

March 24, 2026

Cars24 Financial Services Private Limited: Provisional [ICRA]A+(SO) assigned to PTCs backed by used car loan receivables issued by Phantom 01 2026

Summary of rating action

Trust name	Instrument*	Current rated amount (Rs. crore)	Rating action
Phantom 01 2026	Series A1 PTC	62.97	Provisional [ICRA]A+(SO); assigned

*Instrument details are provided in Annexure I

Rating in the absence of the pending actions/documents	No rating would have been assigned as it would not be meaningful
--	--

Rationale

The pass-through certificates (PTCs) are backed by a pool of used car loan receivables originated by Cars24 Financial Services Private Limited {CFSP/Originator} with an aggregate principal outstanding of Rs. 69.96 crore (pool receivables of Rs. 97.94 crore). CFSP would also act as the servicer for the transaction.

The provisional rating is based on the strength of the cash flows from the selected pool of contracts, the credit enhancement available in the structure as well as the integrity of the legal structure. The rating is subject to the fulfilment of all the conditions under the structure and ICRA's review of the documentation pertaining to the transaction.

Transaction structure

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. A part of the residual cash flow from the pool (50%), after making the promised and expected payouts would be used for the prepayment of the Series A1 PTC principal while the rest would be passed on to the Originator. Hence, the actual tenure of the PTC is expected to be shorter owing to such acceleration. Any prepayment in the pool would be used for the prepayment of the Series A1 PTC principal. In case of an excess interest spread (EIS) trigger event, the EIS available will be used for the accelerated redemption of Series A1 PTC.

The credit enhancement available in the structure is in the form of (i) a cash collateral (CC) of 5.00% of the initial pool principal, amounting to Rs. 3.50 crore, to be provided by the Originator, (ii) subordination of 10.00% of the initial pool principal (including equity tranche and over-collateral) for Series A1 PTC, and (iii) the EIS of 22.30% of the initial pool principal for Series A1 PTC.

Key rating drivers and their description

Credit strengths

Granular pool with available credit enhancement – The pool is granular, consisting of 1,434 contracts, with the top 10 contracts forming only 2% of the pool principal, thereby reducing the exposure to any single borrower. Further, the credit enhancement available in the form of the CC, subordination and EIS would absorb some of the losses in the pool and provide support in meeting the PTC payouts.

No overdue contracts in the pool – The pool has been filtered in such a manner that there were no overdue contracts as on the cut-off date. Further, none of the contracts in the pool have ever been delinquent after loan disbursement. This reflects the relatively better credit profile of the borrowers, which is a credit positive.

Healthy bureau score of borrowers – The entire pool has a CIBIL score of at least 700 while none of the contracts are new-to-credit, which reflects their relatively better credit profile.

Servicing capability of originator – The company has adequate processes for servicing the loan accounts and has a long track record of regular collections and recoveries across a wide geography and multiple economic cycles.

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz, Maharashtra, Karnataka and Gujarat, contributing ~55% to the initial pool principal amount. Its performance would thus be exposed to any state-wide disruption that may occur due to natural calamities, political events, etc.

Risks associated with lending business – The pool's performance would remain exposed to macroeconomic 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 4.50% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18% 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 rating for the instrument.

Liquidity position: Superior

The liquidity for the PTC instrument in the transaction is superior after factoring in the credit enhancement available to meet the promised payouts to the investors. The total credit enhancement would be ~6.50 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The rating could be upgraded on the strong collection performance of the underlying pool (monthly collection efficiency >95%) on a sustained basis, leading to the build-up of the credit enhancement cover for the remaining payouts.

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 credit enhancement utilisation levels. Weakening in the credit profile of the servicer could also exert pressure on the rating.

Analytical approach

The rating action is based on the analysis of the performance of CFSP's retail lending (RL) portfolio till December 2025, the key characteristics and composition of the current pool, the performance expected over the balance tenure of the pool, and the credit enhancement cover available in the transaction.

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

Pending actions/documents required to be completed for conversion of the provisional rating into final

The assigned rating is provisional and would be converted into a final rating upon the execution of:

1. Trust deed
2. Assignment agreement
3. Power of attorney
4. Legal opinion
5. Trustee letter
6. Other key or important documents executed for the transaction

Validity of the provisional rating

The Trust is expected to complete the pending actions/execute the pending documents in the near term. However, in case of continued pendency of the actions/documents beyond one year of this publication, the provisional rating would be withdrawn for the transaction even if the instrument has been issued.

Risks associated with the provisional rating

In case the issuance is completed, but the pending actions/documents are not completed for the transaction within one year (validity period) from the assignment of the rating, the provisional rating will be withdrawn in accordance with ICRA's Policy on Provisional Rating available at www.icra.in.

About the originator

Incorporated in September 2018, Cars24 Financial Services Private Limited (CFSP) 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 (Cars 24).

CFSP has a presence in the used vehicle financing business. The company serves as the captive financing unit of its parent and extends funding to customers purchasing cars through Cars 24's online platform. Its 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 Cars 24. This is primarily a revolving line of credit extended to used car dealers. Currently, CFSP caters to 538 used car dealers empanelled with Cars 24. The DBL product is further classified into Unnati regular (revolving credit lines provided on the basis of business relations 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 CFSP's consumer financing segment. At present, 60-65% of Cars 24's retail customers avail finance from CFSP while the rest are largely self-financed.

CFSPL	FY2023	FY2024*	FY2025	9M FY2026**
	IGAAP	Ind-AS	Ind-AS	Ind-AS
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 assets ratio (CRAR)	90.89%	50.91%	40.67%	43.89%

Amount in Rs. crore; *Based on the auditor's suggestion, the entire credit enhancement of the PTC transaction has been deducted from the Tier I capital instead of only the first loss credit enhancement (FLCE) part for CRAR calculation. Hence, CRAR has reduced significantly in FY2024 compared to FY2023

** 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	Amount rated (Rs. crore)	Amount outstanding (Rs. crore)	Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
					March 24, 2026			
1	Phantom 01 2026	Series A1 PTC	62.97	62.97	Provisional [ICRA]A+(SO)	-	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1 PTC	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	Amount rated (Rs. crore)	Current rating
Phantom 01 2026	Series A1 PTC	March 12, 2026	9.95%	August 20, 2031	62.97	Provisional [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



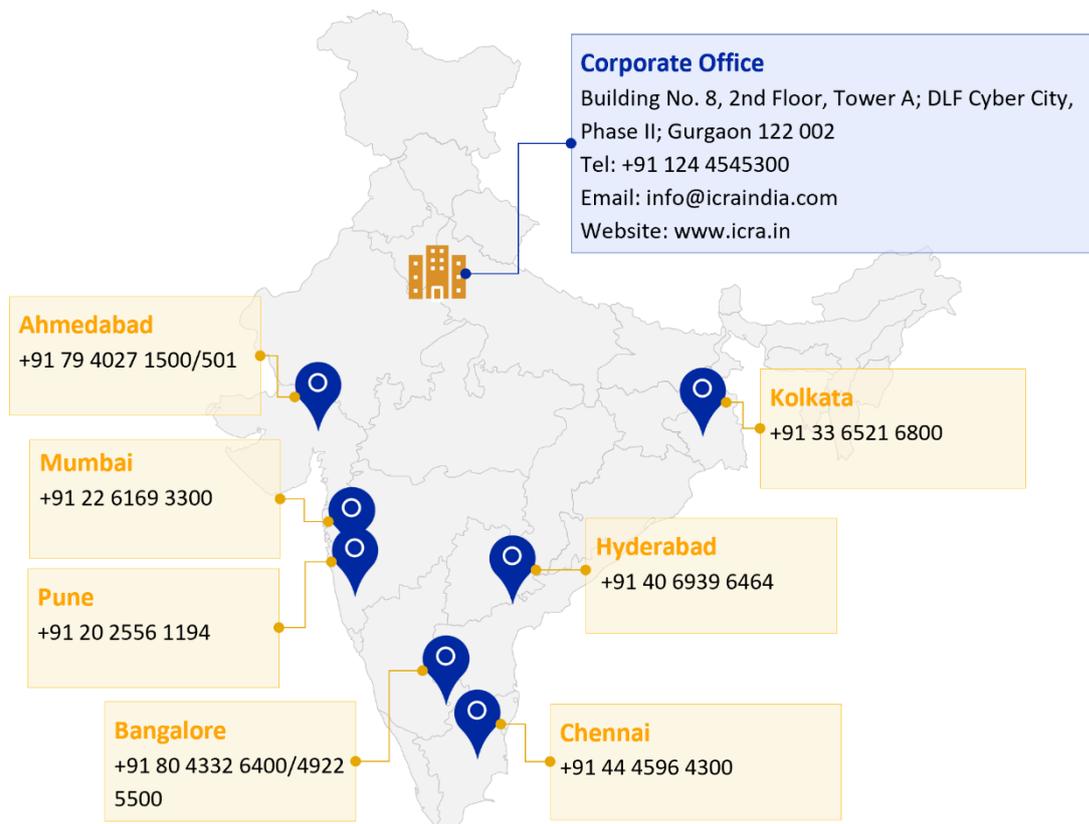
Registered Office

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

Tel: +91 11 23357940-45



Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA rating should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA rating are subject to a process of surveillance, which may lead to revision in rating. 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 rating 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.