

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

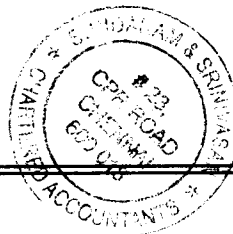
We have audited the attached Balance Sheet of Sundaram BNP Paribas Mutual Fund - **SUNDARAM BNP PARIBAS FLEXIBLE FUND FLEXIBLE INCOME PLAN (FORMERLY FLOATING RATE FUND - LONG TERM PLAN)** as at March 31, 2010 and the Revenue Account for the year ended on that date. These financial statements are the 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 FLEXIBLE FUND FLEXIBLE INCOME PLAN (FORMERLY FLOATING RATE FUND - LONG TERM PLAN)** 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 FLEXIBLE FUND FLEXIBLE INCOME PLAN (FORMERLY FLOATING RATE FUND - LONG TERM PLAN)** for the year ended on March 31, 2010.

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



K. Srinivasan
K. SRINIVASAN
PARTNER (M.No. : 5809)

Place: Chennai

Date: 25th June, 2010

BALANCE SHEET AS AT 31st MARCH, 2010

Amount in Rs.

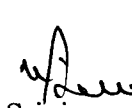
	SCHEDULE NO.	31-Mar-10	31-Mar-09
LIABILITIES			
Unit Capital	1	35,870,540	27,758,119
Reserves & Surplus	2	7,908,401	6,531,678
Current Liabilities & Provisions	3	1,207,599	46,236
		44,986,540	34,336,033
ASSETS			
Investments	4	33,277,207	33,180,792
Other Current Assets	5	11,709,333	1,155,241
		44,986,540	34,336,033

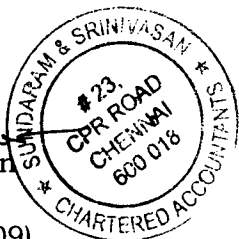
Notes on Accounts
As per our Report of even date


7


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


For
Sundaram BNP Paribas Asset Management Company Ltd


K Srinivasan
Partner
(M.NO : 5809)

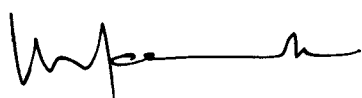



K. Ramkumar
Fund Manager



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

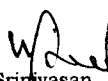
	Schedule No.	Amount, Rs	
		2009-10	2008-09
REVENUE			
Interest	6	2,188,867	4,345,248
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		118,775	-
		2,307,642	4,345,248
TOTAL (A)		2,307,642	4,345,248
EXPENSES			
Management fee		137,753	297,742
Trusteeship fee		4,016	5,005
Commission to Agents		104,795	178,397
Publicity expenses		35,448	-
Audit fee		11,213	27,822
Other operating expenses (including Marketing Exp. Rs. NIL (Previous Year Rs. NIL))		51,333	37,967
Custodian charges		7,843	22,636
Registrar expenses		61,982	40,224
SEBI Fees		308	-
		414,691	609,792
Less : Amount transferred from Load on account of Marketing expenses		12,707	96,634
TOTAL (B)		401,984	513,158
SURPLUS / (DEFICIT) (A-B)		1,905,658	3,832,090
Add/(Less) : Balance in Equalisation Account		(173,441)	(2,034,930)
		1,732,217	1,797,160
Less: Income Distributed		309,714	1,008,922
Distribution Tax		45,780	158,650
		355,494	1,167,572
Surplus /(Deficit) transferred to Balance Sheet		1,376,723	629,588

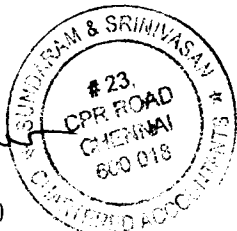
Notes on Accounts
As per our Report of even date


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For
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Chartered Accountants
(FRN.: 004207S)

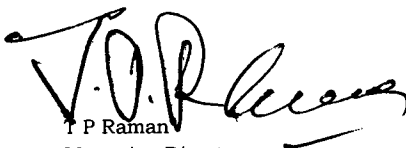
For
Sundaram BNP Paribas Asset Management Company Ltd


K Srinivasan
Partner
(M.NO : 5809)






K. Ramkumar
Fund Manager



T.S. Sriharan
Chief Financial Officer



T P Raman
Managing Director

For and on Behalf of
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K V Ramanathan
Chairman


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
Initial capital	23,108,566.70	231,085,667.00	23,108,566.70	231,085,667.00
Unit Capital				
Opening Capital	2,775,811.91	27,758,119	4,052,822.55	40,528,226
Add: Units sold during the year	3,805,467.06	38,054,671	8,799,493.13	87,994,931
	6,581,278.97	65,812,790	12,852,315.68	128,523,157
Less : Units repurchased during the year	2,994,225.01	29,942,250	10,076,503.77	100,765,038
Units at the end of the year	3,587,053.96	35,870,540	2,775,811.91	27,758,119
		35,870,540		27,758,119

SCHEDULE : 2

Reserves & Surplus

	31/03/2010		31/03/2009	
	Rs.		Rs.	
General Reserve				
Opening Balance	6,531,678		5,902,090	
Add /(Less): Transfer from Revenue Account	1,376,723		629,588	
		7,908,401		6,531,678
		7,908,401		6,531,678

SCHEDULE : 3

Current Liabilities & Provisions

	31/03/2010	31/03/2009
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	1,204,318	40,163
Distributed Income Payable (No of warrants: 2)	481	446
Others	2,800	5,627
	1,207,599	46,236

SCHEDULE : 4

Investments

	31/03/2010	31/03/2009
	Rs.	Rs.
Certificate of Deposits	-	938,648
Commercial Papers	-	9,648,215
Investment in Reverse Repo / CBLO	33,277,207	22,593,928
	33,277,207	33,180,792

SCHEDULE : 5

Other Current Assets

	31/03/2010	31/03/2009
	Rs.	Rs.
Balance with banks in Current Accounts	11,616,267	383,659
Outstanding and accrued Income	4,560	633,606
Others	88,506	137,976
	11,709,333	1,155,241

SCHEDULE : 6

Interest

	01/04/2009 to 31/03/2010	01/04/2008 to 31/03/2009
	Rs.	Rs.
Interest from banks and others	1,008,406	475,141
Discounting Charges	1,180,460	3,870,107
	2,188,866	4,345,248

SUNDARAM BNP PARIBAS MUTUAL FUND

SUNDARAM BNP PARIBAS FLEXIBLE FUND FLEXIBLE INCOME PLAN

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

SCHEDULE 7

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) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.
- (ii) Income on investments is accounted on accrual basis.
- (iii) 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	401.62	502.79
Management fee @ 0.34% of average daily net asset value.(Previous year 0.59%)	1.38	2.98

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)	4,609.64	1,301.51
%	1147.76%	258.86%
SALES VALUE (AMOUNT)	4,715.51	1,632.48
%	1174.12%	324.68%

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	NIL	NIL
% to the asset under management	NIL	NIL

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	5.75%	8.64%
EXPENDITURE	1.00%	1.02%

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)	0.01	NIL
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)

NIL

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. LOAD COLLECTED AND UTILISED

Description	01.04.09 to 31.03.10	01.04.08 to 31.03.09
Opening Balance	0.03	0.36
Add.: Amount received on Sale / Repurchase of units (net)	0.56	0.64
Less: Amount Adjusted towards Brokerage & Marketing Exp	0.13	0.97
Less: Transferred to Income	-	-
Closing Balance	0.46	0.03

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)

As a result, the other income is higher by Rs.Nil 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 higher by Rs.Nil 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

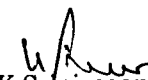
Full portfolio of the scheme is given in Annexure - II

13. MOVEMENT IN UNIT CAPITAL

As Per Schedule-I

Signatures to the schedules 1 to 7 are forming part of the Balance Sheet and the Revenue Account.


**For Sundaram & Srinivasan
Chartered Accountants**
(FRN No.: 0042078)


K Srinivasan
Partner
(M.No : 5809)



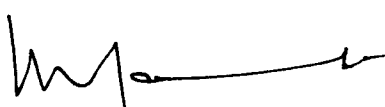
For Sundaram BNP Paribas Asset Management Company Ltd


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K V Ramanathan
Chairman


S Viji
Director


R Rajamani
Director


Francois Mouzay
Director

Place : Chennai

Date : 25th June, 2010

14. HISTORICAL PER UNIT STATISTICS

	2009 - 10						2008-09						2007-08								
	Growth Option	Monthly Dividend	Quarterly Dividend	Half yearly Dividend	Annual Dividend	Growth Option	Monthly Dividend	Quarterly Dividend	Half yearly Dividend	Annual Dividend	Growth Option	Monthly Dividend	Quarterly Dividend	Half yearly Dividend	Annual Dividend	Growth Option	Monthly Dividend	Quarterly Dividend	Half yearly Dividend	Annual Dividend	
(A) Gross income																					
(i) income other than profit on sale of investment			0.6102																		
(ii) income from profit on inter scheme sales/transfer of investments			0.0000																		
(iii) income from profit on sale of investment to third parties			0.0331																		
(iv) transfer to revenue account from past year's reserves			0.0000																		
(B) Aggregate of expenses, write off, amortisation and charges			0.1121																		
(C) Net income			0.5312																		
(D) Net unrealised appreciation/(diminution) in value of investments			0.0000																		
(E) Net Assets Value																					
Regular	13.7459	10.337	11.3971	11.1932	11.0927	13.0691	10.3292	10.8396	10.6436	10.5427	12.1402	10.3144	10.4266	10.2496	10.1528						
Institutional	16.2257					15.3580	10.3258	0.0000			14.2339	10.3109									
(F) Highest repurchase price*																					
Regular	13.744	10.4716	11.4131	10.8559		13.0555	10.3266	10.9264	10.7332	10.4352	12.1190	10.3206	10.4566	10.7124	10.6167						
Institutional	16.2231	10.5673				10.3066					13.9802	10.2794									
Lowest repurchase price*																					
Regular	13.0087	10.2082	10.8568	10.8559		12.1485	10.2372	10.5522	10.2834	10.3564	11.2979	10.2102	10.4145	10.5630	10.5443						
Institutional	16.2231	10.5379				10.3066					13.5099	10.2775									
Highest ongoing sale price *																					
Regular	13.7648	10.4748	11.388			13.0393	10.3381	10.9339	10.3061	10.4038	12.1237	10.3107	10.5966	10.0000	0.0000						
Institutional						10.2648					13.8941	0.0000									
Lowest ongoing sale price *																					
Regular	13.0863	10.2766	10.8612			12.1402	10.2622	10.4656	10.3061	10.2456	11.3153	10.2387	10.2428	0.0000	0.0000						
Institutional						10.2648					13.5057	0.0000									
(G) Ratio of expenses to average daily net assets by percentage			1.03%																		
(H) Ratio of gross income to average daily net assets by percentage			5.75%																		
			1.02%																		
			8.07%																		

15. Computation of Distributable Income

	31/03/2010	31/03/2009
Net Income as per revenue account	1732217	1,797,160
Add : Balance of Undistributed income as at 1st April brought forward	6,531,678	5,902,090
	8,263,895	7,699,250
Less : Income Distributed during the year	355494.44	1,167,572
Distributable Income	7,908,401	6,531,678

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

Annexure - II

SUNDARAM BNP PARIBAS FLEXIBLE FUND - FLEXIBLE INCOME PLAN				
Portfolio Statement for the period ended 31st March, 2010				
Particulars	Rating	Quantity	Mkt Value Rs. in Lacs	% of Net Asset
A) Debt Instruments				
a) Listed / awaiting listing on Stock Exchange				
NIL				
b) Govt Security				
NIL				
B) Money Market Instruments				
NIL				
C) Others				
REVERSE REPO / CBLO			332.77	100.00%
GRAND TOTAL			332.77	100.00%

** Thinly traded / Non Traded securities