

ANNEXURE 4

February 17, 2017

To,

Board of Directors,
Sundaram Finance Limited,
21, Pattulos 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.



Certified True Copy
For Sundaram Finance Limited


P. Viswanathan
Secretary & Compliance Officer

**SPARK CAPITAL ADVISORS (INDIA) PRIVATE LIMITED**

'Reflections', New No. 2, Leith Castle Center Street, Santhome High Road, Chennai 600 028

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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 [^]	% 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%

[^]Face 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 arrangement (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

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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).


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For Sundaram Finance Limited

P.Viswanathan
Secretary & Compliance Officer



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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 as 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 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 wilful 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.


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For Sundaram Finance Limited


P. Viswanathan
Secretary & Compliance Officer



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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


17/02/2017

K Ramakrishnan
Senior Managing Director

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For Sundaram Finance Limited


P. Viswanathan
Secretary & Compliance Officer

