



SUNDARAM FINANCE
Enduring values. New age thinking.

Sundaram Finance FY11 Net Profit from Continuing Operations up 28% at Rs.257cr,

Disbursements up 28% at Rs. 7478cr, Net NPA at 0.20%

Retommends Final dividend of Rs. 7per share

Chennai 30th May 2011: Sundaram Finance Ltd., a leading NBFC with significant presence in CV and Car Finance business, has announced that its Net Profit for the 12months ended 31st March 2011 increased to Rs.295.23cr from Rs. Rs.226.74cr registered in the full year ended 31st March 2010. However, the Net Profit for the two years is not comparable as the Net Profit for both the years contain one-time exceptional profit.

Net Profit from Continuing Operations for the full year ended 31st March 2011 went up by 28% to Rs. 257.50cr from Rs. 201.36cr for the year ended 31st March 2010.

Disbursement for FY11 (year ended 31st March 2011) increased by 28% to Rs.7478cr from Rs. Rs.5834cr registered in FY10 (year ended 31st March 2010).

Industry Best Net NPA at 0.20%

Net NPA as on 31st March 2011 stood at an industry best 0.20% as against 0.45% as on 31st March 2010. Capital Adequacy at 16.24 % as on 31st March 2011 was well above the statutory requirement of 12%.

Final Dividend of Rs.7 per share

Board of the company has recommended a final dividend of Rs. 7 per share (Rs. 4per share). This along with the interim dividend of Rs. 7 per share takes the total dividend for the year to Rs. 14per share.

Financial Highlights

Particulars	2010-11	2009-10	Percentage growth
Disbursements	Rs.7478cr	Rs.5834cr	28%
Net Profit from continuing ops	Rs.257.50cr	Rs.201.36cr	28%
Net Worth	Rs.1529.34cr	Rs.1316cr	16%
Receivables under management	Rs.12354cr	Rs.10219cr	21%
Total Dividend (incl. Interim)	140%	100%	

Commenting on the FY11 performance, TT Srinivasaraghavan, MD, Sundaram Finance Ltd., said, " Our disbursement growth of 28% is especially pleasing as it comes on top of the 28% growth we achieved in 2009-10. Commercial Vehicle and Passenger Car segments have been the main growth drivers. During the year, Sundaram Finance has also increased presence in the Construction Equipment and tractor segments."

Mutual Fund Business

Average Assets under Management (AUM) of Sundaram Asset Management was at Rs.13946 cr. as on 31st March 2011 as compared to Rs.13878 cr. as on 31st March 2010. Reflecting the volatility in



the stock market and several regulatory changes, the company reported a profit after tax of Rs.13.36 cr. as against Rs.20.84 cr. in the previous year.

Home Finance Business Disbursements rise 63%

The disbursements of **Sundaram BNP Paribas Home Finance Ltd** for FY11 shot up by 63% to Rs.1211 cr. as against Rs.743 cr. recorded in 2009-10. The Receivables under Management as on 31st March 2011 stood at Rs.2939 cr. The NPA for the home Finance business was once again at an industry best of 0.09 %. The Home Finance business has a strong customer base of over 31,000 customers.

Insurance business GWP grows 25%

Royal Sundaram posted a top-line growth of 25 percent with a Gross Written Premium (GWP) of Rs 1147.09 cr., during the year, as compared to the GWP of Rs. 915.56 cr., in the previous year. The Company has also recorded a healthy Profit Before Tax (before motor pool loss) of Rs. 60.93 cr., registering a growth of 18% over the last year.

However, in March 2011 IRDA announced a steep increase in loss ratios for the third party motor pool, requiring the company to make a higher provision of Rs.75.81 cr. for the year, as against Rs.17.67 cr., in the previous year. Hence, after making provision for tax and motor pool losses, the company reported a loss of Rs.20.14 cr. for the year as against profit of Rs.30.97 cr. in the previous year.

Royal Sundaram infused additional capital of Rs. 65crore (including premium), taking the total paid up capital and premium to Rs.275crore. The solvency margin is at 1.56, above the stipulated norms.

Sundaram Finance has been receiving enquiries regarding its continuance in the general insurance business and its investment in Royal Sundaram Insurance Company. The Company wishes to clarify that while preliminary discussions had taken place in connection with a potential divestment, no further progress has been made, in view of the lack of clarity on the regulatory front, regarding mergers and acquisitions."

On the outlook for the year, Srinivasaraghavan said "Automotive Industry is showing the first signs of a slowdown, coming off two successive years of high growth. CV sales are likely to be impacted on account of increase in price of vehicles, imminent increase in diesel prices and higher interest rates. Passenger cars and utility vehicles similarly are projecting to grow at a lower trajectory."

On the growth prospects for Sundaram Finance, Srinivasaraghavan said, "Our fortunes are very closely linked to the automotive industry. While we expect modest top line growth this year, we are confident of maintaining profitability at a healthy level through our continuing focus on Asset Quality, an optimum product mix and efficient cost management."

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