April 08, 2026

Sundaram Alternate Assets Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based – Term loan	39.00	39.00	[ICRA]AA (Stable); reaffirmed
Short-term bank facilities - Unallocated	5.00	5.00	[ICRA]A1+; reaffirmed
Total	**44.00**	**44.00**	

**Instrument details are provided in Annexure I*

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of Sundaram Asset Management Company Limited (SAMCL) and its wholly-owned subsidiaries, namely Sundaram Alternate Assets Limited (SAAL) and Sundaram Asset Management Singapore Pte. Ltd (SAMS), given the strong operational and financial linkage between the entities. Henceforth, these entities are together referred to as the SAMCL Group/the Group.

The reaffirmation of the ratings considers the strong operational, financial and managerial support from the parent, Sundaram Finance Limited (SFL; rated [ICRA]AAA (Stable)/[ICRA]A1+), which has a 100% stake in SAMCL. The ratings also factor in the Group's track record in the asset management business, its established distribution franchisee and experienced management team. Moreover, the SAMCL Group is expected to get timely support from the Sundaram Finance (SFL) Group for meeting any operational and regulatory capital or liquidity requirements.

The ratings take cognisance of the moderate assets under management (AUM) of Rs. 86,195 crore in December 2025 (Rs. 70,883 crore in March 2024). The Group's total debt/OPBDITA and total debt/net worth improved to 0.04 times and 0.02 times, respectively, as of December 2025 from 0.11 times and 0.05 times, respectively, as of March 2025 and 0.44 times and 0.19 times, respectively, as of March 2024, supported by healthy internal accruals and reducing debt levels. In December 2021, SAMCL had acquired Principal AMC via a debt-equity mix of 52:48. The acquisition added significantly to the Group's customer and AUM base, supporting an improvement in its scale of operations. The Group's ability to further enhance its market share on a sustained basis, thereby increasing its scale of operations, would be key from a rating perspective.

The Stable outlook reflects ICRA's expectation that the Group will keep growing the AUM and maintaining a healthy earnings profile while continuing to receive support from the SFL Group.

Key rating drivers and their description

Credit strengths

Support from SFL Group – The Group benefits from the strong operational, financial and managerial support from the parent – SFL. SFL, which is a sponsor of some of the mutual fund (MF) schemes and debt and equity-oriented alternative investment fund (AIF) schemes of SAAL, has demonstrated adequate support over and above the regulatory requirement[1]. Both SAMCL and SAAL leverage the SFL Group's established business presence and systems for business growth and operations and have representatives from the parent on their boards. The fund accounting services of one of the Group entities – Sundaram Fund Services Limited (SFSL) – was merged with SAMCL while SAMC Services Private Limited (SSPL; erstwhile Principal Retirement

[1] *2.5% of the fund size or Rs. 5 crore, whichever is lower, for Category I and II AIFs, and 5% of the fund size or Rs. 10 crore, whichever is lower, for Category III AIF*

Advisors Private Limited) was merged with SAAL in FY2024. This merger had strengthened the financial performance of the SAMCL Group.

SAMCL had raised funds via redeemable preference shares from a Group entity in the past. The SFL Group had also supported SAMCL for the acquisition of the Principal Group through an equity infusion and short-term loans. The SFL Group provides a diverse range of financial services including vehicle finance, housing finance, asset management, non-life insurance, etc. As asset management is of strategic importance to the SFL Group, ICRA expects it to provide support as and when required.

Demonstrated track record in asset management business – SAMCL has a demonstrated track record of over 29 years in the asset management business. The company has a wide geographical footprint with 79 branches across India along with offices in Singapore and Dubai. This provides it with access to a large client base (~23 lakh investor folios as of March 2025). SAAL, which manages the portfolio management services (PMS) and AIF schemes, benefits from SAMCL's in-house capabilities for its research, information technology (IT) infrastructure, and risk and administrative functions. It also leverages SAMCL's distribution network to cater to investors including high-net-worth individuals (HNIs), corporates and family offices, among others. The Group's senior management personnel have more than three decades of experience in the asset management business.

On a consolidated basis, the Group's AUM stood at Rs. 86,195 crore in December 2025 vis-à-vis Rs. 70,883 crore in March 2024. SAMCL manages 36 MFs on a standalone basis with AUM of Rs. 76,170 crore as of December 2025. Its wholly-owned subsidiary, SAMS, manages four funds at present and had an AUM of Rs. 2,224 crore as of December 2025. SAAL had a portfolio of seven AIFs and five PMS schemes with AUM of Rs. 7,633 crore as of December 2025.

Credit challenges

Moderate AUM; intense competition – The Group's AUM increased to Rs. 86,195 crore in December 2025 from Rs. 70,883 crore in March 2024 (Rs. 54,727 crore in FY2023). SAMCL is a medium-sized asset management company (AMC) with a market share of ~1% while the top 5 players held a market share of ~56% in Q3 FY2026. As of December 2025, SAMCL's consolidated AUM comprised MFs (90%), followed by AIFs (~5%) and PMS and advisory services (~5%). Within MFs, the share of the equity segment stood at ~83% as of December 2025 while it was ~58% at the MF industry level. Given the high competition in the operating environment, AUM growth is expected to be moderate in the near term. SAAL, which manages the PMS and AIF segments, is also exposed to intense competition from established AMCs.

Earnings susceptible to regulatory changes – On a consolidated basis, the operating income increased by ~13% in FY2025 and ~14% (annualised) in 9M FY2026 while the net profitability rose to ~Rs. 154 crore and ~Rs. 139 crore in FY2025 and 9M FY2026, respectively, from ~Rs. 112 crore in FY2024. The Group has benefitted from the acquisition of Principal AMC, supported by the increase in the scale of operations, which led to better operating efficiency, though it was impacted by the sizeable amortisation of goodwill recognised during the acquisition. ICRA notes that the debt funding incurred for the Principal Group acquisition was repaid in FY2025, leading to an improvement in the debt metrics. Total debt/OPBDITA and total debt/net worth stood at 0.04 times and 0.02 times, respectively, as of December 2025, improving from 0.11 times and 0.05 times, respectively, as of March 2025 and 0.44 times and 0.19 times, respectively, as of March 2024.

ICRA notes that MFs have significant regulatory restrictions regarding fee/commission payments to their sponsor AMCs as well as the other costs that can be incurred by them. The Securities and Exchange Board of India (SEBI) recently issued Mutual Fund Regulations, 2026, effective from April 2026. Key changes include a revision in the MF expense framework, removal of certain charges (exit load), changes in transaction costs (brokerage cost) and tighter governance requirements. The impact of the above and the currently prevailing market conditions on the Group' performance are monitorable. The Group's ability to scale up the AUM and keep the operating costs under control would be crucial for maintaining healthy profitability metrics on a sustained basis.

Liquidity position: Adequate

On a consolidated basis, the liquidity position is adequate with a cash and bank balance of Rs. 57 crore as of December 2025 against debt repayment obligations of ~Rs. 10 crore in the next 12 months. Further, the healthy cash flow from operations, liquid investments in MFs, the long-term nature of the liabilities and funding support from Group companies, if required, would support the liquidity profile.

Rating sensitivities

Positive factors – The rating could be positively impacted in case of a steady increase in the Group's market position. A healthy earnings profile on a sustained basis would also positively impact the rating.

Negative factors – Pressure on the ratings could arise in case of lower-than-expected support from the SFL Group or any adverse change in the shareholding. Considerable weakening in the SAMCL Group's financial performance or a deterioration in SFL's risk profile would also negatively impact the ratings.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA's Corporate Credit Rating Methodology
Parent/Group support	Sundaram Finance Limited (parent)
Consolidation/Standalone	While arriving at the ratings, ICRA has considered the consolidated financials of the SAMCL Group

About the company

Sundaram Alternate Assets Limited

Incorporated in January 2018, SAAL provides investment management and advisory services. It is a wholly-owned subsidiary of SAMCL. SAMCL had hived off the management of the AIF and PMS segments to SAAL, post receipt of necessary approvals, in January 2019. SAAL's total AUM (including advisory services) was about Rs. 8,632 crore as of December 2025.

Sundaram Asset Management Company Limited

Incorporated in 1996, SAMCL is a wholly-owned subsidiary of SFL, providing asset management services. The company is the investment manager of Sundaram Mutual Fund, with net assets under management of Rs. 76,170 crore in December 2025. SAMCL has 79 branches spread across India along with offices in Singapore and Dubai. It has two wholly-owned subsidiaries, India-based SAAL and Singapore-based SAMS. In FY2024, two of the three Principal Group companies that were acquired in FY2022 were liquidated while SSPL was merged with SAAL.

Key financial indicators (audited)

SAMCL (consolidated)	FY2024	FY2025	9M FY2026 (P)
Operating income	457.0	515.3	438.6
PAT	111.9	153.5	138.6
OPBDITA/OI	42.1%	46.8%	48.5%
PAT/OI	24.5%	29.8%	31.6%
Total outside liabilities/Tangible net worth (times)	0.4	0.2	0.2
Total debt/OPBDITA (times)	0.4	0.1	0.0
Interest coverage (times)	16.7	36.5	88.9

Source: SAMCL, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; P - Provisional

Key financial indicators (audited)

SAAL	FY2024	FY2025	9M FY2026 (P)
Operating income	112.3	128.6	118.4
PAT	18.3	19.5	22.1
OPBDITA/OI	23.1%	22.0%	26.5%
PAT/OI	16.3%	15.2%	18.6%
Total outside liabilities/Tangible net worth (times)	0.5	0.5	0.4
Total debt/OPBDITA (times)	0.7	0.4	0.1
Interest coverage (times)	16.4	16.6	35.1

Source: SAMCL, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; P – Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Apr-08-2026	Date	Rating	Date	Rating	Date	Rating
Long term fund based – Term loan	Long term	39.00	[ICRA]AA (Stable)	-	-	Mar-20-2025	[ICRA]AA (Stable)	Dec-29-2023	[ICRA]AA (Stable)
Short-term bank facilities – Unallocated	Short term	5.00	[ICRA]A1+	-	-	Mar-20-2025	[ICRA]A1+	Dec-29-2023	[ICRA]A1+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund based – Term loan	Simple
Short-term bank facilities – Unallocated	Not applicable

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: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
-	**Term loan**	Apr 2023	-	Dec 2028	16.10	[ICRA]AA (Stable)
-	**Term loan – Unallocated**	NA	-	NA	22.90	[ICRA]AA (Stable)
-	**Short-term bank facilities – Unallocated**	NA	-	NA	5.00	[ICRA]A1+

Source: SAAL

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Sundaram Asset Management Company Limited	Parent	Full consolidation
Sundaram Alternate Assets Limited	100.00%	Full consolidation
Sundaram Asset Management Singapore Pte. Ltd	100.00%	Full consolidation

Source: SAMCL

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 J
+91 44 4596 4310
richardson.xavier@icraindia.com

RELATIONSHIP CONTACT

Mr. L Shivakumar
+91 098 2108 6490
shivakumar@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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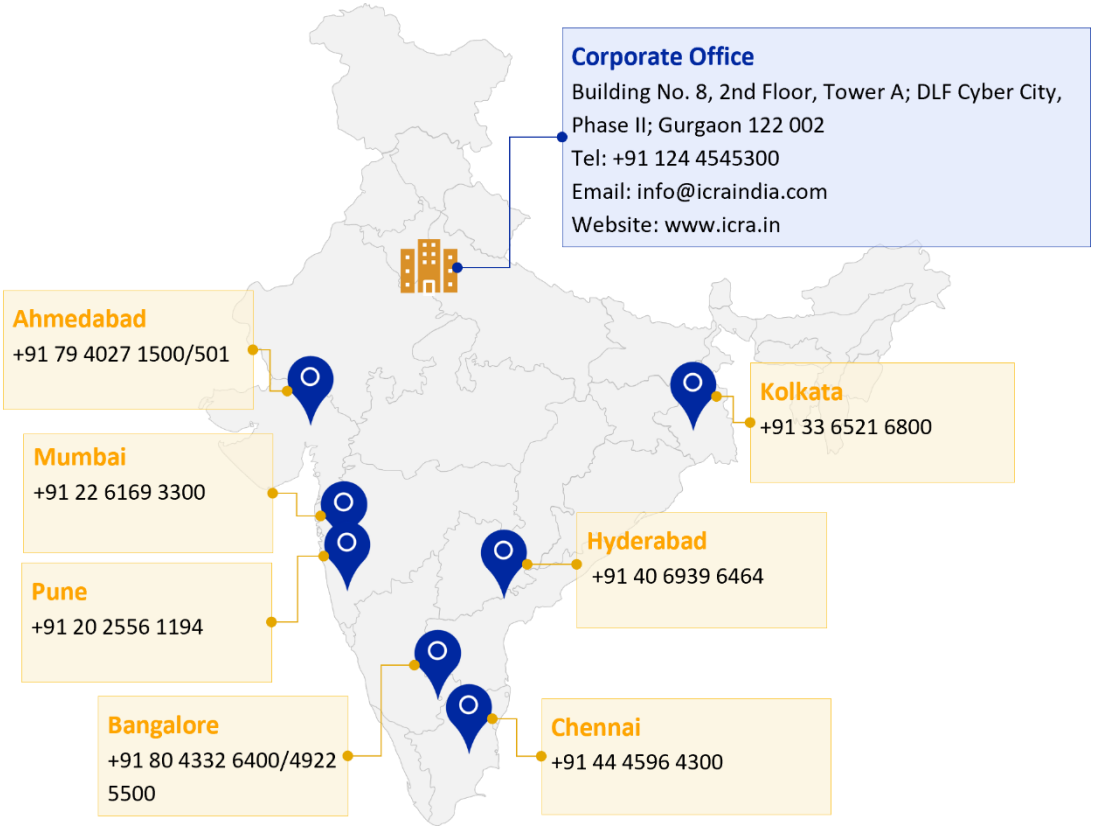
ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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