

AUDITORS REPORT

The Board of Trustees
Sundaram Mutual Fund
Chennai

We have audited the attached Balance Sheet of Sundaram Mutual Fund - **SUNDARAM FLEXIBLE FUND FLEXIBLE INCOME PLAN** 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.

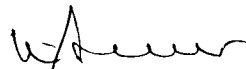
We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence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

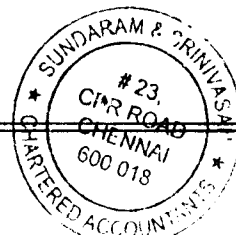
On the basis of the audit as indicated above, we report as follows:-

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 FLEXIBLE FUND FLEXIBLE INCOME PLAN** as at March 31, 2012 and
 - b) In the case of Revenue Account of the **Deficit** of Sundaram Mutual Fund - **SUNDARAM FLEXIBLE FUND FLEXIBLE INCOME PLAN** 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	10,357,385	15,389,893
Reserves & Surplus	2	3,626,977	4,405,161
Current Liabilities & Provisions	3	74,808	180,705
		14,059,170	19,975,759
ASSETS			
Investments	4	13,035,162	19,331,860
Other Current Assets	5	1,024,008	643,899
		14,059,170	19,975,759

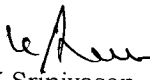
Notes on Accounts

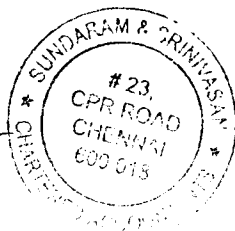
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As per our Report of even date

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

For
Sundaram Asset Management Company Ltd



K Srinivasan
Partner
(M.NO : 5809)




Dwijendra Srivatsava
Fund Manager


T P Raman
Managing Director

For and on Behalf of
Sundaram Trustee Company Ltd


K V Ramanathan
Chairman


S Viji
Director


R. Rajamani
Director

M. S. Sundara Rajan
Director

Place : Chennai

Date : 26th June 2012

272

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

		Amount, Rs			
	Schedule No.	2011-12		2010-11	
REVENUE					
Interest	6	1,179,014		1,847,570	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		-		194,825	
Net profit on inter scheme transfer / sale of investments		11,996		-	
Other Income		609		-	
TOTAL (A)		1,191,619	1,191,619	2,042,395	2,042,395
EXPENSES					
Appreciation in value of investments no longer req.					
Net diminution in value of investment		40,780		-	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		123,485		-	
Loss on inter scheme transfer / sale of investments		-		20,486	
Management fee		150,567		195,797	
Trusteeship fee		1,507		3,125	
Commission to Agents		30,371		142,049	
Publicity expenses		-		39,871	
Audit fee		11,121		11,196	
Marketing Exp.		-		1,464	
Operating expenses		27,895		42,588	
Custodian charges		6,541		10,660	
Registrar expenses		28,220		39,334	
SEBI Fees		-		247	
		420,487		506,817	
Less : Amount transferred from Load on account of Marketing expenses		30,371		103,285	
TOTAL (B)			390,116		403,532
SURPLUS / (DEFICIT) (A-B)			801,503		1,638,863
Add/(Less) : Balance in Equalisation Account			(1,354,599)		(4,555,653)
			(553,096)		(2,916,790)
Less: Income Distributed		190,497		509,079	
Distribution Tax		28,620		75,040	
			219,117		584,119
Surplus / (Deficit) transferred to Balance Sheet			(772,213)		(3,500,909)

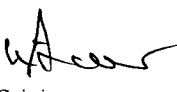
Notes on Accounts

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For
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Director

273

Place : Chennai
Date : 26th June 2012

SCHEDULE : 1

Unit Capital	31/03/2012		31/03/2011	
	UNITS	AMOUNT	UNITS	AMOUNT
	Initial capital	23,108,566.70	231,085,667.00	23,108,566.70
Unit Capital				
Opening Capital	1,538,989.34	15,389,893	3,587,053.97	35,870,540
Add: Units sold during the Year	506,420.62	5,064,206	1,266,715.88	12,667,159
	2,045,409.96	20,454,100	4,853,769.85	48,537,699
Less : Units repurchased during the Year	1,009,671.51	10,096,715	3,314,780.51	33,147,805
Units at the end of the Year	1,035,738.45	10,357,385	1,538,989.34	15,389,893
		10,357,385		15,389,893

SCHEDULE : 2**Reserves & Surplus**

	31/03/2012		31/03/2011	
	Rs.		Rs.	
Unit Premium Reserve				
Opening Balance	(6,002)		-	
Add : Amount Received on Sale / Repurchase of Units	(2,298)		(6,002)	
		(8,300)		(6,002)
General Reserve				
Opening Balance	4,407,490		7,908,401	
Add /(Less): Transfer from Revenue Account	(772,213)		(3,500,911)	
		3,635,277		4,407,490
Unrealised appreciation reserve				
Opening Balance	3,673		-	
Add/(Less) Net unrealized appreciation	(3,673)		3,673	
Unrealised Appreciation Reserve (Schedule 7)				3,673
		3,626,977		4,405,161

SCHEDULE : 3**Current Liabilities & Provisions**

	31/03/2012	31/03/2011
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	67,000	177,814
Distributed Income Payable (No of warrants: 2)	4,314	-
Others	3,494	2,891
	74,808	180,705

SCHEDULE : 4**Investments**

	31/03/2012	31/03/2011
	Rs.	Rs.
Non-Convertible Debentures	4,955,422	1,923,350
Zero Coupon Bond	2,042,170	-
Certificate of Deposits	3,641,114	2,924,977
Investment in Reverse Repo / CBLO	2,396,455	14,483,533
	13,035,162	19,331,860

SCHEDULE : 5**Other Current Assets**

	31/03/2012	31/03/2011
	Rs.	Rs.
Balance with banks in Current Accounts	660,483	425,057
Outstanding and accrued Income	348,536	146,312
Others	14,989	72,530
	1,024,008	643,899

SCHEDULE : 6**Interest**

	31/03/2012	31/03/2011
	Rs.	Rs.
Interest from banks and others	617,370	1,318,906
Interest on Debentures and Bonds	198,045	433
Discounting Charges	363,599	528,231
	1,179,014	1,847,570

SCHEDULE :7**Net unrealised Appreciation / (Diminution) in value of Investments**

	31/03/2012	31/03/2011
	Rs.	Rs.
Appreciation in Value of Investments		
Debtentures / Bonds listed / awaiting listing on the recognised stock exchange		3,673
Appreciation in value of investments	-	3,673
Diminution in value of investments		
Debtentures & Bonds listed / awaiting listing in the Recognised the recognised stock exchange	18,428 22,352	-
Net diminution in value of investments	40,780	-

SUNDARAM MUTUAL FUND

SUNDARAM FLEXIBLE FUND FLEXIBLE INCOME PLAN

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

SCHEDULE 8

All amounts mentioned rupees in lakhs

NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

1.1. INVESTMENTS

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

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

a) Government Securities

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

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

b) Other Securities

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

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

1.2. INCOME RECOGNITION

(i) 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	150.56	312.64
Management fee @ 1.00% of average daily net asset value. (Previous year 0.63%)	1.51	1.96

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)	650.74	1,739.65
%	432.21%	556.44%
SALES VALUE (AMOUNT)	592.26	1,704.03
%	393.37%	545.05%

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.	106.39	48.48
% to the asset under management	76.08%	24.49%

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	7.91%	6.53%
EXPENDITURE	1.50%	1.23%

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)	0.01	0.02
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Indus Ind Bank Ltd (Associate)	NIL	NIL
Sundaram BNP Paribas Funds Services Ltd (R & T)	0.16	NIL

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

(% of total investment within the classification)

NIL

10. PORTFOLIO DISCLOSURE

Full portfolio of the scheme is given in Annexure - III

11. MOVEMENT IN UNIT CAPITAL

As Per Schedule-I

12. ACCOUNTING STANDARD 17 ON SEGMENT REPORTING

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

ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

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

14. HISTORICAL PER UNIT STATISTICS

	2011-12							2010 - 11							2009 - 10							
	Growth Option	Monthly Dividend	Quarterly Dividend	Half yearly Dividend	Annual Dividend	Growth Option	Monthly Dividend	Quarterly Dividend	Half yearly Dividend	Annual Dividend	Growth Option	Monthly Dividend	Quarterly Dividend	Half yearly Dividend	Annual Dividend	Growth Option	Monthly Dividend	Quarterly Dividend	Half yearly Dividend	Annual Dividend		
(A) Gross income (i) income other than profit on sale of investment (ii) income from profit on inter scheme sales/transfer of investments (iii) income from profit on sale of investment to third parties (iv) transfer to revenue account from past year's reserves		1.1383	0.0116	-0.1192	0.0000	0.2181	0.8126	-0.0394	1.2005	-0.0133	0.1266	0.0000	0.2489	1.0649	0.0000	0.6102	0.0000	0.0331	0.0000	0.1121	0.5312	0.0000
(B) Aggregate of expenses, write off, amortisation and charges																						
(C) Net income																						
(D) Net unrealised appreciation/(diminution) in value of investments																						
(E) Net Assets Value																						
(F) Highest repurchase price*																						
Lowest repurchase price*																						
Highest ongoing sale price *																						
Lowest ongoing sale price *																						
(G) Ratio of expenses to average daily net assets by percentage			1.50%						1.23%									1.03%				
(H) Ratio of gross income to average daily net assets by percentage			7.91%						6.53%									5.75%				

15. Computation of Distributable Income

	31/03/2012	31/03/2011	31/03/2010
Net income as per revenue account	-553096	-2916790	1732217
Add : Balance of Undistributed income as at 1st April brought forward	4,407,492	7,908,401	6,531,678
	3,854,396	4,991,611	8,263,895
Less : Income Distributed during the year	219117	584119.37	355494.44
	3,635,279	4,407,492	7,908,401
Add : Unit Premium Reserve	(6002)	(6002)	-
Distributable Income	3,629,277	4,401,490	7,908,401

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

ANNEXURE - II

SUNDARAM FLEXIBLE FUND - FLEXIBLE INCOME PLAN		% of total investments within the classification	
		2011-2012	2010-2011
DEBT INSTRUMENTS			
a) Listed / awaiting listing on Stock Exchange			
DIVERSIFIED		42.46%	
FINANCE		57.54%	100.00%
Money Market Instruments			
FINANCE		100.00%	100.00%

ANNEXURE - III

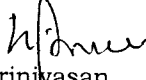
SUNDARAM FLEXIBLE FUND - FLEXIBLE INCOME PLAN					
Portfolio Statement for the Year ended 31 March, 2012					
S.NO	Particulars	Rating	Quantity	Mkt Value Rs. in Lacs	% of Holding
A) Debt Instruments					
a) Listed / awaiting listing on Stock Exchange					
1	TATA CAPITAL LIMITED **	AA+	2	20.37	15.63%
2	TATA SONS LIMITED **	AAA	2	19.96	15.31%
3	Kotak Mahindra Investments Ltd **	AA+	2	19.89	15.26%
4	Aditya Birla NUVO Ltd **	AA+	1	9.75	7.48%
	Sub Total			69.98	53.69%
B) Money Market Instruments					
1	UNITED BANK OF INDIA **	A1+	40	36.41	27.93%
	Sub Total			36.41	27.93%
C) Others					
1	REVERSE REPO / CBLO			23.96	18.38%
	GRAND TOTAL			130.35	100.00%

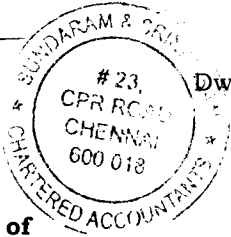
** Thinly traded / Non Traded securities

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


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

For Sundaram Asset Management Company Ltd



K Srinivasan
Partner
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