

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 SELECT DEBT SHORT TERM** 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.

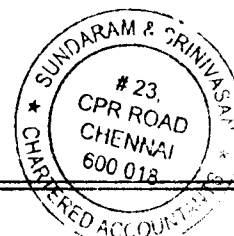
On the basis of the audit as indicated above, we report as follows:-

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 SELECT DEBT SHORT TERM** as at March 31, 2012 and
 - b) In the case of Revenue Account of the **Deficit** of Sundaram Mutual Fund - **SUNDARAM SELECT DEBT SHORT TERM** 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	84,151,282	231,525,798
Reserves & Surplus	2	27,835,766	87,412,401
Current Liabilities & Provisions	3	401,669	50,343,390
		112,388,717	369,281,589
ASSETS			
Investments	4	106,283,709	365,169,434
Other Current Assets	5	6,105,008	4,112,155
		112,388,717	369,281,589

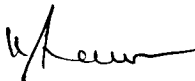
Notes on Accounts

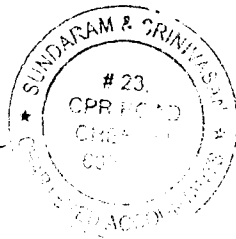
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As per our Report of even date

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

For
Sundaram Asset Management Company Ltd

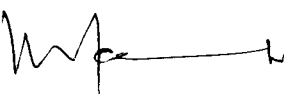

K Srinivasan
Partner
(M.NO : 5809)




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	15,095,324		1,820,552	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)			360,160		-	
Other Income			8			
TOTAL (A)			15,455,492	15,455,492	1,820,552	1,820,552
EXPENSES						
Net diminution in value of investment		7	179,273		-	
Loss on inter scheme transfer / sale of investments			2,746		-	
Management fee			85,336		37,074	
Trusteeship fee			15,856		1,856	
Commission to Agents			93,730		20,024	
Audit fee			11,477		11,034	
Marketing Expenses			-		20,613	
Operating Expenses			19,369		5,751	
Custodian charges			46,424		11,802	
Registrar expenses			75,540		8,418	
SEBI Fees			2,156		-	
			531,907		116,572	
Less: Amount transferred from Load on account of marketing exp			15,403		-	
TOTAL (B)				516,504		116,572
SURPLUS / (DEFICIT) (A-B)				14,938,988		1,703,980
Add/(Less) : Balance in Equalisation Account				(65,216,637)		85,451,240
				(50,277,649)		87,155,220
Less: Income Distributed			7,809,816		-	
Distribution Tax			1,262,450		-	
				9,072,266		
Surplus / (Deficit) transferred to Balance Sheet				(59,349,915)		87,155,220

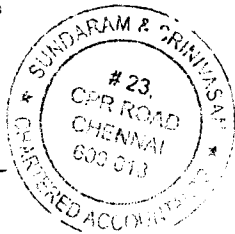
Notes on Accounts

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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 and on Behalf of
Sundaram Trustee Company Ltd


 K V Ramanathan
 Chairman

For
Sundaram Asset Management Company Ltd


 Divyapada Srivatsava
 Fund Manager


 T P Raman
 Managing Director


 S Viji
 Director

R. Kajamani
 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	AMOUNT	UNITS	AMOUNT
Initial capital	24,285,600.00	242,856,000	24,285,600.00	242,856,000
Unit Capital				
Opening Capital	23,152,579.75	231,525,798	56,559.10	565,591
Add: Units sold during the Year	37,116,088.90	371,160,889	23,132,552.04	231,325,520
	60,268,668.65	602,686,687	23,189,111.14	231,891,111
Less : Units repurchased during the Year	51,853,540.52	518,535,405	36,531.29	365,313
Units at the end of the Year	8,415,128.13	84,151,282	23,152,579.75	231,525,798
		84,151,282		231,525,798

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)	(149,985)	(149,985)	-	-
General Reserve				
Opening Balance	87,335,666	180,446	180,446	87,335,666
Add /(Less): Transfer from Revenue Account	(59,349,915)	27,985,751	87,155,220	87,335,666
Unrealised appreciation reserve				
Opening Balance	76,735	-	-	-
Add/(Less) Net unrealized appreciation	(76,735)	76,735	76,735	76,735
Unrealised Appreciation Reserve (Schedule 7)		-		76,735
		27,835,766		87,412,401

SCHEDULE : 3**Current Liabilities & Provisions**

	31/03/2012	31/03/2011
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	341,451	50,337,400
Distributed Income Payable (No of warrant 1)	27,375	982
Others	32,843	5,008
	401,669	50,343,390

SCHEDULE : 4**Investments**

	31/03/2012	31/03/2011
	Rs.	Rs.
Non convertible debentures	7,075,304	41,718,635
Certificate of Deposits	63,814,001	322,751,594
Commercial Papers	20,716,120	-
Investment in Reverse Repo / CBLO	14,678,284	699,205
	106,283,709	365,169,434

SCHEDULE : 5**Other Current Assets**

	31/03/2012	31/03/2011
	Rs.	Rs.
Balance with banks in Current Accounts	673,366	232,344
Outstanding and accrued Income	2,175,429	3,878,910
Others	3,256,213	901
	6,105,008	4,112,155

SCHEDULE : 6**Interest**

	31/03/2012	31/03/2011
	Rs.	Rs.
Interest from banks and others	710,459	60,366
Interest on Debentures and Bonds	764,539	107,359
Discounting Charges	13,620,326	1,652,827
	15,095,324	1,820,552

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

	31/03/2012	31/03/2011
	Rs.	Rs.
Appreciation in Value of Investments		
Debentures / Bonds listed / awaiting listing on the recognised stock exchange	-	76,735
Appreciation in value of investments	-	76,735
Diminution in value of investments		
Debentures & Bonds listed / awaiting listing in the Recognised the recognised stock exchange	77,539	-
Money Mkt Instruments	101,734	-
	179,273	-
Diminution in Value of Investments	(179,273)	76,735

SUNDARAM MUTUAL FUND

SUNDARAM SELECT DEBT SHORT TERM

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	1,585.69	185.37
Management fee @ 0.05% of average daily net asset value. (Previous year 0.20%)	0.85	0.37

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)	5,930.97	3,665.12
%	374.03%	1977.19%
SALES VALUE (AMOUNT)	8,795.42	-
%	554.67%	0.00%

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.	828.59	3,644.70
% to the asset under management	73.99%	114.28%

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	9.75%	9.82%
EXPENDITURE	0.21%	0.63%

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)	0.55	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	Weekly Div	Fortnightly Dividend	Monthly Dividend	Quarterly Dividend	Half Yearly Dividend	Annual Dividend	Growth Option	Weekly Div	Fortnightly Dividend	Monthly Dividend	Quarterly Dividend	Half Yearly Dividend	Annual Dividend	Growth Option	Weekly Div	Fortnightly Dividend	Monthly Dividend	Quarterly Dividend	Half Yearly Dividend	Annual Dividend		
(A) Gross income																							
(I) income other than profit on sale of investment				1.7938																			0.4551
(ii) income from profit on inter scheme sales/transfer of investments				-0.0003																			0.0000
(iii) income from profit on sale of investment to third parties				0.0428																			0.0000
(iv) transfer to revenue account from past year's reserves				0.0397																			0.0000
(B) Aggregate of expenses, write off, amortisation and charges				1.7966																			0.1327
(C) Net income				-0.0213																			0.3224
(D) Net unrealised appreciation/(diminution) in value of investments																							0.0000
(E) Net Assets Value	18.0722	12.1974	12.5871	11.685	13.471	13.0621	13.1151	16.2261	12.0707	11.8781	11.5901	12.1863	11.8135	11.8223	15.1981	11.3082	11.1264	10.8586	11.4186	11.0671	11.0765		
(F) Highest repurchase price	18.0669	12.3799	12.4813	11.8887	13.4583	12.8785	12.8785	15.6748	-	11.4102	11.0868	11.7374	11.8135	11.8223	15.1912	11.1875	11.1264	10.7790	11.3258	11.0671	11.0765		
Lowest repurchase price	16.2559	12.0205	12.0531	11.5417	12.617	12.3329	12.3329	15.2439	-	11.4102	10.8687	11.5321	11.8135	11.8223	14.9721	11.1447	11.1264	10.7160	11.2581	11.0671	11.0765		
Highest ongoing sale price	18.055	12.2277	12.4813	11.7548	13.3994	13.0533	13.0533	16.1671	12.0170	-	-	-	-	-	14.9721	11.1447	11.1264	10.7160	11.2581	11.0671	11.0765		
Lowest ongoing sale price	16.3786	12.033	12.0994	11.5607	12.3008	12.4821	12.4821	15.3430	11.6124	-	-	-	-	-	14.9721	11.1447	11.1264	10.7160	11.2581	11.0671	11.0765		
Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage				0.21%																			0.64%
Ratio of gross income to average daily net assets by percentage				9.75%																			2.18%

15. Computation of Distributable Income

	31/03/2012	31/03/2011	31/03/2010
Net Income as per revenue account	(50,277,649)	87,155,220	(592,477)
Add: Balance of Undistributed income as at 1st April brought forward	87,335,666	180,446	774,301
	37,058,017	87,335,666	181,824
Add: Unit Premium Reserve	(149,985)		
Less: Income Distributed during the year	9,072,266	0	1,379
Distributable Income	27,835,766	87,335,666	180,446

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

ANNEXURE - II

SELECT DEBT SHORT TERM PLAN	% of total investments within the classification	
	2011-2012	2010-2011
DEBT INSTRUMENTS		
a) Listed / awaiting listing on Stock Exchange		
ENERGY	85.88%	0.00%
FINANCE	14.12%	100.00%
Money Market Instruments		
FINANCE	100.00%	100.00%

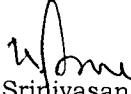
ANNEXURE - III

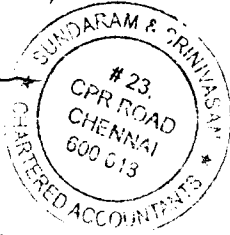
SELECT DEBT SHORT TERM PLAN					
Portfolio Statement for the Year ended 31 March, 2012					
S.NO	Particulars	Rating	Quantity	Mkt Value Rs. in Lacs	% of Holding
	A) Debt Instruments				
	a) Listed / awaiting listing on Stock Exchange				
1	Rural Electrification Corporation **	AAA	6	60.76	5.72%
2	Shriram Transport Finance Company **	AA	1	9.99	0.94%
	Sub Total			70.75	6.66%
	B) Money Market Instruments				
1	Karur Vysya Bank Ltd **	A1+	400	388.95	36.60%
2	TRAPTI TRADING AND INVESTMENTS PRIVATE LTD **	A1+	18	86.71	8.16%
3	Union Bank of India **	A1+	85	77.94	7.33%
4	South Indian Bank Ltd **	A1+	80	73.95	6.96%
5	TURQOISE INVESTMENT AND FINANCE **	A1+	15	72.39	6.81%
6	IDBI Bank **	A1+	73	67.89	6.39%
7	Jammu & Kashmir Bank **	A1+	30	29.41	2.77%
8	JM Financial Products Ltd **	A1+	5	24.04	2.26%
9	Kotak Mahindra Prime Ltd **	A1+	5	24.03	2.26%
	Sub Total			845.30	79.53%
	C) Others				
1	REVERSE REPO / CBLO			146.78	13.81%
	GRAND TOTAL			1,062.84	100.00%

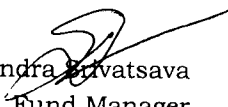
** Thinly traded / Non Traded securities

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)

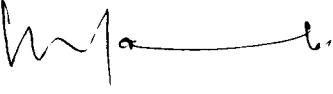

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Director

Place : Chennai

Date : 26th June, 2012