

# 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 HC 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 FIXED TERM PLAN - SERIES HC 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 HC** as at 31/03/2016
- b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM FIXED TERM PLAN - SERIES HC** 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	1,008,126,900
Reserves & Surplus	2	22,911,534
Current Liabilities & Provisions	3	95,785
		<b>1,031,134,219</b>
<b>ASSETS</b>		
Investments	4	1,019,384,950
Other Current Assets	5	11,749,269
		<b>1,031,134,219</b>

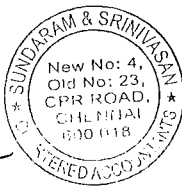
Notes on Accounts

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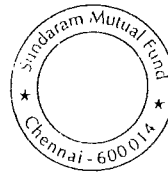
As per our Report of even date

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

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



*K Srinivasan*  
K Srinivasan  
Partner  
(M.NO : 5809)



Authorized Signatory

Place : Chennai  
Date : 30th June 2016

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## REVENUE ACCOUNT FOR THE PERIOD FROM 29.12.2015 TO 31.03.2016

	Schedule No.	29.12.2015 TO 31.03.2016	
		Rs.	Rs.
<b>REVENUE</b>			
Interest	6	22,565,012	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		260,331	
Other Income		503	
<b>TOTAL (A)</b>		<b>22,825,846</b>	<b>22,825,846</b>
<b>EXPENSES</b>			
Net diminution in value of investment	7	818,803	
Management fee		157,287	
Service Tax		22,807	
Custodian charges		16,141	
Trusteeship fee		13,039	
Commission to Agents		383	
Audit fee		11,443	
Other Operating expenses		7,269	
Investor Education Fees		52,153	
Sebi Fees			
		<b>1,099,325</b>	
Less : Expenses absorbed by AMC		8,782	
<b>TOTAL (B)</b>			<b>1,090,543</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>21,735,303</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>21,735,303</b>

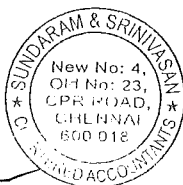
Notes on Accounts

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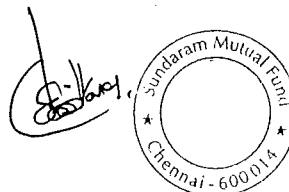
As per our Report of even date

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

For  
**Sundaram Mutual Fund**



*K Srinivasan*  
K Srinivasan  
Partner  
(M.NO : 5809)



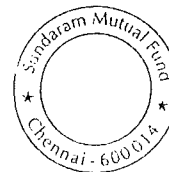
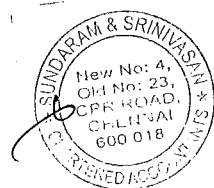
*[Signature]*  
Authorized Signatory

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

	31/03/2016	
	Units	Rs.
<b>Initial capital</b>	<b>100,812,690</b>	<b>1,008,126,900</b>
<b>Unit Capital</b>		
Opening Capital	-	-
Add: Units sold during the period	100,812,690	1,008,126,900
Less : Units repurchased during the period	-	-
Units at the end of the period	100,812,690	1,008,126,900
		<b>1,008,126,900</b>

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

	31/03/2016	
	Rs.	Rs.
<b>General Reserve</b>		
Opening Balance	-	
Add /(Less): Transfer from Revenue Account	21,735,303	<b>21,735,303</b>
<b>Unrealised appreciation reserve</b>		
Opening Balance	-	
Add/(Less) Net unrealized appreciation for the Period	1,176,231	<b>1,176,231</b>
Unrealised Appreciation Reserve (Schedule 7)		<b>1,176,231</b>
		<b>22,911,534</b>



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

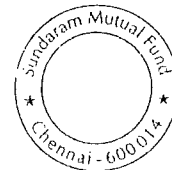
	<b>31/03/2016</b>
	<b>Rs.</b>
Sundry Creditors	94,877
Others	908
	<b>95,785</b>

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

	<b>31/03/2016</b>
	<b>Rs.</b>
Listed/Awaiting Listing on the recognised Stock Exchanges	
Debentures & Bonds	607,630,728
Zero Coupon Bond	410,654,222
Others - Reverse Repo / CBLO	1,100,000
	<b>1,019,384,950</b>

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

	<b>31/03/2016</b>
	<b>Rs.</b>
Balance with banks in Current Accounts	184,678
CBLO Margin Account	35,198
Repo Margin Account	60,742
Outstanding and accrued Income	11,466,763
Others	1,888
	<b>11,749,269</b>

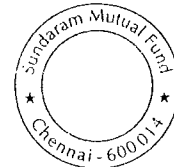


**SCHEDULE : 6****Interest**

	<b>29.12.2015 TO 31.03.2016</b>
	Rs.
Interest from banks and others	322,101
Interest on Debentures and Bonds	13,030,408
Discounting Charges	9,212,503
	<b>22,565,012</b>

**SCHEDULE : 7****Net Unrealised Appreciation/ ( Diminution ) in value of Investments**

	<b>31/03/2016</b>
	Rs.
<b>Appreciation in Value of Investments</b>	
Debentures & Bonds listed / awaiting listing on the recognised stock exchange	1,176,231
<b>Appreciation in value of investments ( Schedule 2 )</b>	<b>1,176,231</b>
<b>Diminution in value of investments</b>	
Zero Coupon Bond	818,803
<b>Diminution in value of investments trf to Revenue Account</b>	<b>818,803</b>



**SUNDARAM MUTUAL FUND**  
**SUNDARAM FIXED TERM PLAN HC**  
Schedules forming part of the Balance Sheet as at 31-Mar-2016  
and the Revenue Account for the Period from 29.12.2015 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:

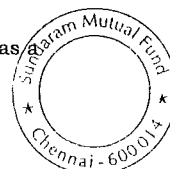
Description	29.12.2015 to 31.03.2016
Average daily net asset value	10,153.55
Management fee @ 0.06% of average daily net asset value.	1.57

**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 percentage of average daily net asset value is as under :

Description	29.12.2015 to 31.03.2016
<b>PURCHASE VALUE (AMOUNT)</b>	<b>21,246.07</b>
%	209.25%
<b>SALES VALUE (AMOUNT)</b>	<b>10,881.62</b>
%	107.17%



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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
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.	9,796.37
% to the asset under management	95.01%

## 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	29.12.2015 to 31.03.2016
INCOME	8.75%
EXPENDITURE #	0.10%

# Total expenses charged includes service tax on management fees charged to the investor over and at 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

	29.12.2015 to 31.03.2016
Sundaram Finance Ltd (Sponsor)	NIL
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.

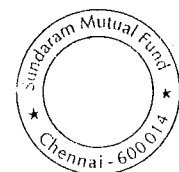
## 13 ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

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

## SFTPHC

29.12.2015 TO 31.03.2016

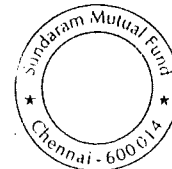
Rs.

		SFTPHC			
		29.12.2015 TO 31.03.2016			
		Rs.			
(A)	Gross income				
	(i) income other than profit on sale of investment	0.2238			
	(ii) income from profit on inter scheme sales/transfer of investments	0.0000			
	(iii) income from profit on sale of investment to third parties	0.0026			
	(iv) transfer to revenue account from past year's reserves				
(B)	Aggregate of expenses, write off, amortisation and charges	0.0108			
(C)	Net income	0.2156			
(D)	Net unrealised appreciation/(diminution) in value of investments	0.0035			
		Growth	Direct Growth	Half Yearly Dividend	Quarterly Dividend
(E)	Net Assets Value	10.2258	10.2273	10.2258	10.2258
(F)	Highest repurchase price	0.0000	0.0000	0.00	0.00
	Lowest repurchase price	0.0000	0.0000	0.00	0.00
	Highest ongoing sale price	10.0000	10.0000	10.00	10.00
	Lowest ongoing sale price	10.0000	10.0000	10.00	10.00
(G)	Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage	0.10%			
(H)	Ratio of gross income to average daily net assets by percentage	8.75%			

## 16 Computation of Distributable Income

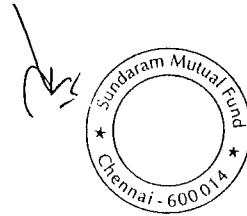
	31.03.2016
	Rs.
Net Income as per revenue account	2,17,35,303
Add : Balance of Undistributed income as at 1st April brought forward	-
	2,17,35,303
Less : Income Distributed during the year	-
Distributable Income	2,17,35,303

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



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ANNEXURE-II	
SUNDARAM FIXED TERM PLAN - HC	
% of total Investments within the classification	
	31-Mar-16
Debt Instruments	
Listed / awaiting listing on Stock Exchange	
FINANCE	100.00%



## ANNEXURE - III

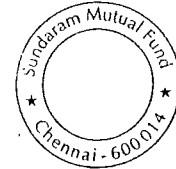
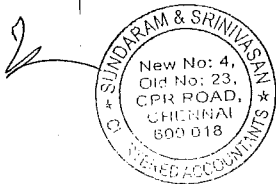
## SUNDARAM MUTUAL FUND

## SUNDARAM FIXED TERM PLAN SERIES - HC

## 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	INE916DA7JS7	Kotak Mahindra Prime Ltd - 0.00 - 22/04/2019**	CRISIL AAA	263	2039.93	19.79%
2	INE134E07513	Power Finance Corporation Ltd - 9.69 - 02/03/2019	CRISIL AAA	178	1857.51	18.02%
3	INE261F09EX6	National Bank for Agricultural & Rural Development - 0.00 - 01/02/2019**	CRISIL AAA	6500	1048.62	10.17%
4	INE053F09FU0	Indian Railway Finance Corporation Ltd - 8.55 - 15/01/2019**	CRISIL AAA	100	1021.70	9.91%
5	INE296A07IS8	Bajaj Finance Ltd - 0.00 - 22/04/2019**	IND AAA	100	1017.99	9.87%
6	INE115A07IK7	LIC Housing Finance Ltd - 8.38 - 27/02/2019**	CRISIL AAA	100	995.32	9.65%
7	INE261F08592	National Bank for Agricultural & Rural Development - 7.98 - 13/03/2019	CRISIL AAA	99	992.37	9.62%
8	INE020B07IA8	Rural Electrification Corporation Ltd - 9.63 - 05/02/2019**	CRISIL AAA	79	822.93	7.98%
9	INE556F09601	Small Industrial Development Bank of India - 8.04 - 15/03/2019**	CARE AAA	25	251.31	2.44%
10	INE020B07H27	Rural Electrification Corporation Ltd - 9.61 - 03/01/2019**	CRISIL AAA	13	135.18	1.31%
		<b>Sub Total</b>			<b>10182.85</b>	<b>98.76%</b>
		<b>Total for Debt Instruments</b>			<b>10182.85</b>	<b>98.76%</b>
		<b>B) Money Market Instruments</b>				
		<b>a) Reverse Repo / CBLO</b>				
1		364 Days T Bill Maturing on 14/04/2016			11.00	0.11%
		<b>Sub Total</b>			<b>11.00</b>	<b>0.11%</b>
		<b>Total for Money Market Instruments</b>			<b>11.00</b>	<b>0.11%</b>
		<b>Cash &amp; Other Net Current Assets</b>			<b>116.52</b>	<b>1.13%</b>
		<b>GRAND TOTAL</b>			<b>10310.37</b>	<b>100.00%</b>

\*\* Thinly traded / Non Traded securities



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