

# 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 FIXED TERM PLAN-DY** as at 31/03/2017, which comprise the Balance Sheet, the Revenue Account for the Period ended 13/10/2016 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 FIXED TERM PLAN-DY** 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.

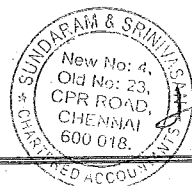
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### 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 FIXED TERM PLAN-DY** as at 31/03/2017.

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM FIXED TERM PLAN-DY** for the Period ended on 13/10/2016.



**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	-	222,240,650
Reserves & Surplus	2	-	53,992,232
Current Liabilities & Provisions	3	5,250	99,081
		<b>5,250</b>	<b>276,331,963</b>
<b>ASSETS</b>			
Investments	4	-	262,455,962
Other Current Assets	5	5,250	13,876,001
		<b>5,250</b>	<b>276,331,963</b>

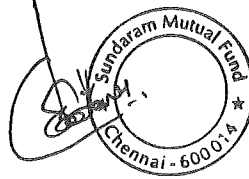
Notes on Accounts

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As per our Report of even date

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

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



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



Authorised Signatory

Place : Chennai  
Date : 23rd June 2017

## REVENUE ACCOUNT FOR THE PERIOD FROM 01.04.2016 TO 13.10.2016

Description	Sch No.	01.04.2016 - 13.10.2016		01.04.2015 - 31.03.2016	
		Rs.	Rs.	Rs.	Rs.
<b>REVENUE</b>					
Interest	6	12,972,104		24,344,755	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		-		23,890	
Net diminution on sale of investments written back		760,333		-	
Other Income		1,311		484	
<b>TOTAL (A)</b>		<b>13,733,748</b>	<b>13,733,748</b>	<b>24,369,129</b>	<b>24,369,129</b>
<b>EXPENSES</b>					
Net diminution in value of investment	7	-		760,333	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		1,726,225		-	
Loss on inter scheme transfer / sale of investments		-		72,666	
Management Fees		119,913		287,541	
Service Tax on Management Fees		17,802		40,101	
Custodian Fees		10,546		42,878	
Trusteeship Fees		7,580		13,288	
Commission to Agent		483,522		752,966	
Audit Fees		7,780		8,048	
Other Operating Expenses		3,171		8,317	
Investor Education Fees		30,317		53,150	
<b>TOTAL (B)</b>		<b>2,406,856</b>	<b>2,406,856</b>	<b>2,039,288</b>	<b>2,039,288</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>11,326,892</b>		<b>22,329,841</b>
Add/(Less) : Balance in Equalisation Account			(65,319,124)		-
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>(53,992,232)</b>		<b>22,329,841</b>

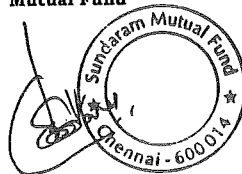
Notes on Accounts

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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.
<b>Initial capital</b>	<b>43,071,790</b>	<b>430,717,900</b>	<b>43,071,790</b>	<b>430,717,900</b>
<b>Unit Capital</b>				
Opening Capital	22,224,065	222,240,650	22,224,065	222,240,650
Add: Units sold during the Period	-	-	-	-
	22,224,065	222,240,650	22,224,065	222,240,650
Less : Units repurchased during the Period	22,224,065	222,240,650	-	-
Units at the end of the Period	-	-	22,224,065	222,240,650
		-		<b>222,240,650</b>

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

Description	31/03/2017		31/03/2016	
	Rs.	Rs.	Rs.	Rs.
<b>General Reserve</b>				
Opening Balance	53,992,232		31,662,391	
Add /(Less): Transfer from Revenue Account	(53,992,232)		22,329,841	53,992,232
<b>Unrealised appreciation reserve</b>				
Opening Balance	-		1,589,411	
Add/(Less) Net unrealized appreciation for the Period	-		(1,589,411)	
Unrealised Appreciation Reserve ( Schedule 7 )		-		-
		-		<b>53,992,232</b>

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

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Sundry Creditors	5,250	98,794
Others	-	287
	<b>5250</b>	<b>99,081</b>

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

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Debentures / Bonds listed / awaiting listing on the recognised stock exchange	-	255,483,515
Certificate of Deposits	-	6,772,447
Others - Reverse Repo / CBLO	-	200,000
	-	<b>262,455,962</b>

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

Description	31/03/2017	31/03/2016
	Rs.	Rs.
Balance with banks in Current Accounts	5,250	252,935
CBLO Margin Account	-	8,426
Repo Margin Account	-	14,542
Outstanding and accrued income	-	13,600,098
	<b>5,250</b>	<b>13,876,001</b>

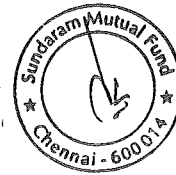
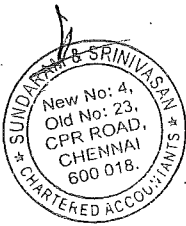


**SCHEDULE : 6****Interest**

Description	01.04.2016 - 13.10.2016	01.04.2015 - 31.03.2016
	Rs.	Rs.
Interest from banks and others- Repo	1,242,993	169,966
Interest on Debentures and Bonds- Investments	11,228,869	23,885,522
Discounting Charges	500,242	289,267
	<b>12,972,104</b>	<b>24,344,755</b>

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

Description	31/03/2017	31/03/2016
	Rs.	Rs.
<b>Diminution in value of investments</b>		
Certificate of Deposits	-	686
Debentures & Bonds listed / awaiting listing in the Recognised the stock exchange	-	759,647
<b>Diminution in value of investments transferred to Revenue account</b>	-	<b>760,333</b>



**SUNDARAM MUTUAL FUND**  
**SUNDARAM FIXED TERM PLAN-DY**  
**Schedules forming part of the Balance Sheet as at 31st-Mar-2017**  
**and the Revenue Account for the period from 01.04.2016 to 13.10.2016**

**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.

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.

**1.2. INCOME RECOGNITION**

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

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.

**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 - 13.10.2016	01.04.2015 - 31.03.2016
Average daily net asset value	2,822.81	2,657.43
Management fee @ 0.08% of average daily net asset value. (Previous Period 0.11%)	1.20	2.88

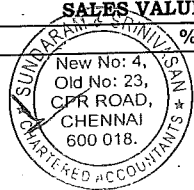
**3. INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE NET ASSET VALUE OF THE SCHEMES OF SUNDARAM MUTUAL FUND.**

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 - 13.10.2016	01.04.2015 - 31.03.2016
<b>PURCHASE VALUE (AMOUNT)</b>	477.27	575.53
%	16.91%	21.66%
<b>SALES VALUE (AMOUNT)</b>	3,146.48	327.25
%	111.47%	12.31%



**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.	-	2,142.97
% to the asset under management	0.00%	77.58%

**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 - 31.10.2016	01.04.2015 - 31.03.2016
INCOME	9.06%	9.17%
EXPENDITURE #	0.45%	0.45%

#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**

NIL

**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. Previous year figures have been regrouped wherever necessary to confirm with the current year's classification**