

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 GROWTH FUND** as at 31/03/2017, which comprise the Balance Sheet, the Revenue Account for the Period ended 16/09/2016 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 GROWTH 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.

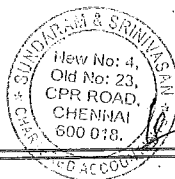
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 GROWTH FUND** as at 31/03/2017.

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM GROWTH FUND** for the Period ended on 16/09/2016.



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

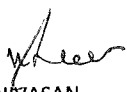
5. Report on Other Legal and Regulatory Requirements

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

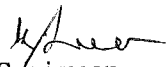
DESCRIPTION	SCHEDULE NO.	31-Mar-17	31-Mar-16
		Rs.	Rs.
LIABILITIES			
Unit Capital	1	-	90,64,75,325
Reserves & Surplus	2	-	1,20,10,27,226
Current Liabilities & Provisions	3	-	2,34,70,264
		-	2,13,09,72,815
ASSETS			
Investments	4	-	1,86,36,68,086
Other Current Assets	5	-	26,73,04,729
		-	2,13,09,72,815

Notes on Accounts

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As per our Report of even date

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

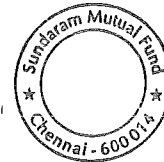

K Srinivasan
Partner
(M.NO : 5809)



Place : Chennai

Date : 23rd June 2017

For
Sundaram Mutual Fund



Authorised Signatory

REVENUE ACCOUNT FOR THE PERIOD FROM 01.04.2016 to 16.09.2016

Description	Sch No.	01.04.2016 - 16.09.2016		01.04.2015 - 31.03.2016		
		Rs.	Rs.	Rs.	Rs.	
REVENUE						
Dividend	6	1,68,63,949		3,07,70,301		
Interest		12,45,615		27,44,823		
Net profit on inter scheme transfer / sale of investments		6,16,26,809		53,61,653		
Net diminution in value of investments written back		45,84,65,467		-		
Other Income		13,21,262		19,66,664		
TOTAL (A)			53,95,23,102	53,95,23,102	4,08,43,441	4,08,43,441
EXPENSES						
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)	7	2,21,96,243		3,88,19,984		
Net diminution in value of investments written off		-		41,55,56,074		
Realised Loss on Derivative Transactions		23,88,94,765		26,97,377		
Management Fees		2,16,40,842		5,28,22,608		
Service Tax on Management Fees		32,06,283		73,84,260		
Custodian Fees		2,44,710		5,81,949		
Trusteeship Fees		46,315		1,19,089		
Commission to Agent		19,44,563		67,74,246		
Audit Fees		5,774		1,76,928		
Other Operating Expenses		-		2,04,183		
Investor Education Fees		1,85,263		4,76,382		
TOTAL (B)			28,83,64,758	28,83,30,551	52,56,13,080	52,55,65,759
Less : Amount absorbed by AMC			13,207		22,321	
Less : Amount adjusted from load towards commission, marketing and selling expenses.		21,000		25,000		
SURPLUS / (DEFICIT) (A-B)			25,11,92,551		(48,47,22,318)	
Add/(Less) : Balance in Equalisation Account			(1,40,28,08,889)		(7,31,61,949)	
Surplus /(Deficit) transferred to Balance Sheet			(1,15,16,16,338)		(55,78,84,267)	

Notes on Accounts

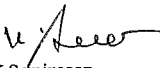
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As per our Report of even date

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

For
Sundaram Mutual Fund

Authorised Signatory


K Srinivasan
Partner
(M.NO : 5809)



Place : Chennai
Date : 23rd June 2017

SCHEDULE : 1

Unit Capital

Description	31/03/2017		31/03/2016	
	UNITS	Rs.	UNITS	Rs.
Initial capital	1,03,21,500	10,32,15,000	1,03,21,500	10,32,15,000
Unit Capital				
Opening Capital	9,06,47,532	90,64,75,325	13,10,39,558	1,31,03,95,572
Add: Units sold during the Period	5,29,997	52,99,966	2,30,02,874	23,00,28,747
	9,11,77,529	91,17,75,291	15,40,42,432	1,54,04,24,319
Less : Units repurchased during the Period	9,11,77,529	91,17,75,291	6,33,94,899	63,39,48,994
Units at the end of the Period	-	-	9,06,47,532	90,64,75,325
				90,64,75,325

SCHEDULE : 2

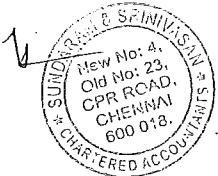
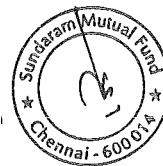
Reserves & Surplus

Description	31/03/2017		31/03/2016	
	Rs.	Rs.	Rs.	Rs.
Unit Premium Reserve				
Opening Balance	4,94,10,888		13,19,25,211	
Add/(Less): Net Premium on Sale/(redemption) of units	(4,94,10,888)	-	(8,25,14,323)	4,94,10,888
General Reserve				
Opening Balance	1,15,16,16,338		1,70,95,00,605	
Add /(Less): Transfer from Revenue Account	(1,15,16,16,338)	-	(55,78,84,267)	1,15,16,16,338
Unrealised appreciation reserve				
Opening Balance	-		4,60,469	
Add/(Less): Net unrealized appreciation for the Period	-	-	(4,60,469)	-
Unrealised Appreciation Reserve (Schedule 7)		-		-
		-		1,20,10,27,226

SCHEDULE : 3

Current Liabilities & Provisions

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Sundry Creditors	-	20,49,678
Others	-	2,14,20,586
	-	2,34,70,264

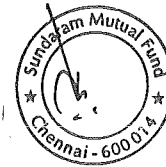


SCHEDULE : 4**Investments**

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Equity Shares	-	1,86,10,70,008
Others-Reverse Repo/CBLO	-	25,98,078
	-	1,86,36,68,086

SCHEDULE : 5**Other Current Assets**

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Derivative Option - Premium	-	23,04,07,474
Balance with banks in Current Accounts	-	7,07,909
Contract for Sale of Investments	-	3,46,91,001
CBLO Margin Account	-	81,326
Repo Margin Account	-	1,40,345
Equity Derivatives Instrument Account Deposits for Margin Money	-	8,35,258
Outstanding and accrued Income	-	4,41,416
	-	26,73,04,729



SCHEDULE : 6**Interest**

Description	01.04.2016 - 16.09.2016	01.04.2015 - 31.03.2016
	Rs.	Rs.
Interest from banks and others	12,45,615	27,44,823
	12,45,615	27,44,823

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

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Diminution in value of investments		
Equity Shares	-	18,90,87,509
MTM loss on derivative option contracts	-	26,93,77,958
Diminution in value of Investments transferred to Revenue Account	-	45,84,65,467



**SUNDARAM MUTUAL FUND
SUNDARAM GROWTH 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 16.09.2016**

**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

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.

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.

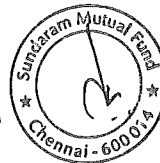
(iv) Other income is accounted on cash basis.

(v) 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 - 16.09.2016	01.04.2015 - 31.03.2016
Average daily net asset value	20,004.46	23,817.14
Management fee @ 2.34 % of average daily net asset value. (Previous year 2.22 %)	216.41	528.23

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 - 16.09.2016	01.04.2015 - 31.03.2016
PURCHASE VALUE (AMOUNT)	746.96	4,680.26
%	3.73%	19.65%
SALES VALUE (AMOUNT)	21,642.84	14,748.01
%	108.19%	61.92%

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 - 16.09.2016	01.04.2015 - 31.03.2016
INCOME	58.25%	3.52%
EXPENDITURE #	2.94%	2.88%

#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.

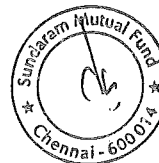
7. CONTINGENT LIABILITY

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

8. AMOUNT PAID TO SPONSORS / ASSOCIATES

	01.04.2016 - 16.09.2016	01.04.2015 - 31.03.2016
Sundaram Finance Ltd (Sponsor)	3.52	6.68
Sundaram Finance Holdings Limited formerly known as Sundaram Finance Distribution Limited (subsidiary of Sponsor)	-	0.003
Indus Ind Bank Ltd (Associate) @	-	0.01

@ Indus Ind 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. **DETAILS OF DERIVATIVE CONTRACTS OUTSTANDING AT THE YEAR END AND EXECUTED DURING THE PERIOD:**

Margin account on futures amounting to Rs.Nil (Previous Year : Rs.8.35 Lakhs) represent the margin towards future contracts and is disclosed under other current assets. Refer Annexure V for details of derivative contracts executed during the period.

11. **PORTFOLIO DISCLOSURE**

NIL

12. **MOVEMENT IN UNIT CAPITAL**

As Per Schedule-I

13. **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.

14. **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

15. **Unclaimed Redemption and Unclaimed Dividend amount**

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

16. **AUDIT FEES**

The current year audit fees of Rs.5,774/- (Previous Year Rs.1,76,928/-) as per Revenue account including SEBI inspection (audit) fees of Rs.Nil (Previous Year Rs.10,970/-)

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 Growth Fund ("Transferor Schemes") into Sundaram Selct Focus (the "Transferee Scheme") respectively was accounted such that new units in Transferee Scheme's respective plans having face value of Rs.10/- each have been issued to the unit holders of the 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 scheme was transferred to the transferee scheme in terms of the scheme of arrangement on 16th September 2016.

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

