

Sundaram BNP Paribas Equity Multiplier Fund

A CLOSE ENDED EQUITY SCHEME



SUNDARAM BNP PARIBAS
MUTUAL

Offer Document cum Application Form

Offer for Units of Rs. 10 Per Unit for cash during the New Fund Offer Period

The New Fund Offer closes once the scheme mobilises a sum of Rs. 500 crores

Issue Details

New Fund Offer Opens on: 10/01/2007

New Fund Offer Closes on: 31/01/2007



SUNDARAM FINANCE



BNP PARIBAS
ASSET MANAGEMENT

SPONSORS

Sundaram Finance Limited
21, Patullos Road Chennai 600 002
Phone : (044) 28521181
Fax : (044) 28520456

&

BNP PARIBAS Asset Management

5, Avenue Kleber,
75116, Paris, France
Fax : +33 1 58 97 25 85
www.bnpparibas-am.com

TRUSTEES

**Sundaram BNP Paribas Trustee
Company Ltd.**

46, Whites Road, Second Floor,
Royapettah,
Chennai 600014.

Phone : (044) 28583362/28583367
Fax : (044) 28583156

INVESTMENT MANAGER

**Sundaram BNP Paribas Asset
Management Company Limited**

46, Whites Road, Second Floor,
Royapettah,
Chennai 600014.

Phone : (044) 28583362/28583367
Fax : (044) 28583156
www.sundarambnpparibas.in
www.wiseinvestoronline.com

The particulars of SUNDARAM BNP Paribas Equity Multiplier (Scheme) have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended till date and filed with the Securities and Exchange Board of India (SEBI). The units being offered for public subscription under the Scheme have neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the offer document. This offer document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing and the offer document should be retained for future reference. Investors may note that this offer document remains effective until a material change occurs (other than a change in fundamental attributes and within the purview of the offer document) and thereafter the changes shall be filed with SEBI and circulated to the Unit holders along with half-yearly reports.

Important Notice

Investing in mutual fund schemes involves certain risks and considerations associated generally with making investments in securities. The value of the Scheme's investments may be affected generally by factors affecting capital markets, such as price and volume, volatility in the capital markets, interest rates, currency exchange rates, changes in regulatory and administrative policies of the Government or any other appropriate authority (including tax laws), or other political and economic developments. Consequently, there can be no assurance that the Scheme offered in this document will achieve the

stated objectives. The net asset value of the units of this Scheme may fluctuate and move up or down. Past performance of the schemes managed by the Sponsor or their affiliates or the Asset Management Company are not indicative of the future performance of this Scheme.

Prospective investors are advised to review this document carefully and in its entirety and consult with their legal, tax and financial advisors to determine possible legal, tax and financial or any other consequences of subscribing to, purchasing or holding Units under this Scheme, before making an application to purchase or hold the Units.

Sundaram BNP Paribas Mutual Fund (the Mutual Fund) and Sundaram BNP Paribas Asset Management Company (the AMC) have not authorized any person to give any information or make any representations, either oral or written, not stated in this document in connection with issue of Units under this Scheme. Prospective investors are advised not to rely upon any information or representations not incorporated in this document, as the same have not been authorized by the Mutual Fund or the AMC. Any subscription, purchase or sale made by any person on the basis of statements or representations that are not contained in this document or which are inconsistent with the information contained herein shall be solely at the risk of the investor.

The offer document is dated on 22.12.2006. Investors may also like to ascertain about any further changes after the date of this document from the Mutual Fund/its Investor Service Centres/distributors or brokers.

24 HOUR NAV RESPONSE SYSTEM: (044) 28585607

List of Karvy Branches and Official Point of Acceptance

Agra 17 / 2 / 4, 2Nd Floor, Deepak Wasan Plaza, Sanjay Place (Behind Holiday Inn), Agra - 282 002. Ph: 0562 - 2526660 / 2526661 **Ahmedabad** 307, Shail Buildings, Opp : Madhusudhan House, Off : C G Road, Nr. Navrangpura Telephone Exchange, Ahmedabad - 380 006. Ph: 079 - 26402967 / 26400527 **Ajmer** 12, II Floor Ajmer Tower, Kutchary Road, Ajmer - 305 001. Ph: 0145 - 2628055 / 2628065 **Allahabad** 1St Floor, Meena Bazar, 10, Sardar Patel Marg, Civil Lines, Allahabad - 211 001. Ph: 0532 - 2561048 / 2561073 **Ambala** 6349, Nicholson Road, Adjacent Kos Hospital, Ambala Cantt, Ambala - 133 001. Ph: 0171-2631324 **Amritsar** 72-A, Taylor'S Road, Aga Heritage, Gandhi Ground, Amritsar - 143 001. Ph: 0183 - 5053802 / 5053803 **Anand** F-6, Chitrangana Complex, Opp: Motikaka Chawl, Vidyanagar Road, Anand - 388 120. Ph: 02692 - 248980 / 266220 **Asansol** 18, GT Road, 1st floor, Asansol - 713 301. Ph: 0341 - 2214623 / 2214624 **Aurangabad** Shop No: 214 / 215, Tapadiya City Centre, Nirala Bazar, Aurangabad - 431 001. Ph: 0240- 2363530 / 2363517 **Bangalore** No : 51 / 25, 1 St Floor, Surya Building, Ratna Avenue, Richmond Road, Bangalore - 560 025. Ph: 080 - 25320085 / 32008452 **Bareilly** 1St Floor, 165, Civil Lines, Opp. Hotel Bareilly Palace, Near Rly Station, Bareilly - 243 001. Ph: 0581 - 2476809 / 2476797 **Baroda** 31-34, Payal Complex, Near Vadodara Stock Exchange, Sayajigunj, Baroda - 390 005. Ph: 0265 - 2225210 / 2361514 **Bharuch** F / 135, Rangoli Complex, Station Road, Bharuch - 392 001. Ph: 02642 - 325766 / 225207 **Bhavnagar** 134 / 135, Madhav Darshan, Waghawadi Road, Bhavnagar - 364 001. Ph: 0278 - 2525005 / 2525006 **Bhopal** Kay Kay Business Centre, 133, Zone 1, M.P.Nagar, Bhopal - 462 011. Ph: 0755 - 3010728 / 3010725 / 26 / 27 **Bhubaneswar** 624, Sahid Nagar, Bhubaneswar - 751007. Ph: 0674 - 2547531 / 2547532 **Bokaro** B-1 (1st floor), Near Sona Chandi jewellers, City Centre, Sector-4, Bokaro Steel City - 827 004. Ph: 06542 - 233330 / 320730 **Calicut** II nd floor, Sowbhagya shopping complex, Mavoor Road, Calicut - 673 004. Ph: 0495 - 2742105 / 7 / 2742107 Ph: 0495 - 2742141 **Chandigarh** SCO-371-372 First Floor, Above HDFC Bank, Sector 35B, Chandigarh - 160 022. Ph: 0172 - 5071726/5071727 **Chennai** Flat No F11, First floor, Akshya Plaza (Erstwhile Harris Road), Opp Chief City Metropolitan Court, #108, Adhithanar salai, Egmore Chennai - 600 002. Ph: 044 - 52028512 / 52028513 / 28277383 **Cochin** 39, Panampilly Nagar, Cochin - 682 036. Ph: 0484 - 4010224 / 4010273 **Coimbatore** SNV Chambers, 482 / 483, Ponne Street, Opp: Power House, Cross Cut Road, Coimbatore - 641 012. Ph: 0422 - 4377211 / 2237501 **Dehradun** Kaulagarh Road, Near Sirmaur Marg, Above Reliance Webworld, Dehradun - 248 001. Ph: 0135 - 3958246 / 3258246 **Dhanbad** 208, New Market, Katras Road, Dhanbad - 826001. Ph: 0326 - 2301045 / 2301046 **Erode** No. 4, KMY Salai, Veerappan Traders Complex, Opp: Erode Bus Stand, Sathy Road, Erode - 638 003. Ph: 0424 - 2225615 / 2225616 **Gorakhpur** Above V.I.P. House, Ajdacent A.D. Girls College, Bank Road, Gorakhpur - 273 001. Ph: 0551 - 2346519 / 2333825 **Guntur** Door No. 6- 10-18, Chunduri House, 10 / 1, Arundelpet, Guntur - 522 002. Ph: 0863 - 2326684 / 86 **Guwahati** 2nd Floor, Ram Kumar Plaza, Chatribari Road, Near Himatshinga Petrol Pump, Guwahati - 781 001. Ph: 0361 - 2608122 / 2608016 **Gwalior** 37 / 38, Near Nadi Gate Pul, MLB Road, Shinde Ki Chhawani, Lashkar, Gwalior - 474 001. Ph: 0751 - 5069001 / 5069004 **Hubli** Giriraja House, No.451 / B, Ward No.1, Club Road, Hubli - 580 029. Ph: 0836 - 2356201 / 2356202 **Hyderabad** 21, Avenue 4, Street No.1 Banjara Hills, Hyderabad - 500 034. Ph: 040 - 23312454 **Indore** DM Tower, 105, 106 & 107 Above Standard Chartered Bank, Near jangeerwala chowrah, Indore- 452 001. Ph: 0731 - 3014204 / 5 / 5069894 **Jaipur** S-16 A, 3rd floor, Land mark, Opposite Jaipur Club, Mahavir Marg, C- Scheme, Jaipur - 302 001. Ph: 0141 - 2363321 / 2375039 **Jalandhar** Lower Ground Floor, Office No. 3, Plot No. 28, G T Road. Jalandhar - 144 004. Ph: 0181 - 3315124 / 5000771 **Jalgaon** 1, Shresta Apartments, Balirampeth, Jalgaon - 425 001. Ph: 0257 - 3090532 / 2226761 **Jamnagar** Sanskruti, 5 Patel Colony Corner, Opp UTI bank, Jamnagar - 361 008. Ph: 0288 - 3299330 / 3299332 **Jamshedpur** Kanchan Tower, III rd Floor, Chhaganlal Dayalji & Sons, 3-5 B Shop Area, (Near Traffic Signal) Main Road, Bistupur, Jamshedpur - 831 001. Ph: 0657 - 2487045 / 2487048 **Jodhpur** 203, Modi Arcade, Chupasni Road, Jodhpur - 342 001. Ph: 0291 - 5103026 / 5103046 **Kanpur** 15 / 46, B, First Floor, Opp: Muir Mills, Civil Lines, Kanpur - 208 001. Ph: 0512 - 3296000 / 3293222 **Kolhapur** Omkar Plaza, 1st Floor, Unit - F2 & F4, Rajaram Road, Next to ICICI Bank Ltd, Kolhapur - 416 008. Ph: 0231-2520675 / 76 **Kolkata** 16 Jatin Bagchi Road Kolkata - 700 029 Ph: 033 - 24659263 / 4659267 **Kota** AL - HATMI complex, 2nd Floor, 257, Shopping Centre, Kota - 324 007 Ph: 0744 - 2365144 / 2365145 **Kottayam** 1st Floor, CSI Ascension Church Complex, Kottayam - 686 001. Ph: 0481 - 2302420 / 2302421 **Lucknow** 94, Mahatma Gandhi Marg, Opp Governor House, Lucknow - 226 001. Ph: 0522 - 2236819 / 2236820 **Ludhiana** SCO-3, Feroze Gandhi Market, Ludhiana - 141 001. Ph: 0161 - 3018445 / 3018460 **Madurai** Rakesh Towers, 30-C, Bye Pass Road, 1st floor, Opp: Nagappa Motors, Madurai - 625 010. Ph: 0452 - 2600852 / 2600853 / 54 **Moradabad** First Floor, Singh Bhawan, Taari Khana Chowk, G M D Road, Moradabad - 244 001. Ph: 0591 - 3099643 / 2310470 **Mumbai** 26 / 30, Fort Foundation Bldg, Near

MSC Bank, Maharashtra Chamber Of Commerce Lane, Fort, Mumbai - 400 023. Ph: 022 - 56341967 / 56346513 **Mysore** L - 350, Silver Tower, Clock Tower, Mysore - 570 001. Ph: 0821 - 2438006 / 2441520 **Nagpur** 230 / 231, 3rd floor, Shiram Shyam Towers, Next to NIIT Building, Sadar Kings Way, Nagpur - 440 001. Ph: 0712 - 5610513 / 5612375 **Nasik** F-1, Suyojit Sankul, Sharanpur Road, Nasik - 422 002. Ph: 0253 - 5602542 / 5602543 **New Delhi** 105-108, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi - 110 001. Ph: 011 - 23737194 / 23324401 **Patiala** SCO 27 D, Chhoti Baradari Patiala - 147 001. Ph: 0175 - 5051726 / 5051727 **Patna** Anand Towers, 2nd Floor, Exhibition Road, Near Republic Hotel, Opp. Mithila Motors, Patna - 800 001. Ph: 0612 - 2321355 / 2321354 **Pune** Srinath Plaza, C Wing, Office No. 68 and 69, 3rd Floor, Dyaneshwar Paduka Chowk, Survy No. 184 / 4, F C Road, Pune - 411 004. Ph: 020 - 25533795 / 25532783 **Rajahmundry** 79-1-3 / 1 First Floor, Near Ramalayam Centre, Jawaharlal Nehru Road, Rajahmundry - 533 103. Ph: 0883 - 2437494 / 2434470 **Ranchi** Commerce Towers, 3rd Floor, Beside Mahabir Towers, Main Road, Ranchi - 834 001. Ph: 0651 - 2331320 / 2330386 **Salem** 49 / 50, Fort Main Road, Shevapet, Salem - 636 002. Ph: 0427 - 4020300 / 2210835 **Siliguri** Nanak Complex, 2nd Floor, (Near Church Road) Svoke Circle, Siliguri - 734 001. Ph: 0353 - 2526393 / 2526399 **Surat** G / 16 Empire State Building, Near Udhna Darwaja, Ring Road, Surat - 395 002. Ph: 0261 - 3017155 / 3017156 **Trichur** 2nd Floor, Brother's Complex, Near Dhana Laxmi Bank Head Office, Naikkanal Junction, Trichur - 680 001. Ph: 0487 - 2322483 / 2322484 **Trichy** 60, Srikrishna Arcade, 1st Floor, Thennur High Road, Trichy - 621 017. Ph: 0431 - 2793799 / 4020227 **Trivandrum** 2nd Floor, Akshaya Towers, Sasthamangalam, Trivandrum - 695 010. Ph: 0471 - 2725987 / 2725989 **Udaipur** 201-202, Madhav Chambers, Opp. G.P.O, Chetak Circle, Madhuban, Udaipur-313 001 Ph: 0294-5101601 / 5101602 **Valsad** Shop No 2, Phiroza Corner, ICICI Bank, Char Rasta, Tithal Road, Valsad - 396001. Ph: 02632 - 396901 / 02 **Vijayawada** 39-10-7, Opp: Municipal Water Tank, Labbipet, Vijayawada - 520 010 Ph: 0866 - 2495200 / 2495400 **Visakhapatnam** 47-14-5 / 1 Esvar Paradise, Dwaraka Nagar, Main Road, Visakhapatnam - 530 016. Ph: 0891 - 2752917 / 2752915

Sundaram BNP Paribas Asset Management Co Ltd Location of Official Point of Acceptance

Andra Pradesh: V V Vintage Boulevard, F.No.203, 2nd Floor, Raj Bhavan Road, Somajiguda, Hyderabad 500082 • D.No. 40-10-5, Sree Ramachandra Complex, Benz Circle, Bajaj Showroom Lane, Vijayawada-520010. Ph. No. 0866-2470778 • C/o Sundaram Finance Ltd., 47-10-13, Rednam Regaency, Near Diamond Park, Dwarakanagar, Visakhapatnam-530016. Ph.no. 0891-3209440 **Bihar:** 205, Ashiana Hari Niwas, New Dak Bunglow Road, Patna-800001.Ph. No. 0612-3200593 **Delhi:** 605, 6th Floor, Ashoka Estate, 24, Barakhamba Road, New Delhi - 110 001. Ph.no. 011-41515138 **Gujarat:** 104, Arth Complex, Behind A.K. Patel House, Mithakali Six Roads, Navarangpura, Ahmedabad 380009. Ph. No. 079-66613337 • 127, 1st Floor, Siddharth Complex, Near Express Hotel, R.C.Dutt Road, Alkapuri, Baroda-390007 Ph. No. 0265-2320671 • L-14, Jolly Plaza, Opp- Athwa Gate Police Station, Athwa Lines, Surat-395001. Ph.no. 0261-2461384 **Rajkot:** C/o. Sundaram Finance Ltd., Flat No. 113, I Floor, Umesh Coml Complex, Near Chowdry High School, Kasturba Road, Rajkot 360 001 **Karnataka:** 1st Floor, Maangalaya punarbhav, 132, Brigade Road, Next to Raheja Chancery, Bangalore - 560025. Ph. No. 080-22076707 **Kerala:** C/o Sundaram Finance Ltd., The Monarch, I Floor, P.T.Usha Road, Ernakulam, Cochin- 682011. Ph. No.09947045339 **Madhya Pradesh:** Plot No. 10&11, 3rd floor, Alankar palace, Bank street, M.P.Nagar, Bhopal-462011. Ph. No.0755-3203306 • 125, Starlit Towers, Y.N.Road, Indore - 452001. Ph. No. 0731-3203204 **Maharashtra:** 602 603 , 6th Floor, Dalamal House, Nariman Point, Mumbai - 400 021. Ph. No. 022-22842878 • 1st Floor, Rachana Trade Estate, Erandwane, Opp Swad Hotel, Pune-411004. Ph. No. 020-30280927 **Punjab:** SCO-2475-2476, 2nd Floor, Sector 22C Chandigarh-160022. Ph. No. 0172-5009166 **Rajasthan:** 206, II Floor, Siddhi Vinayak Apartments, Ashok Marg, Jaipur-302011. Ph. No. 0141-5118364 **Tamilnadu:** O No 9, N No 23 Mootha Centre, Kodambakkam High Road, Chennai 600034. Ph. No. 044-28237262 • Sundaram Towers, 2nd Floor, 46, Whites Road, Chennai 600014. Ph. No. 044-28583362 • No 41-A, I Floor, West Lokmanya Steet, R.S.Puram, Coimbatore-641002. Ph.no. 0422-4360058 • No: 183C, North Veli Street, Opp: Duke Hotel, Madurai-625001. Ph. No. 0452-4376801 • Krishna Complex, 1st Floor, 60, Shastry Road, Tennur, Trichy-620071. Ph.no. 0431-2741509 • First Floor, TKM Complex, 46 - 51, Katpadi Road, Vellore-632 004. Ph. No. 09843242336 **Uttar Pradesh:** 2nd Floor, Office No: 206, Krishna Tower, 15/63, Civil lines, Kanpur-208001. Ph. No. 0512-3018530. **West Bengal:** "Lords Building", 7/1, Lord Sinha Road, Room No: 312, 3rd Floor, Kolkata-700071, Ph. No. 033-30580160

POS Locations for submitting MIN Forms

- Ahmedabad • Bangalore • Chennai Sales Office • Chennai Corporate Office
- Hyderabad • Kolkata • Mumbai • New Delhi • Pune

(Refer addresses as above)

Highlights

- A Mutual Fund sponsored by Sundaram Finance Limited and BNP Paribas Asset Management.
- A Close - End Equity Scheme with tenure of three years with automatic conversion into an open-end scheme upon completion of three-year period. The Scheme will automatically be converted into an open-end scheme without any further reference to the Mutual Fund/Trustee/AMC/Unit holders, subject to SEBI Regulations.
The objective of the scheme would be to seek capital appreciation by investing in equity & equity related instruments.
- The scheme will have the following Asset Allocation:

Asset Class	Minimum	Maximum Allocation	Risk Profile Allocation
Equity & Equity Related Instruments	65%	100%	High
Debt Instruments including securitized debt*, Money Market Instruments	0%	35%	Low to Medium

* Investments in securitised debt will be up to a maximum of 30%.

The Scheme will offer the following Options & Plans during the Close – End Period:

- Growth Option
- Dividend Payout Option
- Dividend Reinvestment Option (The dividend re-investment option will be activated only after the scheme become open ended)

The Board of directors of Trustee Company may declare dividend subject to the availability of distributable surplus on the record date.

- The following Options & Plans will be available under the scheme after it is converted into an Open-End scheme at the end of three years:

Plans	Facilities
• Growth Option	• Systematic Investment Plan (SIP)
• Dividend Payout	• Systematic Withdrawal Plan (SWP)
• Dividend Reinvestment	• Systematic Transfer Plan (STP) • Dividend Sweep – In Facility • Automatic Investment of Money (AIM)

Minimum application amount for subscription:

During NFO	
Minimum Application Amount	Rs.5000/-
Minimum Additional Purchase	Rs.500/-
After conversion into Open-End at the end of 3 Years	
Minimum Application Amount	Rs.5000/-
Minimum Additional Purchase	Rs.500/-

Minimum Repurchase Amount:

On Specified Redemption Dates during Close End Period	
Minimum Repurchase Amount	Rs.500/-
After conversion into Open-End Scheme	
Minimum Repurchase Amount	Rs.500/-

• Minimum Corpus

The Fund seeks to collect a minimum corpus of Rs.1 Crore under the Scheme divided into 10,00,000 units of Rs. 10 each.

If the amount of subscription received during the new fund offer period is less than the minimum collection targeted, the amount collected will be refunded to the applicants, in accordance with the SEBI Regulations.

• Maximum Corpus

During the New Fund Offer Period, units are offered at Rs. 10/- each and the entire amount is payable on application. The minimum targeted amount of subscription during the NFO period is Rs. 1.00 cr. And the maximum limit is fixed at Rs. 500 cr. The AMC has a right to retain 10% of the maximum limit (i.e. Rs. 50 cr.), over and above the maximum limit of Rs. 500 cr., in case of any oversubscription. The aggregate mobilization including the oversubscription shall not exceed Rs. 550 cr.

In the event of scheme mobilizing a sum of Rs.500 cr., the AMC shall make an announcement in two newspapers intimating its intention to close the offer.

Allotment is assured to eligible applicants till the subscription reaches the maximum limit, provided the applications are complete in all respects and in order.

In terms of SEBI Regulations, applicants applying up to 5000 units shall be given full allotment, provided the applications are complete in all respects and in

order and subject to the aggregate mobilization Rs.550 cr. indicated above.

If the money received from the applicants for units are in excess of Rs. 550 cr. The AMC shall refund such excess money to the applicants.

• Liquidity:

During Close-End Period	
Purchase / Switch In	Purchase / Switch-In can be done only during NFO and Purchase / Switch-In request will not be permitted on an on-going basis during the close end period of 3 years.
Redemption / Switch Out	Redemption / Switch Out would be allowed on 180th, 360th, 540th, 720th, 900th & 1080th Day from the date of allotment at NAV based price (subject to applicable Exit Load and deduction of unamortized initial issue expense). On the maturity date there will be no Exit Load. The exact Redemption Dates will be announced after the date of allotment. An illustration of provisional redemption dates are given in the scheme summary.
After conversion into Open-End Scheme	
Purchase / Switch In	On any working day at NAV related price, subject to Entry Load, if any.
Redemption / Switch Out	On any working day at NAV related price, subject to Exit Load, if any.

• Load Structure:

Subscriptions during NFO	
Entry Load	Nil
Exit Load	Repurchase on 180th Day from the date of allotment: 4% Repurchase on 360th Day from the date of allotment: 3.5% Repurchase on the 540th Day from the date of allotment: 3% Repurchase on the 720th Day from the date of allotment: 2.5% Repurchase on the 900th Day from the date of allotment: 2% Repurchase on the 1080th Day from the date of allotment (Maturity Date): NIL If the specified redemption dates falls on a holiday, subsequent working day shall be the specified redemption dates.
After conversion into Open-End at the end of 3 Years	
Entry Load	For application to invest less than Rs.2 Crore, including through SIPs : 2.25% For application to invest equal to or more than Rs.2 Crore: Nil
Exit Load	The Trustee reserves the right to introduce an appropriate Load Structure at the time of conversion of the Scheme into an open end Scheme. An Addendum shall be published by the Mutual Fund / AMC announcing the Load Structure prior to conversion of the Scheme and this shall become an integral part of the offer document.

No Entry/Exit Load shall be charged on the units subscribed by any Fund Of Funds schemes

• Suitability:

The Scheme should be considered as a long-term investment for the aggressive portion of a well-diversified portfolio. The Scheme is appropriate for investors who:

- Have a high-risk appetite
- Have a sizeable allocation to equity in their portfolio
- Seek an aggressive equity scheme that could boost overall portfolio returns over the long term
- Have an investment horizon of at least three years
- Allocate a part (say 10 to 15 per cent) of their equity exposure to the fund

Information Access:

During the close-ended period the NAV will be determined once in a week i.e. on every Wednesday and also on specified dates and published in 2 news papers. Subsequent to the scheme's conversion into an open-ended NAV will be published daily in 2 news papers. NAV can also be viewed at www.sundarambnp-paribas.in and www.amfiindia.com.

Investors may also access performance charts, portfolio details, scheme features, fact sheet, product note/guide, offer document, FAQs and any relevant scheme-specific material on www.sundarambnp-paribas.in and www.wiseinvestoronline.com.

GENERAL RISK FACTORS

Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the Scheme will be achieved. The main types of risks to which the Asset Management Company is exposed could also be market risk, credit, counter party default risk, risk of capital loss and liquidity risk, to name a few.

As with any investment in securities, the NAV of the Units issued under this Scheme can go up or down depending on the factors and forces affecting the capital markets.

Past performance of the Sponsors, AMC/Fund does not indicate the future performance of the Schemes of the Fund.

The Sponsors are not responsible or liable for any loss resulting from the operation of the schemes beyond Rs. 1 lakh contributed by it towards setting up of the Mutual Fund.

SUNDARAM BNP PARIBAS EQUITY MULTIPLIER FUND is merely the name of the Scheme and does not in any manner indicate either the quality of the Scheme or its future prospects and returns.

The NAV may be affected by factors such as:

- Market conditions
- Level of interest rates
- Market-related factors
- Trading volumes
- Settlement periods
- Transfer procedures;
- Price/interest rate risk
- Credit risk
- Government policy
- Volatility and liquidity in markets
- Exchange rate
- Geo-Political development
- Change in the fund manager
- Change in the investment advisor

This is only an illustrative list and not an exhaustive list factors that could affect the NAV of the Scheme.

Trading volumes in the securities in which it invests inherently restricts the liquidity of the scheme's investments.

Change in Government policy in general and changes in tax benefits applicable to mutual funds may impact the returns to Investors in the scheme.

The scheme may use derivative instruments such as Interest Rate Swaps, Forward Rate Agreements or other derivative instruments for the purpose of hedging and portfolio balancing, as permitted under the Regulations and guidelines. Usage of derivatives will expose the scheme to certain risks inherent to such derivatives.

Investors are not being offered any guaranteed or indicated returns or repayment of capital by the Scheme. There is also no guarantee of capital or return either by the mutual fund or by the sponsors.

If the market conditions turn adverse (such as high levels of volatility or disruption to trading activity to name a few) the mutual fund reserves the right to cancel the Scheme during the New Fund Offer period and also during the five Working Days following the close of the Offer period.

Investment decisions made by the AMC may not always be profitable.

The tax benefits available under the scheme are as available under the present taxation laws and subject to relevant conditions. The information given is included for general purposes only and is based on advice that the AMC has received regarding the law and the practice that is now in force in India.

Unit holders should be aware that the relevant fiscal rules and their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor/Unit holder is advised to consult his/her own professional tax advisor.

The AMC has the right to limit repurchases, under certain circumstances. Please read the Section of the Offer Document titled `Right to Limit Repurchases.

Investors/unit holders are also urged to read the detailed clause(s) titled special considerations.

Minimum Number of Investors

As per SEBI circular SEBI/IMD/Cir No. 10/22701/03 dated 12th December 2003 each scheme and individual plan(s) under the schemes should have a minimum of 20 investors and no single investor should account for more than 25% of the

corpus of such scheme/plan(s). In case of non-fulfilment with either of the above two conditions, following shall be the consequences:

(A) During the close end tenure of the scheme:

If the scheme fails to get minimum 20 investors in the New Fund Offer, the investor's application money would be refunded. Also the Mutual Fund will be constrained to reject the application by a single investor to the extent of having exposure of more than 25% of the scheme corpus at the time of allotment. Hence such investor shall be allotted limited units to such extent.

(B) Post Conversion of the scheme into Open-end scheme:

The scheme shall comply with the condition of having 20 investors on an average basis, in each calendar quarter, failing which the provisions of Regulation 39(2)(c) of SEBI (Mutual Funds) Regulations, 1996 shall become applicable without any reference from SEBI and accordingly the said portfolio under the scheme shall be wound up by following the procedure / guidelines laid down by SEBI. The guidelines with respect to maximum holding by a single individual would be reckoned and monitored as mentioned in SEBI Circular No. SEBI/IMD/Cir. No. 1/42525/05 dated June 14, 2005.

SEBI has provided further clarifications vide circular SEBI/IMD/Cir No. 1/42529/05 dated 14th June 2005 in respect to determining the breach of the 25% limit by an Investor - (i) the earlier circular would be applicable at the portfolio level. (ii) The average net assets of the scheme would be calculated daily and any breach of the 25% holding limit by an investor would be determined. At the end of the quarter, the average of daily holding by each such investor will be computed to determine whether that investor has breached the 25 % limit over the quarter. If there is a breach of limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period.

Key Scheme Specific Risk Factors

Stock Market Volatility: Stock markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Different parts of the market can react differently to these developments. In general, large-cap stocks tend to exhibit a lower degree of volatility as compared to mid-cap stocks; small-cap stocks tend to exhibit a higher degree of volatility as compared to mid-cap stocks. The stock-specific volatility may also change over a period of time as the characteristic of the stock undergoes a change in terms of market-cap category.

Equity Price Risk: Stock prices may rise or decline based on a number of factors. These could be a combination of company-specific and system-specific factors. Their impact on different types of stocks may vary. Prices change due to events that impact entire financial markets or industries (for example, changes in inflation, consumer demand, supply situation and GDP growth). Company-specific factors may include the likes of success or failure of a new product, mergers, takeovers, earnings announcement and changes in management, to name a few. Securities owned by the Scheme may offer opportunities for growth because of high potential earnings growth; they may also involve greater risks than securities that do not have the same potential.

Market Cap Risk: The fund may invest a sizeable proportion of its assets in mid-cap and small-cap stocks. These companies may have limited product lines, markets, financial resources, and management bandwidth and revenue/earnings visibility. Though they have superior growth prospects and promise of higher return, the risks are also on the higher side. They are subject to a high degree of volatility and liquidity may also be a constraint. These stocks may also go through protracted periods of investor apathy. Price changes in such stocks may be more pronounced as compared to effect of evens on larger, more established companies. Any change in the value of the securities owned by the Scheme will lead to changes in the Net Asset Value of the Scheme, In the short-term, fluctuations in prices of stocks and NAV can be significant.

Non-diversification Risk: The Scheme may pursue only a limited degree of diversification. It may invest a greater proportion of assets in the securities of one issuer (within the limit permitted by regulation) as compared to a diversified fund. This could have implications for the performance of the fund. The Scheme may be more sensitive to economic, business, political or other changes and this may lead to sizeable fluctuation in the Net Asset Value of the Scheme.

Dependency Risk: The fund will primarily invest in stocks and mutual funds and exchange-traded funds linked to stocks. Equity confers a proportionate share of

the ownership of a company. Its value will depend on the success of the company's business, income paid to stockholders by way of dividend, the value of the company's assets, quality of its corporate governance practise, its attractiveness relative to peers and general market conditions. Convertible securities generally are fixed-income securities or preference shares that may be converted into common stock after a prescribed period.

Temporary Investment Risk: If the fund manager is of the view that market or economic conditions may become unfavourable for investors in equities, he may invest a higher proportion of the fund's assets in high quality short-term and medium-term fixed income instruments as well as near-cash equivalents. This may be a defensive and temporary strategy. The fund manager may also adopt such a strategy while zeroing in on appropriate investment opportunities or to maintain liquidity. At times, such investments may lead to lower returns. In these circumstances, the Scheme may be unable to achieve its investment goal.

Asset-Class Risk: Stocks have historically outpaced other asset classes such as gold, fixed deposits and bonds, to name a few, over the long term in India. Individual stocks prices may, however, tend to rise and decline in a dramatic manner. Such price movement may be due to company-specific aspects or factors such as inflation, interest rates and growth rates that affect the securities market in entirety. A slowdown in growth or a partial or full-blown recession may have a negative impact on prices of most stocks owned by the Scheme.

Issuer-Specific Changes The value of an individual security or particular type of security can be more volatile than the market as a whole and can perform differently from the value of the market as a whole. Lower-quality debt securities (those of less than investment-grade quality) and certain types of other securities involve greater risk of default or price changes due to changes in the credit quality of the issuer. The value of lower-quality debt securities and certain types of other securities can be more volatile due to increased sensitivity to adverse issuer, political, regulatory, market or economic developments

Interest rates Changes in the prevailing rates of interest is likely to affect the value of the scheme's holdings and consequently the value of the scheme's Units. Increased rates of interest, which frequently accompany inflation and /or a growing economy, are likely to have a negative effect on the value of the Units. The value of debt securities held by the scheme generally will vary inversely with the changes in prevailing interest rates.

While it is the intent of the fund manager to invest primarily in high rated debt securities, the scheme may from time to time invest in higher yielding, low rated securities. As a result, an investment in the scheme may be accompanied by a higher degree of risk relative to an investment consisting exclusively of high rated, lower yielding securities.

Credit Risk: Credit Risk refers to the risk of interest (coupon) payment and /or principal repayment. All debt instruments carry this risk. Government securities carry sovereign credit risk the assets of the Scheme will be partly or entirely invested in corporate debt. The assets of the Scheme will be partly or entirely invested in fixed income securities issued by a corporate entity, bank, financial institution and/or a public sector undertaking owned by the Government of India or by a government in any state. The credit risk associated with the aforementioned issuers of debt is higher than that of government securities.

General Price Risk: As long as the Scheme will be invested, its Net Asset Value (NAV) is exposed to market fluctuations, and its value can go up as well as down. The portfolio of fixed-income securities that the Scheme invests in would be exposed to price changes on a day-to-day basis.

These price changes may occur due to instrument-specific factors as well as general macroeconomic conditions. In general, price of fixed-income securities go up when interest rates fall, and vice versa.

Market Risk: The Scheme may also be subject to price volatility due to such factors as interest sensitivity, market perception or the creditworthiness of the issuer and general market liquidity

Different types of securities in which the Scheme would invest as given in the Offer Document carry different levels and types of risk. Accordingly the Scheme's risk may increase or decrease depending upon its investment pattern. e.g. corporate debt carry credit risk unlike Government securities. Further even among corporate debt, AAA rated debt is less comparatively less risky (in credit risk terms) than those rated lower (say AA or A).

Fixed Income securities of any issuer that has higher duration could be more risky in terms of price movements relative to those with lower duration. Thus any impact of interest rate changes would be higher on securities with higher duration irrespective of the status of the issuer of the security.

Risks associated with derivatives: The scheme may use derivative instruments like stock / index futures interest rate swaps, forward rate agreement or such

other derivative instruments that are / may be permitted under SEBI/RBI Regulations, for the purpose of hedging and portfolio balancing. These instruments, if imperfectly used, have the risk of the Scheme incurring losses due to mismatches, particularly in a volatile market. The Fund's ability to use these techniques may be limited by market conditions, regulatory limits and tax considerations (if any).

Risk associated with securitised debt:

Securitisation is a process by which assets are sold to a bankruptcy remote special purpose vehicle (SPV) in return for an immediate cash payment. The cash flow from the underlying pool of assets is used to service the securities issued by the SPV.

The Scheme may invest in such securities issued by the SPV. The securities may be either Asset backed (ABS) or Mortgage backed (MBS). Asset Backed Securities (ABS) are securitised debts where the underlying assets are receivables arising from automobile loans, personal loans, loans against consumer durables, credit card receivables, loans to SME businesses etc.

Mortgage backed securities (MBS) are securitised debts where the underlying assets are receivables arising from loans backed by mortgage of residential / commercial properties. ABS / MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS / MBS or the originator of the underlying receivables.

General Risk associated with Securitised Debt (ABS/MBS)

a) Credit Risk

ABS / MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS / MBS or the Originator Of the underlying receivables. The ABS / MBS holders have a limited recourse to the extent of credit enhancement provided, if any. If the delinquencies and credit losses in the underlying pool exceed the credit enhancement provided, ABS / MBS holders will suffer credit losses.

b) Reinvestment/Prepayment risk

ABS / MBS are also normally exposed to a higher level of reinvestment/prepayment risk as compared to the normal corporate or sovereign debt.

c) Liquidity risk

ABS /MBS is generally thinly traded in the secondary market and thus tend to lower liquidity.

The specific risks pertaining to a few of the asset classes that are securities above are described below:

Asset-Backed Securities

1. Auto Loans (cars / commercial vehicles /two vehicles)
 - The underlying assets (cars etc) are susceptible to depreciation in value whereas the loans are given at high loan to value ratios. Thus, after a few months, the value of asset becomes lower than the loan outstanding. The borrowers, therefore, may sometimes tend to default on loans and allow the vehicle to be repossessed.
 - These loans are also subject to model risk. ie if a particular automobile model does not become popular, loans given for financing that model have a much higher likelihood of turning bad. In such cases, loss on sale of repossession vehicles is higher than usual.
 - Commercial vehicle loans are susceptible to the cyclicity in the economy. In a downturn in economy, freight rates drop leading to higher defaults in commercial vehicle loans. Further, the second hand prices of these vehicles also decline in such economic environment.
2. Consumer Durable Loans
 - The underlying security for such loans is easily transferable without the bank's knowledge and hence repossession is difficult.
 - The underlying security for such loans is also susceptible to quick depreciation in value. This gives the borrowers a high incentive to default.
3. Personal Loans and Credit Cards
 - These are unsecured loans. In case of a default, the bank has no security to fall back on.
 - The lender has no control over how the borrower has used the borrowed money.

Motgage-backed Securities

1.Housing Loans

Housing loans in India have shown very low default rates historically. However,

in recent years, loans have been given at high loan to value ratios and to a much younger borrower classes. The loans have not yet gone through the full economic cycle and have not yet seen a period of declining property prices. Thus the performance of these housing loans is yet to be tested and it need not conform to the historical experience of low default rates.

Further, all the above categories of loans have the following common risks:

- All the above loans are retail, relatively small value loans. There is a possibility that the borrower takes different loans using the same income proof and thus the income is not sufficient to meet the debt service obligations of all these loans.

In India, there is no ready database available regarding past credit record of borrowers. Thus, loans may be given to borrowers with poor credit record.

Special Considerations

Read this document Prospective investors should study this offer document carefully and in its entirety.

Content is not Advice The contents shall not be construed as advice relating to legal, taxation, financial or investment matters.

Seek Professional Advice Investors should consult their own professional advisor(s) on any or all of the following aspects:

- Legal or any other requirements/restrictions relating to the subscription, gifting, acquisition, holding, disposal (sale, transfer, switch or redemption or conversion into money) of units
- Treatment of income (if any), capitalization, capital gains, any distribution and other tax consequences relevant to their investment decision
- The applicability of tax and other laws within their jurisdiction / of nationality, residence, domicile
- The laws of any jurisdiction to which they or any managed funds to be used to purchase/gift units are subject
- Possible legal, tax, financial or other consequences of subscribing / gifting to, purchasing or holding units before making an application for units.

This is only an illustrative list.

Neither this offer document nor the units have been registered in any jurisdiction. The distribution of this offer document in certain jurisdictions may be restricted or subject to registration requirements and, accordingly, persons who come into possession of this offer document in certain jurisdictions are required to inform themselves about, and to observe, any such restrictions.

No person receiving a copy of this offer document or any accompanying application form in such jurisdiction may treat this offer document or such application form as constituting an invitation to them to subscribe for units, nor should they in any event use any such application form, unless in the relevant jurisdiction such an invitation could lawfully be made to them and such application form could lawfully be used without compliance with any registration or other legal requirements.

Neither the delivery of this offer document nor any sale made hereunder shall, under any circumstances, create any implication that the information contained herein is correct as of any time subsequent to the close of the New Fund Offering Period.

The Mutual Fund may disclose details of the investor's account and transactions to those intermediaries whose stamp appears on the application form. In addition, the Mutual Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investors.

Prevention of Money Laundering

In terms of the Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML Laws), all intermediaries, including Mutual Funds, have to formulate and implement a client identification programme, verify and maintain the record of identity and address (es) of investors.

In order to make the data capture and document submission easy and convenient for the investors, Mutual Fund Industry has collectively entrusted this responsibility of collection of documents relating to identity and address and record keeping to an independent agency (presently CDSL Ventures Limited) that will act as central record keeping agency ('Central Agency'). As a token of having verified the identity and address and for efficient retrieval of records, the Central Agency will issue a Mutual Fund Identification Number ('MIN') to each investor who submits an application and the prescribed documents to the Central Agency.

Investors who have obtained the MIN can invest in the schemes of the mutual fund by quoting the MIN in lieu of submitting information and documents required under AML Laws.

Mutual Fund Identification Number

Investors who wish to obtain a MIN have to submit a completed Application Form for MIN ('MIN Form') along with all the prescribed documents listed in the MIN Form, at any of the Point of Service ('POS'). The MIN Form is available at our website (www.sundarambnpparibas.in) and AMFI website (www.amfiindia.com). POS are the designated centres appointed by the Central Agency for receiving application forms, processing data and allotment of MIN. List of and location of POS is available at our website (www.sundarambnpparibas.in) and www.amfiindia.com. On submission of application, documents and information to the satisfaction of the POS, the investor will be allotted a provisional MIN across the counter. Subsequently, the Central Agency will scrutinize the information and documents submitted by the investor, and confirm the MIN. However, the Central Agency may cancel the MIN within 15 working days from the date of allotment of provisional MIN, in case of any deficiency in the document/information. Intimation on cancellation of MIN will be dispatched by the Central Agency to the investor immediately. No communication will be sent to the investor if the MIN as allotted is confirmed.

Presently, it is mandatory for all applications for subscription of value of Rs.50,000/- and above to quote the MIN of all the applicants (guardian in case of minor) in the application for subscription. The MIN will be validated with the records of the Central Agency before allotting units. Applications for subscriptions of value of Rs.50,000/- and above without a valid MIN may be rejected.

In the event of any MIN Application Form being subsequently rejected for lack of information / deficiency / insufficiency of mandatory documentation, the investment transaction will be cancelled and the amount may be redeemed at applicable NAV, subject to payment of exit load, wherever applicable. Such redemption proceeds will be despatched within a maximum period of 21 days from date of acceptance of application. (In case of an ELSS Scheme or a New Fund Offer, allotment will be done only on confirmation from the Central Agency that the MIN is final and if the Central Agency informs that the MIN is cancelled, the original amount invested will be refunded).

All investors (both individual and non-individual) can apply for a MIN. However, applicants should note that minors cannot apply for a MIN and any investment in the name of minors should be along with a Guardian, who should obtain a MIN for the purpose of investing with a Mutual Fund. Also, applicants / unit holders intending to apply for units / currently holding units and operating their Mutual Fund folios through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their respective MIN at the time of investment above the threshold. PoA holders are not permitted to apply for a MIN on behalf of the issuer of the PoA. Separate procedures are prescribed for change in name, address and other MIN related details, should the applicant desire to change such information. POS will extend the services of effecting such changes.

Applicants / Unit holders may contact our Investor Service Centers / their distributors, if any for any additional information/clarifications. Also, please visit our website www.sundarambnpparibas.in for any other related information.

SUNDARAM BNP PARIBAS EQUITY MULTIPLIER FUND

Certificate of Due Diligence

It is confirmed that:

1. This Offer Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
2. All legal requirements connected with the launching of the Scheme and also the guidelines, instructions, etc. issued by the Government of India and any other competent authority in this behalf, have been duly complied with.
3. The disclosures made in this Offer Document are true, fair and adequate to enable the investors to make a well-informed decision regarding investment in the Scheme.
4. The intermediaries named in the offer document are registered with SEBI and till date such registration is valid.

Place: Chennai
Date: 27/12/2006

T P Raman
Managing Director

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DEFINITIONS

In this Offer Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

Asset Management Company or AMC or Investment Manager	Sundaram BNP Paribas Asset Management Company Limited, a Company incorporated under the Companies Act, 1956 and registered with SEBI to act as the Investment Manager for the schemes of Sundaram BNP Paribas Mutual Fund.
Custodian	Standard Chartered Bank, acting as Custodian to the scheme, or any other Custodian who is approved by the Trustees.
Mutual Fund	Sundaram BNP Paribas Mutual Fund, a trust set-up under the provisions of the Indian Trusts Act, 1882 and registered with SEBI vide Registration No.MF/034/97/2.
NAV	The Net Asset Value per unit of this scheme, calculated in the manner provided in this offer document, or as may be prescribed by SEBI regulations from time to time.
Offer document	This document issued by Sundaram BNP Paribas Mutual Fund offering units of SUNDARAM BNP PARIBAS EQUITY MULTIPLIER FUND for subscription.
Scheme	SUNDARAM BNP PARIBAS EQUITY MULTIPLIER FUND is a Close-Ended Equity scheme with a tenure of three years after which it will be automatically converted into an Open End scheme.
SEBI	Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992.
SEBI Regulations	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time.
Trust Deed	The Trust Deed dated March 31st 2006 (as amended from time to time) establishing the Mutual Fund.
Trustee	Sundaram BNP Paribas Trustee Company Limited, a Company incorporated under the Companies Act, 1956 and appointed as a Trustee of Sundaram BNP Paribas Mutual Fund vide the Trust Deed dated March 31st 2006
Unit holder	A participant in the scheme.
Working Day	A day other than: (1) Saturday and Sunday (2) a day on which the National Stock Exchange or Bombay Stock Exchange is closed (3) a day on which there is no RBI clearing and (4) a day on which the sale and repurchase of units are suspended by the Trustees.

PART I

(1) SCHEME SUMMARY

Name of the Scheme	SUNDARAM BNP PARIBAS EQUITY MULTIPLIER FUND			
Structure	A Close-Ended Equity scheme with tenure of three years after which it will be automatically converted into an Open-End scheme. Upon the maturity, the Scheme will automatically be converted into an open-ended scheme without any further reference from the Mutual Fund/Trustee/AMC/Unit holders, subject to SEBI Regulations.			
Offer Price	During the initial issue the units will be offered at Rs.10/- each.			
Scheme Objective	The objective of the scheme would be to seek capital appreciation by investing in equity & equity related instruments.			
Asset Allocation	Asset Class	Min (%)	Max (%)	Risk Profile
	Equity & Equity Related Instruments	65%	100%	High
	Debt instruments including securitised debt *& Money Market Instruments	0%	35%	Low to Medium
	<i>* Investments in securitised debt up to a maximum of 30%.</i>			
Minimum Application Amount for subscription / purchase	During NFO		After conversion into Open-End at the end of 3 Years	
	Minimum Application Amount	Rs.5000/-	Minimum Application Amount	Rs.5000/-
	Minimum Additional purchase	Rs.500/-	Minimum Additional Purchase	Rs.500/-
Minimum Repurchase Amount	On Specific Repurchase Dates during Close-Ended Period			Rs.500/-
	After conversion into Open-Ended Scheme			Rs.500/-
Minimum Corpus	The Fund seeks to collect a minimum corpus of Rs.1 Crore. If the amount of subscription received during the new fund offer period is less than the minimum collection targeted, the amount collected will be refunded to the applicants, in accordance with the SEBI Regulations.			
Maximum Corpus	During the New Fund Offer Period, units are offered at Rs. 10/- each and the entire amount is payable on application. The minimum targeted amount of subscription during the NFO period is Rs. 1.00 cr. And the maximum limit is fixed at Rs. 500 cr. The AMC has a right to retain 10% of the maximum limit (i.e Rs. 50 cr.), over and above the maximum limit of Rs. 500 cr., in case of any oversubscription. The aggregate mobilization including the oversubscription shall not exceed Rs. 550 cr. In the event of scheme mobilizing a sum of Rs.500 cr., the AMC shall make an announcement in two newspapers intimating its intention to close the offer.			

	<p>Allotment is assured to eligible applicants till the subscription reaches the maximum limit, provided the applications are complete in all respects and in order.</p> <p>In terms of SEBI Regulations, applicants applying up to 5000 units shall be given full allotment, provided the applications are complete in all respects and in order and subject to the aggregate mobilization Rs.550 cr. indicated above.</p> <p>If the moneys received from the applicants for units are in excess of Rs. 550 cr. The AMC shall refund such excess money to the applicants.</p>																			
Initial Issue Expenses	<p>The initial issue expenses will be amortized on a daily basis over the close-ended Tenure, i.e. for a three-year period, of the Scheme. The initial issue expenses charged to the scheme would not exceed 6% of the corpus collected under the Scheme. Any initial issue expenses more than 6% will be borne by AMC.</p>																			
Liquidity (During the Close End Period)	<p>Purchase / Switch In Purchase / Switch-In can be done only during NFO and Purchase / Switch-In request will not be permitted on an on-going basis</p> <p>Redemption / Switch Out Redemption / Switch Out would be allowed on 180th, 360th, 540th, 720th, 900th & 1080th Day from the date of allotment at NAV based price (subject to applicable Exit Load and deduction of unamortized initial issue expense). On the maturity date there will be no Exit Load. For the understanding of investors the following table gives provisional redemption dates:</p> <table border="1"> <thead> <tr> <th colspan="2">Details of the Specified Redemption dates</th> </tr> </thead> <tbody> <tr> <td>Provisional Allotment date</td> <td>2nd March 2007</td> </tr> <tr> <th>Specified Redemption Days</th> <th>Provisional Specified Redemption Dates</th> </tr> <tr> <td>1st redemption- 180 Days from the date of allotment</td> <td>29th August 2007</td> </tr> <tr> <td>2nd redemption- 360 Days from the date of allotment</td> <td>25th February 2008</td> </tr> <tr> <td>3rd redemption- 540 Days from the date of allotment</td> <td>25th August 2008</td> </tr> <tr> <td>4th redemption – 720 Days from the date of allotment</td> <td>23rd February 2009</td> </tr> <tr> <td>5th redemption – 900 Days from the date of allotment</td> <td>24th August 2009</td> </tr> <tr> <td>6th & Maturity Date – 1080 Days from the date of allotment</td> <td>22nd February 2010</td> </tr> </tbody> </table> <p><i>Note: The above specified redemption dates are provisional and are subject to change based upon the actual date of allotment.</i></p> <p><i>If the specified redemption date falls on a holiday the repurchase will be made on the next working day.</i></p>		Details of the Specified Redemption dates		Provisional Allotment date	2nd March 2007	Specified Redemption Days	Provisional Specified Redemption Dates	1st redemption- 180 Days from the date of allotment	29th August 2007	2nd redemption- 360 Days from the date of allotment	25th February 2008	3rd redemption- 540 Days from the date of allotment	25th August 2008	4th redemption – 720 Days from the date of allotment	23rd February 2009	5th redemption – 900 Days from the date of allotment	24th August 2009	6th & Maturity Date – 1080 Days from the date of allotment	22nd February 2010
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6th & Maturity Date – 1080 Days from the date of allotment	22nd February 2010																			
Liquidity (After Converting into Open-End scheme)	<p>Purchase / Switch In</p>	<p>On any working day, at NAV-related price, subject to Entry Load, if any.</p>																		
	<p>Redemption / Switch Out</p>	<p>On any working day at NAV-related price, subject to Exit Load, if any.</p>																		
Transparency	<p>During the close-ended period the NAV will be determined once in a week i.e. on every Wednesday and also on specified redemption dates and published in 2 news papers. Subsequent to the scheme's conversion into an open-ended NAV will be published daily in 2 news papers. NAV can also be viewed at www.sundarambnpparibas.in and www.amfiindia.com.</p> <p>Further transparency will be maintained through half-yearly disclosure of established portfolio through newsletters.</p>																			
Load Structure	<p>During NFO</p> <table border="1"> <tr> <td>Entry Load</td> <td>Nil</td> </tr> <tr> <td>Exit Load</td> <td>Repurchase on 180th Day from the date of allotment: 4%</td> </tr> <tr> <td></td> <td>Repurchase on 360th Day from the date of allotment: 3.5%</td> </tr> <tr> <td></td> <td>Repurchase on the 540th Day from the date of allotment: 3%</td> </tr> <tr> <td></td> <td>Repurchase on the 720th Day from the date of allotment: 2.5%</td> </tr> <tr> <td></td> <td>Repurchase on the 900th Day from the date of allotment: 2%</td> </tr> <tr> <td></td> <td>Repurchase on the 1080th Day from the date of allotment (Maturity Date): NIL</td> </tr> </table> <p>After conversion into Open-End at the end of 3 Years</p> <table border="1"> <tr> <td>Entry Load</td> <td>For application to invest less than Rs.2 Crore, including through SIPs : 2.25% For application to invest equal to or more than Rs.2 Crore: Nil</td> </tr> <tr> <td>Exit Load</td> <td>The Trustee reserves the right to introduce an appropriate Load Structure at the time of conversion of the Scheme into an open end Scheme. An Addendum shall be published by the Mutual Fund / AMC announcing the Load Structure prior to conversion of the Scheme and this shall become an integral part of the offer document.</td> </tr> </table> <p><i>No Entry/Exit Load shall be charged on the units subscribed by any Fund Of Funds schemes</i></p>		Entry Load	Nil	Exit Load	Repurchase on 180th Day from the date of allotment: 4%		Repurchase on 360th Day from the date of allotment: 3.5%		Repurchase on the 540th Day from the date of allotment: 3%		Repurchase on the 720th Day from the date of allotment: 2.5%		Repurchase on the 900th Day from the date of allotment: 2%		Repurchase on the 1080th Day from the date of allotment (Maturity Date): NIL	Entry Load	For application to invest less than Rs.2 Crore, including through SIPs : 2.25% For application to invest equal to or more than Rs.2 Crore: Nil	Exit Load	The Trustee reserves the right to introduce an appropriate Load Structure at the time of conversion of the Scheme into an open end Scheme. An Addendum shall be published by the Mutual Fund / AMC announcing the Load Structure prior to conversion of the Scheme and this shall become an integral part of the offer document.
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(2) CONSTITUTION OF THE MUTUAL FUND

Sponsor

The Sponsors of the Sundaram BNP Paribas Mutual Fund are Sundaram Finance Limited (SF) and BNP Paribas Asset Management (BNP PAM) Sundaram BNP Paribas Asset Management Company Limited is a Joint Venture of Sundaram Finance Limited and BNP Paribas Asset Management.

Sundaram Finance Ltd

SF is India's leading non-banking finance company having a track record for more than 51 years with an asset base over Rs. 5,615 Crores. A strong player in the Commercial vehicle and Car finance segments, the Sundaram Finance Group's services range from automobile finance to home loans to mutual funds to insurance. Sundaram Finance has a nation wide network of over 165 branches, an employee strength of over 2000 people and stands as one of the most trusted financial services provider in the country. Sundaram Finance Group remains true to its core values of prudence, fairness, transparency and service excellence It has a deposit base exceeding Rs. 628 Crores covering over 2,68,000 accounts and an uninterrupted dividend record of accomplishment since inception. The public deposit schemes of SF enjoy the prestigious 'FAAA' (F triple A) rating from Credit Rating Information Services of India Ltd (CRISIL) and the prestigious MAAA (M triple A) rating from ICRA Ltd signifying the highest degree of safety of depositors' funds. SF's commercial paper has been rated P1+ by CRISIL. Sundaram BNP Paribas Asset Management Company Ltd is a subsidiary of Sundaram Finance Ltd. SF is holding 50.10% in the paid up share capital of the company and the balance 49.90% is held by BNP PAM.

Other subsidiaries of SF are:

1. Sundaram Home Finance Limited, set up in 1999, provides retail home finance.
2. Royal Sundaram Alliance Insurance Company Limited: The company is a joint venture between Sundaram finance Limited and Royal & Sun Alliance Plc. The company is engaged in Non Life Insurance Business.
3. Sundaram Finance Distribution Limited (formerly Sundaram Insurance Broking Limited) distributes and markets financial, savings, loan, investments and insurance products.
4. LGF Services (Private) Limited: The company engaged in the services of distributing Non-Life Insurance products.
5. Sundaram BNP Paribas Trustee Company Limited (Formerly Sundaram Finance Trustee Company Ltd) was incorporated on December 2, 2003. The trustee Company has assumed the trusteeship functions fully from the Board of trustees of Sundaram Mutual Fund with effect from March 31, 2004. After the introduction of BNP Paribas Asset Management as Co-Sponsor of the Mutual Fund the company has become a joint venture company.
6. Sundaram InfoTech solutions Limited is engaged in the business of IT Services, Customised Software Solutions, Software products to cater the needs of financial services Industry, data center and Industrial Management, network management, data warehousing and related services.
7. Sundaram Business Services is engaged in Business Process Outsourcing, back office support in areas of automobile financing, insurance and accounting services.

The Sponsor has irrevocably settled a sum of Rs 1 Lakh as corpus of the Trust, which shall be held and managed by the Trust in accordance with the Trust Deed dated March 31st 2006.

Financial performance of Sundaram Finance Ltd for the last 3 financial years – (Rs. In Crore)

Description	Period ended 30/09/2006	Year ended 31/03/2006	Year ended 31/03/05	Year Ended 31/03/04
Turnover/Total Income	290.57	595.85	459.08	357.89
Profit after tax	41.68	170.59	75.99	55.62
Equity Capital (FV Rs. 10/- each)	27.78	27.78	27.78	24.00
Free Reserves	824.73	783.05	655.22	499.24
Net worth	852.51	810.83	683.00	523.24
Earnings Per share (Rs.)	15.01	61.42	27.36	23.18
Book Value per share (Rs.)	306.87	291.92	283.01	218.02
Percentage of Dividend Paid	-	135%	75%	70%

(Source: published Unaudited/ Audited Financial results of Sundaram Finance Limited);

BNP PARIBAS ASSET MANAGEMENT

BNP Paribas Asset Management is a wholly controlled subsidiary of BNP Paribas and is a major player in fund management and distribution, with Euro 274 Billion in assets under management and advisory as on Dec 31, 2005, and more than 1400 staff and a presence in 20 countries.

Group Companies of BNP PAM Ltd are:

- BNP PAM GmbH (Germany) is an entity, which markets financial products. It is not regulated and was established in May 1986
- BNP PAM SGR (Italy) is an asset management company. It is regulated by the CONSOB and the Bank of Italy. It was established in December 1998.
- Antin Participation 19 (France) is a company buying equity interests in financial companies; it is not regulated and was established in June 2004
- Shenyin Wanguo BNP PAM (China) is an asset management company. It is regulated by the commission de Surveillance. It was established in May 1989.

Associate companies of BNP PAM:

- Fauchier Partners Management Limited (Guernsey) is an asset management company. It is regulated by the Guernsey Financial Services commission. It was established in September 2001.
- BNP Paribas Asset Management Asia Limited (Hong Kong) is an asset management company. It is regulated by the Securities and Futures Commission. It was established in June 1997.
- BNP PAM Monaco (Monaco) is an asset management company. It is regulated by the Commission de Surveillance. It was established May 1989.

Financial performance of BNP Paribas Asset Management for three financial years (In Million Euros)

Description	Year Ended 31/12/04	Year Ended 31/12/03	Year Ended 31/12/02
Turnover/Total Income	605.75	521.07	529.91
Profit after tax	102.96	90.83	64.23
Equity Capital (FV –Euro 16.)	62.85	59.61	55.19
Free Reserves	337.51	324.46	343.57
Net worth	400.36	384.08	343.57
Earnings Per share (Euro)	26.21	24.38	18.62
Book Value per share (Euro)	101.93	103.08	99.59
Percentage of Dividend Paid**	100%	100%	100%

* Face value of the stock at Euro 16.

** Dividends paid as a percentage of Profit after Tax.

Sundaram BNP Paribas Mutual Fund

Sundaram Mutual Fund has been constituted as a Trust under the Indian Trusts Act, 1882. The Mutual Fund has been registered with SEBI vide Registration No. MF/034/97/2 dated January 3, 1997. The trust deed dated August 24, 1996 and the deed of amendment dated March 22, 2004 have been duly registered with the Sub - Registrar, Chennai under serial no 356 of 1996 and serial number 108 of 2004, respectively. The sponsor has irrevocably settled a sum of Rs. 1 lakhs as corpus of the trust, which shall be held and managed by the trust in accordance with the Trust deed dated August 24, 1996.

After the introduction of BNP Paribas Asset Management as the cosponsor of the Mutual Fund, the Trust Deed has been amended. The amended Trust Deed dated March 31st, 2006 has been duly registered with the Sub-registrar, Chennai, under Serial No. 193 of 2006.

Sundaram BNP Paribas Trustee Company

The Sponsors, Sundaram Finance Limited and BNP Paribas Asset Management has appointed Sundaram BNP Paribas Trustee Company Ltd as the Trustee vide an amended Trust Deed dated 31st March 2006.

The Board of Directors of the Trustee Company

Name, Address	Principal Occupation
Mr. K.V. Ramanathan, IAS (Retired) Chairman (Independent Director) Rohini, # 9 Second Seaward Road, Valmiki Nagar, Thiruvanimiyur, Chennai – 600 041.	Former Executive Director Asian Development Bank Manila, Philippines Chairman Bangalore Land and Homes Ltd
Mr. S. Viji New No.71, Old No.33, Poes Garden, Chennai – 600 086	Chairman Sundaram Finance Limited Sundaram Home Finance Limited TVS Lean Logistics Limited. Managing Director Brakes India Limited Director Sundaram Industries Limited TV Sundram Iyengar & Sons Limited Wheels India Limited Royal Sundaram Alliance Insurance Company Limited Managing Trustee Bharath International Trust, Chennai Trustee Sundaram Educational Trust Sundaram Medical Foundation Vice Chairman Worth Trust, Katpadi
Mr. R. Rajamani (Independent Director) 8-2-585/A/1, Road No.9 Banjara Hills Hyderabad - 500 034	Former Secretary Environment & Forests Government of India Director ICICI Knowledge Park Canara Bank Factors Ltd.
Mr. K.V. Krishnamurthy (Independent Director) 174, Kalpataru Residency, Tower A 107 Road no.8, Sion (East) Mumbai 400 022	Director Assets Reconstruction Company of India Ltd. Rap Media Limited, Mumbai Centrum Finance Limited Centrum Direct Limited Essel Propack Limited JSW Steel Ltd Rathnakar Bank Limited Borosil Glass works Partner (Part Time) KCA & Co., Chartered Accountants
Mr. Rault, Yann 40 Avnue Junot, 75018 Paris, France	No other directorships held currently
Mr. Al Noor Premji (Alternate Director to Mr. Rault, Yann) 63A Ulundri Drive, Castle Hill, NSW 2154, Australia	No other directorships held currently

FUNCTIONS AND RESPONSIBILITIES OF TRUSTEES

The trustees are vested with the general power of superintendence, direction and management of the affairs of the Trust. The trustees have appointed Sundaram BNP Paribas Asset Management Company Limited as the AMC for Sundaram BNP Paribas Mutual Fund and have to ensure that the AMC fulfils the functions assigned to it, from time to time, subject to the Trust Deed, SEBI Regulations and laws in force.

- The trustees report every half-year to SEBI and annually to the investors on the functioning of the Fund. As per the Trust Deed and SEBI Regulations, the trustees inter alia, have the following functions and responsibilities.

- A trustee in carrying out his responsibilities as a member of the Board of trustees or of trustee Company shall maintain arms' length relationship with other companies, or institutions or financial intermediaries or any body corporate with which he may be associated.
- No trustee shall participate in the meetings of the Board of trustees or Trustee Company when decisions for investments in which he may be interested are taken.
- All the trustees shall furnish to the Board of trustees or trustee company, particulars of interest which he may have in any other company, or institution or financial intermediary or any corporate by virtue of his position as director, partner or with which he may be associated in any other capacity.
- Each trustee shall file the details of his transactions of dealing in securities with the Mutual Fund on a quarterly basis.
- The trustees shall have the right to obtain from the Asset Management Company such information as is considered necessary.
- The trustees shall ensure that the transactions entered into by the Asset Management Company are in accordance with the SEBI Regulations and the scheme. The trustees shall ensure that the Asset Management Company has been managing the schemes independently of other activities and have taken adequate steps to ensure that the interest of the investors of one scheme are not being compromised with those of any other scheme or of other activities of the Asset Management Company.
- The trustees shall ensure that all the activities of the Asset Management Company are in accordance with the provisions of the SEBI Regulations.
- Where the trustees have reason to believe that the conduct of business of the Mutual Fund is not in accordance with SEBI Regulations and the scheme, they shall forthwith take such remedial steps as are necessary by them and shall immediately inform SEBI of the violation and the action taken by them.
- The trustees shall be accountable for and be the custodian of the funds and property of the scheme and shall hold the same in trust for the benefit of the unit holders in accordance with SEBI Regulations and the provisions of the Trust Deed.
- The trustees shall be responsible for the calculation of any income due to be paid to the mutual fund and also of any income received in the mutual fund for the holders of the units of the scheme in accordance with the SEBI Regulations and the provisions of the Trust Deed.
- The trustees shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy themselves that such contracts are executed in the interest of the unit holders.
- The trustees shall periodically review the investor complaints received and the redressal of the same by the Asset Management Company.
- The trustees shall ensure that the mutual fund buys and sells securities on the basis of deliveries and in all cases of purchases, take delivery of the relative securities and in all cases of sale, deliver the securities and in no case put itself in a position whereby it has to make short sale or carry forward transaction or engage in badla finance.
- The trustees are required to obtain the consent of the unit holders of a scheme
 - whenever required to do so by SEBI in the interest of the unit holders; or
 - upon the request made by three-fourths of the unit holders of this scheme; or
 - if the majority of the trustees decide to wind up the scheme(s) or prematurely redeem the units.
- The trustees shall ensure that no change in the fundamental attributes of the scheme(s) or the Trust or fees and expenses payable or any other change which would modify the scheme(s) or affect the interest of the unit holders, shall be carried out unless,
 - a written communication about the proposed change is sent to each unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the mutual fund is situated; and
 - the unit holders are given an option to exit at the prevailing NAV without any exit load.

- The trustees are required to call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report the same to SEBI, as and when required.
- The trustees are required to review on a quarterly basis all transactions carried out between the Fund, AMC and its associates.
- The trustees are required to review quarterly the net worth of the AMC and in case of any shortfall ensure that the AMC make up for the shortfall as per clause (f) of sub regulation (1) of regulation 21 of the SEBI Regulations.
- The trustees are required to ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the unit holders.
- The trustees are required to abide by the Code of Conduct as specified in the Fifth Schedule of the SEBI Regulations.
- The meetings of the trustees shall be held at least once in every two months and at least six meetings shall be held in every year.
- The trustees shall maintain high standards of integrity and fairness in all their dealings and in the conduct of their business.
- The trustees shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgement.
- The trustees have to furnish to SEBI on a half-yearly basis, -
 - a report on the activities of the Fund;
 - a certificate stating that the trustees have satisfied themselves that there have been no instances of self-dealing or front running by any of the trustees, directors and key personnel of the AMC;
- A certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in Regulation 24, sub regulation (2) of the SEBI Regulations, have been undertaken by the AMC and has taken adequate steps to ensure that the interests of the unit holders are protected.
- The independent trustees are required to give their comments on the report received from the AMC regarding the investments by the Mutual Fund in the securities of the group companies of the Sponsor.
- No amendment to the Trust Deed shall be carried out without the prior approval of SEBI and the unit holders, where it affects the interest of unit holders.
- In terms of SEBI (Mutual Funds) (Amendment) Regulation 1999, the trustees shall exercise due diligence as under:

A. General Due Diligence:

- The trustees shall be discerning in the appointment of the directors on the Board of the asset management company.
- The trustees shall review the desirability of continuance of the asset management company if substantial irregularities are observed in any of the schemes and shall not allow the asset management to float new scheme.
- The trustees shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- The trustees shall ensure that all service providers are holding appropriate registrations from SEBI or concerned regulatory authority.
- The trustees shall arrange for test checks of service contracts.
- The trustees shall immediately report to SEBI of any special developments in the mutual fund.

B. Specific Due Diligence:

The trustees shall:

- Obtain internal audit reports at regular intervals from independent auditors appointed by the trustees;
- Obtain compliance certificates at regular intervals from the AMC;
- Hold meetings of the trustees more frequently;
- Consider the reports of the independent auditor and compliance reports of the asset management company at the meetings of trustees for appropriate action;
- Maintain records of the decisions of the trustees at their meetings and of the minutes of the meetings;

- Prescribe and adhere to a code of ethics by the trustees, the Asset Management Company and its personnel;
- Communicate in writing to the Asset Management Company of the deficiencies and checking on the rectification of deficiencies.

Notwithstanding anything contained in sub regulations (1) to (25) of Regulation 25, the trustees shall not be liable for acts done in good faith if they have exercised adequate due diligence honestly.

The independent trustees shall pay specific attention to the following, as may be applicable, namely:-

- The Investment Management Agreement and the compensation paid under the agreement;
- Service contracts with affiliates – whether the Asset Management Company has charged higher fees than outside contractors for the same services;
- Selection of the Asset Management Company's independent directors;
- Securities transactions involving affiliates to the extent such transactions are permitted;
- Selecting and appointing individuals to fill independent directors vacancies;
- Code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions;
- The reasonableness of fees paid to sponsors, Asset Management Company and any other services provided for;
- Principal underwriting contracts and their renewals;
- Any service contract with the associates of the Asset Management Company.

An audit committee of the trustees has been constituted which reviews the internal audit systems and the recommendations of the internal and statutory audit reports.

For the Current Financial Year (2006-07) four (4) meetings of the Trustees and five (5) meetings of the Audit Committee were held.

The Supervisory role of the Board of Directors of trustee Company is discharged by having continuous feedback from the AMC on the matters of importance and review of the Mutual Funds operations.

Trusteeship Fees

Pursuant to the Trust Deed dated March 31st 2006, (which is amended time to time) presently the Trustee Company is entitled to a fee of 0.01% of the daily average net assets of all the schemes of the Mutual Fund.

THE ASSET MANAGEMENT COMPANY

Sundaram BNP Paribas Asset Management Company Limited, the investment manager of Sundaram BNP Paribas Mutual Fund, is a public limited company, incorporated under the Companies Act, 1956. The paid-up capital of the AMC is Rs.15.33 Crores. It is a Joint venture Company of Sundaram Finance Limited (SF) and BNP Paribas Asset Management (BNP PAM). SF is holding 50.10% in the paid up share capital of the company and the balance 49.90% is held by BNP PAM.

SEBI has permitted AMC to commence PMS activity and providing management and advisory services to offshore funds, pension funds, provident funds, venture capitals funds, and management of insurance funds, financial consultancy and exchange of research on commercial basis under regulation 24(2).

The AMC commenced the Investment Advisory Services with effect from December 22, 2005. Portfolio Management Services is yet to be commenced.

Investment Management Agreement

Sundaram Asset Management Company Limited has been appointed as the Investment Manager vide Investment Management Agreement (IMA) dated August 24, 1996, executed between the Trustees and the AMC. Consequent to the change in the name of the AMC and Trustee Company, the agreement stands modified with the name of the Sundaram BNP Paribas Asset Management Company Ltd, as Investment Manager and Sundaram BNP Paribas Trustee Company, as the Trustees.

ii. Board of Directors of Asset Management Company

<p>Mr. D N Ghosh Chairman Former Chairman State Bank of India BC-148 Sector I Salt Lake Calcutta 700 064</p>	<p>Chairman ICRA Limited ICRA Management Consulting Services Ltd. L & L Services (P) Ltd SJK Steel Plant Ltd Opus Financial Services Director Housing Development Finance Corporation Limited Tata Tea Limited Managing Trustee Sameeksha Trust (Economic and Political Weekly)</p>
<p>Mr. S Krishnamurthy (Independent Director) Former Managing Director General Insurance Corporation of India 9 Nandanam Extension Chennai – 600 035.</p>	<p>No other directorships held currently</p>
<p>Mr. T.N. Anantharama Iyer (Independent Director) Former Managing Director Discount and Finance House of India Ltd 8 Rajmayur, 19th Road Khar (West) Mumbai – 400 052</p>	<p>No other directorships held currently</p>
<p>Mr. T.T. Srinivasaraghavan No 5 Kasturi Estates, Third Street Madras 600 086</p>	<p>Chairman Infreight India Technologies India (P) Ltd. Managing Director Sundaram Finance Limited Director Sundaram Home Finance Limited Royal Sundaram Alliance Insurance Company Limited Sundaram InfoTech Solutions Ltd Sundaram Business Services Ltd Council Member Federation of Automatic Dealers Association Member-General Committee Madras Chamber of Commerce & Industry Past President International Finance & Leasing Association</p>
<p>Mr.T.P. Raman, Managing Director Flat No. C#3, "Ashreya", No. 11, Raman Street, T Nagar, Chennai 600 017</p>	<p>Director Association of Mutual Funds In India</p>
<p>Dr. Ashoke Bijapurkar (Independent Director) 210, Konark Shram 156, Madan Mohan Malviya Marg Tardeo MUMBAI – 400034</p>	<p>Managing Director Future Step Advisory Services Pvt. Ltd. Director Dhara Vegetable Oil and Foods Company Ltd Mother Dairy Fruit and Vegetable Private Ltd</p>
<p>Dr. Banikanta Mishra (Independent Director) Professor of Finance Xavier Institute of Management Faculty Quarters No.4 Bhubaneswar 751013.</p>	<p>No other directorships currently held</p>
<p>Mr T Anantha Narayanan (Independent Director) Sri Niketan, 1, Raja Street, Mandaveli, Chennai – 600 028.</p>	<p>Director Indusind Bank Limited Ashok Leyland Properties Ltd. Ashok Leyland Projects Services Ltd. Ashley Holdings Ltd Ashley Investments Ltd. Allsec Technologies Limited</p>
<p>Mr. De Froment, Guy 33, Marryat Road, London SW19 5BE, UK</p>	<p>Director BNP Paribas Asset Management Shinhan BNP Paribas ITMC BNP PAM SGR (Italy) BNP Paribas Asset Management UK Ltd BNP Paribas Asset Management Japan Ltd BNP Paribas Asset Management Ltd (Nassau)</p>

	<p>FPML (Guernsey) BMCI Gestion (Morocco) BNP PAM Uruguay (Uruguay) BNP Paribas Asset Management Argentina SA (Argentina) BNP Paribas Argentina Asset Management SA (Argentina) BNP Paribas Asset Management Brasil Ltd (Brasil) Parvest (Luxembourg) BNP Paribas Japaquant (French SICAV) BNP Paribas Quantamerica (French SICAV)</p>
<p>Mr. Max Diulus 1, Rue Lallier, Paris, France 75009</p>	<p>No other Directorships currently held</p>

Functions and Responsibilities of the AMC

Important duties of the Investment Manager as per the Investment Management Agreement are:

- AMC will assume the day-to-day management of the Mutual Fund and in that capacity, subject to the supervision of the Trustees, shall be responsible for and have powers of implementing schemes and make investment decisions and manage the assets of the schemes of the Mutual Fund in accordance with the scheme objectives, Trust Deed and SEBI Regulations in the best interest of the unit holders.
 - Implement a specific scheme in all respects including the allotment and the issue of unit certificates/account statements to the investors who are successful in getting the units allotted to them as per the terms of the Scheme and collect the subscriptions to and sale proceeds of units.
 - Disclose the basis of calculating the repurchase price and Net Asset Value (NAV) of units of the schemes of the Mutual Fund as stated in the offer documents and to disclose the NAV to the unit holders at such intervals as may be specified by the Board of Trustees or SEBI or as may be mentioned in the offer document.
 - Take all steps to protect the investments made out of the schemes and achieve the objectives of each scheme, as a diligent and prudent person would do.
 - Maintain or cause to be maintained a register containing the names and other required particulars of unit-holders in print or magnetic/electronic media.
 - Distribute the profits of the schemes earned in accordance with the provisions of the schemes and in conformity with SEBI Regulations.
 - Within six months from the date of closing of each financial year, forward to SEBI, a copy of the Annual Report containing the audited annual statements of accounts viz., the Balance Sheet and the Profit and Loss account of the Mutual Fund and other information including details of investments and deposits held by the Mutual Fund so that the entire scheme-wise portfolio of the Mutual Fund is disclosed.
 - No offer document of a scheme, key information or memorandum is issued or publicised without the Trustees' prior approval in writing.
 - Ensure at all times that the assets and funds of the Mutual Fund are segregated from those of the AMC and assets of any other funds for which the AMC is responsible.
 - The AMC shall file with the Trustees details of transactions in securities by its key personnel, transactions with any of its associates, details of interests of directors and other reports required to be filed under SEBI Regulations.
 - The AMC shall ensure that the dealings in securities through its associates are in accordance with SEBI Regulations and guidelines issued from time to time.
 - The AMC shall maintain high standards of integrity and fairness in all its dealings and in the conduct of its business
 - The AMC shall render at all times high standards of service, exercise due diligence, ensure proper care and exercise independent professional judgement.
 - The AMC shall not make any exaggerated statement, whether oral or written, either about its qualifications or capability to render investment management services or its achievements
- As per SEBI Regulations, any change in controlling interest of the AMC shall be made unless,
- prior approval of the trustees and SEBI is obtained;
 - a written communication about the proposed change is sent to each unit holder and an advertisement is given in one English daily newspaper having nationwide circulation and in a newspaper

published in the language of the region where the Head Office of the mutual fund is situated; and

- the unit holders are given an option to exit on the prevailing Net Asset Value without any exit load.

Asset Management Fee

Sundaram BNP Paribas Asset Management Company Ltd is entitled to an investment management and advisory fee of 1.25% of the daily average net assets up to Rs 100 crores and 1% of the daily average net assets on the balance amount.

v. Key Personnel of the AMC

Name and Designation	Qualification	Age	Experience
Mr. T P Raman Managing Director	M.Com., CAIIB	64	41 years of which 11 years in Sundaram BNP Paribas AMC in the current position, 30 Years in State Bank of India in various positions.
Mr. N Prasad Chief Investment Officer	M.Com	46	23 years, of which 10 Years in Sundaram BNP Paribas AMC in the current position, 7 years in Canara Bank, 3 years in Canbank Mutual Fund, and 3 years in ICICI Asset Management Co. Limited.
Mr. Sanjay Santhanam Vice-President- Sales & Marketing	B-Tech, PGDM (IIM, Bangalore)	38	15 years, of which 6 Years in Sundaram BNP Paribas AMC, 2 years in Lintas India Ltd, 4 years in Contract Advertising India Ltd and 3 years in ANZ Grindlays Bank.
Mr.Sunil Subramaniam Vice president – Retail Distribution	Msc, MBA	46	22 years out of which 1 Year in Sundaram BNP Paribas in the current positions, 10 years in State Bank of India, 9 years in American Express Bank and 2 years in Bank of America.
Mr.Anoop Bhaskar Head – Equity	B.Com, M B A (Finance)	39	16 years, of which 3 Years in Sundaram BNP Paribas AMC, 1 year in Cross Borders Finance and projects, 1 year in Brisk Financial Services, 1 year in Shriram Financial Services and 10 years in Franklin Templeton.
Mr. Dheeraj Singh Head – Fixed Income	BE, PGDM (IIM Bangalore)	38	12 Years experience in managing funds in various capacities, of which 2 Years in Sundaram BNP Paribas AMC Ltd. His last assignment was with IL & FS Asset Management Co Ltd.
Mr.S.Krishnakumar Head –Research and Fund Manager	BE, PGDBA Financial & Portfolio Management	40	17 years of which 3 Years in Sundaram BNP Paribas AMC, 7 years in Anush Shares & Securities P Ltd, as senior research analyst, consultant and vice president. Prior to that worked as Product Development Engineer for a period of 6 years in Lucas TVS, an auto electrical major.
Mr. J.Venkatesan Fund Manager - Equity	M.Com., Grad CWA, CAIIB	44	Overall Experience of 24 Years of which 1 Year in Sundaram BNP Paribas AMC Ltd, 16 years in Canbank Mutual Fund in Various capacities and 7 Years in Canara Bank
Mrs. Sridvidhya Rajesh Fund Manager – Equity	MMS (BITS), PG Dip. in Equity Research and Chartered Financial Analyst, ICFAL, Hyderabad.	33	11 years of which 10 years in Sundaram BNP Paribas AMC, 1-year in a stock broking firm.
Mr. Rahul Pal Fund Manager- Fixed Income	B.Com, A.C.A.	30	5 Years of which 2 years in Sundaram BNP Paribas AMC and 3 years in IDBI
Mr. R. Vijayendiran Dealer	M.Com.	42	21 years, of which 10 years in Sundaram BNP Paribas AMC Ltd, 3 years in a Stock Broking company, 3 years in Stock Holding Corporation of India, 3 years in Citicorp and 2 years in Kotak Securities.

Mr.S.Vaidya Nathan Head – Product & Risk Management	B.Com, CWA, ACS (Inter), PGDBM (IIM B), PGD MB & FS	41	15 Years, of which 13 years in The Hindu Business Line as Head of Research Team for Business Line Newspaper and 2 Years in Chemplast Sanmar as Executive (MIS). Joined Sundaram BNP Paribas AMC Ltd in May 2006 in the current position.
Mr. T.S. Sritharan Chief Financial Officer & Head – Operations	B.Com, A.C.A AIII	45	18 years of which 10 Years in Sundaram BNP Paribas AMC, 8 years in united India Insurance Company Limited.
Mr. P. Sundararajan Company Secretary & Compliance Officer	B.Com. B.L. FCS, CFE, CISM	50	26 years in Sundaram Finance Ltd in various capacities of which 10 years as Deputy Secretary and Compliance Officer. Joined Sundaram BNP Paribas AMC in June 2006 in the current position.

Information about the Fund Managers of the Scheme

Name	Mr. Anoop Bhaskar
Educational Qualifications	B.Com, M B A (Finance)
Experience	15 years, of which 1 year in Cross Borders Finance and projects, 1 year in Brisk Financial Services, 1 year in Shriram Financial Services and 10 years in Franklin Templeton.

Compliance Officer

Name	Mr P Sundararajan Bcom, BL, FCS, CFE, CISM
Address, Telephone & Fax No.	Sundaram BNP Paribas Asset Management Company Ltd 46 Whites Road, Royapettah Chennai - 600 014 Phone : (044) 28583362, 28583367 Fax. : (044) 28583156

Manager – Customer Support

Mr S Balasubramaniam, Head Customer Service & Transaction Processing may be contacted at the Corporate Office of the AMC at 46, Whites Road, Royapettah, Chennai 600 014. Tel.: 28583362 / 28583367.

3. AUDITORS TO THE SCHEME

M/s Sundaram & Srinivasan, Chartered Accountants, 23 C.P.Ramaswamy Road, Chennai 600018.

4. LEGAL COUNSEL

T K Bhaskar, Partner, HSB Associates, New No. 388, Llyods Road, Chennai.

5. REGISTRAR

Karvy Computershare Private Limited (Karvy), a Registrar and Transfer Agent registered with SEBI, vide Registration No. INR 00000221, has been appointed to act as the Registrar and Transfer Agent to this scheme. Karvy will accept and process investors' applications and advise the AMC of the details of subscription; handle communications with investors, resolve investor grievances, perform data-entry services and despatch Unit Certificates and/or Accounts Statements. Sundaram BNP Paribas Mutual Fund, the AMC and the Trustees, after taking appropriate due diligence measures, are satisfied that the Registrar can provide the services required and have the adequate facilities to do so. The Letter of Agreement of the Registrar will be available for inspection by the investors. The Registrar will be paid a fee in accordance with the R&T Agreement. The Trustees reserve the right to appoint any other firm approved by SEBI as the Registrar of the scheme/Mutual Fund.

6. CUSTODIAN

Standard Chartered Bank (SCB) registered with SEBI, vide Registration No IN/CUS/006, has been appointed Custodian of the securities that are bought and sold under this Scheme. The responsibilities of the Custodian include:

- to keep in safe custody all the securities and instruments belonging to the Scheme;
- to ensure smooth inflow/outflow of securities and instruments as and when necessary in the best interests of the investors;
- to ensure that the benefits due on the holdings are received; and
- to be responsible for the loss or damage to the securities due to

negligence on its part or on the part of its approved agents.

- A Custodian agreement has been entered into by Standard Chartered Bank with the AMC and the Mutual Fund outlining the custodial fees, duties, functions and obligations of the Custodian. The Trustees reserve the right to appoint any other custodian approved by SEBI to act as the Custodian of the Scheme.

PART II

INVESTMENT OBJECTIVES, STRATEGY AND PROCEDURE

1. FUNDAMENTAL ATTRIBUTES OF THE SCHEME

TYPE OF THE SCHEME

A Close - End Equity Scheme with a maturity of 3 years with automatic conversion into an open-end scheme upon maturity of the scheme.

Upon the maturity, the Scheme will automatically be converted into an open-ended scheme without any further reference from the Mutual Fund/Trustee/AMC/Unit holders, subject to SEBI Regulations.

INVESTMENT OBJECTIVE

To seek capital appreciation by investing in equity & equity related instruments.

ASSET ALLOCATION

Asset Class	Minimum Allocation	Maximum Allocation	Risk Profile
Equity & Equity Related Instruments	65%	100%	High
Debt Securities including Securitized Debt*, Money Market Instruments	0%	35%	Low to Medium

* Investments in securitised debt up to a maximum of 30%.

The scheme may use derivative instruments like stock/Index Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing, within a permissible limit of 50% of portfolio, For the limits of each class of derivative instrument, please refer to the Para mentioned under the title Derivatives.

This allocation is not absolute and may vary depending upon prevailing market conditions and the AMC may alter the asset allocation for short periods on defensive considerations.

CHANGE IN INVESTMENT PATTERN

Subject to the SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view the market conditions, market opportunities, applicable regulations and political and economic factors.

It must be clearly understood that the percentage stated above are only indicative and not absolute. These proportions can vary substantially depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for a short term and for defensive considerations only

TERMS OF THE ISSUE

1. Liquidity provisions such, as listing, repurchase and redemption are clearly defined in Part III- units and offer of this document.
2. Aggregate fees and expenses are stated in Part IV of this offer document.
3. The scheme does not offer any guarantee or assured returns to the investors.
4. Conversion on Maturity

The Scheme is a close-end scheme and duration of the Scheme is three years from the date of allotment. If the date stipulated for maturity of the Scheme is a non-working day, the Scheme will mature on the immediate next working day.

Upon the maturity, the Scheme will automatically be converted into an open-end scheme without any further reference from the Mutual Fund/Trustee/AMC/Unit holders, subject to the SEBI Regulations.

However, the Trustee reserve the right not to convert the Scheme into an open ended scheme upon maturity, if deemed appropriate in the interest of Scheme/Unit holders. Further, the Trustee reserve the right to roll over the Scheme for a further period as may be decided in accordance with the SEBI Regulations.

CHANGES IN THE FUNDAMENTAL ATTRIBUTES

The Board of directors of Trustee Company may, in accordance with the SEBI Regulations, after sending a written communication to each unit holder and an advertisement in one English daily newspaper as well as in a newspaper published in the language of the region alter/modify/change the fundamental attributes of this scheme. However, the unit holders who express dissent to such alteration/modification or change shall be allowed to redeem their holdings in this scheme at the applicable NAV -based Repurchase Price.

2. INVESTMENT STRATEGY

The primary investment objective of the scheme is to seek capital appreciation by investing in equity and equity related instruments.

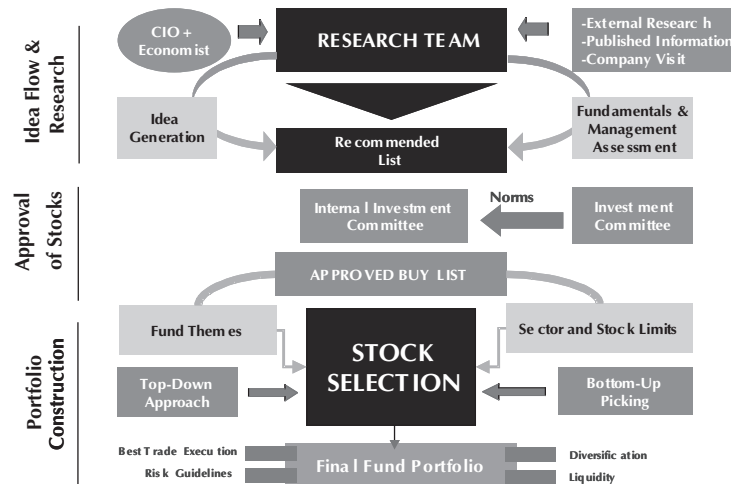
The key factors of the investment strategy of the scheme will be:

- Owning a compact portfolio of stocks (up to 40 stocks; at times, depending upon market conditions and at the discretion of the discretion of the AMC, the fund manager may be permitted to own a larger number of stocks)
- Identifying attractive opportunities and take concentrated exposures
- Investing across all sectors in the economy
- Emphasis on stock selection
- Investing across market-cap category
- Selecting stocks with an investment horizon of three to five years
- Active cash calls: The fund will have the flexibility to be even up to 35% in cash, if market conditions warrant such a stance in the view of the fund manager.

Though every endeavor will be made to achieve the objectives of the Scheme, the AMC / Sponsors / Trustees do not guarantee that the investment objectives of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.

3. PROCEDURE FOR INVESTMENT DECISIONS

Equity



The AMC has a research set up that works to identify investment opportunities through continuous research on sectors and companies. The analysis focuses on the past performance and future prospects of the company and the business, financial health, competitive edge, managerial quality and practices, minority shareholder fairness, transparency. Companies that adequately satisfy the prescribed criteria are included in the portfolio. The weight of individual companies will be based on their upside potential relative to downside risk

Debt

- G-Secs are obtained from the secondary market, while corporate debt instruments may be obtained from both secondary and primary markets. In the case of G-Secs, instruments of different maturities can be easily traded under normal market conditions. The particular instrument will be chosen as a result of the duration and weight decisions.
- In the case of corporate debt, if the instruments are to be obtained through private placement route, an approval from the Investment Committee (IC) is required. The IC consists of the Managing Director,

and two other Directors. The investment department (comprising of Analysts, Fund Manager and the Chief Investment Officer) submits a note to the IC for the purpose of this approval. In case of purchases from secondary market, if the issuer's any instrument is/was not in the portfolio, permission from an Internal Investment Committee (IIC) is sought. The Internal Investment Committee comprises of the Managing Director and the Chief Investment Officer.

- The reasons for purchase / sale is recorded in the 'deal ticket' by the fund manager. For all purchases, we depend upon the credit rating assigned by external agencies. Where this is not available, we depend on internal analysis. We believe that the important risks of investing in debt arise from interest rate forecasts and asset allocation decisions and not necessarily from individual company performance.
- Every quarter, the fund manager presents a review of all decisions taken, and on fund performance to the Board of Directors of the AMC and the Trustee Company.

4. A BRIEF NOTE ON THE DEBT AND MONEY MARKET IN INDIA

The market for fixed-income securities in India can be briefly divided into the following segments:

- The money market – The market for borrowing / lending monies;
- The securities market – The market for trading in securities;
- The derivatives market – The market for fixed income derivatives.

A predominantly institutional market, the key market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporate Provident / pension funds are also present, but not in a very active manner.

The money market

The money market can be classified into two broad categories

- The market for clean borrowing / lending
- The market for collateralized borrowing / lending.

The market for clean borrowing or lending i.e. borrowing / lending without the backing of any collateral consists of

- Call Money: The market for overnight borrowing / lending
- Notice Money: The market for borrowing / lending from 2 days to a fortnight.
- Term Money: The market for borrowing / lending from a fortnight to six months

The market for collateralized borrowing / lending broadly consists of

Repo transactions: These are repurchase obligation transactions in which the borrower tenders securities to the lender which is bought back by the borrower on the repurchase date. The price difference between the sale and repurchase of the securities is the implicit interest rate for the borrowing / lending. The eligible underlying securities for these transactions are currently government securities / treasury bills. Corporate bonds etc. are currently not allowed as eligible securities for repo transactions. The minimum repo term (lending / borrowing period) is one day.

CBLO: CBLO stands for Collateralised Borrowing and Lending obligation. CBLO is a discount instrument introduced by the Clearing Corporation of India Limited (CCIL). They can be traded like any other discount instrument. Lenders buy CBLO's and borrowers sell CBLOs. CCIL manages the risks inherent in issuing these securities through a system of margins and deposits that it takes from both lenders and borrowers. CBLOs can be issued/bought/sold for a minimum of one day to a maximum of 364 days.

The Securities Market

The market for fixed-income securities can be broadly classified into

- The market for money market (short-term) instruments
- The market for Government Securities
- The market for Corporate Bonds
- The market for other instruments such as securitised debt /PTCs etc.

Money market securities are generally discount securities maturing within one year at the time of issuance. Instruments satisfying this criterion are treasury bills (obligations of the government), commercial paper (obligations of the corporate sector) and certificate of deposit (obligations of banks).

Government securities are medium / long-term debt obligations of the government. The market for government securities is the most liquid

segment of the Indian debt market. Most of the secondary market trading is concentrated in government securities.

Trading in government securities is now done mostly through an electronic trading, reporting and settlement platform developed by the Reserve Bank of India (RBI) called Negotiated Dealing System (NDS). The role of brokers which was an important element of the Indian bond market therefore stands reduced to that extent.

Trading in corporate bonds is relatively subdued (in comparison to government securities). Price discovery and trading in this segment is still carried out through the telephone. Attempts at improving the trading, settlement and risk management practices for trading corporate bonds are currently underway.

Trading in other instruments such as securitised debt is relatively scarce. Price discovery and trading in this segment too is through the telephone. The various instruments and their prevailing yields and liquidity are indicated in the following table:

Instruments	Current Yields (as of 15-12-06)	Liquidity
Central/State Government Securities	7.02%-7.81%	High
PSU Bonds/Corporate debentures	8.70%-9.50%	Medium- High
Securitized Debt	9.20%-10.00%	Low-Medium
Commercial Paper/Certificate of deposits	8.25%-8.70%	High
Call/Notice Money	6.80%	Very High
Repo	7.26%	Very High

The actual yields will, however, vary in line with general levels of interest rates and debt/money market conditions prevailing from time to time.

The Floating rate securities market is at a nascent stage in India. The coupon rate in floating rate securities is linked to an acceptable benchmark. Floating rate securities generally have a coupon rate, which is reset over a regular period depending on the benchmark chosen. The market widely uses the MIBOR benchmarks announced by Independent agencies such as NSE and Reuters. When benchmark interest rate rises, the income generated on these floating rate securities also rise. When the benchmark interest rates fall, the income generated on these floating rate securities also fall.

Increasingly more companies are raising resource through floating rate securities. Most of such securities are in the form floating rate debentures at a spread over NSE MIBOR. The Government of India has also started issuing floating rate securities. Such floating rate issuances reduce the interest rate risk of the portfolio in which these securities are held.

The fixed income derivatives market

The interest rate derivatives market is in a developing stage in the country. Instruments are broadly transacted are

- Interest Rate Swaps; and
- Forward Rate Agreements

Vanilla interest rate swap contracts are contracts, which exchange a fixed amount against a floating benchmark. These are calculated on a notional principal, which is never exchanged. Interest rate swaps can be used to hedge interest rate risk for existing fixed rate exposures; and Create synthetic floating or fixed rate structures.

Forward Rate Agreements are contracts which allow the transacting counter parties to fix a borrowing / lending rate for some future date at the current juncture itself.

5. INSTRUMENTS IN, WHICH INVESTMENT CAN BE MADE

In order to achieve investment objectives, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities:

- Equity and equity related securities such as Convertible bonds and debentures and warrants carrying the right to obtain equity shares and derivative instruments.
- Debt obligations of the Government of India, state and local governments, government agencies, statutory bodies, public sector undertakings, scheduled commercial banks, non-banking finance companies, development financial institutions, supranational financial institutions, corporate entities and trusts (securitized debt).
- Debt and Money Market securities and such other securities as may be permitted by SEBI and RBI regulations from time to time.
- Money market instruments including but not limited to, treasury bills,

commercial paper of public sector undertakings and private sector corporate entities, reverse repurchase agreements, CBLOs (Collateralised Borrowing and Lending Obligation), certificates of deposit of scheduled commercial banks and development financial institutions, bills of exchange/promissory notes of public sector and private sector corporate entities (co accepted by banks), government securities with unexpired maturity of one year or less and other money market securities as may be permitted by SEBI/RBI regulations.

- Pass through, Pay through or other Participation Certificates, representing interest in a pool of assets including receivables.
- The debt securities could be listed, unlisted, privately placed or securitised debt securities including but, not restricted to, pass through certificates and strips
- The non-convertible part of convertible securities.
- Units of Mutual funds as may be permitted by regulations.
- Any other like instruments as may be permitted by RBI / SEBI / such other Regulatory Authority from time to time.

The securities mentioned above and such other securities the scheme is permitted to invest in, could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity bearing fixed-rate or floating coupon rate. The securities may be acquired through Initial Public Offerings (IPO s), secondary market operations, private placement, rights offers or negotiated deals.

The scheme invests in debt securities that are rated by CRISIL or ICRA or other independent credit rating agencies. The scheme may also enter into repurchase and reverse repurchases obligations in all securities held by it as per the guidelines and regulations applicable to such transactions.

- The scheme shall invest in the instruments rated as investment grade or above by a recognized rating agency. In case, the instruments are not rated, specific approval of the Board of Directors of the AMC or a committee constituted by the Board of Directors of the AMC and the Board of Directors of Trustee Company or a Committee approved by the Trustee Company shall be obtained.
- A portion of the fund could be invested in liquid investments. With this composition, the scheme shall be able to meet the normal repurchase/redemption requirement.
- The scheme intends to use derivatives as permitted by RBI/SEBI for hedging interest rate risk. The actual percentage of investments in various floating and fixed interest rate securities and the position of derivatives will be decided on day to day basis depending upon the prevailing views on Interest rate.
- In cases where the repurchase/ redemption requirements are large, the scheme may resort to temporary borrowing within the limits laid down by SEBI.
- Pending deployment of funds in terms of investment objectives of the scheme, the funds may be invested in short term deposits with scheduled Commercial Banks.

SEBI circular on Derivative Instruments

The SEBI has issued guidelines for investment in Derivatives by Equity schemes of Mutual Fund vide its circular no. DNP/D/Cir-29/2005 dated September 14, 2005 to determine permissible limits for participation in derivative trading which are as follows:

The scheme intends to use derivatives instruments only for the purpose of hedging, portfolio balancing.

The mutual funds may take exposure in equity index derivatives subject to the following limits only for the purpose of hedging and portfolio balancing.

1. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
2. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

However the investment in derivatives for hedging and portfolio balancing will not exceed the permissible limit of 50% of portfolio.

6. INVESTMENTS IN FIXED INCOME DERIVATIVE INSTRUMENTS

SEBI has permitted all mutual funds to participate in derivatives trading subject to observance of guidelines issued by it in this behalf. Pursuant to

this, mutual funds may use various derivative and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of portfolio and enhance unit holder's interest.

Accordingly, the fund may use derivative instruments like interest rate swaps, forward rate agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging, portfolio balancing, as permitted under the Regulations and Guidelines.

Exposure to Derivatives

Sundaram BNP Paribas Equity multiplier fund shall not have exposure of more than 50% of the net assets in derivative instruments. The limits will be used only for the purpose of hedging, portfolio balancing as permitted under the regulations.

Interest Rate Swaps (IRS)

An IRS is an agreement between two parties to exchange stated interest obligations for an agreed period in respect of a notional principal amount. The most common form is a fixed to floating rate swap where one party receives a fixed (pre-determined) rate of interest while the other receives a floating (variable) rate of interest.

Forward Rate Agreement (FRA)

A FRA is basically a forward starting IRS. It is an agreement between two parties to pay or receive the difference between an agreed fixed rate (the FRA rate) and the interest rate (reference rate) prevailing on a stipulated future date, based on a notional principal amount for an agreed period. The only cash flow is the difference between the FRA rate and the reference rate. As is the case with IRS, the notional amounts are not exchanged in FRAs.

Example of a derivatives transaction

Let us assume that a scheme has an investment of Rs.10 crore in an instrument that pays interest linked to NSE Mibor. Since the NSE Mibor would vary daily, the scheme is running interest rate risk on its investment and would stand to lose if rates go down. To hedge itself against this risk, the scheme could do an IRS where it receives a fixed rate (assume 5%) for the next 5 days on the notional amount of Rs. 10 crore and pay a floating rate (NSE Mibor). In doing this, the scheme would effectively lock itself into a fixed rate of 5% for the next five days. The steps would be:

1. The scheme enters into an IRS on Rs.10 crore from January 1, 2006 to February 1, 2006. It receives a fixed rate of interest at 5% and the counter party receives the floating rate (NSE Mibor). The scheme and the counter party exchange a contract of having entered into this IRS.
2. On a daily basis, the NSE Mibor will be tracked by the counter parties to determine the floating rate payable by the scheme.
3. On February 1, 2006, the counterparties will calculate the following:
The scheme will receive interest on Rs. 10 crore at 5% p.a. for 31 days i.e. Rs.4,24,657/-. The scheme will pay the compounded NSE Mibor for 31 days by converting its floating rate asset into a fixed rate through the IRS. If the total interest on the compounded NSE Mibor rate is lower than Rs.4,24,657/-, the scheme will receive the difference from the counterparty and vice-versa. In case the interest on compounded NSE Mibor is higher, the scheme would make a lower return than what it would have made had it not undertaken IRS.

The scheme shall take exposure on a non-leveraged basis.

A hedge is designed to offset a loss on a portfolio with a gain in the hedge position. The scheme will use derivative instruments such as interest rate swaps, option on interest rate, forward rate agreements, etc. to generate floating rate return.

The risks associated with the use of derivatives is different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Risk factors for derivative investments:

1. **Counter Party Risk:** The credit risk is the risk that the counter party will default obligations and is generally negligible, as there is no exchange of principal amounts in a derivative transaction.
2. **Market risk:** Derivatives carry the risk of adverse changes in the market price.
3. **Illiquidity risk:** The risk that a derivative cannot be sold or purchased quickly enough at a fair price, due to lack of liquidity in the market.

4. **Basis Risk:** the risk that the movements in swap rates do not actually reflect the expected movement in benchmark rates, thus, creating a mismatch with what was intended.

It may be mentioned here that the guidelines issued by Reserve Bank of India from time to time for forward rate agreements and interest rate swaps and other derivative products would be adhered to.

The scheme intends to use derivatives instruments only for purpose of hedging, portfolio balancing. Apart from this the scheme do not have any particular strategy for derivatives.

As and when the Scheme invest in the derivatives market there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. Thus, derivatives and reverse repurchases obligations in all securities held by it as per the guidelines and regulations applicable to such transactions.

Purpose of investment:

- Trading in derivatives by the scheme shall be restricted to hedging and portfolio balancing purposes.
- The scheme shall fully cover its positions in the derivatives market by holding underlying securities/cash or cash equivalents/option and/or obligation for acquiring underlying assets to honour the Obligations contracted in the derivatives market.
- Separate records shall be maintained for holding the cash and cash equivalents/ securities for this purpose.
- The securities held shall be marked to market by the AMC to ensure full coverage of investments made in derivative products at all time.

Valuation:

- The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
- The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

7. RISKS IN FIXED INCOME SECURITIES INVESTMENT

1. All investments involve risk and there can be no guarantee against loss resulting from an investment in the Scheme nor can there be any assurance that the scheme's investment objective will be attained. As with any investment in securities, the value of and income from an investment in the scheme can decrease or increase, depending on
 - a) general economic conditions and market factors
 - b) movement in the broader bond markets
 - c) factors affecting capital markets
 - d) changes in interest rates
 - e) price and volume volatility in the bond and stock markets
 - f) changes in governmental policies and taxation
 Hence, the value of the units of the scheme would fluctuate continuously due (but not limited) to the above factors.
2. Changes in the prevailing rates of interest is likely to affect the value of the scheme's holdings and consequently the value of the scheme's Units. Increased rates of interest, which frequently accompany inflation and/or a growing economy, are likely to have a negative effect on the value of the Units. The value of debt securities held by the scheme generally will vary inversely with the changes in prevailing interest rates.

3. Debt securities are also subject to the risk of an issuer 's inability to meet principal and interest payments and interest payments on the obligations (credit risk) and may also be subject to price volatility due to such factors as interest sensitivity, market perception or the creditworthiness of the issuer and general market liquidity (market risk). While it is the intent of the fund manager to invest primarily in high rated debt securities, the scheme may from time to time invest in higher yielding, low rated securities. As a result, an investment in the scheme may be accompanied by a higher degree of risk relative to an investment consisting exclusively of high rated, lower yielding securities.
4. Risks associated with lower rated or unrated securities are:
 - a. Lower rated or unrated securities are more likely to react to developments affecting market and credit risk than high rated securities (these react primarily to movements in the general level of interest rates)
 - b. Lower rated securities also tend to be more sensitive to economic conditions than higher rated securities.
 - c. Issuers of high-yielding, fixed income securities are often highly leveraged and may not have more traditional methods of financing available to them. Hence the risk of default on interest and/or principal is higher relative to high rated issuers. For example, during an economic downturn or a sustained period of rising interest rates, highly leveraged issuers of high yielding securities may experience financial stress. During these periods, such issuers may not have sufficient cash flows to meet their interest payment obligations. The credit risk factors pertaining to lower rated securities also apply to lower rated zero coupon, deferred interest and pay-in-kind bonds. Such bonds carry an additional risk in that, unlike bonds that pay interest throughout the period to maturity, the scheme will realise no cash until the cash payment date and if the issuer defaults the scheme may obtain no return at all on its investment.
5. The issuer's ability to service its debt obligations may also be adversely affected by specific developments affecting the issuer, the Issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing.
6. The risk or loss due to default by the issuer may be significantly greater if the instrument held is unsecured and is subordinated to other creditors of the issuer. In case of low rated issuer, the risk is significantly higher relative to a high rated issuer.
7. The Scheme may have difficulty in disposing of securities because there may be thin trading for a particular security. In case of low rated high yielding security, in normal circumstances, the liquidity would be lower than high rated security. This may result in lower realisations than at which security is valued in the event of sale. Further if the sale is taking in response to an economic event or on deterioration / downgrading of issuer, the sale realizations would be much lower than what is anticipated above.
8. Reduced liquidity in the secondary market may have an adverse impact on market price and the Scheme's ability to dispose of securities, particularly if it is intended to meet the scheme's liquidity needs or to respond to a specific economic event.
9. The Scheme may acquire high yielding fixed income securities during an initial offering by a new company. Such securities involve special risks because they are new issues.
10. Zero coupon or deferred interest securities are debt obligations that do not entitle the holder to any periodic payments of interest prior to maturity or a specified date when the securities begin paying current interest (the "cash payment date") and therefore are generally issued and traded at a discount from their face amounts. The discount varies depending on the time remaining until maturity or cash payment date, prevailing interest rates, liquidity of the security and the perceived credit risk of the issuer. The market prices of zero coupon securities are generally more volatile than the securities that pay interest periodically and are likely to respond to changes in interest rates to a greater degree than non-zero coupon or deferred interest securities having similar maturities and credit quality.

8. RISK CONTROL

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care, however, not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC aims to identify securities, which offer superior levels of return at lower levels of risks. With the aim of controlling risks, rigorous in depth credit evaluation of the securities proposed to be invested in will be carried out by the investment team of the AMC.

The scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by RBI, in an attempt to protect the value of the portfolio and enhance unit holders' interests.

The scheme may invest in other schemes managed by the AMC or in the schemes of any other Mutual Funds, provided it is in conformity to the investment objectives of the scheme and in terms of the prevailing SEBI Regulations. As per the SEBI Regulations, no investment management fees will be charged for such investments and the aggregate inter-scheme investment made by all schemes of Sundaram BNP Paribas Mutual Fund or in the schemes under the management of other asset management companies shall not exceed 5% of the net asset value of the Sundaram BNP Paribas Mutual Fund.

Concentration Risk: In order to diversify individual company risk, the fund will on an average and under normal circumstances invest across companies across various sectors. The quantum of exposure is decided on the basis of relative earnings, growth, valuations and potential valuations. As the fund intends to hold less number of stocks than a diversified growth fund, the NAV volatility (risk) will be higher than normal.

Counter Party Risk: The scheme tracks ratings assigned by reputed credit rating agencies.

Interest Rate Risk: Fixed income securities are subject to volatility risk arising from the movement in interest rates. The AMC would seek to neutralize this by investing in debt securities whose maturities would be in line with the maturity of the scheme.

Liquidity Risk: For Stocks, this Risk will be monitored in terms of the number of days it takes to liquidate every stock in the portfolio assuming a share of the average volume traded over the previous one year. Efforts would be made to keep the average liquidation period under prudent limits prescribed internally. While liquidity in the Indian bond markets is improving, it is largely in Government bonds, and to some extent, top rated corporate bonds. The fund would maintain a reasonable allocation to liquid bonds to minimise risk in case of a sudden withdrawal from the fund.

The Asset Management Company will also use any derivative or hedging techniques that may be permitted by SEBI.

For the present, the scheme does not intend to enter into underwriting obligations. However, if the scheme does enter into an underwriting agreement, it would do so after complying with the RBI Regulations and with the prior approval of the Board of the AMC/Trustee Company.

9. PORTFOLIO TURNOVER

The Portfolio Turnover is defined as the lower of the value of purchases or sales as a percentage of the average corpus of the Scheme during a specified period of time. The Asset Management Company does not have a policy statement on portfolio turnover. As there could be redemptions in the Scheme during the close end period till maturity of the Scheme and number of subscriptions/ redemptions after the conversion of the Scheme into an open ended scheme, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.

Also there are trading opportunities that present themselves from time to time. These trading opportunities may be due to price movements in stock markets, changes in interest rate policy by the Reserve Bank of India, shifts in the yield curve, credit rating changes or any other factors where in the opinion of the fund manager there is an opportunity to enhance the total return of the portfolio. Normally the fund manager will endeavor to keep portfolio turnover rates as low as possible.

10. BENCHMARK INDEX

Scheme	Bench Mark Index
Sundaram BNP Paribas Equity Multiplier Fund	S&P CNX Midcap Index

The Trustees reserve the right to change the benchmark if due to a change in market conditions, a different index appears to be providing a more appropriate basis for comparison of fund performance or if the indicated benchmark ceases to exist or undergoes a substantial change that renders it an effective base for performance comparison and analysis. However, such change in the benchmark shall not be construed as a change in fundamental attributes of the scheme.

11. INVESTMENT LIMITATIONS OF THE SCHEME

Presently the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, lays down following investment criteria and restrictions:

1. All the scheme's assets will be invested in transferable securities, whether in the money markets or in the capital markets, including any privately placed debentures or securitised debtor money at call.
2. The scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Securities and Exchange Board of India Act, 1992. Such investment limit may be extended to 20% of the scheme with the prior approval of the Board of Trustees and the Board of the Asset Management Company. Provided that such limits shall not be applicable for investments in government securities and money market instruments.
3. The scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and total investment in such instruments shall not exceed 25% of the NAV of the scheme. All such investments shall be made with the prior approval of the Board of Trustees and Board of the Asset Management Company.
4. Transfer of investments from one scheme to another scheme, including this scheme shall be allowed only if such transfers are made at the prevailing market price for quoted securities on a spot basis and the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
6. The scheme may invest in another scheme, under the same asset management company or any other mutual fund, without charging any fees, provided that the aggregate inter-scheme investments made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.
7. The scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sale or carry forward transactions or engaged in badla finance. Provided that mutual fund shall enter into derivatives transactions in a recognised stock exchange for the purpose of hedging and portfolio balancing, in accordance with the SEBI Guidelines.
8. The scheme shall, get the securities purchased or transferred in the name of the mutual fund on account of the concerned scheme, wherever investments are intended to be of a long-term nature.
9. Pending deployment of funds of the scheme in securities in terms of the investment objectives of the scheme, the Mutual Fund can invest the funds of the scheme in short term deposits of scheduled commercial banks.
10. No term loans for any purpose will be advanced by the Scheme.
11. No Scheme of a mutual fund shall make any investment in any fund of funds scheme.
12. The investment manager may invest in the Scheme from time to time. The percentage of such investments to the total net assets may vary from time to time and can be upto 25% of the net assets of the scheme. However, the investment manager shall not charge any fees on its own investment in accordance with sub-clause (3) of Regulation 24 of the Regulations.
13. The Fund shall not make any investments in
 - a. Any unlisted security of an associate or group company of the sponsor; or

- b. Any security issued by way of private placement by an associate or group company of the sponsor; or
 - c. The listed securities of group companies of the sponsor, which is in excess of 25% of the net assets of all the schemes of the mutual fund
14. Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investments restrictions as applicable for debt instruments as specified under clause 1 and 1 A of the seventh schedule to the regulations.
15. The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase / redemption of Units or payment of interest and dividend to the Unit holders. Provided that the Fund shall not borrow more than 20% of the net assets of any individual Scheme and the duration of the borrowing shall not exceed a period of 6 months.

The trustee of the Mutual Fund may alter these limitations / objectives from time to time to the extent the SEBI Regulations change so as to permit the Scheme to make its investments in the full spectrum of permitted investments for the mutual fund in order to achieve its investment objectives. All investments of the Scheme will be made in accordance with the SEBI Regulations.

All the Investment restrictions have to be considered at the point of Investments.

12. VALUATION OF ASSETS AND NET ASSET VALUE

Valuation of Scheme's assets and calculation of the Scheme's NAV will be subject to such rules or regulations that SEBI may prescribe from time to time and shall be subject to audit on an annual basis. The disclosure on valuation norms, computation and publication of NAV, repurchase and sale price, accounting policies and publication of half yearly accounts shall conform to the relevant provisions of SEBI (Mutual Funds) Regulations, 1996. Accordingly, the following principles will be adopted:

a. Traded Securities

- i. The securities shall be valued at the last quoted price on the stock exchange.
- ii. When the securities are traded on more than one recognized stock exchange, the securities shall be valued at the last quoted closing price on the National Stock Exchange (NSE), which is the principal stock exchange of the AMC.
- iii. When on a particular valuation day, a security has not been traded on the National Stock Exchange (NSE); the value at which it is traded on another stock exchange may be used.
- iv. When a debt security (other than Government Securities) is not traded on any stock exchange on any particular valuation day, the value at which it was traded on the National Stock Exchange (NSE) or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than fifteen days prior to valuation date. When a debt security (other than Government Securities) is purchased by way of private placement, the value at which it was bought may be used for a period of fifteen days beginning from the date of purchase. For valuation of government securities, all the Fund shall use the prices for Government Securities released by an agency suggested by AMFI. (At present Crisil.com vide AMFI circular dated February 5, 2002)

b. Thinly Traded Securities:

Thinly traded securities as defined in the Regulations shall be valued in the manner as specified in the guidelines issued by SEBI, as follows:

A debt security (other than Government Securities) shall be considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (currently Rs 5 crore) on the National Stock Exchange (NSE) or any other stock exchange.

A thinly traded debt security as defined above would be valued as per the norms set for non-traded debt security.

c. Non-traded Securities

When a security is not traded on any stock exchange for a period of fifteen days prior to the valuation date, the scrip must be treated as a 'non-traded' scrip.

Non traded/ thinly traded securities shall be valued "in good faith" by the

asset management company on the basis of the valuation principles laid down below:

Non Traded / Thinly Traded Debt Securities of Upto 182 Days to maturity
As the money market securities are valued on the basis of amortisation (cost plus accrued interest till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments) a similar process should be adopted for non-traded debt securities with residual maturity of up to 182 days, in the absence of any other standard benchmarks in the market. Debt securities purchased with residual maturity of up to 182 days are to be valued at cost (including accrued interest till the beginning of the day) plus the difference between the redemption value (inclusive of interest) and cost spread uniformly over the remaining maturity period of the instrument. In case of a debt security with maturity greater than 182 days at the time of purchase, the last valuation price plus accrued interest should be used instead of purchase cost. All other non-traded Non Government debt instruments shall be valued using the method suggested below.

Non Traded / Thinly Traded Debt Securities of Over 182 Days to Maturity

For the purpose of valuation, all non-traded debt securities would be classified into "investment grade" and "non investment grade" securities based on their credit ratings. The non-investment grade securities would further be classified as "performing" and "non performing" assets.

- All non-government investment grade debt securities, classified as not traded, shall be valued on yield to maturity basis as described below.
- All non-government non-investment grade performing debt securities would be valued at a discount of 25% to the face value.
- All non-government non-investment grade non-performing debt securities would be valued based on the provisioning norms.

The approach in valuation of non traded debt securities is based on the concept of using spreads over the benchmark rate to arrive at the yields for pricing the non traded security. The yields for pricing the non-traded debt security would be arrived at using the process as defined below.

Step A

A risk free benchmark yield is built using the government securities (GOI Securities) as the base. GOI Securities are used as the benchmarks as they are traded regularly, free of credit risk and traded across different maturity spectrums every week.

Step B

A matrix of spreads (based on the credit risk) is built for marking up the benchmark yields. The matrix is built based on traded corporate paper on the wholesale debt segment of an appropriate stock exchange and the primary market issuances. The matrix is restricted only to investment grade corporate paper.

Step C

The yields as calculated above are marked-up / marked-down for illiquidity risk.

Step D

The yields so arrived are used to price the portfolio.

Methodology

Construction of Risk Free Benchmark

Using Government of India dated securities, the benchmark shall be constructed as below:

Government of India dated securities will be grouped into the following duration buckets viz., 0.5-1 years, 1-2 years, 2-3 years, 3-4 years, 4-5 years, 5-6 years and 6 years and the volume weighted yield would be computed for each bucket. These duration buckets may be changed to reflect the market value more closely by any agency suggested by AMFI giving benchmark yield / matrix of spreads over benchmark yield. Accordingly, there will be a benchmark YTM for each duration bucket. The benchmark as calculated above will be set at least weekly, and in the event of any significant movement of prices of Government securities on account of any event impacting interest rates on any day such as change in the RBI policies, the benchmark will be reset to reflect any change in the market conditions.

Note: The concept of duration over tenor has been chosen in order to

capture the reinvestment risk. It is intended to gradually move towards a methodology that incorporates the continuous curve approach for valuation of such securities. However, in view of the current lack of liquidity in the corporate bond markets, a continuous curve approach to valuation would be necessarily based on limited data points, and this would result in out of line valuations. As an interim methodology therefore it is proposed that the Duration Bucket approach be adopted and continuously tracked in order to fine-tune the duration buckets on a periodic basis. Over the next few years it is expected that with the deepening of the secondary market trading, it would be possible to make a gradual move from the Duration Bucket approach towards a continuous curve approach.

Building a Matrix of Spreads for Marking-up the Benchmark Yield

Mark up for credit risk over the risk free benchmark YTM as calculated in step A, will be determined using the trades of corporate debentures / bonds of different ratings. All trades on appropriate stock exchange during the fortnight prior to the benchmark date will be used in building the corporate YTM and spread matrices. Initially these matrices will be built only for corporate securities of investment grade. The matrices are dynamic and the spreads will be computed every week. The matrix will be built for all duration buckets for which the benchmark GOI matrix is built to effectively link the corporate matrix with the GOI securities matrix. Accordingly:

- All traded paper (with minimum traded value of Rs. 1 cr. (Rupees One Crore Only) will be classified by their ratings and grouped into 7 duration buckets; for rated securities, the most conservative publicly available rating will be used;
- For each rating category, average volume weighted yield will be obtained both from trades on the appropriate stock exchange and from the primary market issuances;
- Where there are no secondary trades on the appropriate stock exchange in a particular rating category and no primary market issuances during the fortnight under consideration, then trades on appropriate stock exchange during the 30 days period prior to the benchmark date will be considered for computing the average YTM for such rating category;
- If the matrix cannot be populated using any or all of the above steps, then credit spreads from trades on appropriate stock exchange of the relevant rating category over the AAA trades will be used to populate the matrix;
- In each rating category, all outliers will be removed for smoothing the YTM matrix;
- Spreads will be obtained by deducting the YTM in each duration category from the respective YTM of the GOI securities;
- In the event of lack of trades in the secondary market and the primary market the gaps in the matrix would be filled by extrapolation. If the spreads cannot be extrapolated for the reason of practicality, carrying the spreads from the last matrix will fill the gaps in the matrix.

Mark-up / Mark-down Yield

The Yields calculated would be marked-up / marked-down to account for the ill-liquidity risk, promoter background, finance company risk and the issuer class risk. As the level of ill-liquidity risk would be higher for non-rated securities the marking process for rated and non-rated securities would be differentiated as follows:

Adjustments for Securities rated by External Rating Agencies

The Yields so derived out of the above methodology could be adjusted to account for risk mentioned above by an appropriate discount or premium as may be required. The range of the markups for both discount as well as premium is given below:

Premium

A Discretionary premium of up to -50 Basis Points for securities having duration of up to 2 years and up to - 25 Basis Points for securities having duration higher than 2 years will be permitted to be provided for the above-mentioned types of risks. The rationale for the above discount structure is to take cognizance of the differential interest rate risk of the securities. This structure will be reviewed periodically.

Discount

SEBI vide circular dated 20 February, 2002, has revised the discretionary discount limits as below:

Category	Discretionary discount over benchmark yield in basis points
Rated Instruments with duration up to 2 years	Discretionary Discount of up to +100
Rated Instruments with duration over 2 years	Discretionary Discount of up to +75

Adjustments for Internally Rated Securities

To value an unrated security, the fund manager has to assign an internal credit rating, which will be used for valuation. Since unrated instruments tend to be more illiquid than rated securities, the yields would be mandatorily marked up by adding +50 basis point for securities having a duration of up to two years and +25 basis point for securities having duration of higher than two years to account for the illiquidity risk.

The yields derived from the above methodology could be adjusted to account for risk mentioned above. SEBI vide circular dated 20 February, 2002, has revised the discretionary discount limits as below:

Category	Discretionary discount over benchmark yield in basis points
Unrated Instruments with duration up to 2 years	Discretionary Discount of up to +50 over and above the mandatory Discount of +50
Unrated Instruments with duration over 2 years	Discretionary Discount of up to +50 over and above the mandatory Discount of +25

The benchmark yield / matrix of spreads over benchmark yield obtained from any agency suggested by AMFI as a provider of benchmark yield / matrix of spreads over benchmark yield to mutual funds, must be applied for valuation of securities on the day on which the benchmark yield / matrix of spreads over benchmark yield is released by the aforesaid agency.

d. Valuation of securities with Put / Call options

The option embedded securities would be valued as follows:

Securities with Call option

The securities with call option shall be valued at the lower of the value as obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest value obtained by valuing to the various call dates and valuing to the maturity date is to be taken as the value of the instrument.

Securities with Put option

The securities with put option shall be valued at the higher of the value as obtained by valuing the security to final maturity and valuing the security to put option. In case there are multiple put options, the highest value obtained by valuing to the various put dates and valuing to the maturity date is to be taken as the value of the instruments.

Securities with both Put and Call option on the same day

The securities with both Put and Call option on the same day would be deemed to mature on the Put / Call day and would be valued accordingly.

e. Government securities

Government securities will be valued as per the prices for Government Securities released by an agency suggested by AMFI for the sake of uniformity in calculation of NAVs.

f. Fixed Income and Money Market Securities

- The money market securities with maturity upto 182 days are valued on the basis of amortization (cost plus accrued interest till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments). In case of a money market security with maturity greater than 182 days at the time of purchase, the valuation price as prescribed by SEBI (reduced by the cost and the accrual) till date of valuation would be treated as appreciation or depreciation over and above the amortization taken day on day.
- Investments in bills purchased under rediscounting scheme and short term deposits with banks shall be valued at cost plus accrual; other money market instruments shall be valued at the yield at which they are traded. For this purpose, instruments not traded for a period of seven days will either be valued at cost plus interest accrued till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments or valued on the basis recommended by the AMC, which will be reviewed by the Trustees periodically.

g. Valuation of "Repo"

Where instruments have been bought on 'repo' basis, the instrument must be valued at the resale price after deduction of applicable interest up to date of resale. Where an instrument has been sold on a 'repo' basis, adjustment must be made for the difference between the repurchase price (after deduction of applicable interest up to date of repurchase) and the value of the instrument. If the repurchase price exceeds the value, the depreciation must be provided for and if the repurchase price is lower than the value, credit must be taken for the appreciation.

h. Valuation of convertible debentures and bonds

In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The nonconvertible component shall be valued on the same basis as would be applicable to a debt instrument. The convertible component shall be valued on the same basis as would be applicable to an equity instrument. If, after conversion the resultant equity instrument would be traded pari passu with an existing instrument which is traded, the value of the latter instrument can be adopted after an appropriate discount for the non-tradability of the instrument during the period preceding the conversion. While valuing such instruments, the fact whether the conversion is optional will also be factored in.

i. Valuation of Derivative Products

- Traded derivatives shall be valued at market price in accordance with clause 1 of the Eighth Schedule to the SEBI Regulations
- Untraded derivatives shall be valued in accordance with Clause 2 of the Eighth Schedule to the SEBI Regulations

j. Valuation of Unlisted Equity Shares

Unlisted equity securities shall be valued as per the guidelines provided in the circular dated MFD/CIR/03/526/2002 as amended from time to time.

k. Valuation of warrants

In respect of warrants to subscribe for shares attached to instruments, the warrants shall be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect of convertible debentures (as referred in valuation of convertible debentures and bonds above) shall be deducted to account for the period which must elapse before the warrant can be exercised.

l. Valuation of Rights

Until they are traded, the value of the "rights" shares should be calculated as :

Vr	=	n/m (Pex-Pof)
Where Vr	=	Value of rights
n	=	no. of rights offered
m	=	no. of original shares held
Pex	=	Ex-rights price
Pof	=	Rights Offer price

Where the rights are not treated pari-passu with the existing shares, suitable adjustment should be made to the value of rights. Where it is declared not to subscribe for the rights but to renounce them and renunciations are being traded, the rights can be valued at the renunciation value.

m. Valuation of Illiquid Securities

- Aggregate value of "illiquid securities" of scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.
- The Mutual Fund shall disclose as on March 31 and September 30 the scheme-wise total illiquid securities in value and percentage of the net assets while making disclosures of half yearly portfolios to the unitholders. In the list of investments, an asterisk mark shall also be given against all such investments, which are recognized as illiquid securities.

General:

All expenses and incomes accrued up to the valuation date shall be considered for computation of the Net Asset Value. For this purpose, while

major expenses like management fees and other periodic expenses should be accrued on a day to day basis, other minor expenses and income need not be so accrued, provided the non-accrual does not affect the NAV calculations by more than 1%.

Any changes in securities and in the number of Units be recorded in the books not later than the first valuation date following the date of transaction. If this is not possible given the frequency of the Net Asset Value disclosure, the recording may be delayed up to a period of seven days following the date of the transaction, provided that as a result of the non-recording, the Net Asset Value calculations shall not be affected by more than 1%.

In case the NAV of the Scheme(s) differs by more than 1%, due to non-recording of transactions, the investors or Scheme(s) as the case may be, shall be paid the difference in amount as follows: -

- If the investors are allotted units at a price higher than NAV or are given a price lower than NAV at the time of sale of their Units, they shall be paid the difference in amount by the Scheme.
- If the investors are charged lower NAV at the time of purchase of their Units or are given higher NAV at the time of sale of their Units, the AMC shall pay the difference in amount to the Scheme. The AMC may recover the difference from the investors.

The valuation guidelines as outlined above are as per prevailing Regulations and are subject to change from time to time in conformity with changes made by SEBI.

SEBI has vide its circular no. MFD/CIR/8/92/2000 dated September 18, 2000 and amendments vide circular no. MFD/CIR/14/088/2001 dated 28.03.2001 and MFD/CIR/14/442/2002 dated 20.02.2002 prescribed certain additional norms for identification and provisioning of NPAs and guidelines for valuation of non-traded and thinly traded debt securities.

13. CALCULATION OF NET ASSET VALUE

The Net Asset Value (NAV) is the most widely accepted yardstick for measuring the performance of any scheme of a Mutual Fund. NAV calculations shall be based upon the following formulae:

During the Close-End Period
Market / Fair Value of the Scheme's investments + other current assets + Deposits – all Liabilities except Unit capital, Reserve and Profit and Loss Account + Unamortized Initial Issue Expenses
----- No. Of SUNDARAM BNP PARIBAS EQUITY MULTIPLIER FUND outstanding Units
After Conversion into Open-End scheme at the end of three years:
Market / Fair Value of the Scheme's investments + other current assets + Deposits – all Liabilities except Unit capital, Reserve and Profit and Loss Account
----- No. Of SUNDARAM BNP PARIBAS EQUITY MULTIPLIER FUND outstanding Units

NAV of the Scheme will be calculated as of the close of every Working Day. Valuation of Scheme's assets and calculation of the Scheme's NAV will be subject to such rules or regulations that SEBI may prescribe from time to time. NAV of the schemes will be calculated and disclosed up to four decimals and NAV of each option will be disclosed separately.

16. CALCULATION OF REPURCHASE PRICE & SALE PRICE

Investors may note that the Repurchase Price and Sale price shall be Calculated as indicated below.

Sale Price:

During the NFO:

The price will be Rs.10/- per unit without any Entry Load, as per the regulations.

After the Conversion into open-end scheme at the end of three years:

Sale Price = NAV per unit on the valuation date X
(1 + ENTRY LOAD, if any)

To illustrate: (NAV number is an assumption)

Applicable NAV	=	Rs.11.00
Entry Load	=	2.25%
Applicable Sale Price	=	Rs.11.00 * (1 + 2.25%)
	=	Rs.11.25

Repurchase Price during the Close-End tenure on the specific repurchase dates:

Repurchase Price = NAV per unit on the valuation date – exit load (if any)

To illustrate: (NAV number is an Assumption)

If the applicable NAV per unit on the 180th day from the date of allotment is Rs.10.25, exit load is 4%. In this case the redemption price will be computed as follows:

$$\begin{aligned} &= \text{Rs.}10.25 \times (1 - 4\%) \\ &= \text{Rs.}10.25 \times (0.96) \\ &= \text{Rs.}9.84 \end{aligned}$$

Note: In terms of SEBI circular No.1/64057/06 dated April 4, 2006, AMC shall redeem the units after recovering the balance proportionate unamortised initial issue expenses from an investor exiting the scheme before amortization is completed, apart from the exit load.

Repurchase Price After the conversion in to Open-End Scheme at the end of three years:

Repurchase Price = NAV per unit on the valuation date – exit load (if any)

To illustrate: (NAV number and the Exit Load are assumptions)

Applicable NAV is	Rs.11.00
Exit load	3%
Applicable Repurchase Price	= Rs.11 X (1 - 3%)
	= Rs.10.67

In accordance with SEBI Regulations, during the close ended period of the scheme, the repurchase price will not be lower than 95% of the NAV and after the scheme becomes open ended, the repurchase price will not be lower than 93% of the NAV and the sale price will not be higher than 107% of the NAV, and the difference between sale price and repurchase Price shall not exceed 7% of the sale price.

14. NAV INFORMATION

During the Close End Tenure

NAV will be normally determined for all business days (except in special circumstances) and released at least once a week. In terms of SEBI Circular No.MFD/CIR/13/087/2001 dated March 28, 2001, the NAV shall be released on every Wednesday. Also NAV on the Specified Repurchase Dates will be released. The AMC shall also endeavor to have the NAV published in two daily newspapers and updated on AMC's website (www.sundarambnp-paribas.in)

AMC shall also update the NAVs on the website of Association of Mutual Funds in India – AMFI (www.amfiindia.com) before 9.00 p.m. on every Wednesday. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI by the next day. If the NAVs are not available before commencement of working hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

Further transparency will be maintained through half-yearly disclosure of established portfolio through newsletters.

After the Conversion into Open-End Scheme

NAV will be determined and published on every working day, except in special circumstances as mentioned under the section titled as "NAV information". The AMC shall also endeavor to have the NAV published in two daily newspapers and updated on AMC's website (www.sundarambnp-paribas.in)

AMC shall also update the NAVs on the website of Association of Mutual Funds in India – AMFI (www.amfiindia.com) before 9.00 p.m. every working day. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI by the next day. If the NAVs are not available before commencement of working hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

Further transparency will be maintained through half-yearly disclosure of established portfolio through newsletters.

15. ACCOUNTING POLICIES AND STANDARDS

In accordance with SEBI Regulation 50 read with the Ninth Schedule to the SEBI Regulations, the Scheme shall follow the following accounting policies:

- i. AMC shall keep and maintain proper books of accounts, records and documents, for the Scheme so as to explain its transactions and to disclose at any point of time the financial position of the Scheme and in particular give a true and fair view of the state of affairs of the Scheme;
 - ii. For the purpose of the financial statements, the Mutual Fund shall mark all investments to market and carry investments in the balance sheet at market value. However, since the unrealised gain arising out of the appreciation on investments cannot be distributed, provisions shall be made for exclusion of this item when arriving at distributable income;
 - iii. Dividend income earned by the Scheme shall be recognised, not on the date the dividend is declared, but on the date, the share is quoted on an ex-dividend basis. For investments which are not quoted on a stock exchange, dividend income will be recognised on the date of declaration;
 - iv. In respect of all interest-bearing investments, income shall be accrued on a day-to-day basis as it is earned. Therefore when such investments are purchased, interest paid for the period from the last interest due date up to the date of purchase shall not be treated as a cost of purchase but shall be debited to the Interest Recoverable Account. Similarly, interest received at the time of sale for the period from the last interest due date up to the date of sale shall not be treated as an addition to sale value but shall be credited to the Interest Recoverable Account;
 - v. In determining the holding cost of investments and the gains or loss on sale of investments, the 'average cost' method shall be followed;
 - vi. Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during the financial year are recorded and reflected in the financial statements for the year. Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction will be recorded, in the event of a purchase, as of the date on which the Scheme obtains an enforceable obligation to pay the price or, in the event of sale, when the Scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold;
 - vii. Bonus shares to which the Scheme becomes entitled shall be recognised only when the original shares on which the bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, rights entitlement would be recognised only when the original shares on which the rights entitlement accrues are traded on the stock exchange on ex-rights basis;
 - viii. Where income receivables on investments has accrued but has not been received for the period specified in the guidelines issued by SEBI, provision shall be made by debiting to the revenue account the income so accrued in the manner specified by guidelines issued by the SEBI for identification and provisioning for non-performing assets. An asset shall be treated as non-performing, if the interest and/or principal amount have not been received or remained outstanding or one quarter from the day such income/instalment has fallen due.
 - ix. When units are sold, the difference between the sale price and the face value of the unit, if positive, shall be credited to reserves and if negative shall be debited to reserves, the face value being credited to Capital Account. Similarly, when units are repurchased, the difference between the purchase price and the face value of the unit, if positive should be debited to reserves and, if negative should be credited to reserves, the face value being debited to the capital account.
- When units are sold, an appropriate part of the sale proceeds shall be credited to an Equalisation Account and when units are repurchased,

an appropriate amount would be debited to the Equalisation Account. The net balance of this account shall be credited or debited to the Reserve Account. The balance on the Equalisation Account debited or credited to the Revenue Account shall not decrease or increase the net income of the fund but is only an adjustment to the distributable surplus. It shall therefore, be reflected in the Revenue Account only after the net income of the fund is determined.

- xi. The cost of investments acquired or purchased should include brokerage, stamp charges and any charge customarily included in the broker's bought note. In respect of privately placed debt instruments any front-end discount shall be reduced from the cost of the investment;
- xii. Underwriting commission shall be recognised as revenue only when there is no devolvement on the Scheme. Where there is devolvement on the Scheme, the full underwriting commission received and not merely the portion applicable to the devolvement shall be reduced from the cost of investment.
- xiii. Being a close-ended Scheme, the initial issue expenses, incurred if any, would be amortized over a period of three years.

The accounting policies and standards as outlined above are in accordance with the present Mutual Fund Regulations and are subject to change in accordance with changes in the Mutual Fund Regulations. All other policies and standards as specified in the Mutual Fund Regulations, as well as any additions/modifications thereto as may be specified by SEBI from time to time shall be adhered to while preparing the books of accounts and financial statements of the Fund.

16. GUIDELINES FOR IDENTIFICATION AND PROVISIONING OF NON-PERFORMING ASSETS

The identification and provisioning of Non Performing Assets (Debt Securities) shall be in accordance with circular no. MFD/CIR/8/92/2000 dated September 18, 2000 and modifications thereto vide circular no. MFD/CIR/14/088/2001 dated March 28, 2001, issued by SEBI. The circular dated September 18, 2000 also contains provisions for the treatment of income accrued on Non Performing Assets (NPA), treatment of assets on reclassification as performing assets, receipt of past dues, disclosures of NPAs on a half yearly basis along with the half yearly portfolio of the relevant scheme etc.

PART III

UNITS AND OFFER

a) New Fund Offer

New Fund Offer Price: The new fund offer price will be Rs. 10 per unit under all the plans /options launched under the scheme.

New Fund Offer Period: The new fund offer period for the Scheme will commence on 10/01/2007 and close on 31/01/2007. Accordingly, the Trustees / AMC reserve the right to announce earliest closure of the NFO in the event the maximum corpus is mobilized.

During the New Fund Offer Period, units are offered at Rs. 10/- each and the entire amount is payable on application. The minimum targeted amount of subscription during the NFO period is Rs. 1.00 cr. And the maximum limit is fixed at Rs. 500 cr. The AMC has a right to retain 10% of the maximum limit (i.e Rs. 50 cr.), over and above the maximum limit of Rs. 500 cr., in case of any oversubscription. The aggregate mobilization including the oversubscription shall not exceed Rs. 550 cr.

In the event of scheme mobilizing a sum of Rs.500 cr., the AMC shall make an announcement in two newspapers intimating its intention to close the offer.

Allotment is assured to eligible applicants till the subscription reaches the maximum limit, provided the applications are complete in all respects and in order.

In terms of SEBI Regulations, applicants applying up to 5000 units shall be given full allotment, provided the applications are complete in all respects and in order and subject to the aggregate mobilization Rs.550 cr. indicated above.

If the money received from the applicants for units are in excess of Rs. 550 cr. The AMC shall refund such excess money to the applicants.

Minimum Investment

During NFO	
Minimum Application Amount	Rs.5000/-
Minimum Additional purchase	Rs.500/-
After conversion into Open-End at the end of 3 Years	
Minimum Application Amount	Rs.5000/-
Minimum Additional purchase	Rs.500/-

Minimum Number of Investors

As per SEBI circular SEBI/IMD/Cir No. 10/22701/03 dated 12th December 2003 each scheme and individual plan(s) under the schemes should have a minimum of 20 investors and no single investor should account for more than 25% of the corpus of such scheme/plan(s). In case of non-fulfilment with either of the above two conditions, following shall be the consequences:

(A) During the close ended tenure of the scheme:

If the scheme fails to get minimum 20 investors in the New Fund Offer, the investor's application money would be refunded. Also the Mutual Fund will be constrained to reject the application by a single investor to the extent of having exposure of more than 25% of the scheme corpus at the time of allotment. Hence such investor shall be allotted limited units to such extent.

(B) Post Conversion of the scheme into Open-ended scheme:

The scheme shall comply with the condition of having 20 investors on an average basis, in each calendar quarter, failing which the provisions of Regulation 39(2)(c) of SEBI (Mutual Funds) Regulations, 1996 shall become applicable without any reference from SEBI and accordingly the said portfolio under the scheme shall be wound up by following the procedure / guidelines laid down by SEBI. The guidelines with respect to maximum holding by a single individual would be reckoned and monitored as mentioned in SEBI Circular No. SEBI/IMD/Cir. No. 1/42525/05 dated June 14, 2005.

SEBI has provided further clarifications vide circular SEBI/ IMD/Cir No. 1/42529/05 dated 14th June 2005 in respect to determining the breach of the 25% limit by an Investor - (i) the earlier circular would be applicable at the portfolio level. (ii) The average net assets of the scheme would be calculated daily and any breach of the 25% holding limit by an investor would be determined. At the end of the quarter, the average of daily holding by each such investor will be computed to determine whether that investor has breached the 25 % limit over the quarter. If there is a breach of limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period.

b) Who can invest

The following persons may apply for subscribing to the units of SUNDARAM BNP PARIBAS EQUITY MULTIPLIER FUND (subject, wherever appropriate, to subscription to units of mutual funds being permitted under relevant statutory regulations and the applicants' constitutions):

1. Resident adult individuals either singly or jointly (not exceeding three)
2. Minors through their parents/ lawful guardians
3. Companies/Bodies Corporate/Public Sector Undertakings registered in India
4. Religious and Charitable Trusts under the provisions of 11(5)(xii) of Income Tax Act 1961 read with Rule 17C of Income Tax Rules, 1962.
5. Wakf Boards or endowments and Registered societies (including registered co-operative societies) and private trusts, authorised to invest in units
6. Partnership firms
7. Hindu Undivided Family (HUF)
8. Banks and Financial Institutions
9. Non-resident Indian (NRI), Persons of India origin on full repatriation basis (subject to RBI approval, if required)

10. Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis (subject to RBI approval)
11. An association of persons or a body of individuals and Societies registered under the Societies Registration act, 1860 (so long as the purchase of units is permitted under the respective constitutions)
12. Army/Air force/Navy/Para-military funds and other eligible institutions
13. Provident/ pension/Gratuity and such other funds as and when permitted to invest
14. Scientific and/or industrial research organizations authorised to invest in units
15. Other associations, institutions, etc., authorised to invest in mutual fund units

NOTES:

1. *Non-Resident Indians and Persons of Indian Origin residing abroad (NRIs) and Foreign Institutional Investors (FIIs) have been granted a general permission by the Reserve Bank of India [Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, for investing in/redeeming units of mutual funds subject to conditions set out in the aforesaid regulations.*
2. *In the case of an application under a power of attorney or by a limited company or other corporate body or an eligible institution or a registered society or a trust fund, the original power of attorney or a certified true copy duly notarised or the relevant resolution or authority to make the application, as the case may be, or a duly notarised copy thereof, along with a certified copy of the memorandum and articles of association and/or bye-laws and/or trust deed and/or partnership deed and certificate of registration should be submitted. The officials should sign the application under their official designation. A list of specimen signatures of the authorised officials, duly certified/attested should also be attached to the application form. In case of a trust/fund it shall submit a resolution from the trustee(s) authorising such purchases*
3. *Unitholder information (mandatory)*
 - **Permanent Account Number (PAN)**
If the amount of investment is Rs. 50000/- or more, then please furnish your PAN details and enclose a photocopy of PAN Card or PAN allotment letter of all applicants. In case you don't have a PAN then please furnish your declaration in form no 60/61. NRIs and persons of Indian origin are also required to obtain PAN No. and submit the same for verification along with the application. We advise all applicants to provide this number irrespective of the application amount.
 - **Mutual Fund Identification Number (MIN)**
Subscription to the scheme for amounts equal to and greater than Rs. 50000/- shall be made only after obtaining the MIN at the respective designated Points of acceptance/Investor services centres. Unitholders / investors are required to quote the MIN on the application forms. Application forms without quoting the MIN are liable to be rejected by the AMC/ Registrars.

c) How to Purchase the units of the scheme during NFO

- Application forms are available at all offices of Sundaram BNP Paribas Asset Management Company Limited, Brokers, Agents, Registrars and their specified investor service centres.
- Application forms complete in all respects, accompanied by the amount of investment by means of a cheque/demand draft are to be submitted at the official points of acceptance of the AMC/Registrar before closure of the Scheme. A complete list of official points of acceptance is enclosed elsewhere.
- As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account numbers in their applications for purchase of units.
- Kindly retain the acknowledgement slip initialled/stamped by the collecting authority.

d) Subscriptions during On-going basis after the scheme is converted into open-end at the end of three years

All valid applications for purchases / Switch-ins would be valued as follows:

Timings	Applicable NAV
Receipt of valid applications along with local cheque or DD payable at par up to 3:00 pm on a working day.	NAV of the Same Day
Receipt of valid applications along with local cheque or DD payable at par after 3:00 pm on a working day.	NAV of the next business Day
For applications along with outstation Cheques/demand drafts not payable at the place of submission of the application.	Closing NAV of the day on which the cheque/demand draft is credited in the scheme account.

Allotment is assured to all eligible applicants provided the applications are complete in all respects and are in order. However, the allotment of such Units would be at the discretion of the Board of Trustees. The AMC/Mutual Fund reserves its right to accept or to reject in whole or in part any application not in accordance with the terms of the Scheme, without assigning any reason.

e) Redemptions:

During the Close-End Period:

Unit holders of the scheme can redeem their units on the specified redemption dates falling on 180th, 360th, 540th, day, 720th, 900th and 1080th day from the date of allotment at NAV related prices, subject to deduction of exit load, if any, and unamortized initial issue expenses. There will be no Exit load Redemptions on the 1080th day i.e the Maturity day. However if the specified redemption date is a non-working day, then the unit holders can redeem on the next working day. For the understanding of investors the following table gives provisional dates for redemptions.

Details of the Specified Redemption dates	
Provisional Allotment date	2nd March 2007
Specified Redemption Days	Provisional Specified Redemption Dates
1st redemption – 180 Days from the date of allotment	29th August 2007
2nd redemption – 360 Days from the date of allotment	25th February 2008
3rd redemption – 540 Days from the date of allotment	25th August 2008
4th redemption – 720 Days from the date of allotment	23rd February 2009
5th redemption – 900 Days from the date of allotment	24th August 2009
6th & Maturity Date – 1080 Days from the date of allotment	22nd February 2010

Note:

The above specified repurchase date are provisional and are subject to change based upon the actual date of allotment.

If the specified repurchase date falls on a holiday the repurchase will be made on the next working day.

On an On-going basis after the converting into open-end at the end of three years:

All valid Repurchase / Switch-Out requests would be valued as follows:

Timings	Applicable NAV
Receipt of valid applications Up to 3:00 pm on a working day.	NAV of the Same Day
Receipt of valid applications after 3:00 pm on a working day.	NAV of the next working Day

f) Mode of Payment

The payment may be made by any of the following modes:

- i. By a cheque payable locally and drawn on any bank which is a member of the bankers clearing house located at the place where the application form is submitted; or
- ii. By demand draft payable at the place where the application form is submitted, from applicants residing at places where there is no collection centres for this scheme.
- iii. The bank charges/commission as per SBI guidelines for DD charges may be deducted from the amount of investment. Such bank charges/commission will be treated as eligible expenses debited to the Scheme within the expenses limits laid out under the regulations. As of now, the DD charges applicable for an investment of less than Rs 10,000 will be Rs 30. For sums exceeding Rs 10,000, the demand draft charges applicable will be Rs 3.50 per thousand subject to a minimum of Rs 50 and a maximum of Rs 12,500. These are subject to change based on SBI guidelines in this regard.

- iv. In case of NRIs and Persons of Indian Origin residing abroad, payment may be made by Indian Rupee Drafts payable at Chennai, purchased abroad or by cheque/DD payable at Chennai, drawn on Non-resident (External) account, FCNR account maintained with the banks authorised to deal in Foreign Exchange in India.
- v. Outstation Cheques will not be accepted during NFO. Only at the end of three years after the scheme is open for on-going subscriptions outstation cheques will be accepted for subscriptions. For applications along with outstation Cheques /demand drafts not payable at the place of submission of the application, the application for subscription / switch-in will be valid only after the cheque/demand draft is credited in the scheme account.

All cheques/ demand drafts should be drawn in favour of 'SUNDARAM BNP PARIBAS EQUITY MULTIPLIER FUND' and crossed 'Account Payee only'. Please note that cash, stock invest, money orders, post dated cheques and postal orders will not be accepted.

Please note during the NFO period application forms and the payments will be accepted only at the office of AMC/Registrar the official points of acceptance mentioned in the application form.

g) Refunds

In accordance with the Regulations, if the scheme fails to collect the minimum subscription amount of Rs.1 Crore, the scheme should be liable to refund to the applicants the entire money received. If the scheme collects applications in excess of the maximum corpus mentioned in relevant section, the excess money collected, such excess money shall be refunded. Further, refund of application money to applicants whose applications are invalid for any reason whatsoever will commence immediately after the allotment is completed.

Refunds will be completed within six weeks of the close of the New Fund Offer Period. If the scheme refunds the amount after six weeks, interest at 15% per annum shall be paid by the AMC. Refund orders will be marked 'Account Payee Only' and payable in the name of the sole/first applicant. All refund cheques will be sent through Registered Post A.D. It is mandatory for every applicant to provide his bank name, branch name and account number in their application for purchase/redemption of units.

The investor is aware that the mutual fund needs to use intermediaries such as post office, local and international couriers, banks and other intermediaries for correspondence with the investor and for making payments to the investors by cheques, drafts, warrants, through ECS etc. The Investor expressly agrees and authorises the mutual fund to correspond with the investor or make payments to the investor through intermediaries including but not limited to post office, local and international couriers and banks. The investor clearly understands the mutual fund uses such intermediaries are agents of the investor and not the mutual fund. The Mutual fund is not responsible for delayed receipt or non-receipt of any correspondence or payment through such intermediaries.

h) Allotment

Allotment of units in the scheme would be at the discretion of the Trustees. Allotments are assured to the eligible applicants provided the applications are complete in all respects, are in order and reaches well before the closing date. In terms of SEBI Regulations, applicants applying up to 5000 units shall be given full allotment, provided the applications are complete in all respects and in order and subject to the aggregate mobilization Rs.550cr. as indicated. The despatch of certificates/account statements/refund warrants (if any) will be made within 30 days from the date of closure of the subscription list.

i) Repurchase of units

During Close-End Period	
Redemption / Switch Out	Redemption / Switch Out would be allowed on 180th, 360th, 540th, 720th, 900th & 1080th Day from the date of allotment at NAV based price (subject to applicable Exit Load and deduction of unamortized initial issue expense). On the maturity date there will be no Exit Load. The provisional specified Redemption dates are indicated in the offer document.

After conversion into Open-End Scheme	
Redemption / Switch Out	On any working day at NAV related price, subject to Exit Load, if any.
The minimum repurchase amount is given in the following table:	
On Specific Repurchase Dates during Close End Period	
Minimum Repurchase Amount	Rs.500/-
After conversion into Open-End Scheme	
Minimum Repurchase Amount	Rs.500/-

General:

Unit holders shall have the option to exercise repurchase for a minimum amount mentioned in the scheme summary and highlights. The repurchase request can be made by specifying the rupee amount or by specifying the number of Units to be redeemed. If a repurchase request is for both a specified rupee amount and a specified number of Units, specified number of Units will be considered the definitive request.

In order to protect the interest of the investors from fraudulent encashment of redemption cheques, the current SEBI guidelines provide that redemption cheques are to specify the name of the investor and the bank name and account number where the cheque is to be credited. Hence investors are advised in their interest to provide the name of the bank, branch address, account type, account number for remittance of repurchase amount.

Sundaram BNP Paribas Mutual Fund/Sundaram BNP Paribas Asset Management Company Limited will not be responsible for any loss arising out of fraudulent encashment of cheques and delay/lost in transit.

In case the units are standing in the names of more than one unit holder, where mode of holding is specified as "Joint", repurchase requests will have to be signed by all unit holders. However, in cases of holding specified as "Anyone or Survivor", any one of the unit holders will have the power to make requests, without it being necessary for all the unit holders to sign. However, in all cases, the proceeds of the redemption will be only to the first-named holder.

The unit holder may either request for mailing of the redemption proceeds to his / her address or collection of the same from the Customer Service Center. A fresh Account Statement will be dispatched reflecting the updated holding of the unit holder after every transaction.

Investors may note that the AMC/Trustees may close a Unit holder's account if at the time of any part of repurchase of Units by the Unit holder, the value of Units (represented by units in the investors account if such repurchase of units were to take place, valued at the applicable repurchase price), falls below Rs.500/-

As per SEBI Regulations, the repurchase warrant shall be mailed within ten working days from the date of receipt of the repurchase request at the office of the Registrar/Asset Management Company. However, under normal circumstances, the AMC will endeavour to despatch the repurchase proceeds within five working days. . In case of delay in despatch of redemption or repurchase proceeds within the period specified in sub-clause (b) of the Regulation 53, the AMC is liable to pay interest to the unitholders at such rate as may be specified by SEBI.

Further the investor is aware that the mutual fund needs to use intermediaries such as post office, local and international couriers, banks and other intermediaries for correspondence with the investor and for making payments to the investors by cheques, drafts, warrants, through ECS etc.

The Investor expressly agrees and authorises the mutual fund to correspond with the investor or make payments to the investor through intermediaries including but not limited to post office, local and international couriers and banks.

The investor clearly understands the mutual fund uses such intermediaries are agents of the investor and not the mutual fund. The Mutual fund is not responsible for delayed receipt or non-receipt of any correspondence or payment through such intermediaries.

j) Mode of Payment of Redemption Proceeds

The AMC proposes to use a variety of methods to effect redemptions to the investors. In choosing the payment method for any specific investor, the AMC will endeavour to see which method would best suit the investor, taking into consideration the banking facilities available, the level of technology employed by different banks and the investor's preference.

The AMC will constantly review the options in use and new options that may emerge for making payment for redemptions and alter the payment mechanisms to best serve the investors. In this endeavour, at all points of time, the objective of the AMC will be to ensure speedy and safe payment to the investors, in a manner most convenient and cost effective to them.

For the present, the AMC proposes to make redemption payments by the following methods.

- Direct Credits

Some banks have adopted a level of technology that enables them to credit the proceeds to the accounts of the account holders electronically. For investors who have accounts with such banks, the AMC will, in consultation with the banks and under advice to Unit holders, directly credit the accounts of the investors based on the account details provided by them to the AMC. Currently, this would probably be the quickest and safest method for an investor to receive payments due to him. The following banks have confirmed that they can extend this facility to the Unitholders in the Scheme:

1. ABN Amro Bank
2. Citi Bank
3. ICICI Bank
4. IDBI Bank
5. HDFC Bank
6. HSBC Bank
7. Kotak Mahindra Bank
8. Standard Chartered Bank
9. UTI Bank
10. Yes Bank

An investor having an account with any of the above banks may provide the complete and correct account details to the AMC for direct credit of redemptions.

The AMC may exclude any bank participating in this arrangement based on its experience in dealing with the bank or add to the list a bank that may be able to provide this facility to the satisfaction of the AMC.

The investor has a choice of changing his option about the method of receiving the redemptions if he/she so desires. For this purpose, the investor has to communicate the change in details to the AMC or to its Customer Service Centres.

- Warrants/Payable-at-par cheques

The AMC will make arrangement with banks to issue redemption cheques payable-at-par or pay orders at the designated centres as notified in the application form. The AMC will endeavour to increase the number of locations where such warrants are payable-at-par. However, if an investor resides at a centre outside the locations, then the instrument will be issued to be payable at par at the centre nearest to where the investor resides. The cost of clearing these instruments from such nearest centre will be borne by the investor.

As prescribed by SEBI and in order to protect the interests of the investors, it is mandatory for the investors to provide their full bank details for the AMC to make dividend payment.

Redemption by NRIs

Credit balances in the account of an NRIs investor may be redeemed by such investors in accordance with the procedure described above and subject to any procedures laid down by the RBI, if any. Such redemption proceeds will be paid by a Rupee Cheque payable to the NRIs or by a Foreign Currency draft drawn at the then current rates of exchange less bank charges thereof to RBI procedures and approvals.

The fund will not be liable for any delays / for any loss on account of any exchange fluctuations, while converting the rupee amount in foreign exchange in the case of transactions with NRIs.

In terms of the Schedule 5 of Notification no. FEMA 20/2000 dated 19th May 2000 issued under the Foreign Exchange Management Act, 1999

(FEMA) the RBI has granted general permission to NRIs who have purchased units issued by Mutual Funds in accordance with the aforesaid notification to tender units to the mutual funds for repurchase or for the payment of maturity proceeds.

For the purpose of this section, the term 'mutual funds' is as referred to in Clause 23(D) of Section 10 of Income-Tax Act 1961.

Other modes of payment

The AMC would constantly endeavour to make the transaction processing convenient and cost-effective for the investors. The AMC may choose for any investor that method of making the dividend payments and redemptions from among the options available, that in the AMC's discretion it appears best suited to the investor's position at any point of time. The AMC may also explore other innovative and convenient methods of making payments when such options become available with the help of technology or other infrastructure created by appropriate service providers.

k) Fractional Units

Since the request for investment or repurchase of units, is generally made in Rupee amount and not in terms of number of Units, investors may be left with Fractional Units in their Account. Fractional Units will be computed and accounted for up to three decimal places. However, Fractional Units will in no way affect the investors' ability to redeem the Units, either in part or in full standing to the Unit holders' credit.

l) Listing

As the funds stands ready to buy back the units of this Scheme on specified redemption dates once in six months during the Close-End period and on any working day after it is converted into an Open-End scheme, it is not proposed to list the Units of this Scheme on any stock exchange. The Trustees reserve to the right to introduce listing facility in one or more stock exchanges at any time during the three-year close end period of the fund.

m) Transfer

The units of SUNDARAM BNP PARIBAS EQUITY MULTIPLIER FUND are freely transferable by act of parties or by operation of law. For affecting a transfer the applicable transfer, form(s) shall be duly stamped and signed by all the unit holders and submitted along with the relevant unit certificate(s). The Asset Management Company shall on production of instrument of transfer together with the relevant unit certificates, register the transfer and return the unit certificates to the transferee within thirty days from the date of lodgement of transfer request at the office of the Registrar.

n) Transmission

In case the Unit holder holds units in a single name, units shall be transmitted in favour of the nominee where the Unit holder has appointed a nominee upon production of Death Certificate or any other documents to the satisfaction of the Fund, AMC or Registrar. If the Unit holder has not appointed a nominee, the units shall be transmitted in favour of the unit holder's executor/administrator of its estate/legal heir(s) as the case may be on production of the Death Certificate or any other documents to the satisfaction of the Fund/AMC/Registrar. In case more than one registered Unit holder holds units, then upon death of the first Unit holder, units shall be transmitted to the second Unit holder on production of the necessary documents, including Death Certificate. The rights in the units will vest in the nominee upon the death of all Joint Unit Holders upon the nominee producing the Death Certificate or any other document to the satisfaction of the Fund/AMC/Registrar.

o) Switching

(i) Switching from any other open-end schemes of the Sundaram BNP Paribas Mutual Fund

Investors, who hold units in any other open-end funds of the Sundaram BNP Paribas Mutual Fund, may switch all or part of their holdings to the scheme under this offer document during the New Fund Offer period and after the maturity of the close-end tenure at the end of three years, the scheme will be open for subscriptions on any working day.

(ii) Switch to any other eligible schemes of the Sundaram BNP Paribas Mutual Fund

Investors who holds units of SUNDARAM BNP PARIBAS EQUITY MULTIPLIER FUND may switch all or part of their holdings to any of the other scheme(s) (to be launched hereafter) during the New Fund Offer

period of respective scheme(s) or to any other open-end schemes (where switch-in is permitted) of the Sundaram BNP Paribas Mutual Fund. Such switch would be permitted on the specified redemption dates during the close-end tenure and will be permitted on an on-going basis after the scheme is converted into an open-end scheme.

Note: The switch will be effected by way of a repurchase of units and a reinvestment of the proceeds in another scheme(s). Accordingly, to be effective, the switch must comply with the repurchase rules of this scheme and the issue rules of the other scheme. The price at which the units will be switched out of the scheme will be based on the prevailing repurchase price and the proceeds will be invested in another scheme(s) at the prevailing public offering price for units in that scheme. The switch will be effected by redeeming units from the scheme in which the units are held and investing the net proceeds in the other scheme(s)/plan(s), subject to the minimum balance applicable for the respective scheme.

p) Suspension of Sale/ Repurchase of units:

The sale/repurchase of the units of the Scheme may be suspended temporarily or indefinitely under any of the following circumstances:

- During the period of Book closure, if any
- Stock markets stop functioning or trading is restricted
- Periods of extreme volatility in the stock markets, which in the opinion of the Investment Manager is prejudicial to the interest of the unit holders.
- A complete breakdown or dislocation of business in the major financial markets
- Natural calamities
- Declaration of war or occurrence of insurrection, civic commotion or any other serious or sustained financial, political or industrial emergency or disturbance.
- SEBI, by order, so directs.

In the above circumstances, the time limits indicated, for processing requests for purchase and repurchase of units will not be applicable.

Suspension or restriction of repurchase/redemption facility shall be made only after approval by the Board of Directors of the AMC and the Trustee, The approval of the Trustee giving circumstances justifying the suspension shall be conveyed to SEBI in advance

q) Nomination Facility

In terms of Regulation 29A of the SEBI Regulations, the AMC will provide an option to investors, being individuals, to nominate a person in whom the units will vest upon the death of the investor. Joint holders may together nominate a person as a nominee. It must be understood that by providing this facility, the AMC is not declaring the nominee as the person entitled to the units upon the death of unit holder nor does the AMC purport to confer or grant any rights other than those available under law to the nominee. The nominee receives the units (subject to the rights of any subsisting charge holder) only as an agent/trustee of the person who is entitled to them under law.

Where a nominee is a minor, the unit holder shall provide the name and address of the guardian of the minor nominee. Only an individual provided he/she is otherwise not disqualified to own the units can be a nominee. Transmission of units (subject to the rights of any charge holder) to the nominee will constitute full discharge of the obligations of the AMC/Trustee, towards the estate/legal heirs/ successors of the deceased unit holder.

An NRI can be nominated on a non-repatriable basis only. Applicants can change the nomination at any time during the periodicity of their holding in the scheme.

Non-individuals including Societies, Trusts, Body Corporate, Partnership Firms, Karta of Hindu Undivided Family, Association of Persons (AOP), Body of Individuals (BOI), Holders of Power of Attorney can neither nominate or be a nominee

The nomination facility is subject to applicable laws. Investors are requested to comply with the prescribed procedures to avail themselves of this facility, the details of which are available with the R&T agent.

r) Options and Investment Plans offered under the Scheme

The Scheme offers the investors the following options:

- Growth Option
- Dividend Payout Option

Dividend Reinvestment Option*

**The dividend re-investment option will be activated only after the scheme become open ended*

Growth Option

Investors who prefer capital appreciation can opt for this option. No dividend will be declared under this option; the income earned on the investors units would remain invested in the scheme and will be reflected in the net asset value of this option.

Dividend Option – Payout

Investors who wish to receive regular income in the form of dividends can opt for the Dividend Option. Dividends, if any, will be paid by means of Warrants/Demand Drafts / Cheques payable at par at the nearest City/Town of the Investor.

As per the Regulations, the Fund shall despatch to the unit holders, the dividend warrants within 30 days of declaration of dividend. Dividends will be payable to those unit holders whose name appear in the Register of unit holders on the Record Date.

The cheques/warrants will be drawn in the name of the sole/first holder and will be posted/mailed to the address as indicated in the application form. As per SEBI guidelines and in the interest of the investors to safeguard from loss or theft of dividend cheques/warrants, investors are requested provide the name of the bank, branch and account number in the application form. Such information would be incorporated in the cheque/warrants. Investors can also opt to receive dividend through the 'Direct Credit Facility' as outlined in section j.

Effect of Dividends:

When dividends are paid, the NAV will stand reduced by the amount of Dividend and distribution tax, if any applicable. To the extent the entire net income and realized gains are not distributed, the same will remain invested in the scheme and be reflected in the NAV. Since dividends are declared under dividend option only, the NAV of Growth option will not be affected by the payment of such dividend.

Dividend reinvestment option

Under the dividend reinvestment option, the Dividend (Subject to tax, if any) due and payable to the unit holder will be compulsorily, and without any further act by the unit holders, reinvested in the scheme (under the dividend option, at the first ex-dividend NAV.) The Dividends so reinvested shall be constructive payment of dividends to the unit holder and constructive receipt of the same amount from each unit holder for reinvestment in units.

On reinvestment of dividends, the number of units to the credit of unit holder will increase to the extent of the dividend divided by the applicable NAV as explained above. The dividend will be reinvested based on the frequency of dividend.

However, the dividend re-investment option will be activated only after the scheme become open ended

s) Additional Facilities

Available upon conversion into open end scheme at the end of three years from the initial date of allotment

(1) Automatic Investment of Money plan (AIM)

(Applicable only to Resident Indian Investors)

Applicants who cannot subscribe the minimum amount of Rs.5, 000/- in one lump sum, but would still like to participate in the scheme may opt for the Automatic Investment of Money (AIM) Plan. This is an additional facility and innovation introduced by Sundaram BNP Paribas Mutual Fund to help the small investors.

Under this plan, an applicant can open an account in the scheme with a minimum initial investment of Rs.500/- and make any additional investment thereafter. The investor has to sign a declaration that he shall remit the balance amount to ensure that he attains the minimum subscription amount of Rs. 5,000/- within 12 months from the date of the first investment. This can be achieved in any number of instalments provided each instalment is not less than Rs.500/-. Based on the amount of investment made in each instalment, fresh units will be allotted at the applicable sale price.

In case an investor who has opted for the AIM plan fails to attain the minimum subscription amount of Rs.5,000/- within the period stipulated in the above paragraph, the Trustees reserve the right to close his account at the applicable NAV after the stipulated period. Any investor who opts for the AIM plan can subsequently opt for the Systematic Investment Plan (see below) on attaining the minimum investment amount of Rs.5, 000/-. However, this facility is not available during the New Fund Offer Period.

(2) Systematic Investment Plan (SIP)

Investors can also benefit by investing specified amounts periodically, on an interval of their choice (weekly, fortnightly, monthly etc). Investors can invest a minimum of Rs.500/- per chosen frequency and any amount thereafter. For investments made under Systematic Investment Plan, the following load structure will be applicable:

Load Structure For all SIP transactions	Entry Load	Exit Load
Equity and Balanced Schemes	2.25%	Nil
Debt and Liquid Schemes	Nil	Nil

Note: The entry load mentioned above will be applied on each transaction

(3) Systematic Withdrawal Plan (SWP)

SWP is ideal for those seeking regular inflow of funds for their needs. The minimum amount, which the unit holder can withdraw, is Rs.1000/-. The unit holder may avail himself of this plan by sending a written request to the AMC or the Registrar. Withdrawals through SWP are effected on the specified redemption dates, at an interval of the investor's choice (monthly, quarterly etc). The amount thus withdrawn by this option will be converted into units at the applicable repurchase price on that date and will be subtracted from the units balance to the credit of the unit holder. The AMC may close a unit holder's account if the balance falls below the specified minimum amount for the scheme. Unit holders may change the amount indicated in the SWP, subject to the minimum amount specified above. The SWP may be terminated on written notice from the unit holder and it will terminate automatically when all the units of the unit holder are liquidated or withdrawn from the account. The unit holders can opt for either fixed or variable amount withdrawal under this facility.

Features	Options
(a) Frequency	Monthly, Quarterly
(b) Withdrawal amount	Fixed Amount: Rs. 1000/- Variable Amount: Capital Appreciation subject to a minimum of Rs. 1000/-
(c) Withdrawal dates	Withdrawals are processed on the First working day of every month/quarter
(d) Load structure	Exit Load: Exit load of the respective schemes

a) Fixed amount withdrawal

The unit holder can withdraw a fixed amount (subject to a minimum amount of Rs.1000/- on the Specified Redemption Dates. In this case, the withdrawal could affect the capital, reducing it or enhancing it based on the amount withdrawn and returns generated by the fund.

Example

If the unit holder decides to withdraw Rs. 5,000/- every month, and the appreciation in a month is Rs. 1750/-, then such redemption proceeds will comprise of Rs. 1750/- from the capital appreciation and Rs. 3250/- from the unit holder's capital account

b) Capital Appreciation (Variable) Withdrawal Plan

The unit holder withdraws the amount by which his/her capital appreciates on the specified redemption dates. Here the capital invested remains constant. In the event of there being no capital appreciation, no withdrawal/payment will be effected.

Example

If the appreciation on the investment of the Unit holder for the quarter is Rs.1750/- in the first quarter and Rs.1250/- for the second quarter the investor will receive only the appreciation i.e. Rs.1750/- and Rs.1250/- for the I & II quarters respectively.

Amount Invested: Rs.50,000/- in a Scheme of Sundaram BNP Paribas Mutual Fund – Growth Option

	Fixed amount withdrawal	Capital Appreciation (Variable) withdrawal
Withdrawal per qtr	Fixed Rs.5000/-	Only Capital appreciation
Return generated in first qtr by the fund (@14% p.a)	Rs.1750/-	Rs.1750/-
Amount received at the end of First Quarter*	Rs.5, 000/-	Rs.1750/-
Principal at the end of First Quarter	Rs.46, 750/-	Rs.50, 000/-
Return generated in second quarter by the fund in (@10% P a)	Rs.1169/-	Rs.1, 250/-
Amount received at the end of second quarter*	Rs.5, 000/-	Rs.1, 250/-
Principal at the end of second quarter	Rs.42919/-	Rs.50, 000/-

*Amount will be paid to the Investor by redeeming the units equivalent to the value of appreciation.

Note: The above table is only for illustration purpose and the capital appreciation portion will be subject to capital gain tax at applicable rates, if any.

Suppose if the Exit Load of 1% is applicable on withdrawal, then the amount received at the end of each quarter will be as follows:

Amount received at the end of the First Quarter	=Rs. 5000*(1-.01) = Rs. 4,950/-	=Rs. 1750(1-.01) = Rs. 1732.50
Amount received at the end of the second quarter	=Rs. 5000*(1-.01) = Rs. 4,950/-	=Rs. 1250(1-.01) = Rs. 1237.50/-

The AMC reserves the right to prospectively amend the operational details of SIP/SWP options as may be deemed fit.

The Trustee reserves the right to amend, add or withdraw any special features in the interest of investors.

The Systematic Withdrawal Plan will be offered on the following terms and conditions

- The withdrawal will be made subject to minimum amount of Rs. 1000/- under the fixed amount withdrawal option and subject to Rs. 1000/- capital appreciation available under variable withdrawal option.
- Unit holders may the change amount of withdrawal, at any time by giving the Registrar of the Mutual Fund, a written notice at least 14 days prior to the next withdrawal date. However, the AMC at its sole discretion retains the right to close an account if the outstanding balance, based on the Net Assets value, falls below Rs. 1000/- due to redemption or use of SWP facility or otherwise and the investor fails to invest sufficient funds to bring the value of the amount up to Rs. 1000/- within 30 days after a written intimation is sent to the Unit holder.
- Withdrawals are processed on the first Working Day of every month/quarter as the case maybe.
- In the case of SWP Capital Appreciation (Variable) withdrawal option, appreciation, if any, will be calculated from the commencement date of SWP under the folio, till the first withdrawal date. Subsequently, capital appreciation, if any, will be the capital appreciation between the date immediately succeeding the last withdrawal date and the next withdrawal date. Provided that the NAV per Unit on the subsequent withdrawal date is greater than the NAV per Unit on the date of purchase. Provided further the capital appreciation is greater than Rs. 1000/-
- The capital appreciation portion will be subject to capital gains tax at applicable rates.
- In the event of there being no capital appreciation, no withdrawal/payment will be effected under the variable Plan.
No exit load would be applied on redemptions under SWP.

(4) Systematic Transfer Plan (STP)

STP is a facility wherein a unit holder of a Sundaram BNP Paribas Mutual Fund scheme can opt to transfer a fixed amount or capital appreciation amount at regular intervals to another scheme of Sundaram BNP Paribas Mutual Fund. The amount transferred under the STP from the Transferor scheme to the Transferee scheme, shall be effected by redeeming units of Transferor scheme and subscribing to the units of the Transferee scheme.

STP is available to the investors on the commencement of ongoing sale and redemption of the units under the scheme after the New Fund Offer period. The STP can be availed by the investors on : 1st, 7th, 14th, 20th and 25th of every month/quarter. Also, the amount for each STP shall be a minimum of Rs.500/- and Rs.1500/- for monthly and quarterly respectively.

The load structure for STP transactions will be as follows:

Transferor Scheme	Transferee Scheme	Exit Load in Transferor Scheme	Entry Load Transferee Scheme	Exit Load Transferee Scheme
Equity and Balanced Schemes of Sundaram BNP Paribas Mutual Fund	Equity and Balanced Schemes of Sundaram BNP Paribas Mutual fund	Exit load of the respective scheme	Nil	Nil
Equity and Balanced Schemes of Sundaram BNP Paribas Mutual Fund	Other than Equity and Balanced schemes	Exit load of the respective scheme	Nil	Nil
Other than Equity and Balanced schemes	Equity and Balanced Schemes of Sundaram BNP Paribas Mutual Fund	Exit load of the respective scheme	Entry Load of the respective scheme	Nil

No transfer will take place if there is no minimum capital appreciation.

The capital appreciation portion will be subject to capital gains tax at applicable rates.

Investors may opt to exit from the facility by giving a written notice to the Registrar at least 14 days prior to the next transfer date.

STP may be terminated automatically if the balance falls below the minimum account balance or upon the receipt of notification of death incapacity of the unit holders by the Fund.

The AMC reserves the right to have differential load structures for investors who opt for the STP.

Rules relating to the STP may be changed from time to time by the AMC.

(5) Dividend Sweep-in facility

This facility would help the investors to transfer the dividend receivable in a particular Sundaram BNP Paribas Mutual scheme into any other Open End schemes of the Sundaram BNP Paribas Mutual. This will be processed on the record date of the dividend declared under the scheme. A minimum amount of Rs. 500/- shall be available in the investor's account.

The dividend (net of TDS, if applicable) will be swept into the scheme opted by the investor at the applicable NAV based prices and minimum investments eligibility requirements without any entry load.

t) General

- All allotments of units will be subject to realisation of the payment instrument and therefore any payment towards redemption/dividends in respect of such units will be made only after such realisation.
- An application to purchase the units is not binding on the fund unless it is confirmed in writing by the AMC and the payment for the purchase has been realised by the Scheme. An entry made by the AMC as to the date/time of receipt of an application for purchase/redemption will be conclusive and binding on the applicant.
- All allotments of units and payments to non-residents will be subject to the applicable regulations prescribed in this regard by RBI/other authorities. Non-resident Indians (NRIs) are requested to submit the necessary documents for undertaking the various transactions of purchase/redemptions, without which redemptions/ dividends cannot be paid.
- After the completion of a transaction, (allotment/redemption switch etc.) an account statement will be sent reflecting the same. At the instance of the investor, a certificate in lieu of the statement may be issued.
- The AMC will not be responsible for loss due to any delay in the receipt of the statement/certificate.
- SEBI has prescribed a uniform cut-off time across the industry. Accordingly, such cut-off time shall be applicable for purchase/redemptions/switch transactions. The applicable price for applications for purchase/redemption received by agents will be the price applicable for the date/time when they are received correct and

complete at the investor service centres of the AMC/the R&T agent. In case SEBI prescribes any change in the uniform cut-off time, such time shall apply automatically.

- Unitholders are requested to check the account statement and report any discrepancy noticed by them to the R&T agent or customer service department of the AMC immediately. In case of any non-intimation within 15 days, it will be taken that there are no discrepancies.
- Despatch of redemption warrant or other communication will be made by ordinary mail or registered post/courier as required under the Regulations at the risk of the investor.
- The Mutual Fund/AMC will not be responsible for any fraudulent conversion of any payment instrument/instruction. It is mandatory for investors to furnish details of their bank accounts. The normal processing time will not apply in cases where such details are not provided.
- All disputes arising out of or in relation to the issue made under the Scheme will be subject to the exclusive jurisdiction of courts in India.
- The Mutual Fund will have a first and paramount lien/set-off with respect to every unit/dividend for any amount owed by the Unit holder to it.
- The AMC/Mutual Fund will not be responsible for any delay/non-receipt of redemption proceeds where it is attributable to any incorrect/incomplete/inconsistent information provided by the investor. Where any request from the investor is ambiguous or contrary to the terms of the Scheme or does not conform to the procedures prescribed by the Scheme, the AMC/Trustee reserves their right to reject it.
- The Scheme is not obliged to re-present any dishonored cheque or any other payment instrument, or inform the investor of the dishonour. In such cases, the facility of purchasing units by issue of cheque may not be permitted to the investor concerned and the expenses incurred by the Scheme may be payable by the investor. Any request for withdrawal of an application made during the initial public offer period will be treated as a redemption request and processed at the redemption price of the Scheme on the first day after it re-opens for sale and redemption on an on-going basis.
- All information contained in this offer document is based on the laws currently in force and are subject to any change thereto. In the case of amendments made to any law/regulations (e.g, SEBI Regulations, Foreign Exchange Regulations, Taxation Laws etc) in relation to mutual funds or the Scheme, such amendments will automatically apply to the Scheme to the extent and in the manner provided in such laws/regulations.
- Subject to SEBI Regulations, any amendment to regulations / clarifications / guidelines issued by SEBI for the operation of mutual funds will apply to the Scheme.
- All response times are to be reckoned from the time of receipt of correct/complete information relating to the transaction.
- Subject to SEBI regulations, the Trustees will have the power to do anything not inconsistent with the provisions of the Scheme/Regulations, which appear to them to be desirable or expedient for giving effect to the provisions of the Scheme or for removal of any difficulty or inconsistency that may arise in the operation of the Scheme. In exercise of such powers, the Trustees may prescribe necessary forms, terms and rules with power to the AMC to alter them from time to time.
- Applications not complete in any respect are liable to be rejected. In the event of non-allotment of units, no interest will be payable by Sundaram BNP Paribas Mutual Fund on the money refunded. The decision of the Board of Trustees as regards any representation arising from the disqualification of any application shall be absolute and final.
- Sundaram BNP Paribas Mutual Fund reserves its right to accept or to reject in whole or in part any application not in accordance with the terms of the Scheme, without assigning any reason.
- Refund orders will be marked 'Account Payee only' and drawn in the name of the sole/ first applicant. All refund cheques will be sent by Registered Post, acknowledgement due. It is mandatory for applicants to provide their bank name, branch name branch name and account number in their application for purchase / redemption of units.

- The Trustees may add or otherwise modify any feature investment plans/patterns, options etc. after obtaining the approval of Unitholders, SEBI and other authorities, wherever required, in accordance with the SEBI Regulations and other applicable laws and the same will be binding on each Unitholder or any person claiming through him, as if such Unitholder or person had expressly agreed to such addition/modification.

u) Unclaimed Redemption/Dividend Amount

The unclaimed redemption amount and dividend amounts may be deployed by the scheme in money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing NAV. After a period of three years, this amount will be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds will be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

PART IV

1. LOAD STRUCTURE

For the present, the Board of Trustees has prescribed the following entry and exit load for the units to be issued

During the NFO period:	
Entry Load	Nil
Exit Load	Repurchase on 180th Day from the date of allotment: 4% Repurchase on 360th Day from the date of allotment: 3.5% Repurchase on the 540th Day from the date of allotment: 3% Repurchase on the 720th Day from the date of allotment: 2.5% Repurchase on the 900th Day from the date of allotment: 2% Repurchase on the 1080th Day from the date of allotment (Maturity Date): NIL
After conversion into Open-End at the end of 3 Years:	
Entry Load	For application to invest less than Rs.2 Crore, : 2.25% For application to invest equal to or more than Rs.2 Crore: Nil
Exit Load	The Trustee reserves the right to introduce an appropriate Load Structure at the time of conversion of the Scheme into an open end Scheme.

No Entry/Exit Load shall be charged on the units subscribed by any Fund Of Funds schemes

An Addendum shall be published by the Mutual Fund / AMC announcing the Load Structure prior to conversion of the Scheme and this shall become an integral part of the offer document.

In accordance with SEBI Regulations, during the close ended period of the scheme, the repurchase price will not be lower than 95% of the NAV and after the scheme becomes open ended, the repurchase price will not be lower than 93% of the NAV and the sale price will not be higher than 107% of the NAV, and the difference between sale price and repurchase price shall not exceed 7% of the sale price.

The Board of Trustees reserves the right to prescribe or modify the load structure with prospective effect and to introduce an exit load or a combination of entry and exit loads, subject to a maximum as prescribed under SEBI Regulations. The change will be notified by a suitable display at the Corporate Office of the AMC and at the Investor Service Centres.

Any imposition or enhancement of a load in future shall be applicable on prospective investments only. At the time of changing the load structure, the addendum detailing the changes will be attached to the offer document. The addendum will be circulated to all the distributors/brokers so that the same can be attached to all copies of the offer documents already in stock. The addendum will also be sent along with the half-yearly portfolio statements sent to the Unit holders. It shall be deemed to be an integral part of the offer document.

Arrangements will be made to display the changes/modifications in the offer document in the form of a notice at all the investor service centres and distributors'/brokers' offices.

The introduction of the exit load/ Contingent Deferred Sales Charges (CDSC) along with the details will be stamped on the acknowledgement slip issued to the investors on submission of the application form and will also be disclosed in the statement of accounts issued after the introduction of such load/CDSC.

All loads (including CDSC) for the Scheme shall be maintained in a separate

account and may be utilised towards the selling and distribution expenses. Any surplus in this account may be credited to the Scheme, whenever felt appropriate by the AMC.

2. EXPENSES

a) Initial Issue Expenses

The initial issue expenses will be amortized on a daily basis over the close-ended Tenure, i.e. for a three-year period, of the Scheme. The initial issue expenses charged to the scheme would not exceed 6% of the corpus collected under the Scheme. Any initial issue expenses more than 6% will be borne by AMC. The Initial Issue expense includes the filing fees payable to the SEBI.

As such, in the case of Sundaram BNP Paribas Equity multiplier fund, for every Rs.100/- contributed by the investor, at least Rs. 94/- will be available to the Scheme for investment. The initial issue expenses (up to 6%) shall be amortized in the books of the Scheme over 3 Years (1080 Days) from the date of allotment in terms of Regulations 52(5) read with Tenth Schedule.

The impact of the initial issue expenses on the NAV is explained in the example given below, in case the Scheme choose to amortize the expenses over a period of 3 Years (1080 Days). The initial issue expense is assumed as 6% which is the maximum allowed limit by regulation.:

NAV COMPUTATION	
Unitholders investment Rs.	100
Unit face value Rs.	10
No. of Units	10
Initial Issue Expenses Rs.	6
Amount available for investment by the Scheme Rs.	94
No. of days amortisation of Initial Issue Expenses	1080 days
Per day amortisation of Initial Issue Expenses Rs.	= 6/1080 = 0.0055
Balance initial issue expenses, to be included in NAVs	1 - 0.0055= 0.9945
NAV Day one Rs.	(99+0.9945)/10 9.9945

Since at the end of three years the entire initial issue expenses would be amortized fully by the scheme, after conversion into open-end scheme there will be no amortization of initial issue expenses.

b) Annual recurring expenses

Expense Head	Estimated %
Investment Management and advisory fee	1.25%
Marketing & Selling expenses including	
Agents Commission	0.50%
Registrar & Transfer Agent Fee	0.15%
Custodian	0.09%
Misc. Expenses including Audit Fees, Trustees fees, cost of investor communication, Cost of fund transfer etc	0.26%
Total	2.25%

The purpose of the above table is to assist the investor in understanding the various costs and expenses that an investor in the Scheme / Plan(s) will bear directly or indirectly.

The above expenses are subject to change and may increase / decrease as per actual and / or any change in the Regulations. These estimates have been made in good faith as per information available to the AMC and the total expenses may be more than as specified in the table above. However, as per the Regulations, the total recurring expenses that can be charged to the Scheme in this Offer Document shall be subject to the applicable guidelines. Expenses over and above the permitted limits will be borne by the AMC.

The recurring expenses of the Scheme, and the additional management fee shall be as per the limits prescribed under sub-regulation 6 of Regulation 52 of the SEBI Regulations and shall not exceed the limits prescribed thereunder. Currently, as per the Regulations, the maximum recurring expenses that can be charged to an income Scheme shall be subject to a percentage limit of average weekly net assets as in the table below:

On the first Rs 100 Crores of the average weekly net assets	2.25%
On the next Rs 300 Crores of the average weekly net assets	2.00%
On the next Rs 300 Crores of the average weekly net assets	1.75%
On the balance assets	1.50%

As per the SEBI Regulations, the total recurring expenses that can be charged to this scheme shall be subject to the applicable guidelines. Any recurring expense above the permitted limits will be borne by the Investment manager or by trustees or by sponsor.

As per SEBI regulations, the AMC is entitled to an investment management and advisory fee at the rate of 1.25% per annum of the weekly average net assets outstanding in each accounting year for the scheme concerned, as long as the net assets do not exceed Rs. 100 crore (rupees one hundred crores only) and 1.00% of the excess amount over Rs. 100 crore (rupees one hundred crores only), where net assets so calculated exceed Rs. 100 crore (rupees one hundred crores only). For schemes launched on a no load basis, the AMC is entitled to collect an additional management fee not exceeding 1% of the weekly average net assets outstanding in each financial year.

c) Initial Issue Expenses of the latest scheme launched

Month/Year	Scheme	Amount Rs. in lakh	Borne by AMC/ Amortised by the Scheme
June 04	Sundaram BNP Paribas India Leadership Fund	245	Scheme
December 04	Sundaram BNP Paribas Floating Rate Fund	5.89	AMC
January 05	Sundaram BNP Paribas S.M.I.L.E Fund	1442	Scheme
August 05	Sundaram BNP Paribas Capex opportunities Fund	2174	Scheme
October 05	Sundaram BNP Paribas Value Plus	4.13	AMC
February 06	Sundaram BNP Paribas Fixed Term Plan	13.00	AMC
March 06	Sundaram BNP Paribas Rural India Fund	5848	Scheme
June 06	Sundaram BNP Paribas Fixed Term Plan Series VI and VII	1.20	AMC
September 06	Sundaram BNP Paribas Fixed Term Plan Series IX	1.19	AMC
October 06	Sundaram BNP Paribas Fixed Term Plan Series VIII	0.79	AMC
November 06	Sundaram BNP Paribas Fixed Term Plan Series X & XI	1.21	AMC
December 06	Sundaram BNP Paribas Fixed Term Plan Series XIV	0.93	AMC

(3) CONDENSED FINANCIAL INFORMATION OF THE SCHEMES LAUNCHED DURING THE LAST THREE FISCAL YEARS:

Sundaram BNP Paribas Monthly Income Plan (Not an assured Income scheme) (Amount in Rs.)

Sl.No	HISTORICAL PER UNIT STATISTICS	12.01.04 31.03.04	01.01.04 31.03.05	01.04.05 31.03.06	01.04.06 30.11.06
1.	Date of allotment	19.01.2004	19.01.2004	19.01.2004	19.01.2004
2.	NAV at the beginning				
	Monthly	10.00	10.09	10.2398	10.7739
	Quarterly	10.00	10.09	10.3614	10.8490
	Half-yearly	10.00	10.09	10.4987	11.7383
	Growth	10.00	10.09	10.7078	12.2751
3.	Dividend (Rest.)				
	Monthly (Inca Div Tax)	—	0.66765	1.5272	1.0835
	Quarterly	—	0.46229	1.9162	0.9629
	Half-yearly	—	0.46229	0.4279	2.4197
	Growth	—	—	—	—
4.	Transfer to reserves	—	—	—	—
5.	NAV at the end (Rest.)				
	Monthly	10.09	10.2398	10.7739	10.3054
	Quarterly	10.09	10.3614	10.8490	10.5921
	Half-yearly	10.09	10.4987	11.7383	10.6061
	Growth	10.09	10.7078	12.2751	12.6505
6.	Annualised Return (Since inception)	0.09%#	5.62%	9.69%	8.55%
7.	Benchmark returns \$	0.90%	6.96%	6.00%	6.88%
8.	Net Assets at the end of the period (Rs. in crore)	247.21	76.65	48.03	53.43
9.	Ratio of recurring expenses to Average Net Assets	2.04%	2.21%	1.94%	2.08%
10.	Net income (per unit)	0.0891	0.85	1.71	0.64

- Absolute Return

\$ - CRISIL MIP Blended Index

Sundaram BNP Paribas Floating Rate Fund – Short Term Plan (Amount in Rs)

Sl.No	HISTORICAL PER UNIT STATISTICS	30.12.04 31.03.05	01.04.05 31.03.06	01.04.06 30.11.06
1.	Date of allotment	30.12.2004	30.12.2004	30.12.2004
2.	NAV at the beginning - Regular			
	Monthly	10.00	10.1297	10.1882
	Growth	10.00	10.1297	10.6986
	NAV at the beginning - Institutional			
	Daily	10.00	10.0519	10.0519
	Weekly	10.00	10.1196	10.2228
	Monthly	10.00	10.1365	10.2126
	Growth	10.00	10.1365	10.7176
3.	Dividend – Regular – Monthly	0.0676	0.4312	0.5277
	Dividend – Institutional – Daily	0.08296	0.7317	—
	Weekly	0.01407	0.04157	—
	Monthly	0.0349	0.9017	0.5729
	Quarterly	—	0.0877	—
4.	Transfer to reserves	—	—	—
5.	NAV at the end - Regular – Monthly	10.1297	10.1882	10.2123
	Growth	10.1297	10.6986	11.0899
	NAV at the end- Institutional – Daily	10.0519	10.0519	10.0519
	Weekly	10.1196	10.2228	—
	Monthly	10.1365	10.2126	10.2390
	Growth	10.1365	10.7176	11.1996
6.	Return – Regular - \$	0.41%	5.47	6.37%
	Institutional \$	0.43%	6.05	6.93%
7.	Benchmark returns \$ – Regular (CRISIL Liquid Fund Index)	0.37%	5.88	5.84%
	Institutional \$	0.37%	5.73	5.84%
8.	Net Assets at the end of the period (Rs. in crore)	129.05	128.88	168.78
9.	Ratio of recurring expenses to Average Net Assets _ Regular	1.01%	1.02%	1.00%
	Institutional	0.73%	0.46%	0.43%
10.	Net income (per unit)	0.175	1.06	0.4651

\$- Last one month returns

Sundaram BNP Paribas Floating Rate Fund – Long Term Plan (Amount in Rs)

Sl.No	HISTORICAL PER UNIT STATISTICS	30.12.04 31.03.05	01.04.05 31.03.06	01.04.06 30.11.06
1.	Date of allotment	30.12.2004	30.12.2004	30.12.2004
2.	NAV at the beginning - Regular			
	Monthly	10.00	10.1217	10.2532
	Quarterly	10.00	10.1217	10.2271
	Half Yearly	10.00	10.1217	10.3776
	Annual	10.00	10.1217	10.6162
	Growth	10.00	10.1217	10.6187
	NAV at the beginning - Institutional			
	Monthly	10.00	10.1220	10.2516
	Quarterly	10.00	10.1220	—
	Growth	10.00	10.1220	10.6185
3.	Dividend – Regular			
	Monthly	0.06264	0.3598	0.8304
	Quarterly	—	—	0.6472
	Half Yearly	—	—	0.9060
	Annual	—	—	1.2984
	Dividend – Institutional – Monthly	0.03044	0.3050	0.2178
	Dividend – Institutional – Quarterly	—	0.2861	—
4.	Transfer to reserves	—	—	—
5.	NAV at the end - Regular			
	Monthly	10.1217	10.2532	10.2773
	Quarterly	10.1217	10.2271	10.2675
	Half - Yearly	10.1217	10.3776	10.2682
	Annual	10.1217	10.6162	10.2646
	Growth	10.1217	10.6187	11.0684
	NAV at the End- Institutional			
	Monthly	10.1220	10.2516	10.2808
	Quarterly	10.1220	—	—
	Growth	10.1220	10.6185	11.0061
6.	Annualised Return – Regular (Since inception)	0.39%	4.95	5.44%
	Institutional	0.39%	4.95	0.09%
7.	Benchmark returns – Regular (CRISIL Liquid Fund Index)	0.37%	2.79	-4.28%
	Institutional	0.37%	2.79	-4.28%
8.	Net Assets at the end of the period (Rs. in crore)	15.59	13.71	11.05
9.	Ratio of recurring expenses to Average Net Assets _ Regular	1.00%	1.00%	1.00%
	Institutional	1.00%	1.00%	1.00%
10.	Net income (per unit)	0.176	0.4723	0.4198

Sundaram BNP Paribas Value Plus

(Amount in Rs.)

Sl.No.	HISTORICAL PER UNIT STATISTICS	04.12.05 31.03.06	01.04.06 30.11.06
1.	Date of allotment	04.12.2005	04.12.2005
2.	NAV at the beginning	10.00	—
	Growth	10.00	10.6566
3.	Dividend (Rs.)		
	Dividend	—	—
4.	Transfer to reserves	—	—
5.	NAV at the end (Rs.)		
	Growth	10.6566	10.8848
6.	Return (Since inception) #	6.56	8.84%
7.	Benchmark returns \$	3.58	9.99%
8.	Net Assets at the end of the period (Rs. in crore)	3.74	358
9.	Ratio of recurring expenses to Average Net Assets	0.78%	0.73%
10.	Net income (per unit)	0.16	0.5577

Absolute Return \$ - CRISIL MIP Blended Fund

Sundaram BNP Paribas Fixed Term Plan – Series 3

(Amount in Rs)

Sl.No.	HISTORICAL PER UNIT STATISTICS	24.02.06 31.03.06	01.04.06 30.11.06
1.	Date of allotment	24.02.2006	24.02.2006
2.	NAV at the beginning	—	—
	Growth	10.00	10.0766
	Dividend	10.00	10.0766
3.	Dividend (Rs.)		
	Dividend	—	—
4.	Transfer to reserves	—	—
5.	NAV at the end (Rs.)		
	Dividend	10.0766	10.6232
	Growth	10.0766	10.6232
6.	Return (Since inception) #	0.766	6.23%
7.	Benchmark returns \$	-0.17	3.94%
8.	Net Assets at the end of the period (Rs. in crore)	24.02	25.33
9.	Ratio of recurring expenses to Average Net Assets	0.26%	0.26%
10.	Net income (per unit)	0.077	0.5466

- Absolute Return \$ - CRISIL Composite Bond Fund Index

Sundaram BNP Paribas Fixed Term Plan – Series 7

(Amount in Rs)

Sl.No.	HISTORICAL PER UNIT STATISTICS	30.06.2006 30.11.2006
1.	Date of allotment	30.06.2006
2.	NAV at the beginning	
	Growth	10.00
	Dividend	10.00
3.	Dividend (Rs.)	
	Dividend	—
4.	Transfer to reserves	—
5.	NAV at the end (Rs.)	
	Dividend	10.3369
	Growth	10.3369
6.	Return (Since inception) #	3.37%
7.	Benchmark returns \$	2.99%
8.	Net Assets at the end of the period (Rs. in crore)	14.92
9.	Ratio of recurring expenses to Average Net Assets	0.27%
10.	Net income (per unit)	0.3369

- Absolute Return \$ - CRISIL Composite Bond Fund Index

Sundaram BNP Paribas Fixed Term Plan – Series 9

(Amount in Rs)

Sl.No.	HISTORICAL PER UNIT STATISTICS	28.09.2006 30.11.2006
1.	Date of allotment	28.09.2006
2.	NAV at the beginning	
	Growth	10.00
	Dividend	10.00
3.	Dividend (Rs.)	
	Dividend	—
4.	Transfer to reserves	—
5.	NAV at the end (Rs.)	
	Dividend	10.1319
	Growth	10.1319
6.	Return (Since inception) #	1.32%
7.	Benchmark returns \$	1.27%
8.	Net Assets at the end of the period (Rs. in crore)	282.10
9.	Ratio of recurring expenses to Average Net Assets	0.12%
10.	Net income (per unit)	0.1321

- Absolute Return \$ - CRISIL Liquid Fund Index

Sundaram BNP Paribas Fixed Term Plan – Series 10

(Amount in Rs)

Sl.No.	HISTORICAL PER UNIT STATISTICS	13.11.2006 30.11.2006
1.	Date of allotment	13.11.2006
2.	NAV at the beginning	
	Growth	10.00
	Dividend	10.00
3.	Dividend (Rs.)	
	Dividend	—
4.	Transfer to reserves	—
5.	NAV at the end (Rs.)	
	Dividend	10.0416
	Growth	10.0416
6.	Return (Since inception) #	0.42%
7.	Benchmark returns \$	0.29%
8.	Net Assets at the end of the period (Rs. in crore)	179.64
9.	Ratio of recurring expenses to Average Net Assets	0.12%
10.	Net income (per unit)	0.0416

- Absolute Return \$ - CRISIL Liquid Fund Index

Sundaram BNP Paribas Fixed Term Plan – Series 11

(Amount in Rs)

Sl.No.	HISTORICAL PER UNIT STATISTICS	13.11.2006 30.11.2006
1.	Date of allotment	13.11.2006
2.	NAV at the beginning	
	Growth	10.00
	Dividend	10.00
3.	Dividend (Rs.)	
	Dividend	—
4.	Transfer to reserves	—
5.	NAV at the end (Rs.)	
	Dividend	10.0443
	Growth	10.0443
6.	Return (Since inception) #	0.44%
7.	Benchmark returns \$	0.29%
8.	Net Assets at the end of the period (Rs. in crore)	322.14
9.	Ratio of recurring expenses to Average Net Assets	0.12%
10.	Net income (per unit)	0.0453

- Absolute Return \$ - CRISIL Liquid Fund Index

Sundaram BNP Paribas India Leadership Fund

(Amount in Rs)

Sl.No.	HISTORICAL PER UNIT STATISTICS	02.07.04 31.03.05	01.04.05 31.03.06	01.04.06 30.11.06
1.	Date of allotment	02.07.2004	02.07.2004	02.07.2004
2.	NAV at the beginning			
	Dividend	10.00	11.2217	17.4221
	Growth	10.00	13.7713	27.7691
3.	Transfer to reserves	—	—	—
4.	Dividend	2.50	4.00	3.00
	NAV at the end (Rs.): Dividend	11.2217	17.4221	14.3008
5.	Growth	13.7713	27.7691	29.3150
	Annualised Return (Since inception)	37.52%	79.54%	56.46%
6.	Benchmark returns (SNPCNX Nifty)	30.64%	57.64%	48.17%
8.	Net Assets at the end of the period (Rs. in crore)	79.68	274.06	300.51
9.	Ratio of recurring expenses to Average Net Assets	2.19%	2.43%	0.02%
10.	Net income (per unit)	1.75	1.67	1.69

Sundaram BNP Paribas S.M.I.L.E. Fund

(Amount in Rs)

Sl.No.	HISTORICAL PER UNIT STATISTICS	02.07.04 31.03.05	01.04.05 31.03.06	01.04.06 30.11.06
1.	Date of allotment	15.02.2005	15.02.2005	15.02.2005
2.	NAV at the beginning			
	Dividend	10.00	10.0715	14.9073
	Growth	10.00	10.0724	17.2667
3.	Dividend (Rs.)			
	Dividend	—	2.00	—
4.	Transfer to reserves	—	—	—
5.	NAV at the end (Rs.)			
	Dividend	10.0715	14.9073	15.8298
	Growth	10.0724	17.2667	18.3323
6.	Annualised Return (Since inception)	-0.4% #	62.81	41.52%
7.	Benchmark returns \$	-2.03%	52.50	42.58%
8.	Net Assets at the end of the period (Rs. in crore)	352.18	280.08	220.07
9.	Ratio of recurring expenses to			
	Average Net Assets	2.13%	2.33%	2.36%
	Net income (per unit)	0.07	5.37	2.84

- Absolute Return

\$ - BSE 500

Sundaram BNP Paribas CAPEX Opportunities Fund – Growth

(Amount in Rs.)

Sl.No.	HISTORICAL PER UNIT STATISTICS	29.09.05 31.03.06	01.04.06 30.11.06
1.	Date of allotment	29.09.2005	29.09.2005
2.	NAV at the beginning	10.00	
	Growth	10.00	14.9113
3.	Dividend (Rs.)	—	—
4.	Transfer to reserves	—	—
5.	NAV at the end (Rs.) — Growth	14.9113	17.0263
6.	Return (Since inception) #	49.11	58.28%
7.	Benchmark returns \$	65.67	67.13%
8.	Net Assets at the end of the period (Rs. in crore)	281.75	246.03
9.	Ratio of recurring expenses to Average Net Assets	2.35%	2.35%
10.	Net income (per unit)	1.18	1.62

- Absolute Returns based on NAV at the end

\$ BSE Capital Goods Index

Sundaram BNP Paribas CAPEX Opportunities Fund - Dividend

(Amount in Rs.)

Sl.No.	HISTORICAL PER UNIT STATISTICS	29.09.05 31.03.06	01.04.06 30.11.06
1.	Date of allotment	29.09.2005	29.09.2005
2.	NAV at the beginning	10.00	
	Dividend	10.00	13.9647
3.	Dividend (Rs.)		
	Dividend	1.00	—
4.	Transfer to reserves	—	—
5.	NAV at the end (Rs.) Dividend	13.9647	15.8898
6.	Return (Since inception) #	39.65	57.83%
7.	Benchmark returns \$	65.67	67.13%
8.	Net Assets at the end of the period (Rs. in crore)	499.74	368.64
9.	Ratio of recurring expenses to Average Net Assets	2.27%	2.30%
10.	Net income (per unit)	1.56	2.37

- Absolute Returns based on NAV at the end

\$ BSE Capital Goods Index

Sundaram BNP Paribas Rural India Fund

(Amount in Rs)

Sl.No.	HISTORICAL PER UNIT STATISTICS	12.05.06 30.11.06
1.	Date of allotment	12.05.2006
2.	NAV at the beginning	
	Growth	10.00
3.	Dividend (Rs.)	
	Dividend	1.00
4.	Transfer to reserves	—
5.	NAV at the end (Rs.)	
	Dividend	10.6731
	Growth	11.6971
6.	Return (Since inception) #	16.97%
7.	Benchmark returns \$	6.04%
8.	Net Assets at the end of the period (Rs. in crore)	1023.97
9.	Ratio of recurring expenses to Average Net Assets	2.00%
10.	Net income (per unit)	1.18

- Absolute Return \$- BSE 500

Note:

1. Annualised returns reported in the tables above are calculated with the inception NAV taken at Rs.10, the face or par value of the Unit at the time of allotment. Any dividends paid by the Scheme have been assumed as reinvested in units of the Scheme at the ex-dividend NAV for the purpose of calculating the annualised returns.
2. The Net unrealized appreciation and depreciation is excluded for the purpose of calculating the Net income per unit.
3. Past Performance may or may not be sustained in future and may not necessarily provide a basis for comparison with other investments.
4. All Dividends inclusive of Corporate and Non Corporate Dividend wherever applicable.

PE 30.11.2006 Figures were un audited.

PART V**(1) INVESTOR'S RIGHTS AND SERVICES****(a) Investor Services**

Prospective investors and existing unit holders are welcome to contact the Customer Service department at the Corporate Office of the AMC for any further information about the Schemes of the Mutual Fund and for any service concerning their investments in the Schemes of the Mutual Fund.

The address and phone numbers are:

Mr. S Balasubramanian
Head – Customer Service and Transaction Processing
Sundaram BNP Paribas Asset Management Company Limited
Corporate Office
Sundaram Towers II Floor
46 Whites Road
Royapettah Chennai 600014
Phone (91) (44) 28583362, 28583367
Fax (91) (44) 28583285, 2858 3156
Email bala@sundarambnpparibas.in

The Fund ensures to complete all monetary transactions within ten working days from the date of receipt at the Investor Service Centres. Non-monetary transactions and requests will be processed within ten days of receipt at any of the Investor Service Centres.

(b) Information about the Scheme

An abridged scheme-wise annual report shall be mailed to all unit holders within six months from March 31 of each year. The abridged report shall contain such details as are required under the SEBI Regulations.

During the close-ended period the NAV will be determined once in a week i.e. on every Wednesday and also on specified dates and published in 2 news papers. Subsequent to the scheme's conversion into an open-ended NAV will be published daily in 2 news papers. NAV can also be viewed at www.sundarambnpparibas.in and www.amfiindia.com.

The AMC will also publish the NAV, Repurchase Price and Sale Price of the Units of this Scheme as per SEBI regulations.

(c) Account Statements

Each unit holder will be sent a non-transferable Account Statement, which is a conclusive proof of investment in the Schemes of the Mutual Fund. The AMC will endeavour to forward the account statement within ten working days after every transaction of Sale or Repurchase of Units and also in the case of other services. Investors are urged to preserve the Account Statement carefully as it is a valuable document.

(d) NAV Information

During the Close End Tenure

NAV will be normally determined for all business days (except in special circumstances) and released at least once a week. In terms of SEBI Circular No.MFD/CIR/13/087/2001 dated March 28, 2001, the NAV shall be released on every Wednesday. Also NAV on the Specified Repurchase Dates will be released. The AMC shall also endeavor to have the NAV published in two daily newspapers and updated on AMC's website (www.sundarambnpparibas.in)

AMC shall also update the NAVs on the website of Association of Mutual Funds in India – AMFI (www.amfiindia.com) before 9.00 p.m. on every wednesday. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI by the next day. If the NAVs are not available before commencement of working hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

Further transparency will be maintained through half-yearly disclosure of established portfolio through newsletters.

After the Conversion into Open-End Scheme

NAV will be determined and published on every working day, except in special circumstances as mentioned under the section titled as "NAV information". The AMC shall also endeavor to have the NAV published in two daily newspapers and updated on AMC's website (www.sundarambnpparibas.in)

AMC shall also update the NAVs on the website of Association of Mutual Funds in India – AMFI (www.amfiindia.com) before 9.00 p.m. every working day. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI by the next day. If the NAVs are not available before commencement of working hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

Further transparency will be maintained through half-yearly disclosure of established portfolio through newsletters.

(e) Disclosure of information under the Regulations

The full annual report shall be available for inspection at the corporate office of the Mutual Fund and a copy thereof shall be made available to the unit holder on payment of Rs.10/-. The abridged Scheme-wise annual report shall be mailed to all Unit holders not later than six months from the date of closure of the relevant accounting year. The scheme wise abridged annual reports are also displayed on the website of the mutual fund.

The Mutual Fund and the AMC shall before expiry of one month from the

close of each half year, i.e. March 31 and September 30, publish the unaudited financial results in one English newspaper circulating in the whole of India and in a Tamil newspaper published from Chennai. These shall also be displayed on the websites of the mutual fund and that of the Association of Mutual Funds in India (AMFI). Full portfolio in the prescribed format shall also be disclosed either by publishing it in the newspapers or by sending to the unit holders within one month from end of each half-year and it shall also be displayed on the web site of Sundaram BNP Paribas Mutual Fund.

The Scheme shall publish, before expiry of one month from the close of each half year, that is on March 31 and September 30, its Scheme portfolio in the prescribed format as per SEBI Regulations in one national English daily newspaper and in a newspaper in the language of the region where the HO of the Mutual Fund is situated or send a copy to all the unit holders and it shall also be displayed on the web site of the Mutual Fund.

The annual report containing the accounts of the AMC shall be displayed on the website of the AMC. Unit holders, if they so desire, may request for the annual report of the AMC.

(f) Rights of Unit holders of the Scheme

- Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme and dividend if any declared by the Mutual Fund under the Scheme.
- When a dividend is declared under this Scheme, the dividend option unit holders are entitled to the despatch of the dividend warrant within 30 days from the date of declaration of dividend.
- Unit holders are entitled to the despatch of redemption or repurchase proceeds within 10 working days from the date of redemption or repurchase. If the payment is not made within the period stipulated in the regulations, unit holder shall be paid interest @ 15% p.a. for the delayed period.
- The Trustees is bound to make such disclosures to the unit holders as are essential in order to keep them informed about any information, known to the Board of Trustees, which may have an adverse bearing on their investments.
- The appointment of the AMC for the Scheme can be terminated by a majority of the Trustees or by three-fourths of the unit holders of the Scheme.
- Three-fourths of the unit holders can pass a resolution to wind up the Scheme.
- The unit holders have the right to inspect all the documents listed under "Documents Available for Inspection" stated elsewhere in this document.
- The Trustees shall obtain the consent of the unit holders:
 - (i) Whenever required to do so by SEBI, in the interest of the unit holders;
 - (ii) Whenever required to do so on the requisition made by 75% of the unit holders of the Scheme;
 - (iii) When the Board of Trustees decides to wind up or prematurely redeem the units of the Scheme;
 - (iv) When any change in the fundamental attribute of this Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme or affect the interest of the unit holders, is proposed to be carried out, no change shall be carried out unless
 - a) a written communication about the proposed change is sent out to each unit holder and an advertisement is given in one English daily newspaper having nation wide circulation as well as in a newspaper published in the language of the region where the Head office of the mutual fund is situated; and
 - b) the unit holders are given an option to exit at the prevailing NAV without any exit load.

Note: For the purpose of this clause, Fundamental Attributes mean the Investment Objective and Terms of this Scheme.

g) Procedure and Manner of Obtaining Investors Approval in Specified Circumstances

In circumstances requiring the approval of unit holders, the AMC shall be guided by the directions issued by SEBI and the Board of Trustees, under the

Regulations, in regard to the manner of obtaining such approval. Further, those unit holders who have not given their consent or have not responded shall be allowed to redeem their holdings in full in the Scheme at any time at the NAV based price.

h) Duration of the Scheme

The duration of the Scheme is 3 years from the date of allotment and upon maturity; the Scheme shall be automatically converted into an open-end scheme.

However, in terms of the SEBI regulations, this scheme may be wound up earlier after repaying the amount due to the Unit holders:

1. If on the happening of any event which, in the opinion of Trustees, requires this Scheme to be wound up; or
 2. If 75% of the unit holders of the Scheme pass a resolution that the Scheme be wound up; or
 3. SEBI so directs in the interest of the unit holders of the Scheme
- When the Scheme is to be wound up, the Trustees shall give notice of the circumstances leading to its winding up:
- (i) To SEBI and
 - (ii) To the unit holders of the Scheme by publication in the newspaper(s) as per prevailing guidelines.

On and from the date of the publications of the notice of winding up, the Board of Trustees or the AMC, as the case may be, shall:

1. Cease to carry on any business activities in respect of the Scheme so wound up;
2. Cease to create or cancel Units in the Scheme; and
3. Cease to issue or redeem Units in the Scheme.

(i) Procedure and manner of Winding up

The Trustees shall call a meeting of the unit holders to approve by simple majority of the unit holders present and voting at the meeting for authorising the Board of Trustees or any other person to take steps for the winding up of the Scheme.

The Trustees or the person authorised above shall dispose of the assets of the Scheme concerned in the best interest of the unit holders of the Scheme. The proceeds of sale realised in pursuance of the above, shall be first utilised towards discharge of such liabilities as are due and payable under the Scheme, and after making appropriate provision for meeting the expenses connected with such winding up, the balance shall be paid to the unit holders in proportion to their respective interest in the assets of the Scheme, as on date the decision for winding up was taken.

On completion of the winding up, the Board of Trustees shall forward to SEBI and the unit holders a report on the winding up, detailing the circumstances leading to the winding up, the steps taken for disposal of the assets of the Scheme before winding up, net assets available for distribution to the unit holders and a certificate from the auditors of the Scheme.

Notwithstanding anything contained herein above, the provisions of the SEBI Regulations in respect of disclosures of half-yearly reports shall continue to be applicable until winding up is completed or the Scheme ceases to exist.

After receipt of the report referred to above, if SEBI is satisfied that all measures for winding up of the Scheme have been complied with, the Scheme shall cease to exist.

PROCEDURE FOR CONVERSION OF CLOSE ENDED SCHEME INTO OPEN ENDED SCHEME

1. A communication will be sent to all Unit holders whose names appear in the list of Unit holders 30 days prior to the maturity date informing the conversion. The Draft communication shall also be submitted to SEBI, which shall also include the details as specified in the Circular No.22/2311/03 dated 30.01.2003.
2. Those Unit holders who do not wish to continue either in full or part with the open ended scheme may submit a redemption /switch request in any of the ISCs or the Transaction Point.
3. For the convenience of unit holders, the Mutual Fund will start accepting such redemption/ switch requests for a period of 30 days prior to the Maturity Date.
4. All such redemption/ switch requests shall be deemed to have been received on the Maturity Date of the Scheme, and processed accordingly.

5. After maturity, the Scheme may have book closure for a minimum period of 7 days or till first Monday immediately on or after the 7th day. The Scheme will reopen for ongoing purchase and redemption after the book closure.
6. All Unit holders (who do not exercise this option of redemption) of the close-ended scheme, at the end of maturity automatically become the Unit holders of the open-ended scheme.

TAX BENEFITS OF INVESTING IN A MUTUAL FUND

Certain tax benefits are described below that are believed to be available, under present taxation laws, to the unit holders of Mutual Funds including Sundaram Mutual Fund. The information set forth below is included for general information purposes only. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to the specific tax consequences to him/her of participation in this scheme.

THE FUND

The Income of the Fund registered under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or regulations made there under will be exempt from income tax in accordance with the provisions of section 10(23D) of the Income Tax Act, 1961. The income received by the Fund is not liable for deduction of tax at source.

Under Section 115R of the Income Tax Act, 1961, in respect of open-ended equity oriented fund, no additional income tax is payable on income distributed by the Mutual Fund. However, income distribution, if any, made by the mutual fund (other than an open-ended equity oriented fund) shall attract dividend distribution tax under Section 115R of the Act, @ 14.025% (inclusive of surcharge at 10% on income tax and an additional surcharge by way of education cess at the rate of 2% on the amount of income tax inclusive of surcharge) in case income is distributed to individuals and HUFs), and @ 22.44% (inclusive of surcharge at 10% on income tax and an additional tax surcharge by way of education cess at 2% on the amount of tax inclusive of surcharge in case of income distributed

Securities transaction tax

The Finance (No. 2) Act 2004 has introduced Securities Transaction Tax (STT). The applicable rates are as follows:

- Transactions of purchase or sale of units of Equity Oriented Fund listed on a recognized stock exchange: 0.1% by the purchaser / seller as the case may be.
- Sale of units of equity-oriented schemes to Mutual Fund would be liable to Securities Transaction Tax. STT would be payable at the rate of 0.2% on the repurchase value by the investor. The Fund would be responsible for collecting the STT from every person who sells the unit to it.

Service tax

AMC/Mutual funds shall be liable for payment of service tax as recipient of services on "Business Auxiliary Service" provided by distributors of mutual funds/agents. The rate of service tax is 10% plus education cess of 2%.

TO THE UNITHOLDERS

Income received from mutual fund

According to section 10(35) of the Act, any income received in respect of units of Mutual Fund specified under section 10(23D) will be exempt from income tax in the hands of the unit holders.

Further, it has been provided that the above exemption is not applicable to any income arising from transfer of units of Mutual Fund.

Long term capital gains on transfer of units

Under Section 10(38), Long Term Capital Gain arising from sale of units of an Equity Oriented Fund entered into a recognised stock exchange or sale of such units to the Mutual Fund, is exempt from Income Tax in the hands of unit holders, provided such transaction of sale is chargeable to STT.

With respect to other unit holders (i.e, holders other than units of equity oriented fund referred to above) long-term capital gains arising on sale/repurchase of units, shall be chargeable u/s 112 of the Act, at a concessional rate of tax, 20% plus applicable surcharge and cess.

The following amounts shall be deductible from the full value of consideration, to arrive at the amount of capital gains:

- Cost of acquisition of units as adjusted by cost inflation index notified by the Central government, and
- Expenditure incurred wholly and exclusively in connection with such transfer.

However, where the tax payable on such long term capital gains, computed before indexation exceeds 10% (plus applicable surcharge and education cess), of the amount of capital gains, such excess tax shall not be payable by the unit holder.

In case of individuals and HUF (being a resident), where taxable income as reduced by long term capital gains arising on sale of units (other than unit of an equity oriented fund) is upto / below the basic exemption limit, the long term capital gains shall be reduced to the extent of shortfall and only the balance long term capital gains shall be subjected to the flat rate of income tax.

Short term capital gains on transfer of units

Under Section 111A, short-term capital gains arising on sale of units of an Equity Oriented Fund entered into in a recognized stock exchange or sale of units of an equity oriented fund to the Mutual Funds shall be taxed at 10% plus applicable surcharge and cess provided such transaction is chargeable to STT.

In view of the aforesaid, short-term capital gains in respect of units held for a period of not more than 12 months is added to the total income, which would be taxable at the rate of 10% plus applicable surcharge and cess.

A surcharge of 2.5% on the income tax would be levied on all categories of assesses except in the case of individuals and HUF. With regards to individuals and HUF having a total income exceeding Rs. 10,00,000, a surcharge of 10% would be applicable. Further, education cess at the rate of 2% on the income tax (including applicable surcharge) would be applicable for all categories of assesseees.

Short term capital gains arising on sale/repurchase of units (other than units of equity oriented funds referred to above) shall be taxed at 30% plus 10% surcharge in case of corporate and firm unit holders (being resident) irrespective of the amount of taxable income. Further an additional surcharge of 2% by way of education cess is payable on amount of tax inclusive of surcharge. With respect to a local authority (being resident) it shall be taxed at 30% plus additional surcharge of 2%.

Capital losses

Losses under the head "Capital Gains" cannot be setoff against income under any other head. Further within the head "Capital Gains", losses arising from the transfer of long-term capital assets cannot be adjusted against gains arising from the transfer of a short-term capital asset. However, losses arising from the transfer of short-term capital assets can be adjusted against gains arising from the transfer of either a long-term or a short-term capital asset.

Under Section 10(38), whereby Long term Capital gain on sale of units of Equity Oriented Fund will be exempt from Income Tax provided certain conditions are fulfilled. Hence, long term capital losses arising from such type of transaction of sale of units of Equity Oriented Fund would not be eligible for set-off against taxable capital gains.

The long term capital loss suffered on sale/ repurchase of units (other than unit of equity oriented fund referred to above) shall be available for set off against long term capital gains arising on sale other assets and balanced unabsorbed long term capital loss shall be carried forward for set off only against long term capital gains in subsequent years.

Short term capital loss, other than losses arising from sale of equity oriented units, suffered on sale / repurchase on units shall be available for set off against both long term and short term capital gains arising on sale of other assets and balanced unabsorbed short-term capital loss can be carried forward and set off against the income under the head Capital Gains in subsequent eight assessment years.

According to section 94(7) of the Act, if any person buys or acquires units within a period of three months prior to the record date fixed for declaration of dividend or distribution of income and sells or transfers the same within a period of nine months from such record date, then losses arising from such sale to the extent of income received or receivable on such units, which are exempt under the Act, will be ignored for the purpose of computing his income chargeable to tax.

Under section 94 (8) of the Act, where additional units have been issued to

any person without any payment, on the basis of existing units held by such person then the loss on sale of original units shall be ignored for the purpose of computing income chargeable to tax, if the original units were acquired within 3 months prior to the record date fixed for receipt of additional units and sold within 9 months from such record date. However, the loss so ignored shall be considered as cost of acquisition of such additional units held on the date of sale by such person.

Note 1:

The individuals (including NRIs / PIOs) and HUFs, are to be taxed in respect of their total income at the following rates:

Slab	Tax rate *
Total income upto Rs.1,00,000 #	Nil
More than Rs.100,000 # but upto Rs.150,000	10 percent of excess over Rs.100,000
More than Rs.150,000 but upto Rs.250,000	20 percent of excess over Rs. 150,000 + Rs.5,000 \$
Exceeding Rs.250,000	30 percent of excess over Rs 250,000 + Rs.25,000 \$.

*plus surcharge and education cess as may be applicable (refer Note 2).

For females below sixty-five years of age, Rs. 100,000 has to be read as Rs. 135,000 and for senior citizens above sixty-five years of age, Rs. 100,000 has to be read as Rs. 185,000.

\$ For females below sixty-five years of age, Rs. 5,000 has to be read as Rs. 1,500 and Rs 25,000 has to be read as Rs 21,500. Similarly for senior citizens above sixty-five years of age, Rs. 5,000 has to be read as nil and Rs 25,000 has to be read as Rs. 13,000.

The corporate tax rate for domestic companies is 30 per cent [plus applicable surcharge (as per note 2) and education cess]. However, the tax rate applicable to foreign companies is 40 per cent [plus applicable surcharge and education cess (as per note 2)].

Note 2:

Assessee	Rate of surcharge applicable
Individuals (including NRIs/ PIOs), HUFs, Non-Corporate FIs where the taxable income is up to Rs. 1,000,000 per annum	A surcharge by way of education cess of 2 percent is payable on the total amount of tax
Individuals (including NRIs/ PIOs), HUFs and Non-corporate FIs where the taxable income is in excess of Rs. 1,000,000 per annum	10 percent basic surcharge. An additional surcharge by way of education cess of 2 percent is payable on the total amount of tax plus surcharge.
Domestic Companies	10 percent basic surcharge. An additional surcharge by way of education cess of 2 percent is payable on the total amount of tax plus surcharge.
Foreign Companies (including corporate FI)	2.5 percent basic surcharge. An additional surcharge by way of education cess of 2 percent is payable on the total amount of tax plus surcharge.

TAX DEDUCTION AT SOURCE

A. For Income in respect of units:

No tax shall be deducted at source in respect of any income credited or paid in respect of units of the Fund as per the provisions of section 10(35), Section 194K and 196A of the Income Tax Act, 1961.

B. For Capital Gains:

(i) In respect of Resident Unit holders:

No tax is required to be deducted at source on capital gains arising to any resident unit holder (under section 194K) vide circular no. 715 dated August 8, 1995 issued by the Central Board for Direct Taxes (CBDT).

(ii) In respect of Non- Resident Unit holders:

Under section 195 the Act, tax shall be deducted at source in respect of capital gains as under:

- In case of non-resident other than a company -
 - Short-term capital gains 30% plus surcharge and cess
- In case of foreign company -
 - Short-term capital gains 40% plus surcharge and cess

As per circular no. 728 dated October 1995 by CBDT, in the case of a remittance to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax should be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in DTAA whichever is more beneficial to the assessee.

INVESTMENTS BY CHARITABLE AND RELIGIOUS TRUSTS

Units of a Mutual fund scheme referred to in clause 23D of section 10 of the Income Tax Act, 1961, constitute an eligible avenue for investment by charitable or religious trusts per rule 17C of the Income Tax Rules, 1962, read with clause (xii) of sub-section (5) of section 11 of the Income Tax Act, 1961.

WEALTH TAX

Units held under the Mutual Fund scheme are not treated as assets within the meaning of section 2(ea) of the Wealth Tax Act, 1957 and are, therefore, not liable to Wealth-Tax.

GIFT TAX

Units of the Mutual Fund may be given as a gift and no gift tax will be payable either by the donor or the donee, as the Gift Tax Act has been abolished

Other Benefits

Units of the schemes are an eligible mode of investment in terms of the pattern of investment prescribed under the Income Tax Act for the following entities

1. Charitable Trusts
2. Scientific Research Associations
3. Institutions/Associations/Boards for regulating games /sports, and
4. Employee Welfare Trusts

PART VI

Other Matters

1. Investments in Group Companies

Sundaram BNP Paribas Mutual Fund, under all its Schemes, has no investment in the Group companies of the sponsor. The AMC does not have a separate policy for investment in securities of the group companies. Any such investments will be made on pure commercial consideration for the benefits of the Mutual Fund and as per Regulations. As per current regulations, no investment will be made in any unlisted securities of an associate or group company of the sponsor and in any securities issued by way of private placement by an associate or group company of the sponsor. Further, no investment shall be made in listed securities of group companies of the sponsor in excess of 25% of the net assets of the Scheme.

2. Investor grievances redressal mechanism

Service requests and grievances, if any, from the investors are received at the corporate office of the AMC or its investor service centres or by its registrars. The service requests, complaints or grievances are closely followed up with the Registrar to ensure timely redressal and prompt investor service. Given below is a summary of all such service requests/complaints/grievances received from the unitholders of the schemes of Sundaram Mutual Fund up to November 30, 2006.

Summary of service requests/complaints/grievances received and redressed:

Slno.	Scheme	2004 - 05	2005-06	01.04.06 30.11.06
1.	Sundaram BNP Paribas Tax saver'97	441	516	244
2.	Sundaram BNP Paribas Growth Fund	5341	5956	4707
3.	Sundaram BNP Paribas Bond Saver	18455	8460	3130
4.	Sundaram BNP Paribas Tax saver'98	39	122	371
5.	Sundaram BNP Paribas Tax Saver OE	3920	8108	8402
6.	Sundaram BNP Paribas Money Fund	1213	1486	661
7.	Sundaram BNP Paribas Balanced Fund	3093	5334	2037
8.	Sundaram BNP Paribas Gilt Fund	206	337	60
9.	Sundaram BNP Paribas Select Focus	5184	3828	5105
10.	Sundaram BNP Paribas Select Midcap	10284	15572	33900
11.	Sundaram BNP Paribas Income Plus	2585	1229	443
12.	Sundaram BNP Paribas Select Debt	784	712	258
13.	Sundaram BNP Paribas Monthly Income Plan	5923	3025	1609
14.	Sundaram BNP Paribas India Leadership Fund	5597	8860	10436
15.	Sundaram BNP Paribas Floating Rate Fund	151	842	875
16.	Sundaram BNP Paribas SMILE Fund	1521	14990	5568
17.	Sundaram BNP Paribas CAPEX Opportunities Fund	—	8905	16657
18.	Sundaram BNP Paribas Rural India Fund	—	—	17031
19.	Sundaram BNP Paribas Value Plus	—	13	10

Note: there were no pending request/complaint/grievance as on 30.11.2006 except the following, which were resolved subsequently:
Sundaram BNP Paribas Balanced Fund-1, Sundaram BNP Paribas Select Midcap-1, Sundaram BNP Paribas Rural India Fund-1.
There were 13 complaints received through SEBI during the period from 1 April 2006 to 30th November 2006.

3. Associate Transactions

(a) Underwriting obligations with respect to issues of Group/Associate Companies

The Sundaram Mutual Fund, under all its Schemes, has till date not entered into any underwriting contracts in respect of any public issue made by any group/ associate company of the Sponsor.

(b) Subscription to issues lead managed by Group/Associate Companies

No Schemes of Sundaram Mutual Fund have till date invested in any public issue lead managed by any group/associate company of the Sponsor.

(c) Dealings with Group/Associate Companies

The AMC from time to time, for the purpose of conducting its normal business, uses the services of the Sponsor and the subsidiaries and other associates of the Sponsor, namely, Sundaram Finance Distribution Limited. The AMC may utilise the services of these group companies and any other subsidiary or associate company of the Sponsor that may be established later in case such an associate company is capable of providing the requisite services to the AMC. The AMC will conduct its business with the companies on commercial terms and on arms-length basis and at the prevailing market prices to extent permitted under the applicable laws including the Regulations, after an evaluation of the competitiveness of the pricing offered by the associate companies and services to be provided by them.

In terms of the amendments to SEBI Regulations, the Mutual Fund shall disclose at the time of declaring half-yearly and yearly results:

- any underwriting obligations undertaken by the schemes of the mutual fund with respect to issue of securities of associate companies;
- devolvement, if any;
- subscription by the schemes in the issues lead managed by associate companies;
- subscription to any issue of equity or debt on private placement basis where the sponsor or its associate companies have acted as arranger or manager.

Payments to Sundaram Finance group companies towards brokerage for sale of units is given below:

Scheme Name	(Rs. Lakhs)			
	2003-04	2004-05	2005-06	01.04.06 30.11.06
Sundaram BNP Paribas Growth Fund	3.84	7.33	7.38	11.30
Sundaram BNP Paribas Select Focus	4.42	3.55	2.93	14.23
Sundaram BNP Paribas Select Midcap	7.16	13.53	12.75	30.50
Sundaram BNP Paribas Tax Saver (OE)	0.44	0.90	10.55	6.53
Sundaram BNP Paribas Balanced Fund	0.63	1.20	1.17	0.63
Sundaram BNP Paribas India Leadership Fund	—	14.19	21.14	16.89
Sundaram BNP Paribas S M I L E Fund	—	21.08	23.9	6.46
Sundaram BNP Paribas Capex Opportunities Fund	—	—	89.10	33.13
Sundaram BNP Paribas Bond Saver	39.57	10.92	3.7	0.88
Sundaram BNP Paribas Money Fund	4.85	7.40	2.84	6.16
Sundaram BNP Paribas Income Plus	5.53	1.53	0.67	0.50
Sundaram BNP Paribas Gilt Fund	0.01	0.07	0.01	0.06
Sundaram BNP Paribas Select Debt	0.71	0.90	0.07	0.02
Sundaram BNP Paribas Monthly Income Plan	7.82	6.03	1.96	0.76
Sundaram BNP Paribas Floating Rate Fund – STP	—	0.95	3.84	1.77
Sundaram BNP Paribas Floating Rate Fund – LTP	—	0.69	1.29	0.53
Sundaram BNP Paribas Value Plus	—	—	0.20	0.02
Sundaram BNP Paribas Fixed Term Plan	—	—	0.05	0.19
Sundaram BNP Paribas Rural India Fund	—	—	—	151.06

4. Investments made in companies which have invested more than 5% of the net asset value of the schemes of Sundaram BNP Paribas Mutual Fund as on 30th November 2006.

Company Name	Scheme	Investments made by the Scheme		Holdings as on 30.11.06 Market Value Rs. in Lakhs
		Scheme	Cost (Rs. In Lakhs)	
Allahabad Bank	Sundaram BNP Paribas Growth Fund	SUNGRO	185.08	—
		MIDCAP	217.73	—
		SILF	226.54	—
		SMILE	332.01	—
		SMON	16,642.29	1,466.90
		FTP-3 Yr Plan	460.12	200.56
		DEBTST	479.86	204.44
Bajaj Auto Ltd	Sundaram BNP Paribas FTP Series 3	SUNGRO	359.64	91.17
		SILF	677.95	256.04
		STAX	49.56	—
		SRURAL	3,248.09	2,196.55
Bank of Baroda	Sundaram BNP Paribas Money Fund Sundaram BNP Paribas Money Fund	MIDCAP	1,620.68	1,839.59
		STAX	158.24	109.78
		SUNBAL	104.37	91.26
		SUNGRO (incl IPO)	452.78	270.21
		SUNMIP	27.59	31.29
		SMILE	52.95	—
		FOCUS	7.82	—
		SUNTAX	6.25	5.99
		TAX98	3.78	3.62
		Bank of India	Sundaram BNP Paribas Floating Rate- Short Term	SMILE
STAX	61.17			—
SUNGRO	437.14			248.31
MIDCAP	911.54			1,094.09
SILF	443.73			472.08
SRURAL	543.39			401.60
Grasim Industries	Sundaram BNP Paribas FTP series 3	CAPEXD	491.35	—
		CAPEXG	498.15	—
		SFOCUS	154.46	—
		SILF	735.61	656.80
		SMILE	544.94	667.91
		STAX	205.01	278.30
		SUNGRO	539.41	593.19
		TAX98	3.01	—
		SUNTAX	2.36	20.95
		SRURAL	4,146.69	4,731.02
		SUNBAL	107.23	130.10
		MIP	68.79	85.44
		HDFC Bank Ltd	Sundaram BNP Paribas Money Fund - Super institutional	SUNGRO
SUNMIP	440.56			447.55
SFRSTP	935.79			1,500.00
MIDCAP	2,469.04			—
SUNVAL	2.50			—
TAXOE	25.95			—
SMON	18,861.57			2,445.54
HCL Technologies Ltd	Sundaram BNP Paribas FTP series 3	SUNBAL	113.43	128.75
		SUNGRO	181.19	100.25
		STAX	108.00	124.71
		SUNVAL	5.13	1.48
		SILF	304.39	282.46
Hindalco Industries Ltd	Sundaram BNP Paribas FTP series 6	SUNGRO	6.12	45.27
		SFOCUS	30.03	306.43
		SRURAL	166.16	—
		SILF	646.25	297.45
		SMILE	460.11	—
		SUNBAL	41.97	41.04
		SUNBDS	49.29	989.37

Industrial Development Bank of India	Sundaram BNP Paribas Money Fund	SMON	13,950.41	6,311.75
		SRURAL	998.25	—
		SFR-STP	1,957.09	2,489.08
		SFR-LTP	459.28	329.28
		DEBTST	297.79	126.87
		SUNVAL	2.47	—
India Nippon Electricals Ltd Infrastructure development Finance Ltd	Sundaram BNP Paribas Floating Rate Fund - LTP Sundaram BNP Paribas Money Fund	STAX	38.70	25.14
		SMILE	36.86	—
		CAPEX D	1,012.66	—
		CAPEX G	483.42	—
		SFOCUS	14.99	—
		SILF	80.48	—
ITC Ltd	Sundaram BNP Paribas Money Fund Sundaram BNP Paribas Floating Rate Short Term Sundaram BNP Paribas Floating Rate Short Term Sundaram BNP Paribas Fixed Term Plan	SMON	4,729.39	4,813.65
		SUNGRO	408.58	380.59
		SFOCUS	517.43	392.20
		SILF	696.87	437.67
		SMILE	649.56	420.92
		SUNMIP	104.34	64.79
		CAPEX - D	411.48	287.56
		CAPEX - G	853.81	193.51
		SUNVAL	3.21	—
		STAX	239.95	95.37
		SRURAL	3,229.11	2,475.16
Indian Petrochemicals Corpn Ltd	Sundaram BNP Paribas FTP series 9	SUNTAX	3.89	12.51
		TAX 98	—*	2.71
		SUNBAL	17.70	101.81
		SUNGRO	257.36	—
		SRURAL	830.43	—
		SMILE	198.90	—
Mahindra & Mahindra Ltd	Sundaram BNP Paribas FTP series 6	SUNIP	—*	504.65
		Capex - D	725.31	520.49
		CAPEX - G	382.18	350.60
		SUNGRO	194.96	312.89
		SILF	518.87	722.20
		SRURAL	4,232.78	3,594.99
Maruti Udyog Limited	Sundaram BNP Paribas FTP series 9	SFOCUS	1,048.12	1,122.96
		SMILE	428.92	361.31
		SUNVAL	3.24	—
		SFOCUS	390.75	468.73
		SILF	429.17	519.57
		SUNGRO	348.30	247.96
Sundaram Fasteners Ltd	Sundaram BNP Paribas Money Fund	STAX	162.00	—
		SRURAL	4,037.73	—
		SMILE	265.75	208.38
Thermax Ltd	Sundaram BNP Paribas FTP Series 3	MIDCAP	704.01	—
		SMILE	176.07	—
		CAPEXD	1,188.53	1,221.01
		CAPEXG	1,174.93	822.46
		MIDCAP	499.99	1,747.73
Wipro	Sundaram BNP Paribas FTP Series 3	STAX	51.24	138.13
		SRURAL	918.42	1,142.70
		SUNGRO	162.45	23.70
		SILF	1,084.52	616.67
		SUNBAL	—*	77.99
STAX	51.24	—		

* Purchased during 2004 - 05

SUNGRO-Sundaram BNP Paribas Growth Fund

SFOCUS-Sundaram BNP Paribas Select Focus

SGILT-Sundaram BNP Paribas Gilt Fund

SMON-Sundaram BNP Paribas Money Fund

SUNTAX-Sundaram BNP Paribas Tax saver'97

SUNIP-Sundaram BNP Paribas Income Plus

TAX98-Sundaram BNP Paribas Tax saver'98

SUNMIP-Sundaram BNP Paribas Monthly Income Plan

SUNBDS - Sundaram BNP Paribas Bond Saver

SUNBAL-Sundaram BNP Paribas Balanced Fund

STAX-Sundaram BNP Paribas Tax saver Open-ended

SILF - Sundaram BNP Paribas India Leadership Fund
 DEBT ST- Sundaram BNP Paribas Select Debt Short Term Asset Plan
 DEBT DA- Sundaram BNP Paribas Select Debt Dynamic Asset Plan
 SFRF-STP -Sundaram BNP Paribas Floating Rate Fund -Short Term Plan
 SFRF-LTP - Sundaram BNP Paribas Floating Rate Fund -Long Term Plan
 SMILE - Sundaram BNP Paribas Small and Medium Indian Leading Equities Fund

SUNVAL - Sundaram BNP Paribas Value Plus
 FTP - Sundaram BNP Paribas Fixed Term Plan

CAPEXD - Sundaram BNP Paribas Capex Opportunities Fund - Dividend
 CAPEXG - Sundaram BNP Paribas Capex Opportunities Fund - Growth
 The investment made in the schemes keeping in view of the fundamentals and long term prospects of the company

4. Borrowing by the Mutual Fund

The Mutual Fund has not resorted to any borrowings till date. However, the Scheme shall have powers to borrow to meet temporary liquidity needs for the purpose of repurchase, redemption of units, or payment of interest or dividend to the unitholders as permitted under the SEBI Regulations. Further, as per SEBI Regulations, the Scheme shall not borrow more than 20% of the Net Assets and the duration of such borrowing shall not exceed six months. The Scheme under such circumstances may borrow from any body corporate or a bank or from any other person at the prevailing interest rates. The Scheme may decide to offer such collateral security as may be necessary under the circumstances. This may result in a reduction in the overall portfolio returns during the currency of the borrowing in case the cost of borrowing is higher than the portfolio rate of return.

5. Inter- Scheme Transfers

A transfer of traded securities from one scheme to another scheme of the Mutual Fund can be effected at the prevailing market prices on spot basis. In the case of any security not traded on a stock exchange, the transfer can be effected on fair valuation basis to be arrived by the AMC. Such transfers would be done in conformity with the objectives of the Schemes and SEBI Regulations.

6. Inter-Scheme Investments

This Scheme may invest in any other scheme having similar investment objective under the same Asset Management Company or any other mutual fund without charging any fees, provided that the aggregate inter-scheme investments made by all schemes under the same management or in schemes under the management of any other Asset Management Company shall not exceed 5% of the Net Asset Value of the investing Mutual Fund. Such investments shall be made from time to time on the merits of the proposal. As and when any changes are made to SEBI Regulations with respect to the aforesaid percentage or charging of fees with respect to such inter-scheme investments, the same will apply.

7. Investment by the AMC

The AMC may invest in the Scheme depending upon its cash flows and investment opportunities. In such an event, the AMC will not charge management fees on its investment for the period the it is retained in the Scheme.

The investment by the AMC shall not exceed 25% of the net assets of the Scheme on the date of investment.

Scheme Name	Value as on 30.11.2006 (Rs. in Lakhs)
Sundaram BNP Paribas India Leadership Fund (D)	50.00
Sundaram BNP Paribas Balanced Fund (D)	150.00
Sundaram BNP Paribas Select Focus (D)	25.00
Sundaram BNP Paribas Select Midcap (D)	25.00
Sundaram BNP Paribas Growth Fund (D)	50.00
Sundaram BNP Paribas Money Fund – Institutional Plan	10.00
Sundaram BNP Paribas Fixed Term Plan	400.00
Sundaram BNP Paribas Capex Opportunities Fund	10.00

8. Dividends and Distributions

The Board of Trustees may decide and declare a dividend. However, it must be distinctly understood that the actual declaration of dividends under the Scheme and the frequency thereof will, inter alia depend upon the disposable surplus of the Scheme. The decision of the Board of Trustees in this regard shall be final.

The dividend that may be paid out of the net surplus of the Scheme will be paid only to those Unitholders whose names appear in the register of Unitholders on the notified record date.

9. Penalties & Pending Litigations

1. No penalties have been awarded by SEBI under the SEBI Act or any of its Regulations against the sponsor of the Mutual Fund or any company associated with the sponsor in any capacity including the AMC, Trustees or any of the directors or any key personnel (specifically the fund managers) of the AMC and Trustees. No penalties have been awarded on the Sponsor and its associates by any financial regulatory body, including stock exchanges, for defaults in respect of shareholders, debenture holders and depositors. No penalties have been awarded for any economic offence and violation of any securities laws.
2. There are no pending material litigation proceedings incidental to the business of the Mutual Fund to which the sponsor of the Mutual Fund or any company associated with the sponsor in any capacity including the AMC, Trustees or any of the directors or key personnel of the AMC is a party. Further, there are no pending criminal cases against the Sponsor or any company associated with the sponsor in any capacity including the AMC, Trustees or any of the directors or key personnel.
3. There is no deficiency in the systems and operations of the sponsor of the Mutual Fund or any company associated with the sponsor in any capacity, including the AMC which SEBI has specifically advised to be disclosed in the Offer Document, or which has been notified by any other regulatory agency.
4. There are no enquiries or adjudication proceedings under the SEBI Act and the Regulations made thereunder, which are in progress against any company associated with the sponsor in any capacity including the AMC, Trustees or any directors or key personnel of the AMC.

10. Documents available for Inspection

The following documents are available for inspection to the Unitholders at the Corporate Office of Sundaram BNP Paribas Asset Management Company Limited at Chennai:

- Trust Deed of Sundaram BNP Paribas Mutual Fund
- Copy of the Registration Certificate
- Investment Management Agreement
- Memorandum and Articles of Association of Sundaram BNP Paribas Asset Management Company Limited
- Custodian Agreement
- Letter of Appointment of the Registrar
- SEBI (Mutual Funds) Regulations, 1996
- Indian Trusts Act, 1882
- The Companies Act, 1956

11. APPROVAL BY THE BOARD OF TRUSTEES

The original Offer Document was approved by the Board of Trustees of Sundaram BNP Paribas Mutual Fund vide resolution dated 16/10/2006. Notwithstanding anything contained in the offer document the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines thereunder shall be applicable."

For and on behalf of the Board of Directors of
 SUNDARAM BNP PARIBAS ASSET MANAGEMENT COMPANY LIMITED
 Place : Chennai
 Date : 22/12/2006

T P Raman
 Managing Director

Sundaram BNP Paribas Equity Multiplier Fund

Serial No. **SBNPPEM**



SUNDARAM BNP PARIBAS
MUTUAL

BROKER/AGENT NAME & CODE	SUB-BROKER'S NAME & CODE	COLLECTING CENTRE STAMP & SIGN	DATE & TIME OF RECEIPT	REGISTRAR'S SERIAL NO. MIN (For applications equal to & above Rs.50,000)

1. Existing Unit holder

- a. Are you making a purchase into an existing folio? (Please ✓) Yes No. Folio Number
(If yes, Please note that investment details and mode of holding will be as per existing folio number. • If you have provided a Folio Number please fill in only Section 2a and then proceed to Section 4.)

2. Unit holder Information (Write in block letters . Leave space between words)

a. Full Name of First/Sole Applicant (as it appears in your bank account) Salutation Mr. Ms. Dr. Prof

PAN No. Investor MIN No. PA holder MIN No. Date of Birth

Full Name of Father Husband Guardian (in the case of minor) Contact person (in the case of Corporate) please tick the applicable Salutation Mr. Ms. Dr. Prof

Full Name of Second Applicant Salutation Mr. Ms. Dr. Prof

PAN No. Investor MIN No. PA holder MIN No.

Full Name of Third Applicant Salutation Mr. Ms. Dr. Prof

PAN No. Investor MIN No. PA holder MIN No.

(As per SEBI regulations, PAN number must be provided for all unit holders, if the purchase amount is Rs.50,000/- and above, failing which the transaction is liable to be rejected. Please also provide a copy of the PAN card for validation. In case you are not having a PAN then please furnish your declaration in Form 60.

- b. Mode of Holding Single Joint Anyone or Survivor (default option – anyone or survivor)

- c. Mailing Address Home Office (P.O.Box Address is not sufficient)

Location PIN

City

State Country

- d. Mailing Address Home Office (Overseas address in case of NRIs/FIIs)

Location PIN

City

State Country

- e. Contact Particulars

Tel: Office Residence

Fax E-mail

Contact Person's Name.....(for non-individuals)

- f. Are you applying as Individual Partnership Public Ltd. Co. On behalf of Minor HUF Proprietorship
 Trust Pvt. Ltd. Co. Society NRI Repatriation Non-Repatriation Others _____

- g. Do you want a PIN assigned to you? (This PIN will allow you access to your account via the internet) Yes No



SUNDARAM BNP PARIBAS
MUTUAL

Second Floor, 46 Whites Road,
Chennai - 600 014
Ph : (044) 28583362, 28583367, 28585606

Acknowledgement

Serial No. **SBNPPEM**

Received From Mr./Mrs./Ms.

Address

ISC's Signature & Stamp

All future communication in connection with the application should be addressed to the Registrar **Karvy Computershare P Ltd**, Karvy Plaza, 8-2-596 Avenue 4, Street, No. 1, Banjara Hills, Hyderabad - 500 034. Telephone: (040) 23312454 quoting full name of Sole/First applicant, Application Serial No., Date, Name of the Bank and Branch or Centre where it was lodged.

Cheques/Drafts are subject to realisation

Instructions

FORM NO. 60

[See second provision to rule 114B]

SECTION - 1

All applicants must complete section 1. Name and address must be given in full. All communication and payments will be made to the first applicant or to the Karta in the case of a Hindu Undivided Family (HUF).

- Applicants who have ticked the mode of holding as 'Single' in section 1(b) may nominate a successor to receive units upon his/her death.
- If the mode of holding in section 1(b) has been specified as 'Joint' the first named holder shall receive all account statements, redemption/refund warrants and any other correspondence sent from time to time. In case of an application under a Power of Attorney or by a limited company or a body corporate or a registered society or a trust or a partnership, the relevant Power of Attorney or the relevant resolution or authority to make the application and the Trust Deed or the Partnership Deed as the case may be, or duly certified copy thereof, along with the Memorandum and Articles of Association and/or bye-laws must be lodged along with the Application Form at the Registrar's office in Hyderabad within seven days from the date of application, quoting the details of the application. Sole Proprietary firms may submit a completed nomination form to enable transmission of units in the event of death of the sole Proprietor. In case of HUF, a list of all co-parceners together with their dates of birth and specimen signatures must be lodged at the Registrar's office within seven days. Applicants who request a Personal Identification Number (PIN) by ticking the box in section 2(g) will be sent a PIN agreement, which will be mailed separately. This PIN allows you to access your account information via the Internet.

SECTION - 2

Unitholder information (Mandatory)

Permanent Account Number (PAN) If the amount of investment is Rs. 50,000/- or more, please furnish your PAN details and enclose a photocopy of PAN Card/PAN allotment letter of all applicants. If you do not have a PAN, please furnish your declaration in Form 60. NRIs and persons of Indian origin are also required to obtain PAN No. and submit the same for verification along with the application. We advise all applicants to provide this number irrespective of the application amount.

SECTION - 3 & 4

Please tick the box if you would like to receive your redemption payment under the following mode.

- Direct Credit to your bank account; this facility is available with select banks as stated in the application.
- Warrants/Drafts (The warrants/drafts will be payable only at cities where Customer Service Centres of Sundaram BNP Paribas Mutual are located).

In order to protect the interest of the investors from fraudulent encashment of refund / redemption cheques, the current SEBI guidelines require that refund orders/redemption cheques specify the name of the investor, bank name and account number where the cheque is intended to be credited. Investors are advised in their interest to provide the name of the bank, address of the branch, account type and account number for remittance of redemption amount. The Trustees / Investment Manager will not be responsible for any loss arising out of fraudulent encashment of cheques or delay/loss in transit. Investors must write the application form number/folio number on the reverse of the cheque / bank draft accompanying the application form.

SECTION - 5

The minimum purchase amount is Rs. 5000/- and in multiples of Rs.500/-. Please note that if you do not tick the investment Plan / Option box of the relevant scheme in Section 2b for mode of holding and in Section 5 for investment plan /option, the default option will be made applicable as under:

Indication not made	Default
Mode of holding in case of more than one applicant.	Anyone or Survivor
Sub Option- Growth /Dividend	Growth Option

Mode of Payment: The cheque/bank draft should be drawn in favour of Sundaram BNP Paribas Equity Multiplier Fund and crossed "A/c Payee only". DD charges will be absorbed by the fund according to SBI Guidelines.

SECTION - 6

Signature may be in English or in any Indian language. Thumb impressions must be attested by a Magistrate/Notary Public under his/her official seal. In case of HUF the Karta should sign on behalf of the HUF.

SECTION - 7

Prevention of Money Laundering

In terms of the Prevention of Money Laundering Act, 2002, the Rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering (AML Laws), all intermediaries, including Mutual Funds, have to formulate and implement a client identification programme, verify and maintain the record of identity and address (es) of investors.

In order to make the data capture and document submission easy and convenient for the investors, Mutual Fund Industry has collectively entrusted this responsibility of collection of documents relating to identity and address and record keeping to an independent agency (presently CDSL Ventures Limited) that will act as central record keeping agency ('Central Agency'). As a token of having verified the identity and address and for efficient retrieval of records, the Central Agency will issue a Mutual Fund Identification Number ('MIN') to each investor who submits an application and the prescribed documents to the Central Agency.

Investors who have obtained the MIN can invest in the schemes of the mutual fund by quoting the MIN in lieu of submitting information and documents required under AML Laws.

Mutual Fund Identification Number

Investors who wish to obtain a MIN have to submit a completed Application Form for MIN ('MIN Form') along with all the prescribed documents listed in the MIN Form, at any of the Point of Service ('POS'). The MIN Form is available at our website (www.sundarambnp-paribas.in) and AMFI website (www.amfiindia.com). POS are the designated centres appointed by the Central Agency for receiving application forms, processing data and allotment of MIN. List of and location of POS is available at our website (www.sundarambnp-paribas.in) and www.amfiindia.com. On submission of application, documents and information to the satisfaction of the POS, the investor will be allotted a provisional MIN across the counter. Subsequently, the Central Agency will scrutinize the information and documents submitted by the investor, and confirm the MIN. However, the Central Agency may cancel the MIN within 15 working days from the date of allotment of provisional MIN, in case of any deficiency in the document/information. Intimation on cancellation of MIN will be dispatched by the Central Agency to the investor immediately. No communication will be sent to the investor if the MIN as allotted is confirmed.

Presently, it is mandatory for all applications for subscription of value of Rs.50,000/- and above to quote the MIN of all the applicants (guardian in case of minor) in the application for subscription. The MIN will be validated with the records of the Central Agency before allotting units. Applications for subscriptions of value of Rs.50,000/- and above without a valid MIN may be rejected.

In the event of any MIN Application Form being subsequently rejected for lack of information / deficiency / insufficiency of mandatory documentation, the investment transaction will be cancelled and the amount may be redeemed at applicable NAV, subject to payment of exit load, wherever applicable. Such redemption proceeds will be despatched within a maximum period of 21 days from date of acceptance of application. (In case of an ELSS Scheme or a New Fund Offer, allotment will be done only on confirmation from the Central Agency that the MIN is final and if the Central Agency informs that the MIN is cancelled, the original amount invested will be refunded).

All investors (both individual and non-individual) can apply for a MIN. However, applicants should note that minors cannot apply for a MIN and any investment in the name of minors should be along with a Guardian, who should obtain a MIN for the purpose of investing with a Mutual Fund. Also, applicants / unit holders intending to apply for units / currently holding units and operating their Mutual Fund folios through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their respective MIN at the time of investment above the threshold. PoA holders are not permitted to apply for a MIN on behalf of the issuer of the PoA. Separate procedures are prescribed for change in name, address and other MIN related details, should the applicant desire to change such information. POS will extend the services of effecting such changes.

Applicants / Unit holders may contact our Investor Service Centers / their distributors, if any for any additional information/clarifications. Also, please visit our website www.sundarambnp-paribas.in for any other related information.

SECTION - 8

Please fill in this section should you wish to nominate someone.

General

The investor is aware that the mutual fund needs to use intermediaries such as the post office, local and international couriers, banks and other intermediaries for correspondence with the investor and for making payments to the investors by cheques, drafts, warrants, through ECS etc. The Investor expressly agrees and authorises the mutual fund to correspond with the investor or make payments to the investor through intermediaries including but not limited to post office, local and international couriers and banks. The investor clearly understands the mutual fund uses such intermediaries as agents of the investor and not that of the mutual fund/AMC. The mutual fund is not responsible for delayed receipt or nonreceipt of any correspondence or payment through such intermediaries.

Form of declaration to be filed by a person who does not have either a permanent account number and who enters into any transaction specified under rule 114B

- Full name and address of the declarant.....
.....
.....
- Particulars of transaction:.....
- Amount of the transaction:.....
- Are you assessed to tax? Yes No
- If yes,
 - Details of Ward/ Circle/ Range where the last return of income was filed?
.....
 - Reasons for not having permanent account number/General Index Register Number?.....
- Details of the document being produced in support of address in column (1)
.....

Verification

I, do hereby declare that what is stated above is true to the best of my knowledge and belief. Verified today,the day of

Date :.....

Place :.....

Signature of the declarant.....

Instructions : Documents which can be produced in support of the address are :-

- Ration Card
- Passport
- Driving licence
- Identity Card issued by any institution
- Copy of the electricity bill or telephone bill showing residential address
- Any document or communication issued by any authority of Central Government, State Government or local bodies showing residential address
- Any other documentary evidence in support of his address given in the declaration.

DIRECTORY

SPONSOR

Sundaram Finance Limited

Registered Office: 21 Pattulos Road,
Chennai-600 002
Telephone: (044) 28521181
Fax: (044) 28520456

BNP Paribas Asset Management

5, Avenue Kleber,
75116, Paris, France

Investment Manager

Sundaram BNP Paribas Asset Management Company Limited

Registered Office: 21 Pattulos Road,
Chennai-600 002
Corporate Office
Sundaram Towers II Floor
46 Whites Road
Royapettah Chennai 600014
Telephone: (044) 28583362,
28583367
Fax: (044) 28583156

Registrar

Karvy Computershare Private Limited

Karvy Plaza, 8-2-596 Avenue 4, Street
No.1, Banjara Hills
Hyderabad-500 034
Telephone: (040) 23312454

Auditors of Sundaram BNP Paribas Mutual Fund

M/s Sundaram & Srinivasan

Chartered Accountants
23 C P Ramaswamy Road
Alwarpet, Chennai - 600 018
Telephone: (044) 24970762

TRUSTEES

Sundaram BNP Paribas Trustee Company Limited

Registered Office: 21 Pattulos Road,

Chennai-600 002

Corporate Office
Sundaram Towers II Floor
46, Whites Road
Royapettah Chennai 600014
Telephone: (044) 28583362,
28583367
Fax: (044) 28583156

Investor Relations Manager S Balasubramanian

Head - Transaction Processing &
Customer Services

Sundaram BNP Paribas Asset
Management Company Limited
Corporate Office
Sundaram Towers II Floor
46 Whites Road
Royapettah Chennai 600014
Telephone: (044) 28583362,
28583367
Fax: (044) 28583156

Custodian

Standard Chartered Bank

24-25 M. G. Road
Fort, Mumbai 400 0023

Legal Counsel

T. K. Bhaskar,
Partner,
HSB Associates,
New No.: 388, Lloyds Road, Chennai.

Auditors of Sundaram BNP Paribas Asset Management Company Limited

M/s Brahmaya & Co.

Chartered Accountants
48, Masilamani Road, Balaji Nagar,
Royapettah, Chennai 600 014.
Ph: 044-28131128

Sundaram BNP Paribas Mutual - Branch Addresses

Ahmedabad: 104, Arth Complex, Behind A.K. Patel House, Mithakali Six Roads, Navarangapura, Ahmedabad 380009. Ph: 079-66613337/26440442 **Bangalore:** 1st Floor, Maangalaya Punarbhav, 132, Brigade Road, Next to Raheja Chancery, Bangalore 560025. Ph: 080-22076707/22126850 **Baroda:** 127, I floor, Siddharth Complex, Near Express Hotel, R.C.Dutt Road, Alkapuri, Baroda 390007 Ph: 0265-2320671 / 3203204 **Bhopal:** Plot No. 10&11, 3rd floor, Alankar palace, Bank street, M.P.Nagar, Bhopal 462011. Ph: 0755-3203306 **Bhubaneswar:** C/o. Sundaram Finance Ltd, 1st Floor, "Aditya Plaza", 102, Bhoumanagar, Unit No. 4, Bhubaneswar 751001. Ph: 0674-3208280 / 9337024917 **Calicut:** 3rd Floor, 17/501 R2, Kanchas Building, Rajai Road, Calicut, 673001. Mob:09847582339 **Chandigarh:** SCO-2475-2476, 2nd Floor, Sector 22C, Chandigarh-160022. Ph: 0172-5009166/5019166 **Chennai Sales Office:** O No 9, N No 23 Mootha Centre, Kodambakkam High Road, Chennai 600034. Ph: 044 28237262/28237363 **Chennai - H.O.:** Sundaram Towers, II Floor 46, Whites Road, Royapettah, Chennai - 600014. Ph: 044 - 28583362 / 28569900 **Cochin:** The Monarch, I Floor, P.T.Usha Road, Emakulam, Cochin 682011. Ph: 9947045339 **Coimbatore:** No 41-A, I Floor, West Lokmanya Street, R.S.Puram, Coimbatore 641002. 0422-4360058/2542816 **Dehradun:** C/o Sundaram Finance Ltd., 57/19, II Floor, Shiva Palace, Rajpur Road, Dehradun 248001. Ph: 0135-3203262 / 9719166626 **Durgapur:** Unit No.A, 311, II Floor, Durgapur City Centre, Durgapur 713216 Ph: 9330993702 **Guwahati:** Kejriwal Bhawan, 2nd Floor, Opposite Janta Hotel, G.S. Road, Guwahati 781001. Ph: 9954166281 **Hyderabad:** V V Vintage Boulevard, F.No.203, 2nd Floor, Raj Bhavan Road, Somajiguda, Hyderabad 500082. Ph: 040-23393669/23390815/23397600 **Indore:** 125, Starlit Towers, 29/1 Y.N.Road, Indore 452001. Ph: 0731-3203204 **Jaipur:** 303, 3rd Floor, Brij Anukampa Towers, Ashok Marg, C-Scheme, Jaipur 302011. Ph: 0141-5118364/3213853 **Jalandhar:** C/o Sundaram Finance Ltd., 5E, 1st Floor, Session Court Road, Near BMC Chook, Jalandhar 144001. Ph: 9872120037 **Jodhpur:** C/o Sundaram Finance Ltd., 120, I Floor, Mody Arcade, Chopasany Road, Near Bombay Motors, Jodhpur 342003. Ph: 9314613766 **Kanpur:** 2nd Floor, 218, 219 Kan Chambers, 14/113, Civil Lines, Kanpur 208001. Ph: 0512-3018530/3013530 **Kolkata:** "Lords Building", 7/1 Lord Sinha Road, Room No: 312, 3rd Floor, Kolkata 700071. Ph: 033-30580160 / 61 / 62 / 63 / 22816707 / 22835504 **Lucknow:** 210A 2nd Floor, Saran Chambers-2, 5, Park Road, Lucknow 226001. Ph: 0522-3017782/3017783/09415109859 **Ludhiana:** SCO - 18, 3rd Floor, No; 307, Feroze Gandhi Market, Opp. Ludhiana Stock Exchange, Ludhiana-141001. Ph: 0161-3018500 / 9876197320 **Madurai:** No: 183C, North Veli Street, Opp: Duke Hotel, Madurai 625001. Ph: 0452-4376801/4377478 **Mumbai:** 602-603, 6th Floor, Dalamal House, Nariman Point, Mumbai 400 021. Ph: 022-22842878 / 22842879 / 22833863 / 22842832 **Nagpur:** C/O Fortune Business Centre, I Floor, 6 Vasant Vihar, W H C Road, Shankar Nagar, Nagpur-440010. Ph: 0712-2558581 Mob: 09822832030 **Nashik:** L-17, Suyojit Sankul, Near Rajiv Gandhi Bhavan, Sharanpur Road, Nashik 422002. Ph: 9326788990 **New Delhi:** 605,6th Floor, Ashoka Estate, 24,Barakhamba Road, New Delhi 110 001. Ph: 011-41515138 / 41515139 **Patna:** 205, Ashiana Hari Niwas, New Dak Bunglow Road, Patna 800001. Ph: 0612-3200593 **Pondicherry:** C/o. Sundaram Home Finance Ltd, 40, Mission Street, Pondicherry 605001. Ph: 9443090091 **Pune:** 1st Floor, Rachana Trade Estate, Erandwane, Opp Swad Hotel, Pune 411004. Ph: 020-30280927 / 28 / 29 / 30 **Raipur:** Millenium Plaza, Office No. 26 III Floor, Behind Indian Coffee House, Raipur-492001. Mobile: 09893313588 **Rajkot:** C/o. Sundaram Finance Ltd, Flat No. 113, I Floor, Umesh Coml Complex, Near Chowdry High School, Kasturba Road, Rajkot 360 001. Ph: 98250 48797 **Salem:** New No.210 Old No315C, AVK Arcade, Omalur Main Road, Opp, to New Bus Stand, Salem 636004. Ph: 0427-4042827 / 9843081847 **Surat:** L-14, Jolly Plaza, Opp- Athwa Gate Police Station, Athwa Lines, Surat 395001. Ph: 0261-2461384 / 85 **Trichy:** Krishna Complex, 1st Floor, 60, Shastry Road, Tennur, Trichy 620071. Ph: 0431-2741509/4020828 **Trivandrum:** "Uttaradam", TC 26/1309(4), Above Rohini Tyres, Panavilla Junction, Trivandrum 695001. Ph: 9847089134 **Vellore:** First Floor, TKM Complex, 46 - 51, Katpadi Road, Vellore 632 004. Ph: 09843242336 **Vijayawada:** D.No. 40-10-5, Sree Ramachandra Complex, Benz Circle, Bajaj Showroom Lane, Vijayawada 520010. Ph: 0866-2470778 / 9848032734 **Vizag:** 47-10-10, 2nd Floor Rednam Regaency, Near Diamond Park, Dwarakanagar, Visakhapatnam 530016. Ph: 0891-3209440 / 98480 35892