

**SUNDARAM MUTUAL FUND  
KEY INFORMATION MEMORANDUM  
CUM APPLICATION FORM**

**SUNDARAM  
MONTHLY INCOME PLAN**

An Open Ended Fund. Monthly Income is not assured  
and is subject to the availability of distributable surplus

**Initial Issue Opens on : 3rd December 2003**  
**Initial Issue Closes on : 23rd December 2003**  
**Schemes Reopens on : 12th January 2004**

Disclaimer: This memorandum dated 27th November 2003 sets forth concisely, the information about Sundaram Monthly Income Plan for an investor to make an informed investment decision and should be retained for future reference. Investors are advised to read the unabridged offer document for further details.

**SPONSOR**

Sundaram Finance Limited  
21, Patullos Road  
Chennai 600 002

**TRUSTEE**

Board of Trustees  
21, Patullos Road  
Chennai 600 002

**INVESTMENT MANAGER**

Sundaram Asset Management Company  
Limited  
46, Whites Road, Royapettah  
Chennai 600014

## HIGHLIGHTS

- Sundaram Monthly Income Plan is an open ended income scheme with the object of generating regular income through investments mainly in fixed income securities. Part of its investments will also be in Equity and equity related instruments. The scheme does not guarantee any assured return/dividend payout.
- Sale of units will be for a minimum of Rs.5,000 and any amount thereafter.
- The scheme offers dividend (monthly, quarterly and half yearly) and growth options.
- Initial issue expenses will be borne by Sundaram Asset Management Company Limited.
- Sundaram Finance Ltd, a leading non-banking finance company, sponsors Sundaram Mutual Fund.

## RISK FACTORS

- Mutual Funds and securities investments are subject to market risks and there is no assurance or guarantee that the objectives of the scheme will be achieved.
- As with any investment in securities, the NAV of the units issued under this scheme can go up or down depending on the factors and forces affecting the capital markets.
- Past performance of the Sponsor, AMC/Fund does not indicate the future performance of the schemes of the Fund.
- The Sponsor is not responsible or liable for any loss resulting from the operation of the schemes beyond the contribution of an amount of Rs 1 lakh made by it towards setting up the Mutual Fund.
- Sundaram Monthly Income Plan is the name of the scheme and does not in any manner indicate either the quality of the scheme or its future prospects and returns.
- The NAV of this scheme may be affected by settlement periods and transfer procedures.
- Trading volumes may restrict the liquidity of the scheme's investments.
- Investors in the scheme are not being offered any guaranteed returns.
- There is no assurance that the scheme will make periodic distribution of dividend/income though it has every intention to do so.
- The scheme shall not be regarded as a deposit with a bank/company.

## SCHEME SPECIFIC RISK FACTORS AND SPECIAL CONSIDERATIONS

- Changes in general market conditions, Government policies/laws, and factors impacting capital, /debt/ money markets in particular, as also changes in level of interest rates, trading volumes, liquidity, market volatility and settlement/ trading procedures may affect the value of scheme's investments and consequently the NAV of the scheme.
- Variations in prevailing rates of interest will impact the value of scheme's investment in debt/money market securities and hence the NAV of the scheme.
- Debt securities are subject to credit risk, which means that the issuer of the security may default in meeting the obligations under the security.
- Securities which are not quoted or thinly traded on the stock exchange, carry liquidity risk.
- Investments in debt securities are subject to reinvestment risk as, due to non-availability of appropriate securities, sometimes the interest rate at which interest/ maturity proceeds of such securities are invested may fall.

Note: Investors are advised to read the unabridged offer document carefully before taking any decisions to invest in the scheme.

## DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY (AMC):

Sundaram Asset Management Company has exercised due diligence while preparing the offer document and has submitted a Due Diligence Certificate to SEBI in the prescribed format. Investors may refer to the unabridged offer document for the contents of the Due Diligence Certificate.

## DISCLAIMER

The particulars of Sundaram Monthly Income Plan have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended till date and filed with SEBI. The units being offered for public subscription under the scheme have neither been approved nor disapproved by the Securities and Exchange Board of India (SEBI) nor has SEBI certified on the accuracy or adequacy of the offer document.

## Scheme /Plan Summary – Sundaram Monthly Income Plan

|   |   |
|---|---|
| 1. Type of the scheme                   | An Open-ended Income Scheme   |
| 2. Objective                            | To generate regular income by investing primarily in fixed income securities/money market instruments so as to facilitate periodic distribution to investors with the secondary objective being generation of long-term capital appreciation by investing a small portion in equity/ equity related instruments. However, there can be no assurance that the investment objective of the scheme will be achieved.                     |
| 3. Offer Price for initial public offer | Issue of units of Rs.10/- per unit at par.  |
| 4. Offer/Sale Price ongoing basis.      | Based on the applicable NAV of the respective plans of the scheme, subject to the entry load if any.  |
| 5. Options                              | (i) Dividend Option – Monthly, Quarterly and Half yearly (dividend may also be reinvested); & (ii) growth option  |
| 6. Application amount                   | Minimum Rs. 5000/- per application and in multiples of Rs.1/- thereafter.   |
| 7. Load                                 | Entry Load : Nil<br>Exit Load:<br>(i) For investments of Rs.10 lacs or lower = 0.50 %, if repurchase is made within 12 months from the date of allotment of units.<br>(ii) For investments greater than Rs.10 lacs –Nil<br>The initial issue expenses would be borne by Sundaram Asset Management Co. Ltd.<br>For every Rs.100/- contributed by the investor, the entire amount will be available to the scheme<br>Rs.500/- and above |
| 8. Initial Issue Expenses               | Being an open-ended the scheme will offer for sale and repurchase of units at NAV related prices on every working day on an ongoing basis with effect from 12th January 2004.   |
| 9. Minimum redemption amount            | A day other than: (1) Saturday and Sunday (2) a day on which the National Stock Exchange or Bombay Stock Exchange is closed (3) a day on which there is no RBI Clearing/settlement of securities or (4) a day on which the sale and repurchase of units are suspended by the Trustees. (5) A day on which RBI/Banks are closed at Chennai/ Mumbai   |
| 10. Liquidity                           |   |
| 11. Working Day                         |   |

The terms mentioned above are applicable during the initial public offer and may be amended thereafter. Investors should obtain the applicable terms at the time of investing.

Investor in the scheme is not being offered any guaranteed/ assured returns and there can be no guarantee against loss resulting from investing in the scheme.

Prospective investors should review/study the full offer document carefully and in its entirety before investing.

## I. CONSTITUTION OF MUTUAL FUND

### (a) Sponsor

Sundaram Mutual Fund has been sponsored by Sundaram Finance Limited (SF). SF is India's leading Non-Banking Finance Company having a track record of 50 years with an asset base over Rs.2700 crores. The networth of the sponsor as on 31st March 2003 was Rs. 486.57 crores. SF is mainly engaged in financing commercial vehicles, cars and machinery through hire purchase and hypothecation loans.

The Sponsor has irrevocably settled a sum of Rs 1 lakh as corpus of the Trust, which shall be held and managed by the Trust in accordance with the Trust Deed, dated August 24, 1996.

### (b) Sundaram Mutual Fund

Sundaram Mutual Fund has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 and the Trust Deed dated August 24, 1996 has been duly registered with the Sub-registrar, Chennai under Serial Number 356 of 1996. The Mutual Fund has been registered with the Securities and Exchange Board of India (SEBI) vide Registration Number MF/034/97/2 dated January 3, 1997.

## (c) Board of Trustees of Sundaram Mutual Fund

| Name, Address  | Principal Occupation   |
|--|--|
| <b>Dr Raja Jesudoss Chelliah,</b><br>Chairman (Independent Trustee)<br>2A, Block II, Magnolia Park Apartments,<br>Five Furlong Road,<br>Chennai - 600 032    | <b>Chairman</b><br>Madras School of Economics, Chennai<br><b>Director</b><br>ICRA Limited<br>Indbank Merchant Banking Services Limited<br>Modi Corp (Pvt) Limited  |
| <b>Sri K V Ramanathan,</b><br>IAS (Retired) (Independent Trustee)<br>Rohini, # 9 Second Seaward Road,<br>Valmiki Nagar, Thiruvanimiyur,<br>Chennai – 600 041 | <b>Chairman</b><br>The Synergy Mortgage Loan Co Ltd  |
| <b>Sri S Viji</b><br>New No.71, Old No.33,<br>Poes Garden,<br>Chennai – 600 086  | <b>Chairman</b><br>Sundaram Home Finance Ltd<br>TVS Lean Logistics Ltd.<br><b>Vice Chairman</b><br>Sundaram Finance Limited<br><b>Joint Managing Director</b><br>Brakes India Limited<br><b>Director</b><br>India Motor Parts and Accessories Ltd.<br>Sundaram Dynacast Limited<br>Sundaram Industries Limited<br>TV Sundram Iyengar & Sons Limited<br>Wheels India Limited<br>Royal Sundaram Alliance Insurance Company Ltd |
| <b>Sri G K Raman</b><br>No 10, 12th Cross Street,<br>Indira Nagar,<br>Chennai- 600020  | <b>Chairman</b><br>Royal Sundaram Alliance Insurance Company Ltd<br><b>Whole Time Director</b><br>Sundaram Finance Limited<br><b>Director</b><br>Lakshmi General Finance Ltd.<br>Turbo Energy Ltd.<br>Sundaram Home Finance Ltd.   |
| <b>Sri R Rajamani</b><br>(Independent Trustee)<br>8-2-585/A/1, Road No.9<br>Banjara Hills<br>Hyderabad 500 034   | <b>Director</b><br>ICICI Ventures<br>ICICI Knowledge Park, Hyderabad   |
| <b>Sri. K. V. Krishnamurthy</b><br>(Independent Trustee)<br>174 Kalpataru Residency, Tower 'A'<br>107 Road No.8, SION (East)<br>Mumbai 400 022.              | <b>Director</b><br>Dhanalakshmi Bank Ltd.<br>Assets Reconstruction Company of India Ltd.   |

## (d) Summary of substantive provisions of the Trust Deed

- Trustees shall ensure that before launch of any scheme, the AMC has (a) proper systems in place for its back office, dealing and accounting; (b) appointed all key personnel including fund manager(s) for the scheme(s); (c) appointed auditors to audit the accounts of the scheme(s) (d) appointed a Compliance Officer to comply with regulatory requirements and to redress investor grievances; (e) appointed registrars and laid down parameters for their supervision; (f) prepared a compliance manual and designed internal control mechanisms including internal audit systems; (g) specified norms for empanelling of brokers and marketing agents.
- The trustees shall ensure that the Asset Management Company has not given any undue or unfair advantage to any associate or dealt with any of the associates of the Asset Management Company in any manner detrimental to interest of unit holders.
- The trustees shall obtain the consent of the unit holders of the scheme:
  - whenever required to do so by SEBI in the interest of the unit holders of the scheme; or
  - whenever required to do so, on the requisition by the three fourths of the unit holders of any scheme; or
  - when the majority of the Trustees decide to wind up or prematurely redeem the units.
- The Trustees shall ensure that the transactions entered into by the Asset Management Company are in accordance with the SEBI Regulations and the scheme.
- Trustees to ensure that the AMC has been managing the scheme(s) independently of other activities and has taken adequate steps to ensure that the interest of the investors of one scheme are not compromised with those of any other scheme or of other activities of the AMC.
- The Trustees are required to abide by the Code of Conduct as specified in the Fifth Schedule of the SEBI (Mutual Funds) Regulations, 1996.

## (e) Trusteeship Fees

Pursuant to the Trust Deed, presently the Trustees are entitled to a fee of 0.0025% of the weekly average Net Asset Value of all schemes taken together for each financial year for their services. Presently the total fee payable to all trustees in any financial year shall not exceed Rs.5 Lakhs. In addition to the above, each Trustee shall presently be paid Rs.5,000/- per meeting for attending the meeting of the Board of Trustees or any Committee thereof.

#### (f) Investment Manager

Sundaram Asset Management Company Limited (SAMCL), the Investment Manager of Sundaram Mutual Fund is incorporated under the Companies Act, 1956 and has a paid-up capital of Rs.15 Crores. SAMCL is a wholly owned subsidiary of Sundaram Finance Ltd.

#### (g) Name and Address of the Asset Management Co. Ltd

Sundaram Asset Management Company Limited, No. 46 Whites Road, Royapettah, Chennai 600 014.

#### (h) BOARD OF DIRECTORS OF THE AMC

| Name  | Designation   |
|---|---|
| Shri D N Ghosh, *                                   | Chairman<br>ICRA Limited                                      |
| Shri S Krishnamurthy<br>(Independent Director)      | No other directorships held currently.                        |
| Shri M S Parthasarathy<br>(Independent Director)    | Director<br>Federal Bank Ltd                                  |
| Shri T N Anantharama Iyer<br>(Independent Director) | No other directorships held currently.                        |
| Shri S N Inamdar *                                  | Chairman and Director<br>Poona Ind. Hotels Limited            |
| Shri. T T Srinivasaraghavan *                       | Managing Director<br>Sundaram Finance Limited                 |
| Shri. R. Rajawade *                                 | Director<br>Royal Sundaram Alliance Insurance Company Limited |
| Shri Ashok Bijapurkar<br>(Independent Director)     | Director<br>Future Step Advisory Services Private Limited     |
| Shri T P Raman *                                    | Managing Director<br>Sundaram Asset Management Co Ltd         |

\* Associate Director

#### (i) Investment Management Agreement

The Board of Trustees of Sundaram Mutual Fund has appointed Sundaram Asset Management Company Limited as the Investment Manager for the schemes of Sundaram Mutual Fund vide Investment Management Agreement dated August 24, 1996.

#### (j) Investor Relations Officer

Ms. G. Padmavathi, Manager- Investor Relations, can be contacted at the corporate office of the AMC at 46 Whites Road, Royapettah, Chennai 600 014. Phone : 91- 044 - 28583362/67, 28569804. Fax : 91 - 044 - 28583156.

#### (k) Name and Address of the Custodian

Standard Chartered Bank, 24-25, M.G. Road, Fort, Mumbai 400 023.

#### (l) Registrar and Transfer Agents

Computer Age Management Services (P) Ltd (CAMS)  
A & B Lakshmi Bhawan, 609 Anna Salai, Chennai 600 006.

#### (m) Auditors

M/s. Sundaram & Srinivasan, Chartered Accountants, No.23, C.P. Ramaswamy Road, Alwarpet, Chennai 600 018.

## II. INVESTMENT OBJECTIVES AND POLICIES

### 1. FUNDAMENTAL ATTRIBUTES OF THE SCHEME

#### a) Type of the Scheme

Sundaram Monthly Income is an open-ended income scheme.

#### b) Investment objective

The primary object of the scheme is to generate regular income through investments in fixed income securities. The secondary objective is to generate long term capital appreciation by investing a portion of the scheme's assets in equity and equity related instruments.

#### c) Investment Pattern

The corpus of the schemes will be invested primarily in a range of debt instruments, like G.Secs, Securitised Debt, Corporate Bonds and Debentures. In addition, a part of the corpus may also be invested in Equity and Equity related instruments.

Under normal circumstances, the asset allocation under the scheme will be as below:

| Instruments  | Maximum<br>[% of investible funds (indicative)] | Risk Profile   |
|--|---|----------------|
| Government Securities  | 100%  | Low            |
| Debt securities (other than securitised debt)                  | 100%  | Low to medium  |
| Securitised Debt   | 75%   | Medium to High |
| Equities and Equity related securities                         | 20%   | Medium to High |
| Money Market instruments and cash<br>(including money at call) | 100%  | Medium         |

The above asset allocation is not absolute and would vary depending upon the conditions prevailing in any of the market.

**Maturity profile of Instruments:** The duration of the portfolio, being a measure of the average maturity of the instruments to be invested, shall be up to 6 years. While this is the aggregate measure, individual instruments' duration may be lesser or greater than this measure.

#### d) Investment Strategy

As outlined above, the investments will comprise of both debt and equities. The fund would invest the corpus in debt instruments such as Government securities, money market instruments, securitised debts, corporate debentures and bonds, quasi government bonds and equity and equity related instruments. However, the equity and equity related instruments would be restricted to 20% of the assets under management.

Investments may be made in listed or unlisted instruments. Listed securities refer to securities listed on any of the recognized stock exchanges. Investments may be made as secondary market purchases, initial public offer, private placements, negotiated investments, rights offers, etc.

The debt instruments may have tenors that could be short term (i.e. less than one year) or long term (i.e. more than one year).

Based on the interest rate view, the optimum duration of the portfolio is first determined and the mix of G.Secs, Corporate debt, money market instruments, cash are determined.

The fund shall invest in the debt instruments rated investment grade or above by a recognized rating agency.

In case of corporate debt, if the instruments are to be obtained through private placement route, an approval from the Investment Committee (IC) is required. IC consists of the Managing Director and two other Directors of the AMC. A note to the IC would be presented by the Investment Department. In case of purchases from secondary market, if the issuers' any instrument in not the portfolio, permission from the Internal Investment Committee (IIC) is sought. IIC comprises of the Managing Director and the Chief Investment Officer. The reasons for purchase/sale is recorded in the 'deal tickets' by the fund manager. Every quarter, the fund manager presents a review of all decisions taken and on fund performance to the Board of Directors of the AMC and to the Trustees.

The fund shall follow a combination of Top-down and Bottom-up approach to investing in equity and equity related investments. Investments will be pursued across various industries. Within such a framework, the emphasis will be on investing in companies with quality management, unique business strengths, sustainable medium/long term growth and reasonable valuations.

For equity instruments, the AMC's research analysts and fund managers identify investment opportunities through continuous study of sectors and companies. The studies focus on the past performance and future prospects of the company and the business, financial health, competitive edge, managerial quality and practices, minority shareholder fairness, transparency. Companies that adequately satisfy the prescribed criteria are included in the portfolio. The weights of individual companies will be based on their upside potential to downside risk.

#### e) Portfolio Turnover

The scheme has no explicit constraints either to maintain or to limit the portfolio turnover (aggregate of purchases and sales to the total assets). However, the scheme primarily intends to make investments on a long-term time frame.

#### f) Investment Limitations

Presently the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, lays down following investment criteria and restrictions:

- All the scheme's assets will be invested in transferable securities, whether in the money markets or in the capital markets, including any privately placed debentures or securitised debt or Bank deposits or money at call.
- The scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the Securities and Exchange Board of India Act, 1992. Such investment limit may be extended to 20% of the scheme with the prior approval of the Board of Trustees and the Board of the Asset Management Company. Provided that such limits shall not be applicable for investments in Government securities and money market instruments. Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as mentioned above.
- The scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and total investment in such instruments shall not exceed 25% of the NAV of the scheme. All such investments shall be made with the prior approval of the Board of Trustees and Board of the Asset Management Company.
- The Mutual Fund under all its schemes, including this scheme, taken together will not own more than 10% of any company's paid up capital carrying voting rights.
- Transfer of investments from one scheme to another scheme, including this scheme shall be allowed only if such transfers are made at the prevailing market price for quoted securities on a spot basis and the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
- The scheme may invest in another scheme, under the same asset management company or any other mutual fund, without charging any fees, provided that the aggregate inter-scheme investments made by all schemes under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.
- The scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities and shall in no case put itself in a position whereby it has to make short sale or carry forward transactions or engaged in badla finance. Provided that mutual fund shall enter into derivatives transactions in a recognised stock exchange for the purpose of hedging and portfolio balancing, in accordance with the SEBI Guidelines.
- The scheme shall, get the securities purchased, transferred in the name of the mutual fund on account of the concerned scheme, wherever investments are intended to be of a long-term nature.
- Pending deployment of funds of the scheme in securities in terms of the investment objectives of the scheme, the Mutual Fund can invest the funds of the scheme in short term deposits of scheduled commercial banks or in call deposits.
- The scheme shall not make any investment in:
  - Any unlisted security of an associate or group company of the sponsor; or
  - Any security issued by way of private placement by an associate or group company of the sponsor; or
  - The listed securities of group companies of the sponsor which is in excess of 25% of the net assets of all the schemes of the Mutual Fund
- The scheme shall not invest more than 10% of its NAV in the equity shares or equity related instruments of any company
- The scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments in case of open ended schemes.

To the extent the above investment limitations are amended by SEBI Regulations, the Trustees/ AMC may alter/ expand these limitations from time to time.

Apart from the investment restrictions mentioned above, the fund may not follow any internal norms vis-a-vis limiting exposure to a particular scrip or sector etc.

#### g) Inter Scheme Investments

This scheme may invest in the other schemes of Sundaram Mutual Fund without charging any fees, provided that the aggregate inter-scheme investments made by all schemes under the same management or in schemes under the management of any other Asset Management Company shall not exceed 5% of the Net Asset Value of the investing Mutual Fund. Such investments shall be made from time to time on the merits of the proposal.

#### h) Investment by the AMC

The AMC may invest in the schemes of Sundaram Mutual Fund depending upon its cash flows and investment opportunities. In such an event, the AMC will not charge management fees on its investment amount for the period the investment amount is retained in this scheme.

## 2. CHANGES IN THE FUNDAMENTAL ATTRIBUTES

When any change in the fundamental attribute of this scheme or the Trust or fees and expenses payable or any other change which would modify the scheme or affect the interest of the unit holders, is proposed to be carried out, no change shall be carried out unless (i) a written communication about the proposed change is sent out to each unit holder and an advertisement is given in one English daily newspaper having nation wide circulation as well as in a newspaper published in the language of the region where the Head office of the mutual fund is situated; and (ii) the unit holders are given an option to exit at the prevailing NAV without any exit load. For the purpose of this clause, Fundamental Attributes shall mean:

- type of the scheme – Open ended Income scheme
- Investment Objective – see investment objective stated above
- Asset allocation pattern – As stated above
- Terms of the issue : Liquidity provisions such as repurchase and redemption and aggregate fees and expenses charged to the scheme.

## 3. Scheme specific Risk Factors

### (A) Risks associated with debt investments

- All investments involve risk and there can be no guarantee against loss resulting from an investment in the scheme nor can there be any assurance that the scheme's investment objective will be attained. As with any investment in securities, the value of, and income from, an investment in the scheme can decrease or increase, depending on
  - general economic conditions and market factors
  - movement in the broader bond markets
  - factors affecting capital markets
  - changes in interest rates
  - price and volume volatility in the bond and stock markets
  - changes in governmental policies and taxation, among others.Hence, the value of the units of the scheme would fluctuate continuously due (but not limited) to the above factors.
- Changes in the prevailing rates of interest is likely to affect the value of the scheme's holdings and consequently the value of the scheme's units. Increased rates of interest, which frequently accompany inflation and for a growing economy, are likely to have a negative effect on the value of the units. The value of debt securities held by the scheme generally will vary inversely with the changes in prevailing interest rates.
- Debt securities are also subject to the risk of an issuer's inability to meet principal and interest payments and interest payments on the obligations (credit risk) and may also be subject to price volatility due to such factors as interest sensitivity, market perception or the creditworthiness of the issuer and general market liquidity (market risk). While it is the intent of the Investment Manager to invest primarily in high rated debt securities, the scheme may from time to time invest in higher yielding, low rated securities. As a result, an investment in the scheme may be accompanied by a higher degree of risk relative to an investment consisting exclusively of high rated, lower yielding securities.
- Risks associated with lower rated or unrated securities are:
  - Lower rated or unrated securities are more likely to react to developments affecting market and credit risk than high rated securities (these react primarily to movements in the general level of interest rates)

- (b) Lower rated securities also tend to be more sensitive to economic conditions than higher rated securities.
- (c) Issuers of high-yielding, fixed income securities are often highly leveraged and may not have more traditional methods of financing available to them. Hence the risk of default on interest and/or principal is higher relative to high rated issuers. For example, during an economic downturn or a sustained period of rising interest rates, highly leveraged issuers of high yielding securities may experience financial stress. During these periods, such issuers may not have sufficient cash flows to meet their interest payment obligations. The credit risk factors pertaining to lower rated securities also apply to lower rated zero coupon, deferred interest and pay-in-kind bonds. Such bonds carry an additional risk in that, unlike bonds that pay interest throughout the period to maturity, the scheme will realise no cash until the cash payment date and if the issuer defaults the scheme may obtain no return at all on its investment.
5. The issuer's ability to service its debt obligations may also be adversely affected by specific developments affecting the issuer, the issuer's inability to meet specific projected business forecasts, or the unavailability of additional financing.
6. The risk or loss due to default by the issuer may be significantly greater if the instrument held is unsecured and is subordinated to other creditors of the issuer. In case of low rated issuer, the risk is significantly higher relative to a high rated issuer.
7. The scheme may have difficulty in disposing of securities because there may be thin trading for a particular security. In case of low rated high yielding security, in normal circumstances, the liquidity would be lower than high rated security. This may result in lower realisations than at which security is valued in the event of sale. Further if the sale is taking place in response to an economic event or on deterioration / downgrading of issuer, the sale realisations would be much lower than what is anticipated above.
8. Reduced liquidity in the secondary market may have an adverse impact on market and the scheme's ability to dispose of securities, particularly if it is intended to meet the scheme's liquidity needs or to respond to a specific economic event.
9. The scheme may acquire high yielding fixed income securities during an initial offering by a new company. Such securities involve special risks because they are new issues.
10. Zero coupon or deferred interest securities are debt obligations that do not entitle the holder to any periodic payments of interest prior to maturity or a specified date when the securities begin paying current interest (the "cash payment date") and therefore are generally issued and traded at a discount from their face amounts. The discount varies depending on the time remaining until maturity or cash payment date, prevailing interest rates, liquidity of the security and the perceived credit risk of the issuer. The market prices of zero coupon securities are generally more volatile than the securities that pay interest periodically and are likely to respond to changes in interest rates to a greater degree than non-zero coupon or deferred interest securities having similar maturities and credit quality.

#### (B) Risk Control

##### 1. Debt Portfolio

**Credit Risk:** The fund tracks ratings assigned by reputed credit rating agencies closely. Periodical reviews are done to keep track of the investments and minimise credit losses.

**Interest Rate Risk:** Fixed income securities are subject to volatility risk arising from the movement in interest rates. Risk control involves forming and maintaining a view on the direction of interest rates, tracking the spread between different assets and active duration management to optimise portfolio returns. The fund could also use appropriate risk management and hedging tools to minimise risk.

**Liquidity Risk:** While liquidity in the Indian bond markets is improving, it is largely in Government bonds, and to some extent, top rated corporate bonds. The fund would maintain a reasonable allocation to liquid bonds to minimise risk in case of a sudden withdrawal from the fund.

The Asset Management Company will also use any derivative or hedging techniques that may be permitted by SEBI.

##### 2. Equity Portfolio

**Concentration Risk:** In order to diversify individual company risk, the fund will on an average and under normal circumstances invest in at least 10 companies across various sectors. The quantum of exposure is decided on the basis of relative earnings, growth, valuations and potential valuations. As the fund intends to hold less number of stocks than a diversified growth fund, the NAV volatility (risk) will be higher than normal.

**Liquidity Risk:** Risk will be monitored in terms of the number of days it takes to liquidate every stock in the portfolio assuming a share of the average volume traded over the previous one year. Efforts would be made to keep the average liquidation period under prudent limits prescribed internally.

The Asset Management Company will also use any derivative or hedging techniques that may be permitted by SEBI.

#### 4. BENCHMARK INDEX

The benchmark index for the scheme would be Crisil Blended MIP INDEX comprising 85% of Crisil AAA index and 15% of JPM Government Composite Index, rebalanced everyday.

### III . NAV AND VALUATION OF NET ASSET VALUE

#### a. Computation of Net Asset Value

The Net Asset Value (NAV) is the most widely accepted yardstick for measuring the performance of any scheme of a Mutual Fund. NAV calculations shall be based upon the following formula:

$$\text{NAV} = \frac{\text{Market Value of the scheme's investments} + \text{other assets (including accrued interest)} - \text{All Liabilities except Unit Capital, Reserve and Profit and loss Account}}{\text{Number of SUNDARAM MONTHLY INCOME PLAN units outstanding}}$$

NAV of the scheme will be calculated as of the close of every Working Day. Valuation of scheme's assets and calculation of the scheme's NAV will be subject to such rules or regulations that SEBI may prescribe from time to time. The NAVs of the scheme would be rounded off up to 4 decimal places.

#### b. NAV Information

The NAV of the scheme will be calculated and declared by the Fund on all working days and the same along with the respective sale and repurchase price of units will be published in two newspapers on a daily basis. NAVs will also be uploaded on the AMFI site on a daily basis. The information on NAV, Sale Price and Repurchase price can be obtained by the unit holders on any working day from the offices of the AMC/Registrar/ Investor Service Centres.

#### c. Valuation of Assets

Valuation of assets will be in accordance with the provisions of the SEBI Regulations/Guidelines/Directives, as amended from time to time.

### IV. EXPENSES

#### a. Load Structure

For the present, the Board of Trustees have prescribed the following entry and exit load for units to be issued.

| Entry load | Nil  |
|------------|--|
| Exit load  | For Investments less than Rs.10 Lacs - 0.50% if redeemed within 12 months from the date of allotment.<br>For Investments equal to or greater than Rs.10 Lacs - nil |

The Board of Trustees reserves the right to prescribe or modify the load structure with prospective effect and to introduce an exit load or a combination of entry and exit loads, subject to a maximum as prescribed under SEBI Regulations. The change will be notified by a suitable display at the Corporate Office of the AMC and at the Investor Service Centres in advance.

#### b. Usage of Load

All loads (including CDSC) for the scheme shall be maintained in a separate account and may be utilised towards the selling and distribution expenses. Any surplus in this account may be credited to the scheme, whenever felt appropriate by the AMC.

#### c. INITIAL ISSUE EXPENSES

(i) Present scheme

As per SEBI Regulations, initial issue expenses chargeable to the scheme are subject to a maximum of 6% of the amount collected during the Initial Offer Period. However, all initial expenses of this scheme will be borne by the AMC.

| Initial Issue Expenses             | As a percentage of target mobilisation |
|------------------------------------|--|
| Advertising Expenses               | 0.50                                   |
| Commission to Agents/Brokers       | 1.00                                   |
| Registrar Expenses                 | 0.15                                   |
| Printing and Marketing Expenses    | 0.40                                   |
| Postage and Miscellaneous Expenses | 0.15                                   |
| Bankers Fee                        | 0.05                                   |
| <b>Total</b>                       | <b>2.25</b>                            |

The above percentages have been arrived based on a target mobilisation of Rs. 1.00 cr. The above estimates are subject to change as per actuals. However, under this scheme the entire initial issue expenses will be borne by the AMC. In view of this, for every Rs.100/- collected, Rs.100/- will be invested.

(ii) Initial Issue Expenses of Past Schemes

Sundaram Mutual Fund had launched Sundaram Income Plus, Sundaram Select Focus and Sundaram Select Mid-cap in July 2002 and Sundaram Select Debt in September 2002. The entire initial issue expenses of the schemes amounting to Rs.1.25 crores (approx) were borne by the AMC.

#### d. Annual Scheme Recurring Expenses (as a % of Average Net Assets)

The estimated annual recurring expenses chargeable to the fund are as follows:

| Head of Expense  | Estimated (%) |
|--|---------------|
| Investment Management & Advisory Fees  | 1.25%         |
| Trustee fees   | 0.01%         |
| Custodian Fees   | 0.05%         |
| Registrar & Transfer Agent Fees  | 0.10%         |
| Marketing & Selling Expenses including Agents Commission                                   | 0.50%         |
| Misc. Expenses including Audit Fees, cost of investor communication, Cost of fund transfer | 0.34%         |
| <b>Total Annual Recurring Expenses</b>   | <b>2.25%</b>  |

The purpose of the above is to assist the investor in understanding the various costs and expenses that an investor in the scheme will bear.

Sundaram Asset Management Company Ltd., is entitled to Investment Management and Advisory fee of 1.25% of the weekly average net assets upto Rs.100 crores and 1% of the weekly average net assets on the balance amount. The above estimates have been made in good faith as per information available to the AMC. These estimates could change inter se. As per SEBI Regulations, the total annual recurring expenses of the scheme excluding issue or redemption expenses, but including the Investment Management and Advisory Fee shall be subject to the following limits :

|   |       |
|---|-------|
| On the first Rs 100 Crores of the average weekly net assets | 2.25% |
| On the next Rs 300 Crores of the average weekly net assets  | 2.00% |
| On the next Rs 300 Crores of the average weekly net assets  | 1.75% |
| On the balance of the assets                                | 1.50% |

As per the SEBI Regulations, the total recurring expenses that can be charged to this scheme shall be subject to the applicable guidelines. Any recurring expenses above the permitted limits will be borne by the AMC.

#### (e) Condensed Financial Information

##### A. Sundaram Tax Saver 97

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                         | 2000-2001 | 2001-2002 | 2002-2003 | 01-04-03 to 31-10-03 |
|--|-----------|-----------|-----------|----------------------|
| 1. Date of Allotment                                   | 31.03.97  | 31.03.97  | 31.03.97  | 31.03.97             |
| 2. NAV at the beginning (Rs.)                          | 23.85     | 6.40      | 7.23      | 7.30                 |
| 3. Transfer to reserves                                | -         | -         | -         | -                    |
| 4. Dividend (Rs.)                                      | 10.00     | -         | -         | -                    |
| 5. NAV at the end (Rs.)                                | 6.40      | 7.23      | 7.30      | 12.8083              |
| 6. Annualised Return (since inception)                 | 8.02%     | 7.82%     | 7.02%     | 16.44%               |
| 7. Benchmark returns (BSE 200)                         | 2.45%     | 3.42%     | 1.54%     | 10.031%              |
| 8. Net Assets at the end of the period (Rs. in crores) | 1.94      | 1.24      | 1.09      | 1.69                 |
| 9. Ratio of recurring expenses to Average Net Assets   | 1.85%     | 1.86%     | 1.72%     | 1.38%                |
| 10. Net income (per unit)                              | -1.81     | 0.30      | -0.34     | 1.64                 |

##### B. Sundaram Growth Fund

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                         | 2000-2001 | 2001-2002 | 2002-2003  | 01-04-03 to 31-10-03 |
|--|-----------|-----------|------------|----------------------|
| 1. Date of Allotment                                   | 24.04.97  | 24.04.97  | 24.04.97   | 24.04.97             |
| 2. NAV at the beginning (Rs.)                          | 21.69     | 11.00     | 12.30      | 12.06                |
| 3. Transfer to reserves                                | -         | -         | -          | -                    |
| 4. Dividend (Rs.)                                      | 3.00      | -         | 2.00       | 3.50                 |
|  |           |           | Grth. Div. | Grth. Div.           |
| 5. NAV at the end (Rs.)                                | 11.12     | 12.31     | 12.06      | 10.13                |
| 6. Annualised Return (since inception)                 | 11.11%    | 11.21%    | 8.90%      | 18.29%               |
| 7. Benchmark returns (BSE 200)                         | 0.19%     | 1.62%     | -0.22%     | 8.38%                |
| 8. Net Assets at the end of the period (Rs. in crores) | 21.70     | 26.35     | 34.75      | 71.02                |
| 9. Ratio of recurring expenses to Average Net Assets   | 1.72%     | 2.15%     | 2.25%      | 2.45%                |
| 10. Net income (Rs.)                                   | -3.11     | 0.42      | 0.09       | 3.22                 |

##### C. Sundaram Bond Saver

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                         | 2000-2001  | 2001-2002  | 2002-2003  | 01-04-03 to 31-10-03      |
|--|------------|------------|------------|---------------------------|
| 1. Date of allotment                                   | 18.12.97   | 18.12.97   | 18.12.97   | 18.12.97                  |
|  | Grth. Div. | Grth. Div. | Grth. Div. | Bonus Grth. Div. Bonus    |
| 2. NAV at the beginning                                | 13.46      | 10.33      | 15.03      | 10.29                     |
| 3. Dividend (Rs.)                                      | -          | 1.00       | 1.35       | 1.05                      |
|  |            |            |            | 9 units for 10 units held |
| 4. Transfer to reserves                                | -          | -          | -          | -                         |
| 5. NAV at the end (Rs.)                                | 15.03      | 10.29      | 17.45      | 10.66                     |
|  |            |            |            | 21.2439                   |
|  |            |            |            | 11,1800                   |
|  |            |            |            | Retail Institutional      |
| 6. Annualised Return (since inception)                 | 13.21%     | 13.87%     | 13.75%     | 13.69%                    |
| 7. Benchmark index (Crisil Composite Bond Fund Index)  | N/A        | N/A        | N/A        | N/A                       |
| 8. Net Assets at the end of the period (Rs. in crores) | 358.89     | 566.69     | 786.24     | 1141.74                   |
| 9. Ratio of recurring expenses to Average Net Assets   | 1.80%      | 1.84%      | 1.82%      | 1.76%                     |
| 10. Net Income (per unit)                              | 0.93       | 1.58       | 1.23       | 0.81                      |

\* Quarterly div. option Rs.10.5181, Half yearly div. option Rs.21.24, Annual div. option Rs.21.24

**D. Sundaram Tax Saver '98**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                         |  | 2000-2001 | 2001-2002 | 2002-2003 | 01-04-03 to 31-10-03 |
|--|--|-----------|-----------|-----------|----------------------|
| 1. Date of allotment (Rs.)                             |  | 31.03.98  | 31.03.98  | 31.03.98  | 31.03.98             |
| 2. NAV at the beginning                                |  | 23.36     | 14.08     | 15.57     | 15.39                |
| 3. Dividend (Rs.)                                      |  | -         | -         | -         | -                    |
| 4. Transfer to reserves                                |  | -         | -         | -         | -                    |
| 5. NAV at the end (Rs.)                                |  | 14.08     | 15.57     | 15.39     |                      |
| 6. Annualised Return (since inception)                 |  | 12.07%    | 11.69%    | 8.57%     | 19.57%               |
| 7. Benchmark returns (BSE 200)                         |  | -0.89%    | 1.13%     | -0.95%    | 9.17%                |
| 8. Net Assets at the end of the period (Rs. in crores) |  | 0.77      | 0.58      | 0.47      | 0.65                 |
| 9. Ratio of recurring expenses to Average Net Assets   |  | 1.69%     | 1.69%     | 1.70%     | 1.31%                |
| 10. Net income (per unit)                              |  | -5.72     | -0.47     | -0.36     | 4.62                 |

**E. Sundaram Tax Saver Open ended**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                         |  | 2000-2001 | 2001-2002 | 2002-2003 | 01-04-03 to 31-10-03 |
|--|--|-----------|-----------|-----------|----------------------|
| 1. Date of allotment (Rs.)                             |  | 24.11.99  | 24.11.99  | 24.11.99  | 24.11.99             |
| 2. NAV at the beginning                                |  | 12.57     | 7.79      | 8.69      | 8.45                 |
| 3. Dividend (Rs.)                                      |  | -         | -         | -         | -                    |
| 4. Transfer to reserves                                |  | -         | -         | -         | -                    |
| 5. NAV at the end (Rs.)                                |  | 7.79      | 8.69      | 8.45      | 14.8700              |
| 6. Annualised Return (since inception)                 |  | -16.88%   | -5.80%    | -4.90%    | 10.60%               |
| 7. Benchmark returns (BSE 200)                         |  | -22.52%   | -10.97%   | -10.33    | 4.48%                |
| 8. Net Assets at the end of the period (Rs. in crores) |  | 3.79      | 4.79      | 4.61      | 6.74                 |
| 9. Ratio of recurring expenses to Average Net Assets   |  | 2.05%     | 1.89%     | 1.75%     | 1.81%                |
| 10. Net income (per unit)                              |  | -1.25     | 0.28      | 0.19      | 2.29                 |

**F. Sundaram Money Fund**

(Amount Rs.)

| HISTORICAL PER UNIT STATISTICS                         | 2000-2001  |            | 2001-2002  |            | 2002-2003  |            | 01-04-03 to 31-10-03 |            |
|--|------------|------------|------------|------------|------------|------------|----------------------|------------|
|  | 07.03.2000 | 07.03.2000 | 07.03.2000 | 07.03.2000 | 07.03.2000 | 07.03.2000 | 07.03.2000           | 07.03.2000 |
| 1. Date of allotment(Rs.)                              |            |            |            |            |            |            |                      |            |
|  | Re-inv.    | Grth.      | Re-inv.    | Grth.      | Re-inv.    | Grth.      | Re-inv.              | Grth.      |
| 2. NAV at the beginning                                | 10.01      | 10.06      | 10.02      | 11.03      | 10.00      | 11.87      | 10.18                | 12.65      |
| 3. Dividend (Rs.)                                      | 0.76       | -          | 0.67       | -          | 0.46       | -          | 0.385                | 0.2133     |
| 4. Transfer to reserves                                | -          | -          | -          | -          | -          | -          | -                    | -          |
| 5. NAV at the end (Rs.)                                | 10.02      | 11.03      | 10.00      | 11.87      | 10.18      | 12.65      | 10.06                | 10.08      |
| 6. Annualised Return (since inception)                 | 9.64%      |            | 8.68%      |            | 8.00%      |            |                      | 7.59%      |
| 7. Benchmark returns ** (Crisil Liquid Fund Index)     | N.A        |            | N.A        |            | N.A        |            |                      | N.A        |
| 8. Net Assets at the end of the period (Rs. in crores) | 65.46      |            | 44.39      |            | 313.03     |            |                      | 211.20     |
| 9. Ratio of recurring expenses to Average Net Assets   | 0.92%      |            | 0.91%      |            | 0.92%      |            |                      | 0.58%      |
| 10. Net income(per unit)                               | 0.7063     |            | 1.3155     |            | 0.43       |            |                      | 0.55       |

\* This option was introduced on 12/05/03. The NAV on that day was 10.0776

\*\* Since the Benchmark indices were available only w.e.f. 31/03/2002, since inception return is not given

**G. Sundaram Balanced Fund**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                         | 23-06-2000 to 31.03.2001 |  | 2001-2002  |  | 2002-2003  |  | 01-04-03 to 31-10-03 |         |
|--|--------------------------|--|------------|--|------------|--|----------------------|---------|
|  |                          |  |            |  |            |  |                      |         |
| 1. Date of allotment (Rs.)                             | 23.06.2000               |  | 23.06.2000 |  | 23.06.2000 |  | 23.06.2000           |         |
| 2. NAV at the beginning                                | 10.00                    |  | 9.00       |  | 10.01      |  | 10.15                | 10.15   |
| 3. Dividend (Rs.)                                      | -                        |  | -          |  | -          |  | -                    | -       |
| 4. Transfer to reserves                                | -                        |  | -          |  | -          |  | -                    | -       |
| 5. NAV at the end (Rs.)                                | 9.00                     |  | 10.01      |  | 10.16      |  | 15.2860              | 15.2860 |
| 6. Annualised Return (since inception)                 | -10% #                   |  | 0.06%      |  | 0.57%      |  |                      | 13.48%  |
| 7. Benchmark returns** (Crisil Balanced Fund Index)    | N.A                      |  | N.A        |  | N.A        |  |                      | N.A     |
| 8. Net Assets at the end of the period (Rs. in crores) | 18.53                    |  | 17.10      |  | 13.19      |  |                      | 19.87   |
| 9. Ratio of recurring expenses to Average Net Assets   | 1.89%                    |  | 2.03%      |  | 1.81%      |  |                      | 2.42%   |
| 10. Net income (per unit)                              | 0.14                     |  | -0.56      |  | 0.26       |  |                      | 2.03    |

# Absolute return since the period is less than one year.

\*\* Since the Benchmark indices were available only w.e.f. 31/03/2002, since inception return is not given

**H. Sundaram Gilt Fund**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                         | 02-05-01 to 31-03-2002 |          | 2002-2003 |          | 01-04-03 to 31-10-03 |          |
|--|------------------------|----------|-----------|----------|----------------------|----------|
|  | 02.05.01               | 02.05.01 | 02.05.01  | 02.05.01 | 02.05.01             | 02.05.01 |
| 1. Date of allotment (Rs.)                             |                        |          |           |          |                      |          |
|  | Div                    | Grth.    | Div       | Grth.    | Div                  | Grth.    |
| 2. NAV at the beginning                                | 10.00                  | 10.00    | 10.25     | 10.98    | 10.19                | 11.69    |
| 3. Dividend (Rs.)                                      | 0.65                   |          | 0.70      |          | 0.35                 |          |
| 4. Transfer to reserves                                | -                      |          | -         |          | -                    |          |
| 5. NAV at the end (Rs.)                                | 10.24                  | 10.98    | 10.19     | 11.69    | 10.0629              | 11.9976  |
| 6. Annualised Return (since inception)                 | 9.80%*                 |          | 8.53%     |          | 7.50%                |          |
| 7. Benchmark returns** (I-Sec, Si-Bex)                 | N.A                    |          | N.A       |          | N.A                  |          |
| 8. Net Assets at the end of the period (Rs. in crores) | 10.19                  |          | 5.04      |          | 5.29                 |          |
| 9. Ratio of recurring expenses to Average Net Assets   | 1.76%                  |          | 1.54%     |          | 1.51%                |          |
| 10. Net income (per unit)                              | 1.29                   |          | 1.16      |          | 0.014                |          |

\*\* Since the Benchmark indices were available only w.e.f. 31/03/2002, since inception return is not given

**I. Sundaram Income Plus**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                          | 30-07-02 to 31-03-03 |            | 01-04-03 to 31-10-03 |            |
|---|----------------------|------------|----------------------|------------|
|   | 30.07.2002           | 30.07.2002 | 30.07.2002           | 30.07.2002 |
| 1. Date of allotment (Rs.)                              |                      |            |                      |            |
|   | Growth               | Dividend   | Growth               | Dividend   |
| 2. NAV at the beginning                                 | 10.00                | 10.00      | 10.74                | 10.50      |
| 3. Dividend (Rs.)                                       | -                    | 0.25       | -                    | 0.60       |
| 4. Transfer to reserves                                 | -                    | -          | -                    | -          |
| 5. NAV at the end (Rs.)                                 | 10.74                | 10.50      | 11.3394              | 10.3945    |
| 6. Absolute Return (since inception)                    | 7.47%                |            | 10.54%               |            |
| 7. Benchmark returns (Crisil Composite Bond Fund Index) | 7.23%                |            | 11.60%               |            |
| 8. Net Assets at the end of the period (Rs. in crores)  | 105.26               |            | 107.88               |            |
| 9. Ratio of recurring expenses to Average Net Assets    | 2.19%                |            | 2.19%                |            |
| 10. Net income(per unit)                                | 0.59                 |            | 0.47                 |            |

**J. Sundaram Select Focus**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                         | 30-07-02 to 31-03-03 |            | 01-04-03 to 31-10-03 |            |
|--|----------------------|------------|----------------------|------------|
|  | 30.07.2002           | 30.07.2002 | 30.07.2002           | 30.07.2002 |
| 1. Date of allotment(Rs.)                              |                      |            |                      |            |
|  | Growth               | Dividend   | Growth               | Dividend   |
| 2. NAV at the beginning                                | 9.97                 |            | 10.83                | 10.83      |
| 3. Dividend(Rs.)                                       | -                    |            | -                    | 4.50       |
| 4. Transfer to reserves                                | -                    |            | -                    | -          |
| 5. NAV at the end (Rs.)                                | 10.83                |            | 19.5672              | 13.4238    |
| 6. Absolute Return (since inception)                   | 8.30%                |            | 70.74%               |            |
| 7. Benchmark returns (SNP CNX Nifty)                   | 1.83%                |            | 61.96%               |            |
| 8. Net Assets at the end of the period (Rs. in crores) | 5.30                 |            | 63.94                |            |
| 9. Ratio of recurring expenses to Average Net Assets   | 2.29%                |            | 2.39%                |            |
| 10. Net income(per unit)                               | 0.74                 |            | 2.37                 |            |

**K. Sundaram Select Midcap**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                         | 30-07-02 to 31-03-03 |            | 01-04-03 to 31-10-03 |            |
|--|----------------------|------------|----------------------|------------|
|  | 30.07.2002           | 30.07.2002 | 30.07.2002           | 30.07.2002 |
| 1. Date of allotment(Rs.)                              |                      |            |                      |            |
|  | Growth               | Dividend   | Growth               | Dividend   |
| 2. NAV at the beginning                                | 9.9                  |            | 9.75                 | 9.75       |
| 3. Dividend(Rs.)                                       | -                    |            | -                    | 2.50       |
| 4. Transfer to reserves                                | -                    |            | -                    | -          |
| 5. NAV at the end(Rs.)                                 | 9.75                 |            | 19.9530              | 16.1419    |
| 6. Absolute Return (since inception)                   | -2.50%               |            | 73.42%               |            |
| 7. Benchmark returns (Nifty Jr.)                       | -14.43%              |            | 60.06%               |            |
| 8. Net Assets at the end of the period (Rs. in crores) | 5.64                 |            | 49.30                |            |
| 9. Ratio of recurring expenses to Average Net Assets   | 2.34%                |            | 2.40%                |            |
| 10. Net income(per unit)                               | 0.23                 |            | 2.61                 |            |

**L. Sundaram Select Debt - Dynamic Asset Plan**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                          | 04-09-02 to 31-03-03 |       |       |       | 01-04-03 to 31-10-03 |         |         |         |
|---|----------------------|-------|-------|-------|----------------------|---------|---------|---------|
|   | 04.09.2002           |       |       |       | 04.09.2002           |         |         |         |
| 1. Date of allotment                                    |                      |       |       |       |                      |         |         |         |
|   |                      |       |       |       | Div.                 |         | Grth.   |         |
|   |                      |       |       |       | Qtly.                | Hf-yr.  | Ann.    |         |
| 2. NAV at the beginning (Rs.)                           | 10.00                |       |       |       | 10.59                | 10.89   | 10.89   | 10.89   |
| 3. Transfer to reserves                                 | -                    |       |       |       | -                    | -       | -       | -       |
| 4. Dividend   | 0.30                 |       |       |       | 0.80                 | 1.10    | 0.55    | -       |
|   |                      |       |       |       | Div.                 |         | Grth.   |         |
|   |                      |       |       |       | Qtly.                | Hf-yr.  | Ann.    |         |
| 5. NAV at the end (Rs.)                                 | 10.59                | 10.89 | 10.89 | 10.89 | 10.6593              | 10.6243 | 11.2660 | 11.9159 |
| 6. Absolute Return (since inception)                    | 8.95%                |       |       |       |                      |         |         | 16.67%  |
| 7. Benchmark returns (Crisil Composite Bond Fund Index) | 5.67%                |       |       |       |                      |         |         | 11.42%  |
| 8. Net Assets at the end of the period (Rs. in crores)  | 19.55                |       |       |       |                      |         |         | 41.02   |
| 9. Ratio of recurring expenses to Average Net Assets    | 1.19%                |       |       |       |                      |         |         | 0.98%   |
| 10. Net income (per unit)                               | 1.47                 |       |       |       |                      |         |         | 0.54    |

**M. Sundaram Select Debt-Long-term Asset Plan**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS                         | 04-09-02 to 31-03-03 |       |       |       | 01-04-03 to 31-10-03 |         |       |         |
|--|----------------------|-------|-------|-------|----------------------|---------|-------|---------|
|  | 04.09.2002           |       |       |       | 04.09.2002           |         |       |         |
| 1. Date of allotment                                   |                      |       |       |       |                      |         |       |         |
|  |                      |       |       |       | Div.                 |         | Grth. |         |
|  |                      |       |       |       | Qtly.                | Hf-yr.  | Ann.  |         |
| 2. NAV at the beginning (Rs.)                          | 10.00                |       |       |       | 10.10                | 10.30   | 10.30 | 10.30   |
| 3. Transfer to reserves                                | -                    |       |       |       | -                    | -       | -     | -       |
| 4. Dividend  | 0.20                 |       |       |       | 0.2                  | 0.4     | 0.25  | -       |
|  |                      |       |       |       | Div.                 |         | Grth. |         |
|  |                      |       |       |       | Qtly.                | Hf-yr.  | Ann.  |         |
| 5. NAV at the end (Rs.)                                | 10.10                | 10.30 | 10.30 | 10.30 | 10.0739              | 10.0524 |       | 10.5102 |
| 6. Absolute Return (since inception)                   | 3.06%                |       |       |       |                      |         |       | 4.56%   |
| 7. Benchmark returns (I-Sec Si-Bex)                    | 11.50%               |       |       |       |                      |         |       | 23.27%  |
| 8. Net Assets at the end of the period (Rs. in crores) | 0.04                 |       |       |       |                      |         |       | 0.03    |
| 9. Ratio of recurring expenses to Average Net Assets   | 0.39%                |       |       |       |                      |         |       | 0.62%   |
| 10. Net income (per unit)                              | 17.62                |       |       |       |                      |         |       | 0.22    |

**N. Sundaram Select Debt-5 year asset plan**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS |  | 04-09-02 to 31-03-03 |        |       |       | 01-04-03 to 31-10-03 |        |       |       |
|--------------------------------|--|----------------------|--------|-------|-------|----------------------|--------|-------|-------|
| 1.                             | Date of allotment                                    | 04.09.2002           |        |       |       | 04.09.2002           |        |       |       |
|                                |  | Div.                 |        |       |       | Grth.                |        |       |       |
|                                |  | Qty.                 | Hf-yr. | Ann.  | Grth. | Qty.                 | Hf-yr. | Ann.  | Grth. |
| 2.                             | NAV at the beginning (Rs.)                           | 10.00                |        |       |       | 10.06                | 10.09  | 10.09 | 10.09 |
| 3.                             | Transfer to reserves                                 | -                    |        |       |       | -                    |        |       | -     |
| 4.                             | Dividend   | 0.04                 |        |       |       | 0.058                |        |       |       |
|                                |  | Div.                 |        |       |       | Grth.                |        |       |       |
|                                |  | Qty.                 | Hf-yr. | Ann.  | Grth. | Qty.                 | Hf-yr. | Ann.  | Grth. |
| 5.                             | NAV at the end (Rs.)                                 | 10.06                | 10.09  | 10.09 | 10.09 | -                    | -      | -     | -     |
| 6.                             | Absolute Return (since inception)                    | 0.90%                |        |       |       | -                    |        |       |       |
| 7.                             | Benchmark returns (Crisil Composite Bond Fund Index) | 5.67%                |        |       |       | -                    |        |       |       |
| 8.                             | Net Assets at the end of the period (Rs. in crores)  | 0.001                |        |       |       | -                    |        |       |       |
| 9.                             | Ratio of recurring expenses to Average Net Assets    | 0.20%                |        |       |       | -                    |        |       |       |
| 10.                            | Net income (per unit)                                | 0.13                 |        |       |       | -                    |        |       |       |

**O. Sundaram Select Debt-3 year asset plan**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS |   | 04-09-02 to 31-03-03 |        |       |       | 01-04-03 to 31-10-03 |        |         |         |
|--------------------------------|---|----------------------|--------|-------|-------|----------------------|--------|---------|---------|
| 1.                             | Date of allotment                                   | 04.09.2002           |        |       |       | 04.09.2002           |        |         |         |
|                                |   | Div.                 |        |       |       | Grth.                |        |         |         |
|                                |   | Qty.                 | Hf-yr. | Ann.  | Grth. | Qty.                 | Hf-yr. | Ann.    | Grth.   |
| 2.                             | NAV at the beginning (Rs.)                          | 10.00                |        |       |       | 10.17                | 10.30  | 10.30   | 10.30   |
| 3.                             | Transfer to reserves                                | -                    |        |       |       | -                    |        |         | -       |
| 4.                             | Dividend  | 0.12                 |        |       |       | 0.3                  |        | 0.22    |         |
|                                |   | Div.                 |        |       |       | Grth.                |        |         |         |
|                                |   | Qty.                 | Hf-yr. | Ann.  | Grth. | Qty.                 | Hf-yr. | Ann.    | Grth.   |
| 5.                             | NAV at the end (Rs.)                                | 10.17                | 10.30  | 10.30 | 10.30 | 10.0979              | -      | 10.3111 | 10.5686 |
| 6.                             | Absolute Return (since inception)                   | 3.01%                |        |       |       | 5.36%                |        |         |         |
| 7.                             | Benchmark returns (Crisil Liquid Fund Index)        | 2.85%                |        |       |       | 5.24%                |        |         |         |
| 8.                             | Net Assets at the end of the period (Rs. in crores) | 3.19                 |        |       |       | 3.03                 |        |         |         |
| 9.                             | Ratio of recurring expenses to Average Net Assets   | 0.38%                |        |       |       | 0.51%                |        |         |         |
| 10.                            | Net income (per unit)                               | 0.30                 |        |       |       | 0.27                 |        |         |         |

**P. Sundaram Select Debt- Short-term asset plan**

(Amount, Rs.)

| HISTORICAL PER UNIT STATISTICS |   | 04-09-02 to 31-03-03 |        |       |       | 01-04-03 to 31-10-03 |         |         |         |
|--------------------------------|---|----------------------|--------|-------|-------|----------------------|---------|---------|---------|
| 1.                             | Date of allotment                                   | 04.09.2002           |        |       |       | 04.09.2002           |         |         |         |
|                                |   | Div.                 |        |       |       | Grth.                |         |         |         |
|                                |   | Qty.                 | Hf-yr. | Ann.  | Grth. | Qty.                 | Hf-yr.  | Ann.    | Grth.   |
| 2.                             | NAV at the beginning (Rs.)                          | 10.00                |        |       |       | 10.24                | 10.44   | 10.44   | 10.44   |
| 3.                             | Transfer to reserves                                | -                    |        |       |       | -                    |         |         | -       |
| 4.                             | Dividend  | 0.20                 |        |       |       | 0.2205               | 0.50    | 0.70    | 0.35    |
|                                |   | Div.                 |        |       |       | Grth.                |         |         |         |
|                                |   | Qty.                 | Hf-yr. | Ann.  | Grth. | Qty.                 | Hf-yr.  | Ann.    | Grth.   |
| 5.                             | NAV at the end (Rs.)                                | 10.24                | 10.44  | 10.44 | 10.44 | 10.2603              | 10.1124 | 10.0951 | 10.4920 |
| 6.                             | Absolute Return (since inception)                   | 4.48%                |        |       |       | 8.16%                |         |         |         |
| 7.                             | Benchmark returns (Crisil Liquid Fund Index)        | 2.85%                |        |       |       | 4.97%                |         |         |         |
| 8.                             | Net Assets at the end of the period (Rs. in crores) | 18.39                |        |       |       | 113.74               |         |         |         |
| 9.                             | Ratio of recurring expenses to Average Net Assets   | 0.71%                |        |       |       | 0.53%                |         |         |         |
| 10.                            | Net income (per unit)                               | 2.03                 |        |       |       | 0.27                 |         |         |         |

**V. UNITS AND OFFER**
**(a) Initial Offer of Units**

The initial offer period for the scheme will commence from 3rd December 2003 and close on 23rd December 2003. The Board of Trustees, however, reserves the right to extend or advance the closing date subject to the conditions that initial offer shall not be kept open for more than 30 days.

During the initial offer period, units are offered at Rs.10/- and the entire amount is payable on application. The minimum targeted amount is Rs 1 crore. In accordance with SEBI Regulations, if the scheme fails to collect the minimum subscription amount of Rs.1 crore, the Fund shall be liable to refund the money to the applicants within six weeks from the date of closure of subscription list, by Registered A.D and by cheque or demand draft marked "A/c payee". Allotment of units in the scheme would be after the approval of the Board of Trustees.

Allotment is assured to eligible applicants provided the applications are complete in all respects and in order. Allotment of units shall be completed not later than 30 days after the close of the Initial Offer Period. The despatch of certificates / account statements/ refund warrants (if any) will be made within six weeks from the date of closure of subscription list. The Account Statement shall be non-transferable and is a conclusive proof of the unit holder's investment in the scheme.

**(b) Minimum Investment**

The minimum investment is Rs.5,000/- and Re.1/- thereafter.

**(c) Who can Invest**

The following persons may apply for subscribing to the units of Sundaram Monthly Income Plan (subject, wherever appropriate, to subscription to units of mutual funds being permitted under relevant statutory regulations and their respective constitutions):

- Resident Adult Individuals -
  - Singly or jointly (not exceeding three)
  - minors through their parents/ guardians
- Non resident Indians (NRIs) on Non repatriation basis and Repatriation basis subject to RBI Regulations.
- Hindu Undivided Family (HUF), in the name of the Karta;
- An association of persons or a body of individuals whether incorporated or not.
- Companies/Bodies Corporate/Public Sector Undertakings registered in India;
- Banks and Financial Institutions
- Charitable or Religious Trusts/ Wakf Boards or endowments and Registered societies (including registered co-operative societies) and private trusts, authorised to invest in units;
- Army/Airforce/Navy/Para-military funds and other eligible institutions;
- Scientific and/or Industrial Research Organisations authorised to invest in units;
- Other associations, Institutions, Bodies etc., authorised to invest in the units

It is expressly understood that the investor has the necessary legal authority/complied with applicable procedures for subscribing/redeeming the units. The AMC/trustee will not be responsible in case any transaction made by an investor is ultravires the relevant constitution /internal procedures.

**(d) How to apply during Initial Public Offering**

Application forms are available with all offices of Sundaram Asset Management Company Limited, Sundaram Finance Limited, Brokers, Agents, Investor Service Centres of CAMS and at all bank collection centres.

Application forms complete in all respects, accompanied by the amount of investment by means of a cheque/demand draft are to be submitted at the specified collection centres before closure of the scheme. Complete list of collection centres is enclosed elsewhere.

As per the directives issued by SEBI, it is mandatory for Applicants to mention their bank account numbers in their applications for purchase of units.

Kindly retain the acknowledgement slip initialed/stamped by the collecting authority.

**(e) Subscription to the Units of the Scheme on ongoing basis with effect from 12th January 2004:**

All valid applications for purchase of units of this scheme received before 3.30 PM on any Working Day shall be valued based on the applicable sale price. Requests received after 3.30 PM will be treated as having been received on the next Working Day.

$$\text{Sale Price} = \text{Applicable NAV} * (1 + \text{entry load})$$

For example:

|            |   |                         |
|------------|---|-------------------------|
| NAV        | : | Rs. 11.00               |
| Entry Load | : | Nil (At present)        |
| Sale Price | : | 11 * (1+0%) = Rs.11.00. |

Allotment is assured to all eligible applicants provided the applications are complete in all respects and are in order. However, the allotment of such units would be at the discretion of the Board of Trustees. The AMC/Mutual Fund reserves its right to accept or to reject in whole or in part any application not in accordance with the terms of the scheme, without assigning any reason.

A fresh Account Statement will be despatched reflecting the updated holding of the unit holder after every transaction. Under normal circumstances, the Account Statement will be despatched within ten working days from the date of the transaction.

**(f) Mode of Payment**

The payment may be made by any of the following modes:

- by a cheque payable locally and drawn on any bank which is a member of the bankers clearing house located at the place where the application form is submitted; or
- by demand draft payable at the place where the application form is submitted, from applicants residing at places where there is no collection centres for this scheme.
- In case of NRIs, Overseas Corporate Bodies and Persons of Indian Origin residing abroad payment may be made by Indian Rupee Drafts payable at Chennai, purchased abroad or by cheque/DD payable at Chennai, drawn on Non-resident (External) account, FCNR account maintained with the banks authorised to deal in Foreign Exchange in India.

All cheques/ demand drafts should be drawn in favour of 'Sundaram Monthly Income Plan' and crossed 'Account Payee only'. Please note that Cash, Stock Invest, outstation cheques/drafts, money orders and postal orders will not be accepted.

**(g) Refunds**

In accordance with the Regulations, if the scheme fails to collect the minimum subscription amount of Rs.1 crore, during the initial offer period the Fund shall be liable to refund the money to the applicants. Further, refund of application money to applicants whose applications are invalid for any reason whatsoever, will commence immediately after the allotment is completed. Refunds will be completed within six weeks of the close of the Initial Offer Period. If the Fund refunds the amount after six weeks, interest @ 15% per annum shall be paid by the AMC. Refund orders will be marked 'Account Payee Only' and drawn in the name of the sole/first applicant. All refund cheques will be sent by Registered Post A.D. It is mandatory for applicants to provide their bank name, branch name and account number in their application for purchase/redemption of units.

**(h) Repurchase of Units**

The units can be offered to Sundaram Mutual Fund for repurchase on any Working Day at NAV related prices with effect from 12th January 2004. The repurchase requests can be sent to specified investor service centres or to the corporate office of the AMC or to the Registrar. Unit holders have the option to exercise repurchase for a minimum of Rs.500/- and any amount thereafter.

All repurchase requests received before 3.30 PM on any working day at the notified centres will be valued on the applicable repurchase price, subject to the repurchase requests being complete in all respects. Requests received after the cut off time will be treated as having been received on the next Working Day.

**(i) Repurchase Price**

The Repurchase Price will be at the Net Asset Value per unit on the Valuation Date and reduced by Exit Load, if any. For example,

|   |   |           |
|---|---|-----------|
| Applicable NAV  | : | Rs. 11.00 |
| Less : Exit Load (subject to revision)                  | : | 0.50%     |
| Repurchase price (Applicable NAV * (100- exit Load)/100 | : | Rs.10.945 |

**(j) Listing**

As the fund stands ready to buy back the units of this scheme on any working day, it is not proposed to list the units of this scheme on any stock exchange.

**(k) Transfer**

The units of Sundaram Monthly Income Plan are freely transferable by act of parties or by operation of law. For effecting a transfer the applicable transfer form(s) shall be duly stamped and signed by all the unit holders and submitted along with the relevant unit certificate(s). The Asset Management Company shall on production of instrument of transfer together with the relevant unit certificates, register the transfer and return the unit certificates to the transferee within thirty days from the date of lodgement of transfer request at the office of the Registrar.

**(l) Transmission**

Under the scheme may be transmitted, after completion of the necessary formalities in the name(s) of the person(s) becoming entitled to the holdings in the event of the death of the unit holder(s). However, the Asset Management Company shall have the right to waive the fulfillment of any or all of the formalities relating to transmission.

**(m) Switching**

Unit holders will have an option to switch all or part of their investments in the scheme to any other scheme of Sundaram Mutual Fund, which is available for investment at that time.

The switch will be effected by way of a repurchase of units and a reinvestment of the proceeds in another scheme(s). Accordingly, to be effective, the switch must comply with the repurchase rules of this scheme and the issue rules of the other scheme (e.g as to the minimum number of units that may be repurchased or issued, load etc.)

The price at which the units will be switched out of the scheme will be based on the prevailing repurchase price and the proceeds will be invested in another scheme(s) at the prevailing public offering price for units in that scheme.

#### (n) Suspension of Sale/ Repurchase of units:

The sale/repurchase of the units of the scheme may be suspended temporarily or indefinitely under any of the following circumstances:

- During the period of Book closure, if any
- Stock markets stop functioning or trading is restricted
- Periods of extreme volatility in the stock markets, which in the opinion of the Investment Manager is prejudicial to the interest of the unit holders.
- A complete breakdown or dislocation of business in the major financial markets
- Natural calamities
- Declaration of war or occurrence of insurrection, civic commotion or any other serious or sustained financial, political or industrial emergency or disturbance.
- SEBI, by order, so directs.

In the above circumstances, the time limits indicated, for processing requests for purchase and repurchase of units will not be applicable.

Suspension or restriction of repurchase / redemption facility shall be made applicable only after the approval from the Board of Directors and the Trustees. The approval from the AMC Board and the Trustees giving details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

#### (o) Nomination Facility

In terms of Regulation 29A of SEBI Mutual Fund Regulations, the AMC will provide an option to investors, being individuals, to nominate a person in whom the units will vest upon the death of the investor. Joint holders may together nominate a person as a nominee. It must be understood that by providing this facility, the AMC is not declaring the nominee as the person entitled to the units upon the death of unit holder nor does the AMC purport to confer or grant any rights other than those available under law to the nominee. The nominee receives the units (subject to the rights of any subsisting charge holder) only as an agent/ trustee of the person who is entitled to them under law.

Where nominee is a minor, the details of parent/ guardian need to be furnished. Only an individual provided he/ she is otherwise not disqualified to own the units could be a nominee. Transmission of units (subject to the rights of any charge holder) to the nominee will constitute full discharge of the obligations of the AMC/ trustee, towards the estate / legal heirs / successors of the deceased unit holder.

The nomination facility is subject to applicable laws. Investors are requested to comply with the prescribed procedures to avail this facility, the details of which are available with the R&T agent.

#### (p) Duration of the scheme

Sundaram Monthly Income Plan is an open-ended scheme (with no assured returns), and as such it would have a perpetual duration. However, in terms of the SEBI regulations, this scheme may be wound up earlier after repaying the amount due to the unit holders:

1. If on the happening of any event which, in the opinion of the Board of Trustees, requires this scheme to be wound up; or
2. If 75% of the unit holders of this scheme pass a resolution that the scheme be wound up; or
3. SEBI so directs in the interest of the unit holders of this scheme. When the scheme is to be wound up, the Board of Trustees shall give notice of the circumstances leading to the winding up of the scheme:
  - (i) to SEBI and
  - (ii) to the unit holders of this scheme by publication in the newspaper(s) as per prevailing guidelines.

On and from the date of the publications of notice of winding up, the Board of Trustees or the Investment Manager, as the case may be, shall:

1. cease to carry on any business activities in respect of the scheme so wound up
2. cease to create or cancel units in the scheme
3. cease to issue or redeem units in the scheme

## VI. DETAILS OF PLANS OFFERED UNDER THE SCHEME

### 1. Options and Investment Plans offered under the scheme

The scheme offers the investors the following investment options.

#### a. Dividend Option

- i. Monthly
- ii. Quarterly
- iii. Half-Yearly

#### b. Growth Option

Re-investment of dividends is also available

#### a) Dividend Option

Under the dividend option dividends will be declared out of the distributable surplus as per SEBI regulations and paid to the investors holding the units on the record date fixed for this purpose. It is to be noted that while it is the intention of the trustee to pay out dividends at monthly/ quarterly/half-yearly periodicities, there is no assurance / guarantee with respect to the quantum or frequency or certainty of dividend distribution, which will depend on the performance of the scheme and availability of distributable surplus. The dividend pay out may also vary from month to month. The decision of the Trustees will be final in this regard.

Unit holders opting for the dividend option of the fund will only receive dividends. All those unit holders whose names appear in the Register of Sundaram Monthly Income Plan, under the dividend option - monthly, quarterly and half - yearly as the case may be, as on the Record Date, will be entitled to the dividend. The record dates for the said options will be as follows:

| Options      | Record Date   |
|--------------|---|
| Monthly      | the last working day of each month or such other date as may be decided by the Trustees.                          |
| Quarterly    | the last working day of March, June, September and December or such other date as may be decided by the Trustees. |
| Half- yearly | the last working day of March and September or such other date as may be decided by the Trustees.                 |

As per the Regulations, the Fund shall despatch to the unit holders, the dividend warrants within 30 days of declaration of dividend. dividends will be payable to those unit holders whose name appear in the Register of unit holders on the Record Date. The cheques/warrants will be drawn in the name of the sole/first holder and will be posted/mailed to the address as indicated in the application form. As per SEBI guidelines and in the interest of the investors to safeguard from loss or theft of dividend cheques/warrants, investors are requested provide the name of the bank, branch and account number in the application form. Such information would be incorporated in the cheque/warrants. Investors can also opt to receive dividend through the 'Direct Credit Facility' in specified branches of ABN Amro Bank, ICICI Bank, HDFC Bank, Standard Chartered Bank and IDBI Bank. The dividend payout will again be subject to the distribution tax payable by the Mutual fund as per the Income Tax Act or other Laws.

The NAV of the dividend plans will stand reduced/adjusted to the extent of dividend distributed including dividend/distribution tax, if any, and other statutory charges as on the record date. The NAV of the growth plan shall remain unaffected.

## SHUT-OUT PERIOD

After the closure of the Initial Offer Period, on an ongoing basis, investors should note that the AMC reserves the right to declare Shut-out period or closure period not exceeding 5 days at the end of each month / quarter / half-year as the case may be, for the investors opting for payment of dividend under the respective dividend options. The declaration of the shut-out period is envisaged to facilitate the AMC to determine the units of the unit holders eligible for receipt of dividend under the various dividend options. Further, the shut-out period will also help in quick processing and despatch of dividend warrants. The AMC shall arrange to display at all investor service centres at least 10 days before the introduction. The shut-out period will be applicable for making investments in the scheme. During the shut-out period the trustees may stop/restrict any transactions such as purchases, redemptions and switches under respective dividend options.

### b. Growth Option

Investors who would prefer capital appreciation can opt for the growth option. The income earned on their units will remain invested in the scheme and will be reflected in the Net Asset Value.

Under this option, ordinarily, there will be no dividend pay outs and the income earned will continue to remain invested/ deployed in the scheme and the movement in the NAV will reflect the growth.

Investors are required to tick the appropriate box in the application form indicating their option. If they omit to exercise their option, the default option will be monthly dividend payout.

### Dividend reinvestment

Investors opting for dividends may choose to reinvest the dividend due to them in the scheme, at the first ex dividend NAV. Such payment will be treated as a constructive payment of dividend to the investor and a constructive receipt of the same amount from the investor for investment into the scheme. The AMC has been advised that such reinvested dividends, being similar to dividend payment will be exempted from tax.

## 2. SYSTEMATIC INVESTMENT PLAN (SIP)

Investors can also benefit by investing specified rupee amounts periodically for a continuous period. This concept is called Rupee cost Averaging. This savings programme allows investors to save a fixed amount every month by purchasing additional units of the scheme. Therefore, the average unit cost will always be less than average sale price per unit irrespective of the market rising, falling or fluctuating.

### Example 1: RISING MARKET

| Month        | Investment (Rs.) | Offer Price (POP) | Units purchased |
|--------------|------------------|-------------------|-----------------|
| 1            | 1000             | 11                | 90.909          |
| 2            | 1000             | 12                | 83.333          |
| 3            | 1000             | 13                | 76.923          |
| 4            | 1000             | 14                | 71.429          |
| 5            | 1000             | 15                | 66.667          |
| <b>Total</b> | <b>5000</b>      | <b>65</b>         | <b>389.261</b>  |

Average Price (per unit) per month = Rs.13.00 (i.e Rs.65/5 months)

Average cost per unit = Rs.12.84 (i.e Rs.5000/ 389.261 units)

### Example 2: FLUCTUATING MARKET

| Month        | Investment (Rs.) | Offer Price (POP) | Units purchased |
|--------------|------------------|-------------------|-----------------|
| 1            | 1000             | 12                | 83.333          |
| 2            | 1000             | 9                 | 111.111         |
| 3            | 1000             | 15                | 66.667          |
| 4            | 1000             | 12                | 83.333          |
| 5            | 1000             | 13                | 76.923          |
| <b>Total</b> | <b>5000</b>      | <b>61</b>         | <b>421.367</b>  |

Average Price (per unit) per month = Rs.12.20 (i.e Rs.61/5 months)

Average cost per unit = Rs.11.87 (i.e Rs.5000/ 421.367 units)

### Example 3: FALLING MARKET

| Month        | Investment (Rs.) | Offer Price (POP) | Units purchased |
|--------------|------------------|-------------------|-----------------|
| 1            | 1000             | 13                | 76.923          |
| 2            | 1000             | 12                | 83.333          |
| 3            | 1000             | 11                | 90.909          |
| 4            | 1000             | 10                | 100.000         |
| 5            | 1000             | 9                 | 111.111         |
| <b>Total</b> | <b>5000</b>      | <b>55</b>         | <b>462.277</b>  |

Average Price (per unit) per month = Rs.11.00 (i.e Rs.55/5 months)

Average cost per unit = Rs.10.82 (i.e Rs.5000/ 462.277 units)

By investing a fixed amount of rupees at regular intervals, investors can take advantage of the benefits of Rupee Cost Averaging.

## 3. SYSTEMATIC WITHDRAWAL PLAN (SWP)

Unit holders of the scheme, who wish to withdraw a specified sum of money each month or quarter, can opt for this plan. SWP is ideal for those seeking regular inflow of funds. The minimum amount, which the unit holder can withdraw, is Rs.500. The unit holder may avail this plan by sending a written request to the AMC or to the Registrar. Withdrawals through SWP are effected as of the first working day of each month or quarter.

The amount thus withdrawn by this option, will be converted into units at the applicable repurchase price on that date and will be subtracted from the units balance to the credit of the unit holder. However Exit load is not applicable for monthly/quarterly, withdrawals made under the Systematic Withdrawal Plan. The Fund may close a unit holder's account if the balance falls below Rs.500/-, unit holders may change the amount indicated in the SWP, subject to a minimum amount specified above. The unit holder of the scheme may terminate the SWP on the written notice and it will terminate automatically when all the units of the unit holder are liquidated or withdrawn from the account.

The Asset Management Company reserves the right to amend the operational details of SWP options as may be deemed fit. Such amendments will have prospective effect.

The trustee may launch new plans, in the scheme, within an existing option. In such a case, in relation to subscriptions received during the initial subscription period, under such plans the trustee reserve the right to make allotment at the NAV of an existing option, on grounds of expediency, cost and interest of investors

The fund reserves the right to amend, add or withdraw any special features in the interest of investors

## 4. UNCLAIMED REDEMPTION / DIVIDEND AMOUNT

The unclaimed redemption amount and dividend amounts may be deployed by the mutual fund in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing net asset value. After a period of three years, this amount will be transferred to a pool account and the investors can claim the amount at NAV prevailing at the end of the third year. The income earned on such funds will be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing unclaimed amounts shall not exceed 50 basis points.

## VII. UNIT HOLDERS RIGHTS AND SERVICES

### 1. Investor Services

Prospective investors and existing unit holders are welcome to contact the Investor Relations Officer at the Corporate Office of the AMC for any further information about the schemes of Sundaram Mutual Fund and also for any service concerning their investments in the schemes of Sundaram Mutual Fund. The Fund ensures to complete all monetary transactions within ten working days from the date of receipt at the Investor Service Centres. Further, under normal circumstances, the AMC shall endeavour to despatch the repurchase proceeds within five working days. Non-monetary transactions and requests will be processed within ten days of receipt at any of the Investor Service Centres.

### 2. Account Statements

Each unit holder will be sent a non-transferable Account Statement, which is a conclusive proof of investment in the schemes of Sundaram Mutual Fund. The AMC will endeavour to forward the Account Statement within ten working days after every transaction of Sale or Repurchase of units and also in the case of other services. Investors are urged to preserve the Account Statement carefully as it is a valuable document.

### 3. NAV Information

The NAV of the scheme will be calculated and announced by the Fund on every Working Day. The unit holders and all prospective investors can obtain the latest NAV information, by calling the Corporate Office of the AMC or any of the designated Investor Service Centres. Publication of NAV, Repurchase and Sale prices shall be made daily at least in two daily newspapers in terms of SEBI Regulations. The AMC shall update the NAVs on the website of the Association of Mutual Funds in India – AMFI (www.amfiindia.com) on all working days.

### 4. Disclosure of information under the Regulations

The Mutual Fund and the AMC shall before expiry of one month from the close of each half year, i.e. March 31 and September 30, publish the unaudited financial results in one English newspaper circulating in the whole of India and in a Tamil newspaper published from Chennai.

The full annual report of the scheme and annual report of the AMC shall be available for inspection at the corporate office of the Mutual Fund and a copy thereof shall be made available to the unit holder on payment of Rs.10/-. The abridged scheme-wise annual report shall be mailed to all unit holders not later than six months from the date of closure of the relevant accounting year.

These shall also be displayed on the web site of Sundaram mutual fund and that of AMFI. Full portfolio in the prescribed format shall also be disclosed either by publishing it in the newspapers or by sending to the unit holders within one month from end of each half-year and it shall also be displayed on the web site of Sundaram mutual funds.

The fund shall publish, before expiry of one month from the close of each half year that is on 31st March and 30th September, its scheme portfolio in the prescribed format as per SEBI in one national English daily newspaper and in a newspaper in the language of the region where the HO of the fund is situated or send a copy to all the unit holders.

### 5. Rights of unit holders of the scheme

- Unit holders of this scheme have a proportionate right in the beneficial ownership of the assets of this scheme and dividend if any declared by the Fund under the scheme.
- When the Fund declares a dividend under this scheme, the dividend option unit holders are entitled to the despatch of the dividend warrant within 30 days from the date of declaration of dividend.
- Unit holders are entitled to the despatch of redemption or repurchase proceeds within 10 working days from the date of redemption or repurchase.
- The Board of Trustees is bound to make such disclosures to the unit holders as are essential in order to keep them informed about any information, known to Board of Trustees, which may have an adverse bearing on their investments.
- The appointment of the AMC for this scheme can be terminated by the majority of the Trustees or by three-fourths of the unit holders of the scheme(s) of the Fund. Any change in the appointment of the AMC shall be subject to the prior approval of SEBI and the unit holders of the respective schemes.
- The Board of Trustees are obliged to convene a meeting on a requisition made by three-fourths of the unit holders of a scheme.
- Three-fourths of the unit holders can pass a resolution to wind up this scheme.
- The unit holders have the right to inspect all the documents listed under "Documents Available for Inspection" printed elsewhere in this document.
- The Board of Trustees shall obtain the consent of the unit holders:
  - a) whenever required to do so by SEBI, in the interest of the unit holders;
  - b) whenever required to do so on the requisition made by 75% of the unit holders of this scheme;
  - c) when the Board of Trustees decides to wind up or prematurely redeem the units of this scheme;
  - d) when any change in the fundamental attribute of this scheme or the Trust or fees and expenses payable or any other change which would modify the scheme or affect the interest of the unit holders, is proposed to be carried out, no change shall be carried out unless (I) a written communication about the proposed change is sent out to each unit holder and an advertisement is given in one English daily newspaper having nation wide circulation as well as in a newspaper published in the language of the region where the Head office of the mutual fund is situated; and (II) the unit holders are given an option to exit at the prevailing NAV without any exit load. [Note: For the purpose of this clause, Fundamental Attributes mean the Investment Objective and terms of this scheme as detailed in Part II to this document.

### 6. Procedure and Manner of Obtaining Investors Approval in Specified circumstances

In the circumstances requiring the approval of unit holders, the AMC shall be guided by the directions issued by SEBI and the Board of Trustees, under the Regulations, in regard to the manner of obtaining such approval. Further, those unit holders who have not given their consent or have not responded shall be allowed to redeem their holdings in full in this scheme at any time at the net asset value based price.

### 7. Duration of the scheme

Sundaram Monthly Income Plan is an open-ended scheme (with no assured returns), and as such it would have a perpetual duration.

### 8. TAX BENEFITS OF INVESTING IN A MUTUAL FUND

Certain tax benefits are described below that are believed to be available, under present taxation laws, to the unit holders of Mutual Funds including Sundaram Mutual Fund. The information set forth below is included for general information purposes only. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to the specific tax consequences to him/her of participation in this scheme.

#### (i) TO THE FUND

The income earned by the fund will be totally exempt from tax under Section 10(23D) of the Income Tax Act, 1961.

However the fund will pay distribution tax @ 12.5% (plus surcharge) on dividends declared by it. Further the fund is eligible to receive its income without deduction of tax at source.

#### (ii) TO THE INVESTORS

##### (a) DIVIDENDS

The dividends received from the scheme by all categories of investors will be totally exempt from income tax. The fund will pay dividend tax @ 12.5% plus surcharge). There will be no deduction of tax from any payment of dividend made to residents.

##### (b) LONG TERM CAPITAL GAINS TAX

Capital gains tax will be @ 20% (plus surcharge) where the gain arises from units held for more than 12 months. For determining the long-term capital gain, the cost of acquisition of units will be increased by the cost inflation index notified under the income tax act. However the maximum tax payable on long-term capital gains will not exceed 10% (plus surcharge) of the gain computed without considering the cost inflation index benefit.

##### (c) TAX DEDUCTION AT SOURCE

Tax will be deducted at source only redemption payments made to non-residents. The deduction will be at

20% (plus surcharge), where the redemption relates to units held for more than 12 months. Where the redemption relates to units held for less than 12 months, the rate of deduction will be at 40% (plus surcharge) for foreign corporates and at 30% (plus surcharge) for all other non-residents.

Where the non resident investor files necessary certificates from tax authorities, authorising nil/ lower rates of tax deduction, tax will be deducted at nil or at such lower rates as specified in the certificates. To be effective, such certificates must be filed within such period as the AMC may prescribe in this behalf.

Where the rates as per the double taxation avoidance agreements in force under the Income Tax Act, are lower / more beneficial, than the rates prescribed in the Finance Act, such lower/ beneficial rates will be adopted for tax deduction. For this purpose the investors will be required to submit a certificate from tax authorities, confirming their entitlement to the concession.

Certificate for the tax deducted will be issued to the non-residents.

The AMC/ fund will not be liable for any loss/ delay in transit.

#### (d) LOSS ARISING FROM REDEMPTION

For claiming loss from sale of units, the investors are required to adhere to the minimum holding period prescribed under the Income Tax Act, failing which the loss to the extent of dividend will not be eligible for set off.

Further, there is a prohibition on set off of loss from sale of long term capital asset against gain from short-term capital asset.

#### (e) WEALTH TAX/ GIFT TAX

No wealth tax is payable on units of the scheme. There is no gift tax liability on gift of units of the scheme.

#### (f) OTHER BENEFITS

Units of the schemes are an eligible mode of investment in terms of the pattern of investment prescribed under the income tax act for the following entities:

1. Charitable trusts,
2. Scientific research associations,
3. Institutions/ associations / boards for regulating games/ sports, and
4. Employee welfare trusts.

## VIII. INVESTOR GRIEVANCES

The fund shall endeavour to adhere to the following time schedules on an ongoing basis (from the date of receipt).

| Redemption Cheque Mailing | Within 5 working days   |
|---------------------------|-------------------------|
| Purchase Intimation       | Withing 3 working days  |
| Address Change            | Withing 10 working days |
| Ownership transmission    | Withing 30 working days |

The above-mentioned time schedule does not include postal transit time.

Sundaram Asset Management Company Ltd and its Registrar have received general complaints/requests regarding non-receipt of unit certificate/account statements, which have been resolved by issuing duplicate certificates/statements.

The status of complaints/requests received and redressed for various schemes from 1st April 2001 to 31st October 2003 are as follows:

| Scheme Name                     | Received & redressed during the period |                  |                   |
|---------------------------------|--|------------------|-------------------|
|                                 | 1.04.01-31.03.02                       | 1.04.02-31.03.03 | 01.04.03-31.10.03 |
| Sundaram Growth Fund            | 678                                    | 1359             | 1575              |
| Sundaram Tax Saver'97           | 495                                    | 299              | 322               |
| Sundaram Bond Saver             | 4955                                   | 10364            | 12562             |
| Sundaram Tax Saver'98           | 35                                     | 58               | 43                |
| Sundaram Tax Saver (Open-ended) | 390                                    | 676              | 828               |
| Sundaram Balanced Fund          | 435                                    | 815              | 1152              |
| Sundaram Money Fund             | 76                                     | 218              | 293               |
| Sundaram Gift Fund              | 100                                    | 185              | 214               |
| Sundaram Select Focus           | -                                      | 345              | 1168              |
| Sundaram Select Midcap          | -                                      | 362              | 922               |
| Sundaram Income Plus            | -                                      | 2417             | 1130              |
| Sundaram Select Debt            | -                                      | 434              | 632               |

## IX. ASSOCIATE TRANSACTIONS

### (a) Investment in Group Companies

Sundaram Mutual Fund, under all its schemes, has not made any investments in the Group companies of the Sponsor. AMC does not have a separate policy for investment in securities of the group companies. If at any time such investments are made, it will be done on pure commercial consideration for the benefit of the fund. As per current regulations, no investment will be made in any unlisted security of an associate or group company of the sponsor and in any security issued by way of private placement by an associate or group company of the sponsor. Further, no investment will be made in listed securities of the group company of the sponsor, which is in excess of 25% of the net assets of the scheme of the fund. Investment in group companies will be done only in the interest of the fund and as per Regulations.

### (b) Underwriting obligations with respect to issues of Group/Associate Companies

The Sundaram Mutual Fund, under all its schemes, has till date not entered into any underwriting contracts in respect of any public issue made by any of the group/associate companies of the Sponsor.

### (c) Subscription to issues lead managed by Group/ Associate Companies

No schemes of Sundaram Mutual Fund have till date invested in any public issue lead managed by any Group/Associate company of the Sponsor.

### (d) Dealings with Group/Associate Companies

The AMC from time to time, for the purpose of conducting its normal business, uses the services of the Sponsor and the subsidiaries and other associates of the Sponsor, namely, Sundaram Insurance Broking Limited (formerly Sundaram Finance Securities Limited). The AMC may utilise the services of these group companies and any other subsidiary or associate company of the Sponsor to be established at a later date in case such an associate company is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies on commercial terms and on arms' length basis and at the then prevailing market prices to extent permitted under the applicable laws including the Regulations, after an evaluation of the competitiveness of the pricing offered by the associate companies and services to be provided by them.

In terms of the amendments to SEBI (Mutual Funds) Regulations, the Fund shall disclose at the time of declaring half yearly and yearly results:

- (a) any underwriting obligations undertaken by the schemes of the mutual funds with respect to issue of securities of associate companies
- (b) involvement, if any.
- (c) subscription by the schemes in the issues lead managed by associate companies
- (d) subscription to any issue of debt on private placement basis where the sponsor or its associate companies has acted as arranger or manager.

**During the period from 1st April 2003 to 31st October 2003 Sundaram Mutual Fund has paid:**

An amount of Rs. 35.49 lakhs to Sundaram Finance Limited towards sale of units, Sundaram Growth Fund Rs. 1.17 lakhs, Sundaram Select Focus Rs. 0.88 lakhs, Sundaram Select Midcap Rs. 1.24 lakhs, Sundaram Tax Saver (open-ended) Rs. 0.18 lakhs, Sundaram Balanced Fund Rs. 0.06 lakhs, Sundaram Bond Saver Rs. 25.16 lakhs, Sundaram Money Fund Rs. 2.82 lakhs, Sundaram Income Plus Rs. 3.58 lakhs, Sundaram Select Debt Rs. 0.40 lakhs. A sum of Rs.0.20 lakhs has been paid to TVS & sons towards sale of units of Sundaram Money Fund.

**During the year ended March 31, 2003, Sundaram Mutual Fund has paid:**

An amount of Rs. 5.98 lakhs to Sundaram Finance Limited towards sale of units, Sundaram Growth Fund Rs.0.03 lakhs, Sundaram Select Focus Rs.0.02 lakhs, Sundaram Tax Saver (open-ended) Rs.0.03 lakhs, Sundaram Bond Saver Rs. 2.80 lakhs, Sundaram Income Plus Rs.1.75 lakhs, Sundaram Money Fund Rs.0.91 lakhs, Sundaram Gilt Fund Rs.0.03 lakhs, Sundaram Select Debt Rs.0.41 lakhs.

**During the year ended March 31, 2002, Sundaram Mutual Fund has paid:**

An amount of Rs. 31.47 lakhs to Sundaram Finance Securities Limited towards sale of units, Sundaram Growth Fund Rs.0.85 lakhs, Sundaram Bond Saver Rs. 26.41 lakhs, Sundaram Tax Saver (open-ended) Rs.0.26 lakhs, Sundaram Money Fund Rs.1.54 lakhs, Sundaram Balanced Fund Rs.0.11 lakhs and Sundaram Gilt Fund Rs.2.30 lakhs.

**During the year ended March 31, 2001, Sundaram Mutual Fund has paid:**

An amount of Rs.0.82 lakhs to Sundaram Finance Services Ltd towards brokerage for sale of units, Sundaram Growth Fund Rs.0.10 lakhs and Sundaram Bond Saver Rs.0.72 lakhs, Rs. 33.99 lakhs to Sundaram Finance Securities Limited towards brokerage for sale of units, Sundaram Growth Fund Rs.2.85 lakhs, Sundaram Bond Saver Rs.24.79 lakhs, Sundaram Money Fund Rs.1.85 lakhs, Sundaram Balanced Fund Rs.3.77 lakhs and Sundaram Tax Saver (open-ended) Rs.0.73 lakhs.

**(e) Disclosure under Regulation 25(11) of the SEBI Regulations, 1996**

List of companies who held more than 5% of net assets of the scheme and investments made by the schemes in the said companies:

| Company which have invested | Scheme in which companies have invested more than 5% of the net assets | Schemes which have invested   | Aggregate investments made for the period under Regulation 25(11) | Holdings as at 30th Sept. 03 at market value |
|-----------------------------|--|---|---|--|
| Allahabad Bank              | SSD<br>SMON  | SFOCUS, MIDCAP<br>SGF, SUNTAX,<br>TAX98, STAX, SUNBAL,<br>MIDCAP & SFOCUS | 49.77<br>393.55   | -<br>-                                       |
| Bank of Baroda              | SMON & SSD   | SGF, SUNTAX, TAX98,<br>STAX, SUNBAL, MIDCAP<br>& SFOCUS                   | 533.07  | -  |
| Britannia Industries        | SSD  | SGF, SUNTAX, TAX98,<br>STAX, SUNBAL, % MIDCAP                             | 133.36  | -  |
| Canara Bank                 | SMON   | SGF, SUNTAX, TAX98,<br>STAX, SUNBAL, MIDCAP<br>& SFOCUS                   | 1581.11   | 224.92                                       |
| ITC                         | SMON   | SGF, SUNTAX, TAX98,<br>STAX, SUNBAL, MIDCAP<br>& SFOCUS                   | 676.81  | 236.81                                       |
| Maruti Udyog                | SMON   | SGF, SUNTAX, TAX98,<br>STAX, SUNBAL, MIDCAP<br>& SFOCUS                   | 648.08<br>17.38<br>1531.03*                                       | 405.04<br>-<br>1545.26*                      |
| Tata Chemicals              | SMON   | SGF, SUNTAX, TAX98, STAX,<br>SUNBAL, MIDCAP                               | 88.09   | -  |
| Karur Vysya Bank            | SMON   | SUNIP & MIDCAP  | 218.13  | 177.70                                       |
| TVS Motor Company           | SMON & SSD   | SGF, SUNTAX, TAX98, STAX,<br>SUNBAL, MIDCAP<br>& SFOCUS                   | 416.72  | -  |
| Union Bank of India         | SUNIP  | SGF, SUNTAX, TAX98, STAX,<br>SUNBAL, MIDCAP<br>& SFOCUS                   | 256.86  | -  |
| Vijaya Bank                 | SGF  | MIDCAP  | 26.45   | -  |
| Raymond                     | SSD  | SGF, SUNTAX, TAX98, STAX,<br>SUNBAL, MIDCAP & SFOCUS                      | 996.78  | -  |
| Wipro                       | SMON   | SMON  | 2000  | -  |
| Finolex                     | SSD  | SBS   | 557.87  | -  |
| IDFC                        | SMON, SSD  | SMON, SDEBT, SUNIP,<br>SUNBDS   | 5904.36*  | 5748.29*                                     |

\* Bonds/Debentures. Others – Equity Shares. All investments were made keeping in view of the fundamentals and long term prospects of the companies.

SUNGR0- Sundaram Growth Fund, SUNTAX- Sundaram Tax Saver '97, TAX98- Sundaram Tax Saver '98, STAX- Sundaram Tax Saver (Open-ended), SUNBAL- Sundaram Balanced Fund, MIDCAP – Sundaram Select Midcap, SFOCUS- Sundaram Select Focus, SUNBDS – Sundaram Bond Saver, SMON- Sundaram Money Fund, SUNIP- Sundaram Income Plus, SSD- Sundaram Select Debt.

**(f) Borrowings by Mutual Fund**

As per Regulations, the Fund may borrow to meet its temporary liquidity needs of the fund for the purpose of repurchase, redemption of units or payment of interest or dividend to the unit holders upto 20% of the net assets of the scheme. The duration of such borrowing shall not exceed a period of six months.

**(g) Inter Scheme Transfers**

The transfer of investments from one scheme to another scheme of the mutual fund will be done on the basis of prevailing market prices for traded securities on spot basis. In case of security is not traded, the transfer will be effected on fair valuation basis to be arrived by the AMC. Such transfers, if made would be done in conformity with the objectives of the schemes and sebi regulations

**(h) Dividends and Distributions**

The Board of Trustees may, monthly, quarterly, semi-annually or at such other intervals, decides and declares a dividend. However, it must be distinctly understood that the actual declaration of dividends under the scheme and the frequency thereof will, inter alia, depend upon the distributable surplus of the scheme. The decision of the Board of Trustees in this regard shall be final.

The dividend that may be paid out of the net surplus of the scheme will be paid only to those unit holders whose names appear in the register of unit holders on the notified record date.

**X. PENALTIES & PENDING LITIGATIONS:**

- No penalties have been awarded by SEBI under the SEBI Act or any of its Regulations against the sponsor of the Mutual Fund or any company associated with the sponsor in any capacity including the Asset Management Company, Trustees or any of the directors or any key personnel (specifically the fund managers) of the Asset Management Company and Trustees. No penalties have been awarded on the Sponsor and its associates by any financial regulatory body, including stock exchanges, for defaults in respect of shareholders, debenture holders and depositors. No penalties have been awarded for any economic offence and violation of any securities laws.
- There are no pending material litigation proceedings incidental to the business of the Mutual Fund to which the sponsor of the Mutual Fund or any company associated with the sponsor in any capacity including the Asset Management Company, Trustees or any of the directors or key personnel of the AMC is a party. Further, there are no pending criminal cases against the Sponsor or any company associated with the sponsor in any capacity including the Asset Management Company, Trustees or any of the directors or key personnel.
- There is no deficiency in the systems and operations of the sponsor of the Mutual Fund or any company associated with the sponsor in any capacity, including the Asset Management Company which SEBI has specifically advised to be disclosed in the Offer Document, or which has been notified by any other regulatory agency.
- There are no enquiries/ adjudication proceedings under the SEBI Act and the Regulations made thereunder, which are in progress against any company associated with the sponsor in any capacity including the Asset Management Company, Trustees or any directors or key personnel of the Asset Management Company.

**XI. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents are available for inspection to the unit holders at the Corporate Office of Sundaram Asset Management Company Limited at Chennai :

- Trust Deed of Sundaram Mutual Fund
- Copy of the Registration Certificate
- Investment Management Agreement
- Memorandum and Articles of Association of Sundaram Asset Management Company Limited
- Custodian Agreement
- Letter of Appointment of the Registrar
- SEBI (Mutual Funds) Regulations, 1996
- Indian Trusts Act, 1882
- The Companies Act, 1956

**XII. APPROVAL BY THE BOARD OF TRUSTEES**

The original Offer Document was approved by the Board of Trustees of Sundaram Mutual Fund at their meeting held on 26th April 2003.

Notwithstanding anything contained in the offer document the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines there under shall be applicable.

**Investors are advised to read the unabridged Offer Document of the scheme carefully before investment.**

For and on behalf of the Board of Directors of  
SUNDARAM ASSET MANAGEMENT COMPANY LIMITED

**T P Raman**

Managing Director

Place: Chennai

Date: 27th November 2003

## Sundaram Mutual Branches

No.104, Arth Complex,  
Behind A.K. Patel House,  
Mithakhali Six Road, Navarangpura,  
**Ahmedabad** - 380 009.  
Ph:079-8013337/8013338

1st Floor, 'Maangalaya Punarbhav',  
132, Brigade Road,  
(Next to Raheja Chancery),  
**Bangalore** - 560 025.  
Ph : 080 - 2076706 / 2076707

2nd Floor, 46, Whites Road,  
**Chennai** - 600 014.  
Ph : 044 - 28583362 / 67, 28569900.

The Monarch, 1st Floor,  
P.T.Usha Road, Ernakulam,  
**Cochin** - 682 011.  
Ph : 0484-2371988, 2374834.

41A, 1st Floor,  
West Lokamanya Street, R.S. Puram,  
**Coimbatore** - 641 002.  
Ph : 0422 - 2542816.

2nd Floor, Flat No.03,  
Majestic Heights, (V.V. Boulevard),  
Raj Bhavan Road (Food World Bldg.),  
Adj. Secunderabad TVS Motors,  
Somajiguda,  
**Hyderabad** - 500 082.  
Ph : 040 - 23393669/23390815.

Constantia, 4th Floor, 11,  
U.N.Brahmachari Sarani,  
**Kolkata** - 700 017.  
Ph : 033 - 22816707/22801283 /  
22805567/22873504

279, Goodshed Street,  
**Madurai** - 625 001. Ph : 0452 - 5377478

95, 9th Floor, Maker Chambers III,  
Plot No.223, Nariman Point,  
**Mumbai** - 400 021.  
Ph : 022 - 022 22842832 / 22842878 /  
22842879 / 22833863

605, 6th Floor, Ashoka Estate,  
24, Barakhamba Road,  
**New Delhi** - 110 001.  
Ph : 011 - 23730246 / 51515138/39.

1st Floor, Mantri,  
Vertex Law College Road, (Opp. Nirmitti),  
**Pune** - 411 004.  
Ph : 020 - 5450006 / 5456976

C/o. Sundaram Finance Ltd.,  
"Centre Point", 2nd Floor,  
95, Bharathi Dasan Salai,  
Cantonment,  
**Trichy** - 620 001.  
Ph : 0431 - 2761847/2414904

D.No.40-1-129, Chandramoulipuram,  
(Near Benz Circle), M.G.Road,  
**Vijayawada** - 520 010.  
Ph : 0866 - 2470778/2476018

2nd Floor, 48-19-2 Station Road,  
Dwaraka Nagar,  
**Visakhapatnam** - 530 016 .  
Ph : 0891-754505 / 754695

## CAMS Investor Service Centres

**Ahmedabad**  
402-406, 4th Floor, Devpath  
Building, Off CG Road,  
Behind Lal Bungalow,  
Ellis Bridge. Pin-380 006.

**Bangalore**  
No 8 Kempe Gowda Road ,  
2nd Floor, Mahaveer Shopping  
Complex, Above Kids Kemp.  
Pin-560009.

**Bhubaneswar**  
101/7, Janpath, Unit - III.  
Pin-751 001.

**Chandigarh**  
SCO No. 9-40, Navroop  
Building, Basement,  
Sector 17C. Pin-160 017.

**Chennai**  
Ground Floor, A & B. Lakshmi  
Bhawan, 609, Anna Salai.  
Pin-600 006.

**Coimbatore**  
462-A, Venkatasamy Road,  
New Sidhapudur Road.  
Pin-641 004.

**Indore**

Dalal Chambers, 101,  
Sagamatha Apartments,  
1st Floor, 18/7,  
MG Road. Pin 452 003.

**Jaipur**  
A-6, Sardar Patel Marg, C-  
Scheme, Opp. Bank of Raj H.O.  
Pin-502 001.

**Kanpur**  
G-27,28, Ground Floor,  
City Centre, 63/2, The Mall.  
Pin-208 001.

**Kochi**  
41/1617. Rock Hill, 1st Floor,  
Banerji Road (North).  
Pin-682 018.

**Kolkata**  
53/A, Rafi Ahmed Kidwai Road.  
Pin-700 016.

**Lucknow**  
No.3, 1st Floor Saran Chambers  
1, t, Park Road. Pin-226 001.

**Ludhiana**  
Shop No.20-21 (Ground Floor),  
Prince Market, Near Traffic  
Lights, Sarabha Nagar,  
Pulli, Pakhowal Road,  
PO. Model Town. Pin-141 002.

**Mangalore**  
6, 1st Floor, West Gate  
Terminus, Falnir Road,  
Opp. Unity Health Complex,  
Highlands. Pin-575 002.

**Mumbai**  
Apollo House, 82/84,  
Apollo Street,  
Mumbai Samachar Marg, Fort.  
Pin-400 023.

**Nagpur**  
145, Lendra Park, Behind  
Shabari, New Ramdaspath.  
Pin-440 010.

**New Delhi**  
14 & 15. Arunachal  
(Upper Ground Floor),  
19, Barakhamba Road.  
Pin-110 001.

**Panaji**  
No.15, Diamond Chambers,  
1st Floor, 18th June Road.  
Pin-403 001.

**Pune**  
Kalpataru Plaza, Office  
No. B-314, 3rd floor, 224,  
Bhawani Peth.  
Pin-411 042.

**Secunderabad**  
1-7-293/2/1 to 5/A,  
Behind Bank of India Building,  
Paradise, M G Road.  
Pin-500 003.

**Surat**  
111, Orion House, 1st Floor,  
(Behind Resham Bhawan),  
Lal Darwaja. Pin-395 003.

**Vadodara**  
G-10, Paradise Compled,  
Sayagunj. Pin-390 005.

**Visakhapatnam**  
47/9/17, 1st Floor, 3rd Lane,  
Dwaraka Nagar. Pin-530 016.

# Sundaram Monthly Income Plan



SERIAL No. **MIP**

| BROKER/AGENT NAME & CODE | SUB-BROKER'S NAME & CODE | COLLECTING CENTRE<br>STAMP & SIGN | DATE & TIME OF RECEIPT | REGISTRAR'S SERIAL NO. |
|--------------------------|--------------------------|-----------------------------------|------------------------|------------------------|
|                          |                          |                                   |                        |                        |

## 1. Existing Unit holder

- a. Are you making a purchase into an existing folio? (Please ✓)  Yes  No. Folio Number   
(If yes, Please note that investment details and mode of holding will be as per existing folio number).
- b. Do you wish to receive a consolidated account statement? (Please ✓)  Yes  No.  
Which folio number do you wish to consolidate under? Folio Number   
(Only folios where the signatories appear in the same order may be consolidated)

## 2. Unit holder Information

|   |  |  |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
|---|--|--|--|--------------------------------|--|---|---|---------|---|---|---|---|---|--------|--|--|--|
| a. Full Name of First Applicant<br>(as it appears in your bank account)                                 |  | PAN / GIR No.  |  | Date of Birth                  |  | D   | D | M       | M | Y | Y | Y | Y |        |  |  |  |
| Father / Husband 's Full Name   |  |  |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
| Full Name of Second Applicant   |  |  |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
| Full Name of Third Applicant  |  |  |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
| Full Name of Guardian (in case of minor)  |  |  |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
| b. Mode of Holding  |  | <input type="checkbox"/> Single  |  | <input type="checkbox"/> Joint |  | <input type="checkbox"/> Anyone or Survivor |   |         |   |   |   |   |   |        |  |  |  |
| c. Mailing Address  |  |  |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
|   |  |  |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
|   |  | Pin Code   |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
|   |  | Location   |  | City                           |  | State                                       |   | Country |   |   |   |   |   |        |  |  |  |
| d. Contact Particulars  |  | Tel : Office   |  |                                |  |   |   |         |   |   |   |   |   | Fax    |  |  |  |
|   |  | Residence  |  |                                |  |   |   |         |   |   |   |   |   | E-mail |  |  |  |
| e. Are you applying as  |  | i) <input type="checkbox"/> Resident <input type="checkbox"/> NRI  |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
|   |  | ii) <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input type="checkbox"/> Public Ltd. Co. <input type="checkbox"/> On behalf of Minor <input type="checkbox"/> HUF |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
|   |  | <input type="checkbox"/> Proprietorship <input type="checkbox"/> Trust <input type="checkbox"/> Pvt. Ltd. Co. <input type="checkbox"/> Society <input type="checkbox"/> Others _____           |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
| f. Nomination   |  | Please request for nomination form, if necessary <input type="checkbox"/> Yes  |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |
| g. Do you want a PIN assigned to you? (This PIN will allow you access to your account via the internet) |  | <input type="checkbox"/> Yes <input type="checkbox"/> No   |  |                                |  |   |   |         |   |   |   |   |   |        |  |  |  |



Second Floor, 46 Whites Road,  
Chennai - 600 014  
Ph : (044) 28583362, 28583367, 28585606

**Sundaram Monthly Income Plan**

Acknowledgement

SERIAL No. **MIP**

Received From Mr./Mrs./Ms. ....

Address .....

Signature & Stamp of collection centre

All future communication in connection with the application should be addressed to the Registrar **Computer Age Management Services (P) Ltd.**, 'Rayala Towers' First Floor, 781-785 Anna Salai, Chennai - 600 002. Tel: (044) 28521596, 28520516 quoting full name of Sole/First applicant, Application Serial No., Date, Name of the Bank and Branch or Centre where it was lodged.

Cheques/Drafts are subject to realisation

SERIAL No. **MIP**

### 3. Payment of Dividends and Redemption

Sundaram Mutual Fund will endeavour to use Warrant/Draft or Direct Credit payment of dividend/redemption but retains the right to use any other mode of payment as deemed appropriate. You may select either Direct Credit option for receiving dividends/redemption in your bank account or warrants. Please read Instructions (section 4) below.

Direct Credit  Warrant/Draft

Direct Credit of Dividend and Redemption : If you have an account in any of the following banks you can opt for direct credit of dividend and redemption to your bank account.

I authorise Sundaram Mutual Fund to credit my dividends/redemption amount to my account maintained with the following Bank (Please )

ABN Amro Bank  ICICI Bank  HDFC Bank  Standard Chartered Bank  IDBI Bank

### 4. Bank Account Details *Please note it is mandatory as per SEBI regulations for all investors to provide bank account details*

Please write the application Serial Number on the reverse of the Cheque/Demand Draft. All communication and payments will be made to the first applicant or to the Karta in case of HUF.

|                   |                                  |                                  |                                      |                              |                              |  |  |  |  |  |        |  |  |
|-------------------|----------------------------------|----------------------------------|--------------------------------------|------------------------------|------------------------------|--|--|--|--|--|--------|--|--|
| Name of Your Bank |                                  |                                  |                                      |                              |                              |  |  |  |  |  | Branch |  |  |
| Your Account No.  |                                  |                                  |                                      |                              |                              |  |  |  |  |  |        |  |  |
| Bank Address      |                                  |                                  |                                      |                              |                              |  |  |  |  |  |        |  |  |
| Account Type      | <input type="checkbox"/> Current | <input type="checkbox"/> Savings | <input type="checkbox"/> Cash Credit | <input type="checkbox"/> NRE | <input type="checkbox"/> NRO |  |  |  |  |  |        |  |  |

### 5. Investments Opted for

If you do not indicate an investment option, the default option will be applicable. **Please issue a separate Cheque/Demand Draft for each investment.**

#### SMIP Sundaram Monthly Income Plan

| Amount        | DD Charges | Net Amount | Chq/DD No. | Date | Bank & Branch |
|---------------|------------|------------|------------|------|---------------|
| Net Amount    |            |            |            |      |               |
| In words..... |            |            |            |      |               |

**Investment Plan** (please )

Growth  Div. Payout  Div. Re-investment

**Dividend Periodicity** (please )

Monthly  Quarterly  Half-yearly

### Instructions

Please read the offer document carefully before filling in the application form. Applicants are deemed to have understood the terms subject to which this offer is being made, by filling and signing this application form.

#### SECTION - 1

In section 1b of this form, you may indicate a folio number under which you would like to consolidate your investments under different schemes of Sundaram Mutual Fund. Please note that Sundaram Mutual Fund can only consolidate these folios where the signature(s) appear in the same order as the signature(s) in the folio under which you are consolidating.

#### SECTION - 2

All new applicants must complete section 2. Name and address must be given in full. Applicants' PAN/GIR number must be provided if the amount invested is over Rs.1,00,000. We advise all applicants to provide this number irrespective of the application amount. All communication and payments will be made to the first applicant or to the Karta in case of HUF.

Applicants who have checked the mode of holding as "Single" in section 2(b) may nominate a successor to receive units upon his/her death.

Where the mode of holding in section 2(b) has been specified as "Joint" the first named holder shall receive all Account Statements, Dividend/Redemption/refund warrants and any other correspondence sent from time to time.

In case of an application under a Power of Attorney or by a limited company or a body corporate or a registered society or a trust or a partnership, the relevant Power of Attorney or the relevant resolution or authority to make the application and the Trust Deed or the Partnership Deed as the case may be, or duly certified copy thereof, along with the Memorandum and Articles of Association and/or bye-laws must be lodged along with the Application Form or at the Registrar's office in Chennai within seven days from the date of application, quoting the details of the application. Sole Proprietary firms may submit a completed nomination form to enable transmission of units in the event of death of the sole Proprietor. In case of HUF, a list of all co-parceners together with their dates of birth and specimen signatures must be lodged at the Registrar's office within seven days.

Applicants who request a Personal Identification Number (PIN) by ticking the box in section 2(g) will be sent a PIN agreement which will be mailed separately. This PIN allows you to access your account information via the internet.

#### SECTION - 3

Please tick the box if you would like to receive your dividend amount and/or redemption payment under the following mode.

• Direct Credit to your bank account with select banks.

• Warrants/Drafts (The warrants/drafts will be payable only at cities where Sundaram Mutual Customer Service Centres are located).

#### SECTION - 4

In order to protect the interest of the investors from fraudulent encashment of refund/redemption cheque, the current SEBI guidelines require that refund orders/redemption cheques specify the name of the investor, bank name and account number where the cheque is intended to be credited. Hence, investors are advised in their interest to provide the name of the Bank, Branch address, account type and account number for remittance of redemption amount. The Trustees/Investment Manager will not be responsible for any loss arising out of fraudulent encashment of cheques or delay/loss in transit.

#### SECTION - 5

Please note that if you do not tick the investment plan/type box (i.e. growth plan or dividend plan) of the relevant scheme in Section 5 then the Mutual Fund will buy you into the default option of the scheme - monthly dividend payout.

Mode of Payment : The cheque/bank draft should be drawn in favour of the scheme you are investing in and crossed "a/c payee only". For example, if you are investing in Sundaram Monthly Income Plan the cheque or DD must be made payable to "Sundaram Monthly Income Plan".

#### SECTION - 6

Signature should be in English or in any Indian language. Thumb impressions must be attested by a Magistrate/Notary Public under his/her official seal. In case of HUF the Karta should sign on behalf of the HUF.

### 6. Declaration and Signatures

The Trustees

Sundaram Mutual Fund

Having read and understood the contents of the Offer Document(s) of the scheme(s), I/we hereby apply for units of Sundaram Monthly Income Plan as indicated in Section 5 above and agree to abide by the terms, conditions, rules and regulations of the scheme(s). I/We have not received nor been induced by any rebate or gifts, directly or indirectly in making this investment.

#### SIGNATURES

1st Applicant \_\_\_\_\_

2nd Applicant \_\_\_\_\_

3rd Applicant \_\_\_\_\_

|                                    |  |
|------------------------------------|--|
| Scheme Name                        |  |
| Cheque / DD No.                    |  |
| Date                               |  |
| Drawn on (Name of Bank and Branch) |  |
| Amount in Rupees                   |  |