

SUNDARAM BNP PARIBAS TRUSTEE COMPANY LIMITED

2nd Annual Report 2005-06

***SUNDARAM BNP PARIBAS TRUSTEE
COMPANY LIMITED***

Board of Directors

K V Ramanathan *Chairman*
S Viji
R Rajamani
K V Krishnamurthy
Rault Yann
Al Noor Premji (Alternate Director)

Audit Committee

R Rajamani *Chairman*
K V Krishnamurthy
Rault Yann

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

SUNDARAM BNP PARIBAS TRUSTEE COMPANY LIMITED

A subsidiary of



SUNDARAM FINANCE
Enduring values. New age thinking.

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Directors' Report

Your Directors have pleasure in presenting the Second Annual Report with audited accounts of the company for the year ended March 31, 2006. The summarised financial results of the company, are given hereunder:

FINANCIAL RESULTS

(Rs. In lakhs)

Particulars	Year ended March 31, 2006	Year ended March 31, 2005
Total income	25.95	19.27
Total expenditure	20.30	14.95
Profit before Taxation	5.65	4.32
Provision for Taxation	2.01	1.90
Profit After Tax	3.64	2.42
Surplus brought forward	2.42	-
Amount available for appropriation	6.06	2.42
Balance carried to Balance sheet	6.06	2.42

FINANCIAL PERFORMANCE

During the year under review, your company earned a gross income of Rs. 25.95 lakhs by way of trusteeship fee and interest income as against Rs. 19.27 lakhs in the previous period. Your company reported a profit of Rs 3.64 lakhs as against Rs. 2.42 lakhs in the previous period. Your directors have decided to retain the profits to conserve resources for growth.

REVIEW OF OPERATIONS

Your Directors are pleased to report that during 2005-2006, the gross mobilisation by various schemes of Sundaram Mutual Fund amounted to Rs. 9,412 cr. as against Rs. 8,079 cr. in the previous financial year. As on date the fund manages 22 schemes -18 open-ended and 4 close-ended schemes. The overall Assets Under Management amounted to Rs. 3,278 cr. as on March 31, 2006, as against Rs. 1,860 cr. at the end of the previous year, representing an increase of 76% over the previous year.

During the year under review, Sundaram Mutual Fund launched 4 new schemes viz. Sundaram CAPEX Opportunities Fund, Sundaram Value Plus, Sundaram Fixed Term Plan and Sundaram Rural India Fund. The commendable performance of Sundaram Mutual schemes attracted considerable investor interest. The gross mobilisation under the new (excluding Sundaram Rural India Fund) schemes amounted to Rs. 796 cr. The number of investors at the end of the year was 2.96 Lakhs as against 1.71 Lakhs at the end of the previous financial year.

Your Directors are happy to record that the recently launched Sundaram Rural India Fund, an open-ended equity scheme received tremendous support from the investors. The fund mobilised a sum of Rs. 1,223 cr. from 1.60 lakhs (approximately) applicants. After taking into account the Sundaram Rural India Fund mobilisation, Assets Under Management of Mutual Fund schemes has crossed Rs.5,000 cr.

Sundaram Mutual Fund schemes continue to demonstrate good performance and have been rated highly by the independent research agencies during the year.

Sundaram India Leadership Fund was awarded 'the Best Emerging Diversified Fund of the year' for the year ending December 2005 by CRISIL.

Value Research and independent research agency assigned the highest rating of Five Star to Sundaram Select Midcap Fund. The following schemes enjoy Four Star rating given by the agency.

Sundaram Growth Fund

Sundaram Monthly Income Plan

Sundaram Taxsaver (open ended)

Sundaram Balanced Fund

CRISIL has assigned the 'AAAF' rating to Sundaram Money Fund and Sundaram Floating rate fund Short-Term Plan. This rating indicates that the funds' portfolio holdings provide very strong protection against losses from credit defaults.

JOINT VENTURE WITH BNP PARIBAS ASSET MANAGEMENT

Sundaram Finance Limited (SFL), Sponsors of the Sundaram Mutual Fund and BNP Paribas Asset Management (BNP PAM), France entered into a share purchase agreement and shareholders agreement on 24th October 2005 for the future growth and development of Sundaram Mutual Fund and its investors. Under the joint venture, BNP PAM acquired a 49.90% stake in Sundaram Asset Management Company Limited (SAMCL) and in your company, from SFL.

BNP Paribas Asset Management is a wholly owned subsidiary of BNP Paribas and is a major player in fund management and distribution with an asset under management of Euro 274 billion as on December 31, 2005. It has presence in 20 countries with more than 1400 staff members.

The joint venture will combine the strength of the Sundaram Finance brand and the national retail reach and investment management skills of the Sundaram AMC with the international product expertise and global network of BNP Paribas. Your Directors expect significant synergies on both sides and the joint venture aims at growing rapidly, with Sundaram AMC's expertise in the Indian market and BNP Paribas Asset Management's global investment management experience and distribution network.

The name of your Mutual Fund has been changed to "Sundaram BNP Paribas Mutual Fund" effective from April 3, 2006. The name of the AMC has also been changed to "Sundaram BNP Paribas Asset Management Company Limited" effective April, 17, 2006 and name of your company has been changed to "Sundaram BNP Paribas Trustee Company Limited".

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 Asset Management Company acts as the Investment Manager of the schemes of the Mutual fund. The Board of Directors monitor and review its work in order to ensure that the Asset Management Company fulfils the functions assigned to it under the investment management agreement and also complies with SEBI Regulations and other laws in force. During the year under review, 8 Board meetings were held.

AUDIT COMMITTEE

The Audit Committee of the Board reviews the financial accounts/policies, adequacy of internal control systems and interacts with statutory auditors, internal auditors and systems auditors. The Managing Director and other senior executives of the AMC are invitees to all committee meetings. The Committee reviews the audit plans, interim financial results, and observations of the internal and external auditors and follow up reports of the management. During the period under review, 4 committee meetings were held.

PUBLIC DEPOSITS

Your company has not accepted any deposits from the public.

PARTICULARS OF EMPLOYEES' 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 217(1)(E) OF THE COMPANIES ACT, 1956

Your company has no activity relating to conservation of energy or technology absorption. Your company has no foreign exchange earnings. Hence, the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are not applicable.

DIRECTORS

Mr. G.K.Raman, Director of your company, resigned from the Board effective from March 31, 2006. Your Directors place on record their sincere appreciation of the valuable services rendered by Mr. G.K. Raman during his tenure as Trustee of Sundaram Mutual Fund and as a Director of your company.

Mr. Rault Yann, nominee of BNP Paribas Asset Management was co-opted as an additional director of your company. Mr. Rault Yann, 36 years old, is a graduate from Engineering School ESTP (Ecole Speciale des Travaux Publics), and also holds a Master Degree in International Project Management from ESCP Business School (Ecole Superleure de Commerce de Paris). Mr. Rault Yann has over 13 years of experience in the finance industry and is Executive Vice President of Corporate Development and Acquisitions in BNP PAM.

Under Section 260 of the Companies act, 1956, he holds office up to the date of the ensuing annual general meeting. Notices under Section 257 of the Companies Act, 1956, proposing the appointment of Mr. Rault Yann have been received from a member.

Your Board of Directors appointed Mr. Al Noor Premji as an alternate director to Mr. Yann. Mr. Premji 47 years old has professional

qualifications as a Chartered Accountant from the UK and CPA from Australia. Mr. Premji has over 17 years of experience in banking including audit, finance, tax and risk management. Currently he is the Head of New Markets - Asia facilitating interface between regional sites and the head office.

Your Board of Directors welcome the new appointees. Your Company believe that it stands to gain from their rich knowledge and experience.

Mr. K.V. Ramanathan and Mr. S. Viji, retire by rotation and, being eligible offer themselves for re election. Necessary resolutions are submitted for your approval.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, and based on the information provided by the management, your Directors state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- the accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the company at the end of March 31, 2006 and of the profit of the company for the period ended on that date;
- proper and sufficient care has been taken 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;
- the annual accounts of the company have been prepared on a going concern basis.

AUDITORS

Messrs. Sundaram & Srinivasan, Chartered Accountants, Chennai, Statutory Auditors of your company hold office until the conclusion of the second 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(1)(b) 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 and from SEBI. Your Directors also acknowledge the support and co-operation extended by investors, bankers, Registrars, 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 Asset Management Company.

On behalf of the Board of Directors

Chennai

May 11, 2006

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, 2006, the Profit & Loss Account for the year ended March 31, 2006 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.
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 includes examining, on a test basis, evidence supporting the amounts and disclosures in 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.
4. Further to our comments in the Annexure referred to above we report that
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (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 those books;
 - (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, 2006 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 Companies Act, 1956 in the manner so required and gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2006;
 - (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.

Chennai
11.05.06

For **SUNDARAM & SRINIVASAN**
CHARTERED ACCOUNTANTS
K. Srinivasan
Partner
Membership No. 5809

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

- | | |
|---|--|
| <p>i. (a) The company is maintaining proper records showing full particulars including quantitative details and the situation of fixed assets.</p> <p>(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.</p> <p>(c) The company has not disposed off substantial part of fixed assets during the year.</p> <p>ii. The company does not hold any inventory. Hence clauses (a), (b), (c) of paragraph (ii) of the Order are not applicable.</p> <p>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.</p> <p>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.</p> <p>v. (a) The Transactions that are needed to be entered into the register maintained under section 301 of the Act have been so entered.</p> <p>(b) Each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> <p>vi. The company has not accepted any deposits from the public.</p> <p>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.</p> <p>viii. The Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Act.</p> <p>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.</p> <p>(b) There are no disputed statutory dues by the company.</p> <p>x. The company has no accumulated losses and has not incurred cash losses during this financial year and in the immediately preceding financial period.</p> | <p>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.</p> <p>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.</p> <p>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.</p> <p>xiv. The company is not dealing or trading in Shares, Securities, Debentures and other investments.</p> <p>xv. The company has not given any guarantee for loans taken by others from banks or financial institutions.</p> <p>xvi. The company had not availed any Term Loans during the year.</p> <p>xvii. The company had not raised any funds during the year.</p> <p>xviii. The company has not made any preferential allotment of shares during the year.</p> <p>xix. The company has not issued any debentures during the year.</p> <p>xx. The company has not raised any money by way of public issues during the year.</p> <p>xxi. No fraud on or by the company has been noticed or reported during the year.</p> |
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For SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS

Chennai
 11.05.06

K. Srinivasan
 Partner

Membership No. 5809

Balance Sheet

as at 31st March, 2006

Schedule	31.03.2006	31.03.2005
	Rs.	Rs.
1. SOURCES OF FUNDS		
1. Shareholder's Funds		
Share Capital	1	5,00,000
Reserves and Surplus	2	6,06,396
2. Deferred Tax Liability (Depreciation)	19,535	11,631
TOTAL	<u>11,25,931</u>	<u>7,53,892</u>
2. APPLICATION OF FUNDS		
1. Fixed Assets		
Gross Block	3	2,35,406
Less: Accumulated Depreciation	55,820	86,500
	1,79,586	17,347
2. Investments	4	3,00,000
3. Current Assets, Loans and Advances		
(a) Sundry Debtors	5	3,00,622
(b) Cash and Bank Balances	6	6,59,851
(c) Other Current Assets	7	3,709
(d) Loans and Advances	8	2,41,667
	(A)	12,05,849
Less:		8,00,192
Current Liabilities and Provisions		
- Current Liabilities	9	6,71,312
	(B)	3,29,189
Net Current Assets	(A)-(B)	5,34,537
4. Miscellaneous Expenditure		
to the extent not written off or adjusted	10	1,11,808
TOTAL	<u>11,25,931</u>	<u>7,53,892</u>
Significant Accounting Policies and Notes forming part of accounts	14	

As per our report of even date attached

For **Sundaram & Srinivasan**
Chartered Accountants**K V Ramanathan**
Chairman**S Viji**
Director**R Rajamani**
Director**K Srinivasan**
Partner
M. No. 5809**Al Noor Premji**
Director**K V Krishnamurthy**
Director**T S Sritharan**
SecretaryChennai
11th May, 2006

Profit and Loss Account

for the year ended 31st March, 2006

Schedule	01.04.05 to 31.03.06	02.12.03 to 31.03.05
	Rs.	Rs.
INCOME		
Trusteeship Fee	25,57,849	19,03,175
[Tax Deducted at source - Rs.158653/- (Previous year Rs.128787/-)]		
Other Income	11 37,337	23,614
	<u>25,95,186</u>	<u>19,26,789</u>
EXPENDITURE		
Administrative and Other Expenses	12 14,49,807	14,21,646
Depreciation	3 38,473	17,347
Preliminary Expenses written off	10 41,928	55,904
Scheme Expenses Absorbed	13 5,00,000	-
	<u>20,30,208</u>	<u>14,94,897</u>
Profit before Taxation	5,64,978	4,31,892
Provision for Taxation	1,92,939	1,78,000
Deferred Tax Liability	7,904	11,631
	<u>2,00,843</u>	<u>1,89,631</u>
Profit after tax	3,64,135	2,42,261
Balance in Profit and Loss Account brought forward from the previous year	2,42,261	-
Balance Transferred to Balance Sheet	6,06,396	2,42,261
Basic and diluted Earnings per Share (Refer Note no.2.6 on Schedule 14)	7.28	4.85
Significant Accounting Policies and Notes forming part of accounts	14	

As per our report of even date attached

For **Sundaram & Srinivasan**
Chartered Accountants

K Srinivasan
Partner
M. No. 5809

Chennai
11th May, 2006

K V Ramanathan
Chairman

Al Noor Premji
Director

S Viji
Director

K V Krishnamurthy
Director

R Rajamani
Director

T S Sritharan
Secretary

SCHEDULES

1. SHARE CAPITAL

	31.03.2006	31.03.2005
	Rs.	Rs.
SHARE CAPITAL		
Authorised		
2,50,000 Equity Shares of Rs.10/- each	25,00,000	25,00,000
Issued, Subscribed and Paid up		
50,000 Equity Shares of Rs.10/- each fully paid up	5,00,000	5,00,000
 [25050 shares (previous year 50000 shares) are held by Sundaram Finance Ltd, the holding company and its nominees.]	 <u>5,00,000</u>	 <u>5,00,000</u>
2. RESERVES AND SURPLUS		
Surplus		
Balance in Profit and Loss Account	6,06,396	2,42,261
	<u>6,06,396</u>	<u>2,42,261</u>

SCHEDULE NO. 3
Fixed Assets

(In Rupees)

Description	GROSS BLOCK AT COST			DEPRECIATION			NET BLOCK	
	As at 01-04-2005	Additions	Deductions	As at 01-04-2005	Additions	Deductions	As at 31-03-2006	As at 31-03-2005
Computers	86,500	1,35,000	0	17,347	37,721	0	1,66,432	69,153
Furniture and Fixtures	0	13,906	0	0	752	0	13,154	0
Total	86,500	1,48,906	0	17,347	38,473	0	1,79,586	69,153
Previous year figures	-	86,500	-	-	17,347	-	17,347	69,153

SCHEDULES

	31.03.2006 (Rs.)	31.03.2005 (Rs.)
4. INVESTMENTS (At Cost)		
Current Investments		
Trust Securities		
Investments in Sundaram Mutual Fund -		
Scheme:- Sundaram Money Fund - Appn. Option at cost:		
Redeemed during the year Rs.60000/- (4476.610 units of Rs.10/- each)		60,000
Invested during the year Rs.3,00,000/- (20442.334 units of Rs.10/-each)	3,00,000	
Net asset Value as on 31.03.06-Rs.300374/- (Previous year Rs.62440/-)	<u>3,00,000</u>	<u>60,000</u>
5. SUNDRY DEBTORS		
Sundry Debtors (unsecured, considered good and due for less than six months)	<u>3,00,622</u>	<u>33,941</u>
	3,00,622	33,941
6. CASH AND BANK BALANCES		
Balance with a Scheduled Bank		
- In Current Account	73,763	1,35,249
- In Term Deposits	5,86,088	5,56,993
	<u>6,59,851</u>	<u>6,92,242</u>
7. CURRENT ASSETS		
Accrued Interest on FD with a Scheduled Bank	<u>3,709</u>	<u>7,886</u>
	3,709	7,886
8. LOAN AND ADVANCES (Unsecured Considered Good)		
Advance Income Tax and Tax Deducted at Source less Provision for taxation	2,37,627	51,522
Advances recoverable in cash or in kind or for value to be received	4,040	14,601
	<u>2,41,667</u>	<u>66,123</u>
9. CURRENT LIABILITIES		
Sundry Creditors		
Sundaram BNP Paribas AMC Ltd	6,31,264	3,05,496
Others	40,048	23,693
	<u>6,71,312</u>	<u>3,29,189</u>
10. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
Preliminary Expenses	1,53,736	2,09,640
Less: Written off during the year	41,928	55,904
	<u>1,11,808</u>	<u>1,53,736</u>

SCHEDULES

	01.04.05 to 31.03.06 (Rs.)	02.12.03 to 31.03.05 (Rs.)
11. OTHER INCOME		
Interest on Short term Deposit with a Scheduled Bank [Tax Deducted at Source Rs.7191 (Previous year Rs.3934)]	32,109	18,813
Profit on Sale of units of Mutual Fund	5,228	
Dividend from units of Mutual Fund	-	4,801
	37,337	23,614
12. ADMINISTRATIVE AND OTHER EXPENSES		
Directors Remuneration	3,30,750	3,57,000
Directors Sitting Fees	3,80,000	4,40,000
Audit Fees		
- Statutory Audit	21,500	23,693
- Certification	5,000	-
Travel Expenses - Directors	3,30,945	2,59,155
Net Loss on sale of investments	-	3,791
Rates and Taxes	-	1,205
Administrative expenses	3,00,000	3,00,000
Insurance	75,000	
Other expenses	6,612	36,802
	14,49,807	14,21,646
13. SCHEME EXPENSES ABSORBED		
Sundaram India Leadership Fund	3,00,000	
Sundaram Select Midcap	2,00,000	-
	5,00,000	-

14 NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

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 India Leadership and Sundaram Select Midcap, schemes of the mutual fund, amounting to Rs.3,00,000/- and Rs.2,00,000/- respectively representing expenses incurred by said schemes in excess of the limits specified in the said Regulations has been borne by the Company.

2. BALANCE SHEET

2.1 BNP Paribas Asset Management, Paris had acquired 24950 shares of Rs.10/- each fully paid up amounting to 49.9% of the paid up capital of the Company from Sundaram Finance Limited during the year.

2.2 Sundry Creditors do not include any amount payable to Small Scale Industrial Undertakings.

2.3 Cashflow Statement in accordance with the Accounting Standard 3 issued by the Institute of Chartered Accountants of India:
Enclosed as Annexure A

2.4 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.

2.5 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

Sno.	Name	Relationship	Nature of Transaction	Amount (Rs.)
1	Sundaram Finance Ltd	Holding Company		Nil
2	BNP Paribas Asset Management, Paris	Associate		Nil
3	Sundaram BNP Paribas Asset Management Company Ltd	Fellow Subsidiary	Expenses	3,00,000
4	Sundaram Mutual Fund	Associate	Investments in Units	3,00,000
			Sale of Units	65,228
			Income	25,57,849
			Scheme Expenses	5,00,000
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	Fellow subsidiary	Insurance	82,650

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

Profit as per Profit and Loss Account	Rs.	3,64,135
Weighted average number of equity shares		50,000
Basic and diluted earnings per share	Rs.	7.28
Nominal Value of Shares	Rs.	10

2.7 Expenditure on foreign currency - Nil

2.8 Earnings in foreign exchange - Nil

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

2.10 Previous year figures relate to the period from December 2, 2003 to March 31, 2005 and are not comparable figures for the current year ended March 31, 2006.

As per our report of even date attached

For **Sundaram & Srinivasan**
Chartered Accountants

K Srinivasan
Partner
M. No. 5809

Chennai
11th May, 2006

K V Ramanathan
Chairman

Al Noor Premji
Director

S Viji
Director

K V Krishnamurthy
Director

R Rajamani
Director

T S Sritharan
Secretary

CASH FLOW STATEMENT

	(in Rs)	
	01.04.05 - 31.03.06	02.12.03 - 31.03.05
1 CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit as per P&L account	3,64,135	2,42,261
Add/(less):		
Profit/(Loss) on sale of Investments	(5,228)	3,791
Provision for tax during the year	1,92,939	1,78,000
Deferred Tax Liability	7,904	11,631
Depreciation	38,473	17,347
Preliminary expenses written off	41,928	55,904
Preliminary expenses		(2,09,640)
Interest Income	(32,109)	(18,813)
Dividend Income		(4,801)
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	6,08,042	2,75,680
-(increase)/Decrease in Current Assets	(2,62,504)	(41,827)
-(increase)/Decrease in Loans and Advances	(1,75,544)	(66,123)
-increase/(Decrease) in Current Liabilities	1,49,184	1,51,189
	<u>(2,88,864)</u>	<u>43,239</u>
NET CASH GENERATION FROM OPERATIONS (A)	3,19,178	3,18,919
2 CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of investments	(3,00,000)	(4,10,000)
Sale of investments	60,000	3,48,857
Profit on sale of investments	5,228	1,143
Loss on sale of investments		(3,791)
Interest income	32,109	18,813
Dividend Income		4,801
Cost of fixed Assets	(1,48,906)	(86,500)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(3,51,569)	(1,26,677)
3 CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Capital	-	5,00,000
Net cash flow from financing activities (C)	-	<u>5,00,000</u>
Net change in cash and cash equivalents (A+B+C)	(32,391)	6,92,242
Cash and Cash Equivalent at the beginning of the year	<u>6,92,242</u>	<u>0</u>
Cash and Cash Equivalent at the end of the year	<u>6,59,851</u>	<u>6,92,242</u>

As per our report of even date attached

For **Sundaram & Srinivasan**
Chartered Accountants**K Srinivasan**
Partner
M. No. 5809Chennai
11th May, 2006**K V Ramanathan**
Chairman**Al Noor Premji**
Director**S Viji**
Director**K V Krishnamurthy**
Director**R Rajamani**
Director**T S Sritharan**
Secretary

Balance Sheet Abstract and Company's General Business Profile

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

I Registration Details

Registration No.

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 State Code

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 Balance Sheet Date

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 Date Month Year

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

Public Issue	Rights Issue																								
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						N	I	L																	
Bonus Issue	Private Placement																								
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						N	I	L																	
						N	I	L																	

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

	Total Liabilities		Total Assets																					
Sources of Funds	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>1</td><td>2</td><td>6</td></tr></table>							1	1	2	6	Reserves & Surplus	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>1</td><td>2</td><td>6</td></tr></table>							1	1	2	6	
						1	1	2	6															
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	Paidup Capital	Unsecured Loans / Deferred Tax Liability	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td><td>0</td><td>6</td></tr></table>							6	0	6												
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						5	0	0																
						3	0	0																
Application of Funds	Secured Loans	Misc. Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>1</td><td>2</td></tr></table>							1	1	2												
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	Net Current Assets	Accumulated Losses	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>3</td><td>4</td></tr></table>							5	3	4												
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IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure																				
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						2	5	9	5												
						2	0	3	0												
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax																				
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(Please tick appropriate box + for profit, - for loss)

Earnings per Share Rs. Ps.	Dividend Rate %																						
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V Generic Names of Three Principal Products / Services of Company (As per monetary terms)

Item Code No. (ITC Code) Not Applicable
 (ITC Code) / Service

N	A
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T	R	U	S	T	E	E	S	H	I	P
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