

Executive Summary

This report provides a pool-wise summary of the performance of all ICRA-rated Asset-Backed Securitisation (ABS) transactions that were live between April 2021 and September 2021.¹ In total, the performance of 192 transactions across 54 originators covering a wide range of asset classes, such as commercial vehicles (CV), auto (car), construction equipment (CE), tractors, two-wheelers, micro small & medium enterprises (MSME), machinery loans, loans against gold and micro loans, is given.

For each transaction, key performance parameters, including cumulative collection efficiency, static and dynamic delinquency profile, prepayment rate and credit enhancement utilisation, are covered. The report also contains the details of rating actions taken by ICRA (new ratings assigned, ratings upgraded, ratings downgraded, and ratings reaffirmed) between June 1, 2021 and October 31, 2021.

ICRA has also analysed asset class-wise performance of its rated pools covering asset classes such as 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, the 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 is more profound in newer pools originated in CY2020 as the impact of the pandemic caused 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 was increased, there wasn't a 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 onset of the second wave. However, the fall in collection numbers was much 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. Even the collection teams of lenders focussed on collecting overdues which pushed the collection efficiencies to more than 100% since June 2021.
- Delinquencies remained stable during March to August 2020 as per the Reserve Bank of India's (RBI) guidelines, which provided a moratorium to the borrowers. From September 2020, the lenders started witnessing a spike in the delinquency and impact in the 90+ bucket was seen in December 2020. However, the delinquencies again

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

reduced by the end of FY2021 due to improved collections. Similarly, during the second wave, 90+ delinquencies started increasing in Q2 FY2022 but subsequently stabilised and are expected to gradually reduce.

- Utilisation of cash collateral (CC) was seen in some pools from the October 2020 payout, post the end of the moratorium. With an uptick in collection efficiencies in Q4 FY2021, most of the transactions witnessed complete CC replenishment. The second wave again saw a dip in CC in some transactions; however, the drawals were lower compared with Q3 FY2021.

Micro Loan Pools

- MFI asset class was most impacted in April 2020 as collection efficiencies were close to nil in most of the transactions. However, as the lockdown was gradually lifted across parts of 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 again impacted during the second wave. An encouraging sign has been the bounce back in collections in Q2 FY2022.
- 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 in Q4 FY2021, the 90+dpd moderated to ~2.5% as of March-end 2021. As of September 2021, the 90+ dpd reduced further to ~1.2%.

Small Business Loan Pools

- As in the case of other asset classes, pools in the MSME segment declined in the first couple of months of FY2021. This was followed by an improvement from June 2020. After the end of the moratorium period in Q3 FY2021, the collections for ICRA-rated MSME pools declined. With the resumption of economic activities, collections hit 100% in March 2021. A similar pattern was repeated in FY2022 during the second wave when collections fell in April and May 2021 but were close to 100% in September 2021.

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 1,134 ABS² transactions till date, with the rated amounts aggregating to around Rs. 1,63,555 crore³.

² For the purpose of this report, "ABS" includes bilateral assignment of pool of non-mortgage retail loans, on a rated basis

³ Rs. 1 crore = Rs. 10 million = Rs. 100 lakh

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

- 192 transactions across 54 Originators, live between April 2021 and September 2021
- 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)

As well as...

- List of rating actions (new ratings assigned/ rating upgrades/ rating downgrades and rating reaffirmations) taken by ICRA between June 1, 2021 and October 31, 2021 are also summarised.
- 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 period 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 date⁴ was prior to September 2021; 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 in 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

⁴ 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)

Asset Composition

Trustee / Purchaser Representative: ABC Trust Ltd.

Asset Class

Commencement Month: MMM YY

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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