

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 BANKING & PSU DEBT FUND** as at 31/03/2017, which comprise the Balance Sheet, the Revenue Account for the Period ended 17/03/2017 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 BANKING & PSU DEBT FUND** 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.

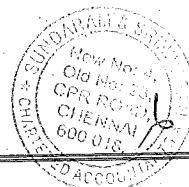
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 BANKING & PSU DEBT FUND** as at 31/03/2017.

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM BANKING & PSU DEBT FUND** for the Period ended on 17/03/2017.



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5. Report on Other Legal and Regulatory Requirements

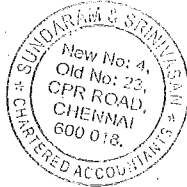
As required by Regulation 55 of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 we report that:

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:004207S)**

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	31-Mar-16
		Rs.	Rs.
LIABILITIES			
Unit Capital	1	-	25,45,94,981
Reserves & Surplus	2	-	1,97,40,615
Current Liabilities & Provisions	3	1,03,820	1,81,244
		1,03,820	27,45,16,840
ASSETS			
Investments	4	-	27,10,34,701
Other Current Assets	5	1,03,820	34,82,139
		1,03,820	27,45,16,840

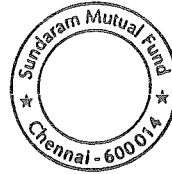
Notes on Accounts

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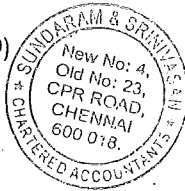
As per our Report of even date

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

For
Sundaram Mutual Fund



K Srinivasan
Partner
(M.NO : 5809)



Authorized Signatory

Place : Chennai
Date : 23rd June 2017

REVENUE ACCOUNT FOR THE PERIOD FROM 01.04.2016 TO 17.03.2017

Description	Sch No.	01.04.2016 - 17.03.2017		01.04.2015 - 31.03.2016	
		Rs.	Rs.	Rs.	Rs.
REVENUE					
Interest	6	1,90,82,720		5,56,67,985	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		18,08,727		-	
Net profit on inter scheme transfer / sale of investments		14,62,013		4,85,220	
Net diminution on sale of investments written back		3,45,900		-	
Other Income		6,026		3,562	
		2,27,05,386		5,61,56,767	
TOTAL (A)			2,27,05,386		5,61,56,767
EXPENSES					
Net diminution in value of investment		-		3,45,900	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		-		14,12,516	
Management Fees		6,82,891		18,62,023	
Service Tax on Management Fees		1,01,741		2,58,431	
Trusteeship Fees		12,476		35,161	
Custodian Fees		41,260		65,482	
Commission to Agents		12,732		1,08,361	
Audit Fees		19,933		29,097	
Other Operating expenses		13,281		29,933	
Investor Education Fees		49,920		1,40,650	
		9,34,234		42,87,554	
Less: Amount absorbed by AMC		-		4,471	
TOTAL (B)			9,34,234		42,83,083
SURPLUS / (DEFICIT) (A-B)			2,17,71,152		5,18,73,684
Add/(Less) : Balance in Equalisation Account			(4,07,43,737)		(3,35,65,788)
			(1,89,72,585)		1,83,07,896
Less: Income Distributed		10,204		1,895	
Distribution Tax		3,824	14,028	735	2,630
Surplus / (Deficit) transferred to Balance Sheet			(1,89,86,613)		1,83,05,266

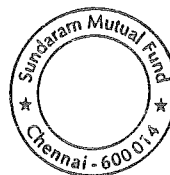
Notes on Accounts

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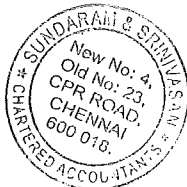
As per our Report of even date

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

For
Sundaram Mutual Fund

K Srinivasan
Partner
(M.NO : 5809)



Authorised Signatory

Place : Chennai
Date : 23rd June 2017

SCHEDULE : 1

Unit Capital

Description	31-03-2017		31-03-2016	
	Units	Rs.	Units	Rs.
Initial capital	3,57,60,545	35,76,05,453	3,57,60,545	35,76,05,453
Unit Capital				
Opening Capital	2,54,59,498	25,45,94,981	5,53,75,528	55,37,55,281
Add: Units sold during the period	2,61,47,864	26,14,78,638	7,33,86,497	73,38,64,973
	5,16,07,362	51,60,73,620	12,87,62,025	1,28,76,20,254
Less : Units repurchased during the period	5,16,07,362	51,60,73,620	10,33,02,527	1,03,30,25,273
Units at the end of the period	-	-	2,54,59,498	25,45,94,981
				25,45,94,981

SCHEDULE : 2

Reserves & Surplus

Description	31-03-2017		31-03-2016	
	Rs.	Rs.	Rs.	Rs.
Unit Premium Reserve				
Opening Balance	(99,151)		25,494	
Add : Amount Received on Sale / Repurchase of Units (net)	99,151		(1,24,645)	(99,151)
General Reserve				
Opening Balance	1,89,86,613		6,81,347	
Add /(Less): Transfer from Revenue Account	(1,89,86,613)		1,83,05,266	1,89,86,613
Unrealised appreciation reserve				
Opening Balance	8,53,153		9,96,916	
Add/(Less) Net unrealized appreciation for the period	(8,53,153)		(1,43,763)	
Unrealised Appreciation Reserve (Schedule 7)		-		8,53,153
				1,97,40,615

SCHEDULE : 3

Current Liabilities & Provisions

Description	31-03-2017	31-03-2016
	Rs.	Rs.
Sundry Creditors	1,01,715	1,79,461
Distributed Income Payable	-	342
Others	2,105	1,441
	1,03,820	1,81,244

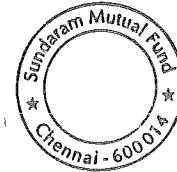


SCHEDULE : 4**Investments**

Description	31-03-2017	31-03-2016
	Rs.	Rs.
Debentures & Bonds listed / awaiting listing on the recognised stock exchange	-	6,73,48,611
Government Securities	-	4,98,19,350
Certificate of Deposits	-	14,97,66,740
Others - Reverse Repo / CBLO	-	41,00,000
	-	27,10,34,701

SCHEDULE : 5**Other Current Assets**

Description	31-03-2017	31-03-2016
	Rs.	Rs.
Balance with banks in Current Accounts	1,03,820	2,30,940
CBLO Margin Account	-	1,12,476
Repo Margin Account	-	1,94,101
Outstanding and accrued Income	-	29,44,622
Others	-	-
	1,03,820	34,82,139

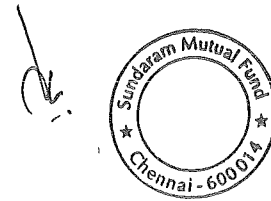
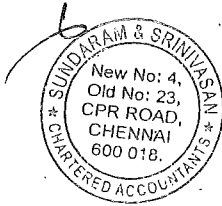


SCHEDULE : 6**Interest**

Description	01.04.2016 - 17.03.2017	01.04.2015 - 31.03.2016
	Rs.	Rs.
Interest from banks and others	13,88,744	22,42,413
Interest on Debentures and Bonds	90,22,601	2,63,86,462
Discounting Charges	86,71,375	2,70,39,110
	1,90,82,720	5,56,67,985

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

Description	31-03-2017	31-03-2016
	Rs.	Rs.
Appreciation in Value of Investments		
Certificate of Deposits	-	6,68,927
Debentures & Bonds listed / awaiting listing on the recognised stock exchange	-	1,84,226
Appreciation in Value of Investments (Schedule 2)	-	8,53,153
Diminution in value of investments		
Government Securities	-	3,45,900
Diminution in value of investments transfer to Revenue Account	-	3,45,900



SUNDARAM MUTUAL FUND
SUNDARAM BANKING & PSU DEBT FUND
Schedules forming part of the Balance Sheet as at 31-Mar-2017
and the Revenue Account for the period from 01.04.2016 TO 17.03.2017

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

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	01.04.2016 - 17.03.2017	01.04.2015 - 31.03.2016
Average daily net asset value	2,595.39	7,032.34
Management fee @ 0.27% of average daily net asset value. (Previous year 0.26%)	6.83	18.62

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	01.04.2016 - 17.03.2017	01.04.2015 - 31.03.2016
PURCHASE VALUE (AMOUNT)	11,018.62	40,098.10
%	424.55%	570.20%
SALES VALUE (AMOUNT)	13,858.43	43,605.25
%	533.96%	620.07%



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	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	NIL	1,497.67
% to the asset under management	NIL	54.61%

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	01.04.2016 - 17.03.2017	01.04.2015 - 31.03.2016
INCOME	9.10%	7.99%
EXPENDITURE#	0.37%	0.36%

#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. Previous Year Rs. Nil

8 AMOUNT PAID TO SPONSORS / ASSOCIATES

	01.04.2016 - 17.03.2017	01.04.2015 - 31.03.2016
Sundaram Finance Ltd (Sponsor)	0.0017	0.0010

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)

NIL

10 PORTFOLIO DISCLOSURE

NIL

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 ACCOUNTING FOR MERGER

The merger of Sundaram Banking & PSU Debt Fund (Transferor Scheme) into Sundaram Flexible Fund Short Term Plan (the "transferee scheme") respectively was accounted such that new units in transferee scheme's respective plans having face value of Rs.10/- have been issued to unit holders of Transferor schemes based on exchange ratio calculated with reference to the prevailing per unit NAVs of the transferee schemes and the transferor schemes respectively. Accordingly all the Assets and liabilities of the transferor scheme was transferred to transferee scheme in terms of the scheme arrangement on 17th March 2017.

figures have been regrouped/reclassified wherever necessary to conform with the current period's

