

June 21, 2022

Sundaram Home Finance Limited: Long term rating upgraded to [ICRA]AAA (Stable) and short term rating reaffirmed at [ICRA]A1+

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term Cash Credit	110.00	110.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)
Long-term Term Loan	411.67	549.17	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)
Long-term Unallocated	187.49	49.99	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)
Non-convertible Debentures	1,900.60	1,900.60	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)
	245.00	0.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable) and withdrawn
Subordinated Debt	135.00	135.00	[ICRA]AAA (Stable); upgraded from [ICRA]AA+ (Stable)
Fixed Deposits	-	-	[ICRA]AAA (Stable); migrated from MAAA (Stable)
Commercial Paper	1,500.00	1,500.00	[ICRA]A1+; reaffirmed
Total	4,489.76	4,244.76	

*Instrument details are provided in Annexure-1

Rationale

Sundaram Home Finance Limited's (SHFL) rating has been upgraded following a change in the analytical approach as ICRA has taken a consolidated view for assessing SHFL vis-à-vis the 'Implicit support from parent or group'¹ based approach followed earlier. Historically, ICRA has been taking a consolidated view for assessing Sundaram Finance Limited (SFL; rated [ICRA]AAA (Stable) / [ICRA]A1+). Therefore, in line with the revised rating approach, SHFL's ratings are being aligned with the ratings of SFL. SHFL, a wholly-owned subsidiary of SFL since FY2020, is in the mortgage financing business. SHFL's portfolio provides diversification to the SFL Group (the Group), with SFL's standalone operations being predominantly focussed on vehicle financing. SHFL benefits significantly from the business-level synergies, financial interlinkages and the management overlap with the Group.

The ratings consider the SFL Group's demonstrated track record of steady and profitable growth across business cycles, its experienced senior management team and established franchise. The ratings also factor in the Group's comfortable funding profile, given its ability to raise funds from diverse sources at competitive rates.

The SFL Group has a presence in the vehicle and mortgage (housing and non-housing) finance segments and offers various financial products, including insurance and asset management services. The Group's growth has been driven with an eye on maintaining good asset quality while generating stable business returns. The consolidated gross stage 3 (GS 3) improved marginally to 2.4% in March 2022 from 2.5% in March 2021. SFL's GS 3 improved to 2.2% as of March 2022 from 4.2% as of June 2021. However, it remains slightly higher vis-à-vis 1.8% as of March 2021, given the delinquencies in the commercial vehicle (CV) and passenger vehicle (PV) segments. The outstanding restructured book was 4.9% of the assets under

¹ Please refer to the rating methodology at <https://www.icra.in/Rating/ShowMethodologyReport/?id=723>

management (AUM) as of March 2022. ICRA notes SFL's track record of keeping its asset quality under control across business cycles; however, the performance, considering the prolonged stress faced by its borrowers, especially in the CV segment, and the sizeable restructured book, would be a near-term monitorable from a rating perspective.

SHFL's GS 3 improved to 3.0% as of March 2022 from 7.6% as of June 2021 (4.5% as of March 2021) through a combination of improved collections and the write-off of non-performing asset (NPA) accounts, which were more than five years old. The standard restructured book stood at 5.1% as of March 2022. ICRA notes that collections started picking up from July 2021 following the second wave of the Covid-19 pandemic, which supported the improvement in the asset quality of SFL and SHFL.

The capitalisation profile remains comfortable with a tier-I capital of 17.3% for SFL and 24.7% for SHFL as of March 2022. The ratings, however, note the competitive business environment for the key lending businesses of the Group and its regionally concentrated portfolio profile.

In compliance with the circular [SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/594] issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 and the subsequent circular (SEBI/HO/MIRSD/MIRSD_CRADT /P/CIR/2022/43) of April 1, 2022, for standardising the rating scales used by credit rating agencies, ICRA has discontinued the medium-term rating scale which was being used to assign ratings to the fixed deposit programmes of entities.

Accordingly, ICRA has migrated the rating currently outstanding for the fixed deposits programme of SHFL from MAAA (Stable) on the 14-point medium-term rating scale to [ICRA]AAA (Stable) on the 20-point long-term rating scale.

ICRA has also upgraded and withdrawn the long-term rating on the Rs. 245.00-crore non-convertible debentures (NCDs), in accordance with its policy on the withdrawal of credit ratings, as the instruments have matured and have been fully repaid.

Key rating drivers and their description

Credit strengths

Presence in diverse segments; established track record in vehicle and housing finance businesses – The SFL Group provides a range of financial services including vehicle finance, housing finance, asset management and insurance among others. At the standalone level, SFL's portfolio mix broadly remains range-bound with CVs accounting for 45.6% of the AUM as of March 2022, followed by cars (25.7%), construction equipment (11.1%), tractors (8.1%) and others (9.5%). Its AUM declined by 4.4% year-on-year (YoY) to Rs. 29,532 crore as of March 2022.

SFL is an established player in the vehicle finance business with an operational history of more than six decades. The company has a demonstrated track record of operating across business cycles without a significant deterioration in its overall risk profile, supported by its good understanding of the target segments and an experienced management team. SFL has established relationships with its customers (repeat customers account for a sizeable share of the CV borrowers), which, along with the conservative underwriting norms and robust collection and recovery mechanism, have supported its business risk profile across business cycles over the past six decades.

SFL's wholly-owned subsidiary, SHFL, which provides housing finance, reported a growth of 3.5% in its AUM in FY2022 vis-à-vis a decline of 4.8% in FY2021 (growth of 4.3% in FY2020). SHFL's AUM stood at Rs. 9,495 crore as of March 2022, of which 69% was towards housing loans and the remaining towards loan against property (LAP; 30%) and construction finance (CF; 1%). SHFL accounted for 24% of the total lending portfolio of the SFL Group as of March 2022. Sundaram Asset Management Company Limited {SAMCL; rated [ICRA]AA (Stable)} reported a YoY growth of 30.7% in its AUM in FY2022 vis-à-vis 36.0% in FY2021. Considering the Group's conservative growth policy, ICRA expects business growth and lending portfolio diversification to be more measured over the near to medium term.

Stable profitability indicators – On a consolidated basis, the Group's net profitability has remained range-bound with profit after tax (PAT)/average managed assets (AMA) of 2.2% in FY2022 and 2.1% in FY2021 compared to 1.8% in FY2020 {as per Ind-

AS; adjusted for Rs. 53-crore profit on sale of shares in Sundaram Finance Holdings Limited (net of tax)}. SFL's consolidated return on average net worth stood at 10.4% in FY2022 and 11.4% in FY2021.

SHFL, on a standalone basis, reported lower net profitability of 1.7% in FY2022 against 1.8% in FY2021 (1.6% in FY2020). The decline was due to the higher credit cost of 0.8% in FY2022 compared to 0.5% in FY2021. However, SHFL's net profitability is expected to improve, going forward, as the asset quality and portfolio growth performances are expected to be better than the levels witnessed in the last two fiscals.

Comfortable capital profile – SFL's consolidated gearing² stood at 4.1x as of March 2022 and 4.7x as of March 2021 vis-à-vis 5.4x in March 2020. SHFL's capitalisation profile also remained stable, with the managed gearing at 5.2x as of March 2022 vis-à-vis 5.3x in March 2021, as the portfolio grew by a modest 3.5% in FY2022. The Group's healthy internal generation and prudent growth policy would support its capital profile going forward.

Credit challenges

Asset quality remains monitorable, notwithstanding the improvement since the lows witnessed in early part of FY2022 –

The SFL Group's GS 3 improved marginally to 2.4% in March 2022 from 2.5% in March 2021 (3.1% in March 2020 and 2.0% in March 2019). SFL's GS 3 improved to 2.2% as of March 2022 from 4.2% as of June 2021. However, it remains slightly higher vis-à-vis 1.8% as of March 2021 due to the delinquencies in the CV and PV segments. The outstanding total restructured book was 4.9% of the AUM as of March 2022. ICRA notes SFL's track record of keeping its asset quality under control across business cycles; however, the performance of the restructured book, considering the relatively subdued operating environment, would be a monitorable. SFL has augmented its provisions since Q4 FY2020, resulting in provision/AUM of 1.9% as of March 2022 compared to 1.6% as of March 2021 and 1.1% as of March 2020. This provides some cushion for the incremental expected stress.

SHFL's GS 3 decreased to 3.0% (90+ days past due (dpd) at 2.5%³) in March 2022 from 5.1% in December 2021 (4.7% in December 2020) and 7.6% in June 2021 (4.5% in March 2021). Its standard restructured book stood at 5.1% of the loan book as of March 2022, with most of the accounts being restructured in Q2 FY2022. Further, ~28% of the GS 3 assets were in the form of repossessed assets (including accounts for which repossession order was received) as of March 2022. The overall provisions carried (2.7% of the loan portfolio as of March 2022) and the expected recoveries from the repossessed book provide some comfort from an asset quality perspective.

The SFL Group's asset quality profile would remain a monitorable in the near term as stress remains elevated vis-à-vis the pre-Covid levels. ICRA takes note of the adverse business environment for the key borrower segments (CV and PV), characterised by the increased cost of operations and the expected demand-related impact on account of high inflation, which could have a bearing on the asset quality. ICRA, however, draws comfort from the SFL Group's track record in the key lending businesses along with its prudent underwriting norms and robust collection and recovery systems.

Competitive business environment; regionally concentrated portfolio – The SFL Group has a regionally concentrated portfolio with the southern region accounting for about 58% of the portfolio for standalone SFL and 44% of the portfolio for SHFL as of March 2022. The Group faces competition from banks and other non-banking financial companies (NBFCs) in its key target asset segments, as business volumes moderated, impacting growth. While the Group's earnings profile has remained stable on account of its healthy margins and operating efficiency, its ability to maintain its profitability indicators in a competitive business environment while keeping the asset quality under control would be critical from a rating perspective.

² Debt/Net worth (owners' interest)

³ On portfolio outstanding basis

Liquidity position

SHFL: Adequate

SHFL had unencumbered cash and liquid investments of ~Rs. 345 crore and undrawn credit lines of ~Rs. 905 crore as of April 30, 2022, against debt and other obligations of ~Rs. 1,220 crore during May-August 2022. ICRA notes that the collection efficiency (collections including arrears/demand for the month) had improved to ~112% in Q4 FY2022 from ~108% in Q3 FY2022.

The asset-liability maturity (ALM) statement, as of March 2022, was characterised by a negative cumulative mismatch of 3.7% of the total assets in the less-than-one-year bucket. However, this is largely mitigated, given the company's access to diverse funding sources as a part of the SFL Group. SHFL has a diverse funding profile with NCDs and sub-debt comprising 30% of the total borrowings followed by deposits (24%), National Housing Bank (NHB) refinance (23%), loans from banks (15%) and commercial paper (CP; the balance).

SFL

SFL has a strong liquidity profile with cash and liquid investments of Rs. 2,363 crore and undrawn bank lines of Rs. 2,217 crore as on March 31, 2022, and repayment obligations of Rs. 4,196 crore (including Rs. 493 crore of securitisation payments) during April 2022-June 2022. It has a fairly diverse funding profile including NCDs and subordinated debt (54% of borrowings as of March 2022), CP (3%), bank loans (17%), fixed deposits (15%) and portfolio sell-down (11%). ICRA notes that collections picked up from July 2021 vis-à-vis Q1 FY2022, though the average collections percentage for Q4 FY2022 was 4% lower than Q4 FY2021 (pre-second wave). While a sustained improvement in collections remains a monitorable, access to funds from diverse sources and the ability to secure funding at competitive rates provide good financial flexibility to SFL.

Rating sensitivities

Positive factors – NA

Negative factors – ICRA could revise the outlook to Negative or downgrade the ratings on a deterioration in the asset quality or profitability, with an increase in the GS 3 beyond 3.5% or a decline in the PAT/AMA to less than 1.7%, on a sustained basis. A significant weakening in the tier-1 capital adequacy below 12%, on a sustained basis, could also exert pressure on the ratings.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies ICRA's Policy on Withdrawal of Credit Ratings Rating Approach - Consolidation
Parent/Group Support	NA
Consolidation/Standalone	The ratings are based on SFL's consolidated financial statements

About the company

Incorporated in 1999, Sundaram Home Finance Limited (SHFL) is a medium-sized housing finance company. It primarily provides housing loans and LAP. SHFL is a wholly-owned subsidiary of Sundaram Finance Limited (SFL). As an operational strategy, SHFL is focussed largely on the five southern states where SFL has a strong retail customer base. As of March 2022, SHFL had 105 branch offices.

SHFL reported a net profit of Rs. 191 crore in FY2021 on a managed asset base of Rs. 9,915 crore against a net profit of Rs. 158 crore on a managed asset base of Rs. 10,186 crore in FY2020. It reported a net profit of Rs. 168 crore in FY2022 on a managed asset base of Rs. 10,308 crore.

Sundaram Finance Limited

SFL is the flagship company of the T. S. Santhanam arm of the TVS Group. It is a large NBFCs in the country with an AUM of Rs. 29,532 crore as of March 2022. Its primary focus is on the financing of CVs and cars. SFL has invested in various entities to provide a gamut of financial services like housing finance (SHFL), insurance (Royal Sundaram) and mutual funds (SAMCL).

SFL reported a standalone net profit of Rs. 903 crore in FY2022 on a managed asset base of Rs. 35,627 crore compared with a net profit of Rs. 809 crore on a managed asset base of Rs. 35,752 crore in FY2021.

Key financial indicators (IndAS)

SFL - Consolidated	FY2020	FY2021	FY2022
Total income (Rs. crore)	4,723	5,317	5,146
Profit after tax (owners' interest; Rs. crore)	792	1,165	1,173
Net worth (owners' interest; Rs. crore)	6,677	7,730	8,795
Total assets (Rs. crore)	44,721	46,560	48,154
Gross stage 3 (%) [^]	3.1%	2.5%	2.4%
Net stage 3 (%) [^]	1.6%	1.0%	1.2%

Source: Company, ICRA Research; [^]Combined gross and net stage 3 for SFL and SHFL

SHFL - Standalone	FY2020	FY2021	FY2022
Total income (Rs. crore)	1,079	1,039	957
Profit after tax (Rs. crore)	158 [#]	191	168
Net worth (Rs. crore)	1,421	1,559	1,655
Total managed portfolio (Rs. crore)	9,548	9,041	9,495
Total managed assets (Rs. crore)	10,186	9,915	10,308
Return on managed assets %	1.6% [#]	1.8%	1.7%
Return on net worth %	11.8% [#]	12.9%	10.4%
Gearing (reported; times)	6.1	5.3	5.2
Gearing (managed; times)	6.1	5.3	5.2
Gross stage 3 %	4.8%	4.5%	3.0%
Net stage 3 %	1.6%	1.1%	1.6%
CRAR%	23.0%	24.9%	25.7%

Source: Company, ICRA Research; All ratios as per ICRA's calculations;

[#] Excluding exceptional gain due to reversal of deferred tax liability on special reserve in FY2020; 90+ dpd stood at 3.4% as of March 2021 and 2.5% as of March 2022

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years							
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating	Date & Rating in FY2022		Date & Rating in FY2021		Date & Rating in FY2020			
					Jun-21-2022	Mar-04-2022	Sep-16-2021	Feb-09-2021	Oct-06-2020	Feb-07-2020	Nov-01-2019	Jul-09-2019	
1	NCD	Long term	1,900.60	1,900.60	[ICRA]AAA (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	
2	NCD	Long term	245.00	-	[ICRA]AAA (Stable); withdrawn	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	
3	Subordinated debt	Long term	135.00	135.00	[ICRA]AAA (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	
4	Fixed deposits	Long term	-	-	[ICRA]AAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	MAAA (Stable)	
5	Long-term cash credit	Long term	110.00	110.00	[ICRA]AAA (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	
6	Long-term term loans	Long term	549.17	549.17	[ICRA]AAA (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	
7	Long-term unallocated	Long term	49.99	49.99	[ICRA]AAA (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	[ICRA]AA+ (Stable)	-	
8	Commercial paper	Short term	1,500.00	1,500.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	

Complexity level of the rated instrument

Instrument	Complexity Indicator
Non-convertible Debenture	Simple
Long Term – Cash Credit	Simple
Long Term – Term Loan	Simple
Long Term – Unallocated	Not Applicable
Subordinated Debt	Moderately Complex
Fixed Deposits	Very Simple
Commercial Paper	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN/Bank Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated	Current Rating and Outlook
					(Rs. crore)	
INE667F07HA9	NCD	Dec-20-2018	NA	Mar-07-2022	75.00	[ICRA]AAA (Stable); withdrawn
INE667F07HH4	NCD	Apr-11-2019	8.40%	Apr-11-2022	70.00	[ICRA]AAA (Stable); withdrawn
INE667F07HK8	NCD	Jun-18-2019	8.60%	Jun-17-2022	25.00	[ICRA]AAA (Stable)
INE667F07HQ5	NCD	Feb-03-2020	7.75%	Feb-03-2022	100.00	[ICRA]AAA (Stable); withdrawn
INE667F07HM4	NCD	Sep-13-2019	8.15%	Sep-13-2022	35.00	[ICRA]AAA (Stable)
INE667F07HO0	NCD	Dec-05-2019	8.10%	Dec-05-2022	200.00	[ICRA]AAA (Stable)
INE667F07HP7	NCD	Dec-20-2019	8.15%	Mar-20-2023	42.00	[ICRA]AAA (Stable)
INE667F07HX1	NCD	Oct-13-2020	5.90%	Oct-13-2022	150.00	[ICRA]AAA (Stable)
INE667F07HZ6	NCD	Oct-16-2020	6.20%	Oct-16-2023	150.00	[ICRA]AAA (Stable)
INE667F07HY9	NCD	Oct-16-2020	6.20%	Nov-16-2023	150.00	[ICRA]AAA (Stable)
INE667F07IB5	NCD	Aug-06-2021	3M T-bill + 160 bps	Aug-06-2024	145.00	[ICRA]AAA (Stable)
INE667F07IC3	NCD	Sep-29-2021	3M T-bill + 150 bps	Sep-27-2024	225.00	[ICRA]AAA (Stable)
INE667F07ID1	NCD	Dec-21-2021	5.75%	Dec-22-2023	150.00	[ICRA]AAA (Stable)
Unallocated	NCD	-	-	-	628.60	[ICRA]AAA (Stable)
INE667F08087	Sub-debt	Jun-28-2012	10.50%	Jun-28-2022	25.00	[ICRA]AAA (Stable)
INE667F08111	Sub-debt	Feb-28-2013	9.90%	Feb-28-2023	40.00	[ICRA]AAA (Stable)
INE667F08129	Sub-debt	Dec-16-2014	9.45%	Dec-16-2024	20.00	[ICRA]AAA (Stable)
INE667F08137	Sub-debt	Feb-24-2015	9.25%	Feb-24-2025	45.00	[ICRA]AAA (Stable)
Unallocated	Sub-debt	-	-	-	5.00	[ICRA]AAA (Stable)
INE667F14FR3	Commercial Paper	Nov-22-21	4.84%	Aug-29-2022	100.00	[ICRA]A1+
INE667F14FR3	Commercial Paper	Nov-22-21	4.84%	Aug-29-2022	50.00	[ICRA]A1+
INE667F14FV5	Commercial Paper	Feb-04-22	4.89%	Jul-29-2022	100.00	[ICRA]A1+
INE667F14FV5	Commercial Paper	Feb-04-22	4.89%	Jul-29-2022	50.00	[ICRA]A1+
INE667F14FW3	Commercial Paper	Apr-26-22	4.80%	Nov-25-2022	200.00	[ICRA]A1+
INE667F14FX1	Commercial Paper	May-10-22	5.25%	Aug-10-2022	200.00	[ICRA]A1+
Yet to be placed	Commercial Paper	-	-	7-365 days	800.00	[ICRA]A1+
NA	Fixed Deposits	-	-	-	-	[ICRA]AAA (Stable)
NA	Cash Credit	-	-	-	110.00	[ICRA]AAA (Stable)
NA	Term Loan 1	Sep-19	-	Sep-22	83.34	[ICRA]AAA (Stable)
NA	Term Loan 2	Dec-19	-	Nov-22	20.00	[ICRA]AAA (Stable)
NA	Term Loan 3	Dec-20	-	Dec-23	145.83	[ICRA]AAA (Stable)
NA	Term Loan 4	Oct-19	-	Sep-22	100.00	[ICRA]AAA (Stable)
NA	Term Loan 5	Feb-22	-	Feb-27	200.00	[ICRA]AAA (Stable)
Unallocated	Term Loan	-	-	-	49.99	[ICRA]AAA (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure-2: List of entities considered for consolidated analysis as on March 31, 2022

Company Name	Ownership	Consolidation Approach
SHFL	100.0%	Full consolidation
SAMCL	100.0%	Full consolidation

Sundaram Alternate Assets Limited [@]	100.0%	Full consolidation
Sundaram Asset Management Singapore Pte Limited [@]	100.0%	Full consolidation
Sundaram Trustee Company Limited	100.0%	Full consolidation
LGF Services Limited	100.0%	Full consolidation
Sundaram Fund Services Limited (SFSL)	100.0%	Full consolidation
Sundaram Business Services Limited**	100.0%	Full consolidation
SAMC Support Services Private Limited [@]	100.0%	Full consolidation
Principal Trustee Company Private Limited [@]	100.0%	Full consolidation
Principal Retirement Advisors Private Limited [@]	100.0%	Full consolidation
Sundaram Finance Holdings Limited	21.6%	Full consolidation
Royal Sundaram General Insurance Co. Limited	50.0%	Equity method
Flometallic India Private Limited**		
The Dunes Oman LLC (FZC)**		
Sundaram Hydraulics Limited**		
Axles India Limited**		Equity method
Turbo Energy Private Limited**		
Transenergy Private Limited**		
Sundaram Dynacast Private Limited**		
Wheels India Limited**		
Mind s.r.l.**		
Sundaram Composite Structures Private Limited**		

[@] SFL has ownership in these entities through SAMCL

** SFL has ownership in these entities through Sundaram Finance Holdings Limited

ANALYST CONTACTS

Karthik Srinivasan
+91 22 6114 3444
karthiks@icraindia.com

A M Karthik
+91 44 4596 4308
a.karthik@icraindia.com

R Srinivasan
+91 44 4596 4315
r.srinivasan@icraindia.com

Richardson Xavier
+91 9094877278
richardson.xavier@icraindia.com

RELATIONSHIP CONTACT

Jayanta Chatterjee
+91 80 4332 6401
jayantac@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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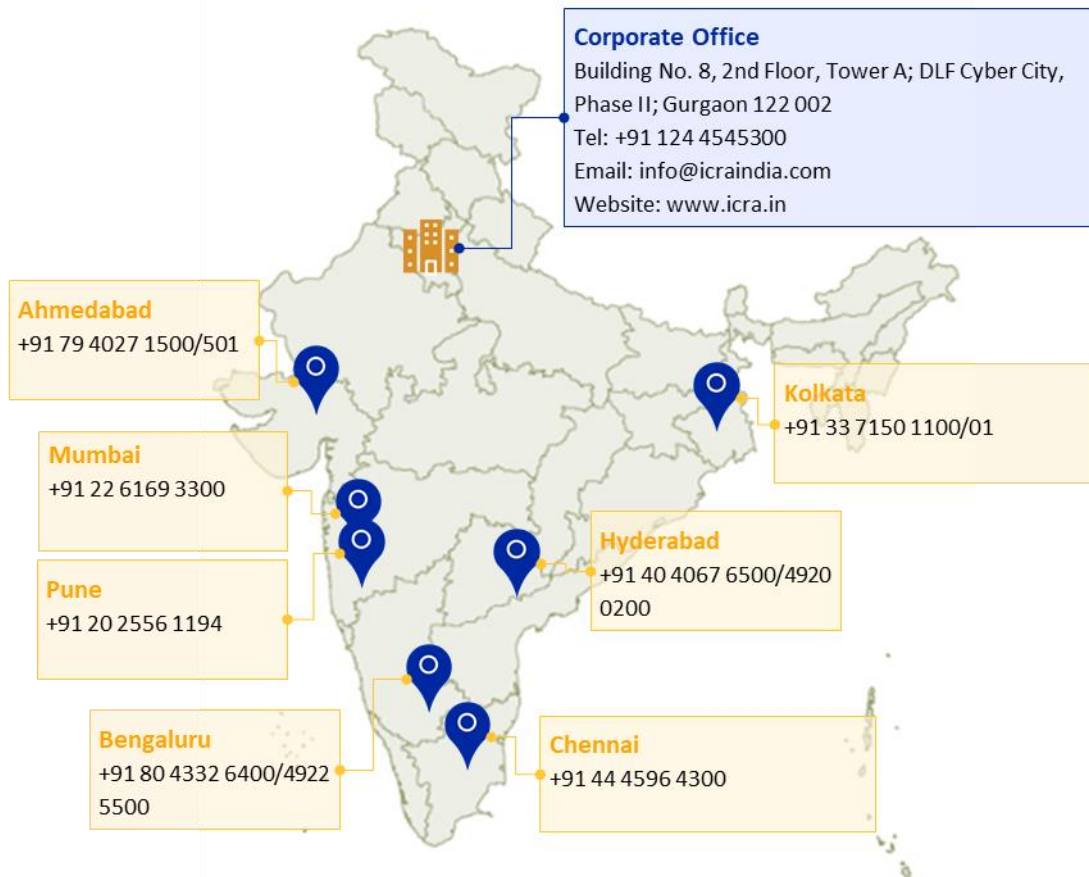
Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



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