September 08, 2026

Cholamandalam Investment and Finance Company Limited: Ratings confirmed as final for PTCs backed by a pool of vehicle loan receivables

Summary of rating action

Trust Name	Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action	Financial Sector Regulator#
PLATINUM TRUST MAY 2026 - TRANCHE III	PTC Series A	986.05	970.06	[ICRA]AAA(SO); provisional rating confirmed as final	RBI
	Second Loss Facility	24.65	24.25	[ICRA]A-(SO); provisional rating confirmed as final	RBI

*Instrument details are provided in Annexure I

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Rationale

ICRA had assigned a provisional rating to the pass-through certificates (PTCs) issued by PLATINUM TRUST MAY 2026 - TRANCHE III. The PTCs are backed by a pool of vehicle loan receivables originated by Cholamandalam Investment and Finance Company Limited (CIFCL/Originator; rated [ICRA]AA+ (Positive)/[ICRA]A1+)[1] with an aggregate principal outstanding of Rs. 970.06[2] crore (pool receivables of Rs. 1,216.39 crore). CIFCL is also the servicer for the rated transaction.

Since the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said ratings have now been confirmed as final.

Pool performance summary

Parameter	PLATINUM TRUST MAY 2026 - TRANCHE III
Payout month	July 2026
Months post securitisation	2
Pool amortisation	5.7%
PTC Series A amortisation	5.7%
Cumulative prepayment rate	1.0%
Cumulative collection efficiency[3]	96.9%
Loss-cum-0+ days past due (dpd)[4]	5.2%
Loss cum 30+ dpd[5]	0.2%
Loss cum 90+ dpd[6]	0.0%
Cumulative cash collateral (CC) utilisation	0.0%

[1] *The current rating rationale of the Originator, available at this link, provides its detailed rating history and rating transitions*

[2] *The principal and cashflows of the securitised pool have reduced by Rs. 15.99 crore and Rs. 20.99 crore respectively as 124 contracts were not assigned to the trust during transaction settlement*

[3] *Cumulative collections till date including advance collections but excluding prepayments / Cumulative billings till date + Opening overdues*

[4] *POS and overdue pos on contracts aged 0+ dpd + Overdues / Initial POS on the pool*

[5] *POS and overdue pos on contracts aged 30+ dpd + Overdues / Initial POS on the pool*

[6] *POS and overdue pos on contracts aged 90+ dpd + Overdues / Initial POS on the pool*

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. Any surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. The cash collateral (CC), if utilised, will not be replenished from the EIS in subsequent months. Any prepayment in the pool would be used for the prepayment of the PTC Series A principal.

The credit enhancement available in the structure is in the form of (i) a CC of 9.50%[7] of the initial pool principal, amounting to Rs. 92.16 crore, provided by the Originator, and (ii) the excess interest spread (EIS) of 11.91%[8] of the initial pool principal for PTC Series A. The CC has been split into a first loss facility (FLF), amounting to Rs. 67.90[7] crore (7.00% of initial pool principal), and a second loss facility (SLF) of Rs. 24.25 crore (2.50% of initial pool principal).

Key rating drivers and their description

Credit strengths

Established track record – CIFCL, which would also be servicing the loans in the transaction, has an established track record of more than four decades in the lending business with adequate underwriting policies and collection procedures across a wide geography. The company has sufficient processes for servicing of the loan accounts in the securitised pools.

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 16,554 contracts, with top 10 obligors forming only ~0.50% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of CC and EIS would absorb some amount of the losses in the pool and provide support in meeting the PTC payouts.

Seasoned contracts in the pool – The pool has a weighted average seasoning is ~15 months thereby reflecting the borrowers' relatively better credit profile which is a credit positive.

Credit challenges

Overdue contracts in the pool – Around ~2% of the pool has contracts that are delinquent as on the cut-off date. However, the extent of overdue is limited to one month with around ~0.6% of pool having delinquency of less than 10 days. This is partly attributable to the underlying borrower segment where income flows could be sporadic, and thus softer delinquencies could be elevated however roll backs happen and thus credit risk is somewhat mitigated.

High loan-to-value (LTV) contracts – Proportion of contracts with loan-to-value (LTV) ratio of more than 80% is high at ~53% (in terms of the principal amount outstanding on the cut-off date). High share of high LTV loans in the pool augments the risk given the moderate borrower profile and their incomes being susceptible to economic downturns.

Risks associated with lending business – The pool's performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans.

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[7] *ICRA take note that the CC provided by the Originator is higher at 9.5% of initial pool principal, compared to which was indicated when provision rating was assigned; accordingly, FLF is higher at 7.0%*

[8] *EIS has marginally increased from 11.89% to 11.91% due to minor change in pool principal and cashflow*

Key rating assumptions

ICRA's cash flow modelling for rating securitisation transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 3.25% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18.0% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final ratings for the instruments.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	PLATINUM TRUST MAY 2026 - TRANCHE III
Originator	Cholamandalam Investment and Finance Company Limited
Servicer	Cholamandalam Investment and Finance Company Limited
Trustee	IDBI Trusteeship Services Limited
CC holding bank	HDFC Bank Limited/ IndusInd Bank Limited
Collection and payout account bank	HSBC Bank

Liquidity position

For PTC Series A: Strong

The liquidity for PTC Series A is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~4.25 times the estimated loss in the pool.

For second loss facility: Strong

The liquidity for the SLF facility is strong as any shortfall in PTC payouts will be firstly paid by utilising the FLF. SLF could be drawn only after FLF is fully utilised.

Rating sensitivities

Positive factors – Not applicable for PTC Series A.

The rating of SLF can be upgraded, provided there is sustained strong collection performance of the underlying pool contracts, resulting in an increase in the credit enhancement cover available for SLF.

Negative factors – Pressure on the ratings could emerge due to sustained weak collection performance of the underlying pool (monthly collection efficiency of <90%), leading to higher-than-expected delinquency levels and CE utilization levels. Weakening in the credit profile of the servicer (CIFCL) could also exert pressure on the ratings.

Analytical approach

The rating action is based on the trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

Analytical Approach	Comments
Applicable rating methodologies	Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the originator

CIFCL, a non-banking financial company, is a part of the Chennai-based Murugappa Group of companies. Incorporated in 1978, it operates through 1,761 branches across 26 states and 7 Union Territories (UTs) with net AUM of Rs. 2,24,334 crore as of March 2026. The company's core business segments include vehicle finance (55%) and HE loans (18%). CIFCL has forayed into three new business divisions in the consumer and SME ecosystem, namely CSEL, SBPL and SME, which contributed 17% to AUM, while housing finance (7%) accounted for the rest. As of March 2026, CIFCL had two wholly-owned subsidiaries, Cholamandalam Leasing Limited and Cholamandalam Securities Limited, a joint venture with Payswiff Technologies Private Limited, and an associate entity – Vishvakarma Payments Private Limited.

In FY2026, CIFCL (standalone) reported a net profit of Rs. 5,220 crore on a managed asset base of Rs. 2,55,372 crore compared with Rs. 4,259 crore and Rs. 2,07,874 crore, respectively, in FY2025. In FY2026, CIFCL (consolidated) reported a net profit of Rs. 5,229 crore on a managed asset base of Rs. 2,55,750 crore compared with Rs. 4,260 crore and Rs. 2,08,113 crore, respectively, in FY2025.

Key financial indicators (audited)

CIFCL (standalone)	FY2025	FY2026	Q1 FY2027*
Total income	26,055	31,445	8,933
Profit after tax	4,259	5,220	1,654
Total managed assets^	2,07,874	2,55,372	2,68,352
Gross stage 3	2.8%	3.1%	3.3%
CRAR	19.8%	19.2%	19.8%

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; ^ Managed assets= Total assets (as per balance sheet) + Assignment book; *Limited review*

Status of non-cooperation with previous CRAs: Not applicable

Any other information: None

Rating history for past three years

Trust name	Current rating (FY2027)					Chronology of rating history for the past 3 years		
	Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2027		Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
				September 08, 2026	June 03, 2026	-	-	-
PLATINUM TRUST MAY 2026 - TRANCHE III	PTC Series A	986.05	970.06	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-	-
	Second Loss Facility	24.65	24.25	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
PTC Series A	Highly Complex
Second Loss Facility	Highly Complex

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

Trust name	Instrument	Date of issuance / sanction	Coupon rate (p.a.p.m.)	Maturity date	Current rated amount (Rs. crore)	Current rating	Financial Sector Regulator#
PLATINUM TRUST MAY 2026 - TRANCHE III	PTC Series A	May 29, 2026	7.20%	October 19, 2032	970.06	[ICRA]AAA(SO)	RBI
	Second Loss Facility		-		24.25	[ICRA]A-(SO)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Not applicable

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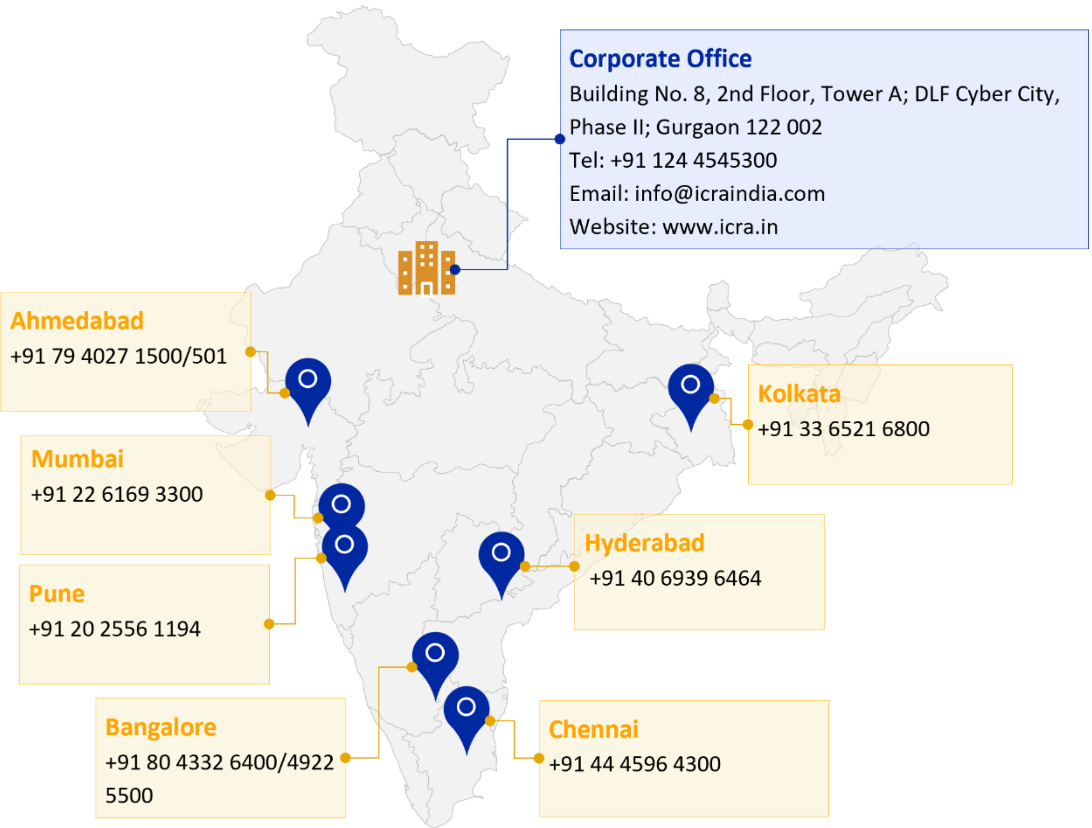

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