

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

AUDITORS REPORT

The Board of Trustees
Sundaram Mutual Fund
Chennai

We have audited the attached Balance Sheet of Sundaram Mutual Fund - **SUNDARAM SELECT SMALL CAP FUND** as at March 31, 2012 and the Revenue Account for the **Period** ended on **February 22, 2012**. These financial statements are the responsibility of the management. Our responsibility is to express our opinion on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

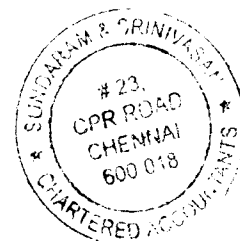
On the basis of the audit as indicated above, we report as follows:-

1. We have 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 are in agreement with the books of accounts of Sundaram Mutual Fund.
3. a) The accounts have been prepared in accordance with accounting policies and standards as specified in the Ninth Schedule of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
b) In our opinion, the valuation methods adopted by the fund for valuation of non-traded securities, "in good faith" are fair and reasonable.
4. In our opinion and to the best of our information and according to the explanations given to us, the said accounts together with the notes forming part of Accounts 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 the aforesaid Schemes of Sundaram Mutual Fund, **SUNDARAM SELECT SMALL CAP FUND** as at March 31, 2012 and
 - b) In the case of Revenue Account of the **Deficit** of Sundaram Mutual Fund - **SUNDARAM SELECT SMALL CAP FUND** for the **Period** ended on **22/02/2012**.

For and on behalf of SUNDARAM & SRINIVASAN
CHARTERED ACCOUNTANTS (FRN No.: 004207S)

Place: Chennai
Date: 26th June, 2012


K. SRINIVASAN
PARTNER (M.No: 5809)



BALANCE SHEET AS AT 31st MARCH, 2012

Amount in Rs.

	SCHEDULE NO.	31-Mar-12	31-Mar-11
LIABILITIES			
Unit Capital	1	-	2,655,201,550
Reserves & Surplus	2	-	469,693,903
Current Liabilities & Provisions	3	2,812,512	10,949,177
		2,812,512	3,135,844,630
ASSETS			
Investments	4	-	3,099,277,984
Other Current Assets	5	2,812,512	15,464,485
Deferred Revenue Expenditure	6		21,102,161
		2,812,512	3,135,844,630


Notes on Accounts

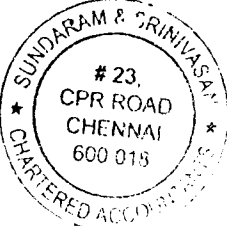
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As per our Report of even date

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

For
Sundaram Asset Management Company Ltd



K Srinivasan
Partner
(M.NO : 5809)




Satish Ramanathan
Fund Manager


T P Raman
Managing Director

For and on Behalf of
Sundaram Trustee Company Ltd


K V Ramanathan
Chairman


S Viji
Director


R. Rajamani
Director

M. S. Sundara Rajan
Director

Place : Chennai
Date : 26th June 2012

REVENUE ACCOUNT FOR THE PERIOD 01.04.2011 TO 22.02.2012

	Schedule No.	Amount, Rs	
		01.04.11-22.02.2012	2010-11
REVENUE			
Dividend		33,498,084	44,168,771
Interest	7	61,482,356	9,347,357
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		-	1,190,207,862
Net profit on inter scheme transfer / sale of investments		201,417,035	61,625,681
Other Income		454,994	-
TOTAL (A)		296,852,469	1,305,349,671
EXPENSES			
Net diminution in value of investment	8		153,335,666
Net Loss on sale / redemption of investments (Other than inter-scheme transfer/sale)		313,529,841	-
Management fee		30,301,663	38,939,477
Trusteeship fee		281,552	367,907
Commission to Agents		19,609,518	25,624,595
Publicity expenses		37,476	12,313,281
Marketing Expenses		8,416,051	209,145
Audit fee		129,242	103,854
Other operating expenses		3,729,467	5,247,924
Custodian charges		691,391	1,126,042
Registrar expenses		3,121,860	2,013,632
Deferred revenue Expenditure Written Off		21,028,924	25,141,135
SEBI Fees		21,023	21,903
TOTAL (B)		400,898,008	264,444,561
Less : Amount transferred from load on account of Marketing Expenses		738,873	1,154,326
SURPLUS / (DEFICIT) (A-B)		400,159,135	263,290,235
		(103,306,666)	1,042,059,436
Add/(Less) : Balance in Equalisation Account		(366,387,237)	(133,460,919)
		(469,693,903)	908,598,517
Less: Income Distributed			132,597,910
Distribution Tax			-
Surplus /(Deficit) transferred to Balance Sheet		(469,693,903)	776,000,607

Notes on Accounts

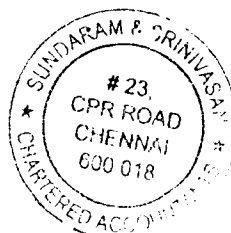
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As per our Report of even date

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

For
Sundaram Asset Management Company Ltd

K Srinivasan
Partner
(M.NO : 5809)



Satish Ramanathan
Fund Manager

T P Raman
Managing Director

For and on Behalf of
Sundaram Trustee Company Ltd

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Chairman

S. Viji
Director

R. Rajamani
Director

M. S. Sundara Rajan
Director

Place : Chennai
Date : 26th June 2012

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SCHEDULE : 1**Unit Capital**

	31/03/2012		31/03/2011	
	UNITS	AMOUNT	UNITS	AMOUNT
	550,000,000.00	5,500,000,000	550,000,000.00	5,500,000,000
Initial capital				
Unit Capital Opening Capital	265,520,155	2,655,201,550	295,164,978	2,951,649,777
Add: Units sold during the year			-	-
Less : Units repurchased during the year	265,520,155	2,655,201,550	295,164,978	2,951,649,777
	265,520,155	2,655,201,550	29,644,823	296,448,227
Units at the end of the Year	-	-	265,520,155	2,655,201,550
				2,655,201,550

SCHEDULE : 2**Reserves & Surplus**

	31/03/2012		31/03/2011	
	Rs.	Rs.	Rs.	Rs.
Unit Premium Reserve				
Amount Received on Repurchase of Units		-	-	
General Reserve Opening Balance	469,693,903		(306,306,704)	
Add /(Less): Transfer from Revenue Account	(469,693,903)		776,000,607	
		-		469,693,903
Unrealised appreciation reserve Opening Balance			903,674,937	
Add/(Less) Net unrealized appreciation for the year			(903,674,937)	
Unrealised Appreciation Reserve (Schedule 8)		-		-
				469,693,903

SCHEDULE : 3**Current Liabilities & Provisions**

	31/03/2012	31/03/2011
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	2,799,705	10,792,427
Others	12,807	156,750
	2,812,512	10,949,177

SCHEDULE : 4**Investments**

	31/03/2012	31/03/2011
	Rs.	Rs.
Equity Shares	-	2,822,892,231
Investment in Reverse Repo / CBLO	-	276,385,753
	-	3,099,277,984

SCHEDULE : 5**Other Current Assets**

	31/03/2012	31/03/2011
	Rs.	Rs.
Balance with banks in Current Accounts	2,622,247	2,687,125
Interest Accrd Due-Repo Invst	-	62,843
Deposits with Clearing Corpn of India	-	12,500,000
Others	190,265	214,517
	2,812,512	15,464,485

SCHEDULE: 6**Deferred Revenue Expenditure**

	31/03/2012	31/03/2011
	Rs.	Rs.
Opening Balance	21,102,161	49,862,329
Less: Initial Issue expenses recovered	(73,237)	(3,619,033)
Less: Amount amortised during the period	(21,028,924)	(25,141,135)
	-	21,102,161

SCHEDULE : 7**Interest**

	01.04.11- 22.02.2012	2010-11
	Rs.	Rs.
Interest from banks and others	38,410,756	7,646,982
Discounting Charges	23,071,600	1,700,375
	61,482,356	9,347,357

SCHEDULE : 8**Net Appreciation / (Diminution) in value of Investments**

	01.04.11- 22.02.2012	2010-11
	Rs.	Rs.
Appreciation in Value of Investments		
Equity Shares		
Appreciation in value of investments	-	-
Diminution in value of investments		
Equity Shares		153,335,666
	-	153,335,666
Net Appreciation/(Diminution) in the value of investment (Schedule 2)	-	(153,335,666)

SUNDARAM MUTUAL FUND

SUNDARAM SELECT SMALL CAP FUND

Schedules forming part of the Balance Sheet as at 31-Mar-2012
and the Revenue Account for the Period from 01.04.2011 to 22.02.2012

SCHEDULE 9

All amounts mentioned rupees in lakhs

NOTES ON ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES

1.1. INVESTMENTS

Investment transactions are accounted on trade dates at cost including brokerage, stamp duty and other levies. Investments are marked to market. In valuing the Scheme's investments:

a) Government Securities

• Government Securities are valued at the prices obtained from CRISIL 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 on the basis of guidelines issued by SEBI in this regard.

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.

• 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) Income on investments is accounted on accrual basis.
- (iv) Other income is accounted on cash basis.

When the future contracts of equity derivative instruments are squared off on or before the expiry of contract, the difference between the settlement price and contractual price is recognized in Revenue Account.

1.3. EXPENSES

Expenses are accounted for on accrual basis.

1.4. INITIAL ISSUE EXPENSES

- (i) The initial issue expenses are amortized over a period of five years from the date of allotment.
- (ii) The unamortized portion of the deferred revenue expenditure is included in the net asset value.
- (iii) In terms of SEBI Regulations, the unamortised initial issue expenses would be recovered from the investor while repurchasing the units of the scheme.

1.5. LOAD

In terms of SEBI circular dated 30th June 2009, out of the exit load charged to the investor, a maximum of 1% of the redemption proceeds is maintained in a separate account which can be used by the AMC to pay commission to the distributor and for marketing and selling expenses of the scheme. Any balance in excess of 1% is credited to the scheme immediately and unutilised portion in the load account shall be credited to the scheme whenever felt appropriate by the AMC.

1.5. EQUALISATION ACCOUNT

When the units are sold / re-purchased, the difference between the sale price / re-purchase price and the face value of the units is credited / debited to equalisation account. The net balance in this account is transferred to revenue account for the Period.

2. INVESTMENT MANAGER FEES

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

Description	01.04.11 to 22.02.12	01.04.10 to 31.03.11
Average daily net asset value	31,416.47	36,790.71
Management fee @ 1.07% of average daily net asset value. (Previous year 1.06%)	303.02	389.39

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

As Per Annexure - I

4. AGGREGATE VALUE OF PURCHASES & SALES MADE DURING THE PERIOD.

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

Description	01.04.11 to 22.02.12	01.04.10 to 31.03.11
PURCHASE VALUE (AMOUNT)	25,379.92	32,373.74
%	80.79%	87.99%
SALES VALUE (AMOUNT)	54,251.79	40,050.65
%	172.69%	108.86%

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	31.03.2012	31.03.2011
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	NIL
% to the asset under management	NIL	NIL

6. INCOME / EXPENDITURE

The total income and expenditure (excluding deferred revenue expenditure un-amortised) as a percentage of the daily average net assets, during the Period, are given below.

DESCRIPTION	01.04.11 to 22.02.12	01.04.10 to 31.03.11
INCOME	10.51%	35.48%
EXPENDITURE	2.32%	2.31%

7. CONTINGENT LIABILITY

Contingent liability as at 31st March 2012 is Rs. Nil. Previous Year Rs. Nil

8. AMOUNT PAID TO SPONSORS / ASSOCIATES

	01.04.11 to 22.02.12	01.04.10 to 31.03.11
Sundaram Finance Ltd (Sponsor)	3.74	3.36
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	-	NIL
Indus Ind Bank Ltd (Associate)	0.08	0.07
Sundaram BNP Paribas Funds Services Ltd (R & T)	31.22	22.77

9. TOTAL VALUE OF INVESTMENTS FALLING UNDER EACH MAJOR INDUSTRY GROUP WHICH CONSTITUTES NOT LESS THAN 5% OF THE TOTAL INVESTMENTS IS AS BELOW:

(% of total investment within the classification)

NIL

10. DETAILS OF DERIVATIVE CONTRACTS OUTSTANDING AT THE YEAR END AND EXECUTED DURING THE PERIOD

Margin account on futures amounting to Rs.0 Lakhs (Previous Year Rs.Nil lakhs) represent the margin towards future contracts and is disclosed under other current assets.

11. PORTFOLIO DISCLOSURE

NIL

12. MOVEMENT IN UNIT CAPITAL

As Per Schedule-I

13. ACCOUNTING STANDARD 3 ON CASH FLOW STATEMENT

The Cash flow statement as required by the Accounting Standard 3 issued by the Institute of Chartered Accountants of India is enclosed as Annexure - V

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.

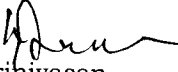
ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

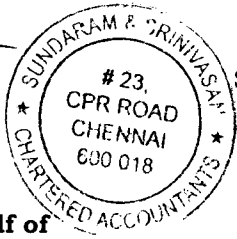
Related party disclosures as required by the Accounting Standard 18 - "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given as Annexure - IV

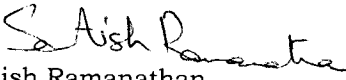
Signatures to the schedules 1 to 9 are forming part of the Balance Sheet and the Revenue Account.

For Sundaram & Srinivasan
Chartered Accountants
(FRN No.: 004207S)

For Sundaram Asset Management Company Ltd

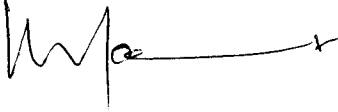

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Place : Chennai

Date : 26th June, 2012