

May 27, 2024

Cars24 Financial Services Private Limited: Ratings withdrawn for PTCs issued under two used car loan securitisation transactions

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. Crore)	Previous Rated Amount (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
CredAvenue Everett 07 2021	PTC Series A2	0.61	0.61	0.00	[ICRA]A(SO); Withdrawn
Royal 09 2021	PTC Series A2	0.45	0.36	0.00	[ICRA]AA+(SO); Withdrawn
	PTC Series A3	0.57	0.57	0.00	[ICRA]A+(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the ratings for two pass-through certificates (PTCs) transactions backed by used car loan receivables originated by Cars24 Financial Services Private Limited (CFSPL). All the payouts to the investors in the above-mentioned instruments have been made and no further payments are due to the investors.

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liquidity position and rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn.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

For CredAvenue Everett 07 2021: [Click Here](#)

For Royal 09 2021: [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

Incorporated in September 2018, CFSPL is registered with the Reserve of India (RBI) as a non-banking financial company (NBFC). It is a wholly-owned subsidiary of Cars24 Services Private Limited (CSPL). The company's lending operations are classified into two segments: digital business lending (DBL) and digital retail lending (DRL).

DBL represents loans extended to used car dealers empanelled with CSPL. This is primarily a revolving line of credit extended to used car dealers. Currently, CFSPL caters to ~10,000 used car dealers empanelled with CSPL. The DBL product is further classified into Unnati regular and Unnati plus. Under the DRL segment, CFSPL provides loans to retail customers primarily for purchasing used cars. CFSPL started as a captive financing unit of its parent (CSPL), however, currently 75% of its origination is through the leads generated by CSPL's online marketplace and balance 25% is through the other channels (dealer partners). The company provides financing for the purchase of used cars to its customers.

Key financial indicators

CFSPL	FY2022	FY2023	FY2024*
	IGAAP	IGAAP	IndAS
Total income	78.0	163.6	273.7
Profit after tax	(16.6)	1.6	18.1
Assets under management	598	1,317	2,164
Gross non-performing assets (NPA)#	0.5%	0.8%	1.2%
Net NPA	0.0%	0.5%	0.6%

Source: Company data, ICRA Research; Amount in Rs. crore; *Provisional financials; # Based on 90+ delinquency numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust Name	Instrument	Current Rating (FY2025)		Chronology of Rating History for the Past 3 Years				
		Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date and Rating in FY2025 May 27, 2024	Date and Rating in FY2024 Oct 30, 2023	Date and Rating in FY2023 Oct 27, 2022	Date and Rating in FY2022 Oct 20, 2021^ Aug 09, 2021*	
CredAvenue 1 Everett 07 2021	PTC Series A2	0.61	0.00	[ICRA] A(SO); withdrawn	[ICRA] A(SO)	[ICRA]BBB(SO)	[ICRA]BBB(SO)	Provisional [ICRA]BBB(SO)

* Initial rating assigned

^ Final rating assigned

Trust Name	Instrument	Current Rating (FY2025)		Chronology of Rating History for the Past 3 Years					
		Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date and Rating in FY2025 May 27, 2024	Date and Rating in FY2024 Mar 20, 2024	Date and Rating in FY2023 Mar 15, 2023 Oct 27, 2022		Date and Rating in FY2022 Nov 23, 2021^ Oct 07, 2021*	
Royal 2 09 2021	PTC Series A2	0.45	0.00	[ICRA] AA+(SO); withdrawn	[ICRA] AA+(SO)	[ICRA]BBB(SO)	[ICRA]BBB(SO)	[ICRA]BBB(SO)	Provisional [ICRA]BBB(SO)
	PTC Series A3	0.57	0.00	[ICRA] A+(SO); withdrawn	[ICRA] A+(SO)	[ICRA]BB+(SO)	[ICRA]BB+(SO)	[ICRA]BB+(SO)	Provisional [ICRA]BB+(SO)

* Initial rating assigned

^ Final rating assigned

Complexity level of the rated instrument

Sr. No.	Trust Name	Instrument	Complexity Indicator
1	CredAvenue Everett 07 2021	PTC Series A2	Moderately Complex
2	Royal 09 2021	PTC Series A2	Moderately Complex

	PTC Series A3	Moderately Complex
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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 analyzing 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: www.icra.in

Annexure I: Instrument details

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date*	Amount Rated (Rs. Crore)	Current Rating
CredAvenue Everett 07 2021	PTC Series A2	July 2021	14.00%	January 2026	0.00	[ICRA]A(SO); Withdrawn
Royal 09 2021	PTC Series A2	September 2021	14.00%	March 2026	0.00	[ICRA]AA+(SO); Withdrawn
	PTC Series A3		14.50%		0.00	[ICRA]A+(SO); Withdrawn

Source: Company; *Scheduled maturity at transaction initiation

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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