

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 3 - 3 YRS** as at March 31, 2012 and the Revenue Account for the **Period** 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.

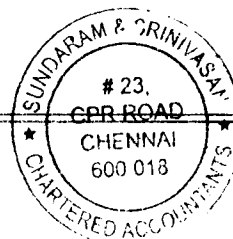
On the basis of the audit as indicated above, we report as follows:-

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 3 - 3 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 3 - 3 YRS** for the **Period** 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)



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BALANCE SHEET AS AT 31st MARCH, 2012

Amount in Rs.

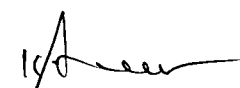
	SCHEDULE NO.	31-Mar-12
LIABILITIES		
Unit Capital	1	529,956,240
Reserves & Surplus	2	28,562,081
Current Liabilities & Provisions	3	1,149,163
		559,667,484
ASSETS		
Investments	4	554,097,304
Other Current Assets	5	5,570,180
		559,667,484

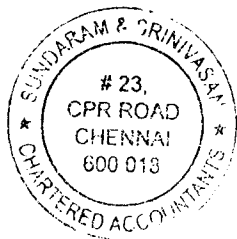
Notes on Accounts 8

As per our Report of even date

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

For
Sundaram Asset Management Company Ltd

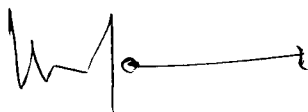

K Srinivasan
Partner
(M.NO : 5809)




Dwijendra Srivatsava
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

REVENUE ACCOUNT FOR THE PERIOD FROM 20.04.2011 TO 31.03.2012

		Amount, Rs	
	Schedule No.	20.04.2011 TO 31.03.2012	
REVENUE			
Dividend		501,924	
Interest	6	41,237,746	
		41,739,670	
TOTAL (A)			41,739,670
EXPENSES			
Net diminution in value of investment	7	1,449,128	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		3,852,842	
Loss on inter scheme transfer / sale of investments		17,213	
Management fee		3,439,849	
Trusteeship fee		51,417	
Marketing Expenses		1,130,380	
Publicity expenses		14,806	
Audit fee		19,358	
Other operating expenses		411,748	
Custodian charges		116,588	
Commission to Agent		4,805,465	
Registrar expenses		281,338	
		15,590,132	
TOTAL (B)			15,590,132
SURPLUS / (DEFICIT) (A-B)			26,149,538
Surplus / (Deficit) transferred to Balance Sheet			26,149,538

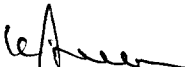
Notes on Accounts

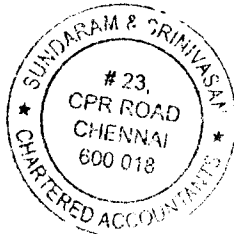
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As per our Report of even date


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

For
Sundaram Asset Management Company Ltd



 K Srinivasan
 Partner
 (M.NO : 5809)





 Dwijendra Srivatsava
 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 Raja
 Director

Place : Chennai

Date : 26th June 2012

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SCHEDULE : 1**Unit Capital**

	31/03/2012	
	UNITS	AMOUNT
	Initial capital	52,995,624
Unit Capital		
Opening Capital	-	-
Add: Units sold during the Period	52,995,624.00	529,956,240
	52,995,624.00	529,956,240
Less : Units repurchased during the Period	-	-
Units at the end of the Period	52,995,624.00	529,956,240
		529,956,240

SCHEDULE : 2**Reserves & Surplus**

	31/03/2012	
	Rs.	
General Reserve		
Opening Balance	-	
Add /(Less): Transfer from Revenue Account	26,149,538	
		26,149,538
Unrealised appreciation reserve		
Opening Balance	-	
Add/(Less) Net unrealized appreciation for the year	2,412,543	
		2,412,543
Unrealised Appreciation Reserve (Schedule 7)		
		28,562,081

SCHEDULE : 3**Current Liabilities & Provisions**

	31/03/2012
	Rs.
Current Liabilities	
Sundry Creditors	1,144,387
Others	4,776
	1,149,163

SCHEDULE : 4**Investments**

	31/03/2012
	Rs.
Listed	
Equity Shares	58,455,215
Preference Shares	-
- Non-Convertible Debentures	444,807,825
Others - Reverse Repo / CBLO	50,834,264
	554,097,304

SCHEDULE : 5**Other Current Assets**

	31/03/2012
	Rs.
Balance with banks in Current Accounts	399,943
Outstanding and accrued Income	5,170,237
	5,570,180

SCHEDULE : 6**Interest**

	20.04.2011 TO 31.03.2012
	Rs.
Interest from banks and others	3,441,329
Interest on Debentures and Bonds	37,796,417
	41,237,746

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

	31/03/2012
	Rs.
Appreciation in Value of Investments	
Equity Shares	2,412,543
Appreciation in value of investments (Schedule 2)	2,412,543
Diminution in value of investments\	
Debentures & Bonds listed / awaiting listing in the Recognised the recognised stock exchange	1,449,128
Net Diminution in value of investments	1,449,128
	963,415

SUNDARAM MUTUAL FUND

SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 3 - 3 YRS

Schedules forming part of the Balance Sheet as at 31-Mar-2012
and the Revenue Account for the Period from 20.04.2011 to 31.03.2012

SCHEDULE 8 NOTES ON ACCOUNTS

All amounts mentioned rupees in lakhs

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 Period.

2. INVESTMENT MANAGER FEES

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

Description	20.04.11 to 31.03.12
Average daily net asset value	5,423.32
Management fee @ 0.67% of average daily net asset value.	34.40

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

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

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

Description	20.04.11 to 31.03.12
PURCHASE VALUE (AMOUNT)	5,994.42
%	110.53%
SALES VALUE (AMOUNT)	881.59
%	16.26%

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 Period. :

Description	31.03.2012
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 Period.	4,448.08
% to the asset under management	79.64%

6. INCOME / EXPENDITURE

The total income and expenditure as a percentage of the daily average net assets, during the Period. are given below.

DESCRIPTION	20.04.11 to 31.03.12
INCOME	8.12%
EXPENDITURE	2.00%

7. CONTINGENT LIABILITY

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

8. AMOUNT PAID TO SPONSORS / ASSOCIATES

	20.04.11 to 31.03.12
Sundaram Finance Ltd (Sponsor)	3.85
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL
Indus Ind Bank Ltd (Associate)	5.52
Sundaram BNP Paribas Funds Servcies Ltd (R & T)	2.81

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)

Refer Annexure - II

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

14. HISTORICAL PER UNIT STATISTICS

		2011-2012	
		Rs.	
(A)	Gross income		
	(i) income other than profit on sale of investment	0.7876	
	(ii) income from profit on inter scheme sales/transfer of investments	-0.0003	
	(iii) income from profit on sale of investment to third parties	-0.0727	
	(iv) transfer to revenue account from past year's reserves	0.0000	
(B)	Aggregate of expenses, write off, amortisation and charges	0.1938	
(C)	Net income	0.5208	
(D)	Net unrealised appreciation/(diminution) in value of investments	0.0182	
REGULAR			
		Dividend Option	Growth Option
(E)	Net Assets Value	10.5403	10.5380
(F)	Highest repurchase price	NA	NA
	Lowest repurchase price	NA	NA
	Highest ongoing sale price *	NA	NA
	Lowest ongoing sale price *	NA	NA
(G)	Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage	2.00%	
(H)	Ratio of gross income to average daily net assets by percentage	8.12%	

* includes entry load as applicable

15. Computation of Distributable Income

	31/03/2012
Net Income as per revenue account	26,149,538
Add : Balance of Undistributed income as at 1st April brought forward	-
Less : Income Distributed during the year	-
Distributable Income	26,149,538

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

ANNEXURE - II

SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 3 - 3 YRS		% of total investments within the classification
		2011-2012
EQUITY INSTRUMENTS		
AUTOMOBILE		6.71%
CONSUMER GOODS		17.13%
ENERGY		25.50%
FINANCE		26.46%
METALS		0.92%
TELECOM		23.29%
DEBT INSTRUMENTS		
a) Listed / awaiting listing on Stock Exchange		
FINANCE		100.00%

ANNEXURE - III

SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 3 - 3 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	Bharathi Tele Venture Ltd-Equity	TELECOM	35906	121.33	2.19%
2	State Bank of India	FINANCE	4567	95.74	1.73%
3	Cairns India Ltd	ENERGY	28568	95.39	1.72%
4	Hindustan Lever Ltd	CONSUMER GOO	16641	68.24	1.23%
5	ICICI Bank	FINANCE	6618	58.91	1.06%
6	Oil & Natural Gas Corpn. Ltd.,	ENERGY	20000	53.67	0.97%
7	Maruti Udyog Ltd	AUTOMOBILE	2904	39.22	0.71%
8	ITC Ltd	CONSUMER GOO	14048	31.88	0.58%
9	Idea Cellular Ltd	TELECOM	15000	14.82	0.27%
10	Hindalco Industries Ltd	METALS	4145	5.36	0.10%
Sub Total				584.55	10.55%
A) Debt Instruments					
a) Listed / awaiting listing on Stock Exchange					
1	Housing Development Fin Corp Ltd **	AAA	100	998.49	18.02%
2	LIC HOUSING FINANCE **	AAA	100	997.14	18.00%
3	Indian Railway Finance Corporation Limited **	AAA	100	987.58	17.82%
4	NABARD **	AAA	97	966.55	17.44%
5	EXIM BANK **	AAA	50	498.32	8.99%
Sub Total				4448.08	80.28%
B) Money Market Instruments					
				NIL	
Sub Total				0.00	0.00%
C) Others					
1	REVERSE REPO / CBLO			508.34	9.17%
GRAND TOTAL				5,540.97	100.00%


** Thinly traded / Non Traded securities

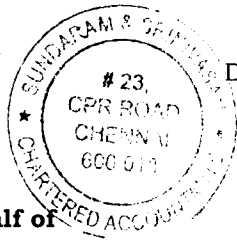
Signatures to the schedules 1 to 8 are forming part of the Balance Sheet and the Revenue Account.

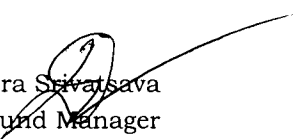
For Sundaram & Srinivasan
Chartered Accountants

(FRN No.: 004207S)

For Sundaram Asset Management Company Ltd



K Srinivasan
Partner
(M.No : 5809)





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Place : Chennai

Date : 26th June, 2012