sale/ transfer of investments (Net)	0.16	-
Management Fees	1.45	0.03
Trusteeship Fees	0.03	-
Publicity Expenses	0.16	-
Audit Fees	0.04	-
Other Operating Expenses	0.25	0.04
Custodian Fees	0.33	-
Registrar Fees	0.08	-
	2.86	0.07
Excess of expenditure over permissible limit recovered from AMC	(0.59)	-
	2.27	0.07
Surplus for the period	21.91	1.07
Total	24.18	1.14
Appropriation		
Opening Balance	1.07	-
Add : Surplus for the period	21.91	1.07
Less : Distributed among Unit holders	(22.98)	-
Balance carried to Balance Sheet	-	1.07

Principal Deposit Fund - 371 Days Fixed Maturity Plan - March 2003

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

(Rupees in Lacs)

	As on 31/03/03
Liabilities	
Unit Capital	1,644.84
(Initial Capital - 1,644.84 Lacs)	
Reserves and Surplus	
Unit Premium Reserve	-
Appropriation Account	0.79
Current Liabilities and Provisions	
Contract for purchase of investments	-
Provision for doubtful outstanding incomes/assets	-
Other Current Liabilities and Provisions	0.11
Total	1,645.74
Assets	
Investments	
Equity Shares	-
Privately placed Debentures and Bonds	100.01
Debentures and Bonds listed/awaiting listing on recognised Stock Exchanges	102.26
Central & State Government Securities	-
Commercial Paper	188.10
Deposits	
With Scheduled Banks	513.50
With Others	530.00
Other Current Assets	
Cash and Bank Balance	2.74
Contract for Sale of Investments	-
Outstanding Income and Other Current Assets	9.12
Application money pending allotment	200.00
Deferred Revenue Expenditure (to the extent not written off)	-
Total	1,645.74

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

(Rupees in Lacs)

	28/03/03 to 31/03/03
Income	
Interest	0.92
Net change in value of investments (Refer Note 13 to Notes to Accounts)	(0.04)
Total	0.88
Expenses and Losses	
Management Fees	0.06
Trusteeship Fees	-
Publicity Expenses	-
Audit Fees	-
Custodian Fees	-
Registrar Fees	0.01
Commission to Agents	0.01
Other Operating Expenses	0.03
	0.12
Excess of expenditure over permissible limit recovered from AMC	(0.03)
	0.09
Surplus for the period	0.79
Total	0.88
Appropriation	
Opening Balance	-
Add : Surplus for the period	0.79
Balance carried to Balance Sheet	0.79

Principal Deposit Fund - Plan 54EA/EB

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital (Initial Capital - 736.20 Lacs)	1,528.57	7,105.14
Reserves and Surplus		
Unit Premium Reserve	(458.33)	648.00
Appropriation Account	1,230.35	2,307.39
Current Liabilities and Provisions		
Contract for purchase of investments	—	—
Provision for doubtful outstanding incomes/assets	—	—
Other Current Liabilities and Provisions	54.82	67.94
Total	2,355.41	10,128.47
Assets		
Investments		
Equity Shares	—	—
Privately placed Debentures and Bonds	—	6,031.47
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	1,104.44	1,676.23
Central & State Government Securities	108.75	1,189.00
Securitised Debt	141.94	700.00
Deposits		
With Scheduled Banks	153.30	42.50
With Others	800.00	—
Other Current Assets		
Cash and Bank Balance	0.61	0.36
Contract for Sale of Investments	—	—
Outstanding Income and Other Current Assets	46.37	488.91
Application money pending allotment	—	—
Deferred Revenue Expenditure (to the extent not written off)	—	—
Total	2,355.41	10,128.47

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 31/03/03	01/04/01 to 31/03/02
Income		
Interest	846.03	970.06
Profit on sale/redemption of Investments (Net) (Other than inter-scheme transfer)	78.41	112.98
Profit on inter-scheme transfer of Investments (Net)	—	5.92
Net change in the value of Investments (Refer Note 13 to Notes to Accounts)	(226.07)	121.68
Other Income	—	0.04
Total	698.37	1,210.68
Expenses and Losses		
Management Fees	105.75	113.20
Trusteeship Fees	0.85	0.96
Commission paid to Agents	—	2.84
Publicity Expenses	50.06	—
Audit Fees	0.95	0.88
Other Operating Expenses	15.96	7.40
Custodian Fees	2.48	5.15
Registrar Fees	6.33	8.01
	182.38	138.44
Surplus for the year	515.97	1,072.24
Total	698.37	1,210.68
Appropriation		
Opening Balance	2,307.39	1,235.15
Add : Surplus for the year	515.99	1,072.24
Add/(Less) : Income Equalisation - Credit / (Debit)	(1,593.03)	—
Balance carried to Balance Sheet	(1,230.35)	2,307.39

Principal Deposit Fund - Plan C - Dividend Option

Balance Sheet

as on March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	As on 31/03/03	As on 31/03/02
Liabilities		
Unit Capital (Initial Capital - 1,005.86 Lacs)	—	990.86
Reserves and Surplus		
Unit Premium Reserve	—	(1.16)
Appropriation Account	—	96.49
Current Liabilities and Provisions		
Contract for purchase of investments	—	—
Provision for doubtful outstanding incomes/assets	3.14	—
Other Current Liabilities and Provisions	—	3.46
Less: Transferred to Trust Corpus	(3.14)	—
Total	—	1,089.65
Assets		
Investments		
Equity Shares	—	—
Privately placed Debentures and Bonds	—	392.62
Debentures and Bonds listed/ awaiting listing on recognised Stock Exchanges	—	—
Central & State Government Securities	—	—
Others	—	634.09
Deposits		
With Scheduled Banks	—	42.30
With Others	—	—
Other Current Assets		
Cash and Bank Balance	3.12	0.48
Contract for Sale of Investments	—	—
Outstanding Income and Other Current Assets	0.02	20.16
Deferred Revenue Expenditure (to the extent not written off)	—	—
Less: Transferred to Trust Corpus	(3.14)	—
Total	—	1,089.65

Revenue Account

for the year ended March 31, 2003 (Audited - Abridged)

	(Rupees in Lacs)	
	01/04/02 to 03/04/02	01/04/01 to 31/03/02
Income		
Interest	0.75	111.47
Net change in the value of Investment (Refer Note 13 to Notes to Accounts)	8.67	(8.67)
Total	9.42	102.80
Expenses and Losses		
Loss on sale/redemption of Investments (Net) (Other than inter-scheme sale/transfer)	0.39	—
Loss on inter-scheme sale/ transfer of Investments (Net)	8.86	—
Management Fees	0.01	1.32
Trusteeship Fees	—	0.11
Publicity Expenses	—	0.39
Audit Fees	0.01	0.10
Custodian Fees	—	0.33
Registrar Fees	—	0.05
Commission to Agents	—	2.33
Other Operating Expenses	—	2.10
Surplus for the period / year	0.15	—
Total	9.42	102.80
Appropriation		
Opening Balance	96.49	0.41
Add : Surplus for the period / year	0.15	—
Less : Distributed among Unit holders	(96.64)	—
Balance carried to Balance Sheet	—	0.41

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. CONSTITUTION OF THE FUND

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

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

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

The investment objectives of various schemes managed by Principal Asset Management Company are mentioned below:

Principal Balanced Fund

Principal Balanced Fund (formerly known as IDBI-PRINCIPAL Balanced Fund) is an open-ended scheme of Principal Mutual Fund and was launched on October 03, 2000. The duration of the scheme is perpetual. The Scheme closed for initial subscription on October 21, 2000 and re-opened for issues and redemption of units on October 25, 2000.

The investment objective of the scheme is to provide periodic returns and capital appreciation/accretion from a judicious mix of equity and debt instruments, with the aim to minimise any capital erosion.

Principal Cash Management Fund

Principal Cash Management Fund (formerly known as IDBI-PRINCIPAL Cash Management Fund) is an open-ended scheme of Principal Mutual Fund and was launched on October 03, 2000. The duration of the scheme is perpetual. The Scheme closed for initial subscription on October 21, 2000 and re-opened for issues and redemption of units on October 25, 2000.

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

Principal Child Benefit Fund

Principal Child Benefit Fund (formerly known as IDBI-PRINCIPAL Child Benefit Fund) is an open-ended scheme of Principal Mutual Fund and was launched on October 27, 1997.

The investment objective of the Scheme is to build an income – oriented portfolio to generate continuous and regular returns, with the aim of giving handsome capital growth at the end of the target period, to the beneficiary.

Principal Deposit Fund

Principal Deposit Fund (formerly known as IDBI-PRINCIPAL Deposit Fund) is an open-ended scheme of Principal Mutual Fund was launched on August 4, 1997. The duration of the scheme is perpetual. During the year the scheme had five active plans, which were DepEA/EB, Dep371-Dividend Option, FMP-3, FMP-6 and 371 Days Fixed Maturity Plan-March 2003. Of these, Dep 371 Dividend, FMP-3 have been closed during the year and 371-Days FMP - March 2003 has been introduced during the year.

The investment objective of the scheme is to build a high quality income oriented portfolio and provide returns along with regular liquidity to investors through investment in debentures, bonds and money market instruments.

Principal Equity Fund

Principal Equity Fund (formerly known as IDBI-PRINCIPAL Equity Fund) was a close ended scheme of Principal Mutual Fund launched on March 27, 1995. The scheme was close ended for 5 years term and became open ended on June 14, 2000.

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

Principal Government Securities Fund

Principal Government Securities Fund (formerly known as IDBI-PRINCIPAL Government Securities Fund) is an open-ended scheme of Principal Mutual Fund and was launched on August 23, 2001. The duration of the scheme is perpetual.

The investment objective of the Scheme is to generate risk-free return and thus provide medium to long term capital gains and income distribution to its Unitholders, while at all times emphasizing the importance of capital preservation.

Principal Growth Fund

Principal Growth Fund (formerly known as IDBI-PRINCIPAL Growth Fund) is an open-ended scheme of Principal Mutual Fund and was launched on October 3, 2000. The duration of the scheme is perpetual. The scheme closed for initial subscription on October 21, 2000 and re-opened for issues and redemption of units on November 30, 2000.

The investment objective of the scheme is to achieve long-term capital appreciation

Principal Income Fund

Principal Income Fund (formerly known as IDBI-PRINCIPAL Income Fund) is an open-ended scheme of Principal Mutual Fund and was launched on October 3, 2000. The duration of the scheme is perpetual. The scheme closed for initial subscription on October 21, 2000 and re-opened for issues and redemption of units on November 30, 2000.

A new plan, Short Term Plan (STP) was launched under the Income Scheme on April 24, 2002. STP has a separate portfolio from that of Income Fund.

The investment objective of the scheme is to generate regular income and capital appreciation/accretion through investment in debt instruments and related securities besides preservation of capital. STP has been designed to achieve stable returns over short-term investment horizons.

Principal Index Fund

Principal Index Fund (formerly known as IDBI-PRINCIPAL Index Fund) is an open-ended scheme of Principal Mutual Fund and was launched on June 16, 1999. The duration of the scheme is perpetual.

The investment objective of the Scheme is to invest principally in securities of companies that are included in the Nifty and, subject to tracking errors, endeavour to attain results commensurate with the Nifty.

Principal Monthly Income Plan

Principal Monthly Income Plan (formerly known as IDBI-PRINCIPAL Monthly Income Plan) is an open-ended scheme of Principal Mutual Fund and was launched on April 22, 2002. The duration of the scheme is perpetual. The scheme closed for initial subscription on May 10, 2002 and re-opened for issues and redemption of units on June 3, 2002.

The primary investment objective of the scheme is to generate regular income through investments in fixed income securities so as to make periodical income distribution to the unitholders and also to generate long-term capital appreciation by investing a portion of the scheme's assets in equity and equity related instruments.

Principal Tax Savings Fund

Principal Tax Savings Fund (formerly known as IDBI-PRINCIPAL Tax Savings

Fund) was initially launched as a close-ended ELSS scheme of Principal Mutual Fund on January 1, 1996. The scheme has subsequently been converted to an open ended scheme w.e.f. April 12, 2001 as per the notification dated 22nd December, 1998 of Ministry of Finance, Department of Economic Affairs (Capital Markets Division) Government of India.

Tax Savings Fund is an open-ended growth scheme with the objective of building a high quality growth-oriented portfolio to provide long-term capital gains to investors and to facilitate the subscribers to realise the tax benefits provided under section 88 of the Income Tax Act, 1961. The Scheme aims at providing returns through capital appreciation over the life of the scheme.

Principal Trust Benefit Fund

Principal Trust Benefit Fund (formerly known as IDBI-PRINCIPAL Trust Benefit Fund) is an open-ended scheme of Principal Mutual Fund and was launched on September 02, 2002. The duration of the scheme is perpetual. The scheme closed for initial subscription on September 20, 2002 and reopened for issues and redemption of units on October 08, 2002.

The primary investment objective of the scheme is to build a high-quality, income-oriented portfolio and provide returns and/or capital appreciation, along with regular liquidity, to a distinct class of investors, who have specific needs.

II. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The scheme maintains books of account on accrual basis

2. Investments

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

3. Portfolio Valuation

- 3.1 Investments are valued on the Balance Sheet date as per the recommendations of the Securities and Exchange Board of India (SEBI).
- 3.2 Traded securities (excluding government securities) are valued at the last quoted closing price on the principal stock exchange on which the security is traded.
- 3.3 A security (other than debt securities), which is not traded on any stock exchange on a particular valuation day, is valued at the price at which it was traded on the selected stock exchange, as the case may be, on the earliest previous day, such day not being more than thirty days prior to the valuation date.
- 3.4 A debt security (other than government securities), which is not traded on any stock exchange on any particular valuation day, is valued using the CRISIL Bond Valuer.
- 3.5 A debt security (other than government securities), which has been purchased by way of private placement is valued at cost on the date of purchase and thereafter valued on the CRISIL Bond Valuer.
- 3.6 Investments in traded/non-traded/thinly traded government securities are valued at the prices released by an approved agency.
- 3.7 Money Market securities and non-traded debt securities with residual maturity of upto 182 days are valued at cost (including accrued interest) plus the difference between the redemption value (inclusive of interest) and the cost spread uniformly over the remaining maturity period of the instrument.
- 3.8 Thinly traded Equity shares /Equity related securities/non-traded securities (other than Government Securities) are valued in good faith by the investment manager on the basis of valuation principles laid down by SEBI.
- 3.9 Investment in non-traded debt securities including securitised debt (other than government securities) with a residual maturity greater than 182 days are valued using CRISIL Bond Valuer, which is based on the concept of using spread to maturity to arrive at the yields for pricing.

- 3.10 Securities in the nature of Floating Rate Notes (FRN) are valued at cost.

4. Income Recognition

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

5. Management Fees

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

6. Unit Premium Reserve

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

7. Distributable Income

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

8. Income Equalisation

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

9. Provisions

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

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

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

10. Load Charges

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

III. PRINCIPAL TRUSTEE FEES:

Principal trustee fees have been accrued in the books @0.01% p.a.of average daily net assets in accordance with the Trustee Board Approval dated December 12, 2001. The trusteeship fees, which were hitherto paid to IDBI as Principal Trustee, are with effect from October 18, 2002, payable to IDBI-PRINCIPAL Trustee Company Limited, pursuant to transfer of trusteeship. The name of the Trustee company has changed to Principal Trustee Company Limited w.e.f. June 27, 2003.

IV. CUSTODIAN FEES:

Stock Holding Corporation Limited and Citibank N.A. have provided custodial services to the schemes during the financial year 2002-03 for which they have been paid custodian fees. Effective 18th May, 2002, Citibank N.A. is the sole custodian for all schemes.

V. REGISTRAR AND TRANSFER AGENT FEES:

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

VI. NOTES TO ACCOUNTS

- Discount/premium on redemption of debentures and bonds/fixed income securities is now recognized in the year of redemption as against the practice hitherto followed of recognizing the same over the period to redemption. The change has, however, no impact on the surplus/deficit for the year or on the NAV.
- Transaction cost relating to investment, which were hitherto taken as part of the expenses of the scheme, have been capitalised w.e.f. 1 December 2002, in case of purchase transaction or adjusted against the sale value in case of sale transaction. Consequent upon the change,

(Rs. In lacs)

Particulars	Principal Index Fund	Principal Tax Savings Fund	Principal Child Benefit Fund	Principal Monthly Income Plan	Principal Income Fund
Deficit of the year is higher by	3.03	–	0.06	–	2.88
Surplus of the year is lower by	–	0.50	–	0.81	–

Particulars	Principal Income Fund - Short Term Plan	Principal Trust Benefit Fund	Principal Government Securities		Principal Cash Management Fund - Liquid Option	Principal Deposit Fund - 371 Days Fixed Maturity Plan March 03
			Investment Plan	Savings Plan		
Deficit of the year is higher by	2.71	–	–	–	–	–
Surplus of the year is lower by	–	0.15	0.13	0.01	1.44	0.03

- The Cost and Market Value/Fair Value of investments as on March 31, 2003 is given below:

(Rs. In lacs)

Investments	Principal Equity Fund		Principal Growth Fund		Principal Index Fund		Principal Tax Savings Fund		Principal Balanced Fund	
	Cost	Market Value/ Face Value	Cost	Market Value/ Face Value	Cost	Market Value/ Face Value	Cost	Market Value/ Face Value	Cost	Market Value/ Face Value
Equity	5592.07 (7662.34)	5099.61 (7046.70)	1267.10 (700.87)	1357.31 (831.72)	21207.02 (18827.97)	17442.33 (16513.50)	3681.41 (3683.52)	4078.21 (4268.31)	891.27 (693.20)	949.15 (834.17)
Central Government Securities	207.90 (447.76)	217.45 (456.40)	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	125.39 0.00	125.40 0.00
Debenture/Bonds listed or awaiting Listing on recognised stock exchange	109.92 (446.24)	109.92 (411.37)	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	4.78 (7.17)	5.32 (7.92)	221.09 (302.71)	226.24 (309.39)
Certificate of Deposits/ TBILL	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
Commercial Paper	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 (100.00)	0.00 (100.00)
Securitized Debt	52.14 0.00	52.29 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
Privately Placed Debentures	200.00 0.00	200.88 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	37.35 0.00	37.35 0.00
Deep Discount Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mutual Fund Units	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	6162.03 (8556.34)	5680.15 (7914.47)	1267.10 (700.87)	1357.31 (831.72)	21207.02 (18827.97)	17442.33 (16513.50)	3686.19 (3690.69)	4083.53 (4276.23)	1275.09 (1095.91)	1338.14 (1243.56)

(Amounts in bracket pertain to previous year)

3. The Cost and Market Value/Fair Value of investments as on March 31, 2003 is given below: (Contd.)

(Rs. In lacs)

Investments	Principal Child Benefit Fund		Principal Monthly Income Plan		Principal Income Fund				Principal Trust Benefit Fund	
	Cost	Market Value/ Face Value	Cost	Market Value/ Face Value	Principal Income Fund		Short Term Plan		Cost	Market Value/ Face Value
					Cost	Market Value/ Face Value	Cost	Market Value/ Face Value		
Equity	123.87 (93.51)	127.96 (112.64)	427.70 0.00	443.82 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
Central Government Securities	0.00 0.00	0.00 0.00	1533.48 0.00	1542.02 0.00	28496.57 (15648.85)	28918.66 (15905.55)	0.00 0.00	0.00 0.00	921.49 0.00	938.09 0.00
Debenture/Bonds listed or awaiting Listing on recognised stock exchange	55.00 (55.00)	56.53 (58.64)	6234.77 0.00	6282.12 0.00	19536.81 0.00	19926.36 0.00	4192.37 0.00	4199.53 0.00	722.97 0.00	719.99 0.00
Certificate of Deposits/ TBILL	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
Commercial Paper	0.00 0.00	0.00 0.00	93.27 0.00	93.27 0.00	853.49 (646.73)	853.49 (646.73)	1436.89 0.00	1436.89 0.00	0.00 0.00	0.00 0.00
Securitized Debt	0.00 0.00	0.00 0.00	301.38 0.00	304.42 0.00	3874.37 (733.99)	3873.63 (734.15)	1434.79 0.00	1440.77 0.00	78.79 0.00	79.20 0.00
Privately Placed Debentures	0.00 0.00	0.00 0.00	300.00 0.00	300.88 0.00	1700.00 (23941.69)	1712.65 (24119.99)	2693.82 0.00	2689.14 0.00	0.00 0.00	0.00 0.00
Deep Discount Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mutual Fund Units	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	178.87 (148.51)	184.49 (171.28)	8890.60 0.00	8966.53 0.00	54461.24 (40971.26)	55284.79 (41406.42)	9757.87 0.00	9766.33 0.00	1723.25 0.00	1737.28 0.00

(Rs. In lacs)

Investments	Principal Government Securities Fund				Principal Cash Management Fund				Principal Deposit Fund - 371 Days Fixed Maturity Plan (FMP 6)	
	Investment Plan		Saving Plan		Money at Call Option		Liquid Option		Cost	Market Value/ Face Value
	Cost	Market Value/ Face Value	Cost	Market Value/ Face Value	Cost	Market Value/ Face Value	Cost	Market Value/ Face Value		
Equity	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
Central Government Securities	2055.10 (4700.65)	2087.60 (4751.15)	24.14 (283.91)	24.33 (285.90)	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
Debenture/Bonds listed or awaiting Listing on recognised stock exchange	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	2510.51 0.00	2506.53 0.00	0.00 0.00	0.00 0.00
Certificate of Deposits/ TBILL	0.00 0.00	0.00 0.00	0.00 (94.97)	0.00 (94.97)	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
Commercial Paper	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	485.42 0.00	485.42 0.00	5805.44 (7341.70)	5805.44 (7341.70)	188.10 0.00	188.10 0.00
Securitized Debt	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	141.64 0.00	141.93 0.00	0.00 0.00	0.00 0.00
Privately Placed Debentures	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	1700.05 (2000.00)	1700.00 (2000.00)	9602.93 (7154.29)	9602.22 (7126.11)	202.31 0.00	202.27 0.00
Deep Discount Bonds	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 (1580.10)	0.00 (1641.00)	0.00 0.00	0.00 0.00
Mutual Fund Units	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00	0.00 0.00
Total	2055.10 (4700.65)	2087.60 (4751.15)	24.14 (378.88)	24.33 (380.87)	2185.47 (2000.00)	2185.42 (2000.00)	18060.52 (16076.09)	18056.09 (16108.81)	390.41 0.00	390.37 0.00

(Amounts in bracket pertain to previous year)

3. The Cost and Market Value/Fair Value of investments as on March 31, 2003 is given below: (Contd.)

(Rs. In lacs)

Investments	Principal Deposit Fund							
	91 Days Fixed Maturity Plan (FMP 3)		371 Days Fixed Maturity Plan March 03		Plan 54EA/EB		Plan C-Dividend Option	
	Cost	Market Value/ Face Value	Cost	Market Value/ Face Value	Cost	Market Value/ Face Value	Cost	Market Value/ Face Value
Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Central Government Securities	0.00	0.00	0.00	0.00	107.81	108.75	0.00	0.00
	0.00	0.00	0.00	0.00	(1080.31)	(1189.00)	0.00	0.00
Debenture/Bonds listed or awaiting Listing on recognised stock exchange	0.00	0.00	1099.60	1100.13	1086.13	1104.43	0.00	0.00
	0.00	0.00	0.00	0.00	(2219.90)	(2195.58)	(405.84)	(392.62)
Certificate of Deposits/ TBILL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	(500.00)	(500.00)
Commercial Paper	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	(1000.00)	(1000.00)	(700.00)	(700.00)	(700.00)	(700.00)	0.00	0.00
Securitised Debt	0.00	0.00	0.00	0.00	141.64	141.93	0.00	0.00
	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Privately Placed Debentures	0.00	0.00	825.00	825.09	0.00	0.00	0.00	0.00
	0.00	0.00	(2500.00)	(2500.00)	(5351.07)	(5512.12)	(129.54)	(134.09)
Deep Discount Bonds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mutual Fund Units	0.00	0.00	2300.00	2301.10	0.00	0.00	0.00	0.00
Total	0.00	0.00	4224.60	4226.32	1335.58	1355.11	0.00	0.00
	(1000.00)	(1000.00)	(3200.00)	(3200.00)	(9351.28)	(9596.70)	(1035.38)	(1026.71)

(Amounts in bracket pertain to previous year)

4. The aggregate book value and fair value of non traded investments exceeding 5% of the net asset value which have been valued in good faith is as follows :

(Rs. in Lacs)

Principal Equity Fund		Principal Growth Fund		Principal Index Fund		Principal Tax Savings Fund		Principal Balanced Fund	
Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
552.69	463.14	-	-	-	-	4.78	5.32	258.44	263.59

Principal Child Benefit Fund		Principal Monthly Income Plan		Principal Income Fund				Principal Trust Benefit Fund	
Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
55.00	56.53	6626.84	6662.54	23707.70	24094.23	9321.05	9328.84	692.54	689.82

Principal Government Securities Fund				Principal Cash Management Fund				Principal Deposit Fund - 371 Days Fixed Maturity Plan (FMP 6)	
Investment Plan		Saving Plan		Money at Call Option		Liquid Option		Book Value	Fair Value
Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
-	-	-	-	1700.05	1700.00	11755.08	11750.66	4224.60	4226.32

Principal Deposit Fund							
91 Days Fixed Maturity Plan (FMP 3)		371 Days Fixed Maturity Plan - March 2003		Plan 54EA/EB		Plan C - Dividend Option	
Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value	Book Value	Fair Value
-	-	202.31	202.27	1227.77	1246.37	-	-

5. Net Asset Value as on March 31, 2003 is as follows :

	Principal Equity Fund		Principal Growth Fund		Principal Index Fund	Principal Tax Savings Fund	Principal Balanced Fund		Principal Child Benefit Fund	
	Dividend	Growth	Dividend	Growth			Dividend	Growth	Career Builder	Future Guard
31-Mar-2003	9.59	9.10	9.65	9.70	7.5712	13.82	10.00	9.90	16.4961	16.36
31-Mar-2002	10.1916	9.6696	9.8692	9.9077	8.6258	13.75	9.8548	9.6835	16.2721	16.14

	Principal Monthly Income Plan			Principal Income Fund				
	Monthly Dividend	Quarterly Dividend	Growth	Quarterly Dividend	Half-yearly Dividend	Growth	Short Term Plan	
							Dividend	Growth
31-Mar-2003	10.3134	10.3177	11.0891	10.6186	10.6503	14.1784	10.1189	10.7342
31-Mar-2002	-	-	-	10.3745	10.3960	12.6150	-	-

	Principal Trust Benefit Fund				Principal Government Securities Fund				
	Quarterly Dividend	Half-yearly Dividend	Annual Dividend	Growth	Investment Plan			Savings Plan	
					Quarterly Dividend	Half-yearly Dividend	Growth	Quarterly Dividend	Growth
31-Mar-2003	10.2071	10.2061	10.6653	10.6563	11.0813	11.1073	13.1178	10.3338	11.8233
31-Mar-2002	-	-	-	-	10.6785	10.6956	11.6454	10.2952	10.8569

	Principal Cash Management Fund				Principal Deposit Fund						
	Money at Call Option		Liquid Option		371 Days Fixed Maturity Plan (FMP 6)		91 Days Fixed Maturity Plan (FMP 3)	371 Days Fixed Maturity Plan - March 2003		Plan 54EA/EB	Plan C - Dividend Option
	Dividend	Growth	Dividend	Growth	Dividend	Growth		Dividend	Growth		
							Dividend			Growth	
31-Mar-2003	10.0000	11.7222	10.1056	11.9345	10.8566	10.8554	-	10.0048	10.0048	15.0507	-
31-Mar-2002	10.0000	11.0599	10.1010	11.1832	10.0102	10.0102	-	-	-	14.1629	-

6. Details of movement in Unit Capital during the period :

Particulars	Principal Equity Fund				Principal Growth Fund			
	Dividend		Growth		Dividend		Growth	
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
Initial Mobilisation/Capital as on 1/4/2002	43561195.024	435611950.24	40597140.183	405971401.83	4695817.508	46958175.08	4439702.937	44397029.37
Add : Units sold during the Period/Year (including dividend reinvestment)	30816.053	308160.53	836167.158	8361671.58	2299848.637	22998486.37	19983453.000	199834530.00
Less : Units re-purchased during the Period/Year	17280481.612	172804816.12	3380730.920	33807309.20	1267313.705	12673137.05	14880015.081	148800150.81
Closing Balance as on 31/3/2003	26311529.465	263115294.65	38052576.421	380525764.21	5728352.440	57283524.40	9543140.856	95431408.56

Particulars	Principal Index Fund		Principal Tax Savings Fund		Principal Balanced Fund			
	Units	Rupees	Units	Rupees	Dividend		Growth	
					Units	Rupees	Units	Rupees
Initial Mobilisation/Capital as on 1/4/2002	191725702.286	1917257023.00	31653581.141	316535811.14	13675830.131	136758301.31	1001201.533	10012015.33
Add : Units sold during the Period/Year (including dividend reinvestment)	148362842.428	1483628424.28	812333.531	8123335.31	169316.673	1693166.73	1517568.042	15175680.42
Less : Units re-purchased during the Period/Year	106493065.821	1064930658.21	2566934.859	25669348.59	182695.801	1826958.01	1564916.196	15649161.96
Closing Balance as on 31/3/2003	233595478.893	2335954789.93	29898979.813	298989798.13	13662451.003	136624510.03	953853.379	9538533.79

6. Details of movement in Unit Capital during the period : (Contd.)

Particulars	Principal Child Benefit Fund				Principal Monthly Income Plan			
	Career Builder Plan		Future Guard Plan		Monthly Dividend		Quarterly Dividend	
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
Initial Mobilisation/Capital as on 1/4/2002	893584.582	8935845.82	319258.360	3192583.60	930408.000	9304080.00	543332.830	5433328.30
Add : Units sold during the Period/Year (including dividend reinvestment)	171729.006	1717290.06	83252.717	832527.17	2073766.007	20737660.07	2374361.446	23743614.46
Less : Units re-purchased during the Period/Year	18403.356	184033.56	8689.350	86893.50	1269860.197	12698601.97	794125.580	7941255.80
Closing Balance as on 31/3/2003	1046910.232	10469102.32	393821.682	3938216.82	1734313.810	17343138.10	2123568.696	21235686.96

Particulars	Principal Monthly Income Plan		Principal Income Fund					
	Growth		Quarterly Dividend		Half-Yearly Dividend		Growth	
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
Initial Mobilisation/Capital as on 1/4/2002	16146369.247	161463692.47	98792764.384	987927643.84	47977579.861	479775798.61	223771353.359	2237713533.59
Add : Units sold during the Period/Year (including dividend reinvestment)	105185081.114	1051850811.14	40333440.367	403334403.67	20748001.770	207480017.70	499222245.726	4992222457.26
Less : Units re-purchased during the Period/Year	36470463.040	364704630.40	91790303.241	917903032.41	27437694.229	274376942.29	393128314.610	3931283146.10
Closing Balance as on 31/3/2003	84860987.321	848609873.21	47335901.510	473359015.10	41287887.402	412878874.02	329865284.475	3298652844.75

Particulars	Principal Income Fund - Short Term Plan				Principal Trust Benefit Fund			
	Dividend		Growth		Quarterly Dividend		Half-Yearly Dividend	
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
Initial Mobilisation/Capital as on 1/4/2002	54500.000	545000.00	69962747.700	699627477.00	4788300.000	47883000.00	1199002.600	11990026.00
Add : Units sold during the Period/Year (including dividend reinvestment)	35398744.441	353987444.41	1365243458.980	13652434589.80	2275930.560	22759305.60	836371.380	8363713.80
Less : Units re-purchased during the Period/Year	35317909.697	353179096.97	1318809532.067	13188095320.67	149999.520	1499995.20	742096.000	7420960.00
Closing Balance as on 31/3/2003	135334.744	1353347.44	116396674.613	1163966746.13	6914231.040	69142310.40	1293277.980	12932779.80

Particulars	Principal Trust Benefit Fund				Principal Government Securities Fund - Investment Plan			
	Annual Dividend		Growth		Quarterly Dividend		Half-Yearly Dividend	
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
Initial Mobilisation/Capital as on 1/4/2002	1423500.000	14235000.00	4488221.900	44882219.00	1273693.160	12736931.60	1685428.919	16854289.19
Add : Units sold during the Period/Year (including dividend reinvestment)	651433.060	6514330.60	5830451.270	58304512.70	9381300.482	93813004.82	138919.706	1389197.06
Less : Units re-purchased during the Period/Year	0.000	0.00	644461.230	6444612.30	1074859.075	10748590.75	1149500.779	11495007.79
Closing Balance as on 31/3/2003	2074933.060	20749330.60	9674211.940	96742119.40	9580134.567	95801345.67	674847.846	6748478.46

Particulars	Principal Government Securities Fund - Investment Plan		Principal Government Securities Fund - Savings Plan			
	Growth		Quarterly Dividend		Growth	
	Units	Rupees	Units	Rupees	Units	Rupees
Initial Mobilisation/Capital as on 1/4/2002	43821813.120	438218131.20	3355423.138	33554231.38	2874503.031	28745030.31
Add : Units sold during the Period/Year (including dividend reinvestment)	23276399.834	232763998.34	85268.004	852680.04	20043078.350	200430783.50
Less : Units re-purchased during the Period/Year	60327286.760	603272867.60	3351424.402	33514244.02	20704457.827	207044578.27
Closing Balance as on 31/3/2003	6770926.194	67709261.94	89266.740	892667.40	2213123.554	22131235.54

6. Details of movement in Unit Capital during the period : (Contd.)

Particulars	Principal Cash Management Fund							
	Money at Call Option				Liquid Option			
	Dividend		Growth		Dividend		Growth	
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
Initial Mobilisation/Capital as on 1/4/2002	25660574.122	256605741.22	8121600.004	81216000.04	33849252.303	338492523.03	137713387.284	1377133872.84
Add : Units sold during the Period/Year (including dividend reinvestment)	156555430.542	1565554305.42	1159054540.480	11590545404.80	82146706.571	821467065.71	4786736821.557	47867368215.57
Less : Units re-purchased during the Period/Year	177140727.451	1771407274.51	997555580.707	9975555807.07	112590856.192	1125908561.92	4710993397.735	47109933977.35
Closing Balance as on 31/3/2003	5075277.213	50752772.13	169620559.777	1696205597.77	3405102.682	34051026.80	213456811.106	2134568111.06

Particulars	Principal Deposit Fund							
	371 Days Fixed Maturity Plan (FMP 6)				91 Days Fixed Maturity Plan (FMP 3)			
	Dividend		Growth		Dividend		Growth	
	Units	Rupees	Units	Rupees	Units	Rupees	Units	Rupees
Initial Mobilisation/Capital as on 1/4/2002	156000.000	1560000.00	40619389.257	406193892.57	1500.000	15000.00	12179219.500	121792195.00
Add : Units sold during the Period/Year (including dividend reinvestment)	3000.000	30000.00	1144504.217	11450042.17	0.000	0.00	0.000	0.00
Less : Units re-purchased during the Period/Year	0.000	0.00	1009000.000	10090000.00	1500.000	15000.00	12179219.500	121792195.00
Closing Balance as on 31/3/2003	159000.000	1590000.00	40754893.474	407548934.74	0.000	0.00	0.000	0.00

Particulars	Principal Deposit Fund							
	371 Days Fixed Maturity Plan - March 2003				Plan 54 EA/EB		Plan C - Dividend Option	
	Dividend		Growth		Units	Rupees	Units	Rupees
	Units	Rupees	Units	Rupees				
Initial Mobilisation/Capital as on 1/4/2002	99500.000	995000.00	16348871.980	163488719.80	71051442.690	710514426.90	9908600.000	99086000.00
Add : Units sold during the Period/Year (including dividend reinvestment)	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00
Less : Units re-purchased during the Period/Year	0.000	0.00	0.000	0.00	55765697.921	557656979.21	9908600.000	99086000.00
Closing Balance as on 31/3/2003	99500.000	995000.00	16348871.980	163488719.80	15285742.769	152857427.69	0.000	0.00

7. Aggregate value of purchases and sales during the year, expressed as a percentage of average Net Asset Value:

Particulars	Principal Equity Fund		Principal Growth Fund		Principal Index Fund		Principal Tax Savings Fund		Principal Balanced Fund	
	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets
Purchases	4130.98	57.78	1300.63	113.68	8290.74	47.04	2646.48	63.46	1328.85	91.32
Sales*	5830.48	81.56	759.86	66.41	5084.65	28.85	2856.83	68.51	1236.80	85.00

Particulars	Principal Child Benefit Fund		Principal Monthly Income Plan		Principal Income Fund				Principal Trust Benefit Fund	
	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Short Term Plan		Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets
					Amount (Rs. in lacs)	Amount as % of Average Net Assets				
Purchases	61.11	28.37	29422.47	424.08	278640.53	526.00	182440.40	588.00	3553.68	220.58
Sales*	41.77	19.40	20687.38	298.17	266919.89	504.00	172824.00	557.00	1638.21	101.69

* Includes Redemptions wherever applicable

7. Aggregate value of purchases and sales during the year, expressed as a percentage of average Net Asset Value:(Contd.)

Particulars	Principal Deposit Fund									
	371 Days Fixed Maturity Plan (FMP 6)		91 Days Fixed Maturity Plan (FMP 3)		371 Days Fixed Maturity Plan - March 03		Plan 54 EA/EB		Plan C - Dividend Option	
	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets
Purchases	3845.00	88.60	0.00	0.00	1039.50	63.17	15653.94	184.05	0.00	0.00
Sales*	2889.50	66.58	0.00	0.00	110.66	6.72	22284.62	273.78	0.00	0.00

Particulars	Principal Government Securities Fund				Principal Cash Management Fund			
	Investment Plan		Savings Plan		Money at Call Option		Liquid Option	
	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets	Amount (Rs. in lacs)	Amount as % of Average Net Assets
Purchases	24221.22	826.93	1767.84	496.32	21675.30	811.22	151361.35	749.48
Sales*	27285.83	931.56	2135.51	599.54	15834.49	592.62	147652.64	731.12

* Includes Redemptions wherever applicable

8. Details of Management Fees paid to Principal Asset Management Company Ltd. for the year ended 31/3/2003 and computation thereof

Particulars	Principal Equity Fund	Principal Tax Savings Fund	Principal Child Benefit Fund	Principal Index Fund	Principal Balanced Fund
Average Daily Net Asset Value (Net of Amortisation Balance) (Rs. in lacs)	7148.97	4170.19	215.41	17625.31	1455.15
Management Fees (Rs. in lacs)	89.35	52.13	2.68	176.25	17.32
Rate as % of Average Net Asset Value p.a.	1.25	1.25	1.25	1.00	1.25

Particulars	Principal Deposit Fund			Principal Income Fund	
	371 Days Fixed Maturity Plan (FMP 6)	371 Days Fixed Maturity Plan - March 03	Plan 54 EA/EB	Short Term Plan	
Average Daily Net Asset Value (Net of Amortisation Balance) (Rs. in lacs)	4339.39	1645.65	8504.93	52984.45	31033.06
Management Fees (Rs. in lacs)	20.65	0.06	105.75	530.80	165.69
Rate as % of Average Net Asset Value p.a.	0.50	0.35	1.25	1.25	0.60

Particulars	Principal Monthly Income Plan	Principal Government Securities Fund		Principal Cash Management Fund		Principal Growth Fund	Principal Trust Benefit Fund
		Investment Plan	Savings Plan	Money at Call Option	Liquid Option		
Average Daily Net Asset Value (Net of Amortisation Balance) (Rs. in lacs)	6938.02	2929.04	356.19	2671.93	20195.44	1144.13	1611.04
Management Fees (Rs. in lacs)	74.98	21.97	2.67	10.62	84.34	14.30	6.49
Rate as % of Average Net Asset Value p.a.	1.25	1.25	1.25	*	**	1.25	0.75

* Period	Rate	** Period	Rate
01/04/02-31/10/02	0.50	01/04/02-20/01/03	0.50
01/11/02-02/01/03	0.30	21/01/03-04/02/03	Nil
03/01/03-27/02/03	0.35	05/02/03-31/03/03	0.25
28/02/03-31/03/03	0.25		

9. Investments made by any Company in excess of 5% of net assets in any scheme of Principal Mutual Fund and Investment made by the fund in such companies as on March 31, 2003.

Details of investment made by any scheme in company which has invested in any scheme of Principal Mutual Fund in excess of 5% of net assets of that scheme as on March 31, 2003.

Name of the Company (Investor)	Scheme in which investment is made by Company	Aggregate investment by scheme in securities of the company during the specified period*		Scheme by which investment is made in securities of the company	Aggregate Investment outstanding as on March 31, 2003 (At Market Value)	
		Nature of investment	Amount (Rs. in Lacs)		Nature of investment	Amount (Rs. in Lacs)
State Bank of India	Principal Balanced Fund	Equity Shares	1721.64	Principal Balanced Fund, Principal Index Fund, Principal Equity Fund, Principal Monthly Income Plan & Principal Tax Savings Fund	Equity Shares	1136.73
		Debt	4701.05		Principal Income Fund & Principal Balanced Fund	Debt
Indo Gulf Corporation	IDBI-PRINCIPAL Deposit Fund - 371 days (FMP-6)	Debt	2589.50	Principal Income Fund & Principal Monthly Income Plan	Debt	1591.92
Punjab National Bank	Principal Growth Fund	Equity Shares	0.00	Principal Equity Fund	Equity Shares	153.64
		Debt	0.00		-	Debt
HCL Technologies Limited	Principal Income Fund - Short Term Plan	Equity Shares	282.39	Principal Index Fund	Equity Shares	239.25
ICICI Bank	Principal Cash Management Fund - Liquid Option	Equity Shares	15.46	Principal Index Fund, Principal Equity Fund, Principal Monthly Income Plan, Principal Tax Savings Fund, Principal Growth Fund & Principal Child Benefit Fund	Equity Shares	1130.37
		Debt	3800.00		Principal Income Fund, Principal Income Fund - Short Term Plan, Principal Monthly Income Plan, Principal Cash Management Fund - Liquid Option, Principal Cash Management Fund - Money at Call Option, Principal Deposit Fund 371 days (FMP-16), Principal Trust Benefit Fund, Principal Equity Fund & Principal Deposit Fund - Plan 54 EA/EB	Debt
ITC Limited	Principal Cash Management Fund - Liquid Option	Equity Shares	546.41	Principal Balanced Fund, Principal Index Fund, Principal Equity Fund, Principal Tax Savings Fund, Principal Growth Fund & Principal Child Benefit Fund	Equity Shares	1468.73
		Debt	0.00		-	Debt

* Specified period means period commencing from one year prior to the date of investment by the Company in the Scheme and ending on March 31, 2003.

Most of the above securities were purchased from the open secondary/primary market at relevant market/offer prices over a period of time based on the approved investment strategy. All the securities pertain to highly rated blue-chip companies. The AMC is of the view that the above investments are considered sound and are in line with investment objectives of the relevant schemes.

10. Details of Payments made to Associates during the period

Scheme Name	Name of the Associate	Amount of Brokerage Paid (Rs. in lacs)	Volume of Business Transactions (Rs. in lacs)	Brokerage as % of total volume transacted	Reasons for Payment
Principal Equity Fund	IDBI Capital Market Services Ltd.	0.29	118.30	0.25	Brokerage on Secondary Market transactions
	IDBI Bank Ltd.	0.78			Bank Charges
	Principal Consulting India Private Limited	5.09			Investor Communication Service Fees
Principal Tax Savings Fund	IDBI Capital Market Services Ltd.	0.01			Brokerage on Mobilisation
	IDBI Bank Ltd.	0.11			
	Stock Holding Corporation of India Ltd.	0.01			
	IDBI Bank Ltd.	0.55			Bank Charges
	Principal Consulting India Private Limited	2.94			Investor Communication Service Fees
	IDBI Bank Ltd.	0.05			Brokerage on Mobilisation
Principal Child Benefit Fund	IDBI Bank Ltd.	0.02			Bank Charges
	Stock Holding Corporation of India Limited	0.01			Custody Charges
	Principal Consulting India Private Limited	0.15			Investor Communication Service Fees
	Principal Consulting India Private Limited	6.08			Investor Communication Service Fees
	Stock Holding Corporation of India Ltd.	0.63			Custody Charges
Principal Deposit Fund Plan 54EA/EB	IDBI Bank Ltd.	1.02			Bank Charges
	IDBI Bank Ltd.	0.45			Bank Charges
	Principal Consulting India Private Limited	3.09			Investor Communication Service Fees
	IDBI Bank Ltd.	0.40			Brokerage on Mobilisation
	Stock Holding Corporation of India Ltd.	0.02			
Principal Government Securities Fund Investment Plan	IDBI Bank Ltd.	0.45			Bank Charges
	Principal Consulting India Private Limited	2.10			Investor Communication Service Fees

10. Details of Payments made to Associates during the period (Contd.)

Scheme Name	Name of the Associate	Amount of Brokerage Paid (Rs . in lacs)	Volume of Business Transactions (Rs . in lacs)	Brokerage as % of total volume transacted	Reasons for Payment
Principal Government Securities Fund Savings Plan	IDBI Capital Market Services Ltd.	0.001			Brokerage on Mobilisation
	IDBI Bank Ltd.	0.10			
	Stock Holding Corporation of India Ltd.	0.14			
	IDBI Bank Ltd.	0.08			Bank Charges
	Principal Consulting India Private Limited	0.26			Investor Communication Service Fees
Principal Index Fund	IDBI Capital Market Services Ltd.	3.07	1212.29	0.25	Brokerage on Secondary Market Transactions
	IDBI Capital Market Services Ltd.	0.17			Mobilization of Funds
	IDBI Bank Ltd.	1.09			
	Stock Holding Corporation of India Ltd.	0.01			Bank Charges
	IDBI Bank Ltd.	2.12			
	Principal Consulting India Private Limited	12.40			Investor Communication Service Fees
	Stock Holding Corporation of India Ltd.	0.50			Custody Charges
Principal Cash Management Fund Money at Call Option	IDBI Capital Market Services Ltd.	0.65			Mobilization of Funds
	IDBI Bank Ltd.	1.99			
	Stock Holding Corporation of India Ltd.	0.02			
	IDBI Bank Ltd.	0.86			Bank Charges
	Principal Consulting India Private Limited	1.87			Investor Communication Service Fees
	Stock Holding Corporation of India Ltd.	0.21			Custody Charges
Principal Cash Management Fund Liquid Option	IDBI Capital Market Services Ltd.	1.59			Mobilization of Funds
	IDBI Bank Ltd.	5.13			
	Stock Holding Corporation of India Ltd.	0.98			
	IDBI Bank Ltd.	2.04			Bank Charges
	Principal Consulting India Private Limited	13.81			Investor Communication Service Fees
	Stock Holding Corporation of India Ltd.	2.52			Custody Charges
Principal Income Fund	IDBI Capital Market Services Ltd.	12.67			Mobilization of Funds
	IDBI Bank Ltd.	35.04			
	Stock Holding Corporation of India Ltd.	0.46			
	IDBI Bank Ltd.	4.87			Bank Charges
	Principal Consulting India Private Limited	37.24			Investor Communication Service Fees
	Stock Holding Corporation of India Ltd.	3.01			Custody Charges
	Principal Income Fund - Short Term Plan	IDBI Capital Market Services Ltd.	1.58		
IDBI Bank Ltd.		10.56			
Stock Holding Corporation of India Ltd.		0.02			
IDBI Bank Ltd.		1.73			Bank Charges
Principal Consulting India Private Limited		21.11			Investor Communication Service Fees
Principal Growth Fund	IDBI Capital Market Services Ltd.	0.02			Mobilization of Funds
	IDBI Bank Ltd.	0.28			
	Stock Holding Corporation of India Ltd.	0.03			Custody Charges
	IDBI Bank Ltd.	0.10			Bank Charges
	Principal Consulting India Private Limited	0.80			Investor Communication Service Fees
	Principal Monthly Income Plan	IDBI Capital Market Services Ltd.	0.10	41.31	0.25
IDBI Capital Market Services Ltd.		0.27			Mobilization of Funds
IDBI Bank Ltd.		2.43			
Stock Holding Corporation of India Ltd.		0.04			
IDBI Bank Ltd.		0.37			Bank Charges
Principal Consulting India Private Limited		4.62			Investor Communication Service Fees
Principal Trust Benefit Fund		IDBI Capital Market Services Ltd.	0.76		
	IDBI Bank Ltd.	0.06			Bank Charges
	Principal Consulting India Private Limited	0.57			Investor Communication Service Fees
	Principal Balanced Fund	IDBI Capital Market Services Ltd.	0.04	14.98	0.27
IDBI Capital Market Services Ltd.		0.28			Brokerage on mobilization
IDBI Bank Ltd.		0.06			
Stock Holding Corporation of India Ltd.		0.01			
IDBI Bank Ltd.		0.15			Bank Charges
Principal Consulting India Private Limited		1.04			Investor Communication Service Fees
Stock Holding Corporation of India Ltd.		0.05			Custody Charges
Principal Deposit Fund - 91 Days Fixed Maturity Plan (FMP 3)		Principal Consulting India Private Limited	0.22		
	Stock Holding Corporation of India Ltd.	0.26			Custody Charges
	IDBI Bank Ltd.	0.04			Bank Charges
Principal Deposit Fund - Plan C Dividend	Stock Holding Corporation of India Ltd.	0.12			Custody Charges
Principal Deposit Fund - 371 Days FMP - March 03	Principal Consulting India Private Limited	0.01			Investor Communication Service Fees

11. As per SEBI Disclosure vide circular MFD/CIR No. 3/211/2001, dated April 30, 2001, the following are the details of unitholders holding units above 25% of the NAV in the Scheme as on March 31, 2003:

Particulars	Principal Equity Fund	Principal Tax Savings Fund	Principal Child Benefit Fund	Principal Index Fund	Principal Balanced Fund
Number of Investors	-	-	-	1	1
% of NAV	-	-	-	72.95	68.41

Particulars	Principal Deposit Fund					Principal Income Fund	
	371 Days Fixed Maturity Plan (FMP 6)	91 Days Fixed Maturity Plan (FMP 3)	371 Days Fixed Maturity Plan - March 03	Plan 54 EA/EB	Plan C - Dividend Option		Short Term Plan
Number of Investors	1	-	-	1	-	-	-
% of NAV	48.88	-	-	55.18	-	-	-

Particulars	Principal Monthly Income Plan	Principal Government Securities Fund		Principal Cash Management Fund		Principal Growth Fund	Principal Trust Benefit Fund
		Investment Plan	Savings Plan	Money at Call Option	Liquid Option		
Number of Investors	-	1	1	-	-	-	-
% of NAV	-	48.75	76.10	-	-	-	-

12. The Schemes being open-ended, there exist redemption warrants dispatched but not encashed as on March 31, 2003, which are encashed over a period of time particulars of unclaimed redemption / dividend as on March 31, 2003 are enclosed below :

Particulars	Principal Equity Fund		Principal Growth Fund		Principal Index Fund		Principal Tax Savings Fund		Principal Balanced Fund	
	No. of Investors	Amount (Rs. in lacs)	No. of Investors	Amount (Rs. in lacs)	No. of Investors	Amount (Rs. in lacs)	No. of Investors	Amount (Rs. in lacs)	No. of Investors	Amount (Rs. in lacs)
Unclaimed Dividends	2964	5.28	-	-	-	-	5109	91.04	-	-
Unclaimed Redemptions	376	21.07	4	1.85	10	2.92	277	19.92	8	0.63

Particulars	Principal Child Benefit Fund		Principal Monthly Income Plan		Principal Income Fund				Principal Trust Benefit Fund	
	No. of Investors	Amount (Rs. in lacs)	No. of Investors	Amount (Rs. in lacs)	No. of Investors	Amount (Rs. in lacs)	Short Term Plan		No. of Investors	Amount (Rs. in lacs)
							No. of Investors	Amount (Rs. in lacs)		
Unclaimed Dividends	-	-	834	4.02	2766	71.58	14	0.01	-	-
Unclaimed Redemptions	2	0.08	2026	46.04	522	34.98	-	-	-	-

Particulars	Principal Deposit Fund									
	371 Days Fixed Maturity Plan (FMP 6)		91 Days Fixed Maturity Plan (FMP 3)		371 Days Fixed Maturity Plan - March 03		Plan 54 EA/EB		Plan C - Dividend Option	
	No. of Investors	Amount (Rs. in lacs)	No. of Investors	Amount (Rs. in lacs)	No. of Investors	Amount (Rs. in lacs)	No. of Investors	Amount (Rs. in lacs)	No. of Investors	Amount (Rs. in lacs)
Unclaimed Dividends	-	-	-	-	-	-	-	-	-	-
Unclaimed Redemptions	-	-	-	-	-	-	-	-	-	-

Particulars	Principal Government Securities Fund				Principal Cash Management Fund	
	Investment Plan		Savings Plan		No. of Investors	Amount (Rs. in lacs)
	No. of Investors	Amount (Rs. in lacs)	No. of Investors	Amount (Rs. in lacs)		
Unclaimed Dividends	115	26.53	23	0.05	-	-
Unclaimed Redemptions	6	1.61	1	0.01	62	4.12

13. Depreciation /Appreciation in the value of investment as at 31/03/2003

(Rs. in lacs)

Particulars	Principal Equity Fund	Principal Growth Fund	Principal Index Fund	Principal Tax Savings Fund	Principal Balanced Fund	Principal Child Benefit Fund
Appreciation/(Depreciation) in value of investment as at 31/03/2003	(481.89)	90.21	(3765.00)	397.38	63.04	5.62
Appreciation/(Depreciation) in value of investment as at 31/03/2002	(608.46)	130.85	(2314.47)	585.54	147.65	22.77
Net Appreciation/(Depreciation) for the year ended March 31, 2003	126.56	(40.64)	(1450.53)	(188.16)	(84.61)	(17.15)

Particulars	Principal Monthly Income Plan	Principal Income Fund		Principal Trust Benefit Fund	Principal Cash Management Fund	
			Short Term Plan		Money at Call	Liquid Option
Appreciation/(Depreciation) in value of investment as at 31/03/2003	75.94	823.55	8.46	14.02	(0.06)	(4.42)
Appreciation/(Depreciation) in value of investment as at 31/03/2002	0.00	435.16	0.00	0.00	0.00	32.72
Net Appreciation/(Depreciation) for the year ended March 31, 2003	75.94	388.39	8.46	14.02	(0.06)	(37.14)

Particulars	Principal Deposit Fund					Principal Government Securities Fund	
	371 Days Fixed Maturity Plan (FMP 6)	91 Days Fixed Maturity Plan (FMP 3)	371 Days Fixed Maturity Plan - March 03	Plan 54 EA/EB	Plan C - Dividend Option	Investment Plan	Savings Plan
Appreciation/(Depreciation) in value of investment as at 31/03/2003	1.72	0.00	(0.04)	19.35	0.00	31.60	0.19
Appreciation/(Depreciation) in value of investment as at 31/03/2002	0.00	0.00	0.00	245.42	(8.67)	50.49	1.99
Net Appreciation/(Depreciation) for the year ended March 31, 2003	1.72	0.00	(0.04)	(226.07)	8.67	(18.89)	(1.80)

Depreciation in value of investmet is shown in brackets

14. Total Income and Expenditure for the year expressed as a % of daily average Net Asset Values

Particulars	Principal Equity Fund	Principal Tax Savings Fund	Principal Child Benefit Fund	Principal Index Fund	Principal Balanced Fund
Income as a % of Average Net Assets	3.18	2.50	5.26	2.11	4.45
Recurring Expenditure as a % of Average Net Assets	2.49	2.50	2.50	1.60	2.17

Particulars	Principal Deposit Fund					Principal Income Fund	
	371 Days Fixed Maturity Plan (FMP 6)	91 Days Fixed Maturity Plan (FMP 3)	371 Days Fixed Maturity Plan - March 03	Plan 54 EA/EB	Plan C - Dividend Option		Short Term Plan
Income as a % of Average Net Assets	8.64	0.00	0.06	9.95	0.00	8.14	7.48
Recurring Expenditure as a % of Average Net Assets	0.60	0.00	0.50	2.14	0.00	1.89	1.02

Particulars	Principal Monthly Income Plan	Principal Government Securities Fund		Principal Cash Management Fund		Principal Growth Fund	Principal Trust Benefit Fund
		Investment Plan	Savings Plan	Money at Call Option	Liquid Option		
Income as a % of Average Net Assets	7.80	7.73	7.29	6.71*	7.36	2.48	7.02
Recurring Expenditure as a % of Average Net Assets	2.00	1.25	1.18	0.67	0.88	2.22	1.25

* includes write backs made during the year

15. Outstanding and accrued income is net of provision for doubtful income and investment is net of provision for doubtful investment the details of provision are as given below:

	Principal Equity Fund	Principal Tax Savings Fund
Provision for doubtful income	115.71	0.55
Provision for investment	775.88	0.20

16. In case of Principal Deposit Fund, Index Fund, Cash Management Fund, Income Fund, Government Securities Fund, Trust Benefit Fund and Monthly Income Plan the initial issue expenses are borne by Principal Asset Management Company or the Trust Corpus. Accordingly, there is no unamortised / deferred revenue expenditure carried forward in the books of the schemes. In the interest of unitholders in the Principal Growth Fund, the unamortised issue expenses of Rs 1,13,78,593 have been taken over by the trust corpus on 28th February 2002.

In case of Principal Equity Fund, Child Benefit Fund and Balanced Fund, the initial issue expenses are amortised over a period 5 years.

In case of Principal Tax Savings Fund, the initial issue expenses were amortised over a period 3 years.

17. Previous year's figures have been regrouped wherever necessary, to make them comparable. Since Principal Trust Benefit Fund, Short Term Plan, Monthly Income Plan, Deposit Fund - FMP March 2003 were launched during the year, corresponding previous year figures are not available.

HISTORICAL PER UNIT STATISTICS AS ON

PARTICULARS	Principal Equity Fund						Principal Tax Savings Fund			Principal Deposit						
	Dividend Plan			Growth Plan						Plan 54 EA/EB			FMP 6 (371-days Maturity Plan)			
	As on 31/03/03	As on 31/03/02	As on 31/03/01	As on 31/03/03	As on 31/03/02	As on 31/03/01	As on 31/03/03	As on 31/03/02	As on 31/03/01	As on 31/03/03	As on 31/03/02	As on 31/03/01	As on 31/03/03	As on 31/03/02	As on 31/03/01	
a. Net Asset Value per unit	9.59	10.19	9.08	9.10	9.67	8.71	13.82	13.75	12.01	15.0507	14.1629	12.6504	10.8554	10.8566	10.0102	10.0102
b. i. Income other than profit on sale of Investments	0.35		0.35		0.33		0.35		0.38		0.34		5.53		1.37	
ii. Income from profit on inter-scheme sale/ transfer of Investments	0.01		0.00		0.00		0.00		0.04		(0.62)		0.01		0.00	
iii. Income from profit on sale of investments to third party	(0.91)		(0.45)		0.91		0.69		(1.20)		3.99		1.13		0.16	
Gross Income b (i to iii)	(0.55)		(0.10)		1.24		1.04		(0.82)		4.37		6.04		1.54	
c. i. Aggregate of expenses, write off, amortisation and charges	0.28		0.21		0.34		0.35		0.30		0.39		1.19		0.19	
d. Net Income (b-c)	(0.83)		(0.31)		0.90		0.69		(1.12)		3.98		4.85		1.34	
e. Unrealised appreciation in the value of investments/ Write back of excess provision for depreciation in value of investments of previous year	1.02		1.37		0.00		0.00		2.83		0.00		0.00		0.17	
f. Depreciation in value of investments	0.76		0.00		(6.29)		0.63		0.00		12.05		1.48		0.00	
g. i. Repurchase Price																
1. Highest during the year	10.49	10.44	14.35	9.95	9.90	14.10	14.66	14.08	20.52	15.0507	14.1444	12.6504	10.6503	10.6491	10.0030	10.0030
2. Lowest during the year	8.81	6.96	8.87	8.36	6.60	8.54	12.56	9.01	12.19	14.1658	12.6563	11.4750	9.8225	9.8225	10.0030	10.0030
ii. Reissue Price																
1. Highest during the year	10.62	10.64	13.08	10.07	10.09	12.65	14.95	14.08	N.A.	15.0507	14.1444	12.6504	11.2909	11.2896	9.8129	9.8129
2. Lowest during the year	8.92	7.09	9.04	8.46	6.73	8.71	12.81	9.01	N.A.	14.1658	12.6563	11.4750	10.4132	10.4132	9.8129	9.8129
iii. Trading Price																
1. Highest during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2. Lowest during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
h. Per unit ratio of gross income to average net assets (%)	31/03/03		31/03/02		31/03/01		31/03/03		31/03/02		31/03/01		31/03/03		31/03/02	
i. Per unit ratio of expenses to average net assets (%)	(4.91)		3.88		2.67		7.48		3.25		2.15		10.87		10.14	

PARTICULARS	Principal Future Goals Series																
	Principal Income Fund							Principal Government Securities									
	Quarterly Dividend Plan		Half-yearly Dividend Plan			Growth Plan		Short Term Plan		Investment Plan							
	As on 31/03/03	As on 31/03/02	As on 31/03/01	As on 31/03/03	As on 31/03/02	As on 31/03/01	As on 31/03/03	As on 31/03/02	As on 31/03/01	As on 31/03/03	As on 31/03/02	As on 31/03/01	As on 31/03/03	As on 31/03/02	As on 31/03/01		
a. Net Asset Value per unit	10.6186	10.3745	10.3707	10.6503	10.3960	10.3707	14.1784	12.6150	10.7404	10.1189	10.7342	11.0813	10.6785	11.1073	10.6956	13.1178	11.6454
b. i. Income other than profit on sale of Investments	1.03		1.16			0.28		1.87		1.33					0.14		
ii. Income from profit on inter-scheme sale/ transfer of Investments	(0.03)		0.00			0.01		(0.03)		0.00					0.00		
iii. Income from profit on sale of investments to third party	0.57		0.84			0.13		0.20		0.38					0.21		
Gross Income b (i to iii)	1.57		2.00			0.42		2.04		1.71					0.35		
c. i. Aggregate of expenses, write off, amortisation and charges	0.24		0.22			0.05		0.25		0.22					0.02		
d. Net Income (b-c)	1.33		1.78			0.37		1.79		1.49					0.33		
e. Unrealised appreciation in the value of investments/ Write back of excess provision for depreciation in value of investments of previous year	0.09		0.09			0.03		0.01		0.00					0.11		
f. Depreciation in value of investments	0.00		0.00			0.00		0.00		0.11					0.00		
g. i. Repurchase Price																	
1. Highest during the year	11.1205	11.0408	10.6769	11.2288	11.4187	10.6769	14.2747	12.5205	10.7404	10.1936	10.7074	11.6684	11.6339	11.8230	11.2247	13.3547	11.6339
2. Lowest during the year	10.2562	10.2599	10.0000	10.2271	10.2811	10.0000	12.4713	10.7434	10.0000	9.9766	9.9766	10.2310	9.9897	10.2490	9.9897	11.1586	9.9897
ii. Reissue Price																	
1. Highest during the year	11.1764	11.0963	10.6769	11.2852	11.4759	10.6769	14.3464	12.5834	10.7404	10.2191	10.7342	11.6684	11.6339	11.8230	11.2247	13.3547	11.6339
2. Lowest during the year	10.3077	10.3115	10.0000	10.3287	10.3328	10.0000	12.5340	10.7434	10.0000	10.0016	10.0016	10.2310	9.9897	10.2490	9.9897	11.1586	9.9897
iii. Trading Price																	
1. Highest during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2. Lowest during the year	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
h. Per unit ratio of gross income to average net assets (%)	31/03/03		31/03/02		31/03/01		31/03/03		31/03/02		31/03/01		31/03/03		31/03/02		
i. Per unit ratio of expenses to average net assets (%)	12.35		9.65		9.26		7.62		9.96		4.98		1.90		1.86		

Note: Income and Expenditure per unit have been worked out based on balance in Unit Capital Account as on 31.03.2003 *(An open-ended income scheme with no assured monthly returns).

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