

March 17, 2025

Cholamandalam Investment and Finance Company Limited: Ratings reaffirmed for PTCs issued under three vehicle loan securitisation transactions

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Amount O/s after last surveillance (Rs. crore)	Current rated amount (Rs. crore)	Rating action
PLATINUM TRUST DEC 2023 – TRANCHE I	PTC Series A	1,366.87	NA	659.34	[ICRA]AA+(SO); reaffirmed
PLATINUM TRUST JAN 2024 – TRANCHE I	PTC Series A	583.77	NA	374.39	[ICRA]AAA(SO); reaffirmed
	Second loss facility	8.76	NA	8.76	[ICRA]A-(SO); reaffirmed
PLATINUM TRUST JAN 2024 – TRANCHE II	PTC Series A	1,087.32	NA	706.33	[ICRA]AAA(SO); reaffirmed
	Second loss facility	26.10	NA	26.10	[ICRA]A-(SO); reaffirmed

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) and second loss facility (SLF) are backed by vehicle loan receivables originated by Cholamandalam Investment and Finance Company Limited (CIFCL/Originator; rated [ICRA]AA+ (Positive)/[ICRA]A1+). CIFCL is also the servicer for the transactions.

The ratings reaffirmation factors in the build-up of the credit enhancement cover over the future PTC payouts on account of the moderate amortisation and healthy performance of the pools. The ratings also draw comfort from the fact that the breakeven collection efficiency is comfortably below the actual collection level observed in the pools till the February 2025 payout month.

Pool performance summary

Parameter	PLATINUM TRUST DEC 2023 – TRANCHE I	PLATINUM TRUST JAN 2024 – TRANCHE I	PLATINUM TRUST JAN 2024 – TRANCHE II
Payout month	February 2025	February 2025	February 2025
Months post securitisation	14	13	13
Pool amortisation (as % of initial pool principal)	51.76%	35.87%	35.04%
Last 3 months average monthly collection efficiency ¹	98.39%	98.71%	98.49%
Cumulative collection efficiency ²	98.19%	98.39%	98.45%
Loss-cum-90+ dpd ³ (% of initial pool)	0.71%	0.69%	0.54%
Loss-cum-180+ dpd ⁴ (% of initial pool)	0.37%	0.43%	0.15%
Cumulative credit collateral (CC) utilisation	0.00%	0.00%	0.00%

¹ Average of (Total current and overdue collections for the month as a % of Total billing for the month) for 3 months

² (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

³ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

⁴ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 180 days, as a % of Initial pool principal

Parameter	PLATINUM TRUST DEC 2023 – TRANCHE I	PLATINUM TRUST JAN 2024 – TRANCHE I	PLATINUM TRUST JAN 2024 – TRANCHE II
Breakeven collection efficiency ⁵ for PTC Series A	85.81%	84.34%	84.84%
CC (% of balance pool)	10.37%	10.14%	11.39%
Excess interest spread (EIS; % of balance pool) for PTC Series A ⁶	6.07%	8.66%	6.42%

Transaction structure

For PLATINUM TRUST DEC 2023 – TRANCHE I

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (100% of the pool principal billed). Any surplus excess interest spread (EIS), after meeting the promised payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

For PLATINUM TRUST JAN 2024 – TRANCHE I

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (100% of the pool principal billed). Any surplus excess interest spread (EIS), after meeting the promised payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

For PLATINUM TRUST JAN 2024 – TRANCHE II

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 EIS, after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed PLATINUM TRUST DEC 2023 – TRANCHE I and the underlying pool. As per ICRA's analysis, the cash collateral (CC) required to maintain the present rating is Rs. 41.01 crore (6.22% of balance pool principal) against the existing CC of Rs. 68.34 crore (10.37% of balance pool principal). Based on the pool's performance, the rating for the PTCs will remain unchanged even after the CC amount is reset. However, as per regulatory guidelines, the maximum amount of CC that can be released would be restricted to 60% of the difference between the current CC amount and the revised CC amount allowed by ICRA. The CC reset shall be subject to the approval of the PTC investors.

Key rating drivers and their description

Credit strengths

Adequate servicing capability of CIFCL – The company 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. It also has satisfactory processes for servicing the loan accounts in the securitised pools.

Build-up of credit enhancement available in the structure – The ratings factor in the build-up of credit enhancement for the transactions, with a higher cash collateral available as a percentage of the balance pool principal compared to the initial cash collateral at the time of securitisation. Internal credit support is also available through the scheduled EIS for the pools.

⁵ (Balance cash flows payable to investor – CC available)/Balance pool cash flows

⁶ (Pool cash flows – Cash flows to PTC A)/Pool principal outstanding

Healthy pool performance – The delinquency in the pools has remained low with the loss-cum-90+ days past due (dpd; as percentage of initial pool principal) at less than 1.0% since securitisation (after the February 2025 payout) for all the transactions. Further, the performance of the pools has been healthy with a cumulative collection efficiency of more than 98%, comfortably above the breakeven collection efficiency level.

Credit challenges

Risks associated with lending business – The pools' 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.

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 pools, ICRA has estimated the shortfall in principal collection and prepayments during the tenure as provided in the following table.

Transaction name	Estimated shortfall* (% of initial pool principal)	Prepayment (p.a.)
PLATINUM TRUST DEC 2023 – TRANCHE I	1.50%	4.8% - 18.0%
PLATINUM TRUST JAN 2024 – TRANCHE I	2.00%	4.8% - 18.0%
PLATINUM TRUST JAN 2024 – TRANCHE II	2.00%	4.8% - 18.0%

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 ratings for the instruments.

Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction name	PLATINUM TRUST DEC 2023 – TRANCHE I	PLATINUM TRUST JAN 2024 – TRANCHE I	PLATINUM TRUST JAN 2024 – TRANCHE II
Originator	Cholamandalam Investment and Finance Company Limited		
Servicer	Cholamandalam Investment and Finance Company Limited		
Trustee	IDBI Trusteeship Services Limited		
CC holding bank	ICICI Bank Limited	Axis Bank Limited	Axis Bank Limited
Collection and payout account bank	ICICI Bank Limited	State Bank of India	Hongkong and Shanghai Banking Corporation

Liquidity position: Strong

For PTC Series A of PLATINUM TRUST DEC 2023 – TRANCHE I, PLATINUM TRUST JAN 2024 – TRANCHE I, and PLATINUM TRUST JAN 2024 – TRANCHE II:

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 is in the range of 4.00-4.75 times the estimated loss for all three pools.

For SLF of PLATINUM TRUST JAN 2024 – TRANCHE I and PLATINUM TRUST JAN 2024 – TRANCHE II:

The liquidity for the SLF is strong after factoring in the first loss facility (FLF) available for the top-up of the SLF, if needed, as per the defined waterfall mechanism.

Rating sensitivities

Positive factors – Not applicable for PTC Series A of PLATINUM TRUST JAN 2024 – TRANCHE I and PLATINUM TRUST JAN 2024 – TRANCHE II

The rating for PTC Series A of PLATINUM TRUST DEC 2023 – TRANCHE I can be upgraded on the sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency of more than 95%), leading to lower-than-expected delinquency levels, and on an increase in the credit enhancement cover available.

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

Analytical approach

The rating action is based on the performance of the pools till the February 2025 payout month, the present delinquency profile of the pool of contracts, the performance expected over the balance pool tenure, and the credit enhancement available in the transactions.

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for 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 1,577 branches across 29 states and Union Territories (UTs) with net assets under management (AUM) of Rs. 1,74,567 crore as of December 2024. Its core business segments include vehicle finance (55%) and home equity (HE) loans (22%). CIFCL has forayed into three new business divisions in the consumer and small and medium enterprises (SME) ecosystem, namely Consumer & Small Enterprise Loan (CSEL), Secured Business & Personal Loans (SBPL) and SME, which contributed 13% to the AUM while housing finance accounted for the rest (10%). As of December 2024, CIFCL had two wholly-owned subsidiaries, Cholamandalam Home Finance Limited and Cholamandalam Securities Limited, a joint venture with Payswiff Technologies Private Limited, and an associate entity – Vishvakarma Payments Private Limited.

Key financial indicators (audited)

CIFCL	FY2023	FY2024	9M FY2025
Total income	12,978	19,216	18,934
Profit after tax	2,666	3,423	2,992
Total managed assets ⁷	1,17,607	1,60,194	1,95,081
Gross stage 3	3.0%	2.5%	2.9%
CRAR	17.1%	18.6%	19.8%

Source: Company, ICRA Research; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

S. no.	Trust name	Instrument	Current rating (FY2025)		Chronology of rating history for the past 3 years			
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023
					March 17, 2025	March 08, 2024	December 29, 2023	-
1	PLATINUM TRUST DEC 2023 – TRANCHE I	PTC Series A	1,366.87	659.34	[ICRA] AA+(SO)	[ICRA]AA+(SO)	Provisional [ICRA]AA+(SO)	-

S. no.	Trust name	Instrument	Current rating (FY2025)		Chronology of rating history for the past 3 years			
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023
					March 17, 2025	March 07, 2024	January 29, 2024	-
2	PLATINUM TRUST JAN 2024 – TRANCHE I	PTC Series A	583.77	374.39	[ICRA] AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-
		Second loss facility	8.76	8.76	[ICRA]A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-

S. no.	Trust name	Instrument	Current rating (FY2025)		Chronology of rating history for the past 3 years			
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023
					March 17, 2025	March 26, 2024	January 31, 2024	-
3	PLATINUM TRUST JAN 2024 – TRANCHE II	PTC Series A	1,087.32	706.33	[ICRA] AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-
		Second loss facility	26.10	26.10	[ICRA] A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-

⁷ Total assets (as per balance sheet) + Assignment book; for FY2024, total managed assets = Rs. 1,56,686 crore + Rs. 1,222 crore = Rs. 1,57,908 crore

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
PLATINUM TRUST DEC 2023 – TRANCHE I	PTC Series A	Simple
PLATINUM TRUST JAN 2024 – TRANCHE I	PTC Series A	Simple
	Second loss facility	Simple
PLATINUM TRUST JAN 2024 – TRANCHE II	PTC Series A	Moderately Complex
	Second loss facility	Moderately 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)	Rating
PLATINUM TRUST DEC 2023 – TRANCHE I	PTC Series A	December 29, 2023	8.55%	June 22, 2028	659.34	[ICRA]AA+(SO)
PLATINUM TRUST JAN 2024 – TRANCHE I	PTC Series A	January 24, 2024	8.10%	December 22, 2028	374.39	[ICRA]AAA(SO)
	Second loss facility		-		8.76	[ICRA]A-(SO)
PLATINUM TRUST JAN 2024 – TRANCHE II	PTC Series A	January 31, 2024	7.90%	January 23, 2029	706.33	[ICRA]AAA(SO)
	Second loss facility		-		26.10	[ICRA]A-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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