

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 MICRO CAP SERIES II** as at 31/03/2018, which comprise the Balance Sheet, the Revenue Account for the Year then ended 31/03/2018 and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

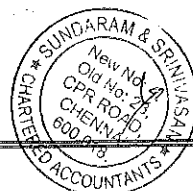
The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Sundaram Mutual Fund **SUNDARAM SELECT MICRO CAP SERIES II** in accordance with the Eleventh Schedule of Securities and Exchange Board 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.



SUNDARAM & SRINIVASAN

CHARTERED ACCOUNTANTS

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

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 SELECT MICRO CAP SERIES II** as at 31/03/2018.
- b. In the case of Revenue Account of the Surplus of Sundaram Mutual fund **SUNDARAM SELECT MICRO CAP SERIES II** for the Year ended on 31/03/2018.

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 : 29th June 2018


K.SRINIVASAN
Partner
Membership No. 5809



BALANCE SHEET AS AT 31st MARCH, 2018


DESCRIPTION	SCHEDULE NO.	31-Mar-18	31-Mar-17
		Rs.	Rs.
LIABILITIES			
Unit Capital	1	367,178,120	367,178,120
Reserves & Surplus	2	438,468,170	399,883,782
Current Liabilities & Provisions	3	1,006,190	1,933,846
		806,652,480	768,995,748
ASSETS			
Investments	4	805,305,877	763,039,502
Other Current Assets	5	1,346,603	5,956,246
		806,652,480	768,995,748

Notes on Accounts

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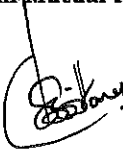

As per our Report of even date

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


K Srinivasan
Partner
(M.NO : 5809)



For
Sundaram Mutual Fund



Authorised Signatory

Place : Chennai
Date : 29th June 2018

REVENUE ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2018

Description	Sch No.	2017 - 18		2016 - 17	
		Rs.	Rs.	Rs.	Rs.
REVENUE					
Dividend		5,180,009		4,077,132	
Interest	6	1,306,688		1,010,466	
Net profit on transfer / sale of investments (Other than inter-scheme transfer/sale)		227,472,605		68,225,397	
Realised Gain on Derivative Transactions		1,420,359		346,290	
Other Income		6,863		4,687	
		235,386,524		73,663,972	
TOTAL (A)			235,386,524		73,663,972
EXPENSES					
Management Fees		19,095,794		16,467,851	
Service Tax / Goods & Service Tax on Management Fees		3,301,052		2,457,153	
Transfer Agents Fees & Expenses		40,830		-	
Custodian Fees		259,659		196,609	
Trusteeship Fees		42,409		35,960	
Commission to Agents		2,826,972		2,403,369	
Audit Fees		21,609		22,382	
Investor Education Fees		169,633		143,838	
Other Operating Expenses		17,700		19,375	
		25,775,658		21,746,537	
Less : Amount absorbed by AMC		533		-	
TOTAL (B)			25,775,125		21,746,537
SURPLUS / (DEFICIT) (A-B)			209,611,399		51,917,435
Less: Income Distributed		85,016,564		42,508,282	
Distribution Tax		-	85,016,564	-	42,508,282
Surplus / (Deficit) transferred to Balance Sheet			124,594,835		9,409,153

Notes on Accounts

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As per our Report of even date

For
Sundaram & Srinivasan
Chartered Accountants
(FRN.: 0042078)

For
Sundaram Mutual Fund

K Srinivasan
Partner
(M.NO : 5809)



Authorised Signatory



Place : Chennai
Date : 29th June 2018

SCHEDULE : 1**Unit Capital**

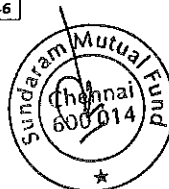
Description	31/03/2018		31/03/2017	
	Units	Rs.	Units	Rs.
Initial capital	36,717,812	367,178,120	36,717,812	367,178,120
Unit Capital				
Opening Capital	36,717,812	367,178,120	36,717,812	367,178,120
Add: Units sold during the Year	-	-	-	-
	36,717,812	367,178,120	36,717,812	367,178,120
Less : Units repurchased during the Year	-	-	-	-
Units at the end of the Year	36,717,812	367,178,120	36,717,812	367,178,120
		367,178,120		367,178,120

SCHEDULE : 2**Reserves & Surplus**

Description	31/03/2018		31/03/2017	
	Rs.	Rs.	Rs.	Rs.
General Reserve				
Opening Balance	149,518,330		140,109,177	
Add/(Less): Transfer from Revenue Account	124,594,835		9,409,153	
		274,113,165		149,518,330
Unrealised appreciation reserve				
Opening Balance	250,365,453		145,154,408	
Add/(Less): Net unrealized appreciation for the Year	(86,010,448)		105,211,045	
Unrealised Appreciation Reserve (Schedule 7)		164,355,005		250,365,453
		438,468,170		399,883,782

SCHEDULE : 3**Current Liabilities & Provisions**

Description	31/03/2018	31/03/2017
	Rs.	Rs.
Sundry Creditors	894,236	1,831,649
Contract for Purchase of Investments	101,701	-
Others - Rates & Taxes	10,253	102,197
	1,006,190	1,933,846



SCHEDULE : 4**Investments**

Description	31/03/2018	31/03/2017
	Rs.	Rs.
Equity Shares	772,268,244	756,739,502
Units of Domestic Mutual Fund	30,039,604	-
Others - Reverse Repo / CBLO	2,998,029	6,300,000
	805,305,877	763,039,502

SCHEDULE : 5**Other Current Assets**

Description	31/03/2018	31/03/2017
	Rs.	Rs.
Balance with banks in Current Accounts	443,294	308,752
Equity Derivative instrument account deposits for margin money	-	2,074,460
Contract for Sale of Investments	-	3,119,696
CBLO Margin Account	235,155	82,290
Repo Margin Account	306,600	370,073
Outstanding and accrued Income	361,554	975
	1,346,603	5,956,246

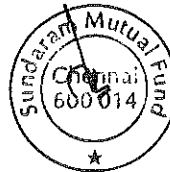


SCHEDULE : 6**Interest**

Description	2017 - 18	2016 - 17
	Rs.	Rs.
Interest from banks and others	1,306,688	1,010,466
	1,306,688	1,010,466

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

Description	31/03/2018	31/03/2017
	Rs.	Rs.
Appreciation in Value of Investments		
Equity Shares	164,315,401	250,365,453
Units of Domestic Mutual Fund	39,604	-
Appreciation in value of Investments (Schedule 2)	164,355,005	250,365,453



SUNDARAM MUTUAL FUND
SUNDARAM SELECT MICRO CAP SERIES II
Schedules forming part of the Balance Sheet as at 31-Mar-2018
and the Revenue Account for the Year ended 31-March-2018

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 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.
- In case of Options, premium received / paid is marked to market and the difference amount is treated as an asset / liability till the expiry of the position
- 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) Interest Income on debt or money market instruments is accounted on accrual basis.
- (iv) Other income is accounted on cash basis.
- (v) 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. When the option contracts are squared off before expiry, the difference between the premium paid and received on the squared off transactions is recognized in the revenue account. When the option contracts are exercised on or before expiry, the difference between the option settlement price as determined by the exchange and the premium is recognized in the revenue account. Premium asset / liability in respect of option not exercised / squared off as on expiry date is transferred to revenue account.

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

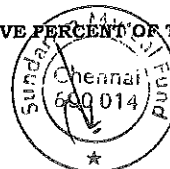
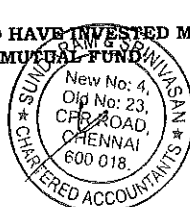
2 INVESTMENT MANAGER FEES

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

Description	2017 - 18	2016 - 17
Average daily net asset value	8,480.88	7,191.75
Management fee @ 2.25% of average daily net asset value. (Previous year 2.29%)	190.96	164.68

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	2017 - 18	2016 - 17
PURCHASE VALUE (AMOUNT)	4,810.90	1,306.24
%	56.73%	18.16%
SALES VALUE (AMOUNT)	5,769.84	1,934.65
%	68.03%	26.90%

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: 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	2017 - 18	2016 - 17
INCOME	27.75%	10.24%
EXPENDITURE#	3.04%	3.02%

#Total expenses includes Service Tax / Goods & Service Tax on management fees charged over and above the total expense ratio limits prescribed in the SEBI (Mutual Funds) Regulations, 1996. - Refer Annexure IX for Planwise Expense Ratio

7 CONTINGENT LIABILITY

Contingent liability as at 31st March 2018 is Rs. Nil. Previous year Rs. Nil

8 AMOUNT PAID TO SPONSORS / ASSOCIATES

	2017 - 18	2016 - 17
Sundaram BNP Paribas Fund Services Ltd (R & T)	0.41	-

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 DETAILS OF DERIVATIVE CONTRACTS OUTSTANDING AT THE YEAR END AND EXECUTED DURING THE YEAR

Margin account on futures amounting to Rs.Nil (Previous Year Rs.20.74 Lakhs) represent the margin towards future contracts and is disclosed under other current assets. Refer Annexure V for details of derivative contracts executed during the year.

11 PORTFOLIO DISCLOSURE

Full portfolio of the scheme is given in Annexure - III

12 MOVEMENT IN UNIT CAPITAL

As Per Schedule-I

13 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.

14 ACCOUNTING STANDARD 18 ON RELATED PARTY DISCLOSURES

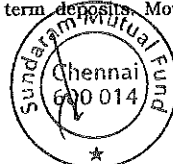
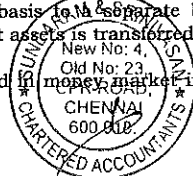
Related party disclosures as required by the Accounting Standard 18 - " Related Party Disclosures" issued by the Institute of Chartered Accountants of India are given as Annexure - IV

15 UNCLAIMED REDEMPTION AND UNCLAIMED DIVIDEND AMOUNT

The details of unclaimed redemption and unclaimed dividend are disclosed in Annexure VI.

16 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/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 and term deposits. Movement of IEAI balances are provided in Annexure VII.



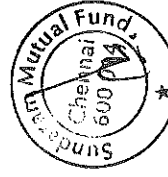
17 HISTORICAL PER UNIT STATISTICS

	2017 - 18				2016-17				2015-16											
	Rs.				Rs.				Rs.											
(A) Gross income																				
(i) income other than profit on sale of investment																				
(ii) income from profit on inter scheme sales/transfer of investments																				
(iii) income from profit on sale of investment to third parties																				
(B) Aggregate of expenses, write off, amortisation and charges																				
(C) Net income																				
(D) Net unrealised appreciation/(diminution) in value of investments																				
(E) Net Assets Value																				
(F) Highest repurchase price																				
Lowest repurchase price																				
Highest ongoing sale price																				
Lowest ongoing sale price																				
(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																				

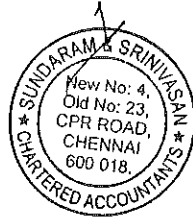
18 Computation of Distributable Income

	31.03.2018	31.03.2017
	Rs.	Rs.
Net Income as per revenue account	209,611,399	51,917,435
Add : Balance of Undistributed income as at 1st April brought forward	149,518,330	140,109,174
	359,129,729	192,026,609
Less : Income Distributed during the year	85,016,564	42,508,282
Distributable Income	274,113,165	149,518,330

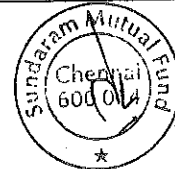
19 Previous year figures have been regrouped/reclassified wherever necessary to conform with the current year's classification.



ANNEXURE-II		
Sundaram Select Micro Cap Series II		
% of total investments within the classification		
	31-Mar-18	31-Mar-17
Equity Instruments		
(a) Listed / awaiting listing on Stock Exchange		
AUTO ANCILLARIES	3.36%	6.20%
CEMENT	7.50%	8.01%
CHEMICALS	8.45%	7.75%
CONSUMER DURABLES	10.73%	10.30%
FINANCE	8.43%	0.00%
INDUSTRIAL CAPITAL GOODS	2.90%	11.30%
INDUSTRIAL PRODUCTS	36.64%	30.70%
(b) Derivative		
STOCK FUTURE	0.00%	100.00%
Mutual Fund Units		
SUNDARAM MONEY FUND - DIRECT GROWTH	100.00%	0.00%



SUNDARAM MUTUAL FUND						
Sundaram Select Micro Cap Series II						
Portfolio Statement as at 31 March 2018						
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	INE536A01023	Grindwell Norton Ltd	Industrial Products	86558	436.90	5.42
2	INE999A01015	KSB Pumps Ltd	Industrial Products	50170	400.18	4.97
3	INE578A01017	HeidelbergCEMENT India Ltd	Cement	252243	359.19	4.46
4	INE325A01013	Timken India Ltd	Industrial Products	50847	358.70	4.45
5	INE782A01015	Johnson Controls - Hitachi Air Conditioning India Ltd	Consumer Durables	13921	349.45	4.34
6	INE373A01013	BASF India Ltd	Chemicals	15048	289.43	3.59
7	INE384A01010	Rane Holdings Ltd	Finance	11257	274.55	3.41
8	INE287B01021	Subros Ltd	Auto Ancillaries	88971	259.13	3.22
9	INE349A01021	NRB Bearing Ltd	Industrial Products	164743	253.37	3.14
10	INE386A01015	Vesuvius India Ltd	Industrial Products	19200	251.16	3.12
11	INE472A01039	Blue Star Ltd	Consumer Durables	29833	225.37	2.80
12	INE823G01014	JK Cement Ltd	Cement	21664	219.90	2.73
13	INE509A01015	DCB Bank Ltd	Banks	134916	217.96	2.71
14	INE280B01018	Elantas Beck India Ltd	Chemicals	10635	217.14	2.70
15	INE177A01018	Ingersoll Rand (India) Ltd	Industrial Products	32690	214.10	2.66
16	INE227C01017	MM Forgings Ltd	Industrial Products	20465	212.95	2.64
17	INE536H01010	Mahindra CIE Automotive Ltd	Industrial Products	95204	204.45	2.54
18	INE334L01012	Ujjivan Financial Services Ltd	Finance	52837	182.53	2.27
19	INE868B01028	NCC Ltd	Construction Project	143794	169.03	2.10
20	INE045A01017	Ador Welding Ltd	Industrial Products	39419	147.31	1.83
21	INE142I01023	Take Solutions Ltd	Software	86751	141.97	1.76
22	INE209A01019	Agro Tech Foods Ltd	Consumer Non Durables	21103	134.23	1.67
23	INE457F01013	Salzer Electronics Ltd	Industrial Capital Goods	65785	131.93	1.64
24	INE415A01038	HSIL Ltd	Consumer Durables	34942	129.70	1.61
25	INE686A01026	ITD Cementation India Ltd	Construction	80073	125.91	1.56



SUNDARAM MUTUAL FUND						
Sundaram Select Micro Cap Series II						
Portfolio Statement as at 31 March 2018						
26	INE834I01025	Khadim India Ltd	Consumer Durables	16957	123.90	1.54
27	INE312H01016	INOX Leisure Ltd	Media & Entertainment	44962	119.17	1.48
28	INE189801011	INEOS Styrolution India Ltd	Industrial Products	13542	116.06	1.44
29	INE199A01012	Merck Ltd	Pharmaceuticals	7194	108.13	1.34
30	INE296G01013	Muthoot Capital Services Ltd	Finance	14320	106.96	1.33
31	INE878801027	KEI Industries Ltd	Industrial Products	24610	94.75	1.18
32	INE717A01029	Kennametal India Ltd	Industrial Capital Goods	13013	92.30	1.15
33	INE284A01012	ESAB India Ltd	Industrial Products	12489	88.37	1.10
34	INE612J01015	Recco Home Finance Ltd	Finance	15528	87.32	1.08
35	INE488V01015	PSP Projects Ltd	Construction	17891	80.51	1.00
36	INE807K01035	S Chand and Company Ltd	Media & Entertainment	19413	79.70	0.99
37	INE863801011	Premier Explosives Ltd	Chemicals	23806	79.65	0.99
38	INE264T01014	Capacite Infraprojects Ltd	Construction	25671	77.67	0.96
39	INE470A01017	3M India Ltd	Commercial Services	400	77.65	0.96
40	INE260B01028	Godfrey Phillips India Ltd	Consumer Non Durables	8939	73.41	0.91
41	INE705A01016	Vijaya Bank	Banks	136511	71.05	0.88
42	INE942G01012	McLeod Russel India Ltd	Consumer Non Durables	48092	69.16	0.86
43	INE492A01029	Clariant Chemicals (India) Ltd	Chemicals	12340	66.09	0.82
44	INE274B01011	Monsanto India Ltd	Pesticides	2077	57.31	0.71
45	INE750A01020	Oriental Hotels Ltd	Hotels, Resorts And Other Recreational Activities	131406	54.86	0.68
46	INE570D01018	Arrow Greentech Ltd	Industrial Products	15916	51.32	0.64
47	INE324L01013	R.P.P. Infra Projects Ltd	Construction	15166	40.79	0.51
		Total for Equity & Equity Related			7722.68	95.86
		(B) Money Market Instruments				
		(a) Reverse Repo / CBLO				
1		CBLO			29.98	0.37
		Total for Money Market Instruments			29.98	0.37
		(C) Mutual Fund Units				
		(a) Investment in Mutual Fund Units				
1	INF903J01QF2	Sundaram Money Fund - Direct Growth	Mutual Fund Units	819963.375	300.40	3.73
		Total for Mutual Fund Units			300.40	3.73
		Cash and Other Net Current Assets			3.40	0.04
		Grand Total			8056.46	100.00

