

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 SERIES.2** 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 SMALL CAP SERIES.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.

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 SMALL CAP SERIES.2** as at 31/03/2016

b. In the case of Revenue Account of the Deficit of Sundaram Mutual fund **SUNDARAM SELECT SMALL CAP SERIES.2** 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.

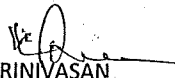
2. The Balance sheet, and Revenue Account **dealt with by this Report** are in agreement with the books of accounts of the Sundaram Mutual Fund.

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:004207S)**

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	608,644,470	608,644,470
Reserves & Surplus	2	(32,205,488)	21,557,126
Current Liabilities & Provisions	3	1,436,967	1,354,548
		577,875,949	631,556,144
ASSETS			
Investments	4	577,062,965	607,928,138
Other Current Assets	5	812,984	23,628,006
		577,875,949	631,556,144

Notes on Accounts

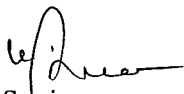
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As per our Report of even date

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

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2016

	Schedule No.	01.04.2015 TO 31.03.2016		21.11.2014 TO 31.03.2015	
		Rs.	Rs.	Rs.	Rs.
REVENUE					
Dividend		6,971,909		382,411	
Interest	6	1,674,181		6,537,651	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		19,354,822		10,334,613	
Other Income		8,516		-	
TOTAL (A)		28,009,428	28,009,428	17,254,675	17,254,675
EXPENSES					
Net diminution in value of investment	7	48,456,471		-	
Realised Loss on Derivative Transactions		2,516,767		1,442,595	
Management fee		12,538,061		1,976,103	
Service Tax on AMC Fee		1,765,247		244,246	
Custodian charges		175,793		76,350	
Trusteeship fee		30,640		11,223	
Commission to Agents		3,552,396		4,432,295	
Audit fee		16,680		11,236	
Other Operating expenses		20,013		52,152	
Investor Education Fees		122,574		44,890	
SEBI Fees		8,100			
TOTAL (B)		69,202,742	69,202,742	8,291,090	8,291,090
Surplus /(Deficit) transferred to Balance Sheet			(41,193,314)		8,963,585

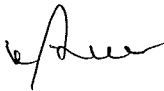
Notes on Accounts

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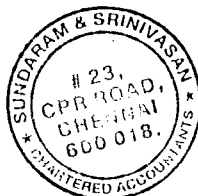
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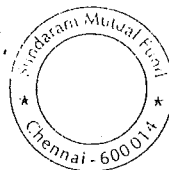
For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

For
Sundaram Mutual Fund



K Srinivasan
Partner
(M.NO : 5809)





Authorised Signatory

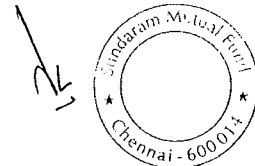
Place : Chennai
Date : 30th June 2016

SCHEDULE : 1**Unit Capital**

	31/03/2016		31/03/2015	
	Units	Rs.	Units	Rs.
Initial capital	60,864,447	608,644,470	60,864,447	608,644,470
Unit Capital				
Opening Capital	60,864,447	608,644,470	-	-
Add: Units sold during the Year	-	-	60,864,447	608,644,470
	60,864,447	608,644,470	60,864,447	608,644,470
Less : Units repurchased during the Year	-	-	-	-
Units at the end of the Year	60,864,447	608,644,470	60,864,447	608,644,470
		608,644,470		608,644,470

SCHEDULE : 2**Reserves & Surplus**

	31/03/2016		31/03/2015	
	Rs.	Rs.	Rs.	Rs.
General Reserve				
Opening Balance	8,963,585		-	
Add / (Less): Transfer from Revenue Account	(41,193,314)	(32,229,729)	8,963,585	8,963,585
Unrealised appreciation reserve				
Opening Balance	12,593,541		-	
Add/(Less) Net unrealized appreciation for the Year	(12,569,300)		12,593,541	
Unrealised Appreciation Reserve (Schedule 7)		24,241		12,593,541
		(32,205,488)		21,557,126



SCHEDULE : 3**Current Liabilities & Provisions**

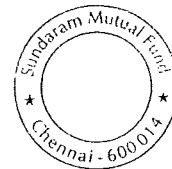
	31/03/2016	31/03/2015
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	1,425,953	1,307,059
Others	11,014	47,489
	1,436,967	1,354,548

SCHEDULE : 4**Investments**

	31/03/2016	31/03/2015
	Rs.	Rs.
Equity Shares	538,838,724	550,279,697
Units of Domestic Mutual Fund	30,024,241	20,009,694
Others - Reverse Repo / CBLO	8,200,000	37,638,747
	577,062,965	607,928,138

SCHEDULE : 5**Other Current Assets**

	31/03/2016	31/03/2015
	Rs.	Rs.
Balance with banks in Current Accounts	214,099	128,644
Contract for Sale of Investments	-	20,751,666
CBLO Margin Account	219,058	1,910,284
Repo Margin Account	378,030	694,018
Outstanding and accrued Income	1,797	143,394
	812,984	23,628,006

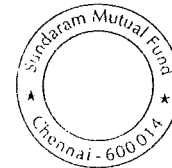


SCHEDULE : 6**Interest**

	01.04.2015 TO 31.03.2016	21.11.2014 TO 31.03.2015
	Rs.	Rs.
Interest from banks and others	1,674,181	6,537,651
	1,674,181	6,537,651

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	-	12,583,847
Units of Domestic Mutual Fund	24,241	9,694
Appreciation in Value of Investments (Schedule 2)	24,241	12,593,541
Diminution in value of investments		
Equity Shares	48,456,471	-
Diminution in value of investments transferred to revenue A/C	48,456,471	-



SUNDARAM MUTUAL FUND
SUNDARAM SMALL CAP SERIES - II
Schedules forming part of the Balance Sheet as at 31-Mar-2016
and the Revenue Account for the Year ended 31-Mar-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.

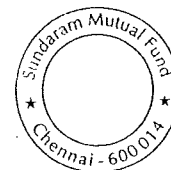
2. INVESTMENT MANAGER FEES

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

Description	01.04.2015-31.03.2016	21.11.2014-31.03.2015
Average daily net asset value	6,128.15	6,253.45
Management fee @ 2.05% of average daily net asset value. (Previous year 0.32%)	125.38	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 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	01.04.2015-31.03.2016	21.11.2014-31.03.2015
PURCHASE VALUE (AMOUNT)	3,825.08	7,974.14
%	62.42%	127.52%
SALES VALUE (AMOUNT)	3,422.64	2,500.53
%	55.85%	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 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.	-	-
% 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, on an annualised basis, are given below.

DESCRIPTION	01.04.2015-31.03.2016	21.11.2014-31.03.2015
INCOME	4.57%	7.69%
EXPENDITURE#	2.97%	3.05%

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

	01.04.2015-31.03.2016	21.11.2014-31.03.2015
Sundaram Finance Ltd (Sponsor)	(0.01)	23.30
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Amount paid to INDUSIND BANK (ASSOCIATE)@	NIL	32.37

@ 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

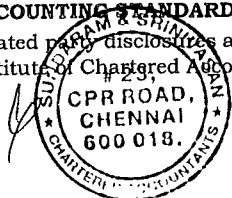
As Per Schedule-I

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



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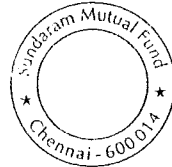
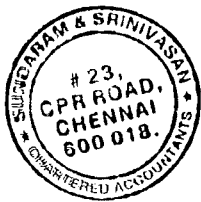
14 Investor Education & Awareness Initiatives (IEAI)

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.

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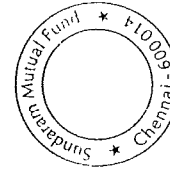
15 HISTORICAL PER UNIT STATISTICS

	01.04.2015 TO 31.03.2016				21.11.2014 TO 31.03.2015			
	Rs.				Rs.			
(A) Gross income								
(i) Income other than profit on sale of investment				0.1422				0.1137
(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				0.2766				0.1461
(iv) Transfer to revenue account from past year's reserves								
(B) Aggregate of expenses, write off, amortisation and charges				1.0956				0.1125
(C) Net income				-0.6768				0.1473
(D) Net unrealised appreciation/(diminution) in value of investments				-0.7957				0.2069
(E) Net Assets Value	9.4685		9.4685	9.5926	10.3528		10.3528	10.4292
(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				2.97%				3.06%
(H) Ratio of gross income to average daily net assets by percentage				4.57%				7.69%

16 Computation of Distributable Income

	31.03.16	31.03.15
	Rs.	Rs.
Net Income as per revenue account	(41,193,314)	8,963,585
Add : Balance of Undistributed income as at 1st April brought forward	8,963,585	-
Less : Income Distributed during the year	(32,229,729)	8,963,585
Distributable Income	(32,229,729)	8,963,585

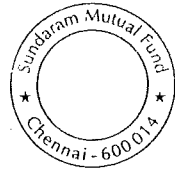
17. Previous year figures have been regrouped wherever necessary to confirm with the current year's classification



ANNEXURE-II		
SUNDARAM SELECT SMALL CAP SERIES - II		
% of total Investments within the classification		
	31-Mar-16	31-Mar-15
Equity Instruments		
a) Listed / awaiting listing on Stock Exchange		
BANKS	11.71%	0.00%
CEMENT	9.66%	7.28%
CONSUMER DURABLES	5.51%	0.00%
CONSUMER GOODS	0.00%	5.63%
ENERGY	0.00%	6.87%
FINANCE	10.77%	27.26%
GAS	5.87%	0.00%
INDUSTRIAL CAPITAL GOODS	7.56%	0.00%
INDUSTRIAL MANUFACTURING	0.00%	21.69%
INDUSTRIAL PRODUCTS	5.40%	0.00%
POWER	5.31%	0.00%
SERVICES	0.00%	8.68%
TEXTILE PRODUCTS	7.57%	10.70%
b) Privately Placed / Unlisted		
HEALTHCARE SERVICES	96.10%	0.00%
Mutual Fund Units		
SUNDARAM MONEY FUND - DIRECT GROWTH	100.00%	100.00%



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SUNDARAM MUTUAL FUND						
SUNDARAM SELECT SMALL CAP SERIES - II						
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	INE774D01024	Mahindra & Mahindra Financial Services Ltd	Finance	104009	253.83	4.40%
2	INE647A01010	SRF Ltd	Textile Products	18140	237.35	4.12%
3	INE331A01037	The Ramco Cements Ltd	Cement	59216	236.78	4.11%
4	INE203G01019	Indraprastha Gas Ltd	Gas	41450	236.10	4.10%
5	INE891D01026	Redington India Ltd	Trading	196362	225.13	3.91%
6	INE918I01018	Bajaj Finserv Ltd	Finance	12405	212.26	3.68%
7	INE513A01014	Fag Bearings India Ltd	Industrial Products	5357	203.45	3.53%
8	INE211B01039	The Phoenix Mills Ltd	Construction	59000	177.18	3.07%
9	INE356A01018	Mphasis Ltd	Software	35910	176.61	3.06%
10	INE034A01011	Arvind Ltd	Textile Products	61856	169.08	2.93%
11	INE825A01012	Vardhman Textiles Ltd	Textiles - Cotton	21829	168.85	2.93%
12	INE589A01014	Neyveli Lignite Corporation Ltd	Power	232402	165.35	2.87%
13	INE172A01027	Castrol India Ltd	Petroleum Products	42282	158.20	2.74%
14	INE036D01010	Karur Vysya Bank Ltd	Banks	35346	154.39	2.68%
15	INE152A01029	Thermax Ltd	Industrial Capital Goods	20327	154.18	2.67%
16	INE169A01031	Coromandel International Ltd	Fertilisers	79507	151.30	2.62%
17	INE692A01016	Union Bank of India	Banks	114046	149.17	2.59%
18	INE628A01036	United Phosphorous Ltd	Pesticides	29628	141.53	2.46%
19	INE171A01029	The Federal Bank Ltd	Banks	271434	126.08	2.19%
20	INE302A01020	Exide Industries Ltd	Auto Ancillaries	90399	125.97	2.19%
21	INE264A01014	GlaxoSmithKline Consumer Healthcare Ltd	Consumer Non Durables	2000	120.74	2.09%
22	INE486A01013	CESC Ltd	Power	25243	119.32	2.07%
23	INE055A01016	Century Textiles and Industries Ltd	Cement	22524	119.31	2.07%
24	INE716A01013	Whirlpool of India Ltd	Consumer Durables	16864	118.49	2.06%
25	INE180A01020	Max Financial Services Ltd (Prev: Max India Ltd)	Finance	32458	111.67	1.94%
26	INE280A01028	Titan Company Ltd	Consumer Durables	32770	111.12	1.93%
27	INE056P01011	INOX Wind Ltd	Industrial Capital Goods	42585	110.38	1.91%
28	INE428A01015	Allahabad Bank	Banks	186550	102.32	1.78%
29	INE208A01029	Ashok Leyland Ltd	Auto	93557	101.60	1.76%
30	INE839M01018	Schneider Electric Infrastructure Ltd	Industrial Capital Goods	67193	98.14	1.70%
31	INE935A01035	GlenMark Pharmaceuticals Ltd	Pharmaceuticals	12169	96.75	1.68%
32	INE562A01011	Indian Bank	Banks	92892	96.51	1.67%
33	INE823G01014	J K Cement Ltd	Cement	13499	91.19	1.58%
34	INE536H01010	Mahindra CIE Automotive Ltd	Industrial Products	44043	86.39	1.50%
35	INE246F01010	Gujarat State Petronet Ltd	Gas	55685	78.91	1.37%
36	INE010A01011	Prism Cement Ltd	Cement	88151	70.96	1.23%
37	INE348B01021	Century Plyboards (India) Ltd	Consumer Durables	38783	66.26	1.15%
38	INE040H01021	Suzlon Energy Ltd	Industrial Capital Goods	302113	42.90	0.74%
Sub Total					5365.76	93.09%
b) Privately Placed / Unlisted						
1	INE153U01017	Max India Ltd	Healthcare Services	32458	21.74	0.38%
2	INE154U01015	Max Ventures and Industries Ltd	Media & Entertainment	6492	0.88	0.02%
Sub Total					22.62	0.39%
Total for Equity & Equity Related					5388.39	93.48%
B) Money Market Instruments						
a) Reverse Repo / CBLO						
1		364 Days T Bill Maturing on 14/04/2016			82.00	1.42%
Sub Total					82.00	1.42%
Total for Money Market Instruments					82.00	1.42%
C) Mutual Fund Units						
a) Investment in Mutual Fund Units						
1		Sundaram Money Fund - Direct Growth		939564.105	300.24	5.21%
Sub Total					300.24	5.21%
Cash & Other Net Current Assets					-6.24	-0.11%
GRAND TOTAL					5764.35	100.00%

** Thinly traded / Non Traded securities

