

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 GILT 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 GILT 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

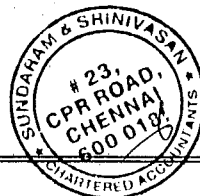
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountant of India. Those standards require that we comply with ethical requirements and plan and perform 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 GILT FUND** as at 31/03/2016
- b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM GILT 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 | 165,946,479 | 215,046,540 |
| Reserves & Surplus | 2 | 230,372,902 | 276,064,192 |
| Current Liabilities & Provisions | 3 | 1,126,745 | 1,015,896 |
| | | 397,446,126 | 492,126,628 |
| ASSETS | | | |
| Investments | 4 | 390,185,134 | 480,441,003 |
| Other Current Assets | 5 | 7,260,992 | 11,685,625 |
| | | 397,446,126 | 492,126,628 |

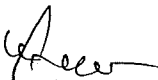
Notes on Accounts

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As per our Report of even date

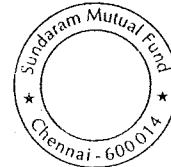
For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

For
Sundaram Mutual Fund


K Srinivasan
Partner
(M.NO : 5809)




Authorised Signatory



Place : Chennai
Date : 30th June 2016

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2016

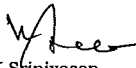
| | Schedule No. | 2015 - 16 | | 2014 - 15 | |
|--|--------------|-------------------|---------------------|-------------------|--------------------|
| | | Rs. | Rs. | Rs. | Rs. |
| REVENUE | | | | | |
| Interest | 6 | 37,330,897 | | 31,060,218 | |
| Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale) | | - | | 17,681,879 | |
| Other Income | | 3,715 | | 8 | |
| TOTAL (A) | | 37,334,612 | 37,334,612 | 48,742,105 | 48,742,105 |
| EXPENSES | | | | | |
| Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale) | | 7,581,566 | | - | |
| Interest on loan availed | | 1,676 | | | |
| Management fee | | 8,610,269 | | 5,882,669 | |
| Service Tax on AMC Fee | | 1,191,855 | | 727,098 | |
| Custodian charges | | - | | - | |
| Trusteeship fee | | 23,865 | | 18,808 | |
| Commission to Agents | | 773,156 | | 952,029 | |
| Marketing Expenses | | 513,290 | | - | |
| Audit fee | | 22,239 | | 13,943 | |
| Other Operating Expenses | | 44,054 | | 59,653 | |
| Investor Education Fees | | 95,458 | | 75,230 | |
| SEBI Fees | | 6,264 | | 850 | |
| Expeses absorbed by AMC | | 18,863,692 | | 7,730,280 | |
| | | 2,566 | | | |
| TOTAL (B) | | | 18,861,126 | | 7,730,280 |
| SURPLUS / (DEFICIT) (A-B) | | | 18,473,486 | | 41,011,825 |
| Add/(Less) : Balance in Equalisation Account | | | (65,636,719) | | 65,748,062 |
| | | | (47,163,233) | | 106,759,887 |
| Less: Income Distributed | | 168,028 | | 3,927,765 | |
| Distribution Tax | | 67,060 | 235,088 | 1,112,760 | 5,040,525 |
| Surplus /(Deficit) transferred to Balance Sheet | | | (47,398,321) | | 101,719,362 |

Notes on Accounts

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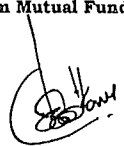
As per our Report of even date

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

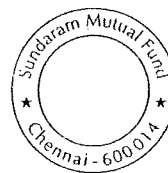

K Srinivasan
Partner
(M.NO : 5809)



For
Sundaram Mutual Fund



Authorised Signatory



Place : Chennai
Date : 30th June 2016

SCHEDULE : 1**Unit Capital**

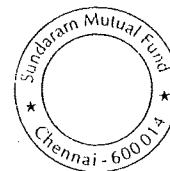
| | 31/03/2016 | | 31/03/2015 | |
|--|-------------------|--------------------|-------------------|--------------------|
| | UNITS | Rs. | UNITS | Rs. |
| Initial capital | 19,056,400 | 190,564,000 | 19,056,400 | 190,564,000 |
| Unit Capital | | | | |
| Opening Capital | 21,504,654 | 215,046,540 | 18,587,902 | 185,879,021 |
| Add: Units sold during the year | 5,748,478 | 57,484,782 | 21,079,128 | 210,791,282 |
| | 27,253,132 | 272,531,322 | 39,667,030 | 396,670,303 |
| Less : Units repurchased during the year | 10,658,484 | 106,584,843 | 18,162,376 | 181,623,763 |
| Units at the end of the Year | 16,594,648 | 165,946,479 | 21,504,654 | 215,046,540 |
| | | 165,946,479 | | 215,046,540 |

SCHEDULE : 2**Reserves & Surplus**

| | 31/03/2016 | | 31/03/2015 | |
|---|--------------|--------------------|-------------|--------------------|
| | Rs. | Rs. | Rs. | Rs. |
| Unit Premium Reserve | | | | |
| Opening Balance | 3,251,537 | | 276,286 | |
| Add / (Less): Net Premium on sale / (redemption) of units | (586,247) | 2,665,290 | 2,975,251 | 3,251,537 |
| General Reserve | | | | |
| Opening Balance | 269,885,719 | | 168,166,357 | |
| Add / (Less): Transfer from Revenue Account | (47,398,321) | 222,487,398 | 101,719,362 | 269,885,719 |
| Unrealised appreciation reserve | | | | |
| Opening Balance | 2,926,936 | | 2,731 | |
| Add/(Less) Net unrealized appreciation for the year | 2,293,278 | | 2,924,205 | |
| Unrealised Appreciation Reserve (Schedule 7) | | 5,220,214 | | 2,926,936 |
| | | 230,372,902 | | 276,064,192 |



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SCHEDULE : 3**Current Liabilities & Provisions**

| | 31/03/2016 | 31/03/2015 |
|------------------|------------------|------------------|
| | Rs. | Rs. |
| Sundry Creditors | 1,119,102 | 934,763 |
| Others | 7,643 | 81,133 |
| | 1,126,745 | 1,015,896 |

SCHEDULE : 4**Investments**

| | 31/03/2016 | 31/03/2015 |
|---------------------------------------|--------------------|--------------------|
| | Rs. | Rs. |
| Central & State Government Securities | 378,585,134 | 466,164,237 |
| Investment in Reverse Repo / CBLO | 11,600,000 | 14,276,766 |
| | 390,185,134 | 480,441,003 |

SCHEDULE : 5**Other Current Assets**

| | 31/03/2016 | 31/03/2015 |
|--|------------------|-------------------|
| | Rs. | Rs. |
| Balance with banks in Current Accounts | 420,584 | 658,985 |
| CBLO Margin Account | 346,167 | 717,678 |
| Outstanding and accrued Income | 5,896,860 | 10,030,776 |
| Repo Margin Account | 597,381 | 260,737 |
| Others | - | 17,449 |
| | 7,260,992 | 11,685,625 |



SCHEDULE : 6**Interest**

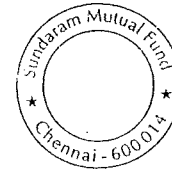
| Description | 2015 - 16 | 2014 - 15 |
|--------------------------------|-------------------|-------------------|
| | Rs. | Rs. |
| Interest from banks and others | 37,330,897 | 25,680,139 |
| Discounting Charges | - | 5,380,079 |
| | 37,330,897 | 31,060,218 |

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

| Appreciation in Value of Investments | 2015 - 16 | 2014 - 15 |
|--|------------------|------------------|
| | Rs. | Rs. |
| Central & State Government Securities | 5,220,214 | 2,926,936.00 |
| Appreciation in value of Investments (Schedule 2) | 5,220,214 | 2,926,936 |

b

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**SUNDARAM MUTUAL FUND
SUNDARAM GILT FUND**

Schedules forming part of the Balance Sheet as at 31-Mar-2016
and the Revenue Account for the Year ended 31-Mar-2016

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 & 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.

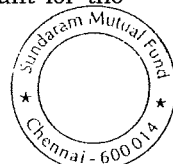
1.4. LOAD

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 | 2015-2016 | 2014-2015 |
|---|-----------|-----------|
| Average daily net asset value | 4,772.52 | 3,761.26 |
| Management fee @ 1.8% of average daily net asset value. (Previous year 1.56%) | 86.10 | 58.83 |

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 | 2015 - 16 | 2014 - 15 |
|-------------------------|-----------|-------------|
| PURCHASE VALUE (AMOUNT) | 67,813.68 | 1,20,125.30 |
| % | 1420.92% | 3193.75% |
| SALES VALUE (AMOUNT) | 68,749.89 | 1,15,748.36 |
| % | 1440.53% | 3077.38% |

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 | 31.03.2016 | 31.03.2015 |
|--|------------|------------|
| 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. | NIL | NIL |
| % to the asset under management | NIL | NIL |

6 INCOME / EXPENDITURE

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

| DESCRIPTION | 2015 - 16 | 2014 - 15 |
|---------------|-----------|-----------|
| INCOME | 7.82% | 12.96% |
| EXPENDITURE # | 2.36% | 2.06% |

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



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8 AMOUNT PAID TO SPONSORS / ASSOCIATES

| | 2015 - 16 | 2014 - 15 |
|---|-----------|-----------|
| Sundaram Finance Ltd (Sponsor) | 0.01 | 0.02 |
| Sundaram Finance Distribution Ltd (subsidiary of Sponsor) | NIL | NIL |
| Indus Ind 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 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 As on 31st March 16, these sums were deployed in money market instruments in terms of SEBI circular no .SEBI/Cir/9/120/2000 dated November 24,2000

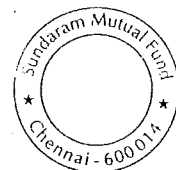
15 Audit fees

The current year audit fees of Rs 22239/- as per Revenue account includes SEBI audit fees of Rs 1074/-.

16 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.

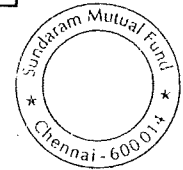
The balances pending utilization are deployed in money market instruments. Movement of IEAI balances are provided in Annexure VII.



| ANNEXURE-II | | |
|--|-----------|-----------|
| SUNDARAM GILT FUND | | |
| % of total Investments within the classification | | |
| | 31-Mar-16 | 31-Mar-15 |
| Money Market Instruments | | |
| SOVEREIGN | 100.00% | 100.00% |

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ANNEXURE - III

SUNDARAM MUTUAL FUND

SUNDARAM GILT 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) Govt Security | | | | |
| 1 | IN0020150069 | 7.59% Central Government Securities 20/03/2029 | Sovereign | 1200000 | 1189.81 | 30.02% |
| 2 | IN0020150093 | 7.59% Central Government Securities 11/01/2026 | Sovereign | 1000000 | 1008.81 | 25.46% |
| 3 | IN0020150010 | 7.68% Central Government Securities 15/12/2023 | Sovereign | 1000000 | 1002.00 | 25.28% |
| 4 | IN0020140060 | 8.15% Central Government Securities 24/11/2026 | Sovereign | 500000 | 513.15 | 12.95% |
| 5 | IN2220140148 | 8.43% Maharashtra State Development Loan 12/11/2024 | Sovereign | 70800 | 72.08 | 1.82% |
| | | Sub Total | | | 3785.85 | 95.53% |
| | | Total for Debt Instruments | | | 3785.85 | 95.53% |
| | | B) Money Market Instruments | | | | |
| | | a) Reverse Repo / CBLO | | | | |
| 1 | | 364 Days T Bill Maturing on 14/04/2016 | | | 116.00 | 2.93% |
| | | Sub Total | | | 116.00 | 2.93% |
| | | Total for Money Market Instruments | | | 116.00 | 2.93% |
| | | Cash & Other Net Current Assets | | | 61.34 | 1.55% |
| | | GRAND TOTAL | | | 3963.19 | 100.00% |

** Thinly traded / Non Traded securities

