

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 MICROCAP SR 3 as at 31/03/2015, which comprise the Balance Sheet, the Revenue Account for the year then ended 31/03/2015 and a summary of significant accounting policies and other explanatory information

2. Management's Responsibility for the Financial Statements

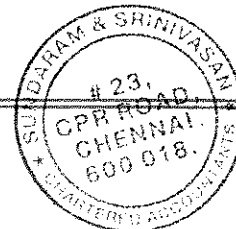
The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Sundaram Mutual Fund SUNDARAM MICROCAP SR 3 in accordance with the Eleventh Schedule of Securities and Exchange Board of India (Mutual 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.



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 MICROCAP SR 3 as at 31/03/2015

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund SUNDARAM MICROCAP SR 3 for the year ended on 31/03/2015.

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.

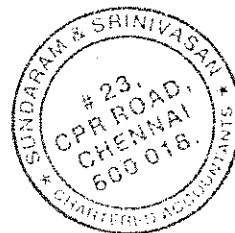
3.a. The accounts have been prepared in accordance with accounting policies and standards as specified in the Ninth Schedule of "The Regulations".

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:004207S)

Place : Chennai
Date : 29th June 2015


K.SRINIVASAN
Partner Membership No. 5809



BALANCE SHEET AS AT 31st MARCH, 2015

	SCHEDULE NO.	31-Mar-15	31-Mar-14
		Rs.	Rs.
LIABILITIES			
Unit Capital	1	318,341,780	318,341,780
Reserves & Surplus	2	303,701,567	31,342,027
Current Liabilities & Provisions	3	1,100,647	15,436,777
		623,143,994	365,120,584
ASSETS			
Investments	4	611,208,362	364,519,474
Other Current Assets	5	11,935,632	601,110
		623,143,994	365,120,584

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 2015

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2015

	Schedule No.	01.04.2014 - 31.03.2015		17.02.2014 - 31.03.2014	
		Rs.	Rs.	Rs.	Rs.
REVENUE					
Dividend		6,514,068		256,618	
Interest	6	1,245,599		2,435,150	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		201,450,332		286,704	
TOTAL (A)		209,209,999	209,209,999	2,978,472	2,978,472
EXPENSES					
Management fee		4,874,799		364,192	
Service Tax on AMC Fee		602,525		45,014	
Custodian charges		190,908		50,619	
Trusteeship fee		25,937		1,943	
Commission to Agents		7,956,652		543,729	
Audit fee		9,725		5,618	
Other Operating expenses		27,089		8,228	
Investors Education Fees		103,745		7,749	
SEBI		1,559		-	
TOTAL (B)		13,792,939	13,792,939	1,027,092	1,027,092
SURPLUS / (DEFICIT) (A-B)			195,417,060		1,951,380
			195,417,060		1,951,380
Less: Income Distributed Distribution Tax		107,163,656	107,163,656	-	-
Surplus / (Deficit) transferred to Balance Sheet			88,253,404		1,951,380

Notes on Accounts

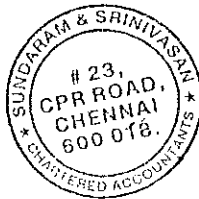
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As per our Report of even date

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

For
Sundaram Mutual Fund

K Srinivasan
Partner
(M.NO : 5809)



Authorised Signatory

Place : Chennai
Date : 29th June 2015

SCHEDULE : 1

Unit Capital

	31/03/2015		31/03/2014	
	Units	Rs.	Units	Rs.
Initial capital	31,834,178	318,341,780	31,834,178	318,341,780
Unit Capital				
Opening Capital	31,834,178	318,341,780	31,834,178	318,341,780
Add: Units sold during the Year	-	-	-	-
	31,834,178	318,341,780	31,834,178	318,341,780
Less : Units repurchased during the Year	-	-	-	-
Units at the end of the Year	31,834,178	318,341,780	31,834,178	318,341,780
	<u>318,341,780</u>		<u>318,341,780</u>	

SCHEDULE : 2

Reserves & Surplus

	31/03/2015		31/03/2014	
	Rs.	Rs.	Rs.	Rs.
General Reserve				
Opening Balance	1,951,380	-	-	-
Add /(Less): Transfer from Revenue Account	88,253,404	90,204,784	1,951,380	1,951,380
Unrealised appreciation reserve				
Opening Balance	29,390,647	-	-	-
Add/(Less) Net unrealized appreciation for the Year	184,106,136	29,390,647	29,390,647	29,390,647
Unrealised Appreciation Reserve (Schedule 7)		213,496,783		29,390,647
		<u>303,701,567</u>		<u>31,342,027</u>

SCHEDULE : 3

Current Liabilities & Provisions

	31/03/2015	31/03/2014
	Rs.	Rs.
Sundry Creditors	730,978	810,462
Contract for Purchase of Investments	-	14,605,795
Others	369,669	20,520
	<u>1,100,647</u>	<u>15,436,777</u>

SCHEDULE : 4

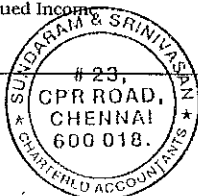
Investments

	31/03/2015	31/03/2014
	Rs.	Rs.
Equity Shares - Listed	594,104,503	263,812,610
Units Of Domestic Mutual Fund	15,007,271	-
Others - Reverse Repo / CBLO	2,096,588	100,706,864
	<u>611,208,362</u>	<u>364,519,474</u>

SCHEDULE : 5

Other Current Assets

	31/03/2015	31/03/2014
	Rs.	Rs.
Balance with banks in Current Accounts	326,287	210,333
Contract for Sale of Investments	11,161,308	-
CBLO Margin Account	110,404	-
Repo Margin Account	40,111	-
Outstanding and accrued Income	297,522	390,777
	<u>11,935,632</u>	<u>601,110</u>



SCHEDULE : 6**Interest**

	01.04.2014 - 31.03.2015	17.02.2014 - 31.03.2014
	Rs.	Rs.
Interest from banks and others	1,245,599	2,435,150
	1,245,599	2,435,150

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

	31/03/2015	31/03/2014
	Rs.	Rs.
Appreciation in Value of Investments		
Equity Shares	213,489,512	29,390,647
Units Of Domestic Mutual Fund	7,271	-
Appreciation in value of investments(schedule 2)	213,496,783	29,390,647



SUNDARAM MUTUAL FUND
SUNDARAM SELECT MICRO CAP SERIES III
Schedules forming part of the Balance Sheet as at 31-Mar-2015
and the Revenue Account for the Period from 01.04.2014 to 31.03.2015

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.

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 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.

• 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.

(i) Profit/Loss on sale of investments is recognised on the trade dates based on weighted average cost method.

(ii) Income on investments is accounted on accrual basis.

(iii) 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.

2. INVESTMENT MANAGER FEES

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

Description	01.04.2014 to 31.03.2015	17.02.2014 to 31.03.2014
Average daily net asset value	5,186.86	3,289.11
Management fee @ 0.94% of average daily net asset value.	48.75	3.64

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	01.04.2014 to 31.03.2015	17.02.2014 to 31.03.2014
PURCHASE VALUE (AMOUNT)	5,321.50	2,358.26
%	102.60%	71.70%
SALES VALUE (AMOUNT)	5,724.07	16.90
%	110.36%	0.51%

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	31.03.2015	31.03.2014
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.	-	-
% to the asset under management	0.00%	0.00%

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	01.04.2014 to 31.03.2015	17.02.2014 to 31.03.2014
INCOME	40.33%	7.69%
EXPENDITURE *	2.66%	2.65%

* With effect from 01st Oct, 2012 Service Tax on AMC fees is charged over and above the total expense ratio as per SEBI guidelines and is included in the above expense ratio.

7. CONTINGENT LIABILITY

Contingent liability as at 31st March 2015 is Rs. Nil. Previous Year Rs. Nil

8. AMOUNT PAID TO SPONSORS / ASSOCIATES

	01.04.2014 to 31.03.2015	17.02.2014 to 31.03.2014
Sundaram Finance Ltd (Sponsor)	1.76	29.86
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Indus Ind Bank Ltd (Associate)	3.57	36.19

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

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 UNCLAIMED REDEMPTION / DIVIDEND

The details of unclaimed dividends and redemption accounts are disclosed in Annexure VI. During the year, the unclaimed redemption and dividend payable more than 90 days were As on 31st March 15, these sums were deployed in money market instruments in terms of SEBI circular no. SEBI/Cir/9/120/2000 dated November 24,2000



16 HISTORICAL PER UNIT STATISTICS

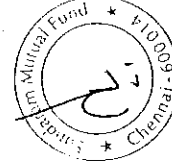
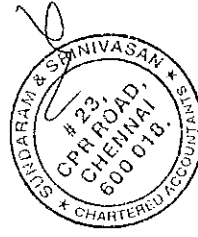
	01.04.2014-31.03.2015		17.02.2014-31.03.2014		MICAPs
	Rs.				Rs.
	Regular Plan		Direct Plan		Regular Plan
(A) Gross income					
(i) Income other than profit on sale of investment		0.2438		0.0846	
(ii) Income from profit on inter scheme sales/transfer of investments		0.0000		0.0000	
(iii) Income from profit on sale of investment to third parties		6.3281		0.0090	
(iv) Transfer to revenue account from past year's reserves					
(B) Aggregate of expenses, write off, amortisation and charges		0.4334		0.0323	
(C) Net income		6.1385		0.0613	
(D) Net unrealised appreciation/(diminution) in value of investments		6.7065		0.9232	
(E) Net Assets Value	24.0239	16.6294	24.4848	17.02	11.0042
(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		2.66%		2.65%	
(H) Ratio of gross income to average daily net assets by percentage		40.33%		7.69%	

* includes entry load as applicable

17 Computation of Distributable Income

	31.03.15	31.03.14
	Rs.	Rs.
Net Income as per revenue account	195,417,060	1,951,360
Add : Balance of Undistributed income as at 1st April brought forward	1,951,380	-
	197,368,440	1,951,360
Less : Income Distributed during the year	107,163,656	-
Distributable Income	90,204,784	1,951,360

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

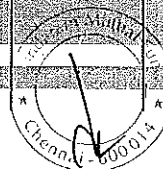


ANNEXURE - II

EQUITY INSTRUMENTS	2014-15	2013-14
AUTOMOBILE	5.25%	10.56%
CHEMICALS	7.87%	9.35%
CONSUMER GOODS	11.94%	9.25%
INDUSTRIAL MANUFACTURING	53.60%	46.63%
PHARMA	5.72%	0.00%
MUTUAL FUND UNITS		
Sundaram Money Fund - Direct Growth	100.00%	0.00%

ANNEXURE - III

SUNDARAM MUTUAL FUND						
SUNDARAM SELECT MICROCAP SERIES 3						
Portfolio Statement as at March 31, 2015						
S.NO	ISIN CODE	Name of the Instrument	Rating / Industry	Quantity	Mkt Value Rs. in Lacs	% of Investment
A) Equity & Equity Related						
a) Listed / awaiting listing on Stock Exchange						
1	INE782A01015	HITACHI Home and Life Solutions India Ltd	CONSUMER GOODS	37414	543.63	8.89%
2	INE839M01018	Schneider Electric Infrastructure Ltd	INDUSTRIAL MANUFACTURING	167423	363.81	5.95%
3	INE999A01015	KSB Pumps Ltd	INDUSTRIAL MANUFACTURING	48455	362.39	5.93%
4	INE325A01013	Timken India Ltd	INDUSTRIAL MANUFACTURING	57127	349.10	5.71%
5	INE671A01010	Honeywell Automation India Ltd	INDUSTRIAL MANUFACTURING	3975	338.39	5.54%
6	INE536H01010	Mahindra CIE Automotive Ltd	INDUSTRIAL MANUFACTURING	153786	332.87	5.45%
7	INE258A01016	BHEL Ltd	INDUSTRIAL MANUFACTURING	27625	303.05	4.96%
8	INE536A01023	Grindwell Norton Ltd	INDUSTRIAL MANUFACTURING	40094	280.44	4.59%
9	INE177A01018	Ingersoll Rand India Ltd	INDUSTRIAL MANUFACTURING	26688	270.92	4.43%
10	INE373A01013	BASF India Ltd	CHEMICALS	18103	202.89	3.32%
11	INE823G01014	J K Cement Ltd	CEMENT & CEMENT PRODUCTS	27955	186.21	3.05%
12	INE234A01025	Novartis India Ltd	PHARMA	29257	164.57	2.69%
13	INE280B01018	Elantas Beck India Ltd	CHEMICALS	13023	149.21	2.44%
14	INE503A01015	DCB Bank Ltd	FINANCIAL SERVICES	129898	144.12	2.36%
15	INE878A01011	ALSTOM India Ltd	INDUSTRIAL MANUFACTURING	18444	134.55	2.20%
16	INE182A01018	Pfizer Ltd	PHARMA	5783	128.97	2.11%
17	INE647A01010	SRF Ltd	TEXTILES	12889	127.86	2.09%
18	INE387A01021	Sundram Fasteners Ltd	AUTOMOBILE	68713	119.90	1.96%
19	INE492A01029	Clariant Chemicals India Ltd	CHEMICALS	14177	115.28	1.89%
20	INE349A01021	NRB Bearings Ltd	INDUSTRIAL MANUFACTURING	87430	115.01	1.88%
21	INE045A01017	Ador Welding Ltd	INDUSTRIAL MANUFACTURING	52084	112.81	1.85%
22	INE386A01015	Vesuvius India Ltd	INDUSTRIAL MANUFACTURING	15412	109.87	1.80%
23	INE533A01012	Goodyear India Ltd	AUTOMOBILE	19371	100.20	1.64%
24	INE294B01019	SML ISUZU Ltd	AUTOMOBILE	7842	91.52	1.50%
25	INE578A01017	HeidelbergCement India Ltd	CEMENT & CEMENT PRODUCTS	117521	87.32	1.43%
26	INE612J01015	Repco Home Finance Ltd	FINANCIAL SERVICES	13100	83.64	1.37%
27	INE087H01022	Shree Renuka Sugars Ltd	CONSUMER GOODS	649885	83.51	1.37%
28	INE020G01017	Accel Frontline Ltd	IT	120508	79.17	1.30%
29	INE312H01016	INOX Leisure Ltd	MEDIA & ENTERTAINMENT	41285	69.63	1.14%
30	INE189B01011	Styrolution ABS India Ltd	INDUSTRIAL MANUFACTURING	9097	60.72	0.99%
31	INE201K01015	SQS India BFSI Ltd	IT	9967	56.81	0.93%
32	INE809I01019	OnMobile Global Ltd	TELECOM	77755	56.72	0.93%
33	INE268C01029	Easun Reyrolle Ltd	INDUSTRIAL MANUFACTURING	124526	50.31	0.82%
34	INE199A01012	Merck Ltd	PHARMA	5075	46.20	0.76%
35	INE415A01038	HSIL Ltd	CONSUMER GOODS	9833	44.31	0.72%
36	INE260B01028	Godfrey Phillips India Ltd	CONSUMER GOODS	9035	38.08	0.62%
37	INE793A01012	Accelya Kale Solutions Ltd	IT	3902	36.35	0.59%
38	INE010A01011	Prism Cement Ltd	CEMENT & CEMENT PRODUCTS	689	0.69	0.01%
Sub Total					5,941.05	97.20%
b) Preference / Right Shares						
Sub Total						0.00%
c) Warrants						
Sub Total						
d) Derivative						
Sub Total						0.00%
Total for Equity & Equity Related					5,941.05	97.20%
B) Debt Instruments						
a) Listed / awaiting listing on Stock Exchange						
Sub Total						0.00%
b) Securitized Debt Instruments						
Sub Total						0.00%
c) Govt Security						
Sub Total						0.00%



d) Privately Placed / Unlisted				
Sub Total				0.00%
Total for Debt Instruments				0.00%
C) Money Market Instruments				
a) Certificate of Deposits				
Sub Total				0.00%
b) Commercial Papers				
Sub Total				0.00%
c) Treasury Bills				
Sub Total				0.00%
d) Reverse Repo / CBLO				
CBLO			20.97	0.34%
Sub Total			20.97	0.34%
Total for Money Market Instruments			20.97	0.34%
D) Mutual Fund Units				
a) Investment in Mutual Fund Units				
Sundaram Money Fund Direct Growth		508431.489	150.07	2.46%
Sub Total			150.07	2.46%
E) Others				
a) FDs with Commercial Banks				
Sub Total				0.00%
b) Primary Market Application				
Sub Total				0.00%
Cash & Other Net Current Assets				0.00%
Margin Money For Derivatives				0.00%
GRAND TOTAL			6,112.09	100.00%

