



**REPORT OF THE AUDIT COMMITTEE OF SUNDARAM FINANCE LIMITED**

**Present**

- (a) Mr. S. Prasad - Chairman
- (b) Ms. Shobhana Ramachandhran - Member
- (c) Mr. S. Ravindran - Member

**1. Background**

The Audit Committee of Sundaram Finance Limited ('SFL' or 'the Company') held its meeting on 17 February 2017 at 11.35 A.M. to consider the draft Scheme of Arrangement 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 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

for recommendation of the Scheme by the Audit Committee to the Board of Directors as required vide SEBI Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015.

This report is made in order to comply with the requirements of the Circular after considering the following:

- a. Draft Scheme of Arrangement;
- b. Share Entitlement Report dated 17<sup>th</sup> February 2017 issued by B S R & Associates LLP;
- c. Fairness Opinion dated 17<sup>th</sup> February 2017 issued by Spark Capital Advisors (India) Pvt Ltd;
- d. Audited financial statements of the Company, Sundaram Insurance Broking Services Limited (SIBSL), Infreight Logistics Solutions Limited (Infreight), Sundaram BPO India Limited (Sundaram BPO) and Sundaram Finance Investments Limited (SFIL) for the years ending 31 March 2014, 31 March 2015, 31 March 2016;
- e. Unaudited financial results of the Company for the nine months ended 31 December 2016 which were subjected to Limited Review; and
- f. Audited financial statements of SIBSL, Infreight, Sundaram BPO and SFIL for the nine months ended 31 December 2016.

**2. Proposed Scheme**

- 2.1 The Audit Committee noted the rationale and all the benefits of the Scheme, which, inter-alia, are as follows:

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.

2.2 The Audit Committee reviewed and considered the Share Entitlement Ratio and noted the recommendations made therein. Further, the Fairness Opinion, confirming that the Share Entitlement Ratio in the Share Entitlement Ratio Report is fair to the Shareholders of the Company, was also noted by the Committee.

2.3 The Audit Committee also noted the draft certificate obtained from the Statutory Auditors of the Company i.e. M/s. Brahmaya & Co., Chartered Accountants, on the accounting treatment prescribed in the Scheme.

**3. Recommendation of the Audit Committee**

Taking into consideration the benefits of the Scheme, Share Entitlement Ratio Report and Fairness Opinion, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for consideration and approval.

**By order of the Audit Committee**

**For and on Behalf of Sundaram Finance Limited**

**S. Prasad  
Chairman**



**Date: 17.02.2017  
Place: Chennai**



**REPORT OF THE AUDIT COMMITTEE OF INFREIGHT LOGISTICS SOLUTIONS LIMITED**

**Present**

- (a) Mr. S. Sivakumar - Chairman
- (b) Mr. Srinivas Acharya - Member

**1. Background**

The Audit Committee of Infreight Logistics Solutions Limited ('Infreight' or the Company) held its meeting on 17 February 2017 at 12.45 p.m. to consider the draft Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended from time to time (including any statutory modifications(s) or re-enactment(s) thereof), which involves:

- a. Amalgamation of Sundaram Insurance Broking Services Limited and Infreight Logistics Solutions Limited ('Transferor Companies') with Sundaram Finance Limited (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

for recommendation of the Scheme by the Audit Committee to the Board of Directors.

This report is made after considering the following:

- a. Draft Scheme of Arrangement.
- b. Audited financial statements of SFL and the Company for the years ending 31 March 2014, 31 March 2015, 31 March 2016;
- c. Unaudited financial results of SFL for the nine months ended 31 December 2016 which were subjected to Limited Review; and
- d. Audited financial statements of the Company for the nine months ended 31 December 2016.

**2. Proposed Scheme**

- 2.1 The Audit Committee noted that the amalgamation of the Transferor Companies with SFL would bring about operational efficiencies and reduction of administrative and managerial overheads as well as multiplicity of legal compliances.





# INFREIGHT

*Logistics and beyond...*

2.2 Since the Company is a wholly-owned subsidiary of SFL, all the shares held by SFL and its nominees in the Company shall stand cancelled as on the Effective Date. There will be no question of issuing any shares of SFL to any person(s) upon the amalgamation and hence, there is no need to obtain a Valuation Report.

### 3. Recommendation of the Audit Committee

Taking into consideration the benefits of the Scheme, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for consideration and approval.

**By order of the Audit Committee**

**For and on Behalf of Infreight Logistics Solutions Limited**

**S. Sivakumar**  
Chairman



**Date: 17.02.2017**  
**Place: Chennai**

**REPORT OF THE AUDIT COMMITTEE OF SUNDARAM BPO INDIA LIMITED****Present**

- (a) Mr. A. N. Raju - Chairman
- (b) Mr. P. Viswanathan - Member
- (c) Mr. S. Sridhar - Member

**1. Background**

The Audit Committee of Sundaram BPO India Limited ('Sundaram BPO' or the Company) held its meeting on 17<sup>th</sup> February 2017 at 1.00 P.M. to consider the draft Scheme of Arrangement under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013 as amended from time to time (including any statutory modifications(s) or re-enactment(s) thereof), which involves:

- a. Amalgamation of Sundaram Insurance Broking Services Limited and Infreight Logistics Solutions Limited ('Transferor Companies') with Sundaram Finance Limited (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

for recommendation of the Scheme by the Audit Committee to the Board of Directors.

This report is made after considering the following:

- a. Draft Scheme of Arrangement;
- b. Audited financial statements of SFL and the Company for the years ending 31 March 2014, 31 March 2015, 31 March 2016;
- c. Unaudited financial results of SFL for the nine months ended 31 December 2016 which were subjected to Limited Review; and
- d. Audited financial statements of the Company for the nine months ended 31 December 2016.

**2. Proposed Scheme**

- 2.1 The Audit Committee noted the rationale and all the benefits of the Scheme, which inter-alia, are as follows:

The demerger of the shared services division of the Company into SFL would:

- Facilitate the consolidation of the shared services activities / business carried on by the Company to group companies along with similar services rendered by SFL for the purpose of





## **SUNDARAM BUSINESS SERVICES**

achieving administrative efficiencies and economies of scale while servicing such group companies; and

- Enable maintenance of an optimal shareholding structure

2.2 Since the entire share capital of the Company is held by the holding company, SFL and its wholly owned subsidiary, Sundaram Finance Investments Limited, no shares or consideration shall be issued / paid by SFL, pursuant to the Scheme

### **3. Recommendation of the Audit Committee**

Taking into consideration the benefits of the Scheme, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for consideration and approval.

**By order of the Audit Committee**

**For and on Behalf of Sundaram BPO India Limited**

**A.N. Raju  
Chairman**



**Date: 17.02.2017  
Place: Chennai**

**REPORT OF THE AUDIT COMMITTEE OF SUNDARAM FINANCE INVESTMENTS LIMITED**

**Present**

- (a) Mr. R. Venkatraman - Chairman
- (b) Mr. S. Prasad - Member
- (c) Ms. Shobhana Ramachandhran - Member

**1. Background**

The Audit Committee of Sundaram Finance Investments Limited ('SFIL' or the Company) held its meeting on 17 February 2017 at 1.20 P.M. to consider the draft Scheme of Arrangement 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 and Infreight Logistics Solutions Limited ('Transferor Companies') with Sundaram Finance Limited (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

for recommendation of the Scheme by the Audit Committee to the Board of Directors.

This report is made after considering the following:

- a. Draft Scheme of Arrangement;
- b. Share Entitlement Report dated 17<sup>th</sup> February 2017 issued by B S R & Associates LLP;
- c. Fairness Opinion dated 17<sup>th</sup> February 2017 issued by Spark Capital Advisors (India) Pvt Ltd;
- d. Audited financial statements of SFL and the Company for the years ending 31 March 2014, 31 March 2015, 31 March 2016;
- e. Unaudited financial results of SFL for the nine months ended 31 December 2016 which were subjected to Limited Review; and
- f. Audited financial statements of the Company for the nine months ended 31 December 2016.





**SUNDARAM FINANCE INVESTMENTS LIMITED**  
(Formerly Sundaram Finance Distribution Limited)  
Regd. Office 21, Patullas Road, Chennai – 600002, Tamil Nadu, India

**2. Proposed Scheme**

2.1 The Audit Committee noted the rationale and all the benefits of the Scheme, which, inter-alia, are as follows:

The demerger of non-core business activities of SFL into the Company would:

- Unlock the value of the non-core business including investments in non-financial services related businesses to maximize SFL shareholders' wealth;
- Create a platform for SFL 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.

2.2 The Audit Committee reviewed and considered the Share Entitlement Ratio and noted the recommendations made therein. Further, the Fairness Opinion, confirming that the Share Entitlement Ratio in the Share Entitlement Ratio Report is fair to the Shareholders of the Company, was also noted by the Committee.

**3. Recommendation of the Audit Committee**

Taking into consideration the benefits of the Scheme, Share Entitlement Ratio Report and Fairness Opinion, the Audit Committee recommends the draft Scheme to the Board of Directors of the Company for consideration and approval.

By order of the Audit Committee

For and on Behalf of Sundaram Finance Investments Limited



R. Venkatraman  
Chairman



DATE: 17.02.2017  
PLACE: Chennai

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