

SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS
23, C.P. RAMASWAMY ROAD,
ALWARPET, CHENNAI - 600 018.

AUDITORS REPORT

The Board of Trustees
Sundaram Mutual Fund
Chennai

We have audited the attached Balance Sheet of Sundaram Mutual Fund - **SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 2 - 5 YRS** as at March 31, 2012 and the Revenue Account for the **Year** ended on **that date**. These financial statements are the responsibility of the management. Our responsibility is to express our opinion on these financial statements based on our audit.

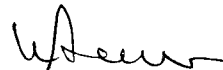
We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

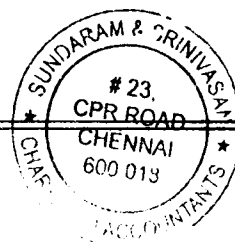
On the basis of the audit as indicated above, we report as follows:-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. The Balance Sheet and Revenue Account are in agreement with the books of accounts of Sundaram Mutual Fund.
3. a) The accounts have been prepared in accordance with accounting policies and standards as specified in the Ninth Schedule of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
b) In our opinion, the valuation methods adopted by the fund for valuation of non-traded securities, "in good faith" are fair and reasonable.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes forming part of Accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in case of Balance Sheet, of the state of affairs of the aforesaid Schemes of Sundaram Mutual Fund, **SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 2 - 5 YRS** as at March 31, 2012 and
 - b) In the case of Revenue Account of the **Surplus** of Sundaram Mutual Fund - **SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 2 - 5 YRS** for the **Year** ended on **31/03/2012**.

For and on behalf of SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS (FRN No.: 004207S)

Place: Chennai
Date: 26th June, 2012


K. SRINIVASAN
PARTNER (M.No: 5809)



BALANCE SHEET AS AT 31st MARCH, 2012

	SCHEDULE NO.	Amount in Rs.	
		31-Mar-12	31-Mar-11
LIABILITIES			
Unit Capital	1	650,894,760	650,894,760
Reserves & Surplus	2	17,322,757	2,624,436
Current Liabilities & Provisions	3	1,949,261	1,200,696
		670,166,778	654,719,892
ASSETS			
Investments	4	663,564,762	640,197,933
Other Current Assets	5	6,602,016	14,521,959
		670,166,778	654,719,892

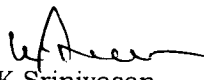
Notes on Accounts

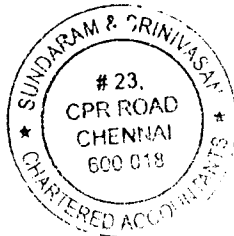
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As per our Report of even date

For
Sundaram & Srinivasan
 Chartered Accountants
 (FRN.: 004207S)

For
Sundaram Asset Management Company Ltd

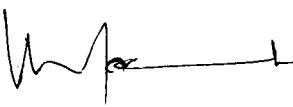

 K Srinivasan
 Partner
 (M.NO : 5809)




 Dwijendra Swetsava
 Fund Manager


 T P Raman
 Managing Director

For and on Behalf of
Sundaram Trustee Company Ltd


 K V Ramanathan
 Chairman


 S Viji
 Director


 R. Rajamani
 Director

M. S. Sundara Rajan
 Director

Place : Chennai

Date : 26th June 2012

4/2/12

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

	Schedule No.	Amount, Rs	
		01.04.2011 TO 31.03.2012	08.03.2011 TO 31.03.2011
REVENUE			
Dividend		1,969,077	-
Interest	6	48,593,978	3,060,036
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		-	448,557
TOTAL (A)		50,563,055	3,508,593
EXPENSES			
Net diminution in value of investment	7	12,566,955	3,508,011
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		6,718,703	-
Loss on inter scheme transfer / sale of investments		0.040	-
Management fee		4,206,198	273,678
Trusteeship fee		65,470	4,295
Commission to Agents		6,202,788	-
Marketing Expenses		1,638,805	451,089
Audit fee		9,438	5,515
Other operating expenses		455,897	71,298
Custodian charges		135,406	25,091
Publicity Expenses		15,736	-
Registrar expenses		360,325	29,948
SEBI Fees		4,245	-
TOTAL (B)		32,379,966	4,368,925
SURPLUS / (DEFICIT) (A-B)		18,183,089	(860,332)
Surplus / (Deficit) transferred to Balance Sheet		18,183,089	(860,332)

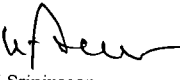
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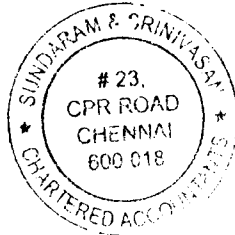
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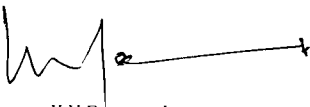

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 Chairman


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 Director


 R. Rajamani
 Director

M. S. Sundara Rajan
 Director

Place : Chennai
 Date : 26th June 2012

SCHEDULE : 1**Unit Capital**

	31/03/2012		31/03/2011	
	UNITS	AMOUNT	UNITS	AMOUNT
	65,089,476	650,894,760	65,089,476	650,894,760
Initial capital				
Unit Capital				
Opening Capital	65,089,476.00	650,894,760	65,089,476.00	650,894,760
Add: Units sold during the Year	-	-	-	-
Less : Units repurchased during the Year	65,089,476.00	650,894,760	65,089,476.00	650,894,760
	-	-	-	-
Units at the end of the Period	65,089,476.00	650,894,760	65,089,476.00	650,894,760
		650,894,760		650,894,760

SCHEDULE : 2**Reserves & Surplus**

	31/03/2012		31/03/2011	
	Rs.		Rs.	
General Reserve				
Opening Balance	(860,332)		-	
Add /(Less): Transfer from Revenue Account	18,183,089	17,322,757	(860,332)	(860,332)
Unrealised appreciation reserve				
Opening Balance	3,484,768		-	
Add/(Less) Net unrealized appreciation for the year	(3,484,768)		3,484,768	
Unrealised Appreciation Reserve (Schedule 7)		-		3,484,768
		17,322,757		2,624,436

SCHEDULE : 3**Current Liabilities & Provisions**

	31/03/2012	31/03/2011
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	1,944,957	1,170,033
Others	4,304	30,663
	1,949,261	1,200,696

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SCHEDULE : 4**Investments**

	31/03/2012	31/03/2011
	Rs.	Rs.
Listed		
Equity Shares	85,715,246	153,491,129
Non-Convertible Debentures	498,752,260	484,509,303
Commercial Papers	48,043,199	-
Others - Reverse Repo / CBLO	31,054,057	2,197,501
	663,564,762	640,197,933

SCHEDULE : 5**Other Current Assets**

	31/03/2012	31/03/2011
	Rs.	Rs.
Balance with banks in Current Accounts	467,853	966,651
Contract for Sale of Investments	-	9,315,551
Outstanding and accrued Income	6,134,163	4,239,757
	6,602,016	14,521,959

SCHEDULE : 6**Interest**

	01.04.2011 TO 31.03.2012	08.03.2011 TO 31.03.2011
	Rs.	Rs.
Interest from banks and others	1,766,764	2,133,566
Interest on Debentures and Bonds	45,832,491	926,470
Discounting Charges	994,723	-
	48,593,978	3,060,036

SCHEDULE :7**Net unrealised appreciation / (diminution) in value of Investments**

	31/03/2012	31/03/2011
	Rs.	Rs.
Appreciation in Value of Investments		
Equity Shares	-	3,484,768
Appreciation in value of investments	-	3,484,768
Diminution in value of investments		
Debentures & Bonds listed / awaiting listing in the Recognised the recognised stock exchange	5,749,207	3,508,011
Equity Shares	10,198,479	
Money Mkt Instruments	127,280	
Net Unrealised Diminution in value of investment	16,074,966	3,508,011
	(16,074,966)	(23,242)

SUNDARAM MUTUAL FUND

SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 2 - 5 YRS

Schedules forming part of the Balance Sheet as at 31-Mar-2012
and the Revenue Account for the Year ended 31-Mar-2012

SCHEDULE 8

All amounts mentioned rupees in lakhs

NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

1.1. INVESTMENTS

Investment transactions are accounted on trade dates at cost including brokerage, stamp duty and other levies. Investments are marked to market. In valuing the Scheme's investments:

a) Government Securities

· Government Securities are valued at the prices obtained from CRISIL in accordance with the guidelines for valuation of securities for mutual funds issued by SEBI.

· Instruments bought on 'repo' basis have been valued at the resale price after deduction of applicable interest up to date of resale.

b) Other Securities

· Traded Securities are valued at the last quoted closing price on the stock exchange. Non-traded / thinly traded securities are valued in good faith on the basis of guidelines issued by SEBI in this regard.

In accordance with the guidance note on accounting for investments in the financial statement of mutual funds issued by The Institute of Chartered Accountants of India, the investments are valued separately category-wise and the net unrealised appreciation is directly transferred to unrealised appreciation reserve and the net diminution is debited to revenue account.

1.2. INCOME RECOGNITION

- (i) Dividend is accounted on accrual basis and recognized on ex-dividend dates.
- (ii) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.
- (iii) Income on investments is accounted on accrual basis.
- (iv) Other income is accounted on cash basis.

1.3. EXPENSES

Expenses are accounted for on accrual basis.

1.4. LOAD

In terms of SEBI circular dated 30th June 2009, out of the exit load charged to the investor, a maximum of 1% of the redemption proceeds is maintained in a separate account which can be used by the AMC to pay commission to the distributor and for marketing and selling expenses of the scheme. Any balance in excess of 1% is credited to the scheme immediately and unutilised portion in the load account shall be credited to the scheme whenever felt appropriate by the AMC.

1.5. EQUALISATION ACCOUNT

When the units are sold / re-purchased, the difference between the sale price / re-purchase price and the face value of the units is credited / debited to equalisation account. The net balance in this account is transferred to revenue account for the Year.

2. INVESTMENT MANAGER FEES

Management fee is computed on daily average net assets as under:

Description	01.04.11 to 31.03.12	08.03.11 to 31.03.11
Average daily net asset value	6,546.83	6,531.49
Management fee @ 0.64% of average daily net asset value.(Previous year 0.64%)	42.06	2.74

3. INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE NET ASSET VALUE OF THE SCHEMES OF SUNDARAM MUTUAL FUND.

As Per Annexure - I

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4. AGGREGATE VALUE OF PURCHASES & SALES MADE DURING THE YEAR.

The aggregate value of investments purchased and sold (including matured) during the Year. as a percentage of average daily net asset value is as under :

Description	01.04.11 to 31.03.12	08.03.11 to 31.03.11
PURCHASE VALUE (AMOUNT)	2,087.86	6,502.03
%	31.89%	99.55%
SALES VALUE (AMOUNT)	1,907.43	93.16
%	29.14%	1.43%

5. AGGREGATE FAIR VALUE OF NON-TRADED/THINLY TRADED INVESTMENTS-

Aggregate Fair Value of non traded / thinly traded investments valued in "good faith" exceeding 5% of the Net Asset Value as at the end of the Year. :

Description	31.03.2012	31.03.2011
Aggregate Fair Value of non traded / thinly traded investments valued in "good faith" exceeding 5% of the Net Asset Value as at the end of the Year.	5,467.95	4,845.09
% to the asset under management	81.82%	74.14%

6. INCOME / EXPENDITURE

The total income and expenditure (excluding deferred revenue expenditure un-amortised) as a percentage of the daily average net assets, during the Year. are given below.

DESCRIPTION	01.04.11 to 31.03.12	08.03.11 to 31.03.11
INCOME	7.72%	8.17%
EXPENDITURE	2.00%	2.00%

7. CONTINGENT LIABILITY

Contingent liability as at 31st March 2012 is Rs. Nil. Previous Period Rs. Nil

8. AMOUNT PAID TO SPONSORS / ASSOCIATES

	01.04.11 to 31.03.12	08.03.11 to 31.03.11
Sundaram Finance Ltd (Sponsor)	NIL	0.00
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Indus Ind Bank Ltd (Associate)	0.23	NIL
Sundaram BNP Paribas Funds Servcies Ltd (R & T)	3.60	0.67

9. TOTAL VALUE OF INVESTMENTS FALLING UNDER EACH MAJOR INDUSTRY GROUP WHICH CONSTITUTES NOT LESS THAN 5% OF THE TOTAL INVESTMENTS IS AS BELOW:

(% of total investment within the classification)

NIL

10. PORTFOLIO DISCLOSURE

Full portfolio of the scheme is given in Annexure - III

11. MOVEMENT IN UNIT CAPITAL

As Per Schedule-I

12. ACCOUNTING STANDARD 17 ON SEGMENT REPORTING

As the Financial Statements are prepared separately on each scheme, no further disclosure under Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India is considered necessary. There is no secondary reporting segment.

13. ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

Related party disclosures as required by the Accounting Standard 18 - "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given as Annexure - IV

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14. HISTORICAL PER UNIT STATISTICS

	2011-2012		2010-2011	
	Rs.		Rs.	
(A) Gross income				
(i) income other than profit on sale of investment	0.7768		0.0470	
(ii) income from profit on inter scheme sales/transfer of investments	0.0000		0.0000	
(iii) income from profit on sale of investment to third parties	-0.1032		0.0069	
(iv) transfer to revenue account from past year's reserves	0.0000		0.0000	
(B) Aggregate of expenses, write off, amortisation and charges	0.2012		0.0132	
(C) Net income	0.4724		0.0407	
(D) Net unrealised appreciation/(diminution) in value of investments	-0.2470		0.0539	
	Dividend Option	Growth Option	Dividend Option	Growth Option
(E) Net Assets Value	10.2661	10.2662	10.0398	10.0399
(F) Highest repurchase price	NA	NA	NA	NA
Lowest repurchase price	NA	NA	NA	NA
Highest ongoing sale price *	NA	NA	NA	NA
Lowest ongoing sale price *	NA	NA	NA	NA
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage	2.00%		2.00%	
(H) Ratio of gross income to average daily net assets by percentage	7.72%		8.17%	

* includes entry load as applicable

15. Computation of Distributable Income

	31/03/2012	31/03/2011
Net Income as per revenue account	18,183,089	(860,332)
Add : Balance of Undistributed income as at 1st April brought forward	(860,332)	-
	17,322,757	(860,332)
Less : Income Distributed during the year	-	-
Distributable Income	17,322,757	(860,332)

16. Since the scheme was launched during the year, previous year figures are not provided.

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ANNEXURE - II

SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 2 - 5 YRS	% of total investments within the classification	
	2011-2012	2010-2011
EQUITY INSTRUMENTS		
AUTOMOBILE	0.00%	6.41%
CONSTRUCTIONS	0.00%	8.77%
CONSUMER GOODS	0.00%	6.65%
ENERGY	39.54%	22.83%
FINANCE	25.67%	28.83%
IT	8.53%	13.66%
PHARMA	14.79%	0.00%
TELECOM	11.47%	0.00%
DEBT INSTRUMENTS		
a) Listed / awaiting listing on Stock Exchange		
DIVERSIFIED	23.84%	22.20%
ENERGY	22.13%	0.00%
FINANCE	54.03%	54.81%
BASIC	0.00%	22.99%
Money Market Instruments		
FINANCE	100.00%	0.00%

ANNEXURE - III

SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 2 - 5 YRS					
Portfolio Statement for the period ended 31 March, 2012					
S.NO	Particulars	Rating	Quantity	Mkt Value Rs. in Lacs	% of Holding
	Equity & Equity Linked Instruments				
	a) Listed / awaiting listing on Stock Exchanges				
1	Cairns India Ltd	ENERGY	41842	139.71	2.11%
2	IDFC Ltd	FINANCE	96864	130.77	1.97%
3	CIPLA	PHARMA	41561	126.80	1.91%
4	Reliance Industries Ltd	ENERGY	16456	123.52	1.86%
5	Bharathi Tele Venture Ltd-Equity	TELECOM	29099	98.33	1.48%
6	Rural Electrification Corpn Ltd	ENERGY	36831	75.65	1.14%
7	Infosys Technologies Ltd	IT	2551	73.12	1.10%
8	Yes Bank Limited	FINANCE	15000	55.32	0.83%
9	Indian Overseas Bank	FINANCE	35990	33.94	0.51%
	Sub Total			857.15	12.92%
	A) Debt Instruments				
	a) Listed / awaiting listing on Stock Exchange				
1	Housing Development Fin Corp Ltd **	AAA	120	1200.54	18.09%
2	EXIM BANK **	AAA	120	1192.01	17.96%
3	Power Grid Corporation **	AAA	90	1104.13	16.64%
4	TATA SONS LIMITED **	AAA	107	1071.79	16.15%
5	POWER FINANCE CORPORATION **	AAA	32	302.62	4.56%
6	TATA SONS LIMITED **	AAA	12	117.42	1.77%
	Sub Total			4988.50	75.17%
	B) Money Market Instruments				
1	Housing Development Fin Corp Ltd **	A1+	100	480.43	7.24%
	Sub Total			480.43	7.24%
	C) Others				
1	REVERSE REPO / CBLO			310.54	4.68%
	GRAND TOTAL			6,636.63	100.00%

** Thinly traded / Non Traded securities


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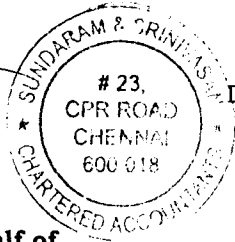
Signatures to the schedules 1 to 8 are forming part of the Balance Sheet and the Revenue Account.

**For Sundaram & Srinivasan
Chartered Accountants**

(FRN No.: 004207S)

For Sundaram Asset Management Company Ltd

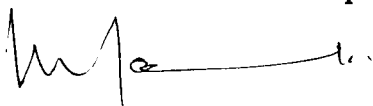

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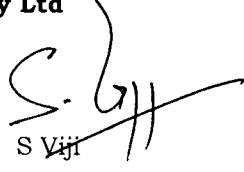


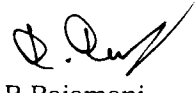

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Place : Chennai

Date : 26th June, 2012