

July 25, 2025

Cholamandalam Investment and Finance Company Limited: Rating reaffirmed for PTCs issued under vehicle loan securitisation transaction

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 APR 2024-TRANCHE III	PTC Series A	897.29	NA	405.28	[ICRA]AA+(SO); reaffirmed

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) 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 transaction.

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 pool. The rating also draw comfort from the fact that the breakeven collection efficiency is comfortably below the actual collection level observed in the pool till the June 2025 payout month.

Pool performance summary

Parameter	PLATINUM TRUST APR 2024-TRANCHE III
Payout month	June 2025
Months post securitisation	14
Pool amortisation (as % of initial pool principal)	54.83%
Cumulative collection efficiency ¹	97.85%
Loss-cum-90+ dpd ² (% of initial pool)	1.19%
Loss-cum-180+ dpd ³ (% of initial pool)	0.68%
Cumulative credit collateral (CC) utilisation	0.00%
Breakeven collection efficiency ⁴ for PTC Series A	83.46%
CC (% of balance pool)	11.07%
Excess interest spread (EIS; % of balance pool) for PTC Series A ⁵	8.14%

¹ (Cumulative current and overdue collections till date)/(Cumulative billing till date + Opening overdues at the start of the transaction)

² Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal

³ Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 180 days, as a % of Initial pool principal

⁴ (Balance cash flows payable to investor – CC available)/Balance pool cash flows

⁵ (Pool cash flows – Cash flows to PTC A)/Pool principal outstanding

Transaction structure

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 PTC Series A principal.

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed the underlying pool. As per ICRA's analysis, the CC required to maintain the present rating is Rs. 31.41 crore (7.75% of balance pool principal) against the existing CC of Rs. 44.87 crore (11.07% of balance pool principal). Based on the pool's performance, the rating for the PTC 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 – CIFCL, which is also 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. It also has satisfactory processes for servicing the loan accounts in the securitised pool.

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

Healthy pool performance – The delinquency for the pool has remained low with the loss cum 90+ days past due (dpd; as percentage of initial pool principal) at less than 1.25% since securitisation (after the June 2025 payout) for the transaction. Further, the performance of the pool has been healthy with the cumulative collection efficiency around 98%, comfortably higher than break-even collection efficiency level.

Credit challenges

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 2.00% 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 transactions are as follows:

Transaction name	PLATINUM TRUST APR 2024–TRANCHE III
Originator	Cholamandalam Investment and Finance Company Limited
Servicer	Cholamandalam Investment and Finance Company Limited
Trustee	IDBI Trusteeship Services Limited
CC holding bank	ICICI Bank
Collection and payout account bank	ICICI Bank

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 is around 3.25 times the estimated loss for the pool.

Rating sensitivities

Positive Factors – The rating could 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 cover available for future investor payouts from the credit enhancement.

Negative Factors - Pressure on the rating 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 credit enhancement utilisation levels. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the performance of the pools till the June 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	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. 1,74,566 crore as of December 2024. Its core business segments include vehicle finance (53%) and home loan (HL) and loan against property (LAP; 24%). CIFCL has forayed into three new business divisions in the consumer and small and medium enterprise (SME) ecosystem, namely Consumer & Small Enterprise Loan (CSEL), Secured Business & Personal Loans (SBPL) and SME, which contributed 23% to the AUM as of December 2024.

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 (standalone)	FY2023	FY2024	FY2025
Total income	12,978	19,216	26,055
Profit after tax	2,666	3,423	4,259
Total managed assets	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; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Current rating (FY2026)			Chronology of rating history for the past 3 years				
	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
				July 25, 2025	July 22, 2024	May 07, 2024	-	-
PLATINUM TRUST APR 2024–TRANCHE III	PTC Series A	897.29	405.28	[ICRA] AA+(SO)	[ICRA]AA+(SO)	Provisional [ICRA]AA+(SO)	-	-

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
PLATINUM TRUST APR 2024–TRANCHE III	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 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 APR 2024– TRANCHE III	PTC Series A	April 30, 2024	8.65%	April 22, 2029	405.28	[ICRA]AA+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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