

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.3** 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.3** in accordance with the Eleventh Schedule of Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 ("The Regulations"). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Regulations for safeguarding the assets of the Mutual fund and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountant of India. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Mutual fund's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the mutual fund has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said statements together with the notes forming part of Accounts give the information required by "The Regulations" in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :



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.3** as at 31/03/2016
- b. In the case of Revenue Account of the Deficit of Sundaram Mutual fund **SUNDARAM SELECT SMALL CAP SERIES.3** 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	387,582,720	387,582,720
Reserves & Surplus	2	(25,467,606)	1,545,371
Current Liabilities & Provisions	3	861,492	19,881
		362,976,606	389,147,972
ASSETS			
Investments	4	362,267,907	362,405,348
Other Current Assets	5	708,699	26,742,624
		362,976,606	389,147,972

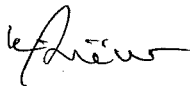
Notes on Accounts

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As per our Report of even date

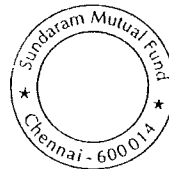
For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

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 - 31/03/2016		31/03/2015 - 31/03/2015	
		Rs.	Rs.	Rs.	Rs.
REVENUE					
Dividend		4,014,170		-	
Interest	6	4,546,626		209,512	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		767,710		-	
Other Income		9,290		-	
TOTAL (A)		9,337,796	9,337,796	209,512	209,512
EXPENSES					
Net diminution in value of investment	7	23,409,450		-	
Realised loss on derivative transactions		364,315		-	
Management fee		7,798,166		2,085	
Service Tax on AMC Fees		1,098,069		258	
Trusteeship fee		19,162		53	
Custodian charges		127,614		589	
Commission to Agents		2,043,247		16,683	
Audit fee		14,122		-	
Other Operating expenses		55,449		-	
Investor Education Fees		76,653		212	
SEBI Fees		4,948		-	
TOTAL (B)		35,011,195	35,011,195	19,880	19,880
SURPLUS / (DEFICIT) (A-B)			(25,673,399)		189,632
Surplus / (Deficit) transferred to Balance Sheet			(25,673,399)		189,632

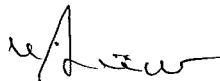
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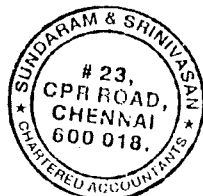
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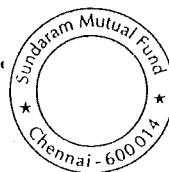
For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

For
Sundaram Mutual Fund



K Srinivasan
Partner
(M.NO : 5809)





Authorized Signatory

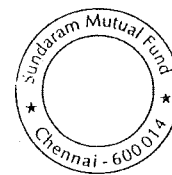
Place : Chennai
Date : 30th June 2016

SCHEDULE : 1**Unit Capital**

	31/03/2016		31/03/2015	
	Units	Rs.	Units	Rs.
Initial capital	38,758,272	387,582,720	38,758,272	387,582,720
Unit Capital				
Opening Capital	38,758,272	387,582,720	-	-
Add: Units sold during the Year	-	-	38,758,272	387,582,720
Less : Units repurchased during the Year	38,758,272	387,582,720	38,758,272	387,582,720
Units at the end of the Year	38,758,272	387,582,720	38,758,272	387,582,720
		<u>387,582,720</u>		<u>387,582,720</u>

SCHEDULE : 2**Reserves & Surplus**

	31/03/2016		31/03/2015	
	Rs.	Rs.	Rs.	Rs.
General Reserve				
Opening Balance	189,632		-	
Add /(Less): Transfer from Revenue Account	(25,673,399)	(25,483,767)	189,632	189,632
Unrealised appreciation reserve				
Opening Balance	1,355,739		-	
Add/(Less) Net unrealized appreciation for the Year	(1,339,578)		1,355,739	
Unrealised Appreciation Reserve (Schedule 7)		16,161		1,355,739
		<u>(25,467,606)</u>		<u>1,545,371</u>



SCHEDULE : 3**Current Liabilities & Provisions**

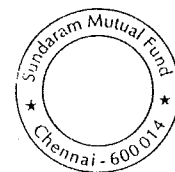
	31/03/2016	31/03/2015
	Rs.	Rs.
Current Liabilities		
Sundry Creditors	854,981	19,667
Others	6,511	214
	861,492	19,881

SCHEDULE : 4**Investments**

	31/03/2016	31/03/2015
	Rs.	Rs.
Equity Shares	336,951,747	14,936,950
Units of Domestic Mutual Fund	20,016,160	300,145,411
Others - Reverse Repo / CBLO	5,300,000	47,322,987
	362,267,907	362,405,348

SCHEDULE : 5**Other Current Assets**

	31/03/2016	31/03/2015
	Rs.	Rs.
Balance with banks in Current Accounts	316,383	23,537,561
CBLO Margin Account	143,506	2,063,916
Repo Margin Account	247,648	749,833
Outstanding and accrued Income	1,162	12,836
Others	-	378,478
	708,699	26,742,624

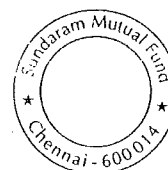


SCHEDULE : 6**Interest**

	01/04/2015 - 31/03/2016	31/03/2015 - 31/03/2015
	Rs.	Rs.
Interest from banks and others	4,546,626	209,512
	4,546,626	209,512

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	-	1,210,328
Units of Domestic Mutual Fund	16,161	145,411
Appreciation in Value of Investments (schedule 2)	16,161	1,355,739
Diminution in value of investments		
Equity Shares	23,409,450	-
Diminution in value of investments transferred to reveune A/C	23,409,450	-



SUNDARAM MUTUAL FUND
SUNDARAM SMALL CAP SERIES III
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	01.04.15-31.03.16	31.03.15-31.03.15
Average daily net asset value	3,832.55	3,875.83
Management fee @ 2.03% of average daily net asset value.(Previous year 0.195	77.98	0.0208

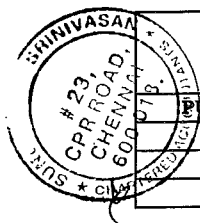
3. INVESTMENTS MADE IN COMPANIES WHO HAVE INVESTED MORE THAN FIVE PERCENT OF THE NET ASSET VALUE OF THE SCHEMES OF SUNDARAM MUTUAL FUND.

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	01.04.15-31.03.16	31.03.15-31.03.15
PURCHASE VALUE (AMOUNT)	4,718.72	3137.266
%	123.12%	80.94%
SALES VALUE (AMOUNT)	4,060.05	-
%	105.94%	0.00%



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	31.03.16	31.03.15
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	01.04.15-31.03.16	31.03.15-31.03.15
INCOME	2.44%	19.73%
EXPENDITURE#	2.93%	1.87%

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

	01.04.15-31.03.16	31.03.15-
Sundaram Finance Ltd (Sponsor)	0.02	3.17
Sundaram Finance Distribution Ltd (subsidiary of Sponsor)	NIL	NIL
Amount paid to INDUSIND BANK (ASSOCIATE)@	NIL	1.24

@ 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.

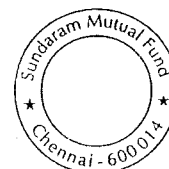
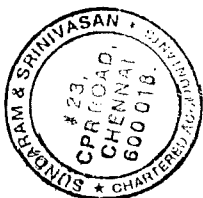
13. ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

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.

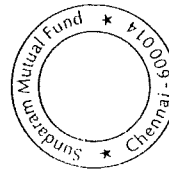


15 HISTORICAL PER UNIT STATISTICS

	01/04/2015 - 31/03/2016		31/03/2015 - 31/03/2015			
	Rs.		Rs.			
(A) Gross income						
(i) Income other than profit on sale of investment	0.2211					0.0054
(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	0.0104					0.0000
(iv) transfer to revenue account from past year's reserves						
(B) Aggregate of expenses, write off, amortisation and charges	0.8939					0.0005
(C) Net income	-0.6624					0.0049
(D) Net unrealised appreciation/(diminution) in value of investments	-0.6036					0.0350
(E) Net Assets Value	GR	DIRDIV	DIRGR	DIV	Regular Growth	Direct Dividend
(F) Highest repurchase price Lowest repurchase price Highest ongoing sale price Lowest ongoing sale price	9.3418	9.4132	9.3988	9.3418	10.0000	10.0000
(G) Ratio of expenses (excluding deferred revenue expenditure amortised) to average daily net assets by percentage						
(H) Ratio of gross income to average daily net assets by percentage						

	31.03.16	31.03.15
	Rs.	Rs.
16 Computation of Distributable Income		
Net Income as per revenue account	(25,673,399)	189,632
Add : Balance of Undistributed income as at 1st April brought forward	189,632	-
Less : Income Distributed during the year	(25,483,767)	189,632
Distributable Income	(25,483,767)	189,632

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



6

ANNEXURE-II		
SUNDARAM SELECT SMALL CAP SERIES - III		
% of total Investments within the classification		
	31-Mar-16	31-Mar-15
Equity Instruments		
a) Listed / awaiting listing on Stock Exchange		
BANKS	11.81%	0.00%
CEMENT	9.62%	50.54%
CONSUMER DURABLES	5.47%	0.00%
FINANCE	10.79%	0.00%
GAS	5.79%	0.00%
INDUSTRIAL CAPITAL GOODS	7.61%	49.46%
INDUSTRIAL PRODUCTS	5.39%	0.00%
POWER	5.34%	0.00%
TEXTILE PRODUCTS	7.55%	0.00%
b) Privately Placed / Unlisted		
HEALTHCARE SERVICES	96.10%	0.00%
Mutual Fund Units		
SUNDARAM MONEY FUND - DIRECT GROWTH	100.00%	100.00%



SUNDARAM MUTUAL FUND						
SUNDARAM SELECT SMALL CAP SERIES - III						
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	65448	159.73	4.41%
2	INE331A01037	The Ramco Cements Ltd	Cement	37223	148.84	4.11%
3	INE647A01010	SRF Ltd	Textile Products	11229	146.93	4.06%
4	INE203G01019	Indraprastha Gas Ltd	Gas	25454	144.99	4.00%
5	INE891D01026	Redington India Ltd	Trading	125723	144.14	3.98%
6	INE918I01018	Bajaj Finserv Ltd	Finance	7816	133.74	3.69%
7	INE513A01014	Fag Bearings India Ltd	Industrial Products	3322	126.16	3.48%
8	INE211B01039	The Phoenix Mills Ltd	Construction	37067	111.31	3.07%
9	INE356A01018	MphasIS Ltd	Software	22536	110.83	3.06%
10	INE034A01011	Arvind Ltd	Textile Products	38903	106.34	2.94%
11	INE825A01012	Vardhman Textiles Ltd	Textiles - Cotton	13521	104.58	2.89%
12	INE589A01014	Neyveli Lignite Corporation Ltd	Power	145225	103.33	2.85%
13	INE172A01027	Castrol India Ltd	Petroleum Products	26472	99.04	2.74%
14	INE169A01031	Coromandel International Ltd	Fertilisers	51565	98.13	2.71%
15	INE036D01010	Karur Vysya Bank Ltd	Banks	22340	97.58	2.69%
16	INE152A01029	Thermax Ltd	Industrial Capital Good	12782	96.95	2.68%
17	INE692A01016	Union Bank of India	Banks	72427	94.73	2.62%
18	INE628A01036	United Phosphorous Ltd	Pesticides	18227	87.07	2.40%
19	INE171A01029	The Federal Bank Ltd	Banks	174656	81.13	2.24%
20	INE302A01020	Exide Industries Ltd	Auto Ancillaries	56626	78.91	2.18%
21	INE486A01013	CESC Ltd	Power	16069	75.96	2.10%
22	INE055A01016	Century Textiles and Industries Ltd	Cement	13929	73.78	2.04%
23	INE264A01014	GlaxoSmithKline Consumer Healthcare Ltd	Consumer Non Durable	1200	72.44	2.00%
24	INE716A01013	Whirlpool of India Ltd	Consumer Durables	10303	72.39	2.00%
25	INE066P01011	INOX Wind Ltd	Industrial Capital Good	27451	71.15	1.96%
26	INE280A01028	Titan Company Ltd	Consumer Durables	20483	69.46	1.92%
27	INE180A01020	Max Financial Services Ltd (Prev: Max India Ltd)	Finance	19983	68.75	1.90%
28	INE428A01015	Allahabad Bank	Banks	114825	62.98	1.74%
29	INE208A01029	Ashok Leyland Ltd	Auto	57572	62.52	1.73%
30	INE839M01018	Schneider Electric Infrastructure Ltd	Industrial Capital Good	41438	60.52	1.67%
31	INE562A01011	Indian Bank	Banks	57552	59.80	1.65%
32	INE935A01035	GlenMark Pharmaceuticals Ltd	Pharmaceuticals	7396	58.80	1.62%
33	INE823G01014	J K Cement Ltd	Cement	8120	54.85	1.51%
34	INE536H01010	Mahindra CIE Automotive Ltd	Industrial Products	27866	54.66	1.51%
35	INE246F01010	Gujarat State Petronet Ltd	Gas	34733	49.22	1.36%
36	INE010A01011	Prism Cement Ltd	Cement	56232	45.27	1.25%
37	INE348B01021	Century Plyboards (India) Ltd	Consumer Durables	24498	41.85	1.16%
38	INE040H01021	Suzlon Energy Ltd	Industrial Capital Good	188154	26.72	0.74%
		Sub Total			3355.59	92.67%
		b) Privately Placed / Unlisted				
1	INE153U01017	Max India Ltd	Healthcare Services	19983	13.38	0.37%
2	INE154U01015	Max Ventures and Industries Ltd	Media & Entertainment	3997	0.54	0.02%
		Sub Total			13.93	0.38%
		Total for Equity & Equity Related			3369.52	93.05%
		B) Money Market Instruments				
		a) Reverse Repo / CBLO				
1		364 Days T Bill Maturing on 14/04/2016			53.00	1.46%
		Sub Total			53.00	1.46%
		Total for Money Market Instruments			53.00	1.46%
		C) Mutual Fund Units				
		a) Investment in Mutual Fund Units				
1		Sundaram Money Fund - Direct Growth		626376.07	200.16	5.53%
		Sub Total			200.16	5.53%
		Cash & Other Net Current Assets			-1.53	-0.04%
		GRAND TOTAL			3621.15	100.00%

** Thinly traded / Non Traded securities

