

SEC:026/23-24/SK

May 26, 2023

The Manager - Listing
National Stock Exchange of India Limited
Capital Market – Listing
Exchange Plaza, 5th Floor
Plot No.C/1, G Block
Bandra-Kurla Complex
Bandra (E), Mumbai 400 051

Dear Sir,

Sub: Submission of Press Release

We have pleasure in enclosing the press release relating to Audited Financial Results for the year ended 31st March 2023.

Thanking you,

Yours truly,
for Sundaram Finance Limited

P N Srikant
Secretary & Compliance Officer

Encl:

CC: The Corporate Relationship
Dept. of Corporate Services
Bombay Stock Exchange Limited
Floor 25, P J Towers
Dalal Street
Mumbai 400 001

Sundaram Finance Limited

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PRESS RELEASE

Audited standalone & consolidated financial results for the quarter and year ended
March 31, 2023

Sundaram Finance logs highest-ever disbursements of Rs. 20,966 crores, 58% over FY22; AUM grows 17% to Rs. 34,552 crores

Net profit for FY23 up by 20% at Rs. 1,088 crores

Continued improvement in asset quality with Gross Stage 3 assets at 1.66% (2.19% as of March 31, 2022) and Net Stage 3 assets at 0.86% (1.07% as of March 31, 2022)

Disbursements for Q4 FY23 up by 40% over Q4 FY22 and profits after tax for Q4 FY23 up by 6% to Rs. 316 crores from Rs. 299 crores in Q4 FY22

ROA at 2.8% (2.5% in FY22) and Capital Adequacy Ratio at 22.8% (24.4% in FY22)

150% final dividend (Rs.15 per share) declared

The Board of Directors of Sundaram Finance Ltd. (SFL) approved the audited standalone and consolidated financial results for the year ended March 31, 2023, at its meeting held on May 26, 2023, in Chennai.

"We have re-established our pre-Covid growth trajectory in FY23 while improving asset quality to our traditional standards. Assets under management grew by 17%, gross stage 3 assets recovered to 1.66% with net stage 3 assets at 0.86% and profits after tax recorded a 20% growth to Rs. 1,088 crores. Our group companies in asset management, general insurance and home finance continued to perform strongly. As we look ahead, we remain steadfast in executing our balanced & time-tested approach of measured growth with best-in-class asset quality and consistent profitability," said Harsha Viji, Executive Vice Chairman.

Disbursements for FY23 recorded a growth of 58% over FY22 with all asset classes and geographies witnessing significant growth in the full year. With the improvement in economic activity and the viability of our customers, Gross stage 3 assets improved substantially over the corresponding period of last year driven by our focused collection efforts & deep customer relationships. Gross stage 3 assets as on March 31, 2023, stood at 1.66% with provision cover of 49% as against 2.19% as on March 31, 2022, with provision cover of 52%. Profit after tax at Rs. 1,088 crores registered an increase of 20% in FY23 as against Rs. 903 crores in FY22. Return on assets at 2.8% improved over FY22 (2.5%) and capital adequacy at 22.8% remains quite comfortable to support planned growth.

Sundaram Finance Limited



“It has been a satisfying year of Growth with Quality and Profitability powered by our people, processes and technology. We added over 2,500 people to our team, opened 62 branches, rolled out a number of technology, digital & data-powered offerings aimed at significantly improving the productivity of our staff and enhancing the experience of our customers. Looking ahead, as inflation eases and economic activity continues to gather pace, global factors notwithstanding, we expect growth in the economy to sustain. Team Sundaram is geared up to leverage the foundation laid in FY23 to extend our market share across asset classes & geographies while delivering the Sundaram experience to our customers and other stakeholders,” said Rajiv Lochan, Managing Director.

STANDALONE PERFORMANCE HIGHLIGHTS FOR FY23

- Disbursements for FY23 recorded a growth of 58% to Rs. 20,966 crores as compared to Rs. 13,275 crores registered in FY22. Disbursements for Q4 FY23 recorded a growth of 40% to Rs. 5,259 crores as compared to Rs. 3,751 crores in Q4 FY22.
- The assets under management stood at Rs. 34,552 crores as on 31st March 2023 as against Rs.29,532 crores as on 31st March 2022, up by 17%.
- The total restructured assets under Covid relief measures enabled by the Reserve Bank of India were at Rs. 628 crores, about 1.8% of loan outstanding, as on 31st March 2023.
- Gross stage 3 as on 31st March 2023 stood at 1.66% with 49% provision cover as against 2.19% with provision cover of 52% as on 31st March 2022. Net stage 3 as on 31st March 2023 closed at 0.86% as against 1.07% as on 31st March 2022.
- With the improvement in the asset quality, the impairment cost for FY23 was Rs. 134 crores as against Rs. 319 crores in FY22.
- The Gross and Net NPA, per RBI’s new asset classification norms for NBFCs, are 3.00% and 2.10% respectively as against 2.42% and 1.26% as of 31st March 2022 (based on old norms).
- Cost to income ratio closed at 34.36% in FY23 as against 32.36% in FY22.
- Profit after tax registered a 20% rise in FY23, with net profit at Rs. 1,088 crores. The company had registered a net profit of Rs. 903 crores in FY22. Profit after tax registered 6% increase in Q4 FY23, with net profit at Rs. 316 crores as compared to Rs. 299 crores in Q4 FY22. During Q4 FY23, as a matter of prudence, the ECL model was tweaked to provide higher provisions of Rs 29 Cr for Stage 1 & 2 assets.
- Return on assets (ROA) for FY23 closed at 2.8% as against 2.5% for FY22. Return of equity (ROE) was at 14.9% for FY23 as against 13.8% for FY22. If we exclude investments in subsidiaries and group companies, core ROE was at 18.5% for FY23 as against 18.2% for FY22.
- Capital Adequacy Ratio stood at 22.8% (Tier I –17.7%) as of 31st March 2023 compared to 24.4% (Tier I – 17.5%) as of 31st March 2022.
- The Company has declared a final dividend of Rs.15 per share (150%).

Sundaram Finance Limited



CONSOLIDATED PERFORMANCE HIGHLIGHTS FOR FY23

The consolidated results of SFL include the results of its standalone subsidiaries Sundaram Home Finance, Sundaram Asset Management and joint venture company Royal Sundaram General Insurance.

- The assets under management (AUM) in our lending and general insurance businesses stood at Rs. 53,406 crores as on 31st March 2023 as against Rs. 46,309 crores as on 31st March 2022. The assets under management of our asset management business stood at Rs. 54,804 crores as on 31st March 2023 as against Rs. 54,901 crores as on 31st March 2022.
- Profit after tax for FY23 was Rs. 1,318 crores as compared to Rs. 1,173 crores in FY22.

GROUP COMPANY PERFORMANCE HIGHLIGHTS

Our group companies continued to perform well.

- The asset management business closed the year ended 31st March 2023 with assets under management of Rs.54,804 crores (over 80% in equity) and consolidated profits from the asset management businesses was at Rs. 73 crores as against Rs. 72 crores in FY22. The profits for FY23 is lower by Rs. 23 crores due to amortization of Rs. 234 crores of Asset Management rights consequent to the acquisition of Principal Mutual Fund in FY22.
- Royal Sundaram reported a Gross Written Premium (GWP) of Rs. 3,517 crores as compared to Rs. 2,966 crores in the previous year, representing a growth of 19%. The Company reported a profit after tax of Rs. 44 crores for the current year as against Rs. 172 crores in the previous year. The current year's profit was lower than the previous year primarily due to Mark to Market loss of Rs.78 crores (net of tax) on equity investments compared to (a) Mark to Market gain Rs.33 crores (net of tax) and (b) impairment reversal on certain bonds of Rs. 37 crores (net of tax) in the previous year. Profit after tax adjusted for deferred acquisition cost and MTM for FY23 is Rs 205 crores as against comparable PAT of Rs 127 crores in the previous year.
- Sundaram Home Finance continued to grow strongly with disbursements up by 69% to Rs. 3,901 crores in FY23. The profit for FY23 was Rs. 215 crores, up by 28% as against Rs.168 crores in FY22. The momentum on disbursements continued from Q4 of last year into this year driven by an increasing demand for home loans in tier 2 and 3 towns in the southern markets, a priority focus for the company.

Sundaram Finance Limited



ABOUT SUNDARAM FINANCE

Sundaram Finance was established in 1954 and the company has today grown into one of the most trusted and diversified financial services groups in India providing financing for commercial vehicles, cars & utility vehicles, tractors and farm equipment, construction equipment, SME finance and a range of working capital products for financing diesel, tyres, insurance as well as working capital for SMEs. Through its subsidiaries and group companies, the company offers home finance, loans against property, mutual funds and investment management solutions and the full range of general insurance products and services. It has a nationwide presence of over 670 branches, nearly 1.2 lakh depositors and over 4 lakh lending customers.

Sundaram Finance's vision is to be the most respected NBFC in the country and its mission is to deliver the Sundaram experience to all customers, big and small, in keeping with the ethos of the Company. Sundaram Finance embraces a philosophy that balances Growth with Quality and Profitability and remains rooted to its ideal of protecting and enhancing shareholder value. The founding philosophy of the company is that everything begins with the customer. Our founder, Late Sri T S Santhanam, enshrined in the company its core values - The Sundaram Way - that have been the company's guiding light over the decades. The company is deeply rooted in its values and proud of its heritage, also constantly innovating in terms of technology and processes to deliver the unique Sundaram experience to its customers and stakeholders.

For more information, please visit: <https://www.sundaramfinance.in/>

For further details, please contact:

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Sundaram Finance Limited