

# SUNDARAM & SRINIVASAN

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

## 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 CAP. PR. ORIENTED FUND 3 YEARS - SERIES 5 as at 31/03/2015, which comprise the Balance Sheet, the Revenue Account for the period ended 08/09/2014 and a summary of significant accounting policies and other explanatory information

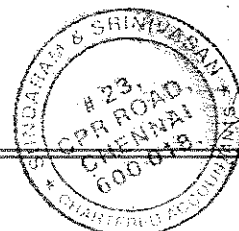
### **2. Management's Responsibility for the Financial Statements**

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 CAP. PR. ORIENTED FUND 3 YEARS - SERIES 5 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.



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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.

#### 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 - CAP. PR. ORIENTED FUND 3 YEARS - SERIES 5 as at 31/03/2015

b. In the case of Revenue Account of the Deficit of Sundaram Mutual fund SUNDARAM CAP. PR. ORIENTED FUND 3 YEARS - SERIES 5 for the period ended on 08/09/2014.

#### 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)

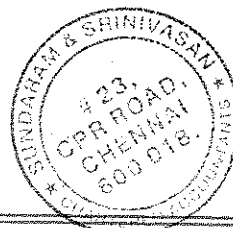
  
K.SRINIVASAN

Partner

Membership No. 5809

Place : Chennai

Date : 29<sup>th</sup> June 2015



**BALANCE SHEET AS AT 31st MARCH, 2015**

	SCHEDULE NO.	31-Mar-15 Rs.	31-Mar-14 Rs.
<b>LIABILITIES</b>			
Unit Capital	1	-	563,416,160
Reserves & Surplus	2	-	113,366,882
Current Liabilities & Provisions	3	1,089,250	1,374,271
		<b>1,089,250</b>	<b>678,157,313</b>
<b>ASSETS</b>			
Investments	4	-	647,809,822
Other Current Assets	5	1,089,250	30,347,491
		<b>1,089,250</b>	<b>678,157,313</b>

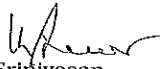
Notes on Accounts

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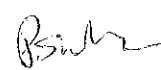
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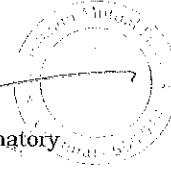
**For**  
**Sundaram & Srinivasan**  
Chartered Accountants  
(FRN.: 004207S)

**For**  
**Sundaram Mutual Fund**

  
K Srinivasan  
Partner  
(M.NO : 5809)



  
Authorized Signatory



Place : Chennai  
Date : 29th June 2015

## REVENUE ACCOUNT FOR THE PERIOD FROM 01.04.2014 TO 08.09.2014

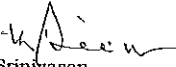
	Schedule No.	01.04.2014 - 08.09.2014		01.04.2013-31.03.2014	
		Rs.	Rs.	Rs.	Rs.
<b>REVENUE</b>					
Dividend	6	1,354,141		1,354,227	
Interest		22,101,193		51,349,110	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		41,303,899		777,813	
Net diminution in value of investments written back		904,050		23,532	
Other Income				11,319	
<b>TOTAL (A)</b>			<b>65,663,283</b>	<b>65,663,283</b>	<b>53,516,001</b>
<b>EXPENSES</b>					
Net diminution in value of investment	7	-		901,113	
Loss on inter scheme transfer / sale of investments				9,985	
Management fee		1,815,577		3,815,691	
Service Tax on AMC Fees		224,405		471,619	
Custodian charges		38,638		112,273	
Trusteeship fee		15,386		53,671	
Commission to Agent		4,150,031		8,704,649	
Audit fee		21,650		22,520	
Other operating expenses		9,829		9,331	
Investor Education Fees		116,913		129,348	
SEBI Fees		3,066		3,635	
<b>TOTAL (B)</b>		<b>6,395,495</b>	<b>6,395,495</b>	<b>14,233,835</b>	<b>14,233,835</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>59,267,788</b>	<b>39,282,166</b>	<b>39,282,166</b>
Add/(Less) : Balance in Equalisation Account			(155,055,257)		
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>(95,787,469)</b>		<b>39,282,166</b>

Notes on Accounts

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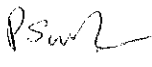
As per our Report of even date

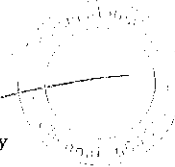
For  
Sundaram & Srinivasan  
Chartered Accountants  
(FRN.: 004207S)

  
K Srinivasan  
Partner  
(M.NO : 5809)



For  
Sundaram Mutual Fund

  
Authorised Signatory



Place : Chennai  
Date : 29th June 2015

**SCHEDULE : 1****Unit Capital**

	31/03/2015		31/03/2014	
	UNITS	Rs.	UNITS	Rs.
<b>Initial capital</b>	<b>56,341,616</b>	<b>563,416,160</b>	<b>56,341,616</b>	<b>563,416,160</b>
<b>Unit Capital</b>				
Opening Capital	56,341,616	563,416,160	56,341,616	563,416,160
Less : Units repurchased during the period	56,341,616 56,341,616	563,416,160 563,416,160	56,341,616 -	563,416,160 -
Units at the end of the period	-	-	56,341,616	563,416,160
				<b>563,416,160</b>

**SCHEDULE : 2****Reserves & Surplus**

	31/03/2015		31/03/2014	
	Rs.	Rs.	Rs.	Rs.
<b>General Reserve</b>				
Opening Balance	95,787,469		56,505,303	
Add /(Less): Transfer from Revenue Account	(95,787,469)	(0)	39,282,166	95,787,469
<b>Unrealised appreciation reserve</b>				
Opening Balance /	17,579,413		4,306,911	
Add/(Less) Net unrealized appreciation for the period	(17,579,413)		13,272,502	
Unrealised Appreciation Reserve (Schedule 7)				17,579,413
		(0)		<b>113,366,882</b>

**SCHEDULE : 3****Current Liabilities & Provisions**

	31/03/2015	31/03/2014
	Rs.	Rs.
Sundry Creditors	1,089,250	1,347,272
Others	-	26,999
	<b>1,089,250</b>	<b>1,374,271</b>

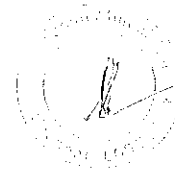


**SCHEDULE : 4****Investments**

	31/03/2015	31/03/2014
	Rs.	Rs.
Equity Shares	-	109,061,547
Rights Entitlement	-	63,202
Debentures & Bonds listed / awaiting listing on the Recognised stock exchange	-	481,583,506
Certificate of Deposits	-	29,953,632
Others - Reverse Repo / CBLO	-	27,147,935
	-	<b>647,809,822</b>

**SCHEDULE : 5****Other Current Assets**

	31/03/2015	31/03/2014
	Rs.	Rs.
Balance with banks in Current Accounts	907,950	502,556
Outstanding and accrued Income	-	29,844,935
Others	181,300	-
	<b>1,089,250</b>	<b>30,347,491</b>

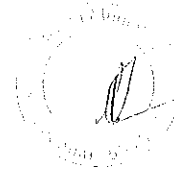


**SCHEDULE : 6****Interest**

	<b>01.04.2014 - 08.09.2014</b>	<b>01.04.2013 - 31.03.2014</b>
	Rs.	Rs.
Interest from banks and others	4,039,598	1,875,644
Interest on Debentures and Bonds	16,230,871	45,940,000
Discounting Charges	1,830,724	3,533,466
	<b>22,101,193</b>	<b>51,349,110</b>

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

	<b>31.03.2015</b>	<b>31.03.2014</b>
	Rs.	Rs.
<b>Appreciation in Value of Investments</b>		
Equity Shares		17,579,413
<b>Appreciation in value of investments (Schedule 2)</b>	-	<b>17,579,413</b>
<b>Diminution in value of investments</b>		
Debentures & Bonds listed / awaiting listing on the Recognised stock exchange	-	901,113
Money Market Instruments	-	2,937
<b>Diminution in value of investments transferred to Revenue account</b>	-	<b>904,050</b>



**SUNDARAM MUTUAL FUND**  
**SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES 5 - 3 YRS**

Schedules forming part of the Balance Sheet as at 31-Mar-2015  
and the Revenue Account for the period ended 01.04.2014 - 08.09.2014

**SCHEDULE 8**  
**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 & 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) Dividend is accounted on accrual basis and recognized on ex-dividend dates.
- (ii) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.
- (iii) Income on investments is accounted on accrual basis.
- (iv) Other income is accounted on cash basis.

**1.3. EXPENSES**

Expenses are accounted for on accrual basis.

**2 INVESTMENT MANAGER FEES**

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

Description	01.04.2014 to 08.09.2014	01.04.2013 to 31.03.2014
Average daily net asset value	6,975.74	6,467.01
Management fee @ 0.59 % of average daily net asset value. ( Previous year 0.59 % )	18.16	38.16

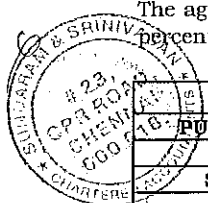
**3 INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE NET ASSET VALUE OF THE SCHEMES OF SUNDARAM MUTUAL FUND.**

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	01.04.2014 to 08.09.2014	01.04.2013 to 31.03.2014
<b>PURCHASE VALUE (AMOUNT)</b>	<b>1,441.15</b>	<b>2,152.57</b>
%	20.66%	33.29%
<b>SALES VALUE (AMOUNT)</b>	<b>7,913.87</b>	<b>2009.84</b>
%	113.45%	31.08%





## 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.		4,516.89
% to the asset under management		66.74%

## 6 INCOME / EXPENDITURE

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

DESCRIPTION	01.04.2014 - 08.09.2014	01.04.2013 to 31.03.2014
INCOME	21.34%	8.27%
EXPENDITURE	2.08%	2.06% *

\* 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 2014 is Rs. Nil. Previous year Rs. Nil

## 8 AMOUNT PAID TO SPONSORS / ASSOCIATES

	01.04.2014 to 08.09.2014	01.04.2013 to 31.03.2014
Sundaram Finance Ltd (Sponsor)	NIL	NIL
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
INDUSIND BANK (ASSOCIATE)	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

*A. S. S.*

