

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 4 as at 31/03/2016, which comprise the Balance Sheet, the Revenue Account for the Year then 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 4 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 4 as at 31/03/2016
- b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund SUNDARAM SELECT MICROCAP SERIES 4 for the Year 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	31-Mar-15
		Rs.	Rs.
LIABILITIES			
Unit Capital	1	258,663,390	258,663,390
Reserves & Surplus	2	151,050,450	210,464,132
Current Liabilities & Provisions	3	694,104	614,601
		410,407,944	469,742,123
ASSETS			
Investments	4	409,461,126	459,230,773
Other Current Assets	5	946,818	10,511,350
		410,407,944	469,742,123

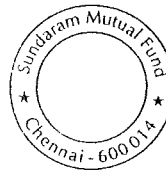
Notes on Accounts

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)

Authorised Signatory



REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2016

	Schedule No.	2015-16		2014-15	
		Rs.	Rs.	Rs.	Rs.
REVENUE					
Dividend		3,090,954		4,737,229	
Interest	6	994,048		933,142	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		49,891,603		165,044,223	
Net profit on inter scheme transfer / sale of investments		-		1,432,338	
Other Income		2,224		-	
TOTAL (A)		53,978,829	53,978,829	172,146,932	172,146,932
EXPENSES					
Management fee		9,183,150		3,695,240	
Service Tax on AMC Fee		1,292,179		456,732	
Custodian charges		200,635		178,342	
Trusteeship fee		22,359		19,663	
Commission to Agents		2,411,852		6,097,380	
Audit fee		11,015		8,747	
Other Operating expenses		15,390		21,035	
Investors Education Fees		89,436		78,651	
SEBI		6,068		1,245	
		13,232,084		10,557,035	
Less : Expenses absorbed by AMC		70,464		-	
TOTAL (B)			13,161,620		10,557,035
SURPLUS / (DEFICIT) (A-B)			40,817,209		161,589,897
Less: Income Distributed		32,468,359		89,287,985	
Distribution Tax		-	32,468,359	-	89,287,985
Surplus / (Deficit) transferred to Balance Sheet			8,348,850		72,301,912

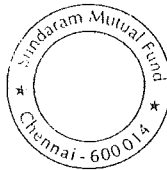
Notes on Accounts

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As per our Report of even date

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

For
Sundaram Mutual Fund



Authorized Signatory

K Srinivasan
Partner
(M.NO : 5809)



SCHEDULE : 1

Unit Capital

	31/03/2016		31/03/2015	
	Units	Rs.	Units	Rs.
Initial capital	25,866,339	258,663,390	25,866,339	258,663,390
Unit Capital Opening Capital	25,866,339	258,663,390	25,866,339	258,663,390
Add: Units sold during the Year	-	-	-	-
Less : Units repurchased during the Year	25,866,339	258,663,390	25,866,339	258,663,390
Units at the end of the Year	25,866,339	258,663,390	25,866,339	258,663,390
		<u>258,663,390</u>		<u>258,663,390</u>

SCHEDULE : 2

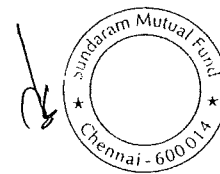
Reserves & Surplus

	31/03/2016		31/03/2015	
	Rs.	Rs.	Rs.	Rs.
General Reserve Opening Balance	73,318,509		1,016,597	
Add/(Less): Transfer from Revenue Account	8,348,850		72,301,912	
		81,667,359		73,318,509
Unrealised appreciation reserve Opening Balance	137,145,623		10,864,748	
Add/(Less) Net unrealized appreciation for the Year	(67,762,532)		126,280,875	
Unrealised Appreciation Reserve (Schedule 7)		69,383,091		137,145,623
		<u>151,050,450</u>		<u>210,464,132</u>

SCHEDULE : 3

Current Liabilities & Provisions

	31/03/2016	31/03/2015
	Rs.	Rs.
Sundry Creditors	686,274	577,355
Others	7,830	37,246
	<u>694,104</u>	<u>614,601</u>



SCHEDULE : 4

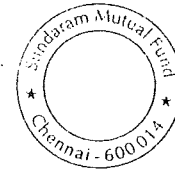
Investments

	31/03/2016	31/03/2015
	Rs.	Rs.
Equity Shares	408,161,126	428,822,156
Units of Domestic Mutual Funds	-	27,513,329
Others - Reverse Repo / CBLO	1,300,000	2,895,288
	409,461,126	459,230,773

SCHEDULE : 5

Other Current Assets

	31/03/2016	31/03/2015
	Rs.	Rs.
Balance with banks in Current Accounts	363,588	197,357
Contract for Sale of Investments	465,101	9,916,263
CBLO Margin Account	43,234	127,694
Repo Margin Account	74,610	46,392
Dividend Receivable	-	222,859
Outstanding and accrued Income	285	785
	946,818	10,511,350

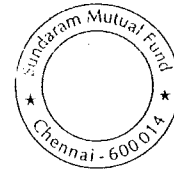


SCHEDULE : 6**Interest**

	2015-16	2014-15
	Rs.	Rs.
Interest from banks and others	994,048	933,142
	994,048	933,142

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

	31/03/2016	31/03/2015
	Rs.	Rs.
Appreciation in Value of Investments		
Equity Shares	69,383,091	137,132,294
Units of Domestic Mutual Funds	-	13,329
Appreciation in Value of Investments (Schedule 2)	69,383,091	137,145,623



SUNDARAM MUTUAL FUND
SUNDARAM SELECT MICRO CAP SERIES 4
Schedules forming part of the Balance Sheet as at 31-Mar-2016
and the Revenue Account for the Year ended 31st March 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 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.
- (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.

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.

1.3. EXPENSES

Expenses are accounted for on accrual basis.



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

Description	2015-16	2014-15
Average daily net asset value	4,471.39	3,932.23
Management fee @ 2.05% of average daily net asset value. (Previous year 0.94%)	91.83	36.95

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 YEAR.

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

Description	2015-16	2014-15
PURCHASE VALUE (AMOUNT)	1,531.11	5,636.68
%	34.24%	143.35%
SALES VALUE (AMOUNT)	1,834.14	5,800.82
%	41.02%	147.52%

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 Year. :

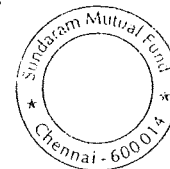
Description	31.03.2016	31.03.2015
Aggregate Fair Value of non traded / thinly traded investments valued in "good faith" exceeding 5% of the Net Asset Value as at the end of the Year.	NIL	NIL
% to the asset under management	0.00%	0.00%

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 Year, are given below.

DESCRIPTION	2015-16	2014-15
INCOME	12.07%	43.78%
EXPENDITURE#	2.94%	2.68%

Total expenses charged includes service tax on management fees charged to the investor over and above the normal expense charged 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

	2015-16	2014-15
Sundaram Finance Ltd (Sponsor)	NIL	1.28
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Indus Ind Bank Ltd (Associate)@	NIL	4.53

@ 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

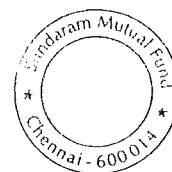
14 Audit fees

The current year audit fees of Rs 11,015/- as per Revenue account includes SEBI audit fees of Rs 1,573/-

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/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.



16 HISTORICAL PER UNIT STATISTICS

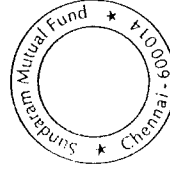
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	01.04.2015 - 31.03.2016		01.04.2014 - 31.03.2015		11.03.2014 - 31.03.2014	
	Growth Option	Dividend Option	Direct Growth Option	Dividend Option	Growth Option	Direct Dividend Option
(A) Gross income						
(i) Income other than profit on sale of investment		0.1580		0.2192		0.0466
(ii) Income from profit on inter scheme sales/transfer of investments		0.0000		0.0554		0.0000
(iii) Income from profit on sale of investment to third parties		1.9288		6.3807		0.0084
(iv) transfer to revenue account from past year's reserves						
(B) Aggregate of expenses, write off, amortisation and charges		0.5088		0.4081		0.0156
(C) Net income		1.5780		6.2472		0.0393
(D) Net unrealised appreciation/(diminution) in value of investments		2.68237		5.3021		0.4200
(E) Net Assets Value	21.3168	12.5307	21.8252	15.9443	10.4584	10.4686
(F) Highest repurchase price	NA	NA	NA	NA	NA	NA
Lowest repurchase price	NA	NA	NA	NA	NA	NA
Highest ongoing sale price	NA	NA	NA	10.0000	10.0000	10.0000
Lowest ongoing sale price	NA	NA	NA	10.0000	10.0000	10.0000
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage		2.94%		2.68%		2.68%
(H) Ratio of gross income to average daily net assets by percentage		12.07%		43.78%		9.41%

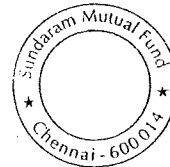
17 Computation of Distributable Income

	31.03.16	31.03.15
	Rs.	Rs.
Net Income as per revenue account	40,817,209	161,589,897
Add : Balance of Undistributed income as at 1st April brought forward	73,318,509	1,016,597
	114,135,718	162,606,494
Less : Income Distributed during the year	32,468,359	89,287,985
Distributable Income	81,667,359	73,318,509

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



ANNEXURE-II		
SUNDARAM SELECT MICROCAP SERIES 4		
% of total Investments within the classification		
	31-Mar-16	31-Mar-15
Equity Instruments		
a) Listed / awaiting listing on Stock Exchange		
AUTO ANCILLARIES	5.85%	0.00%
CEMENT	7.38%	0.00%
CHEMICALS	7.41%	5.04%
CONSUMER DURABLES	7.41%	12.47%
INDUSTRIAL CAPITAL GOODS	15.17%	0.00%
INDUSTRIAL MANUFACTURING	0.00%	57.24%
INDUSTRIAL PRODUCTS	34.10%	0.00%
PHARMA	0.00%	5.97%
SOFTWARE	5.85%	0.00%
b) Privately Placed / Unlisted		
FINANCE	100.00%	0.00%



SUNDARAM MUTUAL FUND

SUNDARAM SELECT MICROCAP SERIES 4

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
		A) Equity & Equity Related				
		a) Listed / awaiting listing on Stock Exchange				
1	INE999A01015	KSB Pumps Ltd	Industrial Products	36635	232.06	5.66%
2	INE536A01023	Grindwell Norton Ltd	Industrial Products	30301	204.03	4.98%
3	INE782A01015	Hitachi Home and Life Solutions (India) Ltd	Consumer Durables	15357	186.46	4.55%
4	INE325A01013	Timken India Ltd	Industrial Products	39879	174.25	4.25%
5	INE839M01018	Schneider Electric Infrastructure Ltd	Industrial Capital Goods	115586	168.81	4.12%
6	INE578A01017	Heidelberg Cement India Ltd	Cement	205257	166.67	4.07%
7	INE045A01017	Ador Welding Ltd	Industrial Products	56612	162.50	3.97%
8	INE671A01010	Honeywell Automation India Ltd	Industrial Capital Goods	1719	147.77	3.61%
9	INE177A01018	Ingersoll Rand India Ltd	Industrial Products	22750	147.31	3.60%
10	INE536H01010	Mahindra CIE Automotive Ltd	Industrial Products	71981	141.19	3.45%
11	INE280B01018	Elantas Beck India Ltd	Chemicals	10641	138.23	3.37%
12	INE823G01014	J K Cement Ltd	Cement	19608	132.45	3.23%
13	INE349A01021	NRB Bearing Ltd	Industrial Products	97662	121.54	2.97%
14	INE373A01013	BASF India Ltd	Chemicals	13074	114.72	2.80%
15	INE258A01016	BEML Ltd	Industrial Capital Goods	10492	109.55	2.67%
16	INE234A01025	Novartis India Ltd	Pharmaceuticals	16245	105.35	2.57%
17	INE142I01023	Take Solutions Ltd	Software	61800	87.79	2.14%
18	INE387A01021	Sundram Fasteners Ltd	Auto Ancillaries	49989	85.38	2.08%
19	INE278M01019	Navkar Corporation Ltd	Transportation	46857	85.28	2.08%
20	INE386A01015	Vesuvius India Ltd	Industrial Products	11389	84.38	2.06%
21	INE878A01011	Airstom India Ltd	Industrial Capital Goods	13747	83.51	2.04%
22	INE457F01013	Salzer Electronics Ltd	Industrial Capital Goods	41634	77.94	1.90%
23	INE503A01015	Development Credit Bank Ltd	Banks	93960	74.46	1.82%
24	INE533A01012	Good Year (I) Ltd	Auto Ancillaries	14609	70.23	1.71%
25	INE415A01038	Hindustan Sanitaryware Indus Ltd	Consumer Durables	22160	61.67	1.51%
26	INE260B01028	Godfrey Phillips India Ltd	Consumer Non Durables	5169	61.43	1.50%
27	INE312H01016	INOX Leisure Ltd	Media & Entertainment	29535	56.77	1.39%
28	INE686A01026	ITD Cementation India Ltd	Construction	47697	52.09	1.27%
29	INE472A01039	Blue Star Ltd	Consumer Durables	13340	52.07	1.27%
30	INE201K01015	SQS India BFSI Ltd	Software	5707	51.98	1.27%
31	INE294B01019	SML Isuzu Ltd	Auto	6043	47.33	1.16%
32	INE116C01012	Z F Steering Gear (India) Ltd	Auto Ancillaries	3225	47.27	1.15%
33	INE712K01011	Shree Pushkar Chemicals & Fertilisers Ltd	Chemicals	36016	47.05	1.15%
34	INE612J01015	Repco Home Finance Ltd	Finance	8092	46.86	1.14%
35	INE648A01026	State Bank of Bikaner and Jalpur	Banks	9000	44.98	1.10%
36	INE793A01012	Accelya Kale Solutions Ltd	Software	5013	43.46	1.06%
37	INE647A01010	SRF Ltd	Textile Products	3301	43.19	1.05%
38	INE717A01029	Kennametal India Ltd	Industrial Products	6202	41.37	1.01%
39	INE189B01011	INEOS Styrolution India Ltd	Industrial Products	6753	37.88	0.92%
40	INE089C01029	Sterilite Technologies Ltd	Industrial Products	38477	34.80	0.85%
41	INE287B01021	Subros Ltd	Auto Ancillaries	38821	34.22	0.84%
42	INE070I01018	Insecticides India Ltd	Pesticides	9800	30.67	0.75%
43	INE020G01017	Accel Frontline Ltd	Software	55650	28.19	0.69%
44	INE268C01029	Easun Reyrolle Ltd	Industrial Capital Goods	91095	26.87	0.66%
45	INE504B01011	Blue Star Infotech Ltd	Software	10903	25.41	0.62%
46	INE199A01012	Merck Ltd	Pharmaceuticals	3858	24.75	0.60%
47	INE274B01011	Monsanto India Ltd	Pesticides	496	8.23	0.20%
		Sub Total			4050.40	98.86%
		b) Privately Placed / Unlisted				
1		Ujjivan Financial Services Ltd	Finance	20300	31.21	0.76%
		Sub Total			31.21	0.76%
		Total for Equity & Equity Related			4081.61	99.62%
		B) Money Market Instruments				
		a) Reverse Repo / CBLO				
1		364 Days T Bill Maturing on 14/04/2016			13.00	0.32%
		Sub Total			13.00	0.32%
		Total for Money Market Instruments			13.00	0.32%
		Cash & Other Net Current Assets			2.53	0.06%
		GRAND TOTAL			4097.14	100.00%

** Thinly traded / Non Traded securities

