

April 22, 2025

Cholamandalam Investment and Finance Company Limited: Ratings reaffirmed for PTCs issued under two 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 FEB 2024 - TRANCHE I	PTC Series A	1,713.14	NA	879.32	[ICRA]AAA(SO); reaffirmed
PLATINUM TRUST FEB 2024 - TRANCHE IV	PTC Series A	381.56	NA	233.03	[ICRA]AAA(SO); reaffirmed
	Second loss facility	5.72	NA	5.72	[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 to high 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 March 2025 payout month.

Pool performance summary

Parameter	PLATINUM TRUST FEB 2024 – TRANCHE I	PLATINUM TRUST FEB 2024 – TRANCHE IV
Payout month	March 2025	March 2025
Months post securitisation	13	13
Pool amortisation (as % of initial pool principal)	44.29%	38.93%
Last 3 months' average monthly collection efficiency ¹	98.04%	98.22%
Cumulative collection efficiency ²	98.26%	99.47%
Loss-cum-90+ dpd ³ (% of initial pool)	0.44%	0.60%
Loss-cum-180+ dpd ⁴ (% of initial pool)	0.00%	0.26%
Cumulative credit collateral (CC) utilisation	0.00%	0.00%
Breakeven collection efficiency ⁵ for PTC Series A	69.94%	83.66%
CC (% of balance pool)	5.39%	10.64%
Excess interest spread (EIS; % of balance pool) for PTC Series A ⁶	15.02%	8.92%

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

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

Transaction structure

For PLATINUM TRUST FEB 2024 – TRANCHE I

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

For PLATINUM TRUST FEB 2024 – TRANCHE IV

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 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 the PTC Series A1 principal.

Key rating drivers and their description

Credit strengths

Track record of CIFCL – CIFCL, which is also servicing the loans in the transactions, 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 pool.

Build-up of credit enhancement available in the structure – The ratings factor in the build-up of the 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.

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 March 2025 payout) for both 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 FEB 2024 – TRANCHE I	1.75%	4.8%-18.0%
PLATINUM TRUST FEB 2024 – TRANCHE IV	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 FEB 2024 – TRANCHE I	PLATINUM TRUST FEB 2024 – TRANCHE IV
Originator	Cholamandalam Investment and Finance Company Limited	
Servicer	Cholamandalam Investment and Finance Company Limited	
Trustee	Axis Trustee Services Limited	IDBI Trusteeship Services Limited
CC holding bank	Axis Bank	Axis Bank
Collection and payout account bank	JP Morgan Chase Bank	State Bank of India

Liquidity position

For Platinum Trust FEB 2024 – Tranche I PTC Series A: Superior

The liquidity for PTC Series A is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement is more than 6.0 times the estimated losses for the pool.

For Platinum Trust FEB 2024 – Tranche IV 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 is ~4.75 times the estimated losses for the pool.

For Platinum Trust FEB 2024 – Tranche IV SLF: Adequate

The liquidity for the SLF is adequate 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 – NA for PTC Series A

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

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 March 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 1,508 branches across 29 states and Union Territories (UTs) with net assets under management (AUM) of Rs. 1,64,642 crore as of September 2024. Its core business segments include vehicle finance (56%) and home equity (HE) loans (20%). 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 14% to the AUM while housing finance accounted for the rest (10%). As of September 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	1,15,389	1,57,908	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 (FY2026)		Chronology of rating history for the past 3 years			
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
					Apr 22, 2025	April 16, 2024	March 01, 2024	-
1	PLATINUM TRUST FEB 2024 – TRANCHE I	PTC Series A	1,713.14	879.32	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(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

S. no.	Trust name	Instrument	Current rating (FY2026)		Chronology of rating history for the past 3 years			
			Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
					Apr 22, 2025	April 25, 2024	February 28, 2024	-
2	PLATINUM TRUST FEB 2024 – TRANCHE IV	PTC Series A	381.56	233.03	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-
		Second loss facility	5.72	5.72	[ICRA]A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
PLATINUM TRUST FEB 2024 – TRANCHE I	PTC Series A	Moderately Complex
PLATINUM TRUST FEB 2024 – TRANCHE IV	PTC Series A	Simple
	Second loss facility	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 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 FEB 2024 – TRANCHE I	PTC Series A	March 05, 2024	8.38%	May 25, 2030	879.32	[ICRA]AAA(SO)
PLATINUM TRUST FEB 2024 – TRANCHE IV	PTC Series A	February 29, 2024	8.10%	January 22, 2029	233.03	[ICRA]AAA(SO)
	Second loss facility		NA		5.72	[ICRA]A-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Sagar

+91 124 4545 316

manushrees@icraindia.com

Sumit Kumar Pramanik

+91 22 6114 3462

sumit.pramanik@icraindia.com

Anubha Rustagi

+91 22 6114 3436

anubha.rustagi2@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Abhishek Jena

+91 22 6114 3432

abhishek.jena@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

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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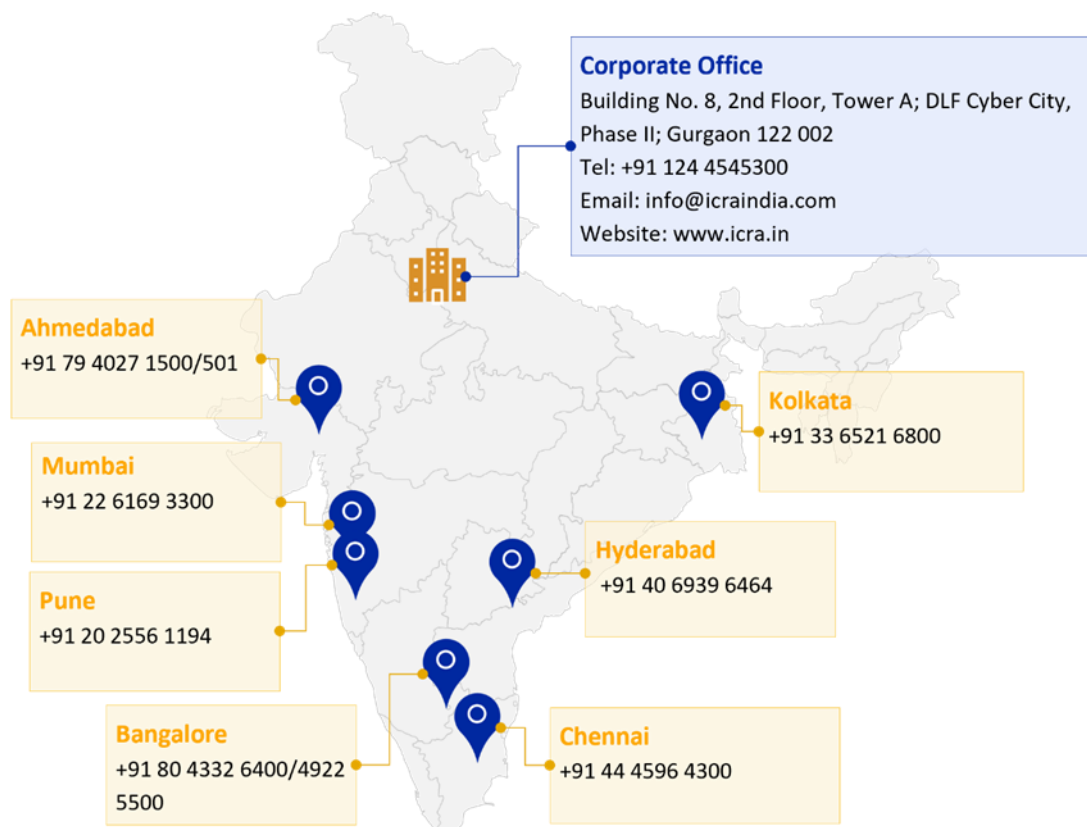


Registered Office

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



Branches



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