



ABS Pools Rated by ICRA

June 2025

Report on Performance until March 2025

Structured Finance Ratings

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ICRA RESEARCH SERVICES

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Executive Summary

This report provides a pool-wise summary of the performance of all ICRA-rated Assets Backed Security (ABS) transactions that were live between November 2024 and April 2025. In total, the performance of 300 transactions across 52 originators covering a wide variety of asset classes like commercial vehicles (CVs), autos (cars), construction equipment (CE), tractors, two-wheelers, micro small and medium enterprises (MSMEs), machinery loans, loans against gold and micro loans are discussed in the report.

For each transaction, the key performance parameters, including cumulative collection efficiency, static and dynamic delinquency profile, prepayment rate and credit enhancement utilisation are assessed. The report also contains details of ICRA's rating actions (new ratings assigned, ratings upgraded, downgraded, and reaffirmed) between November 1, 2024 and April 30, 2025.

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.

The key takeaways from the analysis are presented below:

Commercial vehicles

ICRA-rated pools have demonstrated strong performance with the cumulative collection efficiency above 95% for the tenure of the loans. Instances of dip in the collection efficiency have been very low and primarily on account of the seasonal nature of the borrowers' income generation activities. Although this segment was impacted during the 2.5 years of lockdown led by the pandemic during March 2020–January 2022, it was one of the quickest to recover from the impact. Furthermore, ICRA-rated transactions are supported by credit enhancements, which are inherent in the structure covering investor payouts from interim liquidity disruptions and end of tenure principal shortfall to a certain extent, and this coverage increases as the underlying pool and Pass Through Certificate (PTC) amortises over a period of time.

Micro loan pools

The microfinance industry, after an improving performance during FY2023 and FY2024, suffered from over-leveraging issues and regulatory interventions, which led to a slowdown in disbursements in H2 FY2025. This resulted in a substantial YoY contraction by one-third of the securitisation volumes. In addition to the Reserve Bank of India's (RBI) ban on two Micro Finance Institutions (MFIs) from loans disbursements in October 2024 over concerns of exorbitant interest rates charged from borrowers, which was subsequently lifted, the industry was affected by the Government orders regarding loan recoveries in Karnataka and Tamil Nadu.

There has been a dip in the collection efficiencies of Micro Finance (MF) players in H2 FY2025, which continued till April 2025, owing to the asset quality and overleveraging stresses in the industry. In Q2 FY2025, the microfinance industry witnessed lower collection efficiencies and higher delinquencies due to the impact of the heat waves, the General Elections and attrition.

MSME Pools

The MSME pools rated by ICRA are either secured or unsecured. Unsecured pools have a tenure of less than three years while secured pools usually have a longer tenure of up to seven years. However, most ICRA-rated pools have performed better than the portfolio, and given the shorter tenure of unsecured SME pools there tends to be a faster buildup of credit enhancement. Further, most of the transactions have an ultimate principal payment structure with only monthly

interest being promised to investors and, thus investor payouts are expected to be safeguarded from any intermittent dip in collections.

The report also provides a comprehensive user's 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 1,532 ABS¹ transactions till date, with the rated amounts aggregating to Rs. 222,900 crore².

¹ For the purpose of this report, "ABS" includes bilateral assignment of pool of non-mortgage retail loans, on a rated basis

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

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

- 300 transactions across 52 originators, live between November 2024 and April 2025
- 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 -

- A list of rating actions (new ratings assigned/ rating upgrades/ rating downgrades and rating reaffirmations) taken by ICRA between November 1, 2024 and April 30, 2025 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 CY2014 – Q1 CY2025; pools grouped into various annual cohorts (based on the year in which these pools were securitised). Analysis covers -
 - Median cumulative collections, monthly collections, 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 2012 and whose commencement date³ was prior to March 2025; 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 – Q1 CY2025. For this analysis, ICRA has clubbed these pools together. This analysis covers the delinquency trends across pools.

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 Pay-outs)	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	Cumulative Prepayment
Purchaser Payouts	Loss cum Delinquency
Cumulative Credit Enhancement Utilisation	90+ dpd (% of Initial Pool Size)
Cumulative Cash Collateral Utilisation	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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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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.

For more information, visit www.icra.in and www.icraresearch.in

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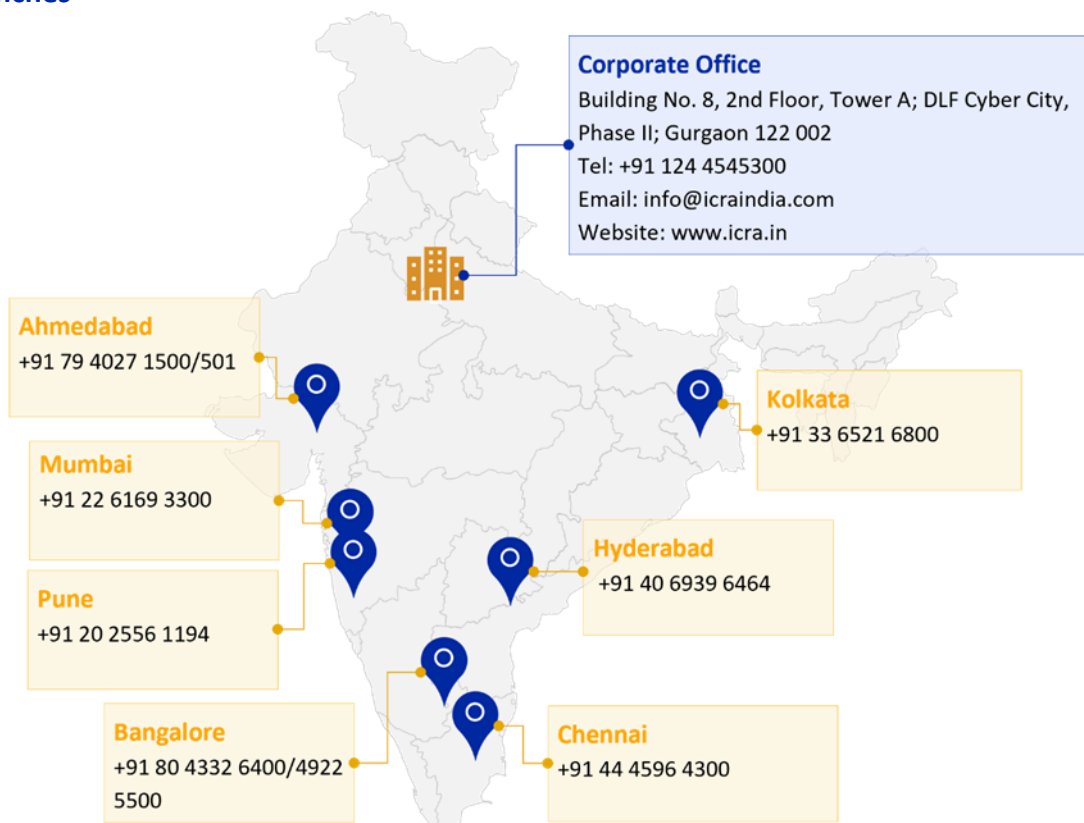


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