

March 14, 2024

Cars24 Financial Services Private Limited: Rating withdrawn for PTC issued under used car loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Rated Amount (Rs. Crore)	Previous Rated Amount (Rs. crore)	Current outstanding Amount (Rs. crore)	Rating Action
CredAvenue Everett 07 2021	PTC Series A1	13.62	0.67	0.00	[ICRA]A+(SO); Withdrawn

*Instrument details are provided in Annexure I

Rationale

ICRA has withdrawn the rating for pass through certificates (PTCs) Series A1 issued under a used car loan receivables transaction originated by Cars24 Financial Services Private Limited (CFSPL), as tabulated above. All the payouts to the investors in the above-mentioned instrument have been made and no further payments are due to the investors.

The key rating drivers, liquidity position and rating sensitivities have not been captured as the rating assigned to the instruments have been withdrawn. The previous detailed rating rationale of surveillance exercise is available at this [link](#).

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	ICRA's Policy on Withdrawal of Credit Rating
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the originator

Incorporated in September 2018, CFSPL 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 (CSPL). The company's 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 CSPL. This is primarily a revolving line of credit extended to used car dealers. Currently, CFSPL caters to ~1,400 used car dealers empanelled with CSPL. The DBL product is further classified into Unnati regular and Unnati plus. Under the DRL segment, CFSPL provides loans to retail customers primarily for purchasing used cars. CFSPL started as a captive financing unit of its parent (CSPL), however, currently 75% of its origination is through the leads generated by CSPL's online marketplace and balance 25% is through the other channels (dealer partners). The company provides financing for the purchase of used cars to its customers.

Key financial indicators

CFSP	FY2022	FY2023	9M FY2024*
	IGAAP	IGAAP	IndAS
Total income	78.0	163.56	200.17
Profit after tax	(16.6)	1.64	10.11
Assets under management	598	1,317	2,048
Gross non-performing assets (NPA)#	0.5%	0.8%	1.1%
CRAR	65.2%	90.9%	81.3%

Source: Company data, ICRA Research; Amount in Rs. crore; *Provisional financials; # Based on 90+ delinquency numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Trust Name	Instrument	Current Rating (FY2024)			Chronology of Rating History for the Past 3 Years					
		Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date and Rating		Date and Rating in FY2023	Date and Rating in FY2022		Date and Rating in FY2021	
				Mar 14, 2024	Oct 30, 2023		Oct 20, 2021^	Aug 09, 2021*		Aug 07, 2020
CredAvenue Everett 07 2021	PTC Series A1	13.62	0.00	[ICRA] A+(SO); withdrawn	[ICRA] A+(SO)	[ICRA] A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	

* Initial rating assigned

^ Final rating assigned

Complexity level of the rated instrument

Sr. No.	Trust Name	Instrument	Complexity Indicator
1	CredAvenue Everett 07 2021	PTC Series A1	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 analyzing 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, is available on ICRA's website: www.icra.in

Annexure I: Instrument details

Trust Name	Instrument	Date of Issuance / Sanction	Coupon Rate	Maturity Date*	Amount Rated (Rs. Crore)	Current Rating
CredAvenue Everett 07 2021	PTC Series A1	July 2021	11.40%	January 2026	0.00	[ICRA]A+(SO); Withdrawn

Source: Company; *Scheduled maturity at transaction initiation; may change on account of prepayments in the underlying pool

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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