

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 LONG TERM MICRO CAP TAX ADVANTAGE FUND SERIES III** as at 31/03/2017, which comprise the Balance Sheet, the Revenue Account for the Period then ended 31/03/2017 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 and financial performance of the Sundaram Mutual Fund **SUNDARAM LONG TERM MICRO CAP TAX ADVANTAGE FUND SERIES III** 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.

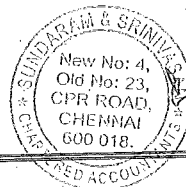
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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 :

a. In case of Balance Sheet, of the state of affairs of Sundaram Mutual fund, **SUNDARAM LONG TERM MICRO CAP TAX ADVANTAGE FUND SERIES III** as at 31/03/2017.

b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM LONG TERM MICRO CAP TAX ADVANTAGE FUND SERIES III** for the Period ended on 31/03/2017.



SUNDARAM & SRINIVASAN

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


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 : 23rd June 2017


K.SRINIVASAN
Partner
Membership No. 5809



BALANCE SHEET AS AT 31st MARCH, 2017

DESCRIPTION	SCHEDULE NO.	31-Mar-17
		Rs.
LIABILITIES		
Unit Capital	1	1,14,18,00,250
Reserves & Surplus	2	15,78,76,978
Current Liabilities & Provisions	3	1,73,74,332
		1,31,70,51,560
ASSETS		
Investments	4	1,30,31,61,327
Other Current Assets	5	1,38,90,233
		1,31,70,51,560

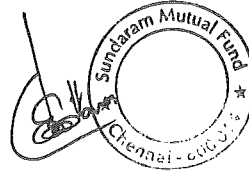
Notes on Accounts

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As per our Report of even date

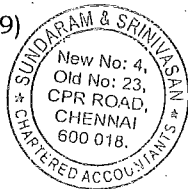
For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 004207S)

For
Sundaram Mutual Fund



K Srinivasan
K Srinivasan
Partner
(M.NO : 5809)

Authorised Signatory



Place : Chennai
Date : 23rd June 2017

REVENUE ACCOUNT FOR THE PERIOD FROM 18.11.2016 to 31.03.2017

Description	Sch No.	18.11.2016 to 31.03.2017	
		Rs.	Rs.
REVENUE			
Dividend		2,37,500	
Interest	6	1,36,98,859	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		90,09,526	
Other Income		16,967	
TOTAL (A)		2,29,62,852	2,29,62,852
EXPENSES			
Management Fees		24,12,735	
Service Tax on Management Fees		3,61,911	
Custodian Fees		98,406	
Trusteeship Fees		22,089	
Commission to Agent		89,42,172	
Audit Fees		11,500	
Other Operating Expenses		1,22,935	
Investor Education Fees		88,355	
TOTAL (B)		1,20,60,103	1,20,60,103
SURPLUS / (DEFICIT) (A-B)			1,09,02,749
Surplus /(Deficit) transferred to Balance Sheet			1,09,02,749

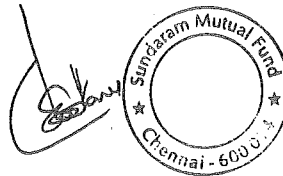
Notes on Accounts

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As per our Report of even date

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

For
Sundaram Mutual Fund



K Srinivasan
K Srinivasan
Partner
(M.NO : 5809)



Authorised Signatory

Place : Chennai
Date : 23rd June 2017

SCHEDULE : 1**Unit Capital**

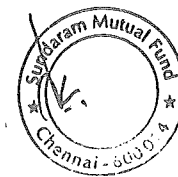
Description	31/03/2017	
	Units	Rs.
Initial capital	11,41,80,025	1,14,18,00,250
Unit Capital		
Opening Capital	-	-
Add: Units sold during the Period	11,41,80,025	1,14,18,00,250
	11,41,80,025	1,14,18,00,250
Less : Units repurchased during the Period	-	-
	11,41,80,025	1,14,18,00,250
Units at the end of the Period	11,41,80,025	1,14,18,00,250
		1,14,18,00,250

SCHEDULE : 2**Reserves & Surplus**

Description	31/03/2017	
	Rs.	Rs.
General Reserve		
Opening Balance	-	-
Add /(Less): Transfer from Revenue Account	1,09,02,749	1,09,02,749
Unrealised Appreciation Reserve		
Opening Balance	-	-
Add/(Less): Net unrealized appreciation for the Period	14,69,74,229	14,69,74,229
Unrealised Appreciation Reserve (Schedule 7)		14,69,74,229
		15,78,76,978

SCHEDULE : 3**Current Liabilities & Provisions**

Description	31/03/2017
	Rs.
Sundry Creditors	44,04,334
Contract for Purchase of Investments	1,29,49,465
Others	20,533
	1,73,74,332

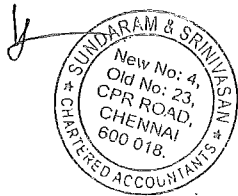


SCHEDULE : 4**Investments**

Description	31/03/2017
	Rs.
Equity Shares	1,12,98,61,374
Others - Reverse Repo / CBLO	17,32,99,953
	1,30,31,61,327

SCHEDULE : 5**Other Current Assets**

Description	31/03/2017
	Rs.
Balance with banks in Current Accounts	3,51,356
Contract for Sale of Investments	11,82,777
CBLO Margin Account	22,42,832
Repo Margin Account	1,00,86,442
Outstanding and accrued Income	26,826
	1,38,90,233



SCHEDULE : 6**Interest**

Description	18.11.2016 to 31.03.2017
	Rs.
Interest from banks and others	1,36,98,859
	1,36,98,859

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

Description	31/03/2017
	Rs.
Appreciation in Value of Investments	
Equity Shares	14,69,74,229
Appreciation in Value of Investments (Schedule 2)	14,69,74,229

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SUNDARAM MUTUAL FUND
SUNDARAM LONG TERM MICRO CAP TAX ADVANTAGE FUND SERIES III
Schedules forming part of the Balance Sheet as at 31-Mar-2017
and the Revenue Account for the Period from 18.11.2016 to 31.03.2017

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. Front end discount, if any, received from the issuer is reduced from the cost of the investment.

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.

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

- a) All expenses are accounted on an accrual basis and are within the limits of SEBI (Mutual Funds) Regulations 1996
- b) Common recurring expenses, if any are allocated to the schemes on the basis of Assets under Management of the respective schemes;
- c) 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).

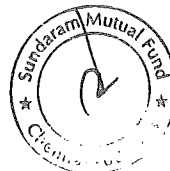
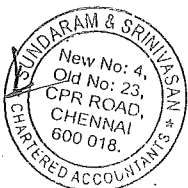
2 INVESTMENT MANAGER FEES

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

Description	18.11.2016 to 31.03.2017
Average daily net asset value	12,032.44
Management fee @ 0.55% of average daily net asset value	24.13

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	18.11.2016 to 31.03.2017
PURCHASE VALUE (AMOUNT)	10,060.69
%	83.61%
SALES VALUE (AMOUNT)	321.92
%	2.68%

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 : **NIL**

6 INCOME / EXPENDITURE

The total income and expenditure as a percentage of the daily average net assets, on an annualised basis are given below:

DESCRIPTION	18.11.2016 to 31.03.2017
INCOME	5.20%
EXPENDITURE #	2.73%

#Total expenses includes service tax on management fees charged over and above the total expense ratio limits prescribed in the SEBI (Mutual Funds) Regulations, 1996.

7 CONTINGENT LIABILITY

Contingent liability as at 31st March 2017 is Rs. Nil.

8 AMOUNT PAID TO SPONSORS / ASSOCIATES

	18.11.2016 to 31.03.2017
Sundaram Finance Ltd (Sponsor)	109.68

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.

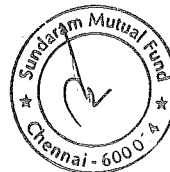
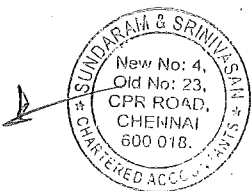
13 ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

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. From 01.04.2016, 50% of 2bps accrued on daily net assets is transferred to AMFI and the balances are utilized by the AMC in accordance with SEBI Guidelines.

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



15 HISTORICAL PER UNIT STATISTICS

SLTAX3

		18.11.2016 to 31.03.2017			
		Rs.			
(A)	Gross income				
	(i) income other than profit on sale of investment	0.1222			
	(ii) income from profit on inter scheme sales/transfer of investments	0.0000			
	(iii) income from profit on sale of investment to third parties	0.0789			
	(iv) transfer to revenue account from past year's reserves	0.0000			
(B)	Aggregate of expenses, write off, amortisation and charges	0.1056			
(C)	Net income	0.0955			
(D)	Net unrealised appreciation/(diminution) in value of investments	1.2872			
		Regular Growth	Regular Dividend	Direct Growth	Direct Dividend
(E)	Net Assets Value	11.3814	11.3813	11.4676	11.4676
(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	2.73%			
(H)	Ratio of gross income to average daily net assets by percentage	5.20%			

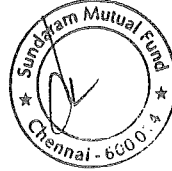
16 Computation of Distributable Income

	31/03/2017
	Rs.
Net Income as per revenue account	1,09,02,749
Add : Balance of Undistributed income as at 1st April brought forward	-
	1,09,02,749
Less : Income Distributed during the year	-
Distributable Income	1,09,02,749

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



ANNEXURE-II	
SUNDARAM LONG TERM TAX ADVANTAGE FUND SERIES III	
% of total Investments within the classification	
	31-Mar-17
Equity Instruments	
Listed / awaiting listing on Stock Exchange	
CONSTRUCTION PROJECT	6.15%
INDUSTRIAL CAPITAL GOODS	10.32%
INDUSTRIAL PRODUCTS	7.79%
SOFTWARE	5.10%
TEXTILE PRODUCTS	6.65%



SUNDARAM MUTUAL FUND							
Sundaram Long Term Micro Cap Tax Advantage Fund Series III							
Portfolio Statement as at 31 March 2017							
SL 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	INE152M01016	Triveni Turbine Ltd	Industrial Capital Goods	400029	579.64	4.46%	
2	INE049A01027	Himatsingka Seide Ltd	Textile Products	139000	477.47	3.67%	
3	INE956G01038	VA Tech Wabag Ltd	Engineering Services	70000	476.95	3.67%	
4	INE075I01017	Healthcare Global Enterprises Ltd	Healthcare Services	182613	419.01	3.22%	
5	INE613A01020	Rallis India Ltd	Pesticides	150000	389.63	3.00%	
6	INE868B01028	NCC Ltd	Construction Project	470941	385.94	2.97%	
7	INE383A01012	The India Cements Ltd	Cement	225508	366.34	2.82%	
8	INE386C01029	Astra Microwave Products Ltd	Telecom - Equipment & Accessories	325408	361.20	2.78%	
9	INE951I01027	V-Guard Industries Ltd	Industrial Capital Goods	203000	352.00	2.71%	
10	INE022I01019	Asian Granito India Ltd	Construction	87000	320.29	2.46%	
11	INE612J01015	Repco Home Finance Ltd	Finance	43975	308.57	2.37%	
12	INE246B01019	Ramco Systems Ltd	Software	80000	307.44	2.37%	
13	INE976A01021	West Coast Paper Mills Ltd	Paper	167421	293.49	2.26%	
14	INE026A01025	Gujarat State Fertilizers & Chemicals Ltd	Fertilisers	222626	291.64	2.24%	
15	INE048G01018	Navin Fluorine International Ltd	Chemicals	9500	289.11	2.22%	
16	INE227C01017	MM Forgings Ltd	Industrial Products	53047	286.56	2.20%	
17	INE536A01023	Grindwell Norton Ltd	Industrial Products	78316	278.37	2.14%	
18	INE930H01023	K.P.R. Mill Ltd	Textile Products	41542	274.16	2.11%	
19	INE752P01024	Future Retail Ltd	Retailing	102115	273.46	2.10%	
20	INE591G01017	NIIT Technologies Ltd	Software	61667	268.62	2.07%	
21	INE119A01028	Balrampur Chini Mills Ltd	Consumer Non Durables	181311	263.54	2.03%	
22	INE877F01012	PTC India Ltd	Power	279679	261.22	2.01%	
23	INE492A01029	Clariant Chemicals (India) Ltd	Chemicals	35914	257.99	1.99%	
24	INE074A01025	Praj Industries Ltd	Industrial Capital Goods	293032	234.57	1.80%	
25	INE939A01011	Strides Shasun Ltd	Pharmaceuticals	21117	231.97	1.78%	
26	INE405E01023	Minda Industries Ltd	Auto Ancillaries	50170	222.96	1.72%	
27	INE998I01010	Mahindra Holidays & Resorts India Ltd	Hotels, Resorts And Other Recreational Activities	51000	220.93	1.70%	
28	INE802G01018	Jet Airways (India) Ltd	Transportation	41012	215.68	1.66%	
29	INE041A01016	Dhampur Sugar Mills Ltd	Consumer Non Durables	95000	206.01	1.59%	
30	INE549A01026	Hindustan Construction Company Ltd	Construction Project	503960	199.32	1.53%	
31	INE578A01017	HeidelbergCEMENT India Ltd	Cement	150969	187.96	1.45%	
32	INE060A01024	Navneet Education Ltd	Media & Entertainment	110348	179.26	1.38%	
33	INE183A01016	Finolex Industries Ltd	Industrial Products	30000	173.69	1.34%	
34	INE791I01019	Brigade Enterprises Ltd	Construction	73700	170.65	1.31%	
35	INE782A01015	Johnson Controls - Hitachi Air Conditioning India Ltd	Consumer Durables	8745	158.40	1.22%	
36	INE201M01011	CL Educate Ltd	Diversified Consumer Services	42507	179.42	1.38%	
37	INE934S01014	GNA Axles Ltd	Auto Ancillaries	67471	147.69	1.14%	
38	INE705A01016	Vijaya Bank	Banks	209589	144.09	1.11%	
39	INE325A01013	Timken India Ltd	Industrial Products	22000	141.91	1.09%	
40	INE947Q01010	Laurus Labs Ltd	Pharmaceuticals	26256	135.53	1.04%	
41	INE852F01015	Gateway Distriparks Ltd	Transportation	50820	128.47	0.99%	
42	INE891D01026	Redington (India) Ltd	Trading	116496	128.20	0.99%	
43	INE442H01029	Ashoka Buildcon Ltd	Construction Project	55469	109.27	0.84%	
		Total for Equity & Equity Related				11298.61	86.93%
		(B) Money Market Instruments					
1		Reverse Repo			1732.00	13.33%	
2		CBLO			1.00	0.01%	
		Total for Money Market Instruments				1733.00	13.33%
		Cash and Other Net Current Assets				-34.84	-0.27%
		Grand Total				12996.77	100.00%

