

SUNDARAM & SRINIVASAN

CHARTERED ACCOUNTANTS
23, C.P. RAMASWAMY ROAD,
ALWARPET, CHENNAI - 600 018.

AUDITORS REPORT

The Board of Trustees
Sundaram BNP Paribas Mutual Fund
Chennai

We have audited the attached Balance Sheet of Sundaram BNP Paribas Mutual Fund - **SUNDARAM BNP PARIBAS BALANCED FUND** as at March 31, 2010 and the Revenue Account for the year ended on that date. These financial statements are the responsibility of the management. Our responsibility is to express our opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

On the basis of the audit as indicated above, we report as follows:-

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 Sheet and Revenue Account are in agreement with the books of accounts of Sundaram BNP Paribas Mutual Fund.
3. a) The accounts have been prepared in accordance with accounting policies and standards as specified in the Ninth Schedule of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
b) In our opinion, the valuation methods adopted by the fund for valuation of non-traded securities, "in good faith" are fair and reasonable.
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 forming part of Accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in case of Balance Sheet, of the state of affairs of the aforesaid Schemes of Sundaram BNP Paribas Mutual Fund, **SUNDARAM BNP PARIBAS BALANCED FUND** as at March 31, 2010 and
 - b) In the case of Revenue Account of the **Surplus** of Sundaram BNP Paribas Mutual Fund - **SUNDARAM BNP PARIBAS BALANCED FUND** for the year ended on March 31, 2010.

For and on behalf of **SUNDARAM & SRINIVASAN**
CHARTERED ACCOUNTANTS
(FRN No.: 004207S)

Place: Chennai
Date: 25th June, 2010


K. SRINIVASAN
PARTNER (M.No : 5809)



BALANCE SHEET AS AT 31st MARCH, 2010

Amount in Rs.

	SCHEDULE NO.	31-Mar-10	31-Mar-09
LIABILITIES			
Unit Capital	1	694,589,626	210,768,419
Reserves & Surplus	2	474,745,392	73,965,558
Current Liabilities & Provisions	3	15,083,717	1,385,942
		1,184,418,735	286,119,919
ASSETS			
Investments	4	1,037,667,076	282,022,944
Deposits	5	648,069	622,421
Other Current Assets	6	146,103,590	3,474,554
		1,184,418,735	286,119,919


Notes on Accounts

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As per our Report of even date


For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)


For
Sundaram BNP Paribas Asset Management Company Ltd


K Srinivasan
Partner
(M.NO : 5809)

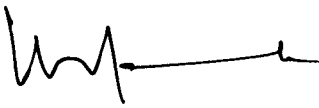



Satish Ramanathan
Fund Manager

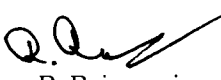

T.S. Sritharan
Chief Financial Officer

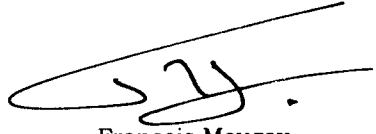

T.P. Raman
Managing Director

For and on Behalf of
Sundaram BNP Paribas Trustee Company Ltd


K V Ramanathan
Chairman


S Viji
Director


R. Rajamani
Director


Francois Mouzay
Director

Place : Chennai
Date : 25th June 2010

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule No.	Amount, Rs	
		2009-10	2008-09
REVENUE			
Dividend		5,764,309	3,392,060
Interest	7	13,827,795	9,748,406
Net profit on transfer / sale of investments (Other than inter-scheme transfer / sale)		168,677,828	-
Net profit on inter scheme transfer / sale of investments		5,689,797	-
Diminution in value of investments written back on sale of securities		1,296,826	-
Other Income		1,750	-
TOTAL (A)		195,258,305	13,140,466
EXPENSES			
Net Diminution in the Value of Investments	8		40,491,197
Net Loss on sale / redemption of investments (Other than inter-scheme transfer / sale)		-	1,094,736
Loss on inter scheme transfer / sale of investments		-	1,097,872
Management fee		8,870,565	4,323,147
Trusteeship fee		74,643	34,580
Commission to Agents		2,986,366	2,672,227
Publicity expenses		4,145,221	6,380,645
Audit fee		46,172	34,985
Other operating expenses [including Marketing Expenses Rs.887,794/- (Previous year Rs.877,715/-)]		2,073,409	1,506,856
Custodian charges		201,847	89,647
Registrar expenses		937,401	423,992
SEBI Fees		6,167	-
		19,341,791	58,149,884
Less : Amount transferred from load on account of Marketing Expenses		766,381	6,797,997
TOTAL (B)		18,575,410	51,351,887
SURPLUS / (DEFICIT) (A-B)		176,682,895	(38,211,421)
Add/(Less) : Balance in Equalisation Account		281,122,665	(790,842)
		457,805,560	(39,002,263)
Less: Income Distributed		57,074,744	-
		57,074,744	
Surplus /(Deficit) transferred to Balance Sheet		400,730,816	(39,002,263)


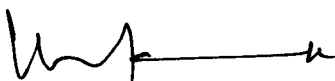
Notes on Accounts

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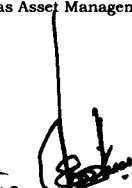
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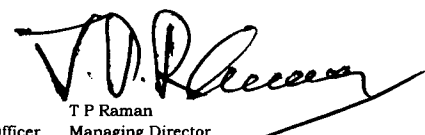
For Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

For Sundaram BNP Paribas Asset Management Company Ltd



K Srinivasan
Partner
(M.NO : 5809)
For and on Behalf of
Sundaram BNP Paribas Trustee Company Ltd

K V Ramanathan
Chairman

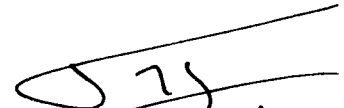

Satish Ramanathan
Fund Manager


T.S. Sritharan
Chief Financial Officer


T P Raman
Managing Director


S. Viji
Director


R Rajamani
Director


Francois Mouzay
Director
Place : Chennai
Date : 25th June 2010

SCHEDULE : 1**Unit Capital**

	31/03/2010		31/03/2009	
	UNITS	AMOUNT	UNITS	AMOUNT
	18,459,050.00	184,590,500	18,459,050.00	184,590,500
Initial capital				
Unit Capital				
Opening Capital	21,076,841.89	210,768,419	21,942,528.28	219,425,283
Add: Units sold during the year	109,884,070.81	1,098,840,708	2,237,677.03	22,376,770
Less : Units repurchased during the year	130,960,912.70	1,309,609,127	24,180,205.31	241,802,053
	61,501,950.15	615,019,501	3,103,363.42	31,033,634
Units at the end of the Year	69,458,962.55	694,589,626	21,076,841.89	210,768,419
		694,589,626		210,768,419

SCHEDULE : 2**Reserves & Surplus**

	31/03/2010		31/03/2009	
	Rs.	Rs.	Rs.	Rs.
Unit Premium Reserve				
Amount Received on Sale / Repurchase of Units (net)	2,431	2,431		
General Reserve				
Opening Balance	73,916,146		112,918,409	
Add /(Less): Transfer from Revenue Account	400,730,816	474,646,962	(39,002,263)	73,916,146
Unrealised appreciation reserve				
Opening Balance	49,412		88,987,343	
Add/(Less) Net unrealized appreciation for the year	46,587		(88,937,931)	
Unrealised Appreciation Reserve (Schedule 8)		95,999		49,412
		474,745,392		73,965,558

SCHEDULE : 3**Current Liabilities & Provisions**

	31/03/2010	31/03/2009
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	12,528,807	927,972
Contract for Purchase of Investments	-	-
Income Distribution Payable	56,243	-
Unclaimed Distributed Income (No. of warrants 108)	393,029	421,739
Others	2,105,638	36,231
	15,083,717	1,385,942

SCHEDULE : 4**Investments**

	31/03/2010	31/03/2009
	Rs.	Rs.
Equity Shares	299,067,241	178,067,982
Non-Convertible Debentures- Listed	40,000,000	62,780,000
Non-Convertible Debentures- Privately Placed	50,046,588	-
Government Securities	6,742,500	20,280,000
Certificate of Deposits	634,515,694	-
Investment in Reverse Repo / CBLO	7,295,053	20,894,962
	1,037,667,076	282,022,944

SCHEDULE : 5**Deposits**

	31/03/2010	31/03/2009
	Rs.	Rs.
Deposits with Scheduled Bank	648,069	622,421
	648,069	622,421

SCHEDULE : 6**Other Current Assets**

	31/03/2010	31/03/2009
	Rs.	Rs.
Balance with banks in Current Accounts	124,110,327	2,310,813
Outstanding and accrued Income	2,713,123	1,161,345
Others	19,280,140	2,396
	146,103,590	3,474,554

SCHEDULE : 7**Interest**

	2009-10	2008-09
	Rs.	Rs.
Interest from banks and others	1,893,027	1,595,052
Interest on Debentures and Bonds	7,222,023	8,139,010
Discounting Charges	4,712,745	14,344
	13,827,795	9,748,406

SCHEDULE : 8**Net unrealised appreciation/(diminution) in value of Investments**

	2009-10	2008-09
	Rs.	Rs.
Appreciation in Value of Investments		
Debentures / Bonds listed / awaiting listing on the recognised stock exchange	95,999	49,412
Net -Unrealised appreciation reserve (schedule 2)	95,999	49,412
Net Diminution in the Value of Investments		
Equity Shares		39,440,624.00
Central Government Securities		1,050,573.00
Net Diminution in value of investments transferred to Revenue Account	-	40,491,197

SUNDARAM BNP PARIBAS MUTUAL FUND

SUNDARAM BNP PARIBAS BALANCED FUND

Schedules forming part of the Balance Sheet as at 31-Mar-2010
and the Revenue Account for the Year ended 31-Mar-2010

SCHEDULE 9

All amounts mentioned rupees in lakhs

NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

1.1. INVESTMENTS

Investment transactions are accounted on trade dates at cost including brokerage, stamp duty and other levies. Investments are marked to market. In valuing the Scheme's investments:

a) Government Securities

· Government Securities are valued at the prices obtained from CRISIL in accordance with the guidelines for valuation of securities for mutual funds issued by SEBI.

· Instruments bought on 'repo' basis have been valued at the resale price after deduction of applicable interest up to date of resale.

b) Other Securities

· Traded Securities are valued at the last quoted closing price on the stock exchange. Non-traded / thinly traded securities are valued in good faith on the basis of guidelines issued by SEBI in this regard.

In accordance with the guidance note on accounting for investments in the financial statement of mutual funds issued by The Institute of Chartered Accountants of India, the investments are valued separately category-wise and the net unrealised appreciation is directly transferred to unrealised appreciation reserve and the net diminution is debited to revenue account.

Bonus/Rights entitlements are recognised on ex-bonus /ex- rights dates.

1.2. INCOME RECOGNITION

- (i) Dividend is accounted on accrual basis and recognized on ex-dividend dates.
- (ii) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.
- (iii) Income on investments is accounted on accrual basis.
- (iv) Other income is accounted on cash basis.

1.3. EXPENSES

Expenses are accounted for on accrual basis.

1.4. LOAD

In terms of SEBI circular dated 30th June 2009, out of the exit load charged to the investor, a maximum of 1% of the redemption proceeds is maintained in a separate account which can be used by the AMC to pay commission to the distributor and for marketing and selling expenses of the scheme. Any balance in excess of 1% is credited to the scheme immediately and unutilised portion in the load account shall be credited to the scheme whenever felt appropriate by the AMC.

1.5. EQUALISATION ACCOUNT

In terms of SEBI circular dated 15th March 2010, on Unit Premium Reserve, the equalisation account has been credited/debited with an appropriate portion (excluding the Unit Premium Reserve and Unrealised Appreciation) of the sale proceeds/repurchase price in respect of units sold / repurchased on or after 15th March 2010. The net balance in this account is transferred to revenue account for the Year

1.6. UNIT PREMIUM RESERVE

In terms of SEBI Circular dated 15th March 2010, on Unit Premium Reserve, when units are sold / repurchased on or after 15th March 2010 a part of the sale price / re-purchase price representing unrealized gains is credited/debited to Unit Premium Reserve. The balance in Unit Premium Reserve will not be utilised for determination of distributable surplus.

2. INVESTMENT MANAGER FEES

Management fee is computed on daily average net assets as under:

Description	01.04.09 to 31.03.10	01.04.08 to 31.03.09
Average daily net asset value	7,464.44	3,458.24
Management fee @ 1.19% of average daily net asset value.(Previous year 1.25%)	88.71	43.23

3. INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE NET ASSET VALUE OF THE SCHEMES OF SUNDARAM BNP PARIBAS MUTUAL FUND.

As Per Annexure - I

4. AGGREGATE VALUE OF PURCHASES & SALES MADE DURING THE YEAR

The aggregate value of investments purchased and sold (including matured) during the Year as a percentage of average daily net asset value is as under :

Description	01.04.09 to 31.03.10	01.04.08 to 31.03.09
PURCHASE VALUE(AMOUNT)	39,834.96	4,277.00
%	533.66%	123.68%
SALES VALUE (AMOUNT)	32,155.95	4,448.79
%	430.79%	128.64%

5. AGGREGATE FAIR VALUE OF NON-TRADED/THINLY TRADED INVESTMENTS-

Aggregate Fair Value of non traded / thinly traded investments valued in "good faith" exceeding 5% of the Net Asset Value as at the end of the Year :

Description	01.04.09 to 31.03.10	01.04.08 to 31.03.09
Aggregate Fair Value of non traded / thinly traded investments valued in "good faith" exceeding 5% of the Net Asset Value as at the end of the Year	900.47	227.80
% to the asset under management	12.06%	8.00%

6. INCOME / EXPENDITURE

The total income and expenditure as a percentage of the daily average net assets, during the Year are given below.

DESCRIPTION	01.04.09 to 31.03.10	01.04.08 to 31.03.09
INCOME	26.16%	3.80%
EXPENDITURE	2.49%	2.50%

7. CONTINGENT LIABILITY

Contingent liability as at 31st March 2010 is Rs. Nil. Previous Year Rs. Nil

8. AMOUNT PAID TO SPONSORS / ASSOCIATES

	01.04.09 to 31.03.10	01.04.08 to 31.03.09
Sundaram Finance Ltd (Sponsor)	0.72	0.41
Indus Ind Bank Ltd (Associate)	0.05	0.01

9. TOTAL VALUE OF INVESTMENTS (EXCLUDING MONEY MARKET INVESTMENT) FALLING UNDER EACH MAJOR INDUSTRY GROUP WHICH CONSTITUTES NOT LESS THAN 5% OF THE TOTAL INVESTMENTS IS AS BELOW:

(% of total investment within the classification)

Refer Annexure - II

9. a **Accounting Standard – 3 on Cash Flow statement**

The Cash flow statement as required by the Accounting Standard 3 issued by the Institute of Chartered Accountants of India is enclosed as Annexure – ✓

9. b. **Accounting Standard 17 on Segment Reporting**

As the Financial Statements are prepared separately on each scheme, no further disclosure under Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India is considered necessary. There is no secondary reporting segment.

9. c. **Accounting Standard 18 on Related Party Disclosures**

Related party disclosures as required by the Accounting Standard 18 – “ Related Party Disclosures” issued by the Institute of Chartered Accountants of India are given as Annexure – ✓

10. LOAD COLLECTED AND UTILISED

Description	01.04.09 to 31.03.10	01.04.08 to 31.03.09
Opening Balance	0.45	57.93
Add.: Amount received on Sale / Repurchase of units (net)	91.92	10.50
Less: Amount Adjusted towards Brokerage & Marketing Exp	7.66	67.98
Less: Transferred to Income	0.02	-
Closing Balance	84.69	0.45

In terms of SEBI guidelines dated 30th June 2009, from 1st Aug 2009 out of the exit load charged to the investor, a maximum of 1% of the redemption proceeds is maintained in a separate account which can be used by the AMC to pay commission to the distributor and marketing & selling expenses of the scheme and any balance is credited to the scheme, as against the previous practice of crediting the entire amount to load upto 31st July 2009 under other liabilities (other than the amount utilised for meeting commission to distributor and marketing and selling expenses which was included under unit premium reserve)

As a result, the other income is higher by Rs.0.02 lakhs with consequential impact on the surplus, Reserves and Surplus, Current Liabilities and Provisions, Net Asset Value and Distributable income.

11. EQUALISATION ACCOUNT / UNIT PREMIUM RESERVE

In terms of SEBI Circular dated 15th March 2010, when units are sold / repurchased an appropriate portion (excluding Unit premium Reserves and un realized appreciation) of the sale proceeds / re-purchase price is credited / debited to equalisation account as against the policy of crediting/ debiting the entire difference between the sale price/repurchase price and face value of the units to equalisation account followed in the earlier years.

As a result of above change, the surplus transferred to Balance Sheet is lower by Rs.0.02 lakhs with consequential impact on Unit Premium Reserve and Distributable Income. However this does not have any impact on total Reserve and Surplus and Net Asset Value.

12. PORTFOLIO DISCLOSURE

Full portfolio of the scheme is given in Annexure - III

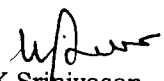
13. MOVEMENT IN UNIT CAPITAL

As Per Schedule-I


Signatures to the schedules 1 to 9 are forming part of the Balance Sheet and the Revenue Account.


For Sundaram & Srinivasan
Chartered Accountants
(FRN No.: 004207S)

For Sundaram BNP Paribas Asset Management Company Ltd


K Srinivasan
Partner
(M.No : 5809)

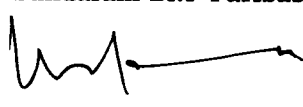



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Francois Mouzay
Director

Place : Chennai
Date : 25th June, 2010

14. HISTORICAL PER UNIT STATISTICS

	2009-10 Rs.		2008-09 Rs.		2007-08 Rs.	
	Dividend Option	Growth Option	Dividend Option	Growth Option	Dividend Option	Growth Option
(A) Gross income						
(i) income other than profit on sale of investment		0.2821		0.6235		0.61
(ii) income from profit on inter scheme sales/transfer of investments		0.0819		-0.0521		0.74
(iii) income from profit on sale of investment to third parties		2.4285		-0.0519		2.37
(iv) transfer to revenue account from past year's reserves		0.0000		0.0000		-
(B) Aggregate of expenses, write off, amortisation and charges		0.2674		0.4113		0.55
(C) Net income		2.5251		0.1082		3.17
(D) Net unrealised appreciation/(diminution) in value of investments		0.0187		6.1408		1.21
(E) Net Assets Value	15.4388	44.3427	10.9754	25.9376	15.8036	37.3513
(F) Highest repurchase price	16.1554	46.4066	16.8042	39.7195	22.6746	46.8763
Lowest repurchase price	10.9455	25.8181	9.8400	23.0453	14.7476	29.4104
Highest ongoing sale price *	16.4726	47.3073	17.1823	40.6132	23.1848	47.931
Lowest ongoing sale price *	10.9403	26.0789	9.7516	23.0453	14.7476	30.0874
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage	2.49%		2.50%		2.46%	
(H) Ratio of gross income to average daily net assets by percentage	26.16%		3.80%		16.40%	

* includes entry load as applicable

15. Computation of Distributable Income

	2010-09	2008-09
Net Income as per revenue account	457,805,560	(39,002,263)
Add : Balance of Undistributed income as at 1st April brought forward	73,916,146	-
	531,721,706	(39,002,263)
Less : Income Distributed during the year	57,074,744	-
Distributable Income	474,646,962	(39,002,263)

16. Previous year figures have been regrouped wherever necessary to conform with the current year's classification

Annexure - II

Equity	2009-10	2008-09
Automobiles		0.43%
CEMENT & CEMENT PRODUCTS		3.00%
Consumer Goods	5.22%	5.72%
Energy	6.19%	12.23%
Fertilizers and Pesticides		2.95%
Financial Services	5.73%	13.07%
Industrial Manufacturing		12.08%
Information Technology		4.60%
Pharmaceuticals		0.26%
Metals		8.40%

Annexure - III

**Portfolio Statement for the Month of March 31, 2010
SUNDARAM BNP PARIBAS BALANCED FUND
SUNBAL**

SI No	Investment	Industry / Ratings	Quantity	Market Value Rs.in Lakhs
A)	Equity & Equity Linked Instruments			
a)	Listed / awaiting listing on Stock Exchanges			
1	PTC India Ltd.	ENERGY	645636	723.44
2	ICICI Bank Ltd.	FINANCIAL SERVICES	70288	669.49
3	Deccan Aviation Ltd.	SERVICES	1139388	533.23
4	Polaris Software Lab Ltd.	IT	276857	453.77
5	I T C Ltd.	CONSUMER GOODS	138430	364.14
6	Shree Renuka Sugars Ltd.	CONSUMER GOODS	345865	246.60
	EQUITY TOTAL			2,990.67
B)	Debt Instruments			
a)	Listed / awaiting listing on Stock Exchanges			
	NCDs			
	POWER FINANCE CORPORATION **	AAA	30	300.00
	UNION BANK OF INDIA **	AA+	10	100.00
	SUBTOTAL			400.00
b)	Privately placed / Unlisted			
	TATA COMMUNICATIONS LIMITED **	AAA	50	500.46
	SUBTOTAL			500.46
c)	Government Securities			
	6.35% Govt Securities 02/01/2020	GSEC	75000	67.43
	SUBTOTAL			67.43
d)	Money Market Instruments			
	PUNJAB NATIONAL BANK	PR1+	1500	1,489.91
	IDBI BANK	A1+	2500	2,481.10
	BANK OF BARODA	A1+	1500	1,431.26
	ICICI BANK	A1+	1000	942.89
	SUBTOTAL			6,345.16
	Reverse Repo / CBLO			72.95
	TOTAL			10,376.67