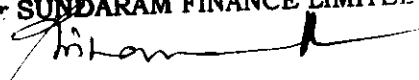


DETAILED NOTE ON SCHEME OF ARRANGEMENT**Parties to the Scheme:**

- (a) **Sundaram Finance Limited ('SFL' or 'Sundaram Finance' or 'the Company')** is a public company and a non-banking finance company registered with the Reserve Bank of India, 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. The equity shares of SFL are listed on the National Stock Exchange of India Limited. The Company has its registered office at 21, Patullos Road, Chennai 600 002.
- (b) **Sundaram Insurance Broking Services Limited ('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. The Company has its registered office at 21, Patullos Road, Chennai 600 002.
- (c) **Infreight Logistics Solutions Limited ('Infreight')** is an unlisted public company and a wholly owned subsidiary of Sundaram Finance Limited which was engaged in logistics services and solutions. The Company has its registered office at 21, Patullos Road, Chennai 600 002.
- (d) **Sundaram BPO India Limited ('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. The Company has its registered office at 21, Patullos Road, Chennai 600 002.
- (e) **Sundaram Finance Holdings Limited ('SFHL' or 'the Resultant Company')** is an unlisted public company and a wholly owned subsidiary of SFL, engaged in the business of making all types of investments. The Company has its registered office at 21, Patullos Road, Chennai 600 002. SFHL contemplates to provide services in the nature of information technology enabled services in areas of accounting, insurance, banking, human resources, health care, legal, telecom etc. and administrative, managerial, maintenance, document processing, data entry, reconciliation, training & orientation and other support services to SFL and its affiliates/group concerns and related activities.

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For SUNDARAM FINANCE LIMITED

P. VISWANATHAN
Secretary & Compliance Officer

Details of Scheme

A composite scheme of arrangement and amalgamation between SIBSL, Infreight, SFL, Sundaram BPO and SFHL and their respective shareholders and creditors ('the Scheme') pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (to the extent notified and applicable) involving the following was entered:

1. Amalgamation of SIBSL and Infreight with SFL;
2. Demerger and vesting of the shared services business division of Sundaram BPO (the "Sundaram BPO Demerged Undertaking") into SFL.
3. Demerger and vesting of non-core business activities of SFL ("SFL Demerged Undertaking") into SFHL.

Rationale for the Scheme

The rationale for the Scheme, as mentioned in clause C of the Scheme, is as follows:

The amalgamation of SIBSL and Infreight into SFL would:

- Bring about operational efficiencies and reduction of administrative and managerial overheads as well as multiplicity of legal compliances.

The demerger of the Sundaram BPO demerged Undertaking ("shared services division") of Sundaram BPO into SFL 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.
- Enable maintenance of an optimal shareholding structure

The demerger of non-core business activities of SFL into SFHL (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.

Salient Features of the Scheme

AMALGAMATION OF SIBSL AND INFREIGHT ('TRANSFEROR COMPANIES') WITH SFL

With effect from the Appointed Date (i.e. April 1, 2016), the entire business and undertaking of the Transferor Companies shall in accordance with Section 2(1B) of the Income-tax Act, 1961 (I.T. Act), stand transferred to and be vested in or deemed to be transferred to and vested in SFL, as a going concern.

Consequent to the above, the Scheme envisages dissolution without winding up of Transferor Companies, merger of authorized capital of Transferor Companies with that of SFL without payment of additional fees or duty and other incidental and consequential matters thereto.

Since the entire share capital of the Transferor Companies are held by SFL, no shares or consideration shall be issued / payable by SFL pursuant to this Part of the Scheme.

The entire share capital of the Transferor Companies shall stand cancelled.

DEMERGER OF SUNDARAM BPO DEMERGED UNDERTAKING

With effect from the Appointed Date (i.e. April 1, 2016), the Sundaram BPO Demerged Undertaking shall, in accordance with Section 2(19AA) of the I.T. Act, stand transferred to and be vested in or deemed to be transferred to and vested in SFL, as a going concern.

The Sundaram BPO Demerged Undertaking means the shared services division of Sundaram BPO engaged in providing services in the nature of information technology enabled services in areas of accounting, insurance, banking, human resources, health care, legal, telecom etc. and administrative, managerial, maintenance, document processing, data entry, reconciliation, training & orientation and other support services to SFL and its affiliates/group concerns and related activities.

Since the entire share capital of Sundaram BPO is held by SFL and its wholly owned subsidiary, no shares or consideration shall be issued / payable by SFL pursuant to this Part of the Scheme.

DEMERGER OF THE SFL DEMERGED UNDERTAKING

With effect from the Appointed Date (i.e. April 1, 2016), the SFL Demerged Undertaking shall, in accordance with Section 2(19AA) of the I.T. Act, stand transferred to and be vested in or deemed to be transferred to and vested in the Resultant Company, as a going concern.

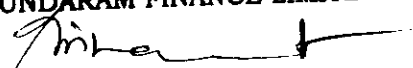
SFL Demerged Undertaking means the non-core business activities carried on by SFL. The non-core business of SFL comprised of business, investments and assets other than non-banking financial services and investment in other financial services but including the Sundaram BPO Demerged Undertaking (vested pursuant to Part C of the Scheme) and identified businesses of SFL including training services.

The consideration for the transfer of the SFL Demerged Undertaking by SFL to SFHL is 1 (One) equity share of Rs.5/- each, credited as fully paid in the capital of SFHL for every 1 (One) fully paid up SFL Equity Share held by shareholder whose name appears in the records of SFL or as beneficiary in the records of the depositories of SFL in respect of the shares of SFL on the Record Date.

The aforesaid shares issued by SFHL shall be listed on NSE. The Company shall apply for listing of its Equity Shares on NSE, including those issued in pursuance of the Scheme, by filing the Information Memorandum and other documents required for listing of its Equity Shares, in terms of and in compliance of the SEBI Circular and other applicable laws.

The Scheme also provides for other consequential and incidental matters including re organization of share capital and amendment to object clause.

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For SUNDARAM FINANCE LIMITED

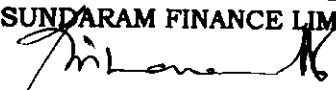

F. VISWANATHAN
Secretary & Compliance Officer

Financial Aspects of the Company and Resultant Company as per published audited financials:

(figures in Rs. Lakhs)

Particulars	Company		Resultant Company	
	FY 2015-2016	FY 2016-2017	FY 2015-2016	FY 2016-2017
Revenue from operations	2,31,239.47	2,35,679.24	742.15	362.35
Results (PAT)	47727.75	49535.30	100.23	48.07
Capital Employed				
Shareholders funds (Share capital + Reserves and Surplus)	331262.49	374562.94	1455.00	3453.07
Non-current liabilities	510994.10	631500.62	7.24	-
Short-term borrowings	222774.39	381722.63	-	-

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