

# 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 VALUE FUND SERIES X** 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

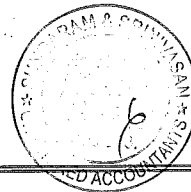
The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Sundaram Mutual Fund **SUNDARAM VALUE FUND SERIES X** in accordance with the Eleventh Schedule of Securities and Exchange Board of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

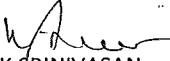
**5. Report on Other Legal and Regulatory Requirements**

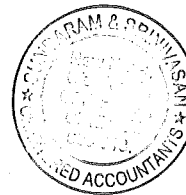
As required by Regulation 55 of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 we report that:

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	611,513,330
Reserves & Surplus	2	(41,178,371)
Current Liabilities & Provisions	3	7,128,818
		<b>577,463,777</b>
<b>ASSETS</b>		
Investments	4	539,559,354
Other Current Assets	5	37,904,423
		<b>577,463,777</b>

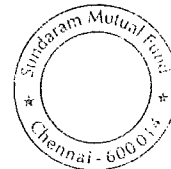
Notes on Accounts

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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)



Authorized Signatory

Place : Chennai  
Date : 29th June 2018

**REVENUE ACCOUNT FOR THE PERIOD FROM 23.11.2017 TO 31.03.2018**

Description	Sch No.	23.11.2017 - 31.03.2018	
		Rs.	Rs.
<b>REVENUE</b>			
Dividend		411,175	
Interest	6	5,259,780	
Other Income		10,741	
		<b>5,681,696</b>	
<b>TOTAL (A)</b>			<b>5,681,696</b>
<b>EXPENSES</b>			
Net diminution in value of investment	7	44,900,505	
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		667,803	
Management Fees		1,743,603	
Goods & Service Tax on Management Fees		313,849	
Custodian Fees		57,248	
Trusteeship Fees		10,611	
Commission to Agents		3,790,920	
Audit Fees		11,800	
Investor Education Fees		42,446	
Other Operating expenses		29,860	
		<b>51,568,645</b>	
Less: Amount absorbed by AMC		35,237	
<b>TOTAL (B)</b>			<b>51,533,408</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>(45,851,712)</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>(45,851,712)</b>

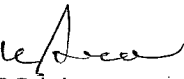
Notes on Accounts

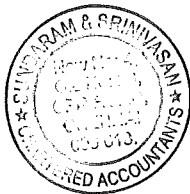
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As per our Report of even date

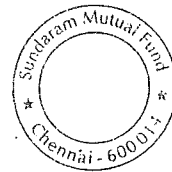
**For**  
**Sundaram & Srinivasan**  
Chartered Accountants  
(FRN.: 004207S)

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

  
K Srinivasan  
Partner  
(M.NO : 5809)







Authorized Signatory

Place : Chennai  
Date : 29th June 2018

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

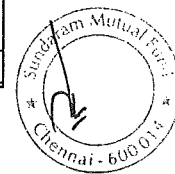
Description	31/03/2018	
	Units	Rs.
<b>Initial capital</b>	<b>61,151,333</b>	<b>611,513,330</b>
<b>Unit Capital</b>		
Opening Capital	-	-
Add: Units sold during the period	61,151,333	611,513,330
Less : Units repurchased during the period	-	-
Units at the end of the period	61,151,333	611,513,330
		<b>611,513,330</b>

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

Description	31/03/2018	
	Rs.	Rs.
<b>General Reserve</b>		
Opening Balance	-	-
Add /(Less): Transfer from Revenue Account	(45,851,712)	(45,851,712)
<b>Unrealised appreciation reserve</b>		
Opening Balance	-	-
Add/(Less) Net unrealized appreciation for the Period	4,673,341	4,673,341
Unrealised Appreciation Reserve (Schedule 7)		4,673,341
		<b>(41,178,371)</b>

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

Description	31/03/2018
	Rs.
Sundry Creditors	1,284,565
Contract for Purchase of Investments	5,840,120
Others - Rates & Taxes	4,133
	<b>7,128,818</b>



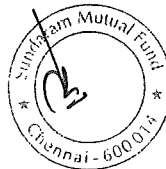
**SCHEDULE : 4****Investments**

Description	31/03/2018
	Rs.
Equity Shares	454,357,094
Units of Domestic Mutual Funds	80,105,611
Others - Reverse Repo / CBLO	5,096,649
	<b>539,559,354</b>

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

Description	31/03/2018
	Rs.
Balance with banks in Current Accounts	305,668
CBLO Margin Account	337,399
Repo Margin Account	439,908
Equity Derivatives Instrument Account Margin Money	10,000,000
Outstanding and accrued Income	2,234
Derivative Option Premium	26,819,214
	<b>37,904,423</b>

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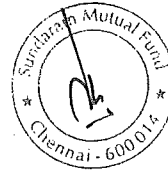
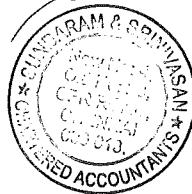


**SCHEDULE : 6****Interest**

Description	23.11.2017 - 31.03.2018
	Rs.
Interest from banks and others	5,259,780
	<b>5,259,780</b>

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

Description	31/03/2018
	Rs.
<b>Appreciation in Value of Investments</b>	
Units of Domestic Mutual Funds	105,611
Option Premium	4,567,730
<b>Appreciation in Value of Investments ( Schedule 2 )</b>	<b>4,673,341</b>
<b>Diminution in value of investments</b>	
Equity Shares	44,900,505
<b>Diminution in value of investments transferred to Revenue Account</b>	<b>44,900,505</b>



**SUNDARAM MUTUAL FUND**  
**SUNDARAM VALUE FUND SERIES - X**  
**Schedules forming part of the Balance Sheet as at 31-Mar-2018**  
**and the Revenue Account for the Period from 23.11.2017 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.

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.

**c) Equity Derivative Instruments**

Open positions of traded equity Index / stock futures are valued at the last quoted closing price on the stock exchange.

In case of Options, premium received / paid is marked to market and the difference amount is treated as an asset / liability till the expiry of the position

Equity derivative instruments 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) 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.

(v) Futures contract of equity derivative instruments are marked to market and resultant gain/loss is transferred to revenue account. 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. When the option contracts are squared off before expiry, the difference between the premium paid and received on the squared off transactions is recognized in the revenue account. When the option contracts are exercised on or before expiry, the difference between the option settlement price as determined by the exchange and the premium is recognized in the revenue account. Premium asset / liability in respect of option not exercised / squared off as on expiry date is transferred to 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

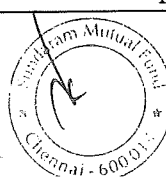
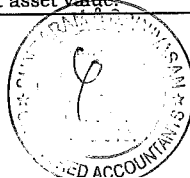
b) Common recurring expenses, if any are allocated to the schemes on the basis of Assets under Management of the respective schemes;

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	23.11.2017 - 31.03.2018
Average daily net asset value	6,004.65
Management fee @ 0.82% of average daily net asset value.	17.44



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**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	23.11.2017 - 31.03.2018
<b>PURCHASE VALUE (AMOUNT)</b>	6,085.98
%	101.35%
<b>SALES VALUE (AMOUNT)</b>	286.73
%	4.78%

**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	23.11.2017 - 31.03.2018
<b>INCOME</b>	2.68%
<b>EXPENDITURE #</b>	2.81%

# Total expenses includes 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**

	23.11.2017 - 31.03.2018
Sundaram Finance Ltd (Sponsor)	5.17

**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 DETAILS OF DERIVATIVE CONTRACTS OUTSTANDING AT THE YEAR END AND EXECUTED DURING THE YEAR**

Refer Annexure V for details of derivative contracts executed during the Year.

**11 PORTFOLIO DISCLOSURE**

Full portfolio of the scheme is given in Annexure - III

**12 MOVEMENT IN UNIT CAPITAL**

As Per Schedule-I



**13 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.

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

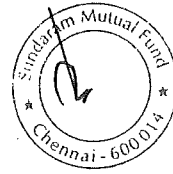
Related party disclosures as required by the Accounting Standard 18 - " Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given as Annexure - IV

**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.

*b*



## 16 HISTORICAL PER UNIT STATISTICS

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		23.11.2017 - 31.03.2018			
		Rs.			
(A)	Gross income				
	(i) income other than profit on sale of investment	0.0929			
	(ii) income from profit on inter scheme sales/transfer of investments	0.0000			
	(iii) income from profit on sale of investment to third parties	(0.0109)			
	(iv) transfer to revenue account from past year's reserves	0.0000			
(B)	Aggregate of expenses, write off, amortisation and charges	0.8318			
(C)	Net income	(0.7498)			
(D)	Net unrealised appreciation/(diminution) in value of investments	(0.6578)			
		Regular Growth	Regular Dividend	Direct Growth	Direct Dividend
(E)	Net Assets Value	9.3243	9.3243	9.3857	9.3857
(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	2.81%			
(H)	Ratio of gross income to average daily net assets by percentage	2.68%			

## 17 Computation of Distributable Income

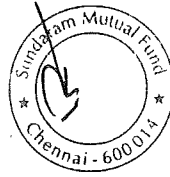
	31/03/2018
	Rs.
Net Income as per revenue account	(45,851,712)
Add : Balance of Undistributed income as at 1st April brought forward	-
	(45,851,712)
Less : Income Distributed during the year	-
Distributable Income	<b>(45,851,712)</b>

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



ANNEXURE-II	
Sundaram Value Fund Series X	
% of total Investments within the classification	
	31-Mar-18
<b>Equity Instruments</b>	
<b>Listed / awaiting listing on Stock Exchange</b>	
BANKS	19.27%
CONSTRUCTION PROJECT	14.12%
FERROUS METALS	5.40%
PHARMACEUTICALS	11.57%
SOFTWARE	25.49%

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SUNDARAM MUTUAL FUND						
Sundaram Value Fund Series X						
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	INE018A01030	Larsen & Toubro Ltd	Construction Project	34162	447.83	7.85
2	INE467B01029	Tata Consultancy Services Ltd	Software	10188	290.27	5.09
3	INE028A01039	Bank of Baroda	Banks	188009	267.54	4.69
4	INE062A01020	State Bank of India	Banks	99397	248.39	4.36
5	INE898S01029	Majesco Ltd	Software	46637	229.06	4.02
6	INE136B01020	Cyient Ltd	Software	27474	190.90	3.35
7	INE090A01021	ICICI Bank Ltd	Banks	65540	182.43	3.20
8	INE009A01021	Infosys Ltd	Software	14782	167.30	2.93
9	INE383A01012	The India Cements Ltd	Cement	108332	153.56	2.69
10	INE868B01028	NCC Ltd	Construction Project	129853	152.64	2.68
11	INE749A01030	Jindal Steel & Power Ltd	Ferrous Metals	65400	143.29	2.51
12	INE044A01036	Sun Pharmaceutical Industries Ltd	Pharmaceuticals	27915	138.21	2.42
13	INE528G01027	Yes Bank Ltd	Banks	45228	137.88	2.42
14	INE860A01027	HCL Technologies Ltd	Software	13997	135.57	2.38
15	INE089A01023	Dr. Reddy's Laboratories Ltd	Pharmaceuticals	6058	126.04	2.21
16	INE356A01018	Mphasis Ltd	Software	14146	118.51	2.08
17	INE114A01011	Steel Authority of India Ltd	Ferrous Metals	165943	116.49	2.04
18	INE397D01024	Bharti Airtel Ltd	Telecom - Services	29192	116.39	2.04
19	INE257A01026	Bharat Heavy Electricals Ltd	Industrial Capital Goods	131075	106.63	1.87
20	INE942G01012	McLeod Russel India Ltd	Consumer Non Durables	70432	101.28	1.78
21	INE107A01015	Tamil Nadu Newsprint & Papers Ltd	Paper	28915	100.58	1.76
22	INE750A01020	Oriental Hotels Ltd	Hotels, Resorts And Other Recreational Activities	230444	96.21	1.69
23	INE670A01012	Tata Elxsi Ltd	Software	9641	95.00	1.67
24	INE705A01016	Vijaya Bank	Banks	174709	90.94	1.59
25	INE245A01021	Tata Power Company Ltd	Power	106890	84.44	1.48
26	INE614A01028	Ramco Industries Ltd	Cement	35630	81.93	1.44
27	INE776C01039	GMR Infrastructure Ltd	Construction Project	469820	79.16	1.39
28	INE571A01020	IPCA Laboratories Ltd	Pharmaceuticals	9818	64.37	1.13
29	INE058A01010	Sanofi India Ltd	Pharmaceuticals	1232	63.94	1.12
30	INE406A01037	Aurobindo Pharma Ltd	Pharmaceuticals	9987	55.71	0.98
31	INE987B01026	Natco Pharma Ltd	Pharmaceuticals	7262	54.73	0.96
32	INE010B01027	Cadilla Healthcare Ltd	Pharmaceuticals	14211	53.70	0.94
33	INE074A01025	Praj Industries Ltd	Industrial Capital Goods	65557	52.64	0.92
		<b>Sub Total</b>			<b>4543.57</b>	<b>79.66</b>
		<b>(b) Derivative</b>				
1		Nifty Option Dec 2020 10500	Index Option	27750	219.23	3.84
2		Nifty Option Dec 2020 11000	Index Option	10500	48.97	0.86
		<b>Sub Total</b>			<b>268.19</b>	<b>4.70</b>
		<b>Total for Equity &amp; Equity Related</b>			<b>4811.76</b>	<b>84.37</b>
		<b>(B) Money Market Instruments</b>				
		<b>(a) Reverse Repo / CBLO</b>				
1		CBLO			50.97	0.89
		<b>Total for Money Market Instruments</b>			<b>50.97</b>	<b>0.89</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	2186569	801.06	14.05
		<b>Total for Mutual Fund Units</b>			<b>801.06</b>	<b>14.05</b>
		<b>Cash and Other Net Current Assets</b>			<b>39.56</b>	<b>0.69</b>
		<b>Grand Total</b>			<b>5703.35</b>	<b>100.00</b>

