

# 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 FD** 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 FD** 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 :



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**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 FIXED TERM PLAN - SERIES FD** as at 31/03/2016
- b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM FIXED TERM PLAN - SERIES FD** for the Year ended on 31/03/2016.

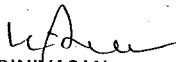
**5. Report on Other Legal and Regulatory Requirements**

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: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	31-Mar-15
		Rs.	Rs.
<b>LIABILITIES</b>			
Unit Capital	1	80,826,890	1,016,458,450
Reserves & Surplus	2	15,748,219	104,699,449
Current Liabilities & Provisions	3	20,459	91,993
		<b>96,595,568</b>	<b>1,121,249,892</b>
<b>ASSETS</b>			
Investments	4	92,154,267	1,120,871,187
Other Current Assets	5	4,441,301	378,705
		<b>96,595,568</b>	<b>1,121,249,892</b>

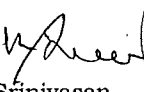
Notes on Accounts


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As per our Report of even date

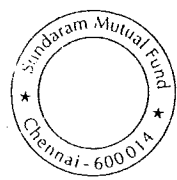
**For**  
**Sundaram & Srinivasan**  
Chartered Accountants  
(FRN.: 004207S)

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

  
K Srinivasan  
Partner  
(M.NO : 5809)



  
Authorised Signatory



Place : Chennai

Date : 30th June 2016

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

	Schedule No.	2015-16		2014-15	
		Rs.	Rs.	Rs.	Rs.
<b>REVENUE</b>					
Interest	6	9,426,331		97,295,473	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		386		-	
Net profit on inter scheme transfer / sale of investments		-		1,538,076	
Net diminution on sale of investments written back		14,034		-	
Other Income		1,416		-	
<b>TOTAL (A)</b>		<b>9,442,167</b>	<b>9,442,167</b>	<b>98,833,549</b>	<b>98,833,549</b>
<b>EXPENSES</b>					
Net diminution in value of investment	7	229,413		14,034	
Management fee		61,189		536,000	
Service Tax		8,372		66,250	
Custodian charges		41,735		46,216	
Trusteeship fee		5,617		53,732	
Commission to Agents		50,903		132,861	
Audit fee		8,190		19,987	
Other Operating expenses		9,386		5,215	
Investor Education Fees		22,477		214,925	
Sebi Fees		14,290		4,847	
Expenses absorbed by amc		451,572		1,094,067	
<b>TOTAL (B)</b>		<b>50,084</b>	<b>401,488</b>	<b>-</b>	<b>1,094,067</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>9,040,679</b>		<b>97,739,482</b>
Add/(Less) : Balance in Equalisation Account			(97,991,909)		-
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>(88,951,230)</b>		<b>97,739,482</b>

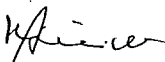
Notes on Accounts

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As per our Report of even date

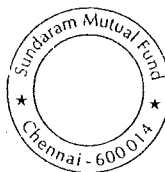
For  
Sundaram & Srinivasan  
Chartered Accountants  
(FRN.: 004207S)

For  
Sundaram Mutual Fund



K Srinivasan  
Partner  
(M.NO : 5809)





Authorised Signatory

Place : Chennai  
Date : 30th June 2016

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

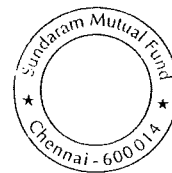
	31/03/2016		31/03/2015	
	Units	Rs.	Units	Rs.
Initial capital	101,645,845	1,016,458,450	101,645,845	1,016,458,450
Unit Capital Opening Capital	101,645,845	1,016,458,450	101,645,845	1,016,458,450
Add: Units sold during the Year	-	-	-	-
	101,645,845	1,016,458,450	101,645,845	1,016,458,450
Less : Units repurchased during the Year	93,563,156	935,631,560	-	-
Units at the end of the Year	8,082,689	80,826,890	101,645,845	1,016,458,450
	<b>80,826,890</b>		<b>1,016,458,450</b>	

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

	31/03/2016		31/03/2015	
	Rs.	Rs.	Rs.	Rs.
General Reserve Opening Balance	104,699,449	-	6,959,967	-
Add /(Less): Transfer from Revenue Account	(88,951,230)	15,748,219	97,739,482	104,699,449
Unrealised appreciation reserve Opening Balance	-	-	4,791,004	-
Add/(Less) Net unrealized appreciation for the Year	-	-	(4,791,004)	-
Unrealised Appreciation Reserve ( Schedule 7 )	-	-	-	-
	<b>15,748,219</b>		<b>104,699,449</b>	

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

	31/03/2016	31/03/2015
	Rs.	Rs.
Sundry Creditors	20,384	85,842
Others	75	6,151
	<b>20,459</b>	<b>91,993</b>

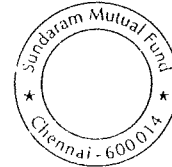


**SCHEDULE : 4****Investments**

	31/03/2016	31/03/2015
	Rs.	Rs.
Non-Convertible Debentures - Listed / awaiting listing on stock exchange	71,698,223	-
Certificate of Deposits	-	1,118,375,249
Others - Reverse Repo / CBLO	1,900,000	2,495,938
Zero Coupon Bond	18,556,044	-
	<b>92,154,267</b>	<b>1,120,871,187</b>

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

	31/03/2016	31/03/2015
	Rs.	Rs.
Balance with banks in Current Accounts	256,358	103,630
CBLO Margin Account	60,976	125,435
Outstanding and accrued Income	4,018,740	677
Repo Margin Account	105,227	45,571
Others	-	103,392
	<b>4,441,301</b>	<b>378,705</b>

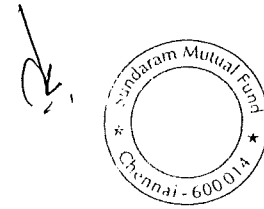
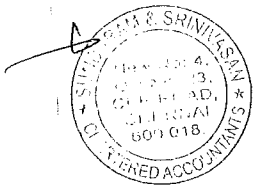


**SCHEDULE : 6****Interest**

	<b>2015-16</b>	<b>2014-15</b>
	Rs.	Rs.
Interest from banks and others	453,125	510,812
Interest on Debentures and Bonds	5,746,839	-
Discounting Charges	3,226,367	96,784,661
	<b>9,426,331</b>	<b>97,295,473</b>

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

	<b>31/03/2015</b>	<b>31/03/2015</b>
	Rs.	Rs.
<b>Diminution in value of investments</b>		
Debentures & Bonds listed / awaiting listing in the recognised stock exchange	169,807	-
Zero Coupon Bond	59,606	
Money Market Instruments	-	14,034
<b>Net Diminution in value of investments transfer to Revenue Account</b>	<b>229,413</b>	<b>14,034</b>



**SUNDARAM MUTUAL FUND**  
**SUNDARAM FIXED TERM PLAN - FD**  
Schedules forming part of the Balance Sheet as at 31-Mar-2016  
and the Revenue Account for the Period from 01.04.2015 to 31.03.2016

**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.

**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	1,123.80	10,746.10
Management fee @ 0.05% of average daily net asset value. (Previous year 0.05%)	0.61	5.36

**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

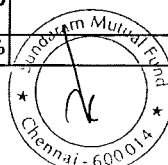
**4 AGGREGATE VALUE OF PURCHASES & SALES MADE DURING THE PERIOD.**

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
<b>PURCHASE VALUE (AMOUNT)</b>	<b>911.96</b>	<b>10,919.20</b>
%	81.15%	101.61%
<b>SALES VALUE (AMOUNT)</b>	<b>11,218.00</b>	<b>10,896.73</b>
%	998.22%	101.40%



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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 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 Period.	882.32	11,183.74
% to the asset under management	91.36%	99.76%

**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	8.40%	9.20%
EXPENDITURE#	0.15%	0.10%

# 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)	0.05	0.0563
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
IndusInd Bank (Associate)@	NIL	0.03

@ 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.

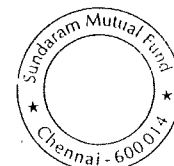
**13 ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES**

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.



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## 15 HISTORICAL PER UNIT STATISTICS

	01.04.2015 - 31.03.2016			01.04.2014 - 31.03.2015			06.03.2014 - 31.03.2014			
	Rs.			Rs.			Rs.			
(A) Gross Income										
(i) Income other than profit on sale of investment			1.1682			0.9572			0.0649	
(ii) Income from profit on inter scheme sales/transfer of investments			0.0000			0.0151			0.0043	
(iii) Income from profit on sale of investment to third parties			0.0000			0.0000			0.0000	
(iv) Transfer to revenue account from past year's reserves			0.0000			0.0000			0.0000	
(v) Transfer to revenue account from past year's reserves			0.0000			0.0000			0.0000	
(vi) Transfer to revenue account from past year's reserves			0.0497			0.0108			0.0008	
(vii) Transfer to revenue account from past year's reserves			1.1185			0.9615			0.0684	
(B) Aggregate of expenses, write off, amortisation and charges										
(C) Net Income			0.0284			-0.0001			0.0471	
(D) Net unrealised appreciation/(diminution) in value of investments										
(E) Net Assets Value	Quarterly Dividend	Growth	Direct Growth	Direct Yearly Dividend	Half Yearly Dividend	Quarterly Dividend	Growth	Direct Growth	Direct Yearly Dividend	Half Yearly Dividend
(F) Highest repurchase price	11.9232	11.9234	11.9860	0.0000	0.0000	11.0784	11.0784	11.0302	11.0150	10.1150
Lowest repurchase price	11.0361	11.0362	11.0482	11.0478	11.0347	NA	NA	NA	NA	NA
Highest ongoing sale price	NA	NA	NA	11.0478	11.0347	NA	NA	NA	NA	NA
Lowest ongoing sale price	NA	NA	NA	NA	NA	10.0000	10.0000	10.0000	10.0000	10.0000
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage			0.15%			0.10%			0.11%	
(H) Ratio of gross income to average daily net assets by percentage			8.40%			9.20%			9.67%	

## 16 Computation of Distributable Income

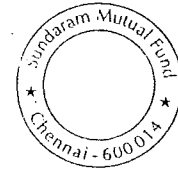
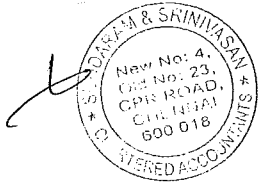
	31.03.16	31.03.15
	Rs.	Rs.
Net Income as per revenue account	(8,89,51,230)	9,77,39,482
Add: Balance of Undistributed Income as at 1st April brought forward	10,46,99,449	69,59,967
	1,57,48,219	10,46,99,449
Less: Income Distributed during the year	-	-
Distributable Income	1,57,48,219	10,46,99,449

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



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ANNEXURE-II		
SUNDARAM FIXED TERM PLAN - FD		
% of total Investments within the classification		
	31-Mar-16	31-Mar-15
<b>Debt Instruments</b>		
<b>Listed / awaiting listing on Stock Exchange</b>		
FINANCE	71.02%	100.00%
POWER	10.10%	0.00%
BANK	18.88%	0.00%



## ANNEXURE - III

SUNDARAM MUTUAL FUND						
SUNDARAM FIXED TERM PLAN - FD						
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) Debt Instruments</b>				
		<b>a) Listed / awaiting listing on Stock Exchange</b>				
1	INE296A07GC6	Bajaj Finance Ltd - 0.00 - 10/04/2018**	ICRA AA+	17	185.56	19.21%
2	INE557F08EW1	National Housing Bank - 8 - 10/04/2018**	CRISIL AAA	17	170.38	17.64%
3	INE033L07BP3	TATA Capital Housing Finance Ltd - 8.9 - 10/04/2018**	CRISIL AA+	17	170.21	17.62%
4	INE752E07GI7	Power Grid Corporation of India Ltd - 8.9 - 25/02/2018**	CRISIL AAA	13	164.98	17.08%
5	INE134E08HH6	Power Finance Corporation Ltd - 8.03 - 09/04/2018**	CRISIL AAA	10	100.00	10.35%
6	INE445L08185	Nabha Power Ltd - 8.95 - 09/04/2018**	ICRA AAA	9	91.19	9.44%
7	INE020B08815	Rural Electrification Corporation Ltd - 8.7 - 01/02/2018**	CRISIL AAA	2	20.22	2.09%
		<b>Sub Total</b>			<b>902.54</b>	<b>93.45%</b>
		<b>Total for Debt Instruments</b>			<b>902.54</b>	<b>93.45%</b>
		<b>B) Money Market Instruments</b>				
		<b>a) Reverse Repo / CBLO</b>				
1		364 Days T Bill Maturing on 14/04/2016			19.00	1.97%
		<b>Sub Total</b>			<b>19.00</b>	<b>1.97%</b>
		<b>Total for Money Market Instruments</b>			<b>19.00</b>	<b>1.97%</b>
		Cash & Other Net Current Assets			44.21	4.58%
		<b>GRAND TOTAL</b>			<b>965.75</b>	<b>100.00%</b>

\*\* Thinly traded / Non Traded securities

