

June 25, 2026

Cars24 Financial Services Private Limited: Rating action for instruments 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 rated amount (Rs. crore)	Rating action
Croon 02 23	Series A1 SN	29.36	7.96	1.59	[ICRA]A+(SO); upgraded from [ICRA]A(SO)
	Series A2 SN	1.75	1.75	1.75	[ICRA]A-(SO); upgraded from [ICRA]BBB(SO)
Cappella 03 23	Series A1 PTC	16.53	4.03	0.16	[ICRA]AA+(SO); upgraded from [ICRA]A+(SO)
	Series A2 PTC	1.30	1.30	1.30	[ICRA]A+(SO); upgraded from [ICRA]A-(SO)

*Instrument details are provided in Annexure II

Rationale

The pass-through certificates (PTCs) 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 upgradation 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 transactions 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 May 2026 payout month.

Pool performance summary

Parameter	Croon 02 23	Cappella 03 23
Payout month	May 2026	May 2026
Months post securitisation	39	39
Pool amortisation (as % of initial pool principal)	87.12%	87.84%
SN/PTC amortisation		
Series A1 SN/PTC	94.59%	99.01%
Series A2 SN/PTC	0.00%	0.00%
Cumulative collection efficiency ¹	97.41%	97.22%
Loss-cum-30+ (% of initial pool principal) ²	0.90%	0.87%
Loss-cum-90+ (% of initial pool principal)	0.38%	0.47%
Breakeven collection efficiency ³		
Series A1 SN/PTC	7.86%	0.00%
Series A2 SN/PTC	46.84%	21.77%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.00%	0.00%
CC available (as % of balance pool principal)	31.40%	41.11%
Principal Subordination (as % of balance pool principal)		
Series A1 SN/PTC	61.17%	92.75%
Series A2 SN/PTC	18.48%	35.20%
Excess interest spread (EIS; as % of balance pool principal)	8.33%	9.07%

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

Parameter	Croon 02 23	Cappella 03 23
Series A1 SN/PTC	8.33%	9.07%
Series A2 SN/PTC		
Cumulative prepayment rate ⁴	28.19%	29.39%

Transaction structure

Croon 02 23

As per the transaction structure, Series A2 SN is subordinate to Series A1 SN. During the tenure of Series A1 SN, the collections from the pool will be used to make the promised interest and principal (to the extent of 92.5% principal billed) payouts to Series A1 SN. Post the maturity of Series A1 SN, payouts to Series A2 SN (principal payouts to Series A2 SN investors) will be on expected basis, which will be due and payable only on the final maturity date. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

Cappella 03 23

As per the transaction structure, Series A2 PTC is subordinate to Series A1 PTC. During the tenure of Series A1 PTC, the collections from the pool, will be used to make the promised interest payout and expected principal payouts (to the extent of principal billed) to Series A1 PTC. Post the maturity of Series A1 PTC, payout to Series A2 PTC (principal payouts to Series A2 PTC investors) will be on expected basis which will be due and payable only on the final maturity date. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

Key rating drivers and their description

Credit strengths

Credit enhancement built-up in the structure –The rating action factors in the build-up in the credit enhancement with the cash collateral (CC) increasing to 31.40% and 41.11% for the Croon and Cappella transactions respectively since 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 pools have been strong with cumulative collection efficiency above ~97% till May 2026 payout month and break-even collection efficiency comfortably lower than the monthly collection efficiency trend observed in the pools. For the current pools, 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 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

Cappella 03 23 Series A1 PTC

Not Applicable

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

Croon 02 23 and Cappella 03 23 Series A2 PTC

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 pools, ICRA has estimated the shortfall in principal collection and prepayments during the tenure as provided in the following table.

Transaction name	Estimated shortfall (% of initial pool principal)	Prepayment (p.a.)
Croon 02 23	0.75%	4.8% - 18%
Cappella 03 23	0.75%	4.8% - 18%

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Croon 02 23	Cappella 03 23
Originator	CF SPL	CF SPL
Servicer	CF SPL	CF SPL
Trustee	Catalyst Trusteeship Limited	Catalyst Trusteeship Limited
CC bank	ICICI Bank	DCB Bank
Collection and payout account bank	ICICI Bank	ICICI Bank

Liquidity position:

Cappella 03 23 Series A1 PTC: Superior

The liquidity is superior for Series A1 PTC as CC fully covers future PTC payouts.

Croon 02 23 and Cappella 03 23 Series A2 PTC: Superior

The liquidity for the instruments is superior after factoring in the credit enhancement available to meet the promised payout to the investor. For Croon and Cappella, the total credit enhancement for all the instruments would be more than 10 times the estimated losses in the pools, respectively.

Rating sensitivities

Cappella 03 23 Series A1 PTC

Positive factors – Not Applicable

Negative factors – The rating is unlikely to be downgraded given the CC covers the future PTC payouts.

Croon 02 23 and Cappella 03 23 Series A2 PTC

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 (Cars24) could also exert pressure on the ratings.

Analytical approach

The rating upgrade is based on the performance of the pool till the May 2026 payout month (April 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 (CFSP), is registered with The Reserve of India (RBI) as a non-banking financial company (NBFC). CFSP is a wholly owned subsidiary of Cars24 Services Private Limited (Cars 24).

CFSP 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 CFSP caters to 538 used car dealers empaneled 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 CFSP. 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 CFSP while the rest are largely self-financed.

CFSP	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	
				Jun 25, 2026	Jun 02, 2025	Jun 28, 2024	Jun 07, 2023	
Croon 02 23	Series A1 SN	29.36	1.59	[ICRA]A+(SO)	[ICRA]A(SO)	[ICRA]A(SO)	[ICRA]A(SO)	
	Series A2 SN	1.75	1.75	[ICRA]A-(SO)	[ICRA]BBB(SO)	[ICRA]BBB(SO)	[ICRA]BBB(SO)	

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		
				Jun 25, 2026	Jun 02, 2025	Jun 28, 2024	Jun 07, 2023	Apr 04, 2023	
Cappella 03 23	Series A1 PTC	16.53	0.16	[ICRA]AA+(SO)	[ICRA]A+(SO)	[ICRA]A+(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	
	Series A2 PTC	1.30	1.30	[ICRA]A+(SO)	[ICRA]A-(SO)	[ICRA]BBB(SO)	[ICRA]BBB(SO)	Provisional [ICRA]BBB(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/ Fls (\$)	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, Fls	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fls	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 Mutual 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

Trust name	Instrument	Complexity indicator
Croon 02 23	Series A1 SN	Complex
	Series A2 SN	Complex
Cappella 03 23	Series A1 PTC	Highly Complex
	Series A2 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	Date of issuance /Sanction	Coupon rate* (p.a.p.m.)	Maturity date	Current rated amount (Rs. crore)	Current rating
Croon 02 23	Series A1 SN	February 27, 2023	11.30%	July 23, 2027	1.59	[ICRA]A+(SO)
	Series A2 SN		Residual		1.75	[ICRA]A-(SO)
Cappella 03 23	Series A1 PTC	March 31, 2023	11.15%	August 22, 2027	0.16	[ICRA]AA+(SO)
	Series A2 PTC		Residual		1.30	[ICRA]A+(SO)

Source: Company

Annexure III: List of entities considered for consolidated analysis

Not applicable

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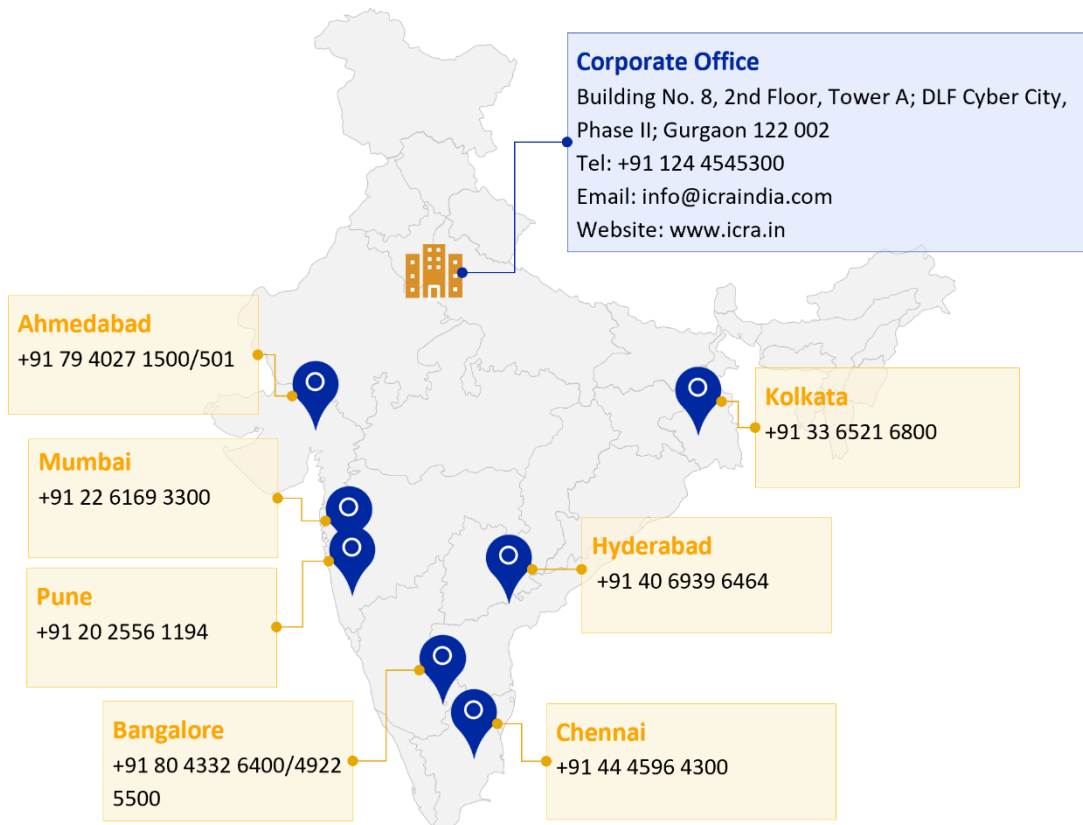
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