

COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

Between
Sundaram Finance Limited
And
Sundaram Insurance Broking Services Limited
And
Infreight Logistics Solutions Limited
And
Sundaram BPO India Limited
And
Sundaram Finance Holdings Limited
(Formerly Sundaram Finance Investments Limited)
And
Their Respective Shareholders And Creditors
(As Amended on 29th May 2017)

PREAMBLE

A. Description of the Companies

- (a) Sundaram Finance Limited ('SFL' or 'Sundaram Finance') is a public company and a non-banking finance company registered with the Reserve Bank of India, primarily engaged in providing finance for purchase of commercial vehicles, cars, multi-utility vehicles, construction equipment, farm equipment and working capital. It is also engaged in the distribution of financial products like insurance, home loans, mutual funds, deposits, etc. The equity shares of SFL are listed on the National Stock Exchange of India Limited. The Company has its registered office at 21, Patullos Road, Chennai 600 002.
- (b) Sundaram Insurance Broking Services Limited ('SIBSL') is an unlisted public company and a wholly owned subsidiary of Sundaram Finance Limited, which was incorporated for engaging in the business of insurance broking for all kinds of insurable perils including life, medical and other forms general insurance. The Company has its registered office at 21, Patullos Road, Chennai 600 002.
- (c) Infreight Logistics Solutions Limited ('Infreight') is an unlisted public company and a wholly owned subsidiary of Sundaram Finance Limited which was engaged in logistics services and solutions. The Company has its registered office at 21, Patullos Road, Chennai 600 002.
- (d) Sundaram BPO India Limited ('Sundaram BPO') is an unlisted public company and a subsidiary of SFL. It is engaged in the business of carrying on business process outsourcing services, call centres, contact centres and other activities relating to information technology enabled services in areas of accounting, insurance, banking, human resources, health care, legal, telecom etc. The Company has its registered office at 21, Patullos Road, Chennai 600 002.
- (e) Sundaram Finance Holdings Limited ('SFHL') is an unlisted public company and a wholly owned subsidiary of SFL, engaged in the business of making all types of investments. The Company has its registered office at 21, Patullos Road, Chennai 600 002.

B. Purpose of the Scheme

It is proposed to:

- Merge SIBSL and Infreight ('the Transferor Companies') into SFL;
- Demerge the shared services business of Sundaram BPO into SFL and then
- Demerge non-core business activities of SFL into SFHL.

C. Rationale of the Scheme

The amalgamation of the Transferor Companies into SFL would:

Bring about operational efficiencies and reduction of administrative and managerial overheads as well as multiplicity of legal compliances.

The demerger of the shared services division of Sundaram BPO into SFL would:

Facilitate the consolidation of the shared services activities / business carried on by Sundaram BPO to group companies along with similar services rendered by SFL for the purpose of achieving administrative efficiencies and economies of scale while servicing such group companies.

Enable maintenance of an optimal shareholding structure.

The demerger of non-core business activities of SFL into SFHL (which would include the consolidated shared services business) would:

Unlock the value of the non-core business, including investments in non-financial services related businesses, to maximize shareholders' wealth.

Create a platform for shareholders to participate in the growth prospects of the non-core investments/business.

Enable the attribution of appropriate risk and valuation to the concerned businesses based on its risk-return profile and cash flows;

Ensure dedicated leadership and management in respect of the core and non-core businesses;

Provide greater visibility on the performance of the businesses;

Ring fence the core and non-core activities;

Facilitate investments by strategic players; and

Facilitate effective provisioning of shared services to group companies as well as affiliates.

In view of the aforesaid, the Board of Directors of all the above Companies have considered and proposed this Composite Scheme of Arrangement and Amalgamation under the provisions of Sections 230 to 232 of the Companies Act, 2013.

D. Parts of the Scheme

The Scheme is divided into the following parts:

1. PART A which deals with definition, date of taking effect & share capital.
2. PART B which deals with amalgamation of Transferor Companies with SFL.
3. PART C which deals with demerger and vesting of the shared services division of Sundaram BPO into SFL.
4. PART D which deals with demerger and vesting of non-core business activities of SFL into SFHL.
5. PART E which deals with General terms and conditions.

PART A - DEFINITION, DATE OF TAKING EFFECT & SHARE CAPITAL

1. DEFINITIONS

In this scheme, unless inconsistent with the subject, the following expression shall have the meanings respectively assigned against them:

- 1.1 "Act" means the Companies Act, 2013 and shall include any statutory modification, re-enactment or amendments thereof for the time being in force.
- 1.2 "Appointed Date" means:
 - 1.2.1 For the purpose of Parts B and C of this Scheme, the opening hours of business on 01 April 2016.
 - 1.2.2 For the purpose of Part D of this Scheme, 01 April 2016, after giving effect to Parts B and C of the Scheme.
- 1.3 'Board' means the Board of Directors of any of the parties to the Scheme, as the context may require, and shall include any committee thereof.
- 1.4 "Charter Documents" means Memorandum of Association and Articles of Association.
- 1.5 "Core Business" means the non-banking financial services business of SFL including allied businesses such as distribution of financial products like insurance, home loans, mutual funds, deposits etc. and investments in companies engaged in insurance, home finance, asset management and trusteeship services, fund services, credit information services and other financial services.
- 1.6 "Demerged Company" or "Transferee Company" means Sundaram Finance Limited having its registered office at 21, Patullos Road, Chennai 600 002.
- 1.7 "Demerger" shall have the same meaning as defined under section 2(19AA) of the Income Tax Act, 1961.
- 1.8 "Effective Date" means the last of the dates on which the conditions specified in Clause 42(Part E) of this Scheme are fulfilled with respect to the Scheme. Any references in this Scheme to "upon the Scheme becoming effective" shall mean the "Effective Date";

- 1.9 "NCLT" or "Tribunal" means the National Company Law Tribunal as constituted as per the relevant provisions of the Companies Act, 2013 at Chennai for approving any scheme of arrangement, compromise or reconstruction of companies.
- 1.10 "Non-Core Business" means identified business activities undertaken by SFL other than Core Business and shall include the training services rendered by SFL and the Sundaram BPO Demerged Undertaking vested in it pursuant to Part C of this Scheme.
- 1.11 "Record Date" means:
For the Purposes of Part D of the Scheme, such date to be mutually fixed by the Board of Directors of the Resulting Company and SFL or any committee / person duly authorised by the Board of Directors, after the Effective Date, to determine the members of the Demerged Company to whom equity shares of the Resulting Company will be allotted pursuant to Part D of this Scheme.
- 1.12 "Remaining Undertaking of SFL" means all business and undertaking of SFL other than the SFL Demerged Undertaking.
- 1.13 "Remaining Undertaking of Sundaram BPO" means all business and undertaking of Sundaram BPO other than the Sundaram BPO Demerged Undertaking.
- 1.13.1 "Resulting Company" means Sundaram Finance Holdings Limited, an unlisted public company having its registered office at 21, Patullos Road, Chennai 600 002.
- 1.14 "Scheme" or "the Scheme" or "this Scheme" means this Composite Scheme of Arrangement and Amalgamation in its present form or with any modification(s) as approved or directed by the Tribunal.
- 1.15 "Shared Services Business" shall mean the services in the nature of information technology enabled services in areas of accounting, insurance, banking, human resources, health care, legal, telecom etc. and administrative, managerial, maintenance, document processing, data entry, reconciliation, training & orientation and other support services to SFL and its affiliates/group concerns.
- 1.16 "Sundaram BPO Demerged Undertaking" shall mean the undertaking of Sundaram BPO that is engaged in Shared Services Business and all related activities as a going concern and shall include (without limitation) the following:
- (a) All the assets and properties of Sundaram BPO as on the Appointed Date (hereinafter referred to as "the said assets") pertaining to the Sundaram BPO Demerged Undertaking;
 - (b) All the debts, liabilities, duties and obligations including contingent liabilities of Sundaram BPO pertaining to the Sundaram BPO Demerged Undertaking;
 - (c) Without prejudice to the generality of above, the Sundaram BPO Demerged Undertaking shall include the movable and immovable properties including land and building, plant and machinery, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance (to the extent as may be required by the Board), investments, claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorisations, trademarks, trade names, labels, brands including patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail telephones, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverables and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax etc, unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Sundaram BPO Demerged Undertaking.
 - (d) all permanent employees and / or labour employed on contractual basis engaged in or in relation to the Sundaram BPO Demerged Undertaking as on the Effective Date;
 - (e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, records of standard operating procedures, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the Sundaram BPO Demerged Undertaking.

Explanation A: Whether any particular asset or employee should be included as asset or employee of the Sundaram BPO Demerged Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of SFL and Sundaram BPO.

Explanation B: For the purpose of this Scheme, it is clarified that liabilities pertaining to the Sundaram BPO Demerged Undertaking shall comprise of the following:

- (a) The liabilities, which arise out of the activities or operations of Sundaram BPO Demerged Undertaking;
- (b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the Sundaram BPO Demerged Undertaking;
- (c) Liabilities, if any, other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the Remaining Undertaking of Sundaram BPO, being the amounts of general or multipurpose borrowings of Sundaram BPO shall be allocated to the Sundaram BPO Demerged Undertaking in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of Sundaram BPO immediately before giving effect to this Scheme. The parties shall mutually agree upon the identification of the liabilities to be transferred to SFL as liabilities pertaining to the Sundaram BPO Demerged Undertaking.

Explanation C: Any question that may arise as to whether a specified liability pertains or does not pertain to the Sundaram BPO Demerged Undertaking or whether it arises out of the activities or operations of Sundaram BPO Demerged Undertaking shall be decided by mutual agreement between the Board of Directors or any Committee thereof of Sundaram BPO and SFL.

1.17 "SFL Demerged Undertaking" shall mean the undertaking of SFL that is engaged in Non-Core Business and all related activities as a going concern and shall include (without limitation) the following:

- (a) All the assets and properties of SFL as on the Appointed Date (hereinafter referred to as "the said assets") pertaining to the SFL Demerged Undertaking;
- (b) All the debts, liabilities, duties and obligations including contingent liabilities of SFL pertaining to the SFL Demerged Undertaking;
- (c) Without prejudice to the generality of above, the SFL Demerged Undertaking may include the movable and immovable properties including land and building viz. (a) Land and Building at Kodaikanal forming part of Survey No.98 and 98/3B [New Survey Nos. 9/3B1B and 98/3B1C] (b) Land and Building at Chamiers Road, Mylapore, Chennai - 600 028 forming part of Survey Nos. 3934,3935,3941,3942 and 3949 (c) Land and Building at Poonamalle Village, Sriperumbudur Taluk forming part of Survey Nos. 230, 232/1B2, 232/2, 264, 267/1 and 268; plant and machinery, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance (to the extent as may be required by the Board), investments viz. investments in (a) The Dunes Oman LLC (FZC); (b) Flometallic India Pvt Ltd; (c) Axles India Ltd; (d) Transenergy Ltd; (e) Sundaram Hydraulics Limited; (f) Sundaram Dynacast Private Limited; (g) Turbo Energy Private Limited; (h) India Motor Parts and Accessories Limited; (i) Sundaram Clayton Ltd; (j) Wheels India Limited; (k) Brakes India Private Limited; (l) Lucas-TVS Limited; (m) Delphi TVS Diesel Systems Limited; (n) TVS Investments Ltd; (o) Vishnu Forge Industries Limited; (p) Techtran Polylenes Limited; (q) Sundaram Business Services Limited; (r) Sundaram BPO India Limited], claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorisations, trademarks, trade names, labels, brands including patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail telephones, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverables and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax etc, unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the SFL Demerged Undertaking.
- (d) all permanent employees and / or labour employed on contractual basis, engaged in or in relation to the SFL Demerged Undertaking as on the Effective Date;

- (e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, records of standard operating procedures, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the SFL Demerged Undertaking.

Explanation A: Whether any particular asset or employee should be included as asset or employee of the SFL Demerged Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of SFL and the Resulting Company.

Explanation B: For the purpose of this Scheme, it is clarified that liabilities pertaining to the SFL Demerged Undertaking shall comprise of the following:

- (a) The liabilities, which arise out of the activities or operations of SFL Demerged Undertaking;
- (b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the SFL Demerged Undertaking;
- (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the Remaining Undertaking of SFL, being the amounts of general or multipurpose borrowings of SFL shall be allocated to the SFL Demerged Undertaking in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of SFL immediately before giving effect to this Scheme. The parties shall mutually agree upon the identification of the liabilities to be transferred to the Resulting Company as liabilities pertaining to the SFL Demerged Undertaking.

Explanation C: Any question that may arise as to whether a specified liability pertains or does not pertain to the SFL Demerged Undertaking or whether it arises out of the activities or operations of SFL Demerged Undertaking shall be decided by mutual agreement between the Board of Directors or any Committee thereof of SFL and the Resulting Company.

For the avoidance of doubt, it is hereby clarified that all borrowings in SFL pertain / relate to the Core business.

1.18 "SFL Equity Shares" shall mean the equity shares of SFL having a par value of Rs. 10/- each and having one vote each.

1.19 "SFL Equity Shareholders" shall mean the shareholders of SFL holding SFL Equity Shares.

1.20 "Transferor Companies" means SIBSL and Infreight.

1.21 All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act, the Securities Contract Regulations Act, 1956, the Securities and Exchange Board of India Act, 1992, the Depositories Act, 1996 and other applicable laws, rules, regulations, bye-laws, as the case may be or any statutory modifications or re-enactment thereof from time to time.

2. DATE OF TAKING EFFECT AND OPERATIVE DATE

The Scheme set out herein in its present form or with any modification(s) approved or imposed or directed by the Tribunal, shall be effective from the Appointed Date but shall be operative from the Effective Date.

3. SHARE CAPITAL

3.1 The share capital of Sundaram Finance Limited as at 31 March 2016 was as under:

Share Capital	Amount in Rs.
Authorised Share Capital 25,00,00,000 Equity Shares of Rs.10/- each	2,50,00,00,000
Issued, subscribed and paid-up Share Capital 11,11,03,860 Equity Shares of Rs.10/- each	1,11,10,38,600

There has been no change in the capital structure of SFL subsequently.

3.2 The share capital of Sundaram Insurance Broking Services Limited as at 31 March 2016 was as under:

Share Capital	Amount in Rs.
Authorised Share Capital 10,00,000 Equity shares of face value of Rs.10/- each	1,00,00,000
Issued, subscribed and paid-up Share Capital 5,00,000 Equity shares of face value of Rs.10/- each	50,00,000

The entire equity share capital of SIBSL is held by SFL. There has been no change in the capital structure of SIBSL subsequently.

3.3 The share capital of Infreight Logistics Solutions Limited as at 31 March 2016 was as under:

Share Capital	Amount in Rs.
Authorised Share Capital 1,01,00,000 Equity Shares of Rs.10/- each	10,10,00,000
Issued, subscribed and paid-up Share Capital 56,11,200 Equity Shares of Rs.10/- each	5,61,12,000

The entire share capital of Infreight is held by SFL. There has been no change in the capital structure of Infreight subsequently.

3.4 The share capital of Sundaram BPO India Limited as at 31 March 2016 was as under:

Share Capital	Amount in Rs.
Authorised Share Capital 1,52,50,000 Equity Shares of Rs. 10/- each	15,25,00,000
Issued, subscribed and paid-up Share Capital 89,51,259 Equity Shares of Rs.10/- each	8,95,12,590

The equity share capital of Sundaram BPO is held by SFL and the Resulting Company in the proportion of 84.25% and 15.75% respectively. There has been no change in the capital structure of Sundaram BPO subsequently.

3.5 The share capital of Sundaram Finance Holdings Limited as at 31 March 2016 was as under:

Share Capital	Amount in Rs.
Authorised Share Capital 30,00,000 Equity shares of face value of Rs. 10/- each	3,00,00,000
Issued, subscribed and paid-up Share Capital 5,00,000 Equity shares of face value of Rs. 10/- each	50,00,000

The Share capital has subsequently been increased as under:

Share Capital	Amount in Rs.
Authorised Share Capital 2,50,00,000 Equity shares of face value of Rs. 10/-each	25,00,00,000
Issued, subscribed and paid-up Share Capital 2,00,00,000 Equity shares of face value of Rs. 10/- each	20,00,00,000

The entire equity share capital of SFHL is held by SFL.

PART B - AMALGAMATION OF TRANSFEROR COMPANIES WITH SFL

4. TRANSFER AND VESTING OF UNDERTAKING OF TRANSFEROR COMPANIES

This Part of the Scheme has been drawn up to comply with the conditions relating to "amalgamation" as specified under Section 2(1B) of the Income-tax Act, 1961. If any terms or provisions of the Scheme is/are inconsistent with the provisions of Section 2(1B) of the Income-tax Act, 1961, the provisions of Section 2(1B) of the Income-tax Act, 1961 shall prevail and the Scheme shall stand modified to the extent necessary to comply with Section 2(1B) of the Income-tax Act, 1961, such that the modification does not affect other parts of the Scheme.

With effect from the Appointed Date and upon coming into effect of the Scheme, the entire business and undertaking of the Transferor Companies shall in accordance with Section 2(1B) of the Income-tax Act, 1961, stand transferred to and be vested in or deemed to be transferred to and vested in SFL, as a going concern.

Without prejudice to the generality of the above said Clause:

- 4.1 With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the Transferor Companies, shall, pursuant to the provisions contained in Sections 230 to 232 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in SFL so as to vest in SFL all rights, title and interest pertaining to the Transferor Companies.
- (i) All the movable assets pertaining to the Transferor Companies, which are capable of being physically transferred including cash on hand, shall be physically handed over by delivery to SFL to the end and intent that the property therein passes to SFL. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of Transferor Companies and SFL;
 - (ii) In respect of other assets pertaining to the Transferor Companies including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, SFL may issue notices stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of SFL as the person entitled thereto, to the end and intent that the right of the Transferor Companies to receive, recover or realize the same, stands transferred to SFL and that appropriate entries should be passed in their respective books to record the aforesaid changes;

- (iii) all immovable properties (including land together with the buildings and structures standing thereon) of the Transferor Companies whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in SFL, without any act or deed done by the Transferor Companies or SFL. With effect from the Appointed Date, SFL shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of SFL shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Tribunal and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on the part of SFL;
 - (iv) In respect of such of the assets belonging to the Transferor Companies other than those referred to in clauses (i) to (iii), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in SFL on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.
- 4.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description of the Transferor Companies under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to SFL, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of SFL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.
- 4.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by the Transferor Companies shall stand vested in or transferred to SFL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of SFL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to SFL as if they were originally obtained by SFL. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by the Transferor Companies, are concerned, the same shall vest with and be available to SFL on the same terms and conditions as applicable to the Transferor Companies, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to SFL.
- 4.4 The transfer and vesting of the entire business and undertaking of the Transferor Companies as aforesaid shall be subject to the existing securities, charges, mortgages, if any, in respect of any assets of the Transferor Companies.
- Provided always that the Scheme shall not operate to enlarge the security for any loan, deposit or facility availed of by the Transferor Companies and SFL shall not be obliged to create any further or additional security thereof after the Effective Date or otherwise.

5. CONSIDERATION

- 5.1 Since the entire share capital of the Transferor Companies are held by SFL, no shares or consideration shall be issued / payable by SFL pursuant to this Part of the Scheme.
- 5.2 The entire share capital of the Transferor Companies shall stand cancelled.

6. ACCOUNTING TREATMENT IN THE BOOKS OF SFL

- 6.1 Upon the Scheme becoming effective and from the Appointed Date, the amalgamation of the Transferor Companies with SFL shall be accounted as per the purchase method of accounting specified in Accounting Standard 14 issued by the Institute of Chartered Accountants of India.
- 6.2 Inter-company balances and investments shall stand cancelled.
- 6.3 The difference between the value of assets and liabilities recorded pursuant to Clause 6.1 and the value of investment in the Transferor Companies as reflected in the books of SFL shall be debited to Goodwill or credited to Capital Reserve as the case may be.
- 6.4 In case of any differences in accounting policy between SFL and the Transferor Companies, the accounting policies, as may be directed by the Board of Directors of SFL will prevail and the difference till the Appointed Date will be quantified and adjusted in the General Reserve Account or any other reserve as may be determined by the Board of Directors of SFL, to ensure that the financial statements of SFL reflect the financial position on the basis of consistent accounting policy.

7. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

- 7.1 The Transferor Companies shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for SFL. The Transferor Companies hereby undertake to hold the said assets with utmost prudence until the Effective Date.

- 7.2 With effect from the Appointed Date, all the profits or income accruing or arising to the Transferor Companies or expenditure or losses arising to or incurred by the Transferor Companies, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of SFL.
- 7.3 The Transferor Companies shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of SFL, alienate, charge, mortgage, encumber or otherwise deal with or dispose any asset except in respect of activities in the ordinary course of business.
- 7.4 The Transferor Companies shall not vary the terms and conditions of service of the employees or conclude settlements with unions or employees, except in the ordinary course of business or consistent with past practice or pursuant to any pre-existing obligation without the prior written consent of the Board of Directors of SFL.

8. DECLARATION OF DIVIDEND

- 8.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent SFL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.
- 8.2 The Transferor Companies shall not utilize the profits or income, if any, for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of SFL.

9. LEGAL PROCEEDINGS

- 9.1 All legal proceedings of whatsoever nature by or against the Transferor Companies pending and/or arising before the Effective Date, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against SFL, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies.
- 9.2 SFL shall have all legal or other proceedings initiated by or against the Transferor Companies transferred into its name and to have the same continued, prosecuted and enforced by or against SFL.

10. CONTRACTS, DEEDS, ETC.

- 10.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date, shall continue in full force and effect against or in favour of SFL and may be enforced effectively by or against SFL as fully and effectually as if, instead of the Transferor Companies, SFL had been a party thereto.
- 10.2 SFL, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which the Transferor Companies are a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. SFL shall be deemed to be authorised to execute any such writings on behalf of the Transferor Companies and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of the Transferor Companies.

11. SAVING OF CONCLUDED TRANSACTIONS

The transfer of assets, properties and liabilities above and the continuance of proceedings by or against SFL above shall not affect any transaction or proceedings already concluded in or by the Transferor Companies, on or after the Appointed Date till the Effective Date, to the end and intent that SFL accepts and adopts all acts, deeds and things done and executed by the Transferor Companies, in respect thereto as done and executed on its behalf.

12. STAFF, WORKMEN & EMPLOYEES

- 12.1 Upon the Scheme becoming effective, all employees of the Transferor Companies and who are in such employment as on the Effective Date shall become the employees of SFL from the Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by the Transferor Companies and without any interruption of or break in service as a result of the amalgamation of the Transferor Companies.
- 12.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits (collectively referred to as the "Funds") created by the Transferor Companies for its employees is concerned, the Funds and such of the investments made by the Funds that are being transferred in terms of this Scheme shall be held for their benefit pursuant to this Scheme. The Funds shall, subject to the necessary approvals and permissions and at the discretion of SFL, either be continued as separate funds of SFL for the benefit of the employees of the Transferor Companies or be transferred to and merged with other similar funds of SFL. It is clarified that the services of the employees of the Transferor Companies will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

13. TAX CREDITS

- 13.1 SFL will be the successor of the Transferor Companies. Hence, it will be deemed that the benefit of any tax credits, whether central, state or local, availed by the Transferor Companies and the obligations if any for payment of the tax on any assets of the Transferor Companies shall be deemed to have been availed by SFL or as the case may be deemed to be the obligations of SFL. Consequently, and as the Scheme does not contemplate removal of any asset by SFL from the premises in which it is installed, no reversal of any tax credit needs to be made.
- 13.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by the Transferor Companies including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of SFL.
- 13.3 SFL is expressly permitted to revise its tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, minimum alternate tax ('MAT) credit, excise and service tax credits, set off, etc., on the basis of the accounts of the Transferor Companies as vested with SFL upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

14. AUTHORISED SHARE CAPITAL OF SFL

- 14.1 Upon the Scheme becoming fully effective, the authorised share capital of the Transferor Companies shall stand combined with the authorised share capital of SFL. Filing fees and stamp duty, if any, paid by the Transferor Companies on their respective authorised share capital, shall be deemed to have been so paid by SFL on the combined authorised share capital and accordingly, SFL shall not be required to pay any fee/ stamp duty for its increased authorised share capital.
- 14.2 Clause V of the Memorandum of Association of SFL shall, without any further act, instrument or deed, be and stand altered suitably to reflect the aforesaid increase in authorised share capital.
- 14.3 Article 3(i) of the Articles of Association of SFL shall, upon the Scheme becoming effective and without any further act or deed, be deleted and replaced with the following clause:
'The Authorised Capital of the Company shall be as stated in the Memorandum of Association of the Company from time to time.'
- 14.4 The alteration of the authorised share capital as aforesaid in sub-clauses 14.2, shall be effected as a part of the Scheme only and approval/consent to the Scheme by shareholders of SFL and NCLT shall be deemed to be due compliance of the relevant provisions of the Act for alteration of the share capital clause in the Memorandum of Association and Articles of Association of SFL.

15. WINDING UP OF TRANSFEROR COMPANIES

- 15.1 On and from the Effective Date, the Transferor Companies shall stand dissolved without being wound up.
- 15.2 On and with effect from the Effective Date, the name of the Transferor Companies shall be struck off from the records of the Registrar of Companies, Chennai.

PART C – DEMERGER OF SUNDARAM BPO DEMERGED UNDERTAKING

16. TRANSFER AND VESTING OF SUNDARAM BPO DEMERGED UNDERTAKING

The provisions of this Part of the Scheme have been drawn up to comply with the conditions relating to "Demerger" as defined under Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of this Scheme are found or interpreted to be inconsistent with the provisions of Section 2(19AA) of the Income Tax Act, 1961 at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of Section 2(19AA) of the Income Tax Act, 1961 shall prevail and this Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961. Such modifications will however, not affect the other parts of this Scheme.

With effect from the Appointed Date, the Sundaram BPO Demerged Undertaking shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and be vested in or deemed to be transferred to and vested in SFL, as a going concern and in the following manner:

- 16.1 With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the Sundaram BPO Demerged Undertaking, shall, pursuant to the provisions contained in Sections 230 to 232 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in SFL so as to vest in SFL all the rights, liabilities, properties, title and interest pertaining to the Sundaram BPO Demerged Undertaking.
- (i) All the movable assets pertaining to the Sundaram BPO Demerged Undertaking, which are capable of being physically transferred including cash on hand, shall be physically handed over by delivery to SFL to the end and intent that the property therein passes to SFL. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of SFL and Sundaram BPO.

- (ii) In respect of other assets pertaining to the Sundaram BPO Demerged Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, Sundaram BPO shall, on being so requested by SFL, issue notices in such form as SFL may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, SFL as the person entitled thereto, to the end and intent that the right of Sundaram BPO to receive, recover or realize the same, stands transferred to SFL and that appropriate entries should be passed in their respective books to record the aforesaid changes.
- (iii) all immovable properties (including land together with the buildings and structures standing thereon) of Sundaram BPO relating to the Sundaram BPO Demerged Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in SFL, without any act or deed done by Sundaram BPO or SFL. With effect from the Appointed Date, SFL shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of SFL shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Tribunal and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on the part of SFL.
- (iv) In respect of such of the assets belonging to the Sundaram BPO Demerged Undertaking other than those referred to in clauses (i) to (iii), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in SFL on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

16.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description of Sundaram BPO pertaining to the Sundaram BPO Demerged Undertaking under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to SFL, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of SFL and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the Sundaram BPO Demerged Undertaking are securities for liabilities of the Sundaram BPO Remaining Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets retained by Sundaram BPO and shall cease to operate against any of the assets transferred to SFL in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

In so far as any assets comprised in the Sundaram BPO Remaining Undertaking are secured, charged, hypothecated or mortgaged in respect of liabilities of the Sundaram BPO Demerged Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets transferred to SFL and shall cease to operate against any of the assets retained in SFL in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

16.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by Sundaram BPO required to carry on operations of the Sundaram BPO Demerged Undertaking shall stand vested in or transferred to SFL without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of SFL and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to SFL as if they were originally obtained by SFL. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by Sundaram BPO relating to the Sundaram BPO Demerged Undertaking, are concerned, the same shall vest with and be available to SFL on the same terms and conditions as applicable to Sundaram BPO, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to SFL.

16.4 The transfer and vesting of the Sundaram BPO Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and

assets or any part thereof relating to the Sundaram BPO Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Sundaram BPO Demerged Undertaking.

- 16.5 It is clarified that if any assets, estate, claims, rights, title, interest in, or authorities relating to such assets or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever in relation to any of the Sundaram BPO Demerged Undertaking which Sundaram BPO owns or to which Sundaram BPO is a party and which cannot be transferred to SFL for any reason whatsoever, Sundaram BPO may hold such assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of SFL to which the Sundaram BPO Demerged Undertaking is being transferred in terms of this scheme, in so far as it is permissible so to do, till such time as the transfer is effected.
- 16.6 It is hereby clarified that the transfer and vesting of the Sundaram BPO Demerged Undertaking shall be on a going concern basis.

17. CONSIDERATION

Since the entire share capital of Sundaram BPO is held by SFL and its wholly owned subsidiary, no shares or consideration shall be issued / payable by SFL pursuant to this Part of the Scheme.

18. ACCOUNTING TREATMENT IN THE BOOKS OF SFL

- 18.1 Upon the Scheme becoming effective and from the Appointed Date, SFL shall record the assets and liabilities pertaining to the Sundaram BPO Demerged Undertaking at their respective book values as appearing in the Sundaram BPO's books as at the Appointed Date.
- 18.2 The difference between the value of assets and liabilities recorded pursuant to Clause 18.1 above, shall be debited to Goodwill or credited to Capital Reserve as the case may be.
- 18.3 It is hereby clarified that all transactions during the period between the Appointed Date and Effective Date relating to the Sundaram BPO Demerged Undertaking would be duly reflected in the financial statements of SFL upon this Scheme coming into effect.
- 18.4 In case of any differences in accounting policy between Sundaram BPO and SFL, the accounting policies, as may be directed by the Board of Directors of SFL will prevail and the difference till the Appointed Date will be quantified and adjusted in the General Reserve Account or any other reserve as may be determined by the Board of Directors of SFL, to ensure that the financial statements of SFL reflect the financial position on the basis of consistent accounting policy.

19. ACCOUNTING TREATMENT IN THE BOOKS OF SUNDARAM BPO

- 19.1 Upon the Scheme becoming effective and from the Appointed Date, Sundaram BPO shall reduce from its books, the book value of assets and liabilities transferred as part of the Sundaram BPO Demerged Undertaking to SFL, pursuant to the Scheme.
- 19.2 The difference in the book value of assets and the book value of liabilities transferred pursuant to the Scheme shall be debited against the Capital Reserve and General Reserve to the extent of available balances and the balance amount against 'balance in Profit and Loss Account'.

20. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

- 20.1 Sundaram BPO in respect of the Sundaram BPO Demerged Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for SFL. Sundaram BPO hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- 20.2 With effect from the Appointed Date, all the profits or income accruing or arising to Sundaram BPO in respect of the Sundaram BPO Demerged Undertaking or expenditure or losses arising to or incurred by Sundaram BPO in respect of the Sundaram BPO Demerged Undertaking, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of SFL.
- 20.3 Sundaram BPO in respect of the Sundaram BPO Demerged Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of SFL, alienate, charge, mortgage, encumber or otherwise deal with or dispose off the Sundaram BPO Demerged Undertaking or any part thereof except in respect of activities in the ordinary course of business nor shall it undertake any new businesses within the Sundaram BPO Demerged Undertaking or a substantial expansion of Sundaram BPO Demerged Undertaking.

21. DECLARATION OF DIVIDEND

- 21.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent SFL from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.
- 21.2 Sundaram BPO shall not utilize the profits or income, if any, relating to the Sundaram BPO Demerged Undertaking for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of SFL.

22. LEGAL PROCEEDINGS

- 22.1 All legal proceedings of whatsoever nature by or against Sundaram BPO pending and/or arising before the Effective Date and relating to the Sundaram BPO Demerged Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against SFL, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against Sundaram BPO.
- 22.2 After the Effective Date, if any proceedings are taken against Sundaram BPO in respect of the matters referred to in the sub-clause 22.1 above, it shall defend the same at the cost of SFL, and SFL shall reimburse and indemnify Sundaram BPO against all liabilities and obligations incurred by Sundaram BPO in respect thereof.
- 22.3 SFL undertakes to have all respective legal or other proceedings initiated by or against Sundaram BPO referred to in Clauses 22.1 or 22.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against SFL as the case may be, to the exclusion of Sundaram BPO.

23. CONTRACTS, DEEDS, ETC.

- 23.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the Sundaram BPO Demerged Undertaking, shall continue in full force and effect against or in favour of SFL and may be enforced effectively by or against SFL as fully and effectually as if, instead of Sundaram BPO, SFL had been a party thereto.
- 23.2 SFL, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which Sundaram BPO is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. SFL shall be deemed to be authorised to execute any such writings on behalf of Sundaram BPO and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of Sundaram BPO.

24. SAVING OF CONCLUDED TRANSACTIONS

The transfer of assets, properties and liabilities above and the continuance of proceedings by or against SFL above shall not affect any transaction or proceedings already concluded in Sundaram BPO, in relation to the Sundaram BPO Demerged Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that SFL accepts and adopts all acts, deeds and things done and executed by Sundaram BPO, in relation to the Sundaram BPO Demerged Undertaking in respect thereto as done and executed on their behalf.

25. STAFF, WORKMEN & EMPLOYEES.

- 25.1 Upon the Scheme becoming effective, all employees of Sundaram BPO engaged in or in relation to the Sundaram BPO Demerged Undertaking and who are in such employment as on the Effective Date shall become the employees of SFL from the Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by Sundaram BPO and without any interruption of or break in service as a result of the transfer of the Sundaram BPO Demerged Undertaking.
- 25.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits (collectively referred to as the "Funds") created by Sundaram BPO for the employees related to the Sundaram BPO Demerged Undertaking is concerned, the Funds and such of the investments made by the Funds which are relatable to the employees related to the Sundaram BPO Demerged Undertaking which are being transferred in terms of this Scheme shall be held for their benefit pursuant to this Scheme. The Funds shall, subject to the necessary approvals and permissions and at the discretion of SFL, either be continued as separate funds of SFL for the benefit of the employees related to Sundaram BPO Demerged Undertaking or be transferred to and merged with other similar funds of SFL. It is clarified that the services of the employees of the Sundaram BPO Demerged Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.
- 25.3 Any question that may arise as to whether any employee belongs to or does not belong to the Sundaram BPO Demerged Undertaking shall be decided by the Board of Directors or Committee thereof of Sundaram BPO.

26. REMAINING UNDERTAKING OF SUNDARAM BPO

- 26.1 It is clarified that, the Remaining Undertaking of Sundaram BPO shall continue with Sundaram BPO as follows:
- (a) The Remaining Undertaking of Sundaram BPO and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by Sundaram BPO.

- (b) All legal and other proceedings by or against Sundaram BPO under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Undertaking of Sundaram BPO (including those relating to any property, right, power, liability, obligation or duty, of Sundaram BPO in respect of the Remaining Undertaking of Sundaram BPO) shall be continued and enforced by or against Sundaram BPO.

26.2 With effect from the Appointed Date and including the Effective Date –

- (a) Sundaram BPO shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining undertaking of Sundaram BPO for and on its own behalf;
- (b) all profit accruing to Sundaram BPO thereon or losses arising or incurred by it relating to the Remaining undertaking of Sundaram BPO shall, for all purposes, be treated as the profit, or losses, as the case may be, of Sundaram BPO.

27. TAX CREDITS

27.1 SFL will be the successor of Sundaram BPO vis-à-vis the Sundaram BPO Demerged Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-à-vis the Sundaram BPO Demerged Undertaking and the obligations, if any, for payment of the tax on any assets forming part of Sundaram BPO Demerged Undertaking or their erection and / or installation, etc. shall be deemed to have been availed by SFL or as the case may be deemed to be the obligations of SFL. Consequently, and as the Scheme does not contemplate removal of any asset by SFL from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by Sundaram BPO.

27.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by Sundaram BPO relating to the Sundaram BPO Demerged Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of SFL.

27.3 SFL and Sundaram BPO are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, MAT credit, excise and service tax credits, set off, etc., on the basis of the accounts of the Sundaram BPO Demerged Undertaking of Sundaram BPO as vested with SFL upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

PART D – DEMERGER OF THE SFL DEMERGED UNDERTAKING

28. TRANSFER AND VESTING OF SFL DEMERGED UNDERTAKING

The provisions of this Part of the Scheme have been drawn up to comply with the conditions relating to “Demerger” as defined under Section 2(19AA) of the Income Tax Act, 1961. If any terms or provisions of this Scheme are found or interpreted to be inconsistent with the provisions of Section 2(19AA) of the Income Tax Act, 1961 at a later date including resulting from an amendment of law or for any other reason whatsoever, the provisions of Section 2(19AA) of the Income Tax Act, 1961 shall prevail and this Scheme shall stand modified to the extent determined necessary to comply with Section 2(19AA) of the Income Tax Act, 1961. Such modifications will however, not affect the other parts of this Scheme.

With effect from the Appointed Date, the SFL Demerged Undertaking shall, in accordance with Section 2(19AA) of the Income-tax Act, 1961, stand transferred to and be vested in or deemed to be transferred to and vested in the Resulting Company, as a going concern and in the following manner:

28.1 With effect from the Appointed Date and upon the Scheme becoming effective, the whole of the undertaking and properties of the SFL Demerged Undertaking, shall, pursuant to the provisions contained in Sections 230 to 232 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and / or be deemed to be transferred to and vested in the Resulting Company so as to vest in the Resulting Company all the rights, liabilities, properties, title and interest pertaining to the SFL Demerged Undertaking.

- (i) All the movable assets pertaining to the SFL Demerged Undertaking, which are capable of being physically transferred including cash on hand, shall be physically handed over by delivery to the Resulting Company to the end and intent that the property therein passes to the Resulting Company. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of SFL and the Resulting Company;
- (ii) In respect of other assets pertaining to the SFL Demerged Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, SFL shall, on being so requested by the Resulting Company, issue notices in such form as the Resulting Company may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made

good to, or be held on account of, the Resulting Company as the person entitled thereto, to the end and intent that the right of SFL to receive, recover or realize the same, stands transferred to the Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes.

- (iii) all immovable properties (including land together with the buildings and structures standing thereon) of SFL relating to the SFL Demerged Undertaking, whether freehold or leasehold and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in the Resulting Company, without any act or deed done by SFL or the Resulting Company. With effect from the Appointed Date, the Resulting Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, municipal taxes and fulfill all obligations, in relation to or applicable to such immovable properties. The mutation of title to the immovable properties in the name of the Resulting Company shall be made and duly recorded by the appropriate authorities pursuant to the sanction of this Scheme by the Tribunal and this Scheme becoming effective in accordance with the terms hereof without any further act or deed on the part of the Resulting Company.
- (iv) In respect of such of the assets belonging to the SFL Demerged Undertaking other than those referred to in clauses (i) to (iii), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in the Resulting Company on the Appointed Date pursuant to the provisions of Sections 230 to 232 of the Act.

28.2 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description of SFL pertaining to the SFL Demerged Undertaking under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to the Resulting Company, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of the Resulting Company and it shall not be necessary to obtain the consent of any third party or other person who is a party to any contract or arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

In so far as any assets comprised in the SFL Demerged Undertaking are secured, charged, hypothecated or mortgaged in respect of liabilities of the SFL Remaining Undertaking, the same shall, on the Effective Date, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets retained by SFL and shall cease to operate against any of the assets transferred to the Resulting Company in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

28.3 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, permissions or approvals or consents held by SFL required to carry on operations of the SFL Demerged Undertaking shall stand vested in or transferred to the Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of the Resulting Company and the benefit of all statutory and regulatory permissions, environmental approvals and consents, registration or other licenses, and consents shall vest in and become available to the Resulting Company as if they were originally obtained by the Resulting Company. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person, or availed of by SFL relating to the SFL Demerged Undertaking, are concerned, the same shall vest with and be available to the Resulting Company on the same terms and conditions as applicable to SFL, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to the Resulting Company.

28.4 The transfer and vesting of the SFL Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to the SFL Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the SFL Demerged Undertaking.

28.5 It is clarified that if any assets, estate, claims, rights, title, interest in, or authorities relating to such assets or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever in relation to any of the SFL Demerged Undertaking which SFL owns or to which SFL is a party and which cannot be transferred to the Resulting Company for any reason whatsoever, SFL may hold such assets or contracts, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company to which the SFL Demerged Undertaking is being transferred in terms of this scheme, in so far as it is permissible so to do, till such time as the transfer is effected.

28.6 It is hereby clarified that the transfer and vesting of the SFL Demerged Undertaking shall be on a going concern basis.

29. CONSIDERATION

- 29.1 Upon this Scheme coming into effect, in consideration of the transfer of the SFL Demerged Undertaking by SFL to the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each Shareholder whose name appears in the records of SFL or as beneficiary in the records of the depositories of SFL in respect of the shares of SFL on the Record Date, 1 (One) equity share of Rs. 5/- each, credited as fully paid in the capital of the Resulting Company, for every 1 (One) fully paid up SFL Equity Share held by them in SFL (the "SFL Share Entitlement Ratio").
- 29.2 The equity shares to be issued and allotted by the Resulting Company as per Clause 29.1 hereof shall be at par, credited as fully paid up and shall have rights attached thereto as under:
- (a) they shall in all respects, rank pari passu with the existing equity shares of the Resulting Company; and
 - (b) they will be subject to the applicable provisions of the Articles of Association of the Resulting Company.
- 29.3 Shares to be issued by the Resulting Company pursuant to Clause 29.1 in respect of any SFL Equity Shares which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by the Resulting Company.
- 29.4 In so far as the issue of shares pursuant to Clause 29.1 is concerned, the same shall be issued and allotted in dematerialized form to those SFL Equity Shareholders who hold SFL Equity Shares in dematerialized form, in to the account with the Depository Participant in which the SFL Equity Shares in SFL are held or such other account with the Depository Participant as is intimated by the SFL Equity Shareholders to the Resulting Company before the Record Date. All those SFL Equity Shareholders who hold SFL Equity Shares of SFL in physical form shall also have the option to receive the shares, as the case may be, in dematerialized form, provided the details of their account with the Depository Participant are intimated in writing to the Resulting Company before the Record Date. In the event that the Resulting Company has received notice from any SFL Equity Shareholder that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her /its account with a Depository Participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of the Resulting Company, then the Resulting Company shall issue equity shares of the Resulting Company, in accordance with the SFL Share Entitlement Ratio, in physical form to such SFL Equity Shareholder.
- 29.5 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of SFL, the Board of Directors or any committee thereof of SFL shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in SFL as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transfer of the share in SFL and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The Board of Directors of SFL and the Resulting Company shall be empowered to jointly remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.
- 29.6 The shares of the Resulting Company will be listed and admitted for trading on National Stock Exchange of India Limited and all necessary applications will be made in this respect by the Resulting Company.
- 29.7 Approval of this Scheme by the shareholders of the Resulting Company shall be deemed to be the due compliance of the provisions of Section 62 and the other relevant and applicable provisions of the Act for the issue and allotment of equity shares by the Resulting Company to the shareholders of SFL, as provided in this Scheme.

30. ACCOUNTING TREATMENT IN THE BOOKS OF RESULTING COMPANY

- 30.1 Upon the Scheme becoming effective and from the Appointed Date, the Resulting Company shall record the assets and liabilities pertaining to the SFL Demerged Undertaking at their respective book values as appearing in the Demerged Company's books as at the Appointed Date.
- 30.2 The aggregate face value of all the shares of the Resulting Company issued pursuant to this Scheme shall be recorded as an increase in the Share Capital.
- Further, the amount arising as an accounting differential for the Resulting Company, on account of the excess of net assets recorded over the face value of the equity shares issued by the Resulting Company shall be credited to the securities premium account / general reserve/surplus in the statement of Profit and Loss, as may be determined by the Board of Directors of the Resulting Company.
- 30.3 It is hereby clarified that all transactions during the period between the Appointed Date and Effective Date relating to the Demerged Undertaking would be duly reflected in the financial statements of the Resulting Company upon this Scheme coming into effect.
- 30.4 In case of any differences in accounting policy between SFL and the Resulting Company, the accounting policies, as may be directed by the Board of Directors of the Resulting Company will prevail and the difference till the Appointed Date will be quantified and adjusted in the General Reserve Account or any other reserve as may be determined by the Board of Directors of the Resulting Company, to ensure that the financial statements of the Resulting Company reflect the financial position on the basis of consistent accounting policy.

31. ACCOUNTING TREATMENT IN THE BOOKS OF SFL

- 31.1 Upon the Scheme becoming effective and from the Appointed Date, SFL shall reduce from its books, the book value of assets and liabilities transferred as part of the SFL Demerged Undertaking to the Resulting Company, pursuant to the Scheme.
- 31.2 The difference in the book value of assets and the book value of liabilities transferred pursuant to the Scheme shall be debited against the Capital Reserve (including Capital Reserve arising pursuant to Part B and C of the Scheme), to the extent of available balance; and the balance shall be debited to General Reserve or surplus in the statement of Profit and Loss or any other reserve as may be determined by the Board of Directors.

32. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

- 32.1 SFL in respect of the SFL Demerged Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for the Resulting Company. SFL hereby undertakes to hold the said assets with utmost prudence until the Effective Date.
- 32.2 With effect from the Appointed Date, all the profits or income accruing or arising to SFL in respect of the SFL Demerged Undertaking or expenditure or losses arising to or incurred by SFL in respect of the SFL Demerged Undertaking, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of the Resulting Company.
- 32.3 SFL in respect of the SFL Demerged Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of the Resulting Company, alienate, charge, mortgage, encumber or otherwise deal with or dispose off the SFL Demerged Undertaking or any part thereof except in respect of activities in the ordinary course of business nor shall it undertake any new businesses within the SFL Demerged Undertaking or a substantial expansion of SFL Demerged Undertaking.

33. DECLARATION OF DIVIDEND

- 33.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent the Resulting Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.
- 33.2 SFL shall not utilize the profits or income, if any, relating to the SFL Demerged Undertaking for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of the Resulting Company.

34. LEGAL PROCEEDINGS

- 34.1 All legal proceedings of whatsoever nature by or against SFL pending and/or arising before the Effective Date and relating to the SFL Demerged Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Resulting Company, as the case may be in the same manner and to the same extent as would or might have been continued and enforced by or against SFL.
- 34.2 After the Effective Date, if any proceedings are taken against SFL in respect of the matters referred to in the sub-clause 34.1 above, it shall defend the same at the cost of the Resulting Company, and the Resulting Company shall reimburse and indemnify SFL against all liabilities and obligations incurred by SFL in respect thereof.
- 34.3 The Resulting Company undertakes to have all respective legal or other proceedings initiated by or against SFL referred to in Clauses 34.1 or 34.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against the Resulting Company as the case may be, to the exclusion of SFL.

35. CONTRACTS, DEEDS, ETC.

- 35.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect on the Effective Date and relating to the SFL Demerged Undertaking, shall continue in full force and effect against or in favour of the Resulting Company and may be enforced effectively by or against the Resulting Company as fully and effectually as if, instead of SFL, the Resulting Company had been a party thereto.
- 35.2 The Resulting Company, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, novations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which SFL is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. The Resulting Company shall be deemed to be authorised to execute any such writings on behalf of SFL and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of SFL.

36. SAVING OF CONCLUDED TRANSACTIONS

The transfer of assets, properties and liabilities above and the continuance of proceedings by or against the Resulting Company above shall not affect any transaction or proceedings already concluded in SFL, in relation to the SFL Demerged Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things done and executed by SFL, in relation to the SFL Demerged Undertaking in respect thereto as done and executed on their behalf.

37. STAFF, WORKMEN & EMPLOYEES

- 37.1 Upon the Scheme becoming effective, all employees of SFL engaged in or in relation to the SFL Demerged Undertaking and who are in such employment as on the Effective Date shall become the employees of the Resulting Company from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favorable than those on which they are engaged by SFL and without any interruption of or break in service as a result of the transfer of the SFL Demerged Undertaking.
- 37.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits (collectively referred to as the "Funds") created by SFL for the employees related to the SFL Demerged Undertaking, the Funds and such of the investments made by the Funds which are relatable to the employees related to the SFL Demerged Undertaking being transferred to the Resulting Company, in terms of the Scheme shall be transferred to the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees related to SFL Demerged Undertaking or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own funds in respect of any of the above, SFL may, subject to necessary approvals and permissions, continue to contribute to relevant funds of SFL, until such time that the Resulting Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to SFL Demerged Undertaking shall be transferred to the funds created by the Resulting Company. Subject to the relevant law, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of SFL and the Resulting Company may decide to continue to make the said contributions to the Funds of SFL. It is clarified that the services of the employees of the SFL Demerged Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.
- 37.3 It is clarified that the Funds and investments made by such Funds, as are relatable to employees of Sundaram BPO Demerged Undertaking, which are required to be transferred to SFL pursuant to Part C of the Scheme and subsequently to be transferred to the Resulting Company pursuant to this Part, may be directly transferred to the Resulting Company and dealt with in the manner provided in Clause 37.2.
- 37.4 Any question that may arise as to whether any employee belongs to or does not belong to the SFL Demerged Undertaking shall be decided by the Board of Directors or Committee thereof of SFL.
- 37.5 Having regard to the terms and conditions of the Sundaram Finance Employees Stock Option Scheme (SFESOS) managed by SFL, the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 and other regulatory provisions, if any, approval of the shareholders shall be deemed to have been obtained for authorising the Board of Directors of SFL and SFHL to:
- a) make suitable amendments to the SFESOS, the objects of the Sundaram Finance Employees Welfare Trust (SFEWT) and other related documents, if necessary;
 - b) create a 'stock option scheme' and 'employee welfare trust' on similar lines in respect of SFHL, if considered necessary, to give effect to the consequences that may arise out of this Scheme; and
 - c) take all other steps in this regard.

38. REMAINING UNDERTAKING OF SFL

- 38.1 It is clarified that, the Remaining Undertaking of SFL shall continue with SFL as follows:
- (a) The Remaining Undertaking of SFL and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by SFL.
 - (b) All legal and other proceedings by or against SFL under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the Effective Date and relating to the Remaining Undertaking of SFL (including those relating to any property, right, power, liability, obligation or duty, of SFL in respect of the Remaining Undertaking of SFL) shall be continued and enforced by or against SFL.
- 38.2 With effect from the Appointed Date and including the Effective Date –
- (a) SFL shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Undertaking of SFL for and on its own behalf;
 - (b) all profit accruing to SFL thereon or losses arising or incurred by it relating to the Remaining Undertaking of SFL shall, for all purposes, be treated as the profit, or losses, as the case may be, of SFL.

39. TAX CREDITS

- 39.1 The Resulting Company will be the successor of SFL vis-à-vis the SFL Demerged Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-à-vis the SFL Demerged Undertaking and the obligations if any for payment of the tax on any assets forming part of SFL Demerged Undertaking or their erection and / or installation, etc. shall be deemed to have been availed by the Resulting Company or as the case may be deemed to be the obligations of the Resulting Company. Consequently, and as the Scheme does not contemplate removal of any asset by the Resulting Company from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by SFL.
- 39.2 With effect from the Appointed Date and upon the Scheme becoming effective, all taxes, duties, cess payable/receivable by SFL relating to the SFL Demerged Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of the Resulting Company.
- 39.3 SFL and the Resulting Company are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates/ returns and to claim refunds, advance tax credits, MAT credit, excise and service tax credits, set off, etc., on the basis of the accounts of the SFL Demerged Undertaking of SFL as vested with the Resulting Company upon coming into effect of this Scheme, and its right to make such revisions in the related tax returns and related certificates, as applicable, and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

PART E – GENERAL TERMS & CONDITIONS

40. CHANGE IN OBJECT CLAUSES OF THE RESULTING COMPANY

- 40.1 Upon the Scheme becoming effective, Clause 3(A) of the Memorandum of Association of the Resulting Company shall stand altered without any further act or deed to include the following after Sub Clause (iv):
- (i) To carry on the business of BPO (Business Process Outsourcing) and call centres, contact centres, undertake other activities relating to information technology enabled services in areas of accounting, insurance, banking, human resources, health care, legal, telecom, etc. and to provide all kinds of support services including without any limitations, administrative, managerial, maintenance, document processing, data entry, reconciliation, training and orientation and other support services.
 - (ii) To carry on the business of consultants and / or advisors.
 - (iii) To provide technical and non-technical training, learning and development services.
 - (iv) To engage in database management, programming in all languages, in all aspects of Information technology.'
- 40.2 Approval of the shareholders of the Resulting Company to the Scheme shall be considered as the approval required under the provisions of the Act for the above alteration of the Memorandum of Association.

41. REORGANIZATION OF CAPITAL OF THE RESULTING COMPANY

- 41.1 As an integral part of the Scheme, and, upon the Scheme becoming effective but prior to giving effect to Clause 29, the authorised share capital and the issued, subscribed and paid-up share capital of the Resulting Company shall be restructured and re-organised in the manner set out here in below without any further act or deed:
- 41.1.1 The face value of equity shares of the Resulting Company shall be sub-divided from Rs. 10/- to Rs.5/-. Consequently,
- a) The authorised share capital of the Resulting Company will be Rs. 25,00,00,000/- divided into 5,00,00,000 equity shares of the face value of Rs. 5/- each.
 - b) The issued, subscribed and paid up equity capital of the Resulting Company will be Rs. 20,00,00,000/- divided into 4,00,00,000 equity shares of the face value of Rs. 5/- each fully paid.
- 41.1.2 Subsequent to clause 41.1.1 above, the authorised share capital of the Resulting Company shall stand further increased to Rs. 80,00,00,000 comprising of 16,00,00,000 equity shares of Rs. 5/- (Rupees Five only) each.
- 41.2 Clause 5 of the Memorandum of Association of the Resulting Company shall, upon the Scheme becoming effective and without any further act or deed, be replaced by the following clause:
- The Authorised Share Capital of the Company is Rs. 80,00,00,000 (Rupees Eighty crores only) divided into 16,00,00,000 (Sixteen crores only) equity shares of Rs. 5/- each with power to the Company to increase and reduce of the capital. The shares forming the capital, original, increased and reduced, of the Company may be sub-divided consolidated or divided into such classes with any preferential, deferred, qualified, special or other rights, privileges or conditions attached thereto and be held upon such terms as may be determined by the Articles of Association and regulations of the Company for the time being in force or otherwise.'
- 41.3 Article 4 of the Articles of Association of the Resulting Company shall, upon the Scheme becoming effective and without any further act or deed, be deleted and replaced with the following clause:
- 'The Authorised Capital of the Company shall be as stated in the Memorandum of Association of the Company from time to time.'

41.4 Pursuant to this Scheme, the Resulting Company shall file the requisite forms with the Registrar of Companies for alteration of its authorised and issued, subscribed and paid up share capital and pay necessary fees and stamp duty.

41.5 It is hereby clarified that for the purposes of Clauses 41.1 to 41.3 above, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above amendment or increase in authorised share capital of the Resulting Company, and no further resolution under any applicable provisions of the Act would be required to be separately passed.

42. CONDITIONALITY OF THE SCHEME

42.1 This Scheme is and shall be conditional upon and subject to:

- (a) The Scheme being approved by the requisite majority in number and value of such classes of persons including the respective members and/or creditors of SFL, the Transferor Companies, Sundaram BPO and the Resulting Company as may be directed by the Tribunal.
- (b) The sanction of the Tribunal under Sections 230 to 232 of the said Act in favour of SFL, the Transferor Companies, Sundaram BPO and the Resulting Company under the said provisions and to the necessary Order being obtained;
- (c) Receipt of approval from the National Stock Exchange of India Limited and the Securities and Exchange Board of India.

42.2 Each Part of the Scheme shall be given effect to as per the chronology in which it has been provided for in the Scheme. Each Part is independent of the other Part(s) of the Scheme and is severable. The Scheme shall be effective upon sanction of the Tribunal. However, failure of any one Part for lack of necessary approval from the shareholders / creditors / statutory or regulatory authorities or for any other reason that the Board of Directors may deem fit, shall not result in the whole Scheme failing. It shall be open to the concerned Board of Directors to consent to sever such Part(s) of the Scheme and implement the rest of the Scheme with such modification.

42.3 Subject to provisions of the Scheme and save as provided in the Scheme, there shall be no change in the shareholding pattern or control in the Resulting Company between the Record Date and the listing which may affect the status of approval of Stock Exchanges.

42.4 The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

43. MODIFICATION OR AMENDMENTS TO THE SCHEME

43.1 SFL, the transferor Companies, Sundaram BPO and the Resulting Company by their respective Board of Directors or any duly authorised committee may make or consent to any modifications or amendments to the Scheme or to any conditions or limitations that the NCLT or any other authority may deem fit to direct or impose or which may otherwise be considered necessary, desirable or appropriate by them and solve all difficulties that may arise for carrying out the Scheme and do all acts, deeds and things necessary for putting the Scheme into effect.

43.2 SFL, the transferor Companies, Sundaram BPO and the Resulting Company shall be at liberty to withdraw from this Scheme, in case any condition or alteration imposed by the Tribunal or any other authority or any bank or financial institution is unacceptable to them or otherwise if so mutually agreed.

44. EFFECT OF NON-RECEIPT OF APPROVALS

In the event of any requisite approval not being obtained for transfer of an investment, for the purpose of this Scheme, the Board may, at their option, decide that the said investment does not form part of the SFL Demerged Undertaking and the Scheme shall, without any further act or deed, stand modified to that extent.

45. MISCELLANEOUS

45.1 Approval to the Scheme by the shareholder of the Resulting Company shall be deemed to be approval under Section 186 and all other applicable provisions of the Act for the holding of investments vested pursuant to the Scheme, by the Resulting Company.

45.2 The parties to the Scheme, shall be permitted to close the books of accounts within the time as provided under applicable laws and to give suitable effect to the Scheme in the financial statements prepared, upon the Scheme becoming effective, including but not limited to adjustments in the opening balances of assets, liabilities and reserves

45.3 The parties to the Scheme may also intimate the Reserve Bank of India and comply with such other requirements as may be applicable.

46. COSTS, CHARGES AND EXPENSES

All costs, charges, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) of SFL, the Transferor Companies, Sundaram BPO and the Resulting Company arising out of or incurred in connection with and implementing this Scheme and matters incidental thereto shall be borne by SFL and the Resulting Company, as mutually agreed by SFL and the Resulting Company.

Details of Promoters of Sundaram Finance Limited		
Sl. No.	Name of the Person (Mr./Ms./M/s.)	Address
Promoter		
1	S Ram	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
2	S Ram & S Viji	No 137 Old No 67, Chamiers Road, Chennai, 600028
3	Nivedita Ram	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
4	Srivats Ram	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
5	Vijaya Rangarajan	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
6	S. Viji	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
7	Srikanth Ramanujam	New No. 15, Old No. 10,Valliammai Achi Street,Kotturpuram,Chennai 600085
8	Srikanth Ramanujam & Ananth Ramanujam	New No. 15, Old No. 10,Valliammai Achi Street,Kotturpuram,Chennai 600085
9	Srikanth Ramanujam & Rupa Srikanth	New No. 15, Old No. 10,Valliammai Achi Street,Kotturpuram,Chennai 600085
10	Lily Vijayaraghavan	No 1 Kamakshi Nagar Teynampet Chennai 600018
11	Lily Vijayaraghavan & Badri Vijayaraghavan	No 1 Kamakshi Nagar Teynampet Chennai 600018
12	Lily Vijayaraghavan & Sharath Vijayaraghavan	No 1 Kamakshi Nagar Teynampet Chennai 600018
13	Lily Vijayaraghavan & Sashi Parthasarathy	No 1 Kamakshi Nagar Teynampet Chennai 600018
14	Sharath Vijayaraghavan	No 42, Casuarina Drive Kapaleeswar Nagar Neelankarai Chennai 600041
15	Rama Sridharan	New No 15 Old No 5 Cenotaph First Lane G S Colony Alwarpet Chennai 600018
16	K Vasudevan	New No 546 Old No 141 T T K Road Alwarpet Chennai 600018
17	K Vasudevan & Lakshmi Vasudevan	New No 546 Old No 141,T T K Road, Alwarpet, Chennai 600018
18	Anuradha Raghavan	1A Abhinaya Apartments Old 41 New 14 Sastrinagar 1st Avenue Adyar Chennai 600020
19	Barath Rengarajan	Manasri First Floor No 7 Old No 3 Luz Avenue Mylapore Chennai 600004
20	Usha Raghavan	Ceebros No. 26, Poes Garden,Chennai 600086
21	S. Narayanan	No. 15, Parthasarathy Gardens,Alwarpet,Chennai 600018
22	N Krishnan	7A, New No. 24 Parthasarathy Garden,Chennai 600018
23	N Krishnan & AKshay Krishnan	7A, New No. 24,Parthasarathy Garden, Chennai 600018
24	N Krishnan & Ananth Krishnan	No. 24, Parthasarathy Garden, Chennai 600018
25	Narayanan Ramji	New No.13,Valliammai Achi Street, Kotturpuram Chennai 600085
26	N Ramji & Sharmila Ramji	No.13, Valliammai Achi Street Kotturpuram, Chennai 600085
27	N S Ramji & Ashwathanarayan Ramji Rep By F/G: N S Ramji	No.13, Valliammai Achi Street Kotturpuram, Chennai 600085
28	N S Ramji & Aishwarya Ramji Rep By F/G: N S Ramji	No.13, Valliammai Achi Street Kotturpuram, Chennai 600085
29	N Ramji & Ashwathanarayan Ramji Rep By F/G: N Ramji	No.13, Valliammai Achi Street Kotturpuram, Chennai 600085
30	N Ramji & Aishwarya Ramji Rep By F/G: N Ramji	No.13, Valliammai Achi Street Kotturpuram, Chennai 600085
31	N Ramji & Ashwathanarayan Ramji Rep By F/G: N Ramji	9,Valliammai Achi Street Kotturpuram, Chennai 600085
32	N Ramji & Ashwathanarayan Ramji Rep By F/G: N Ramji	9,Valliammai Achi Street Kotturpuram, Chennai 600085
33	S Sundaram	6, 22 Kasturi Estate 3rd Street Gopalapuram Chennai 600086
34	S Chakravarthy	Deeptha No 27 Gopalakrishna Road T Nagar Chennai 600017
35	T.T. Rangaswamy, T.T. Venkatraghavan & T.T. Srinivasaraghavan	New No. 9, Old No. 5,3rd Street, Kasturi Estates,Chennai 600086
36	T T Narendran, Vimala Rangaswamy & Padmini Narendran	New No. 9, Old No. 5,3rd Street, Kasturi Estates,Chennai 600086
37	T T Srinivasaraghavan & Bagyam Raghavan	New No. 9, Old No.5, Third St,Kasturi Estates,Gopalapuram Chennai 600086
38	T T Srinivasaraghavan, Vimala Rangaswamy & Bagyam Raghavan	New No. 9, Old No.5, Third St,Kasturi Estates,Gopalapuram Chennai 600086
39	T.T. Rangaswamy, T.T. Narendran & T.T. Hayagreevan	New No. 9, Old No.5, Third St,Kasturi Estates,Gopalapuram Chennai 600086
Promoter Group		
40	Gita Ram	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
41	Indira Krishnaswami	G 2, Orchid, 161, 5th Main Rd. Defence Colony,Indira Nagar,Bangalore
42	Revathi Holdings Private Limited	No 137 Old No 67, Chamiers Road, Chennai, 600028
43	Daya Ambirajan	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
44	Ranjan Ambirajan	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
45	Padmalakshmi Holdings Private Limited	No 137 Old No 67, Chamiers Road, Chennai, 600028
46	Srivats Ram (HUF)	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
47	Aruna Sankaranarayanan	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
48	Tarika Ram (Minor)	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
49	Maham Holdings Limited	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600028
50	Arjun Rangarajan	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600029
51	Anupama Lakshmi Rangarajan	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai,600029
52	Dangety SatyanArayanamurty	New No. 3, Old No. 2,Bazullah Road, T.Nagar,Chennai 600017
53	Dangety Krishnakumari	New No. 3, Old No. 2,Bazullah Road, T.Nagar,Chennai 600017

54	Raghuvamsa Holdings Private Limited	New No. 137, Old No. 67, Chamiers Road, Chennai 600028
55	S. Viji & Chitra Viji	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai 600028
56	S. Viji (HUF)	Stoneacre, New No. 137, (Old No. 67), Chamiers Road, Chennai 600028
57	S. Viji (HUF)	New No. 71, (Old No. 33), Poes Garden, Chennai 600086
58	Chitra Viji	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai 600028
59	Harsha Viji	No. 27G, Ranjith Road, Kotturpuram, Chennai 600085
60	Harsha Viji & Chitra Viji	No. 22, Old No. 20, D Silva Road, Chennai 600004
61	Sriram Viji	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai 600028
62	Sriram Viji & Chitra Viji	No. 22, Old No. 20, D Silva Road, Chennai 600004
63	Uthirattathi Sriram Holdings Private Limited	New No. 137, Old No. 67, Chamiers Road, Chennai 600028
64	Athreya Harsha Holdings Private Limited	New No. 137, Old No. 67, Chamiers Road, Chennai 600028
65	Srikanth Ramanujam (HUF)	New No. 137, (Old No. 67), Chamiers Road, Chennai 600028
66	Rupa Srikanth	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai 600028
67	Aditya S. Ramanujam	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai 600028
68	Tulsi S Ramanujam	Old No 10 New No 15, Valliammai Aachi St, Kotturpuram, Chennai 600085
69	Prema Ramanujam	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai 600028
70	R. Ramanujam	New No. 4, (Old No. 17), Parthasarathy Garden, Teynampet, Chennai 600018
71	R. Ramanujam (HUF)	Stoneacre, New No. 137, Old No. 67, Chamiers Road, R.A. Puram, Chennai 600028
72	R. Ramanujam & Prema Ramanujam	New No. 4, (Old No. 17), Parthasarathy Garden, Teynampet, Chennai 600018
73	R. Ramanujam & Ananth Ramanujam	New No. 4, (Old No. 17), Parthasarathy Garden, Teynampet, Chennai 600018
74	R. Ramanujam & R. Srikanth	New No. 4, (Old No. 17), Parthasarathy Garden, Teynampet, Chennai 600018
75	Ananth Ramanujam	No. 73, Raghaveera Avenue, Poes Garden, Chennai 600086
76	Sumanth Ramanujam	No 137 Old No 67, Chamiers Road, Chennai, 600028
77	Allegro Holdings Private Limited	No 137 Old No 67, Chamiers Road, Chennai, 600028
78	Silver Oak Holdings Private Limited	No 137 Old No 67, Chamiers Road, Chennai, 600028
79	Rohini Holdings Private Limited	No 137 Old No 67, Chamiers Road, Chennai, 600028
80	Sharath Vijayaraghavan	Avimukta 42 Casuarina Drive, Kapaleeswar Nagar Neelankarai, Chennai 600041
81	Lakshmi Vijayaraghavan	Avimukta 42 Casuarina Drive, Kapaleeswar Nagar Neelankarai, Chennai 600041
82	Vishnu Vijayaraghavan	11/B, Valliammal Road, Kotturpuram, Chennai 600085
83	Lakshmi Vasudevan	New No 546 Old No 141, T T K Road, Alwarpet, Chennai 600018
84	Srinivas Raghavan	1 A Abhinaya Apts 41 (Old) /14 (New) Shastri Nagar 1st Avenue Adyar Chennai 600020
85	S Raghavan	Ceebros, New No. 26, Poes Garden, Chennai 600086
86	Shreen Raghavan	N No 27 D No 16 North St Sriram Ngr, Chennai 600018
87	Shreen Raghavan	N No 27 D No 16 North St Sriram Ngr, Chennai 600018
88	Veena Raghavan	2nd Floor, New No. 26 Old No. 87, Poes Garden, Chennai 600086
89	Choodamani Narayanan	No. 15, Parthasarathy Garden, Chennai 600018
90	Saraswathi Srinivasan	New No. 7 Old No. 4 Kasturi Estates, 3rd Street Gopalapuram, Chennai 600086
91	N Krishnan	7A, New No. 24, Parthasarathy Garden, Chennai 600018
92	Ananth Krishnan	7A, New No. 24, Parthasarathy Garden, Chennai 600018
93	Akshay Krishnan	7A, New No. 24, Parthasarathy Garden, Chennai 600018
94	Narayanan Ramji (HUF)	Old No. 9, New No. 13, Valliammai Achi St, Kotturpuram, Chennai 600085
95	Ashwathanarayan Ramji Rep By F/G: N Ramji & N Ramji	9, Valliammai Achi Street Kotturpuram, Chennai 600085
96	S Hema	Old No. 6, New No. 11, Third Street, Kasturi Estates, Gopalapuram, Chennai 600086
97	S. Kishore & A.M. Srinivasan	No. 6/11, Kasturi Estates, 3rd Street, Chennai 600086
98	A.M. Srinivasan & S. Kishore	No. 11/6, 3rd Street, Kasturi Estates, Gopalapuram, Chennai 600086
99	A M Srinivasan	No 11 Kasturi Estates Iiird Street Gopalapuram Chennai 600086
100	Jaideep Chakravarthy	Deeptha 27, Gopalakrishna Road T Nagar Chennai 600017
101	Pradeep Chakravarthy	Deeptha No 27 Gopalakrishna Road T Nagar Chennai 600017
102	Vimala Rangaswamy, T T Narendran & Padmini Narendran	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
103	Vimala Rangaswamy, T T Srinivasaraghavan & T T Venkatraghavan	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
104	T T Rangaswamy (HUF)	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
105	T T Rangaswamy (HUF)	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
106	T T Narendran (HUF)	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
107	T T Narendran & Padmini Narendran	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
108	T T Narendran & Padmini Narendran	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
109	Padmini Narendran & T T Hayagreevan	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
110	Gitanjali Jeevan Jose, Rep By M/G Divya Jeevan Jose	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
111	P Siddhartha Jeevan, Rep By Divya Jeevan Jose	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
112	Kavitha Gorur Keshav & Mr T T Hayagreevan	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
113	Nakshatra Hayagreevan (Minor)	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
114	T T Srinivasa Raghavan (HUF)	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
115	T T Srinivasaraghavan & T T Narendran	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086
116	Bagyam Raghavan & T T Venkatraghavan	New No. 9, Old No. 5, 3rd Street, Kasturi Estates, Chennai 600086

B S R & Associates LLP

Chartered Accountants

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India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

17 February 2017

Board of Directors

Sundaram Finance Limited
21, Patullas Road,
Chennai 600 014
India

Sub: Report on share entitlement ratio for proposed reorganization exercise of Sundaram Finance Limited ("Report")

Dear Sirs,

We refer to the engagement letter wherein Sundaram Finance Limited ("SFL", or "You" or "Client") has engaged B S R & Associates LLP ("B S R" or "We") to recommend share entitlement ratio ("Share Entitlement Ratio") for the proposed reorganization exercise of Sundaram Finance Limited ("Engagement").

BACKGROUND

Sundaram Finance Limited ("SFL" or the "Client") was incorporated in 1964 and is headquartered in Chennai, Tamil Nadu. SFL is a public listed company and a non-banking finance company registered with the Reserve Bank of India and is primarily engaged in providing finance for purchase of commercial vehicles, cars, multi-utility vehicles, construction equipment, farm equipment and working capital. It is also engaged in the distribution of financial products like insurance, home loans, mutual funds, deposits, etc.

Sundaram Insurance Broking Services Limited ('SIBSL') is an unlisted public company and a wholly owned subsidiary of Sundaram Finance Limited, which was incorporated for engaging in the business of insurance broking for all kinds of insurable perils including life, medical and other forms general insurance.

Infreight Logistics Solutions Limited ('Infreight') is an unlisted public company and a wholly owned subsidiary of Sundaram Finance Limited which was engaged in logistics services and solutions.

Sundaram BPO India Limited ('Sundaram BPO') is an unlisted public company and a subsidiary of SFL. It is engaged in the business of carrying on business process outsourcing services, call centres, contact centres and other activities relating to information technology enabled services in areas of accounting, insurance, banking, human resources, health care, legal, telephony etc.

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B S R & Associates LLP is a partnership firm with
Registration No. BA082281 converted into
B S R & Associates LLP in Limited Liability.
Partnership with LLP Registration No. AAB-81821
with effect from October 14, 2013

Registered Office
5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011

B S R & Associates LLP

Sundaram Finance Investments Limited ('SFIL' or "Resulting Company") is an unlisted public company and a wholly owned subsidiary of SFL, engaged in the business of making all types of investments.

The equity shares of SFL are listed on the National Stock Exchange of India Limited ("NSE"). The shareholding pattern of SFL, as on 16 February 2017, is set out below.

SFL Shareholding as on 16 February 2017	No of Shares ^A	% Holding
Promoter and Promoter Group	40,070,005	36.07%
Public	70,039,945	63.04%
Non-Promoter-Non-Public Group	993,910	0.89%
Total	111,103,860	100.00%

^AFace value INR 10 each

Source: NSE and Management Information

SIBSL, Infreight and SFIL are wholly owned subsidiaries of SFL. Sundaram BPO is held by SFL and SFIL in 84:16 ratio.

The management of Sundaram Finance Limited ("Management") is considering an internal reorganization ("Proposed Transaction"). The Proposed Transaction, as per the draft scheme envisages the following:

- Merger of SIBSL and Infreight with SFL.
- Demerger of the shared services division of Sundaram BPO into SFL.
- Demerger of non-core activities, i.e. training services, identified shared services including shared services vested from Sundaram BPO and all non-core investments of SFL ('SFL Demerged Undertaking'), into SFL.

Pursuant to merger of SIBSL and Infreight with SFL, no shares will be issued since the entire share capital of SIBSL and Infreight is held by SFL. Further, no shares will be issued for demerger of shared services business of Sundaram BPO into SFL since the entire share capital of Sundaram BPO is held by SFL directly and indirectly through its wholly owned subsidiary, SFL.

Upon demerger, transfer and vesting of SFL Demerged Undertaking by SFL to SFL, shares of SFL will be issued to the shareholders of SFL as consideration for the SFL Demerged Undertaking.

In this connection, Client wants B S R to recommend Share Entitlement Ratio for issue of shares by Sundaram Finance Investments Limited to the shareholders of Sundaram Finance Limited.

Share Entitlement Ratio is the number of shares of SFIL that a shareholder of SFL ("Transferor Company") would be entitled to receive in proportion to the existing



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shareholding in SFL. The definition of SFL Demerged Undertaking as per the proposed Scheme provided to us is placed in Annexure 1.

SCOPE AND PURPOSE OF ENGAGEMENT

This Proposed Transaction is proposed under a composite scheme of arrangement (the "Scheme") under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions. As per the Scheme, SFIL will issue its shares to the shareholders of SFL as consideration for the demerger of SFL Demerged Undertaking.

This Report is subject to the scope limitations, exclusions and disclaimers detailed hereinafter. As such the Report is to be read in totality, and not in parts, in conjunction with the relevant documents referred to therein.

This Report is subject to the laws of India.

SOURCES OF INFORMATION

For the purposes of this exercise, we have,

- Considered the audited financial statements of SFL and SFIL for the year ended 31 March 2016 and the extracts of unaudited financial statements for the period ended 31 December 2016.
- Considered the number of equity shares of the Resulting Company proposed to be issued to the shareholders of SFL on the demerger of SFL Demerged Undertaking into the Resulting Company.
- Considered the Scheme for the demerger dated 17 February 2017
- Considered the existing shareholding pattern of SFL, SIBSL, Infreight, Sundaram BPO, and SFL and the envisaged shareholding of SFIL and SFL.
- Held interviews and relied on representations from Management.
- Carried out such other analysis, reviews and inquiries as we considered necessary.

SCOPE LIMITATIONS, EXCLUSIONS AND DISCLAIMERS

We have relied upon the information, data and explanations given to us by the Management for the purposes of concluding on the reasonableness of Share Entitlement Ratio in connection with Proposed Transaction. We have not carried out a due diligence or audit of SFL Demerged Undertaking or the parties to the Proposed Transaction nor have we independently investigated or otherwise verified the data provided. We do not express any form of assurance that the financial information or other information as provided by the Management is accurate.

Our conclusion assumes that SFL Demerged Undertaking and the parties to the Proposed Transaction comply fully with relevant laws and regulations applicable in all its areas of operations unless otherwise stated, and that Demerged Undertakings are being managed in a competent and responsible manner. Further, except as specifically stated to the contrary,

this Report has given no consideration to matters of a legal nature, including issues of legal title and compliance with local laws, and litigation and other contingent liabilities that are not recorded in unaudited carved out balance sheet of SFL Demerged Undertaking. Our conclusion on reasonableness of share Entitlement Ratio assumes that the assets and liabilities of SFL Demerged Undertaking remain intact as of the date of forming such opinion on Share Entitlement Ratio.

This Share Entitlement Ratio is essentially based on the information provided by the Management for which SFL accepts full responsibility. Our review and analysis have been limited to the above mentioned procedures and our analysis is subject to this limitation. Our reliance and use of this information provided by the Management should not be construed as expression of our opinion on it and we do not and will not accept any responsibility or liability for any inaccuracy in it.

The exercise of valuation is not a precise science and the conclusions arrived at in many cases will be subjective and dependent on the exercise of individual judgment. There is, therefore, no indisputable single share entitlement ratio. While we have concluded on the reasonableness of the Share Entitlement Ratio based on the information available to us and within the scope and constraints of our engagement, others may have a different opinion as to the same.

The decision to proceed on the Proposed Transaction as well as acceptance of the final Share Entitlement Ratio depends on the Management, which will be responsible for decisions associated with determination of the Share Entitlement Ratio and the factors other than our work will need to be taken into account in determining the same; these will include your own assessment and may include the input of other professional advisors.

We owe responsibility and are liable to only the Client which has retained us, under the terms of our engagement letter and nobody else.

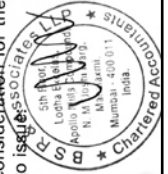
In no event shall we be liable for any loss, damages, cost or expenses arising in any way from fraudulent acts, misrepresentations or willful default on part of the Client, their directors, employees or agents. In no circumstances shall the liability of B S R & Associates LLP, its partners, directors or employees, relating to the services provided in connection with the engagement set out in this report exceed the amount paid to us in respect of the fees charged for these services.

SHARE ENTITLEMENT RATIO

As set out above,

- As on 16 February 2017, the issued, subscribed and paid up capital of SFL consists of 111,103,860 fully paid up equity shares of face value INR 10 each.

We understand that in consideration for the demerger of SFL Demerged Undertaking, the Management proposes to issue



- a) 1 (One) equity share of face value INR 5 each of SFIL for every 1 (One) equity shares of face value INR 10 each held in Sundaram Finance Limited, being the consideration of the transfer and vesting of SFL Demerged Undertaking of Sundaram Finance Limited.

Based on the aforementioned and that upon demerger, the set of shareholders and holding proportion being proposed for SFIL is identical to that of SFL, the beneficial economic interest of SFL shareholders in SFIL will remain same at the time of demerger.

We believe that the above Share Entitlement Ratio is fair and reasonable considering that all the shareholders of SFL are and will, upon demerger, be the ultimate beneficial owners of SFIL and in the same ratio (inter se) as they hold shares in SFL, as on the record date to be decided by Management of SFL.

Our Report and Share Entitlement Ratio is based on the envisaged equity share capital structure of SFL and SFIL as mentioned above. Any variation in the equity capital structures of SFL and SFIL apart from the above mentioned proposed scheme may have an impact on the Share Entitlement Ratio.

Respectfully submitted,

**For B S R & Associates LLP
Chartered Accountants**

Firm Registration No. 116231W

Mahesh Vikamsey

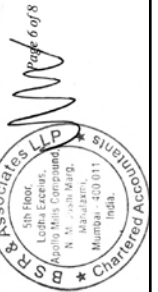

Mahesh Vikamsey
 ICAI Membership No. 108235
 Mumbai
 17 February 2017

Annexure 1

"SFL Demerged Undertaking" shall mean the undertaking of SFL that is engaged in Non-Core Business and all related activities as a going concern and shall include (without limitation) the following:

- (a) All the assets and properties of SFL as on 1 April 2016 ("Appointed Date") (hereinafter referred to as "the said assets") pertaining to the SFL Demerged Undertaking;
- (b) All the debts, liabilities, duties and obligations including contingent liabilities of SFL pertaining to the SFL Demerged Undertaking;

(c) Without prejudice to the generality of above, the SFL Demerged Undertaking may include the movable and immovable properties including land and building viz. (a) Land and Building at Kodaikanal forming part of Survey No. 98 and 98/3B [New Survey Nos. 9/3B1B and 98/3B1C] (b) Land and Building at Chammers Road, Mylapore, Chennai - 600 028 forming part of Survey Nos. 3934,3935,3941,3942 and 3949 (c) Land and Building at Poonamalle Village, Sriperumbudur Taluk forming part of Survey Nos. 230, 232/1B2, 232/2, 264, 267/1 and 268; plant and machinery, equipment, furniture, fixtures, vehicles, leasehold assets and other properties, real, corporeal and incorporeal, in possession or reversion, present and contingent assets (whether tangible or intangible) of whatsoever nature, assets including cash in hand, bank balance (to the extent as may be required by the Board), investments viz. investments in (a) The Dunes Oman LLC (FZC); (b) Flometallic India Pvt Ltd; (c) Axles India Ltd; (d) Transenergy Ltd; (e) Sundaram Hydraulics Limited; (f) Sundaram Dynacast Private Limited; (g) Turbo Energy Private Limited; (h) India Motor Parts and Accessories Limited; (i) Sundaram Clayton Ltd; (j) Wheels India Limited; (k) Brakes India Private Limited; (l) Lucas-TVS Limited; (m) Delphi TVS Diesel Systems Limited; (n) TVS Investments Ltd; (o) Vishnu Forge Industries Limited; (p) Techtran Polylenes Limited; (q) Sundaram Business Services Limited; (r) Sundaram BPO India Limited], claims, powers, authorities, allotments, approvals, consents, letters of intent, registrations, licenses, contracts, agreements, engagements, arrangements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, with or without the consent of the landlord as may be required, goodwill, other intangibles, permits, authorizations, trademarks, trade names, labels, brands including patents, patent rights, copyrights, designs, and other industrial and intellectual properties and rights of any nature whatsoever including designs, know-how, domain names, or any applications for the above, assignments and grants in respect thereof, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds, and benefits of all agreements, arrangements, deposits, advances, recoverables and receivables, whether from



government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions permissions, and approvals of whatsoever nature (including but not limited to benefits of tax relief including under the Income-tax Act, 1961 such as credit for advance tax, taxes deducted at source, minimum alternate tax etc., unutilised deposits or credits, benefits under the VAT/ Sales Tax law, VAT/ sales tax set off, unutilised deposits or credits, benefits of any unutilised MODVAT/CENVAT/Service tax credits, etc.) and wheresoever situate, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the SFL Demerged Undertaking.

- (d) all permanent employees and / or labour employed on contractual basis; engaged in or in relation to the SFL Demerged Undertaking as on the Effective Date;
- (e) all records, files, papers, engineering and process information, computer programs, computer softwares, manuals, data catalogues, quotations, sales and advertising materials, records of standard operating procedures, list of present and former customers and suppliers, customers credit information, customers pricing information and other records, whether in physical form or electronic form in connection with or relating to the SFL Demerged Undertaking.

Explanation A: Whether any particular asset or employee should be included as asset or employee of the SFL Demerged Undertaking or otherwise shall be decided mutually by the Board of Directors or any committee thereof of SFL and the Resulting Company;

Explanation B: For the purpose of this Scheme, it is clarified that liabilities pertaining to the SFL Demerged Undertaking shall comprise of the following:

- (a) The liabilities, which arise out of the activities or operations of SFL Demerged Undertaking
- (b) Specific loans and borrowings raised, incurred and utilized solely for the activities or operation of the SFL Demerged Undertaking
- (c) Liabilities other than those referred to in Sub-Clauses (a) and (b) above and not directly relatable to the Remaining Undertaking of SFL, being the amounts of general or multipurpose borrowings of SFL shall be allocated to the SFL Demerged Undertaking in the same proportion which the value of the assets transferred under this Clause bears to the total value of the assets of SFL immediately before giving effect to this Scheme. The parties shall mutually agree upon the identification of the liabilities to be transferred to the Resulting Company as liabilities pertaining to the SFL Demerged Undertaking.

Explanation C: Currently, all borrowings in SFL pertain / relate to the Core business.



Any question that may arise as to whether a specified liability pertains or does not pertain to the SFL Demerged Undertaking or whether it arises out of the activities or operations of SFL Demerged Undertaking shall be decided by mutual agreement between the Board of Directors or any Committee thereof of SFL and the Resulting Company.





scope of the Opinion includes commenting on the Share Entitlement Ratio recommended by BSR & Associates, LLP and not on the economic rationale of the Scheme or the valuation methods used by BSR & Associates, LLP.

The Opinion requested from us is to be provided in the capacity of Spark Capital Advisors (India) Private Ltd. (the 'Spark Capital') as Category I Merchant Banker (Registration code – MB/INM000011138) and the same is issued as per requirements of Regulation 37 of Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015 read with SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015 (referred to as the 'SEBI Circulars'). The Opinion has been issued only for the purpose of facilitating the Scheme in terms of the above-mentioned SEBI Regulations and Circulars and should not be used for any purpose other than for filing with any regulatory authorities or NCLT in connection with the proposed reorganisation or the draft scheme.

For the said examination and for arriving at the Opinion set forth below, we have reviewed the following information / documents:-

- Letter issued to Spark Capital by SFL.
- Draft Scheme of Arrangement made available by SFL.
- Copy of the Entitlement Ratio Report issued by BSR & Associates, LLP made available by SFL.
- Publicly available information relating to SFL, including Annual Reports and Shareholding Pattern.

We have assumed and relied upon, without independent verification, the accuracy and completeness of all information/documents mentioned above for the purposes of this Opinion. We have not conducted any due diligence and express no opinion and accordingly accept no responsibility with respect to or for such information, or the assumptions on which it is based. We have not reviewed any books and records of Demerged/Resulting Company. We have not assumed any obligation to conduct, nor have we conducted any physical inspection or title verification of the properties or facilities of Demerged Company/Resulting Company and neither express any opinion with respect thereto nor accept any responsibility thereof. We have not made any independent valuation or appraisal of the assets or liabilities of Demerged Company/Resulting Company nor have we been furnished with any such appraisals. With respect to financial and other information and data relating to Demerged Company and the Resulting Company provided to or otherwise reviewed by or discussed with us, we have been advised by the management of SFL that such information and data were reasonably prepared on bases reflecting the best currently available data and judgments of the management of SFL. We have relied on the information provided by the management of SFL, and do not provide any opinion on the allocation of specific assets and liabilities to Demerged Company/Resulting Company. We have not reviewed any internal management information statements or any non-public reports, and instead, with your consent, have relied upon information that was provided or otherwise made available to us by SFL for the purposes of this Opinion. We are not experts in the evaluation of litigation or other actual or threatened claims. In addition, we have assumed that the Scheme will be approved by regulatory authorities including the National Company Law Tribunal/Honourable High Court of Judicature at Madras and that the Demerger will be consummated in accordance with the terms set forth in the Scheme. We have assumed that there are no other contingent liabilities or circumstances that could materially affect the business or financial prospects of Demerged Company/Resulting Company other than those disclosed in the information provided.

We understand that the management of SFL, during our discussion with them, would have drawn our attention to all such information and matters which may have an impact on our analysis and Opinion. To avoid factual inaccuracies in our report, as a part of our standard practice, SFL has been provided an opportunity to review the Opinion (without fairness opinion).

SPARK CAPITAL ADVISORS (INDIA) PRIVATE LIMITED
 'Reflections', New No. 2, Leith Castle Center Street, Santhome High Road, Chennai 600 028
 Tel: +91 44 43440080 / 90, CIN: U67190TN1998PTC039818
 Email: info@sparkcapital.in / www.sparkcapital.in



The Equity Shares of SFL are listed on the National Stock Exchange of India Limited ("NSE"). The Shareholding Pattern of SFL, as on February 16, 2017, is set out below.

SFL Shareholding as on February 16, 2017	No of Shares ^a	% Holding
Promoter and Promoter Group	40,070,005	36.07%
Public	70,039,945	63.04%
Non-Promoter-Non-Public Group	993,910	0.89%
Total	111,103,860	100.00%

^aFace value INR 10 each

Source: NSE and Management Information

The management of Sundaram Finance Limited (the 'Management') is considering an internal reorganization (the 'Proposed Transaction').

The Proposed Transaction, as per the draft scheme envisages the following:

- Merger of SIBSL and Infreight with SFL.
- Demerge the shared services division of Sundaram BPO into SFL.
- Demerger of non-core activities, i.e. training services, identified shared services including shared services vested from Sundaram BPO and all non-core investments of SFL (the 'SFL Demerged Undertaking'), into Sundaram Finance Investments Limited (SFIL) of SFL into SFIL.

Pursuant to merger of SIBSL and Infreight with SFL, no shares will be issued since the entire share capital of SIBSL and Infreight is held by SFL. Further, no shares will be issued for demerger of shared services business of Sundaram BPO into SFL since the entire share capital of Sundaram BPO is held by SFL directly and indirectly through its wholly owned subsidiary, SFIL.

This Proposed Transaction is sought to be implemented under a composite scheme of arrangements (the 'Scheme') under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions. As per the Scheme, upon demerger, transfer and vesting of SFL Demerged Undertaking by SFL to SFIL, shares of SFIL will be issued to the shareholders of SFL as consideration for the demerger of SFL Demerged Undertaking.

We understand that in consideration for the demerger of SFL Demerged Undertaking, the Board of Directors of SFL have proposed to issue, to the shareholders of SFL, 1 (One) Equity Share of face value INR 5 each of SFIL for every 1 (One) Equity Share of face value INR 10 each held in Sundaram Finance Limited, being the consideration for the transfer and vesting of SFL Demerged Undertaking of Sundaram Finance Limited.

The terms and conditions of the Demerger are more fully described in the Scheme, and the above summary of the Demerger is qualified in its entirety by reference to the terms of the Scheme.

We understand that the Appointed Date for the Demerger is the opening of business hours on April 01, 2016. In connection with the Demerger, you have requested us to examine the Share Entitlement Ratio Report dated February 17, 2017 of BSR & Associates, LLP as also the information provided by SFL & the Scheme and issue our Opinion on the "Share Entitlement Ratio" for the purpose of the Demerger. The

SPARK CAPITAL ADVISORS (INDIA) PRIVATE LIMITED
 'Reflections', New No. 2, Leith Castle Center Street, Santhome High Road, Chennai 600 028
 Tel: +91 44 43440080 / 90, CIN: U67190TN1998PTC039818
 Email: info@sparkcapital.in / www.sparkcapital.in

We have relied upon and assumed without independent verification, with the consent of Board of Directors of SFL, that the Demerger will be consummated in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary regulatory or third party approvals (including approvals of all classes of shareholders of SFL, consents and releases for the Demerger, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on SFL and the Resulting Company or the contemplated benefits of the Demerger. We have further assumed that such approvals, consents and releases will be duly obtained, as required, pursuant to applicable laws and contractual obligations, without any delays. Representatives of SFL have advised us, and we further have assumed, that the final terms of the Scheme will not vary from those set forth in the draft reviewed by us. Further, we have assumed that there will not be any adverse rulings or proceedings whatsoever (whether of any court, regulatory body or otherwise) arising out of or in relation to the Demerger as contemplated.

Our Opinion is necessarily based on financial, economic, market and other conditions as they currently exist and on the information made available to us of the date hereof. It should be understood that although subsequent developments may affect this Opinion, we do not have an obligation to update, revise or reaffirm this Opinion. Spark Capital providing an Opinion on the Entitlement Ratio Report issued by BSR & Associates, LLP and will receive a fee for our services.

In the ordinary course of business, Spark Capital is engaged in securities trading, securities brokerage and investment activities, as well as providing investment banking and investment advisory services. In the ordinary course of its trading, brokerage and financing activities, any member of the Spark Capital may at any time hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or senior loans of any company that may be involved in the Scheme subject to applicable law.

It is understood that this letter is issued to the Board of Directors of SFL in connection with the Scheme and may not be relied upon by any other person and may not be used or disclosed for any other purpose without our prior written consent except that a copy of this opinion may be included in its entirety in any filing SFL is required to make with the Securities and Exchange Board of India (SEBI) or with or to any Indian Stock Exchange in connection with the Scheme, if such inclusion is required by applicable law.

We express no opinion whatsoever and make no recommendation at all as to SFL or the Resulting Company's underlying decision to effect the Demerger or as to how the holders of Equity Shares of SFL or the Resulting Company should vote at their respective meetings to be held in connection with the Demerger or as to how they may choose to exercise their options permitted under the Scheme. We do not express and should not be deemed to have expressed any views on any other terms of the Demerger. We also express no opinion and accordingly accept no responsibility for or as to the prices at which the Equity Shares of SFL/Resulting Company will trade following the announcement of the Demerger or as to the financial performance of SFL or the Resulting Company following the consummation of the Demerger.

In no event shall we be liable for any loss, damage, cost or expense arising in any way from fraudulent acts, misrepresentations or willful default on the part of SFL Resulting Company, their Directors, employees or agents. In no circumstances shall the liability of Spark Capital, its partners or employees, relating to services provided in connection with the Opinion exceed the amount paid to us in respect of the fees, if any, charged for these services.



Based on our examination of the Draft Scheme of Arrangement and the Entitlement Ratio Report, and subject to the foregoing, we are of the opinion that the Share Entitlement Ratio as specified in the Share Entitlement Ratio Report is fair in relation to the Scheme.

For and on behalf of
M/s Spark Capital Advisors (India) Private Limited



K Ramakrishnan
Senior Managing Director



February 17, 2017

To,

Board of Directors,
Sundaram Finance Limited,
21, Pattulus Road,
Chennai - 600014,
India.

Sub: Fairness Opinion on the Share Entitlement Report issued by BSR & Associates, LLP dated February 17, 2017

Sir,

We refer to your request letter (the 'Letter') dated February 17, 2017 requesting us to issue an Opinion on entitlement ratio as provided in the report on the share entitlement ratio for the proposed reorganisation of Sundaram Finance Limited dated February 17, 2017 as issued by BSR & Associates, LLP (the 'Share Entitlement Ratio Report').

Sundaram Finance Limited (the 'SFL' or the 'Client') was incorporated in 1954 and is headquartered in Chennai, Tamil Nadu. SFL is a public listed company and a non-banking finance company registered with the Reserve Bank of India and is primarily engaged in providing finance for purchase of commercial vehicles, cars, multi-utility vehicles, construction equipment, farm equipment and working capital. It is also engaged in the distribution of financial products like insurance, home loans, mutual funds, deposits, etc.

Sundaram Insurance Broking Services Limited (the 'SIBSL') is an unlisted public company and a wholly owned subsidiary of Sundaram Finance Limited, which was incorporated for engaging in the business of insurance broking for all kinds of insurable perils including life, medical and other forms general insurance.

Infreight Logistics Solutions Limited (the 'Infreight') is an unlisted public company and a wholly owned subsidiary of Sundaram Finance Limited, which was engaged in logistics services and solutions.

Sundaram BPO India Limited (the 'Sundaram BPO') is an unlisted public company and a subsidiary of SFL. It is engaged in the business of carrying on business process outsourcing services, call centres, contact centres and other activities relating to information technology enabled services in areas of accounting, insurance, banking, human resources, health care, legal, telecom etc.

Sundaram Finance Investments Limited (the 'SFIL' or the 'Resulting Company') is an unlisted public company and a wholly owned subsidiary of SFL, engaged in the business of making all types of investments.

SIBSL, Infreight and SFIL are wholly owned subsidiaries of SFL. Sundaram BPO is held by SFL and SFIL in 84:16 ratio.

SPARK CAPITAL ADVISORS (INDIA) PRIVATE LIMITED
'Reflections', New No. 2, Leith Castle Center Street, Santhome High Road, Chennai 600 028
Tel: +91 44 43440080 / 90, CIN: U67190TN1998PTC039818
Email: info@sparkcapital.in / www.sparkcapital.in



NIFTY 50
Stock of the nation

Ref: NSE/LIST/10813

May 19, 2017

The Secretary & Compliance Officer
Sundaram Finance Limited
21, Pattulus Road,
Post Box No. 3704
Chennai - 600002

Kind Attn.: Mr. P. Viswanathan

Dear Sir,

Sub: Observation letter for draft Composite Scheme of Arrangement and Amalgamation between Sundaram Finance Limited and Sundaram Insurance Broking Services Limited and Infreight Logistics Solutions Limited and Sundaram BPO India Limited and Sundaram Finance Investments Limited and Their Respective Shareholders and Creditors.

This has reference to draft Composite Scheme of Arrangement and Amalgamation between Sundaram Finance Limited and Sundaram Insurance Broking Services Limited and Infreight Logistics Solutions Limited and Sundaram BPO India Limited and Sundaram Finance Investments Limited and Their Respective Shareholders and Creditors submitted to NSE vide your letter dated February 20, 2017.

Based on our letter reference no Ref: NSE/LIST/107751 submitted to SEBI and pursuant to SEBI Circular No. CIR/CFD/CM/D/16/2015 dated November 30, 2015, SEBI has vide letter dated May 19, 2017, has given following comments on the draft Scheme of Arrangement:

- Company shall ensure that additional information, if any, submitted by the company, after filing the scheme with the stock exchange, from the date of receipt of this letter is displayed on the website of the company.*
- The company shall duly comply with various provisions of the circular.*
- Company is advised that the observations of SEBI / Stock Exchanges shall be incorporated in the petition filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*
- It is to be noted that the petitions are filed by the Company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the Company is not required to send notice for representation as mandated under section 230(5) of the Companies Act, 2013 to SEBI again for its comments/observations/representations.*

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of regulation 11 of SEBI (LODR) Regulation, 2015, we hereby convey our "No-objection" in terms of regulation 94 of SEBI (LODR) Regulation, 2015, so as to enable the Company to file the draft scheme with the Hon'ble High Court / NCLT.

However, the listing of equity shares of Sundaram Finance Investments Limited on the National Stock Exchange of India Limited shall be subject to SEBI granting relaxation under Rule 19(2)(b)

Regd. Office: Exchange Plaza, Plot No. C/1, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051, India
CIN: U67120MH1992PHC069769 Tel: +91 22 26598235/36, 26598346, 26598459/26598458 Web site: www.nseindia.com



of the Securities Contract (Regulation) Rules, 1957. Further, Sundaram Finance Investments Limited shall comply with SEBI Act, Rules, Regulations, directions of the SEBI and any other statutory authorities and Rules, Byelaws and Regulations of the Exchange.

The Company should also fulfill the Exchange's criteria for listing such Company and also comply with other applicable statutory requirements. However, the listing of shares of Sundaram Finance Investments Limited is at the discretion of the Exchange.

The listing of Sundaram Finance Investments Limited, pursuant to the Scheme of Arrangement and Amalgamation shall be subject to SEBI approval & Company satisfying the following conditions:

1. To submit the Information Memorandum containing all the information about Sundaram Finance Investments Limited and its group Companies in line with the disclosure requirements applicable for public issues with NSE for making the same available to the public through website of the Company.
2. To publish an advertisement in the newspapers containing all the information about Sundaram Finance Investments Limited in line with the details required as per SEBI Circular no. CIR/CFD/CMD/16/2015 dated November 30, 2015. The advertisement should draw a specific reference to the aforesaid Information Memorandum available on the website of the company as well as NSE.
3. To disclose all the material information about Sundaram Finance Investments Limited to NSE on the continuous basis so as to make the same public, in addition to the requirements, if any, specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for disclosures about the subsidiaries.
4. The following provision shall be incorporated in the Scheme:
 - (a) "The shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange."
 - (b) "There shall be no change in the shareholding pattern or control in Sundaram Finance Investments Limited between the record date and the listing which may affect the status of this approval."

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange. Listing Agreement / Regulations, Guidelines issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from May 19, 2017, within which the Scheme shall be submitted to the Hon'ble High Court / NCLT. Further pursuant to the above cited SEBI circulars upon sanction of the Scheme by the Hon'ble High Court / NCLT, you shall submit to NSE the following:

- a) Copy of Scheme as approved by the NCLT;



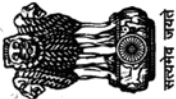
- b) Result of voting by shareholders for approving the Scheme;
- c) Statement explaining changes, if any, and reasons for such changes carried out in the Approved Scheme vis-à-vis the Draft Scheme.
- d) Status of compliance with the Observation Letter/s of the stock exchanges.
- e) The application seeking exemption from Rule 19(2)(b) of SCRR, 1957, wherever applicable; and
- f) Complaints Report as per SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015.

Yours faithfully,

For National Stock Exchange of India Limited

Divya Poojari
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm



भारतीय प्रतिस्पर्धा आयोग
COMPETITION COMMISSION OF INDIA

By e-mail and speed post

Combination Registration. No.: C-2017/03/492 / 7439

26th May, 2017

To,

Mr. P. Viswanathan,
 Sundaram Finance Limited,
 21, Patullos Road, Chennai - 600 002
 E-mail: pv@sundaramfinance.in

Subject: Notice filed under sub-section (2) of Section 6 of the Competition Act, 2002 (bearing registration No. C-2017/03/492).

The Commission has passed an order with respect to the notice filed under sub-section (2) of Section 6 of the Competition Act, 2002.

2. Certified copy of order is enclosed herewith for your information.
3. Please acknowledge the receipt.

Encl: As above


 (Smita Jhingra)
 Secretary



COMPETITION COMMISSION OF INDIA
 (Combination Registration No. C-2017/03/492)

27th April, 2017

Notice under Section 6 (2) of the Competition Act, 2002 jointly given by Sundaram Finance Limited, Sundaram Insurance Broking Services Limited, Infreight Logistics Solutions Limited, Sundaram BPO India Limited and Sundaram Finance Investments Limited.

CORAM:

Mr. Devender Kumar Sikri
 Chairperson

Mr. Sudhir Mital
 Member

Mr. Augustine Peter
 Member

Mr. U.C. Nahta
 Member

Mr. G.P. Mittal
 Member

Order under Section 31(1) of the Competition Act, 2002

1. On 10th March, 2017, the Competition Commission of India (hereinafter referred to as the "Commission") received a notice jointly given by Sundaram Finance Limited ("SFL"), Sundaram Insurance Broking Services Limited ("SIBSL"), Infreight Logistics Solutions Limited ("Infreight"), Sundaram BPO India Limited ("Sundaram BPO") and Sundaram Finance Investments Limited ("SFIL"), pursuant to their board resolutions each dated 17th February, 2017. (Hereinafter, SFL, SIBSL, Infreight, Sundaram BPO, and SFIL are collectively referred to as "Parties").
2. The proposed combination has been filed under sub-section 2 of Section 6 read with sub-section (a) of Section 5 of the Competition Act ("Act").





3. The proposed combination relates to group restructuring and involves following steps:
 - (i) Amalgamation of SIBSL and Infreight into SFL, (ii) Demerger of the "shared services division" of Sundaram BPO into SFL and (iii) Demerger of the non-core business activities of SFL into SFIL leading to a change in shareholding pattern of SFIL.
4. Parties provided certain information/ clarification *inter-alia*, relating to structuring of proposed combination, subsidiaries and activities of the Parties on 7th April, 2017 and 11th April, 2017.
5. SFL, a public limited company incorporated in India, is registered with the Reserve Bank of India as a non-banking finance company and is *inter-alia*, engaged in providing finance for purchase of commercial vehicles, cars, multi utility vehicles and distribution of financial products such as mutual funds. It also has investments in companies' *inter-alia*, engaged in providing products and services relating to insurance, home finance, and asset management.
6. SIBSL, a public company incorporated in India, is a wholly owned subsidiary of SFL. As stated in the notice, it has not commenced any business operations.
7. Infreight, a public company incorporated in India, is a wholly owned subsidiary of SFL. As stated in the notice, it is not providing any products or services.
8. Sundaram BPO, a public company incorporated in India, is a subsidiary of SFL and is engaged in providing business process outsourcing ("BPO") services in areas such as information technology, accounting, insurance and administrative and managerial.
9. SFIL, a public company incorporated in India, is a wholly owned subsidiary of SFL and is *inter-alia*, engaged in the business of making investments.
10. The proposed combination is essentially a restructuring within the Group and also involves change in shareholding pattern of SFIL. Accordingly, it is observed that as a result of proposed combination, there will be no change in the market(s) in which Parties are engaged in providing products and services.
11. Considering the facts on record, details provided in the notice given under sub section (2) of section 6 of the Act and assessment of the proposed combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the



opinion that proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, the Commission, hereby, approves the same under sub-section (1) of section 31 of the Act.

12. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.

13. The Secretary is directed to communicate to the parties accordingly.



Certified True Copy

ANIL KUMAR VASHISHT
Assistant Director
Competition Commission of India
New Delhi



SUNDARAM FINANCE
Enduring values. New age thinking.

SEC-444:16-17/GN
March 15, 2017

The National Stock Exchange of India Limited,
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

Kind Attn.: Mr. Nikhil Jain, Assistant Manager

Dear Sirs,

Sub: Application No. 10813 – Composite Scheme of Arrangement and Amalgamation ('Scheme')

Re: Complaints Report

We are in receipt of your e-mail dated 21st February 2017 intimating that the documents have been uploaded on the website of the Exchange and advising us to submit the Complaints Report within 7 days after expiry of 21 days from the date of updation of scheme documents on the website of stock exchanges.

Accordingly, we enclose the 'Complaints Report', as required under Annexure I. Para A. 6(b) of SEBI Circular No. CIR/CFD/CMD/16/2015 dated 30th November 2015, for your perusal and doing the needful.

We request you to consider issuing the 'no-objection' letter at an early date.

Thanking you,

Yours truly,
For Sundaram Finance Limited



P. Viswanathan
Secretary & Compliance Officer

Encl: a/a

Sundaram Finance Limited

Regd. Office: 21, Patullas Road, Chennai – 600 002, India PAN: AAACS4944A CIN: L65191TN1954PLC002429
Ph: +91 44 2852 1181 www.sundaramfinance.in E-mail: wecare@sundaramfinance.in



SUNDARAM FINANCE
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COMPLAINTS REPORT

Part A

Sr. No.	Particulars	Number
1	Number of complaints received directly	Nil
2	Number of complaints forwarded by Stock Exchanges	Nil
3	Total number of complaints/comments received (1+2)	Nil
4	Number of complaints resolved	Nil
5	Number of complaints pending	Nil

Part B

Not applicable

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1			
2			
3			

For Sundaram Finance Limited



Date: 15.03.2017
Place: Chennai

P. Viswanathan
Secretary & Compliance Officer

Sundaram Finance Limited

Regd. Office: 21, Patullas Road, Chennai – 600 002, India PAN: AAACS4944A CIN: L65191TN1954PLC002429
Ph: +91 44 2852 1181 www.sundaramfinance.in E-mail: wecare@sundaramfinance.in

STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED 30.06.2017

Sl. No.	Particulars	Quarter Ended		Year Ended	
		30.06.2017	31.03.2017	30.06.2016	31.03.2017
		Unaudited	Audited	Unaudited	Audited
1	Revenue from Operations	60970.47	60914.80	55764.85	235679.24
2	Other income	1207.95	3037.32	395.00	10149.26
3	Total Revenue	62178.42	63952.20	56159.85	245828.50
4	EXPENSES:				
a)	Finance Costs	29657.27	28325.46	29072.21	116452.47
b)	Employee benefits	9633.20	6098.42	9739.77	23462.95
c)	Administrative and Other expenses	5288.27	2072.72	4728.40	19543.09
d)	Provisions and Write Off	1409.60	2018.86	1166.18	5517.26
e)	Depreciation	1793.79	2180.10	1918.07	8202.06
f)	Contingent Provision against Standard Assets	281.60	32.43	281.79	630.29
	Total Expenses	44463.73	43727.99	42906.42	173807.82
5	Profit before exceptional and extraordinary items and tax	17714.69	20224.21	13253.43	72020.68
6	Profit before extraordinary items and tax	17714.69	20224.21	13253.43	72020.68
7	Profit/(Loss) before tax	17714.69	20224.21	13253.43	72020.68
8	Extraordinary items	-	-	-	-
9	Profit/(Loss) after tax	17714.69	20224.21	13253.43	72020.68
10	Tax Expense	-	-	-	-
	- Current tax	-	-	-	-
	- Deferred tax	-	-	-	-
11	Profit for the period from continuing operations	6311.55	4595.52	4904.42	22019.57
12	Profit/(Loss) from discontinued operations	(331.07)	1703.47	(660.64)	465.81
13	Tax expense of discontinued operations	11724.21	1326.22	907.65	4956.30
14	Profit/(Loss) from Discontinuing operations (after tax)	-	-	-	-
15	Profit/(Loss) for the period	11724.21	13925.22	907.65	4955.30
16	Paid-up Equity Share Capital	11110.39	11110.39	11110.39	11110.39
17	Reserves (including Revaluation Reserves)	-	-	-	-
18	Basic and Diluted Earnings per Share	10.95	12.53	8.12	44.58
	(after extraordinary items) (₹)	10.95	12.53	8.12	44.58

Notes.

- The above results were approved by the Board of Directors at its meeting held on 18th July 2017.
- The Board of Directors, at its meeting held on 25th November 2016, approved the Scheme of Amalgamation for the merger of Sundaram Infotech Solutions Limited, a wholly-owned subsidiary, with the Company, effective 1st April 2016. The Board of Directors, at its Meeting held on 17th February 2017, approved a composite Scheme of Arrangement and Amalgamation between the Company and four of its subsidiaries, namely, Sundaram Finance Holdings Limited, Sundaram BPO India Limited, Sundaram Insurance Broking Services Limited and Inflight Logistics Solutions Limited, effective 1st April 2016. The Schemes will be given effect to in the Books, effective 1st April 2016, after receipt of regulatory approvals.
- Income deferral and provision for Non-Performing Assets have been made on an estimated basis, as in earlier years.
- The Company's Secured Non-Convertible Debentures are secured by mortgage of immovable property, ranking pari passu and Hypothecation of specific Loan receivables / Hire purchase / Lease agreements with a cover of 100%, as per the terms of issue.
- The Company is engaged primarily in the business of financing and accordingly there is no separate reportable segment as per Accounting Standard (AS-17) 'Segment Reporting'.
- The Statutory Auditors have carried out a Limited Review of the financial results for the quarter ended 30th June 2017.
- Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

By Order of the Board


T.T. SRINIVASARAGHAVAN
Managing DirectorChennai
18.07.2017
Sundaram Finance Limited
 CIN:L65191TN1954PLC002429
 Regd. Office: 21, Patalulos Road, Chennai 600 002.
 Tel: 044 2852 1181, Fax: 044 2858 6641
 Email: investorservices@sundaramfinance.in
 www.sundaramfinance.in

To

**The Board of Directors,
 Sundaram Finance Limited,
 Chennai.**

We have reviewed the accompanying statement of unaudited financial results of Sundaram Finance Limited for the quarter ended 30th June 2017. This statement is the responsibility of the company's management and has been approved by the Committee of Board of Directors. Our responsibility is to issue a report on this financial statement based on our review.

We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement of unaudited financial results prepared in accordance with applicable accounting standards and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including the manner in which it is to be disclosed, or that it contains any material misstatement.

 For BRAHMAYYA & CO.,
 Chartered Accountants

Firm Regn. No. 000511S



L. Ravi Sankar

Partner

Membership No. 25929

Place: Chennai.

Date: 18th July 2017
 48, Masilamani Road, Balaji Nagar, Royapettah,
 Chennai - 600 016, India.

 T: +91 - 044 - 2813 1128/38/48 | F: +91 - 044 - 2813 1158
 E: mail@brahmayya.com | www.brahmayya.com

Sundaram Insurance Broking Services Limited

STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED 30.06.2017
(₹ in lakhs)

Sl.No	Particulars	Quarter Ended		Year Ended 31.03.2017 Audited
		30.06.2017 Unaudited	30.06.2016 Unaudited	
1	Revenue from Operations	-	-	-
2	Other income	0.37	1.20	4.49
3	Total Revenue	0.37	1.20	4.49
4	EXPENSES:			
	a) Employee benefits	-	-	-
	b) Administrative and Other expenses	0.27	0.16	0.41
	Total Expenses	0.27	0.16	0.41
5	Profit/(Loss) before tax	0.09	1.04	4.08
6	Tax Expense	-	0.31	1.25
	- Current tax	-	-	-
	- Deferred tax	-	-	-
7	Profit/(loss) for the period	0.09	0.73	2.83
8	Paid-up Equity Share Capital (FV ₹ 10 each)	50.00	50.00	50.00
9	Reserves (excluding Revaluation Reserves)	-	-	17.02
10	Basic and Diluted Earnings per Share (₹)	-	-	0.57

For SUNDARAM INSURANCE BROKING SERVICES LIMITED



Director

Infreight Logistics Solutions Limited

STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED 30.06.2017
(₹ in lakhs)

Sl.No	Particulars	Quarter Ended		Year Ended 31.03.2017 Audited
		30.06.2017 Unaudited	30.06.2016 Unaudited	
1	Revenue from Operations	-	-	-
2	Other income	-	-	-
3	Total Revenue	-	-	-
4	EXPENSES:			
	a) Employee benefits	-	-	-
	b) Administrative and Other expenses	0.14	0.04	0.29
	Total Expenses	0.14	0.04	0.29
5	Profit/(Loss) before tax	(0.14)	(0.04)	(0.29)
6	Tax Expense	-	-	-
	- Current tax	-	-	-
	- Deferred tax	-	-	-
7	Profit/(loss) for the period	(0.14)	(0.04)	(0.29)
8	Paid-up Equity Share Capital (FV ₹ 10 each)	561.12	561.12	561.12
9	Reserves (excluding Revaluation Reserves)	-	-	(1,074.18)
10	Basic and Diluted Earnings per Share (₹)	-	-	(0.01)

For INFREIGHT LOGISTICS SOLUTIONS LIMITED



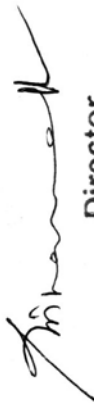
Director

Sundaram BPO India Limited

STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED 30.06.2017
(₹ in lakhs)

Sl.No	Particulars	Quarter Ended		Year Ended
		30.06.2017	30.06.2016	
1	Revenue from Operations	463.50	415.96	1642.95
2	Other income	6.81	14.65	67.11
3	Total Revenue	470.31	430.61	1710.06
4	EXPENSES:			
	a) Finance Costs	0.85	2.41	8.65
	b) Employee benefits	344.48	308.40	1119.12
	c) Administrative and Other expenses	146.54	149.95	543.39
	d) Depreciation	14.39	16.40	66.03
	Total Expenses	506.26	477.16	1737.19
5	Profit/(Loss) before tax	(35.95)	(46.55)	(27.13)
6	Tax Expense	-	-	-
	- Current tax	-	-0.99	15.06
	- Deferred tax	(35.95)	(45.56)	(42.19)
7	Profit/(loss) for the period	895.13	895.13	895.13
8	Paid-up Equity Share Capital (FV ₹10 each)			62.02
9	Reserves (excluding Revaluation Reserves)	(0.40)	(0.51)	(0.47)
10	Basic and Diluted Earnings per Share (₹)			

For Sundaram BPO India Limited



Director



Sundaram Finance Holdings Limited

STATEMENT OF UNAUDITED RESULTS FOR THE QUARTER ENDED 30.06.2017
(₹ in lakhs)

	Quarter Ended		Year Ended	
	30.06.2017	30.06.2016		31.03.2017
	Unaudited	Unaudited	Audited	
1	Revenue from Operations	62.33	120.55	362.35
2	Other income	4.43	40.14	122.11
3	Total Revenue	66.76	160.69	484.46
4	EXPENSES:			
	a) Finance Costs	7.17	-	-
	b) Employee benefits	-	21.47	71.43
	c) Administrative and Other expenses	9.18	80.28	332.83
	d) Depreciation	-	-	-
	Total Expenses	16.35	101.75	404.25
5	Profit/(Loss) before tax	50.41	58.94	80.21
6	Tax Expense	19.10	19.49	30.00
	- Current tax	-	-	2.14
	- Deferred tax	31.31	39.45	48.07
7	Profit/(loss) for the period	2000.00	50.00	2000.00
8	Paid-up Equity Share Capital (FV ₹ 10 each)			1453.07
9	Reserves (excluding Revaluation Reserves)			
10	Basic and Diluted Earnings per Share (₹)	0.83	7.89	1.28

For Sundaram Finance Holdings Limited



Managing Director



Report of the Board of Directors of Sundaram Finance Limited pursuant to Section 232(2)(c) of the Companies Act, 2013 explaining the effect of the Composite Scheme of Arrangement and Amalgamation between Sundaram Finance Limited and Sundaram Insurance Broking Services Limited and Infreight Logistics Solutions Limited and Sundaram BPO India Limited and Sundaram Finance Holdings Limited

1.0 Background

The Board of Directors of Sundaram Finance Limited ('SFL' or 'the Company'), on 17th February 2017, approved the draft Composite Scheme of Arrangement and Amalgamation under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended from time to time (including any statutory modification(s) or re-enactment(s) thereof), which involves:

- a. Amalgamation of Sundaram Insurance Broking Services Limited (SIBSL) and Infreight Logistics Solutions Limited (Infreight) ('Transferor Companies') with SFL;
- b. Demerger of shared services business of Sundaram BPO India Limited (Sundaram BPO) into SFL; and then
- c. Demerger of non-core business activities of SFL into Sundaram Finance Holdings Limited (SFHL or Resulting Company).

As per Section 232(2)(c) of the Companies Act, 2013, a Report adopted by the Directors explaining the effect of the Arrangement and Amalgamation on each class of shareholders, key managerial personnel, promoters and non-promoter shareholders, laying out in particular the share exchange ratio, is required to be circulated to the shareholders, secured creditors and unsecured creditors along with the notice convening the meeting.

Accordingly, this report has been prepared in compliance with the provisions of S.232(2)(c) of the Companies 2013.

2.1 Share Exchange Ratio

2.1.1 Amalgamation of SIBSL and Infreight with SFL

SIBSL and Infreight (Transferor Companies) are wholly-owned subsidiaries of SFL. Since the entire share capital of Transferor Companies is held by SFL, no shares or consideration shall be issued / payable by SFL pursuant to the said amalgamation.

2.1.2 Demerger of shared services business of Sundaram BPO into SFL

Since the entire share capital of Sundaram BPO is held by SFL and its wholly-owned subsidiary, no shares or consideration shall be issued / payable by SFL pursuant to the said demerger.

2.1.3 Demerger of non-core business activities of SFL into SFHL

Upon this Scheme coming into effect, in consideration of the transfer of the SFL Demerged Undertaking by SFL to the Resulting Company in terms of this Scheme, the Resulting Company shall, without any further act or deed, issue and allot to each Shareholder whose name appears in the records of SFL or as beneficiary in the records of the depositories of SFL in respect of the shares of SFL on the Record Date, 1 (One) equity share of Rs. 5/- each, credited as fully paid in the capital of the Resulting Company, for every 1 (One) fully paid up SFL Equity Share held by them in SFL (the "SFL Share

Entitlement Ratio").

The Share Entitlement Ratio Report was issued by B S R & Associates LLP, Chartered Accountants, Mumbai. No special valuation difficulties were reported by them in their report. Further, Spark Capital Advisors (India) Private Limited, Chennai, Category I Merchant Banker, have provided the Fairness Opinion on the Share Entitlement Ratio Report.

2.2 Effect of the Arrangement and Amalgamation on each class of shareholders, promoters and non-promoter shareholders

2.2.1 SIBSL, Infreight, Sundaram BPO, SFL and SFHL have only one class of shareholders, viz., equity shareholders.

2.2.2 The entire share capital of SIBSL and Infreight is held by SFL and its six nominees. As mentioned earlier, no shares or consideration shall be issued / payable by SFL pursuant to the amalgamation.

2.2.3 84.25% of the share capital of Sundaram BPO is held by SFL and its five nominees. The balance 15.75% is held by SFHL, which is wholly-owned subsidiary of SFL. As mentioned earlier, no shares or consideration shall be issued / payable by SFL pursuant to the demerger.

2.2.4 The equity shareholders of SFL comprise the promoters and non-promoter shareholders i.e., public. There would be no change in the shareholding of the promoters and public shareholders of SFL.

2.2.5 The entire share capital of SFHL is held by SFL and its six nominees as on date. Upon the Scheme coming into effect, SFHL will issue and allot shares to the promoters and public shareholders of SFL in the ratio as mentioned under Para 2.1.3, pursuant to which, SFL would hold 26.47% stake in SFHL as promoter and the promoters and public shareholders of SFL, who would be classified as 'promoters' and 'public' respectively in SFHL, would directly hold the balance stake i.e. 73.53% in the same proportion as their respective holding in SFL.

2.3 Effect of the Arrangement and Amalgamation on Key Managerial Personnel of SFL

Upon this Scheme coming into effect, the Key Managerial Personnel (KMP) of SFL, who are shareholders of SFL as on the Record Date, will be allotted equity shares of SFHL in the ratio as mentioned above. The Arrangement and Amalgamation does not affect the KMP's of SFL in any other manner.

Approved and adopted by the Board of Directors vide Resolution passed in Circulation on 6th September 2017.

By order of the Board
For Sundaram Finance Limited

Sd/-

P. Viswanathan

Secretary & Compliance Officer

Date: 06.09.2017

Place: Chennai