

# 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

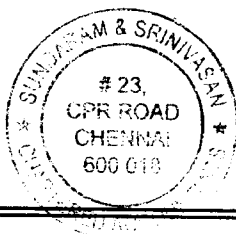
We have audited the attached Balance Sheet of Sundaram BNP Paribas Mutual Fund - **SUNDARAM BNP PARIBAS GILT FUND** as at March 31, 2010 and the Revenue Account for the year ended on that date. These financial statements are the responsibility of the management. Our responsibility is to express our opinion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

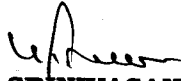
On the basis of the audit as indicated above, we report as follows:-

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 GILT FUND** as at March 31, 2010 and
  - b) In the case of Revenue Account of the **Deficit** of Sundaram BNP Paribas Mutual Fund - **SUNDARAM BNP PARIBAS GILT FUND** for the year ended on March 31, 2010.

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



Place: Chennai  
Date: 25<sup>th</sup> 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
<b>LIABILITIES</b>			
Unit Capital	1	1,810,161	21,437,596
Reserves & Surplus	2	574,920	3,667,852
Current Liabilities & Provisions	3	22,589	1,363,712
		<b>2,407,670</b>	<b>26,469,160</b>
<b>ASSETS</b>			
Investments	4	1,798,768	25,393,174
Other Current Assets	5	608,902	1,075,986
		<b>2,407,670</b>	<b>26,469,160</b>


Notes on Accounts

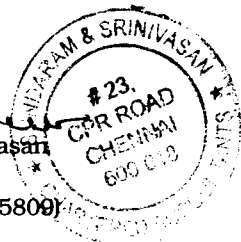
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As per our Report of even date


**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. V. 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

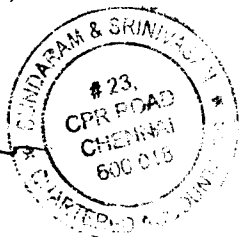
Date : 25th June 2010

## REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

	Schedule No.	Amount, Rs	
		2009-10	2008-09
<b>REVENUE</b>			
Interest	6	257,564	237,622
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		425	-
Net profit on inter scheme transfer / sale of investments		1,800	-
<b>TOTAL (A)</b>		<b>259,789</b>	<b>237,622</b>
<b>EXPENSES</b>			
Management fee		40,428	53,149
Trusteeship fee		841	259
Commission to Agents		25,494	-
Audit fee		5,572	5,528
Other operating expenses (Including Marketing Expenses Rs.NIL )		8,306	6,051
Registrar expenses		10,627	4,142
Bank Charges		9,468	-
SEBI Fees		226	-
SEBI Audit Fee		-	-
		<b>100,962</b>	<b>69,130</b>
Less : Amount transferred from Load on account of Marketing Expenses		11,286	-
<b>TOTAL (B)</b>		<b>89,676</b>	<b>69,130</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>		<b>170,113</b>	<b>168,492</b>
Add/(Less) : Balance in Equalisation Account		(3,263,045)	2,759,524
		<b>(3,092,932)</b>	<b>2,928,016</b>
<b>Less: Income Distributed</b>		-	-
Distribution Tax		-	-
<b>Surplus / (Deficit) transferred to Balance Sheet</b>		<b>(3,092,932)</b>	<b>2,928,016</b>

Notes on Accounts  
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

Place : Chennai  
Date : 25th June 2010

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For  
**Sundaram BNP Paribas Asset Management Company Ltd**

K. Ramkumar  
Fund Manager

T.S.Sritharan  
Chief Financial Officer

T P Raman  
Managing Director

S. Vijay  
Director

R. Rajamani  
Director

Francois Mouzay  
Director

**SCHEDULE : 1****Unit Capital**

	31/03/2010		31/03/2009	
	UNITS	AMOUNT	UNITS	AMOUNT
<b>Initial capital</b>	<b>19,056,400.00</b>	<b>190,564,000</b>	<b>19,056,400.00</b>	<b>190,564,000</b>
<b>Unit Capital</b>				
Opening Capital	2,143,759.64	21,437,596	322,761.07	3,227,611
Add: Units sold during the year	184,376.67	1,843,767	3,653,037.90	36,530,379
Less : Units repurchased during the year	2,328,136.31	23,281,363	3,975,798.97	39,757,990
	2,147,120.17	21,471,202	1,832,039.33	18,320,393
Units at the end of the Year	181,016.14	1,810,161	2,143,759.64	21,437,596
		<b>1,810,161</b>		<b>21,437,596</b>

**SCHEDULE : 2****Reserves & Surplus**

	31/03/2010		31/03/2009	
	Rs.		Rs.	
<b>General Reserve</b>				
Opening Balance	3,667,852		739,836	
Add /(Less): Transfer from Revenue Account	(3,092,932)	574,920	2,928,016	3,667,852
		<b>574,920</b>		<b>3,667,852</b>

**SCHEDULE : 3****Current Liabilities & Provisions**

	31/03/2010	31/03/2009
	Rs.	Rs.
<b>Current Liabilities</b>		
Sundry Creditors	21,954	1,359,499
Others	635	4,213
	<b>22,589</b>	<b>1,363,712</b>

**SCHEDULE : 4****Investments**

	<b>31/03/2010</b>	<b>31/03/2009</b>
	<b>Rs.</b>	<b>Rs.</b>
Investment in Reverse Repo / CBLO	1,798,768	25,393,174
	<b>1,798,768</b>	<b>25,393,174</b>

**SCHEDULE : 5****Other Current Assets**

	<b>31/03/2010</b>	<b>31/03/2009</b>
	<b>Rs.</b>	<b>Rs.</b>
Balance with banks in Current Accounts	608,654	1,052,561
Outstanding and accrued Income	248	3,412
Others	-	20,013
	<b>608,902</b>	<b>1,075,986</b>

**SCHEDULE : 6****Interest**

	<b>01.04.2009 to 31.03.2010</b>	<b>01.04.2008 to 31.03.2009</b>
	Rs.	Rs.
Interest from banks and others	257,564	237,622
	<b>257,564</b>	<b>237,622</b>

**Profit on sale / Redemption of Investments (Other than inter-scheme transfer/sale)**

<b>Description</b>	<b>01.04.2009 to 31.03.2010</b>	<b>01.04.2008 to 31.03.2009</b>
Profit on sale of Securities.	291,700	
<b>A</b>	<b>291,700</b>	<b>-</b>

**Loss on sale / Redemption of Investments (Other than inter-scheme transfer/sale)**

<b>Description</b>	<b>01.04.2009 to 31.03.2010</b>	<b>01.04.2008 to 31.03.2009</b>
Loss sale of Debt etc.	291,275	
<b>B</b>	<b>291,275</b>	<b>-</b>
<b>Net profit/loss on sale of investments (Other than inter-scheme transfer/sale) (A-B)</b>	<b>425</b>	<b>-</b>

# SUNDARAM BNP PARIBAS MUTUAL FUND

## SUNDARAM BNP PARIBAS GILT 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 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	84.01	53.88
Management fee @ 0.48% of average daily net asset value.(Previous year 0.98%)	0.40	0.53

**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
<b>PURCHASE VALUE(AMOUNT)</b>	799.66	NIL
%	951.86%	
<b>SALES VALUE (AMOUNT)</b>	799.66	NIL
%	951.86%	

**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
<b>INCOME</b>	3.09%	4.42%
<b>EXPENDITURE</b>	1.07%	1.28%

**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)	0.04	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



**q.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.

**q.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	0.01	-
Add.: Amount received on Sale / Repurchase of units (net)	0.15	0.01
Less: Amount Adjusted towards Brokerage & Marketing Exp	0.11	-
Less: Transferred to Income	-	-
Closing Balance	0.05	0.01

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 deficit, Reserves and Surplus, Current Liabilities and Provisions, Net Asset Value and Distributable income.

**10. 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 deficit 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.

**11. PORTFOLIO DISCLOSURE**


Full portfolio of the scheme is given in Annexure - II

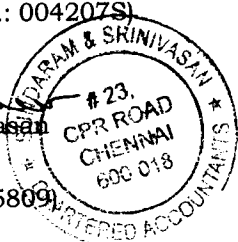
**12. MOVEMENT IN UNIT CAPITAL**

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.: 004207S)**

  
K Srihivasan  
Partner  
(M.No : 5809)



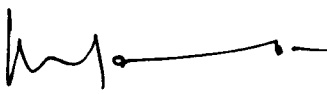
**For Sundaram BNP Paribas Asset Management Company Ltd**

  
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**

**13. HISTORICAL PER UNIT STATISTICS**

		2009-10 Rs.		2008-09 Rs.		2007-08 Rs.	
(A)	Gross income						
	(i) income other than profit on sale of investment	1.4229		0.1108		0.61	
	(ii) income from profit on inter scheme sales/transfer of investments	0.0099		0.0000		0.00	
	(iii) income from profit on sale of investment to third parties	0.0023		0.0000		0.00	
	(iv) transfer to revenue account from past year's reserves	0.0000		0.0000		-	
(B)	Aggregate of expenses, write off, amortisation and charges	0.4954		0.0322		0.13	
(C)	Net income	0.9397		0.0786		0.48	
(D)	Net unrealised appreciation/(diminution) in value of investments	0.0000		0.0000		0.00	
		Dividend Option	Growth Option	Dividend Option	Growth Option	Dividend Option	Growth Option
(E)	Net Assets Value	11.4124	14.9005	11.1022	14.4942	10.5385	13.4949
(F)	Highest repurchase price*	11.4052	14.8938	11.0927	14.4818	10.6482	13.4772
	Lowest repurchase price*	11.0288	14.3580	10.7608	14.0272	10.2970	12.8748
	Highest ongoing sale price *	11.4618	-	11.0778	14.4818	10.6455	13.4793
	Lowest ongoing sale price *	11.1061	-	11.076	14.4583	10.3001	12.8748
(G)	Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage	1.07%		1.28%		1.32%	
(H)	Ratio of gross income to average daily net assets by percentage	3.09%		4.42%		6.19%	

\* includes load as applicable

**14. Computation of Distributable Income**

	31.03.10	31.03.09
Net Income as per revenue account	-3092932	2,928,016
Add : Balance of Undistributed income as at 1st April brought forward	3,667,852	739,836
	574,920	3,667,852
Less : Income Distributed during the year	-	-
Distributable Income	574,920	3,667,852

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

Annexure - II

SUNDARAM BNP PARIBAS GILT FUND				
Portfolio Statement for the period ended 31st March, 2010				
Particulars			Mkt Value Rs. in Lacs	% of Net Asset
<b>A) Debt Instruments</b>				
<b>a) Listed / awaiting listing on Stock Exchange</b>				
NIL				
<b>b) Govt Security</b>				
NIL				
<b>B) Money Market Instruments</b>				
Nil				
<b>C) Others</b>				
REVERSE REPO / CBLO			17.99	100.00%
<b>GRAND TOTAL</b>			<b>17.99</b>	<b>100.00%</b>