

# 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 ENTERTAINMENT OPPORTUNITIES FUND** as at 31/03/2017, which comprise the Balance Sheet, the Revenue Account for the Period ended 22/07/2016 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 ENTERTAINMENT OPPORTUNITIES 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.

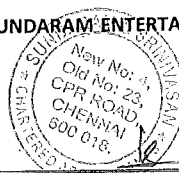
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### 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 ENTERTAINMENT OPPORTUNITIES FUND** as at 31/03/2017.

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM ENTERTAINMENT OPPORTUNITIES FUND** for the Period ended on 22/07/2016.



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


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

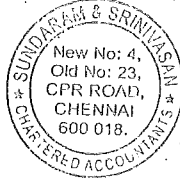
As required by Regulation 55 of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 we report that:

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 : 23<sup>rd</sup> 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.
<b>LIABILITIES</b>			
Unit Capital	1	-	165,700,335
Reserves & Surplus	2	-	117,308,792
Current Liabilities & Provisions	3	-	1,128,147
		-	<b>284,137,274</b>
<b>ASSETS</b>			
Investments	4	-	277,774,675
Other Current Assets	5	-	6,362,599
		-	<b>284,137,274</b>

Notes on Accounts

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As per our Report of even date

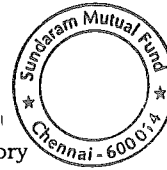
**For**  
**Sundaram & Srinivasan**  
Chartered Accountants  
(FRN.: 004207S)

K Srinivasan  
Partner  
(M.NO : 5809)



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

Authorised Signatory



Place : Chennai  
Date : 23rd June 2017

## REVENUE ACCOUNT FOR THE PERIOD FROM 01.04.2016 TO 22.07.2016

Description	Sch No.	01.04.2016 - 22.07.2016		01.04.2015 - 31.03.2016	
		Rs.	Rs.	Rs.	Rs.
<b>REVENUE</b>					
Dividend		89,250		1,693,915	
Interest	6	851,982		1,773,576	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		67,761,916		22,919,541	
Net profit on inter scheme transfer / sale of investments		10,184,583		-	
Realised Gain on Derivative Transactions				398,728	
Other Income		53,861		26,953	
		<b>78,941,592</b>		<b>26,812,713</b>	
<b>TOTAL (A)</b>			<b>78,941,592</b>		<b>26,812,713</b>
<b>EXPENSES</b>					
Realised Loss on Derivative Transactions		174,342		-	
Management Fees		2,333,872		6,535,505	
Service Tax on Management Fees		343,984		912,855	
Custodian Fees		50,370		78,861	
Trusteeship Fees		4,708		13,510	
Commission to Agent		151,463		567,607	
Audit Fees		710		32,643	
Other Operating Expenses		16,655		32,231	
Investor Education Fees		18,830		54,051	
<b>TOTAL (B)</b>		<b>3,094,934</b>		<b>8,227,263</b>	
Less : Amount absorbed by AMC		25,631		26,361	
Less : Amount adjusted from load towards commission, marketing and selling expenses (C, D)		7,000		-	
			<b>3,062,303</b>		<b>8,200,902</b>
<b>SURPLUS / (DEFICIT) (A-B) + (C+D)</b>			<b>75,879,289</b>		<b>18,611,811</b>
Add/(Less) : Balance in Equalisation Account			(183,009,672)		2,255,481
<b>Surplus / (Deficit) transferred to Balance Sheet</b>			<b>(107,130,383)</b>		<b>20,867,292</b>

Notes on Accounts

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As per our Report of even date

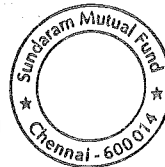
For  
Sundaram & Srinivasan  
Chartered Accountants  
(FRN.: 004207S)

K Srinivasan  
Partner  
(M.NO : 5809)



For  
Sundaram Mutual Fund

Authorised Signatory



Place : Chennai  
Date : 23rd June 2017

## SCHEDULE : 1

## Unit Capital

Description	31/03/2017		31/03/2016	
	UNITS	Rs.	UNITS	Rs.
Initial capital	84,733,557	847,335,579	84,733,557	847,335,579
Unit Capital				
Opening Capital	16,570,034	165,700,335	16,866,245	168,662,447
Add: Units sold during the period	1,124,325	11,243,258	2,350,596	23,505,956
	17,694,359	176,943,593	19,216,841	192,168,403
Less : Units repurchased during the period	17,694,359	176,943,593	2,646,807	26,468,068
Units at the end of the period	-	-	16,570,034	165,700,335
				<b>165,700,335</b>

## SCHEDULE : 2

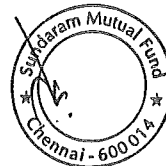
## Reserves &amp; Surplus

Description	31/03/2017		31/03/2016	
	Rs.	Rs.	Rs.	Rs.
<u>Unit Premium Reserve</u>	(37,308,372)	-	(40,184,764)	-
Add / (Less): Net Premium on sale / (redemption) of units	37,308,372	-	87,665	(37,308,372)
<u>General Reserve</u>	107,130,383	-	86,263,091	-
Opening Balance	(107,130,383)	-	20,867,292	107,130,383
Add / (Less): Transfer from Revenue Account				
<u>Unrealised Appreciation Reserve</u>	47,486,781	-	50,282,095	-
Opening Balance	(47,486,781)	-	(2,795,314)	-
Add/(Less) Net unrealized appreciation for the period				
Unrealised Appreciation Reserve (Schedule 7 )		-		47,486,781
				<b>117,308,792</b>

## SCHEDULE : 3

## Current Liabilities &amp; Provisions

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Sundry Creditors	-	468,276
Units Pending Allotment	-	500,000
Others	-	159,871
		<b>1,128,147</b>



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

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Equity Shares	-	246,259,279
Units Of Domestic Mutual Fund	-	25,020,201
Others - Reverse Repo / CBLO	-	6,495,195
	-	<b>277,774,675</b>

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

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Balance with banks in Current Accounts	-	1,027,349
Contract for Sale of Investments	-	1,134,412
CBLO Margin Account	-	171,922
Repo Margin Account	-	296,687
Equity Derivatives Instrument Account Margin Money	-	3,731,028
Outstanding and accrued Income	-	1,201
	-	<b>6,362,599</b>

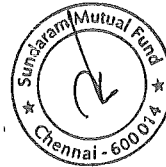


**SCHEDULE : 6****Interest**

Description	01.04.2016 - 22.07.2016	01.04.2015 - 31.03.2016
	Rs.	Rs.
Interest from banks and others	851,982	1,773,576
	<b>851,982</b>	<b>1,773,576</b>

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

Description	31/03/2017	31/03/2016
	Rs.	Rs.
<b>Appreciation in Value of Investments</b>		
Equity Shares	-	47,466,580
Units Of Domestic Mutual Fund	-	20,201
<b>Appreciation in value of investments - (Schedule 2)</b>	-	<b>47,486,781</b>



**SUNDARAM MUTUAL FUND  
SUNDARAM ENTERTAINMENT OPPORTUNITIES 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 22.07.2016**

**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**

- 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.

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.

**c) Equity Derivative Instruments**

- Open positions of traded equity Index / stock futures are valued at the last quoted closing price on the stock exchange.

In case of Options, premium received / paid is marked to market and the difference amount is treated as an asset / liability till the expiry of the position

- Equity derivative instruments 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.

**d) Foreign Exchange Transactions**

Transaction expressed in currencies other than Indian Rupee are translated into Indian Rupees at the exchange rate applicable on the transaction dates.

Exchange difference arising on settlement of transaction are recognised as income or expense.

Assets and Liabilities designated in currencies other than Indian Rupees are translated into Indian Rupee at the exchange rates at the end of each year.

Exchange gain or loss on account of change in the foreign exchange rate is considered as income or expenses in the revenue account. The unrealised appreciation arising on account of changes in foreign exchange rate is reduced for calculating the distributable income.

**1.2. INCOME RECOGNITION**

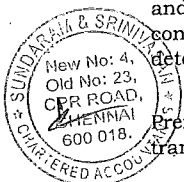
- (i) Dividend is accounted on accrual basis and recognized on ex-dividend dates.
- (ii) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.
- (iii) Income on investments is accounted on accrual basis.
- (iv) Other income is accounted on cash basis.

Futures contract of equity derivative instruments are marked to market and resultant gain/loss is transferred to revenue account

When the future contracts of equity derivative instruments are squared off on or before the expiry of contract, the difference between the settlement price and contractual price is recognized in Revenue Account.

When the option contracts are squared off before expiry, the difference between the premium paid and received on the squared off transactions is recognized in the revenue account. When the option contracts are exercised on or before expiry, the difference between the option settlement price as determined by the exchange and the premium is recognized in the revenue account

Premium asset / liability in respect of option not exercised / squared off as on expiry date is transferred to revenue account.





**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;  
 c) Accrual of expenses, in addition to TER, for distribution expenses incurred for bringing in inflows from beyond top 15 cities(as notified by Association of Mutual Funds of India (AMFI)) is accrued in accordance with regulation 52(6A).

**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.

**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 - 22.07.2016	01.04.2015 - 31.03.2016
Average daily net asset value	3,040.84	2,702.25
Management fee @ 2.48% of average daily net asset value.(Previous year 2.42%)	23.34	65.36

**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	01.04.2016 - 22.07.2016	01.04.2015 - 31.03.2016
<b>PURCHASE VALUE (AMOUNT)</b>	639.89	1,033.40
%	21.04%	38.24%
<b>SALES VALUE (AMOUNT)</b>	3,657.29	1,126.20
%	120.27%	41.68%

**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 : NIL

**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 - 22.07.2016	01.04.2015 - 31.03.2016
<b>INCOME</b>	83.85%	9.92%
<b>EXPENDITURE #</b>	3.07%	3.03%

#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 - 22.07.2016	01.04.2015 - 31.03.2016
Sundaram Finance Ltd (Sponsor)	0.09	0.28
Sundaram Finance Holdings Limited formerly known as Sundaram Finance Distribution Limited (subsidiary of Sponsor)	-	0.0015
IndusInd Bank (Associate) @	-	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



**16 AUDIT FEES**

The current year audit fees of Rs.710/- (Previous Year Rs.32,643/-) as per Revenue account including SEBI inspection (audit) fees of Rs.Nil (Previous Year Rs.1,807/-).

**17 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.

**18 ACCOUNTING FOR MERGER**

The merger of Sundaram Entertainment Opportunities Fund and Sundaram Thematic PSU Opportunities Fund (Transferor Scheme) into Sundaram Equity Multiplier Fund (The transferee scheme) respectively were 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 scheme and the transferor schemes respectively. Accordingly all the Assets and liabilities of the transferor schemes were transferred to the transferee scheme in terms of the scheme arrangement on 22nd July 2016.

19 Previous year figures have been regrouped/reclassified wherever necessary to confirm with the current Period's classification.

