

Independent auditor's report on the financial statements
To the Board of Trustees of Sundaram Mutual Fund

1. Report on the Financial Statements.

We have audited the accompanying financial statement of Sundaram Mutual Fund SUNDARAM FLEXIBLE FUND FLEXIBLE INCOME PLAN as at 31/03/2015, which comprise the Balance Sheet, the Revenue Account for the year then ended 31/03/2015 and a summary of significant accounting policies and other explanatory information

2. Management's Responsibility for the Financial Statements

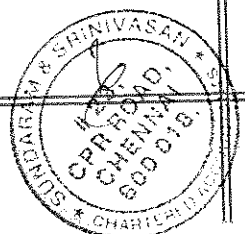
The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Sundaram Mutual Fund SUNDARAM FLEXIBLE FUND FLEXIBLE INCOME PLAN in accordance with the Eleventh Schedule of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("The Regulations"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Regulations for safeguarding the assets of the Mutual fund and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountant of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Mutual fund's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the mutual fund has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said statements together with the notes forming part of Accounts give the information required by "The Regulations" in the manner so required and 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 Sundaram Mutual fund, SUNDARAM FLEXIBLE FUND FLEXIBLE INCOME PLAN as at 31/03/2015

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund SUNDARAM FLEXIBLE FUND FLEXIBLE INCOME PLAN for the year ended on 31/03/2015.

5. Report on Other Legal and Regulatory Requirements

As required by Regulation 55 of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 we report that:

1. We have sought and 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 dealt with by this Report are in agreement with the books of accounts of the Sundaram Mutual Fund.

3.a. The accounts have been prepared in accordance with accounting policies and standards as specified in the Ninth Schedule of "The Regulations".

b. In our opinion, the valuation methods adopted by the fund for valuation of non-traded securities, "in good faith" are fair and reasonable.

For and on behalf of SUNDARAM & SRINIVASAN
Chartered Accountants (FRN No:004207S)

Place : Chennai
Date : 29th June 2015


K.SRINIVASAN
Partner

Membership No. 5809



BALANCE SHEET AS AT 31st MARCH, 2015

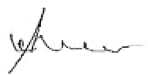
	SCHEDULE NO.	31-Mar-15 Rs.	31-Mar-14 Rs.
LIABILITIES			
Unit Capital	1	1,785,071,358	2,244,248,339
Reserves & Surplus	2	1,633,085,719	1,484,079,710
Current Liabilities & Provisions	3	23,623,701	7,014,576
		3,441,780,778	3,735,342,625
ASSETS			
Investments	4	3,275,769,942	3,528,516,129
Deposits	5	-	1,129
Other Current Assets	6	166,010,836	206,825,367
		3,441,780,778	3,735,342,625

Notes on Accounts

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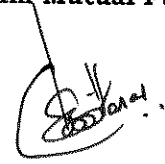
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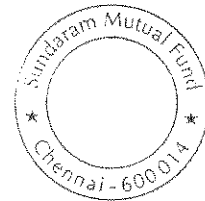
For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)


K Srinivasan
Partner
(M.NO : 5809)



For
Sundaram Mutual Fund


Authorised Signatory



Place : Chennai
Date : 29th June 2015

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2015

	Schedule No.	2014 - 2015		2013 - 2014	
		Rs.	Rs.	Rs.	Rs.
REVENUE					
Interest	7	284,849,755		312,811,042	
Net diminution in value of investments written back		266,143,952			
TOTAL (A)		550,993,707	550,993,707	312,811,042	312,811,042
EXPENSES					
Net diminution in value of investment	8	-		286,138,520	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		27,843,672		123,781,179	
Loss on inter scheme transfer		5,000,260		1,122,349	
Management fee		16,430,266		16,443,700	
Service Tax on AMC Fees		2,030,781		2,032,440	
Custodian charges		512,960		607,035	
Trusteeship fee		167,442		291,650	
Commission to Agents		4,913,227		6,612,936	
Audit fee		32,527		36,706	
Other Operating Expenses		76,313		32,105	
Investor Education Fees		670,213		714,723	
SEBI Fees		16,942		5	
TOTAL (B)		57,694,603	57,694,603	437,813,348	437,813,348
SURPLUS / (DEFICIT) (A-B)			493,299,104		(125,002,306)
Add/(Less) : Balance in Equalisation Account			(339,262,876)		1,586,409,556
			154,036,228		1,461,407,250
Less: Income Distributed		425,770		692,070	
Distribution Tax		158,120	583,890	181,521	873,591
Surplus /(Deficit) transferred to Balance Sheet			153,452,338		1,460,533,659

Notes on Accounts

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As per our Report of even date

For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 0042078)

K Srinivasan
Partner
(M.NO : 5809)



For
Sundaram Mutual Fund

Authorised Signatory

Place : Chennai
Date : 29th June 2015

SCHEDULE : 1

Unit Capital				
	31/03/2015		31/03/2014	
	UNITS	Rs.	UNITS	Rs.
Initial capital	23,108,567	231,085,667	23,108,567	231,085,667
Unit Capital Opening Capital	224,424,834	2,244,248,339	798,736	7,987,364
Add: Units sold during the year	56,666,044	566,660,442	350,147,697	3,501,476,975
	281,090,878	2,810,908,781	350,946,434	3,509,464,339
Less : Units repurchased during the year	102,583,742	1,025,837,423	126,521,600	1,265,216,000
Units at the end of the Year	178,507,136	1,785,071,358	224,424,834	2,244,248,339
		<u>1,785,071,358</u>		<u>2,244,248,339</u>

SCHEDULE : 2

Reserves & Surplus

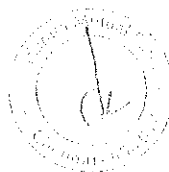
	31/03/2015		31/03/2014	
	Rs.	Rs.	Rs.	Rs.
Unit Premium Reserve Opening Balance	19,543,109		(11,046)	
Add / (Less): Net Premium on sale / (redemption) of units	(4,502,111)		19,554,155	
		15,040,998		19,543,109
General Reserve Opening Balance	1,464,536,601		4,002,942	
Add / (Less): Transfer from Revenue Account	153,452,338		1,460,533,659	
		1,617,988,939		1,464,536,601
Unrealised appreciation reserve Opening Balance			37,264	
Add/(Less) Net unrealized appreciation	55,782		(37,264)	
Unrealised Appreciation Reserve (Schedule 8)		55,782		
		<u>1,633,085,719</u>		<u>1,484,079,710</u>

SCHEDULE : 3

Current Liabilities & Provisions

	31/03/2015	31/03/2014
	Rs.	Rs.
Sundry Creditors	1,475,848	1,859,547
Unclaimed Redemption Payable *	-	1,127
Others	22,147,853	5,153,902
	<u>23,623,701</u>	<u>7,014,576</u>

* Refer Sch 9, Notes 14



SCHEDULE : 4**Investments**

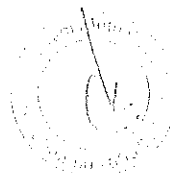
	31/03/2015	31/03/2014
	Rs.	Rs.
Debentures & Bonds listed / awaiting listing in the recognised stock exchange	3,156,894,450	3,487,494,800
Certificate of Deposits	49,188,900	-
Others - Reverse Repo / CBLO	69,686,592	41,021,329
	3,275,769,942	3,528,516,129

SCHEDULE : 5**Deposits**

	31/03/2015	31/03/2014
	Rs.	Rs.
Deposits with Scheduled Bank	-	1,129
		1,129

SCHEDULE : 6**Other Current Assets**

	31/03/2015	31/03/2014
	Rs.	Rs.
Balance with banks in Current Accounts	3,927,939	567,649
CBLO Margin Account	3,384,261	6,200,000
Repo Margin Account	1,229,522	7,300,000
Outstanding and accrued Income	157,469,114	192,757,718
	166,010,836	206,825,367

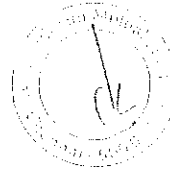


SCHEDULE : 7**Interest**

	2014 - 2015	2013 - 2014
	Rs.	Rs.
Interest from banks and others	7,960,670	15,863,491
Interest on Debentures and Bonds	275,518,007	291,866,926
Discounting Charges	1,371,078	4,642,023
Sundry Income	-	438,602
	284,849,755	312,811,042

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

	31/03/2015	31/03/2014
	Rs.	Rs.
Appreciation in Value of Investments		
Certificate of Deposits	55,782	-
Appreciation in value of investments (Schedule 2)	55,782	-
Diminution in value of investments		
Debentures & Bonds listed / awaiting listing in the recognised stock exchange	19,994,568	286,138,520
Diminution in value of investments trf to Revenue Account	19,994,568	286,138,520



SUNDARAM MUTUAL FUND
SUNDARAM FLEXIBLE FUND FLEXIBLE INCOME PLAN
 Schedules forming part of the Balance Sheet as at 31-Mar-2015
 and the Revenue Account for the Year ended 31-Mar-2015

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 & ICRA 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 and in true and fair manner through appropriate valuation policies and procedures. For securities having residual maturity of less than 60 days are valued on the basis of amortisation or reference prices as per the valuation policy. With effect from 29th November 2013, securities having residual maturity of more than 60 days are valued based on the scrip level prices provided by AMFI approved agencies viz., CRISIL & ICRA in line with AMFI Circular No.42/2013-14 dated 19th November 2013.

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

a) Entry load collected during the year from systematic investment plan registered prior to Aug 2009 is maintained in a separate account, which can be used by AMC towards distribution, commission etc of the scheme. The unutilised portion shall be carried forward to the next year.

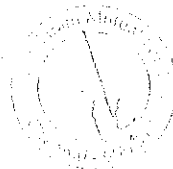
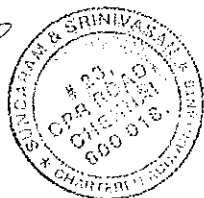
b) The exit Load charged to the investor net of service tax is fully credited to the Scheme as Other income

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	2014-2015	2013-2014
Average daily net asset value	83505.13	35785.33
Management fee @ 0.49% of average daily net asset value.(Previous year 0.46%)	164.3	164.44

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	2014-2015	2013-2014
PURCHASE VALUE (AMOUNT)	5,758.33	86,788.16
%	17.19%	242.86%
SALES VALUE (AMOUNT)	10,924.80	47,742.69
%	32.61%	133.60%

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	31.03.2015	31.03.2014
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.	27,992.42	28802.36
% to the asset under management	81.89%	77.25%

6 INCOME / EXPENDITURE

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

DESCRIPTION	2014-2015	2013-2014
INCOME	16.45%	8.75%
EXPENDITURE *	0.74%	0.75%

* With effect from 01st Oct, 2012 Service Tax on AMC fees is charged over and above the total expense ratio as per SEBI guidelines and is included in the above expense ratio.

7 CONTINGENT LIABILITY

Contingent liability as at 31st March 2015 is Rs. Nil. Previous Year Rs. Nil

8 AMOUNT PAID TO SPONSORS / ASSOCIATES

	2014-2015	2013-2014
Sundaram Finance Ltd (Sponsor)	0.03	0.0264
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Indus Ind Bank	NIL	NIL

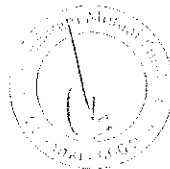
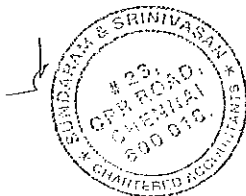
9 TOTAL VALUE OF INVESTMENTS FALLING UNDER EACH MAJOR INDUSTRY GROUP WHICH CONSTITUTES NOT LESS THAN 5% OF THE TOTAL INVESTMENTS IS AS BELOW:

(% 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

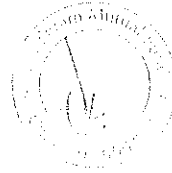
As the Financial Statements are prepared separately on each scheme, no further disclosure under Accounting Standard 17 on segment reporting issued by the Institute of Chartered Accountants of India is considered necessary. There is no secondary reporting segment.

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. UNCLAIMED REDEMPTION /DIVIDEND

The details of unclaimed dividends and redemption accounts are disclosed in Annexure VI. During the year, the unclaimed redemption and dividend payable more than 90 days were transferred to a separate pool account. As on 31st March 15, these sums were deployed in money market instruments in terms of SEBI circular no .SEBI/Cir/9/120/2000 dated November 24,2000



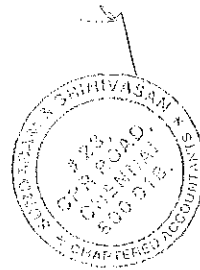
	2013-14				2012-13										
	Growth Option	Monthly Dividend	Quarterly Dividend	Half yearly Dividend	Annual Dividend	Growth Option	Monthly Dividend	Quarterly Dividend	Half yearly Dividend	Annual Dividend					
(A) Gross income			3.0867				1.3938			1.509					
(I) Income other than profit on sale of investment															
(II) Income from profit on inlier scheme sales/transfer of investments			-0.0280				-0.0050			0.0069					
(III) Income from profit on sale of investment to third parties			-0.1560				-0.5515			0.1548					
(B) Aggregate of expenses, write off, amortisation and charges			0.1392				0.1193			0.2648					
(C) Net income			2.7635				0.7180			1.4052					
(D) Net unrealised appreciation(diminution) in value of investments			-0.1120				-1.2750			0.0457					
(E) Net Assets Value	Regular Direct	19.4427 19.4974	10.2352 10.4702	12.5807	11.9461	Growth Option	16.7616 16.7836	9.8027	10.8469 10.8546	10.2968	16.7146 16.6895	10.5462 10.5494	13.5409 13.4995	13.2605 0	12.8762 0
(F) Highest repurchase price*	Regular Direct	19.4186 19.4731	10.3887 10.4315	11.3232	11.8027	Growth Option	17.0458 17.0225	10.5976	13.6923	13.1302	16.6895	10.5494	13.4995	0	0
Lowest repurchase price*	Regular Direct	16.6187 16.7357	9.755 10.3714	11.3232	11.8027	Growth Option	15.4008 15.9453	9.378	10.4192	13.1065	16.2273	10.1897	12.5195	0	0
Highest ongoing sale price *	Regular Direct	19.4427 19.4395	10.3759 10.3873	12.1778		Growth Option	17.0465 17.0446	10.5938	11.0258 10.4117	10.4377	16.6878	10.5154	0	0	0
Lowest ongoing sale price *	Regular Direct	16.5363 17.1246	9.7128 10.3533	12.1778		Growth Option	15.7828 15.4089	9.739	10.3655 10.4117	10.4377	15.3811	10.2749	0	0	0
(G) Ratio of expenses to average daily net assets by percentage			0.74%						0.76%				1.57%		
(H) Ratio of gross income to average daily net assets by percentage			15.46%						8.78%				9.85%		

* Includes Entry load as applicable.

† S. Computation of Distributable Income

	31/03/2015	31/03/2014	31/03/2013
Net Income as per revenue account	154,036,226	1,461,407,250	517,012
Add: Balance of Undistributed Income as at 1st April brought forward	1,464,536,601	4,002,942	3,635,277
Less: Income Distributed during the year	1,618,572,829	1,466,410,192	4,152,299
Distributable income	593,990	673,591	149,347
	1,617,986,939	1,464,336,601	4,002,942

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

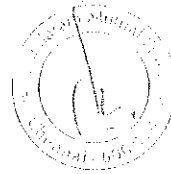


ANNEXURE-II

**SUNDARAM FLEXIBLE FUND
FLEXIBLE INCOME PLAN**

% of total Investments within
the classification

	2014-2015	2013-2014
DEBT INSTRUMENTS		
a) Listed/awaiting listing on stock exchange		
DIVERSIFIED	6.27%	6.56%
FINANCE	58.67%	48.95%
INFRASTRUCTURE	9.26%	7.86%
POWER	9.44%	0.00%
ENERGY	16.36%	36.64%
Money Market Instruments		
FINANCE	100.00%	0.00%



SUNDARAM MUTUAL FUND

SUNDARAM FLEXIBLE FUND FLEXIBLE INCOME PLAN

Portfolio Statement as at 31 March 2015

S.NO	ISIN CODE	Name of the Instrument	Rating / Industry	Quantity	Mkt Value Rs. in Lacs	% of Investments
A) Debt Instruments						
a) Listed / awaiting listing on Stock Exchange						
1	INE752E07KN9	Power Grid Corporation of India Ltd**	CRISIL AAA	500	5,164.32	15.77%
2	INE134E08FN8	Power Finance Corporation Ltd**	CRISIL AAA	450	4,642.77	14.17%
3	INE053F07603	Indian Railway Finance Corporation Ltd**	CRISIL AAA	350	3,642.27	11.12%
4	INE020B08831	Rural Electrification Corporation Ltd**	CRISIL AAA	350	3,606.14	11.01%
5	INE514E08CK4	Export Import Bank of India**	CRISIL AAA	300	3,053.06	9.32%
6	INE936D07067	Reliance Utilities and Power Pvt Ltd	CRISIL AAA	300	2,979.93	9.10%
7	INE941D07133	Reliance Ports and Terminals Ltd**	CRISIL AAA	300	2,923.17	8.92%
8	INE895D08576	TATA Sons Ltd**	CRISIL AAA	200	1,980.76	6.05%
9	INE514E08C18	Export Import Bank of India**	CRISIL AAA	150	1,552.79	4.74%
10	INE514E08CQ1	Export Import Bank of India**	CRISIL AAA	100	1,017.56	3.11%
11	INE134E08FJ6	Power Finance Corporation Ltd**	CRISIL AAA	50	514.06	1.57%
12	INE020B08849	Rural Electrification Corporation Ltd**	CRISIL AAA	50	492.12	1.50%
Sub Total					31,568.95	96.37%
Total for Debt Instruments					31,568.95	96.37%
B) Money Market Instruments						
a) Certificate of Deposits						
1	INE090A16R13	ICICI Bank Ltd**	[ICRA]A1+	500	491.89	1.50%
Sub Total					491.89	1.50%
b) Reverse Repo / CBLO						
1		CBLO			696.87	2.13%
Sub Total					696.87	2.13%
Total for Money Market Instruments					1,188.76	3.63%
GRAND TOTAL					32,757.71	100.00%

** Thinly traded / Non Traded securities

