



*Sundaram BNP Paribas
Asset Management
Company Limited*

*14th Annual Report
2009-10*

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

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.
State Bank of India

Auditors

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

Information Security Assurance 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.sundarambnpparibas.in

Other Committees

Risk Management Committee

T Anantha Narayanan
T P Raman
Rishikesh T Krishnan

Chairman

Executive Committee

T P Raman
T T Srinivasaraghavan
T Anantha Narayanan
Max Diulius

Chairman

Products & Strategy Committee

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

Chairman

Remuneration Committee

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

Chairman

Senior Management

Name	Designation	Name	Designation
Sunil Subramaniam	Executive Director-Sales & Marketing	Srividhya R	Vice President-Equity
Lakshminarayanan D	Senior Vice President-Operations & Risk Management	Krishnakumar S	Vice President-Equity
Vijayendiran R	Senior Vice President-Global Business Development	Venkatesan J	Vice President-Equity
Satish Ramanathan	Senior Vice President-Equity	Amit Kumar Ray	Vice President-Sales, East
Ramkumar K	Senior Vice President-Fixed Income	Samir P Deshpande	Vice President-Sales, West
Vaidya Nathan S	Vice President-Product & Business Intelligence	Benis Kumar M	Vice President-Sales, South
Priya A Kumar	Vice President & National Head-Retail Distribution	Rajesh Shankar Singh	Vice President-Banking Channel
Debasish Chatterjee	Vice President & National Head-Institutional Sales	Venkatesh P	National Head (Sales)-PMS

Sponsors



SUNDARAM FINANCE

Sundaram Finance Limited

Registered Office: 21, Patullos Road,
Chennai 600 002

India

www.sundaramfinance.inBNP PARIBAS
ASSET MANAGEMENT**BNP Paribas Asset Management**

Registered Office: 1, boulevard Haussmann 75009 Paris
France

www.bnpparibas-am.com

Branches

Agra	Dehradun	Kanpur	Rajahmundry
Ahmedabad	Dubai	Kolkatta	Rajkot
Ajmer	Delhi	Lucknow	Salem
Allahabad	Durgapur	Ludhiana	Surat
Bangalore	Goa	Madurai	Thrissur
Baroda	Guwahati	Mangalore	Tirunelveli
Bellary	Hosur	Mumbai	Trichy
Bhopal	Hubli	Mysore	Trivandrum
Bhubaneshwar	Hyderabad	Nagpur	Udaipur
Calicut	Indore	Nashik	Varanasi
Chandigarh	Jaipur	Patna	Vellore
Chennai*	Jamshedpur	Pondicherry	Vijayawada
Cochin	Jodhpur	Pune	Vizag
Coimbatore	Kanchipuram	Raipur	

* Corporate office and two branches in Chennai.

Sundaram BNP Paribas Asset Management Company Limited
A subsidiary of



SUNDARAM FINANCE
Enduring values. New age thinking.

Contents

Directors' Report	4
Auditors' Report	8
Balance Sheet	10
Profit and Loss Account	11
Schedules	12
Cash Flow Statement	23
Balance Sheet Abstract and Company's General Business Profile	24

Report of the Directors

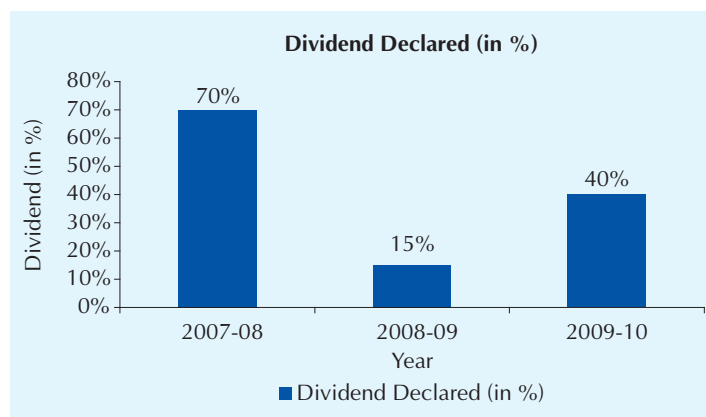
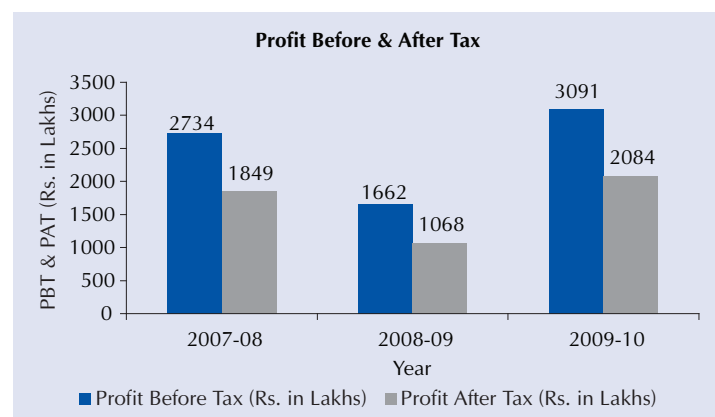
Your Directors have pleasure in presenting the Fourteenth Annual Report of Sundaram BNP Paribas Asset Management along with the audited financial statement of accounts for the year ended March 31, 2010. The financial performance of your Company in 2009 – 10 is summarised in the accompanying table:

Financial Results:

Parameter	(Rs in lakhs)	
	Year ended	
	March 31, 2010	March 31, 2009
Gross Income	11171.16	8605.27
Profit/(loss) before depreciation and tax	3299.63	1920.11
Less:		
Provision for Depreciation	209.02	258.35
Profit Before Tax	3090.60	1661.76
Provision for Taxation	1006.82	594.19
Profit after tax	2083.78	1067.57
Surplus brought forward from the previous year	1423.52	678.43
Surplus available for appropriations	3507.30	1746.00
Less: Appropriation:		
Dividend Proposed (Final)	613.33	230.00
Dividend Distribution Tax	101.87	39.08
Transfer to General Reserve	208.40	53.40
Surplus carried to Balance Sheet	2583.70	1423.52

Your Company earned a total income of Rs 11171.16 lakh for the year 2009-10, by way of investment management and advisory fees and other income during the year as compared to Rs. 8,605.27 lakh in 2008-09. Your company reported a profit after tax of Rs 2083.78 lakh for the year as compared to Rs. 1067.57 lakh in the previous year.

Your Directors are pleased to recommend a dividend of 40% on the paid-up capital of the company. The dividend, together with dividend tax, absorbs a sum of Rs. 715.20 lakh. A sum of Rs. 208.40 lakh will be transferred to the General Reserve leaving a balance of Rs. 2583.70 lakh to be retained as surplus in the profit and loss account.



Snapshot of the Mutual Fund Industry

Gross mobilisation by the mutual fund industry during the year amounted to Rs. 1,00,19,023 Crores as against Rs. 54,26,353 Crores in the previous year, registering a growth of 84.64%. The industry also witnessed a gross redemption of Rs. 99,35,942 Crores representing 82.16% increase over the previous year's figure of Rs. 54,54,650 Crores. On a net basis, there was an Inflow of Rs. 83,081 Crores in 2009-10; this was a significant improvement over the previous year which witnessed an outflow of Rs.28,297 Crores.

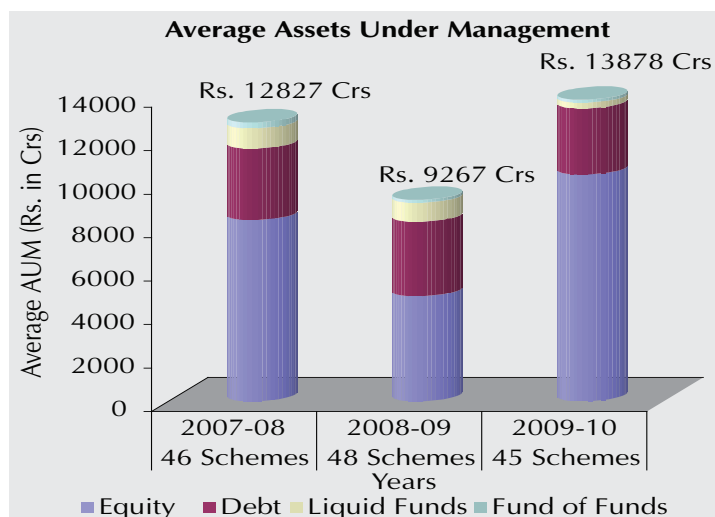
Sundaram BNP Paribas Mutual Fund – Performance

Trend in flows: Your Directors report, that in the year 2009–10, Sundaram BNP Paribas Mutual Fund schemes mobilized a sum of Rs. 60,712 Crores representing an increase of 48.04% over the previous year's mobilization of Rs. 41,012 Crores.

The gross redemption from the schemes for the said period was Rs. 62,113 Crores as against the previous year's redemption amount of Rs. 39,871 Crores, recording an increase in the redemptions to the tune of 55.78%. On a net basis, Sundaram BNP Paribas Mutual fund schemes witnessed an outflow of Rs. 1,401 Crores, in 2009-10, as compared to the net Inflow of Rs. 1,141 Crores recorded in the previous year 2008-09.

State of AUM: The Average Assets Under Management of Sundaram BNP Paribas Mutual Fund as at March 31, 2010 was Rs. 13,878 Crores, as compared to Rs. 9,267 Crores for the previous year ending March 31, 2009. This represents a growth of 49.76% over the previous year. The closing AUM as on March 31, 2010 was Rs. 12,770 Crores. This represents a share of 2.08% of the Industry AUM of Rs. 6,13,979 Crores.

The investor base of the fund house based on no. of folios with the registrars has marginally risen from 2.25 million in 2008–09 to 2.34 million in 2009–10 indicating increased retail participation and continued confidence reposed by investors in the fund management expertise of your company.



Performance

During the year, the funds of Sundaram BNP Paribas Mutual Fund managed to stay in line with the trends in the market. The large-cap funds stayed close to the benchmark in terms of returns. On the mid- and small-cap space, the funds of Sundaram BNP Paribas Mutual Fund outpaced benchmarks and peer group by comfortable margins.

The culmination was the selection by CRISIL of Sundaram BNP Paribas S.M.I.L.E Fund as the best in the mid- and small-cap category for the CNBC TV18-CRISIL Award. The fund also bagged ICRA Five-Stars Award for performance over a one-year and three-year period. It was also one of the three nominees for the Morningstar Awards under the India Small/Mid Cap equity category.

Sundaram BNP Paribas Select Mid Cap continues to be the highest-rated mid-cap fund by Value Research, a distinction that has been maintained for close to five years now.

Two new thematic funds launched in 2008 to track Financial Services and Entertainment have performed well, benefiting from a conservative approach in 2008 and has paid a good dividend of 30% in multiple tranche in both funds.

Sundaram BNP Paribas Tax Saver now sports a 10-year plus track record. Sundaram BNP Paribas Select Focus and Sundaram BNP Paribas Select Mid Cap have completed seven successful years since their launch in 2002.

Sundaram BNP Paribas Mutual Fund was also selected by CRISIL as one of the three nominees for The Most Investor-Friendly Fund House of the Year Award of CNBC TV18-CRISIL. This is the first year for the award. For this purpose, the criteria were parameters such as the quality of communication to investors, focus on retail investors and geographical penetration after application of an initial filter, which was that fund house must have obtained CRISIL~CPR 1 rank(s) during 2009.

On the fixed-income side, Sundaram BNP Paribas Ultra-Short Term maintains a consistent trend. Your company has repositioned two of the existing funds. Sundaram BNP Paribas Floating Rate Fund – Short Term Plan is now Sundaram BNP Paribas Flexible Fund – Short Term Plan. Following the shift, the fund has performed well and investors have shown keen interest in investing in this fund.

Sundaram BNP Paribas Mutual Fund launched the sixth fund in its Select Thematic Funds umbrella in 2009. Sundaram BNP Paribas PSU Opportunities – dedicated to track the PSU stocks – received an encouraging response with a fund size of around Rs 500 crore mobilised during the New Fund Offer Period.

Your company continues to invest in building its in-house research skills as well as contemporary trading and monitoring systems for the fund managers, dealer and compliance. This will be the key focus area on a continuous basis, as it is critical to handle investor funds with the optimum skill sets and responsibility.

Portfolio Management Services / Advisory Services

Advisory Services

The aggregate value of funds under advisory to overseas institutional investors was Rs 3210 crores as on March 31, 2010.

Portfolio Management Services

Sundaram BNP Paribas Portfolio Managers manage an asset size of Rs.17 Crores under discretionary service and Rs. 131 Crores under advisory as on March 31, 2010.

Branches

Your Company opened 11 branches and closed 9 branches during the year 2009–10, taking the total number of branches to 57 as at the year end.

Prospects

Securities and Exchange Board of India (SEBI) has introduced various regulatory measures such as abolition of entry load, prohibiting upfront commission paid to distributors by the fund and reduction of number of days of New Fund Offer Period. Besides, SEBI also enabled the Mutual funds to facilitate the investors to trade in the units of the schemes through the Stock Exchange Platforms. These changes are introduced with the object of protecting the investors and for the orderly growth of the industry. However, these changes may have a medium term impact on the growth and profitability of the AMC.

Although the Indian Economy was resilient and withstood the global crisis, the Investors adopted a cautious approach notwithstanding the SENSEX moving up rapidly.

Your company will strive to provide well-defined products that cater to a diverse range of risk, return and liquidity preferences of investors.

Your company is confident of posting reasonable growth in AUM over the next years on the back of consistent performance, a well thought-out marketing and distribution strategy, enhanced geographical reach and quality customer service.

Directors

Mr T P Raman, Mr D N Ghosh and Mr Max Diulus 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.

The Board of Directors of Sundaram BNP Paribas Asset Management met six times in 2009-10.

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, Chief Financial Officer, Head of Risk and Operations and Manger-Finance are invited to the meetings of the Committee. The Committee met five times in the year 2009-10 and reviewed the financial accounts/policies, adequacy of internal control systems and interacted with Statutory Auditors, Internal Auditors and Systems Auditors. The Committee also reviewed audit plans, unaudited/audited financial results, and observations as well as related follow-up reports of the management.

Risk Management Committee

The Risk Management Committee consists of Mr. T Anantha Narayanan, Director, Mr. Rishiksha T. Krishnan and Mr. T P Raman, Managing Director. Mr T Anantha Narayanan chaired the meetings of the committee. The Heads of Equity and Fixed Income, the Head of Risk and operations and the Executive Director–Sales & Marketing are the permanent invitees to the Committee. The Compliance Officer acts as the Secretary to the Committee. The Committee monitors the implementation of enterprise risk management guidelines, set/modify the limits of issuers, counter party exposure and review exceptions and overrides and suggest improvements to the risk management framework from time to time. The committee met five times in the year 2009–10.

Executive Committee

This committee looks into investment strategy, fund performance and fund management guidelines for new products. Its scope includes 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 Diulus, Directors. The committee meetings are chaired by Mr. T. P. Raman. Senior management personnel of the Company attend the meetings of the Committee. This committee met four times during the year under review.

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 your 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, chaired the meetings of the committee. The committee met twice in 2009 – 10.

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 Diulus, Directors. Mr. D.N.Ghosh is the Chairman. The Committee decides on the broad parameters governing the remuneration policy for the key employees of your company This committee met once in 2009 – 10.

Public Deposits

Your Company has not accepted any deposits.

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	2009-10 (Rs.)	2008-09 (Rs.)
Foreign Exchange Earnings	9,18,86,419.00	8,13,06,156.00
Foreign Exchange Expenditure	1,63,17,781.00	1,36,10,922.00
Dividend Paid to Non – Resident Shareholder –		
BNP Paribas Asset Management	1,14,76,922.16	5,35,58,968.89

Personnel

Your company had 242 employees on its rolls as on March 31, 2010. 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 so 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., firm of Chartered Accountants, retire at the ensuing Annual General Meeting and is eligible for re-appointment. A certificate under Section 224(1B) of the Companies Act, 1956, has been received from the firm.

SEBI Regulations

As always, your Company complied with 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 Trustee of Sundaram BNP Paribas Mutual Fund and the Sponsors - Sundaram Finance Limited and BNP Paribas Asset Management.

Your Board of Directors also thank the Securities and Exchange Board of India, Association of Mutual Funds of India, the company's bankers and other intermediaries for their unstinted support.

Your Directors place on record their deep 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 10, 2010

Chairman

Annexure – I

Annexure to the Directors Report

Sl. No.	Name of the Schemes	Closing AUM as on 31-03-10 (Rs. in Crore)
Equity Schemes		
1	Sundaram BNP Paribas – Select Thematic Funds – Capex Opportunities Fund (Dividend)	489
2	Sundaram BNP Paribas – Select Thematic Funds – Capex Opportunities Fund (Growth)	568
3	Sundaram BNP Paribas Select Mid Cap	2,024
4	Sundaram BNP Paribas Select Focus	1,184
5	Sundaram BNP Paribas Growth Fund	160
6	Sundaram BNP Paribas Balanced Fund	117
7	Sundaram BNP Paribas Select Small Cap (Closed-end)	355
8	Sundaram BNP Paribas Equity Multiplier Fund	465
9	Sundaram BNP Paribas India Leadership Fund	167
10	Sundaram BNP Paribas S.M.I.L.E Fund	610
11	Sundaram BNP Paribas – Select Thematic Funds – Rural India Fund	255
12	Sundaram BNP Paribas Tax Saver	1,314
13	Sundaram BNP Paribas Global Advantage – Fund of Funds	124
14	Sundaram BNP Paribas – Select Thematic Funds – Energy Opportunities (Closed-end)	1,799
15	Sundaram BNP Paribas – Select Thematic Funds – Financial Services Opportunities	176
16	Sundaram BNP Paribas – Select Thematic Funds – Entertainment Opportunities	80
17	Sundaram BNP Paribas – Select Thematic Funds – PSU Opportunities	533
Total AUM – Equity Schemes – (A)		10,420
Debt & Liquid Schemes		
18	Sundaram BNP Paribas Select Debt – Short Term Asset Plan	0.07
19	Sundaram BNP Paribas Flexible Fund – Flexible Income Plan	4
20	Sundaram BNP Paribas Flexible Fund – Short Term Plan	538
21	Sundaram BNP Paribas Gilt Fund	0.24
22	Sundaram BNP Paribas Money Fund	275
23	Sundaram BNP Paribas Income Plus	1
24	Sundaram BNP Paribas Monthly Income Plan (Not an assured Income Scheme) – Conservative Plan	8
25	Sundaram BNP Paribas Monthly Income Plan (Not an assured Income Scheme) – Moderate Plan	39
26	Sundaram BNP Paribas Monthly Income Plan (Not an assured Income Scheme) – Aggressive Plan	6
27	Sundaram BNP Paribas Bond Saver	44
28	Sundaram BNP Paribas Ultra Short Term Fund	791
29	Sundaram BNP Paribas Capital Protection Oriented Fund – Series 1 – 3 Years (Closed-end Scheme)	20
30	Sundaram BNP Paribas Capital Protection Oriented Fund – Series 1 – 5 Years (Closed-end Scheme)	8
Sundaram BNP Paribas Fixed Term Plans (including Interval Funds) (15 schemes)		616
Total AUM – Debt & Liquid Schemes – (B)		2,350
GRAND TOTAL – (A) + (B)		12,770

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 2010, 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 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 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 so 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 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2010 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 2010;
 - (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

Firm Registration Number: 000511S

Place : Chennai
Date : 10th May, 2010

P.BABU
Partner

Membership No.203358

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 accounts.
- 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 contracts or arrangements referred to in Section 301 of the Act that need 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, 2010 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 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 of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to 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 paragraph 4 of the Companies (Auditors' Report) Order, 2003 are not applicable to the company for the year.

For **BRAHMAYYA & CO.,**
Chartered Accountants

Place : Chennai

Firm Registration Number: 000511S

Date : 10th May, 2010

P.BABU
Partner

Membership No.203358

Balance Sheet

as at 31st March, 2010

	Schedule	31.03.2010 Rs.	31.03.2009 Rs.
I.Sources of Funds			
1.Shareholders' Funds			
(a) Capital	1	15,33,32,290	15,33,32,290
(b) Reserves and Surplus	2	35,03,06,589	21,34,48,765
		50,36,38,879	36,67,81,055
2. Deferred Tax Liability (Net)	3	5,80,38,823	6,58,56,402
3. Loan Funds			
a) Secured Loans		-	-
b) Unsecured Loans		-	-
Total		56,16,77,702	43,26,37,457
II. Application of Funds			
1.Fixed Assets			
(a) Gross Block	4	13,09,01,961	12,67,28,332
(b) Less: Depreciation		9,63,98,852	7,68,69,775
(c) Net Block		3,45,03,109	4,98,58,557
2.Investments	5	25,58,11,061	4,98,75,756
3.Current Assets, Loans and Advances			
(a) Current Assets	6	1,30,18,277	63,80,947
(b) Loans and Advances	7	45,87,66,549	42,25,15,127
	(A)	47,17,84,826	42,88,96,074
Less: Current Liabilities and Provisions			
(a) Current Liabilities	8	12,89,00,981	6,61,97,748
(b) Provisions	9	7,15,20,313	2,97,95,182
	(B)	20,04,21,294	9,59,92,930
Net Current Assets	(A-B)	27,13,63,532	33,29,03,144
Total		56,16,77,702	43,26,37,457
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
Firm Registration Number: 000511S

P.Babu
Partner
Membership No.203358
Chennai
10th May 2010

D.N.Ghosh
Chairman

S Krishnamurthy
Director

Ashoke Bijapurkar
Director

T.Anantha Narayanan
Director

T P Raman
Managing Director

T N Anantharam Iyer
Director

T T Srinivasaraghavan
Director

Rishiksha T Krishnan
Director

P. Sundararajan
Company Secretary

Profit and Loss Account
for the year ended 31st March 2010

	Schedule	2009-10		2008-09	
		Rs.	Rs.	Rs	Rs
Income					
Income from operations	10		110,11,17,719		85,25,55,865
Other Income	11		1,59,98,268		79,70,846
Total	(A)		<u>111,71,15,987</u>		<u>86,05,26,711</u>
Expenditure					
Establishment expenses	12		29,11,18,113		25,66,18,427
Administrative and other expenses	13		26,40,20,885		18,67,83,541
Scheme expenses borne by the company	14		23,20,14,186		22,20,10,670
Interest - fixed loan			-		31,02,740
Total	(B)		<u>78,71,53,184</u>		<u>66,85,15,378</u>
Profit before depreciation and tax	(A-B)		32,99,62,803		19,20,11,333
Less: Depreciation			2,09,02,245		2,58,34,591
Profit before taxation			30,90,60,558		16,61,76,742
Less : Taxation					
Current Tax		10,85,00,000		2,37,00,000	
Deferred Tax		(78,17,579)		3,28,32,883	
Fringe Benefit Tax		-	10,06,82,421	28,86,509	5,94,19,392
Profit after Tax			20,83,78,137		10,67,57,350
Balance of profit brought forward from the previous year			14,23,51,714		6,78,43,037
Amount available for Appropriation			<u>35,07,29,851</u>		<u>17,46,00,387</u>
Appropriations					
Dividend					
- Final (Proposed)			6,13,32,916		2,29,99,844
- Dividend Distribution Tax			1,01,87,397		39,08,829
- General Reserve			2,08,40,000		53,40,000
Surplus - Balance carried to Balance Sheet			25,83,69,538		14,23,51,714
			<u>35,07,29,851</u>		<u>17,46,00,387</u>
Earnings per Equity Share					
Number of Shares			1,53,33,229		1,53,33,229
Earnings per Equity Share			13.59		6.96
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
Firm Registration Number: 000511S

P.Babu
Partner
Membership No.203358
Chennai
10th May 2010

D.N.Ghosh
Chairman

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Director

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Director

T P Raman
Managing Director

T N Anantharam Iyer
Director

T T Srinivasaraghavan
Director

Rishikesha T Krishnan
Director

P. Sundararajan
Company Secretary

Schedules

	31.03.10 Rs.	31.03.09 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	2,97,40,000	2,44,00,000
Add: Transferred during the year	<u>2,08,40,000</u>	<u>53,40,000</u>
Surplus - Balance in Profit and Loss Account	25,83,69,538	14,23,51,714
	<u>35,03,06,589</u>	<u>21,34,48,765</u>
3. Deferred Tax Liability (Net)		
Deferred Tax Liability:		
Depreciation	17,30,051	61,77,742
Amortisation of Brokerage	6,30,72,108	6,52,76,693
	<u>6,48,02,159</u>	<u>7,14,54,435</u>
Less :Deferred Tax Asset:		
Employee Benefits	67,63,336	55,98,033
	<u>5,80,38,823</u>	<u>6,58,56,402</u>

(In Rupees)

4. FIXED ASSETS

Description	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK			
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Upto 31.03.2009	Additions	Deductions	Upto 31.03.2010	As at 31.03.2010	As at 31.03.2009
Office Equipment	1,30,51,507	20,25,676	96,990	1,49,80,193	57,28,485	11,44,074	43,808	68,28,751	81,51,442	73,23,022
Electrical Equipment	1,18,85,089	12,67,697	98,749	1,30,54,037	43,39,993	12,23,644	98,720	54,64,917	75,89,120	75,45,096
Computers	4,39,17,111	9,72,263	17,62,279	4,31,27,095	2,96,99,008	57,34,555	11,98,848	3,42,34,715	88,92,380	1,42,18,103
Furniture and fixtures	1,50,51,460	2,20,497	76,177	1,51,95,780	1,03,64,754	9,95,226	14,417	1,13,45,563	38,50,217	46,86,706
Vehicles	23,43,664	44,000	-	23,87,664	13,08,216	2,77,570	-	15,85,786	8,01,877	10,35,448
Improvement to rented premises	2,57,99,424	16,81,348	25,000	2,74,55,772	1,65,26,438	79,41,605	17,375	2,44,50,668	30,05,104	92,72,986
Intangible Assets										
Computer Software	1,46,80,077	21,343	-	1,47,01,420	89,02,881	35,85,571	-	1,24,88,452	22,12,969	57,77,195
Total as of 31/03/2010	12,67,28,332	62,32,824	20,59,195	13,09,01,961	7,68,69,775	2,09,02,245	13,73,168	9,63,98,852	3,45,03,109	4,98,58,557
Total as of 31/03/2009	11,99,66,916	87,56,535	19,95,117	12,67,28,332	5,23,08,103	2,58,34,591	12,72,917	7,68,69,775	4,98,58,557	6,76,58,813

SCHEDULES

5. INVESTMENTS

	Face Value Rs.	31.03.10 Rs.	31.03.09 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	32,07,510	75,00,000	75,00,000
Units of Sundaram BNP Paribas Growth Fund - 3,18,420 units under Dividend option	31,84,200	75,00,000	75,00,000
Units of Sundaram BNP Paribas Select Focus - 3,47,966 units under Dividend option	34,79,660	75,00,000	75,00,000
Units of Sundaram BNP Paribas Select Mid Cap - Nil Units (1,22,099 units sold during the year)	-	-	23,69,387
Units of Sundaram BNP Paribas S.M.I.L.E Fund - 3,07,346 units under Dividend option	30,73,460	75,00,000	75,00,000
Units of Sundaram BNP Paribas Capex Opportunities Fund - 3,81,706 units under Dividend option	38,17,060	1,00,00,000	1,00,00,000
Units of Sundaram BNP Paribas PSU Opportunities Fund - 1,00,000 Units purchased during the year	10,00,000	10,00,000	-
Units of Sundaram BNP Paribas Capital Protection Fund - 6,50,000 units under 3 Years Plan	65,00,000	65,00,000	65,00,000.00
Units of HDFC MIP -Long Term - 3,96,090 Units purchased during the year	39,60,900	50,00,000	
Units of Birla Sun Life MIP-Savings 5 - 4,42,134 Units purchased during the period	44,21,340	50,00,000	
Units of HDFC FMP - 13 Months - March 10 - 20,00,000 Units purchased during the year	2,00,00,000	2,00,00,000	
Units of Sundaram BNP Paribas FTP - Series P - 20,00,000 Units purchased during the year	2,00,00,000	2,00,00,000	
Units of Sundaram BNP Paribas FTP - Series R - 20,00,000 Units purchased during the year	2,00,00,000	2,00,00,000	
Units of Sundaram BNP Paribas FTP - Series S - 20,00,000 Units purchased during the year	2,00,00,000	2,00,00,000	
Sub-total(A)		<u>13,75,00,000</u>	<u>4,88,69,387</u>
B. In Bonds :			
10, Series II 14.30% Unsecured Redeemable Non Convertible subordinated Bonds of Rs.1,00,000 each in Bank of Baroda (Matured during the period)	-	-	10,00,000
Sub-Total(B)	-	-	<u>10,00,000</u>
Total (I) — (A+B)		<u>13,75,00,000</u>	<u>4,98,69,387</u>

	Face Value Rs.	31.03.10 Rs.	31.03.09 Rs.
II Current Investments			
In Trust Securities - In Mutual Funds			
Units of Sundaram BNP Paribas Flexible Income - Short Term - 81,81,644 (Opening balance of Nil Units, 79,58,694 Units purchased and 2,22,950 Units were reinvested during the year)	8,18,16,440	8,22,41,070	-
Units of Sundaram BNP Paribas Ultra Short Term Funds - 35,93,703 units under Daily Dividend Institutional Reinvestment option (opening balance of 635 units, 7,77,12,464 units were purchased, 2,55,417 units were reinvested and 7,43,74,813 units were redeemed during the period)	3,59,37,030	3,60,69,991	6,369
Total (II)		11,83,11,061	6,369
Grand Total (I) + (II)		25,58,11,061	4,98,75,756
Summary of Investments			
I . Long Term Investments			
Unquoted			
In Bonds		-	10,00,000
In Trust Securities		13,75,00,000	4,88,69,387
II. Current Investments			
Trust Securities		11,83,11,061	6,369
Grand Total		25,58,11,061	4,98,75,756
		31.03.10	
		Cost	Market Value *
		Rs.	Rs.
Aggregate of unquoted Investments - Long Term			
In Bonds		-	-
Aggregate of unquoted Investments - Long Term			
In Trust Securities		13,75,00,000	12,05,19,000
Aggregate of unquoted Investments - Current			
In Trust Securities		11,83,11,061	11,83,11,000
Total		25,58,11,061	23,88,30,000

* Cost has been considered wherever market value is not available and in case of units of mutual funds, the net asset value has been considered on the Balance Sheet date

	31.03.10		31.03.09	
	Rs.	Rs.	Rs.	Rs.
6. CURRENT ASSETS				
Interest accrued on Investments		17,123		8,841
Cash and Bank Balances				
With Scheduled Banks in				
Cash on Hand		2,61,990		1,97,493
Current Accounts		70,90,015		42,73,445
With Others				
Current Accounts	35,984		11,96,749	
Fixed Deposits (in a non-scheduled bank)	56,13,165	56,49,149	7,04,419	19,01,168
		<u>1,30,18,277</u>		<u>63,80,947</u>
7. Loans and Advances				
Unsecured unless otherwise stated				
Considered Good				
Advances and Deposits recoverable in cash or kind				
Other Advances		27,69,26,774		26,79,62,661
Loans to Staff		31,66,616		20,22,383
Advance Income Tax and Tax Deducted at Source (net of provision for taxation)		8,37,27,801		10,73,82,973
Advance Fringe Benefit Tax		1,13,491		30,00,000
Income Receivable (Less than six months)				
- Asset Management Fee	6,72,79,589		2,72,96,258	
- Advisory Fee	2,72,54,335		1,47,67,554	
- Portfolio Management Fee	2,97,943	9,48,31,867	83,298	4,21,47,110
		<u>45,87,66,549</u>		<u>42,25,15,127</u>
8. Current Liabilities				
Sundry Creditors				
For expenses		10,88,83,810		4,09,57,449
For others		2,00,17,171		2,52,40,299
		<u>12,89,00,981</u>		<u>6,61,97,748</u>
<i>There are no outstanding due payable to Micro & Small Entreprises for more than 45 days.</i>				
9. Provisions				
Dividend				
- Final (Proposed)		6,13,32,916		2,29,99,844
- Dividend Distribution tax		1,01,87,397		39,08,829
- Provision for Fringe Benefit Tax		-		28,86,509
		<u>7,15,20,313</u>		<u>2,97,95,182</u>

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

	2009-2010 Rs.	2008-2009 Rs.
10. Income from Operations		
Investment Management Fees	101,28,17,259	76,81,55,272
[Tax Deducted at Source Rs. 7,06,22,593/-]		
Advisory Fees	8,70,18,209	8,39,44,433
[Tax Deducted at Source Rs. 1,71,891/-]		
Portfolio Management Service Fees	12,82,251	4,56,160
[Tax Deducted at Source Rs. 6,687/-]		
	<u>110,11,17,719</u>	<u>85,25,55,865</u>
11. Other Income		
Interest receipts	36,13,415	33,45,708
Dividend Income	1,12,77,501	17,76,120
Profit on sale of Investments	-	5,30,175
Profit on Sale of Assets	2,03,351	80,598
Gain on Exchange Fluctuation	5,583	13,62,874
Miscellaneous income	8,98,418	8,75,371
	<u>1,59,98,268</u>	<u>79,70,846</u>
12. Establishment Expenses		
Salaries and allowances	27,03,28,456	23,47,01,080
Company's contribution to Provident Fund and Gratuity Fund	1,48,60,409	1,62,60,949
Staff welfare expenses	59,29,248	56,56,398
	<u>29,11,18,113</u>	<u>25,66,18,427</u>

	2009-2010 Rs.	2008-2009 Rs.
13. Administrative and other expenses		
Rent	4,20,19,559	4,62,73,187
Fund Accounting Charges	1,23,17,998	-
Rates and Taxes	6,58,904	15,10,547
Communication Expenses	1,64,44,208	1,84,76,487
Subscription	1,57,21,092	1,31,70,702
Advertisement	7,44,05,808	7,03,962
Printing and Stationery	56,85,744	62,71,666
Electricity charges	54,18,722	57,70,311
Lease Rental	19,81,120	10,71,915
Travelling and conveyance	1,75,79,492	1,77,63,373
Directors' sitting fee	6,60,000	5,80,000
Insurance	26,43,666	23,60,431
Professional and Consultancy fees	63,43,980	46,06,318
Business Development Expenses	45,65,032	51,74,905
Repairs and Maintenance		
- Building	72,67,156	65,26,413
- Others	40,54,193	53,28,577
Software charges	28,83,039	47,75,892
Database and Networking Expenses	87,51,274	99,28,364
Loss on exchange fluctuation	21,82,330	50,67,902
Outsourcing Cost	2,19,87,567	1,95,99,078
Miscellaneous expenses	78,97,293	1,15,80,911
Loss on sale of investments	84,603	11,617
Loss on sale of assets	87,951	2,30,983
Claims	23,80,154	-
	<u>26,40,20,885</u>	<u>18,67,83,541</u>
14. Scheme expenses borne by the company		
Upfront Brokerage and Other Marketing Expenses	23,20,14,186	22,20,10,670
	<u>23,20,14,186</u>	<u>22,20,10,670</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.

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amount of assets and liabilities as at the Balance Sheet date, reported amounts of revenues and expenses during the year and disclosure of contingent liabilities as at that date. The estimate and assumptions use in the financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements.

1.2 Income Recognition:

Investment Management Fees, Advisory Fees and Portfolio Management Service Fees 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.

Vehicles taken on lease: Operating Lease payments are recognised as expenditure in the Profit and Loss Account on a straight line basis over the lease term.

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. Monetary items denominated in foreign currencies are restated at the Prevailing rates of exchange at the Balance Sheet date. Gain or loss arising out of fluctuations in exchange rates is accounted for in the Profit and Loss Account.

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 and Pension Fund.

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 provided on the basis of an actuarial valuation.

The expenses and actuarial gain / loss on account are recognised in the Profit and Loss on the basis of actuarial valuation.

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.

1.11 Scheme Expenses:*a) New Fund Offer Expenses – Equity Schemes*

Expenses incurred in relation to new fund offer are amortized over a period of 24 Months.

Notes to the Accounts continued

b) Amortization Policy on Brokerage Expenses:

Incurred Towards	Amortized over a period of
Equity Linked Savings Scheme	36 Months
Open Ended Equity Schemes	12 Months

2. BALANCE SHEET

2.1 Current Assets:

2.1.1 Cash and bank balances with others:

Represents balances held in BNP Paribas, Dubai, a non-scheduled bank. Maximum balance during the year in deposit account Rs. 6,13,165/- (31.03.09 – Rs.7,04,419/-). A lien has been created on the deposit for issue of a guarantee. Maximum balance during the year Rs. 21,78,218/-(31.03.09 – Rs. 11,96,749/-)

2.2 Disclosures in respect of operating lease contracts as per AS 19 – “Leases”:

2.2.1 The future minimum lease payments payable under non-cancellable operating lease are as follows:

Particulars	(In Rs)	
	31.03.2010	31.03.2009
Not later than one year	20,07,840	18,28,920
Later than one year and not later than five years	23,67,380	40,15,240
Later than five years	Nil	Nil

2.2.2 The leases can be renewed on expiry of the primary lease period, after mutually discussing the renewal terms with the lessor.

2.3 Advance Income tax and Tax Deducted at Source is net of Provision for Tax of Rs. 21,24,33,918/- (31.03.09- Rs. 10,42,33,918/).

2.5 Current Liabilities:

2.5.1 Sundry Creditors for expenses include Rs. 18,78,000/- (31.03.09 – Rs. 18,60,000/-) payable to Directors.

3. PROFIT AND LOSS ACCOUNT:

3.1 Income from Operation:

Investment Management fees is net of advisory fees paid Rs. 28,24,414/- (31.03.09–Rs. 34,54,907/-)

3.2 Portfolio Management Service Fees is net of brokerage paid Rs. 11,60,242/- (31.03.09- Rs. Nil)

Profit / Loss on sale of investments comprise of:

Particulars	(In Rupees)			
	2009 – 2010		2008 – 2009	
	Profit	Loss	Profit	Loss
Long Term Investments	NIL	84,603	NIL	NIL
Current Investments	NIL	NIL	5,30,175	11,617
Total	NIL	84,603	5,30,175	11,617

3.3 Remuneration to Directors:

Particulars	(In Rupees)	
	2009 – 2010	2008 – 2009
Salary and Allowance	69,30,000	66,00,000
Contribution to Provident Fund and Gratuity	4,77,461	4,53,047
Commission		
-Whole Time Director	10,00,000	5,00,000
-Non-whole time Independent Directors	5,00,000	5,00,000
Other Allowances and Perquisites	4,22,717	4,13,944
Total	93,30,178	84,66,991

Computation of net profit for calculation of commission to directors.

(In Rupees)	
Net Profit	20,83,78,137
Add:	
Directors remuneration	93,30,178
Directors sitting fees (non whole time directors)	6,60,000
Depreciation as per books	2,09,02,245
Loss on sale of investment	84,603
Provision for Taxation including wealth tax	10,85,00,000
Less:	
Depreciation as per Sec 350 of 'The Companies Act, 1956	2,09,02,245
Profit on sale of investments	0.00
Nett profit as Sec 198 of the Companies Act 1956	32,69,52,918
Commission to Managing Director	Rs.10,00,000 /-
Commission to Non-Whole Time Independent Directors	Rs.5,00,000/-

3.4 A sum of Rs. 5,00,000/- (31.03.09- Rs.5,00,000/-) has been provided in the accounts towards payment of commission to non-whole time independent directors of the Company.

3.5 Employee Benefits:

I. Defined Contribution Plan:

Company Contribution to	2009-10	2008-09
1. Provident Fund	1,08,56,699	1,06,53,485

II. Defined Benefit Plan:

Gratuity

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

Notes to the Accounts continued

	(In Rupees)	
Present Value of obligations at the beginning of the Year	1,19,05,278	83,43,296
Interest Cost	9,52,422	5,61,925
Current Service Cost	29,44,657	20,39,816
Benefit Paid	1,37,907	26,38,462
Actuarial Loss on obligation	11,53,406	35,98,703
Present value of obligation at the end of the Year	1,68,17,856	1,19,05,278

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 at the beginning of the Year	68,78,202	42,37,202
Expected return on plan assets	11,28,774	4,18,773
Contribution	56,73,166	46,33,372
Benefit Paid	1,37,907	26,38,462
Actuarial Gain on obligation	NIL	2,27,317
Fair Value of plan asset at the end of the Year	1,35,42,235	68,78,202

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 at beginning of the Year	1,68,17,856	1,19,05,278
Fair Value of Plan asset at the end of the Year	1,35,42,235	68,78,202
Net Asset recognised in the balance sheet	32,75,621	50,27,076

D. Expenses recognised in the profit and loss account

	(In Rupees)	
Current Service Cost	29,44,657	20,39,816
Interest Cost	9,52,422	5,61,925
Expected return on plan assets	11,28,774	4,18,773
Net Actuarial loss recognised in the year	11,53,406	33,71,386
Expenses to be recognised in the Profit and Loss Account	39,21,711	55,54,354

E. Details showing the fair value of the plan assets

	(In Rupees)	
Fair Value of plan assets at the beginning of the Year	68,78,202	42,37,202
Actual return on plan assets	11,28,774	6,46,090
Contributions	56,73,166	46,33,372
Benefits Paid	1,37,907	26,38,462
Fair Value of plan assets at the end of the Year	1,35,42,235	68,78,202

F. Actuarial Gain / Loss recognised

	(In Rupees)	
Actuarial loss on obligation	11,53,406	35,98,703
Actuarial gain on plan assets	NIL	2,27,317
Actuarial Loss for the year	11,53,406	33,71,386
Actuarial loss recognised in the year	11,53,406	33,71,386

G. Actuarial Assumption

	Per Annum	
Actuarial Assumption	31.03.2010	31.03.2009
Discount Rate	8.00%	8.00%
Salary Increment	7.00 %	7.00%

III. The present value of obligation towards compensated absences, as per actuarial certificate as on 31st March 2010 was Rs. 1,77,35,865/- (31.03.09 Rs. 1,43,07,495/-) and is recognised in the books of accounts.

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

	(In Rupees)	
	2009- 2010	2008 -2009
Statutory Audit	3,00,000	2,00,000
Tax Audit	1,20,000	80,000
Certification	1,89,000	1,49,000
Service Tax	60,976	44,187

4. GENERAL

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

4.2 In accordance with the Accounting Standard AS – 18 on "Related party Disclosures"

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 Limited.
Sundaram BNP Paribas Fund Services Limited.

Associate: Sundaram BNP Paribas Mutual Fund

Key Management Personnel: Mr T P Raman-Managing Director

Notes to the Accounts continued

4.3 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		1,01,56,41,673 (77,16,10,179)		1,01,56,41,673 (77,16,10,179)
Service Income Sundaram BNP Paribas Trustee Company Ltd		9,00,000 (9,00,000)	-	9,00,000 (9,00,000)
Expenses				
Rent and Office maintenance Sundaram Finance Limited	90,51,432 (1,38,65,404)			90,51,432 (1,38,65,404)
Sundaram BNP Paribas Home Finance Limited		99,180 (1,28,088)	-	99,180 (1,28,088)
Collection centre charges Sundaram Finance Limited	- (51,18,132)			- (51,18,132)
Vehicle Lease Rental Sundaram Finance Limited	19,81,120 (10,71,915)			19,81,120 (10,71,915)
Remuneration Key Managerial Personnel (Mr. T.P.Raman)			88,30,178 (79,66,991)	88,30,178 (79,66,991)
Payroll processing fees Sundaram Finance Limited	- (1,44,000)			- (1,44,000)
Sundaram Business Services Limited		2,88,000 (1,44,000)		2,88,000 (1,44,000)
Fund Accounting Charges Sundaram BNP Paribas Fund Services Limited		1,23,21,813 (Nil)		1,23,21,813 (Nil)
Maintenance of website Sundaram Finance Limited	1,78,500 (2,20,000)			1,78,500 (2,20,000)
Internal, Concurrent Audit Fees Sundaram Finance Limited **	6,00,000 (5,00,000)			6,00,000 (5,00,000)
Database, connectivity and other technical charges Sundaram Finance Limited	- (90,000)			- (90,000)
Assets				
Investment management fees receivable Sundaram BNP Paribas Mutual Fund		6,72,79,588 (2,72,96,258)		6,72,79,588 (2,72,96,258)

As per our report of even date attached

For **Brahmayya & Co.**
Chartered Accountants
Firm Registration Number: 000511S

P.Babu
Partner
Membership No.203358
Chennai
10th May, 2010

D.N.Ghosh
Chairman

S Krishnamurthy
Director

Ashoke Bijapurkar
Director

T.Anantha Narayanan
Director

T P Raman
Managing Director

T N Anantharam Iyer
Director

T T Srinivasaraghavan
Director

Rishiksha T Krishnan
Director

P. Sundararajan
Company Secretary

Particulars	Joint Venture Promoters Rs.	Fellow Subsidiaries/ Associate Rs.	Key Management Personnel Rs.	Total Rs.
Investment in trust securities Sundaram BNP Paribas Mutual Fund		92,58,24,000 (21,85,32,000)		92,58,24,000 (21,85,32,000)
Disinvestment in trust securities Sundaram BNP Paribas Mutual Fund		74,88,96,000 (33,80,34,000)		74,88,96,000 (33,80,34,000)
Investment in trust securities at the end of the year Sundaram BNP Paribas Mutual Fund		22,58,11,000 (4,88,75,000)		22,58,11,000 (4,88,75,000)
Liabilities				
Other payables Sundaram Finance Limited	1,14,727 (3,27,945)			1,14,727 (3,27,945)
Sundaram Business Services Limited		24,000 (24,000)		24,000 (24,000)
Payable to Managing Director			13,78,000 (8,60,000)	13,78,000 (8,60,000)
Final Dividend (Proposed)	6,13,32,916 (2,29,99,844)			6,13,32,916 (2,29,99,844)

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

**Rs three lakhs changed to Mutual Fund.

4.4 Earnings per Share (Basic and diluted)

	2009-10	2008-09
1. Number of shares (nominal value of Rs.10/- each) (A)	1,53,33,229	1,53,33,229
2. Profit after tax Rs. (B)	20,83,78,137	10,67,57,350
3. Earnings per share (Basic and diluted) – Rs. (B)/(A)	13.59	6.96

4.5 There are no amounts due to Small Scale Industries in terms of "The Micro, Small and Medium Enterprises Development Act, 2006".

4.6 Expenditure in foreign Currency (On Payment Basis): Rs. 1,63,17,781/- (31.03.09 – Rs. 1,36,10,922)

4.7 Earnings in Foreign Currency – Advisory fees earned Rs. 9,18,86,419/- (31-03-09 – Rs. 8,13,06,156/-)

4.8 Previous year's figures have been regrouped / reclassified wherever necessary to confirm to current year's classification.

4.9 Figures have been rounded off to the nearest rupee.

Signature to schedule 1 to 15

Cash Flow Statement

	2009-10		2008-09	
	Rs.	Rs.	Rs.	Rs.
A Cash Flow from Operating Activities				
Profit/(Loss) after tax	20,83,78,137		10,67,57,350	
Add: Profit on sale of assets	(2,03,351)		(80,598)	
Profit on sale of Investments	-		(5,30,175)	
Loss on Sale of Assets	87,951		2,30,983	
Loss on sale of Investments	84,603		11,617	
Depreciation	2,09,02,245		2,58,34,591	
Income Tax	10,85,00,000		2,37,00,000	
Interest on Fixed Loan	-		31,02,740	
Deferred Tax	(78,17,579)		3,28,32,883	
Interest Income	(36,13,415)		(33,45,708)	
Dividend Income	(1,12,77,501)		(17,76,120)	
Operating Profit before working capital changes		31,50,41,090		18,67,37,563
- (Increase) / Decrease in Current assets	(8,282)		4,71,827	
- (Increase) / Decrease in Loans and advances	(3,62,51,421)		(11,27,40,856)	
- Increase / (Decrease) in Current Liabilities	(4,57,96,767)	(8,20,56,470)	(6,68,19,263)	(17,90,88,293)
Cash generated from Operations		<u>23,29,84,620</u>		<u>76,49,270</u>
Net cash used in operating activities (A)		<u>23,29,84,620</u>		<u>76,49,270</u>
B. Cash flow from Investing Activities				
- Purchase of Investments	(95,58,23,924)		(20,00,000)	
- Sale of Investments	74,98,88,619		12,10,94,162	
- Purchase of Fixed Assets	(62,32,824)		(87,56,535)	
- Sale of Fixed Assets	8,01,425		5,71,816	
- Profit on Sale of Investments	-		5,30,175	
- Loss on Sale of Investments	(84,603)		(11,617)	
- Dividend Income	1,12,77,501		17,76,120	
- Interest Income	36,13,415		33,45,708	
Net cash used in Investing activities (B)		<u>(19,65,60,390)</u>		<u>11,65,49,829</u>
C. Cash Flow from Financing Activities				
-Interest on Fixed Loan	-		(31,02,740)	
-Dividend paid (including corporate dividend tax)	(2,97,95,182)		(12,95,98,779)	
Net Cash from Financing activities (C)		<u>(2,97,95,182)</u>		<u>(13,27,01,519)</u>
Net Increase / (Decrease) in Cash & Cash Equivalents (A) + (B) + (C)		66,29,048		(85,02,420)
Cash and Cash Equivalents at the beginning of the Year		63,72,106		1,48,74,526
Cash and Cash Equivalents at the end of the Year		<u>1,30,01,154</u>		<u>63,72,106</u>

Note: Cash & Cash Equivalents comprise the following :

a. Cash on hand	2,61,990	1,97,493
b. Balances with Banks in Current accounts	70,90,015	54,70,194
c. Fixed Deposits at Dubai Branch	56,49,149	7,04,419
Total	<u>1,30,01,154</u>	<u>63,72,106</u>

For **Brahmaya & Co.**
Chartered Accountants
Firm Registration Number: 000511S

P.Babu
Partner
Membership No.203358
Chennai
10th May 2010

D.N.Ghosh
Chairman

S Krishnamurthy
Director

Ashoke Bijapurkar
Director

T.Anantha Narayanan
Director

T P Raman
Managing Director

T N Anantharam Iyer
Director

T T Srinivasaraghavan
Director

Rishiksha T Krishnan
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 1 0

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

5 6 1 6 7 7

Sources of Funds

Paid up Capital

1 5 3 3 3 2

Secured Loans

N I L

Applications of Funds

Net Assets

3 4 5 0 3

Net Current Assets

2 7 1 3 6 3

Accumulated Losses

N I L

Total Assets

5 6 1 6 7 7

Reserves & Surplus

3 5 0 3 0 7

Unsecured Loans*

5 8 0 3 8

Investments

2 5 5 8 1 1

Misc. Expenditure

N I L

IV Performance of Company (Amount in Rs. Thousands)

Turnover

1 1 1 7 1 1 5

+ - Profit / (Loss) Before Tax

3 0 9 0 6 0

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

Earnings Per Share in Rs.

1 3 . 5 9

Total Expenditure

8 0 8 0 5 5

+ - Profit / (Loss) After Tax

2 0 8 3 7 8

Dividend Rate in %

4 0

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

Item Code No. (ITC Code)

Not Applicable

Product / Service Description

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

