

**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 SELECT THEMATIC FUNDS - FINANCIAL SERVICES OPPORTUNITIES FUND** 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.

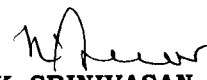
We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence 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 SELECT THEMATIC FUNDS - FINANCIAL SERVICES OPPORTUNITIES FUND** as at March 31, 2012 and
  - b) In the case of Revenue Account of the **Deficit** of Sundaram Mutual Fund - **SUNDARAM SELECT THEMATIC FUNDS - FINANCIAL SERVICES OPPORTUNITIES FUND** 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**

Amount in Rs.

	SCHEDULE NO.	31-Mar-12	31-Mar-11
<b>LIABILITIES</b>			
Unit Capital	1	1,519,243,359	1,608,160,979
Reserves & Surplus	2	721,385,696	1,147,968,228
Current Liabilities & Provisions	3	10,925,720	28,693,551
		<b>2,251,554,775</b>	<b>2,784,822,758</b>
<b>ASSETS</b>			
Investments	4	2,238,969,259	2,767,662,517
Other Current Assets	5	12,585,516	17,160,241
		<b>2,251,554,775</b>	<b>2,784,822,758</b>

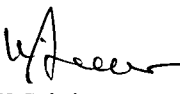
Notes on Accounts

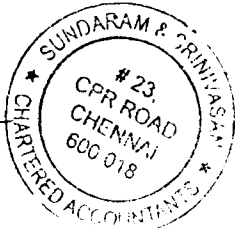
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As per our Report of even date

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

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

  
K Srinivasan  
Partner  
(M.NO : 5809)



  
J. Venkatesan  
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

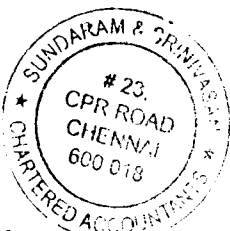
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## REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

		Amount, Rs			
	Schedule No.	2011-12		2010-11	
<b>REVENUE</b>					
Dividend			44,637,258		23,333,406
Interest	6		10,863,414		6,748,523
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)			-		678,251,197
Net profit on inter scheme transfer / sale of investments			-		11,793,103
Other Income			578,423		
<b>TOTAL (A)</b>			<b>56,079,095</b>	<b>56,079,095</b>	<b>720,126,229</b>
<b>EXPENSES</b>					
Net diminution in value of investment	7		34,308,787		-
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)			205,986,254		-
Management fee			25,984,292		26,420,199
Trusteeship fee			234,851		239,202
Commission to Agents			13,150,104		11,798,513
Publicity expenses			11,120,748		10077608
Marketing Expenses			5,269,317		6720293
Audit fee			151,938		122,626
Other operating expenses			3,583,397		3,879,182
Custodian charges			562,967		746,135
Registrar expenses			2,749,047		3,632,640
SEBI Fees			18,597		10,859
			<b>303,120,299</b>		<b>63,647,257</b>
Less : Amount transferred from load on account of Marketing Expenses			7,505,610		7,367,439
<b>TOTAL (B)</b>				<b>295,614,689</b>	<b>56,279,818</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>				<b>(239,535,594)</b>	<b>663,846,411</b>
Add/(Less) : Balance in Equalisation Account				(30,818,858)	277,873,727
				<b>(270,354,452)</b>	<b>941,720,138</b>
Less: Income Distributed			1,701		279,046,366
Distribution Tax			-	<b>1,701</b>	<b>279,046,366</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>				<b>(270,356,153)</b>	<b>662,673,772</b>

Notes on Accounts  
As per our Report of even date

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For Sundaram & Srinivasan  
Chartered Accountants  
(FRN.: 004207S)K Srinivasan  
Partner  
(M.NO : 5809)

For Sundaram Asset Management Company Ltd

J Venkatesan  
Fund ManagerT P Raman  
Managing DirectorFor and on Behalf of  
Sundaram Trustee Company LtdK V Ramanathan  
ChairmanS Viji  
DirectorR. Rajamani  
DirectorM. S. Sundara Rajan  
DirectorPlace : Chennai  
Date : 26th June 2012

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

	31/03/2012		31/03/2011	
	UNITS	AMOUNT	UNITS	AMOUNT
	144,979,747.90	1,449,797,479	144,979,747.90	1,449,797,479
<b>Initial capital</b>				
<b>Unit Capital</b>				
Opening Capital	160,816,098	1,608,160,979	118,672,863	1,186,728,626
Add: Units sold during the year	36,030,287	360,302,870	133,986,079	1,339,860,792
Less : Units repurchased during the year	196,846,385	1,968,463,849	252,658,942	2,526,589,418
	44,922,049	449,220,489	91,842,844	918,428,439
Units at the end of the Year	151,924,336	1,519,243,360	344,501,786	1,608,160,979
		<b>1,519,243,359</b>		<b>1,608,160,979</b>

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

	31/03/2012		31/03/2011	
	Rs.		Rs.	
<b>Unit Premium Reserve</b>				
Opening Balance	120,188,030		(13,960,051)	
Amount Received on Sale/Repurchase of Units	(4,673,935)	<b>115,514,095</b>	134,148,081	<b>120,188,030</b>
<b>General Reserve</b>				
Opening Balance	876,227,754		213,553,982	
Add /(Less): Transfer from Revenue Account	(270,356,153)	<b>605,871,601</b>	662,673,772	<b>876,227,754</b>
<b>Unrealised appreciation reserve</b>				
Opening Balance	151,552,444		375,892,884	
Add/(Less) Net unrealized appreciation for the year	(151,552,444)		(224,340,440)	
Unrealised Appreciation Reserve (Schedule 8)		-		<b>151,552,444</b>
		<b>721,385,696</b>		<b>1,147,968,228</b>

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

	31/03/2012	31/03/2011
	Rs.	Rs.
<b>Current Liabilities</b>		
Sundry Creditors	10,729,797	18,808,429
Contract for Purchase of Investments	-	9,270,000
Distributed Income Payable	-	30,156
Others	195,923	584,966
	<b>10,925,720</b>	<b>28,693,551</b>

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

	31/03/2012	31/03/2011
	Rs.	Rs.
Equity Shares	2,186,350,321	2,679,247,177
Equity Warrants	18,390,938	22,447,140
Investment in Reverse Repo / CBLO	34,228,000	65,968,200
	<b>2,238,969,259</b>	<b>2,767,662,517</b>

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

	31/03/2012	31/03/2011
	Rs.	
Balance with banks in Current Accounts	9,304,630	10,575,870
Contract for Sale of Investments	934,562	-
Dividend - Cancellation / Reissue Control A/c	978	978
Deposits with Clearing Corpn of India	700,000	-
Outstanding and accrued Income	22,793	13,997
Others	1,622,553	6,569,396
	<b>12,585,516</b>	<b>17,160,241</b>

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

	<b>2011-12</b>	<b>2010-11</b>
	Rs.	Rs.
Interest from banks and others	10,863,414	6,630,098
Discounting Charges	-	118,425
Sundry Income	578,423	-

**11,441,837****6,748,523****SCHEDULE :7****Net Appreciation / (Diminution) value of Investments**

	<b>2011-12</b>	<b>2010-11</b>
	Rs.	Rs.
Equity Shares		140,236,879.00
Warrants		11,315,565.00
<b>Appreciation in Value of Investments</b>		
Appreciation in value of investments	-	<b>151,552,444</b>
<b>Diminution in value of investments</b>		
Equity Shares	(31,904,834)	
Warrants	(2,403,953)	
Net Diminution value of Investments transferred to Revenue Account	<b>(34,308,787)</b>	-
<b>Net Appreciation / (Diminution) value of Investments</b>	<b>34,308,787</b>	<b>151,552,444</b>

# SUNDARAM MUTUAL FUND

## SUNDARAM SELECT THEMATIC FUNDS - FINANCIAL SERVICES OPPORTUNITIES FUND

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.

Bonus/Rights entitlements are recognised on ex-bonus /ex- rights dates.

##### 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

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	23,484.37	23,920.20
Management fee @ 1.10% of average daily net asset value.(Previous year 1.10%)	259.84	264.20

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#### 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>11,101.64</b>	<b>33,478.17</b>
%	47.27%	139.96%
<b>SALES VALUE (AMOUNT)</b>	<b>12,205.67</b>	<b>28,608.57</b>
%	51.97%	119.60%

#### 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.	NIL	NIL
% to the asset under management	NIL	NIL

#### 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	01.04.10 to 31.03.11
<b>INCOME</b>	<b>2.39%</b>	<b>30.11%</b>
<b>EXPENDITURE</b>	<b>2.36%</b>	<b>2.35%</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)	3.48	7.81
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	0.01	NIL
Indus Ind Bank Ltd (Associate)	0.31	0.13
Sundaram BNP Paribas Funds Services Ltd (R & T)	20.46	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)

Refer Annexure - II

#### 10. DETAILS OF DERIVATIVE CONTRACTS OUTSTANDING AT THE YEAR END AND EXECUTED DURING THE PERIOD

Margin account on futures amounting to Rs.1.13 Lakhs (Previous Year Rs.Nil lakhs) represent the margin towards future contracts and is disclosed under other current assets.Refer Annexure VI for details of derivative contracts executed during the Year.

#### 11. PORTFOLIO DISCLOSURE

Full portfolio of the scheme is given in Annexure - III

#### 12. MOVEMENT IN UNIT CAPITAL

As Per Schedule-I

#### 13. ACCOUNTING STANDARD 3 ON CASH FLOW STATEMENT

The Cash flow statement as required by the Accounting Standard 3 issued by the Institute of Chartered Accountants of India is enclosed as Annexure - V

#### 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

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## 14. HISTORICAL PER UNIT STATISTICS

	2011-12 Rs.				2010-11 Rs.				2009-10 Rs.			
	Dividend Option	Growth Option	Institutional Dividend	Institutional Growth	Dividend Option	Growth Option	Institutional Dividend	Institutional Growth	Dividend Option	Growth Option	Institutional Dividend	Institutional Growth
(A) Gross income												
(i) income other than profit on sale of investment			0.3691				0.1871				0.2407	
(ii) income from profit on inter scheme sales/transfer of investments			0.0000				0.0733				0.3041	
(iii) income from profit on sale of investment to third parties			-1.3558				4.2176				3.9027	
(iv) transfer to revenue account from past year's reserves			0.0000				0.0000				0.0000	
(B) Aggregate of expenses, write off, amortisation and charges			0.3641				0.3500				0.3256	
(C) Net income			-1.3509				4.1280				4.1219	
(D) Net unrealised appreciation/(diminution) in value of investments			-0.2258				0.9424				3.1675	
(E) Net Assets Value	11.5924	18.0596	11.6804	18.4063	13.4712	21.0098	13.5087	21.1302	13.0822	16.4633		
Highest repurchase price*	13.9937	21.8257	13.6389	21.0457	19.3698	24.3571	16.9401	21.9487	15.1009	16.4994		13.1039
Lowest repurchase price*	9.1205	14.2349	10.9293	16.1288	11.5999	15.8205	15.9973	20.3388	8.0071	7.5607		13.1039
Highest ongoing sale price *	13.6858	21.3454	12.3305	21.1588	19.7441	24.8276	19.1444	24.3042	15.3910	16.7017		
Lowest ongoing sale price *	9.0966	14.0926	10.8276	15.6017	11.7171	15.9803	12.3659	18.1259	7.7296	7.5987		
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage		2.36%					2.35%				2.40%	
(H) Ratio of gross income to average daily net assets by percentage		2.39%					30.11%				49.48%	

\* includes load as applicable

## 15. Computation of Distributable Income

	31-Mar-12	31-Mar-11	31-Mar-10
Net Income as per revenue account	(270,354,452)	941,720,138	721,329,542
Add : Balance of Undistributed income as at 1st April brought forward	876,227,755	213,553,982	(334,718,027)
	605,873,303	1,155,274,120	386,611,515
Less : Income Distributed during the year	1,701	279,046,366	173,057,533
	605,871,602	876,227,755	213,553,982
Add Unit Premium Reserve			(13,960,051)
Distributable Income	605,871,602	876,227,755	199,593,931

16. Previous year figures have been regrouped wherever necessary to conform with the current year's classification

SUNDARAM FINANCIAL OPPORTUNITIES FUND

Annexure - II


Equity	2011-12	2010-11
Financial Services	100.00%	96.46%
WARRANTS	100.00%	100.00%

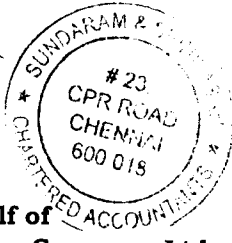
Portfolio Statement for the Month of March-2012  
SUNDARAM Financial Opportunities Fund

SI No	Investment	Industry / Ratings	Quantity	Market Value Rs.in Lakhs	% of Portfolio Assets
1	ICICI Bank Ltd.	FINANCIAL SERVICES	280000	2,492.56	11.13%
2	State Bank of India	FINANCIAL SERVICES	115000	2,410.80	10.77%
3	Axis Bank Ltd.	FINANCIAL SERVICES	190000	2,177.78	9.73%
4	HDFC Bank Ltd.	FINANCIAL SERVICES	355000	1,845.47	8.24%
5	Punjab National Bank	FINANCIAL SERVICES	192157	1,777.45	7.94%
6	Bank of Baroda	FINANCIAL SERVICES	180000	1,433.07	6.40%
7	Indian Bank	FINANCIAL SERVICES	475000	1,159.00	5.18%
8	Yes Bank Ltd.	FINANCIAL SERVICES	200000	737.60	3.29%
9	Housing Development Finance Corporation Ltd.	FINANCIAL SERVICES	103132	694.39	3.10%
10	Indian Overseas Bank	FINANCIAL SERVICES	644218	607.50	2.71%
11	Union Bank of India	FINANCIAL SERVICES	240552	567.22	2.53%
12	Allahabad Bank	FINANCIAL SERVICES	300000	558.15	2.49%
13	Rural Electrification Corporation Ltd.	FINANCIAL SERVICES	260000	534.04	2.39%
14	Infrastructure Development Finance Company Ltd.	FINANCIAL SERVICES	350000	472.50	2.11%
15	The Jammu & Kashmir Bank Ltd.	FINANCIAL SERVICES	49922	458.78	2.05%
16	Bajaj Finance Ltd.	FINANCIAL SERVICES	55666	453.32	2.02%
17	The Federal Bank Ltd.	FINANCIAL SERVICES	100000	426.50	1.90%
18	Power Finance Corporation Ltd.	FINANCIAL SERVICES	219589	405.25	1.81%
19	Development Credit Bank Ltd.	FINANCIAL SERVICES	900000	405.00	1.81%
20	Bank of India	FINANCIAL SERVICES	105830	383.79	1.71%
21	ING Vysya Bank Ltd.	FINANCIAL SERVICES	101572	360.68	1.61%
22	Multi Commodity Exchange of India Limited	FINANCIAL SERVICES	27900	354.40	1.58%
23	IndusInd Bank Ltd.	FINANCIAL SERVICES	100000	321.65	1.44%
24	United Bank of India	FINANCIAL SERVICES	371251	268.23	1.20%
25	Karur Vysya Bank Ltd.	FINANCIAL SERVICES	60000	223.47	1.00%
26	UCO Bank	FINANCIAL SERVICES	250000	197.88	0.88%
27	Manappuram Finance Ltd.	FINANCIAL SERVICES	450000	137.03	0.61%
<b>EQUITY TOTAL</b>				21,863.51	97.65%
<b>WARRANT SHARES</b>					
	HDFC Warrants	FINANCIAL SERVICES	226350	183.91	0.82%
<b>WARRANT TOTAL</b>				183.91	0.82%
<b>B) Money Market Instruments</b>					
	Reverse Repo / CBLO			342.28	1.53%
<b>Grand Total</b>				22,389.70	100.00%

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)




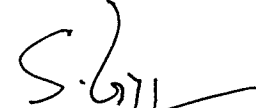
**For Sundaram Asset Management Company Ltd**


  
J Venkatesan  
Fund Manager

  
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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**