June 05, 2026

Cars24 Financial Services Private Limited: Rating confirmed as final for PTCs backed by used car loan receivables issued by Phantom 01 2026

Summary of rating action

Trust name	Instrument*	Initial Rated amount (Rs. crore)	Current Rated amount (Rs. crore)	Rating action
Phantom 01 2026	Series A1 PTC	62.97	62.97	[ICRA]A+(SO); provisional rating confirmed as final

**Instrument details are provided in Annexure II*

Rationale

In March 2026, ICRA had assigned Provisional [ICRA]A+(SO) rating to Series A1 Pass Through Certificate (PTC) issued by Phantom 01 2026. The PTCs are backed by used car loan receivables originated by Cars24 Financial Services Private Limited {(CFSPL/Originator} with an aggregate principal outstanding of Rs. 69.96 crore (pool receivables of Rs. 97.94 crore). CFSPL is also the servicer of the rated transaction.

Further since the executed transaction documents are in line with the other rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

Pool performance summary

Parameter	Phantom 01 2026
Payout month	April 2026
Months post securitisation	1
Pool amortisation	3.3%
Series A1 PTC amortisation	2.8%
Cumulative prepayment rate	1.0%
Cumulative collection efficiency[1]	98.3%
Loss-cum-0+ days past due (dpd)[2]	0.7%
Loss-cum-30+ dpd[3]	0.2%
Loss-cum-90+ dpd[4]	0.0%
Cumulative cash collateral utilisation	0.0%

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.

[1] *(Cumulative current collections and overdue collections)/(Cumulative billings + Opening overdues at the time of securitisation)*
[2] *Unbilled and overdue principal portion of delinquent contracts as a % of Initial pool principal*
[3] *Unbilled and overdue principal portion of contracts delinquent for more than 30 days as a % of Initial pool principal*
[4] *Unbilled and overdue principal portion of contracts delinquent for more than 90 days as a % of Initial pool principal*

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, 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 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 amount 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 are no overdue contracts as on the cut-off date. Further, none of contracts in the total pool have ever been delinquent post loan disbursement, thereby reflecting the borrowers' relatively better credit profile, which is a credit positive.

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

Servicing capability of Originator – The company has adequate processes servicing loan accounts and has demonstrated long track record of regular collections and recovery 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. The pool's 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 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 4.50% of the pool principal 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.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	Phantom 01 2026
Originator	Cars24 Financial Services Private Limited
Servicer	Cars24 Financial Services Private Limited
Trustee	Catalyst Trusteeship Limited
CC holding bank	ICICI Bank Limited
Collection and payout account bank	Kotak Mahindra Bank Limited

Liquidity position: Superior

The liquidity for the PTC instrument in the transaction is superior after factoring in the CE available to meet the promised payouts to the investors. The total CE 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 (CE) 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 CE 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 trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

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 (CFSPL), is registered with The Reserve of India (RBI) as a non-banking financial company (NBFC). CFSPL is a wholly owned subsidiary of Cars24 Services Private Limited (Cars 24).

CFSPL 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 CFSPL 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.

Key financial indicators (standalone)

CFSPL	FY2023	FY2024*	FY2025	FY2026**
	IGAAP	IndAS	IndAS	IndAS
Total Income	163.60	287.90	316.26	327.30
Profit after Tax	1.60	18.40	6.80	29.23
Assets under Management	1,317	2,178	2,380	2,709
Gross Non-performing Assets (NPA)	0.80%	1.20%	3.03%	1.54%
Net NPA	0.50%	0.60%	1.34%	0.61%
Capital-to-risk weighted asset ratio (CRAR)	90.89%	50.91%	40.67%	45.12%

**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 (FY2027)					Chronology of rating history for the past 3 years		
	Instrument	Initial rated amount (Rs. crore)	Current rated amount (Rs. crore)	Date & rating in FY2027		Date & rating in FY2026	Date & rating in FY2025	Date & rating in FY2024
				June 05, 2026	March 24, 2026	-	-	-
Phantom 01 2026	Series A1 PTC	62.97	62.97	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under :

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ($)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.
($) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under :

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutal Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.
(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure : SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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 II: Instrument details

Trust name	Instrument name	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	9.30%	August 20, 2031	62.97	[ICRA]A+(SO)

Source: Company

Annexure III: List of entities considered for consolidated analysis

Not applicable

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ABOUT ICRA LIMITED

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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.

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