ICRA

July 13, 2017

Cholamandalam Investment and Finance Company Limited

Summary of Rated Instruments

Sl.	Trust Name	Instrument*	Initial Amount (Rs. crore[1])	Rating action
1	Platinum Trust March 2017- Tranche II	PTC Series A	386.10	Provisional rating of [ICRA]AAA(SO) confirmed as final
		Second Loss Facility	21.24	Provisional rating of [ICRA]A(SO) confirmed as final

**Instrument details are provided in Annexure I*

Rating Action

ICRA has confirmed the provisional ratings assigned to PTCs issued by Platinum Trust March 2017-Tranche II trust as final, as tabulated above. The PTCs are backed by receivables from a Rs. 386.10 crore (Principal outstanding) pool of vehicle loan receivables originated by Cholamandalam Investment and Finance Company Limited (CIFCL).

Rationale

In April 2017, ICRA had assigned Provisional [ICRA]AAA(SO) and Provisional [ICRA]A(SO) rating to PTC Series and Second Loss Facility issued by Platinum Trust March 2017- Tranche II trust. Since the executed transaction documents are in line with the rating conditions, and the legal opinion for the transaction have been provided to ICRA, the said ratings have now been confirmed as final.

Key rating drivers

Credit Strengths

- Availability of credit enhancement in the form of EIS and Credit Collateral;
- Pool is devoid of any overdue contracts as on the pool cut-off date;
- Low obligor concentration with the top 10 obligors together accounting for only ~0.7% of the overall pool principal amount

Credit Weakness

- Weak seasoning profile of the pool contracts with average seasoning of ~10.9 months
- High share of contracts with high LTV in the current pool, with an average LTV of ~88%.
- Moderate geographical concentration with top 3 states accounting for ~30% of the overall pool

Description of key rating drivers highlighted above:

According to the transaction structure, the loan pool receivables will be transferred “at par” to a Special Purpose Vehicle (SPV) and the Trust will issue a single series of PTCs, backed by the same. The first line of support for meeting scheduled PTC payouts is the subordination of EIS in the structure. Further credit support in the transaction is available through a Credit Collateral (CC) of 11.50% of the pool principal amount. The credit collateral will be split into First Loss Facility (FLF) amounting to Rs. 23.17 crore and

[1] 100 lakh = 1 crore = 10 million

Second Loss Facility (SLF) amounting to Rs. 21.24 crore. The SLF would be utilised only after the FLF has been exhausted.

The pool is characterised by low seasoning (average seasoning of around 10.9 months). The pool does not have any overdue contracts as on the pool cut-off date. The pool has an average LTV of around 88%. The pool comprises of New MHCV (around 39.8% share in the pool), New LCV (around 50.3% share in the pool), MUV (around 5.6% share in pool), Used MHCV (around 1.0% share in pool), Used LCV (around 0.5% share in pool) and Tractor (around 2.8% share in pool) loan contracts.

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.

Links to applicable Criteria
Rating Methodology for Securitisation Transactions

About the Originator:
CIFCL is an Asset Finance Company (AFC) based out of Chennai and part of Murugappa group of companies. Incorporated in 1978, CIFCL initially had a strong presence in Southern region but has subsequently widened its base to Northern and Western regions. The core business segments of the company include vehicle finance and home equity loans. The company also offers stock broking and distribution of financial products to its customers through its subsidiaries – Cholamandalam Securities Ltd and Cholamandalam Distribution Services Ltd. CIFCL has also acquired majority stake in Cholamandalam Factoring Limited.

The Company operates from 703 branches across India with total assets under management of Rs. 34,617 crore as on March 31, 2017. In FY 2017, CIFCL reported a net profit of Rs. 719 crore as compared to Rs. 569 crore in the FY 2016.

CIFCL has ratings outstanding of [ICRA]AA(Positive) and [ICRA]A1+ for its various long term and short term debt programs respectively from ICRA.

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:

Table: Rating History

S.No	Name of Instrument	Current Rating			Chronology of Rating History for the past 3 years		
		Type	Rated amount (Rs. crore)	Month-year & Rating July 2017	Month- year & Rating in April 2017	Month- year & Rating in FY2017	Month- year & Rating in FY2016
1	Platinum Trust March 2017-Tranche II	PTC Series A	386.10	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-
		Second Loss Facility	21.24	[ICRA]A(SO)	Provisional [ICRA]A(SO)		

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure I
Details of Instruments

Sl.	Trust Name	Instrument	Date of Issuance	Coupon Rate	Scheduled Maturity Date	Initial Amount (Rs. crore[2])	Current Rating
1	Platinum Trust March 2017-Tranche II	PTC Series A	March 2017	6.10%	September 2021	386.10	[ICRA]AAA(SO)
		Second Loss Facility		N. A.	September 2021	21.24	[ICRA]A(SO)

[2] 100 lakh = 1 crore = 10 million

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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