

AUDITORS REPORT

The Board of Trustees
Sundaram Mutual Fund
Chennai

We have audited the attached Balance Sheet of Sundaram Mutual Fund - **SUNDARAM BOND SAVER** 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.

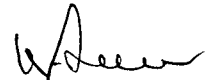
We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence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

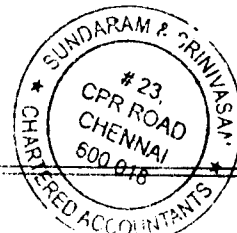
On the basis of the audit as indicated above, we report as follows:-

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 BOND SAVER** as at March 31, 2012 and
 - b) In the case of Revenue Account of the **Surplus** of Sundaram Mutual Fund - **SUNDARAM BOND SAVER** 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.

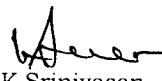
	SCHEDULE NO.	31-Mar-12	31-Mar-11
LIABILITIES			
Unit Capital	1	464,485,849	145,175,409
Reserves & Surplus	2	120,207,150	90,422,629
Current Liabilities & Provisions	3	31,296,465	9,667,775
		615,989,464	245,265,813
ASSETS			
Investments	4	578,120,428	234,472,897
Deposits	5	4,296,896	4,036,763
Other Current Assets	6	33,572,140	6,756,153
		615,989,464	245,265,813

Notes on Accounts 9

As per our Report of even date


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

For
Sundaram Asset Management Company Ltd



K Srinivasan
Partner
(M.NO : 5809)





Dwijendra Srivatsava
Fund Manager

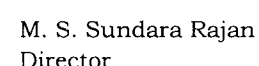

T P Raman
Managing Director

For and on Behalf of
Sundaram Trustee Company Ltd


K V Ramanathan
Chairman


S Viji
Director


R. Rajamani
Director


M. S. Sundara Rajan
Director

Place : Chennai
Date : 26th June 2012

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

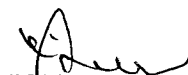
		Amount, Rs			
	Schedule No.	2011 - 12		2010 - 11	
REVENUE					
Interest	7	37,176,383		22,243,033	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		-		134,406	
Net Diminution on sale of investments written back		8,776		302,831	
Other Income		7,076		1,435	
TOTAL (A)		37,192,234	37,192,234	22,681,706	22,681,706
EXPENSES					
Net diminution in Value of Investment	8	533,494		-	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		2,519,009		-	
Loss on inter scheme transfer / sale of investments		169,057		1,970,398	
Management fee		2,673,517		2,337,376	
Trusteeship fee		40,112		29,902	
Commission to Agents		1,457,487		963,883	
Publicity expenses		29,930		55,175	
Audit fee		84,099		84,257	
Marketing Expenses		1,867,081		2,536,863	
Operating Expenses		317,458		391,530	
Custodian charges		82,013		67,506	
Registrar expenses		275,152		273,920	
SEBI Fees		1,617		2,715	
		10,050,026		8,713,525	
Less : Amount transferred from Load on account of Marketing Expenses		-		185,688	
TOTAL (B)			10,050,026		8,527,837
SURPLUS / (DEFICIT) (A-B)			27,142,208		14,153,869
Add/(Less) : Balance in Equalisation Account			204,245,552		(27,730,991)
			231,387,760		(13,577,122)
Less: Income Distributed		4,420,684		3,256,138	
Distribution Tax		657,910	5,078,594	546,810	3,802,948
Surplus /(Deficit) transferred to Balance Sheet			226,309,167		(17,380,070)

Notes on Accounts

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As per our Report of even date

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


 K Srinivasan
 Partner
 (M.NO : 5809)

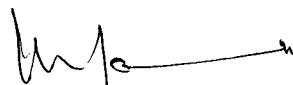



For
Sundaram Asset Management Company Ltd


 Dwijendra Srivatsava
 Fund Manager

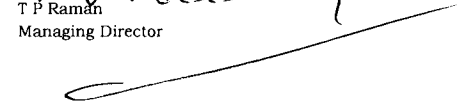

 T P Raman
 Managing Director

For and on Behalf of
Sundaram Trustee Company Ltd


 K V Ramanathan
 Chairman


 S Vij
 Director


 R. Rajamani
 Director


 M. S. Sundara Rajan
 Director

Place : Chennai
 Date : 26th June 2012

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SCHEDULE : 1**Unit Capital**

	31/03/2012		31/03/2011	
	UNITS	RS.	UNITS	RS.
Initial capital	8,328,980.50	83,289,805	8,328,980.50	83,289,805
Unit Capital				
Opening Capital	14,517,540.93	145,175,409	32,981,221.06	329,812,211
Add: Units sold during the Year	39,421,129.53	394,211,295	2,401,188.21	24,011,882
Add.: Allotment of Bonus Units	19,715,435.37	197,154,354	-	-
	73,654,105.83	736,541,058	35,382,409.27	353,824,093
Less : Units repurchased during the Year	27,205,520.93	272,055,209	20,864,868.34	208,648,683
Units at the end of the Year	46,448,584.90	464,485,849	14,517,540.93	145,175,409
		464,485,849		145,175,409

SCHEDULE : 2**Reserves & Surplus**

	31/03/2012		31/03/2011	
	Rs.		Rs.	
Unit Premium Reserve				
Opening Balance	(305,604)		-	
Add : Amount Received on Sale / Repurchase of Units				
Units	(1,587,923)		(305,604)	
		(1,893,527)		(305,604)
General Reserve				
Opening Balance	89,885,847		107,265,918	
Less : Amount transferred to towards Allotment of Bonus Units	197,154,354			
Add /(Less): Transfer from Revenue Account	107,268,507		(17,380,071)	
	226,309,167			
		119,040,660		89,885,847
Unrealised appreciation reserve				
Opening Balance	842,386		-	
Add/(Less) Net unrealized appreciation for the year	2,217,631		842,386	
Unrealised Appreciation Reserve (Schedule 8)		3,060,017		842,386
		120,207,150		90,422,629

SCHEDULE : 3**Current Liabilities & Provisions**

	31/03/2012	31/03/2011
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	29,773,453	8,196,521
Distributed Income Payable	283,914	219,595
Unclaimed Distributed Income (No. of Warrants - 1251)	1,222,417	1,222,417
Others	16,680	29,242
	31,296,465	9,667,774

SCHEDULE : 4**Investments**

	31/03/2012	31/03/2011
	Rs.	Rs.
Privately Placed - Non Convertible Debentures		
Listed - Non-Convertible Debentures	406,631,027	162,093,593
Government Securities	2,632,872	2,705,641
Certificate of Deposits	108,745,461	66,577,184
Others- Reverse Repo / CBLO	60,111,069	3,096,479
	578,120,428	234,472,898

SCHEDULE : 5**Deposits**

	31/03/2012	31/03/2011
	Rs.	Rs.
Deposits with Scheduled Bank	4,296,896	4,036,763
	4,296,896	4,036,763

SCHEDULE : 6**Other Current Assets**

	31/03/2012	31/03/2011
	Rs.	Rs.
Balance with banks in Current Accounts	1,544,748	2,562,005
Deposits with Clearing Corpn of India	4,000,000	-
Outstanding and accrued Income	22,400,690	3,127,286
Others	5,626,702	1,066,862
	33,572,140	6,756,153

SCHEDULE : 7**Interest**

	01/04/2011 - 31/03/2012	01/04/2010 - 31/03/2011
	Rs.	Rs.
Interest from banks and others	3,324,078	1,169,018
Interest on Debentures and Bonds	25,678,375	19,880,241
Discounting Charges	8,173,931	1,193,774
	37,176,383	22,243,033

SCHEDULE :8**Net unrealised Appreciation / (Diminution) in value of Investments**

	2011 - 12	2010 - 11
	Rs.	Rs.
Appreciation in Value of Investments		
Debentures / Bonds listed / awaiting listing on the recognised stock exchange	3,060,017	842,386
Appreciation in value of investments	3,060,017	842,386
Diminution in the Value of Investments		
Equity Shares		
Central Government Securities	267,132	194,364
CERTIFICATE OF DEPOSITS	460,726	
Total (A)	727,858	203,140
Total	2,332,159	639,246
Diminution in the Value of Investments		
	727,858	194,364
Net Movement in Diminution	(533,494)	639,246

SUNDARAM MUTUAL FUND

SUNDARAM BOND SAVER

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 NOTES ON ACCOUNTS

All amounts mentioned rupees in lakhs

1 SIGNIFICANT ACCOUNTING POLICIES

1.1. INVESTMENTS

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

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

a) Government Securities

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

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

b) Other Securities

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

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

1.2. INCOME RECOGNITION

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

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

(iii) Other income is accounted on cash basis.

1.3. EXPENSES

Expenses are accounted for on accrual basis.

1.4. LOAD

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

1.5. EQUALISATION ACCOUNT

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

1.6. UNIT PREMIUM RESERVE

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

2. INVESTMENT MANAGER FEES

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

Description	01.04.11 to 31.03.12	01.04.10 to 31.03.11
Average daily net asset value	4,011.01	2,990.35
Management fee @ 0.66% of average daily net asset value. (Previous year 0.78%)	26.74	23.37

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)	29,891.84	16,974.36
%	745.24%	567.64%
SALES VALUE (AMOUNT)	27,021.48	19,023.59
%	673.68%	636.17%

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.	5,153.76	2,286.71
% to the asset under management	88.15%	97.06%

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	9.27%	7.58%
EXPENDITURE	1.70%	2.19%

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)	0.47	0.58
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Indus Ind Bank Ltd (Associate)	0.00	NIL
Sundaram BNP Paribas Funds Services Ltd (R & T)	2.36	NIL

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

(% of total investment within the classification)

Refer Annexure - II

10. 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

Bonus Units: Bonus declared during the year 5.4 units for every 10 held on the record date. Bonus Units Allotted to the extent of 1,97,15,435.37 amounting Rs.19,71,54,353.73 transferred from General Reserve

15. HISTORICAL PER UNIT STATISTICS

	2011-12 Rs.		2010-11 Rs.		2009-10 Rs.	
	Regular	Institutional	Regular	Institutional	Regular	Institutional
(A) Gross income						
(i) income other than profit on sale of investment	0.8005		1.5322		1.1859	
(ii) income from profit on inter scheme sales/transfer of investments	-0.0036		-0.1357		0.0219	
(iii) income from profit on sale of investment to third parties	-0.0542		0.0093		-0.2228	
(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	0.1470		0.4517		0.3814	
(C) Net income	0.5957		0.9541		0.6036	
(D) Net unrealised appreciation/(diminution) in value of investments	0.0502		0.0209			
(E) Net Assets Value						
Growth	30.5543	34.4825	28.4586	32.1326	27.1413	29.8021
Quarterly Dividend	10.7904		10.5184		10.2488	10.1381
Half Yearly Dividend	11.0171		10.7338		10.3965	
Annual Dividend	10.9268		10.6423		10.4501	
Bonus	10.4328	10.4595	14.9936	15.0145	14.3005	14.2681
(F) Highest repurchase price *						
Growth	30.5467	32.5296	28.4613		27.1602	27.2295
Quarterly Dividend	11.2372		10.5051	10.5101	10.644	10.5609
Half Yearly Dividend	11.4284		10.6185		10.6093	
Annual Dividend	11.3232		10.5956		10.4234	
Bonus - Principal	15.9937	15.7719	14.8365		14.2807	
Bonus - Bonus units			14.794		14.217	13.8598
Lowest repurchase price *						
Growth	28.482	32.5296	26.7514		25.7765	27.0876
Quarterly Dividend	10.5295		10.1193	10.1777	9.7972	10.1666
Half Yearly Dividend	10.8		10.3444		9.9817	
Annual Dividend	10.6511		10.1494		9.9526	
Bonus - Principal	15.6946	10.0000	14.4624		14.1439	
Bonus - Bonus units			14.5278		14.0312	13.8598
Highest ongoing sale price *						
Growth	30.5467	32.9771	28.4522		27.2222	
Quarterly Dividend	11.2365		10.4757		10.6668	
Half Yearly Dividend	11.3789		10.7102		10.6544	
Annual Dividend	11.3741		10.6399		10.4562	
Bonus - Principal	15.8691	10.4505				
Bonus - Bonus units						
Lowest ongoing sale price *						
Growth	28.1975	32.9771	27.1413		26.3026	
Quarterly Dividend	10.4762		10.1859		9.9929	
Half Yearly Dividend	10.6929		10.2414		10.1403	
Annual Dividend	10.5851		10.1551		10.1261	
Bonus - Principal	10.4006	10.3478				
Bonus - Bonus units						
(G) expenditure amortised) to average daily net assets by percentage	1.70%		2.91%		2.06%	
(H) Ratio of gross income to average daily net assets by percentage	9.27%		7.58%		7.55%	

* includes load as applicable

16. Computation of Distributable Income

	31/03/2012	31/03/2011	31/03/2010
Net Income as per revenue account	231,387,760	(13,577,123.00)	(177,033,782.00)
Add : Balance of Undistributed income as at 1st April brought forward	89,885,847	107,265,917.82	298,931,288.00
	321,273,607	93,688,794.82	121,897,506.00
Less : Income Distributed during the year	5,078,594	3,802,947.80	14,631,588.18
	316,195,014	89,885,847.02	107,265,917.82
Add : Unit Premium Reserve	(1,893,527.00)	(305,604.00)	0.00
Less : Bonus Units Alloted	(197,154,353.73)		
Distributable Income	117,147,133	89,580,243	107,265,918

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

ANNEXURE - II

SUNDARAM BOND SAVER		% of total investments within the classification	
		2011-2012	2010-2011
DEBT INSTRUMENTS			
a) Listed / awaiting listing on Stock Exchange			
DIVERSIFIED		0.00%	15.62%
FINANCE		100.00%	84.38%
Money Market Instruments			
FINANCE		100.00%	100.00%

ANNEXURE - III

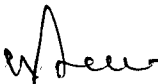
SUNDARAM BOND SAVER					
Portfolio Statement for the Year ended 31 March, 2012					
S.NO	Particulars	Rating	Quantity	Mkt Value Rs. in Lacs	% of Holding
A) Debt Instruments					
a) Listed / awaiting listing on Stock Exchange					
1	Kotak Mahindra Prime Ltd **	AA+	100	991.97	17.16%
2	LIC HOUSING FINANCE **	AAA	80	801.39	13.86%
3	POWER FINANCE CORPORATION **	AAA	50	527.13	9.12%
4	SUNDARAM BNP HOME FINANCE LTD. **	AA	50	503.72	8.71%
5	Housing Development Fin Corp Ltd **	AAA	50	498.36	8.62%
6	LIC HOUSING FINANCE **	AAA	35	349.66	6.05%
7	TATA CAPITAL LIMITED **	AA+	21	210.10	3.63%
8	Bajaj Auto Finance **	AA+	13	131.63	2.28%
9	Kotak Mahindra Prime Ltd **	AA+	6	52.35	0.91%
Sub Total				4066.31	70.34%
b) Govt Security					
1	Govt. of India - GSEC / TBL		22800	19.74	0.34%
2	Govt. of India - GSEC / TBL		8200	6.59	0.11%
Sub Total				26.33	0.46%
B) Money Market Instruments					
1	TAMILNADU MERCANTILE BANK **	A1+	555	521.84	9.03%
2	Axis Bank **	A1+	330	301.11	5.21%
3	UNITED BANK OF INDIA **	A1+	290	264.50	4.58%
Sub Total				1087.45	18.81%
C) Others					
1	REVERSE REPO / CBLO			601.11	10.40%
GRAND TOTAL				5,781.20	100.00%

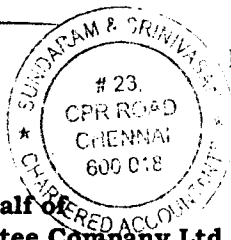
** Thinly traded / Non Traded securities

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

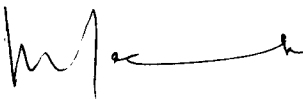

K Srinivasan
Partner
(M.No : 5809)



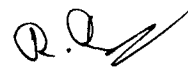

Dwijendra Srivatsava
Fund Manager


T P Raman
Managing Director

For and on Behalf of
Sundaram Trustee Company Ltd


K V Ramanathan
Chairman


S Viji
Director


R Rajamani
Director

M S Sundara Rajan
Director

Place : Chennai
Date : 26th June, 2012