

# 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.2** 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 LONG TERM TAX ADVANTAGE FUND SERIES.2** 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 LONG TERM TAX ADVANTAGE FUND SERIES.2** 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.2** for the Period ended on 31/03/2016.

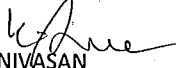
**5. Report on Other Legal and Regulatory Requirements**

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:0042075)**

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	181,745,000
Reserves & Surplus	2	(1,568,447)
Current Liabilities & Provisions	3	227,440
		<b>180,403,993</b>
<b>ASSETS</b>		
Investments	4	177,859,289
Other Current Assets	5	2,544,704
		<b>180,403,993</b>

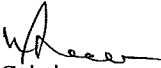
Notes on Accounts

8


As per our Report of even date

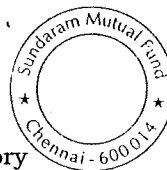
**For**  
**Sundaram & Srinivasan**  
Chartered Accountants  
(FRN.: 004207S)

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

  
K Srinivasan  
Partner  
(M.NO : 5809)



  
Authorised Signatory



Place : Chennai  
Date : 30th June 2016

## REVENUE ACCOUNT FOR THE PERIOD FROM 21.03.2016 TO 31.03.2016

	Schedule No.	21.03.2016 TO 31.03.2016	
		Rs.	Rs.
<b>REVENUE</b>			
Interest	6	423,653	
<b>TOTAL (A)</b>		<b>423,653</b>	<b>423,653</b>
<b>EXPENSES</b>			
Net diminution in value of investment	7	1,937,000	
Management fee		100,300	
Service Tax		14,544	
Custodian charges		4,598	
Trusteeship fee		273	
Commission to Agents		11,733	
Audit fee		2,863	
Other Operating expenses		502	
Investor Education Fees		1,090	
<b>TOTAL (B)</b>		<b>2,072,903</b>	<b>2,072,903</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>(1,649,250)</b>

Notes on Accounts

8

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

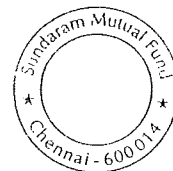
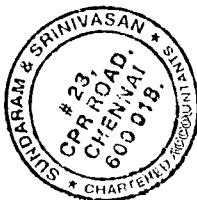
Place : Chennai  
Date : 30th June 2016

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

	31/03/2016	
	Units	Rs.
<b>Initial capital</b>	18,174,500	181,745,000
<b>Unit Capital</b>		
Opening Capital	-	-
Add: Units sold during the Period	18,174,500	181,745,000
	18,174,500	181,745,000
Less : Units repurchased during the Period	-	-
Units at the end of the Period	18,174,500	181,745,000
		<b>181,745,000</b>

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

	31/03/2016	
	Rs.	Rs.
<b>General Reserve</b>		
Opening Balance	-	
Add / (Less): Transfer from Revenue Account	(1,649,250)	(1,649,250)
<b>Unrealised appreciation reserve</b>		
Opening Balance	-	
Add/(Less) Net unrealized appreciation for the Period	80,803	
Unrealised Appreciation Reserve (Schedule 7)		<b>80,803</b>
		<b>(1,568,447)</b>



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

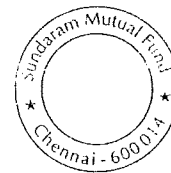
	<b>31/03/2016</b>
	<b>Rs.</b>
Sundry Creditors	171,623
Contract for Purchase of Investments	54,540
Others	1,277
	<b>227,440</b>

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

	<b>31/03/2016</b>
	<b>Rs.</b>
Equity Shares	47,778,486
Units of Domestic Mutual Fund	100,080,803
Others - Reverse Repo / CBLO	30,000,000
	<b>177,859,289</b>

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

	<b>31/03/2016</b>
	<b>Rs.</b>
Balance with banks in Current Accounts	342,302
CBLO Margin Account	805,600
Repo Margin Account	1,390,227
Outstanding and accrued Income	6,575
	<b>2,544,704</b>



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

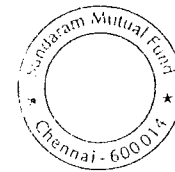
	21.03.2016 TO 31.03.2016
	Rs.
Interest from banks and others	423,653
	<b>423,653</b>

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

	21.03.2016 TO 31.03.2016
	Rs.
<b>Appreciation in Value of Investments</b>	
Units of Domestic Mutual Fund	80,803
	<b>80,803</b>
<b>Diminution in value of investments</b>	
Equity Shares	1,937,000
<b>Diminution in value of investments trf to Revenue Account</b>	<b>1,937,000</b>

6

1



**SUNDARAM MUTUAL FUND**  
**SUNDARAM LONG TERM TAX ADVANTAGE FUND 2**  
 Schedules forming part of the Balance Sheet as at 31-Mar-2016  
 and the Revenue Account for the Period from 21.03.2016 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.





**2 INVESTMENT MANAGER FEES**

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

Description	21.03.2016 to 31.03.2016
Average daily net asset value	1,813.00
Management fee @ 1.84% of average daily net asset value. ( Previous year -	1.00

**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 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	21.03.2016 to 31.03.2016
<b>PURCHASE VALUE (AMOUNT)</b>	<b>1,497.15</b>
%	82.58%
<b>SALES VALUE (AMOUNT)</b>	<b>NIL</b>
%	<b>NIL</b>

**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 investments valued in "good	-
% to the asset under management	0.00%

**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	21.03.2016 to 31.03.2016
<b>INCOME</b>	<b>7.78%</b>
<b>EXPENDITURE #</b>	<b>38.04%</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.

**8 AMOUNT PAID TO SPONSORS / ASSOCIATES**

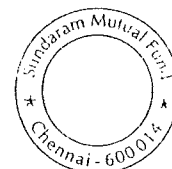
	21.03.2016 to 31.03.2016
Sundaram Finance Ltd (Sponsor)	0.91
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL
INDUSIND BANK (ASSOCIATE) @	NIL

@ 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.

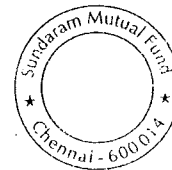
**13 ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES**

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 VII.



## 15 HISTORICAL PER UNIT STATISTICS

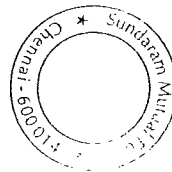
## SLTAX2

		21.03.2016 - 31.03.2016			
		Rs.			
(A)	Gross income				
	(i) income other than profit on sale of investment	0.0233			
	(ii) income from profit on inter scheme sales/transfer of investments	0.0000			
	(iii) income from profit on sale of investment to third parties	0.0000			
	(iv) transfer to revenue account from past year's reserves	0.0000			
(B)	Aggregate of expenses, write off, amortisation and charges	0.1141			
(C)	Net income	-0.0907			
(D)	Net unrealised appreciation/(diminution) in value of investments	-0.1021			
		GR	DIV	DIRDIV	DIRGR
(E)	Net Assets Value	9.9135	9.9135	9.9185	9.9185
(F)	Highest repurchase price	0.0000	0.0000	0.0000	0.0000
	Lowest repurchase price	0.0000	0.0000	0.0000	0.0000
	Highest ongoing sale price	10.0000	10.0000	10.0000	10.0000
	Lowest ongoing sale price	10.0000	10.0000	10.0000	10.0000
(G)	Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage	38.04%			
(H)	Ratio of gross income to average daily net assets by percentage	7.78%			

## 16 Computation of Distributable Income

	31.03.16
	Rs.
Net Income as per revenue account	(1,649,250)
Add : Balance of Undistributed income as at 1st April brought forward	-
	(1,649,250)
Less : Income Distributed during the year	-
Distributable Income	(1,649,250)

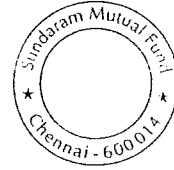
17. Previous year figures have been regrouped wherever necessary to confirm with the current year's classification



ANNEXURE-II	
SUNDARAM LONG TERM TAX ADVANTAGE FUND SERIES 2	
% of total Investments within the classification	
31-Mar-16	
<b>Equity Instruments</b>	
<b>Listed / awaiting listing on Stock Exchange</b>	
AUTO	10.61%
BANKS	13.94%
HEALTHCARE SERVICES	17.52%
INDUSTRIAL PRODUCTS	7.16%
PETROLEUM PRODUCTS	6.92%
PHARMACEUTICALS	23.79%
<b>Mutual Fund Units</b>	
SUNDARAM MONEY FUND - DIRECT GROWTH	100.00%

6

12



SUNDARAM MUTUAL FUND						
SUNDARAM LONG TERM TAX ADVANTAGE FUND SERIES 2						
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	INE075I01017	Healthcare Global Enterprises Ltd	Healthcare Services	46870	83.69	4.64%
2	INE987B01026	Natco Pharma Ltd	Pharmaceuticals	20000	82.54	4.58%
3	INE326A01037	Lupin Ltd	Pharmaceuticals	2105	31.14	1.73%
4	INE089C01029	Sterlite Technologies Ltd	Industrial Products	20034	18.12	1.01%
5	INE208A01029	Ashok Leyland Ltd	Auto	16086	17.47	0.97%
6	INE868B01028	Nagarjuna Construction Co Ltd	Construction Project	22789	17.27	0.96%
7	INE462A01022	Bayer Cropsience Ltd	Pesticides	455	17.26	0.96%
8	INE528G01019	Yes Bank Ltd	Banks	1985	17.17	0.95%
9	INE155A01022	TATA Motors Ltd	Auto	4399	17.01	0.94%
10	INE002A01018	Reliance Industries Ltd	Petroleum Products	1595	16.67	0.93%
11	INE090A01021	ICICI Bank Ltd	Banks	7034	16.65	0.92%
12	INE012A01025	ACC Ltd	Cement	1203	16.62	0.92%
13	INE238A01034	Axis Bank Ltd	Banks	3712	16.49	0.92%
14	INE825A01012	Vardhman Textiles Ltd	Textiles - Cotton	2130	16.48	0.91%
15	INE242A01010	Indian Oil Corporation Ltd	Petroleum Products	4169	16.41	0.91%
16	INE062A01020	State Bank of India Ltd	Banks	8393	16.30	0.90%
17	INE101A01026	Mahindra & Mahindra Ltd	Auto	1339	16.21	0.90%
18	INE513A01014	Fag Bearings India Ltd	Industrial Products	424	16.10	0.89%
19	INE419M01019	TD Power Systems Ltd	Industrial Capital Goods	7655	16.00	0.89%
20	INE048G01018	Navin Fluorine International Ltd	Chemicals	722	12.19	0.68%
		<b>Sub Total</b>			<b>477.78</b>	<b>26.52%</b>
		<b>Total for Equity &amp; Equity Related</b>			<b>477.78</b>	<b>26.52%</b>
		<b>B) Money Market Instruments</b>				
		<b>a) Reverse Repo / CBLO</b>				
1		364 Days T Bill Maturing on 14/04/2016			300.00	16.65%
		<b>Sub Total</b>			<b>300.00</b>	<b>16.65%</b>
		<b>Total for Money Market Instruments</b>			<b>300.00</b>	<b>16.65%</b>
		<b>C) Mutual Fund Units</b>				
		<b>a) Investment in Mutual Fund Units</b>				
1		Sundaram Money Fund - Direct Growth		3131880.35	1000.81	55.55%
		<b>Sub Total</b>			<b>1000.81</b>	<b>55.55%</b>
		Cash & Other Net Current Assets			23.17	1.29%
		<b>GRAND TOTAL</b>			<b>1801.76</b>	<b>100.00%</b>

\*\* Thinly traded / Non Traded securities

