

January 24, 2025

Cholamandalam Investment and Finance Company Limited: Ratings reaffirmed for PTCs issued under five 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
DBS VF Platinum Trust Sep 2022 III	PTC Series A	386.86	210.87	106.19	[ICRA]AAA(SO); reaffirmed
	Second loss facility	14.51	14.51	14.51	[ICRA]BBB+(SO); reaffirmed
Platinum Trust Sep 2022 Tranche IV	PTC Series A	416.67	192.92	88.38	[ICRA]AAA(SO); reaffirmed
	Second loss facility	15.63	15.63	11.88	[ICRA]BBB+(SO); reaffirmed
Platinum Trust October 2022	PTC Series A	901.10	330.03	102.88	[ICRA]AAA(SO); reaffirmed
	Second loss facility	36.04	36.04	25.23	[ICRA]BBB+(SO); reaffirmed
PLATINUM TRUST OCT 2023 - TRANCHE I	PTC Series A	621.83	621.83	396.05	[ICRA]AAA(SO); reaffirmed
	Second loss facility	9.33	15.55	15.55	[ICRA]A-(SO); reaffirmed
PLATINUM TRUST NOV 2023 - TRANCHE II	PTC Series A	513.95	513.95	321.38	[ICRA]AAA(SO); reaffirmed
	Second loss facility	7.71	7.71	7.71	[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 lower than the actual collection level observed in the pool till the December 2024 payout month.

Pool performance summary

Parameter	DBS VF Platinum Trust Sep 2022 III	Platinum Trust Sep 2022 Tranche IV	Platinum Trust October 2022	PLATINUM TRUST OCT 2023 - TRANCHE I	PLATINUM TRUST NOV 2023 - TRANCHE II
Payout month	December 2024	December 2024	December 2024	December 2024	December 2024
Months post securitisation	27	27	26	14	13
Pool amortisation (as % of initial pool principal)	72.55%	78.79%	88.58%	36.31%	37.47%
Last 3 months average monthly collection efficiency ¹	98.09%	97.59%	100.09%	97.08%	98.32%

¹ Average of (Total current and overdue collections for the month as a % of Total billing for the month) for 3 months

Parameter	DBS VF Platinum Trust Sep 2022 III	Platinum Trust Sep 2022 Tranche IV	Platinum Trust October 2022	PLATINUM TRUST OCT 2023 - TRANCHE I	PLATINUM TRUST NOV 2023 - TRANCHE II
Cumulative collection efficiency ²	98.31%	98.63%	99.16%	97.92%	98.54%
Loss-cum-90+ dpd ³ (% of initial pool)	1.12%	0.91%	0.56%	0.82%	0.33%
Loss-cum-180+ dpd ⁴ (% of initial pool)	0.88%	0.66%	0.39%	0.33%	0.12%
Cumulative credit collateral (CC) utilisation	0.00%	0.00%	0.00%	0.00%	0.00%
Breakeven collection efficiency ⁵ for PTC Series A	74.11%	74.47%	57.37%	84.58%	84.35%
Credit collateral (CC; % of balance pool)	24.59%	24.18%	42.92%	11.78%	10.40%
Excess interest spread (EIS) (% of balance pool) for PTC Series A ⁶	3.87%	3.98%	3.18%	6.28%	8.29%

Transaction structure

For PLATINUM TRUST OCT 2023 - 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 and expected 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.

For all other transactions

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 PTC Series A principal.

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed DBS VF Platinum Trust Sep 2022 III, Platinum Trust Sep 2022 Tranche IV and Platinum Trust October 2022, basis the credit collateral (CC) mentioned in the table provided below. Based on the pools' performance, the rating for the PTCs will remain unchanged even after the CC amount is reset. The CC reset shall be subject to the approval of the PTC investors. However, as per regulatory guidelines, the 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.

Transaction Name	Current CC Outstanding [A]	CC Required as per ICRA for Maintaining Present Rating [B]	CC that can be Released [C]= 60%*(A - B)	Revised CC Limit [D] = (A - C)
DBS VF Platinum Trust Sep 2022 III	26.11	9.14	10.18	15.93
Platinum Trust Sep 2022 Tranche IV	21.38	7.48	8.34	13.04
Platinum Trust October 2022	44.16	13.25	18.55	25.61

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

Amount in Rs. crore

Key rating drivers and their description

Credit strengths

Track record of originator/servicer – The Originator, 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 has satisfactory processes for servicing the loan accounts in the securitised pools.

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 CC available as a percentage of the balance pool principal compared to the initial CC 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% in the last 12 months (after the December 2024 payout) for all the transactions, except the DBS VF Platinum Trust Sep 2022 III transaction where the loss-cum-90+ dpd is slightly above 1.0%. Further, the performance of the pools has been healthy with a cumulative collection efficiency of more than 97%, 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.)
DBS VF Platinum Trust Sep 2022 III	1.00%	7.2% - 27.0%
Platinum Trust Sep 2022 Tranche IV	0.75%	7.2% - 27.0%
Platinum Trust October 2022	0.50%	7.2% - 27.0%
PLATINUM TRUST OCT 2023 - TRANCHE I	2.00%	7.2% - 27.0%
PLATINUM TRUST NOV 2023 - TRANCHE II	1.75%	7.2% - 27.0%

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	DBS VF Platinum Trust Sep 2022 III	Platinum Trust Sep 2022 Tranche IV	Platinum Trust October 2022	PLATINUM TRUST OCT 2023 - TRANCHE I	PLATINUM TRUST NOV 2023 - TRANCHE II
Originator	Cholamandalam Investment and Finance Company Limited				
Servicer	Cholamandalam Investment and Finance Company Limited				
Trustee	IDBI Trusteeship Services Limited				
CC holding bank	DBS Bank India Limited	ICICI Bank Limited	ICICI Bank Limited	Bank of Baroda	State Bank of India and IDBI Bank
Collection and payout account bank	DBS Bank India Limited	ICICI Bank Limited	ICICI Bank Limited	Hongkong and Shanghai Banking Corporation	State Bank of India

Liquidity position

For PTC Series A of DBS VF Platinum Trust Sep 2022 III, Platinum Trust Sep 2022 Tranche IV and Platinum Trust October 2022: 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 above 6.5 times the estimated loss in the pools.

For PTC Series A of PLATINUM TRUST OCT 2023 - TRANCHE I and PLATINUM TRUST NOV 2023 - TRANCHE II: 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 4.5 times and 5.0 times the estimated loss for PLATINUM TRUST OCT 2023 - TRANCHE I and PLATINUM TRUST NOV 2023 – TRANCHE II, respectively.

SLF of all transactions: Strong

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 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 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 ratings.

Analytical approach

The rating action is based on the performance of the pools till the December 2024 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.

CIFCL (standalone) reported a net profit of Rs. 3,423 crore on a managed asset base of Rs. 1,60,194 crore in FY2024 compared with Rs. 2,666 crore and Rs. 1,17,607 crore, respectively, in FY2023. It reported a provisional net profit of Rs. 1,905 crore on a managed asset base of Rs. 1,82,652 crore in H1 FY2025.

Key financial indicators (audited)

CIFCL	FY2023	FY2024	H1 FY2025
Total income	12,978	19,216	12,122
Profit after tax	2,666	3,423	1,905
Total managed assets⁷	1,15,389	1,57,908	1,82,652
Gross stage 3	3.0%	2.5%	2.8%
CRAR	17.1%	18.6%	18.0%

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 (FY2025)		Chronology of Rating History for the Past 3 Years					
			Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2025 Jan 24, 2025	Date & Rating in FY2024		Date & Rating in FY2023		Date & Rating in FY2022
						Feb 27, 2024	Feb 21, 2023	Sep 30, 2022		
1	DBS VF Platinum Trust Sep 2022 III	PTC Series A	386.86	106.19	[ICRA] AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	
		Second loss facility	14.51	14.51	[ICRA] BBB+(SO)	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(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 (FY2025)		Chronology of Rating History for the Past 3 Years					
			Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024		Date & Rating in FY2023		Date & Rating in FY2022
					Jan 24, 2025	Feb 27, 2024	Feb 21, 2023	Oct 03, 2022	-	
2	Platinum Trust Sep 2022 Tranche IV	PTC Series A	416.67	88.38	[ICRA] AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	
		Second loss facility	15.63	11.88	[ICRA] BBB+(SO)	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-	

S. No.	Trust Name	Instrument	Current Rating (FY2025)		Chronology of Rating History for the Past 3 Years					
			Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024		Date & Rating in FY2023		Date & Rating in FY2022
					Jan 24, 2025	Feb 27, 2024	Feb 21, 2023	Nov 03, 2022	-	
3	Platinum Trust October 2022	PTC Series A	901.10	102.88	[ICRA] AAA(SO)	[ICRA]AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	
		Second loss facility	36.04	25.23	[ICRA] BBB+(SO)	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)	Provisional [ICRA]BBB+(SO)	-	

S. No.	Trust Name	Instrument	Current Rating (FY2025)		Chronology of Rating History for the Past 3 Years				
			Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022
					Jan 24, 2025	Jan 29, 2024	Oct 31, 2023	-	-
4	PLATINUM TRUST OCT 2023 - TRANCHE I	PTC Series A	621.83	396.05	[ICRA] AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-
		Second loss facility	9.33	15.55	[ICRA] A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-

S. No.	Trust Name	Instrument	Current Rating (FY2025)		Chronology of Rating History for the Past 3 Years				
			Initial Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022
					Jan 24, 2025	Jan 18, 2024	Nov 30, 2023	-	-
5	PLATINUM TRUST NOV 2023 - TRANCHE II	PTC Series A	513.95	321.38	[ICRA] AAA(SO)	[ICRA]AAA(SO)	Provisional [ICRA]AAA(SO)	-	-
		Second loss facility	7.71	7.71	[ICRA] A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
DBS VF Platinum Trust Sep 2022 III	PTC Series A	Simple
	Second loss facility	Simple
Platinum Trust Sep 2022 Tranche IV	PTC Series A	Simple
	Second loss facility	Simple
Platinum Trust October 2022	PTC Series A	Simple
	Second loss facility	Simple

Trust Name	Instrument	Complexity Indicator
PLATINUM TRUST OCT 2023 - TRANCHE I	PTC Series A	Moderately Complex
	Second loss facility	Moderately Complex
PLATINUM TRUST NOV 2023 - TRANCHE II	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
DBS VF Platinum Trust Sep 2022 III	PTC Series A	September 30, 2022	7.40%	November 20, 2027	106.19	[ICRA]AAA(SO)
	Second loss facility		NA		14.51	[ICRA]BBB+(SO)
Platinum Trust Sep 2022 Tranche IV	PTC Series A	September 30, 2022	7.67%	February 20, 2028	88.38	[ICRA]AAA(SO)
	Second loss facility		NA		11.88	[ICRA]BBB+(SO)
Platinum Trust October 2022	PTC Series A	October 31, 2022	7.95%	March 21, 2027	102.88	[ICRA]AAA(SO)
	Second loss facility		NA		25.23	[ICRA]BBB+(SO)
PLATINUM TRUST OCT 2023 - TRANCHE I	PTC Series A	October 30, 2023	7.75%	October 23, 2028	396.05	[ICRA]AAA(SO)
	Second loss facility		NA		15.55	[ICRA]A-(SO)
PLATINUM TRUST NOV 2023 - TRANCHE II	PTC Series A	November 29, 2023	7.95%	December 22, 2028	321.38	[ICRA]AAA(SO)
	Second loss facility		NA		7.71	[ICRA]A-(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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