

# 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 LONG TERM TAX ADVANTAGE FUND SERIES.1** 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 LONG TERM TAX ADVANTAGE FUND SERIES.1** 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 :



452

**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 LONG TERM TAX ADVANTAGE FUND SERIES.1** as at 31/03/2016

b. In the case of Revenue Account of the Deficit of Sundaram Mutual fund **SUNDARAM LONG TERM TAX ADVANTAGE FUND SERIES.1** for the Year ended on 31/03/2016.

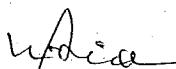
**5. Report on Other Legal and Regulatory Requirements**

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.
<b>LIABILITIES</b>			
Unit Capital	1	258,199,850	258,199,850
Reserves & Surplus	2	(24,238,846)	3,648,815
Current Liabilities & Provisions	3	597,376	11,672,195
		<b>234,558,380</b>	<b>273,520,860</b>
<b>ASSETS</b>			
Investments	4	233,924,836	272,356,901
Other Current Assets	5	633,544	1,163,959
		<b>234,558,380</b>	<b>273,520,860</b>

Notes on Accounts

8

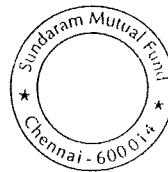
As per our Report of even date

**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

## REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2016

	Schedule No.	01.04.2015 - 31.03.2016		26.03.2015 - 31.03.2015	
		Rs.	Rs.	Rs.	Rs.
<b>REVENUE</b>					
Dividend		2,452,020		-	
Interest	6	1,240,026		499,184	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		1,554,134		-	
Other Income		3,530		-	
<b>TOTAL (A)</b>		<b>5,249,710</b>	<b>5,249,710</b>	<b>499,184</b>	<b>499,184</b>
<b>EXPENSES</b>					
Net diminution in value of investment	7	22,574,757		-	
Management fee		4,965,567		29,216	
Service Tax on AMC Fees		699,865		3,611	
Trusteeship fee		12,347		212	
Custodian charges		83,267		4,508	
Commission to Agents		1,455,638		-	
Audit fee		7,876		11,236	
Other Operating expenses		19,302		66,729	
Investor Education Fees		49,385		849	
SEBI Fees		3,375		-	
<b>TOTAL (B)</b>		<b>29,871,379</b>	<b>29,871,379</b>	<b>116,361</b>	<b>116,361</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>(24,621,669)</b>		<b>382,823</b>

Notes on Accounts

8

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

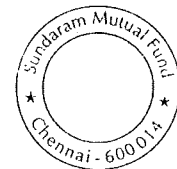
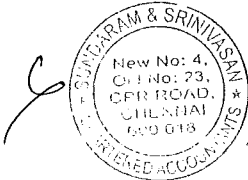
## Unit Capital

	31/03/2016		31/03/2015	
	Units	Rs.	Units	Rs.
Initial capital	25,819,985	258,199,850	25,819,985	258,199,850
Unit Capital Opening Capital	25,819,985	258,199,850	-	-
Add: Units sold during the year	-	-	25,819,985	258,199,850
Less : Units repurchased during the year	-	-	-	-
Units at the end of the year	25,819,985	258,199,850	25,819,985	258,199,850
		<u>258,199,850</u>		<u>258,199,850</u>

## SCHEDULE : 2

## Reserves &amp; Surplus

	31/03/2016		31/03/2015	
	Rs.	Rs.	Rs.	Rs.
General Reserve Opening Balance	382,823		-	
Add /(Less): Transfer from Revenue Account	(24,621,669)	(24,238,846)	382,823	382,823
Unrealised appreciation reserve Opening Balance	3,265,992		-	
Add/(Less) Net unrealized appreciation for the year	(3,265,992)		3,265,992	
Unrealised Appreciation Reserve ( Schedule 7 )		-		3,265,992
		<u>(24,238,846)</u>		<u>3,648,815</u>



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

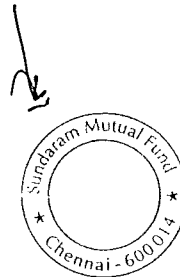
	31/03/2016	31/03/2015
	Rs.	Rs.
Sundry Creditors	578,867	169,503
Contract for Purchase of Investments	14,075	11,498,752
Others	4,434	3,940
	<b>597,376</b>	<b>11,672,195</b>

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

	31/03/2016	31/03/2015
	Rs.	Rs.
Equity Shares	231,524,836	69,285,929
Units of Domestic Mutual Fund	-	190,092,094
Others - Reverse Repo / CBLO	2,400,000	12,978,878
	<b>233,924,836</b>	<b>272,356,901</b>

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

	31/03/2016	31/03/2015
	Rs.	Rs.
Balance with banks in Current Accounts	426,296	567,989
CBLO Margin Account	75,842	434,568
Repo Margin Account	130,880	157,881
Outstanding and accrued Income	526	3,521
	<b>633,544</b>	<b>1,163,959</b>

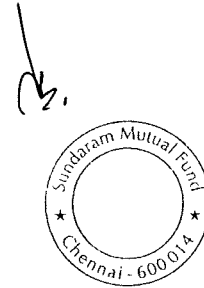
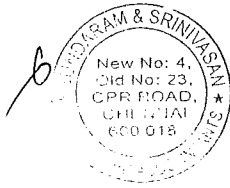


**SCHEDULE : 6****Interest**

	<b>01.04.2015 - 31.03.2016</b>	<b>26.03.2015 - 31.03.2015</b>
	Rs.	Rs.
Interest from banks and others	1,240,026	499,184
	<b>1,240,026</b>	<b>499,184</b>

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

	<b>31/03/2016</b>	<b>31/03/2015</b>
	Rs.	Rs.
<b>Appreciation in Value of Investments</b>		
Equity Shares	-	3,173,898
Units of Domestic Mutual Fund	-	92,094
<b>Appreciation in Value of Investments (schedule 2)</b>	-	<b>3,265,992</b>
<b>Diminution in value of investments</b>		
Equity Shares	22,574,757	-
<b>Diminution in Value of Investments transfer to Revenue Account</b>	<b>22,574,757</b>	-



**SUNDARAM MUTUAL FUND**  
**SUNDARAM LONG TERM TAX ADVANTAGE 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**  
**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.

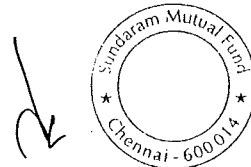
**2. INVESTMENT MANAGER FEES**

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

Description	01.04.15-31.03.16	26.03.15-31.03.15
Average daily net asset value	2,469.00	2,595.12
Management fee @ 2.01% of average daily net asset value.(Previous year "0.68	49.66	0.29

**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	01.04.15-31.03.16	26.03.15-31.03.15
<b>PURCHASE VALUE (AMOUNT)</b>	<b>2,914.38</b>	<b>2,561.12</b>
%	118.04%	98.69%
<b>SALES VALUE (AMOUNT)</b>	<b>2,950.05</b>	-
%	119.48%	0.00%

**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.	-	-
% to the asset under management	0.00%	0.00%

**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	01.04.15-31.03.16	26.03.15-31.03.15
<b>INCOME</b>	<b>2.13%</b>	<b>11.70%</b>
<b>EXPENDITURE#</b>	<b>2.96%</b>	<b>2.73%</b>

# 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**

	01.04.15-31.03.16	26.03.15-31.03.15
Sundaram Finance Ltd (Sponsor)	NIL	4.68
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Amount paid to INDUSIND BANK (ASSOCIATE)@	NIL	5.24

@ 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.

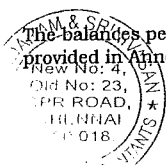
**13. ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES**

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.

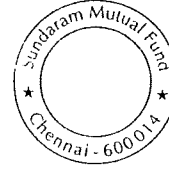
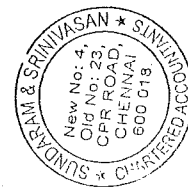


15 HISTORICAL PER UNIT STATISTICS	01.04.2015 - 31.03.2016		26.03.2015 - 31.03.2015	
	Rs.		Rs.	
(A) Gross income				
(i) Income other than profit on sale of investment		0.1431		0.0193
(ii) Income from profit on inter scheme sales/transfer of investments		0.0000		0.00
(iii) Income from profit on sale of investment to third parties		0.0602		0.00
(iv) Transfer to revenue account from past year's reserves				
(B) Aggregate of expenses, write off, amortisation and charges		1.1569		0.0045
(C) Net income		-0.9536		0.0148
(D) Net unrealised appreciation/(diminution) in value of investments		0.8743		0.1265
(E) Net Assets Value	Regular Growth	9.0594	Regular Dividend	10.1412
	Direct Growth	9.1156	Direct Dividend	10.1443
	Regular Growth	NA	Regular Dividend	NA
	Direct Growth	NA	Direct Dividend	NA
(F) Highest repurchase price	Regular Growth	NA	Regular Dividend	10.0000
Lowest repurchase price	Direct Growth	NA	Direct Dividend	10.0000
Highest ongoing sale price	Regular Growth	NA	Regular Dividend	10.0000
Lowest ongoing sale price	Direct Growth	NA	Direct Dividend	10.0000
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage		2.96%		2.73%
(H) Ratio of gross income to average daily net assets by percentage		2.13%		11.70%

## 16 Computation of Distributable Income

	31.03.16	31.03.15
	Rs.	Rs.
Net Income as per revenue account	(24,621,669)	382,823
Add : Balance of Undistributed income as at 1st April brought forward	382,823	-
	(24,238,846)	382,823
Less : Income Distributed during the year	-	-
Distributable Income	(24,238,846)	382,823

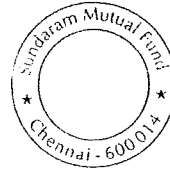
17. Previous year figures have been regrouped wherever necessary to confirm with the current year's classification



ANNEXURE-II		
SUNDARAM LONG TERM TAX ADVANTAGE FUND SERIES 1		
% of total Investments within the classification		
	31-Mar-16	31-Mar-15
<b>Equity Instruments</b>		
<b>Listed / awaiting listing on Stock Exchange</b>		
AUTO	5.36%	0.00%
BANKS	31.05%	0.00%
CEMENT	21.50%	39.55%
FINANCE	0.00%	11.13%
INDUSTRIAL MANUFACTURING	0.00%	38.28%
INDUSTRIAL PRODUCTS	5.96%	0.00%
PETROLEUM PRODUCTS	9.83%	0.00%



Handwritten mark resembling a stylized 'S' or 'N' with a downward-pointing arrow.



## SUNDARAM MUTUAL FUND

## SUNDARAM LONG TERM TAX ADVANTAGE FUND SERIES 1

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	INE481G01011	Ultratech Cement Ltd	Cement	6135	198.08	8.47%
2	INE040A01026	HDFC Bank Ltd	Banks	14922	159.84	6.83%
3	INE002A01018	Relliance Industries Ltd	Petroleum Products	15000	156.78	6.70%
4	INE528G01019	Yes Bank Ltd	Banks	13740	118.86	5.08%
5	INE010A01011	Prism Cement Ltd	Cement	138857	111.78	4.78%
6	INE062A01020	State Bank of India Ltd	Banks	56563	109.87	4.70%
7	INE331A01037	The Ramco Cements Ltd	Cement	27324	109.26	4.67%
8	INE090A01021	ICICI Bank Ltd	Banks	45060	106.63	4.56%
9	INE115A01026	LIC Housing Finance Ltd	Finance	19000	93.70	4.00%
10	INE018A01030	Larsen & Toubro Ltd	Construction Project	7075	86.08	3.68%
11	INE628A01036	Uniked Phosphorous Ltd	Pesticides	18000	85.99	3.68%
12	INE238A01034	Axis Bank Ltd	Banks	19228	85.40	3.65%
13	INE177A01018	Ingersoll Rand India Ltd	Industrial Products	12659	81.97	3.50%
14	INE028A01039	Bank Of Baroda	Banks	54016	79.40	3.39%
15	INE055A01016	Century Textiles and Industries Ltd	Cement	14847	78.64	3.36%
16	IN9155A01020	TATA Motors Ltd	Auto	25572	73.74	3.15%
17	INE242A01010	Indian Oil Corporation Ltd	Petroleum Products	18000	70.85	3.03%
18	INE034A01011	Arvind Ltd	Textile Products	25089	68.58	2.93%
19	INE825A01012	Vardhman Textiles Ltd	Textiles - Cotton	8540	66.06	2.82%
20	INE419M01019	TD Power Systems Ltd	Industrial Capital Good	28423	59.39	2.54%
21	INE692A01016	Union Bank of India	Banks	44982	58.84	2.51%
22	INE863B01011	Premier Explosives Ltd	Chemicals	15129	57.55	2.46%
23	INE089C01029	Sterlite Technologies Ltd	Industrial Products	61940	56.02	2.39%
24	INE438A01022	Apollo Tyres Ltd	Auto Ancillaries	29682	51.91	2.22%
25	INE101A01026	Mahindra & Mahindra Ltd	Auto	4169	50.47	2.16%
26	INE839M01018	Schneider Electric Infrastructure Ltd	Industrial Capital Good	25000	36.51	1.56%
27	INE048G01018	Navin Fluorine International Ltd	Chemicals	180	3.04	0.13%
		<b>Sub Total</b>			<b>2315.25</b>	<b>98.96%</b>
		<b>Total for Equity &amp; Equity Related</b>			<b>2315.25</b>	<b>98.96%</b>
		<b>B) Money Market Instruments</b>				
		<b>a) Reverse Repo / CBLO</b>				
1		364 Days T Bill Maturing on 14/04/2016			24.00	1.03%
		<b>Sub Total</b>			<b>24.00</b>	<b>1.03%</b>
		<b>Total for Money Market Instruments</b>			<b>24.00</b>	<b>1.03%</b>
		Cash & Other Net Current Assets			0.35	0.01%
		<b>GRAND TOTAL</b>			<b>2339.60</b>	<b>100.00%</b>

\*\* Thinly traded / Non Traded securities

