



SUNDARAM FINANCE®
Enduring values. New age thinking.

SEC:152:22-23/SK

November 7, 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 and half year ended 30th September 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

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PRESS RELEASE

Unaudited standalone & consolidated financial results for the quarter and half year ended Sep 30, 2022

Sundaram Finance logs highest ever H1 disbursements of Rs. 10,034 crores, 77% over H1FY22

Net profit for H1FY23 up by 32% at Rs. 529 crores

Continued improvement in asset quality with Gross Stage 3 assets at 2.54% (3.45% as of September 30, 2021) and Net stage 3 assets at 1.37% (2.12% as of September 30, 2021)

Disbursements for Q2 FY23 up by 42% over Q2 FY22 and profits after tax for Q2 FY23 up by 44% to Rs. 303 crores from Rs. 211 crores in Q2 FY22

Assets under management up by 7.3% to Rs. 31,980 crores compared to H1FY22

ROA at 2.9% (2.3% in H1FY22) and Capital Adequacy Ratio at 24.3% (23.4% in H1FY22)

The Board of Directors of Sundaram Finance Ltd. (SFL) approved the unaudited standalone and consolidated financial results for the half year ended September 30, 2022, at its meeting held on November 7, 2022, in Chennai.

"Economic activity remained robust through Q2. We delivered strong growth, continuing the momentum from Q1, to gain and extend our market share across most asset classes. Our asset quality continued to improve and remained best-in-class while profitability improved creating sufficient ammunition for continuing our growth trajectory. Overall, it has been a satisfying quarter of Growth with Quality and Profitability," said Harsha Viji, Executive Vice Chairman.

Disbursements for H1FY23 recorded a growth of 77% over H1FY22 with all asset classes and geographies witnessing significant growth in the second quarter. With improvement in economic activity and viability of our customers, Gross stage 3 assets improved substantially over the corresponding period of last year driven by our focused collections efforts & deep customer relationships. 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.

"It has been a record-setting quarter and half year for team Sundaram with highest ever H1 disbursements. Coupled with continuing improvement in asset quality to remain best-in-class and strong profit growth, it has been an all-round strong quarter. The external environment is likely to witness some softening in the second half as the RBI's withdrawal of pandemic accommodation

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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 remain sharply focused on ensuring our rightful market share in the segments & geographies we operate,” said Rajiv Lochan, Managing Director.

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.

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- 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.

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 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 ended 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.

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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 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/>

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Sundaram Finance Limited