



Annexure 18

Rationale of the Proposed Scheme of Arrangement between Sundaram Finance Limited ('SFL') and Sundaram Insurance Broking Services Limited ('SIBSL') and Infreight Logistics Solutions Limited ('Infreight') and Sundaram BPO India Limited ('Sundaram BPO') and Sundaram Finance Investments Limited ('SFIL') and their respective Shareholders and Creditors

At the Board Meeting held on 17th February 2017, the Board of Directors approved the draft Scheme of Arrangement and Amalgamation, which involves

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

Rationale of the proposed Scheme

The amalgamation of the Transferor Companies into the Company 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 the Company 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; and
- Enable maintenance of an optimal shareholding structure.

The demerger of non-core business activities of the Company into SFIL (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.

For Sundaram Finance Limited



P. Viswanathan
Secretary & Compliance Officer

Date: 17.02.2017
Place: Chennai