

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 CAPITAL PROTECTION ORIENTED FUND 5 YEARS (SERIES 8)** as at 31/03/2017, which comprise the Balance Sheet, the Revenue Account for the Period then ended 31/03/2017 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 and financial performance of the Sundaram Mutual Fund **SUNDARAM CAPITAL PROTECTION ORIENTED FUND 5 YEARS (SERIES 8)** 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.

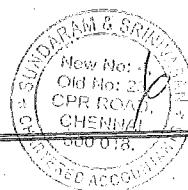
An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud 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 :

- a. In case of Balance Sheet, of the state of affairs of Sundaram Mutual fund, **SUNDARAM CAPITAL PROTECTION ORIENTED FUND 5 YEARS (SERIES 8)** as at 31/03/2017.
- b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM CAPITAL PROTECTION ORIENTED FUND 5 YEARS (SERIES 8)** for the Period ended on 31/03/2017.



SUNDARAM & SRINIVASAN
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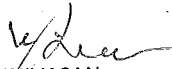
5. Report on Other Legal and Regulatory Requirements

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 : 23rd June 2017


K.SRINIVASAN
Partner
Membership No. 5809



BALANCE SHEET AS AT 31st MARCH, 2017

DESCRIPTION	SCHEDULE NO.	31-Mar-17
		Rs.
LIABILITIES		
Unit Capital	1	698,006,610
Reserves & Surplus	2	59,736,940
Current Liabilities & Provisions	3	3,727,885
		761,471,435
ASSETS		
Investments	4	746,126,645
Other Current Assets	5	15,344,790
		761,471,435

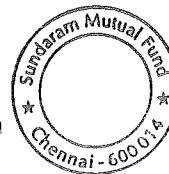
Notes on Accounts

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 : 23rd June 2017

REVENUE ACCOUNT FOR THE PERIOD FROM 06.04.2016 to 31.03.2017

Description	Sch No.	06.04.2016 to 31.03.2017	
		Rs.	Rs.
REVENUE			
Dividend		1,607,557	
Interest	6	47,076,699	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		94,289	
Net profit on inter scheme transfer / sale of investments		2,601,108	
Other Income		24,981	
TOTAL (A)		51,404,634	51,404,634
EXPENSES			
Net diminution in value of investment	7	1,212,175	
Management Fees		12,077,817	
Service Tax on Management Fees		1,802,583	
Custodian charges		153,661	
Trusteeship Fees		36,085	
Commission to Agent		2,023,283	
Audit Fees		14,901	
Other Operating expenses		13,010	
Investor Education Fees		144,344	
TOTAL (B)		17,477,859	17,477,859
SURPLUS / (DEFICIT) (A-B)			33,926,775
Less: Income Distributed		4,096,513	
Distribution Tax		1,589,010	5,685,523
Surplus /(Deficit) transferred to Balance Sheet			28,241,252

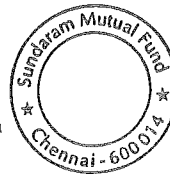
Notes on Accounts

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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 : 23rd June 2017

SCHEDULE : 1**Unit Capital**

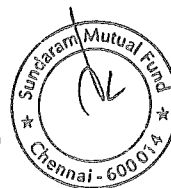
Description	31/03/2017	
	Units	Rs.
Initial capital	69,800,661	698,006,610
Unit Capital		
Opening Capital	-	-
Add: Units sold during the Period	69,800,661	698,006,610
	69,800,661	698,006,610
Less : Units repurchased during the Period	-	-
Units at the end of the Period	69,800,661	698,006,610
		698,006,610

SCHEDULE : 2**Reserves & Surplus**

Description	31/03/2017	
	Rs.	Rs.
General Reserve		
Opening Balance	-	-
Add / (Less): Transfer from Revenue Account	28,241,252	28,241,252
Unrealised appreciation reserve		
Opening Balance	-	-
Add / (Less): Net unrealized appreciation for the Period	31,495,688	31,495,688
Unrealised Appreciation Reserve (Schedule 7)		31,495,688
		59,736,940

SCHEDULE : 3**Current Liabilities & Provisions**

Description	31/03/2017
	Rs.
Sundry Creditors	1,558,864
Distributed Income Payable	2,100,449
Others	68,572
	3,727,885

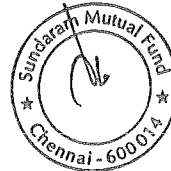


SCHEDULE : 4**Investments**

Description	31/03/2017
	Rs.
Equity Shares	161,844,566
Debentures & Bonds listed / awaiting listing on the recognised stock exchange	436,802,103
Government Securities	86,795,637
Others - Reverse Repo / CBLO	900,000
Zero Coupon Bond	59,784,339
	746,126,645

SCHEDULE : 5**Other Current Assets**

Description	31/03/2017
	Rs.
Balance with banks in Current Accounts	2,631,549
CBLO Margin Account	9,674
Repo Margin Account	43,508
Outstanding and accrued Income	12,660,059
	15,344,790

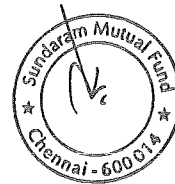


SCHEDULE : 6**Interest**

Description	06.04.2016 to 31.03.2017
	Rs.
Interest from banks and others	1,815,282
Interest on Debentures and Bonds	44,193,618
Discounting Charges	1,067,799
	47,076,699

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

Description	31/03/2017
	Rs.
Appreciation in Value of Investments	
Equity Shares	25,405,368
Debentures & Bonds listed / awaiting listing on the recognised stock exchange	6,090,320
Appreciation in Value of Investments (Schedule 2)	31,495,688
Diminution in value of investments	
Government Securities	211,758
Zero Coupon Bond	1,000,417
Diminution in value of investments transfer to Revenue Account	1,212,175



SUNDARAM MUTUAL FUND
SUNDARAM CAPITAL PROTECTION ORIENTED FUND 5 YEARS (SERIES 8)
Schedules forming part of the Balance Sheet as at 31-Mar-2017
and the Revenue Account for the Period from 06.04.2016 to 31.03.2017

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. Front end discount, if any, received from the issuer is reduced from the cost of the investment.

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.

Bonus/Rights entitlements are recognised on ex-bonus / ex- rights dates.

1.2. INCOME RECOGNITION

- (i) Dividend is accounted on accrual basis and recognized on ex-dividend dates.
- (ii) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.
- (iii) Income on investments is accounted on accrual basis.
- (iv) Other income is accounted on cash basis.

1.3. EXPENSES

- a) All expenses are accounted on an accrual basis and are within the limits of SEBI (Mutual Funds) Regulations 1996.
- b) Common recurring expenses, if any are allocated to the schemes on the basis of Assets under Management of the respective schemes.

2 INVESTMENT MANAGER FEES

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

Description	06.04.2016 to 31.03.2017
Average daily net asset value	7,316.86
Management Fees @ 1.67% of average daily net asset value	120.78

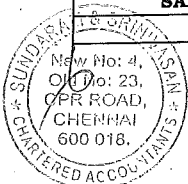
3 INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE NET ASSET VALUE OF THE SCHEMES OF SUNDARAM MUTUAL FUND:

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	06.04.2016 to 31.03.2017
PURCHASE VALUE (AMOUNT)	9,815.41
%	134.15%
SALES VALUE (AMOUNT)	2,514.33
%	34.36%



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	31.03.2017
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	4,457.82
% to the asset under management	58.83%

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	06.04.2016 to 31.03.2017
INCOME	7.12%
EXPENDITURE #	2.25%

#Total expenses includes service tax on management fees charged over and above the total expense ratio limits prescribed in the SEBI (Mutual Funds) Regulations, 1996.

7 CONTINGENT LIABILITY

Contingent liability as at 31st March 2017 is Rs. Nil.

8 AMOUNT PAID TO SPONSORS / ASSOCIATES

	06.04.2016 to 31.03.2017
Sundaram Finance Ltd (Sponsor)	0.06

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.

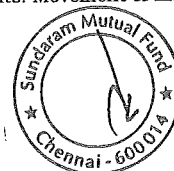
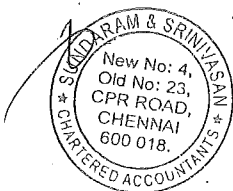
13 ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

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. From 01.04.2016, 50% of 2bps accrued on daily net assets is transferred to AMFI and the balances are utilized by the AMC in accordance with SEBI Guidelines.

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



15 HISTORICAL PER UNIT STATISTICS

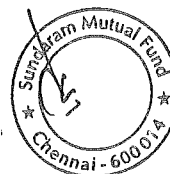
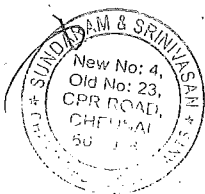
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		06.04.2016 to 31.03.2017			
		Rs.			
(A)	Gross income				
	(i) income other than profit on sale of investment	0.6978			
	(ii) income from profit on inter scheme sales/transfer of investments	0.0373			
	(iii) income from profit on sale of investment to third parties	0.0014			
	(iv) transfer to revenue account from past year's reserves	0.0000			
(B)	Aggregate of expenses, write off, amortisation and charges	0.2504			
(C)	Net income	0.4861			
(D)	Net unrealised appreciation/(diminution) in value of investments	0.4339			
		Regular Growth	Regular Dividend	Direct Growth	Direct Dividend
(E)	Net Assets Value	10.9374	10.5864	10.9678	10.6166
(F)	Highest repurchase price	NA	NA	NA	NA
	Lowest repurchase price	NA	NA	NA	NA
	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	2.25%			
(H)	Ratio of gross income to average daily net assets by percentage	7.12%			

16 Computation of Distributable Income

	31.03.2017
	Rs.
Net Income as per revenue account	33,926,775
Add : Balance of Undistributed income as at 1st April brought forward	-
	33,926,775
Less : Income Distributed during the year	5,685,523
Distributable Income	28,241,252

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



ANNEXURE-II		
SUNDARAM CAPITAL PROTECTION ORIENTED FUND SERIES B - 5 YRS		
% of total Investments within the classification		
	31-Mar-17	31-Mar-16
Equity Instruments		
Listed / awaiting listing on Stock Exchange		
AUTO	9.92%	8.67%
BANKS	36.15%	18.98%
CONSTRUCTION	5.78%	0.00%
CONSUMER NON DURABLES	12.59%	8.72%
FINANCE	9.83%	6.33%
PETROLEUM PRODUCTS	9.19%	8.87%
PHARMACEUTICALS	4.84%	9.22%
SOFTWARE	9.69%	20.39%
Debt Instruments		
Listed/awaiting listing on stock exchange		
DIVERSIFIED	4.15%	12.73%
FINANCE	71.47%	74.51%
POWER	24.38%	12.75%
SOVEREIGN	100.00%	0.00%



SUNDARAM MUTUAL FUND						
Sundaram Capital Protection Oriented Fund 5 Years (Series 8)						
Portfolio Statement as at 31 March 2017						
SL No	ISIN Code	Name of the instrument	Rating / Industry	Quantity	Mkt Value Rs. in Lacs	% of Net Asset
(A) Equity & Equity Related						
(a) Listed / awaiting listing on Stock Exchange						
1	INE040A01026	HDFC Bank Ltd	Banks	12437	179.41	2.37%
2	INE001A01036	Housing Development Finance Corporation Ltd	Finance	10587	159.03	2.10%
3	INE154A01025	ITC Ltd	Consumer Non Durables	48081	134.77	1.78%
4	INE090A01021	ICICI Bank Ltd	Banks	47922	132.67	1.75%
5	INE002A01018	Reliance Industries Ltd	Petroleum Products	9710	128.26	1.69%
6	INE009A01021	Infosys Ltd	Software	12123	123.93	1.64%
7	INE237A01028	Kotak Mahindra Bank Ltd Ltd	Banks	12036	104.98	1.39%
8	INE018A01030	Larsen & Toubro Ltd	Construction Project	5941	93.56	1.23%
9	INE585B01010	Maruti Suzuki India Ltd	Auto	1423	85.60	1.13%
10	INE062A01020	State Bank of India	Banks	28423	83.39	1.10%
11	INE021A01026	Asian Paints Ltd	Consumer Non Durables	6427	68.99	0.91%
12	INE238A01034	Axis Bank Ltd	Banks	11444	56.17	0.74%
13	INE044A01036	Sun Pharmaceutical Industries Ltd	Pharmaceuticals	7316	50.35	0.66%
14	INE158A01026	Hero MotoCorp Ltd	Auto	1285	41.40	0.55%
15	INE101A01026	Mahindra & Mahindra Ltd	Auto	2604	33.51	0.44%
16	INE860A01027	HCL Technologies Ltd	Software	3758	32.87	0.43%
17	INE481G01011	Ultratech Cement Ltd	Cement	821	32.71	0.43%
18	INES28G01019	Yes Bank Ltd	Banks	1838	28.43	0.38%
19	INE326A01037	Lupin Ltd	Pharmaceuticals	1931	27.91	0.37%
20	INE029A01011	Bharat Petroleum Corporation Ltd	Petroleum Products	3154	20.50	0.27%
Total for Equity & Equity Related					1618.45	21.36%
(B) Debt Instruments						
(a) Listed / awaiting listing on Stock Exchange						
1	INE001A07009	Housing Development Finance Corporation Ltd - 8.75 - 04/03/2021**	CRISIL AAA	8	826.56	10.91%
2	INE733E07JZ5	NTPC Ltd - 8.33 - 24/02/2021**	CRISIL AAA	80	825.92	10.90%
3	INE115A07JB4	LIC Housing Finance Ltd - 8.75 - 12/02/2021**	CRISIL AAA	80	824.66	10.88%
4	INE020B08484	Rural Electrification Corporation Ltd - 03/02/2021**	CRISIL AAA	2620	597.84	7.89%
5	INE134E08HV7	Power Finance Corporation Ltd - 8.36 04/09/2020**	CRISIL AAA	50	514.88	6.79%
6	INE134E08HP9	Power Finance Corporation Ltd - 8.53 24/07/2020**	CRISIL AAA	29	299.79	3.96%
7	INE020B08955	Rural Electrification Corporation Ltd - 8.36 - 22/09/2020**	CRISIL AAA	28	289.21	3.82%
8	INE848E07690	NHPC Ltd - 8.54 - 26/11/2020**	IND AAA	270	281.49	3.71%
9	INE895D08253	Tata Sons Ltd - 8.97 - 15/07/2020**	CRISIL AAA	20	205.91	2.72%
10	INE261F08527	National Bank for Agricultural & Rural Development - 8.37 - 22/06/2020**	CRISIL AAA	19	196.19	2.59%
11	INE752E07NJ1	Power Grid Corporation of India Ltd - 8.32 - 23/12/2020	CRISIL AAA	10	103.43	1.36%
Sub Total					4965.86	65.53%
(b) Govt Security						
1	IN2820160264	6.99% Punjab State Development Loan 13/10/2020**	Sovereign	870000	867.96	11.45%
Sub Total					867.96	11.45%
Total for Debt Instruments					5833.82	76.99%
(C) Money Market Instruments						
1		Reverse Repo			9.00	0.12%
Total for Money Market Instruments					9.00	0.12%
Cash and Other Net Current Assets					116.17	1.53%
Grand Total					7577.44	100.00%

** Thinly traded / Non Traded Securities

