

# 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 VALUE FUND SERIES.3** 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 VALUE FUND SERIES.3** 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

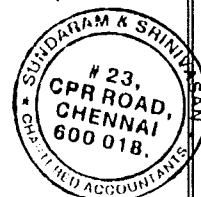
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountant of India. Those standards require that we comply with ethical requirements and plan and perform 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 VALUE FUND SERIES.3** as at 31/03/2016

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM VALUE FUND SERIES.3** 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	250,251,330
Reserves & Surplus	2	8,963,378
Current Liabilities & Provisions	3	17,325,531
		<b>276,540,239</b>
<b>ASSETS</b>		
Investments	4	250,569,268
Other Current Assets	5	25,970,971
		<b>276,540,239</b>

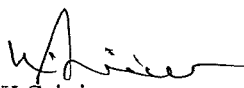
Notes on Accounts

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As per our Report of even date

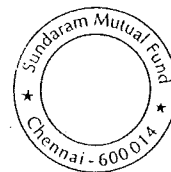
**For**  
**Sundaram & Srinivasan**  
 Chartered Accountants  
 (FRN.: 004207S)

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

  
 K Srinivasan  
 Partner  
 (M.NO : 5809)







Authorised Signatory

Place : Chennai  
 Date : 30th June 2016

## REVENUE ACCOUNT FOR THE PERIOD FROM 05.02.2016 TO 31.03.2016

	Schedule No.	05.02.2016 TO 31.03.2016	
		Rs.	Rs.
<b>REVENUE</b>			
Dividend	6	136,805	
Interest		2,025,044	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		182,666	
Realised gain on derivative transactions		1,464,732	
<b>TOTAL (A)</b>		<b>3,809,247</b>	<b>3,809,247</b>
<b>EXPENSES</b>			
Management fee		803,478	
Service Tax		116,541	
Custodian charges		13,441	
Trusteeship fee		1,937	
Commission to Agents		211,564	
Audit fee		5,726	
Other Operating expenses		10,002	
Investor Education Fees		7,746	
<b>TOTAL (B)</b>		<b>1,170,435</b>	<b>1,170,435</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>2,638,812</b>

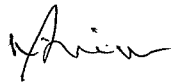
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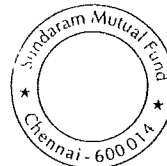
For  
**Sundaram & Srinivasan**  
Chartered Accountants  
(FRN.: 004207S)

For  
**Sundaram Mutual Fund**



K Srinivasan  
Partner  
(M.NO : 5809)





Authorised Signatory

Place : Chennai  
Date : 30th June 2016

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

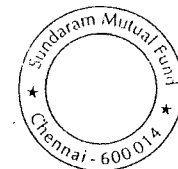
	31/03/2016	
	Units	Rs.
<b>Initial capital</b>	<b>25,025,133</b>	<b>250,251,330</b>
<b>Unit Capital</b>		
Opening Capital	-	-
Add: Units sold during the Period	25,025,133	250,251,330
	25,025,133	250,251,330
Less : Units repurchased during the Period	-	-
Units at the end of the Period	25,025,133	250,251,330
		<b>250,251,330</b>

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

	31/03/2016	
	Rs.	Rs.
<b>General Reserve</b>		
Opening Balance	-	
Add /(Less): Transfer from Revenue Account	2,638,812	<b>2,638,812</b>
<b>Unrealised appreciation reserve</b>		
Opening Balance	-	
Add/(Less) Net unrealized appreciation for the Period	6,324,566	
Unrealised Appreciation Reserve ( Schedule 7 )		<b>6,324,566</b>
		<b>8,963,378</b>

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

	31/03/2016
	Rs.
Sundry Creditors	758,107
Contract for Purchase of Investments	16,557,955
Others	9,469
	<b>17,325,531</b>

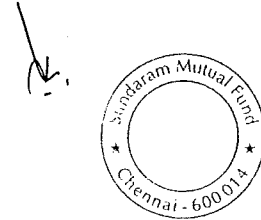


**SCHEDULE : 4****Investments**

	<b>31/03/2016</b>
	<b>Rs.</b>
Equity Shares	158,304,626
Units of Domestic Mutual Fund	80,064,642
Others - Reverse Repo / CBLO	12,200,000
	<b>250,569,268</b>

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

	<b>31/03/2016</b>
	<b>Rs.</b>
Balance with banks in Current Accounts	16,743,137
CBLO Margin Account	266,596
Repo Margin Account	460,066
Equity Derivatives Instrument Account Margin Money	8,498,498
Outstanding and accrued Income	2,674
	<b>25,970,971</b>

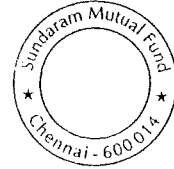


**SCHEDULE : 6****Interest**

	<b>05.02.2016 TO 31.03.2016</b>
	Rs.
Interest from banks and others	2,025,044
	<b>2,025,044</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	6,259,924
Units of Domestic Mutual Fund	64,642
<b>Appreciation in Value of Investments ( Schedule 2 )</b>	<b>6,324,566</b>



**SUNDARAM MUTUAL FUND**  
**SUNDARAM VALUE FUND SERIES - III**  
**Schedules forming part of the Balance Sheet as at 31-Mar-2016**  
**and the Revenue Account for the Period from 05.02.2016 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.

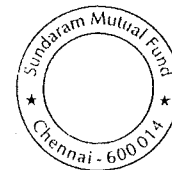
In accordance with the guidance note on accounting for investments in the financial statement of mutual funds issued by The Institute of Chartered Accountants of India, the investments are valued separately category-wise and the net unrealised appreciation is directly transferred to unrealised appreciation 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	05.02.2016 to 31.03.2016
Average daily net asset value	2,531.32
Management fee @ 2.07% of average daily net asset value. ( Previous	8.03

**3 INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE NET ASSET  
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	05.02.2016 to 31.03.2016
<b>PURCHASE VALUE (AMOUNT)</b>	<b>2,347.79</b>
%	92.75%
<b>SALES VALUE (AMOUNT)</b>	<b>29.17</b>
%	1.15%

**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	NIL
% to the asset under management	NIL

**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	05.02.2016 to 31.03.2016
<b>INCOME</b>	<b>9.84%</b>
<b>EXPENDITURE #</b>	<b>3.02%</b>

# Total expenses charged includes service tax on management fees charged to the investor over and above the normal expense charged and Additional Total Expense ratio as per SEBI CIR/IMD/DF/21/2012 dated September 13,2012.

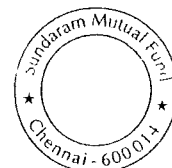
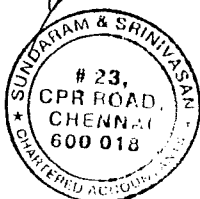
**7 CONTINGENT LIABILITY**

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

**8 AMOUNT PAID TO SPONSORS / ASSOCIATES**

	05.02.2016 to 31.03.2016
Sundaram Finance Ltd (Sponsor)	5.5122
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**  
(% of total investment within the classification)

Refer Annexure - II

**10. DETAILS OF DERIVATIVE CONTRACTS OUTSTANDING AT THE YEAR END AND EXECUTED DURING THE PERIOD**

Margin account on futures amounting to Rs.84.98 lakhs (Previous Year Nil ) represent the margin towards future contracts and is disclosed under other current assets.Refer Annexure V for details of derivative contracts executed during the Year.

**11 PORTFOLIO DISCLOSURE**

Full portfolio of the scheme is given in Annexure - III

**12 MOVEMENT IN UNIT CAPITAL**

As Per Schedule-I

**13 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.

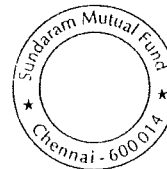
**14 ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES**

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

**15 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.



## 16 HISTORICAL PER UNIT STATISTICS

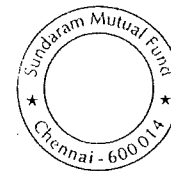
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		05.02.2016 - 31.03.2016			
		Rs.			
(A)	Gross income				
	(i) income other than profit on sale of investment	0.0864			
	(ii) income from profit on inter scheme sales/transfer of investments	0.0000			
	(iii) income from profit on sale of investment to third parties	0.0658			
	(iv) transfer to revenue account from past year's reserves				
(B)	Aggregate of expenses, write off, amortisation and charges	0.0468			
(C)	Net income	0.1054			
(D)	Net unrealised appreciation/(diminution) in value of investments	0.2527			
		DIRGR	DIRDIV	GR	DIV
(E)	Net Assets Value	10.364	10.364	10.3582	10.3582
(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	3.02%			
(H)	Ratio of gross income to average daily net assets by percentage	9.84%			

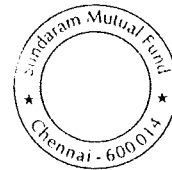
## 17 Computation of Distributable Income

		31.03.16
		Rs.
	Net Income as per revenue account	2,638,812
	Add : Balance of Undistributed income as at 1st April brought forward	-
		2,638,812
	Less : Income Distributed during the year	-
	Distributable Income	2,638,812

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



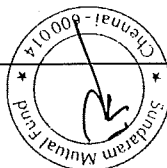
ANNEXURE-II	
SUNDARAM VALUE FUND - SERIES 3	
% of total Investments within the classification	
31-Mar-16	
<b>Equity Instruments</b>	
<b>a) Listed / awaiting listing on Stock Exchange</b>	
AUTO	17.46%
BANKS	11.78%
CEMENT	13.16%
CONSUMER NON DURABLES	6.18%
HEALTHCARE SERVICES	8.39%
PETROLEUM PRODUCTS	7.43%
SOFTWARE	5.38%
<b>b) Derivative</b>	
INDEX FUTURE	100.00%
<b>Mutual Fund Units</b>	
SUNDARAM MONEY FUND - DIRECT GROWTH	100.00%



## ANNEXURE - III

SUNDARAM MUTUAL FUND						
SUNDARAM VALUE FUND - SERIES 3						
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	74394	132.83	5.12%
2	IN9155A01020	TATA Motors Ltd	Auto	36410	104.99	4.05%
3	INE047A01013	Grasim Industries Ltd.	Cement	2500	96.10	3.71%
4	INE155A01022	TATA Motors Ltd	Auto	23711	91.67	3.54%
5	INE356A01018	Mphasis Ltd	Software	17311	85.14	3.28%
6	INE585B01010	Maruti Suzuki India Ltd	Auto	2146	79.75	3.08%
7	INE103A01014	Mangalore Refinery and Petrochemicals Ltd	Petroleum Products	96990	65.37	2.52%
8	INE041A01016	Dhampur Sugar Mills Ltd	Consumer Non Durables	68755	63.98	2.47%
9	INE055A01016	Century Textiles and Industries Ltd	Cement	10987	58.20	2.25%
10	INE326A01037	Lupin Ltd	Pharmaceuticals	3910	57.84	2.23%
11	INE203G01019	Indraprastha Gas Ltd	Gas	9816	55.91	2.16%
12	INE267A01025	Hindustan Zinc Ltd	Non - Ferrous Metals	30367	55.75	2.15%
13	INE669E01016	Idea Cellular Ltd	Telecom - Services	50000	55.10	2.13%
14	INE062A01020	State Bank of India Ltd	Banks	28018	54.42	2.10%
15	INE383A01012	The India Cements Ltd	Cement	62622	54.01	2.08%
16	INE238A01034	Axis Bank Ltd	Banks	12150	53.96	2.08%
17	INE090A01021	ICICI Bank Ltd	Banks	22573	53.42	2.06%
18	INE868B01028	Nagarjuna Construction Co Ltd	Construction Project	69951	53.02	2.05%
19	INE002A01018	Reliance Industries Ltd	Petroleum Products	5000	52.26	2.02%
20	INE066P01011	INOX Wind Ltd	Industrial Capital Goods	18637	48.31	1.86%
21	INE048G01018	Navin Fluorine International Ltd	Chemicals	2693	45.48	1.75%
22	INE930H01015	K.P.R. Mill Ltd	Textile Products	4580	38.11	1.47%
23	INE942G01012	McLeod Russel India Ltd	Consumer Non Durables	18296	33.93	1.31%
24	INE302A01020	Exide Industries Ltd	Auto Ancillaries	24000	33.44	1.29%
25	INE562A01011	Indian Bank	Banks	23754	24.68	0.95%
26	INE486A01013	CESC Ltd	Power	5214	24.65	0.95%
27	INE510A01028	Engineers India Ltd	Construction Project	6302	10.72	0.41%
<b>Sub Total</b>					<b>1583.05</b>	<b>61.07%</b>
<b>b) Derivative</b>						
1		BANK NIFTY NSE APR2016 FUT	Index Future	1470	238.83	9.21%
2		NIFTY NSE APR2016 FUT	Index Future	3000	233.53	9.01%
<b>Sub Total</b>					<b>472.36</b>	<b>18.22%</b>
<b>Total for Equity &amp; Equity Related</b>					<b>2055.41</b>	<b>79.29%</b>
<b>B) Money Market Instruments</b>						
<b>a) Reverse Repo / CBLO</b>						
1		364 Days T Bill Maturing on 14/04/2016			122.00	4.71%
<b>Sub Total</b>					<b>122.00</b>	<b>4.71%</b>
<b>Total for Money Market Instruments</b>					<b>122.00</b>	<b>4.71%</b>
<b>C) Mutual Fund Units</b>						
<b>a) Investment in Mutual Fund Units</b>						
1		Sundaram Money Fund - Direct Growth		2505504.28	800.65	30.89%
<b>Sub Total</b>					<b>800.65</b>	<b>30.89%</b>
<b>Cash &amp; Other Net Current Assets</b>					<b>-470.89</b>	<b>-18.17%</b>
<b>Margin Money For Derivatives</b>					<b>84.98</b>	<b>3.28%</b>
<b>GRAND TOTAL</b>					<b>2592.15</b>	<b>100.00%</b>

\*\* Thinly traded / Non Traded securities



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