

July 19, 2022

Sundaram Finance Limited: Rating withdrawn for PTCs backed by vehicle loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Amount Rated (Rs. crore)	Amount outstanding after last surveillance (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
Shri Trust Y 2019	PTC Series A	1036.95	118.28	0.00	[ICRA]AAA(SO); Withdrawn

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating for PTCs issued under vehicle loan securitisation transaction originated by Sundaram Finance Limited (rated; [ICRA]AAA(Stable), [ICRA]A1+), as tabulated above. All the payouts to the investors in the above-mentioned instrument has been made and no further payments are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal of Credit Rating
Parent/Group Support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

SFL is the flagship company of the T. S. Santhanam arm of the TVS Group. It is one of the large non-banking financial companies (NBFCs) in the country with assets under management (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 (Sundaram Home Finance Limited), insurance (Royal Sundaram) and mutual funds (Sundaram Asset Management Company Limited).

SFL reported a standalone net profit of Rs. 809 crore in FY2021 on a managed asset base of Rs. 35,752 crore compared with a net profit of Rs. 724 crore {including Rs. 53 crore towards profit on sale of shares in Sundaram Finance Holdings Limited (net of tax)} on a managed asset base of Rs. 34,804 crore in FY2020. It reported a net profit of Rs. 903 crore in FY2022 on a managed asset base of Rs. 35,627 crore.

Key financial indicators (Ind-AS)

SFL – Standalone	FY2020	FY2021	FY2022
Profit after tax (Rs. crore)	724	809	903
Net worth (Rs. crore)	5,547	6,179	6,893
Total managed assets (Rs. crore)	34,804	35,752	35,627
Gross stage 3 (%)	2.5%	1.8%	2.2%
Net stage 3 (%)	1.7%	1.0%	1.1%

Source: Company, ICRA Research

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. No.	Trust Name	Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years				
		Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021		Date & Rating in FY2020	
					July 19, 2022	March 21, 2022	March 23, 2021	September 07, 2020	August 29, 2019	
1	Shri Trust Y 2019	PTC Series A	1036.95	0.00	[ICRA]AAA(SO); Withdrawn	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	

Complexity level of the rated instrument

Trust Name	Instrument*	Complexity Indicator
Shri Trust Y 2019	PTC Series A	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, is available on ICRA's website www.icra.in

Annexure-1: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
Shri Trust Y 2019	PTC Series A	Sep-18	8.00%	Oct-23	0.00	[ICRA]AAA(SO); Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis

Not Applicable

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