



Sundaram Finance to demerge non-financial services investments into wholly owned subsidiary

Chennai: 17 February 2017: The Board of Directors of Sundaram Finance Limited (SFL) has today approved a proposal to demerge the non-financial services investments of SFL into a wholly owned subsidiary, Sundaram Finance Investments Limited (SFIL). Following the demerger, SFIL would be listed on the stock exchange, subject to necessary approvals from regulators and shareholders.

Sundaram Finance Limited, headquartered in Chennai, is a leading player in Retail Finance with presence across multiple facets of the Financial Services industry including Vehicle Finance, Home Finance, Mutual Fund, General Insurance and Financial Services Distribution. As of 31 March 2016, SFL Group reported revenues of Rs. 5,035 crores and Profits of Rs. 583 crores. Total assets stood at Rs. 28,027 crores and Net-worth at Rs. 4,195 crores at a consolidated level.

Over nearly six decades, SFL has invested in various non-financial services businesses, including several investments in automotive and manufacturing businesses as a co-promoter along with TVS group companies. Significant investments include Sundaram Clayton, Wheels India, IMPAL (all listed) and Brakes India, Turbo Energy (both unlisted) – most of them leaders in their respective markets. The cumulative investment in these companies (in book value terms) has grown from Rs. 23Cr. in FY2006 to over Rs. 150 crore in FY2016 and have yielded a cumulative dividend of Rs 199 crores in just the last 5 years.

SFL now intends to demerge its non-financial services investments, which would result in ring-fencing the regulated financial services assets of the group. The demerger process is being initiated through a Composite Scheme of arrangement as per the requirements of the Companies Act, 2013.

Consequent to the demerger, Sundaram Finance Investments Limited would be the holding company for all non-Financial Services investments of SFL.

As per the proposal, all shareholders of Sundaram Finance Limited would receive one share of SFIL free of cost for every share held in SFL as on the record date. The appointed date for the scheme is April 1, 2016. As a promoter, SFL would hold 26.47% stake in SFIL and the balance 73.53% will be issued to all shareholders of SFL.

SFIL will be listed on the stock exchange, thereby providing a platform for shareholders to participate in the growth prospects of the investee companies.

The proposal is subject to the finalization of the Scheme of Arrangement, statutory and other approvals.

Commenting on the proposal, T T Srinivasaraghavan, Managing Director SFL said, “Over the years, our investments in the manufacturing and automotive sectors have not only yielded significant returns, but also demonstrated a strong track record of value creation. We will continue to explore non-financial services investments out of SFIL, both in manufacturing companies and elsewhere. Most importantly, Sundaram Finance’s balance sheet and capital adequacy will remain robust post-demerger and we will continue to seek growth opportunities in the Financial Services landscape.”

The Scheme of Arrangement and an investor presentation on the restructuring will be hosted on the Sundaram Finance website.

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