

*SUNDARAM BNP PARIBAS TRUSTEE COMPANY LIMITED*

*3<sup>rd</sup> Annual Report 2006-07*



### **Board of Directors**

K V Ramanathan

*Chairman*

S Viji

R Rajamani

K V Krishnamurthy

Francois Mouzay

Al Noor Premji (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

INVESTMENT MANAGER: Sundaram BNP Paribas Asset Management Company Ltd. TRUSTEE: Sundaram BNP Paribas Trustee Company Limited

## Directors' Report

Your Directors have pleasure in presenting the Third Annual Report with the audited financial statement of accounts for the year ended 31st March 2007. The summarized financial results of the Company are given hereunder:

### FINANCIAL RESULTS:

(Rs. In lakhs)

Particulars	Year ended March 31, 2007	Year ended March 31, 2006
Total Income	54.23	25.95
Total Expenditure	32.56	20.30
Profit Before Taxation	21.67	5.65
Provision for Taxation	7.33	2.01
Profit After Tax	14.34	3.64
Surplus Brought Forward	6.06	2.42
Amount available for appropriation	20.40	6.06
Less : Appropriations:		
Dividend Proposed (Final)	5.00	-
Dividend Distribution Tax	0.85	-
Transfer to General Reserves	1.44	-
Surplus carried to Balance sheet	13.11	6.06

### FINANCIAL PERFORMANCE

During the year under review, your Company earned a gross income of Rs 54.23 lakhs, by way of trusteeship fees and other income as against Rs. 25.95 Lakhs in the previous year 2005-06, recording a growth of 52.15% over the previous year. Your company reported a Profit after tax of Rs.14.34 Lakhs as compared to Rs.3.64 Lakhs in the previous year, registering a growth of 74.62%. After taking into account a sum of Rs.6.06 Lakhs brought forward from the previous year as surplus, a sum of Rs.20.17 Lakhs is available as surplus. Your Directors are happy to recommend a maiden dividend at 100 % on the paid up capital of the company. The dividend together with dividend tax absorbs a sum of Rs.5.85 Lakhs. Your Directors also propose to transfer a sum of Rs1.44 Lakhs to the General Reserves. The balance of Rs.13.11 Lakhs is retained as surplus in the profit and loss account.

### REVIEW OF OPERATIONS

Your Directors are pleased to report that, during 2006-2007, the gross mobilisation under various schemes of Sundaram BNP Paribas Mutual Fund amounted to Rs. 22,085 cr. as against Rs. 9,412 Cr. in the previous financial year, representing an increase of 135 %. The redemptions during the year amounted to Rs. 17,667 cr. as against Rs. 8,824.cr in the previous year. The net inflow of funds for the year 2006-07, amounted to Rs. 4,418 cr. as against Rs. 587 cr. in the previous year.

During the year under review, Sundaram BNP Paribas Mutual Fund launched three new equity schemes viz. Sundaram BNP Paribas Rural India Fund, Sundaram BNP Paribas Equity Multiplier, and Sundaram BNP Paribas Select Small Cap, which mobilized a sum of Rs. 2,075 cr in the aggregate. The Fund also launched Fixed Term Plans

with maturities ranging from 90 days to 16 months. The aggregate mobilisation from these plans amounted to Rs. 2,933 cr. The gross mobilisation from the new schemes amounted to Rs 5,008 cr.

Your Directors are happy to report that during the year 2006-07, the equity corpus of the Sundaram BNP Paribas Schemes grew to Rs.5,387 Cr. on the back of strong performances by the existing equity schemes, in particular by Sundaram BNP Paribas Select Midcap and Sundaram BNP Paribas Select Focus.

The overall Assets Under Management of the Sundaram BNP Paribas Mutual Fund Schemes as on March 31, 2007 stood at Rs.7,441 cr., as against Rs. 3,278 cr. as on March 31, 2006, recording an increase of 127%.

The commendable performance of Sundaram BNP Paribas Mutual Fund schemes attracted considerable investor interest. The schemes of Sundaram BNP Paribas mutual fund rewarded the investors with reasonable dividends. The number of investors during the year also increased from 2.96 lakhs to 11.06 lakhs.

## **AWARDS AND RECOGNITION**

The continued good performance of Sundaram BNP Paribas Mutual Fund schemes led to high ratings by the independent research agencies during the year.

Sundaram BNP Paribas Select Mid Cap was given the award for the Best Equity Diversified Fund and Sundaram BNP Paribas Select Focus was given the award for the Best Large Cap Oriented Fund of the year 2006, by CRISIL.

Sundaram BNP Paribas Select Mid Cap Fund has been ranked ICRA MFR 1 by ICRA Mutual Funds Awards in the category Open Ended Diversified Equity- Aggressive for its 1-year and 3- year performance for the year 2006. The rank indicates performance within the top 10% of the stated category. 46 schemes (for 1 year performance) and 32 schemes (for 3 year performance) were chosen for comparison and analysis in the category

Sundaram BNP Paribas Money Fund and Sundaram BNP Paribas Floating Rate Fund – Short Term Plan continue to enjoy the CRISIL 'AAA' rating. The rating signifies that the portfolio holdings of the schemes provide strong protection against losses from credit defaults.

The Schemes of Sundaram BNP Paribas Mutual Fund have also drawn high recognition from Value Research, an Independent research agency and Economic Times Quarterly Mutual Fund Tracker. The rating and ranking assigned by the agencies indicates praiseworthy performance by the Sundaram BNP Paribas Mutual Fund schemes.

## **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 financial year under review five Board meetings were held.

Mr. Yann Rault, who was on the Board of your company relinquished his office as Director on May 24, 2007. Mr. Yann Rault was instrumental in 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.Francois Mouzay was co-opted by the Board as an additional director at its meeting held on May 24, 2007. Mr.Francois Mouzay, aged 45, holds a Bachelors' degree in Economics, Social Sciences and Companies & Public Administration Management. He has also obtained professional qualifications and training in the areas of Banking, Management and Communication skills. He has around 25 years of experience in the Industry, especially in areas such as International Finance and Accounting, Information Technology and Organization, International Operation and New Markets functioning. He is currently the Chief Operating Officer of BNP PAM New Markets.

In terms of Section 260, his tenure as an additional director would conclude at the ensuing annual general meeting. He has expressed his willingness to seek appointment as Director at the ensuing annual general meeting. A notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr Francois Mouzay, for the office of the Director.

Mr R Rajamani and Mr K V Krishnamurthy, retire at the ensuing Annual General Meeting and offer themselves for re-appointment.

## **AUDIT COMMITTEE**

The Audit committee of the Board comprises of Mr R Rajamani, Mr K V Krishnamurthy and Mr. Yann Rault. Mr R Rajamani is the Chairman of the meetings of the Committee. Mr Al Noor Premji participated in the meetings, in the

absence of Mr Yann Rault. The Statutory Auditor, the Internal Auditor, the concurrent Auditor, Mr T P Raman, Managing Director

of Sundaram BNP Paribas Asset Management Company Ltd. (AMC), the Compliance Officer & Secretary of the AMC and the Chief Financial Officer of the Company are invited to the meetings of the Committee. During the year the Committee met Six times and reviewed the financial accounts/policies and adequacy of internal control systems and interacted with the Statutory Auditors, Internal Auditors and the Systems Auditors. Besides, the Committee reviewed audit plans, unaudited /audited financial results of the Schemes and responses to the queries of the Committee and follow-up actions initiated by the management.

## **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.

## **THE DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE 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 had 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 had 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 had 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 third 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 co-operation extended by Sundaram BNP Paribas Asset Management Company Ltd (AMC), Sundaram Finance Limited, BNP Paribas Asset Management, France and SEBI. Your Directors also acknowledge the support and co-operation extended by unitholders, 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 AMC.

For and on behalf of the Board of Directors

Place: Chennai  
Date: May 24, 2007

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, 2007, the Profit & Loss Account for the year ended March 31, 2007 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, 2007 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, 2007;
    - (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  
24.05.07

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> |
|--|---|

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

Chennai  
 24.05.07



## Balance Sheet

as at 31st March, 2007

Schedule	31.03.07	31.03.06
	Rs.	Rs.
<b>1. SOURCES OF FUNDS</b>		
<b>1. Shareholder's Funds</b>		
Share Capital	500,000	500,000
Reserves and Surplus	1,455,196	606,396
<b>2. Deferred Tax Liability (Depreciation)</b>	18,833	19,535
<b>TOTAL</b>	<b>1,974,029</b>	<b>1,125,931</b>
<b>2. APPLICATION OF FUNDS</b>		
<b>1. Fixed Assets</b>		
Gross Block	235,406	235,406
Less: Accumulated Depreciation	124,774	55,820
	110,632	179,586
<b>2. Investments</b>	1,874,243	300,000
<b>3. Current Assets, Loans and Advances</b>		
(a) Sundry Debtors	536,344	300,622
(b) Cash and Bank Balances	816,089	659,851
(c) Other Current Assets	7,913	3,709
(d) Loans and Advances	275,635	241,667
<b>(A)</b>	<b>1,635,981</b>	<b>1,205,849</b>
Less:		
Current Liabilities and Provisions		
- Current Liabilities	1,131,732	671,312
- Provisions	584,975	
<b>(B)</b>	<b>1,716,707</b>	<b>671,312</b>
Net Current Assets	(A)-(B) (80,726)	534,537
<b>4. Miscellaneous Expenditure</b>		
to the extent not written off or adjusted	69,880	111,808
<b>TOTAL</b>	<b>1,974,029</b>	<b>1,125,931</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 V Ramanathan**  
Chairman

**S Viji**  
Director

**R Rajamani**  
Director

**K Srinivasan**  
Partner  
Membership No. 5809

**K V Krishnamurthy**  
Director

**Mouzay, Francois**  
Director

**T S Sritharan**  
Secretary

Chennai  
24<sup>th</sup> May, 2007

## Profit and Loss Account

for the year ended 31st March, 2007

Schedule	01.04.06-31.03.07 Rs.	01.04.05-31.03.06 Rs.
<b>INCOME</b>		
Trusteeship Fee	5,342,656	2,557,849
[Tax Deducted at source - Rs.337840/- (Previous year Rs.158653/-)]		
Other Income	12      80,766	37,337
	<u>5,423,422</u>	<u>2,595,186</u>
<b>EXPENDITURE</b>		
Administrative and Other Expenses	13      1,645,117	1,449,807
Depreciation	3      68,954	38,473
Preliminary Expenses written off	11      41,928	41,928
Scheme Expenses Absorbed	14      1,500,000	500,000
	<u>3,255,999</u>	<u>2,030,208</u>
<b>Profit before Taxation</b>	<b>2,167,423</b>	<b>564,978</b>
Provision for Taxation	734,350	192,939
Deferred Tax Liability/(Asset)	(702)	7,904
	<u>733,648</u>	<u>200,843</u>
<b>Profit after tax</b>	<b>1,433,775</b>	<b>364,135</b>
<b>Balance in Profit and Loss Account brought forward from the previous year</b>	<b>606,396</b>	<b>242,261</b>
<b>Amount available for appropriation</b>	<b><u>2,040,171</u></b>	<b><u>606,396</u></b>
<b>APPROPRIATIONS</b>		
- Dividend (Proposed)	500,000	-
- Dividend Distribution Tax	84,975	-
	<u>584,975</u>	-
- General Reserve	144,000	-
<b>Surplus Carried to Balance Sheet</b>	<b><u>1,311,196</u></b>	<b>606,396</b>
Basic and diluted Earnings per Share (Refer Note no.2.5 on Schedule 14)	28.68	7.28
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  
24<sup>th</sup> May, 2007

**K V Ramanathan**  
Chairman

**K V Krishnamurthy**  
Director

**S Viji**  
Director

**Mouzay, Francois**  
Director

**R Rajamani**  
Director

**T S Sritharan**  
Secretary

## SCHEDULES

	31.03.2007	31.03.2006
	Rs.	Rs.
<b>1. SHARE CAPITAL</b>		
<b>Authorised</b>		
2,50,000 Equity Shares of Rs.10/- each	<u>25,00,000</u>	<u>25,00,000</u>
Issued, Subscribed and Paid up		
50,000 Equity Shares of Rs.10/- each fully paid up	500,000	500,000
[25050 shares (previous year 25050 shares) are held by Sundaram Finance Ltd, the holding company and its nominees.]	<b>500,000</b>	<b>500,000</b>
<b>2. RESERVES AND SURPLUS</b>		
<b>Reserves</b>		
General Reserve	144,000	-
<b>Surplus</b>		
Balance in Profit and Loss Account	<u>1,311,196</u>	<u>606,396</u>
	<b><u>1,455,196</u></b>	<b><u>606,396</u></b>

### 3. FIXED ASSETS

(In Rupees)

Description	GROSS BLOCK AT COST				DEPRECIATION				NET BLOCK	
	As at 01.04.06	Addition	Deductions	As at 31.03.07	As at 01.04.06	Addition	Deductions	As at 31.03.07	As at 31.03.07	As at 31.03.06
Computers	221,500	0	0	221,500	55,068	66,573	0	121,641	99,859	166,432
Furniture and Fixtures	13,906	0	0	13,906	752	2,381	0	3,133	10,773	13,154
<b>Total</b>	<b>235,406</b>	<b>0</b>	<b>0</b>	<b>235,406</b>	<b>55,820</b>	<b>68,954</b>	<b>0</b>	<b>124,774</b>	<b>110,632</b>	<b>179,586</b>
Previous year figures	86500	148906	-	235406	17347	38473	-	55820	179586	69153

## SCHEDULES

	31.03.2007 (Rs.)	31.03.2006 (Rs.)
<b>4. INVESTMENTS ( At Cost)</b>		
<b>Current Investments</b>		
<b>Trust Securities</b>		
<b>Investments in Sundaram BNP Paribas Mutual Fund</b>		
<b>Scheme:- Sundaram BNP Paribas Money Fund - Appn.</b>		
<b>Option at cost:</b> Invested during the year Rs.500000/- (33195.241 units of Rs.10/ each) [Previous year - Rs.3,00,000/- - 20442.334 units of Rs.10/- each] and Redeemed during the year Rs.500000/- (33115.434 units of Rs.10/- each)	305,901	300,000
<b>Scheme:- Sundaram BNP Paribas Money Fund - Daily Dividend Reinvestment Option at cost:</b> Invested during the year Rs 1368342.27/- (135542.507 units of Rs.10/ each) and Redeemed during the year Rs.1200000/- (118867.21 units of Rs.10/- each)	168,342	
<b>Scheme:- Fixed Term Plan Series IX -90 days - Dividend Option at cost:</b> Invested during the year Rs 100000/- (10000 units of Rs.10/ each) and redeemed during the year.	-	
<b>Scheme:- Fixed Term Plan Series X1 -90 days - Dividend Option at cost:</b> Invested during the year Rs 200000/- (20000 units of Rs.10/ each) and redeemed during the year.	-	
<b>Scheme:- Fixed Term Plan Series XX1 - 16 months - Dividend Option at cost:</b> Invested during the year Rs 100000/- (10000 units of Rs.10/ each)	100,000	
<b>Scheme:- Fixed Term Plan Series XXIII - 90days - Dividend Option at cost:</b> Invested during the year Rs 200000/- (20000 units of Rs.10/ each)	200,000	
<b>Scheme:- Fixed Term Plan Series XXV - 90days - Dividend Option at cost:</b> Invested during the year Rs 300000/- (30000 units of Rs.10/ each)	300,000	
<b>Scheme:- Fixed Term Plan Series XVI - 90days - Dividend Option at cost:</b> Invested during the year Rs 300000/- (30000 units of Rs.10/ each)	300,000	
<b>Scheme:- Fixed Term Plan Series XVIII - 13 months - Dividend Option at cost:</b> Invested during the year Rs 500000/- (50000 units of Rs.10/ each)	500,000	
	<u>1,874,243</u>	<u>300,000</u>

	31.03.2007 (Rs.)	31.03.2006 (Rs.)
<b>Summary of Investments</b>		
<b>Aggregate of unquoted Investments - Current</b>		
Trust Securities - Investments in units of Sundaram BNP Paribas Mutual Fund	1,874,243	300,000
Net Asset Value Rs.19,00,031/- (Previous year Rs.3,00,374/-)	<u>1,874,243</u>	<u>300,000</u>
<b>5. Sundry Debtors</b>		
Sundry Debtors (unsecured, considered good and due for less than six months)	536,344	300,622
	<u>536,344</u>	<u>300,622</u>
<b>6. Cash And Bank Balances</b>		
Balance with Scheduled Banks		
- In Current Account	74,484	73,763
- In Term Deposits	741,605	586,088
	<u>816,089</u>	<u>659,851</u>
<b>7. Current Assets</b>		
Accrued Interest on Term Deposits with Scheduled Banks	2,814	3,709
Dividend Receivable	5,099	
	<u>7,913</u>	<u>3,709</u>
<b>8. Loan And Advances (Unsecured Considered Good)</b>		
Advance Income Tax and Tax Deducted at Source less Provision for taxation	271,595	237,627
Advances recoverable in cash or in kind or for value to be received	4,040	4,040
	<u>275,635</u>	<u>241,667</u>
<b>9. Current Liabilities</b>		
Sundry Creditors		
Sundaram BNP Paribas AMC Ltd	1,041,567	631,264
Others	90,165	40,048
	<u>1,131,732</u>	<u>671,312</u>
<b>10. Provisions</b>		
- Dividend (Proposed)	500,000	-
- Dividend Distribution Tax	84,975	-
	<u>584,975</u>	<u>-</u>
<b>11. Miscellaneous Expenditure</b>		
(To the extent not written off or adjusted)		
Preliminary Expenses	111,808	153,736
Less: Written off during the year	41,928	41,928
	<u>69,880</u>	<u>111,808</u>

	01.04.2006 to 31.03.2007 (Rs.)	01.04.2005 to 31.03.2006 (Rs.)
<b>12. Other Income</b>		
Interest on Short term Deposit with a Scheduled Bank [Tax Deducted at Source Rs.10479 (Previous year Rs.7191)]	46,644	32,109
Profit on Sale of units of Mutual Fund	5,901	5,228
Dividend from units of Mutual Fund	28,221	-
	<b>80,766</b>	<b>37,337</b>
<b>13. Administrative And Other Expenses</b>		
Directors Remuneration	277,920	330,750
Directors Sitting Fees	370,000	380,000
Audit Fees		
- Statutory Audit	25,000	21,500
- Certification	-	5,000
Travel Expenses - Directors	369,837	330,945
Net Loss on sale of investments	-	-
Rates and Taxes	28	-
Administrative expenses	480,000	300,000
Insurance	105,000	75,000
Other expenses	17,332	6,612
	<b>1,645,117</b>	<b>1,449,807</b>
<b>14. Scheme Expenses Absorbed</b>		
Sundaram BNP Paribas India Leadership Fund	-	300,000
Sundaram BNP Paribas Select Midcap	1,500,000	200,000
	<b>1,500,000</b>	<b>500,000</b>

## **15 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 BNP Paribas Select Midcap amounting to Rs.15,00,000/- (Previous year Rs. 2,00,000) and Sundaram BNP Paribas India Leadership amounting to Rs. nil, (Previous year Rs.3,00,000), schemes of Sundaram BNP Paribas Mutual Fund, representing expenses incurred by said schemes in excess of the limits specified in the said Regulations are borne by the Company.

### **2. NOTES ON ACCOUNTS**

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

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		Nil
2	BNP Paribas Asset Management, Paris	Associate		Nil
3	Sundaram BNP Paribas Asset Management Company Ltd	Fellow Subsidiary	Expenses Payable	480000 1041567
4	Sundaram BNP Paribas Mutual Fund	Associate	Investments in Units Sale of Units Income Scheme Expenses Receivables	3568342 2000000 5376778 1500000 541443
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	117852
11	Infreight Logistics Solutions 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:

		31.03.07	31.03.06
Profit as per Profit and Loss Account	Rs.	1433775	364135
Weighted average number of equity shares		50000	50000
Basic and diluted earnings per share	Rs.	28.68	7.28
Nominal Value of Shares	Rs.	10	10

2.6 Expenditure on foreign currency - Nil

2.7 Earnings in foreign exchange - 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 Srinivasan**  
Partner  
Membership No. 5809

Chennai  
24<sup>th</sup> May, 2007

**K V Ramanathan**  
Chairman

**K V Krishnamurthy**  
Director

**S Viji**  
Director

**Mouzay, Francois**  
Director

**R Rajamani**  
Director

**T S Sritharan**  
Secretary



## CASH FLOW STATEMENT

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

(in Rs)

	01.04.06 - 31.03.07	01.04.05 - 31.03.06
<b>1 CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit as per P&L account	1,433,775	364,135
Add/(less):		
Profit/(Loss) on sale of Investments	(5,901)	(5,228)
Provision for tax during the year	734,350	192,939
Deferred Tax Liability	(702)	7,904
Depreciation	68,954	38,473
Preliminary expenses written off	41,928	41,928
Preliminary expenses		
Interest Income	(46,644)	(32,109)
Dividend Income		0
Operating Profit/(Loss) before working capital changes	2,225,760	608,042
-(increase)/Decrease in Current Assets	(239,926)	(262,504)
-(increase)/Decrease in Loans and Advances	(33,968)	(175,544)
-increase/(Decrease) in Current Liabilities	(273,930)	149,184
<b>Net Cash generation from Operations (A)</b>	<b>1,677,936</b>	<b>319,178</b>
<b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(3,568,342)	(300,000)
Sale of investments	1,994,099	60,000
Profit on sale of investments	5,901	5,228
Loss on sale of investments		0
Interest income	46,644	32,109
Dividend Income		0
Cost of fixed Assets	0	(148,906)
<b>Net cash flow from investing activities (B)</b>	<b>(1,521,698)</b>	<b>(351,569)</b>
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>		
Issue of Share Capital	0	0
<b>Net cash flow from financing activities (C)</b>	<b>0</b>	<b>0</b>
<b>Net change in cash and cash equivalents (A+B+C)</b>	<b>156,238</b>	<b>(32,391)</b>
Cash and Cash Equivalent at the beginning of the year	659,851	692,242
Cash and Cash Equivalent at the end of the year	816,089	659,851
	<b>816,089</b>	<b>659,851</b>

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  
Membership No. 5809

K V Krishnamurthy  
Director

Mouzay, Francois  
Director

T S Sritharan  
Secretary

Chennai  
24<sup>th</sup> May, 2007

## 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.

State Code

Balance Sheet Date

Date                      Month                      Year

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

Public Issue	Right Issue
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>
Bonus Issue	Private Placement
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>

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

	Total Assets
Total Liabilities	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/> <input type="text" value="7"/> <input type="text" value="4"/>
Sources of Funds	Reserves & Surplus
Paid up Capital	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="5"/> <input type="text" value="5"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="0"/>	Unsecured Loans / Deferred Tax Liability
Secured Loans	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="9"/>
Applications of Funds	Investments
Net Fixed Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="4"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="1"/>	Misc. Expenditure
Net Current Assets	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="0"/>
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="7"/> <input type="text" value="0"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="-"/> <input type="text" value="8"/> <input type="text" value="1"/>
Accumulated Losses	
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/> <input type="text" value=""/>	

### IV Performance of Company ( Amount in Rs. Thousands )

Turnover	Total Expenditure
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="3"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="3"/> <input type="text" value="2"/> <input type="text" value="5"/> <input type="text" value="6"/>
+ - Profit / (Loss) Before Tax	+ - Profit / (Loss) After Tax
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="4"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="6"/> <input type="text" value="7"/>

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

Earnings Per Share in Rs.	Dividend Rate
<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="8"/> <input type="text" value="."/> <input type="text" value="6"/> <input type="text" value="8"/>	<input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="0"/> <input type="text" value="."/> <input type="text" value="0"/> <input type="text" value="0"/>

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

Item Code No. (ITC Code)

Product / Service Description

