

Seasonal factors impact performance

Sundaram Finance (SUF) reported a slow growth of 6.5%/11.3% YoY/QoQ in disbursements. Margins (calc.) were impacted (down 25bps YoY and 7bps QoQ) due to rise in CoF while interest yields (calc.) increased 44bps YoY and down 5bps QoQ. NII for 1QFY25 stood at Rs530cr, up 19% YoY and 3% QoQ vs our estimates of Rs523cr. PPOP for 1QFY25 stood at Rs476cr, up 11% YoY and -21% QoQ vs our estimates of Rs533cr primarily due to lower dividend income. Credit costs decreased to 65bps vs 128bps in 1QFY24. Resultantly, PAT at Rs308cr (up 9% YoY but down 17% QoQ), was 10% below our estimates. This performance was mainly due to muted growth in automotive sector and lesser than expected economic activity due to general elections and an unusually hot summer. RoA/RoE for 1QFY25 stood at 2.3%/12.6% as against 2.7%/14.3% in 1QFY24. Tier 1 Capital/CAR remains adequate at 16.2%/19.3%, respectively. We build in AUM/PPOP/PAT CAGR at 18%/21%/24% over FY24-26E and expect RoA/RoE at 3.2%/17.4% for FY26E. Sundaram is currently trading at 4.3x FY25E P/ABV (core net worth), fairly pricing in growth and profitability. We value the standalone business at 4x FY26 P/ABV (Rs3506) and value subsidiaries at Rs1013, post 20% holdco discount, to arrive at our Target Price of Rs4,317. We continue to maintain Reduce rating.

AUM growth remained strong at 23% YoY

Disbursements for 1QFY25 stood at Rs69bn, up 7% YoY and 11% QoQ. Disbursements in Cars/CE/tractors/CV/Others increased 15.4%/15.6%/18.5%/10%/2.6% QoQ. Disbursements in East and west were down 13.1% and 12.4% QoQ (18% of mix). AUM as on 1QFY25 stood at Rs456.7bn, up 23% YoY and up 4% QoQ. CVs/Cars/CE/Tractors/Others grew 23% YoY, respectively. For the quarter, CVs grew 2% YoY with MHCV declining 6% and Passenger cars were up 3%, however tractors declined 3% YoY. As per the management slower growth was attributed to lower sales across asset classes YoY with only ICVs recording growth. Further, being an election quarter also impacted results.

Lower PPOP lead to below estimates earnings

SUF's reported NIMs at 4.7%, down 25bps YoY and 7bps QoQ due to rise in CoF. NII at Rs 5.3bn (in line with our estimates) was up 19%/3% YoY/QoQ in 1QFY25, lower than AUM growth due to NIMs compression. Interest yields (on AUM) at 11.5% increased by 44bps YoY and down 5bps QoQ. COF was at 7.16%, up 52bps YoY. PPOP came at Rs4.8bn, was up 10.9%/21.2% YoY/QoQ due to lower other income (dividend income). Credit costs for 1QFY25 was lower at 65bps (on AUM), registering a QoQ decrease of 63bps. PAT at Rs3.1bn, was 10% below our estimates and grew 10%/-18% YoY/QoQ.

Asset Quality impacted sequentially, current collections back to pre-covid levels

SUF reports GS3/NS3 assets at 1.6%/0.8% in 1QFY25 as against 1.9%/1.0% in 1QFY24 and 1.3%/0.6% in 4QFY24. SUF carries Stage 3 provisions at 47%. GNPA/NNPA came in at 2.21%/1.41% in 1QFY25 as against 2.9%/2.0% in 1QFY24. Collections performance has reverted to pre-Covid levels with current collections of current demand at 92%.

Financial and valuation summary

YE Mar (Rs mn)	1QFY25A	1QFY24A	YoY (%)	4QFY24A	QoQ (%)	FY24A	FY25E	FY26E
NII	5,298	4,469	18.5	5,170	2.5	19,488	24,206	28,693
PPOP	4,755	4,287	10.9	6,037	(21.2)	19,705	24,779	28,791
Provisions	734	634	15.8	1,378	(46.8)	2,738	1,763	2,615
PAT	3,077	2,813	9.4	5,063	(39.2)	13,202	17,723	20,155
AUM growth (%)	22.7	21.8	3.9	27.3	(16.9)	27.3	18.7	16.3
NIM (%)	4.7	5.0	(5.1)	4.8	(1.5)	5.1	5.2	5.3
C / I (%)	33.9	34.1	(0.6)	28.7	18.3	32.5	31.5	31.8
GNPA (%)	2.2	3.0	(25.3)	2.0	11.6	2.0	1.7	1.6
RoA (%)	2.3	2.7	(12.9)	3.0	(21.3)	2.9	3.2	3.2
RoE (%)	12.6	14.3	(11.6)	16.6	230bps	15.3	17.5	17.4
P/BV (x)	0.0	0.0	0.0	0.0	0.0	4.7	4.1	3.6

Source: Company, Centrum Broking

Please see Disclaimer for analyst certifications and all other important disclosures.

Result Update

India I NBFC

06 August, 2024

REDUCE

Price: Rs4,035

Target Price: Rs4,317

Forecast return: 7%

Institutional Research

Market Data

Bloomberg:	SUF IN
52 week H/L:	4,998/2,490
Market cap:	Rs448.3bn
Shares Outstanding:	111.1mn
Free float:	59.1%
Avg. daily vol. 3mth:	3,04,308

Source: Bloomberg

Changes in the report

Rating:	Unchanged
Target price:	Rs4,317
ABV:	FY25E: Rs928 FY26E: Rs1069

Source: Centrum Broking

Shareholding pattern

	Jun-24	Mar-24	Dec-23	Sep-23
Promoter	37.9	37.9	37.9	38.5
FII's	17.3	13.4	8.3	8.4
DII's	8.9	12.4	16.8	16.6
Public/other	35.9	36.3	37.0	36.5

Source: BSE

Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q1FY25	Actual Q1FY25	Variance (%)
NII	5,229	5,298	1.3
PPOP	5,332	4,755	(10.8)
Reported PAT	3,413	3,077	(9.9)

Source: Bloomberg, Centrum Broking



Shailesh Kanani

Research Analyst, NBFC
+91-22 4215 9001

shailesh.kanani@centrum.co.in

NBFC

Thesis Snapshot

Estimate revision

YE Mar (Rs mn)	FY25E New	FY25E Old	% chg	FY26E New	FY26E Old	% chg
NII	24,206	24,206	-	28,693	28,693	-
Operating profit	24,779	24,779	-	28,791	28,791	-
Profit after tax	17,723	17,723	-	20,155	20,155	-
BVPS (Rs.)	975.1	975.1	-	1115.8	1115.8	-
ABV (Rs.)	928.3	928.3	-	1068.3	1068.3	-

Source: Centrum Broking

Sundaram Finance versus NIFTY Midcap 100

	1m	6m	1 year
SUF IN	(12.2)	9.1	56.5
NIFTY Midcap 100	(2.2)	15.4	48.4

Source: Bloomberg, NSE

Key assumptions

Y/E Mar	FY25E	FY26E
Disbursement growth (YoY, %)	16.9	14.5
AUM growth (YoY, %)	18.7	16.3
NIMs (%)	5.2	5.3
C/I ratio	31.5	31.8
Credit costs (%)	0.5	0.5

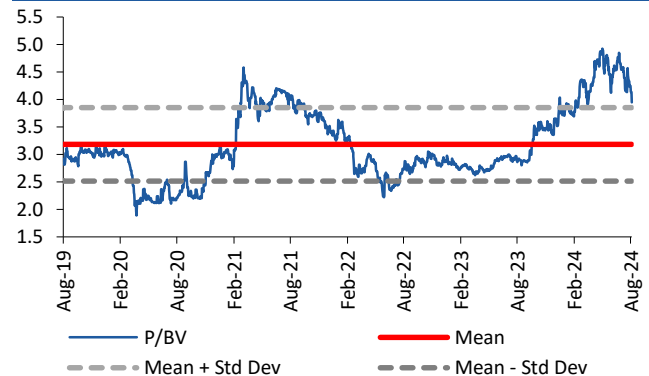
Source: Centrum Broking

Valuations

We build in AUM/PPOP/PAT CAGR at 18%/21%/24% over FY24-26E and expect RoA/RoE at 3.2%/17.4% for FY26E. Sundaram is currently trading at 4.3x FY25E P/ABV (core net worth), fairly pricing in growth and profitability. We continue to maintain Reduce rating. We value the standalone business at 4x FY26 P/ABV (Rs3506) and value subsidiaries at Rs1013, post 20% holdco discount, to arrive at our Target Price of Rs4,317.

Entity	Valuation Method	Value per share (Rs)
Sundaram Finance (Standalone)	4x avg. FY26E P/ABV, adjusted for subsidiaries cost of investment	3,506
Sundaram Home Finance (Subsidiary)	2.0x avg of FY26E Network	404
Sundaram Asset Management (Subsidiary)	6% of last reported AUM	435
Royal Sundaram (General Insurance JV)	Valued on last transaction basis	171
Other subsidiaries & Associates	Net worth of other investments on 1QFY25 basis	3
	20% holding company discount	203
	Target Price	4,317
	CMP	4,035
	Upside/(Downside)	7.0%

P/BV mean and standard deviation



Source: Bloomberg, Centrum Broking

Peer comparison

Company	Market cap		P/B (x)				P/ABV(x)				RoE (%)			
	Rs bn	US \$bn	FY23	FY24	FY25E	FY26E	FY23	FY24	FY25E	FY26E	FY23	FY24	FY25E	FY26E
Mahindra Fin	361.3	4.3	2.1	2.0	1.8	1.6	2.1	1.9	1.8	1.6	12.5	10.0	14.0	15.7
Shriram Fin	1087.0	13.0	2.1	2.3	2.0	1.8	2.5	2.6	2.2	1.9	14.8	15.7	17.4	16.4
Cholamandalam	1131.0	13.6	7.3	5.8	4.7	3.8	8.3	6.4	5.2	4.2	20.5	20.2	21.0	22.1
Sundaram Fin	447.1	5.4	6.4	4.7	4.1	3.6	7.0	5.0	4.3	3.8	14.9	15.3	17.5	17.4

Source: Company, Centrum Broking

Subsidiaries

Sundaram Home Finance:

Sundaram Home Finance (SHF) reported decent performance across growth and asset quality. SHF's AUM stood at Rs145.3bn, up 24% YoY and 5% QoQ. Disbursements at Rs13.5bn, grew 24% YoY and down 8% QoQ. Housing/Non-housing portfolio contributed 60:40 to AUM mix and 54:46 in disbursement mix. SHF reported PAT of Rs664mn, up by 16% YoY and 17% QoQ. GS3/NS3 stood at 1.4%/0.4% in 1QFY25 vs 1.1%/0.9% in 1QFY24. CAR was at 19.7%. SHF added 5 branches in 1QFY25, taking total branch count to 143.

Sundaram Asset Management

Sundaram Asset Management (SAM) reported Avg AUM of Rs805.5bn, up 35% YoY and 14% QoQ. Equity portfolio contributed 85% of AAUM as on 1QFY25. The company reported PAT of Rs290mn in 1QFY25, up 21% YoY and down 24% QoQ.

Sundaram General Insurance

Royal Sundaram reported a Gross Written Premium (GWP) of Rs11.4bn as against Rs9.1bn in 1QFY24, up 22.7% YoY. The Company reported a profit after tax of Rs650mn for 1QFY25 as against profit of Rs950mn (Rs41cr was due to gain on fair value of equity investment) 1QFY24. Combined operating ratio remained flattish at 114% as against 115% in 1QFY24.

Exhibit 1: AUM mix

(Rs mn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
CVs	1,46,381	1,39,870	1,37,727	1,36,168	1,34,666	1,41,761	1,48,387	1,55,374	1,61,703	1,74,958	1,86,092	1,94,835	2,01,021	2,14,654
yoy growth	-6.9%	-10.3%	-11.3%	-9.5%	-8.0%	1.4%	7.7%	14.1%	20.1%	23.4%	25.4%	25.4%	24.3%	22.7%
QoQ growth	-2.7%	-4.4%	-1.5%	-1.1%	-1.1%	5.3%	4.7%	4.7%	4.1%	8.2%	6.4%	4.7%	3.2%	6.8%
Cars	76,279	74,259	75,124	76,874	75,897	78,824	82,508	88,258	86,380	91,201	97,859	1,04,165	1,05,569	1,11,894
yoy growth	2.3%	2.5%	2.4%	-0.3%	-0.5%	6.1%	9.8%	14.8%	13.8%	15.7%	18.6%	18.0%	22.2%	22.7%
QoQ growth	-1.1%	-2.6%	1.2%	2.3%	-1.3%	3.9%	4.7%	7.0%	-2.1%	5.6%	7.3%	6.4%	1.3%	6.0%
CE	34,588	33,700	33,090	33,074	32,781	33,913	34,538	36,243	36,971	40,203	42,512	44,702	46,626	49,325
yoy growth	11.1%	5.5%	-3.4%	-5.4%	-5.2%	0.6%	4.4%	9.6%	12.8%	18.5%	23.1%	23.3%	26.1%	22.7%
QoQ growth	-1.1%	-2.6%	-1.8%	-0.1%	-0.9%	3.5%	1.8%	4.9%	2.0%	8.7%	5.7%	5.2%	4.3%	5.8%
Tractors	23,162	22,964	23,551	24,135	23,921	24,136	25,264	26,846	27,642	29,036	30,481	32,051	32,990	35,623
yoy growth	24.8%	21.3%	8.5%	7.3%	3.3%	5.1%	7.3%	11.2%	15.6%	20.3%	20.6%	19.4%	19.4%	22.7%
QoQ growth	3.0%	-0.9%	2.6%	2.5%	-0.9%	0.9%	4.7%	6.3%	3.0%	5.0%	5.0%	5.2%	2.9%	8.0%
Others	28,411	27,437	28,619	27,710	28,055	26,886	29,102	28,860	32,824	36,853	44,117	45,967	53,664	45,214
yoy growth	58.2%	65.6%	35.7%	2.0%	-1.3%	-2.0%	1.7%	4.1%	17.0%	37.1%	51.6%	59.3%	63.5%	22.7%
QoQ growth	4.6%	-3.4%	4.3%	-3.2%	1.2%	-4.2%	8.2%	-0.8%	13.7%	12.3%	19.7%	4.2%	16.7%	-15.7%
Total	3,08,820	2,98,230	2,98,110	2,97,960	2,95,320	3,05,520	3,19,800	3,35,580	3,45,520	3,72,250	4,01,060	4,21,720	4,39,870	4,56,710
yoy growth	3.2%	0.8%	-2.5%	-4.6%	-4.4%	2.4%	7.3%	12.6%	17.0%	21.8%	25.4%	25.7%	27.3%	22.7%
QoQ growth	-1.1%	-3.4%	0.0%	-0.1%	-0.9%	3.5%	4.7%	4.9%	3.0%	7.7%	7.7%	5.2%	4.3%	3.8%

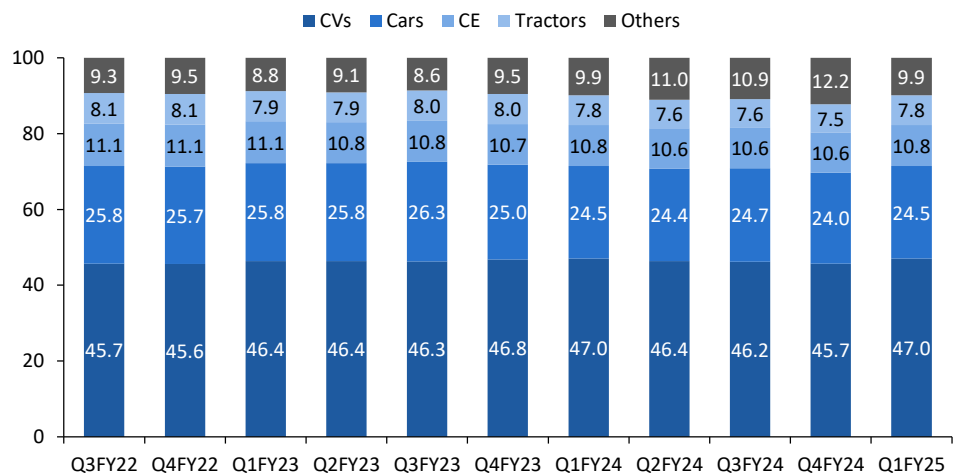
Source: Company, Centrum Broking

Exhibit 2: Disbursement Mix

(Rs mn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25
CVs	13,540	8,858	16,479	17,330	18,928	25,214	25,157	26,123	25,821	32,575	31,352	28,859	29,395	32,329
yoy growth	-9.3%	266.7%	76.1%	31.3%	39.8%	184.6%	52.7%	50.7%	36.4%	29.2%	24.6%	10.5%	13.8%	-0.8%
QoQ growth	2.6%	-34.6%	86.0%	5.2%	9.2%	33.2%	-0.2%	3.8%	-1.2%	26.2%	-3.8%	-8.0%	1.9%	10.0%
Cars	8,751	6,118	10,868	11,395	7,461	12,337	13,804	15,954	8,643	14,665	17,030	16,793	12,995	14,990
yoy growth	42.7%	162.4%	35.7%	-13.7%	-14.7%	101.6%	27.0%	40.0%	15.8%	18.9%	23.4%	5.3%	50.4%	2.2%
QoQ growth	-33.7%	-30.1%	77.6%	4.9%	-34.5%	65.3%	11.9%	15.6%	-45.8%	69.7%	16.1%	-1.4%	-22.6%	15.4%
CE	4,209	2,616	3,803	4,438	4,409	5,505	5,152	6,463	5,523	7,527	7,380	7,641	6,755	7,806
yoy growth	10.8%	25.7%	-19.6%	-8.2%	4.8%	110.4%	35.5%	45.6%	25.3%	36.7%	43.2%	18.2%	22.3%	3.7%
QoQ growth	-12.9%	-37.8%	45.4%	16.7%	-0.7%	24.9%	-6.4%	25.4%	-14.6%	36.3%	-2.0%	3.5%	-11.6%	15.6%
Tractors	2,957	2,390	3,121	3,728	2,576	3,539	3,499	5,528	3,578	5,061	4,474	5,630	4,196	4,974
yoy growth	16.4%	7.2%	-28.0%	-6.4%	-12.9%	48.1%	12.1%	48.3%	38.9%	43.0%	27.9%	1.8%	17.3%	-1.7%
QoQ growth	-25.7%	-19.2%	30.6%	19.4%	-30.9%	37.4%	-1.1%	58.0%	-35.3%	41.5%	-11.6%	25.8%	-25.5%	18.5%
Others	3,593	618	1,938	1,539	4,135	2,556	3,778	2,462	9,025	5,061	9,174	6,317	8,750	8,980
yoy growth	90.0%	166.1%	-63.5%	-81.1%	15.1%	313.6%	94.9%	60.0%	118.3%	98.0%	142.8%	156.6%	-3.0%	77.4%
QoQ growth	-55.8%	-82.8%	213.7%	-20.6%	168.7%	-38.2%	47.8%	-34.8%	266.6%	-43.9%	81.3%	-31.1%	38.5%	2.6%
Total	33,050	20,600	36,210	38,430	37,510	49,150	51,390	56,530	52,590	64,890	69,410	65,240	62,090	69,080
yoy growth	12.8%	121.7%	14.1%	-11.3%	13.5%	138.6%	41.9%	47.1%	40.2%	32.0%	35.1%	15.4%	18.1%	6.5%
QoQ growth	-23.7%	-37.7%	75.8%	6.1%	-2.4%	31.0%	4.6%	10.0%	-7.0%	23.4%	7.0%	-6.0%	-4.8%	11.3%

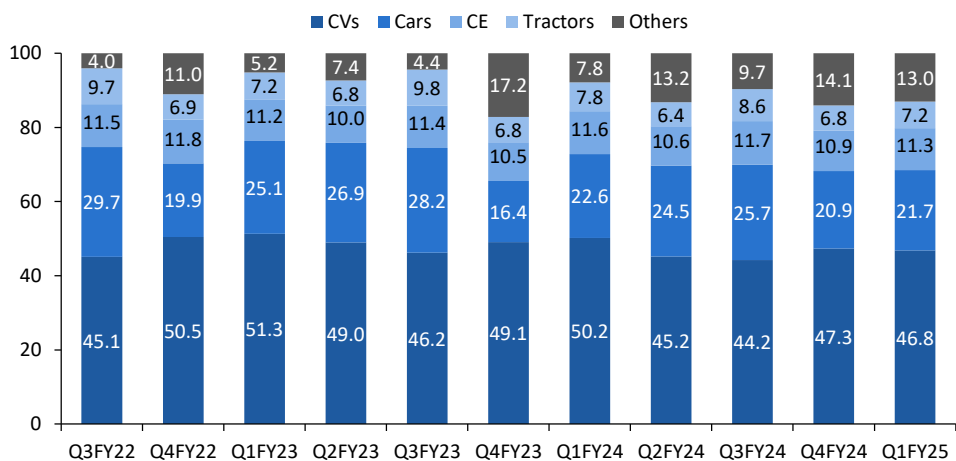
Source: Company, Centrum Broking

Exhibit 3: AUM mix



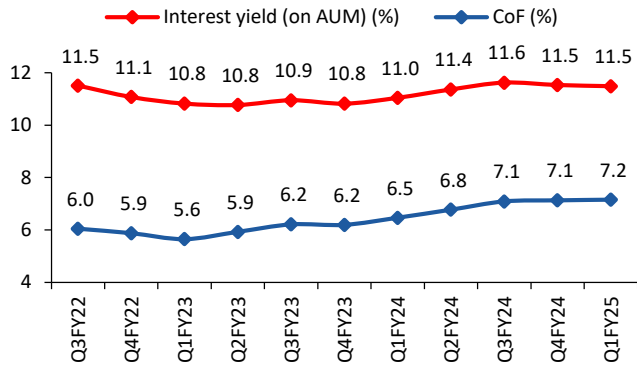
Source: Company, Centrum Broking

Exhibit 4: Disbursement mix



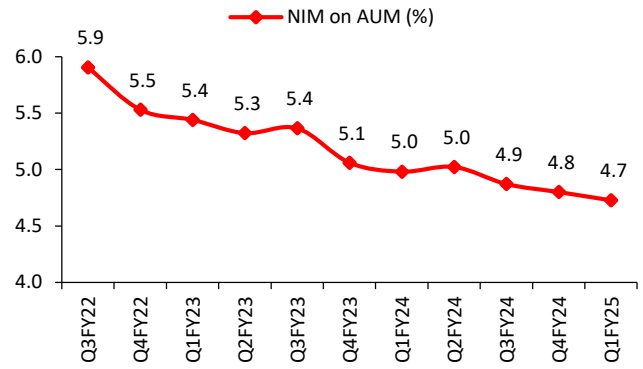
Source: Company, Centrum Broking

Exhibit 5: Interest yield and Cost of fund



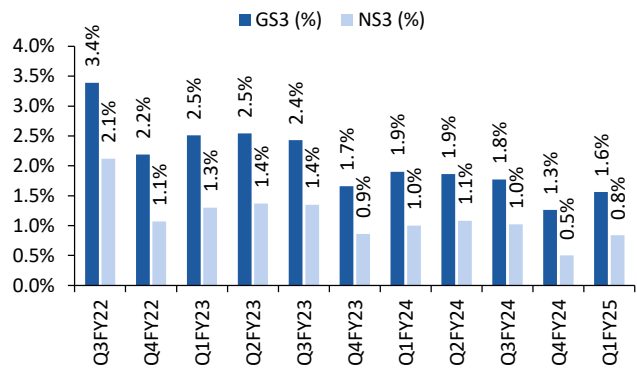
Source: Company Data, Centrum Broking

Exhibit 6: NIMs on AUM



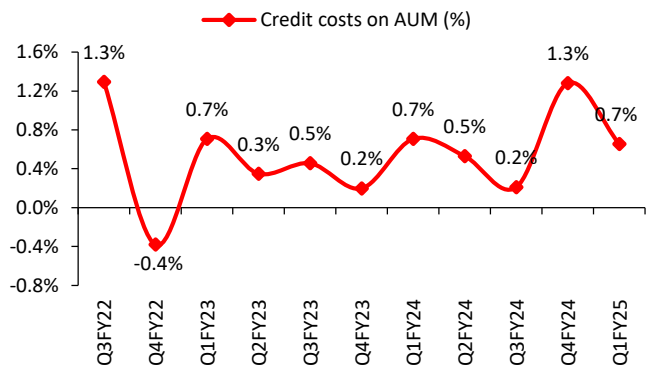
Company Data, Centrum Broking

Exhibit 7: Asset quality



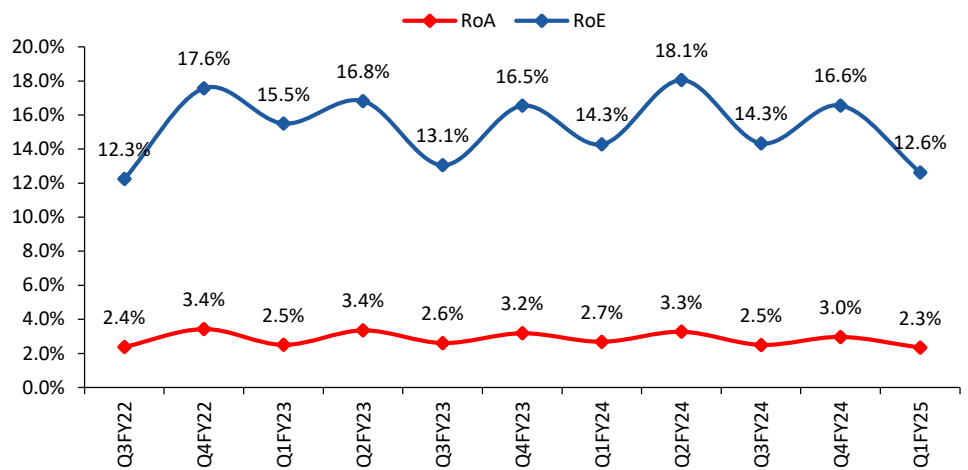
Source: Company Data, Centrum Broking

Exhibit 8: Credit costs on AUM

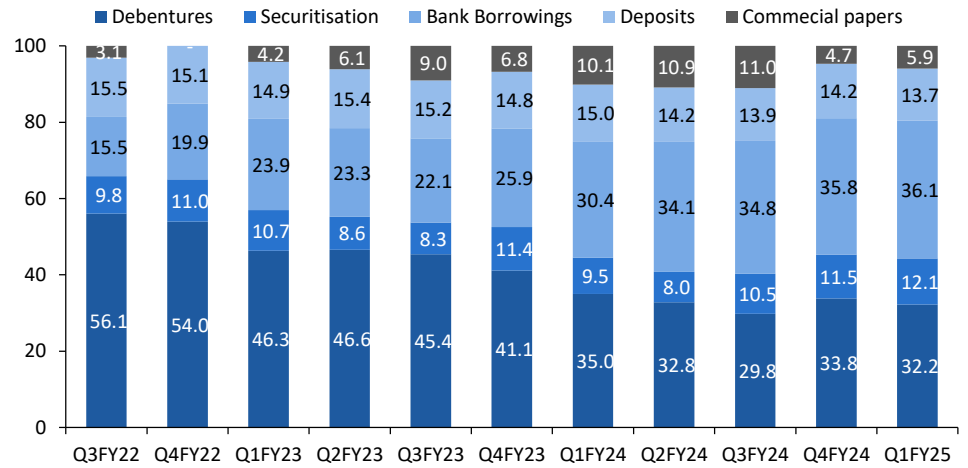


Company Data, Centrum Broking

Exhibit 9: ROA and ROE



Source: Company Data, Centrum Broking

Exhibit 10: Borrowing mix

Source: Company Data, Centrum Broking

Exhibit 11: Result table

Sundaram Finance Y/E March (Rs mn)	Q1FY25	Q1FY24	Q4FY24	YoY (%)	QoQ (%)
Interest Income	12,868	9,906	12,413	29.9	3.7
Interest Expense	7,570	5,437	7,243	39.2	4.5
Net Interest Income	5,298	4,469	5,170	18.5	2.5
NIM on AUM (%)	4.73	4.98	4.80	-25bps	-7bps
Non Interest Income	1,895	2,036	3,292	(6.9)	(42.4)
Total Income	7,193	6,505	8,462	10.6	(15.0)
Staff Cost	1,572	1,308	1,415	20.1	11.1
Other Op Exp	867	910	1,010	(4.8)	(14.2)
Total Op Exp	2,438	2,218	2,425	9.9	0.5
Cost to Income (%)	33.9	34.1	28.7	-21bps	524bps
Pre-provision op profit	4,755	4,287	6,037	10.9	(21.2)
Provisions	734	634	1,378	15.8	(46.8)
PBT	4,022	3,653	4,658	10.1	(13.7)
Tax	945	841	934	12.4	1.2
-effective tax rate	23.5	23.0	20.0	49bps	346bps
Reported PAT	3,077	2,813	3,725	9.4	(17.4)
Exceptional items	-	-	1,339	nm	nm
Adjusted PAT	3,077	2,813	5,063	9.4	(39.2)
Disbursements	69,080	64,890	62,090	6.5	11.3
AUM	4,56,710	3,72,250	4,39,870	22.7	3.8

Source: Company Data, Centrum Broking

Exhibit 12: Actual Performance vs our estimates

(Rs mn)	Q1FY25A	Q1FY25E	Devi (%)
Net Interest Income	5,298	5,229	1.3
Pre-provisioning operating profit	4,755	5,332	(10.8)
PAT	3,077	3,413	(9.9)

Source: Company Data, Centrum Broking

Exhibit 13: Financial summary:

Y/E March (Rs mn)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Net Interest Income	11,754	13,344	14,399	16,944	16,950	19,488	24,206	28,693
PPOP	10,026	12,315	13,716	14,954	15,542	19,705	24,779	28,791
PAT	5,936	7,239	8,083	9,034	10,883	13,202	17,723	20,155
P/E (x)	82.9	68.0	60.9	54.5	45.2	34.0	25.3	22.2
P/BV (x)	9.8	8.9	8.0	7.1	6.4	4.7	4.1	3.6
P/ABV (x)	10.2	9.8	8.5	7.5	7.0	5.0	4.3	3.8
EPS (Rs)	53	65	73	81	98	119	160	181
BV (Rs)	454	499	556	620	696	853	975	1,115
ABV (Rs)	433	451	520	588	631	804	928	1,069
Gross NPAs (%)	1.3	2.8	2.3	5.9	3.0	2.0	1.7	1.6
Net NPAs (%)	0.8	1.9	1.4	4.5	2.1	1.3	2.1	2.1
RoA (%)	2.1	2.3	2.4	2.6	2.9	2.9	3.2	3.2
RoE (%)	12.9	13.7	13.8	13.8	14.9	15.3	17.5	17.4

Source: Company Data, Centrum Broking

P&L					
YE Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
Interest income	33,945	34,721	45,246	54,969	64,395
Interest expense	17,001	17,771	25,758	30,763	35,701
NII	16,944	16,950	19,488	24,206	28,693
Other income	4,960	6,381	9,698	11,950	13,510
Total income	21,904	23,331	29,186	36,157	42,204
Operating expenses	6,949	7,789	9,481	11,377	13,413
Employee	4,145	4,451	5,485	6,582	7,899
Others	2,805	3,338	3,996	4,795	5,514
PPOP	14,954	15,542	19,705	24,779	28,791
Provisions	3,185	1,343	2,738	1,763	2,615
PBT	11,769	14,200	16,967	23,016	26,176
Tax	2,735	3,317	3,765	5,294	6,020
PAT	9,034	10,883	13,202	17,723	20,155

Ratios					
YE Mar	FY22A	FY23A	FY24A	FY25E	FY26E
Growth (%)					
AUM	(4.4)	17.0	27.3	18.7	16.3
Borrowings	(1.3)	17.7	24.8	15.0	16.9
NII	17.7	0.0	15.0	24.2	18.5
Other income	(8.6)	28.7	52.0	23.2	13.1
Opex	13.7	12.1	21.7	20.0	17.9
PPoP	9.0	3.9	26.8	25.8	16.2
Provisions	0.8	(57.9)	104.0	(35.6)	48.3
PAT	11.8	20.5	21.3	21.9	13.7
Profitability (%)					
Yield on advances	11.8	11.2	11.9	11.9	11.8
Cost of funds	6.1	5.9	7.0	7.0	7.0
NIM (on AuM)	5.9	5.5	5.1	5.2	5.3
Other Income/ Total Income	21.7	24.6	32.7	29.7	28.7
Other Income / Total Assets	1.4	1.5	2.1	2.0	1.9
Cost/Income	31.7	33.4	32.5	31.5	31.8
Employee	18.9	19.1	18.8	18.2	18.7
Others	12.8	14.3	13.7	13.3	13.1
Opex/ Avg AuM	2.3	2.4	2.4	2.4	2.4
Provisions	1.1	0.4	0.7	0.4	0.5
Tax Rate	23.2	23.4	22.2	23.0	23.0
RoA	2.6	2.9	2.9	3.2	3.2
RoE	13.8	14.9	15.3	17.5	17.4

DuPont (% avg assets)					
YE Mar	FY22A	FY23A	FY24A	FY25E	FY26E
Interest income	9.7	9.1	9.8	10.0	10.2
Interest expense	4.8	4.7	5.6	5.6	5.6
NII	4.8	4.4	4.2	4.4	4.5
Other income	1.4	1.7	2.1	2.2	2.1
Total income	6.2	6.1	6.3	6.6	6.7
Operating expenses	2.0	2.0	2.1	2.1	2.1
Employee	1.2	1.2	1.2	1.2	1.2
Others	0.8	0.9	0.9	0.9	0.9
PPOP	4.3	4.1	4.3	4.5	4.5
Provisions	0.9	0.4	0.6	0.3	0.4
PBT	3.4	3.7	3.7	4.2	4.1
Tax	0.8	0.9	0.8	1.0	0.9
PAT	2.6	2.9	2.9	3.2	3.2

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	FY22A	FY23A	FY24A	FY25E	FY26E
Financial assets	3,43,360	3,98,883	4,98,782	5,73,434	6,68,154
Cash	6,171	10,703	14,185	3,966	10,769
Loans	2,84,002	3,37,552	4,20,768	5,03,086	5,88,347
Investment	53,187	50,628	63,829	66,382	69,038
Non-financial assets	9,516	11,704	11,097	12,454	14,040
Deferred tax assets	1,851	1,728	152	159	167
Fixed Assets	2,918	4,141	5,596	5,876	6,169
Other Non-fin. assets	4,747	5,836	5,349	6,419	7,703
Total Assets	3,52,875	4,10,587	5,09,879	5,85,888	6,82,194
Financial liabilities	2,78,353	3,27,549	4,08,769	4,70,173	5,49,857
Borrowings	2,78,353	3,27,549	4,08,769	4,70,173	5,49,857
Non-financial liabilities	5,592	5,664	6,392	7,351	8,454
Other Non-fin liabilities	5,592	5,664	6,392	7,351	8,454
Total equity	68,931	77,374	94,717	1,08,363	1,23,883
Share capital	1,111	1,111	1,111	1,111	1,111
Other equity	67,820	76,263	93,606	1,07,252	1,22,772
Total Liabilities	3,52,875	4,10,587	5,09,879	5,85,888	6,82,194
Balance Sheet ratios (%)					
Debt / Equity	4.0	4.2	4.3	4.3	4.4
Assets / Equity	5.1	5.3	5.4	5.4	5.5
Cash / Borrowings	2.2	3.3	3.5	0.8	2.0
Details on loans					
AUM	2,95,320	3,45,520	4,39,870	5,22,187	6,07,449
Disbursements	1,32,750	2,09,660	2,61,630	3,05,767	3,50,161
Capital Adequacy (%)					
CRAR	24.2	22.8	20.5	20.1	19.3
Tier-1	17.3	17.7	16.8	16.8	16.5
Tier-2	6.9	5.1	3.7	3.3	2.8
Asset quality (%)					
GNPA (Rs mn)	7,035	10,397	8,573	8,723	9,386
Growth (%)	3.0	47.8	(17.5)	1.8	7.6
NNPA (Rs mn)	3,636	7,224	5,386	5,234	5,163
Growth (%)	(9.3)	98.7	(25.4)	(2.8)	(1.4)
GNPA	5.9	3.0	2.0	1.7	1.6
NNPA	4.5	2.1	1.3	2.1	2.1
PCR	48.3	30.5	37.2	40.0	45.0
NNPA / Equity	5.3	9.3	5.7	4.8	4.2
Per share (Rs)					
EPS	81.3	98.0	118.8	159.5	181.4
BVPS	620.4	696.4	852.5	975.4	1,115.1
ABVPS	587.7	631.4	804.1	928.3	1,068.6
DPS	20.0	27.0	30.0	36.7	41.7
Valuation (x)					
P/E	49.6	41.2	34.0	25.3	22.2
P/BV	6.5	5.8	4.7	4.1	3.6
P/ABV	6.9	6.4	5.0	4.3	3.8
Dividend yield	0.5	0.7	0.7	0.9	1.0

Source: Company, Centrum Broking

Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by him, Mr. Shailesh Kanani, research analyst and and/or any of their family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by them, they are not received any compensation from the above companies in the preceding twelve months. They do not hold any shares by them or through their relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

Ratings definitions

Our ratings denote the following 12-month forecast returns:

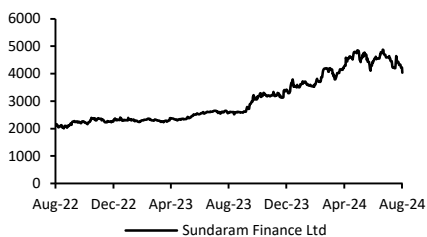
Buy – The stock is expected to return above 15%.

Add – The stock is expected to return 5-15%.

Reduce – The stock is expected to deliver -5--5% returns.

Sell – The stock is expected to deliver <-5% returns.

Sundaram Finance



Source: Bloomberg

Disclosure of Interest Statement

1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)
Sundaram Finance		
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No
11	Whether it or its associates have managed or co-managed public offering of securities for the subject company in the past twelve months;	No
12	Whether it or its associates have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No
13	Whether it or its associates have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months;	No

Member (NSE and BSE). Member MSEI (Inactive)

Single SEBI Regn. No.: INZ000205331

Depository Participant (DP)

CDSL DP ID: 120 – 12200

Single SEBI Regn. No.: IN-DP-537-2020

PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Research Analyst

SEBI Registration No. INH000001469

Mutual Fund Distributor

AMFI REGN No. ARN- 147569

Website: www.centrumbroking.com

Investor Grievance Email ID: investor.grievances@centrum.co.in

Compliance Officer Details:

Ajay S Bendkhale

(022) 4215 9000/9023; Email ID: compliance@centrum.co.in

Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)**Registered and Corporate Office:**

Level -9, Centrum House, C.S.T. Road,

Vidyanagari Marg, Kalina,

Santacruz (East) Mumbai – 400098

Tel.: - +91 22 4215 9000