



PRESS RELEASE

Audited standalone & consolidated financial results for the quarter and year ended March 31, 2021

Sundaram Finance Q4FY21 net profit up 60% at Rs. 209 crores and FY21 net profit up 12% at Rs. 809 crores (up 21% on like-to-like basis)

Stage III assets at 1.84% and Net stage III assets at 1.01%

ROA at 2.3% and Capital Adequacy Ratio at 22.1%

Board recommends final dividend of Rs. 6 per share

Chennai May 28, 2021: The Board of Directors of Sundaram Finance Ltd. (SFL) approved the audited standalone and consolidated financial results for the quarter and year ended March 31, 2021 at its meeting held on May 28, 2021 in Chennai.

Disbursements for Q4 FY21 recorded a growth of 13% to Rs. 3,305 crores as compared to Rs. 2,930 crores registered in the corresponding quarter of the previous year. Disbursements of Rs. 11,742 crores for FY21 as compared to Rs. 15,175 crores in FY20.

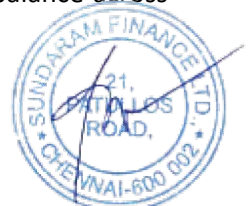
Gross stage III assets as on March 31, 2021 stood at 1.84% with 46% provision cover as against 2.47% with provision cover of 34% as on March 31, 2020.

Profit after tax registered a 60% rise in Q4 FY21, with net profit at Rs. 209 crores against Rs. 131 crores in Q4 FY20. For FY21, the company registered a net profit of Rs. 809 crores compared to Rs. 724 crores in FY20, a growth of 12%. Excluding the one-time gain of Rs. 53 crores (on sale of equity shares in Sundaram Finance Holdings Ltd.) in FY20, net profit grew by 21% on a like-to-like basis.

On the performance in FY21, Harsha Viji, Executive Vice Chairman, said, "While the first quarter of last year was almost a complete washout due to the national lockdown in response to the Covid-19 pandemic, we saw a strong recovery in the second half led by the tractor, tipper and construction equipment segments. Our double-digit disbursements growth in fourth quarter is a clear indication that we were seeing business coming back to the pre-Covid levels."

On the outlook for the year, Rajiv Lochan, Managing Director, said, "We had planned for the growth momentum of the fourth quarter to continue into this year, but the intensity of the second wave and ensuing lockdowns have created uncertainty in the environment, with our immediate focus being on the safety of our employees and customers. Given our learnings over the past year and our investments in technology and digitization, we are ready to tackle the challenges created by the pandemic as activity resumes. We remain resolute in our customer-centric mission and in striking a prudent balance across Growth, Quality and Profitability."

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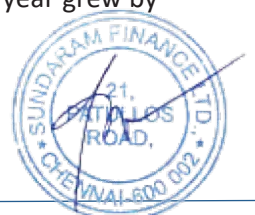




STANDALONE PERFORMANCE HIGHLIGHTS FOR Q4 AND FY21

- Disbursements for Q4 FY 2020-21 recorded a growth of 13% to Rs. 3,305 crores as compared to Rs. 2,930 crores registered in the corresponding quarter of the previous year. Disbursements of Rs.11,742 crores for FY21 as compared to Rs.15,175 crores in FY20. The reduction in disbursements were primarily due to the Covid pandemic-led national lockdown and associated disruptions to the overall economy in Q1 and Q2 of FY21, and the adverse impact to the automotive sector as well as commercial vehicle segment which was already on a downcycle prior to the pandemic.
- The assets under the management stood at Rs. 30,882 crores as on 31st March 2021 as against Rs.29,936 crores as on 31st March 2020, representing a growth of 3%.
- Pursuant to RBI's notification on restructuring of advances to MSME customers, restructured assets totaled Rs.1,307 crores, about 4.42% of principal outstanding. The restructuring effort has been targeted at sectors and segments severely impacted by the Covid-19 pandemic: education (school bus operators), transportation (staff and route bus operators), travel/tourism (tour operators, taxi operators) and market-load operators amongst commercial vehicles who have been hit by lack of demand for their services as well as rising fuel prices.
- Gross stage III assets as on 31st March 2021 stood at 1.84% with 46% provision cover as against 2.47% with provision cover of 34% as on 31st March 2020. Net stage III assets as of 31st March 2021 closed at 1.01% against 1.65% as on 31st March 2020. Our asset quality remained best-in-class on account of our traditionally tight credit filters and our thrust on digital payments.
- Gross NPA and Net NPA as on 31st March 2021 stood at 2.28% and 1.35% respectively when compared to 2.77% and 1.92% as on 31st March 2020.
- Cost to income closed at 31.8% in Q4FY21 as against 34.9% in Q4FY20. For the year ending March 31, 2021, cost to income closed at 30.6% as against 34.2% for the year ending March 31, 2020.
- The deposit base stood at Rs. 4,021 crores as on 31st March 2021, a net accretion of Rs. 345 crores
- Profit after tax registered a 60% rise in Q4 FY21, with net profit at Rs. 209 crores. The company had registered a net profit of Rs. 131 crores for the quarter ended 31st March 2020. For FY21, the company registered a net profit of Rs. 809 crores compared to Rs. 724 crores in the year ago period, a growth of 12%. Profit after tax for FY21 is not comparable with FY20 since last year's profit includes a one-time profit on sale of equity shares in Sundaram Finance Holdings Limited (SFHL) of Rs. 53 Cr (net of tax). Excluding the one-time gain, profit after tax for the year grew by 21% on a like-to-like basis.

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- Return on assets (ROA) for Q4FY21 closed at 2.3% against 1.5% for Q4FY20. For the year ending March 31, 2021, ROA was at 2.3% against 2.2% for FY20. Return of equity (ROE) was at 13.8% for year ending March 31, 2021 as against 13.7% for year ending March 31, 2020. If we exclude investments in subsidiaries and group companies, core ROE was at 19.3% for FY21 against 16.3% for FY20.
- Capital Adequacy Ratio stood at 22.1% (Tier I – 15.2%) as of 31st March 2021 compared to 18.4% (Tier I – 13.2%) as of 31st March 2020.

CONSOLIDATED PERFORMANCE HIGHLIGHTS FOR Q4 AND FY21

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. 46,772 crores as on 31st March 2021 as against Rs. 45,486 crores as on 31st March 2020. The assets under management of our asset management business stood at Rs. 41,196 crores as on 31st March 2021 against Rs.30,287 crores as on 31st March 2020.
- Profits after tax registered a 38% rise in Q4FY21, with net profit at Rs. 270.51 crores compared to profit after tax of Rs. 195.65 crores for the quarter ended 31st March 2020. For the year ended 31st March 2021, profit after tax stood at Rs. 1,165.09 crores as compared to Rs. 791.54 crores in the year ago period, a growth of 47%.

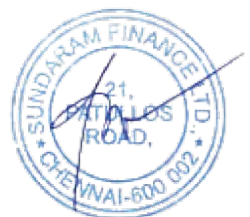
DIVIDEND

The Board of the company has recommended a final dividend of Rs. 6 per share (60%) on the equity shares of the company subject to the approval of shareholders at the ensuing annual general meeting. This is in addition to the Rs. 12 per share (120%) interim dividend for FY21 declared on 20th Jan 2021.

GROUP COMPANY PERFORMANCE HIGHLIGHTS

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

- The asset management business closed out 2020-21 with assets under management of Rs. 41,196 crores (over 75% in equity) and consolidated profits from the asset management businesses grew from Rs. 32.69 crores in 2019-20 to Rs. 55.13 crores in 2020-21, aided by an elevated stock market. Sundaram Asset Management has made a successful bid to acquire the assets of Principal Mutual Fund, and the transaction is awaiting regulatory approval.



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- Royal Sundaram General Insurance, our joint venture with Ageas of Belgium had a decline in Gross Written Premium, from Rs. 3,718 crores in 2019-20 to Rs. 2,883 crores in 2020-21, a drop of 22%, driven primarily by a fall in motor insurance sales due to the pandemic, and our exit from crop insurance. With the change in the fair value of investments and decline in motor claims, the profit for the year 2020-21 was at Rs. 313 crores as against the loss of Rs. 76 crores in the previous year.
- Sundaram Home finance struggled due to the sustained downturn in the housing market in the south, and in particular Tamil Nadu. Disbursements declined 41% to Rs. 1,254 crores in 2020-21. However, increased spread driven by lower cost of funding, and tight cost control enabled profits to sustain at Rs. 192 crores, vs. Rs. 158 crores (excluding one-time exceptional item of Rs.60 Cr. on account of write back of deferred tax liability on special reserve) in the prior financial year.

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 combines 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.

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

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