

**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 HYBRID FUND -SERIES-U** as at 31/03/2018, which comprise the Balance Sheet, the Revenue Account for the Period then ended 31/03/2018 and a summary of significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Financial Statements**

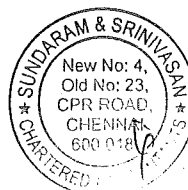
The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Sundaram Mutual Fund **SUNDARAM HYBRID FUND -SERIES-U** in accordance with the Eleventh Schedule of Securities and Exchange Board of 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.



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

**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 HYBRID FUND -SERIES-U** as at 31/03/2018.

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM HYBRID FUND -SERIES-U** for the Period ended on 31/03/2018.

**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.

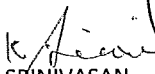
2. The Balance Sheet and Revenue Account dealt with by this Report are in agreement with the books of accounts of the Sundaram Mutual Fund.

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:0042075)

Place: Chennai  
Date : 29<sup>th</sup> June 2018

  
K. SRINIVASAN  
Partner  
Membership No. 5809



**BALANCE SHEET AS AT 31st MARCH, 2018**

DESCRIPTION	SCHEDULE NO.	31-Mar-18
		Rs.
<b>LIABILITIES</b>		
Unit Capital	1	443,809,990
Reserves & Surplus	2	24,711,051
Current Liabilities & Provisions	3	846,528
		<b>469,367,569</b>
<b>ASSETS</b>		
Investments	4	460,563,184
Other Current Assets	5	8,804,385
		<b>469,367,569</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  
Partner  
(M.NO : 5809)



  
Authorised Signatory



Place : Chennai  
Date : 29th June 2018

**REVENUE ACCOUNT FOR THE PERIOD FROM 28.04.2017 TO 31.03.2018**

Description	Sch No.	28.04.2017 - 31.03.2018	
		Rs.	Rs.
<b>REVENUE</b>			
Dividend		644,613	
Interest	6	24,204,736	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		48,814	
Net profit on inter scheme transfer / sale of investments		232,720	
Other Income		18,067	
		<b>25,148,950</b>	
<b>TOTAL (A)</b>			<b>25,148,950</b>
<b>EXPENSES</b>			
Net diminution in value of investment	7	1,024,476	
Management Fees		2,791,351	
Service Tax / Goods & Service Tax on Management Fees		480,095	
Custodian Fees		80,201	
Trusteeship Fees		21,264	
Commission to Agents		1,782,533	
Transfer Agent Fees & Expenses		23,683	
Audit Fees		7,497	
Investor Education Fees		85,048	
Other Operating expenses		23,231	
		<b>6,319,379</b>	
Less: Amount absorbed by AMC		11,292	
<b>TOTAL (B)</b>			<b>6,308,087</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>18,840,863</b>
Less: Income Distributed		326,695	
Distribution Tax		125,620	
			<b>452,315</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>18,388,548</b>

Notes on Accounts

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As per our Report of even date

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



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

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



*[Signature]*  
Authorised Signatory

Place : Chennai  
Date : 29th June 2018

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

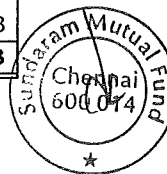
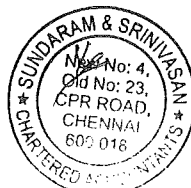
Description	31/03/2018	
	Units	Rs.
<b>Initial capital</b>	<b>44,380,999</b>	<b>443,809,990</b>
<b>Unit Capital</b>		
Opening Capital	-	-
Add: Units sold during the period	44,380,999	443,809,990
	44,380,999	443,809,990
Less : Units repurchased during the period	-	-
Units at the end of the period	44,380,999	443,809,990
		<b>443,809,990</b>

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

Description	31/03/2018	
	Rs.	Rs.
<b>General Reserve</b>		
Opening Balance	-	-
Add /(Less): Transfer from Revenue Account	18,388,548	18,388,548
<b>Unrealised appreciation reserve</b>		
Opening Balance	-	-
Add/(Less) Net unrealized appreciation for the Period	6,322,503	6,322,503
Unrealised Appreciation Reserve (Schedule 7)		6,322,503
		<b>24,711,051</b>

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

Description	31/03/2018
	Rs.
Sundry Creditors	479,825
Income Distribution Payable	263,540
Others - Rates & Taxes	103,163
	<b>846,528</b>



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

Description	31/03/2018
	Rs.
<b><u>Listed Securities on the Stock Exchange</u></b>	
Equity Shares	100,066,312
<b><u>Listed / Awaiting Listing on the Stock Exchange</u></b>	
Debentures & Bonds	201,398,196
Zero Coupon Bond	106,359,400
<b><u>Privately Placed / Unlisted</u></b>	
Debentures & Bonds	50,041,050
<b><u>Others</u></b>	
Others - Reverse Repo / CBLO	2,698,226
	<b>460,563,184</b>

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

Description	31/03/2018
	Rs.
Balance with banks in Current Accounts	416,770
CBLO Margin Account	261,992
Repo Margin Account	341,591
Outstanding and accrued Income	7,784,032
	<b>8,804,385</b>

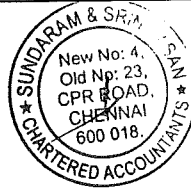


**SCHEDULE : 6****Interest**

Description	28.04.2017 - 31.03.2018
	Rs.
Interest from banks and others	2,772,139
Interest on Debentures and Bonds	14,088,621
Discounting Charges	7,343,976
	<b>24,204,736</b>

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

Description	31/03/2018
	Rs.
<b>Appreciation in Value of Investments</b>	
Equity Shares	5,576,680
Debentures & Bonds	745,823
<b>Appreciation in Value of Investments ( Schedule 2 )</b>	<b>6,322,503</b>
<b>Diminution in value of investments</b>	
Zero Coupon Bond	1,024,476
<b>Diminution in value of investments transferred to Revenue Account</b>	<b>1,024,476</b>



**SUNDARAM MUTUAL FUND**  
**SUNDARAM HYBRID FUND - SERIES-U**  
**Schedules forming part of the Balance Sheet as at 31-Mar-2018**  
**and the Revenue Account for the Period from 28.04.2017 to 31.03.2018**

**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.

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) Interest Income on debt or money market instruments 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	28.04.2017 - 31.03.2018
Average daily net asset value	4,591.97
Management fee @ 0.66% of average daily net asset value.	27.91

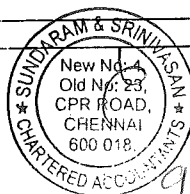
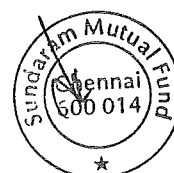
**3 INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE NET ASSET VALUE OF THE SCHEMES OF SUNDARAM MUTUAL FUND:**

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	28.04.2017 - 31.03.2018
<b>PURCHASE VALUE (AMOUNT)</b>	5,559.89
%	121.08%
<b>SALES VALUE (AMOUNT)</b>	1,035.55
%	22.55%



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**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	31.03.2018
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.	3,478.55
% to the asset under management	74.25%

**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	28.04.2017 - 31.03.2018
INCOME	5.91%
EXPENDITURE #	1.24%

# Total expenses includes Service Tax / Goods & Service Tax on management fees charged over and above the total expense ratio limits prescribed in the SEBI (Mutual Funds) Regulations, 1996. - Refer Annexure IX for Planwise Expense Ratio.

**7 CONTINGENT LIABILITY**

Contingent liability as at 31st March 2018 is Rs. Nil.

**8 AMOUNT PAID TO SPONSORS / ASSOCIATES**

	28.04.2017 - 31.03.2018
Sundaram BNP Paribas Fund Services Ltd (R & T)	0.24

**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.

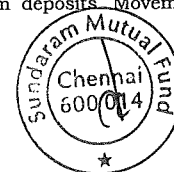
**13 ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES**

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/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 and term deposits. Movement of IEAI balances are provided in Annexure VII.



## 15 HISTORICAL PER UNIT STATISTICS

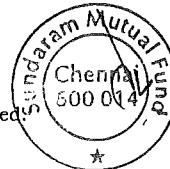
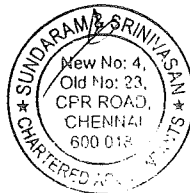
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		28.04.2017 - 31.03.2018				
		Rs.				
(A)	Gross income					
	(i) income other than profit on sale of investment					0.5603
	(ii) income from profit on inter scheme sales/transfer of investments					0.0052
	(iii) income from profit on sale of investment to third parties					0.0011
	(iv) transfer to revenue account from past year's reserves					0.0000
(B)	Aggregate of expenses, write off, amortisation and charges					0.1421
(C)	Net income					0.4245
(D)	Net unrealised appreciation/(diminution) in value of investments					0.1194
		Regular Growth	Regular Halfyearly Dividend	Regular Annual Dividend	Direct Growth	Direct Halfyearly Dividend
(E)	Net Assets Value	10.5670	10.3159	10.3669	10.6077	10.3568
(F)	Highest repurchase price	NA	NA	NA	NA	NA
	Lowest repurchase price	NA	NA	NA	NA	NA
	Highest ongoing sale price	10.0000	10.0000	10.0000	10.0000	10.0000
	Lowest ongoing sale price	10.0000	10.0000	10.0000	10.0000	10.0000
(G)	Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage					1.24%
(H)	Ratio of gross income to average daily net assets by percentage					5.91%

## 16 Computation of Distributable Income

	31.03.2018
	Rs.
Net Income as per revenue account	18,840,863
Add : Balance of Undistributed income as at 1st April brought forward	-
	18,840,863
Less : Income Distributed during the year	452,315
Distributable Income	<b>18,388,548</b>

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



ANNEXURE-II	
Sundaram Hybrid Fund -Series-U	
% of total Investments within the classification	
	31-Mar-18
<b>Equity Instruments</b>	
<b>Listed / awaiting listing on Stock Exchange</b>	
AUTO	10.11%
BANKS	36.83%
CONSUMER NON DURABLES	8.52%
FINANCE	12.56%
PETROLEUM PRODUCTS	6.96%
SOFTWARE	12.69%
<b>Debt Instruments</b>	
<b>(a) Listed / awaiting listing on Stock Exchange</b>	
FINANCE	75.29%
POWER	10.72%
<b>(b) Privately Placed / Unlisted</b>	
POWER	13.99%



SUNDARAM MUTUAL FUND						
Sundaram Hybrid Fund -Series-U						
Portfolio Statement as at 31 March 2018						
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	INE040A01026	HDFC Bank Ltd	Banks	7476	141.00	3.01
2	INE001A01036	Housing Development Finance Corporation Ltd	Finance	5778	105.48	2.25
3	INE090A01021	ICICI Bank Ltd	Banks	36358	101.20	2.16
4	INE009A01021	Infosys Ltd	Software	8543	96.69	2.06
5	INE237A01028	Kotak Mahindra Bank Ltd	Banks	7408	77.62	1.66
6	INE585B01010	Maruti Suzuki India Ltd	Auto	660	58.48	1.25
7	INE002A01018	Reliance Industries Ltd	Petroleum Products	6572	58.01	1.24
8	INE018A01030	Larsen & Toubro Ltd	Construction Project	3537	46.37	0.99
9	INE154A01025	ITC Ltd	Consumer Non Durables	15927	40.69	0.87
10	INE030A01027	Hindustan UniLever Ltd	Consumer Non Durables	2838	37.84	0.81
11	INE095A01012	IndusInd Bank Ltd	Banks	1290	23.18	0.49
12	INE148I01020	Indiabulls Housing Finance Ltd	Finance	1633	20.20	0.43
13	INE733E01010	NTPC Ltd	Power	11028	18.71	0.40
14	INE062A01020	State Bank of India	Banks	7076	17.68	0.38
15	INE155A01022	Tata Motors Ltd	Auto	5357	17.51	0.37
16	INE669C01036	Tech Mahindra Ltd	Software	2569	16.41	0.35
17	INE860A01027	HCL Technologies Ltd	Software	1430	13.85	0.30
18	INE481G01011	Ultratech Cement Ltd	Cement	302	11.93	0.25
19	INE029A01011	Bharat Petroleum Corporation Ltd	Petroleum Products	2712	11.59	0.25
20	INE101A01026	Mahindra & Mahindra Ltd	Auto	1510	11.16	0.24
21	INE044A01036	Sun Pharmaceutical Industries Ltd	Pharmaceuticals	2010	9.95	0.21
22	INE205A01025	Vedanta Ltd	Non - Ferrous Metals	3480	9.67	0.21
23	INE917I01010	Bajaj Auto Ltd	Auto	324	8.89	0.19
24	INE028A01039	Bank of Baroda	Banks	5533	7.87	0.17
25	INE256A01028	Zee Entertainment Enterprises Ltd	Media & Entertainment	1330	7.65	0.16
26	INE021A01026	Asian Paints Ltd	Consumer Non Durables	598	6.70	0.14
27	INE089A01023	Dr. Reddy's Laboratories Ltd	Pharmaceuticals	252	5.24	0.11
28	INE158A01026	Hero MotoCorp Ltd	Auto	145	5.14	0.11
29	INE038A01020	Hindalco Industries Ltd	Non - Ferrous Metals	2029	4.35	0.09
30	INE079A01024	Ambuja Cements Ltd	Cement	1733	4.04	0.09
31	INE012A01025	ACC Ltd	Cement	212	3.20	0.07
32	INE326A01037	Lupin Ltd	Pharmaceuticals	317	2.33	0.05
		<b>Total for Equity &amp; Equity Related</b>			<b>1000.66</b>	<b>21.36</b>



SUNDARAM MUTUAL FUND						
Sundaram Hybrid Fund -Series-U						
Portfolio Statement as at 31 March 2018						
SL No	ISIN Code	Name of the instrument	Rating / Industry	Quantity	Mkt Value Rs. in Lacs	% of Net Asset
		<b>(B)Debt Instruments</b>				
		<b>(a)Listed / awaiting listing on Stock Exchange</b>				
1	INE121A07NS8	Cholamandalam Investment and Finance Company Ltd - 25/05/2020**	ICRA AA	50	531.80	11.35
2	INE601U07038	Tata Motors Finance Ltd - 10/07/2020**	CARE AA+	50	531.79	11.35
3	INE001A07Q16	Housing Development Finance Corporation Ltd - 1.5% - 18/06/2020**	CRISIL AAA	5	527.34	11.26
4	INE134E08HV7	Power Finance Corporation Ltd - 8.36% - 04/09/2020**	CRISIL AAA	50	507.77	10.84
5	INE020B08AE5	Rural Electrification Corporation Ltd - 7.13% - 21/09/2020**	CRISIL AAA	50	495.85	10.58
6	INE752E07H15	Power Grid Corporation of India Ltd - 8.64% - 08/07/2020**	CRISIL AAA	30	383.59	8.19
7	INE756I07BH2	HDB Financial Services Ltd - 7.8% - 29/06/2020**	CRISIL AAA	10	99.43	2.12
		<b>Sub Total</b>			<b>3077.58</b>	<b>65.69</b>
		<b>(b)Privately Placed / Unlisted</b>				
1	INE636F07217	North Eastern Electric Power Corporation Ltd - 7.8% - 27/05/2020**	ICRA AA	50	500.41	10.68
		<b>Sub Total</b>			<b>500.41</b>	<b>10.68</b>
		<b>Total for Debt Instruments</b>			<b>3577.99</b>	<b>76.37</b>
		<b>(C)Money Market Instruments</b>				
		<b>(a)Reverse Repo / CBLO</b>				
1		CBLO			26.98	0.58
		<b>Total for Money Market Instruments</b>			<b>26.98</b>	<b>0.58</b>
		Cash and Other Net Current Assets			79.58	1.70
		<b>Grand Total</b>			<b>4685.21</b>	<b>100.00</b>

\*\* Thinly traded / Non Traded Securities

