



Undertaking in Relation to Non-applicability of Para I(A) (9)(a) of Annexure I of the Circular No.CIRJCFD/ CMD/16/2015 dated 30 November, 2015 issued by the Securities and Exchange Board of India ("SEBI Circular") to the Scheme of Arrangement between Sundaram Finance Limited and Sundaram Insurance Broking Services Limited and Infreight Logistics Solutions Limited and Sundaram BPO India Limited and Sundaram Finance Investments Limited and their respective Shareholders and Creditors ('the Scheme').

1. We refer to Para I(A) 9(a) of the SEBI Circular dated 30 November 2015 which provides that approval of shareholders to the Scheme through postal ballot and e- voting shall be required in any of the following cases.
 - i. Allotment of any additional shares to Promoter/Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary(s) of Promoter/Promoter Group of the listed company.
 - ii. Involvement of the listed company and any other entity involving Promoter/Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary(ies) of Promoter/Promoter Group in the Scheme of Arrangement
 - iii. Acquisition of equity shares of the subsidiary by the parent listed company, by paying consideration in cash or in kind in the past to any of the shareholders of the subsidiary who may be Promoter/ Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary(s) of Promoter/Promoter Group of the parent listed company, and if that subsidiary is being merged with the parent listed company under the Scheme of Arrangement.
2. The Scheme of Arrangement involves merger of Sundaram Insurance Broking Services Limited ('SIBSL') and Infreight Logistics Solutions Limited ('Infreight') with Sundaram Finance Limited ('SFL'), demerger of shared services business of Sundaram BPO India Limited ('Sundaram BPO') with SFL and the subsequent demerger of the non- core business of SFL with Sundaram Finance Investments Ltd ('SFIL') (collectively referred to as 'Proposed Scheme').

With respect to the merger of SIBSL and Infreight ('Transferor Companies') with SFL and the demerger of the shared services business of Sundaram BPO with SFL, as per Para 5.1 of the Scheme and Para 16.1 respectively, no shares or consideration shall be issued/payable by the Company since the entire share capital of the Transferor Companies are held by SFL and the share capital of Sundaram BPO is entirely held by SFL and its wholly owned subsidiary, viz., Sundaram Finance Investments Limited.

With respect to the demerger of the non-core business of SFL with SFIL, SFIL shall issue 1 (One) equity share of Rs. 5/- each, credited as fully paid in the capital of SFIL, for every 1 (One) fully paid up SFL Equity Share held by the shareholders of SFL ('Share Entitlement Ratio'). There would be no additional allotment of shares to the Promoter/Promoter Group.

3. The Company hereby states that the conditions prescribed in the said para 9(a) of the SEBI Circular (in relation to voting by public shareholders through the postal ballot and e-voting) are not applicable to the Proposed Scheme based on the following grounds:
 - i. The Scheme does not envisage any issue/ allotment of any additional shares to Promoter/ Promoter Group, Related Parties of Promoter/ Promoter Group, Associates of Promoter/ Promoter Group, Subsidiary/(s) of Promoter/ Promoter Group of the Company other than shares issued by SFIL pursuant to demerger of Sundaram Finance Demerged Undertaking (as defined in the Scheme) of the Company into SFIL. Pursuant to the demerger, the equity shares of SFIL shall be issued to all the shareholders of the Company on a proportionate basis.





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- ii. There is no involvement of the listed company and any other entity involving Promoter/Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary(ies) of Promoter/Promoter Group in the Scheme of Arrangement
 - iii. The Scheme involves the merger of the Transferor Companies with SFL, demerger of shared services business of Sundaram BPO to SFL and the subsequent demerger and vesting of the non-core business of SFL to SFIL. We confirm that SFIL, Sundaram BPO and the Transferor Companies are wholly owned subsidiaries of SFL/its wholly owned subsidiaries and the shares of SFIL, Sundaram BPO and the Transferor Companies were not owned by Promoter/Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group of the Company, at any point of time in the past.
4. Accordingly, we submit that the following requirements prescribed in the said para 9(a) read with Para 1 (A) (9)(a) of Annexure I of the SEBI Circular are not applicable in relation to the said Scheme:
- i. Requirement to ensure voting by public shareholders through postal ballot and e- voting, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution; and
 - ii. Requirement for the Scheme being acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.

Date: 17.02.2017
Place: Chennai

For Sundaram Finance Limited

P. Viswanathan
Secretary and Compliance Officer



To

17th February, 2017

The Board of Directors,
Sundaram Finance Limited,
21, Patullos Road,
Chennai 600 002.

Certificate on Non-applicability of Paragraph 1(A) 9(a) of Annexure I of SEBI Circular No. CIR/CFD/ CMD/16/2015 dated 30 November 2015

1. This certificate is issued solely at the request of Sundaram Finance Limited ('SFL' or "the Company").
2. We refer to the accompanying Undertaking of Sundaram Finance Limited stating the reasons for non-applicability of Sub-Para 9(a) of Paragraph 1 (A) of Annexure I ["paragraph 9(a)"] of the Circular No. CIR/CFD/ CMD/16/ 2015 dated November 30, 2015 issued by the Securities and Exchange Board of India ("SEBI") (hereinafter referred to as the "Circular"). The same has been prepared by the Management of the Company pursuant to the requirements of Sub-Para 9(c) of Paragraph 1 (A) of Annexure I of the Circular in connection with draft Scheme of Arrangement between the Company 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 ('the Scheme'). The Company is required to submit the accompanying Undertaking as per SEBI Circular, duly certified by the statutory auditors, with the National Stock Exchange of India Limited (referred to as "NSE") towards the non-applicability of conditions mentioned in Para 9(a) of SEBI Circular.
3. In connection with the requirement as stated in Paragraph 1 above, we have been provided with a certified true copy of the Draft Scheme (as attached herewith) and certified true copy of the Undertaking (as attached herewith) as per the SEBI Circular. We have relied on the above details and have performed no further procedures in this regard.

Management's Responsibility for the Undertaking

4. The preparation of the Undertaking is the responsibility of the Management of the Company including but not limited to the creation and maintenance of all accounting and other records supporting the contents of the Draft Scheme. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Undertaking.
5. The Management is also responsible for ensuring that the Company complies with the requirements of the Circular and the Companies Act, 2013 as applicable and other applicable statutes in relation to the Draft Scheme and for providing the information to SEBI and NSE.

Auditors' Responsibility

6. Pursuant to the Circular, it is our responsibility to examine the Draft Scheme and other relevant records and documents maintained by the Company and certify whether the requirements set out in paragraph 9(a) of the Circular, as stated in the Undertaking, are applicable to the Draft Scheme or not.



7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India
8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC), Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

9. On verification of the Undertaking given by the Company and the Draft Scheme and based on our examination of the above, and the information and explanations furnished to us and specific representation received by us from the management, we, M/s. Brahmayya & Co, Chartered Accountants, statutory auditors, certify that to the best of our knowledge, the requirements set out in paragraph 9(a) of the Circular, and as stated in the Undertaking, are not applicable to the Draft Scheme on the following grounds:
 - a. The Draft Scheme involves merger of Sundaram Insurance and Infreight Logistics, demerger of shared services business of Sundaram BPO with SFL and the subsequent demerger of the non-core business of SFL with SF Investments.
 - b. With respect to the merger of Sundaram Insurance and Infreight Logistics ('Transferor Companies') with SFL and the demerger of the shared services business of Sundaram BPO with SFL, as per Clause 5.1 of the Scheme and Clause 17 respectively, no shares or consideration shall be issued/payable by the Company since the entire share capital of the Transferor Companies and Sundaram BPO are entirely held by SFL/its wholly owned subsidiaries.
 - c. With respect to the demerger of the non-core business of SFL with SF Investments, SF Investments shall issue 1 (One) equity share of Rs. 5/- each, credited as fully paid in the capital of SF Investments, for every 1 (One) fully paid up SFL Equity Share held by the shareholders of SFL in SFL ('Share Entitlement Ratio'). As represented by the Company and based on undertaking, shares to be issued and allotted by SF Investments is in accordance with Scheme only and no additional shares are proposed to be allotted to Promoter/Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group of the Company.
 - d. Further, the assets and liabilities transferred as a part of the scheme of arrangement would stand transferred to the relevant entities and none of the Promoter/ Promoter Group, Related Parties of Promoter/ Promoter Group, Associates of Promoter/Promoter Group, Subsidiary/(s) of Promoter/Promoter Group of the Company are involved in the Proposed Scheme.
 - e. The shares of SF Investments, Sundaram Insurance, Infreight Logistics and Sundaram BPO have not been acquired by SFL from the Promoter/Promoter Group, Related Parties of Promoter/Promoter Group, Associates of Promoter/ Promoter Group, Subsidiary/(s) of Promoter/Promoter Group of the Company in the past.



Restrictions on use

10. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Circular. Our obligations in respect of this certificate are entirely separate from, and our responsibility and liability is in no way changed by any other role we may have (or may have had) as statutory auditors of the Company or otherwise. Nothing in this certificate nor anything said or done in the course of or in connection with the services that are the subject of this certificate, will extend any duty of care we may have in our capacity as statutory auditors of the Company.
11. This certificate has been issued for the sole use of the Board of Directors of the Company, to whom it is addressed, to enable the Company to file its application with the NSE and should not be used by any other person or for any other purpose. M/s.Brahmayya & Co, Chartered Accountants, neither accepts nor assumes any duty or liability for any other purpose or to any other party to whom our certificate is shown or into whose hands it may come without our prior consent in writing.

For M/s.Brahmayya & Co,
Chartered Accountants
Firm Regn. No.000511S



L.Revi Sankar
Partner
Membership No.25929