

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 VALUE FUND SERIES VII** 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 VALUE FUND SERIES VII** 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 VALUE FUND SERIES VII** as at 31/03/2017.

b. In the case of Revenue Account of the Deficit of Sundaram Mutual fund **SUNDARAM VALUE FUND SERIES VII** for the Period ended on 31/03/2017.



**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
		Rs.
<b>LIABILITIES</b>		
Unit Capital	1	29,48,13,120
Reserves & Surplus	2	55,50,438
Current Liabilities & Provisions	3	35,83,808
		<b>30,39,47,366</b>
<b>ASSETS</b>		
Investments	4	28,99,47,017
Other Current Assets	5	1,40,00,349
		<b>30,39,47,366</b>

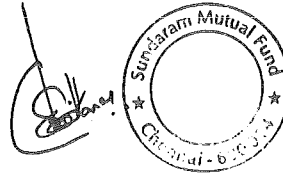
Notes on Accounts

8

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)



Authorised Signatory

Place : Chennai  
Date : 23rd June 2017

**REVENUE ACCOUNT FOR THE PERIOD FROM 07.03.2017 to 31.03.2017**

Description	Sch No.	07.03.2017 to 31.03.2017	
		Rs.	Rs.
<b>REVENUE</b>			
Interest	6	9,94,839	
		<b>9,94,839</b>	
<b>TOTAL (A)</b>			<b>9,94,839</b>
<b>EXPENSES</b>			
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		15,20,927	
Management Fees		4,21,173	
Service Tax on Management Fees		63,176	
Custodian Fees		336	
Trusteeship Fees		1,014	
Commission to Agent		67,630	
Audit Fees		5,749	
Investor Education Fees		4,057	
		<b>20,84,062</b>	
<b>TOTAL (B)</b>			<b>20,84,062</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>(10,89,223)</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>(10,89,223)</b>

Notes on Accounts

8

As per our Report of even date

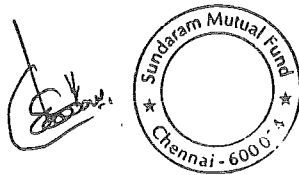
**For**  
**Sundaram & Srinivasan**  
Chartered Accountants  
(FRN.: 004207S)

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

*K Srinivasan*  
K Srinivasan  
Partner  
(M.NO : 5809)



Authorised Signatory



Place : Chennai  
Date : 23rd June 2017

**SCHEDULE : 1****Unit Capital**

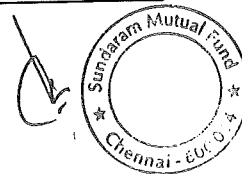
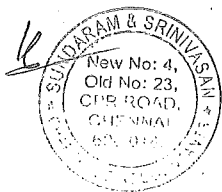
Description	31/03/2017	
	Units	Rs.
<b>Initial capital</b>	<b>2,94,81,312</b>	<b>29,48,13,120</b>
<b>Unit Capital</b>		
Opening Capital	-	-
Add: Units sold during the Period	2,94,81,312	29,48,13,120
	2,94,81,312	29,48,13,120
Less : Units repurchased during the Period	-	-
Units at the end of the Period	2,94,81,312	29,48,13,120
		<b>29,48,13,120</b>

**SCHEDULE : 2****Reserves & Surplus**

Description	31/03/2017	
	Rs.	Rs.
<b>General Reserve</b>		
Opening Balance	-	-
Add / (Less): Transfer from Revenue Account	(10,89,223)	(10,89,223)
<b>Unrealised Appreciation Reserve</b>		
Opening Balance	-	-
Add/(Less): Net unrealized appreciation for the Period	66,39,661	66,39,661
Unrealised Appreciation Reserve (Schedule 7)		66,39,661
		<b>55,50,438</b>

**SCHEDULE : 3****Current Liabilities & Provisions**

Description	31/03/2017
	Rs.
Sundry Creditors	5,33,445
Contract for Purchase of Investments	30,20,293
Others	30,070
	<b>35,83,808</b>



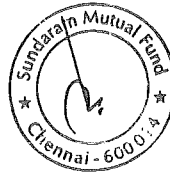
**SCHEDULE : 4****Investments**

Description	31/03/2017
	Rs.
Equity Shares	17,00,31,577
Units of Domestic Mutual Fund	10,00,24,791
Others - Reverse Repo / CBLO	1,98,90,649
	<b>28,99,47,017</b>

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

Description	31/03/2017
	Rs.
Balance with banks in Current Accounts	1,16,748
Contract for Sale of Investments	1,27,98,982
CBLO Margin Account	1,96,737
Repo Margin Account	8,84,765
Outstanding and accrued Income	3,117
	<b>1,40,00,349</b>

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

Description	07.03.2017 to 31.03.2017
	Rs.
Interest from banks and others	9,94,839
	<b>9,94,839</b>

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

Description	31/03/2017
	Rs.
<b>Appreciation in Value of Investments</b>	
Equity Shares	66,14,870
Units of Domestic Mutual Fund	24,791
<b>Appreciation in Value of Investments ( Schedule 2 )</b>	<b>66,39,661</b>



**SUNDARAM MUTUAL FUND**  
**SUNDARAM VALUE FUND SERIES VII**  
**Schedules forming part of the Balance Sheet as at 31-Mar-2017**  
**and the Revenue Account for the Period from 07.03.2017 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.

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	07.03.2017 to 31.03.2017
Average daily net asset value	2,961.35
Management fee @ 2.08% of average daily net asset value	4.21

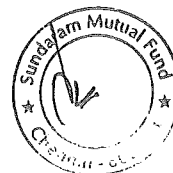
**3 INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE NET ASSET VALUE OF THE SCHEMES OF SUNDARAM MUTUAL FUND:**

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	07.03.2017 to 31.03.2017
<b>PURCHASE VALUE (AMOUNT)</b>	2,783.15
%	93.98%
<b>SALES VALUE (AMOUNT)</b>	133.77
%	4.52%





**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	07.03.2017 to 31.03.2017
INCOME	4.90%
EXPENDITURE #	2.78%

#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**

	07.03.2017 to 31.03.2017
Sundaram Finance Ltd (Sponsor)	0.21

**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

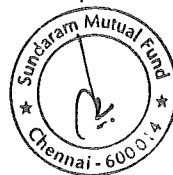
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		07.03.2017 to 31.03.2017			
		Rs.			
(A)	Gross income				
	(i) income other than profit on sale of investment	0.0337			
	(ii) income from profit on inter scheme sales/transfer of investments	0.0000			
	(iii) income from profit on sale of investment to third parties	-0.0516			
	(iv) transfer to revenue account from past year's reserves	0.0000			
(B)	Aggregate of expenses, write off, amortisation and charges	0.0190			
(C)	Net income	-0.0369			
(D)	Net unrealised appreciation/(diminution) in value of investments	0.2252			
		Regular Growth	Regular Dividend	Direct Growth	Direct Dividend
(E)	Net Assets Value	10.1882	10.1882	10.1906	10.1906
(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	2.78%			
(H)	Ratio of gross income to average daily net assets by percentage	4.90%			

## 16 Computation of Distributable Income

	31/03/2017
	Rs.
Net Income as per revenue account	(10,89,223)
Add : Balance of Undistributed income as at 1st April brought forward	-
	(10,89,223)
Less : Income Distributed during the year	-
Distributable Income	<u>(10,89,223)</u>

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



ANNEXURE-II	
SUNDARAM VALUE FUND SERIES-VII	
% of total Investments within the classification	
	31-Mar-17
<b>Equity Instruments</b>	
<b>a) Listed / awaiting listing on Stock Exchange</b>	
AUTO ANCILLARIES	8.45%
BANKS	11.46%
CONSTRUCTION PROJECT	7.92%
CONSUMER DURABLES	5.37%
FINANCE	10.88%
INDUSTRIAL CAPITAL GOODS	9.95%
INDUSTRIAL PRODUCTS	10.18%
TEXTILE PRODUCTS	5.85%
TRANSPORTATION	8.91%
<b>Mutual Fund Units</b>	
SUNDARAM MONEY FUND - DIRECT GROWTH	100.00%

*B*



SUNDARAM MUTUAL FUND						
Sundaram Value Fund Series VII						
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
		<b>(A)Equity &amp; Equity Related</b>				
		<b>(a)Listed / awaiting listing on Stock Exchange</b>				
1	INE722A01011	Shriram City Union Finance Ltd	Finance	4483	105.79	3.52%
2	INE647A01010	SRF Ltd	Textile Products	6116	99.52	3.31%
3	INE028A01039	Bank of Baroda	Banks	56496	97.71	3.25%
4	INE765D01014	WPIL Ltd	Industrial Products	20992	97.52	3.25%
5	INE160A01022	Punjab National Bank	Banks	64774	97.10	3.23%
6	INE419M01019	TD Power Systems Ltd	Industrial Capital Goods	40805	94.22	3.14%
7	INE472A01039	Blue Star Ltd	Consumer Durables	13181	91.27	3.04%
8	INE438A01022	Apollo Tyres Ltd	Auto Ancillaries	38073	79.46	2.65%
9	INE205A01025	Vedanta Ltd	Non - Ferrous Metals	28856	79.34	2.64%
10	INE774D01024	Mahindra & Mahindra Financial Services Ltd	Finance	25136	79.15	2.64%
11	INE517F01014	Gujarat Pipavav Port Ltd	Transportation	46773	77.22	2.57%
12	INE536H01010	Mahindra CIE Automotive Ltd	Industrial Products	35546	75.54	2.51%
13	INE074A01025	Praj Industries Ltd	Industrial Capital Goods	93723	75.03	2.50%
14	INE852F01015	Gateway Distriparks Ltd	Transportation	29372	74.25	2.47%
15	INE022I01019	Asian Granito India Ltd	Construction	20000	73.63	2.45%
16	INE549A01026	Hindustan Construction Company Ltd	Construction Project	185447	73.34	2.44%
17	INE155A01022	Tata Motors Ltd	Auto	15609	72.71	2.42%
18	INE451D01011	Rajratan Global Wire Ltd	Auto Ancillaries	10482	64.25	2.14%
19	INE442H01029	Ashoka Buildcon Ltd	Construction Project	31122	61.31	2.04%
20	INE114A01011	Steel Authority of India Ltd	Ferrous Metals	93010	57.02	1.90%
21	***	Star Cement Ltd	Cement	40318	42.52	1.42%
22	INE383A01012	The India Cements Ltd	Cement	18248	29.64	0.99%
23	***	Artemis Global Life Sciences Ltd	Healthcare Services	1963	1.87	0.06%
24	INE034D01031	PTL Enterprises Ltd	Miscellaneous	1963	0.92	0.03%
		<b>Total for Equity &amp; Equity Related</b>			<b>1700.32</b>	<b>56.61%</b>
		<b>(B)Money Market Instruments</b>				
1		CBLO			198.91	6.62%
		<b>Total for Money Market Instruments</b>			<b>198.91</b>	<b>6.62%</b>
		<b>(C)Mutual Fund Units</b>				
		<b>(a)Investment in Mutual Fund Units</b>				
1	INF903J01QF2	Sundaram Money Fund - Direct Growth		2916583	1000.25	33.30%
		<b>Total for Mutual Fund Units</b>			<b>1000.25</b>	<b>33.30%</b>
		Cash and Other Net Current Assets			104.17	3.47%
		<b>Grand Total</b>			<b>3003.64</b>	<b>100.00%</b>

\*\*\* Details awaited

