

# 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 MICROCAP SERIES 10 as at 31/03/2016, which comprise the Balance Sheet, the Revenue Account for the Period ended 31/03/2016 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 MICROCAP SERIES 10 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

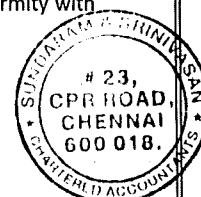
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountant of India. Those standards require that we comply with ethical requirements and plan and perform 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 :



**SUNDARAM & SRINIVASAN**

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

- a. In case of Balance sheet, of the state of affairs of Sundaram Mutual fund, SUNDARAM SELECT MICROCAP SERIES 10 as at 31/03/2016
- b. In the case of Revenue Account of the Deficit of Sundaram Mutual fund SUNDARAM SELECT MICROCAP SERIES 10 for the Period ended on 31/03/2016.


**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 : 30th June 2016

  
K.SRINIVASAN  
Partner  
Membership No. 5809



**BALANCE SHEET AS AT 31st MARCH, 2016**

	SCHEDULE NO.	31-Mar-16
		Rs.
<b>LIABILITIES</b>		
Unit Capital	1	363,624,200
Reserves & Surplus	2	(15,540,911)
Current Liabilities & Provisions	3	3,622,726
		<b>351,706,015</b>
<b>ASSETS</b>		
Investments	4	348,636,711
Other Current Assets	5	3,069,304
		<b>351,706,015</b>

Notes on Accounts

8

As per our Report of even date

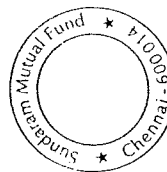
For

**Sundaram & Srinivasan**

Chartered Accountants

(FRN.: 004207S)

For

**Sundaram Mutual Fund**


Authorised Signatory

K Srinivasan  
Partner  
(M.NO : 5809)



Place : Chennai

Date : 30th June 2016

## REVENUE ACCOUNT FOR THE PERIOD FROM 07.12.2015 TO 31.03.2016

	Schedule No.	07.12.2015 - 31.03.2016	
		Rs.	Rs.
<b>REVENUE</b>			
Dividend		783,188	
Interest	6	3,345,483	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		1,746,296	
Other Income		2,292	
		<b>5,877,259</b>	
<b>TOTAL (A)</b>			<b>5,877,259</b>
<b>EXPENSES</b>			
Net diminution in value of investment		17,311,376	
Realised Loss on Derivative Transactions		900,337	
Management fee		2,177,842	
Service Tax on AMC Fee		315,788	
Custodian charges		81,145	
Trusteeship fee		5,566	
Commission to Agents		689,079	
Audit fee		5,725	
Other Operating expenses		49,355	
Investor Education Fees		22,267	
		<b>21,558,480</b>	
Less : Expenses absorbed by AMC		124,149	
<b>TOTAL (B)</b>			<b>21,434,331</b>
<b>SURPLUS / (DEFICIT) (A-B)</b>			<b>(15,557,072)</b>
<b>Surplus /(Deficit) transferred to Balance Sheet</b>			<b>(15,557,072)</b>

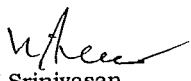
Notes on Accounts

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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 : 30th June 2016

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

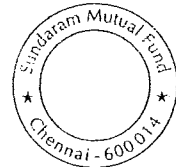
	31/03/2016	
	Units	Rs.
Initial capital	36,362,420	363,624,200
Unit Capital Opening Capital	-	-
Add: Units sold during the Period	36,362,420	363,624,200
Less : Units repurchased during the Period	-	-
Units at the end of the Period	36,362,420	363,624,200
		<b>363,624,200</b>

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

	31/03/2016	
	Rs.	Rs.
General Reserve Opening Balance	-	-
Add /(Less): Transfer from Revenue Account	(15,557,072)	(15,557,072)
Unrealised appreciation reserve Opening Balance	-	-
Add/(Less) Net unrealized appreciation for the period	16,161	16,161
Unrealised Appreciation Reserve ( Schedule 7 )		16,161
		<b>(15,540,911)</b>

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

	31/03/2016	
	Rs.	
Sundry Creditors	1,185,465	
Contract for Purchase of Investments	2,425,418	
Others	11,843	
	<b>3,622,726</b>	

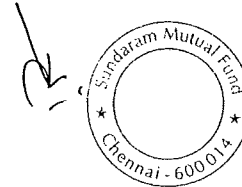


**SCHEDULE : 4****Investments**

	<b>31/03/2016</b>
	<b>Rs.</b>
Equity Shares	324,520,550
Units of Domestic Mutual Fund	20,016,161
Others - Reverse Repo / CBLO	4,100,000
	<b>348,636,711</b>

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

	<b>31/03/2016</b>
	<b>Rs.</b>
Balance with banks in Current Accounts	2,760,427
CBLO Margin Account	112,990
Repo Margin Account	194,988
Outstanding and accrued Income	899
	<b>3,069,304</b>

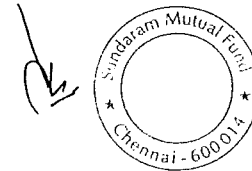


**SCHEDULE : 6****Interest**

	<b>07.12.2015 - 31.03.2016</b>
	Rs.
Interest from banks and others	3,345,483
	<b>3,345,483</b>

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

	<b>31/03/2016</b>
	Rs.
<b>Appreciation in Value of Investments</b>	
Units of Domestic Mutual Fund	16,161
<b>Appreciation in Value of Investments ( Schedule 2 )</b>	<b>16,161</b>
<b>Diminution in value of investments</b>	
Equity Shares	17,311,376
<b>Diminution in value of investments transferred to Revenue Account</b>	<b>17,311,376</b>



**SUNDARAM MUTUAL FUND  
SUNDARAM MICRO CAP SERIES - X**

**Schedules forming part of the Balance Sheet as at 31-Mar-2016  
and the Revenue Account for the Period from 07.12.2015 TO 31.03.2016**

**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.

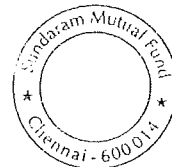
For securities having residual maturity of less than 60 days are valued on the basis of amortisation or reference prices as per the valuation policy. With effect from 29th November 2013, securities having residual maturity of more than 60 days are valued based on the scrip level prices provided by AMFI 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.
- (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.





**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	07.12.2015 TO 31.03.2016
Average daily net asset value	3,512.58
Management fee @ 1.96% of average daily net asset value.	21.78

**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	07.12.2015 TO 31.03.2016
<b>PURCHASE VALUE (AMOUNT)</b>	<b>3,762.57</b>
%	107.12%
<b>SALES VALUE (AMOUNT)</b>	<b>161.71</b>
%	4.60%

**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	31.03.2016
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**

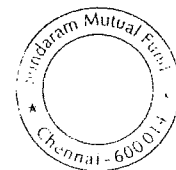
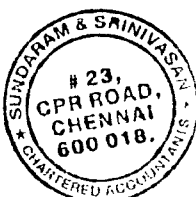
The total income and expenditure (excluding deferred revenue expenditure un-amortised) as a percentage of the daily average net assets, on an annualised basis. are given below.

DESCRIPTION	07.12.2015 TO 31.03.2016
<b>INCOME</b>	<b>5.28%</b>
<b>EXPENDITURE#</b>	<b>2.89%</b>

# Total expenses charged includes service tax on management fees charged to the investor over and above the normal expense charged and Additional Total Expense ratio as per SEBI CIR/IMD/DF/21/2012 dated September 13,2012.

**7. CONTINGENT LIABILITY**

Contingent liability as at 31st March 2016 is Rs. Nil. Previous Year Rs. Nil



**8. AMOUNT PAID TO SPONSORS / ASSOCIATES**

	07.12.2015 TO 31.03.2016
Sundaram Finance Ltd (Sponsor)	2.35
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL
Amount paid to INDUSIND BANK (ASSOCIATE)@	NIL

@ Indusind Bank ceased to be an associate with effect from 27 June 2015

**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.

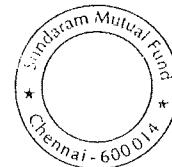
**13. ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES**

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/21/DF/21/2012 dated September 13, 2012. Accordingly accrued balance is transferred on periodic basis to a separate bank account maintained for the purpose. These funds are utilized by the AMC in accordance with SEBI Regulations.

The balances pending utilization are deployed in money market instruments. Movement of IEAI balances are provided in Annexure VII.



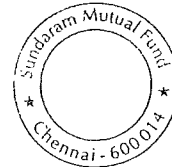
## 15 HISTORICAL PER UNIT STATISTICS

MICAP10

		07.12.2015 - 31.03.2016			
		Rs.			
(A)	Gross income				
	(i) income other than profit on sale of investment	0.1136			
	(ii) income from profit on inter scheme sales/transfer of investments	0.0000 <sup>9</sup>			
	(iii) income from profit on sale of investment to third parties	0.0480			
	(iv) transfer to revenue account from past year's reserves				
(B)	Aggregate of expenses, write off, amortisation and charges	0.5895			
(C)	Net income	-0.4278			
(D)	Net unrealised appreciation/(diminution) in value of investments	-0.4756			
		REGULAR DIVIDEND	REGULAR GROWTH	DIRECT DIVIDEND	DIRECT GROWTH
(E)	Net Assets Value	9.5720	9.5720	9.6065	9.6065
(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	2.89%			
(H)	Ratio of gross income to average daily net assets by percentage	5.28%			

## 16 Computation of Distributable Income

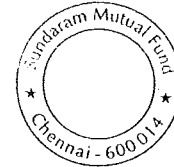
	31.03.2016
	Rs.
Net Income as per revenue account	(15,557,072)
Add : Balance of Undistributed income as at 1st April brought forward	-
	(15,557,072)
Less : Income Distributed during the year	-
Distributable Income	(15,557,072)



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



ANNEXURE-II	
SUNDARAM SELECT MICROCAP SERIES 10	
% of total Investments within the classification	
31-Mar-16	
<b>Equity Instruments</b>	
<b>a) Listed / awaiting listing on Stock Exchange</b>	
CEMENT	6.95%
CONSTRUCTION	5.56%
CONSTRUCTION PROJECT	5.76%
HEALTHCARE SERVICES	5.50%
INDUSTRIAL CAPITAL GOODS	12.03%
INDUSTRIAL PRODUCTS	15.17%
SOFTWARE	10.25%
<b>b) Privately Placed / Unlisted</b>	
FINANCE	100.00%
<b>Mutual Fund Units</b>	
SUNDARAM MONEY FUND - DIRECT GROWTH	100.00%



SUNDARAM MUTUAL FUND						
SUNDARAM SELECT MICROCAP SERIES 10						
Portfolio Statement as at 31 March 2016						
S.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	INE075I01017	Healthcare Global Enterprises Ltd	Healthcare Services	99136	177.01	5.08%
2	INE578A01017	Heidelberg Cement India Ltd	Cement	173141	140.59	4.04%
3	INE386C01029	Astra Microwave Products Ltd	Telecom - Equipment	132299	139.91	4.02%
4	INE536A01023	Grindwell Norton Ltd	Industrial Products	15842	106.67	3.06%
5	INE504B01011	Blue Star Infotech Ltd	Software	45700	106.53	3.06%
6	INE220B01022	Kalpataru Power Transmission Ltd	Power	51758	106.16	3.05%
7	INE951I01019	V-Guard Industries Ltd	Industrial Capital Good	12016	105.79	3.04%
8	INE120A01034	Carborundum Universal Ltd	Industrial Products	60265	105.73	3.04%
9	INE878B01027	KEI Industries Ltd	Industrial Products	95407	93.50	2.69%
10	INE208A01029	Ashok Leyland Ltd	Auto	84073	91.30	2.62%
11	INE956G01038	Va tech Wabag Ltd	Engineering Services	17295	89.65	2.58%
12	INE383A01012	The India Cements Ltd	Cement	93438	80.59	2.32%
13	INE262H01013	Persistent Systems Ltd	Software	10402	79.28	2.28%
14	INE621L01012	Texmaco Rail And Engineering Ltd	Industrial Capital Good	75387	78.93	2.27%
15	INE286K01024	Techno Electric & Engineering Company Ltd	Construction Project	14362	78.21	2.25%
16	INE195J01011	PNC Infratech Ltd	Construction	14675	77.57	2.23%
17	INE278M01019	Navkar Corporation Ltd	Transportation	41382	75.32	2.16%
18	INE074A01025	Praj Industries Ltd	Industrial Capital Good	83835	74.78	2.15%
19	INE631A01022	Shanthi Gears Ltd	Auto Ancillaries	88464	73.25	2.10%
20	INE306L01010	Quick Heal Technologies Ltd	Software	33584	73.11	2.10%
21	INE878A01011	Alstom India Ltd	Industrial Capital Good	11933	72.49	2.08%
22	INE852F01015	Gateway Distriparks Ltd	Transportation	25615	71.75	2.06%
23	INE356A01018	MphasIS Ltd	Software	14408	70.86	-2.04%
24	INE868B01028	Nagarjuna Construction Co Ltd	Construction Project	93030	70.52	2.03%
25	INE501G01024	HT Media Ltd	Media & Entertainment	91002	69.57	2.00%
26	INE107A01015	Tamil Nadu Newsprint & Papers Ltd	Paper	30871	67.45	1.94%
27	INE686A01026	ITD Cementation India Ltd	Construction	56391	61.58	1.77%
28	INE457F01013	Salzer Electronics Ltd	Industrial Capital Good	29411	55.06	1.58%
29	INE877F01012	PTC India Ltd	Power	83066	53.16	1.53%
30	INE863B01011	Premier Explosives Ltd	Chemicals	13971	53.15	1.53%
31	INE648A01026	State Bank of Bikaner and Jaipur	Banks	10510	52.52	1.51%
32	INE048G01018	Navin Fluorine International Ltd	Chemicals	3067	51.79	1.49%
33	INE227C01017	M M Forgings Ltd	Industrial Products	9964	44.30	1.27%
34	INE116C01012	Z F Steering Gear (India) Ltd	Auto Ancillaries	2855	41.85	1.20%
35	INE765D01014	WPIL Ltd	Industrial Products	10637	41.75	1.20%
36	INE089C01029	Sterilite Technologies Ltd	Industrial Products	45680	41.32	1.19%
37	INE378D01032	Madhucon Projects Ltd	Construction	73534	39.93	1.15%
38	INE038F01029	TV Today Network Ltd	Media & Entertainment	12088	37.46	1.08%
39	INE978A01019	Heritage Foods (India) Ltd	Consumer Non Durable	7239	37.11	1.07%
40	INE442H01029	Ashoka Buildcon Ltd	Construction Project	21433	36.63	1.05%
41	INE782A01015	Hitachi Home and Life Solutions (India) Ltd	Consumer Durables	2962	35.96	1.03%
42	INE384A01010	Rane Holdings Ltd	Finance	6500	35.41	1.02%
43	INE070I01018	Insecticides India Ltd	Pesticides	10992	34.40	0.99%
44	INE717A01029	Kennametal India Ltd	Industrial Products	5014	33.44	0.96%
45	INE041A01016	Dhampur Sugar Mills Ltd	Consumer Non Durable	21720	20.21	0.58%
46	INE999A01015	KSB Pumps Ltd	Industrial Products	3011	19.07	0.55%
47	INE449A01011	Automotive Axles Ltd	Auto Ancillaries	1436	8.46	0.24%
48	INE348B01021	Century Plyboards (India) Ltd	Consumer Durables	1546	2.64	0.08%
49	INE045A01017	Ador Welding Ltd	Industrial Products	864	2.48	0.07%
50	INE614A01028	Ramco Industries Ltd	Cement	2638	2.41	0.07%
<b>Sub Total</b>					<b>3218.61</b>	<b>92.46%</b>
<b>b) Privately Placed / Unlisted</b>						
1		Ujivan Financial Services Ltd	Finance	17300	26.60	0.76%
<b>Sub Total</b>					<b>26.60</b>	<b>0.76%</b>
<b>Total for Equity &amp; Equity Related</b>					<b>3245.21</b>	<b>93.22%</b>
<b>B) Money Market Instruments</b>						
<b>a) Reverse Repo / CBLO</b>						
1		364 Days T Bill Maturing on 14/04/2016			41.00	1.18%
<b>Sub Total</b>					<b>41.00</b>	<b>1.18%</b>
<b>Total for Money Market Instruments</b>					<b>41.00</b>	<b>1.18%</b>
<b>C) Mutual Fund Units</b>						
<b>a) Investment In Mutual Fund Units</b>						
1		Sundaram Money Fund - Direct Growth		626376.07	200.16	5.75%
<b>Sub Total</b>					<b>200.16</b>	<b>5.75%</b>
<b>Cash &amp; Other Net Current Assets</b>					<b>-5.53</b>	<b>-0.15%</b>
<b>GRAND TOTAL</b>					<b>3480.84</b>	<b>100.00%</b>

\*\* Thinly traded / Non Traded securities

