

September 23, 2026

Cholamandalam Investment and Finance Company Limited: Provisional [ICRA]AAA(SO) assigned to PTCs backed by vehicle loan receivables issued by PLATINUM TRUST SEP 2026 - TRANCHE I

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
PLATINUM TRUST SEP 2026 - TRANCHE I	Series A1 PTCs	1,994.83	Provisional [ICRA]AAA(SO); assigned	RBI

*Instrument details are provided in Annexure I

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of FSRs other than SEBI

Rating in the absence of pending actions/documents

No rating would have been assigned as it would not be meaningful

Rationale

The pass-through certificates (PTCs) are backed by a pool of vehicle loan receivables originated by Cholamandalam Investment and Finance Company Limited (CIFCL/Originator; rated [ICRA]AA+ (Positive)/[ICRA]A1+)¹ with an aggregate principal outstanding of Rs. 2,161.24 crore (pool receivables of Rs. 2,692.99 crore). CIFCL would also act as the servicer for the transaction.

The provisional ratings are based on the strength of the cash flows from the selected pool of contracts, the credit enhancement available in the structure as well as the integrity of the legal structure. The ratings are subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

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 surplus excess interest spread (EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. The cash collateral (CC), if utilised, will not be replenished from the EIS in subsequent months. Any prepayment in the pool would be used for the prepayment of the Series A1 PTCs principal.

The credit enhancement available in the structure is in the form of (i) a CC of 5.00% of the initial pool principal, amounting to Rs. 108.06 crore, to be provided by the Originator, (ii) subordination of 7.70% of the initial pool principal (Rs. 166.42 crore) in the form of Equity Tranche and (iii) the EIS of 14.21% of the initial pool principal for Series A1 PTCs.

¹ The current rating rationale of the Originator, available at this [link](#), provides its detailed rating history and rating transitions

Key rating drivers and their description

Credit strengths

Established track record of CIFCL – 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 adequate processes for servicing of the loan accounts in the securitised pools.

Granular pool supported by presence of credit enhancement – The pool is granular, consisting of 44,998 contracts, with top 10 obligors forming only 0.22% 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 ~15 months 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 at ~61% (in terms of the principal amount outstanding on the cut-off date). High share of high LTV loans in the pool augments the risk given the moderate borrower profile and their incomes being susceptible to economic downturns.

Exposed to interest rate risk – The transaction is exposed to interest rate risk as the underlying pool has fixed rate loans while the yield on the PTCs is floating (linked to external benchmark).

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 2.75% 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.

Liquidity position: Superior

The liquidity for Series A1 PTCs is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~7.50 times the estimated loss in the pool.

Rating sensitivities

Positive factors – Not applicable

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 credit enhancement utilisation 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 analysis of the performance of CIFCL's portfolio till June 2026, the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool, and the credit enhancement cover available in the transaction.

Analytical approach	Comments
Applicable rating methodologies	Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned ratings are provisional and would be converted into final upon the execution of:

1. Trust deed
2. Assignment agreement
3. Power of attorney
4. Legal opinion
5. Trustee letter
6. Other key or important documents executed for the transaction

Validity of the provisional ratings

The Trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional ratings would be withdrawn for the transaction even if the instrument has been issued.

Risks associated with the provisional ratings

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the ratings, the provisional ratings will be withdrawn in accordance with ICRA's Policy on Provisional Ratings available at www.icra.in.

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 1,761 branches across 26 states and 7 Union Territories (UTs) with net assets under management (AUM) of Rs. 2,24,334 crore as of March 2026. The company's core business segments include vehicle finance (55%) and home equity (HE) loans (18%). CIFCL has forayed into three new business divisions in the consumer and small and medium-sized enterprises (SME) ecosystem, namely Consumer & Small Enterprise Loan (CSEL), Secured Business & Personal Loans (SBPL) and SME, which contributed 17% to AUM, while housing finance (7%) accounted for the rest. As of March 2026, CIFCL had two wholly-owned subsidiaries, Cholamandalam Leasing Limited and Cholamandalam Securities Limited, a joint venture with Payswiff Technologies Private Limited, and an associate entity – Vishvakarma Payments Private Limited.

CIFCL (standalone) reported a net profit of Rs. 5,220 crore on a managed asset base of Rs. 2,55,372 crore in FY2026 compared with Rs. 4,259 crore and Rs. 2,07,874 crore, respectively, in FY2025. CIFCL (consolidated) reported a net profit of Rs. 5,229 crore on a managed asset base of Rs. 2,55,750 crore in FY2026 compared with Rs. 4,260 crore and Rs. 2,08,113 crore, respectively, in FY2025.

Key financial indicators (audited)

CIFCL (standalone)	FY2025	FY2026	Q1 FY2027*
Total income	26,055	31,445	8,933
Profit after tax	4,259	5,220	1,654
Total managed assets [^]	2,07,874	2,55,372	2,68,352
Gross stage 3	2.8%	3.1%	3.3%
CRAR	19.8%	19.2%	19.8%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; [^] Managed assets = Total assets (as per balance sheet) + Assignment book; *limited review

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Current rating (FY2027)			Chronology of rating history for the past 3 years		
	Instrument	Amount rated (Rs. crore)	Date & rating in FY2027	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
			September 23, 2026	-	-	-
PLATINUM TRUST SEP 2026 - TRANCHE I	Series A1 PTCs	1,994.83	Provisional [ICRA]AAA(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTCs	Highly 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)	Current rating	Financial sector regulator [#]
PLATINUM TRUST SEP 2026 - TRANCHE I	Series A1 PTCs	September 24, 2026	-	September 17, 2031	1,994.83	Provisional [ICRA]AAA(SO)	RBI

Source: Company

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments that fall under the regulatory purview of FSRs other than SEBI

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Sagar

+91 124 4545 316

manushrees@icraindia.com

Anubha Rustagi

+91 22 6114 3400

anubha.rustagi2@icraindia.com

Priya Bhat

+91 22 6114 3400

priya.bhat@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Mrugesh Trivedi

+91 22 6114 3436

mrugesh.trivedi@icraindia.com

Vishal Oza

+91 22 6114 3472

vishal.oza2@icraindia.com

RELATIONSHIP CONTACT

Mr. L. Shivakumar

+91 22 6114 3304

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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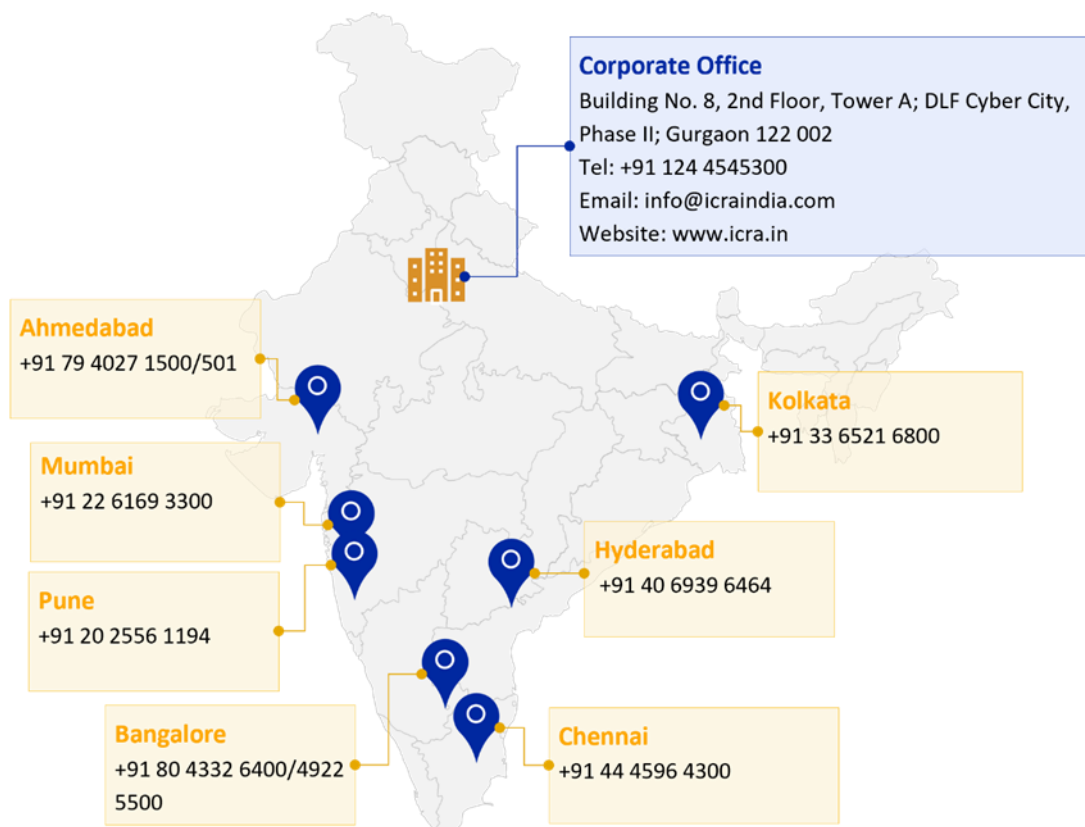


Registered Office

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



Branches



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