

AUDITORS REPORT

The Board of Trustees
Sundaram BNP Paribas Mutual Fund
Chennai

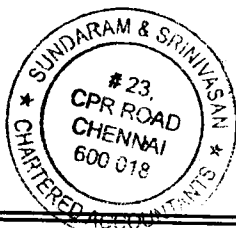
We have audited the attached Balance Sheet of Sundaram BNP Paribas Mutual Fund - **SUNDARAM BNP PARIBAS FLEXIBLEFUND - SHORT TERM PLAN (FORMERLY FLOATING RATE FUND - SHORT TERM PLAN)** as at March 31, 2010 and the Revenue Account for the year ended on that date. These financial statements are the responsibility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

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




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	5,160,319,105	211,469,425
Reserves & Surplus	2	220,335,150	40,936,353
Current Liabilities & Provisions	3	1,602,964,145	5,198,626
		6,983,618,400	257,604,404
ASSETS			
Investments	4	5,203,146,355	223,573,497
Other Current Assets	5	1,780,472,045	34,030,907
		6,983,618,400	257,604,404

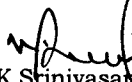
Notes on Accounts

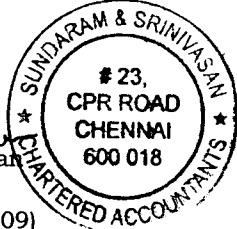
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As per our Report of even date

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

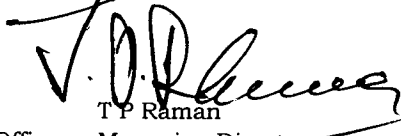
For
Sundaram BNP Paribas Asset Management Company Ltd


K Srinivasan
Partner
(M.NO : 5809)

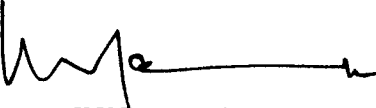



K. Ramkumar
Fund Manager


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. Rajaman
Director


Francois Mouzay
Director

Place : Chennai
Date : 25th June 2010

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

		Amount, Rs			
		Schedule No.	2009-10	2008-09	
REVENUE					
Interest		6	177,298,821	40,956,230	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)			7,978,501	-	
Net diminution on investments written back			-	372,626	
TOTAL (A)			185,277,322	41,328,856	
EXPENSES					
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)			-	100,452	
Loss on inter scheme transfer / sale of investments			1,604,695	-	
Management fee			6,549,587	1,140,813	
Trusteeship fee			303,282	45,114	
Commission to Agents			3,828,740	601,660	
Publicity expenses			42,909	-	
Audit fee			46,403	57,355	
Other operating expenses Including Marketing Expenses Rs. 3806528/- (Previous year Rs.1424968/)			4,796,589	1,596,958	
Custodian charges			746,206	125,738	
Registrar expenses			3,310,740	394,077	
SEBI Fees			2,270	-	
TOTAL (B)			21,231,421	4,062,167	
Less : Amount transferred from Load on account of Marketing expenses			-	-	
SURPLUS / (DEFICIT) (A-B)			164,045,901	37,266,689	
Add/(Less) : Balance in Equalisation Account			135,503,339	(77,673,372)	
			299,549,240	(40,406,683)	
Less: Income Distributed			101,853,049	8,849,630	
Distribution Tax			21,780,180	2,404,140	
			123,633,229	11,253,770	
Surplus /(Deficit) transferred to Balance Sheet			175,916,011	(51,660,453)	

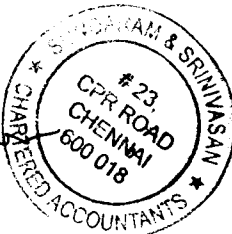
Notes on Accounts

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As per our Report of even date

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

K Srinivasan
Partner
(M.NO : 5809)



For and on Behalf of
Sundaram BNP Paribas Trustee Company Ltd

K V Ramanathan
Chairman

For
Sundaram BNP Paribas Asset Management Company Ltd

K. Ramkumar
Fund Manager

T.S.Sritharan
Chief Financial Officer

P P Ravi
Managing Director

S Viji
Director

R. Rajamani
Director

Francis Mouzay
Director

Place : Chennai
Date : 25th June 2010

SCHEDULE : 1

Unit Capital

	31/03/2010		31/03/2009	
	UNITS	AMOUNT	UNITS	AMOUNT
Initial capital	162,342,070.30	1,623,420,703	162,342,070.30	1,623,420,703
Unit Capital				
Opening Capital	21,146,942.49	211,469,425	52,345,562.10	523,455,621
Add: Units sold during the year	1,384,054,213.43	13,840,542,134	478,384,794.91	4,783,847,949
	1,405,201,155.92	14,052,011,559	530,730,357.01	5,307,303,570
Less : Units repurchased during the year	889,169,245.40	8,891,692,454	509,583,414.52	5,095,834,145
Units at the end of the Year	516,031,910.52	5,160,319,105	21,146,942.49	211,469,425
	5,160,319,105		211,469,425	

(0)

SCHEDULE : 2

Reserves & Surplus

	31/03/2010		31/03/2009	
	Rs.		Rs.	
Unit Premium Reserve				
Amount Received on Sale / Repurchase of Units (net)	(395,767)		-	
		(395,767)	-	
General Reserve				
Opening Balance	40,936,353		92,596,806	
Add /(Less): Transfer from Revenue Account	175,916,011		(51,660,453)	
		216,852,364		40,936,353
Unrealised appreciation reserve				
Opening Balance	-		17,102	
Add/(Less) Net unrealized appreciation for the year	3,878,553		(17,102)	
Unrealised Appreciation Reserve (Schedule 7)		3,878,553		-
		220,335,150		40,936,353

SCHEDULE : 3

Current Liabilities & Provisions

	31/03/2010	31/03/2009
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	1,359,347,015	5,174,200
Contract for Purchase of Investments	241,978,250	-
Distributed Income Payable	1,113,276	1,902
Others	525,604	22,524
	1,602,964,145	5,198,626

SCHEDULE : 4

Investments

	31/03/2010	31/03/2009
	Rs.	Rs.
Non-Convertible Debentures Unlisted	614,530,039	53,461,763
Non-Convertible Debentures and Zero Coupon Certificate of Deposits	280,943,529	-
Commercial Papers	3,677,904,568	132,151,189
Investment in Reverse Repo / CBLO	622,073,489	36,460,953
	7,694,730	1,499,592
	5,203,146,355	223,573,497

SCHEDULE : 5

Other Current Assets

	31/03/2010	31/03/2009
	Rs.	Rs.
Balance with banks in Current Accounts	743,093,740	4,111,235
Sundry Debtors		
Contract for Sale of Investments	243,310,000	-
Outstanding and accrued Income	64,018,085	7,497,033
Others	730,050,220	22,422,639
	1,780,472,045	34,030,907

SCHEDULE : 6

Interest

	01-04-2009 to 31-03-2010	01-04-2008 to 31-03-2009
	Rs.	Rs.
Interest from banks and others	3,767,747	1,313,294
Interest on Debentures and Bonds	58,901,389	4,801,138
Discounting Charges	114,629,685	34,841,798
	177,298,821	40,956,230

SCHEDULE : 7

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		
Privately placed Debentures / Bonds	294,515	-
Debentures / Bonds listed / awaiting listing on the recognised stock exchange	3,584,038	-
Appreciation in value of investments (Schedule No.2)	3,878,553	-

SUNDARAM BNP PARIBAS MUTUAL FUND

SUNDARAM BNP PARIBAS FLEXIBLE FUND - SHORT TERM 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 8

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	30,328.20	4,511.53
Management fee @ 0.22% of average daily net asset value.(Previous year 0.25%)	65.50	11.41

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)	215,027.94	31,714.95
%	709.00%	702.98%
SALES VALUE (AMOUNT)	165,332.95	35,450.29
%	545.15%	785.77%

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	8,954.73	232.23
% to the asset under management	16.64%	9.20%

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	6.11%	9.16%
EXPENDITURE	0.65%	0.88%

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)	5.41	0.01
Indus Ind Bank Ltd (Associate)	0.16	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. LOAD COLLECTED AND UTILISED

Description	01.04.09 to 31.03.10	01.04.08 to 31.03.09
Opening Balance	0.00	-
Add.: Amount received on Sale / Repurchase of units (net)	4.38	0.00
Less: Amount Adjusted towards Brokerage & Marketing Exp	-	0.00
Less: Transferred to Income	-	-
Closing Balance	4.38	0.00

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.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.3.96 lakhs with consequential impact on Unit Premium Reserve. However this does not have any impact on total Reserve and Surplus, Distributable Income and Net Asset Value.

12. PORTFOLIO DISCLOSURE


Full portfolio of the scheme is given in Annexure - III

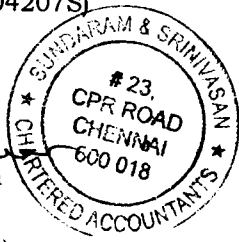
13. MOVEMENT IN UNIT CAPITAL

As Per Schedule-I

Signatures to the schedules 1 to 8 are forming part of the Balance Sheet and the Revenue Account.


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


K Srinivasan
Partner
(M.No : 5809)



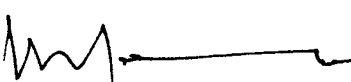
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K V Ramanathan
Chairman


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	Daily Dividend	Weekly Dividend	Growth Option	Monthly Dividend	Daily Dividend	Weekly Dividend	Growth Option	Monthly Dividend	Daily Dividend
(A) Gross income			0.3436				1.9367				2.2857
(i) income other than profit on sale of investment											
(ii) income from profit on inter scheme sales/transfer of investments			-0.0031				0.0000				0.0667
(iii) income from profit on sale of investment to third parties			0.0155				-0.0048				0.0289
(iv) transfer to revenue account from past year's reserves			0.0000				0.0000				0.0000
Aggregate of expenses, write off, amortisation and charges			0.0380				0.1873				0.2291
(B) Net income			0.3180				1.7447				2.1522
(D) Net unrealised appreciation/(diminution) in value of investments			0.0075				0.0168				-0.0021
(E) Net Assets Value	Regular Institutional	14.0636 14.5882	10.3243 10.3704	10.0519 10.4031	10.0519 10.374	13.2751 13.7395	10.2939 10.3374	10.0519 10.0519	12.2323 12.4448	10.2699 10.2986	10.0519 10.0519
(F) Highest repurchase price	Regular Institutional	14.0592 14.5203	10.3211 10.3649	10.0519 10.3974	10.0519 10.374	13.2724 13.5505	10.3098 10.3505	10.0519 10.0519	12.2189 12.4051	10.2765 10.2823	10.0519 10.0519
Lowest repurchase price	Regular Institutional	13.2751 13.9118	10.1966 10.3202	10.0506 10.3034	10.3034 10.3034	12.2351 12.4693	10.2109 10.2109	10.0519 10.0519	11.3598 11.5361	10.1855 10.2410	10.0519 10.0519
Highest ongoing sale price	Regular Institutional	14.0592 14.5804	10.3211 10.359	10.0519 10.3885	10.0519 10.3885	13.2724 13.4626	10.3122 10.3122	10.0519 10.0519	12.2277 12.3996	10.2743 10.2322	10.0519 10.0519
Lowest ongoing sale price	Regular Institutional	13.2751 13.8061	10.2435 10.3346	10.0516 10.2910	10.2910 10.2910	12.2351 12.4664	10.2109 10.2109	10.0519 10.0519	11.3598 11.4937	10.1917 10.2322	10.0519 10.0519
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage			0.65%				0.68%			0.77%	
(H) Ratio of gross income to average daily net assets by percentage			6.11%				9.16%			8.29%	
15. Computation of Distributable Income		31.03.10	31.03.09								
Net income as per revenue account		299,549,240	(40,406,663)								
Add: Balance of Undistributed income as at 1st April brought forward		40,936,353	92,596,806								
		340,485,593	52,190,123								
Less: Income Distributed during the year		123,633,229	11,253,770								
		216,852,364	(395,767)								
Add: Unit Premium Reserve											
Distributable Income		216,456,597	40,936,353								

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

Annexure - II

SUNDARAM BNP PARIBAS FLEXIBLE FUND - SHORT TERM

	% of total investments within the classification	
	2009-2010	2008-2009
A) Debt Instruments		
a) Listed / awaiting listing on Stock Exchange		
FINANCE	51.12%	100.00%
CHEMICALS	40.69%	-
POWER	8.18%	-
b) Privately Placed		
DIVERSIFIED	10.95%	-
COMMUNICATIONS	89.05%	-

Annexure - III

SUNDARAM BNP PARIBAS FLEXIBLE FUND - SHORT TERM				
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				
RELIANCE CAPITAL LTD **	AAA	60	600.72	1.15%
TATA CAPITAL LTD **	LAA+	50	503.85	0.97%
TATA CHEMICALS LIMITED **	AA+	250	2,500.75	4.81%
ICICI SECURITIES PRIMARY DEALERSHIP LTD **	AAA	10	1,004.14	1.93%
SREI EQUIPMENT FINANCE **	AA	1,000	1,032.99	1.99%
RURAL ELECTRIFICATION CORP LTD **	AAA	50	502.85	0.97%
Sub Total			6,145.30	11.81%
b) Privately Placed				
KESORAM INDUSTRIES LIMITED **	AA	30	307.10	0.59%
TATA COMMUNICATIONS LIMITED **	AAA	250	2,502.33	4.81%
Sub Total			2,809.43	5.40%
B) Money Market Instruments				
AXIS BANK	P1+	2,000	1,956.01	3.76%
YES BANK	A1+	1,500	1,465.43	2.82%
UCO BANK	P1+	900	876.54	1.68%
ICICI BANK	A1+	1,300	1,260.41	2.42%
ANDHRA BANK	PR1+	2,500	2,422.46	4.66%
AXIS BANK	P1+	1,500	1,458.15	2.80%
PUNJAB NATIONAL BANK	PR1+	2,500	2,428.86	4.67%
STATE BANK OF PATIALA	P1+	2,500	2,433.89	4.68%
ORIENTAL BANK OF COMMERCE CORPORATION BANK	P1+	1,000	957.89	1.84%
ICICI BANK	P1+	2,500	2,394.10	4.60%
ANDHRA BANK	A1+	2,500	2,419.84	4.65%
IDBI BANK	PR1+	2,500	2,395.92	4.60%
BANK OF BARODA	P1+	2,500	2,382.94	4.58%
BANK OF BARODA	A1+	1,000	954.17	1.83%
STATE BANK OF BIKANER & JAIPUR	P1+	1,500	1,428.50	2.75%
STATE BANK OF BIKANER & JAIPUR	P1+	2,500	2,364.75	4.54%
ORIENTAL BANK OF COMMERCE	P1+	4,000	3,785.42	7.28%
AXIS BANK	P1+	2,500	2,359.44	4.53%
ICICI BANK	A1+	500	471.44	0.91%
JAMMU & KASHMIR BANK	P1+	300	281.42	0.54%
KOTAK MAHINDRA BANK	P1+	300	281.47	0.54%
REDINGTON INDIA LIMITED	P1+	200	953.68	1.83%
BAJAJ AUTO FINANCELIMITED	P1+	40	190.86	0.37%
EXIM BANK	P1+	500	2,442.04	4.69%
IL&FS FINC SERS LTD	A1+	420	1,982.34	3.81%
SECURITIES TRADING CORPORATION OF INDIA	P1+	140	651.81	1.25%
Sub Total			42,999.78	82.64%
C) Others				
REVERSE REPO / CBLO			76.95	0.15%
GRAND TOTAL			52,031.46	100.00%