



ABS Pools Rated by ICRA

June 2022

Report on Performance until March 2022

Structured Finance Ratings

Abhishek Dafria
Vice President
91 22 6114 3440
abhishek.dafria@icraindia.com

Sachin Joglekar
Assistant Vice President
91 22 6114 3470
sachin.joglekar@icraindia.com

Gaurav Mashalkar
Assistant Vice President
91 22 6114 3431
gaurav.mashalkar@icraindia.com

Shruti Jain
Associate Analyst
91 22 6114 3472
shruti.jain@icraindia.com

Vishal Oza
Associate Analyst
91 22 6114 3465
vishal.oza@icraindia.com

ICRA RESEARCH SERVICES

Executive Summary

This report provides a pool-wise summary of the performance of all ICRA-rated ABS transactions that were live between November 2021 and April 2022¹. In total, the performance of 213 transactions across 49 originators covering a wide variety of asset classes like commercial vehicle (CV), auto (Car), construction equipment (CE), tractor, two-wheeler, Micro Small & Medium Enterprise (MSME), machinery loans, loan against gold and micro loans are discussed.

For each transaction, the key performance parameters, including cumulative collection efficiency, static and dynamic delinquency profile, prepayment rate and credit enhancement utilisation are covered. The report also contains details of rating actions taken by ICRA (new ratings assigned, ratings upgraded, ratings downgraded, and ratings reaffirmed) between November 1, 2021 and April 30, 2022.

ICRA has also analysed asset class-wise performance for its rated pools covering asset classes like CV loans, micro loans and MSME loans. The analysis focuses on key parameters like cumulative collection, monthly collection and quarterly collection trends. Delinquency trends and credit enhancement utilisation trends have also been captured as a part of the analysis.

The key takeaways from the analysis are presented below:

Commercial vehicles

- In the first few months of the pandemic, cumulative collection efficiency dropped for live pools due to the impact of the moratorium on loan repayment provided for the period from March 2020 to August 2020. The impact was more profound in the newer pools originated in CY2020 as the impact of the pandemic caused the disruption in these pools in the first few months itself.
- In September 2020, as the originators reverted to the original billing schedules, collection efficiency percentages were lower than 90%. This was because though billing increased, there was no commensurate increase in collections. However, throughout H2 FY2021, collections improved sequentially and reached pre-Covid levels by January 2021.
- The collections again declined in April and May 2021 due to the second wave. However, the fall in collection numbers was lesser as the lockdowns during the current fiscal were less severe and more localised. As the restrictions eased, borrowers restarted their operations and started making payments.
- From September 2020, lenders started witnessing a spike in the delinquency and the impact in the 90+ bucket was seen in December 2020. However, the delinquencies again reduced by end-FY2021 due to improved collections. Similarly, during the second wave, 90+ delinquencies started increasing in Q2 FY2022 but subsequently stabilised and are expected to remain stable unless there are further Covid waves.

Micro Loan Pools

- The MFI asset class was most impacted in Q1 FY2021 when collection efficiencies were close to nil in most of the transactions. However, as lockdown gradually lifted across the country, the microfinance entities were able to restart their collection activities. Collections reached close to 100% by the end of FY2021. The borrowers were,

¹ The current report provides updates till Mar-22 collection month. For summary of collection trends post Sep-21, please refer to ICRA's note at this [Link](#)

however, impacted during the second wave. An encouraging bounce back in collections was seen in Q2 FY2022 and collections have hovered close to 100% since then.

- An increase in delinquencies was witnessed in the harder bucket in December 2020 with 90+ dpd at ~3.5% for ICRA-rated pools. With improved collections during Q4 FY2021, the 90+dpd moderated to ~2.5% as on end-March 2021. With collections returning to pre-Covid levels, delinquencies have declined.

Small Business Loan Pools

- MSME pools, like other asset classes, witnessed a decline in collections in months post the moratorium in FY2021 and again in the second wave, albeit the decline was less intense. In the period between these two, i.e. Q4 FY2021, collections had reached pre-Covid levels. Again, post the second wave, collections improved from Q2 FY2022 and have remained at 95% -~100% since then.

The report also provides a comprehensive User Guide enlisting key terms and metrics used by ICRA for rating and monitoring the performance of ABS transactions. The section titled - Key Performance Indicators of ABS Transactions - features a discussion on the various important indicators monitored by ICRA.

In all, ICRA has rated more than 1,192 Asset-Backed Securitisation (ABS) transactions till date, with the rated amounts aggregating to around Rs. 1,68,200 crore².

² Rs. 1 crore = Rs. 10 million = Rs. 100 lakh

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Pool-wise performance of all live ICRA-rated ABS transactions

- 207 transactions across 45 originators, live between October 2021 and September 2022
- Asset classes, including commercial vehicles (CV), auto (Car), construction equipment (CE), tractor, two-wheelers, SMEs, MSMEs, machinery loans, loan against gold and micro loans
- For each transaction, all key performance parameters, including cumulative collection efficiency, static and dynamic delinquency profile, prepayment rate and credit enhancement utilisation, covered (sample format annexed)

in addition to ...

- A list of rating actions (new ratings assigned/ rating upgrades/ rating downgrades and rating reaffirmations) taken by ICRA between November 1, 2021 and April 30, 2022 are also summarised.
- A comprehensive User Guide enlisting key terms/metrics used by ICRA for the rating and monitoring performance of ABS transactions, with a brief description of how these metrics are computed and should be interpreted by the users of this report

Summary analysis - Commercial Vehicle Loan Pools

- Analysis of the key performance indicators pertaining to all ICRA-rated CV loan pools that were securitised in the calendar year CY2012 – CY2021; pools grouped into various annual cohorts (based on the year in which these pools were securitised). analysis covers -
 - Median cumulative collection, monthly collection, delinquency and prepayment, discussion on trends seen in recent months and seasonal pattern in collections
 - Median credit enhancement utilisation and cash collateral utilisation, peak cash collateral utilisation analysis, analysis of credit enhancement cover (ratio of total credit enhancement to the principal outstanding against 90+ dpd contracts) and analysis of break-even collection efficiency

Summary analysis - Micro Loan Pools

- Analysis of key performance indicators pertaining to micro loan pools securitised since January 2011 and whose commencement date³ was prior to March 2022; pools grouped into various annual cohorts (based on the year in which these pools were securitised). Analysis covers -
 - Average cumulative and monthly collection and delinquency trends in micro loan transactions
 - Analysis of cash collateral build up vis- a-vis senior PTC amortisation in these pools
 - Rating transition for different instruments (based on seniority)
 - Prepayment trends in these pools

Summary analysis – Small Business Loan Pools

- Analysis of the key performance indicators pertaining to small business loan pools that were securitised during the period CY2012 - CY2021. For this analysis, ICRA has clubbed these pools together. This analysis covers the following:
 - Delinquency trends across pools
 - Month-on-month collection efficiencies from September 2020 to September 2021

³ Commencement Date- The date from which the pool receivables have been transferred

Sample Report Format

Originator Name : XYZ Limited.

Issue Name : [(Originator) (Asset Class) D.A. (MMM-YY)] / (Name of SPV)

Trustee / Purchaser Representative: ABC Trust Ltd.

Commencement Month: MMM YY

Asset Composition

Asset Class

Asset Share

Initial Pool Details

Transaction Structure	Purchaser Payouts Principal (Rs. Cr.)
Staggering	Pool Principal (Rs. Cr.)
Credit Enh. (% of Purchaser Payouts)	Pool Cashflow (Rs. Cr.)
Cash Collateral	No of Contracts
Excess Interest Spread	Tenure (months)
Subordination	Average Loan To Value

Pool Performance till: Month Year

Months Post- Securitisation	Prepayment Analysis
Cumulative Collection Efficiency	Avg. Monthly Prepayment Rate
Cumulative Collection / Cumulative Purchaser Payouts	Cumulative Prepayment
Cumulative Credit Enhancement Utilisation	Loss cum Delinquency
Cumulative Cash Collateral Utilisation	90+ dpd (% of Initial Pool Size)
	180+dpd (% of Initial Pool Size)

Details of Remaining Pool

Purchaser Payouts Principal O/s (Rs. Cr.)	Pool Principal O/s (Rs. Cr.)
Cr. Enh. (% of Purchaser Payouts O/s)	Balance Tenure (months)
Cash Collateral	90+dpd (% of Balance Pool Size)
Excess Interest Spread	180+dpd (%of Balance Pool Size)
Subordination	Break-even Collection Efficiency

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RELATIONSHIP CONTACT

Jayanta Chatterjee

+91 22 6114 3406

jayantac@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

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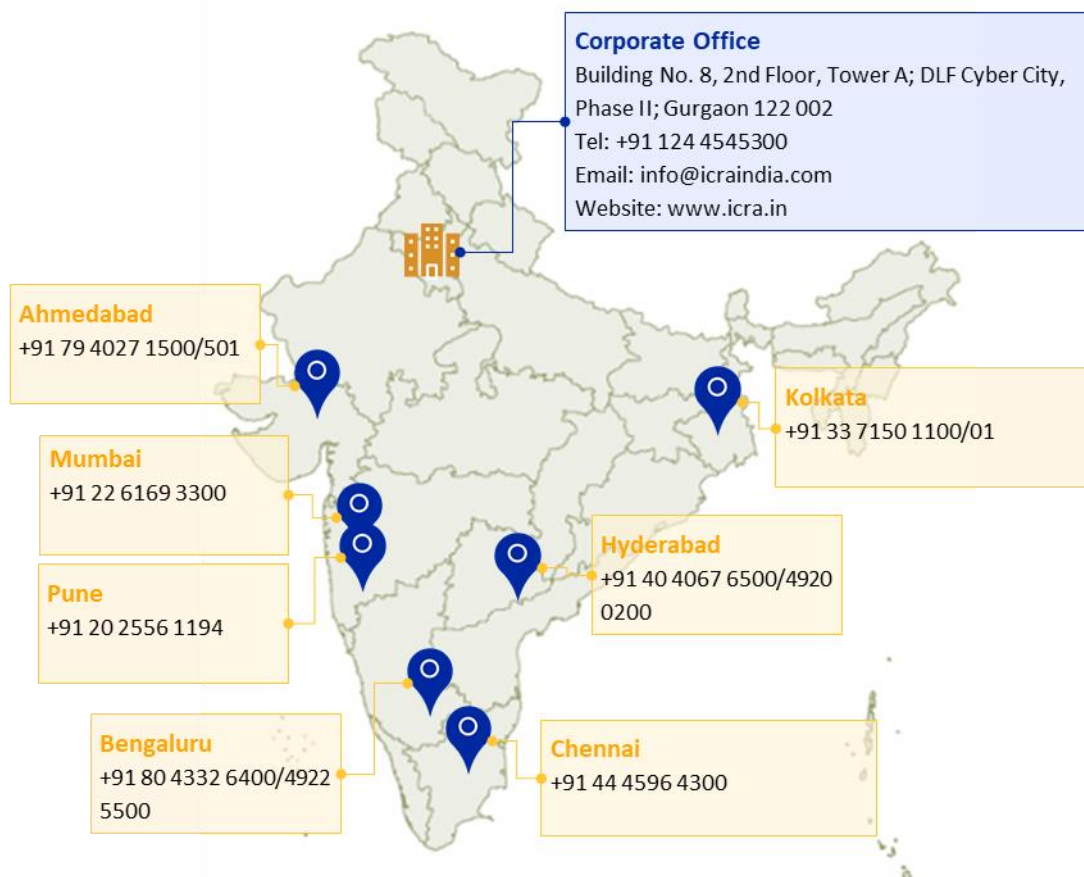


Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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