

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 BANKING AND PSU DEBT FUND** as at 31/03/2016, which comprise the Balance Sheet, the Revenue Account for the Year then 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 BANKING AND PSU DEBT FUND** 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

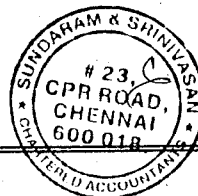
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountant of India. Those standards require that we comply with ethical requirements and plan and perform 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 :



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 BANKING AND PSU DEBT FUND** as at 31/03/2016

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM BANKING AND PSU DEBT FUND** for the Year ended on 31/03/2016.

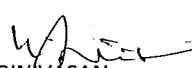
5. Report on Other Legal and Regulatory Requirements

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	31-Mar-15
		Rs.	Rs.
LIABILITIES			
Unit Capital	1	25,45,94,981	55,37,55,281
Reserves & Surplus	2	1,97,40,615	17,03,757
Current Liabilities & Provisions	3	1,81,244	10,90,34,404
		27,45,16,840	66,44,93,442
ASSETS			
Investments	4	27,10,34,701	60,64,50,351
Other Current Assets	5	34,82,139	5,80,43,091
		27,45,16,840	66,44,93,442

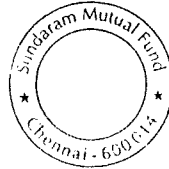
Notes on Accounts

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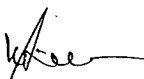
As per our Report of even date

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

For
Sundaram Mutual Fund

Authorized Signatory


K Srinivasan
Partner
(M.NO : 5809)



Place : Chennai
Date : 30th June 2016

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2016

	Schedule No.	01.04.2015 TO 31.03.2016		27.03.2015 TO 31.03.2015	
		Rs.	Rs.	Rs.	Rs.
REVENUE					
Interest	6	5,56,67,985		4,80,889	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		-		45,900	
Net profit on inter scheme transfer / sale of investments		4,85,220		-	
Other Income		3,562		-	
		5,61,56,767		5,26,789	
TOTAL (A)			5,61,56,767		5,26,789
EXPENSES					
Net diminution in value of investment		3,45,900		-	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		14,12,516		-	
Management fee		18,62,023		13,074	
Service Tax on AMC Fees		2,58,431		1,616	
Trusteeship fee		35,161		272	
Custodian charges		65,482		7,118	
Commission to Agents		1,08,361		(0)	
Audit fee		29,097		11,236	
Other Operating expenses		21,463		85	
Investor Education Fees		1,40,650		1,088	
SEBI Fees		8,470		-	
		42,87,554		34,489	
Less: Expenses absorbed by AMC		4,471		14,469	
TOTAL (B)			42,83,083		20,020
SURPLUS / (DEFICIT) (A-B)			5,18,73,684		5,06,769
Add/(Less) : Balance in Equalisation Account			(3,35,65,788)		1,74,578
			1,83,07,896		6,81,347
Less: Income Distributed		1,895		-	
Distribution Tax		735		-	
			2,630		
Surplus /(Deficit) transferred to Balance Sheet			1,83,05,266		6,81,347

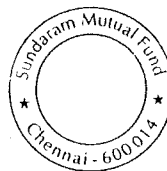
Notes on Accounts

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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

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SCHEDULE : 1

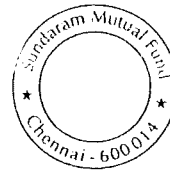
Unit Capital

	31-03-2016		31-03-2015	
	Units	Rs.	Units	Rs.
Initial capital	3,57,60,545	35,76,05,453	3,57,60,545	35,76,05,453
Unit Capital				
Opening Capital	5,53,75,528	55,37,55,281	-	-
Add: Units sold during the Year	7,33,86,497	73,38,64,973	5,53,75,528	55,37,55,281
Less : Units repurchased during the Year	12,87,62,025	1,28,76,20,254	5,53,75,528	55,37,55,281
	10,33,02,527	1,03,30,25,273	-	-
Units at the end of the Year	2,54,59,498	25,45,94,981	5,53,75,528	55,37,55,281
		<u>25,45,94,981</u>		<u>55,37,55,281</u>

SCHEDULE : 2

Reserves & Surplus

	31-03-2016		31-03-2015	
	Rs.	Rs.	Rs.	Rs.
Unit Premium Reserve				
Opening Balance	25,494	-	-	-
Add : Amount Received on Sale / Repurchase of Units (net)	(1,24,645)	(99,151)	25,494	25,494
General Reserve				
Opening Balance	6,81,347	-	-	-
Add /(Less): Transfer from Revenue Account	1,83,05,266	1,89,86,613	6,81,347	6,81,347
Unrealised appreciation reserve				
Opening Balance	9,96,916	-	-	-
Add/(Less) Net unrealized appreciation for the Year	(1,43,763)	8,53,153	9,96,916	9,96,916
Unrealised Appreciation Reserve (Schedule 7)		8,53,153		9,96,916
		<u>1,97,40,615</u>		<u>17,03,757</u>



SCHEDULE : 3**Current Liabilities & Provisions**

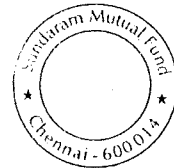
	31-03-2016	31-03-2016
	Rs.	Rs.
Sundry Creditors	1,79,461	32,073
Distributed Income Payable	342	-
Units Pending Allotment	-	10,90,00,000
Others	1,441	2,331
	1,81,244	10,90,34,404

SCHEDULE : 4**Investments**

	31-03-2016	31-03-2016
	Rs.	Rs.
Debentures / Bonds listed / awaiting listing on the recognised stock exchange	6,73,48,611	-
Government Securities	4,98,19,350	25,19,14,250
Certificate of Deposits	14,97,66,740	32,99,76,070
Others - Reverse Repo / CBLO	41,00,000	2,45,60,031
	27,10,34,701	60,64,50,351

SCHEDULE : 5**Other Current Assets**

	31-03-2016	31-03-2015
	Rs.	Rs.
Balance with banks in Current Accounts	2,30,940	2,93,109
Contract for Sale of Investments	-	5,27,30,977
CBLO Margin Account	1,12,476	9,88,474
Repo Margin Account	1,94,101	3,59,119
Outstanding and accrued Income	29,44,622	36,57,042
Others	-	14,370
	34,82,139	5,80,43,091

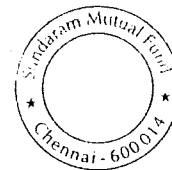


SCHEDULE : 6**Interest**

	01.04.2015 TO 31.03.2016	27.03.2015 TO 31.03.2015
	Rs.	Rs.
Interest from banks and others	22,42,413	2,93,016
Interest on Debentures and Bonds	2,63,86,462	67,294
Discounting Charges	2,70,39,110	1,20,579
	5,56,67,985	4,80,889

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

	31-03-2016	31-03-2015
	Rs.	Rs.
Appreciation in Value of Investments		
Certificate of Deposits	6,68,927	5,80,416
Government Securities	-	4,16,500
Debentures / Bonds listed / awaiting listing on the recognised stock exchange	1,84,226	-
Appreciation in Value of Investments (Schedule 2)	8,53,153	9,96,916
Diminution in value of investments		
Government Securities	3,45,900	-
Diminution in value of investments transfer to Revenue Account	3,45,900	-



SUNDARAM MUTUAL FUND
SUNDARAM BANKING AND PSU DEBT FUND
Schedules forming part of the Balance Sheet as at 31-Mar-2016
and the Revenue Account for the Year 31-Mar- 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.

Bonus/Rights entitlements are recognised on ex-bonus / ex- rights dates.

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.

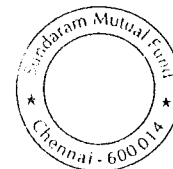
2. INVESTMENT MANAGER FEES

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

Description	01.04.2015 to 31.03.2016	27.03.2015 TO 31.03.2015
Average daily net asset value	7,032.34	3,971.64
Management fee @ 0.26% of average daily net asset value. (Previous year 0.299%)	18.62	0.13

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	01.04.2015 to 31.03.2016	27.03.2015 TO 31.03.2015
PURCHASE VALUE (AMOUNT)	40,098.10	6,370.41
%	570.20%	160.40%
SALES VALUE (AMOUNT)	43,605.25	527.31
%	620.07%	13.28%

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	31.03.16	31.03.15
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.	1,497.67	3,299.75
% to the asset under management	54.61%	59.41%

6. INCOME / EXPENDITURE

The total income and expenditure (excluding deferred revenue expenditure un-amortised) as a percentage of the daily average net assets, on an annualised basis, are given below.,

DESCRIPTION	01.04.2015 to 31.03.2016	27.03.2015 TO 31.03.2015
INCOME	7.99%	9.68%
EXPENDITURE#	0.36%	0.63%

Total expenses charged includes service tax on management fees charged to the investor over and above

the normal expense charged 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. Previous Year Rs. Nil

8. AMOUNT PAID TO SPONSORS / ASSOCIATES

	01.04.2015 to 31.03.2016	27.03.2015 TO 31.03.2015
Sundaram Finance Ltd (Sponsor)	0.00	NIL
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Amount paid to INDUSIND BANK (ASSOCIATE)@	NIL	NIL

@ 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 V

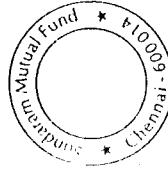


15 HISTORICAL PER UNIT STATISTICS		SBKPSU														
		01.04.2015 TO 31.03.2016					27.03.2015 TO 31.03.2015									
		Rs.					Rs.									
(A) Gross income																
(i) Income other than profit on sale of investment																
(ii) Income from profit on inter scheme sales/transfer of investments																
(iii) Income from profit on sale of investment to third parties																
(iv) Transfer to revenue account from past year's reserves																
(B) Aggregate of expenses, write off, amortisation and charges																
(C) Net income																
(D) Net unrealised appreciation/(diminution) in value of investments																
(E) Net Assets Value																
(F) Highest repurchase price *																
Lowest repurchase price *																
Highest ongoing sale price *																
Lowest ongoing sale price *																
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage																
(H) Ratio of gross income to average daily net assets by percentage																

	31.03.16	31.03.15
	Rs.	Rs.
16 Computation of Distributable Income		
Net income as per revenue account	1,55,07,895	6,81,347
Add: Balance of Undistributed income as at 1st April brought forward	6,81,347	-
	1,89,89,243	6,81,347
Less: Income Distributed during the year	2,630	-
Add: Unit premium reserve	(99,151)	-
Distributable Income	1,88,87,462	6,81,347

*Includes load applicable, if any

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



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ANNEXURE-II		
SUNDARAM BANKING AND PSU DEBT FUND		
% of total Investments within the classification		
	31-Mar-16	31-Mar-15
Debt Instruments		
Listed/awaiting listing on stock exchange		
FINANCE	100.00%	0.00%
SOVEREIGN	100.00%	100.00%
Money Market Instruments		
BANK	100.00%	0.00%
FINANCE	0.00%	100.00%

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SUNDARAM MUTUAL FUND						
SUNDARAM BANKING AND PSU DEBT FUND						
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
A) Debt Instruments						
a) Listed / awaiting listing on Stock Exchange						
1	INE001A07LU2	Housing Development Finance Corporation Ltd - 9.75 - 10/10/2016	CRISIL AAA	45	452.04	16.48%
2	INE134E08HV7	Power Finance Corporation Ltd - 8.36 - 04/09/2020	CRISIL AAA	12	120.79	4.40%
3	INE115A07IY8	LIC Housing Finance Ltd - 8.75 - 08/03/2021**	CRISIL AAA	10	100.65	3.67%
Sub Total					673.49	24.55%
b) Govt Security						
1	IN1620140187	8.09% Haryana State Development Loan 11/03/2025	Sovereign	500000	498.19	18.16%
Sub Total					498.19	18.16%
Total for Debt Instruments					1171.68	42.71%
B) Money Market Instruments						
a) Certificate of Deposits						
1	INE008A16K29	IDBI Bank Ltd - 07/02/2017**	CRISIL A1+	500	469.84	17.13%
2	INE112A16K15	Corporation Bank - 14/03/2017**	CRISIL A1+	500	466.93	17.02%
3	INES14E16AM7	Export Import Bank of India - 24/02/2017**	CRISIL A1+	300	281.04	10.24%
4	INE238A16I25	AxIs Bank Ltd - 17/03/2017**	CRISIL A1+	300	279.86	10.20%
Sub Total					1497.67	54.59%
b) Reverse Repo / CBLO						
1		364 Days T Bill Maturing on 14/04/2016			41.00	1.49%
Sub Total					41.00	1.49%
Total for Money Market Instruments					1538.67	56.09%
Cash & Other Net Current Assets					33.00	1.20%
GRAND TOTAL					2743.35	100.00%

** Thinly traded / Non Traded securities

