

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 1 - 5 YRS** 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.

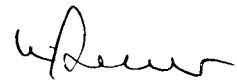
We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence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

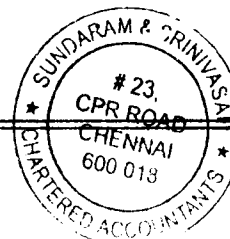
On the basis of the audit as indicated above, we report as follows:-

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 CAPITAL PROTECTION ORIENTED FUND SERIES 1 - 5 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 1 - 5 YRS** 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
LIABILITIES			
Unit Capital	1	66,757,547	66,757,547
Reserves & Surplus	2	17,382,913	15,938,885
Current Liabilities & Provisions	3	85,638	54,991
		84,226,098	82,751,423
ASSETS			
Investments	4	82,362,872	79,971,280
Other Current Assets	5	1,590,675	1,823,582
Deferred Revenue Expenditure	6	272,551	956,561
		84,226,098	82,751,423

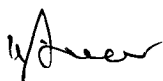
Notes on Accounts

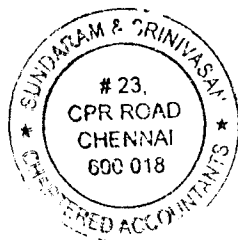
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As per our Report of even date

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

Amount, Rs					
	Schedule No.	2011 - 2012		2010 - 2011	
REVENUE					
Dividend		244,033		151,982	
Interest	7	6,201,308		5,681,905	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		-		1,835,907	
Other Income		1,159			
TOTAL (A)		6,446,500	6,446,500	7,669,794	7,669,794
EXPENSES					
Net diminution in value of investment (net loss on sale / redemption of investments (Other than inter-scheme transfer/sale)	8	2,144,269		2,098,520	
Loss on inter scheme transfer / sale of investments		672,194		-	
Management fee		-		1,975	
Trusteeship fee		615,974		607,226	
Commission to Agents		8,276		8,225	
Publicity expenses		27,944		-	
Audit fee		-		-	
Other Operating expenses		11,527		11,451	
Marketing expenses		66,082		115,410	
Custodian charges		31,438		-	
		13,868		16,597	
Registrar expenses		47,192		53,479	
Deferred revenue expenses written off		684,010		684,010	
SEBI Fees		539		494	
		4,323,313		3,597,387	
Less : Amount transferred from Unit Premium Reserve on account of Management Expenses		-		-	
TOTAL (B)			4,323,313		3,597,387
SURPLUS / (DEFICIT) (A-B)			2,123,187		4,072,407
Add/(Less) : Balance in Equalisation Account					(395,340)
			2,123,187		3,677,067
Surplus /(Deficit) transferred to Balance Sheet			2,123,187		3,677,067

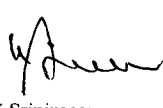
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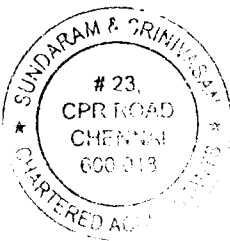
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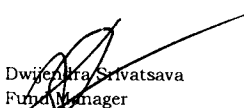
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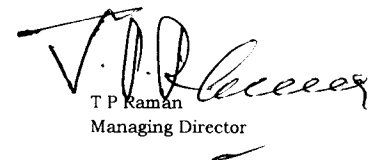
For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

For
Sundaram Asset Management Company Ltd

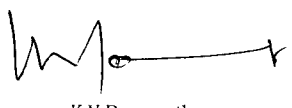

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Partner
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Director

Place : Chennai
Date : 26th June 2012

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SCHEDULE : 1**Unit Capital**

	31/03/2012		31/03/2011	
	Units	Rs	Units	Rs
Initial capital	6,846,754.73	68,467,547	6,846,754.73	68,467,547
Unit Capital				
Opening Capital	6,675,754.73	66,757,547	6,846,754.73	68,467,547
Add: Units sold during the year	-	-	-	-
	6,675,754.73	66,757,547	6,846,754.73	68,467,547
	-	-	171,000.00	1,710,000
Units at the end of the Year	6,675,754.73	66,757,547	6,675,754.73	66,757,547
		66,757,547		66,757,547

SCHEDULE : 2**Reserves & Surplus**

	31/03/2012		31/03/2011	
	Rs.		Rs.	
General Reserve				
Opening Balance	15,259,726		11,582,659	
Add /(Less): Transfer from Revenue Account	2,123,187		3,677,067	
		17,382,913		15,259,726
Unrealised appreciation reserve				
Opening Balance	679,159		1,868,007	
Add/(Less) Net unrealized appreciation for the year	(679,159)		(1,188,848)	
Unrealised Appreciation Reserve (Schedule 8)		-		679,159
		17,382,913		15,938,885

SCHEDULE : 3**Current Liabilities & Provisions**

	31/03/2012	31/03/2011
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	84,066	48,930
Others	1,572	6,061
	85,638	54,991

4/1/12

SCHEDULE : 4**Investments**

	31/03/2012	31/03/2011
	Rs.	Rs.
Equity Shares	9,999,715	13,533,194
Non-Convertible Debentures - Listed / awaiting listing on stock exchange	-	9,813,682
Government Securities	46,193,500	47,235,080
Certificate of Deposits	11,790,930	-
Investment in Reverse Repo / CBLO	14,378,727	9,389,324
	82,362,872	79,971,280

SCHEDULE : 5**Other Current Assets**

	31/03/2012	31/03/2011
	Rs.	Rs.
Balance with banks in Current Accounts	222,456	504,486
Outstanding and accrued Income	1,368,219	1,318,092
Others	-	1,004
	1,590,675	1,823,582

SCHEDULE: 6**Deferred Revenue Expenditure**

	31/03/2012	31/03/2011
	Rs.	Rs.
Opening Balance	956,561	1,640,571
Less: Amount amortised during the period	684,010	684,010
	272,551	956,561

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SCHEDULE : 7**Interest**

	31/03/2012	31/03/2011
	Rs.	Rs.
Interest from banks and others	5,264,612	4,714,841
Interest on Debentures and Bonds	736,849	441,370
Discounting Charges	199,847	525,694
	6,201,308	5,681,905

SCHEDULE :8**Net unrealised appreciation/ (diminution) in value of Investments**

	31/03/2012	31/03/2011
	Rs.	Rs.
Appreciation in Value of Investments		
Equity Shares	-	662,122
Debentures / Bonds listed / awaiting listing on the recognised stock exchange	-	17,037
Appreciation in value of investments (Schedule 2)	-	679,159
Diminution in value of investments		
Equity Shares	1,102,689	-
Central Government Securities	3,391,500	2,349,920
Diminution in value of Investments	4,494,189	2,349,920
	(4,494,189)	(1,670,761)

SUNDARAM MUTUAL FUND

SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 1 - 5 YRS

Schedules forming part of the Balance Sheet as at 31-Mar-2012
and the Revenue Account for the Year ended 31-Mar-2012

SCHEDULE 9

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) 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. INITIAL ISSUE EXPENSES

- (i) The initial issue expenses are amortized over a period of five years from the date of allotment.
- (ii) The unamortized portion of the deferred revenue expenditure is included in the net asset value.

1.5. 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.

1.6. 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 Year.

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	827.47	822.63
Management fee @ 0.74% of average daily net asset value.(Previous year 0.74%)	6.16	6.07

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
PURCHASE VALUE (AMOUNT)	322.76	435.64
%	39.01%	52.96%
SALES VALUE (AMOUNT)	313.79	458.90
%	37.92%	55.78%

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.	117.91	98.14
% to the asset under management	14.01%	11.87%

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
INCOME	7.79%	9.32%
EXPENDITURE	1.82%	0.99%

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)	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)	0.37	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

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

	2011-12	2010-11	2009-2010 Rs.
(A) Gross income			
(i) income other than profit on sale of investment	0.9655	0.8739	0.7254
(ii) income from profit on inter scheme sales/transfer of investments	0.0000	-0.0003	0.0000
(iii) income from profit on sale of investment to third parties	-0.1007	0.2750	0.7027
(iv) transfer to revenue account from past year's reserves		0.0000	0.0000
(B) Aggregate of expenses, write off, amortisation and charges	0.2257	0.2242	0.2126
(C) Net income	0.6391	0.9244	1.2155
(D) Net unrealised appreciation/(diminution) in value of investments	-0.6732	-0.2503	0.2361
	Growth Option	Growth Option	Growth Option
(E) Net Assets Value	12.6048	12.3879	11.9645
(F) Highest repurchase price	NA	NA	NA
Lowest repurchase price	NA	NA	NA
Highest ongoing sale price *	NA	NA	NA
Lowest ongoing sale price *	NA	NA	NA
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage	1.82%	0.99%	0.98%
(H) Ratio of gross income to average daily net assets by percentage	7.79%	9.32%	15.19%

* includes entry load as applicable

15 Computation of Distributable Income

	31.03.12	31.03.11	31.03.10
Net Income as per revenue account	2,123,187	3,677,067	10,271,390
Add : Balance of Undistributed income as at 1st April brought forward	15,259,726	11,582,659	1,311,269
	17,382,913	15,259,726	11,582,659
Less : Income Distributed during the year	-	-	-
Distributable Income	17,382,913	15,259,726	11,582,659

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

ANNEXURE - II

SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 1 - 5 YRS		% of total investments within the classification	
		2011-2012	2010-2011
EQUITY INSTRUMENTS			
	CONSTRUCTIONS	11.78%	0.00%
	CONSUMER GOODS	0.00%	16.95%
	ENERGY	42.70%	23.70%
	FINANCE	16.50%	13.53%
	IT	0.00%	19.38%
	MANUFACTURING	0.00%	26.44%
	PHARMA	15.50%	0.00%
	TELECOM	13.52%	0.00%
DEBT INSTRUMENTS			
a) Listed / awaiting listing on Stock Exchange			
	FINANCE	0.00%	100.00%
Money Market Instruments			
	FINANCE	100.00%	0.00%

ANNEXURE - III

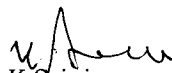
SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 1 - 5 YRS					
Portfolio Statement for the period ended 31 March, 2012					
S.NO	Particulars	Rating	Quantity	Mkt Value Rs. in Lacs	% of Holding
Equity & Equity Linked Instruments					
a) Listed / awaiting listing on Stock Exchanges					
1	Cairns India Ltd	ENERGY	5285	17.65	2.14%
2	Oil & Natural Gas Corpn. Ltd.,	ENERGY	6400	17.17	2.09%
3	IDFC Ltd	FINANCE	12220	16.50	2.00%
4	CIPLA	PHARMA	5081	15.50	1.88%
5	Bharathi Tele Venture Ltd-Equity	TELECOM	4000	13.52	1.64%
6	Larsen & Toubro Eng Co	CONSTRUCTIONS	900	11.78	1.43%
7	NHPC Ltd	ENERGY	40000	7.88	0.96%
	Sub Total			100.00	12.14%
A) Debt Instruments					
a) Listed / awaiting listing on Stock Exchange					
NIL					
b) Govt Security					
1	Govt. of India - GSEC / TBL		300000	302.15	36.69%
2	Govt. of India - GSEC / TBL		160000	159.78	19.40%
	Sub Total			461.94	56.09%
B) Money Market Instruments					
1	State Bank of Bikaner & Jaipur **	A1+	120	117.91	14.32%
	Sub Total			117.91	14.32%
C) Others					
1	REVERSE REPO / CBLO			143.79	17.46%
	GRAND TOTAL			823.63	100.00%

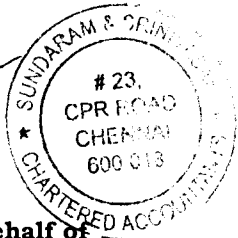
** Thinly traded / Non Traded securities

Signatures to the schedules 1 to 9 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



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Director

Place : Chennai

Date : 26th June, 2012