

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 MONTHLY INCOME PLAN (MODERATE)** as at 31/03/2017, which comprise the Balance Sheet, the Revenue Account for the Period ended 09/09/2016 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 and financial performance of the Sundaram Mutual Fund **SUNDARAM MONTHLY INCOME PLAN (MODERATE)** 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.

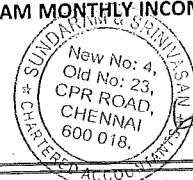
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 MONTHLY INCOME PLAN (MODERATE)** as at 31/03/2017.

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM MONTHLY INCOME PLAN (MODERATE)** for the Period ended on 09/09/2016.



SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS
23, C.P. RAMASWAMY ROAD,
ALWARPET, CHENNAI - 600 018.

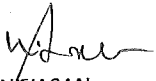
5. Report on Other Legal and Regulatory Requirements

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	-	16,67,37,059
Reserves & Surplus	2	-	7,52,85,140
Current Liabilities & Provisions	3	-	12,49,527
		-	24,32,71,726
ASSETS			
Investments	4	-	23,45,23,624
Other Current Assets	5	-	87,48,102
		-	24,32,71,726

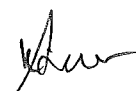
Notes on Accounts

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As per our Report of even date

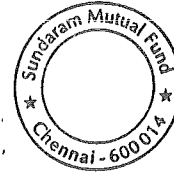
As per our Report of even date

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


K Srinivasan
Partner
(M.NO : 5809)



For
Sundaram Mutual Fund



Authorised Signatory

Place : Chennai

Date : 23rd June 2017

REVENUE ACCOUNT FOR THE PERIOD 01.04.2016 to 09.09.2016

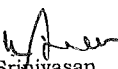
Description	Sch No.	01.04.2016 - 09.09.2016		01.04.2015 - 31.03.2016	
		Rs.	Rs.	Rs.	Rs.
REVENUE					
Dividend		2,70,269		6,72,400	
Interest	6	69,81,015		1,82,42,482	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		16,463		26,37,514	
Net profit on inter scheme transfer / sale of investments		23,02,807		-	
Other Income		32,793		57,302	
Net diminution in value of investments written back		24,66,366		-	
TOTAL (A)		1,20,69,713	1,20,69,713	2,16,09,698	2,16,09,698
EXPENSES					
Net diminution in value of investments	7	-		24,66,366	
Net Loss on inter scheme transfer / sale of investments		-		1,30,840	
Management Fees		14,11,100		37,00,671	
Service Tax on Management Fees		2,08,784		5,14,645	
Custodian Fees		21,775		50,945	
Trusteeship Fees		4,725		12,335	
Commission to Agent		6,87,252		16,73,986	
Marketing & Distribution Expenses		1,52,359		4,78,086	
Audit Fees		618		24,342	
Other Operating Expenses		16,817		12,667	
Investor Education Fees		18,903		49,343	
		25,22,333		91,14,225	
Less: Amount absorbed by AMC		15,826		-	
TOTAL (B)			25,06,507		91,14,225
SURPLUS / (DEFICIT) (A-B)			95,63,206		1,24,95,473
Add/(Less): Balance in Equalisation Account			(8,24,11,414)		(64,57,717)
			(7,28,48,208)		60,37,756
Less: Income Distributed		3,63,449		9,40,069	
Distribution Tax		1,41,930	5,05,379	3,67,015	13,07,084
Surplus /(Deficit) transferred to Balance Sheet			(7,33,53,587)		47,30,672

Notes on Accounts
As per our Report of even date


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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**

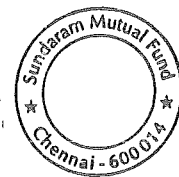
Description	31-03-2017		31-03-2016	
	UNITS	Rs.	UNITS	Rs.
Initial capital	23,58,39,196	2,35,83,91,957	23,58,39,196	2,35,83,91,957
Unit Capital				
Opening Capital	1,66,73,706	16,67,37,059	1,78,00,508	17,80,05,082
Add: Units sold during the period	2,66,838	26,68,375	4,88,108	48,81,075
	1,69,40,544	16,94,05,434	1,82,88,616	18,28,86,157
Less : Units repurchased during the period	1,69,40,544	16,94,05,434	16,14,910	1,61,49,097
Units at the end of the period	-	-	1,66,73,706	16,67,37,059
				16,67,37,059

SCHEDULE : 2**Reserves & Surplus**

Description	31-03-2017		31-03-2016	
	Rs.	Rs.	Rs.	Rs.
Unit Premium Reserve				
Opening Balance	19,14,576		21,95,185	
Add / (Less): Net Premium on sale / (redemption) of units	(19,14,576)		(2,80,609)	
				19,14,576
General Reserve				
Opening Balance	7,33,53,587		6,86,22,915	
Add / (Less): Transfer from Revenue Account	(7,33,53,587)		47,30,672	
				7,33,53,587
Unrealised Appreciation Reserve				
Opening Balance	16,977		68,21,001	
Add/(Less) Net unrealized appreciation for the period	(16,977)		(68,04,024)	
Unrealised Appreciation Reserve (Schedule 7)				16,977
				7,52,85,140

SCHEDULE : 3**Current Liabilities & Provisions**

Description	31-03-2017	31-03-2016
	Rs.	Rs.
Sundry Creditors	-	11,61,702
Others	-	87,825
	-	12,49,527



SCHEDULE : 4**Investments**

Description	31-03-2017	31-03-2016
	Rs.	Rs.
Equity Shares	-	2,84,93,675
Debentures & Bonds listed / awaiting listing on the recognised stock exchange	-	14,39,53,653
Government Securities	-	2,02,42,140
Zero Coupon Bonds	-	3,89,34,156
Others - Reverse Repo / CBLO	-	29,00,000
	-	23,45,23,624

SCHEDULE : 5**Other Current Assets**

Description	31-03-2017	31-03-2016
	Rs.	Rs.
Balance with banks in Current Accounts	-	9,54,459
CBLO Margin Account	-	92,695
Repo Margin Account	-	1,59,964
Outstanding and accrued Income	-	75,40,984
	-	87,48,102

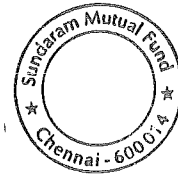


SCHEDULE : 6**Interest**

Description	01.04.2016 - 09.09.2016	01.04.2015 - 31.03.2016
	Rs.	Rs.
Interest from banks and others	10,95,573	22,16,724
Interest on Debentures and Bonds	56,48,394	1,24,10,774
Discounting Charges	2,37,048	36,14,984
	69,81,015	1,82,42,482

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

Description	31-03-2017	31-03-2016
	Rs.	Rs.
Appreciation in Value of Investments		
Government Securities	-	16,480
Zero Coupon Bonds	-	497
Appreciation in Value of Investments (Schedule 2)		16,977
Diminution in value of investments		
Equity Shares	-	15,24,656
Debentures & Bonds listed / awaiting listing on the recognised stock exchange	-	9,41,710
Diminution in value of investments transferred to Revenue Account		24,66,366



**Schedules forming part of the Balance Sheet as at 31-Mar-2017
and the Revenue Account for the Period from 01.04.2016 - 09.09.2016**

**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. 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

Equity & Equity related instruments : 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 Debt 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

1.4. LOAD

a) Entry load collected during the year from systematic investment plan registered prior to Aug 2009 is maintained in a separate account, which can be used by AMC towards distribution, commission etc of the scheme. The unutilised portion shall be carried forward to the next year.

b) The exit load charged to the investor net of service tax is fully credited to the Scheme as Other income

1.5. EQUALISATION ACCOUNT

In terms of SEBI circular dated 15th March 2010, on Unit Premium Reserve, the equalisation account has been credited/debited with an appropriate portion (excluding the Unit Premium Reserve and Unrealised Appreciation) of the sale proceeds/repurchase price in respect of units sold / repurchased on or after 15th March 2010. The net balance in this account is transferred to revenue account for the Year.

1.6. UNIT PREMIUM RESERVE

In terms of SEBI Circular dated 15th March 2010, on Unit Premium Reserve, when units are sold / repurchased on or after 15th March 2010 a part of the sale price / re-purchase price representing unrealized gains is credited/debited to Unit Premium Reserve. The balance in Unit Premium Reserve will not be utilised for determination of distributable surplus.



2 INVESTMENT MANAGER FEES

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

Description	01.04.2016 - 09.09.2016	01.04.2015 - 31.03.2016
Average daily net asset value	2,129.29	2,466.89
Management fee @ 1.49% of average daily net asset value. (Previous year 1.5%)	14.11	37.01

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 - 09.09.2016	01.04.2015 - 31.03.2016
PURCHASE VALUE (AMOUNT)	915.12	3,200.10
%	42.98%	129.72%
SALES VALUE (AMOUNT)	3,339.19	3,292.62
%	156.82%	133.47%

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	-	1,456.20
% to the asset under management	-	60.17%

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 - 09.09.2016	01.04.2015 - 31.03.2016
INCOME	12.77%	8.76%
EXPENDITURE#	2.65%	2.64%

#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 - 09.09.2016	01.04.2015 - 31.03.2016
Sundaram Finance Ltd (Sponsor)	0.04	0.09
IndusInd Bank (Associate)@	NIL	0.01

@ 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)

NIL

10 PORTFOLIO DISCLOSURE

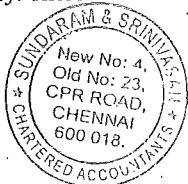
NIL

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 UNCLAIMED REDEMPTION AND UNCLAIMED DIVIDEND AMOUNT

The details of unclaimed redemption and unclaimed dividend are disclosed in Annexure VI.

15 AUDIT FEES

The current year audit fees of Rs.618/- (Previous Year Rs.24,342/-) as per Revenue account including SEBI inspection (audit) fees of Rs.Nil (Previous Year Rs.10,371/-)

16 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.

17 ACCOUNTING FOR MERGER

The merger of Sundaram Monthly Income Plan - Moderate Plan (Transferor Scheme) into Sundaram Monthly Income Plan - Aggressive 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 09th September 2016.

- 18** Previous Year figures have been regrouped/reclassified wherever necessary to confirm with the current period's classification.

