



SUNDARAM FINANCE[®]
Enduring values. New age thinking.

SEC: 171:2022-23/KV
November 30, 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,

Re: Disclosure under Reg. 30 read with Sch. III. Part A. Para A of SEBI (LODR) Regulations, 2015.

We wish to inform you that, today, Mr. Rajiv C. Lochan, Managing Director, will be interacting with journalists at a Press Meet to be held at Mumbai, in connection with the performance of the Company for the quarter and half year ended 30th September 2022. A copy of the Press Release to be shared with the participants is enclosed for your records.

Thanking you,

Yours truly,
For Sundaram Finance Limited

P.N. Srikant
Secretary & Compliance Officer

Sundaram Finance Limited

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PRESS RELEASE

Sundaram Finance – Performance with purpose

Sundaram Finance Ltd (www.sundaramfinance.in) was established in 1954 when Sri T. S. Santhanam, the Founder, envisioned the future of hire-purchase finance in India. The company was started with a paid-up capital of Rs. 2 Lakhs with the primary objective of financing the purchase of commercial vehicles. Today, it has extended its services to include financing of cars and 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 lending solutions. It also offers working capital products for SMEs and Emerging Financial Institutions. The fixed deposits and long-term borrowings of the company are rated AAA by CRISIL and ICRA. Sundaram Direct, its distribution brand offers a suite of financial products from its various partners including loans, savings, and insurance (both non-life and life) products to its customers and has over 1000 strong sales force.

Sundaram Finance has today grown into one of the most trusted financial services groups in India with a nation-wide presence of 640 branches, over 1.2 lakh depositors and nearly 4.5 lakh lending customers. It has a diversified presence in Mutual Funds (Sundaram Asset Management Ltd), Housing Finance (Sundaram Home Finance Ltd) and General Insurance (Royal Sundaram Ltd). The company's Diamond Jubilee in August 2014 was preceded by the birth centenary of its Founder in November 2012.

Rajiv Lochan, Managing Director, who took charge on April 1, 2021 said, "The founding philosophy of Sundaram Finance is that everything begins with the customer. Our founder, Late Sri T S Santhanam, enshrined our core values - The Sundaram Way - that have been our guiding light over the decades. Our ethos is deeply rooted in our values and we are proud of our heritage. We constantly innovate in terms of technology and processes to deliver the unique Sundaram experience to our customers and stakeholders. Our business philosophy is to pursue Growth with Quality and Profitability, a balance that has stood the test of time."

The past three years have been challenging given the slowdown in the commercial vehicle market that began in the second half of FY20, which was immediately followed by the pandemic. The company devoted its focus to supporting its customers deal with the pandemic impact. All the support measures enabled by the Government of India and the Reserve Bank of India were fully extended to customers who were Covid-impacted. The company privileged asset quality and preserving capital through this period. However, as economic activity has improved over the past 3-4 quarters, the company has focused on gaining and extending market share across all asset classes. Asset quality has continued to improve, and the company remains best-in-class on this front. Profitability has improved consistently, creating sufficient ammunition for growth.

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“It has been a record-setting half year for team Sundaram with highest ever H1 disbursements. Gross stage 3 assets as on September 30, 2022, stood at 2.54% with provision cover of 47% as against 3.45% as on September 30, 2021, with provision cover of 39%. Profit after tax at Rs. 529 crores registered an increase of 32% in H1FY23 as against Rs. 402 crores in H1FY22. Return on assets at 2.9% improved over H1FY22 (2.3%) and capital adequacy at 24.3% remains quite comfortable to support planned growth,” said Rajiv.

The external environment is likely to witness some softening in the second half as the RBI’s withdrawal of pandemic accommodation gains traction and global geopolitical and monetary policy shifts continue to unfold. “We remain steadfast in our focus of delivering the Sundaram experience to all our customers and ensuring we remain industry-best in asset quality. We are sharply focused on ensuring our rightful market share in the segments & geographies we operate. Furthering the geographic and asset class diversification agenda that we started a few years ago is our primary focus. Our founding purpose to serve the small road transport operator now extends to the small construction operator, the small farmer and the small MSME entrepreneur, who remain underserved by the formal financial system,” said Rajiv.

Investments in technology, digital & data are expected to enhance customer experience as well as drive productivity improvements of frontline teams. The recently launched Sundaram Credit Line – a contactless, paperless offering to existing customers and delivered digitally end-to-end – is a significant step forward in technology-powered customer offerings. The company’s SME lending and supply chain financing solutions are providing wings to the aspirations of the Indian MSME entrepreneur.

“As the India growth story unfolds and the formalization and financialization of the small Indian entrepreneur gains momentum, Sundaram Finance will remain focused on serving the financial needs of this underserved segment. We will do this embracing the Sundaram Way and will strive to remain admired and respected for delivering performance with purpose,” asserted Rajiv.

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STANDALONE PERFORMANCE HIGHLIGHTS FOR H1FY23

- Disbursements for H1FY23 recorded a growth of 77% to Rs. 10,034 crores as compared to Rs. 5,681 crores registered in H1FY22. Disbursements for Q2FY23 recorded a growth of 42% to Rs. 5,139 crores as compared to Rs. 3,621 crores in Q2FY22.
- The assets under management stood at Rs. 31,980 crores as on 30th September 2022 as against Rs.29,811 crores as on 30th September 2021, up 7.3%.
- The total restructured assets under Covid relief measures enabled by the Reserve Bank of India were at Rs. 927 crores, about 2.9% of loan outstanding, as on 30th September 2022.
- Gross stage 3 as on 30th September 2022 stood at 2.54% with 47% provision cover as against 3.45% with provision cover of 39% as on 30th September 2021. Net stage 3 as on 30th September 2022 closed at 1.37% as against 2.12% as on 30th September 2021.
- RBI vide its circulars dated 12th November 2021 & 15th February 2022 has tightened the norms for asset classification for NBFCs. During the quarter, the Company has adopted the new norms effective 1st April 2022, ahead of the regulatory deadline of 1st October 2022. The company has prepared the financial results in accordance with the applicable Ind AS guidelines / IRACP norms and, as a matter of prudence, suitably amended its ECL model to reflect the new norms. This has resulted in additional provision of Rs. 17.37 crores.

With the improvement in the asset quality, the impairment cost for H1FY23 was Rs. 80.17 crores as against Rs. 250.47 crores in H1FY22.

- The Gross and Net NPA are 4.29% and 2.97% respectively (as per old norms, the Gross and Net NPA are 2.67% and 1.48% respectively) as against 3.85% and 2.48% as of 30th September 2021.
- Cost to income ratio closed at 31.67% in H1FY23 as against 29.13% in H1FY22.
- Profit after tax registered an 32% rise in H1FY23, with net profit at Rs. 529 crores. The company had registered a net profit of Rs. 402 crores in H1FY22. Profit after tax registered 44% increase in Q2FY23, with net profit at Rs. 303 crores as compared to Rs. 211 crores in Q2FY22.
- Return on assets (ROA) for H1FY23 closed at 2.9% as against 2.3% for H1FY22. Return of equity (ROE) was at 14.9% for H1FY23 as against 12.7% for H1FY22. If we exclude investments in subsidiaries and group companies, core ROE was at 16.4% for H1FY23 as against 15.4% for H1FY22.
- Capital Adequacy Ratio stood at 24.3% (Tier I – 18.2%) as of 30th September 2022 compared to 23.4% (Tier I – 16.3%) as of 30th September 2021.

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CONSOLIDATED PERFORMANCE HIGHLIGHTS FOR H1FY23

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. 49,601 crores as on 30th September 2022 as against Rs. 46,190 crores as on 30th September 2021. The assets under management of our asset management business stood at Rs. 52,561 crores as on 30th September 2022 as against Rs. 43,057 crores as on 30th September 2021.
- Profits after tax for H1FY23 was Rs. 552 crores as compared to Rs. 545 crores in H1FY22.

GROUP COMPANY PERFORMANCE HIGHLIGHTS

Our group companies continued to perform well.

- The asset management business closed the half year ending 30th September 2022 with assets under management of Rs.52,561 crores (over 85% in equity) and consolidated profits from the asset management businesses was at Rs. 34 crores as against Rs. 48 crores in H1FY22. The profits for the half year 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. 1,645 crores in H1FY23, a 16% increase over Rs. 1,420 crores in H1FY22. The profit / (Loss) for H1FY23 was at Rs. 1 crore as against Rs. 152 crores in H1FY22. While the underlying operations of the insurance business remain profitable, the profits during the half year were affected due to net loss of Rs. 62 crores on fair value of equity investments as against net gain of Rs. 91 crores accounted in the half year ending September 2021.
- Sundaram Home Finance continued to grow strongly with disbursements up by 95% to Rs. 1,736 crores in H1FY23. The profit for H1FY23 was Rs. 98 crores, up by 22% as against Rs. 80 crores in H1FY22. The momentum on disbursements continued from Q4 of last year into H1 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.

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

For further details, please contact:

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