

**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 5 - 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.

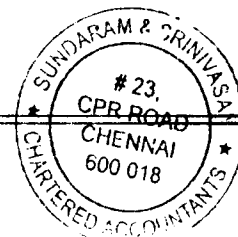
On the basis of the audit as indicated above, we report as follows:-

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 5 - 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 5 - 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)**



**BALANCE SHEET AS AT 31st MARCH, 2012**

Amount in Rs.

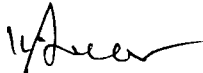
	SCHEDULE NO.	31-Mar-12
<b>LIABILITIES</b>		
Unit Capital	1	563,416,160
Reserves & Surplus	2	18,738,210
Current Liabilities & Provisions	3	1,504,895
		<b>583,659,265</b>
<b>ASSETS</b>		
Investments	4	553,984,759
Other Current Assets	5	29,674,506
		<b>583,659,265</b>

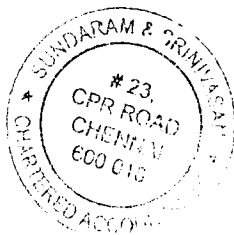
Notes on Accounts 8

As per our Report of even date

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

**For**  
**Sundaram Asset Management Company Ltd**

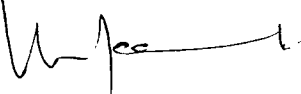
  
K Srinivasan  
Partner  
(M.NO : 5809)



  
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

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## REVENUE ACCOUNT FOR THE PERIOD FROM 07.09.2011 TO 31.03.2012

		Amount, Rs	
	Schedule No.	07.09.2011	TO 31.03.2012
<b>REVENUE</b>			
Interest	6	27,897,430	
		<b>27,897,430</b>	
<b>TOTAL</b>	<b>(A)</b>		<b>27,897,430</b>
<b>EXPENSES</b>			
Net diminution in value of investment	7	3,288,214	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		117,832	
Management fee		1,456,597	
Trusteeship fee		32,377	
Marketing Expenses		1,221,566	
Publicity expenses		14,135	
Audit fee		13,688	
Other operating expenses		171,944	
Custodian charges		63,181	
Commission to Agent		3,164,940	
Registrar expenses		178,179	
		<b>9,722,653</b>	
<b>TOTAL</b>	<b>(B)</b>		<b>9,722,653</b>
<b>SURPLUS / (DEFICIT)</b>	<b>(A-B)</b>		<b>18,174,777</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>18,174,777</b>

Notes on Accounts

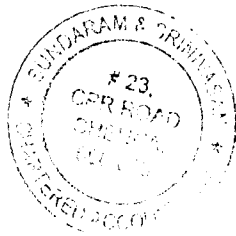
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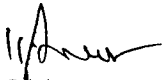
As per our Report of even date

**For****Sundaram & Srinivasan**


Chartered Accountants

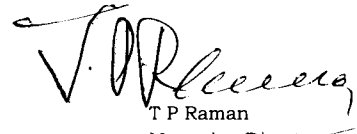
(FRN.: 004207S)




  
K Srinivasan  
Partner  
(M.NO : 5809)

**For****Sundaram Asset Management Company Ltd**


  
Dwijendra Srivatsava  
Fund Manager

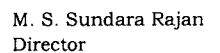
  
T P Raman  
Managing Director

**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

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**SCHEDULE : 1****Unit Capital**

	31/03/2012	
	UNITS	AMOUNT
<b>Initial capital</b>	<b>56,341,616</b>	<b>563,416,160</b>
<b>Unit Capital</b>		
Opening Capital	-	-
Add: Units sold during the Period	56,341,616.00	563,416,160
	56,341,616.00	563,416,160
Less : Units repurchased during the Period	-	-
Units at the end of the Period	56,341,616.00	563,416,160
		<b>563,416,160</b>

**SCHEDULE : 2****Reserves & Surplus**

	31/03/2012	
	Rs.	
<b>General Reserve</b>		
Opening Balance	-	
Add /(Less): Transfer from Revenue Account	18,174,777	
		<b>18,174,777</b>
<b>Unrealised appreciation reserve</b>		
Opening Balance	-	
Add/(Less) Net unrealized appreciation for the year	563,433	
Unrealised Appreciation Reserve (Schedule 7)		<b>563,433</b>
		<b>18,738,210</b>

**SCHEDULE : 3****Current Liabilities & Provisions**

	31/03/2012
	Rs.
<b>Current Liabilities</b>	
Sundry Creditors	1,500,548
Others	4,347
	<b>1,504,895</b>

**SCHEDULE : 4****Investments**

	<b>31/03/2012</b>
	<b>Rs.</b>
Listed	
Equity Shares	35,916,526
Non-Convertible Debentures	469,125,346
Certificate of Deposits	11,790,930
Others - Reverse Repo / CBLO	37,151,957
	<b>553,984,759</b>

**SCHEDULE : 5****Other Current Assets**

	<b>31/03/2012</b>
	<b>Rs.</b>
Balance with banks in Current Accounts	234,385
Outstanding and accrued Income	29,440,121
	<b>29,674,506</b>

**SCHEDULE : 6****Interest**

	<b>07.09.2011 TO 31.03.2012</b>
	Rs.
Interest from banks and others	3,156,872
Interest on Debentures and Bonds	23,861,433
Discounting Charges	879,125
	<b>27,897,430</b>

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

	<b>31.03.2012</b>
	Rs.
<b>Appreciation in Value of Investments</b>	
Equity Shares	563,433
Appreciation in value of investments	<b>563,433</b>
<b>Diminution in value of investments</b>	
Privately placed debentures / Bonds	
Debentures & Bonds listed / awaiting listing in the Recognised the recognised stock exchange	3,288,214
Net Diminution in value of investments	3,288,214
	<b>(2,724,780)</b>

# SUNDARAM MUTUAL FUND

## SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 5 - 3 YRS

Schedules forming part of the Balance Sheet as at 31-Mar-2012  
and the Revenue Account for the Period from 07.09.2011 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	07.09.11 to 31.03.12
Average daily net asset value	5,724.21
Management fee @ 0.45% of average daily net asset value.	14.57

#### 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 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	07.09.11 to 31.03.12
<b>PURCHASE VALUE (AMOUNT)</b>	<b>6,346.34</b>
%	<b>110.87%</b>
<b>SALES VALUE (AMOUNT)</b>	<b>1,102.83</b>
%	<b>19.27%</b>

**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.	<b>4,809.16</b>
% to the asset under management	<b>82.61%</b>

**6. INCOME / EXPENDITURE**

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

DESCRIPTION	07.09.11 to 31.03.12
<b>INCOME</b>	<b>8.62%</b>
<b>EXPENDITURE</b>	<b>1.95%</b>

**7. CONTINGENT LIABILITY**

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

**8. AMOUNT PAID TO SPONSORS / ASSOCIATES**

	07.09.11 to 31.03.12
Sundaram Finance Ltd (Sponsor)	<b>NIL</b>
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	<b>NIL</b>
Indus Ind Bank Ltd (Associate)	<b>NIL</b>
Sundaram BNP Paribas Funds Servcies Ltd (R & T)	<b>1.78</b>

**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	0.4951	
	(ii) income from profit on inter scheme sales/transfer of investments	0.0000	
	(iii) income from profit on sale of investment to third parties	-0.0021	
	(iv) transfer to revenue account from past year's reserves	0.0000	
(B)	Aggregate of expenses, write off, amortisation and charges	0.1121	
(C)	Net income	0.3809	
(D)	Net unrealised appreciation/(diminution) in value of investments	-0.0484	
REGULAR			
		Dividend Option	Growth Option
(E)	Net Assets Value	10.3325	10.3326
(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	1.95%	
(H)	Ratio of gross income to average daily net assets by percentage	8.62%	

\* includes entry load as applicable

**15. Computation of Distributable Income**

	31/03/2012
Net Income as per revenue account	18,174,777
Add : Balance of Undistributed income as at 1st April brought forward	-
Less : Income Distributed during the year	-
Distributable Income	18,174,777

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 5 3 YRS		% of total investments within the classification
		2011-2012
<b>EQUITY INSTRUMENTS</b>		
AUTOMOBILE		11.94%
ENERGY		15.14%
FINANCE		42.33%
METALS		1.29%
TELECOM		29.30%
<b>DEBT INSTRUMENTS</b>		
<b>a) Listed / awaiting listing on Stock Exchange</b>		
DIVERSIFIED		8.54%
ENERGY		21.21%
FINANCE		70.25%
<b>Money Market Instruments</b>		
FINANCE		100.00%

## ANNEXURE - III


SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 5 - 3 YRS					
Portfolio Statement for the period ended 31 March, 2012					
S.NO	Particulars	Rating	Quantity	Mkt Value Rs. in Lacs	% of Holding
<b>Equity &amp; Equity Linked Instruments</b>					
<b>a) Listed / awaiting listing on Stock Exchanges</b>					
1	Bharathi Tele Venture Ltd-Equity	TELECOM	31145	105.24	1.90%
2	State Bank of India	FINANCE	3597	75.41	1.36%
3	Maruti Udyog Ltd	AUTOMOBILE	3175	42.88	0.77%
4	Punjab National Bank	FINANCE	4420	40.89	0.74%
5	Reliance Industries Ltd	ENERGY	5038	37.82	0.68%
6	ICICI Bank	FINANCE	4014	35.73	0.65%
7	Cairns India Ltd	ENERGY	4965	16.58	0.30%
8	Hindalco Industries Ltd	METALS	3579	4.63	0.08%
<b>Sub Total</b>				<b>359.17</b>	<b>6.48%</b>
<b>A) Debt Instruments</b>					
<b>a) Listed / awaiting listing on Stock Exchange</b>					
1	LIC HOUSING FINANCE **	AAA	110	1096.48	19.79%
2	Rural Electrification Corporation **	AAA	100	995.08	17.96%
3	NABARD **	AAA	100	991.69	17.90%
4	Housing Development Fin Corp Ltd **	AAA	92	913.94	16.50%
5	TATA SONS LIMITED **	AAA	40	400.41	7.23%
6	POWER FINANCE CORPORATION **	AAA	30	293.66	5.30%
<b>Sub Total</b>				<b>4691.25</b>	<b>84.68%</b>
<b>B) Money Market Instruments</b>					
1	State Bank of Bikaner & Jaipur **	A1+	120	117.91	2.13%
<b>Sub Total</b>				<b>117.91</b>	<b>2.13%</b>
<b>C) Others</b>					
1	REVERSE REPO / CBLO			371.52	6.71%
<b>GRAND TOTAL</b>				<b>5,539.85</b>	<b>100.00%</b>

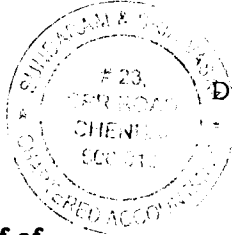
\*\* Thinly traded / Non Traded securities

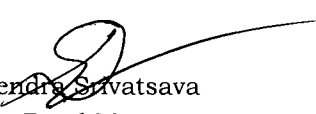
Signatures to the schedules 1 to 8 are forming part of the Balance Sheet and the Revenue Account.


**For Sundaram & Srinivasan**  
**Chartered Accountants**

(FRN No.: 004207S)

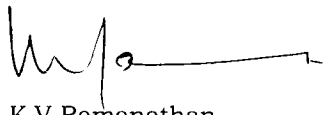
  
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**Place : Chennai**

**Date : 26th June, 2012**