

*SUNDARAM BNP PARIBAS  
TRUSTEE COMPANY LIMITED*

4

*ANNUAL REPORT  
2007-2008*



### **Board of Directors**

K V Ramanathan Chairman  
S Viji  
R Rajamani  
K V Krishnamurthy  
Francois Mouzay  
Martial Godet (Alternate Director to Francois Mouzay)

### **Audit Committee**

R Rajamani Chairman  
K V Krishnamurthy  
Francois Mouzay

### **Secretary**

T S Sritharan

### **Bankers**

IDBI Bank Ltd

### **Auditors**

M/s. Sundaram & Srinivasan, Chennai Chartered Accountants

### **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

### **Home Page**

Website : [www.sundarambnpparibas.in](http://www.sundarambnpparibas.in)

SUNDARAM BNP PARIBAS TRUSTEE COMPANY LIMITED

A subsidiary of



**SUNDARAM FINANCE**

*Enduring values. New age thinking.*

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

Sponsors



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

## Directors' Report

### To the Members

Your Directors have pleasure in presenting the Fourth Annual Report with the audited financial statement of accounts for the year ended 31<sup>st</sup> March 2008. The summarized financial results of the Company are given hereunder:

### Financial Results:

(Rs. In lakhs)

Particulars	Year ended March 31, 2008	Year ended March 31, 2007
Total Income	102.21	54.23
Total Expenditure	51.58	32.56
<b>Profit Before Taxation</b>	<b>50.60</b>	<b>21.67</b>
Provision for Taxation	17.12	7.33
<b>Profit After Tax</b>	<b>33.51</b>	<b>14.34</b>
Surplus Brought Forward	13.11	6.06
Amount available for appropriation	<b>46.62</b>	<b>20.40</b>
<b>Less : Appropriations:</b>		
Dividend Proposed (Final)	15.00	5.00
Dividend Distribution Tax	2.55	0.85
Transfer to General Reserves	3.36	1.44
<b>Surplus carried to Balance sheet</b>	<b>25.71</b>	<b>13.11</b>

### Financial Performance

During the year under review, your Company earned a gross income of Rs.102.21 lakhs by way of trusteeship fees and other income as against Rs. 54.23 lakhs in the previous year 2006-07, recording a growth of 88%. Your company reported a Profit after tax of Rs. 33.51 lakhs for the year ended March 31, 2008 against Rs. 14.34 lakhs in the previous year, registering a growth of 134%. After taking into account a sum of Rs. 13.11 lakhs brought forward from the previous year as surplus, a sum of Rs. 46.62 lakhs is available as surplus for the financial year 2007-08. Your Directors are happy to recommend a final dividend of 300% on the paid up capital of the company. The dividend together with dividend tax absorbs a sum of Rs. 17.55 lakhs. Your Directors also propose to transfer a sum of Rs. 3.36 lakhs to the General Reserves. The balance of Rs. 25.71 lakhs will be retained as surplus in the profit and loss account.

### Review of Operations

Your Directors are pleased to report that, during 2007-2008, the gross mobilisation under the schemes of Sundaram BNP Paribas Mutual Fund amounted to Rs. 61,971 cr. as against Rs. 22,085 Cr. in the previous financial year, representing an increase of 181%. Redemptions during the year amounted to Rs. 57,693 cr. as against Rs. 17,667 cr. in the previous year. The net inflow of funds in the year 2007-08, amounted to Rs. 4,278 cr., 3% lower than the previous year's figure of Rs. 4,418 cr.

During the year under review, Sundaram BNP Paribas Mutual Fund launched 29 new schemes which mobilized a sum of Rs. 5,484 crores in the aggregate. Two schemes namely, Sundaram BNP Paribas Global Advantage Fund of Funds Scheme and Sundaram BNP Paribas Select Thematic Funds-Energy Opportunities, a close end equity scheme, mobilized a sum of Rs. 3,099 cr in the aggregate.

Sundaram BNP Paribas Select Thematic Funds - Energy Opportunities alone created a record in the history of Sundaram BNP Paribas Mutual Fund with a gross mobilization of Rs. 2,785 cr.

The gross mobilization under the fixed income segment of the new schemes launched amounted to Rs.2,385 cr. Two Capital Protection Oriented schemes with a maturity of 3 years and 5 years respectively launched during the year mobilized a sum of Rs. 23 cr in the aggregate. Fixed Term Plans with maturities ranging from 90 days to 16 months and Interval Fund Schemes launched during the year mobilized a sum of Rs. 2,362 cr in the aggregate.

The Assets Under Management of the industry as on March 31, 2008 stood at Rs.5,08,894 crores as against Rs. 3,28,507 crores the previous year recording an increase of over 55%. The overall Assets Under Management of Sundaram BNP Paribas Mutual Fund Schemes as at March 31, 2008 stood at Rs. 11,843 cr., as against Rs.7,441 cr. as at March 31, 2007, recording an increase of more than 59%. The AUM of the Fund as at March 31, 2008 represented 2.33% of the AUM of the industry. Your Directors are happy to report that, during the year 2007-08, the equity corpus of Sundaram BNP Paribas Schemes grew to Rs. 8,180 Cr. The fixed income, liquid scheme and fund of funds schemes aggregated to Rs. 3,663 Cr.

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 number of investors increased from 11.06 lakhs to 19.32 lakhs during the year.

### **Awards and Recognition**

Sundaram BNP Paribas Mutual Fund schemes continue to demonstrate good performance and are rated highly by independent research agencies.

### **International Rankings**

#### **Lipper Ranking:**

Lipper, a Reuters Company, evaluated the performance of 24,887 Mutual Funds across the globe (as on December 2007). According to this, 40 India domiciled funds emerged among the list of the top hundred performing equity funds in the world. Five of your Equity schemes namely Sundaram BNP Paribas CAPEX Opportunities Fund Dividend Option as well as Growth option, Sundaram BNP Paribas S.M.I.L.E Fund, Sundaram BNP Paribas Select Focus and Sundaram BNP Paribas Growth Fund featured in these forty. Three others were within the first 120. The ranks secured are as follows:

Name	Ranking	
	Top 100	Top 120
Sundaram BNP Paribas CAPEX Opportunities Fund-Dividend	55	
Sundaram BNP Paribas CAPEX Opportunities Fund-Growth	59	
Sundaram BNP Paribas S.M.I.L.E. Fund-Growth	75	
Sundaram BNP Paribas Select Focus-Growth	78	
Sundaram BNP Paribas Growth Fund-Growth	100	
Sundaram BNP Paribas Rural India Fund		111
Sundaram BNP Paribas India Leadership Fund		113
Sundaram BNP Paribas Tax Saver		115

### **Domestic Rankings**

#### **ICRA Award**

Three of the equity schemes of Sundaram BNP Paribas Mutual Fund viz. Sundaram BNP Paribas S.M.I.L.E Fund, Sundaram BNP Paribas Select Focus and Sundaram BNP Paribas India Leadership Fund have been given Five Star Rating by ICRA in the category of Open-End Diversified Equity Defensive Funds for their 1 year and 3 year performances

during the period ending December 31, 2007. The ranking indicates that the fund is in the top 10% of its category in terms of historical risk-adjusted returns. 73 schemes were chosen for assessment of 1 year performance and 41 schemes for 3 year performance.

Sundaram BNP Paribas Balanced Fund has also obtained Five Star Rating in the category of Open-end Balanced Fund for its 1 year performance during the same period. 15 schemes were chosen for this ranking.

### **CNBC - TV 18- CRISIL Award:**

Sundaram BNP Paribas Select Focus has been awarded the Best Large Cap Oriented Equity Fund for the year 2007 in the Open-end Large Cap Oriented Equity Category from among 22 schemes ranked in this category.

### **CRISIL CPR Rankings:**

CRISIL has assigned the **CPR 1** rating to Sundaram BNP Paribas Select Focus and Sundaram BNP Paribas CAPEX Opportunities Fund under the Open End Large Cap Oriented Equity Category and Open End Diversified Equity category respectively.

The following schemes of Sundaram BNP Paribas Mutual Fund were also rated as follows by CRISIL for the period ended December 31, 2007:

<b>Name of the scheme</b>	<b>Category</b>	<b>Rating</b>
Sundaram BNP Paribas Growth Fund	Large Cap Oriented Scheme	CPR 2
Sundaram BNP Paribas India Leadership Fund	Diversified Equity scheme	CPR 2
Sundaram BNP Paribas Tax Saver	Equity Linked Savings Scheme	CPR 2
Sundaram BNP Paribas Select Midcap	Diversified Equity scheme	CPR 2
Sundaram BNP Paribas S.M.I.L.E Fund	Diversified Equity scheme	CPR 2

### **Economic Times Rating:**

The Economics Times Quarterly Mutual Fund Tracker has awarded the following ratings to the schemes of the Mutual Fund based on their performance:

- Platinum** Sundaram BNP Paribas India Leadership Fund
- Gold** - Sundaram BNP Paribas Tax Saver
- Sundaram BNP Paribas Growth Fund

### **Board of Directors**

The Board of Directors are vested with general power of superintendence, direction and management of the affairs of the Mutual Fund. Sundaram BNP Paribas Asset Management Company acts as the Investment Manager of the Schemes of the Mutual Fund. The Board of Directors monitor and review the work of the Asset Management Company in order to ensure that it fulfills the functions assigned to it under the investment management agreement and complies with SEBI Regulations and other laws in force.

During the year under review Six Board meetings were held.

Mr. Al Noor Premji, who was an Alternate Director to Mr. Francois Mouzay, Director of the company, relinquished his office on February 26, 2008.

Mr. Al Noor Premji held office from the formation of the joint venture between Sundaram Finance Limited and BNP Paribas Asset Management, France. Your Directors place on record their sincere appreciation of the valuable contribution made by him to the growth and progress of the Company.

Mr. Martial Godet was appointed in place of Mr. Al Noor Premji on February 26, 2008 as an Alternate Director to Mr. Francois Mouzay.

Mr. Martial Godet, 36, is a Graduate in Finance from HEC Business School (Paris, France). Presently he is the Head of Investment Management New Markets at BNP Paribas Asset Management and is looking after Emerging Market portfolio in Paris and London and oversees investment teams in developing countries.

Mr Martial Godet has experience in interest rate derivative trading, controlling and auditing various financial activities. He also has wide experience in managing mutual funds and dedicated portfolios and in overseeing international management terms. The company will benefit greatly from his rich knowledge and experience.

Mr K V Ramanathan and Mr S Viji, retire at the ensuing Annual General Meeting and offer themselves for re-appointment.

## **Audit Committee**

The Audit committee of the Board consists of Mr R Rajamani, Mr K V Krishnamurthy and Mr. Francois Mouzay. Mr R Rajamani chaired the meetings of the Committee. Besides Mr T P Raman, Managing Director of Sundaram BNP Paribas Asset Management Company Ltd. (AMC), the Statutory Auditor, Internal Auditor, Concurrent Auditor, Compliance Officer & Secretary of the AMC and Chief Financial Officer of the AMC are all invited to the meetings of the Committee.

During the year the Committee met five times, reviewed the financial accounts/policies and adequacy of internal control systems and interacted with the Statutory Auditors, Internal Auditors and Systems Auditors. Besides, the Committee reviewed audit plans, unaudited /audited financial results, and responses and follow-up reports of the management.

## **Tribute to Shri. G.K.Raman**

Shri. G K Raman, who was one of the founder Trustees of the Sundaram Mutual Fund, first director of Sundaram Asset Management

Company Ltd. and also a Director of Sundaram Finance Trustee Company Ltd., passed away on August 27, 2007. He contributed greatly to the growth and development of the Mutual Fund and the Trustee Company.

Shri. G.K. Raman was closely associated with the Sundaram Finance group for more than five decades and had 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 all qualities the members considered highly valuable.

Shri. 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 a number of seminars and also social activities. He was connected with a number of spiritual and charitable causes and 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.

## **Public Deposits**

Your Company has not accepted any deposits from the Public.

## **Particulars of Employee Remuneration**

The Company has no employee on its payroll. Accordingly, the provisions of Section 217(2A) of the Companies Act, 1956 are not applicable.



### **Information under Section 217 (1) (e) of the Companies Act, 1956**

Your Company has no activity relating to conservation of energy or technology absorption. The Company has no foreign exchange earnings. A sum of Rs. 2,49,500/- was paid as dividend for the year 2006 - 07 to a Non Resident Shareholder viz., BNP Paribas Asset Management.

### **The 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 would 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**

Messers Sundaram & Srinivasan, Chartered Accountants, Chennai, Statutory Auditors of your Company hold office until the conclusion of the fourth Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

### **Acknowledgement**

Your Directors wish to place on record their deep appreciation of the professional support and guidance received from Sundaram Finance Limited, BNP Paribas Asset Management, Paris, SEBI and Sundaram BNP Paribas Asset Management Company Ltd (AMC). Your Directors also acknowledge the support and co-operation extended by investors, bankers, Registrars, the Custodian and other service providers and look forward to their continued support. Your Directors place on record their appreciation of the dedication and commitment displayed by the employees of the AMC.

**For and on behalf of the Board of Directors**

**Place: Chennai  
Date: April 28, 2008**

**K V Ramanathan  
Chairman**

## Auditors' Report

TO THE MEMBERS OF M/S. SUNDARAM BNP PARIBAS TRUSTEE COMPANY LIMITED

1. We have audited the attached Balance Sheet of M/s. Sundaram BNP Paribas Trustee Company Limited as at March 31, 2008, the Profit & Loss Account for the year ended March 31, 2008 and cash flow statements of the company for the said year annexed hereto. 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.
  - (c) The Balance Sheet and Profit and loss Account dealt with by this report are in agreement with the books of account;
  - (d) In our opinion the Balance Sheet and Profit and Loss account dealt with by this report comply with the Accounting Standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956;
  - (e) As per information furnished to us, no director is disqualified as on March 31, 2008 from being appointed as a director of the company under clause (g) of sub section (1) of Section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the accounting principle generally accepted in India:
    - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2008;
    - (ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - (iii) In the case of cash flow statement, of the cash flows for the year ended on that date.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also 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 and on the basis of such checks of the books and records of the Company as we considered appropriate and the information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in the said Order.
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of the audit;
  - (b) 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 these books;
4. Further to our comments in the Annexure referred to above we report

For **Sundaram & Srinivasan**  
Chartered Accountants

K. Srinivasan  
Partner

Place: Chennai  
Dated: 28.04.08

Membership No. 5809

Annexure to the Auditors' Report

- i. (a) The company is maintaining proper records showing full particulars including quantitative details and the situation of fixed assets.  
(b) These fixed assets were physically verified by the management at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.  
(c) The company has not disposed off substantial part of fixed assets during the year.
- ii. The company does not hold any inventory. Hence clauses (a), (b), (c) of paragraph (ii) of the Order are not applicable.
- iii. The company has neither granted nor taken any loans, secured or unsecured to/and from companies, firms or other parties covered in the register maintained under section 301 of the Act. Hence the clauses (iii) (b) to (g) of the Order are not applicable.
- iv. There is adequate internal control system commensurate with the size of the company and nature of its business for purchase of Fixed Assets. There are no major weaknesses in internal control system.
- v. (a) The Transactions that are needed to be entered into the register maintained under section 301 of the Act have been so entered.  
(b) Each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The company has not accepted any deposits from the public.
- vii. As the company is not a listed company or the company's paid up capital and free reserves do not exceed Rs. 50 lakhs or its average annual turnover does not exceed Rs. 5 crores, the requirement of separate internal audit system is not applicable to the company.
- viii. The Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Act.
- ix. (a) The company is regular in depositing Income-tax and Service Tax with the appropriate authorities. The other statutory dues are not applicable to the company.  
(b) There are no disputed statutory dues by the company.
- x. The company has no accumulated losses and has not incurred cash losses during this financial year and in the immediately preceding financial year.
- xi. The company has not availed any loans from any financial institutions or bank or debenture holders and hence the clause (xi) of the Order is not applicable to the company.
- xii. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The company is not a Chit Fund or Nidhi/ Mutual Benefit Fund/ Society. Therefore clause (xiii) of the Order is not applicable to the company.
- xiv. The company is not dealing or trading in Shares, Securities, Debentures and other investments.
- xv. The company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi. The company had not availed any Term Loans during the year.
- xvii. The company had not raised any funds during the year.
- xviii. The company has not made any preferential allotment of shares during the year.
- xix. The company has not issued any debentures during the year.
- xx. The company has not raised any money by way of public issues during the year.
- xxi. No fraud on or by the company has been noticed or reported during the year.

For **Sundaram & Srinivasan**  
Chartered Accountants

K. Srinivasan  
Partner

Place: Chennai  
Dated: 28.04.08

Membership No.: 5809

# Balance Sheet

as at 31st March 2008

	Schedule	31.03.08	31.03.07
		Rs.	Rs.
<b><u>SOURCES OF FUNDS</u></b>			
Shareholder's funds			
Share Capital	1	500,000	500,000
Reserves and Surplus	2	3,051,441	1,455,196
Deferred Tax Liability (Depreciation)		14,632	18,833
<b>TOTAL</b>		<b>3,566,073</b>	<b>1,974,029</b>
<b><u>APPLICATION OF FUNDS</u></b>			
Shareholder's funds			
<b>Fixed Assets</b>			
Gross Block	3	287,406	235,406
Less: Accumulated Depreciation		172,122	124,774
		115,284	110,632
<b>Investments</b>	4	2,400,000	1,874,243
<b>Current Assets, Loans and Advances</b>			
(a) Sundry Debtors	5	1,093,327	536,344
(b) Cash and Bank Balances	6	1,489,323	816,089
(c) Other Current Assets	7	17,628	7,913
(d) Loans and Advances	8	383,387	275,635
	(A)	<b>2,983,665</b>	<b>1,635,981</b>
<b>Less:</b>			
Current Liabilities and Provisions			
- Current Liabilities	9	205,903	1,131,732
- Provisions	10	1,754,925	584,975
	(B)	<b>1,960,828</b>	<b>1,716,707</b>
Net Current Assets	(A)-(B)	1,022,837	(80,726)
Miscellaneous Expenditure to the extent not written off or adjusted	11	27,952	69,880
<b>TOTAL</b>		<b>3,566,073</b>	<b>1,974,029</b>
Significant Accounting Policies and Notes forming part of accounts	15		

As per our report of even date attached

For **Sundaram & Srinivasan**  
Chartered Accountants**K Srinivasan**  
Partner  
Membership No. 5809**Chennai**  
April 28, 2008**K V Ramanathan**  
Chairman**R Rajamani**  
Director**T S Sritharan**  
Secretary**S Viji**  
Director**Martial Godet**  
Director

# Profit and Loss Account

for the year ended 31st March 2008

Schedule	2007-08		2006-07
	Rs.		Rs.
<b>INCOME</b>			
Trusteeship Fee	10,042,156		5,342,656
[Tax Deducted at source - Rs.1199741 /- (Previous year Rs.337840/-)]			
Other Income 12	178,825		80,766
	<b>10,220,981</b>		<b>5,423,422</b>
<b>EXPENDITURE</b>			
Administrative and Other Expenses 13	2,068,736		1,645,117
Depreciation 3	47,348		68,954
Preliminary Expenses written off 11	41,928		41,928
Scheme Expenses Absorbed 14	3,000,000		1,500,000
	<b>5,158,012</b>		<b>3,255,999</b>
<b>Profit before Taxation</b>	<b>5,062,969</b>		<b>2,167,423</b>
Provision for Taxation	1,716,000	734,350	2,167,423
Deferred Tax Liability/(Asset)	(4,201)	(702)	
	<b>1,711,799</b>		<b>733,648</b>
<b>Profit after tax</b>	<b>3,351,170</b>		<b>1,433,775</b>
Balance in Profit and Loss Account brought forward from the previous year	1,311,196		606,396
<b>Amount available for appropriation</b>	<b>4,662,366</b>		<b>2,040,171</b>
<b>APPROPRIATIONS</b>			
- Dividend (Proposed)	1,500,000	500,000	
- Dividend Distribution tax	254,925	84,975	
	<b>1,754,925</b>		<b>584,975</b>
- General Reserve	336,000		144,000
<b>Surplus Carried to Balance Sheet</b>	<b>2,571,441</b>		<b>1,311,196</b>
Basic and diluted Earnings per Share (Refer Note no.2.5 on Schedule 15)	67.02		28.68
Significant Accounting Policies and Notes forming part of accounts	15		

As per our report of even date attached

For **Sundaram & Srinivasan**  
Chartered Accountants

**K Srinivasan**  
Partner  
Membership No. 5809

**Chennai**  
April 28, 2008

**K V Ramanathan**  
Chairman

**R Rajamani**  
Director

**T S Sritharan**  
Secretary

**S Viji**  
Director

**Martial Godet**  
Director

## Schedules

### SCHEDULE 1

#### SHARE CAPITAL

##### Authorised

2,50,000 Equity Shares of Rs.10/- each

##### Issued, Subscribed and Paid up

50,000 Equity Shares of Rs.10/- each fully paid up

[25050 shares (previous year 25050 shares) are held by Sundaram Finance Ltd, the holding company and its nominees.]

	31.03.08	31.03.07
	Rs.	Rs.
	<u>2,500,000</u>	<u>2,500,000</u>
	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

### SCHEDULE 2

#### Reserves and Surplus

##### 1. General Reserve

As per the last Balance Sheet

Add: Addition during the year

##### 2. Surplus

Balance in Profit and Loss Account

	31.03.2008		31.03.07
	Rs.	Rs.	Rs.
	144,000		-
	<u>336,000</u>	480,000	144,000
		2,571,441	1,311,196
		<u>3,051,441</u>	<u>1,455,196</u>

### SCHEDULE 3

#### FIXED ASSETS

(in Rupees)

Description	Gross Block at Cost			Depreciation				Net Block		
	As at 01.04.07	Addition	Deductions	As at 31.03.08	As at 31.03.08	Addition	Deductions	As at 31.03.08	As at 31.03.08	As at 31.03.07
Computers	221,500	-	-	221,500	121,641	39,944	-	161,585	59,915	99,859
Furniture and Fixtures	13,906	-	-	13,906	3,133	1,950	-	5,083	8,823	10,773
Office Equipments		52,000	-	52,000	-	5,455	-	5,455	46,545	-
<b>Total</b>	<b>235,406</b>	<b>52,000</b>	<b>-</b>	<b>287,406</b>	<b>124,774</b>	<b>47,348</b>	<b>-</b>	<b>172,122</b>	<b>115,284</b>	<b>110,632</b>
Previous year figures (31.03.07)	235,406	-	-	235,406	55,820	68,954	-	124,774	110,632	

## Schedules

### SCHEDULE 4

#### INVESTMENTS (At Cost)

##### Current Investments

##### Trust Securities

##### Investments in Sundaram BNP Paribas Mutual Fund

##### Scheme:- Sundaram BNP Paribas Money Fund - Appn.

**Option at cost:** Invested during the year Nil (Previous year Rs.500000/- [33195.241 units of Rs.10/- each] and redeemed during the year Rs.329204/ (20502.41 units of Rs.10/- each) (Previous year Rs.500000/- (33115.434 units of Rs.10/- each)).

-

31.03.07

Rs.

305,901

##### Scheme:- Sundaram BNP Paribas Money Fund - Daily

**Dividend Reinvestment Option at cost:** Invested during the year Rs.5657/- (560.333 units of Rs.10/- each [ Previous year Rs 1368342.27/- (135542.507 units of Rs.10/ each)] and Redeemed during the year Rs.173999/-(17235.644 units of Rs.10/- each) [Previous year Rs.1200000/- (118867.21 units of Rs.10/- each)].

-

168,342

##### Scheme:- Fixed Term Plan Series XX1 - 16 months -

**Dividend Option at cost:** Invested during the year Nil (Previous year Rs 100000/- (10000 units of Rs.10/ each)

100,000

100,000

##### Scheme:- Fixed Term Plan Series XXIII - 90days -

**Dividend Option at cost:** Invested during the year Nil (Previous year Rs.200000/- (20000 units of Rs.10/- each) & Redeemed Rs.200000/- (20000 units of Rs.10/-each) during the year (Previous year Nil)

-

200,000

##### Scheme:- Fixed Term Plan Series XXV - 90days -

**Dividend Option at cost:** Invested during the year Nil (Previous year Rs 300000/- (30000 units of Rs.10/ each) & Redeemed during the year Rs.300000/- (30000 units of Rs.10/- each) (Previous year Nil)

-

300,000

##### Scheme:- Fixed Term Plan Series XVI - 90days -

**Dividend Option at cost:** Invested during the year Nil [Previous year Rs.300000/- (Rs.30000 units of Rs.10/- each)] and Redeemed during the year Rs.300000/- (30000 units of Rs.10/-each) (Previous year nil).

-

300,000

## Schedules

	31.03.08	31.03.07
	Rs.	Rs.
<b>Scheme:- Fixed Term Plan Series XVIII - 13 months - Dividend Option at cost:</b> Invested during the year nil [Previous year Rs 500000/- (50000 units of Rs.10/ each)]. Redeemed during the year Nil (Previous year Nil)	500,000	500,000
<b>Scheme:- Sundaram BNP Paribas Liquid Plus-Daily Dividend option at cost:</b> Invested Rs.35,47,571/- (353914.825 units of Rs.10/- each)(Previous year Nil) and redeemed Rs.3547571/- (353914.825 units of Rs.10 each) during the previous year.(Previous year Nil)	-	-
<b>Scheme:- Fixed Term Plan Series XXX -Dividend Option at cost:</b> Invested during the year Rs 300000/- (30000 units of Rs.10/ each) (Previous year Nil)	300,000	-
<b>Scheme:- Fixed Term Plan Series PLAN 367 days Dividend Option at cost:</b> Invested during the year 50000 units of Rs.10/ each (Previous year Nil)	500,000	-
<b>Scheme:- Fixed Term Plan Series PLAN D-Dividend Option at cost:</b> Invested during the year Rs 100000/- (100000 units of Rs.10/ each) (Previous year Nil)	1,000,000	-
	<b>2,400,000</b>	<b>1,874,243</b>

### Summary of Investments

Aggregate of unquoted Investments - Current

Trust Securities - Investments in units of Sundaram BNP Paribas Mutual Fund  
Net Asset Value Rs.2516561/-  
(Previous year Rs.1900031/-)

	31.03.08	31.03.07
	Rs.	Rs.
	2,400,000	1,874,243
	<b>2,400,000</b>	<b>1,874,243</b>



## Schedules

### SCHEDULE 5

#### Sundry Debtors

Sundry Debtors (unsecured, considered good and due for less than six months)

31.03.08	31.03.07
Rs.	Rs.
1,093,327	536,344
<b>1,093,327</b>	<b>536,344</b>

### SCHEDULE 6

#### Cash and Bank Balances

Balance with Scheduled Banks

- In Current Accounts

- In Term Deposits

31.03.08	31.03.07
Rs.	Rs.
200,728	74,484
1,288,595	741,605
<b>1,489,323</b>	<b>816,089</b>

### SCHEDULE 7

#### Current Assets

Accrued Interest on Term Deposits with Scheduled Banks

Dividend Receivable

31.03.08	31.03.07
Rs.	Rs.
17,628	2,814
-	5,099
<b>17,628</b>	<b>7,913</b>

### SCHEDULE 8

#### LOAN AND ADVANCES (Unsecured Considered Good)

Advance Income Tax and Tax Deducted at Source less Provision for taxation

Advances recoverable in cash or in kind or for value to be received

31.03.08	31.03.07
Rs.	Rs.
379,347	271,595
4,040	4,040
<b>383,387</b>	<b>275,635</b>

## Schedules

### SCHEDULE 9

#### CURRENT LIABILITIES

Sundry Creditors

Sundaram BNP Paribas AMC Ltd

Others

	31.03.08	31.03.07
	Rs.	Rs.
	33,587	1,041,567
	172,316	90,165
	<b>205,903</b>	<b>1,131,732</b>

### SCHEDULE 10

#### Provisions

Dividend (Proposed)

Add: Dividend Distribution Tax

	31.03.08	31.03.07
	Rs.	Rs.
	1,500,000	500,000
	254,925	84,975
	<b>1,754,925</b>	<b>584,975</b>

### SCHEDULE 11

#### MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Preliminary Expenses

Less: Written off during the year

	31.03.08	31.03.07
	Rs.	Rs.
	69,880	111,808
	41,928	41,928
	<b>27,952</b>	<b>69,880</b>

### SCHEDULE 12

#### OTHER INCOME

Interest on Short term Deposit with a Scheduled Bank [Tax Deducted at Source Rs.18893/- (Previous year Rs. 10479/-)]

Profit on Sale of units of Mutual Fund

Dividend from units of Mutual Fund

	2007-2008	2006-2007
	Rs.	Rs.
	90,218	46,644
	24,263	5,901
	64,344	28,22
	<b>178,825</b>	<b>80,766</b>

## Schedules

### SCHEDULE 13

#### ADMINISTRATIVE AND OTHER EXPENSES

	2007-2008	2006-2007
	Rs.	Rs.
Directors Remuneration	291,816	277,920
Directors Sitting Fees	400,000	370,000
Audit Fees		
- Statutory Audit	25,000	25,000
- Tax Audit fees	10,000	-
Travel Expenses - Directors	663,817	369,837
Rates and Taxes	24,079	28
Administrative expenses	480,000	480,000
Insurance	150,000	105,000
Other expenses	24,024	17,332
	<b>2,068,736</b>	<b>1,645,117</b>

### SCHEDULE 14

#### SCHEME EXPENSES ABSORBED

	2007-2008	2006-2007
	Rs.	Rs.
Sundaram BNP Paribas Select Midcap	3,000,000	1,500,000
	<b>3,000,000</b>	<b>1,500,000</b>

## Schedules

### SCHEDULE 15

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2008

##### 1.1. Accounting Policies

These accounts have been prepared in accordance with historical cost convention and in accordance with the generally accepted accounting principles.

##### 1.2 Income Recognition

Trusteeship Fee and income from investments are accounted for on accrual basis.

##### 1.3 Investments

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

##### 1.4 Valuation of Fixed Assets

Fixed assets are carried at historical cost less accumulated depreciation.

##### 1.5 Depreciation Policy

Depreciation on assets is provided on the Written Down Value Method at rates prescribed in Schedule XIV to the Companies Act, 1956.

##### 1.6 Preliminary Expenditure

Preliminary expenses incurred in connection with the incorporation of the Company are being written off over a period of five years.

##### 1.7 Scheme Expenses Absorbed

As permitted by Regulation 52 (7) of SEBI (Mutual Funds) Regulations 1996, the expenses relating to Sundaram BNP Paribs Select Midcap, a scheme of the mutual fund, amounting to Rs.30,00,000/- (Previous year Rs.15,00,000) representing part of expenses incurred by the said scheme in excess of the limits specified in the Regulations has been borne by the Company.

#### 2. NOTES ON ACCOUNTS

2.1 Sundry Creditors do not include any amount payable to Small and Medium Enterprises

2.2 **Cashflow Statement in accordance with the Accounting Standard 3 issued by the Institute of Chartered Accountants of India:**

Enclosed as Annexure A

2.3 **Segment Reporting in accordance with the Accounting Standard 17 issued by the Institute Chartered Accountants of India:**

The company has identified Trusteeship Services as the only business Segment.

## 2.4 Related Party Disclosures

Related Party Disclosures, as required by Accounting Standard 18, 'Related Party Disclosures', issued by the Institute of Chartered Accountants of India are given below

Slno.	Name	Relationship	Nature of Transaction	Amount (Rs.)
1	Sundaram Finance Ltd	Holding Company	Dividend	250,500
2	BNP Paribas Asset Management, Paris	Associate	Dividend	249,500
3	Sundaram BNP Paribas Asset Management Company Ltd	Fellow Subsidiary	Expenses Outstanding liability	480,000 33,587
4	Sundaram BNP Paribas Mutual Fund	Associate	Investments in Units Sale of Units Income Scheme Expenses Receivables	5,353,228 4,850,774 10,042,156 3,000,000 1,093,327
5	Sundaram Home Finance Ltd.	Fellow Subsidiary		Nil
6	Sundaram Finance Distribution Ltd.	Fellow Subsidiary		Nil
7	Sundaram Infotech Solutions Ltd	Fellow Subsidiary		Nil
8	LGF Services Private Limited	Fellow Subsidiary		Nil
9	Sundaram Business Services Limited	Fellow Subsidiary		Nil
10	Royal Sundaram Alliance Insurance Company Limited	Associate	Insurance	150,000
11	Infreight Logistics Solutions Limited	Fellow Subsidiary		Nil
12	Professional Management Consultants Private Limited	Fellow Subsidiary		Nil

## 2.5 Earnings per Share (EPS) in accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India:

	31.03.08 Rs.	31.03.07 Rs.
Profit as per Profit and Loss Account	3,351,170	1,433,775
Weighted average number of equity shares	50,000	50,000
Basic and diluted earnings per share	67.02	28.68
Nominal Value of Shares	10	10

## 2.6 Remittances during the year in foreign currency on account of dividend to non-resident shareholders were as follows:

	31.03.08 Rs.	31.03.07 Rs.
No. Of shareholders	1	1
Number of equity shares (Shares of Rs.10/- each)	24,950	24,950
Amount Remitted (in Rs.): For the year ended 31st March 2007	249,500	-

2.7 Earnings in foreign exchange - Nil (Previous year Nil)

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

As per our report of even date attached

For **Sundaram & Srinivasan**  
Chartered Accountants

**K V Ramanathan**  
Chairman

**S Viji**  
Director

**K Srinivasan**  
Partner  
Membership No. 5809

**R Rajamani**  
Director

**Martial Godet**  
Director

**Chennai**  
April 28, 2008

**T S Sritharan**  
Secretary

# Cash Flow Statement

Annexure A

Cash Flow Statement in accordance with the Accounting Standard 3 issued by the Institute of Chartered Accountants of India

	01.04.07 - 31.03.08	01.04.06- 31.03.07
<b>1 Cash flow from Operating activities</b>		
Net Profit as per P&L account	3,351,170	1,433,775
Add/(less):		
Profit/(Loss) on sale of Investments	(24,263)	(5,901)
Provision for tax during the year	1,716,000	734,350
Deferred Tax Liability	(4,201)	(702)
Depreciation	47,348	68,954
Preliminary expenses written off	41,928	41,928
Interest Income	(90,218)	(46,644)
Dividend Income	(64,344)	(28,221)
Operating Profit/(Loss) before working capital changes	4,973,420	2,197,539
-(increase)/Decrease in Current Assets	(566,698)	(239,926)
-(increase)/Decrease in Loans and Advances	(1,823,752)	(33,968)
-increase/(Decrease) in Current Liabilities	244,122	311,045
	2,146,328	37,151
<b>Net Cash generation from Operations (A)</b>	<b>2,827,092</b>	<b>2,234,690</b>
<b>2 Cash flow from Investing activities</b>		
Purchase of investments	(5,353,228)	(3,568,342)
Sale of investments	4,827,470	1,994,099
Profit on sale of investments	24,263	5,901
Interest income	90,218	46,644
Dividend Income	64,344	28,221
Cost of fixed Assets	(52,000)	-
Net cash flow from investing activities (B)	<b>(398,933)</b>	<b>(1,493,477)</b>
<b>3 Cash flow from Financing activities</b>		
Issue of Share Capital	-	-
Proposed Dividend including distribution tax	(1,754,925)	(584,975)
Net cash flow from financing activities (C)	<b>(1,754,925)</b>	<b>(584,975)</b>
Net change in cash and cash equivalents (A+B+C)	673,234	156,238
Cash and Cash Equivalent at the beginning of the year	816,089	659,851
Cash and Cash Equivalent at the end of the year	<b>1,489,323</b>	<b>816,089</b>

As per our report of even date attached

For **Sundaram & Srinivasan**  
Chartered Accountants

**K V Ramanathan**  
Chairman

**S Viji**  
Director

**K Srinivasan**  
Partner  
Membership No. 5809

**R Rajamani**  
Director

**Martial Godet**  
Director

**Chennai**  
April 28, 2008

**T S Sritharan**  
Secretary



