

October 16, 2023

Cholamandalam Investment and Finance Company Limited: Rating withdrawn for PTCs issued under vehicle loan receivables transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. crore)	Previous rated amount (Rs. crore)	Current Amount Outstanding (Rs. crore)	Rating Action
PLATINUM TRUST MARCH 2021	PTC Series A	471.69	76.21	0.00	[ICRA]AAA(SO); Withdrawn
	Second Loss Facility	23.58	13.68	0.00	[ICRA]A-(SO); Withdrawn

*Instrument details are provided in Annexure-I

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) issued under vehicle loan securitisation transaction originated by Cholamandalam Investment and Finance Company Limited (CIFCL), as tabulated above. All the payouts to the investors in the above-mentioned instrument have been made and no further payments are due to the investors.

The key rating drivers, liquidity position, rating sensitivities have not been captured as the rating assigned to the instrument has been withdrawn. The previous detailed rating rationale of previous rating exercise is available at the following link:

[Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Policy on Withdrawal of Credit Rating
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 1,204 branches across 29 states and Union Territories (UTs) with assets under management (AUM) of Rs. 1,14,796 crore as of June 2023. The company's core business segments include vehicle finance (62%) and LAP loans (20%). It has housing loan (8%) and small and medium enterprise (SME) loan (10%) segments, which largely constitute the rest of the portfolio. CIFCL has forayed into three new business divisions in the consumer and SME ecosystem, namely CSEL, SBPL and SME. The share and performance of these segments in the overall portfolio remains to be observed.

As of March 2023, CIFCL had two wholly-owned subsidiaries, Cholamandalam Home Finance Limited and Cholamandalam Securities Limited, a joint venture with Payswiff Technologies Private Limited, and the following associate entities – Vishvakarma Payments Private Limited and Paytail Commerce Private Limited. In FY2023, CIFCL (standalone) reported a net profit of Rs. 2,666 crore on a AUM of Rs. 1,06,498 crore compared Rs. 2,147 crore and Rs. 76,907 crore, respectively in FY2022.

Key financial indicators (audited)

CIFCL (standalone)	FY2022	FY2023	Q1FY2024
Total income	10,139	12,978	4,134
Profit after tax	2,147	2,666	726
Assets under management (AUM)	76,907	1,06,498	1,14,796
Gross stage 3	4.37%	3.01%	3.06%
Net stage 3	2.64%	1.62%	1.67%

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

Trust Name	Current Rating (FY2024)					Chronology of Rating History for the Past 3 Years			
	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore) after Sep-23 pay-out	Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022		Date & Rating in FY2021
				October 16, 2023	May 30, 2023		June 27, 2022	June 03, 2021	April 01, 2021 [^]
Platinum Trust March 2021	PTC Series A	471.69	0.00	[ICRA]AAA (SO); Withdrawn	[ICRA]AAA (SO)	[ICRA]AAA (SO)	[ICRA]AAA (SO)	[ICRA]AAA (SO)	Provisional [ICRA]AAA (SO)
	Second Loss Facility	23.58	0.00	[ICRA]A- (SO); Withdrawn	[ICRA]A- (SO)	[ICRA]BBB- (SO)	[ICRA]BBB- (SO)	[ICRA]BBB- (SO)	Provisional [ICRA]BBB- (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, is available on ICRA's website [Click Here](#)

Annexure-I: Instrument details

Trust Name	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. Crore)	Current Rating and Outlook
PLATINUM TRUST MARCH 2021	PTC Series A	March 2021	5.90%	September 2025	0.00	[ICRA]AAA(SO); Withdrawn
	Second Loss Facility		NA		0.00	[ICRA]A-(SO); Withdrawn

Source: Company

Annexure-II: List of entities considered for consolidated analysis

Not Applicable

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