

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

**AUDITORS REPORT**

The Board of Trustees  
Sundaram Mutual Fund  
Chennai

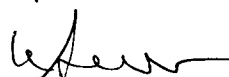
We have audited the attached Balance Sheet of Sundaram Mutual Fund - **SUNDARAM MONTHLY INCOME PLAN - CONSERVATIVE PLAN** as at March 31, 2012 and the Revenue Account for the **Year** ended on **that date**. These financial statements are the responsibility of the management. Our responsibility is to 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:-

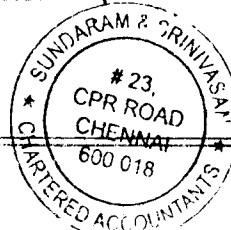
1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. The Balance Sheet and Revenue Account are in agreement with the books of accounts of Sundaram Mutual Fund.
3. a) The accounts have been prepared in accordance 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 MONTHLY INCOME PLAN - CONSERVATIVE PLAN** as at March 31, 2012 and
  - b) In the case of Revenue Account of the **Surplus** of Sundaram Mutual Fund - **SUNDARAM MONTHLY INCOME PLAN - CONSERVATIVE PLAN** for the **Year** ended on **31/03/2012**.

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



**K. SRINIVASAN**  
**PARTNER (M.No: 5809)**

Place: Chennai  
Date: 26th June, 2012



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**BALANCE SHEET AS AT 31ST MARCH 2012**

Amount in Rs.

	SCHEDULE NO.	31-Mar-12	31-Mar-11
<b>LIABILITIES</b>			
Unit Capital	1	87,579,816	170,875,082
Reserves & Surplus	2	7,660,819	4,587,889
Current Liabilities & Provisions	3	2,136,386	8,290,812
		<b>97,377,021</b>	<b>183,753,783</b>
<b>ASSETS</b>			
Investments	4	90,921,638	176,047,833
Other Current Assets	5	6,455,383	7,705,950
		<b>97,377,021</b>	<b>183,753,783</b>

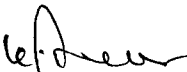
Notes on Accounts

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As per our Report of even date

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

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

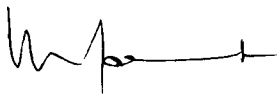
  
K Srinivasan  
Partner  
(M.NO : 5809)




  
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 Rajan  
Director

Place : Chennai  
Date : 26th June 2012

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## REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2012

	Schedule No.	Amount, Rs	
		2011 - 2012	2010 - 2011
<b>REVENUE</b>			
Interest	6	12,154,948	13,324,175
Other Income		1,119,990	-
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		-	1,149,995
Net diminution on sale of investments written back		1,514,421	-
<b>TOTAL (A)</b>		<b>14,789,359</b>	<b>14,474,170</b>
<b>EXPENSES</b>			
Net diminution in value of investment	7	106,580	2,135,575
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		1,924,488	-
Loss on inter scheme transfer / sale of investments		509,726	2,297,121
Management fee		1,311,924	1,616,861
Trusteeship fee		17,196	20,180
Commission to Agents		1,889,902	1,304,442
Publicity expenses		4,550,483	41,115
Audit fee		12,453	12,116
Marketing Expenses			273,743
Operating expenses		246,112	357,319
Custodian charges		48,149	76,018
Registrar expenses		181,318	338,226
SEBI Fees		1,213	-
Less : Amount transferred from Load on account of Marketing Expenses		10,799,544	8,472,716
<b>TOTAL (B)</b>		<b>4,883,101</b>	<b>-</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>		<b>8,872,916</b>	<b>6,001,454</b>
Add/(Less) : Balance in Equalisation Account		(5,192,929)	334,388
		3,679,987	6,335,842
Less: Income Distributed		345,243	2,007,317
Distribution Tax		54,220	357,520
<b>Surplus / (Deficit) transferred to Balance Sheet</b>		<b>3,280,525</b>	<b>3,971,005</b>

Notes on Accounts

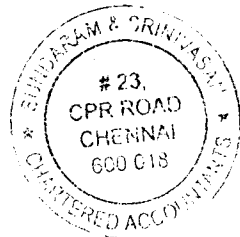
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As per our Report of even date

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 Vij  
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	Rs.	Units	Rs.
	<b>Initial capital</b>	<b>7,869,855</b>	<b>78,698,552</b>	<b>7,869,855</b>
<b>Unit Capital</b>				
Opening Capital	17,087,508.23	170,875,082	7,840,954	78,409,536
Add: Units sold during the Year	17,192,078.22	171,920,782	46,821,778.79	468,217,788
	34,279,586.46	342,795,865	54,662,732.39	546,627,324
Less : Units repurchased during the Year	25,521,604.88	255,216,049	37,575,224.16	375,752,242
Units at the end of the Year	8,757,981.58	87,579,816	17,087,508.23	170,875,082
		<b>87,579,816</b>		<b>170,875,082</b>

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

	31/03/2012		31/03/2011	
	Rs.	Rs.	Rs.	Rs.
<b>Unit Premium Reserve</b>				
Opening Balance	444,891		18,979	
Amount Received on Sale / Repurchase of Units (net)	(207,595)		425,912	
		<b>237,296</b>		<b>444,891</b>
<b>General Reserve</b>				
Opening Balance	4,142,998		171,993	
Add /(Less): Transfer from Revenue Account	3,280,525		3,971,005	
		7,423,523		<b>4,142,998</b>
<b>Unrealised appreciation reserve</b>				
Opening Balance	-		64,271	
Add/(Less) Net unrealized appreciation for the year	-		(64,271)	
		<b>7,660,819</b>		<b>4,587,889</b>

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

	31/03/2012	31/03/2011
	Rs.	Rs.
<b>Current Liabilities</b>		
Sundry Creditors	2,132,015	8,268,751
Others	4,371	22,061
	<b>2,136,386</b>	<b>8,290,812</b>

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

	<b>31/03/2012</b>	<b>31/03/2011</b>
	Rs.	Rs.
Listed		
Non-Convertible Debentures & Bonds	55,691,506	77,107,684
MUTUAL FUNDS (FOF)	9,788,496	17,826,481
Certificate of Deposits	17,358,230	74,521,164
Commercial Papers	5,487,247	-
Others - Reverse Repo / CBLO	2,596,159	6,592,504
	<b>90,921,638</b>	<b>176,047,833</b>

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

	<b>31/03/2012</b>	<b>31/03/2011</b>
	Rs.	Rs.
Balance with banks in Current Accounts	4,971,533	401,132
Outstanding and accrued Income	1,158,472	3,620,288
Others	325,378	3,684,530
	<b>6,455,383</b>	<b>7,705,950</b>

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

	<b>31/03/2012</b>	<b>31/03/2011</b>
	Rs.	Rs.
Interest from banks and others	1,204,627	630,091
Interest on Debentures and Bonds	8,550,827	7,063,647
Discounting Charges	2,399,494	5,630,437
	<b>12,154,948</b>	<b>13,324,175</b>

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

	<b>31/03/2012</b>	<b>31/03/2011</b>
	Rs.	Rs.
<b>Diminution in value of investments</b>		
Privately placed debentures / Bonds	-	1,136,937
Debentures & Bonds listed / awaiting listing in the Recognised the recognised stock exchange	457,223	-
Others ( Mutual Fund )	163,931	998,638
Certificate of Deposits	71,785	
Commercial Paper	34,795	
	<b>727,735</b>	<b>2,135,575</b>
Net -Diminution in value of Investments	<b>(727,735)</b>	<b>(2,135,575)</b>

## SUNDARAM MUTUAL FUND

### SUNDARAM MONTHLY INCOME PLAN - CONSERVATIVE PLAN

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) 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

In terms of SEBI circular dated 15th March 2010, on Unit Premium Reserve, the equalisation account has been credited/debited with an appropriate portion (excluding the Unit Premium Reserve and Unrealised Appreciation) of the sale proceeds/repurchase price in respect of units sold / repurchased on or after 15th March 2010. The net balance in this account is transferred to revenue account for the Year.

##### 1.6. UNIT PREMIUM RESERVE

In terms of SEBI Circular dated 15th March 2010, on Unit Premium Reserve, when units are sold / repurchased on or after 15th March 2010 a part of the sale price / re-purchase price representing unrealized gains is credited/debited to Unit Premium Reserve. The balance in Unit Premium Reserve will not be utilised for determination of distributable surplus.

##### 2. INVESTMENT MANAGER FEES

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

Description	01.04.11 to 31.03.12	01.04.10 to 31.03.11
Average daily net asset value	1,719.67	2,018.01
Management fee @ 0.76% of average daily net asset value.(Previous year 0.80%)	13.07	16.17

**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 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	01.04.10 to 31.03.11
<b>PURCHASE VALUE (AMOUNT)</b>	<b>2,855.96</b>	<b>5,770.44</b>
%	<b>166.08%</b>	<b>285.95%</b>
<b>SALES VALUE (AMOUNT)</b>	<b>3,730.03</b>	<b>4,490.39</b>
%	<b>216.90%</b>	<b>222.52%</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 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.	<b>785.30</b>	<b>1,516.29</b>
% to the asset under management	<b>82.46%</b>	<b>86.42%</b>

**6. INCOME / EXPENDITURE**

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

DESCRIPTION	01.04.11 to 31.03.12	01.04.10 to 31.03.11
<b>INCOME</b>	<b>8.60%</b>	<b>7.17%</b>
<b>EXPENDITURE</b>	<b>1.96%</b>	<b>2.00%</b>

**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 31.03.12	01.04.10 to 31.03.11
Sundaram Finance Ltd (Sponsor)	<b>0.38</b>	<b>2.89</b>
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	<b>NIL</b>	<b>NIL</b>
Indus Ind Bank Ltd (Associate)	<b>0.11</b>	<b>0.04</b>
Sundaram BNP Paribas Funds Servcies Ltd (R & T)	<b>1.81</b>	<b>2.22</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.

**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				2010-2011				2009-2010			
		Monthly	Qrtly	Half-yearly	Growth	Monthly	Qrtly	Half-yearly	Growth	Monthly	Qrtly	Half-yearly	Growth
A.	Gross Income												
	Income other than profit on sale of investments												
	Income from profit on inter scheme sales/transfer of investments												
	Income from profit on sale of investments to third parties												
	Transfer from revenue account from past years reserves												
B	Aggregate of expenses, writeoff and charges												
C	Net Income												
D	Net unrealised appreciation/(Diminution) in value of investments												
E	Net Assets Value	10.3970	10.9130	10.9750	10.9585	10.0277	10.3085	10.3591	10.3443	10.0326	10.0326	10.0326	10.0325
F	Highest Repurchase Price	10.3936	10.8906	10.9267	10.9555	10.1709	10.3428	10.4037	10.4051				9.9261
	Lowest Repurchase Price	10.0160	10.3946	10.4031	10.3883	9.8437	10.0307	10.0316	10.0310				9.9183
	Highest Ongoing Sale Price	10.4257	10.8223	10.8833	10.9555	10.1709	10.3428	10.4037	10.4051	10.0238	10.0264	10.0000	10.0287
	Lowest ongoing Sale Price	9.9186	10.2489	10.3036	10.2844	9.8437	10.0307	10.0316	10.0310	10.0000	10.0000	10.0000	10.0000
	Ratio of expenses to average daily net assets by percentage												
G	Ratio of gross income to average daily net assets by percentage		1.96%				2.00%				2.03%		
			8.60%				7.17%				5.19%		

## 15. Computation of Distributable Income

	31/03/2012	31/03/2011	31/03/2010
Net Income as per revenue account	3,679,987	6,335,842	171,993
Add : Balance of Undistributed income as at 1st April brought forward	4,142,998	171,993	-
	7,822,985	6,507,835	171,993
Less : Income Distributed during the year	399,463	2,364,837	-
Distributable Income	7,423,523	4,142,998	171,993

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

## ANNEXURE - II

SUNDARAM MONTHLY INCOME PLAN- CONSERVATIVE		% of total investments within the classification	
		2011-2012	2010-2011
<b>DEBT INSTRUMENTS</b>			
<b>a) Listed / awaiting listing on Stock Exchange</b>			
FINANCE		100.00%	100.00%
<b>Money Market Instruments</b>			
FINANCE		100.00%	100.00%

## ANNEXURE - III

SUNDARAM MONTHLY INCOME PLAN-CONSERVATIVE					
Portfolio Statement for the Year ended 31 March, 2012					
S.NO	Particulars	Rating	Quantity	Mkt Value Rs. in Lacs	% of Holding
<b>A) Debt Instruments</b>					
<b>a) Listed / awaiting listing on Stock Exchange</b>					
1	SREI EQUIPMENT FINANCE PVT LTD **	AA	370	369.03	40.59%
2	Reliance Capital Ltd **	AAA	19	187.89	20.66%
	<b>Sub Total</b>			<b>556.92</b>	<b>61.25%</b>
<b>B) Money Market Instruments</b>					
1	State Bank of Mysore **	A1+	190	173.58	19.09%
2	Aditya Birla Fin Ltd **	A1+	10	45.13	4.96%
3	JM Financial Products Ltd **	A1+	2	9.75	1.07%
	<b>Sub Total</b>			<b>228.45</b>	<b>25.13%</b>
<b>C) Others</b>					
1	REVERSE REPO / CBLO			25.96	2.86%
	<b>GRAND TOTAL</b>			<b>909.22</b>	<b>100.00%</b>

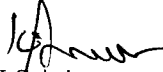
\*\* Thinly traded / Non Traded securities

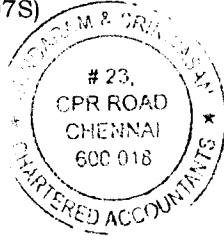
Signatures to the schedules 1 to 8 are forming part of the Balance Sheet and the Revenue Account.

**For Sundaram & Srinivasan**

**Chartered Accountants**


(FRN No.: 004207S)

  
K Srinivasan  
Partner  
(M.No : 5809)




  
Dwijendra Sriwatsava  
Fund Manager


**For Sundaram Asset Management Company Ltd**

  
T P Raman  
Managing Director


**For and on Behalf of**

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R Rajamani  
Director

  
M S Sundara Rajan  
Director

**Place : Chennai**

**Date : 26th June, 2012**