

March 20, 2026

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
Camaro 12 22	Series A1 SN	38.13	10.57	2.40	[ICRA]A+(SO); upgraded from [ICRA]A(SO)
	Series A2 SN	2.27	2.27	2.27	[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 February 2026 payout month.

Pool performance summary

Parameter	Camaro 12 22
Payout month	February 2026
Months post securitisation	38
Pool amortisation (as % of initial pool principal)	86.23%
SN/PTC amortisation	
Series A1 SN/PTC	93.71%
Series A2 SN/PTC	0.00%
Cumulative collection efficiency ¹	96.71%
Loss-cum-30+ (% of initial pool principal) ²	1.86%
Loss-cum-90+ (% of initial pool principal)	0.64%
Breakeven collection efficiency ³	
Series A1 SN/PTC	13.15%
Series A2 SN/PTC	49.49%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.00%
CC available (as % of balance pool principal)	29.08%
Principal Subordination (as % of balance pool principal)	
Series A1 SN/PTC	57.78%
Series A2 SN/PTC	17.83%
Excess interest spread (EIS; as % of balance pool principal)	
Series A1 SN/PTC	8.63%
Series A2 SN/PTC	8.63%
Cumulative prepayment rate ⁴	27.00%

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 A1 SN principal.

Key rating drivers and their description

Credit strengths

Build-up in credit enhancement – The rating action factors in the build-up in the credit enhancement with the cash collateral increasing to 29.08% of the balance pool principal from 6.5% at the time of securitisation. Internal credit support is also available through principal subordination along with excess interest spread (EIS).

Healthy pool performance – Performance of the pool has been strong with cumulative collection efficiency above ~97% till Feb 2026 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.

Adequate servicing capability of the originator – 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	Camaro 12 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 – The ratings could be upgraded on the strong collection performance of the underlying pool on a sustained basis, leading to the build-up of the credit enhancement (CE) cover for the remaining payouts.

Negative factors – Pressure on the ratings could emerge on the sustained weak collection performance of the underlying pool 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 February 2026 payout month (January 2026 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 empaneled 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 CF SPL. 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 CF SPL while the rest are largely self-financed.

Key financial indicators (audited)

CFSP	FY2023	FY2024*	FY2025	9MFY2026**
	IGAAP	IndAS	IndAS	IndAS
Total Income	163.60	287.90	316.26	262.93
Profit after Tax	1.60	18.40	6.80	16.39
Assets under Management	1,317	2,178	2,380	2,420
Gross Non-performing Assets (NPA)	0.80%	1.20%	3.03%	1.70%
Net NPA	0.50%	0.60%	1.34%	0.68%
Capital-to-risk weighted asset ratio (CRAR)	90.89%	50.91%	40.67%	43.89%

**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		
				Mar 20, 2026	Mar 25, 2025	Mar 20, 2024	Mar 21, 2023	Dec 21, 2022 [^]	
Camaro 12 22	Series A1 SN	38.13	2.40	[ICRA]A+(SO)	[ICRA]A(SO)	[ICRA]A(SO)	[ICRA]A(SO)	Provisional [ICRA]A(SO)	
	Series A2 SN	2.27	2.27	[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
Camaro 12 22	Series A1 SN	Highly Complex
	Series A2 SN	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
Camaro 12 22	Series A1 SN	December 20, 2022	11.20%	My 24, 2027	2.40	[ICRA]A+(SO)
	Series A2 SN		Residual		2.27	[ICRA]A(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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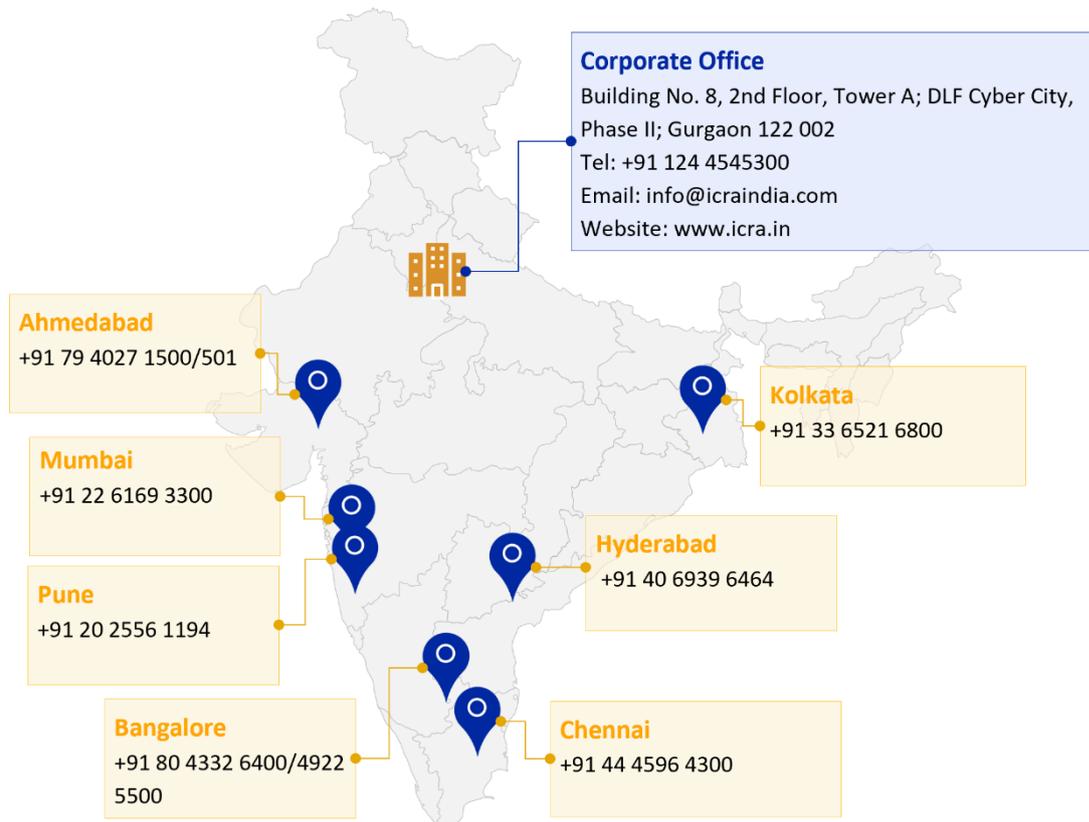
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