

AUDITORS REPORT

The Board of Trustees
Sundaram BNP Paribas Mutual Fund
Chennai

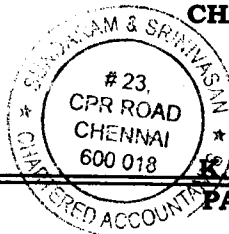
We have audited the attached Balance Sheet of Sundaram BNP Paribas Mutual Fund - **SUNDARAM BNP PARIBAS CAPITAL PROTECTION ORIENTED FUND SERIES 1 - 3 YEARS** as at March 31, 2010 and the Revenue Account for the year ended on that date. These financial statements are the responsibility of the management. 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 CAPITAL PROTECTION ORIENTED FUND SERIES 1 - 3 YEARS** 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 CAPITAL PROTECTION ORIENTED FUND SERIES 1 - 3 YEARS** for the year ended on March 31, 2010.

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



[Signature]
K. SRINIVASAN

PARTNER (M.No : 5809)

Place: Chennai
Date: 25th June, 2010

BALANCE SHEET AS AT 31st MARCH, 2010

Amount in Rs.

	SCHEDULE NO.	31-Mar-10	31-Mar-09
LIABILITIES			
Unit Capital	1	160,077,478	160,077,478
Reserves & Surplus	2	44,465,775	16,465,764
Current Liabilities & Provisions	3	134,935	105,210
		204,678,188	176,648,452
ASSETS			
Investments	4	184,539,579	166,608,770
Other Current Assets	5	19,502,981	7,803,164
Deferred Revenue Expenditure	6	635,628	2,236,518
		204,678,188	176,648,452

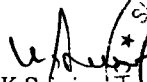
Notes on Accounts

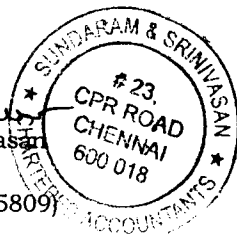
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As per our Report of even date

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

For
Sundaram BNP Paribas Asset Management Company Ltd


K Srinivasan
Partner
(M.NO : 5809)

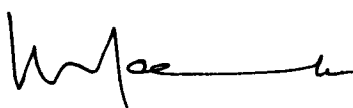



K. Ramkumar
Fund Manager


T.S. Sritharan
Chief Financial Officer

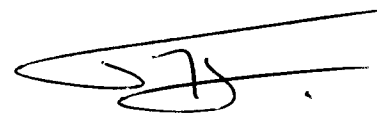

T P Raman
Managing Director

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

Amount, Rs

	Schedule No.	2009 - 2010		2008 - 2009	
REVENUE					
Dividend		333,835		196,042	
Interest	7	12,910,547		12,872,134	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		10,207,035		-	
Net diminution in value of investments written back		6,530,094		22,500	
TOTAL (A)		29,981,511	29,981,511	13,090,676	13,090,676
EXPENSES					
Net diminution in value of investment	8	1,417,500		3,487,180	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		-		9,303,448	
Management fee		1,405,734		1,250,191	
Trusteeship fee		19,687		17,689	
Commission to Agents		126,020		99,172	
Audit fee		11,979		11,899	
Other operating expenses (Including Marketing Expenses Rs.Nil) PY : Rs. Nil		150,203		153,779	
Custodian charges		47,985		39,702	
Registrar expenses		130,306		120,050	
Initial Issue Expenses Written Off		1,600,890		1,600,890	
SEBI Fees		1,588		-	
TOTAL (B)		4,911,892	4,911,892	16,084,000	16,084,000
SURPLUS / (DEFICIT) (A-B)			25,069,619		(2,993,324)
Add/(Less) : Balance in Equalisation Account					
			25,069,619		(2,993,324)
Less: Income Distributed					
Distribution Tax					
Surplus /(Deficit) transferred to Balance Sheet			25,069,619		(2,993,324)

Notes on Accounts

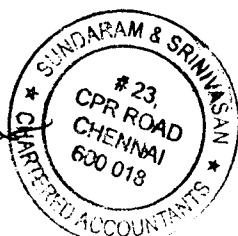
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As per our Report of even date


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


For
Sundaram BNP Paribas Asset Management Company Ltd

K Srinivasan
Partner
(M.NO : 5809)

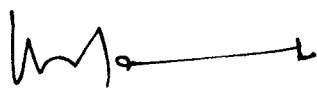



K. Ramkumar
Fund Manager


T.S. Sritharan
Chief Financial Officer



T. Raman
Managing Director

For and on Behalf of
Sundaram BNP Paribas Trustee Company Ltd


K V Ramanathan
Chairman


S. Vijay
Director


R. Rajanani
Director


Francois Mouzay
Director

Place : Chennai
Date : 25th June 2010

SCHEDULE : 1

Unit Capital

	31/03/2010		31/03/2009	
	Units	Rs.	Units	Rs.
Initial capital	16,007,747.79	160,077,478	16,007,747.79	160,077,478
Unit Capital				
Opening Capital	16,007,747.79	160,077,478	16,007,747.79	160,077,478
Add: Units sold during the year	-	-	-	-
	16,007,747.79	160,077,478	16,007,747.79	160,077,478
Less : Units repurchased during the year	-	-	-	-
Units at the end of the Year	16,007,747.79	160,077,478	16,007,747.79	160,077,478
		160,077,478		160,077,478

SCHEDULE : 2

Reserves & Surplus

	31/03/2010		31/03/2009	
	Rs.	Rs.	Rs.	Rs.
General Reserve				
Opening Balance	14,181,413		17,174,737	
Add /(Less): Transfer from Revenue Account	25,069,619	39,251,032	(2,993,324)	14,181,413.00
Unrealised appreciation reserve				
Opening Balance	2,284,351		1,045,024	
Add/(Less) Net unrealized appreciation for the year	2,930,392		1,239,327	
Unrealised Appreciation Reserve (Schedule 8)		5,214,743		2,284,351.00
		44,465,775		16,465,764

SCHEDULE : 3

Current Liabilities & Provisions

	31/03/2010	31/03/2009
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	124,291	93,457
Others	10,644	11,753
	134,935	105,210

SCHEDULE : 4

Investments

	31/03/2010	31/03/2009
	Rs.	Rs.
Equity Shares	17,256,660	11,043,743
Non-Convertible Debentures	93,226,288	91,601,213
Privately Placed Debentures & Bonds	26,235,161	24,929,844
Government Securities	25,530,000	26,947,500
Certificate of Deposits	19,693,250	-
Investment in Reverse Repo / CBLO	2,598,220	12,086,470
	184,539,579	166,608,770

SCHEDULE : 5

Other Current Assets

	31/03/2010	31/03/2009
	Rs.	Rs.
Balance with banks in Current Accounts	658,116	644,587
Sundry Debtors		
Contract for Sale of Investments	11,611,419	-
Outstanding and accrued Income	7,233,446	7,158,577
	19,502,981	7,803,164

SCHEDULE: 6

Deferred Revenue Expenditure

	31/03/2010	31/03/2009
	Rs.	Rs.
Opening Balance	2,236,518	3,837,408
Less: Amount amortised during the period	1,600,890	1,600,890
	635,628	2,236,518

SCHEDULE : 7

Interest

	01.04.2009 to 31.03.2010	01.04.2008 to 31.03.2009
	Rs.	Rs.
Interest from banks and others	3,098,338	3,446,137
Interest on Debentures and Bonds	9,418,089	9,425,997
Discounting Charges	394,120	-
	12,910,547	12,872,134

SCHEDULE : 8

Net unrealised appreciation / diminution in value of Investments

	01.04.2009 to 31.03.2010	01.04.2008 to 31.03.2009
	Rs.	Rs.
Appreciation in Value of Investments		
Equity Shares	-	-
Central Government Securities	-	-
Privately placed Debentures / Bonds	695,265	-
Debentures / Bonds listed / awaiting listing on the recognised stock exchange	4,519,478	2,284,351
Appreciation in value of investments (Schedule No.2)	5,214,743	2,284,351
Diminution in value of investments \		
Equity Shares	-	3,487,180
Central Government Securities	1,417,500	-
Net Unrealised Diminution in value of investments transferred to Revenue Account	1,417,500	3,487,180

SUNDARAM BNP PARIBAS MUTUAL FUND

SUNDARAM BNP PARIBAS CAPITAL PROTECTION ORIENTED FUND SERIES 1 - 3 YRS

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.

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. INITIAL ISSUE EXPENSES

- (i) The initial issue expenses are amortized over a period of three years from the date of allotment.
- (ii) The unamortized portion of the deferred revenue expenditure is included in the net asset value.

1.5. 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.

1.6. EQUALISATION ACCOUNT

When the units are sold / re-purchased, the difference between the sale price / re-purchase price and the face value of the units is credited / debited to equalisation account. The net balance in this account is transferred to revenue account for the Year

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 (excluding deferred revenue expenditure unamortised)	1,968.64	1,768.89
Management fee @ 0.71% of average daily net asset value.(Previous year 0.71%)	14.06	12.50

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)	763.84	234.12
%	38.80%	13.24%
SALES VALUE (AMOUNT)	570.08	316.72
%	28.96%	17.90%

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 (excluding unamortised initial issue expenses)	932.26	1,165.31
% to the asset under management	45.58%	66.01%

6. INCOME / EXPENDITURE

The total income and expenditure (excluding deferred revenue expenditure un-amortised) 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	15.23%	9.64%
EXPENDITURE	0.96%	0.96%

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)	0.54	0.48
Sundaram Finance Distribution Ltd (Subsidiary of Sponsor)	-	0.003
Indus Ind Bank Ltd (Associate)	NIL	NIL

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 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. b. 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. PORTFOLIO DISCLOSURE

Full portfolio of the scheme is given in Annexure - III

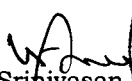
11. MOVEMENT IN UNIT CAPITAL

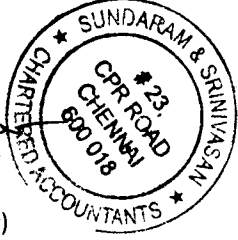
As Per Schedule-I

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)





K Ramkumar
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**

12. HISTORICAL PER UNIT STATISTICS

	2009-10 Rs.	2008-09 Rs.	2007-2008 Rs.
(A) Gross income			
(i) income other than profit on sale of investment	0.8274	0.8164	0.46
(ii) income from profit on inter scheme sales/transfer of investments	0.0000	0.0000	0.01
(iii) income from profit on sale of investment to third parties	0.6376	0.5812	0.99
(iv) transfer to revenue account from past year's reserves	0.0000	0.0000	0.00
(B) Aggregate of expenses, write off, amortisation and charges	0.2183	0.2057	0.13
(C) Net income	1.2467	0.6106	1.33
(D) Net unrealised appreciation/(diminution) in value of investments	-0.3194	0.2164	-0.20
		Growth Option	Growth Option
(E) Net Assets Value	12.7778	11.0286	11.1382
(F) Highest repurchase price	0.0000	0.0000	0.0000
Lowest repurchase price	0.0000	0.0000	0.0000
Highest ongoing sale price *	0.0000	0.0000	10.0000
Lowest ongoing sale price *	0.0000	0.0000	10.0000
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage	0.96%	0.96%	0.98%
(H) Ratio of gross income to average daily net assets by percentage	15.23%	7.40%	21.99%

* includes entry load as applicable

13. Computation of Distributable Income

	31/03/2010	31.03.09
Net Income as per revenue account	25,069,619	- 2,993,324.00
Add : Balance of Undistributed income as at 1st April brought forward	14,181,413	17,174,737
	39,251,032	14,181,413
Less : Income Distributed during the year	-	-
Distributable Income	39,251,032	14,181,413

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

Annexure - II

Sundaram BNP Paribas Capital Protection 3 Year

	% of total investments within the classification	
	2009-2010	2008-2009
A) EQUITY INSTRUMENTS		
METALS	16.46%	7.01%
SERVICES	12.49%	-
CONSUMER GOODS	2.44%	39.68%
FINANCIAL SERVICES	36.15%	30.70%
MEDIA & ENTERTAINMENT	7.75%	5.73%
INDUSTRIAL MANUFACTURING	24.70%	-
ENERGY	-	23.61%
B) Debt Instruments		
a) Listed / awaiting listing on Stock Exchange		
FINANCE	74.25%	20.39%
ENERGY	25.75%	58.22%
b) Privately Placed		
FINANCE	100.00%	21.39%
B) Money Market Instruments		
	NIL	NIL

Annexure - III

Sundaram BNP Paribas Capital Protection 3 Year

Portfolio Statement for the period ended 31st March, 2010

SI No	Investment	Industry/Ratings	Quantity	Mkt Value Rs. in Lakhs	% of NAV
A)	Equity & Equity Linked Instruments				
a)	Listed / awaiting listing on Stock Exchanges				
1	Welspun Gujarat Stahl Rohren Ltd	METALS	10400	28.41	1.54%
2	Noida Toll Bridge Company Ltd	SERVICES	66000	21.55	1.17%
3	ITC Ltd - Equity	CONSUMER GOODS	1600	4.21	0.23%
4	ICICI Bank	FINANCIAL SERVICES	6550	62.39	3.38%
5	Dish TV India Limited	MEDIA & ENTERTAINMENT	36500	13.38	0.72%
6	NHPC Ltd	INDUSTRIAL MANUFACTURING	140000	42.63	2.31%
	Sub Total			172.57	9.35%
B)	Debt Instruments				
a)	Listed / Awaiting listing on Stock Exchanges				
	INDIAN RAILWAY FINANCE CORPORATION **	AAA	17	170.13	9.22%
	CITICORP FIN INDIA LTD **	AAA	25	251.46	13.63%
	INDIAN OIL CORPORATION **	LAA+	24	240.06	13.01%
	HOUSING DEVELOPMENT FINANCE CORPORATION **	AAA	27	270.62	14.66%
				932.26	50.52%
b)	Privately Placed				
	TATA SONS LTD	AAA	26	262.35	14.22%
				262.35	14.22%
b)	Government Securities				
	11.30% Govt. Securities 28/07/10	GOI	250000	255.30	13.83%
				255.30	13.83%
C)	Money Market Instruments				
	ICICI BANK	A1+	200	196.93	10.67%
				196.93	10.67%
D)	Repo Investments				
				25.98	1.41%
	Grand Total			1,845.39	100.00%

** Thinly Traded / Non Traded Securities