



MID-CAP FUNDS
SMALL-CAP FUNDS

Sundaram BNP Paribas
Asset Management
Company Limited

12th Annual Report
2007-08

Board of Directors

D N Ghosh	Chairman
S Krishnamurthy	
T N Anantharam Iyer	
T T Srinivasaraghavan	
Guy de Froment	
Max Diulus	
Ashoke Bijapurkar	
T Anantha Narayanan	
Rishiksha T Krishnan	
T P Raman	Managing Director

Deputy Chief Executive Officer

N Prasad

Audit Committee

S Krishnamurthy	Chairman
T N Anantharam Iyer	
T P Raman	

Chief Financial Officer

T S Sritharan

Company Secretary

P Sundararajan

Bankers

AXIS Bank Ltd.
 BNP Paribas
 Corporation Bank
 HDFC Bank Ltd.
 ICICI Bank Ltd.
 Kotak Mahindra Bank Ltd.

Auditors

M/s. Brahmayya & Co., Chennai Chartered Accountants

Systems Auditors

M/s. Tejas Brainware Systems (P) Ltd., Chennai

Registered Office

No. 21, Patullos Road,
 Chennai - 600 002

Corporate Office

SUNDARAM TOWERS
 II Floor, 46, Whites Road, Chennai - 600 014.
 Tel: 28583362, Fax: 28583156

Website : www.sundambnpparibas.in

Other Committees

Remuneration Committee

D N Ghosh
T P Raman
T T Srinivasaraghavan
Ashoke Bijapurkar
Max Diulius

Chairman

Executive Committee

T P Raman
T T Srinivasaraghavan
T Anantha Narayanan
Max Diulius
N Prasad

Chairman

Products & Strategy Committee

K V Krishnamurthy
(Director of Trustee Company)
T P Raman
Ashoke Bijapurkar
T Anantha Narayanan

Chairman

Risk Management Committee

T Anantha Narayanan
T P Raman
Rishiksha T Krishnan
N Prasad

Chairman



SUNDARAM FINANCE

Sundaram Finance Limited
Registered Office,
21, Patullos Road
Chennai 600 002.

Sponsors



BNP PARIBAS Asset Management
5, Avenue Kleber,
75116, Paris, France

Branches

Agra	Coimbatore	Kolkata	Salem
Ahmedabad	Dehradun	Lucknow	Solan
Amristar	Goa	Ludhiana	Surat
Anand	Guwahati	Madurai	Thrissur
Bangalore	Gwalior	Mumbai	Tirunelveli
Baroda	Hyderabad	Nagpur	Trichy
Bhavnagar	Indore	Nashik	Trivandrum
Bhopal	Jabalpur	New Delhi	Udaipur
Bhubaneswar	Jaipur	Patna	Ujjain
Calicut	Jalandhar	Pondicherry	Varanasi
Chandigarh	Jammu	Pune	Vellore
Chennai (Sales Office)	Jodhpur	Raipur	Vijayawada
Cochin	Kanpur	Rajkot	Vizag

Sundaram BNP Paribas Asset Management Company Limited

A subsidiary of



SUNDARAM FINANCE

Enduring values. New age thinking.

Contents

Directors' Report	4
Auditors' Report	10
Balance Sheet	12
Profit and Loss Account	13
Schedules	14
Cash Flow Statement	24
Balance Sheet Abstract and Company's General Business Profile	25

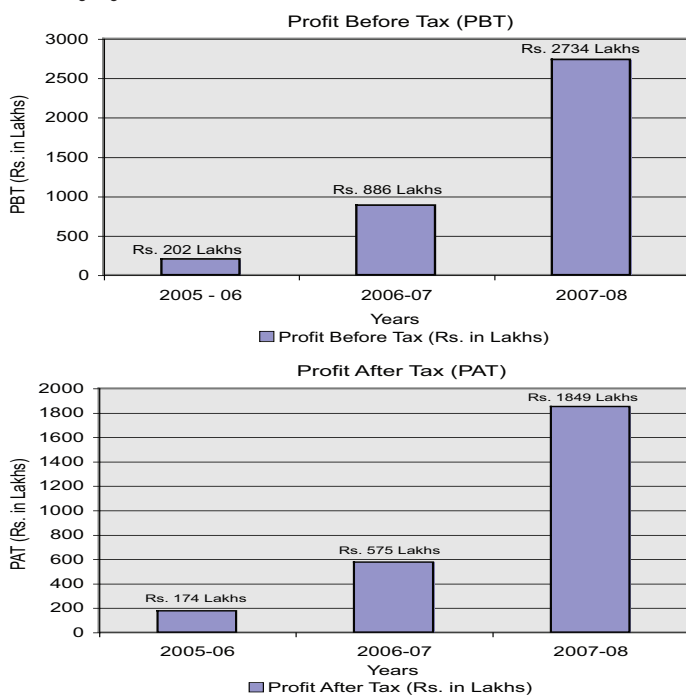
Directors Report

Your Directors have pleasure in presenting the Twelfth Annual Report with the audited financial statement of accounts for the year ended March 31, 2008. The financial performance of your Company for the year 2007-08 is summarized:

Financial Results:

Particulars	(Rs in lakhs)	
	Year ended	
	March 31, 2008	March 31, 2007
Gross Income	8517.56	4825.35
Profit/(loss) before depreciation and tax	2955.40	969.27
Less: Provision for Depreciation	221.72	83.29
Profit Before Tax	2733.69	885.98
Less Provision for Taxation	884.16	310.59
Profit after tax	1849.53	575.39
Less: Provision for tax relating to earlier year	-	1.20
Profit after tax and prior period items	1849.53	574.19
Surplus brought forward from the previous year	269.64	62.12
Less: Transitional Adjustments as per Accounting Standard 15 – Employee Benefits	-	38.59
Surplus available for appropriations	2119.17	597.73
Less: Appropriations:		
Dividend Proposed (Final)	1073.33	230.00
Dividend Distribution Tax	182.41	39.09
Transfer to General Reserve	185.00	59.00
Surplus carried to Balance Sheet	678.43	269.64

Your Company earned a total income of Rs.8,517.56 lakh for the year 2007-08, by way of investment management and advisory fees and other income during the year as against a total income of Rs. 4,825.35 lakh in the previous year 2006-07, recording a growth of 77%. Your company reported a profit after tax of Rs.1,849.53 lakh for the year as compared to Rs. 575.39 lakh in the previous year, recording a growth of 223%.



Considering the very good performance, your Directors are pleased to recommend a higher dividend of 70% on the paid-up capital of the company. The dividend, together with dividend tax, absorbs a sum of Rs. 1,255.74 lakh. A sum of Rs. 185 lakh will be transferred to the General Reserves, leaving a balance of Rs.678.43 lakh to be retained as surplus in the profit and loss account.

Snapshot of the Industry

The mutual fund industry recorded a healthy growth in the financial year 2007-08. Gross mobilizations by the industry during the year amounted to Rs.44,67,943 crore as against Rs.19,41,347 crore in the previous year, registering a growth of 130%. The Industry also witnessed a gross redemption of Rs. 43,12,979 crore representing 134% increase over the previous year figure of Rs. 18,46,198 crore. On a net basis, there was an inflow of Rs. 1,54,964 crore as against Rs. 95,149 crore in the last year registering a growth of 63%.

The Average Assets Under Management of the industry as on March 31, 2008 stood at Rs. 5,42,389 crore as against Rs. 3,61,254 crore the previous year recording an increase of over 50%.

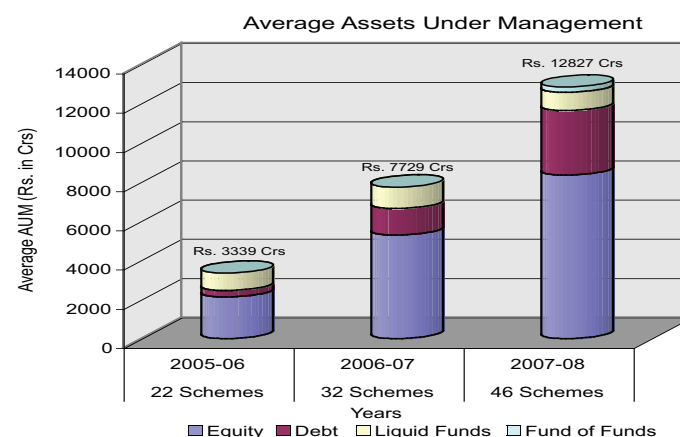
A combination of investor friendly and market-related products, extension of branch network, favourable market conditions for much of the year and investor awareness campaigns by fund houses contributed to the increased inflow. There is also an increasing trend towards tapping non-metro and rural markets.

Company Performance

Your Directors are pleased to report that during 2007-08, the gross mobilisation under the funds of Sundaram BNP Paribas Mutual Fund amounted to Rs. 61,971 crore (Rs. 22,085 Crore in 2006-07), an increase of 181%. Redemption was Rs.57,693 crore (Rs 17,667 crore). The higher levels of mobilization and redemption are attributable to larger size of the Money Fund and Liquid Plus. Net inflow into our funds was Rs. 4,278 crore,

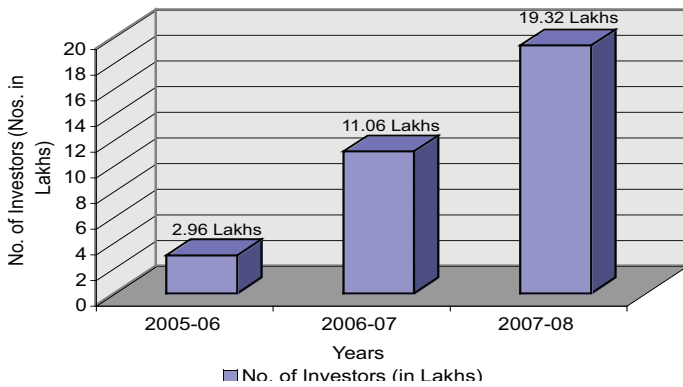
The Average Assets Under Management of Sundaram BNP Paribas Mutual Fund at March 31, 2008 was Rs. 12,827 crore, as compared to Rs. 7,729 crore as at March 31, 2007, recording an increase of more than 66%. The Average AUM of the Fund as at March 31, 2008 represented 2.36% of the Average AUM of the industry. Your Directors are happy to report that, during the year 2007-08, the equity corpus of Sundaram BNP Paribas Funds rose to Rs.8,331 crore. The fixed income, liquid and fund of funds schemes aggregated to Rs.4,496 Crore. Equity accounted for 65% and fixed-income funds for 35%. The share of equity in Average AUM continues to be substantially higher than the industry standard. We are actively looking to increase our fixed-income asset size with a cogent strategy.

Sundaram BNP Paribas – Select Thematic Funds – Energy Opportunities mobilized Rs.2,785 crore, a record for your fund house and one of the highest collections for any new fund during the New Fund Offer period in the industry. The size of assets of fixed-term plans has shown a healthy increase and now accounts for 13% of AUM.



The investor base of the fund house has risen from 1.1 million to 2 million indicating rising retail participation in the products of Sundaram BNP Paribas Mutual Fund. Energy Opportunities attracted interest from half a million investors, a pointer to the enhanced trust in our portfolio management expertise. The second million took us only 14 months as compared to 10 years for the first million indicating enhanced investor interest in the well-defined products backed by quality fund management.

Total Number of Investors



Fund Performance

2007-08 was yet another year of consistent performance. The meltdown in the markets in the first quarter of 2008 has impacted the industry. To get a perspective of the fund performance without the effects of the meltdown, we have presented two charts. They clearly indicate most of our funds are in the top quartile or second quartile on a comparison with peers as well as all equity funds. This is a testimony to the quality of fund management.

A dominant top-quartile presence							
Comparison with peers							
Fund	2007	Three months	Six months	One year	Two years	Three years	Five years
Growth Fund	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Select Focus	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Select Mid Cap	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Tax Saver	🌟	🌟	🌟	🌟	🌟	🌟	🌟
India Leadership	🌟	🌟	🌟	🌟	🌟	🌟	🌟
S.M.I.L.E	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Capex Opportunities	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Liquid Plus	🌟	🌟	🌟	🌟	🌟	🌟	🌟

A dominant top-quartile presence							
Comparison with all equity funds							
Fund	2007	Three months	Six months	One year	Two years	Three years	Five years
Growth Fund	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Select Focus	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Select Mid Cap	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Tax Saver	🌟	🌟	🌟	🌟	🌟	🌟	🌟
India Leadership	🌟	🌟	🌟	🌟	🌟	🌟	🌟
S.M.I.L.E	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Capex Opportunities	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Rural India	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Equity Multiplier	🌟	🌟	🌟	🌟	🌟	🌟	🌟
Select Small Cap	🌟	🌟	🌟	🌟	🌟	🌟	🌟

🌟 Quartile 1 🌟 Quartile 2 🌟 Quartile 3 🌟 Quartile 4
 Returns & Ranking as of December 31 2007; Data Source: Value Research; Quartiles comparison: in house; Past performance is not an indicator of future performance
 What do quartiles mean: for example, if there are 100 funds: Q 1: ranks 1-25, Q 2: ranks 26-50, Q3: ranks 51-75 and Q4: ranks 76-100

The Net Assets under Management of Sundaram BNP Paribas Mutual Fund Schemes as at March 31, 2008 stood at Rs. 11,843 crore, as against Rs. 7,441 crore as at March 31, 2007 (represented vide Annexure I).

The commendable performance of Sundaram BNP Paribas Mutual Fund schemes attracted considerable investor interest. The schemes of Sundaram BNP Paribas mutual fund rewarded investors with appreciable dividend payments.

The Company's significant milestones in 2007-08 were:

- The Mutual Fund launched a fund of funds scheme viz. Sundaram BNP Paribas Global Advantage which invests 100% in overseas securities.
- The Fund also launched Sundaram BNP Paribas – Select Thematic Funds – Energy Opportunities, a product designed to capture the wealth accretion from energy sector in India. The fund mobilized a sum of Rs. 2,785 crore with investors exceeding 5 lakhs in the scheme.
- Your company expanded the geographic reach to cover most key centres in India with a view to providing superior reach and service to customers.
- Your company also enhanced the quality of risk management framework that provides a greater degree of comfort to investors.

Acclaimed Credentials

Expertise across cap curve: Markets in India offer greater depth in terms of sectors as well as large, mid and small-cap stocks. As an early entrant with an emphasis on research, your company has proven expertise in handling the broad-based market in India. Select Focus, a pure large-cap fund, and Select Mid Cap, a pure mid-cap fund, have been class-leading products for different time periods since their launch in mid 2002. Our track record has been recognized by independent mutual fund tracking entities, local and global. Here is a snapshot:

Topping the charts in 2007: Your company had the distinction of four of its funds under management figuring in the top 30 equity funds in India in 2007 and more, importantly, eight in the top 60. Select Focus, Capex Opportunities, Equity Multiplier (a go-anywhere fund) and S.M.I.L.E (Small & Medium Indian Leading Equities Fund) were in the top 30. Growth Fund, India Leadership Fund, Rural India Fund and Tax Saver complete the list of eight. (Value Research Fund Performance Report December 31, 2007). **Notably, only one other house had 5 products in the top 50 and no other fund house had eight products in top 60.**

Lipper Global Top Funds List: A confluence of factors is required to achieve the distinction of being the only fund house in the world with eight funds in the top 0.5% funds out of a universe of close to 25,000 funds. This is based on ranking by Lipper using total returns in INR. Lipper is a global fund intelligence company owned by Reuters. Equities as an asset class must do well. India must be among the top performing markets. In such a period, a sizeable number of our equity funds must do well. In 2007, all these aspects fell in place. As a result, five Sundaram BNP Paribas Funds made it to Lipper Global Top 100 Funds List. A customized report for the next 20 funds also showcased the fact that eight of our funds gained a presence in the Global Top 120 with three more funds occupying slots in the 101-120 range.

Best Large-Cap Fund 2007: Sundaram BNP Paribas Select Focus has been acclaimed as the best fund in the large-cap category for 2007. The fund has bagged the CNBC TV18 – CRISIL Award in the large-cap category for the second year in a row, making it a unique accomplishment. The announcement was made in the award function held on Friday (March 7, 2008) in Mumbai. What is notable is that this is the only instance of a large-cap fund securing the award for two consecutive years.

That Sundaram BNP Paribas Select Focus has managed to do so in 2006 & 2007 in what is the most difficult category is significant. The depth and quality of research available in the large-cap space - especially the upper end of the large-cap curve – is notable even in the Indian context. The companies also provide a wealth of information in their websites. In this context, even to stay ahead of the S & P CNX Nifty requires quality fund management. To outpace the index by vast margins as Sundaram BNP Paribas Select Focus has consistently managed to do over a five-years-plus period since launch in July 2002 it apart.

ICRA Award for Select Focus: Sundaram BNP Paribas Select Focus was accorded a Five-Star rating by ICRA, a premier rating agency co-owned by Moody's Investors Services, for three-year track record for the period ending December 2007.

CRISIL CPR~1 Ranking for Select Focus: Sundaram BNP Paribas Select Focus enjoyed CRISIL CPR~1 ranking for three of the four quarters in 2007 indicating consistent performance over different two-year rolling periods. CRISIL is a subsidiary of Standard & Poor's.

Highest Rating for Select Mid-Cap: Sundaram BNP Paribas Select Mid-Cap enjoyed a Five Star rating from Value Research, a fund intelligence company in India, through 2007 indicating top-end ranking based on risk-adjusted returns. This represented continued critical acclaim, as this fund was chosen as the best diversified fund for 2006 by CNBC TV18-CRISIL Award. Select Mid-Cap has been ranked five-stars by Outlook Money and ranked as #1 in its category based on track record till 2007.

ICRA Award for India Leadership: Sundaram BNP Paribas India Leadership Fund was awarded Five-Star Fund by ICRA for three-year track record. The fund was launched only in February 2005 and moved to a fully-invested status towards mid 2005; this indicates the fund securing the award based on performance for effectively a 30-month period though peers were fully invested for the block of three years. It is a matter of pride that this fund secured the award in its first three years. This is the second significant award following the selection as India's Best Emerging Equity Fund for 2005.

CRISIL CPR~1 for Capex Opportunities: For the first two quarters that Sundaram BNP Paribas Capex Opportunities was eligible for the ranking, it was in the highest category indicating presence among top 10% of diversified funds. This fund also closed 2007 as the #2 among all equity funds since its allotment date September 2005. (Source: Value Research Fund Performance Report December 31, 2007, computation in-house) and maintains a top presence in top 5 equity funds from launch date even after the meltdown in equities in the first quarter of 2008.

Rural India makes shortlist: In its first full year of existence, Sundaram BNP Paribas Rural India made the cut as one of three nominees for the award of Best Emerging Equity Fund of 2007 by CNBC TV18-CRISIL. Though the fund missed on the award as such, the presence in the shortlist is significant considering the plethora of equity funds launched in 2006 and first quarter of 2007 as well as the sizeable number of funds tracking the infrastructure theme that figured as top performers.

The track record of Capex Opportunities and Rural India points to powerfulness of the themes and fund management expertise.

ICRA Awards for 2007 performance: Sundaram BNP Paribas S.M.I.L.E and Sundaram BNP Paribas Balanced Fund were awarded Five Star Rating by ICRA for one-year performance in 2007.

Investment process: Your company has an institutionalized investment process. The broad fund management guidelines for each product are approved by the Board of Directors. This coupled with the offer document sets the broad framework for the portfolio manager. Your company has a team of ten research analysts, including an economist. All your equity fund managers also have extensive experience of tracking and researching India Inc for at least a decade and bring significant value to the table to guide the research team.

Every stock that is included in the portfolio must form part of the approved universe, a power vested with the Internal Investment Committee comprising the MD and Deputy CEO. The portfolio manager takes the call on whether to include a stock, if so its weight as well as allocation to a sector. The research team and the portfolio managers maintain at least once-a-quarter contact with the companies that are of interest and/or figure in the portfolio. Robust compliance and risk management augment the process.

Portfolio and performance is monitored on a daily and weekly basis for multiple parameters that provide deep insight into factors influencing the fund's NAV. Performance is also reviewed at the Executive Committee of the Board. A performance review is also placed before the Board of Directors at least once a quarter. The process is also structured in a manner that provides fund managers leeway to bring to the fore their skill sets. For a detailed view on our investment process, please visit www.sundarambnpparibas.in

Portfolio Management services / advisory services

Advisory Services

Your company commenced Investment Advisory Services with effect from December 22, 2005. The aggregate value of funds under this service amounts to Rs. 3282.15 crore as on March 31, 2008

Portfolio Management Services

Your company commenced its Portfolio Management Services operations with effect from June 1, 2007. The funds managed under the discretionary services as on March 31, 2008 amounts to Rs. 70.21 crore and Rs. 157.67 crore under the advisory services.

Branches

During the year your Company opened new branches at 13 new locations at Amritsar, Anand, Bhavnagar, Gwalior, Goa, Jabalpur, Jammu, Solan, Thirunelveli, Thrissur, Ujjain, Udaipur and Varanasi taking the total number of branches to 52.

Prospects

According to a report of McKinsey, a global consultancy firm, the Indian Asset Management business is expected to grow at least 33% annually. The main drivers will be the retail segment and institutional investor segment. AUM as a percentage of GDP works out to only 8% in India as compared with 79% in the US, and 39% in Brazil. AUM as a percentage of bank deposits is also abysmally low in India, at 25%, while it is 140% in the US and 96% in Brazil.

SEBI has recently withdrawn the flexibility of charging the initial issue expenses to the new close-ended funds and amortising it over a period of 5 years. In view of this, the initial issue expenses incurred for the launch of the new funds will be confined to the extent of the entry load collected and any expenses in excess will be borne by the company. In addition, Asset Management Companies cannot charge any entry load in respect direct investments pursuant to SEBI circular. Your company believes the measures will be in the long-term interest of all stakeholders in the mutual funds business. In the near-to-medium term, the measures could impact on the profitability of the company.

With the entry of new players in the mutual fund industry, competition is likely to intensify.

Sundaram BNP Paribas Asset Management will strive to provide well-defined products that cater to a diverse range of risk, return and liquidity preferences of investors. To provide investors a thematic vehicle to participate in the key pillars of the India growth story, Sundaram BNP Paribas Mutual Fund has launched Financial Services Opportunities and Entertainment Opportunities under Select Thematic Funds umbrella. These two funds provide a window for investors to participate in the demographics (Young India) theme. Your company is confident of a robust growth in AUM on the back of consistent performance, a well thought-out marketing and distribution strategy, enhanced geographical reach and quality customer service.

New Director on Board

Mr Rishikesh T Krishnan was appointed as an additional director on September 20, 2007. He holds a Fellowship (equivalent to Ph.D) from the Indian Institute of Management, Ahmedabad. He completed M.S. Engineering (Economic Systems) from Stanford University. He completed his post-graduation from the Indian Institute of Technology, Kanpur.

At present, he is a faculty for Corporate Strategy & Policy at the Indian Institute of Management, Bangalore. He teaches business strategy, new product development, business & ethical values and international business. His area of research is strategy and innovation in the context of the deregulation of the Indian Economy. He has made presentations at leading international conference and seminars in top universities. His works have been published in professional journals and economic papers/magazines. His rich knowledge and experience will benefit your company.

In terms of Section 260, his tenure as an additional director would expire at the ensuing annual general meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to appoint Rishikesh T Krishnan for the office of the Director.

Directors Retiring By Rotation

Mr S Krishnamurthy, Mr T Anantha Narayanan and Mr Guy De Froment retire by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-election. Necessary resolutions for their re-appointment are submitted for your approval.

None of the directors is disqualified from being appointed as directors as specified in Section 274 of the Companies Act, 1956.

Meetings of the Board of Directors are held at corporate office in Chennai. During 2007-08 five meetings of the Board of Directors were held.

Tribute to Shri G.K.Raman

Shri G K Raman, the first director of Sundaram Asset Management Company Ltd., a founder Trustee of Sundaram Mutual Fund and also a Director of Sundaram Finance Trustee Company Ltd., passed away on August 27, 2007.

He was closely associated with the Sundaram Finance group for more than five decades and contributed immensely to the growth of the organisation. He was a pillar of strength to and a highly valued member of the Board of Trustees of the Mutual fund and the Trustee Company. His astute intellect, wisdom and financial acumen tempered by abundant common sense were qualities appreciated immensely by the members.

Shri G K Raman also served as a member of the Khanna Committee constituted by the Reserve Bank of India for designing a supervisory framework for NBFCs. He actively participated in various seminars and also social activities. He was connected with a number of spiritual and charitable causes and associated himself with projects for the upliftment of the poor.

Your Directors place on record the immense contributions of Shri G K Raman to the growth of your company.

Committees of the Board

Audit Committee

The Audit Committee of the Board consists of Mr. S. Krishnamurthy, Mr. T. N. Anantharam Iyer, Directors and Mr. T.P. Raman, Managing Director. Mr. S. Krishnamurthy chaired the Meetings of the Committee. The Statutory Auditor, Internal Auditor, Compliance Officer & Secretary and Manger – Finance are invited to the meetings of the Committee. During the year the Committee met five times and reviewed the financial accounts/policies, adequacy of internal control systems and interacted with Statutory Auditors, Internal Auditors and Systems Auditors. Besides, the Committee also reviewed audit plans, unaudited/audited financial results, and observations and follow-up reports of the management.

Remuneration Committee

The Remuneration Committee comprises Mr. D.N. Ghosh, the Chairman, Mr. T.P.Raman, the Managing Director, Mr. T.T.Srinivasaraghavan, Mr. Ashoke Bijapurkar and Mr Max Diulius, Directors. Mr. D.N.Ghosh is the Chairman of the committee. The Committee decides the remuneration policy for the key employees of the Company. During the year the committee met two times.

Products and Strategy Committee

The Products and Strategy Committee evaluates new products proposed by the Company and recommends launch of funds. It also reviews the marketing and distribution strategy adopted for promoting the growth of the company. The Committee comprises Mr T P Raman, Managing Director, Mr Ashoke Bijapurkar, T Anantha Narayanan, Directors of the company and Mr K V Krishnamurthy, Director of Sundaram BNP Paribas Trustee Company Ltd. as members. Mr K V Krishnamurthy, Director of the Trustee Company, Chairs the committee. During the year the committee met twice.

Executive Committee

The Executive Committee has an enlarged mandate and replaces the Investment Committee. This committee looks into investment strategy, fund performance and fund management guidelines for new products. Its scope included review of the business plan of the company, performance of funds and the company, human resource policy and strategy, systems and process for key activities of the organization and services rendered by business partners such as distributors, Registrar & Transfer Agents, Custodians, and other service providers. The members of the committee are Mr. T P Raman, Managing Director, Mr. T. T. Srinivasaraghavan, Mr. T. Anantha Narayanan and Mr. Max Diulius, Directors, and Mr. N Prasad, Deputy Chief Executive Officer is also a member of this committee chaired by Mr.T.P.Raman. Senior management personnel of the Company attend the meetings of the Committee that met twice during the year under review.

Risk Management Committee

The Board has constituted a Risk Management Committee comprising Mr. T Anantha Narayanan, Director, Mr. Rishikesh T. Krishnan, Mr. T P Raman, Managing Director, and Mr N Prasad, Deputy Chief Executive Officer. Mr T Anantha Narayanan will Chair of the meetings of the committee. The Heads of Equity and Fixed Income and the Risk Analyst will be the permanent invitees to the Committee. The Compliance Officer shall act as the Secretary to the Committee. The

Committee will review the risk guidelines with respect to equity and fixed incomes, check deviations from set limits of investments, set/modify the limits of counter party exposure, review exceptions and overrides and suggest improvements to the framework/formats from time to time.

Public Deposits

Your Company has not accepted any deposits from the Public.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Expenditure

(a) As the Company does not carry out any manufacturing activities, particulars required to be disclosed with respect to the conservation of energy and technology absorption in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

(b) Foreign Exchange, earnings and expenditure during the year. –

Particulars	2007-08 (Rs.)	2006-07 (Rs.)
Foreign Exchange Earnings	6,58,37,963.00	2,37,59,831.00
Foreign Exchange Expenditure	62,93,741.00	6,89,104.00
Dividend Paid to Non – Resident Shareholder – BNP Paribas Asset Management	1,14,76,922.16	-

Personnel

Your company had 227 employees on its rolls as on March 31, 2008. Your company continues to invest in enhancing the skill-sets of employees.

Particulars of Employee Remuneration

As required by the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, are set out in the annexure to the Directors' Report. Any shareholder interested in obtaining a copy of the said annexure may write to the Company Secretary at the registered office of the Company.

Directors' Responsibility Statement pursuant to Section 217(2AA) of Companies Act, 1956.

The Directors confirm:

1. That in the preparation of the annual accounts, the applicable accounting standards have been followed;
2. That they selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit or loss for that period;
3. That they have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. That they have prepared the annual accounts on a going concern basis.

Auditors

Messrs Brahmayya & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment. A certificate under Section 224(1B) of the Companies Act, 1956, has been received from them.

SEBI Regulations

Your Company complied with all the provisions SEBI (Mutual Fund) Regulations, 1996.

Acknowledgement

Your Directors wish to place on record their deep appreciation of the professional support and guidance received from the Trustees of Sundaram BNP Paribas Mutual Fund, and from Sundaram Finance Limited and BNP Paribas Asset Management, Paris. Your Board of Directors also thank the Securities and Exchange Board of India, Association of Mutual Funds in India, Company's bankers and other intermediaries for their unstinted support. Your Directors place on record their appreciation of the dedication and commitment displayed by the employees of your Company.

For and on behalf of the Board

Place: Chennai

D N Ghosh

Date: May 7, 2008

Chairman

Annexure - I

To the Directors Report

Sl. No.	Name of the Schemes	Scheme Type	AUM (Rs. in Crore)	NAV Per Unit in Rs	
				Dividend	Growth
Equity Schemes					
1	Sundaram BNP Paribas – Select Thematic Funds – CAPEX Opportunities Fund (Dividend)	OE	694	17.5938	-
2	Sundaram BNP Paribas – Select Thematic Funds – CAPEX Opportunities Fund (Growth)	OE	647	-	22.6735
3	Sundaram BNP Paribas Select Midcap	OE	1683	17.2669	100.7636
4	Sundaram BNP Paribas Select Focus	OE	701	11.6481	75.8621
5	Sundaram BNP Paribas Growth Fund	OE	156	12.7418	80.3063
6	Sundaram BNP Paribas Balanced Fund	OE	42	15.8036	37.3513
7	Sundaram BNP Paribas Select Small Cap	CE	289	9.6421	9.6468
8	Sundaram BNP Paribas Equity Multiplier Fund	CE	557	9.7575	11.8366
9	Sundaram BNP Paribas India Leadership Fund	OE	180	12.3326	33.9144
10	Sundaram BNP Paribas S.M.I.L.E Fund	OE	204	12.9447	22.9615
11	Sundaram BNP Paribas – Select Thematic Funds – Rural India Fund	OE	392	12.3146	13.4998
12	Sundaram BNP Paribas Tax Saver	OE	447	12.2147	33.3180
13	Sundaram BNP Paribas Global Advantage – Fund of Funds	OE	257	10.0247	10.0247
14	Sundaram BNP Paribas – Select Thematic Funds – Energy Opportunities	CE	2186	7.9711	7.9683
TOTAL AUM – Equity Schemes			8435		
Debt Schemes					
15	Sundaram BNP Paribas Select Debt – Dynamic Asset Plan	OE	0.20	-	13.263
	Sundaram BNP Paribas Select Debt – Short Term Asset Plan	OE	2	-	14.133
16	Sundaram BNP Paribas Floating Rate Fund – Long Term Plan **	OE	5		
	– Regular			10.3144	12.1402
	– Institutional			10.3109	14.2339
17	Sundaram BNP Paribas Floating Rate Fund – Short Term Plan **	OE	62		
	– Regular			10.2699	12.2323
	– Institutional			10.2986	12.4448
18	Sundaram BNP Paribas Gilt Fund	OE	0.40	10.7492	14.0322
19	Sundaram BNP Paribas Money Fund *	OE	325		
	– Regular			10.0953	16.8952
	– Institutional			10.0953	16.9814
	– Super Institutional			10.0953	17.0877
20	Sundaram BNP Paribas Income Plus	OE	4	11.1712	13.7584
21	Sundaram BNP Paribas Monthly Income Plan*** (Not an assured Income Scheme)	OE	23	10.2411	13.5474
22	Sundaram BNP Paribas Value Plus	CE	3	-	12.6339
23	Sundaram BNP Paribas Bond Saver ***	OE	58	10.3880	24.5818

Sl. No.	Name of the Schemes	Scheme Type	AUM (Rs. in Crore)	NAV Per Unit in Rs	
				Dividend	Growth
Debt Schemes					
24	Sundaram BNP Paribas Liquid Plus	OE	875		
	– Regular			10.0250	10.7884
	– Institutional			10.0250	10.8001
	– Super Institutional			10.0250	10.826
25	Sundaram BNP Paribas Capital Protection Oriented Fund – Series 1 – 3 Years	CE	18	-	11.1382
26	Sundaram BNP Paribas Capital Protection Oriented Fund – Series 1 – 5 Years	CE	7	-	10.7840
27	Sundaram BNP Paribas Fixed Income Interval Fund – Quarterly Series – Plan A	OE	122	10.0573	10.4983
28	Sundaram BNP Paribas Fixed Income Interval Fund – Quarterly Series – Plan B	OE	306	10.0359	10.0359
29	Sundaram BNP Paribas Fixed Income Interval Fund – Quarterly Series – Plan C	OE	246	10.1283	10.4854
30	Sundaram BNP Paribas FTP 90 Days – Series 2	CE	66	10.1742	10.1742
31	Sundaram BNP Paribas FTP 90 Days – Series 3	CE	150	10.0807	10.0807
32	Sundaram BNP Paribas Fixed Term Plan 367 Days – Series 1	CE	108		
	– Regular			10.4395	10.4395
	– Institutional				
33	Sundaram BNP Paribas Fixed Term Plan 367 Days – Series 2	CE	14		
	– Regular			10.1154	10.1212
	– Institutional			10.1154	10.1223
34	Sundaram BNP Paribas Fixed Term Plan B (14 Months)	CE	26	10.0982	10.0982
35	Sundaram BNP Paribas Fixed Term Plan C (14 Months)	CE	42	10.0651	10.0651
36	Sundaram BNP Paribas Fixed Term Plan D (13 Months)	CE	107	10.0444	10.0444
37	Sundaram BNP Paribas Fixed Term Plan E (13 Months)	CE	151	10.0116	10.0116
38	Sundaram BNP Paribas Fixed Term – Series XII (18 Months)	CE	49	10.9607	10.9607
39	Sundaram BNP Paribas Fixed Term – Series XIII (30 Months)	CE	66	11.0255	11.0255
40	Sundaram BNP Paribas Fixed Term Plan – Series XVIII (13 Months)	CE	72	11.1390	11.1390
41	Sundaram BNP Paribas Fixed Term Plan – Series XIX (14 Months)	CE	99	11.1350	11.1350
42	Sundaram BNP Paribas Fixed Term Plan – Series XX (15 Months)	CE	55	11.0580	11.0580
43	Sundaram BNP Paribas Fixed Term Plan – Series XXI (16 Months)	CE	78	11.1287	11.1287
44	Sundaram BNP Paribas Fixed Term –Series XXVIII (375 days)	CE	91	10.8190	10.8190
45	Sundaram BNP Paribas Fixed Term –Series XXX (375 days)	CE	32	10.7303	10.7314
TOTAL AUM – Debt & Liquid Schemes			3408		
GRAND TOTAL			11843		

OE – Open Ended; CE – Close Ended

Notes:

* Daily dividend considered for NAV per unit under the Dividend Option of the scheme

** Monthly dividend considered for NAV per unit under the Dividend Option of the scheme

*** Quarterly dividend considered for NAV per unit under the Dividend Option of the scheme

The following schemes were opened and closed during the financial year 2007 – 08

1. Sundaram BNP Paribas Fixed Term –Series XXVI (90 days)
2. Sundaram BNP Paribas Fixed Term –Series XXVII (90 days)
3. Sundaram BNP Paribas Fixed Term –Series XXIX (90 days)
4. Sundaram BNP Paribas Fixed Term –Series XXXI (90 days)
5. Sundaram BNP Paribas Fixed Term –Series XXXIII (90 days)
6. Sundaram BNP Paribas Fixed Term –Series XXXIV (90 days)
7. Sundaram BNP Paribas Fixed Term –Series XXXV (90 days)
8. Sundaram BNP Paribas FTP 90 Days – Series 1

Auditors' Report**TO THE MEMBERS OF SUNDARAM BNP PARIBAS ASSET MANAGEMENT COMPANY LIMITED**

1. We have audited the attached Balance Sheet of Sundaram BNP Paribas Asset Management Company Limited (the company) as at 31st March 2008, the Profit and Loss Account and the Cash Flow Statement of the company for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together to the 'order') Issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, (the Act) and based on the information and the explanation given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) in our opinion, proper books of account as required by law have been kept by the company as far as appears from our examination of those books.
 - (iii) the Balance Sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) in our opinion, the Balance sheet, Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable.
 - (v) on the basis of written representations received from the directors, as on 31st March 2008 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2008 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and
 - (vi) 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 thereon give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2008;
 - (b) in the case of the Profit and loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **BRAHMAYYA & CO.**
Chartered Accountants

P. BABU

Partner

Membership No. 203358

Place: Chennai
Date: 7th May, 2008

ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) Fixed assets have been physically verified by the management during the year in accordance with a phased plan of verification, which in our opinion is reasonable having regard to the size of the company and the nature of fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets have not been disposed off by the company during the year.
2. In our opinion and according to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Therefore, clauses (iii)b, (iii)c, (iii)d, (iii)f and (iii)g of paragraph 4 of the Order are not applicable to the company for the year.
3. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets. During the course of our audit, no major weaknesses have been noticed in the internal controls and therefore the reporting of the same does not arise.
4. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of the Contracts or arrangements referred to in Section 301 of the Act that needs to be entered into the register maintained under Section 301 of the Act have been so entered.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of rupees five lakh in respect of any party during the year have, prima facie, been made at prices which are reasonable having regard to the nature of services and the prevailing market prices at the relevant time.
5. The company has not accepted deposits from public.
6. The company has an internal audit system, which in our opinion, is commensurate with the size and the nature of its business.
7. The Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act.
8. According to the records of the company and the information and explanations given to us, undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax and other material statutory dues have been regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, there are no arrears of statutory dues which are outstanding as at 31st March, 2008 for a period of six months from the date they became payable.
9. According to the records of the company and the information and explanations given to us, there are no dues of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax and Service Tax which have not been deposited on account of any dispute.
10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the current and immediately preceding financial year.
11. The company does not have any borrowing from financial institutions, banks or on issue of debentures.
12. According to the information and explanations given to us, the company has not granted loans or advances on the basis of security by way pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to the chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the company.
14. Based on our examination of records and information and explanations given to us, proper records have been maintained of the transactions and contracts relating to dealing in securities and other investments and timely entries have been made therein. The securities and other investments have been held by the company in its own name.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
16. The company has not availed any term loan during the year.
17. According to the information and explanations given to us, the company has not raised funds on short term or long term basis during the year.
18. The company has not issued debentures during the year.
19. The company has not raised monies by public issue during the year.
20. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company was noticed or reported during the year.
21. In our opinion and according to the information and explanations given to us, the nature of the company's business/ activities during the year have been such that clauses ii and xiii and xviii of the paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the company for the year.

For **BRAHMAYYA & CO.**
Chartered Accountants

P. BABU

Partner

Place: Chennai
Date: 7th May, 2008

Membership No. 203358

Balance Sheet

as at 31st March, 2008

	Schedule	31.03.2008 Rs.	31.03.2007 Rs.
I.Sources of Funds			
1.Shareholders' Funds			
(a) Capital	1	15,33,32,290	15,33,32,290
(b) Reserves and Surplus	2	13,36,00,088	7,42,21,091
		28,69,32,378	22,75,53,381
2.Deferred Tax Liability (Net)	3	3,30,23,519	1,71,70,293
3.Loan Funds			
a) Secured Loans		-	-
b) Unsecured Loans		-	-
Total		31,99,55,897	24,47,23,674
II.Application of Funds			
1.Fixed Assets			
(a) Gross Block	4	11,99,66,916	5,82,76,187
(b) Less: Depreciation		5,23,08,103	3,09,97,265
(c) Net Block		6,76,58,813	2,72,78,922
2.Investments	5	16,89,69,918	8,26,09,990
3.Current Assets, Loans and Advances			
(a) Current Assets	6	1,48,05,194	4,50,86,576
(b) Loans and Advances	7	30,68,22,907	19,11,80,763
	(A)	32,16,28,101	23,62,67,339
Less: Current Liabilities and Provisions			
(a) Current Liabilities	8	11,22,03,520	7,41,27,904
(b) Provisions	9	12,60,97,415	2,73,04,673
	(B)	23,83,00,935	10,14,32,577
Net Current Assets	(A-B)	8,33,27,166	13,48,34,762
Total		31,99,55,897	24,47,23,674
Notes to the accounts	15		

Schedules 1 to 15 annexed hereto form part of the Balance Sheet and Profit and Loss Account.

As per our report of even date

For **BRAHMAYYA & CO.**
Chartered Accountants**D.N.GHOSH**
Chairman**S KRISHNAMURTHY**
Director**P.BABU**
Partner
Membership No.203358
Chennai
07th May, 2008**T N ANANTHARAM IYER**
Director**T T SRINIVASARAGHAVAN**
Director**ASHOKE BIJAPURKAR**
Director**RISHIKESHA T KRISHNAN**
Director**MAX DIULIUS**
Director**T P RAMAN**
Managing Director**P. SUNDARARAJAN**
Company Secretary

Profit and Loss Account

for the year ended 31st March 2008

	Schedule	2007-08 Rs.	2006-07 Rs.
Income			
Income from operations	10	83,14,23,121	46,78,83,930
Other Income	11	2,03,33,110	1,46,51,297
Total	(A)	85,17,56,231	48,25,35,227
Expenditure			
Establishment expenses	12	22,57,00,065	14,51,74,063
Administrative and other expenses	13	16,64,01,089	10,17,05,607
Scheme expenses borne by the company	14	16,41,14,706	13,87,28,632
Total	(B)	55,62,15,860	38,56,08,302
Profit before depreciation and tax	(A-B)	29,55,40,371	9,69,26,925
Less: Depreciation		2,21,71,531	83,28,785
Profit before taxation		27,33,68,840	8,85,98,140
Less : Taxation			
Current Tax		7,24,00,000	91,00,000
Minimum Alternate Tax Credit		(38,65,662)	-
Deferred Tax		1,58,53,226	1,88,58,987
Wealth Tax		3,500	5,650
Fringe Benefit Tax		40,25,000	30,94,000
Profit after Tax		18,49,52,776	5,75,39,503
Less : Provision for Income Tax relating to earlier year		-	119,810
Profit after Tax and prior period items		18,49,52,776	5,74,19,693
Balance of profit brought forward from the previous year		2,69,64,040	62,11,787
Less: Adjustment made in accordance with the transitional provisions of Accounting Standard 15 on employee benefits		-	38,58,773
Amount available for Appropriation		21,19,16,816	5,97,72,707
Appropriations			
Dividend			
- Final (Proposed)		10,73,32,603	2,29,99,844
- Dividend Distribution Tax		1,82,41,176	39,08,823
- General Reserve		1,85,00,000	59,00,000
Surplus - Balance carried to Balance Sheet		6,78,43,037	2,69,64,040
		21,19,16,816	5,97,72,707
Earnings per Equity Share			
Number of Shares		1,53,33,229	1,53,33,229
Earnings per Equity Share		12.06	3.75
Notes to the accounts	15		

Schedules 1 to 15 annexed hereto form part of the Balance Sheet and Profit and Loss Account.

As per our report of even date

For **BRAHMAYYA & CO.**
Chartered Accountants**D.N.GHOSH**
Chairman**S KRISHNAMURTHY**
Director**P.BABU**
Partner
Membership No.203358
Chennai
07th May, 2008**T N ANANTHARAM IYER**
Director**T T SRINIVASARAGHAVAN**
Director**ASHOKE BIJAPURKAR**
Director**RISHIKESHA T KRISHNAN**
Director**MAX DIULIUS**
Director**T P RAMAN**
Managing Director**P. SUNDARARAJAN**
Company Secretary

Schedules

	31.03.08 Rs.	31.03.07 Rs.
1. Share Capital		
Authorised		
2,00,00,000 Equity Shares of Rs 10/- each	20,00,00,000	20,00,00,000
5,00,000 Redeemable Preference Shares of Rs.100/- each	5,00,00,000	5,00,00,000
	<u>25,00,00,000</u>	<u>25,00,00,000</u>
Issued, Subscribed and fully paid up		
1,53,33,229 Equity Shares of Rs 10/- each	15,33,32,290	15,33,32,290
76,81,948 equity shares (previous year 76,81,948 shares) are held by Sundaram Finance Ltd., the Holding Company and its nominees.	<u>15,33,32,290</u>	<u>15,33,32,290</u>
2. Reserves and Surplus		
Securities Premium account	4,13,57,051	4,13,57,051
General Reserve		
As per last Balance Sheet	59,00,000	-
Add: Transferred during the year	<u>1,85,00,000</u>	<u>59,00,000</u>
Surplus - Balance in Profit and Loss Account	6,78,43,037	2,69,64,040
	<u>13,36,00,088</u>	<u>7,42,21,091</u>
3. Deferred Tax Liability (Net)		
Deferred Tax Liability:		
Depreciation	76,76,040	16,46,045
Amortisation of Brokerage	<u>2,96,80,643</u>	<u>1,93,62,222</u>
	3,73,56,683	2,10,08,267
Less :Deferred Tax Asset:		
Employee Benefits	43,33,164	38,37,974
	<u>3,30,23,519</u>	<u>1,71,70,293</u>

(In Rupees)

4. FIXED ASSETS

Description	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK			
	As at 01.04.2007	Additions	Deductions	As at 31.03.2008	Upto 31.03.2007	Additions	Deductions	Upto 31.03.2008	As at 31.03.2008	As at 31.03.2007
Office Equipment	86,83,082 (64,23,467)	44,92,968 (24,77,640)	87,127 (2,18,025)	1,30,88,923 (86,83,082)	34,33,348 (26,13,263)	14,59,543 (9,57,414)	82,717 (1,37,329)	48,10,174 (34,33,348)	82,78,749 (52,49,734)	52,49,734 (38,10,204)
Electrical Equipment	38,94,832 (32,31,157)	70,37,843 (6,63,675)	1,51,200	1,07,81,475 (38,94,832)	18,54,832 (15,69,920)	13,64,953 (2,84,911)	56,722	31,63,063 (18,54,831)	76,18,412 (20,40,001)	20,40,001 (16,61,237)
Computers	2,33,85,629 (1,42,92,123)	1,73,56,715 (19,93,506)	7,44,900	3,99,97,444 (2,33,85,629)	1,30,72,850 (97,51,072)	84,77,784 (33,21,778)	6,41,471	2,09,09,163 (1,30,72,850)	1,90,88,281 (1,03,12,779)	1,03,12,779 (45,41,051)
Furniture and fixtures	1,12,00,778 (1,03,69,983)	34,67,160 (8,35,038)	4,800 (4,243)	1,46,63,138 (1,12,00,778)	71,07,177 (60,23,422)	19,17,451 (10,87,997)	4,799 (4,242)	90,19,829 (71,07,177)	56,43,309 (40,93,601)	40,93,601 (43,46,561)
Vehicles	30,77,500 (16,30,366)	3,37,003 (14,47,134)	1,03,937	33,10,566 (30,77,500)	10,12,478 (6,23,854)	5,60,677 (3,88,624)	74,985	14,98,170 (10,12,478)	18,12,396 (20,65,022)	20,65,022 (10,06,512)
Improvement to rented premises	34,17,802 (19,61,421)	2,06,61,216 (14,56,381)	-	2,40,79,018 (34,17,802)	13,15,350 (3,54,224)	64,17,589 (9,61,127)	-	77,32,939 (13,15,351)	1,63,46,079 (21,02,451)	21,02,451 (16,07,197)
Intangible Assets										
Computer Software	46,16,564 (35,29,280)	94,29,788 (10,87,284)	-	1,40,46,352 (46,16,564)	32,01,230 (18,74,296)	19,73,534 (13,26,934)	-	51,74,764 (32,01,230)	88,71,588 (14,15,334)	14,15,334 (16,54,984)
Total	5,82,76,187	6,27,82,693	10,91,964	11,99,66,916	3,09,97,265	2,21,71,531	8,60,694	5,23,08,103	6,76,58,813	2,72,78,922
Previous year 31.03.2007	4,14,37,797	1,70,60,658	2,22,268	5,82,76,187	2,28,10,051	83,28,785	1,41,571	3,09,97,265	2,72,78,922	1,86,27,746

Figures in bracket relate to Previous Year.

SCHEDULES

5. INVESTMENTS

	Face Value Rs.	31.03.08 Rs.	31.03.07 Rs.
I. Long Term Investments			
At Cost - Fully paid up Unquoted			
A. In Trust Securities:			
In Mutual Funds			
Units of Sundaram BNP Paribas India Leadership Fund - 3,20,751 units under Dividend option (opening balance of 3,81,484 units under dividend option were redeemed and 3,20,751 units were purchased during the year)	32,07,510	75,00,000	50,00,000
Units of Sundaram BNP Paribas Balanced Fund - Nil (opening balance of 7,78,330 units under dividend option were redeemed during the year)	-	-	1,26,08,394
Units of Sundaram BNP Paribas Growth Fund - 3,18,420 units under Dividend option (opening balance of 3,23,143 units under dividend option were redeemed and 3,18,420 units were purchased during the year)	31,84,200	75,00,000	50,00,000
Units of Sundaram BNP Paribas Select Focus - 3,47,966 units under Dividend option (opening balance of 1,92,237 units under dividend option were redeemed and 3,47,966 units were purchased during the year)	34,79,660	75,00,000	25,00,000
Units of Sundaram BNP Paribas Select Midcap - 1,22,099 units under Dividend option (opening balance of 2,57,659 units under dividend option and 1,35,560 units were redeemed during the year)	12,20,990	23,69,387	50,00,000
Units of HDFC Top 200 Fund - Nil Units (Opening balance of 67,599 units were redeemed during the year)	-	-	25,00,000
Units of Sundaram BNP Paribas S.M.I.L.E Fund - 3,07,346 units under Dividend option (3,07,346 units were purchased during the year)	30,73,460	75,00,000	-
Units of HDFC Capital Builder Fund - Nil Units (Opening balance of 91,535 units were redeemed during the year)	-	-	25,00,000
Units of Sundaram BNP Paribas Capex Opportunities Fund - 3,81,706 units under Dividend option (opening balance of 1,00,000 units under dividend option were redeemed and 3,81,706 units were purchased during the year)	38,17,060	1,00,00,000	10,00,000
Sub-total(A)		4,23,69,387	3,61,08,394
B. In Bonds :			
10, Series II 14.30% Unsecured Redeemable Non Convertible subordinated Bonds of Rs.1,00,000 each in Bank of Baroda	10,00,000	10,00,000	10,00,000
Sub-Total(B)		10,00,000	10,00,000

	Face Value Rs.	31.03.08 Rs.	31.03.07 Rs.
II Current Investments			
In Trust Securities - In Mutual Funds			
Units of Sundaram BNP Paribas Fixed Term Plan - 7,50,000 units under Fixed Term Series XXI	75,00,000	75,00,000	75,00,000
Units of Sundaram BNP Paribas Fixed Term Plan - Nil units under Fixed Term Series XVI (Opening balance of 6,00,000 units were redeemed during the year)	-	-	60,00,000
Units of Sundaram BNP Paribas Fixed Term Plan - Nil units under Fixed Term Series XXIII (Opening balance of 30,00,000 units were redeemed during the year)	-	-	3,00,00,000
Units of Sundaram BNP Paribas Fixed Term Plan - 30,00,000 units under Fixed Term Series 367 days - Plan II (Purchased during the year 30,00,000 units)	3,00,00,000	3,00,00,000	-
Units of Sundaram BNP Paribas Fixed Term Plan - 35,00,000 units under Fixed Term Series 90 days - Series III (Purchased during the year 35,00,000 units)	3,50,00,000	3,50,00,000	-
Units of Sundaram BNP Paribas Money Fund - Nil (Opening balance of 1,98,250 units, 58,44,304 units were purchased, 10,312 units reinvested and 60,52,866 units were redeemed during the year)	-	-	20,01,596
Units of Sundaram BNP Paribas Capital Protection Fund - 6,50,000 units under 3 Years Plan - Purchased during the year	65,00,000	65,00,000	-
Units of Sundaram BNP Paribas Liquid Plus - 46,60,042 units under Daily Dividend Institutional Reinvestment Option (5,53,78,800 units were purchased, 1,81,595 units were reinvested and 5,09,00,353 units were redeemed during the period) and NIL unit under Retail Daily Dividend Reinvestment Option (27,73,846 units were purchased and 11,652 units were reinvested and 27,85,498 units were redeemed during the year)	4,66,00,420	4,66,00,531	-
Total (II)		12,56,00,531	4,55,01,596
Grand Total (I) + (II)		16,89,69,918	8,26,09,990
	Face Value Rs.	Units In Nos.	Cost Rs.
Mutual Fund Units Purchased and Sold during the year			
Sundaram BNP Paribas FTP Series 33	10.00	12,18,628	1,21,86,276
Summary of Investments:			
I . Long Term Investments			
Unquoted			
In Bonds		10,00,000	10,00,000
In Trust Securities		4,23,69,387	3,61,08,394
II. Current Investments			
Trust Securities		12,56,00,531	4,55,01,596
GRAND TOTAL		16,89,69,918	8,26,09,990
		Cost Rs.	Market Value* Rs.
Aggregate of unquoted Investments - Long Term			
In Bonds		10,00,000	10,00,000
Aggregate of unquoted Investments - Long Term			
In Trust Securities		4,23,69,387	2,48,69,000
Aggregate of unquoted Investments - Current			
In Trust Securities		12,56,00,531	12,79,32,000
Total		16,89,69,918	15,38,01,000

* Cost has been considered wherever market value is not available and in the case of units of mutual fund the net asset value has been considered on the balance sheet date

	31.03.08		31.03.07	
	Rs.	Rs.	Rs.	Rs.
6. CURRENT ASSETS				
Interest accrued on Investments		4,80,668		9,56,041
Cash and Bank Balances				
With Scheduled Banks in				
Current Accounts	41,72,184		38,76,265	
Fixed Deposits	1,00,00,000		4,00,00,000	
Cash on Hand	1,52,342	1,43,24,526	2,54,270	4,41,30,535
		<u>1,48,05,194</u>		<u>4,50,86,576</u>
7. LOANS AND ADVANCES				
Unsecured unless otherwise stated				
Considered Good				
Advances and Deposits recoverable in cash or kind				
Other Advances		13,53,59,245		9,72,01,561
Loans to Staff		27,07,432		27,14,468
Advance Income Tax and Tax Deducted at Source (net of provision for taxation)		7,49,43,083		5,06,15,095
Income Receivable (Less than six months)				
- Asset Management Fees	5,74,54,442		3,34,54,458	
- Advisory Fees	3,60,62,933		71,95,181	
- Portfolio Management Fees	2,95,772	9,38,13,147	-	4,06,49,639
		<u>30,68,22,907</u>		<u>19,11,80,763</u>
8. CURRENT LIABILITIES				
Sundry Creditors				
For expenses		7,86,24,257		5,26,88,162
For others		3,35,79,263		2,14,39,742
		<u>11,22,03,520</u>		<u>7,41,27,904</u>
<i>There are no outstanding due payable to Micro and Small Enterprises for more than 45 days.</i>				
9. PROVISIONS				
Dividend				
- Final (Proposed)		10,73,32,603		2,29,99,844
- Dividend Distribution tax		1,82,41,176		39,08,823
- Provision for Fringe Benefit Tax (Net of Advance FBT)		5,23,636		3,96,006
		<u>12,60,97,415</u>		<u>2,73,04,673</u>

There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

	2007-2008	2006-2007
	Rs.	Rs.
10. INCOME FROM OPERATIONS		
Investment Management Fees (Net)	75,91,65,800	44,41,24,099
[Tax Deducted at Source Rs.9,04,44,966 /-]		
Advisory Fees	7,17,11,016	2,37,59,831
[Tax Deducted at Source Rs.6,87,503 /-]		
Portfolio Management Fees	5,46,305	-
[Tax Deducted at Source Rs. 10,898/-]		
	<u>83,14,23,121</u>	<u>46,78,83,930</u>
11. OTHER INCOME		
Interest receipts (Tax Deducted at Source Rs.4,10,237/-)	16,98,315	45,88,045
Dividend Income	1,21,62,445	83,77,255
Profit on sale of Investments	63,41,048	7,51,730
Profit on Sale of Assets	48,870	10,232
Miscellaneous income	82,432	9,24,035
	<u>2,03,33,110</u>	<u>1,46,51,297</u>
12. ESTABLISHMENT EXPENSES		
Salaries and allowances	20,66,26,572	12,80,78,139
Company's contribution to Provident Fund and		
Employees State Insurance	81,01,983	55,98,476
Staff welfare expenses	62,18,636	47,33,687
Exgratia	-	48,04,550
Gratuity	47,52,874	19,59,211
	<u>22,57,00,065</u>	<u>14,51,74,063</u>

	2007-2008	2006-2007
	Rs.	Rs.
13. ADMINISTRATIVE AND OTHER EXPENSES		
Rent	3,89,85,354	2,18,95,289
Rates and Taxes	27,61,887	1,73,351
Communication Expenses	2,29,28,682	1,10,09,986
Subscription	74,13,337	35,80,770
Printing and Stationery	76,37,496	59,76,156
Electricity charges	57,57,641	36,11,364
Travelling and conveyance	2,27,49,769	1,58,40,419
Directors' sitting fee	4,60,000	6,30,000
Insurance	19,24,843	10,67,019
Professional and Consultancy fees	34,27,299	14,57,298
Business Development Expenses	84,07,166	92,28,733
Repairs and Maintenance		
- Building	61,98,933	34,73,548
- Others	34,02,571	38,74,406
Software charges	27,33,219	19,88,839
Database and Networking Expenses	78,23,420	50,32,190
Meeting Expenses	16,85,001	32,71,447
Loss on exchange fluctuations	11,47,267	1,89,644
Miscellaneous expenses	38,05,628	46,22,655
General Charges	1,28,08,737	40,70,792
Staff Recruitment Expenses	30,90,395	6,63,512
Donation	10,00,000	-
Loss on sale of investments	1,30,613	-
Loss on sale of assets	1,21,831	48,189
	<u>16,64,01,089</u>	<u>10,17,05,607</u>
14. SCHEME EXPENSES BORNE BY THE COMPANY		
Upfront Brokerage and Other Marketing Expenses	16,41,14,706	13,87,28,632
	<u>16,41,14,706</u>	<u>13,87,28,632</u>

SCHEDULES

15 Notes to the Accounts

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 The financial statements are prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the relevant provisions of the Companies Act, 1956 and the applicable Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).

1.2 Income Recognition:

Investment Management Fees, Advisory Fees and Portfolio Management Services are accounted on accrual basis.

1.3 Fixed Assets and Depreciation:

Fixed Assets are stated at historical cost less accumulated depreciation. Depreciation on assets is provided on the Written Down Value Method at rates prescribed in Schedule XIV to the Companies Act, 1956. Assets costing Rs.5000 or less acquired during the year are written down to Re.1.

Expenditure incurred towards renovation, interior decoration etc. in respect of leased office premises is capitalised under "Improvement to rented premises" and amortised over the primary lease period.

1.4 Valuation of Investments:

Long Term investments are carried at cost and provision for decline in value, other than temporary is considered wherever necessary.

Current Investments are valued at lower of cost and market value/ net asset value.

1.5 Transactions in Foreign Currency:

Transactions in foreign currency are accounted for at the rates prevailing on the date of the transaction. Exchange differences resulting in income or expense are dealt with in the profit and loss account. Monetary items denominated in foreign currencies are restated at the Prevailing rates of exchange at the Balance Sheet date.

1.6 Employee Benefits :

A) Short Term Employee Benefits:

Short Term Employee Benefits to be paid for the services rendered by employees are recognized during the period when the services are rendered.

B) Post employment benefits:

Defined Contribution Plan

i) Provident Fund

The Company contributes to a Government-administered Provident Fund, Pension Fund and Employees State Insurance on account of its employees.

Defined Benefit Plan

i) Gratuity

The Company makes an annual contribution to a Gratuity Fund administered by trustees and managed by Life Insurance Corporation of India. The company accounts its liability for future gratuity benefits based on actuarial valuation, as at Balance Sheet date, determined every year by Life Insurance Corporation of India using the Projected Unit Credit method.

ii) Leave Encashment

Liability on account of encashment of leave to employees is accounted on actual basis.

The actuarial gain / loss arising in the above benefit plans has been duly recognised in the profit and loss account.

1.7 Taxation:

Current tax is provided on the taxable income for the year. Deferred tax liabilities on the timing differences are fully provided for. Deferred tax assets are recognised on the consideration of prudence.

1.8 Intangible Assets:

Computer Software acquired is recorded as an intangible asset and the cost is amortised over the expected useful life.

1.9 Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date to ascertain impairment based on internal / external factors. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. The amount recoverable is higher of the net selling price of assets and their value in use.

1.10 Provisions:

Provisions are recognised when the company has present legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

2. BALANCE SHEET

2.1. Loans and Advances:

2.1.1 Loans to staff include Rs. 83,333/- (31.03.07 – Rs. Nil) due from an officer of the Company. Maximum amount due at any time during the year was Rs.1,00,000/- (31.03.07 – Rs. Nil).

2.1.2 Advance Income tax and Tax Deducted at Source is net of Provision for Tax of Rs. 6,85,34,338 /- (Previous Year 88,18,311).

2.2. Current Liabilities:

2.2.1 Sundry Creditors for expenses include Rs. 26,70,000/- (31.03.2007 – Rs. 15,18,000/-) payable to Directors.

2.2.2 Provision for Fringe Benefit Tax is net of Advance Tax of Rs. 35,01,364 (Previous Year 26,97,993 /-).

3. PROFIT AND LOSS ACCOUNT:

3.1 Investment Management fees is net of Rs.33,48,666/- towards Advisory fees paid.

3.2 Profit / Loss on sale of investments comprise of:

(In Rupees)

	2007 – 2008		2006 – 2007	
	Profit	Loss	Profit	Loss
Long Term Investments	63,17,101	1,30,613	7,30,130	NIL
Current Investments	23,947	NIL	21,600	NIL
TOTAL	63,41,048	1,30,613	7,51,730	NIL

3.3 Establishment expenses include remuneration to the Managing Director as follows:

(In Rupees)

Particulars	2007 – 2008	2006 – 2007
Salary and Allowance	49,50,000	36,30,000
Contribution to Provident Fund and Gratuity	3,02,538	2,21,862
Other Allowances and Perquisites	1,72,806	1,52,369
TOTAL	54,25,344	40,04,231

Notes to the Accounts continued

3.4. A sum of Rs.6,00,000/- has been provided in the books towards payment of commission to the Non-Whole Time Directors of the Company. The proposal is subject to the approval of the members and Central Government.

3.5 Employee Benefits:

1. Defined Contribution Plan:

Company Contribution to	Amt in Rs.
a. Provident Fund	80,08,000
b. Employee State Insurance	75,000

2. Defined Benefit Plan:

Gratuity

A. Reconciliation of opening and closing balances of present value of the defined benefit obligation

	(In Rupees)
Present Value of obligations as at 01.04.2007	50,90,427
Interest Cost	3,08,349
Current Service Cost	19,53,410
Benefit Paid	19,58,221
Actuarial Loss on obligation	-29,49,331
Present value of obligation as at 31.03.2008	83,43,296

B. Reconciliation of opening and closing balances of fair value of the Plan Assets Fund Maintained by LIC

	(In Rupees)
Fair Value of Plan asset as at 01.04.2007	55,54,916
Expected return on plan assets	3,50,021
Contribution	1,82,291
Benefit Paid	19,58,221
Actuarial Gain on obligation	1,08,195
Fair Value of plan asset as at 31.03.2008	42,37,202

C. Reconciliation of present value of defined benefit obligation and fair value of plan assets of the assets and liabilities

	(In Rupees)
Present Value of obligations as at 01.04.2007	83,43,296
Fair Value of Plan asset as at 31.03.2008	42,37,202
Net Liability recognised in the balance sheet	41,06,094

D. Expenses recognised in the profit and loss account

	(In Rupees)
Current Service Cost	19,53,410
Interest Cost	3,08,349
Expected return on plan assets	3,50,021
Net Actuarial loss recognised in the year	28,41,137
Expenses to be recognised in the profit & loss	47,52,874

E. Details showing the fair value of the plan assets

	(In Rupees)
Fair Value of plan assets as at 01.04.2007	55,54,916
Actual return on plan assets	4,58,216
Contributions	1,82,291
Benefits Paid	19,58,221
Fair Value of plan assets as at 31.03.2008	42,37,202

F. Actuarial Gain / Loss recognised

	(In Rupees)
Actuarial loss on obligation	29,49,331
Actuarial gain on plan assets	1,08,000
Total Loss for the year	28,41,137
Actuarial loss recognised in the year	28,41,137

G. Actuarial Assumption

	Per Annum	
Actuarial Assumption	31.03.2008	31.03.2007
Discount Rate	8.00%	7.50%
Salary Increment	7.00 %	4.50%

Mortality rates: LIC (1994 -1996)

3.6 Miscellaneous expenses under "Administrative and other expenses" include remuneration to Auditors towards:

	(In Rupees)	
	2007- 2008	2006 -2007
Statutory Audit	2,00,000	125,000
Tax Audit	80,000	50,000
Certification	1,32,000	72,000
Service Tax	50,923	30,530

4. GENERAL

4.1 The Company has identified Asset Management, Investment Advisory Service and Portfolio Management Services as the only business segment.

4.2 Related Party Disclosures: In accordance with the Accounting Standard AS – 18 on "Related party Disclosures" issued by ICAI.

RELATED PARTIES.

JOINT VENTURE PROMOTERS

	Percentage of Share Holding
Sundaram Finance Limited	50.10%
BNP Paribas Asset Management, France	49.90%

Fellow Subsidiaries:

Sundaram BNP Paribas Home Finance Limited.
Sundaram BNP Paribas Trustee Company Limited.
LGF Services Limited.
Sundaram Finance Distribution Limited.
Sundaram Infotech Solutions Limited.
Sundaram Business Services Limited.
Infreight Logistics Solutions Limited.
Professional Management Consultants P. Ltd.

Associate: Sundaram BNP Paribas Mutual Fund

Key Management Personnel: Mr T P Raman – Managing Director

Notes to the Accounts continued

The details of transactions with related parties are given below

Particulars	Joint Venture Promoters Rs.	Fellow Subsidiaries/ Associate Rs.	Key Management Personnel Rs.	Total Rs.
Income				
Investment Management and Advisory Fees Sundaram BNP Paribas Mutual Fund		762,514,465 (444,124,099)		762,514,465 (444,124,099)
Service Income Sundaram BNP Paribas Trustree Company Limited		4,80,000 (480,000)	-	480,000 (480,000)
Expenses				
Rent and Office maintenance Sundaram Finance Limited	1,40,48,400 (11,392,620)			14,048,400 (11,392,620)
Sundaram BNP Paribas Home Finance Limited		1,34,000 (72,000)	-	134,000 (72,000)
Remuneration Key Managerial Personnel (Mr. T.P.Raman)			2,070,000 (1,518,000)	2,070,000 (1,518,000)
Payroll processing fees Sundaram Business Services Limited		3,13,000 (Nil)		313,000 (Nil)
Maintenance of website Sundaram Finance Limited	1,59,949 (378,324)			159,949 (378,324)
Internal, Concurrent Audit Fees Sundaram Finance Limited	5,00,000 (427,087)			500,000 (427,087)
Database, connectivity and other technical charges Sundaram Finance Limited	19,05,519 (7,544,903)	- (1,509,438)		1,905,519 (9,054,341)

Particulars	Joint Venture Promoters Rs.	Fellow Subsidiaries/ Associate Rs.	Key Management Personnel Rs.	Total Rs.
Assets				
Investment management fees receivable Sundaram BNP Paribas Mutual Fund		57,454,442 (33,454,458)		57,454,442 (33,454,458)
Investment in trust securities Sundaram BNP Paribas Mutual Fund		767,441,507 (387,630,596)		767,441,507 (387,630,596)
Disinvestment in trust securities Sundaram BNP Paribas Mutual Fund		681,081,334 (357,750,606)		681,081,334 (357,750,606)
Investment in trust securities at the end of the year Sundaram BNP Paribas Mutual Fund		167,970,000 (76,500,000)		167,970,000 (76,500,000)
Liabilities				
Other payables Sundaram Finance Limited	428,121 (384,042)			428,121 (384,042)
Sundaram Business Services Limited		26,966 (Nil)		26,966 (Nil)
Final Dividend (Proposed)	10,73,32,603 (22,999,844)			10,73,32,603 (22,999,844)

No amount has been written off / written back during the year. Figures in brackets relates to previous year.

4.3 Earnings per Share (Basic and diluted)

		2007-2008	2006-2007
1. Number of shares (nominal value of Rs. 10/- each)	(A)	1,53,33,229	1,53,33,229
2. Profit after tax, before prior period item – Rs.	(B)	18,49,52,776	5,74,19,693
3. Earnings per share (Basic and diluted)-Rs.	(B)/(A)	12.06	3.75

- 4.4 The company does not owe any sum to a Small Scale Industrial undertaking (31-03-2007 – Nil).
- 4.5 Expenditure in foreign Currency (On Payment Basis): Rs. 62,93,741 /- (31.03.2007 – Rs. 7,61,505)
- 4.6 Earnings in Foreign in Currency – Advisory fees earned Rs. 6,58,37,963/- (31-03-2007 – Rs. 2,37,59,831/-)
- 4.7 Previous year's figures have been regrouped / reclassified wherever necessary to confirm to current year's classification.
- 4.8 Figures have been rounded off to the nearest rupee.

As per our report of even date attached

For **BRAHMAYYA & CO.**
Chartered Accountants

D.N.GHOSH
Chairman

S KRISHNAMURTHY
Director

P.BABU
Partner
Membership No.203358
Chennai
07th May, 2008

T N ANANTHARAM IYER
Director

T T SRINIVASARAGHAVAN
Director

ASHOKE BIJAPURKAR
Director

RISHIKESHA T KRISHNAN
Director

MAX DIULIUS
Director

T P RAMAN
Managing Director

P. SUNDARARAJAN
Company Secretary

Cash Flow Statement

	2007-08		2006-07	
	Rs.	Rs.	Rs.	Rs.
A Cash Flow from Operating Activities				
Profit/(Loss) after tax after prior period items	18,49,52,776		5,74,19,693	
Add: Profit on sale of assets	(48,870)		(10,232)	
Profit on sale of investments	(6,341,048)		(751,730)	
Loss on sale of assets	1,21,831		48,189	
Loss on sale of investments	1,30,613		-	
Depreciation	2,21,71,531		83,28,785	
Income Tax (Net of Minimum Alternate Tax Credit)	6,85,34,338		91,00,000	
Wealth Tax	3,500		5,605	
Fringe Benefit Tax	5,23,636		3,96,006	
Deferred Tax	1,58,53,226		1,88,58,987	
Interest income	(1,698,315)		(4,588,045)	
Dividend Income	(12,162,445)		(8,377,255)	
Others - Adjustments in General Reserve (Towards AS 15)	-		(3,858,773)	
Operating Profit before working capital changes		27,20,40,773		76,571,230
- (Increase) / Decrease in Current assets	4,75,373		(516,240)	
- (Increase) / Decrease in Loans and advances	(115,642,142)		(64,671,895)	
- Increase / (Decrease) in Current Liabilities	(30,858,226)	(146,024,995)	28,475,030	(36,713,105)
Cash generated from Operations	12,60,15,778		3,98,58,125	
Net cash used in operating activities (A)		12,60,15,778		3,98,58,125
B Cash flow from Investing Activities				
- Purchase of investments				
- Sale of investments	(86,359,928)		(29,879,425)	
- Purchase of fixed assets	(62,782,693)		(17,060,658)	
- Sale of fixed assets	1,58,306		42,740	
- Profit on Sale of Investments	63,41,048		7,51,730	
- Loss on Sale of Investments	(130,613)		-	
- Dividend income	1,21,62,445		83,77,255	
- Interest income	16,98,315		45,88,045	
Net cash used in Investing activities (B)		(128,913,120)		(33,180,313)
C Cash Flow from Financing Activities				
- Dividend paid (including corporate dividend tax)	(26,908,667)			
Net Cash from Financing activities (C)		(26,908,667)		
Net Increase / (Decrease) in Cash & Cash Equivalents (A) + (B) + (C)		(29,806,009)		6,677,812
Cash and Cash Equivalents at the beginning of the Year		4,41,30,535		3,74,52,723
Cash and Cash Equivalents at the end of the Year		1,43,24,526		4,41,30,535

Note : Cash & Cash Equivalents comprise the following :

a. Cash on hand	1,52,342	2,54,270
b. Balances with Banks in Current accounts	41,72,184	38,76,265
c. Fixed Deposits	1,00,00,000	4,00,00,000
Total	1,43,24,526	4,41,30,535

As per our report of even date attached

For **BRAHMAYYA & CO.**
Chartered Accountants

D.N.GHOSH
Chairman

S KRISHNAMURTHY
Director

P.BABU
Partner
Membership No.203358
Chennai
07th May, 2008

T N ANANTHARAM IYER
Director

T T SRINIVASARAGHAVAN
Director

ASHOKE BIJAPURKAR
Director

RISHIKESHA T KRISHNAN
Director

MAX DIULIUS
Director

T P RAMAN
Managing Director

P. SUNDARARAJAN
Company Secretary

Balance Sheet Abstract and Company's General Business Profile

Information as required under Part IV of the schedule VI of the Companies Act, 1956

I Registration Details

Registration No. U 9 3 0 9 0 T N 1 9 9 6 P L C 0 3 4 6 1 5

State Code 1 8

Balance Sheet Date 3 1 0 3 2 0 0 8

Date Month Year

II Capital Raised during the Year (Amount in Rs. Thousands)

Public Issue

N I L

Bonus Issue

N I L

Right Issue

N I L

Private Placement

N I L

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

3 1 9 9 5 6

Sources of Funds

Paid up Capital

1 5 3 3 3 2

Secured Loans

N I L

Applications of Funds

Net Assets

6 7 6 5 9

Net Current Assets

8 3 3 2 7

Accumulated Losses

N I L

Total Assets

3 1 9 9 5 6

Reserves & Surplus

1 3 3 6 0 0

Unsecured Loans*

3 3 0 2 4

Investments

1 6 8 9 7 0

Misc. Expenditure

N I L

IV Performance of Company (Amount in Rs. Thousands)

Turnover

8 5 1 7 5 6

+ - Profit / (Loss) Before Tax

2 7 3 3 6 9

(Please tick appropriate box + for profit, - for loss)

Earnings Per Share in Rs.

1 2 . 0 6

Total Expenditure

5 7 8 3 8 7

+ - Profit / (Loss) After Tax

1 8 4 9 5 3

Dividend Rate in %

7 0

V Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code)

Product / Service Description

Not Applicable

I N V E S T M E N T

M A N A G E M E N T

A N D

A D V I S O R Y

S E R V I C E S

*Deferred Tax Liability

