

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 FIXED TERM PLAN - SERIES DZ** 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 FIXED TERM PLAN - SERIES DZ** 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
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- a. In case of Balance sheet, of the state of affairs of Sundaram Mutual fund, **SUNDARAM FIXED TERM PLAN - SERIES DZ** as at 31/03/2016
- b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM FIXED TERM PLAN - SERIES DZ** for the Year ended on 31/03/2016.

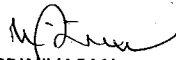
5. Report on Other Legal and Regulatory Requirements

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	159,648,430	243,362,330
Reserves & Surplus	2	37,694,455	35,687,476
Current Liabilities & Provisions	3	31,987	80,462
		197,374,872	279,130,268
ASSETS			
Investments	4	191,248,755	265,726,043
Other Current Assets	5	6,126,117	13,404,225
		197,374,872	279,130,268


Notes on Accounts

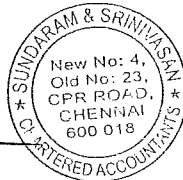
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As per our Report of even date

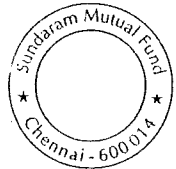
For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

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	19,874,637		24,218,907	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		1,765,502		429,408	
Net profit on inter scheme transfer / sale of investments		13,506		-	
Other Income		1,043		-	
TOTAL (A)		21,654,688	21,654,688	24,648,315	24,648,315
EXPENSES					
Net diminution in value of investment	7	846,371		-	
Management fee		322,321		266,836	
Service Tax on AMC Fee		44,728		32,981	
Custodian charges		42,780		41,744	
Trusteeship fee		11,920		13,376	
Commission to Agents		746,445		1,314,912	
Audit fee		8,060		7,795	
Other Operating expenses		2,777		2,961	
Investor Education Fees		47,678		53,496	
Sebi Fees		3,557		1,182	
TOTAL (B)		2,076,637	2,076,637	1,735,283	1,735,283
SURPLUS / (DEFICIT) (A-B)			19,578,051		22,913,032
Add/(Less) : Balance in Equalisation Account			(15,917,160)		-
Surplus /(Deficit) transferred to Balance Sheet			3,660,891		22,913,032

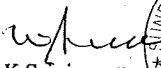
Notes on Accounts

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As per our Report of even date

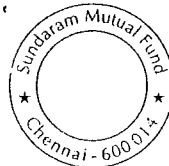
For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

For
Sundaram Mutual Fund


K Srinivasan
Partner
(M.NO : 5809)




Authorised Signatory



Place : Chennai
Date : 30th June 2016

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SCHEDULE : 1**Unit Capital**

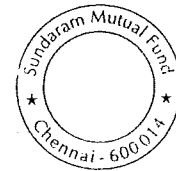
	31/03/2016		31/03/2015	
	Units	Rs.	Units	Rs.
Initial capital	24,336,233	243,362,330	24,336,233	243,362,330
Unit Capital				
Opening Capital	24,336,233	243,362,330	24,336,233.00	243,362,330
Add: Units sold during the Year	-	-	-	-
Less : Units repurchased during the Year	24,336,233 8,371,390	243,362,330 83,713,900	24,336,233 -	243,362,330 -
Units at the end of the Year	15,964,843	159,648,430	24,336,233	243,362,330
		<u>159,648,430</u>		<u>243,362,330</u>

SCHEDULE : 2**Reserves & Surplus**

	31/03/2016		31/03/2015	
	Rs.	Rs.	Rs.	Rs.
General Reserve				
Opening Balance	33,993,903		11,080,871	
Add /(Less): Transfer from Revenue Account	3,660,891		22,913,032	
		37,654,794		33,993,903
Unrealised appreciation reserve				
Opening Balance	1,693,573		1,199,794	
Add/(Less) Net unrealized appreciation for the Year	(1,653,912)		493,779	
Unrealised Appreciation Reserve (Schedule 7)		39,661		1,693,573
		<u>37,694,455</u>		<u>35,687,476</u>

SCHEDULE : 3**Current Liabilities & Provisions**

	31/03/2016	31/03/2015
	Rs.	Rs.
Sundry Creditors	31,748	77,505
Others	239	2,957
	31,987	80,462



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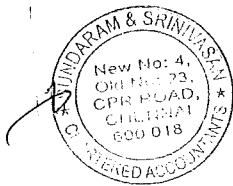
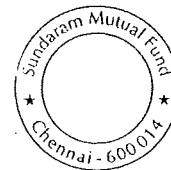


SCHEDULE : 4**Investments**

	31/03/2016	31/03/2015
	Rs.	Rs.
Debentures & Bonds listed / awaiting listing on the recognised stock exchange	110,474,389	203,360,274
Certificate of Deposits	80,174,366	-
Others - Reverse Repo / CBLO	600,000	6,090,089
Zero Coupon Bond	-	56,275,680
	191,248,755	265,726,043

SCHEDULE : 5**Other Current Assets**

	31/03/2016	31/03/2015
	Rs.	Rs.
Balance with banks in Current Accounts	261,134	275,613
CBLO Margin Account	21,477	309,228
Repo Margin Account	37,063	112,344
Outstanding and accrued Income	5,591,761	12,707,040
Others	214,682	
	6,126,117	13,404,225

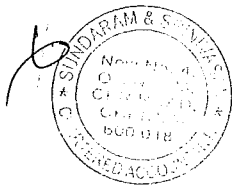



SCHEDULE : 6**Interest**

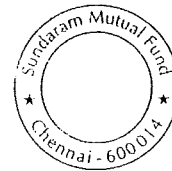
	2015-16	2014-15
	Rs.	Rs.
Interest from banks and others	573,974	322,317
Interest on Debentures and Bonds	11,532,484	18,134,675
Discounting Charges	7,768,179	5,761,915
	19,874,637	24,218,907

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

	31/03/2016	31/03/2015
	Rs.	Rs.
Appreciation in Value of Investments		
Debentures & Bonds listed / awaiting listing on the recognised stock exchange		1,489,601
Zero Coupon Bond		203,972
Certificate of Deposits	39,661	
Appreciation in the value of investments (Schedule 2)	39,661	1,693,573
Diminution in value of investments		
Debentures & Bonds listed / awaiting listing in the Recognised the recognised stock exchange	846,371	-
Diminution in value of investments transferred to Revenue Account	846,371	-



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SUNDARAM MUTUAL FUND
SUNDARAM FIXED TERM PLAN - DZ
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.

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	2015-16	2014-15
Average daily net asset value	2,383.75	2,674.81
Management fee @ 0.14% of average daily net asset value.(Previous year 0.1%)	3.22	2.67

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	2015-16	2014-15
PURCHASE VALUE (AMOUNT)	22,996.90	702.32
%	964.74%	26.26%
SALES VALUE (AMOUNT)	23,774.06	578.22
%	997.34%	21.62%

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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	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 Period.	1,534.81	2,596.37
% to the asset under management	77.90%	93.04%

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	2015-16	2014-15
INCOME	9.08%	9.21%
EXPENDITURE #	0.52%	0.65%

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

	2015-16	2014-15
Sundaram Finance Ltd (Sponsor)	0.02	NIL
IndusInd Bank (Associate)@	NIL	NIL
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	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.

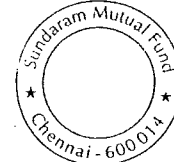
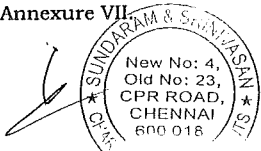
13. ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

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.

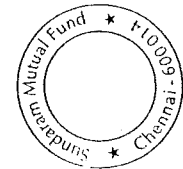
The balances pending utilization are deployed in money market instruments. Movement of IEAI balances are provided in Annexure VII.



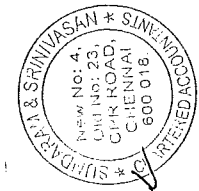
15 HISTORICAL PER UNIT STATISTICS	01.04.2015 - 31.03.2016		01.04.2014 - 31.03.2015		26.09.2013 - 31.03.2014	
	Rs.		Rs.		Rs.	
(A) Gross income						
(i) income other than profit on sale of investment	1.2450		0.9952		0.4891	
(ii) income from profit on inter scheme sales/transfer of investments	0.0008		0.0000		0.0000	
(iii) income from profit on sale of investment to third parties	0.1106		0.0176		0.0002	
(iv) transfer to revenue account from past year's reserves						
(B) Aggregate of expenses, write off, amortisation and charges	0.1301		0.0713		0.0340	
(C) Net income	1.2263		0.9415		0.4553	
(D) Net unrealised appreciation/(diminution) in value of investments	-0.0505		0.0696		0.0493	
(E) Net Assets Value						
(F) Highest repurchase price	12.4927	12.3412	11.553	11.5532	10.5313	10.5315
Lowest repurchase price	12.0163	11.9009	NA	NA	NA	NA
Highest ongoing sale price	12.0163	11.9009	NA	NA	NA	NA
Lowest ongoing sale price	NA	NA	NA	NA	10.0000	10.0000
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage	0.52%		0.65%		0.65%	
(H) Ratio of gross income to average daily net assets by percentage	9.08%		9.21%		9.33%	

16 Computation of Distributable Income

	31.03.16	31.03.15
	Rs.	Rs.
Net Income as per revenue account	3,660,891	22,913,032
Add : Balance of Undistributed income as at 1st April brought forward	33,993,903	11,080,871
	37,654,794	33,993,903
Less : Income Distributed during the year	-	-
Distributable Income	37,654,794	33,993,903

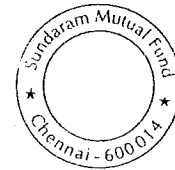
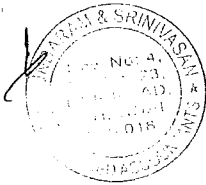


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17. Previous year figures have been regrouped wherever necessary to conform with the current year's classification

ANNEXURE-II		
SUNDARAM FIXED TERM PLAN - DZ		
% of total Investments within the classification		
	31-Mar-16	31-Mar-15
Debt Instruments		
Listed / awaiting listing on Stock Exchange		
FINANCE	100.00%	80.74%
ENERGY	0.00%	19.26%
Money Market Instruments		
BANK	100.00%	0.00%



ANNEXURE - III

SUNDARAM MUTUAL FUND						
SUNDARAM FIXED TERM PLAN - DZ						
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	INE721A07GK6	Shriram Transport Finance Company Ltd - 10.72 - 24/09/2016**	CARE AA+	37	371.93	18.85%
2	INE001A07LU2	Housing Development Finance Corporation Ltd - 9.75 - 10/10/2016	CRISIL AAA	37	371.68	18.83%
3	INE020B07JA6	Rural Electrification Corporation Ltd - 8.97 - 08/09/2016**	CRISIL AAA	36	361.14	18.30%
Sub Total					1104.74	55.98%
Total for Debt Instruments					1104.74	55.98%
B) Money Market Instruments						
a) Certificate of Deposits						
1	INE528G16D07	Yes Bank Ltd - 28/09/2016**	ICRA A1+	610	588.37	29.81%
2	INE112A16JX6	Corporation Bank - 02/09/2016**	CRISIL A1+	220	213.37	10.81%
Sub Total					801.74	40.63%
b) Reverse Repo / CBLO						
1		364 Days T Bill Maturing on 14/04/2016			6.00	0.30%
Sub Total					6.00	0.30%
Total for Money Market Instruments					807.74	40.93%
Cash & Other Net Current Assets					60.94	3.09%
GRAND TOTAL					1973.43	100.00%

** Thinly traded / Non Traded securities

