

Sundaram Finance announces 1:1 bonus

The board of directors of non-banking finance company Sundaram Finance Tuesday recommended a 1:1 bonus issue.

It also recommended a final dividend of 50 percent for fiscal 2007-08, taking the total dividend to 150 percent.

'The post-issue equity capital of the company will be around Rs.555.5 million from the current Rs.277.76 million,' managing director T.T. Srinivasaraghavan told the media here.

The company had last declared a bonus 13 years ago.

Declaring the working results for the year, he said, the company's income from operations and net profit stood at Rs.9.01 billion and Rs.2.12 billion respectively.

The corresponding figures for the previous year were Rs.6.40 billion and Rs.1 billion respectively.

According to Srinivasaraghavan, excluding the one-time profit of Rs.768.2 million earned from the sale of 49.9 percent stake in Sundaram Home Finance Limited, net profit for 2007-08 stood at Rs.1.35 billion.

During the year the company disbursed Rs.51.09 billion, up from Rs.43.86 billion.

He said that despite the slowdown in the commercial vehicle segment, Sundaram Finance was able to increase its market share in that segment.

The company will expand its distribution network by opening 100 branches this year, taking the total to 525 by March 2009.

The branches, under the banner Sundaram Direct, will sell financial products of other companies. Last year the company earned Rs.350 million from this business.

Replying to a query, Srinivasaraghavan said, 'Our average cost of fund is at 8.2 percent and this fiscal we expect that to increase. We will balance that by increasing our lending rates.'

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