



PRESS RELEASE

**Unaudited standalone & consolidated financial results for the quarter and nine months ended
December 31, 2021**

Sundaram Finance Apr – Dec 2021 net profit at Rs. 605 crores as against Rs. 600 crores in Apr – Dec 2020.

Disbursements for Apr – Dec 2021 up by 13% at Rs. 9,524 crores.

Stage 3 assets at 3.39% (3.45% as of 30th September 2021) and Net stage 3 assets at 2.09% (2.12% as of 30th September 2021)

ROA at 2.3% (2.2% in 9M FY21) and Capital Adequacy Ratio at 23.6% (19.8% in 9M FY21)

100% interim dividend (Rs. 10 per share) declared

The Board of Directors of Sundaram Finance Ltd. (SFL) approved the unaudited standalone and consolidated financial results for the quarter and nine months ended December 31, 2021, at its meeting held on February 7, 2022, in Chennai. The accounts have been subjected to a limited review by the Company's statutory auditors in line with the regulatory guidelines.

"Overall economic activity improved in Q3 FY22 and demand remained robust across segments. However, supply side issues, including the global semiconductor chip shortage, caused a decline in industry volumes across multiple asset classes – tractor & farm equipment, construction equipment, passenger vehicles and small commercial vehicles. Medium and Heavy commercial vehicles witnessed robust growth albeit on a smaller base. We anticipate broad-based recovery across all segments in Q4," said Harsha Viji, Executive Vice Chairman.

Disbursements for Apr – Dec 2021 recorded a growth of 13% to Rs. 9,524 crores as compared to Rs. 8,437 crores registered in the corresponding period of the previous year. Gross stage 3 assets as on December 31, 2021, stood at 3.39% with provision cover of 39% as against 3.45% as on September 30, 2021, with provision cover of 39%. Profit after tax for Apr – Dec 21 went up to Rs. 605 crores as against Rs. 600 crores in Apr – Dec 2020.

"While the Omicron variant was highly infectious, it has been relatively mild on hospitalisations and mortality, causing a rapid flattening of the curve in Wave 3 of the Covid pandemic. We expect Q4 to see recovery to normalcy which will enable pick-up in activity and credit offtake. We are well-poised to capture growth opportunities across all asset classes in Q4," said Rajiv Lochan, Managing Director.

STANDALONE PERFORMANCE HIGHLIGHTS FOR Q3 & 9M FY22

- Disbursements for Q3 FY22 was at Rs. 3,843 crores as compared to Rs. 4,334 crores in Q3 FY21. Adjusting for the pandemic induced ECLGS scheme, disbursements in Q3 FY22 grew 3% over Q3 FY21. Disbursements for Apr – Dec 21 recorded a growth of 13% to Rs. 9,524

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crores as against Rs. 8,437 crores in Apr – Dec 20. Adjusting for the pandemic induced ECLGS scheme, core business disbursements grew 26% in 9MFY22 compared to 9MFY21.

- The assets under management stood at Rs. 29,796 crores as on 31st December 2021 as against Rs. 29,811 crores as on 30th September 2021.
- Pursuant to RBI's notification on Resolution Framework 2.0 related of advances to customers, assets totalling Rs. 781 crores, about 2.68% of loan outstanding, were restructured during Apr – Dec 2021. The total restructured assets were Rs.2,089 crores, about 7.16% of loan outstanding, as on 31st December 2021.
- Gross stage 3 assets as on 31st December 2021 stood at 3.39% with provision cover of 39% when compared to 3.45% with 39% provision cover as of 30th September 2021. Net stage 3 assets as of 31st December 2021 closed at 2.09% as against 2.12% as of 30th September 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 tightened the NPA norms for NBFCs with immediate effect. The Company has taken steps to comply with the changes for regulatory reporting, as applicable. 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.
- Covid-impacted customer segments, in particular staff & route bus, tourist bus and school bus operators, tourist taxi operators and small market load CV operators are still struggling through the process of recovery based on the pandemic's evolution and consequent actions to contain it. As per RBI's circular of November 12, 2021, gross NPA was 7.71%, of which 4.06% was below 90 days past due as of Dec 31, 2021. Excluding this, gross NPA would have been 3.65% as against 3.85% as of Sep 30, 2021. The Company's underlying business risk has not undergone any material change.
- Cost to income ratio closed at 30.13% in Apr – Dec 2021 as against 30.14% in Apr – Dec 2020.
- The deposit base stood at Rs. 4,117 crores as on 31st December 2021, a net accretion of Rs. 97 crores over 31st March 2021.
- Profit after tax for Apr – Dec 2021 at Rs. 605 crores as against Rs. 600 crores in Apr – Dec 2020. Profit after tax for Q3 FY22 closed at Rs.202 crores.
- Return on assets (ROA) for Apr – Dec 2021 closed at 2.3% as against 2.2% for Apr – Dec 2020. Return of equity (ROE) was at 12.5% for Apr – Dec 2021 as against 13.7% for Apr – Dec 2020. If we exclude investments in subsidiaries and group companies, core ROE was at 16.2% for Apr – Dec 2021 as against 19.2% for Apr – Dec 2020.

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- Capital Adequacy Ratio stood at 23.6% (Tier I – 16.7%) as of 31st December 2021 compared to 19.8% (Tier I – 14.2%) as of 31st December 2020.
- The Company has declared an interim dividend of Rs. 10 per share (100%).

CONSOLIDATED PERFORMANCE HIGHLIGHTS FOR Q3 & 9M FY22

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 (Sundaram Finance & Sundaram Home) and general insurance businesses stood at Rs. 46,349 crores as on 31st December 2021 as against Rs. 47,297 crores as on 31st December 2020. The assets under management of our asset management business stood at Rs. 46,355 crores as on 31st December 2021 as against Rs. 39,803 crores as on 31st December 2020.
- Consolidated profit after tax stood at Rs. 833 crores for the nine months ended 31st December 2021 compared to profit after tax of Rs. 895 crores for the nine months ended 31st December 2020.

GROUP COMPANY PERFORMANCE HIGHLIGHTS

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

- The asset management business closed the nine months ended 31st December 2021 with assets under management of Rs. 46,355 crores (over 80 % in equity) and consolidated profits from the asset management businesses grew from Rs. 31 crores in Apr – Dec 2020 to Rs. 73 crores in Apr – Dec 2021, an increase of 135%.

On 31st December 2021, the asset management business completed the acquisition of Principal Asset Management Private Limited pursuant to approvals by the Competition Commission of India and SEBI. Consequently, assets under management as on 1st January 2022 amounted to Rs. 55,859 crores, an increase of 21%.

- Royal Sundaram General Insurance, our joint venture with Ageas of Belgium, delivered Gross Written Premium of Rs. 2,147 crores in Apr – Dec 2021, a 3% increase over Rs. 2,081 crores in Apr – Dec 2020. The profit for Apr – Dec 21 was at Rs. 189 crores as against Rs. 289 crores in Apr – Dec 2020, a decrease due to lower motor claims in Apr – Dec 2020 due to more extensive nation-wide lockdowns.

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- Disbursements of Sundaram Home Finance were up by 91% to Rs. 1,517 crores in Apr – Dec 2021. The profit for Apr – Dec 2021 was Rs. 115 crores as against Rs. 155 crores in Apr – Dec 2020.

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, over 1.5 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/>

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