

May 22, 2025

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
PLATINUM TRUST MAR 2025 - TRANCHE I	PTC Series A	527.45	527.45	[ICRA]AAA(SO); provisional rating confirmed as final
	Second loss facility	7.91	7.91	[ICRA]A-(SO); provisional rating confirmed as final

*Instrument details are provided in Annexure I

Rationale

In March 2025, ICRA had assigned provisional ratings to the pass-through certificates (PTCs) and the Second Loss Facility (SLF) issued by PLATINUM TRUST MAR 2025 - TRANCHE I. 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)} with an aggregate principal outstanding of Rs. 527.45 crore (pool receivables of Rs. 693.10 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 MAR 2025 - TRANCHE I
Payout month	April 2025
Months post securitisation	1
Pool amortisation	2.65%
PTC Series A amortisation	2.65%
Cumulative prepayment rate	0.52%
Cumulative collection efficiency ¹	97.63%
Loss-cum-0+ days past due (dpd) ²	2.39%
Loss cum 30+ dpd ³	0.00%
Loss cum 90+ dpd ⁴	0.00%
Cumulative cash collateral (CC) utilisation	0.00%

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

¹Cumulative collections till date including advance collections but excluding prepayments / Cumulative billings till date + Opening overdues

²POS on contracts aged 0+ dpd + Overdues / Initial POS on the pool

³POS on contracts aged 30+ dpd + Overdues / Initial POS on the pool

⁴POS on contracts aged 90+ dpd + Overdues / Initial POS on the pool

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 A principal.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 6.50% of the initial pool principal, amounting to Rs. 34.28 crore, provided by the Originator, and (ii) the EIS of 14.82% of the initial pool principal for PTC Series A. The CC will be split into a first loss facility (FLF), amounting to Rs. 26.37 crore (5.00% of initial pool principal), and a second loss facility (SLF) amounting to Rs. 7.91 crore (1.50% of initial pool principal).

Key rating drivers and their description

Credit strengths

Established track record of originator – 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 the loan accounts in the securitised pool.

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 15,381 contracts, with the top 10 obligors forming only 0.83% 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 of ~9 months with no delinquent contracts as on the cut-off date thereby reflecting the borrowers' relatively better credit profile which is a credit positive.

Credit challenges

High loan-to-value (LTV) contracts – Proportion of contracts with loan-to-value (LTV) ratio of more than 80% is high at ~60% (in terms of the principal amount outstanding on the cut-off date). Borrower with high LTV loans is more likely to default and are sensitive 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.

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 MAR 2025 - TRANCHE I
Originator	Cholamandalam Investment and Finance Company Limited
Servicer	Cholamandalam Investment and Finance Company Limited
Trustee	IDBI Trusteeship Services Limited
CC holding bank	The Federal Bank Limited
Collection and payout account bank	The Federal Bank Limited

Liquidity position: 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 around 4.25 times the estimated loss in the pool.

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.

The ratings 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 1,613 branches across 33 states and Union Territories (UTs) with net assets under management (AUM) of Rs. 2,07,875 crore as of March 2025. 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 March 2025, 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	FY2025
Total income	12,978	19,216	26,055
Profit after tax	2,666	3,423	4,259
Total managed assets ⁵	1,17,607	1,60,194	2,07,875
Gross stage 3	3.0%	2.5%	2.8%
CRAR	17.1%	18.6%	19.8%

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

Status of non-cooperation with previous CRAs: Not applicable

Any other information: None

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years			
Trust name	Instrument	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
				May 22, 2025	March 27, 2025	-	-
PLATINUM TRUST MAR 2025 - TRANCHE I	PTC Series A	527.45	527.45	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-
	Second loss facility	7.91	7.91	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
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](#)

⁵ Total assets (as per balance sheet) + Assignment book + Impairment loss allowance (ECL provision) for FY2025, total managed assets = Rs. 2,01,648 crore + Rs. 2,817 crore + Rs. 3,410 crore = Rs. 2,07,875 crore

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
PLATINUM TRUST MAR 2025 - TRANCHE I	PTC Series A		8.10%		527.45	[ICRA]AAA(SO)
	Second loss facility	March 01, 2025	-	August 22, 2031	7.91	[ICRA]A-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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