

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 GILT 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.

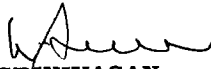
We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence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

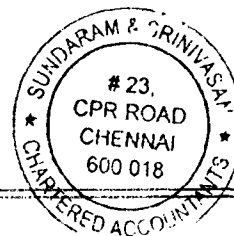
On the basis of the audit as indicated above, we report as follows:-

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 GILT FUND** as at March 31, 2012 and
 - b) In the case of Revenue Account of the **Surplus** of Sundaram Mutual Fund - **SUNDARAM GILT 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	1,762,317	1,217,086
Reserves & Surplus	2	886,782	415,783
Current Liabilities & Provisions	3	50,936	22,040
		2,700,035	1,654,909
ASSETS			
Investments	4	1,098,375	1,098,751
Other Current Assets	5	1,601,660	556,158
		2,700,035	1,654,909

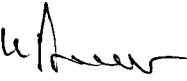
Notes on Accounts

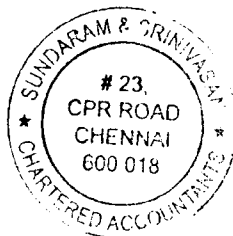
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As per our Report of even date

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

For
Sundaram Asset Management Company Ltd

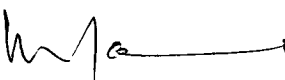

 K Srinivasan
 Partner
 (M.NO : 5809)



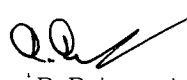

 Dwijendra Srivatsava
 Fund Manager


 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

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2012

Amount, Rs

	Schedule No.	2011-12		2010-11	
REVENUE					
Interest	6	85,353		97,261	
		85,353		97,261	
TOTAL (A)			85,353		97,261
EXPENSES					
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		39,540		2,780	
Loss on inter scheme transfer / sale of investments		-		3,336	
Management fee		4,863		7,088	
Trusteeship fee		152		219	
Audit fee		11,039		11,044	
Registrar expenses		1,514		2,469	
		57,108		28,401	
Less : Amount transferred from Load on account of Marketing Expenses		827		-	
TOTAL (B)			56,281		28,401
SURPLUS / (DEFICIT) (A-B)			29,072		68,860
Add/(Less) : Balance in Equalisation Account			440,844		(227,997)
			469,916		(159,137)
Surplus /(Deficit) transferred to Balance Sheet			469,916		(159,137)

Notes on Accounts

7

As per our Report of even date

For

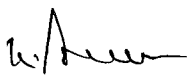
Sundaram & Srinivasan

Chartered Accountants

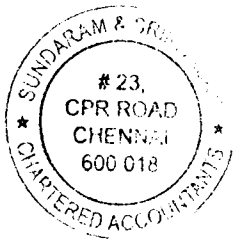
(FRN.: 004207S)

For

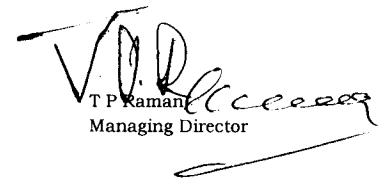
Sundaram Asset Management Company Ltd



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

SCHEDULE : 1**Unit Capital**

	31/03/2012		31/03/2011	
	UNITS	AMOUNT	UNITS	AMOUNT
	19,056,400.00	190,564,000	19,056,400.00	190,564,000
Initial capital				
Unit Capital				
Opening Capital	121,708.55	1,217,086	181,016.14	1,810,161
Add: Units sold during the Year	260,930.00	2,609,300	113,390.26	1,133,903
Less : Units repurchased during the Year	382,638.55	3,826,386	294,406.40	2,944,064
	206,406.85	2,064,069	172,697.85	1,726,979
Units at the end of the Year	176,231.70	1,762,317	121,708.55	1,217,085.50
		1,762,317		1,217,086

SCHEDULE : 2**Reserves & Surplus**

	31/03/2012		31/03/2011	
	Rs.		Rs.	
Unit Premium Reserve				
Opening Balance	-		-	
Add : Amount Received on Sale / Repurchase of Units (net)	1,083		-	
		1,083		
General Reserve				
Opening Balance	415,783		574,920	
Add /(Less): Transfer from Revenue Account	469,916		(159,137)	
		885,699		415,783
		886,782		415,783

SCHEDULE : 3**Current Liabilities & Provisions**

	31/03/2012	31/03/2011
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	49,802	20,857
Others	1,134	1,183
	50,936	22,040

SCHEDULE : 4**Investments**

	31/03/2012	31/03/2011
	Rs.	Rs.
Investment in Reverse Repo / CBLO	1,098,375	1,098,751
	1,098,375	1,098,751

SCHEDULE : 5**Other Current Assets**

	31/03/2012	31/03/2011
	Rs.	Rs.
Balance with banks in Current Accounts	1,600,848	533,482
Outstanding and accrued Income	812	255
Others	-	22,421
	1,601,660	556,158

SCHEDULE : 6**Interest**

Description	31/03/2012	31/03/2011
	Rs.	Rs.
Interest from banks and others	85,353	97,261
	85,353	97,261

SUNDARAM MUTUAL FUND

SUNDARAM GILT 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 7

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	15.20	22.15
Management fee @ 0.33% of average daily net asset value. (Previous year 0.32%)	0.05	0.07

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)	48.99	127.66
%	322.30%	576.34%
SALES VALUE (AMOUNT)	48.43	127.96
%	318.62%	577.70%

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.	NIL	NIL
% to the asset under management	NIL	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	5.62%	4.39%
EXPENDITURE	1.10%	1.01%

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)	NIL	NIL
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Indus Ind Bank Ltd (Associate)	NIL	NIL
Sundaram BNP Paribas Funds Servcies Ltd (R & T)	0.03	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.

13 ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

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

14. HISTORICAL PER UNIT STATISTICS

	2011-12		2010-11		2009-10
	Dividend Option	Growth Option	Dividend Option	Growth Option	Rs.
(A) Gross income		0.4843		0.7991	1.4229
(i) income other than profit on sale of investment					
(ii) income from profit on inter scheme sales/transfer of investments		0.0000		-0.0274	0.0099
(iii) income from profit on sale of investment to third parties		-0.2244		-0.0228	0.0023
(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		0.0997		0.1831	0.4954
(C) Net income		0.1603		0.5658	0.9397
(D) Net unrealised appreciation/(diminution) in value of investments		0.0000		0.0000	0.0000
(E) Net Assets Value	11.9749	15.6596	11.7499	15.3918	11.4124
Highest repurchase price*	11.8871	15.6921	11.7460	15.3765	11.4052
Lowest repurchase price*	11.8871	15.3705	11.4183	15.0191	11.0288
Highest ongoing sale price*	11.9386	15.6921	-	15.2215	11.4618
Lowest ongoing sale price*	11.7748	15.3205	-	14.9055	11.1061
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage		1.10%		1.01%	1.07%
(H) Ratio of gross income to average daily net assets by percentage		5.62%		4.39%	3.09%

* includes load as applicable

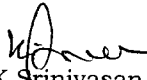
15. Computation of Distributable Income

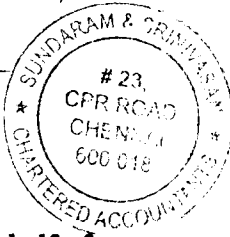
	31.03.12	31.03.11	31.03.10
Net Income as per revenue account	469,916	159,137	-309,293
Add : Balance of Undistributed income as at 1st April brought forward	415,783	574,920	3,667,852
	885,699	415,783	574,920
Less : Income Distributed during the year	-	-	-
Distributable Income	885,699	415,783	574,920

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

Signatures to the schedules 1 to 7 are forming part of the Balance Sheet and the Revenue Account.

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

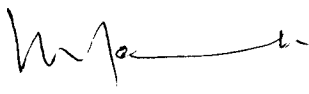

K Srinivasan
Partner
(M.No : 5809)




Dwijendra Srivatsava
Fund Manager


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Managing Director

For and on Behalf of
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K V Ramanathan
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M S Sundara Rajan
Director

Place : Chennai
Date : 26th June, 2012