



Sundaram Asset Management Company Limited

Instrument Rated	Amount (In Rs crore)	Rating Action
Long term bank facilities	50.00	[ICRA]AA(Stable);Assigned

ICRA has assigned the **[ICRA]AA (pronounced ICRA double A)**[†] with a **stable** outlook rating to the Rs. 50.00 crore[†] bank facilities of Sundaram Asset Management Company Limited (SAMC or “the company”).

The rating takes into consideration the company’s status as the 100% subsidiary of Sundaram Finance Limited (SFL; rated [ICRA]AA+(Stable)/MAAA/[ICRA]A1+), which is expected to provide the company with access to operational, managerial and financial support. The rating also takes note of the company’s established and a profitable track record in the asset management business and, the presently buoyant equity market conditions, which is expected to support SAMC’s business growth going forward. The rating however takes note of the presently high expense to income ratio, which along with the upfront brokerage payments exert pressure on the overall cash flows of the company. The rating takes cognisance of the contingent liabilities to the extent of Rs.16 crore on account of the service tax and income tax claims on the company. While ICRA also notes that the increase in the business volumes could exert pressure on the overall cash flows, the expected support from SFL, if needed, provides comfort from a credit perspective; further the company’s overall profitability is expected to benefit from the improved scale economies.

Company Profile

Sundaram Asset Management Company Limited

Incorporated in the year 1996, the SAMC is the investment manager of Sundaram Mutual Fund. The company extends services including asset management, investment advisor services and portfolio management services. The total Asset under Management (AUM) of the company stood at Rs.18, 286 crore as in September 2014, with an AUM mix (equity: debt) of 33:67. The company was ranked 14 and had a market share of about 1.8% as in September 2014. The company has about 44 own branches as in September 2014 and, it proposes expand to 40 new locations in Tier-II and Tier-III cities in the current financial year by leveraging on the established branch network of SFL and other group entities.

The company has a 100% subsidiary in Singapore- Sundaram Asset Management Singapore Pte Limited (SAMS) - which launched its first scheme in the current financial year; it is also expected to extend portfolio management and advisory services to other AMCs going forward.

During FY2014, SAMC reported a net profit of Rs.15.3 crore on an average AUM of Rs.15,248 crore. During FY2013, the company reported a net profit of Rs. 16.9 crore on an average AUM of Rs.13,574 crore.

Sundaram Finance Limited

SFL is the flagship company of the T. S. Santhanam arm of the TVS Group; the group’s association with the Indian automotive industry covers financing, trading as well as manufacturing. The company is one of the largest NBFCs in the country with a total asset base of Rs. 15,415 crore as on Mar 31, 2014. The company’s primary focus is on financing of commercial vehicles and cars to the retail segment. Retail business constitutes more than 82% of the total assets of SFL with 9% as investments (a large part of it being strategic investments). SFL has also invested in several joint ventures or subsidiaries in an effort to provide the entire gamut of products offered in the retail financial services market under the SFL brand, like housing finance

^{*} For complete rating scale and definitions, please refer to ICRA’s website www.icra.in or other ICRA Rating Publications.

[†] 100 lakh = 1 crore = 10 million



[SBPHFL, Sundaram BNP Paribas Home Finance Ltd.], insurance [Royal Sundaram Alliance Insurance Company Limited], mutual fund [SAMC, Sundaram Asset Management Company Limited] and distribution [Sundaram Finance Distribution Limited]. SFL is also leveraging its considerable skills in IT services, transaction processing and distribution through Sundaram Infotech Solutions Limited and Sundaram Business Services Limited (both subsidiaries). The synergies among these group entities are expected to translate into lower costs and increased profitability in the coming years for the Group. SBPHFL has the ratings of [ICRA]AA+(Stable) / MAA+(Positive)/ [ICRA]A1+ for its various debt programmes. During FY2014, SBPHFL reported a net profit of about Rs.151 crore on a total asset base of Rs.7,174 crore compared to Rs. 127 crore and Rs.6,172 crore, respectively during FY2013.

On a consolidated basis, SFL reported a net profit of Rs. 581.0 crore on a total operating income of Rs. 4,086.8 crore in FY2014 compared to a net profit of Rs. 564.0 crore on a total operating income of Rs. 3,684.0 crore in FY2013.

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For further details please contact:

Analyst Contacts:

Mr. Karthik Srinivasan (Tel No 91-22-6179 6365)
karthiks@icraindia.com

Relationship Contacts:

Mr. Jayanta Chatterjee (Tel. No. +91-80-43326401)
jayantac@icraindia.com

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**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: 9821086490

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500