

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 FIXED TERM PLAN AA** as at March 31, 2012 and the Revenue Account for the **Period** ended on **May 25, 2011**. These financial statements are the responsibility of the management. Our responsibility is to express our opinion on these financial statements based on our audit.

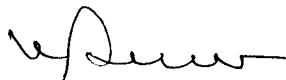
We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence 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.

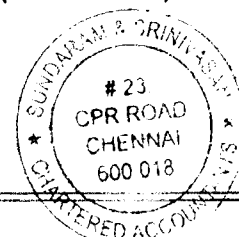
On the basis of the audit as indicated above, we report as follows:-

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 FIXED TERM PLAN AA** as at March 31, 2012 and
 - b) In the case of Revenue Account of the **Deficit** of Sundaram Mutual Fund - **SUNDARAM FIXED TERM PLAN AA** for the **Period** ended on **25/05/2011**.

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	31-Mar-11
LIABILITIES			
Unit Capital	1	-	256,182,520
Reserves & Surplus	2	-	13,723,502
Current Liabilities & Provisions	3	32,695	111,218
		32,695	270,017,240
ASSETS			
Investments	4	-	261,756,396
Other Current Assets	5	32,695	8,260,844
		32,695	270,017,240

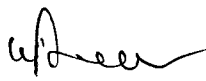
Notes on Accounts

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As per our Report of even date

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

For
Sundaram Asset Management Company Ltd

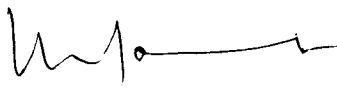

K Srinivasan
Partner
(M.NO : 5809)



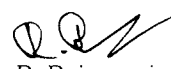

Dwijendra Srivatsava
Fund Manager


T P Ramani
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 01/04/2011 - 25/05/2011

		Amount, Rs		
		Schedule No.	01/04/2011 - 25/05/2011	01/04/2010 - 31/03/2011
REVENUE				
Interest		6	3,510,775	19,705,845
Net diminution on sale of investments written back			4,934,789	-
TOTAL (A)			8,445,564	19,705,845
EXPENSES				
Net diminution in value of investment		7	-	4,934,789
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)			1,002,536	110,217
Loss on inter scheme transfer / sale of investments			-	1,893
Management fee			41,249	263,806
Trusteeship fee			4,136	26,381
Commission to agents			53,794	214,986
Publicity Expenses			10,079	39,551
Marketing expenses			17,488	103,038
Other Operating Expenses			4,815	27,992
Audit fee			5,736	6,836
Custodian charges			8,873	52,966
Registrar expenses			7,047	29,481
TOTAL (B)			1,155,753	5,811,936
SURPLUS / (DEFICIT) (A-B)			7,289,811	13,893,909
Add/(Less) : Balance in Equalisation Account			(18,754,861)	-
			(11,465,050)	13,893,909
Less: Income Distributed			1,869,432	409,887
Distribution Tax			389,020	87,330
			2,258,452	497,217
Surplus /(Deficit) transferred to Balance Sheet			(13,723,502)	13,396,692

Notes on Accounts

8

As per our Report of even date

For

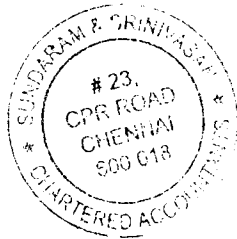
Sundaram & Srinivasan

Chartered Accountants

(FRN.: 004207S)




K Srinivasan
Partner
(M.NO : 5809)

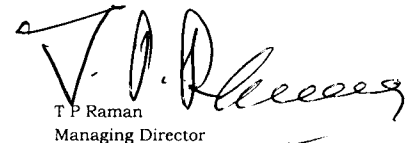


For

Sundaram Asset Management Company Ltd



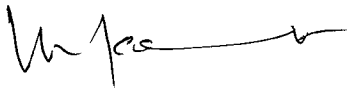
Dwijendra Srivatsava
Fund Manager



T P Raman
Managing Director

For and on Behalf of

Sundaram Trustee Company Ltd



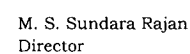
K V Ramanathan
Chairman



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		31/03/2011	
	UNITS	AMOUNT	UNITS	AMOUNT
	25,618,252	256,182,520	25,618,252	256,182,520
Initial capital				
Unit Capital				
Opening Capital	25,618,252.00	256,182,520	25,618,252.00	256,182,520
Add: Units sold during the year	-	-	-	-
Less : Units repurchased during the year	25,618,252.00	256,182,520	25,618,252.00	256,182,520
	25,618,252.00	256,182,520	-	-
Units at the end of the Year	-	-	25,618,252.00	256,182,520
		-		256,182,520

SCHEDULE : 2**Reserves & Surplus**

	31/03/2012		31/03/2011	
	Rs.		Rs.	
General Reserve				
Opening Balance	13,723,502		326,810	
Add /(Less): Transfer from Revenue Account	(13,723,502)	(0)	13,396,692	13,723,502
Unrealised appreciation reserve				
Opening Balance	-		160,385	
Add/(Less) Net unrealized appreciation for the year	-		(160,385)	
Unrealised Appreciation Reserve (Schedule 7)		-		-
		(0)		13,723,502

SCHEDULE : 3**Current Liabilities & Provisions**

	31/03/2012	31/03/2011
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	32,143	108,243
Others	552	2,975
	32,695	111,218

SCHEDULE : 4**Investments**

	31/03/2012	31/03/2011
	Rs.	Rs.
Privately Placed Debentures & Bonds	-	-
- Non-Convertible Debentures - Listed	-	44,913,157
Zero Coupon Bonds	-	42,150,741
Certificate of Deposits	-	173,094,315
Others - Reverse Repo / CBLO	-	1,598,183
	-	261,756,396

SCHEDULE : 5**Other Current Assets**

	31/03/2012	31/03/2011
	Rs.	Rs.
Balance with banks in Current Accounts	32,695	64,117
Outstanding and accrued Income	-	8,195,721
Others	-	1,006
	32,695	8,260,844

SCHEDULE : 6**Interest**

	01/04/2011 - 25/05/2011	01/04/2010 - 31/03/2011
	Rs.	Rs.
Interest from banks and others	647,731	77,127
Interest on Debentures and Bonds	586,473	7,297,521
Discounting Charges	2,276,571	12,331,197
	3,510,775	19,705,845

SCHEDULE :7**Net unrealised Appreciation / (Diminution) in value of Investments**

	31.03.2012	31.03.2011
	Rs.	Rs.
Privately placed debentures / Bonds		
Zero Coupon Bonds	-	3,845,410
Debentures & Bonds listed / awaiting listing in the Recognised the recognised stock exchange	-	1,089,379
	-	4,934,789
Net -Unrealised Diminution in value of Investments	-	(4,934,789)

SUNDARAM MUTUAL FUND

SUNDARAM FIXED TERM PLAN AA

Schedules forming part of the Balance Sheet as at 31-Mar-2012
and the Revenue Account for the Period from 01.04.2011 to 25.05.2011

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) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.

(ii) Income on investments is accounted on accrual basis.

(iii) 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	01.04.11 to 25.05.11	01.04.10 to 31.03.11
Average daily net asset value	2,744.60	2,638.05
Management fee @ 0.10% of average daily net asset value.(Previous year 0.10%)	0.41	2.64

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	01.04.11 to 25.05.11	01.04.10 to 31.03.11
PURCHASE VALUE (AMOUNT)	1,935.92	1,890.84
%	70.54%	71.68%
SALES VALUE (AMOUNT)	4,645.00	1,719.72
%	169.24%	65.19%

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	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 Period.	NIL	2,601.59
% to the asset under management	NIL	96.39%

6. INCOME / EXPENDITURE

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

DESCRIPTION	01.04.11 to 25.05.11	01.04.10 to 31.03.11
INCOME	20.48%	7.47%
EXPENDITURE	0.37%	0.29%

7. CONTINGENT LIABILITY

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

8. AMOUNT PAID TO SPONSORS / ASSOCIATES

	01.04.11 to 25.05.11	01.04.10 to 31.03.11
Sundaram Finance Ltd (Sponsor)	NIL	NIL
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Indus Ind Bank Ltd (Associate)	NIL	NIL
Sundaram BNP Paribas Funds Servcies Ltd (R & T)	0.07	NIL

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

NIL

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.

ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

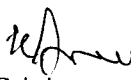
Related party disclosures as required by the Accounting Standard 18 - "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given as Annexure - IV

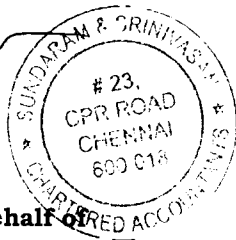
Signatures to the schedules 1 to 8 are forming part of the Balance Sheet and the Revenue Account.

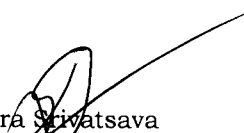
**For Sundaram & Srinivasan
Chartered Accountants**

(FRN No.: 004207S)

For Sundaram Asset Management Company Ltd



K Srinivasan
Partner
(M.No : 5809)

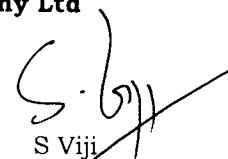



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Fund Manager


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Managing Director

**For and on Behalf of
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K V Ramanathan
Chairman


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Place : Chennai

Date : 26th June, 2012