

“**Our goal is not higher AUM  
but a preferred fund house for equity investments.**”

## PPFAS Mutual Fund

Abridged Annual Report For The Financial Year 2014-15

Scheme Name: **PPFAS Long Term Value Fund**

### **Sponsor of PPFAS Mutual Fund**

**Parag Parikh Financial Advisory Services Private Limited**

Registered office: 103, Veena Chambers, 21 Dalal Street, Fort, Mumbai - 400001.

### **Asset Management Company (Investment Manager to PPFAS Mutual Fund)**

**PPFAS Asset Management Private Limited**

Registered office: 103, Veena Chambers, 21 Dalal Street, Fort, Mumbai - 400001.

### **Statutory Auditors**

**Sudit K. Parekh & Co.  
Chartered Accountants**

Ballard House, 2nd Floor, Adi Marzban Path, Ballard Pier, Fort, Mumbai - 400001.

### **Board of Directors (as at June 2015)**

**PPFAS Trustee Company Private Limited**

Mr. P.A. Balasubramanian  
Mr. Rajan Mehta  
Mr. Jayesh Dadia  
Mr. Dhaval Desai

### **Trustee to PPFAS Mutual Fund**

**PPFAS Trustee Company Private Limited**

Registered office: 103, Veena Chambers, 21 Dalal Street, Fort, Mumbai - 400001.

### **Global Custodian and Fund Accountant**

**Deutsche Bank AG.**

DB House, Hazarimal Somani Marg, Fort, Mumbai - 400 001.

### **Registrar and Transfer Agent**

**Computer Age Management Services Private Limited (CAMS)**

New No.10 / Old No.178 M G R Salai Kodambakkam High Road, Opp Palm Grove Hotel, Chennai - 600034. Tamil Nadu.

### **Board of Directors (as at June 2015)**

**PPFAS Asset Management Private Limited**

Mr. Neil Parag Parikh  
Mr. Rajeev Thakkar  
Mr. Ranjikan Rao  
Mr. Kamlesh Somani

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## Chairman's Letter

Dear Fellow Investors,

As I write to you, we have completed two years of mutual fund operations. Me and the team at PPFAS Mutual Fund are happy to report that two years on, over 4500 investors have chosen our scheme.

We were gratified with the turnout at our maiden Unitholders' Meetings held last year. They offered us an opportunity to meet you - the true owners of PPFAS Long Term Value Fund. This year's Meetings will be held in the months of October and November and we look forward to meeting you once again.

In following lines I have stated few points which are general in nature. I am not writing anything about performance of the scheme as these details are provided - in-fact bombarded on you - on regular basis. We strongly believe that a mutual fund needs to have character, which defines its ability to do the right things for investors in the long run. It is our belief that growth must be earned and not bought. I am happy that as we continue to serve our investors we stand tall when it comes to following points :

- Stick to our course and concentrate on the activity we know best: Managing equity investments;
- Better investor experience by undertaking sensible innovation.
- Disclosure of investment by employees, directors, fund managers, AMC and Sponsor in the scheme: "Eat your own cooking".
- Earning a reasonable rate of return for investors

Spirit of stewardship, professional competence, discipline and a focus on the long term are the life force of the mutual fund industry. We are committed to preserve these values.

I would recommend you to read two books written by John Bogle, "The House that Bogle Built" and "Battle for the Soul of Capitalism". I believe that these books are a great read for any mutual fund investor.

As I conclude my letter, I thank you for the faith reposed in us. We deeply value our position as stewards of your capital. I reiterate that you - the investors - are the true owners and we as fund managers are responsible for the management of your money.

### **Neil Parag Parikh**

Chairman

(PPFAS Asset Management Private Limited)

# Trustee Report

Dear Fellow Investors,

We the Trustee to PPFAS Mutual Fund, proudly present our 2nd abridged annual report and the audited financial statements of the Scheme/s of PPFAS Mutual Fund (the 'Fund'), for the year ended March 31, 2015. In our previous report, we provided information on how a mutual fund is structured. In this year's annual scheme report, we are providing basic understanding of certain ratios which are used in a scheme's fact sheet. We are of the view that this will help our investors to measure performance of the scheme in a wiser manner.

**Standard Deviation:** is a measure of how much an investment's returns can vary from its average return. Standard deviation seeks to measure this volatility by calculating how "far away" the returns tend to be from the average over time. Standard deviation is a measure of risk that an investment will not meet the expected return in a given period. The smaller an investment's standard deviation, the less volatile it is. The larger the standard deviation, the more dispersed those returns are and thus the volatile the investment return is.

**Portfolio Turnover ratio:** is a measure of how frequently assets within a fund are bought and sold by the managers. Portfolio turnover is calculated by taking either the total amount of new securities purchased or the amount of securities sold - whichever is less - over a particular period, divided by the total net asset value (NAV) of the fund. A high turnover ratio will incur more transaction costs than a fund with a lower turnover ratio. Unless the superior asset selection renders benefits that offset the added transaction costs they cause, a less active trading posture may generate higher fund returns.

**Information Ratio:** is a ratio of portfolio returns above the returns of a benchmark (usually an index) to the volatility of those returns. The information ratio (IR) measures a portfolio manager's ability to generate excess returns relative to a benchmark, but also attempts to identify the consistency of the investor. This ratio will identify if a manager has beaten the benchmark by a lot in a few months or a little every month. The higher the IR the more consistent a manager is and consistency is an ideal trait.

**Beta:** Beta is calculated using regression analysis, and you can think of beta as the tendency of a security's returns to respond to swings in the market. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market.

As you understand the purpose of above ratios, you can use this knowledge for assessing a mutual fund scheme. During the Financial Year 2014-2015, PPFAS Mutual Fund has not launched any new scheme. Our goal is to concentrate on the scheme, PPFAS Long Term Value Fund. We have provided details of scheme performance as compared with scheme benchmark index CNX500.

The Scheme "PPFAS Long Term Value Fund" is an open ended equity oriented scheme. The Scheme offers Direct and Regular Plan as required by the applicable SEBI regulations. The Scheme offers only Growth Option.

How the scheme is performing after two years of operations ?

We could have concluded this paragraph by merely providing you scheme performance and a chart along with numbers. But to get a holistic picture of the growth we need to combine this with the data on number of fellow investors in the scheme, retail participation, AUM participation through SIP route. We need to ask questions whether retail participation has increased ? Whether number of SIP registered with the Fund has shown any growth? Whether we managed to increase participation from wider geographical area? Answers to these points are positives and the same

are provided in the table below.

Particulars	As on 31st March 2014	As on 31st March 2015	% Change (+/-)
Total Number of investors	1730	3994	56.69%
Total number of investors from B15 towns	568	1090	91.90%
Total number of investors from T15 towns	1162	2904	149.91%
Geographical Coverage*	178	266	-
% of AUM from SIP investment	0.93%	2.76%	196.77%
Number of SIP registered from B15 cities	128	426	232.81%
Number of SIP registered from T 15 cities	410	1308	219.02%

\* Investors are spread across the cities and towns of the country and overseas. The Fund has received investments from 238 cities and towns in India and from 28 Overseas destinations. Out of total investor base, retail investors count for 85.54%.

If you glance through table provided above, you can notice that change is positive for all parameters. We have managed to increase participation from B 15 towns. This positive change is in line with positive change for geographical coverage. Investors' participation through SIP route has shown healthy growth and its a good sign for the fund. The percentage of AUM coming from SIP route is near 3% which is due to the fact that we are a young fund house. As we continue our journey the fund will have wider participation through SIP route.

It is also worth while to take a note of the table provided below. You can notice that retail participation of the scheme is close to 86%. This indicates wider acceptance of the scheme by retail investors. We are happy with the fact that scheme has received wider acceptance from retail investors.

Investor classification	Number of investors as on 31st March 2015	% of total number of investors
Non individual	125	3.12%
HNI	453	11.34%
Retail	3416	85.54%

### Assets Under Management (AUM)

As on March 31, 2014, the total assets of the Scheme were INR 351.25 Crores. As on March 31, 2015, the total assets of the Scheme stood at INR 572.50 Crores. Increase in AUM is due to incremental inflow into the scheme and capital appreciation of the existing portfolio.

Now, we will proceed with providing you details which are required to be provided to investors in accordance with applicable SEBI (Mutual Fund) Regulations, 1996.

## Scheme performance, future outlook and operations of the Scheme

### 'PPFAS Long Term Value Fund' (the 'Scheme')

The Scheme is an open ended equity scheme.

#### What is the Investment Objective of the Scheme.

The investment objective of the Scheme is to seek to generate long-term capital growth from an actively managed portfolio primarily of equity and Equity Related Securities.

Scheme shall be investing in Indian equities, foreign equities and related instruments and debt securities. Buying securities at a discount to intrinsic value will help to create value for investors. Our investment philosophy is to invest in such value stocks.

Long Term refers to an investment horizon of 5 years and more. In this Scheme Information Document (SID) it is mentioned that the Scheme is not suitable for investment horizon of less than 5 years. The Scheme will evaluate different companies based on their long term prospects (5 years and more) rather than just looking at next quarter or a few quarter's earnings. Since the objective of the Scheme is to hold the investments in the companies where the Scheme has invested for the long term, it is essential that the investors in the Scheme have a similar outlook. It is expected that the core equity portfolio of the Scheme will have low churn (portfolio turnover). However the actual churn (portfolio turnover) could be higher depending on circumstances prevailing at respective times.

#### Scheme Performance

The performance of the Scheme (PPFAS Long Term Value Fund) is provided below:

Period	Since Inception (May 28, 2013)		For last one year (FY 2014-2015)		For last one year (FY 2013-2014)	
	Scheme Returns (%) #	Benchmark Returns (CNX 500) (%)	Scheme Returns (%) #	Benchmark Returns (CNX 500) (%)	Scheme Returns (%) #	Benchmark Returns (CNX 500) (%)
Direct Plan	31.07%	23.11%	39.41%	33.56%	18.14%	9.85%
Regular Plan	30.45%	23.11%	38.74%	33.56%	17.67%	9.85%

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

- Above returns are absolute returns
- The Scheme offers only Growth Option
- Since Inception returns are calculated on Rs.10 (allotment price per Unit)

#### The NAV (net asset value) of the scheme as on March 31, 2015 are as under:-

Plan/Option wise Net Asset Value (NAV) for the year ended March 31, 2015 is as follows:-

Scheme Name	NAV per unit (Rs.) as on March 31, 2015	
	Direct Plan	Regular Plan
PPFAS Long Term Value Fund	16.4697	16.3257

## **Commentary from the Trustee on Scheme Performance.**

As stated in all the literature relating to the scheme, this scheme is for long term investors.

The core portfolio of the Scheme consists of equity investments made with a long term outlook and the factors considered while investing are quality of management, quality of the sector and the business (return on capital, entry barriers, capital intensity, use of debt, growth prospects etc) and the valuation of the companies. The endeavor of the fund management team is to identify opportunities for long term investments.

The Scheme invests with an investment horizon of a minimum of 5 years. Since over the long term, the economic variables like interest rates, liquidity, GDP growth rate etc. can have a lot of fluctuations and in most cases see mean reversion, the Scheme focuses on company fundamentals more than macro economic variables. The Scheme does not seek to time the markets or to make top down investment strategies based on macro economic forecasts. Trustees are happy with the scheme performance during its second year of operations.

## **Future Outlook**

We have completed two years since the launch of PPFAS Long Term Value Fund in May of 2013.

We continue to abide by our investment approach of looking at investments as ownership stakes in businesses and a buy and hold long term approach. Our portfolio comprises of individually selected companies rather than top down macro or sectoral themes.

At this time a lot of media space is devoted to Greece Exit (or not), China's stock market crash and Iran nuclear deal. All of this is noise and does not have any meaningful impact on our investments directly. Of course in a connected world, there may be indirect impacts on account of currency movements or movements in commodity prices.

We continue to have a mix of Indian and overseas stocks. We maintain a currency hedge for approximately 90% of our overseas currency exposure which besides reducing the overall volatility of the portfolio also give a positive yield of about 6.75% p.a.

## **Brief discussion of some stock holdings**

The expected shift of mass media blanket advertising to customised advertising online and on mobile screens is expected to continue. We continue to like Google and it remains our top holding.

We continue to like private sector banks in a segment which has strict licensing requirements and thus restricted competition. These banks should be able to grow on account of market share growth and market share gains and at the same time have demonstrated in the past loan loss ratios lower than those of their public sector counterparts.

Rating agencies remain attractive businesses with limited competition and an asset light model. In the past year ICRA became a subsidiary of Moodys. Subsequently prices have gone up significantly and we have reduced our exposure somewhat.

The Bombay High Court has decided on the dispute between Maharashtra Government and Bajaj Auto. We expect Maharashtra Scooters to be a Bajaj Group company soon. The high discount to intrinsic value continues. We continue to watch the developments.

FMCG companies have been our favourites for long but the valuations in India have been very high for some time. We have a position in Zydus Wellness in India and in some companies like Nestle and Anheuser Busch overseas.

Noida Toll Bridge is witnessing a phenomenon typically seen in India. After an asset has been created, an attempt to not pay fair usage charges and short change investors. While such attempts are obviously disappointing to us, there is adequate margin of safety in our view for our investment.

Courts have ruled in favour of Indraprastha Gas in its dispute with PNGRB and City Gas Distributors like Indraprastha Gas and Gujarat Gas will have less of a regulatory overhang now. We continue to observe the developments in this space.

IL&FS Investment Managers has been facing challenges in growing its AUM. Its core areas of Real Estate Funds, Infrastructure Funds and General Private Equity Funds have not generated good returns in recent years and investor interest remains tepid. The share price also reflects this. The company had announced its intent to enter additional areas of managing Debt Funds and Investment Banking, Private Equity and management of Stressed assets and the related induction of management personnel has already happened.

While commodity prices are notoriously unpredictable, as of now it seems that we are likely to witness stable to lower prices. We have a very small exposure to primary commodity producers (Selaun being the only one) and hence do not see much adverse impact.

### **Details of Investor Services**

When we launched our fund, we knew that we were entering a competitive space. As building a performance track record would take its own time, the only way we could differentiate us from the others initially, was by offering customer service of the highest degree.

CAMS is Registrar and Transfer Agent (RTA) of PPFAS Mutual Fund. CAMS executes and processes all financial and non financial transactions of our investors. It is our understanding and belief that as a mutual fund it is our duty to talk to our investors. We love to talk to our investors and listen to their requirements. This practice has helped us to improve our services and investor experience. As we learn more from you we will take steps to implement it and make your experience a unique one.

In November 2014, we conducted meetings of investors, where we offered platform to our investors to interact with officials of AMC. These meetings were held at Bombay, Chennai and Bengaluru. We plan to conduct such meetings in coming financial year as well and the same will be informed to you. We request you to attend these meetings.

With a view to enable investors to execute transaction(s) seamlessly, we have recently enabled new investors to invest online. More than 300 folios are created so far using this facility. We have also activated the 'Online SIP' feature last month. As we learn more about needs of our investors, we will keep enhancing "on-line" transaction experience for our investors. Enhancing "on-line" transaction experience for our investors will be guided by ease of transaction execution for investors and compliance with applicable regulations.

## **Brief Background of Sponsors, Trust, Trustee Company and Asset Management Company**

### **(a) Parag Parikh Financial Advisory Services Private Limited (Sponsor)**

PPFAS Mutual Fund is sponsored by Parag Parikh Financial Advisory Services Private Limited. The Sponsor is the Settlor of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs. 1 lakh to the Trustee as the initial contribution towards the corpus of the Mutual Fund.

The Sponsor is engaged in providing services of Portfolio Management Services and distribution of third party mutual fund products. For the Sponsor substantial part of the revenue comes from providing PMS services to its clients.

Unit-holders shall take a note that Registrar of Companies has approved conversion of Parag Parikh Financial Advisory Services Limited from Public Limited Company to Private Limited Company with effect from 22nd June 2015. Accordingly name of the Sponsor company is changed to Parag Parikh Financial Advisory Services Private Limited with effect from 22nd June 2015.

### **(b) PPFAS Mutual Fund (the Fund)**

PPFAS Mutual Fund (the "Fund") has been constituted as a trust on April 13, 2012 in accordance with the provisions of the Indian Trusts Act, 1882, as per the terms of trust deed, dated April 13, 2012, with Parag Parikh Financial Advisory Services Limited (PPFAS) as the Sponsor / Settlor and PPFAS Trustee Company Private Limited, as the Trustee. The Trust Deed has been registered under the Indian Registration Act, 1908. The Trustee has entered into an Investment Management Agreement dated May 22, 2012 with PPFAS Asset Management Private Ltd. to function as the Investment Manager for all the Schemes of the Fund. The Fund is registered with SEBI on October 17, 2012 under the Registration Code MF/069/12.

### **(c) PPFAS Trustee Company Private Limited (Trustee Company)**

PPFAS Trustee Company Private Limited (the "Trustee" is the exclusive owner of the Trust Fund and holds the same in trust for the benefit of the Unitholders. The Trustee has been discharging its duties and carrying out the responsibilities as provided in the SEBI (Mutual Funds) Regulations, 1996 (the "Regulations" and the Trust Deed. The Trustee seeks to ensure that the Fund and the Scheme/s floated thereunder are managed by PPFAS Asset Management Private Limited in accordance with the Scheme Information Document (SID), the Trust Deed, the applicable Regulations, directions and guidelines issued by the SEBI, the Association of Mutual Funds in India (AMFI), Stock Exchanges and other regulatory agencies. As at March 31, 2015, PPFAS Ltd. holds 100% of the paid-up equity share capital of PPFAS Trustee Company Private Limited.

During the year under review, there has been no change in the composition of the Board of Directors of the Trustee Company and Asset Management Company.

Change in composition of the Board of Directors of the Trustee Company effected after 31st March 2015.

Mr. Neil Parag Parikh resigned as a director of PPFAS Trustee Company Private Limited and is appointed as a director and CEO of PPFAS Asset Management Private Limited after approval from the Trustees of PPFAS Mutual Fund with effect from 5th May 2015.

Mr. Dhaval Desai is appointed as an Independent Director of PPFAS Trustee Company Private Limited with effect from 1st May 2015.

**(d) PPFAS Asset Management Private Limited (Asset Management Company/ Investment Manager)**

PPFAS Asset Management Private Limited ("PPFAS AMC") is a private limited company incorporated under the provisions of the Companies Act, 1956 on August 8, 2011. PPFAS AMC has been appointed as an Asset Management Company of PPFAS Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated May 22, 2012, and executed between PPFAS Trustee Company Private Limited and PPFAS AMC. PPFAS AMC is approved to act as an Asset Management Company for PPFAS Mutual Fund by the SEBI vide its letter dated October 17, 2012.

Parag Parikh Financial Advisory Services Private Limited (PPFAS) holds 100% of the paid-up equity share capital of PPFAS Asset Management Private Limited.

During the financial year 2014-2015, PPFAS AMC has issued 1,10,63,830 equity shares of Rs. 10 each at Rs. 10.81. This additional investment by the Sponsor has helped PPFAS AMC to increase its net-worth. Net worth of PPFAS AMC as on 31st March 2015 is Rs. 31.38 Crores.

Change in composition of the Board of Directors of the Asset Management Company effected after 31st March 2015.

Mr. Rajesh Bhojani is appointed as an Independent Director of PPFAS Asset Management Private Limited with effect from 6th July 2015. Board of PPFAS Asset Management Private Limited and PPFAS Trustee Company Private Limited have accepted resignation of Mr. Rajnikant Rao with effect from 6th July 2015.

**Shareholding Pattern**

Name of Shareholder	Number of Equity shares of Rs. 10 each fully paid	Percentage Holding
Parag Parikh Financial Advisory Services Private Limited	2,60,63,824	100.00%
1 share each is held by Rajeev Thakkar, (Late) Parag Parikh, Geeta Parikh, Neil Parikh, Sahil Parikh, Sitanshi Parikh as nominee for Parag Parikh Financial Advisory Services Private Limited	6	0.00%
<b>Total</b>	<b>2,60,63,830</b>	<b>100.00%</b>

**Details of Unclaimed Dividend And Redemption.**

There has been no instance of unclaimed redemption for the year ended March 31, 2015.

Scheme Name	Unclaimed Redemption Proceeds		Unclaimed Dividend	
	Number of Investors	Amount (INR)	Number of Investors	Amount (INR)
PPFAS Long Term Value Fund				
Direct Plan	Nil	Nil	Not Applicable#	
Regular Plan	Nil	Nil		

# Scheme does not offer Dividend option.

### Significant Accounting Policies

The Significant Accounting Policies form part of the Notes to the Accounts annexed to the Balance Sheet of the Schemes in the Full Annual Report. The Accounting Policies are in accordance with Securities Exchange Board of India (Mutual Funds) Regulations, 1996.

Other Statutory Information.

1. Parag Parikh Financial Advisory Services Private Limited ( the "Sponsor") is not responsible or liable from any loss resulting from the operations of the scheme/s of the Fund beyond its initial contribution of INR 1 Lakhs for setting up the Fund, and such other accretions/ additions to the same.
2. The price and redemption value of the units and income from them can go up as well as down with fluctuations in the market value of its underlying investments.
3. Full Annual Report shall be disclosed on the website ([www.amc.ppfas.com](http://www.amc.ppfas.com)) and shall be available for inspection at the head Office of the PPFAS Mutual Fund. Present and prospective unit holders can obtain copy of the trust deed, the full Annual Report of the Fund/ AMC at a price.

### Voting Policy and Details of Proxy Voting exercised during the year

Voting Policy and details of proxy voting exercised during the Financial year 2014-2015 of PPFAS Mutual Fund are provided in complete Scheme Financials. Unitholders are requested to refer to complete Scheme Financials.

### Acknowledgments

The Trustees wish to thank the fellow investors of the Fund for placing their trust in the Fund, Securities Exchange Board of India (SEBI), Association of Mutual Funds in India (AMFI) for their continued support and guidance. We would also like to appreciate the service and guidance provided by the CAMS (RTA) and Deutsche Bank (Global Custodian and Fund Accountant), HDFC Bank, ICICI Bank (Collection Bankers) our Statutory and Internal Auditors.

Auditors' Report and Abridged Audited Results have been extracted from the Auditors' Report, Audited Balance Sheet, Revenue Account and Notes to Accounts. Full Annual Report shall be disclosed on the website ([www.amc.ppfas.com](http://www.amc.ppfas.com)) and shall be available for inspection at the Head Office of PPFAS Mutual Fund Unit holder can obtain a copy of the same at a price.

For and on behalf of the Board of Directors  
**PPFAS Trustee Company Private Limited.**

Sd/-

**P A Balasubramanian**  
**Director**

**Rajan Mehta**  
**Director**

Place: Mumbai  
Date: 24th June 2015

# Auditors' Report

## Sudit K Parekh & Co

Chartered Accountants

Ballard House, 2nd Floor, Adi Marzban Path, Ballard Pier, Fort, Mumbai – 400 001

Ph: + 91 22 6617 8000, Fax: + 91 22 6617 8002

Email: admin@skparekh.com

## Independent Auditors' Report

### To The Board of Directors of

PPFAS Trustee Company Private Limited

PPFAS Mutual Fund- PPFAS Long Term Value Fund

## Report on the Financial Statements

1. We have audited the accompanying financial statements of PPFAS Mutual Fund – PPFAS Long Term Value Fund (the "Scheme"), which comprise the Balance Sheet as at March 31, 2015, and the related Revenue Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

### Trustee's and Management's Responsibility for the Financial Statements

2. The Board of Directors of PPFAS Trustee Company Private Limited (the "Trustee") and the Management of PPFAS Asset Management Private Limited (the "Management") are responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Scheme in accordance with the accounting policies and standards specified in the Ninth Schedule of the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments thereto (the "Regulations"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Trustee and the Management, as well as evaluating the overall presentation of the financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the accompanying financial statements give the information required by the Regulations in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India for mutual funds.

(a) in the case of the Balance Sheet, of the state of affairs of the Scheme as at March 31, 2015;

(b) in the case of the Revenue Account, of the net surplus for the year ended on that date; and

(c) in the case of Cash flow statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

7. As required by Regulation 55 of and Clause 5 of the Eleventh Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, we report that:

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit; and

(b) In our opinion, the Balance sheet, Revenue Account and Cash flow Statement dealt with by this report have been prepared in accordance with the accounting policies and standard specified in the Ninth Schedule of the Regulations.

8. As required by clause 5 (ii)(2) of the Eleventh Schedule of the Regulations, we report that the Balance Sheet, Revenue Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts of the Scheme.

## For SUDIT K PAREKH & CO.

Chartered Accountants

Firm Registration No.: 110512W

## (D.S.Khatri)

Partner

Membership No.: 16316

Place : Mumbai

Date: 24th June 2015

## Abridged Balance Sheet as at March 31, 2015

PPFAS Long Term Value Fund		"Rupees in Lakhs"	"Rupees in Lakhs"
		As at March 31, 2015	As at March 31, 2014
	<b>LIABILITIES</b>		
1	<b>Unit Capital</b>	34,777.03	29,733.57
2	<b>Reserves &amp; Surplus</b>		
2.1	Unit Premium Reserves	2,445.41	291.00
2.2	Unrealised Appreciation Reserve	-	-
2.3	Other Reserves	20,027.48	5,100.04
3	<b>Loans &amp; Borrowings</b>	-	-
4	<b>Current Liabilities &amp; Provisions</b>		
4.1	Provision for doubtful Income/Deposits	-	-
4.2	Other Current Liabilities & Provisions	115.99	209.40
	<b>TOTAL</b>	<b>57,365.91</b>	<b>35,334.01</b>
	<b>ASSETS</b>		
1	<b>Investments</b>		
1.1.	<b>Listed Securities:</b>		
1.1.1	Equity Shares	39,066.87	23,340.84
1.1.2	Preference Shares	-	-
1.1.3	Equity Linked Debentures	-	-
1.1.4	Other Debentures & Bonds	-	-
1.1.5	Securitized Debt securities	-	-
1.1.6	Indian Depository Receipt	554.98	1,064.90
1.2	<b>Securities Awaited Listing:</b>		
1.2.1	Equity Shares	-	-
1.2.2	Preference Shares	-	-
1.2.3	Equity Linked Debentures	-	-
1.2.4	Other Debentures & Bonds	-	-
1.2.5	Securitized Debt securities	-	-
1.3	<b>Unlisted Securities</b>		
1.3.1	Equity Shares	-	-
1.3.2	Preference Shares	-	-
1.3.3	Equity Linked Debentures	-	-
1.3.4	Other Debentures & Bonds	-	-
1.3.5	Securitized Debt securities	-	-
1.4	Government Securities	-	-
1.5	Treasury Bills	-	-
1.6	Commercial Paper	-	-
1.7	Certificate of Deposits	-	-
1.8	Bill Rediscounting	-	-
1.9	Units of Domestic Mutual Fund	-	-
1.10	<b>Foreign Securities</b>		
1.10.1	International Equity Shares	11,885.62	4,581.14
1.10.2	International Equity American Depository Receipts (ADR)	2,416.80	2,102.60
	<b>Total Investments</b>	<b>53,924.26</b>	<b>31,089.48</b>
2	<b>Deposits</b>	600.00	500.00
3	<b>Other Current Assets</b>		
3.1	Cash & Bank Balance	143.04	138.48
3.2	CBLO/ Reverse Repo Lending	1,508.05	2,869.10
3.3	Others	1,190.56	736.95
4	Deferred Revenue Expenditure	-	-
	(to the extent not written off)		
	<b>TOTAL</b>	<b>57,365.91</b>	<b>35,334.01</b>

## Abridged Revenue Account for the period ended March 31, 2015

PPFAS Long Term Value Fund		"Rupees in Lakhs"	"Rupees in Lakhs"
		Period ended March 31, 2015	Period ended March 31, 2014
1	<b>INCOME</b>		
1.1	Dividend	1,009.54	771.80
1.2	Interest	297.26	162.17
1.3	Realised Gain / (Loss) on Foreign Exchange Transactions	13.28	44.83
1.4	Realised Gains / (Losses) on Interscheme sale of investments	-	-
1.5	Realised Gains / (Losses) on External sale / redemption of investments	5,005.93	72.17
1.6	Realised Gains / (Losses) on Derivative Transactions	-	-
1.7	Other Income	0.52	-
	<b>( A )</b>	<b>6,326.52</b>	<b>1,050.98</b>
2	<b>EXPENSES</b>		
2.1	Management fees	973.69	447.73
2.2	Service tax on Management fees	120.35	55.34
2.3	Transfer agents fees and expenses	-	-
2.4	Custodian fees	-	-
2.5	Trusteeship fees	-	-
2.6	Commission to Agents	7.35	1.17
2.7	Marketing & Distribution expenses	-	-
2.8	Audit fees	-	-
2.9	Other operating expenses	6.68	10.62
	<b>( B )</b>	<b>1,108.07</b>	<b>514.86</b>
3	<b>NET REALISED GAINS / (LOSSES) FOR THE YEAR / PERIOD (A - B = C)</b>	<b>5,218.45</b>	<b>536.12</b>
4	Change in Unrealised Depreciation in value of investments (D)	269.70	411.03
5	<b>NET GAINS / (LOSSES) FOR THE YEAR / PERIOD (E=(C-D))</b>	<b>4,948.75</b>	<b>125.09</b>
6	Change in unrealised appreciation in the value of investments (F)	10,193.18	5,104.80
7	<b>NET SURPLUS / (DEFICIT) FOR THE YEAR / PERIOD (E + F = G)</b>	<b>15,141.93</b>	<b>5,229.89</b>
7.1	Add: Balance transfer from Unrealised Appreciation Reserve	-	-
7.2	Less: Balance transfer to Unrealised Appreciation Reserve	-	-
7.3	Add / (Less): Equalisation	(214.50)	(129.85)
8	<b>Total</b>	<b>14,927.43</b>	<b>5,100.04</b>
9	<b>Dividend appropriation</b>		
9.1	Income Distributed during the year / period	-	-
9.2	Tax on income distributed during the year / period	-	-
10	<b>Retained Surplus / (Deficit) carried forward to Balance sheet</b>	<b>14,927.43</b>	<b>5,100.04</b>

Notes to Accounts - Annexure I

1 Realised Gains / (Losses) on Derivative Transactions is clubbed with "Realised Gains / (Losses) on External sale / redemption of investments"

## Notes to accounts

### Annexure I

#### Notes to Accounts to the Abridged Balance Sheet as at March 31, 2015 and Revenue Account for the period ended March 31, 2015.

- Investments are registered in the name of the Scheme 'PPFAS Long Term Value Fund' for the benefits of the scheme unitholders.
- The scheme has exposure in Foreign Securities and ADRs as on March 31, 2015.

Scheme	As on March 31, 2015		As on March 31, 2014	
	Market /Fair Value (Rs. in Lakhs)	% of Net Assets	Market /Fair Value (Rs. in Lakhs)	% of Net Assets
PPFAS Long Term Value Fund	14,302.41	24.98	6,683.74	19.03

- The scheme have open position in Index / Stock Future Derivative as on March 31, 2015. Details of derivative positions are given as below,

Scheme	As on March 31, 2015		As on March 31, 2014	
	Market /Fair Value (Rs. in Lakhs)	% of Net Assets	Market /Fair Value (Rs. in Lakhs)	% of Net Assets
PPFAS Long Term Value Fund	(17,319.28)	(30.25)	(5,889.10)	(16.77)

- The investments in Associates and Group Companies as on March 31, 2015 is NIL.
- Disclosure under Regulation 25(8) of SEBI (Mutual Fund) Regulations 1996, is as below,

#### Brokerage paid to associates/related parties/group companies of Sponsor/AMC

Name of associate/related parties/group companies of Sponsor/AMC	Nature of Association/ Nature of relation	Period covered	Value of transaction (in Rs & % of total value of transaction of the fund)		Brokerage (Rs. & % of total brokerage paid by the fund)	
			Rs in Lakhs	%	Rs in Lakhs	%
Parag Parikh Financial Advisory Services Private Limited	Parent Company (Sponsor)	April 01, 2014 -to- March 31, 2015	Nil	Nil	Nil	Nil
Parag Parikh Financial Advisory Services Private Limited	Parent Company (Sponsor)	April 01, 2013 -to- March 31, 2014	830.75	0.11	0.99	2.13

- Aggregate Unrealised Gain / (Loss) as at the end of the Financial Period and percentage to net assets is as under :

Scheme	Appreciation (Rupees in Lakhs)	Depreciation (Rupees in Lakhs)	Net Appreciation / (Depreciation) (Rupees in Lakhs)	As a percentage (%) to Net Assets
PPFAS Long Term Value Fund as of 31.03.2015	15,297.98	(682.98)	14,615.00	25.53%
PPFAS Long Term Value Fund as of 31.03.2014	5,104.80	(411.03)	4,693.77	13.36%

- 7 The aggregate value of purchases and sales of investments during the year expressed as a % of average daily Net assets is as under :

Scheme	As on March 31, 2015		As on March 31, 2014	
	Amount (Rs.in Lakhs)	% of Avg Daily Net Assets	Amount (Rs.in Lakhs)	% of Avg Daily Net Assets
PPFAS Long Term Value Fund				
- Purchase	72,591	146.82	74,119	276.60
- Sales	76,139	154.00	50,811	189.61

**Note:**

Purchase excludes FD, Repo, CBLO and Futures & Options. Sales excludes Maturity.

- 8 The details of Non Traded Securities along with % of Net Assets in schemes are NIL.
- 9 The details of holding over 25% of Net Assets in schemes are NIL.
- 10 The Plan wise movement of Unit Capital during the year for the Schemes is attached herewith as below.

Scheme PPFAS Long Term Value Fund	As on March 31, 2015		As on March 31, 2014	
	Units	Face Value	Units	Face Value
Unit Capital at the beginning of the year				
Regular Plan	3,845,745.898	38,457,458.980	-	-
Direct Plan	293,489,975.951	2,934,899,759.510	-	-
Units sold during the year				
Regular Plan	16,469,241.390	164,692,413.90	4,056,355.797	40,563,557.97
Direct Plan	63,836,467.418	638,364,674.18	303,173,164.068	3,031,731,640.68
Units redeemed during the year				
Regular Plan	1,715,656.249	17,156,562.49	210,609.899	2,106,098.99
Direct Plan	28,155,449.885	281,554,498.85	9,683,188.117	96,831,881.17
Unit balance at the end of the year				
Regular Plan	18,599,331.039	185,993,310.390	3,845,745.898	38,457,458.980
Direct Plan	329,170,993.484	3,291,709,934.840	293,489,975.951	2,934,899,759.510

- 11 The Expenses other than management fee are inclusive of service tax where applicable.
- 12 There is no contingent liability in the scheme during the current period.
- 13 Prior year figures have been reclassified, wherever applicable, to conform to current years' presentation.
- 14 Open Positions of Securities Lending and Borrowing (SLB) are NIL.
- 15 Details of Non-performing Asset (NPA) : NIL
- 16 Custody fees, Registrars and Transfer Agents fees, Audit fees, Trusteeship fees are paid by PPFAS Asset Management Private Limited (AMC).

## Key Statistics for the period ended March 31, 2015

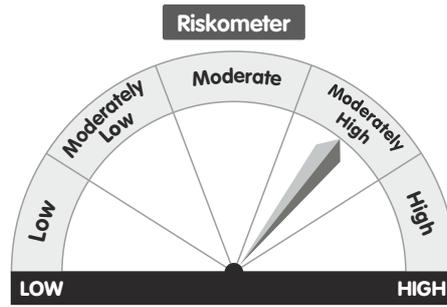
PPFAS Long Term Value Fund	"Rupees in Lakhs"	"Rupees in Lakhs"
	Period ended March 31, 2015	Period ended March 31, 2014
1. NAV per unit (Rs.):		
Open (NAV as on 01st April 2014)		
- Regular Plan	11.7666	9.9991
- Direct Plan	11.8137	9.9992
High		
- Regular Plan	16.7883	11.7666
- Direct Plan	16.9303	11.8137
Low		
- Regular Plan	11.8325	9.6131
- Direct Plan	11.8804	9.6251
End		
- Regular Plan	16.3257	11.7666
- Direct Plan	16.4697	11.8137
2. Closing Assets Under Management (Rs. in Lakhs)		
End	57,249.92	35,124.61
Average (AAuM) <sup>1</sup>	49,441.82	26,796.96
3. Gross income as % of AAuM <sup>2</sup>	12.80	3.93
4. Expense Ratio:		
a. Total Expense as % of AAuM (plan wise)		
- Regular Plan	2.73	2.77
- Direct Plan	2.23	2.27
b. Management Fee as % of AAuM (plan wise)		
- Regular Plan	1.98	1.98
- Direct Plan	1.98	1.98
5. Net Income as a percentage of AAuM <sup>3</sup>	10.55	2.00
6. Portfolio turnover ratio <sup>4</sup>	0.31	0.26
7. Total Dividend per unit distributed during the year / period (plan wise)		
- Regular Plan	-	-
- Direct Plan	-	-
8. Returns:		
<b>a. Last One Year (%)</b>		
<b>Scheme</b>		-
- Regular Plan	38.74	17.67
- Direct Plan	39.41	18.14
Benchmark	33.56	9.85
<b>b. Since Inception (%)</b>		
<b>Scheme</b>		
- Regular Plan	30.45	17.67
- Direct Plan	31.07	18.14
Benchmark - CNX 500	23.11	9.85

1. AAuM=Average daily net assets

2. Gross income = amount against (A) in the Revenue account i.e. Income.

3. Net Income = Amount Against (C) In The Revenue Account i.e. Net Realised Gains / (Losses) for the year / period.

4. Portfolio Turnover = Lower of sales or purchase divided by the Average AuM for the year/period.



Investors understand that their principal will be at moderately high risk.

#### Investment Objective of the Scheme

The investment objective of the Scheme is to seek to generate long-term capital growth from an actively managed portfolio primarily of Equity and Equity Related Securities.

Scheme shall be investing in Indian equities, foreign equities and related instruments and debt securities.

**Investors should consult their financial advisers if in doubt about whether this scheme is suitable for them.**

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



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

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