

November 26, 2025

Cars24 Financial Services Private Limited: Ratings upgraded for instruments issued under one used car loan securitisation transaction

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Indigo 08 22	Series A1 SN	31.34	7.79	1.70	[ICRA]AA+(SO); upgraded from [ICRA]A(SO)
	Series A2 SN	1.86	1.86	1.86	[ICRA]A(SO); upgraded from [ICRA]BBB(SO)

*Instrument details are provided in Annexure I

Rationale

The securitisation notes (SNs) are backed by used car loan receivables originated by Cars24 Financial Services Private Limited (CFSPL/Originator). CFSPL also acts as the servicer in the transaction.

The ratings upgrade factor in the build-up of the credit enhancement cover over the future PTC payouts on account of high amortisation and healthy pool performance. The delinquencies in the transaction remained low with the 90+ days past due (dpd) at less than 1%. The ratings also draw comfort from the fact that the breakeven collection efficiency is lower than the actual collection level observed in the pools till the October 2025 payout month.

Pool performance summary

Parameter	Indigo 08 22
Payout month	October 2025
Months post securitisation	38
Pool amortisation (as % of initial pool principal)	87.24%
SN/PTC amortisation	
Series A1 SN/PTC	94.59%
Series A2 SN/PTC	0.00%
Cumulative collection efficiency ¹	97.32%
Loss-cum-30+ (% of initial pool principal) ²	1.28%
Loss-cum-90+ (% of initial pool principal)	0.40%
Breakeven collection efficiency ³	
Series A1 SN/PTC	00.00%
Series A2 SN/PTC	29.58%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.00%
CC available (as % of balance pool principal)	50.88%
Principal Subordination (as % of balance pool principal)	
Series A1 SN/PTC	60.76%
Series A2 SN/PTC	17.67%
Excess interest spread (EIS; as % of balance pool principal)	
Series A1 SN/PTC	9.05%
Series A2 SN/PTC	9.05%
Cumulative prepayment rate ⁴	30.43%

¹ Cumulative current and overdue collections till date / Cumulative billings till date + Opening overdues

² POS on contracts aged 30+ dpd + Overdues / Initial POS on the pool

³ It is the minimum collection efficiency required over the balance tenure to ensure all investor payouts are met: (Balance cash flow payable to investor – Credit collateral available) / Balance pool cash flow

⁴ POS at the time of prepayment of contracts prepaid till date / Initial pool principal

Transaction structure

The transaction has a two-tranche structure, whereby Series A2 SN is subordinate to Series A1 SN. As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (92.50% of the pool principal billed) to Series A1 SN. The balance principal (7.50% of the pool principal billed) is expected to be paid on a monthly basis until the maturity of Series A1 SN.

Following the maturity of Series A1 SN, 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 to Series A2 SN. Any surplus 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 Series A1 SN principal and then to Series A2 SN principal post maturity of Series A2 SN principal.

Key rating drivers and their description

Credit strengths

Credit enhancement built-up in the structure – The rating upgrade factors in the build-up in the credit enhancement with the CC fully covering the future SN payouts to the Series A1 investors. For Series A2 SN, the rating upgrade factors in the build-up in the credit enhancement with the CC increasing to 50.88% of the balance pool principal since the time of securitisation. Internal credit support is also available through principal subordination along with EIS.

Healthy pool performance – Performance of the pool have been strong with cumulative collection efficiency above ~97% till October 2025 payout month and break-even collection efficiency comfortably lower than the monthly collection efficiency trend observed in the pool. For the current pool, the loss cum 90+ dpd has been below 1.5% in the last 12 months. Further, there have been no instances of cash collateral utilisation till date owing to strong collection performance and presence of EIS, which is credit positive.

Adequate servicing capability of Cars24 – The company has adequate processes for servicing the loan accounts in the securitised pool. It has demonstrated a proven track record of regular collections and recovery across multiple geographies.

Credit challenges

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 0.75% 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.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Indigo 08 22
Originator	CF SPL
Servicer	CF SPL
Trustee	Catalyst Trusteeship Limited
CC bank	ICICI Bank
Collection and payout account bank	ICICI Bank

Liquidity position: Superior

The liquidity for both the instruments is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be more than 10 times the estimated loss in the pool.

Rating sensitivities

Positive factors – NA for Series A1 SN.

For Series A2 SN, the sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and an increase in the cover available for future investor payouts from the credit enhancement would result in a rating upgrade.

Negative factors – Pressure on the rating could emerge on the sustained weak collection performance of the underlying pool (monthly collection efficiency > 90%) leading to higher-than-expected delinquency levels and CE utilisation levels. Weakening in the credit profile of the servicer (Cars24) could also exert pressure on the ratings.

Analytical approach

The rating upgrade is based on the performance of the pool till the October 2025 payout month (September 2025 collection month), the present delinquency profile of the pool, the credit enhancement available in the pool, and the performance expected over the balance tenure of the pool.

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

About the originator

Incorporated in September 2018, Cars24 Financial Services Private Limited (CF SPL), is registered with The Reserve of India (RBI) as a non-banking financial company (NBFC). CF SPL is a wholly owned subsidiary of Cars24 Services Private Limited (Cars 24).

CF SPL is into used vehicle financing business. The company serves as the captive financing unit of its parent and extends funding to customers purchasing car through Cars 24's online platform. The lending operations of the company are classified into two segments: digital business lending (DBL) and digital retail lending (DRL). DBL represents loans extended to used cars dealers emplaned with Cars 24. This is primarily a revolving line of credit extended to used cars dealers. Currently CF SPL caters to 538 used car dealers emplaned with Cars24 Services Private Limited. The DBL product is further classified into Unnati regular (revolving credit lines provided based on business relation with Cars 24 and past performance) and Unnati plus (additional credit facility provided to the dealer for purchasing cars from the open market). The DRL product represents the consumer

financing segment of CFSPL. This product was launched in June-20 and further scaled up in Dec-20. Currently, 60-65% of Cars 24's retail customers avail finance from CFSPL while the rest are largely self-financed.

CFSPL	FY2022	FY2023	FY2024*	FY2025**
	IGAAP	IGAAP	IndAS	IndAS
Total Income	78.0	163.6	287.9	321.2
Profit after Tax	(16.6)	1.6	18.4	13.0
Assets under Management	598	1,317	2,164	2,378
Gross Non-performing Assets (NPA)	0.5%	0.8%	1.2%	2.9%
Net NPA	0.0%	0.5%	0.6%	1.5%
Capital-to-risk weighted asset ratio (CRAR)	65.17%	90.89%	50.91%	42.37%

*Based on the auditor's suggestion, the entire credit enhancement of the PTC transactions has been deducted from the Tier-1 capital as against only FLCE part for CRAR calculation. Hence, CRAR has reduced significantly in FY24 compared to FY23, **Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust name	Current rating (FY2026)				Chronology of rating history for the past 3 years			
	Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	
				Nov 26, 2025	Nov 13, 2024	Dec 21, 2023	Dec 08, 2022	Sep 01, 2022 [^]
Indigo 08 22	Series A1 SN	31.34	1.70	[ICRA]AA+(SO)	[ICRA]A(SO)	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)
	Series A2 SN	1.86	1.86	[ICRA]A(SO)	[ICRA]BBB(SO)	[ICRA]BBB(SO)	[ICRA]BBB(SO)	Provisional [ICRA]BBB(SO)

[^]Initial rating assigned

Complexity level of the rated instrument

Trust name	Instrument	Complexity indicator
Indigo 08 22	Series A1 SN	Moderately Complex
	Series A2 SN	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 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
Indigo 08 22	Series A1 SN	August 30, 2022	10.75%	February 24, 2027	1.70	[ICRA]AA+(SO)
	Series A2 SN		Residual		1.86	[ICRA]A(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

ANALYST CONTACTS

Manushree Sagar

+91 12 4454 5316

manushrees@icraindia.com

Sachin Joglekar

+91 22 6114 3470

sachin.joglekar@icraindia.com

Sumit Kumar Pramanik

+91 22 6114 3462

sumit.pramanik@icraindia.com

Arijit Datta

+91 22 6114 3433

arijit.datta@icraindia.com

Pratik Vora

+91 22 6114 3438

pratik.vora@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

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

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.

For more information, visit www.icra.in

ICRA Limited



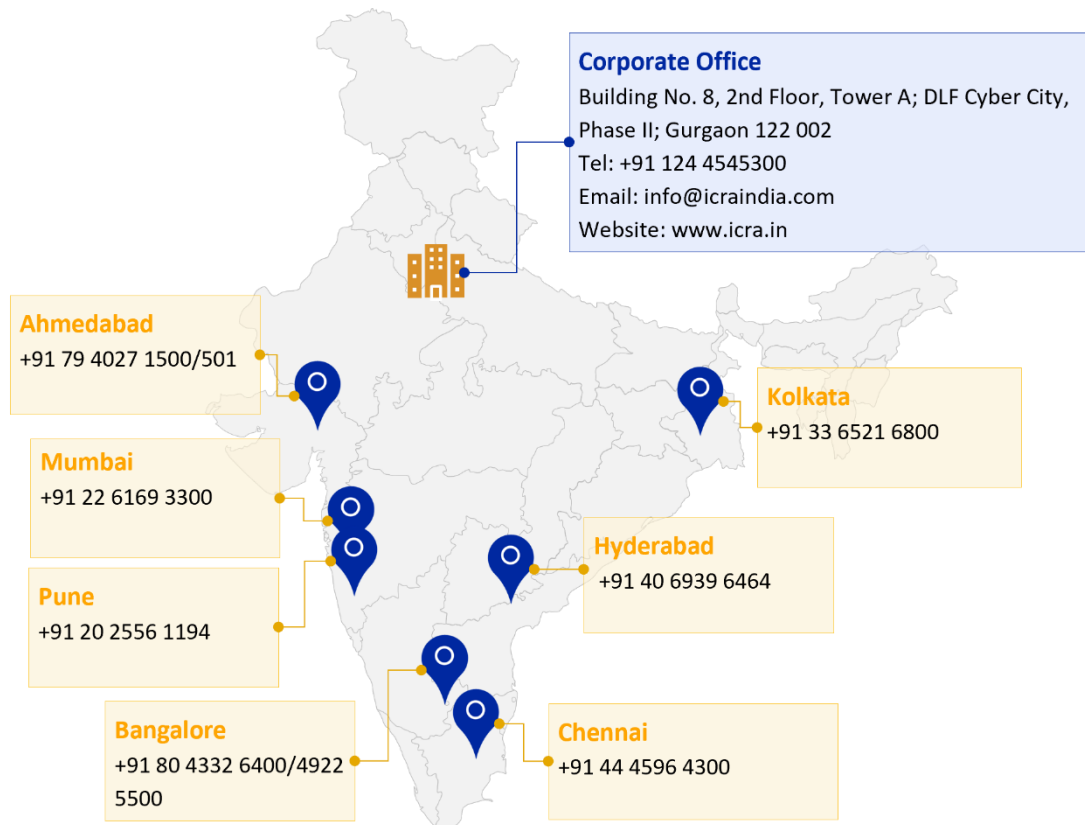
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.