

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 SELECT SMALL CAP SR.2 as at 31/03/2015, which comprise the Balance Sheet, the Revenue Account for the period then ended 31/03/2015 and a summary of significant accounting policies and other explanatory information

2. Management's Responsibility for the Financial Statements

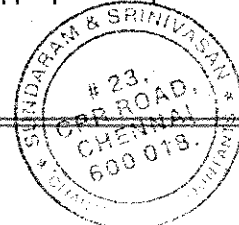
The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance of the Sundaram Mutual Fund SUNDARAM SELECT SMALL CAP SR.2 in accordance with the Eleventh Schedule of Securities and Exchange Board of India (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 SELECT SMALL CAP SR.2 as at 31/03/2015

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund SUNDARAM SELECT SMALL CAP SR.2 for the period 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
		Rs.
LIABILITIES		
Unit Capital	1	608,644,470
Reserves & Surplus	2	21,557,126
Current Liabilities & Provisions	3	1,354,548
		631,556,144
ASSETS		
Investments	4	607,928,138
Other Current Assets	5	23,628,006
		631,556,144


Notes on Accounts

8


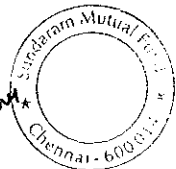
As per our Report of even date

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 PERIOD FROM 21.11.2014 TO 31.03.2015


	Schedule No.	21.11.2014 TO 31.03.2015	
		Rs.	Rs.
REVENUE			
Dividend		382,411	
Interest	6	6,537,651	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		10,334,613	
		17,254,675	
TOTAL (A)			17,254,675
EXPENSES			
Realised Loss on Derivative Transactions		1,442,595	
Management fee		1,976,103	
Service Tax on AMC Fee		244,246	
Custodian charges		76,350	
Trusteeship fee		11,223	
Commission to Agents		4,432,295	
Audit fee		11,236	
Other Operating expenses		52,152	
Investor Education Fees		44,890	
SEBI Fees			
		8,291,090	
Less : Amount transferred from Unit Premium Reserve on account of Management Expenses		-	
TOTAL (B)			8,291,090
SURPLUS / (DEFICIT) (A-B)			8,963,585
Add/(Less) : Balance in Equalisation Account			-
			8,963,585
Less: Income Distributed		-	
Distribution Tax		-	
Surplus /(Deficit) transferred to Balance Sheet			8,963,585

Notes on Accounts

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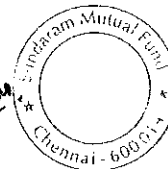
As per our Report of even date

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


K Srinivasan
Partner
(M.NO : 5809)



For
Sundaram Mutual Fund

Authorised Signatory

Place : Chennai
Date : 29th June 2015

SUNDARAM MUTUAL FUND

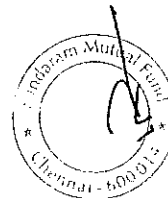
SUNDARAM SMALL CAP SERIES II

SCHEDULE : 1**Unit Capital**

	31-03-2015	
	Units	Rs.
Initial capital	60,864,447	608,644,470
Unit Capital		
Opening Capital	-	-
Add: Units sold during the Period	60,864,447	608,644,470
	60,864,447	608,644,470
Less : Units repurchased during the Period	-	-
Units at the end of the Period	60,864,447	608,644,470
		608,644,470

SCHEDULE : 2**Reserves & Surplus**

	31-03-2015	
	Rs.	Rs.
General Reserve		
Opening Balance	-	-
Add /(Less): Transfer from Revenue Account	8,963,585	8,963,585
Unrealised appreciation reserve		
Opening Balance	-	-
Add/(Less) Net unrealized appreciation for the period	12,593,541	12,593,541
Unrealised Appreciation Reserve (Schedule 7)		12,593,541
		21,557,126



SCHEDULE : 3**Current Liabilities & Provisions**

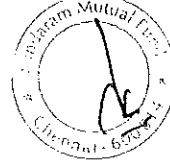
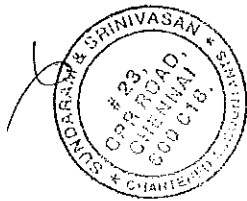
	31-03-2015
	Rs.
Sundry Creditors	1,307,059
Others	47,489
	1,354,548

SCHEDULE : 4**Investments**

	31-03-2015
	Rs.
Equity Shares - Listed	550,279,697
Units of Domestic Mutual Fund	20,009,694
Others - Reverse Repo / CBLO	37,638,747
	607,928,138

SCHEDULE : 5**Other Current Assets**

	31-03-2015
	Rs.
Balance with banks in Current Accounts	128,644
Contract for Sale of Investments	20,751,666
CBLO Margin Account	1,910,284
Repo Margin Account	694,018
Outstanding and accrued Income	143,394
	23,628,006



SCHEDULE : 6**Interest**

	21.11.2014 TO 31.03.2015
	Rs.
Interest from banks and others	6,537,651
	6,537,651

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

	31-03-2015
	Rs.
Appreciation in Value of Investments	
Equity Shares	12,583,847
Units of Domestic Mutual Fund	9,694
Appreciation in Value of Investments (schedule 2)	12,593,541



SUNDARAM MUTUAL FUND
SUNDARAM SMALL CAP SERIES - II
Schedules forming part of the Balance Sheet as at 31-Mar-2015
and the Revenue Account for the Period from 21.11.2014 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 & 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.

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.

1.3. EXPENSES

Expenses are accounted for on accrual basis.
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)

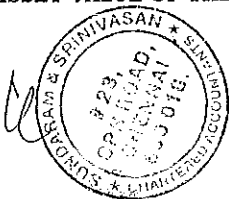
2. INVESTMENT MANAGER FEES

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

Description	21.11.2014 TO 31.03.2015
Average daily net asset value	6,253.45
Management fee @ 0.88% of average daily net asset value.	19.76

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	21.11.2014 TO 31.03.2015
PURCHASE VALUE (AMOUNT)	7,974.14
%	127.52%
SALES VALUE (AMOUNT)	2,500.53
%	39.99%

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	21.11.2014 TO 31.03.2015
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%

6. INCOME / EXPENDITURE

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

DESCRIPTION	21.11.2014 TO 31.03.2015
INCOME	7.69%
EXPENDITURE	3.05%

* 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.

8. AMOUNT PAID TO SPONSORS / ASSOCIATES

	21.11.2014 TO 31.03.2015
Sundaram Finance Ltd (Sponsor)	23.30
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL
Amount paid to INDUSIND BANK (ASSOCIATE)	32.37

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

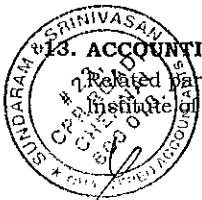
As Per Schedule-I

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 HISTORICAL PER UNIT STATISTICS

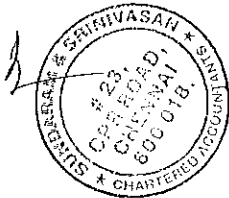
		21.11.2014 - 31.03.2015			
		Rs.			
(A)	Gross income				
	(i) income other than profit on sale of investment	0.1137			
	(ii) income from profit on inter scheme sales/transfer of investments	0.0000			
	(iii) income from profit on sale of investment to third parties	0.0170			
	(iv) transfer to revenue account from past year's reserves				
(B)	Aggregate of expenses, write off, amortisation and charges	0.1125			
(C)	Net income	0.0182			
(D)	Net unrealised appreciation/(diminution) in value of investments	0.2069			
		REGULAR DIVIDEND	REGULAR GROWTH	DIRECT DIVIDEND	DIRECT GROWTH
(E)	Net Assets Value	10.3528	10.3528	10.4292	10.4292
(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	3.05%			
(H)	Ratio of gross income to average daily net assets by percentage	7.69%			

* includes entry load as applicable

15 Computation of Distributable Income

		31.03.15
		Rs.
	Net Income as per revenue account	8,963,585
	Add : Balance of Undistributed income as at 1st April brought forward	-
		8,963,585
	Less : Income Distributed during the year	-
	Distributable Income	8,963,585

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



ANNEXURE - II

SUNDARAM SMALL CAP SERIES II	
EQUITY INSTRUMENTS	2014-15
CEMENT & CEMENT PRODUCTS	7.28%
CONSUMER GOODS	5.63%
ENERGY	6.87%
FINANCIAL SERVICES	27.26%
INDUSTRIAL MANUFACTURING	21.69%
SERVICES	8.68%
TEXTILES	10.70%
MUTUAL FUND	
FUND OF FUND	100%

ANNEXURE - III

SUNDARAM MUTUAL FUND						
SUNDARAM SELECT SMALL CAP SERIES - II						
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	INE774D01024	Mahindra and Mahindra Financial Services Ltd	FINANCIAL SERVICES	150254	381.49	6.28%
2	INE647A01010	SRF Ltd	TEXTILES	35205	349.23	5.74%
3	INE067A01029	Crompton Greaves Ltd	INDUSTRIAL MANUFACTURING	194976	323.66	5.32%
4	INE716A01013	Whirlpool of India Ltd	CONSUMER GOODS	42126	309.82	5.10%
5	INE891D01026	Redington India Ltd	SERVICES	217941	286.05	4.71%
6	INE180K01011	SKS Microfinance Ltd	FINANCIAL SERVICES	60882	278.81	4.59%
7	INE208A01029	Ashok Leyland Ltd	AUTOMOBILE	362592	265.78	4.37%
8	INE034A01011	Arvind Ltd	TEXTILES	91598	239.71	3.94%
9	INE513A01014	FAG Bearings India Ltd	INDUSTRIAL MANUFACTURING	5500	229.53	3.78%
10	INE152A01029	Thermax Ltd	INDUSTRIAL MANUFACTURING	18098	193.40	3.18%
11	INE036D01010	Karur Vysya Bank Ltd	FINANCIAL SERVICES	35346	192.25	3.16%
12	INE053A01029	Indian Hotels Company Ltd	SERVICES	163855	191.55	3.15%
13	INE172A01027	Castrol India Ltd	ENERGY	40101	189.94	3.12%
14	INE203G01019	Indraprastha Gas Ltd	ENERGY	44850	188.12	3.09%
15	INE211B01039	The Phoenix Mills Ltd	CONSTRUCTION	51491	183.80	3.02%
16	INE428A01015	Allahabad Bank	FINANCIAL SERVICES	179305	179.66	2.96%
17	INE331A01037	The Ramco Cements Ltd	CEMENT & CEMENT PRODUCTS	57242	174.67	2.87%
18	INE171A01029	Federal Bank Ltd	FINANCIAL SERVICES	131000	172.99	2.85%
19	INE562A01011	Indian Bank	FINANCIAL SERVICES	92892	161.12	2.65%
20	INE839M01018	Schneider Electric Infrastructure Ltd	INDUSTRIAL MANUFACTURING	67193	146.01	2.40%
21	INE010A01011	Prism Cement Ltd	CEMENT & CEMENT PRODUCTS	135000	135.88	2.24%
22	INE066P01011	Inox Wind Ltd	INDUSTRIAL MANUFACTURING	41286	134.18	2.21%
23	INE166A01011	ING Vysya Bank Ltd	FINANCIAL SERVICES	14278	133.58	2.20%
24	INE169A01031	Coromandel International Ltd	FERTILISERS & PESTICIDES	45968	123.40	2.03%
25	INE536H01010	Mahindra CIE Automotive Ltd	INDUSTRIAL MANUFACTURING	50000	108.23	1.78%
26	INE823G01014	J K Cement Ltd	CEMENT & CEMENT PRODUCTS	13499	89.92	1.48%
27	INE628A01036	UPL Ltd	FERTILISERS & PESTICIDES	18487	81.74	1.34%
28	INE040H01021	Suzlon Energy Ltd	INDUSTRIAL MANUFACTURING	213112	58.29	0.96%
		Sub Total			5,502.80	90.52%
		b) Preference / Right Shares				
		Sub Total			-	0.00%
		c) Warrants				
		Sub Total				
		d) Derivative				
		Sub Total			-	0.00%
		Total for Equity & Equity Related			5,502.80	90.52%
		B) Debt Instruments				
		a) Listed / awaiting listing on Stock Exchange				
		Sub Total			-	0.00%
		b) Securitised 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%



1	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			376.39	6.19%
	Sub Total			376.39	6.19%
	Total for Money Market Instruments			376.39	6.19%
	D) Mutual Fund Units				
	a) Investment in Mutual Fund Units				
	Sundaram Money Fund - Direct Growth	677908.652		200.10	3.29%
	Sub Total			200.10	3.29%
	E) Others				
	a) FDs with Commercial Banks				
Sub Total			-	0.00%	
b) Primary Market Application					
Sub Total			-	0.00%	
GRAND TOTAL			6,079.28	100.00%	

