

# 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 EMERGING SMALL CAP SERIES I** 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

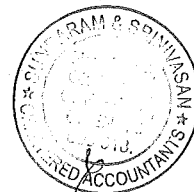
The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Sundaram Mutual Fund **SUNDARAM EMERGING SMALL CAP SERIES I** in accordance with the Eleventh Schedule of Securities and Exchange Board 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 EMERGING SMALL CAP SERIES I** as at 31/03/2018.
- b. In the case of Revenue Account of the Deficit of Sundaram Mutual fund **SUNDARAM EMERGING SMALL CAP SERIES I** for the Period ended on 31/03/2018.

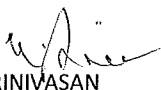
**5. Report on Other Legal and Regulatory Requirements**

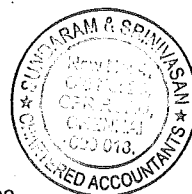
As required by Regulation 55 of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 we report that:

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	1,853,755,380
Reserves & Surplus	2	(24,236,172)
Current Liabilities & Provisions	3	3,044,430
		<b>1,832,563,638</b>
<b>ASSETS</b>		
Investments	4	1,824,227,800
Other Current Assets	5	8,335,838
		<b>1,832,563,638</b>

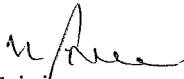
Notes on Accounts

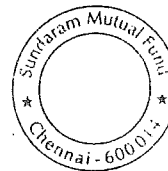
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As per our Report of even date

**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 09.03.2018 TO 31.03.2018**

Description	Sch No.	09.03.2018 - 31.03.2018	
		Rs.	Rs.
<b>REVENUE</b>			
Dividend		401,056	
Interest	6	3,754,304	
Other Income		545	
		<b>4,155,905</b>	
<b>TOTAL (A)</b>			<b>4,155,905</b>
<b>EXPENSES</b>			
Net diminution in value of investment	7	26,590,726	
Management Fees		1,058,795	
Goods & Service Tax on Management Fees		190,583	
Transfer Agents Fees & Expenses		2,084	
Custodian Fees		23,516	
Trusteeship Fees		5,794	
Commission to Agents		1,702,764	
Audit Fees		5,900	
Investor Education Fees		23,177	
Other Operating expenses		12,754	
		<b>29,616,093</b>	
Less: Amount absorbed by AMC		9,486	
<b>TOTAL (B)</b>			<b>29,606,607</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>(25,450,702)</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>(25,450,702)</b>

Notes on Accounts

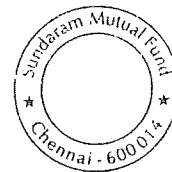
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As per our Report of even date

**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

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

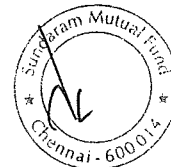
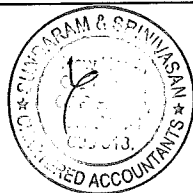
Description	31/03/2018	
	Units	Rs.
<b>Initial capital</b>	<b>185,375,538</b>	<b>1,853,755,380</b>
<b>Unit Capital</b>		
Opening Capital	-	-
Add: Units sold during the Period	185,375,538	1,853,755,380
	185,375,538	1,853,755,380
Less : Units repurchased during the Period	-	-
Units at the end of the Period	185,375,538	1,853,755,380
		<b><u>1,853,755,380</u></b>

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

Description	31/03/2018	
	Rs.	Rs.
<b>General Reserve</b>		
Opening Balance	-	-
Add /(Less): Transfer from Revenue Account	(25,450,702)	(25,450,702)
<b>Unrealised appreciation reserve</b>		
Opening Balance	-	-
Add/(Less) Net unrealized appreciation for the Period	1,214,530	1,214,530
Unrealised Appreciation Reserve (Schedule 7)		1,214,530
		<b><u>(24,236,172)</u></b>

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

Description	31/03/2018
	Rs.
Sundry Creditors	3,033,351
Others - Rates & Taxes	11,079
	<b><u>3,044,430</u></b>

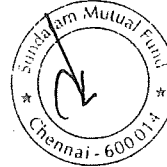


**SCHEDULE : 4****Investments**

Description	31/03/2018
	Rs.
Equity Shares	849,848,228
Units of Domestic Mutual Funds	921,214,530
Others - Reverse Repo / CBLO	53,165,042
	<b>1,824,227,800</b>

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

Description	31/03/2018
	Rs.
Balance with banks in Current Accounts	237,798
CBLO Margin Account	3,330,846
Repo Margin Account	4,342,833
Outstanding and accrued Income	424,361
	<b>8,335,838</b>

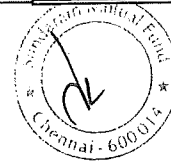


**SCHEDULE : 6****Interest**

Description	09.03.2018 - 31.03.2018
	Rs.
Interest from banks and others	3,754,304
	<b>3,754,304</b>

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

Description	31/03/2018
	Rs.
<b>Appreciation in Value of Investments</b>	
Units of Domestic Mutual Funds	1,214,530
<b>Appreciation in Value of Investments ( Schedule 2 )</b>	<b>1,214,530</b>
<b>Diminution in value of investments</b>	
Equity Shares	26,590,726
<b>Diminution in value of investments transferred to Revenue Account</b>	<b>26,590,726</b>



**SUNDARAM MUTUAL FUND**  
**SUNDARAM EMERGING SMALL CAP SERIES I**  
**Schedules forming part of the Balance Sheet as at 31-Mar-2018**  
**and the Revenue Account for the Period from 09.03.2018 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.

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
- 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).

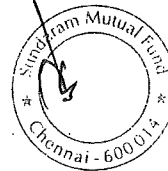
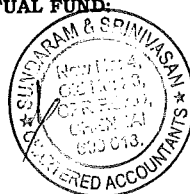
**2 INVESTMENT MANAGER FEES**

Management fee is computed on daily average net assets as under:

Description	09.03.2018 - 31.03.2018
Average daily net asset value	18,384.34
Management fee @ 0.91% of average daily net asset value.	10.59

**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	09.03.2018 - 31.03.2018
<b>PURCHASE VALUE (AMOUNT)</b>	17,964.39
%	97.72%
<b>SALES VALUE (AMOUNT)</b>	-
%	-

**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	09.03.2018 - 31.03.2018
<b>INCOME</b>	3.59%
<b>EXPENDITURE #</b>	2.60%

# 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

**7 CONTINGENT LIABILITY**

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

**8 AMOUNT PAID TO SPONSORS / ASSOCIATES**

	09.03.2018 - 31.03.2018
Sundaram Finance Ltd (Sponsor)	46.18
Sundaram BNP Paribas Fund Services Ltd (R & T)	0.02

**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.

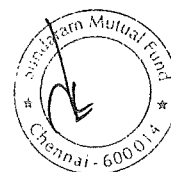
**13 ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES**

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.



SESCAP1

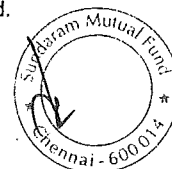
## 15 HISTORICAL PER UNIT STATISTICS

		09.03.2018 - 31.03.2018			
		Rs.			
(A)	Gross income	0.0224			
	(i) income other than profit on sale of investment	0.0000			
	(ii) income from profit on inter scheme sales/transfer of investments	0.0000			
	(iii) income from profit on sale of investment to third parties	0.0000			
	(iv) transfer to revenue account from past year's reserves	0.0000			
(B)	Aggregate of expenses, write off, amortisation and charges	0.1597			
(C)	Net income	(0.1373)			
(D)	Net unrealised appreciation/(diminution) in value of investments	(0.1369)			
		Regular Growth	Regular Dividend	Direct Growth	Direct Dividend
(E)	Net Assets Value	9.8689	9.8689	9.8784	9.8784
(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	2.60%			
(H)	Ratio of gross income to average daily net assets by percentage	3.59%			

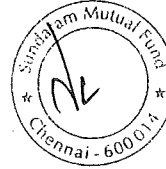
## 16 Computation of Distributable Income

	31.03.2018
	Rs.
Net Income as per revenue account	(25,450,702)
Add : Balance of Undistributed income as at 1st April brought forward	-
	(25,450,702)
Less : Income Distributed during the year	-
Distributable Income	(25,450,702)

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



ANNEXURE-II	
Sundaram Emerging Small Cap Series I	
% of total investments within the classification	
	31-Mar-18
<b>Equity Instruments</b>	
<b>Listed / awaiting listing on Stock Exchange</b>	
BANKS	5.17%
CONSTRUCTION PROJECT	8.24%
CONSUMER DURABLES	10.19%
FINANCE	7.54%
INDUSTRIAL CAPITAL GOODS	7.71%
INDUSTRIAL PRODUCTS	29.62%
MEDIA & ENTERTAINMENT	10.92%
<b>Mutual Fund Units</b>	
SUNDARAM MONEY FUND - DIRECT GROWTH	100.00%



SUNDARAM MUTUAL FUND						
Sundaram Emerging Small Cap Series I						
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	INE384A01010	Rane Holdings Ltd	Finance	26290	641.20	3.50
2	INE536A01023	Grindwell Norton Ltd	Industrial Products	109414	552.27	3.02
3	INE782A01015	Johnson Controls – Hitachi Air Conditioning India Ltd	Consumer Durables	20924	525.24	2.87
4	INES03A01015	DCB Bank Ltd	Banks	271808	439.11	2.40
5	INE325A01013	Timken India Ltd	Industrial Products	61125	431.21	2.36
6	INE868B01028	NCC Ltd	Construction Project	350000	411.43	2.25
7	INE045A01017	Ador Welding Ltd	Industrial Products	109488	409.16	2.24
8	INE823G01014	JK Cement Ltd	Cement	38686	392.68	2.15
9	INE325C01035	Dollar Industries Ltd	Textile Products	100362	390.56	2.13
10	INE227C01017	MM Forgings Ltd	Industrial Products	35243	366.72	2.00
11	INE048G01026	Navin Fluorine International Ltd	Chemicals	46949	362.85	1.98
12	INE349A01021	NRB Bearing Ltd	Industrial Products	220000	338.36	1.85
13	INE220B01022	Kalpataru Power Transmission Ltd	Power	69706	337.55	1.85
14	INE060A01024	Navneet Education Ltd	Media & Entertainment	233182	332.98	1.82
15	INE442H01029	Ashoka Buildcon Ltd	Construction Project	116320	289.00	1.58
16	INE472A01039	Blue Star Ltd	Consumer Durables	34957	264.08	1.44
17	INE191H01014	PVR Ltd	Media & Entertainment	20400	247.91	1.36
18	INE999A01015	KSB Pumps Ltd	Industrial Products	30000	239.30	1.31
19	INE074A01025	Praj Industries Ltd	Industrial Capital Goods	297060	238.54	1.30
20	INE717A01029	Kennametal India Ltd	Industrial Capital Goods	33000	234.07	1.28
21	INE794B01026	Balaji Telefilms Ltd	Media & Entertainment	144874	188.77	1.03
22	INE457F01013	Salzer Electronics Ltd	Industrial Capital Goods	90910	182.32	1.00
23	INE765D01014	WPIL Ltd	Industrial Products	35402	180.39	0.99
24	INE594H01019	Thyrocare Technologies Ltd	Healthcare Services	27526	164.29	0.90
25	INE807K01035	S Chand and Company Ltd	Media & Entertainment	38547	158.25	0.87
26	INE415A01038	HSIL Ltd	Consumer Durables	20746	77.01	0.42
27	INE686A01026	ITD Cementation India Ltd	Construction	28000	44.03	0.24
28	INE278H01035	Sandhar Technologies Ltd	Auto Ancillaries	9321	30.95	0.17
29	INE332A01027	Thomas Cook (India) Ltd	Services	10000	28.27	0.15
		<b>Total for Equity &amp; Equity Related</b>			<b>8498.48</b>	<b>46.45</b>
		<b>(B) Money Market Instruments</b>				
		<b>(a) Reverse Repo / CBLO</b>				
1		CBLO			531.65	2.91
		<b>Total for Money Market Instruments</b>			<b>531.65</b>	<b>2.91</b>
		<b>(C) Mutual Fund Units</b>				
		<b>(a) Investment in Mutual Fund Units</b>				
1	INF903J01QF2	Sundaram Money Fund - Direct Growth	Mutual Fund Units	25145543.5	9212.15	50.35
		<b>Total for Mutual Fund Units</b>			<b>9212.15</b>	<b>50.35</b>
		Cash and Other Net Current Assets			52.91	0.29
		<b>Grand Total</b>			<b>18295.19</b>	<b>100.00</b>

