



SEC:401:16-17/GN

February 17, 2017

The Manager - Listing
National Stock Exchange of India Limited
Capital Market – Listing
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai 400 051

Dear Sir,

Sub: Disclosure under Reg. 30 read with Sch. III. Part A. Para A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Re: Scheme of Arrangement and Amalgamation

This is to inform you that the Board of Directors, at their meeting held today, have approved a draft Composite Scheme of Arrangement and Amalgamation, under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, involving the following:

Amalgamation of Wholly Owned Subsidiary Companies

- a) Amalgamation of Sundaram Insurance Broking Services Limited (SIBSL) and Infreight Logistics Solutions Limited (Infreight), wholly-owned subsidiaries of Sundaram Finance Limited (SFL), with SFL.
- b) SIBSL was incorporated during 2010-11 for engaging in the business of insurance broking for all kinds of insurable perils including life, medical and other forms of general insurance. However, the company did not commence any operations since inception and hence, does not have any revenue from operations.
- c) Infreight was incorporated during 2000-01 for engaging in the business of logistics services and solutions. The company discontinued all its operations from the FY 2013-14 and hence, does not have any revenue from operations.
- d) The amalgamation would be categorised as a related party transaction and is being done at arm's length.
- e) The amalgamation would bring about operational efficiencies and reduction in administrative and managerial overheads as well as multiplicity of legal compliances.
- f) Since the entire share capital of SIBSL and Infreight is held by SFL, no shares or consideration shall be issued / payable by SFL pursuant to this part of the Scheme. Consequently, there will be no change in the shareholding pattern of SFL.

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Demerger

a) The Scheme also envisages the following:

- i. Demerger of the shared services business of Sundaram BPO India Limited (Sundaram BPO) – subsidiary of SFL, into SFL.
- ii. Demerger of the non-core business of SFL, viz. training services, identified shared services including shared services vested from Sundaram BPO, non-core investments of SFL and other related assets, into Sundaram Finance Investments Limited (SFIL).

b) The turnover of the demerged undertaking and as percentage to the total turnover of SFL in the immediately preceding financial year / based on the financials of FY 2015-16 are ₹7030.87 lakhs and 2.84% respectively.

c) Rationale

- i. The demerger of the shared services business 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.
- ii. The demerger of the non-core business activities of SFL into SFIL (which would include the consolidated shared services business) would *inter alia*:
 - Unlock the value of the non-core business including investments in non-financial services related businesses to maximise shareholders' wealth;
 - Ring fence the core and non-core activities;

d) Consideration

- i. Since the entire share capital of Sundaram BPO is held by SFL and SFL's wholly-owned subsidiary, Sundaram Finance Investments Limited (SFIL), no shares or consideration shall be issued / payable by SFL pursuant to this part of the Scheme. Consequently, there will be no change in the shareholding pattern of SFL or Sundaram BPO.
- ii. Upon the Scheme coming into effect, SFIL shall, without any further act or deed, issue and allot to the shareholders of SFL as on the Record Date, 1 (One) equity share of ₹5/- each, credited as fully paid in the capital of SFIL, for every 1 (One) fully paid-up equity share of ₹10/- each held by them in SFL. The change in the shareholding pattern of SFIL is as under:

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Sr. No.	Name of Shareholder	No. of equity shares	% of Holding
Pre Scheme of Arrangement (Equity Shares of Rs. 10/- each)			
1	Sundaram Finance Limited	2,00,00,000	100
Post Scheme of Arrangement (Equity Shares of Rs. 5/- each)			
1.	Promoter and Promoter Group:		
	Sundaram Finance Limited (Promoter of SFIL)	4,00,00,000	26.47
	Promoter and Promoter Group of Sundaram Finance Limited*	4,00,90,005	26.53
2.	Public – Shareholders of Sundaram Finance Limited*	7,00,19,945	46.34
3.	Employee Trust (Non-Promoter and Non-Public)*	9,93,910	0.66
Total		15,11,03,860	100.00

* Based on shareholding as on 31.12.2016

The equity shares of SFIL would be listed on the National Stock Exchange of India Limited (NSEIL) and all necessary applications will be filed in this regard with NSEIL by SFIL.

The Scheme is subject to all necessary approvals.

Thanking you,

Yours truly,
for Sundaram Finance Limited


P. Viswanathan
Secretary & Compliance Officer

