



SUNDARAM FINANCE

Enduring values. New age thinking.

PRESS RELEASE

Unaudited standalone & consolidated financial results for the quarter ended June 30, 2021

Sundaram Finance Q1 FY22 net profit up by 16% at Rs. 192 crores as against Rs. 166 crores in Q1 FY21

Disbursements for Q1 FY22 up by 122% at Rs. 2,060 crores

Stage III assets at 4.25% and Net stage III assets at 3.12%

ROA at 2.2% and Capital Adequacy Ratio at 23.5%

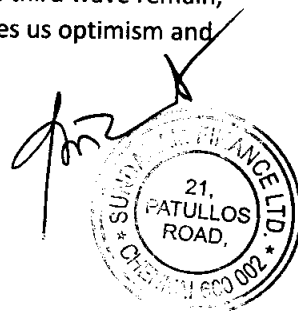
Chennai August 9, 2021: The Board of Directors of Sundaram Finance Ltd. (SFL) approved the unaudited standalone and consolidated financial results for the quarter ended June 30, 2021, at its meeting held on August 9, 2021, in Chennai.

The second wave of the Covid-19 pandemic disrupted operations through the first quarter. The staggered lockdowns across various regions were in effect between middle of April 2021 and middle of June 2021. Northern, western and central regions were impacted in the early part of this window and most regions in south India were in lockdown till nearly the end of June 2021. Customers were deeply impacted by the pandemic both on business activity as well as on the personal healthcare front, incurring substantial healthcare-related expenditures. Employees were also impacted, and the company placed the safety and welfare of its staff as the highest priority.

"Given the intensity and pace with which Wave 2 of the pandemic affected the country, we privileged the safety and health of our employees and their families over business priorities. We went into a work from home mode across most of our network for 6-8 weeks of the first quarter of this financial year," said Harsha Viji, Executive Vice Chairman, SFL.

Disbursements for Q1 FY22 recorded a growth of 122% to Rs. 2,060 crores as compared to Rs. 929 crores registered in the corresponding quarter of the previous year. Gross stage III assets as on June 30, 2021, stood at 4.25% as against 2.44% as on June 30, 2020, primarily due to the Wave 2-related lockdowns impacting economic activity, increased financial burden faced by customers due to Covid-driven healthcare expenditures and the restrictions placed by the company on staff to work from home through much of the quarter. Profit after tax registered a 16% rise in Q1 FY22, with net profit at Rs. 192 crores as against Rs. 166 crores in Q1 FY21.

"As activity resumed in July, we have witnessed a strong recovery in our collections and recovery efforts as well as disbursement activity across most regions. The strength of our customer relationships and the quality of our credit filters have stood us in good stead. While uncertainties around a third wave remain, the pace of vaccination and our own readiness in adjusting to a post-Covid world gives us optimism and confidence about the journey ahead," said Rajiv Lochan, Managing Director, SFL.



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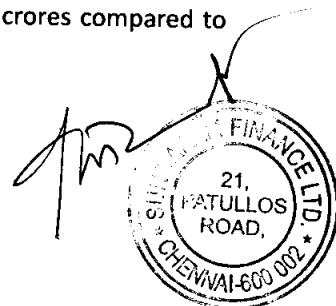
**STANDALONE PERFORMANCE HIGHLIGHTS FOR Q1 FY22**

- Disbursements for Q1 FY22 recorded a growth of 122% to Rs. 2,060 crores as compared to Rs. 929 crores registered in Q1 FY21.
- The assets under management stood at Rs. 29,823 crores as on 30th June 2021 as against Rs. 29,580 crores as on 30th June 2020.
- Pursuant to RBI's notification on Resolution Framework 2.0 related of advances to customers, assets totaling Rs. 88 crores, about 0.31% of principal outstanding, were restructured in June 2021. The total restructured assets were Rs. 1,395 crores, about 4.87% of principal outstanding as on 30th June 21.
- Gross stage III assets as on 30th June 2021 stood at 4.25% with 27% provision cover as against 2.44% with provision cover of 40% as on 30th June 2020. Net stage III assets as of 30th June 2021 closed at 3.12% as against 1.48% as on 30th June 2020.
- Gross NPA and Net NPA as on 30th June 2021 stood at 4.59% and 3.38% respectively when compared to 2.78% and 1.79% as on 30th June 2020.
- Cost to income ratio closed at 31.5% in Q1 FY22 as against 31.6% in Q1 FY21.
- The deposit base stood at Rs. 4,078 crores as on 30th June 2021, a net accretion of Rs. 57 crores.
- Profit after tax registered a 16% rise in Q1 FY22, with net profit at Rs. 192 crores. The company had registered a net profit of Rs. 166 crores for the quarter ended 30th June 2020.
- Return on assets (ROA) for Q1 FY22 closed at 2.2% against 1.9% for Q1 FY21. Return of equity (ROE) was at 12.2% for Q1 FY22 as against 11.7% for Q1 FY21. If we exclude investments in subsidiaries and group companies, core ROE was at 16.7% for Q1 FY22 as against 16.4% for Q1 FY21.
- Capital Adequacy Ratio stood at 23.5% (Tier I – 16%) as of 30th June 2021 compared to 17.7% (Tier I – 12.7%) as of 30th June 2020.

CONSOLIDATED PERFORMANCE HIGHLIGHTS FOR Q1 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 and general insurance businesses stood at Rs. 45,832 crores as on 30th June 2021 as against Rs. 45,603 crores as on 30th June 2020. The assets under management of our asset management business stood at Rs. 42,621 crores as on 30th June 2021 against Rs. 33,531 crores as on 30th June 2020.
- Profits after tax registered a 6% rise in Q1 FY22, with net profit at Rs. 285 crores compared to profit after tax of Rs. 269 crores for the quarter ended 30th June 2020.

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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 2021 with assets under management of Rs. 42,621 crores (over 80 % in equity) and consolidated profits from the asset management businesses grew from Rs. 9 crores in Q1 FY21 to Rs. 26 crores in Q1 FY22.
- Royal Sundaram General Insurance, our joint venture with Ageas of Belgium, delivered Gross Written Premium of Rs. 665 crores in Q1 FY22, a 9% increase over Rs. 610 crores in Q1 FY21. The profit for Q1 FY22 was at Rs. 83 crores as against Rs.157 crores in Q1 FY21, impacted by an elevated level of COVID Wave 2 claims in the health book as well as lower motor claims in Q1 FY21 due to more extensive nation-wide lockdowns last year.
- Sundaram Home Finance continued to face the sustained downturn in the housing market in the south, and in particular Tamil Nadu. Disbursements were up by 149% to Rs. 249 crores in Q1 FY22. The profit for Q1 FY22 was Rs. 40 crores, up by 18% as against Rs. 34 crores in Q1 FY21.

ABOUT SUNDARAM FINANCE

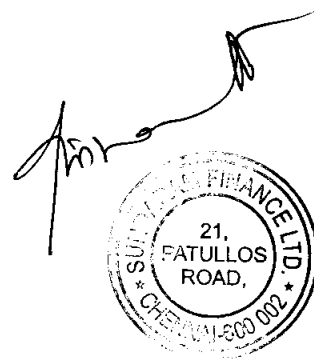
Sundaram Finance was established in 1954 and the company has today grown into one of the most trusted and diversified financial services groups in India providing financing for commercial vehicles, cars & utility vehicles, tractors and farm equipment, construction equipment, SME finance and a range of 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 nearly 600 branches, over two lakh depositors and over four lakh 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:

- P. Viswanathan, Sundaram Finance, +91 44 2888 1207
- S. Prabhu, ProPR, +91 94440 40748



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