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Research Report

Sundaram Finance Limited



Prepared By-

SAHIL SHARMA

EQUITY RESEARCH ANALYST

About

Sundaram Finance Limited is an Indian financial and investment service provider, based in Chennai. The company offers consumer loans, wealth management, commercial finance, investment banking, private equity, treasury advisory, credit cards and infrastructure finance, among others. Sundaram Finance Limited was promoted by Madras Motor Insurance Company a part of the reputed TVS Group. The Company incorporated in 1954 and was made a public limited company in 1961. It went public in 1972.

Products & Services

- Car Finance for new & old cars
- Commercial Vehicle Finance
- Construction Equipment Finance
- Diesel Finance
- Tyre Finance
- Farm Equipment Finance
- SME Finance
- Leasing

Synopsis of Financials

- **9% growth in profit after tax (PAT) at Rs 308 crore during the quarter ended June 30, 2024 against Rs 281 crore in the corresponding quarter last year.**
- **Disbursements rose by 7% in Q1 FY25 at Rs 6,908 crore from Rs 6,489 crore during the year-ago quarter.**
- **Gross and net NPA, as per RBI's asset classification norms for NBFCs, are 2.21% and 1.41%, respectively.**

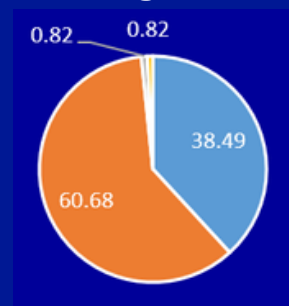
Stock data (as 24th October 2024)

Nifty Price	: 24,399.40
52 week High (in Rs.)	: 5,536
52 week Low (in Rs.)	: 2,943
Market Cap. (in Crore)	: 51,995
NSE Code	: <u>SUNDARMFN</u>

Stock data



Shareholding Pattern (March 2024)



Financial Summary

Particulars	March 2024	March 2023	March 2022
Revenue	7,274	5,501	5,111
Interest	3,418	2,410	2,236
Expenses +	1,632	1,285	1,392
Financing Profit	2,224	1,806	1,483
Financing Margin %	31%	33%	29%
Net Profit +	1,842	1,510	1,296
EPS in Rs	129.25	119.51	105.61

Quarterly Results



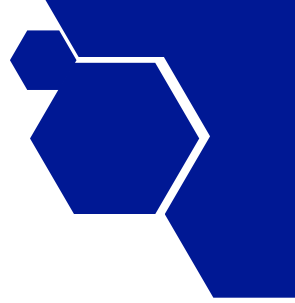
Particular	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24
Revenue	1,410	1,484	1,582	1,708	1,821	2,156	1,952
Interest	622	667	739	821	910	948	985
Expenses +	327	300	382	375	351	524	402
Financing Profit	460	516	461	512	561	684	565
Financing Margin %	33%	35%	29%	30%	31%	32%	29%
Other Income +	1	58	8	2	7	-90	8
Depreciation	36	41	39	44	48	53	48
Profit before tax	425	533	430	471	520	541	525
Tax %	24%	23%	28%	30%	23%	28%	23%
Net Profit +	382	509	429	435	506	472	435

Source: Screener

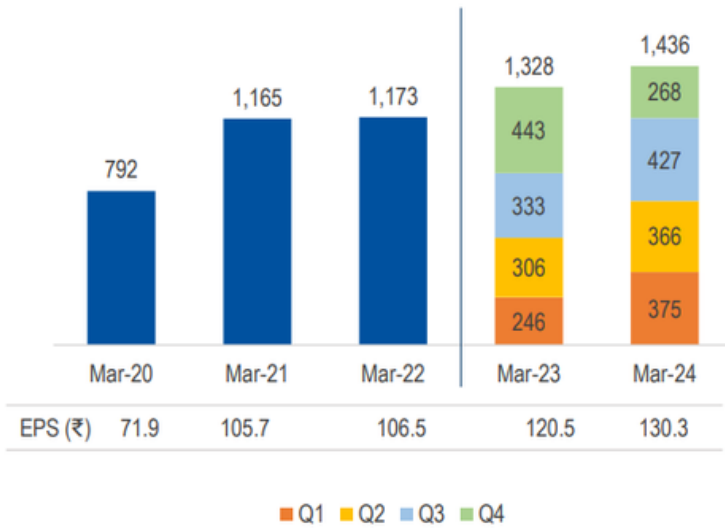
Yearly Results

Particulars	March 2024	March 2023	March 2022
Equity Capital	110	110	110
Reserves	10,968	9,810	8,685
Borrowings +	52,334	42,694	36,356
Other Liabilities +	864	3,462	3,003
Total Liabilities	64,276	56,076	48,154
Fixed Assets +	1,389	1,296	1,117
CWIP	5	1	0
Investments	5,732	8,082	8,088
Other Assets +	57,150	46,697	38,950
Total Assets	64,276	56,076	48,154

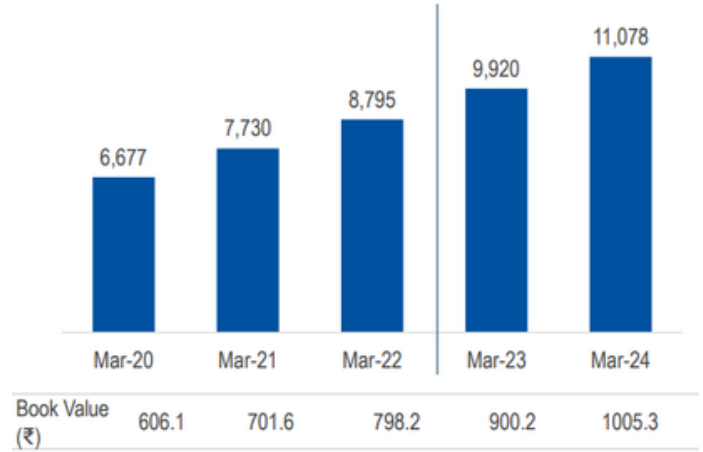
Revenue Highlights



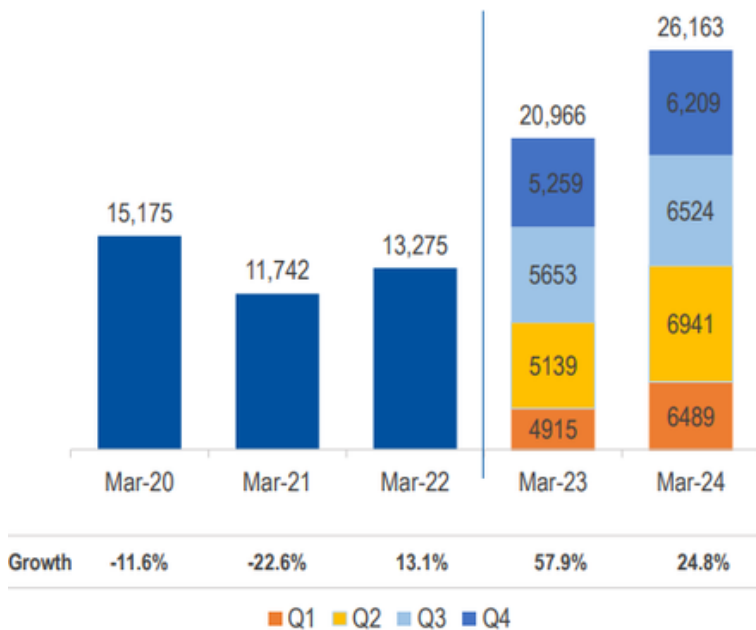
Profit after Tax



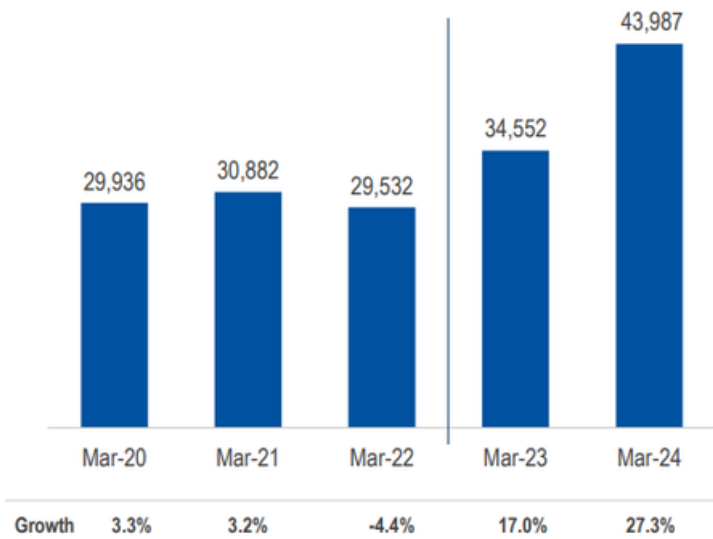
Net Worth



Disbursements

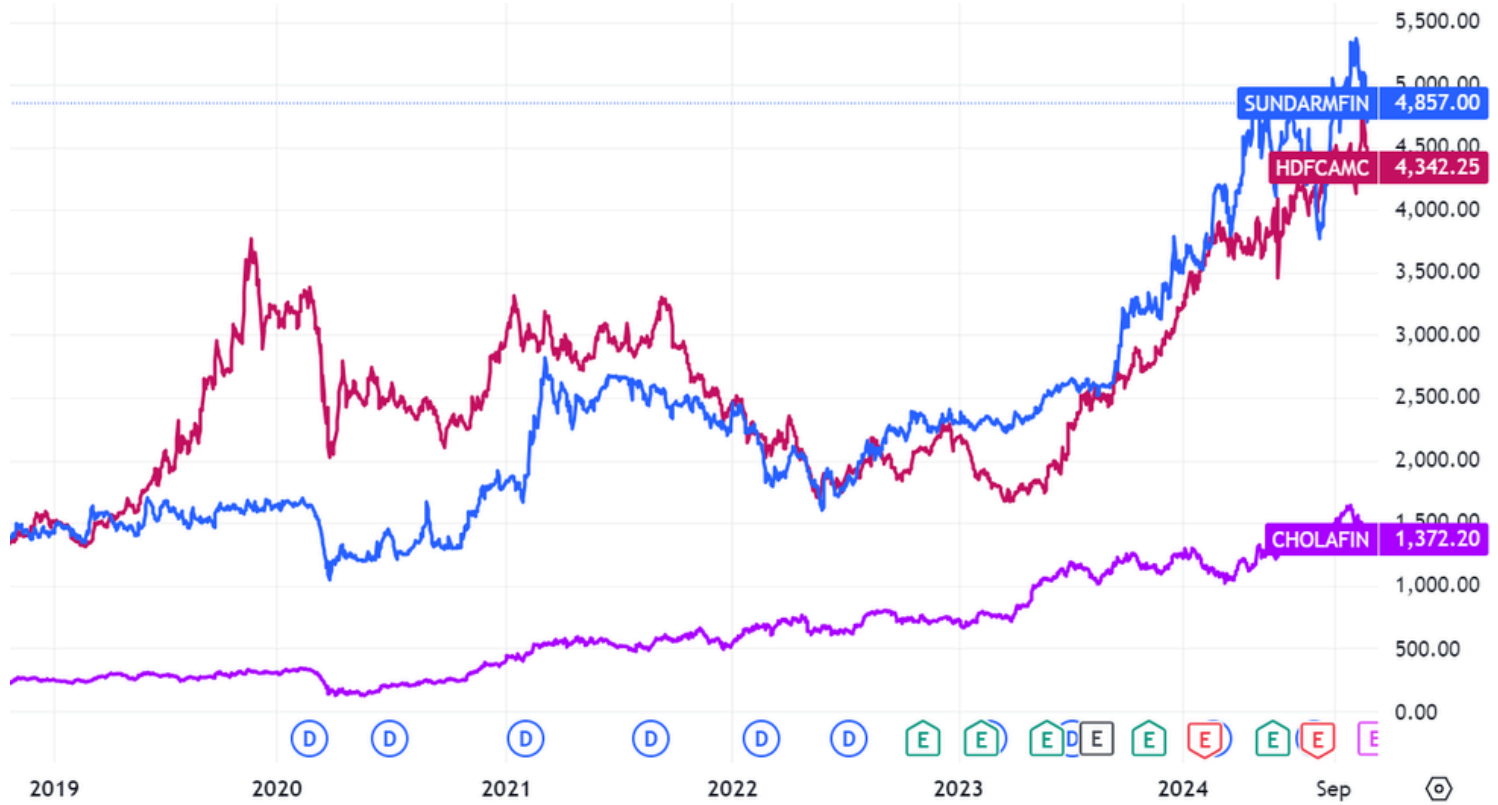


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Peer Comparison

Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

Name	CMP Rs.	P/E	Mar Cap Rs.Cr.	Div Yld %	NP Qtr Rs.Cr.	Qtr Profit Var %	Sales Qtr Rs.Cr.	Qtr Sales Var %	ROCE %
Cholaman.Inv.&Fn	1372.20	31.53	115325.49	0.14	947.15	33.41	5812.31	41.77	10.41
Bajaj Holdings	10156.45	15.27	113031.17	1.31	1510.43	-3.67	279.07	24.18	13.07
HDFC AMC	4342.25	41.92	92757.49	1.65	576.88	31.84	887.21	37.96	37.72
Sundaram Finance	4773.10	34.58	53029.13	0.63	434.85	15.89	1951.60	23.38	9.21

Source: Screener

Final Outlook

SUNDARMEIN: BUY | LTP: 4,680

Sundaram Finance is a strong and reliable company within India's financial services sector, known for providing various loans, asset management, and insurance products. Its stock has shown impressive long-term performance, with a five-year total shareholder return (TSR) of 248%. The company is well-regarded, benefiting from consistent dividends, and has delivered a 75% return over the past year, signaling solid momentum. Sundaram Finance's current price-to-earnings (P/E) ratio stands at 37.45, which is notably higher than the industry average of 24.12, indicating it is trading at a premium.

While the stock price has appreciated significantly, with a recent price around ₹5,046, analysts have pointed out that its earnings growth has not kept pace with its share price growth, which may suggest overvaluation risks

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