

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

AUDITORS REPORT

The Board of Trustees
Sundaram Mutual Fund
Chennai

We have audited the attached Balance Sheet of Sundaram Mutual Fund - **SUNDARAM BALANCED FUND** as at March 31, 2012 and the Revenue Account for the **Year** ended on **that date**. These financial statements are the responsibility of the management. Our responsibility is to express our opinion on these financial statements based on our audit.

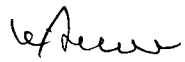
We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

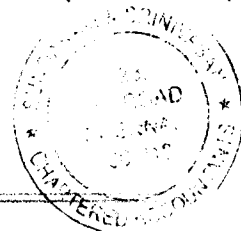
On the basis of the audit as indicated above, we report as follows:-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. The Balance Sheet and Revenue Account are in agreement with the books of accounts of Sundaram Mutual Fund.
3. a) The accounts have been prepared in accordance with accounting policies and standards as specified in the Ninth Schedule of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
b) In our opinion, the valuation methods adopted by the fund for valuation of non-traded securities, "in good faith" are fair and reasonable.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes forming part of Accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in case of Balance Sheet, of the state of affairs of the aforesaid Schemes of Sundaram Mutual Fund, **SUNDARAM BALANCED FUND** as at March 31, 2012 and
 - b) In the case of Revenue Account of the **Deficit** of Sundaram Mutual Fund - **SUNDARAM BALANCED FUND** for the **Year** ended on **31/03/2012**.

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

Place: Chennai
Date: 26th June, 2012


K. SRINIVASAN
PARTNER (M.No: 5809)



BALANCE SHEET AS AT 31st MARCH, 2012

Amount in Rs.

	SCHEDULE NO.	31-Mar-12	31-Mar-11
LIABILITIES			
Unit Capital	1	463,451,679	581,613,459
Reserves & Surplus	2	97,903,911	178,985,097
Current Liabilities & Provisions	3	4,292,090	11,681,165
		565,647,680	772,279,721
ASSETS			
Investments	4	555,857,948	760,145,229
Deposits	5	717,567	680,999
Other Current Assets	6	9,072,165	11,453,493
		565,647,680	772,279,721

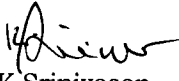
Notes on Accounts

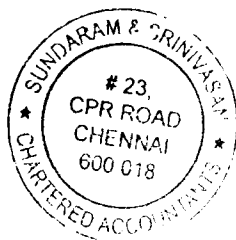
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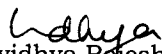
As per our Report of even date


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

For
Sundaram Asset Management Company Ltd


K Srinivasan
Partner
(M.NO : 5809)




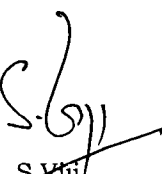

Srividhya Ramesh
Fund Manager


T P Raman
Managing Director


S Bharath
Fund Manager

For and on Behalf of
Sundaram Trustee Company Ltd


K V Ramanathan
Chairman


S Viji
Director


R. Rajamani
Director

M. S. Sundara Rajan
Director

Place : Chennai
Date : 26th June 2012

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

	Schedule No.	Amount, Rs	
		2011-12	2010-11
REVENUE			
Dividend		6,911,621	4,982,841
Interest	7	14,711,179	24,132,967
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		-	16,429,977
Net profit on inter scheme transfer / sale of investments		18,200	-
Diminution in value of investments written back on sale of securities		1,526,654	13,057,570
Other Income		208,297	475
TOTAL (A)		23,375,951	58,603,830
EXPENSES			
Net Diminution in the Value of Investments	8	27,860,276	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		42,553,899	-
Loss on inter scheme transfer / sale of investments		-	1,552,769
Management fee		8,230,117	10,920,708
Trusteeship fee		65,844	89,495
Commission to Agents		3,407,557	2,623,170
Publicity expenses		7,295,245	5,033,739
Marketing Expenses		1,303,898	12,820,762
Audit fee		59,490	58,885
Other operating expenses		946,626	1,443,189
Custodian charges		159,720	264,380
Registrar expenses		623,440	1,258,672
SEBI Fees		5,189	7,219
		92,511,301	36,072,988
Less : Amount transferred from load on account of Marketing Expenses		5,648,347	14,370,300
TOTAL (B)		86,862,954	21,702,688
SURPLUS / (DEFICIT) (A-B)		(63,487,003)	36,901,142
Add/(Less) : Balance in Equalisation Account		(15,977,444)	271,378,734
		(79,464,447)	308,279,876
Less: Income Distributed		298,476	617,924,153
		298,476	617,924,153
Surplus /(Deficit) transferred to Balance Sheet		(79,762,923)	(309,644,277)

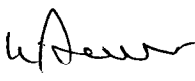
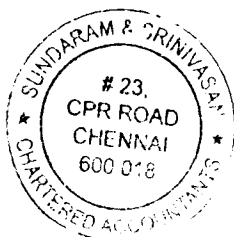

Notes on Accounts

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
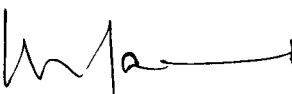
As per our Report of even date

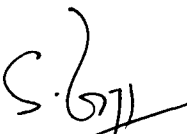
For Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

For Sundaram Asset Management Company Ltd


K Srinivasan
Partner
(M.NO : 5809)


Srividhya Rajesh
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For and on Behalf of
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Chairman


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R Rajamani
Director
M. S. Sundara Rajan
DirectorPlace : Chennai
Date : 26th June 2012

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SCHEDULE : 1**Unit Capital**

	31-Mar-12		31-Mar-11	
	UNITS	AMOUNT	UNITS	AMOUNT
	18,459,050.00	184,590,500	18,459,050.00	184,590,500
Initial capital				
Unit Capital				
Opening Capital	58,161,346	581,613,461	69,458,963	694,589,626
Add: Units sold during the year	3,505,130	35,051,296	97,960,448	979,604,477
Less : Units repurchased during the year	61,666,476	616,664,757	167,419,410	1,674,194,103
	15,321,308	153,213,076	109,258,064	1,092,580,644
Units at the end of the Year	46,345,168	463,451,679	58,161,346	581,613,459
		463,451,679		581,613,459

SCHEDULE : 2**Reserves & Surplus**

	31-Mar-12		31-Mar-11	
	Rs.		Rs.	
Unit Premium Reserve				
Opening Balance	13,980,206		2,431	
Amount Received on Sale / Repurchase of Units (net)	(1,746,690)	12,233,516	13,977,775	13,980,206
General Reserve				
Opening Balance	165,002,685		474,646,962	
Add / (Less): Transfer from Revenue Account	(79,762,923)	85,239,762	(309,644,277)	165,002,685
Unrealised appreciation reserve				
Opening Balance	2,206		95,999	
Add / (Less) Net unrealized appreciation for the year	428,427	430,633	(93,793)	2,206
Unrealised Appreciation Reserve (Schedule 8)		-		-
		97,903,911		178,985,097

SCHEDULE : 3**Current Liabilities & Provisions**

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	3,710,652	8,509,324
Income Distribution Payable	122,055	1,295,864
Unclaimed Distributed Income (No. of warrants 84)	383,325	383,325
Others	76,058	1,492,652
	4,292,090	11,681,165

SCHEDULE : 4**Investments**

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Equity Shares	404,062,961	598,901,441
Non-Convertible Debentures- Listed	140,527,285	142,883,436
Government Securities	3,489,600	3,577,160
Certificate of Deposits	2,728,102	-
Investment in Reverse Repo / CBLO	5,050,000	14,783,192
	555,857,948	760,145,229

SCHEDULE : 5**Deposits**

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Deposits with Scheduled Bank	717,567	680,999
	717,567	680,999

SCHEDULE : 6**Other Current Assets**

	31-Mar-12	31-Mar-11
	Rs.	Rs.
Balance with banks in Current Accounts	1,967,648	5,423,866
Contract for Sale of Investments	737,328	-
Interest Receivable - REPO		(2)
Outstanding and accrued Income	6,306,079	6,014,757
Others	61,110	14,872
	9,072,165	11,453,493

SCHEDULE : 7**Interest**

	2011-12	2010-11
	Rs.	Rs.
Interest from banks and others	801,720	4,020,128
Interest on Debentures and Bonds	13,559,368	12,462,089
	14,711,179	24,132,967

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

	2011-12	2010-11
	Rs.	Rs.
Appreciation in Value of Investments		
Central Government Securities	-	2,206
Debentures / Bonds listed / awaiting listing on the recognised stock exchange	430,633	-
Net -Unrealised appreciation reserve	430,633	2,206
Net Diminution in the Value of Investments		
Total (B)	-	-
Change in Unrealised Depreciation in the Value of Investments (B) - (A)	(53,380,849)	(27,047,227)
Diminution in value of investments		
Equity Shares	53,274,077	25,520,573
Central Government Securities	85,354	-
Debentures & Bonds listed / awaiting listing in the Recognised the recognised stock exchange	-	1,526,654
Money Market Instruments	21,418	
Net -Unrealised Diminution in value of investments	53,380,849	27,047,227

SUNDARAM MUTUAL FUND

SUNDARAM BALANCED FUND

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

SCHEDULE 9

All amounts mentioned rupees in lakhs

NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

1.1. INVESTMENTS

Investment transactions are accounted on trade dates at cost including brokerage, stamp duty and other levies.

Investments are marked to market. In valuing the Scheme's investments:

a) Government Securities

· Government Securities are valued at the prices obtained from CRISIL in accordance with the guidelines for valuation of securities for mutual funds issued by SEBI.

· Instruments bought on 'repo' basis have been valued at the resale price after deduction of applicable interest up to date of resale.

b) Other Securities

· Traded Securities are valued at the last quoted closing price on the stock exchange. Non-traded / thinly traded securities are valued in good faith on the basis of guidelines issued by SEBI in this regard.

In accordance with the guidance note on accounting for investments in the financial statement of mutual funds issued by The Institute of Chartered Accountants of India, the investments are valued separately category-wise and the net unrealised appreciation is directly transferred to unrealised appreciation reserve and the net diminution is debited to revenue account.

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

1.2. INCOME RECOGNITION

(i) Dividend is accounted on accrual basis and recognized on ex-dividend dates.

(ii) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.

(iii) Income on investments is accounted on accrual basis.

(iv) Other income is accounted on cash basis.

1.3. EXPENSES

Expenses are accounted for on accrual basis.

1.4. LOAD

In terms of SEBI circular dated 30th June 2009, out of the exit load charged to the investor, a maximum of 1% of the redemption proceeds is maintained in a separate account which can be used by the AMC to pay commission to the distributor and for marketing and selling expenses of the scheme. Any balance in excess of 1% is credited to the scheme immediately and unutilised portion in the load account shall be credited to the scheme whenever felt appropriate by the AMC.

1.5. EQUALISATION ACCOUNT

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

1.6. UNIT PREMIUM RESERVE

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

2. INVESTMENT MANAGER FEES

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

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Description	01.04.11 to 31.03.12	01.04.10 to 31.03.11
Average daily net asset value	6,584.01	8,949.50
Management fee @ 1.25% of average daily net asset value. (Previous year 1.22%)	82.30	109.21

3. INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE NET ASSET VALUE OF THE SCHEMES OF SUNDARAM MUTUAL FUND.

As Per Annexure - I

4. AGGREGATE VALUE OF PURCHASES & SALES MADE DURING THE YEAR.

The aggregate value of investments purchased and sold (including matured) during the Year. as a percentage of average daily net asset value is as under :

Description	01.04.11 to 31.03.12	01.04.10 to 31.03.11
PURCHASE VALUE (AMOUNT)	1,206.27	28,080.51
%	18.32%	313.77%
SALES VALUE (AMOUNT)	2,470.87	31,330.86
%	37.53%	350.08%

5. AGGREGATE FAIR VALUE OF NON-TRADED / THINLY TRADED INVESTMENTS-

Aggregate Fair Value of non traded / thinly traded investments valued in "good faith" exceeding 5% of the Net Asset Value as at the end of the Year. :

Description	31.03.2012	31.03.2011
Aggregate Fair Value of non traded / thinly traded investments valued in "good faith" exceeding 5% of the Net Asset Value as at the end of the Year.	1,432.55	NIL
% to the asset under management	25.52%	NIL

6. INCOME / EXPENDITURE

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

DESCRIPTION	01.04.11 to 31.03.12	01.04.10 to 31.03.11
INCOME	3.32%	6.55%
EXPENDITURE	2.50%	2.25%

7. CONTINGENT LIABILITY

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

8. AMOUNT PAID TO SPONSORS / ASSOCIATES

	01.04.11 to 31.03.12	01.04.10 to 31.03.11
Sundaram Finance Ltd (Sponsor)	0.36	0.88
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	-	NIL
Indus Ind Bank Ltd (Associate)	0.02	0.10
Sundaram BNP Paribas Funds Servcies Ltd (R & T)	6.23	6.32

9. TOTAL VALUE OF INVESTMENTS FALLING UNDER EACH MAJOR INDUSTRY GROUP WHICH CONSTITUTES NOT LESS THAN 5% OF THE TOTAL INVESTMENTS IS AS BELOW:

(% of total investment within the classification)

Refer Annexure - II

10. PORTFOLIO DISCLOSURE

Full portfolio of the scheme is given in Annexure - III

11. MOVEMENT IN UNIT CAPITAL

As Per Schedule-I

12. ACCOUNTING STANDARD 17 ON SEGMENT REPORTING

As the Financial Statements are prepared separately on each scheme, no further disclosure under Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India is considered necessary. There is no secondary reporting segment.

ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

Related party disclosures as required by the Accounting Standard 18 - "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given as Annexure - IV

13. HISTORICAL PER UNIT STATISTICS

	2011-12 Rs.			2010-11 Rs.			2009-10 Rs.			
	Dividend Option	Growth Option	Ins Dividend	Ins growth	Dividend Option	Growth Option	Ins Dividend	Ins growth	Dividend Option	Growth Option
(A) Gross income										
(i) income other than profit on sale of investment		0.4711				0.5006				0.2821
(ii) income from profit on inter scheme sales/transfer of investments		0.0004				-0.0267				0.0819
(iii) income from profit on sale of investment to third parties		-0.9182				0.2825				2.4285
(iv) transfer to revenue account from past year's reserves		0.0000				0.0000				0.0000
(B) Aggregate of expenses, write off, amortisation and charges		0.3549				0.3464				0.2674
(C) Net income		-0.8017				0.4100				2.5251
(D) Net unrealised appreciation/(diminution) in value of investments		1.1425				-0.0465				0.0187
(E) Net Assets Value	10.0145	45.1085	10.4801		11.0548	49.3025	10.9344		15.4388	44.3427
(F) Highest repurchase price	11.3663	51.2049	11.0089	37.7708	18.6663	53.5891	16.4776	37.7708	16.1554	46.4066
Lowest repurchase price	8.963	40.3728	10.0672	37.7708	10.4905	41.987	10.4093	37.7708	10.9455	25.8181
Highest ongoing sale price *	11.2287	50.0781	11.0089		18.6663	53.5891	16.4776	37.7708	16.4726	47.3073
Lowest ongoing sale price *	8.9628	40.3721	10.3575		10.4905	41.987	10.4093	37.7708	10.9403	26.0789
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage		2.50%				2.25%				2.49%
(H) Ratio of gross income to average daily net assets by percentage		3.32%				6.55%				26.16%

* includes entry load as applicable

14. Computation of Distributable Income

	2011-12	2010-11	2009-10
Net Income as per revenue account	(79,464,447)	308,279,876	457,805,560
Add : Balance of Undistributed income as at 1st April brought forward	165,002,685	474,646,962	73,916,146
	85,538,238	782,926,838	531,721,706
Less : Income Distributed during the year	298,476	617,924,153	57,074,744
Distributable Income	85,239,762	165,002,685	474,646,962
Add : Unit Premium Reserve			
Distributable Income	85,239,762	165,002,685	474,646,962

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

ANNEXURE - II

SUNDARAM BALANCED FUND		% of total investments within the classification	
		2011-2012	2010-2011
EQUITY INSTRUMENTS			
	AUTOMOBILE	6.36%	6.26%
	CONSTRUCTIONS	8.29%	0.00%
	ENERGY	16.71%	19.55%
	FINANCE	42.37%	27.35%
	IT	14.78%	25.87%
	MANUFACTURING	0.00%	7.18%
	PHARMA	11.50%	10.54%
DEBT INSTRUMENTS			
a) Listed / awaiting listing on Stock Exchange			
	DIVERSIFIED	6.94%	3.38%
	FINANCE	93.06%	96.62%
Money Market Instruments			
	FINANCE	100.00%	0.00%

ANNEXURE - III

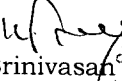
SUNDARAM BALANCED FUND					
Portfolio Statement for the Year ended 31 March, 2012					
S.NO	Particulars	Rating	Quantity	Mkt Value Rs. in Lacs	% of Holding
Equity & Equity Linked Instruments					
a) Listed / awaiting listing on Stock Exchanges					
1	Lupin Laboratories Ltd	PHARMA	87763	464.70	8.36%
2	Reliance Industries Ltd	ENERGY	55445	416.17	7.49%
3	TCS	IT	30170	352.63	6.34%
4	Kotak Mahindra Finance Ltd	FINANCE	64544	351.99	6.33%
5	State Bank of India	FINANCE	16758	351.31	6.32%
6	IDFC Ltd	FINANCE	255397	344.80	6.20%
7	ING Vyasya Bank	FINANCE	96224	341.69	6.15%
8	Larsen & Toubro Eng Co	CONSTRUCTIONS	25591	334.99	6.03%
9	ICICI Bank	FINANCE	36189	322.15	5.80%
10	Oil & Natural Gas Corpn. Ltd.,	ENERGY	96514	259.00	4.66%
11	TVS Motor Company Ltd	AUTOMOBILE	626360	256.82	4.62%
12	Infosys Technologies Ltd	IT	8527	244.41	4.40%
	Sub Total			4040.66	72.69%
A) Debt Instruments					
a) Listed / awaiting listing on Stock Exchange					
1	Union Bank of India **	AAA	100	999.70	17.98%
2	LIC HOUSING FINANCE **	AAA	14	139.14	2.50%
3	NABARD **	AAA	10	99.17	1.78%
4	Aditya Birla NUVO Ltd **	AA+	10	97.49	1.75%
5	Shriram Transport Finance Company **	AA	7	69.77	1.26%
	Sub Total			1405.27	25.28%
b) Govt Security					
1	Govt. of India - GSEC / TBL		40000	34.89	0.63%
	Sub Total			34.89	0.63%
B) Money Market Instruments					
1	IDBI Bank **	A1+	30	27.28	0.49%
	Sub Total			27.28	0.49%
C) Others					
1	REVERSE REPO / CBLO			50.50	0.91%
	GRAND TOTAL			5,558.60	100.00%

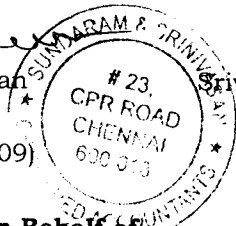
** Thinly traded / Non Traded securities

Signatures to the schedules 1 to 9 are forming part of the Balance Sheet and the Revenue Account.

For Sundaram & Srinivasan
Chartered Accountants
(FRN No.: 004207S)

For Sundaram Asset Management Company Ltd



K Srinivasan
Partner
(M.No : 5809)

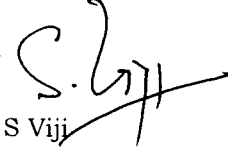




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K V Ramanathan
Chairman


S Viji
Director


R Rajamani
Director

M S Sundara Rajan
Director

Place : Chennai

Date : 26th June, 2012