



SUNDARAM FINANCE

Enduring values. New age thinking.

SEC:086:22-23/GN

August 8, 2022

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 Unaudited Financial Results for the quarter ended 30th June 2022.

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



PRESS RELEASE

Unaudited standalone & consolidated financial results for the quarter ended June 30, 2022

Sundaram Finance logs highest ever Q1 disbursements of Rs. 4,895 crores, 138% over Q1FY22; Net profit for Q1FY23 up 18% at Rs. 226 crores

Continued improvement in asset quality with Gross Stage 3 assets at 2.51% (4.25% as of June 30, 2021) and Net stage 3 assets at 1.30% (3.12% as of June 30, 2021)

Disbursements for Q1 FY23 up by 31% sequentially over Q4 FY22

Assets under management up 2.4% to Rs. 30,552 crores compared to Q1 FY22

ROA at 2.5% (2.2% in Q1 FY21) and Capital Adequacy Ratio at 24.1% (23.5% in Q1 FY21)

Chennai August 8, 2022: The Board of Directors of Sundaram Finance Ltd. (SFL) approved the unaudited standalone and consolidated financial results for the quarter ended June 30, 2022, at its meeting held on August 8, 2022, in Chennai.

“We have re-established our pre-pandemic growth trajectory with the highest-ever first quarter disbursements of Rs. 4,895 crores and registered 138% growth over the first quarter of last year. Coupled with continued strong improvement in our asset quality levels and a healthy 18% increase in profits, we have delivered a strong quarter of Growth with Quality and Profitability. Overall economic activity continues to improve across all segments despite inflationary concerns and related interest rate hikes,” said Harsha Viji, Executive Vice Chairman.

Disbursements for Q1 FY23 recorded a growth of 31% sequentially over Q4 FY22. Gross stage 3 as on June 30, 2022, stood at 2.51% with provision cover of 49% as against 4.25% as on June 30, 2021, with provision cover of 27%. Profit after tax at Rs. 226 crores registered an increase of 18% in Q1 FY23 as against Rs. 192 crores in Q1 FY22. Return on assets at 2.5% improved over Q1 FY22 (2.2%) and capital adequacy at 24.1% remains quite comfortable to support planned growth.

“The first quarter is off to a strong start and to plan. We regained share across most asset classes and remain focused on extending our share in all markets. We expect continued recovery in the commercial vehicles segment, especially medium & heavy commercial vehicles. Prospects for our growth segments of Construction Equipment, Tractor & Farm Equipment as well as Commercial Lending continue to remain bright. Demand for passenger vehicles remains strong, constrained only by supply. This quarter also witnessed our technology, digital & data investments strengthen with the launch of the Sundaram Credit Line – a contactless, paperless offering to our existing customers, delivered digitally end-to-end. Team Sundaram remains focused on ensuring our rightful market share in the segments & geographies we operate in while continuing to remain industry-best in asset quality performance & delivering the Sundaram experience to all our customers,” said Rajiv Lochan, Managing Director.

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STANDALONE PERFORMANCE HIGHLIGHTS FOR Q1 FY23

- Disbursements for Q1 FY23 recorded a growth of 138% to Rs. 4,895 crores as compared to Rs. 2,060 crores registered in Q1 FY22.
- The assets under management stood at Rs. 30,552 crores as on 30th June 2022 as against Rs.29,823 crores as on 30th June 2021.
- The total restructured assets under Covid relief measures enabled by the Reserve Bank of India were at Rs. 1,234 crores, about 4.07% of loan outstanding, as on 30th June 2022.
- Gross stage 3 as on 30th June 2022 stood at 2.51% with 49% provision cover as against 4.25% with provision cover of 27% as on 30th June 2021. Net stage 3 as on 30th June 2022 closed at 1.30% as against 3.12% as on 30th June 2021. As on 30th June 2022 Gross & Net NPA as per the existing RBI norms are 2.66% & 1.41% as against 4.59% & 3.38% as on 30th June 2021.
- With a view to ensuring uniformity in the implementation of IRACP norms across all lending institutions, RBI vide its circular dated 12th November 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning (IRACP) pertaining to Advances" has clarified the NPA norms for NBFCs. RBI vide its clarification dated February 15, 2022, has given time till September 30, 2022, for implementation of certain provisions relating to "IRACP" stipulated in their circular dated November 12, 2021. The Company continues to prepare the financial results in accordance with the applicable Ind-AS guidelines and maintains adequate ECL provisions as per Ind AS 109.

If the company had adopted the provisions of the November 12, 2021 circular from the RBI, the Gross and Net NPA would be 5.22% and 3.83% respectively. As the company has indicated earlier, the underlying business risk has not undergone any change.

- Cost to income ratio closed at 33.4% in Q1 FY23 as against 31.5% in Q1 FY22.
- The deposit base stood at Rs. 4,129 crores as on 30th June 2022, a net accretion of Rs.26 crores over 31st March 2022.
- Profit after tax registered an 18% rise in Q1 FY23, with net profit at Rs. 226 crores. The company had registered a net profit of Rs. 192 crores in Q1 FY22.
- Return on assets (ROA) for Q1 FY23 closed at 2.5% as against 2.2% for Q1 FY22. Return of equity (ROE) was at 12.9% for Q1 FY23 as against 12.2% for Q1 FY22. If we exclude investments in subsidiaries and group companies, core ROE was at 15.5% for Q1 FY23 as against 16.7% for Q1 FY22.
- Capital Adequacy Ratio stood at 24.1% (Tier I – 17.8%) as of 30th June 2022 compared to 23.5% (Tier I – 16.1%) as of 30th June 2021.

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CONSOLIDATED PERFORMANCE HIGHLIGHTS FOR Q1 FY23

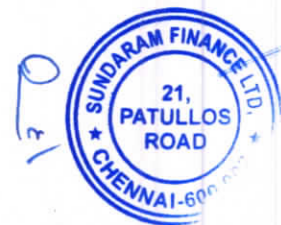
The consolidated results of SFL include the results of its standalone subsidiaries Sundaram Home Finance, Sundaram Asset Management and joint venture company Royal Sundaram General Insurance.

- The assets under management (AUM) in our lending and general insurance businesses stood at Rs. 47,432 crores as on 30th June 2022 as against Rs. 45,832 crores as on 30th June 2021. The assets under management of our asset management business stood at Rs. 48,810 crores as on 30th June 2022 as against Rs. 43,025 crores as on 30th June 2021.
- Profits after tax down by 13.9% in Q1 FY23, with net profit at Rs. 246 crores compared to profit after tax of Rs. 285 crores in Q1 FY22.

GROUP COMPANY PERFORMANCE HIGHLIGHTS

Our group companies continued to perform well in difficult business conditions.

- The asset management business closed the quarter ending 30th June 2022 with assets under management of Rs.48,810 crores (over 85 % in equity) and consolidated profits from the asset management businesses was at Rs.18 crores as against Rs.19 crores in Q1 FY22. The profits for the quarter were lower due to amortization of Asset Management rights consequent to the acquisition of Principal Mutual Fund.
- Royal Sundaram General Insurance, our joint venture with Ageas of Belgium, delivered Gross Written Premium of Rs. 798 crores in Q1 FY23, a 20% increase over Rs. 665 crores in Q1 FY22. The profit / (Loss) for Q1 FY23 was at Rs. (34) crores as against Rs. 83 crores in Q1 FY22. While the underlying operations of the insurance business remain profitable, the profits during the quarter were affected due to net loss of Rs. 106 crores on Fair Value of Equity investments as against net gain of Rs. 28 crores accounted in the quarter ending June 2021.
- Sundaram Home Finance continued to grow strongly with disbursements up by 220% to Rs.796 crores in Q1 FY23. The profit for Q1 FY23 was Rs. 47 crores, up by 17.5% as against Rs.40 crores in Q1 FY22. The momentum on disbursements continued from Q4 of last year into Q1 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 nation-wide presence of over 600 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, 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