



## Shareholder Communication Relating to Computation of Proportionate Cost of Acquisition

21-02-2018

The Composite Scheme of Arrangement and Amalgamation between Sundaram Insurance Broking Services Limited (“SIBSL / First Transferor Company”) and Infreight Logistics Solutions Limited (“Infreight / Second Transferor Company”) and Sundaram BPO India Limited (“ Sundaram BPO / First Demerged Company”) and Sundaram Finance Limited (“SFL / First Resulting Company” / “Second Demerged Company”) and Sundaram Finance Holdings Limited (“SFHL / “Second Resulting Company”) /and their respective shareholders and creditors (hereinafter referred as “the Scheme”) under Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of Companies Act, 2013 was sanctioned by the Hon’ble National Company Law Tribunal, Division Bench, Chennai (‘NCLT’) vide Order No. CP/210-214/CAA/2017 dated 12<sup>th</sup> January, 2018, received on 18<sup>th</sup> January 2018, which is deemed to be the ‘Effective Date’. Accordingly, the following steps as envisaged in the Scheme, are deemed to have been effective from 1<sup>st</sup> April, 2016, being the Appointed Date:

- Amalgamation of SIBSL and Infreight (‘the Transferor Companies’) with SFL;
- Demerger of the shared services business of Sundaram BPO into SFL; and then
- Demerger of the non-core business activities of SFL into SFHL.

As provided under the Scheme, the Board of Directors of SFHL, at the meeting held on 12<sup>th</sup> February 2018, issued and allotted to the shareholders of SFL, 1 (One) equity share of Rs.5/- each, credited as fully paid up in the capital of SFHL, for every 1 (One) fully paid up equity share of Rs.10/- each held by them in SFL as on the Record Date, i.e. 2<sup>nd</sup> February, 2018.

This Communication has been hosted on the website of the Company for the general guidance of the shareholders of SFL for computing the proportionate cost of acquisition of the equity shares of SFHL *vis-a-vis* the cost of acquisition of the original equity shares of SFL, for the purpose of computing capital gain/loss as per the provisions of the Income Tax Act, 1961 (‘the Act’), as and when the equity shares are sold.

S. 49(2C) of the Act provides that the cost of acquisition of the shares of a Resulting Company is required to be computed by applying the proportion of net book value of the assets of the Demerged Undertaking to the net worth of the Demerged Company immediately before the demerger. Further, S. 49(2D) of the Act provides that the cost of acquisition of the equity shares of the Demerged Company shall be the original cost of acquisition reduced by the cost of acquisition ascertained for the shares of the Resulting Company under S. 49(2C) of the Act.

Based on the prevailing provisions of the Act, the shareholders are advised to apportion their pre-demerger cost of equity shares of SFL in the following manner: -

Name of the Company	% of cost of acquisition of SFL’s Shares
Sundaram Finance Limited	93.89%
Sundaram Finance Holdings Limited	6.11%
Total	100.00%

In terms of S. 47(vi)(d) of the Act, the issue of the shares by the Second Resulting Company (SFHL) to the shareholders of the Second Demerged Company (SFL), pursuant to the Scheme, will not be regarded as transfer and hence will not be taxable in the hands of the shareholders. Further in respect of the equity share(s) issued and allotted by SFHL, the date of acquisition of the equity shares, for the purpose of computation of capital gain/loss in the hands of the shareholder, as and when the shares are sold, will be the date of acquisition of original shares of SFL for each shareholder, as per Clause (g) in explanation 1 to S. 2(42A) of the Income Tax Act, 1961.

This communication is merely for the general guidance of the shareholders and should not be considered as a substitute for any independent opinion that the shareholders may obtain. SFL / SFHL take no express or implied liability in relation to this guidance and do not take the responsibility of updating this communication at any time in future.

P. Viswanathan  
Secretary and Compliance Officer

**Sundaram Finance Limited**