

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

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

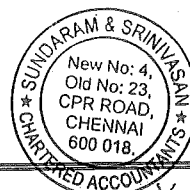
The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Sundaram Mutual Fund **SUNDARAM GILT FUND** in accordance with the Eleventh Schedule of Securities and Exchange Board of India (Mutual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



**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 GILT FUND** as at 31/03/2018.

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM GILT FUND** for the Year 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.

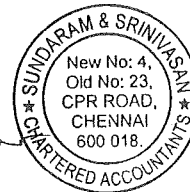
3.a. The accounts have been prepared in accordance with accounting policies and standards as specified in the Ninth Schedule of "The Regulations".

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	31-Mar-17
		Rs.	Rs.
<b>LIABILITIES</b>			
Unit Capital	1	40,089,205	112,612,047
Reserves & Surplus	2	66,467,250	185,443,311
Current Liabilities & Provisions	3	1,380,491	1,171,447
		<b>107,936,946</b>	<b>299,226,805</b>
<b>ASSETS</b>			
Investments	4	104,315,623	287,450,266
Other Current Assets	5	3,621,323	11,776,539
		<b>107,936,946</b>	<b>299,226,805</b>

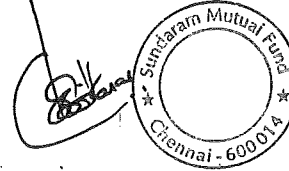
Notes on Accounts

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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*  
K Srinivasan  
Partner  
(M.NO : 5809)



Place : Chennai  
Date : 29th June 2018

## REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2018

Description	Sch No.	2017 - 18		2016 - 17	
		Rs.	Rs.	Rs.	Rs.
<b>REVENUE</b>					
Interest	6	14,069,107		23,795,281	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		-		17,568,002	
Realised Gain on Derivative Transactions		112,400		-	
Other Income		16,248		13,381	
<b>TOTAL (A)</b>		<b>14,197,755</b>	<b>14,197,755</b>	<b>41,376,664</b>	<b>41,376,664</b>
<b>EXPENSES</b>					
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		2,589,860		-	
Realised Loss on Derivative Transactions		-		202,450	
Interest on loan availed		-		1,454	
Management Fees		2,602,243		4,191,569	
Service Tax / Good & Service Tax on Management Fees		442,189		624,699	
Custodian Fees		3,486		13,860	
Trusteeship Fees		10,369		16,703	
Commission to Agents		68,263		327,825	
Marketing & Distribution Expenses		460,000		585,188	
Audit Fees		19,428		20,052	
Investor Education Fees		41,479		66,810	
Other Operating Expenses		40,874		29,567	
		<b>6,278,191</b>		<b>6,080,177</b>	
Less: Amount absorbed by AMC		24,384		-	
<b>TOTAL (B)</b>			<b>6,253,807</b>		<b>6,080,177</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>7,943,948</b>		<b>35,296,487</b>
Add/(Less) : Balance in Equalisation Account			(129,648,404)		(70,191,621)
			<b>(121,704,456)</b>		<b>(34,895,134)</b>
<b>Less: Income Distributed</b>		120,066		242,440	
Distribution Tax		46,270	<b>166,336</b>	93,340	<b>335,780</b>
<b>Surplus / (Deficit) transferred to Balance Sheet</b>			<b>(121,870,792)</b>		<b>(35,230,914)</b>

Notes on Accounts

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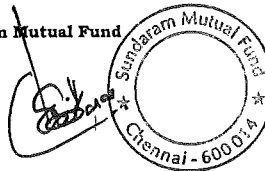
As per our Report of even date

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

K Srinivasan  
Partner  
(M.NO : 5809)



For  
Sundaram Mutual Fund



Authorised Signatory

Place : Chennai  
Date : 29th June 2018

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

Description	31/03/2018		31/03/2017	
	UNITS	Rs. *	UNITS	Rs.
<b>Initial capital</b>	<b>19,056,400</b>	<b>190,564,000</b>	<b>19,056,400</b>	<b>190,564,000</b>
<b>Unit Capital</b>				
Opening Capital	11,261,205	112,612,047	16,594,648	165,946,479
Add: Units sold during the year	9,072,996	90,729,958	1,458,351	14,583,510
	20,334,201	203,342,005	18,052,999	180,529,989
Less : Units repurchased during the year	16,325,280	163,252,800	6,791,794	67,917,942
Units at the end of the Year	4,008,921	40,089,205	11,261,205	112,612,047
		<b>40,089,205</b>		<b>112,612,047</b>

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

Description	31/03/2018		31/03/2017	
	Rs.	Rs.	Rs.	Rs.
<b>Unit Premium Reserve</b>				
Opening Balance	(2,810,717)		2,665,290	
Add / (Less): Net Premium on sale / (redemption) of units	3,609,164	798,447	(5,476,007)	(2,810,717)
<b>General Reserve</b>				
Opening Balance	187,256,484		222,487,398	
Add / (Less): Transfer from Revenue Account	(121,870,792)	65,385,692	(35,230,914)	187,256,484
<b>Unrealised Appreciation Reserve</b>				
Opening Balance	997,544		5,220,214	
Add/(Less) Net unrealized appreciation for the year	(714,433)		(4,222,670)	
Unrealised Appreciation Reserve ( Schedule 7 )		283,111		997,544
		<b>66,467,250</b>		<b>185,443,311</b>

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

Description	31/03/2018	31/03/2017
	Rs.	Rs.
Sundry Creditors	403,814	955,404
Distributed Income Payable	1,704	9,220
Inter Scheme Dues	107,009	182,450
Switches Payable	8,469	-
Others - Rates & Taxes	11,568	24,373
Repurchase amount payable	847,927	-
	<b>1,380,491</b>	<b>1,171,447</b>

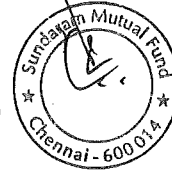


**SCHEDULE : 4****Investments**

Description	31/03/2018	31/03/2017
	Rs.	Rs.
Government Securities	98,419,500	194,950,266
Others - Reverse Repo / CBLO	5,896,123	92,500,000
	<b>104,315,623</b>	<b>287,450,266</b>

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

Description	31/03/2018	31/03/2017
	Rs.	Rs.
Balance with banks in Current Accounts	880,293	405,105
CBLO Margin Account	471,114	1,205,725
Outstanding and accrued Income	1,655,667	4,743,338
Repo Margin Account	614,249	5,422,371
	<b>3,621,323</b>	<b>11,776,539</b>

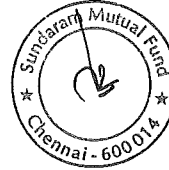


**SCHEDULE : 6****Interest**

Description	2017 - 18	2016 - 17
	Rs.	Rs.
Interest from banks and others	14,069,107	23,795,281
	<b>14,069,107</b>	<b>23,795,281</b>

**SCHEDULE : 7****Unrealised appreciation / (Diminution) in value of Investments**

Description	31/03/2018	31/03/2017
	Rs.	Rs.
<b>Appreciation in Value of Investments</b>		
Government Securities	283,111	997,544
<b>Appreciation in value of Investments ( Schedule 2 )</b>	<b>283,111</b>	<b>997,544</b>



**SUNDARAM MUTUAL FUND  
SUNDARAM GILT FUND**

**Schedules forming part of the Balance Sheet as at 31-Mar-2018  
and the Revenue Account for the Year ended 31-Mar-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 respectively.

**c) Derivative Instruments**

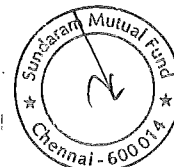
- Open positions of traded Interest Rate Futures are valued at the last quoted closing price on the stock exchange.

**1.2. INCOME RECOGNITION**

- (i) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.
- (ii) Interest income on debt or money market instruments is accounted on accrual basis.
- (iii) Other income is accounted on cash basis.
- (iv) Futures contract of Interest Rate derivative instruments are marked to market and resultant gain/loss is transferred to revenue account
- (v) When the future contracts of Interest Rate 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





**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 as Other income

**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	2017 - 18	2016 - 17
Average daily net asset value	2,073.82	3,340.31
Management fee @ 1.25% of average daily net asset value. (Previous year 1.25%)	26.02	41.92

**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 YEAR**

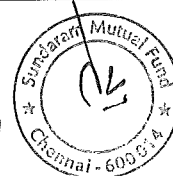
The aggregate value of investments purchased and sold (including matured) during the year as a percentage of average daily net asset value is as under :

Description	2017 - 18	2016 - 17
<b>PURCHASE VALUE (AMOUNT)</b>	27,105.53	31,694.60
%	1307.04%	948.85%
<b>SALES VALUE (AMOUNT)</b>	28,084.90	33,621.43
%	1354.26%	1006.54%

**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 year :

Description	31.03.2018	31.03.2017
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 Year	-	1,875.34
% to the asset under management	-	62.92%



**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	2017 - 18	2016 - 17
INCOME	6.85%	12.39%
EXPENDITURE #	1.77%	1.76%

# 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. Previous Year Rs. Nil

**8 AMOUNT PAID TO SPONSORS / ASSOCIATES**

	2017 - 18	2016 - 17
Sundaram Finance Ltd (Sponsor)	-	0.002

**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**

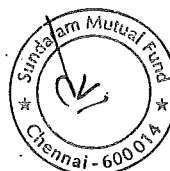
Related party disclosures as required by the Accounting Standard 18 - "Related Party Disclosures"

**14 UNCLAIMED REDEMPTION AND UNCLAIMED DIVIDEND AMOUNT**

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

**15 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.



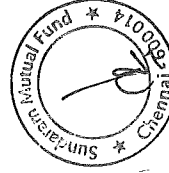
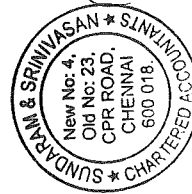
16 HISTORICAL PER UNIT STATISTICS	2017-18		2016-17		2015-16	
	Rs.		Rs.		Rs.	
(A) Gross income						
(i) Income other than profit on sale of investment		3.5135		2.1141		2.2498
(ii) Income from profit on inter scheme sales/transfer of investments		0.0000		0.0000		0.0000
(iii) Income from profit on sale of investment to third parties		(0.6180)		1.5421		(0.4569)
(iv) Transfer to revenue account from past year's reserves		0.0000		0.0000		0.0000
(B) Aggregate of expenses, write off, amortisation and charges		0.9139		0.5219		0.6797
Net Income		1.9616		3.1343		1.1132
(D) Net unrealised appreciation/(diminution) in value of investments		0.0706		0.0886		0.3146
(E) Net Assets Value	Regular Growth	11.5733	Regular Growth	11.9640	Regular Growth	11.4851
	Direct Dividend	28.1118		27.4904		25.0035
	Direct Dividend	11.9101		12.2335		11.6726
(F) Highest repurchase price*	Regular Growth	12.3893	Regular Growth	12.7644	Regular Growth	11.6192
	Direct Dividend	28.5997		28.1276		24.9474
Lowest repurchase price*	Regular Growth	11.9207	Regular Growth	11.5320	Regular Growth	11.0410
	Direct Dividend	27.3576		25.0352		23.5064
Highest ongoing sale price*	Regular Growth	12.4127	Regular Growth	12.8489	Regular Growth	11.5636
	Direct Dividend	28.5997		28.2011		24.9474
Lowest ongoing sale price*	Regular Growth	11.6188	Regular Growth	11.5320	Regular Growth	11.0682
	Direct Dividend	27.3576		25.0352		23.5300
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage		1.77%		1.76%		2.36%
(H) Ratio of gross income to average daily net assets by percentage		6.85%		12.39%		7.82%

\*Includes load applicable, if any

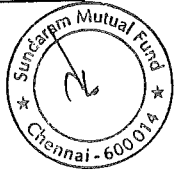
## 17 Computation of Distributable Income

	31.03.2018	31.03.2017
	Rs.	Rs.
Net Income as per revenue account	(121,704,456)	(34,895,134)
Add : Balance of Undistributed income as at 1st April brought forward	187,256,484	222,487,398
Less : Income Distributed during the year	65,552,028	187,592,264
	166,336	335,780
Add : Unit Premium Reserve	65,385,692	187,256,484
Distributable Income	65,385,692	184,445,767

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



ANNEXURE-II		
Sundaram Gilt Fund		
% of total Investments within the classification		
	31-Mar-18	31-Mar-17
Money Market Instruments		
SOVEREIGN	100.00%	100.00%



SUNDARAM MUTUAL FUND						
Sundaram Gilt Fund						
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
		(A)Debt Instruments				
		(a)Govt Security				
1	IN0020170174	7.17 % Central Government Securities 08/01/2028**	Sovereign	1000000	984.20	92.36
		<b>Total for Debt Instruments</b>			<b>984.20</b>	<b>92.36</b>
		(B)Money Market Instruments				
		(a)Reverse Repo / CBLO				
1		CBLO			58.96	5.53
		<b>Total for Money Market Instruments</b>			<b>58.96</b>	<b>5.53</b>
		Cash and Other Net Current Assets			22.41	2.10
		<b>Grand Total:</b>			<b>1065.56</b>	<b>100.00</b>

\*\* Thinly traded / Non Traded Securities

