

# 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 HYBRID PLAN SERIES - N** as at 31/03/2016, which comprise the Balance Sheet, the Revenue Account for the Period ended 31/03/2016 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 HYBRID PLAN SERIES - N** 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.

## 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 :



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**SUNDARAM & SRINIVASAN**

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

- a. In case of Balance sheet, of the state of affairs of Sundaram Mutual fund, **SUNDARAM HYBRID PLAN SERIES - N** as at 31/03/2016
- b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM HYBRID PLAN SERIES - N** for the Period ended on 31/03/2016.


**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 : 30th June 2016

  
K.SRINIVASAN  
Partner  
Membership No. 5809



**BALANCE SHEET AS AT 31st MARCH, 2016**

	SCHEDULE NO.	31-Mar-16
		Rs.
<b>LIABILITIES</b>		
Unit Capital	1	917,135,000
Reserves & Surplus	2	29,088,586
Current Liabilities & Provisions	3	1,545,597
		<b>947,769,183</b>
<b>ASSETS</b>		
Investments	4	913,163,244
Other Current Assets	5	34,605,939
		<b>947,769,183</b>

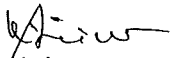
Notes on Accounts

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As per our Report of even date

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

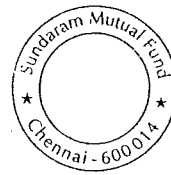
**For**  
**Sundaram Mutual Fund**



K Srinivasan  
 Partner  
 (M.NO : 5809)

Authorized Signatory



Place : Chennai  
 Date : 30th June 2016

## REVENUE ACCOUNT FOR THE PERIOD FROM 16.06.2015 TO 31.03.2016

	Schedule No.	16.06.2015 TO 31.03.2016	
		Rs.	Rs.
<b>REVENUE</b>			
Dividend		1,026,358	
Interest	6	57,645,231	
Net profit on inter scheme transfer / sale of investments		161,785	
Other Income		7,505	
<b>TOTAL (A)</b>		<b>58,840,879</b>	<b>58,840,879</b>
<b>EXPENSES</b>			
Net diminution in value of investment	7	11,597,398	
Management fee		13,331,781	
Service Tax		1,898,158	
Custodian charges		134,382	
Trusteeship fee		36,980	
Commission to Agents		3,246,360	
Audit fee		16,520	
Other Operating expenses		42,226	
Investor Education Fees		147,924	
<b>TOTAL (B)</b>		<b>30,451,729</b>	<b>30,451,729</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>28,389,150</b>
			<b>28,389,150</b>
<b>Surplus / (Deficit) transferred to Balance Sheet</b>			<b>28,389,150</b>

Notes on Accounts

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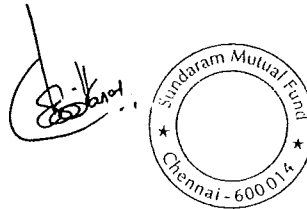
As per our Report of even date

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



*K Srinivasan*  
K Srinivasan  
Partner  
(M.NO : 5809)

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



Authorised Signatory

Place : Chennai  
Date : 30th June 2016

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

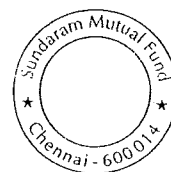
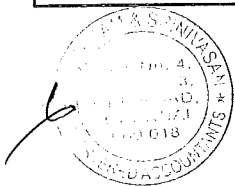
	31/03/2016	
	Units	Rs.
<b>Initial capital</b>	91,713,500	917,135,000
<b>Unit Capital</b>		
Opening Capital	-	-
Add: Units sold during the Period	91,713,500	917,135,000
	91,713,500	917,135,000
Less : Units repurchased during the Period	-	-
Units at the end of the Period	91,713,500	917,135,000
		<b>917,135,000</b>

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

	31/03/2016	
	Rs.	Rs.
<b>General Reserve</b>		
Opening Balance	-	
Add /(Less): Transfer from Revenue Account	28,389,150	<b>28,389,150</b>
<b>Unrealised appreciation reserve</b>		
Opening Balance	-	
Add/(Less) Net unrealized appreciation for the Period	699,436	
Unrealised Appreciation Reserve (Schedule 7)		<b>699,436</b>
		<b>29,088,586</b>

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

	31/03/2016
	Rs.
Sundry Creditors	1,530,920
Others	14,677
	<b>1,545,597</b>

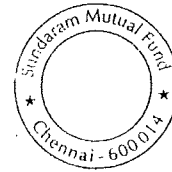


**SCHEDULE : 4****Investments**

	<b>31/03/2016</b>
	<b>Rs.</b>
Equity Shares	121,620,377
Non-Convertible Debentures - Listed	668,225,543
Certificate of Deposits	13,060,124
Others - Reverse Repo / CBLO	2,800,000
Zero Coupon Bond	107,457,200
	<b>913,163,244</b>

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

	<b>31/03/2016</b>
	<b>Rs.</b>
Balance with banks in Current Accounts	255,245
CBLO Margin Account	71,005
Repo Margin Account	122,534
Outstanding and accrued Income	34,157,155
	<b>34,605,939</b>



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

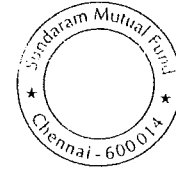
	<b>16.06.2015 TO 31.03.2016</b>
	Rs.
Interest from banks and others	4,153,004
Interest on Debentures and Bonds	45,771,020
Discounting Charges	7,721,207
	<b>57,645,231</b>

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

	<b>31/03/2016</b>
	Rs.
<b>Appreciation in Value of Investments</b>	
Equity Shares	
Certificate of Deposits	50,427
Debentures / Bonds listed / awaiting listing on the recognised stock exchange	649,009
<b>Appreciation in Value of Investments (Schedule 7)</b>	<b>699,436</b>
<b>Diminution in value of investments</b>	
Equity Shares	11,336,221
Zero Coupon Bond	261,177
<b>Diminution in value of investments trf to Revenue Account</b>	<b>11,597,398</b>



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**SUNDARAM MUTUAL FUND  
SUNDARAM HYBRID FUND - N**

**Schedules forming part of the Balance Sheet as at 31-Mar-2016  
and the Revenue Account for the Period from 16.06.2015 to 31.03.2016**

**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.

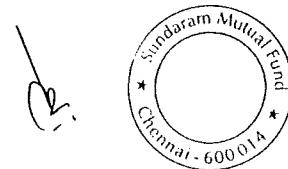
In accordance with the guidance note on accounting for investments in the financial statement of mutual funds issued by The Institute of Chartered Accountants of India, the investments are valued separately category-wise and the net unrealised appreciation is directly transferred to unrealised appreciation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

**1.2. INCOME RECOGNITION**

- (i) 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. Accrual of expenses, in addition to TER, for distribution expense incurred for bringing inflows from beyond top 15 cities (as notified by AMFI) is accrued in accordance with regulation 52(6a).





**2 INVESTMENT MANAGER FEES**

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

Description	16.06.2015 to 31.03.2016
Average daily net asset value	9,333.69
Management fee @ 1.80% of average daily net asset value. ( Previous year - NIL )	133.32

**3 INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE  
As Per Annexure - I****4 AGGREGATE VALUE OF PURCHASES & SALES MADE DURING THE PERIOD.**

The aggregate value of investments purchased and sold (including matured) during the Period, as a percentage of average daily net asset value is as under :

Description	16.06.2015 to 31.03.2016
<b>PURCHASE VALUE (AMOUNT)</b>	<b>9,547.52</b>
%	102.29%
<b>SALES VALUE (AMOUNT)</b>	<b>198.55</b>
%	2.13%

**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 Period. :

Description	31-03-2016
Aggregate Fair Value of non traded / thinly traded	7,695.11
% to the asset under management .	81.32%

**6 INCOME / EXPENDITURE**

The total income and expenditure as a percentage of the daily average net assets, on an annualised basis, are given below.

DESCRIPTION	16.06.2015 to 31.03.2016
<b>INCOME</b>	<b>7.96%</b>
<b>EXPENDITURE #</b>	<b>2.55%</b>

# Total expenses charged includes service tax on management fees charged to the investor over and above the normal expense charged and additional total expenditure as per SEBI CIR/IMD/DF/21/2012 dated September 13 2012

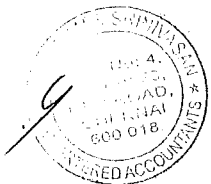
**7 CONTINGENT LIABILITY**

Contingent liability as at 31st March 2016 is Rs. Nil.

**8 AMOUNT PAID TO SPONSORS / ASSOCIATES**

	16.06.2015 to 31.03.2016
Sundaram Finance Ltd (Sponsor)	3.5124
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL
INDUSIND BANK (ASSOCIATE)	26.00

@ Indusind Bank ceased to be an associate with effect from 27 June 2015



**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 Investor Education & Awareness Initiatives (IEAI)**

An annual charge of minimum 2bps (0.02% p.a.) of daily net assets, being part of total recurring expenses is set aside for IEAI as mandated by SEBI vide circular no. CIR/IMD/21/DF/21/2012 dated September 13, 2012. Accordingly accrued balance is transferred on periodic basis to a separate bank account maintained for the purpose. These funds are utilized by the AMC in accordance with SEBI Regulations.

The balances pending utilization are deployed in money market instruments. Movement of IEAI balances are provided in Annexure VII.



## 15 HISTORICAL PER UNIT STATISTICS

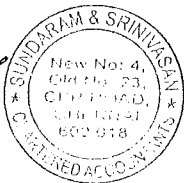
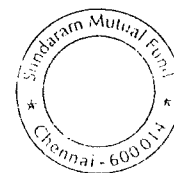
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		16.06.2015 TO 31.03.2016					
		Rs.					
(A)	Gross income						
	(i) income other than profit on sale of investment	0.6398					
	(ii) income from profit on inter scheme sales/transfer of investments	0.0018					
	(iii) income from profit on sale of investment to third parties	0.0000					
	(iv) transfer to revenue account from past year's reserves						
(B)	Aggregate of expenses, write off, amortisation and charges	0.3320					
(C)	Net income	0.3095					
(D)	Net unrealised appreciation/(diminution) in value of investments	-0.1188					
		Growth	Annual Dividend	Half Yearly Dividend	Direct Growth	Direct Half Yearly Dividend	Direct Annual Dividend
(E)	Net Assets Value	10.3170	10.3170	10.3170	10.3520	10.3520	10.3521
(F)	Highest repurchase price	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	Lowest repurchase price	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
	Highest ongoing sale price	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
	Lowest ongoing sale price	10.0000	10.0000	10.0000	10.0000	10.0000	10.0000
(G)	Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage	2.55%					
(H)	Ratio of gross income to average daily net assets by percentage	7.96%					

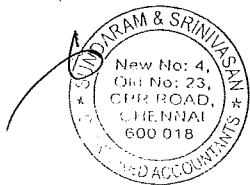
## 16 Computation of Distributable Income

		31.03.16
		Rs.
	Net Income as per revenue account	2,83,89,150
	Add : Balance of Undistributed income as at 1st April brought forward	-
		2,83,89,150
	Less : Income Distributed during the year	-
	Distributable Income	2,83,89,150

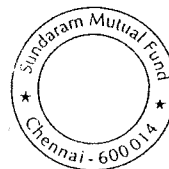
17. Since the scheme was launched during the year, previous year figures are not provided.



ANNEXURE-II	
SUNDARAM HYBRID FUND SERIES - N	
% of total Investments within the classification	
	31-Mar-16
<b>Equity Instruments</b>	
<b>Listed / awaiting listing on Stock Exchange</b>	
AUTO	5.43%
BANKS	30.86%
CONSTRUCTION PROJECT	6.21%
FINANCE	9.90%
PETROLEUM PRODUCTS	10.57%
SOFTWARE	25.40%
<b>Debt Instruments</b>	
<b>Listed / awaiting listing on Stock Exchange</b>	
FINANCE	100.00%



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## ANNEXURE - III

## SUNDARAM MUTUAL FUND

## SUNDARAM HYBRID FUND-SERIES - N

Portfolio Statement as at 31 March 2016

S.NO	ISIN CODE	Name of the Instrument	Rating / Industry	Quantity	Mkt Value Rs. in Lacs	% of Net Asset
<b>A) Equity &amp; Equity Related</b>						
<b>a) Listed / awaiting listing on Stock Exchange</b>						
1	INE009A01021	Infosys Ltd	Software	15511	188.97	2.00%
2	INE040A01026	HDFC Bank Ltd	Banks	14146	151.52	1.60%
3	INE001A01036	Housing Development Finance Corporation Ltd	Finance	10888	120.38	1.27%
4	INE002A01018	Reliance Industries Ltd	Petroleum Products	11245	117.53	1.24%
5	INE467B01029	Tata Consultancy Services Ltd	Software	3972	100.11	1.06%
6	INE090A01021	ICICI Bank Ltd	Banks	41604	98.46	1.04%
7	INE018A01030	Larsen & Toubro Ltd	Construction Project	6211	75.57	0.80%
8	INE238A01034	Axis Bank Ltd	Banks	12997	57.73	0.61%
9	INE062A01020	State Bank of India Ltd	Banks	27869	54.14	0.57%
10	INE397D01024	Bharti Airtel Ltd	Telecom - Services	10238	35.91	0.38%
11	INE585B01010	Maruti Suzuki India Ltd	Auto	914	33.97	0.36%
12	INE044A01036	Sun Pharmaceuticals Industries Ltd	Pharmaceuticals	3939	32.30	0.34%
13	INE101A01026	Mahindra & Mahindra Ltd	Auto	2653	32.12	0.34%
14	INE522F01014	Coal India Ltd	Minerals/Mining	7815	22.82	0.24%
15	INE860A01027	HCL Technologies Ltd	Software	2437	19.84	0.21%
16	INE326A01037	Lupin Ltd	Pharmaceuticals	1328	19.64	0.21%
17	INE021A01026	Asian Paints Ltd	Consumer Non Durables	1797	15.61	0.16%
18	INE481G01011	Ultratech Cement Ltd	Cement	469	15.14	0.16%
19	INE528G01019	Yes Bank Ltd	Banks	1559	13.49	0.14%
20	INE029A01011	Bharat Petroleum Corporation Ltd	Petroleum Products	1213	10.97	0.12%
<b>Sub Total</b>					<b>1216.20</b>	<b>12.85%</b>
<b>Total for Equity &amp; Equity Related</b>					<b>1216.20</b>	<b>12.85%</b>
<b>B) Debt Instruments</b>						
<b>a) Listed / awaiting listing on Stock Exchange</b>						
1	INE134E07406	Power Finance Corporation Ltd - 9.81 - 07/10/2018**	CRISIL AAA	171	1775.46	18.76%
2	INE020B07HY0	Rural Electrification Corporation Ltd - 9.38 - 06/11/2018**	CRISIL AAA	170	1752.16	18.52%
3	INE202B07F86	Dewan Housing Finance Corporation Ltd - 9.34 - 28/12/2018**	CARE AAA	150	1493.86	15.79%
4	INE296A07HC4	Bajaj Finance Ltd - 0.00 - 07/01/2019**	ICRA AA+	100	1074.57	11.36%
5	INE261F08550	National Bank for Agricultural & Rural Development - 7.9 - 27/11/2018**	CRISIL AAA	60	598.93	6.33%
6	INE033L07CZ0	TATA Capital Housing Finance Ltd - 8.89 - 07/01/2019**	CRISIL AA+	50	500.74	5.29%
7	INE759E07681	L & T Fin Corp Ltd - 8.95 - 07/01/2019**	CARE AA+	20	499.40	5.28%
8	INE514E08DA3	Export Import Bank of India - 9.28 - 15/10/2018**	CRISIL AAA	6	61.72	0.65%
<b>Sub Total</b>					<b>7756.83</b>	<b>81.98%</b>
<b>Total for Debt Instruments</b>					<b>7756.83</b>	<b>81.98%</b>
<b>C) Money Market Instruments</b>						
<b>a) Certificate of Deposits</b>						
1	INE238A16125	Axis Bank Ltd - 17/03/2017**	CRISIL A1+	140	130.60	1.38%
<b>Sub Total</b>					<b>130.60</b>	<b>1.38%</b>
<b>b) Reverse Repo / CBLO</b>						
1		364 Days T Bill Maturing on 14/04/2016			28.00	0.30%
<b>Sub Total</b>					<b>28.00</b>	<b>0.30%</b>
<b>Total for Money Market Instruments</b>					<b>158.60</b>	<b>1.68%</b>
<b>Cash &amp; Other Net Current Assets</b>					<b>330.60</b>	<b>3.49%</b>
<b>GRAND TOTAL</b>					<b>9462.23</b>	<b>100.00%</b>

\*\* Thinly traded / Non Traded securities

