

**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 2 - 3 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.

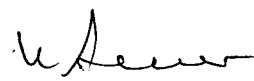
We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence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

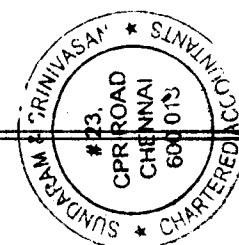
On the basis of the audit as indicated above, we report as follows:-

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 2 - 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 2 - 3 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**

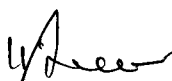
	SCHEDULE NO.	Amount in Rs.	
		31-Mar-12	31-Mar-11
<b>LIABILITIES</b>			
Unit Capital	1	2,990,432,430	2,990,432,430
Reserves & Surplus	2	162,028,029	19,232,308
Current Liabilities & Provisions	3	7,166,647	6,961,416
		<b>3,159,627,106</b>	<b>3,016,626,154</b>
<b>ASSETS</b>			
Investments	4	3,069,412,558	2,913,541,728
Other Current Assets	5	90,214,548	103,084,426
		<b>3,159,627,106</b>	<b>3,016,626,154</b>

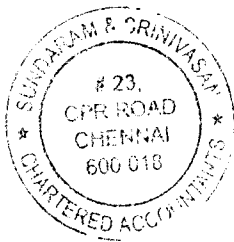
Notes on Accounts 8

As per our Report of even date

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

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

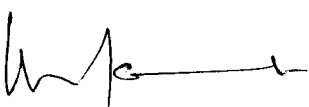
  
K Srinivasan  
Partner  
(M.NO : 5809)



  
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

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

Amount, Rs

	Schedule No.	01.04.2011 TO 31.03.2012	16.12.2010 TO 31.03.2011
<b>REVENUE</b>			
Dividend		4,958,144	1,431,636
Interest	6	269,783,414	78,403,785
Other Income		7,462	-
Net profit on inter scheme transfer / sale of investments		2,009,511	-
<b>TOTAL (A)</b>		<b>276,758,531</b>	<b>79,835,421</b>
<b>EXPENSES</b>			
Net diminution in value of investment	7	63,247,394	39,997,078
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		9,149,437	3,262,384
Management fee		23,145,997	6,417,072
Trusteeship fee		307,821	86,714
Commission to Agents		31,600,195	4,969,952
Publicity expenses		46,906	39,044
Audit fee		34,995	16,545
Marketing expenses		2,245,955	4,428,097
Operating expenses		2,424,133	667,071
Custodian charges		45,504	17,692
Registrar expenses		1,694,191	701,464
SEBI Fees		20,282	-
<b>TOTAL (B)</b>		<b>133,962,810</b>	<b>60,603,113</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>		<b>142,795,721</b>	<b>19,232,308</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>		<b>142,795,721</b>	<b>19,232,308</b>

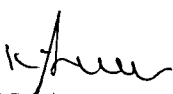
Notes on Accounts

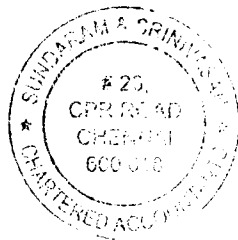
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As per our Report of even date


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

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

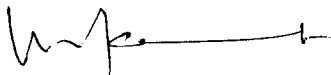
  
 K Srinivasan  
 Partner  
 (M.NO : 5809)

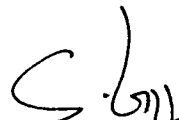



  
 Dwijendra Srivatsava  
 Fund Manager

  
 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 Raj  
 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
	<b>Initial capital</b>	<b>299,043,243</b>	<b>2,990,432,430</b>	299,043,243
<b>Unit Capital</b>				
Opening Capital	299,043,243.00	2,990,432,430	299,043,243	2,990,432,430
Add: Units sold during the year	-	-	-	-
Less : Units repurchased during the year	299,043,243.00	2,990,432,430	299,043,243	2,990,432,430
	-	-	-	-
Units at the end of the Year	299,043,243.00	2,990,432,430	299,043,243	2,990,432,430
		<b>2,990,432,430</b>		<b>2,990,432,430</b>

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

	31/03/2012		31/03/2011	
	Rs.		Rs.	
	<b>General Reserve</b>			
Opening Balance	19,232,308		-	
Add /(Less): Transfer from Revenue Account	142,795,721		19,232,308	
		<b>162,028,029</b>		<b>19,232,308</b>
		<b>162,028,029</b>		<b>19,232,308</b>

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

	31/03/2012	31/03/2011
	Rs.	Rs.
<b>Current Liabilities</b>		
Sundry Creditors	7,147,315	6,876,396
Others	19,332	85,020
	<b>7,166,647</b>	<b>6,961,416</b>

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

	<b>31/03/2012</b>	<b>31/03/2011</b>
	<b>Rs.</b>	<b>Rs.</b>
Listed		
Equity Shares	238,535,849	454,324,803
- Non-Convertible Debentures	2,422,068,889	2,451,126,123
Commercial Papers	384,244,161	-
Others - Reverse Repo / CBLO	24,563,659	8,090,802
	<b>3,069,412,558</b>	<b>2,913,541,728</b>

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

	<b>31/03/2012</b>	<b>31/03/2011</b>
	<b>Rs.</b>	<b>Rs.</b>
Balance with banks in Current Accounts	264,791	749,447
Contract for Sale of Investments	-	20,088,274
Outstanding and accrued Income	89,949,757	82,246,705
	<b>90,214,548</b>	<b>103,084,426</b>

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

	<b>01.04.2011 TO 31.03.2012</b>	<b>16.12.2010 TO 31.03.2011</b>
	Rs.	Rs.
Interest from banks and others	5,936,094	2,439,607
Interest on Debentures and Bonds	253,822,712	75,964,178
Discounting Charges	10,024,608	-
	<b>269,783,414</b>	<b>78,403,785</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>		
Equity Shares	41,069,068	7,899,303
Debentures & Bonds listed / awaiting listing in the Recognised the recognised stock exchange	61,155,011	32,097,775
Money Mkt Instruments	1,020,393	-
Privately placed debentures / Bonds		
Net diminution in value of investment	<b>103,244,472</b>	<b>39,997,078</b>

# SUNDARAM MUTUAL FUND

## SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 2 - 3 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 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 Year.

#### 2. INVESTMENT MANAGER FEES

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

Description	01.04.11 to 31.03.12	16.12.10 to 31.03.11
Average daily net asset value	30,781.55	29,859.35
Management fee @ 0.75% of average daily net asset value.(Previous year 0.74%)	231.46	64.17

#### 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	16.12.10 to 31.03.11
<b>PURCHASE VALUE (AMOUNT)</b>	<b>12,002.31</b>	<b>31,679.43</b>
%	<b>38.99%</b>	<b>106.10%</b>
<b>SALES VALUE (AMOUNT)</b>	<b>9,940.81</b>	<b>2,120.32</b>
%	<b>32.29%</b>	<b>7.10%</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>28,063.13</b>	<b>24,511.26</b>
% to the asset under management	<b>89.02%</b>	<b>81.44%</b>

#### 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	16.12.10 to 31.03.11
<b>INCOME</b>	<b>8.99%</b>	<b>9.21%</b>
<b>EXPENDITURE</b>	<b>2.00%</b>	<b>2.00%</b>

#### 7. CONTINGENT LIABILITY

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

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

	01.04.11 to 31.03.12	16.12.10 to 31.03.11
Sundaram Finance Ltd (Sponsor)	<b>0.41</b>	<b>2.33</b>
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	<b>NIL</b>	<b>NIL</b>
Indus Ind Bank Ltd (Associate)	<b>NIL</b>	<b>0.13</b>
Sundaram BNP Paribas Funds Services Ltd (R & T)	<b>16.94</b>	<b>7.05</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)

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**

	2011-2012		2010-2011	
	Rs.		Rs.	
(A) Gross income				
(i) income other than profit on sale of investment	0.9188		0.2670	
(ii) income from profit on inter scheme sales/transfer of investments	0.0067		0.0000	
(iii) income from profit on sale of investment to third parties	-0.0306		-0.0109	
(iv) transfer to revenue account from past year's reserves			0.0000	
(B) Aggregate of expenses, write off, amortisation and charges	0.2058		0.0580	
(C) Net income	0.6891		0.1981	
(D) Net unrealised appreciation/(diminution) in value of investments	-0.3452		-0.1338	
	Dividend Option	Growth Option	Dividend Option	Growth Option
(E) Net Assets Value	-	10.5418	-	10.0643
(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	2.00%		2.00%	
(H) Ratio of gross income to average daily net assets by percentage	8.99%		9.21%	

\* includes entry load as applicable

**15. Computation of Distributable Income**

	31/03/2012	31/03/2011
Net Income as per revenue account	142,795,721	19,232,308
Add : Balance of Undistributed income as at 1st April brought forward	19,232,308	-
	162,028,029	19,232,308
Less : Income Distributed during the year	-	-
Distributable Income	162,028,029	19,232,308

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

## ANNEXURE - II

SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 2 - 3 YRS	% of total investments within the classification	
	2011-2012	2010-2011
<b>EQUITY INSTRUMENTS</b>		
AUTOMOBILE	9.43%	0.00%
CONSTRUCTIONS	10.88%	0.00%
CONSUMER GOODS	0.00%	6.93%
ENERGY	32.53%	22.98%
FINANCE	0.00%	19.29%
IT	14.95%	24.77%
MANUFACTURING	0.00%	6.53%
METALS	0.00%	5.18%
PHARMA	23.92%	7.74%
TELECOM	8.28%	0.00%
<b>DEBT INSTRUMENTS</b>		
<b>a) Listed / awaiting listing on Stock Exchange</b>		
BASIC	0.00%	19.21%
DIVERSIFIED	0.00%	19.20%
ENERGY	38.04%	0.00%
FINANCE	61.96%	61.59%
<b>Money Market Instruments</b>		
FINANCE	100.00%	0.00%

## ANNEXURE - III

SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 2 - 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	CIPLA	PHARMA	186989	570.51	1.86%
2	Cairns India Ltd	ENERGY	161680	539.85	1.76%
3	Infosys Technologies Ltd	IT	12443	356.65	1.16%
4	Larsen & Toubro Eng Co	CONSTRUCTIONS	19833	259.61	0.85%
5	Oil & Natural Gas Corpn. Ltd.,	ENERGY	88000	236.15	0.77%
6	TVS Motor Company Ltd	AUTOMOBILE	548911	225.03	0.73%
7	Bharathi Tele Venture Ltd-Equity	TELECOM	58460	197.54	0.64%
	<b>Sub Total</b>			<b>2385.36</b>	<b>7.77%</b>
	<b>A) Debt Instruments</b>				
	<b>a) Listed / awaiting listing on Stock Exchange</b>				
1	Housing Development Fin Corp Ltd **	AAA	550	5446.10	17.74%
2	GE CAPITAL SERVICES INDIA **	AAA	500	4954.92	16.14%
3	Rural Electrification Corporation **	AAA	450	4608.58	15.01%
4	POWER FINANCE CORPORATION **	AAA	450	4606.44	15.01%
5	Reliance Industries Ltd **	AAA	250	2559.11	8.34%
6	Reliance Industries Ltd **	AAA	200	2045.53	6.66%
	<b>Sub Total</b>			<b>24220.69</b>	<b>78.91%</b>
	<b>B) Money Market Instruments</b>				
1	Housing Development Fin Corp Ltd **	A1+	800	3842.44	12.52%
	<b>Sub Total</b>			<b>3842.44</b>	<b>12.52%</b>
	<b>C) Others</b>				
1	REVERSE REPO / CBLO			245.64	0.80%
	<b>GRAND TOTAL</b>			<b>30,694.13</b>	<b>100.00%</b>

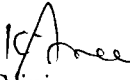
\*\* Thinly traded / Non Traded securities

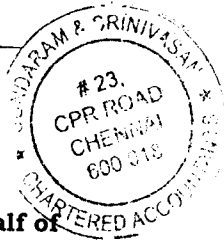
Signatures to the schedules 1 to 8 are forming part of the Balance Sheet and the Revenue Account.

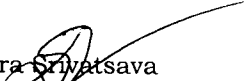
**For Sundaram & Srinivasan**  
**Chartered Accountants**

(FRN No.: 004207S)

**For Sundaram Asset Management Company Ltd**

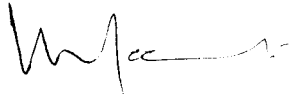
  
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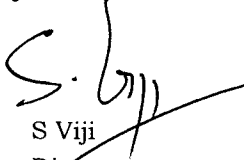



  
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R Rajamani  
Director

M S Sundara Rajan  
Director

**Place : Chennai**

**Date : 26th June, 2012**