MSME PULSE

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sidbi

Mr. Sivasubramanian Ramann
Chairman & MD, SIDBI

Insights on credit demand and supply from this edition of MSME Pulse verify that timely liquidity infusion through the ECLGS has strengthened the MSME sector towards resurgence. Lenders have successfully executed the ECLGS and provided timely support to all the MSME segments. With this infusion, MSMEs can scale business growth rapidly.

Mr. Rajesh Kumar
MD & CEO, TransUnion CIBIL Ltd

The increase in MSME credit demand across segments bodes well for economic resurgence. By catering to this demand astutely, lenders can grow their portfolios while contributing to financial inclusion as well as GDP growth. The resurgence can be strengthened further by facilitating speedier and more seamless triangulation of multiple sources of information for creating an orthogonal view of MSMEs. Fortified information infrastructure that provides an enriched view of MSMEs can build the bedrock required for scaling sustainable and long-term evolution of India's MSME sector.

TRANSUNION CIBIL

Abhay Kelkar
abhay.Kelkar@transunion.com

Vipul Mahajan
vipul.mahajan@transunion.com

Karthik Sundaram
karthik.sundaram@transunion.com

Achin Saharawat
achin.Saharawat@transunion.com

SIDBI

Sanjay Jain
erdav@sidbi.in

Ginsuanmung Hangzo
erdav@sidbi.in

Vandita Srivastava
vanditas@sidbi.in

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Improving the flow of credit to MSMEs is essential to accelerate economic growth. The COVID pandemic and subsequent containment measures impacted MSMEs the most. Interventions by the Government and regulator have enabled MSMEs to cope up with these challenges to a large extent. However a sustainable growth can be achieved only by providing timely credit to resilient MSME borrowers, so that the portfolio of lenders is also protected. This edition of MSME Pulse analyzes the latest trends in demand and supply, evaluates the impact on credit growth and credit performance, and provides insights on loan restructuring.

CREDIT DEMAND, SUPPLY AND CREDIT GROWTH

Demand for MSME loans (measured as number of commercial credit enquiries) has picked up in the last one year and have grown to 1.6 times of pre-pandemic. This can be attributed to improvement in broader economic activity after the second wave of pandemic. Further, extension of ECLGS scheme, availability of enriched credit data and higher adoption towards digital lending has enabled more MSMEs to access credit. MSME credit disbursements have doubled compared to pre-pandemic across segments, indicating that lenders are in a position to support the increasing credit demand.

PORTFOLIO PERFORMANCE AND LOAN RESTRUCTURING

Total MSME credit exposure is at ₹23.12 lakh crores as of Mar'22 (FY22-Q4), reflecting YOY growth rate of 6.3%. Total live MSME borrowers stand at ~7 Million as on Mar'22 with YoY growth rate of 6%. The growth in overall MSME borrowers has moderated as lenders are focusing on extending credit to existing borrowers.

Overall MSME NPA is 12.8% as on Mar'22 (FY22-Q4). NPAs in MSME segment have been in an uptrend since Mar'21 (FY21-Q4). Till FY20-Q3, Micro segment had a lower NPA rate than Small segment. However, this trend has now flipped indicating that COVID has impacted Micro segment the most.
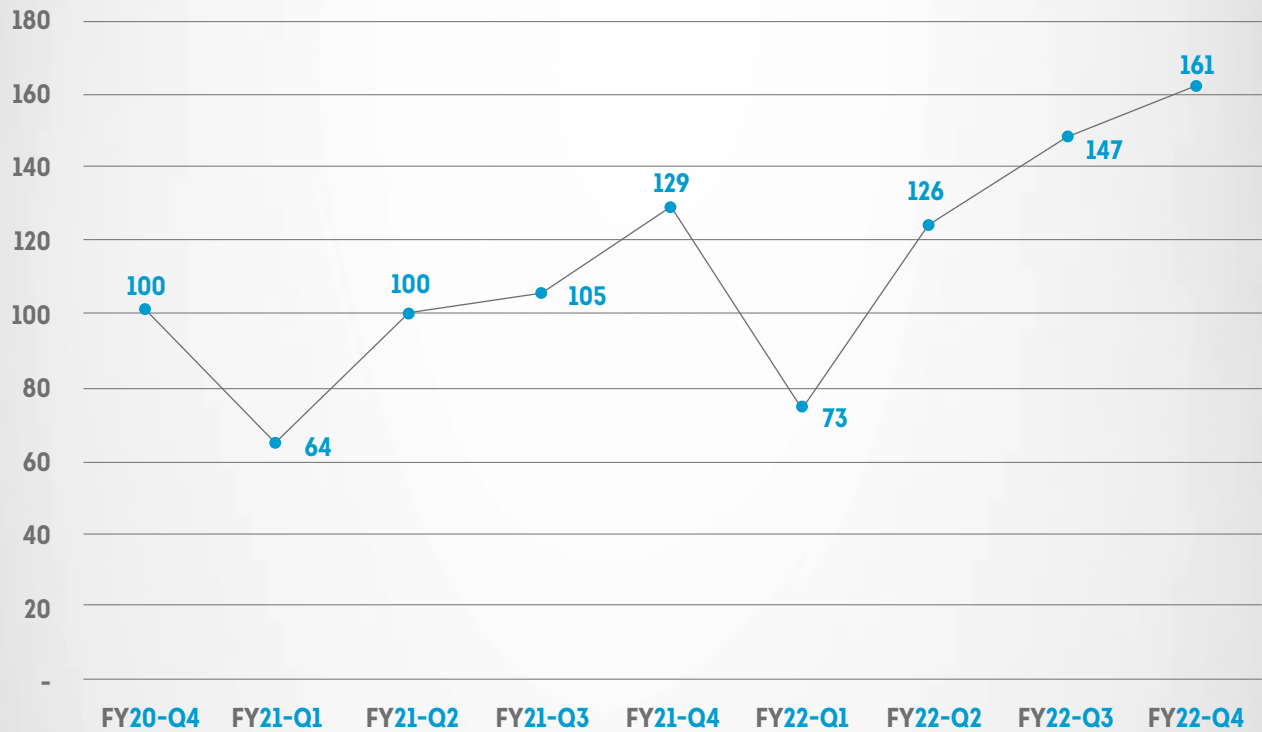
As of Mar'22, 2.7 lakh MSME accounts with a balance of INR 0.35 lakh crore have been restructured. This constitutes around 2.3% of the total live accounts and 1.5% of MSME outstanding as of Mar'22. The proportion of restructured MSME loans rank orders with the CMR (CIBIL MSME Rank) i.e. highest proportion of restructured loans belong to high risk (CMR-7 to CMR-10) segment followed by medium risk (CMR-4 to CMR-6) and lowest share in low risk (CMR-1 to CMR-3). This shows a prudent approach to support MSMEs which are most vulnerable and are in highest need of credit restructuring.

CREDIT DEMAND

Trends in indexed volume of commercial credit enquiries shows that credit demand for commercial lending has been progressive after the second wave. Current credit demand is about 1.6x times of the Pre-COVID phase. Commercial credit inquiries have picked up in the last one year owing to recovery in economic and business activity.

Indexed Commercial Credit Inquiry Volumes

	FY20-Q4	FY21-Q1	FY21-Q2	FY21-Q3	FY21-Q4	FY22-Q1	FY22-Q2	FY22-Q3	FY22-Q4
Value	100	64	100	105	129	73	126	147	161

CREDIT DEMAND BY LENDER TYPE

Credit demand is 1.6X and 1.7X of pre-COVID phase for PSU and PVT banks respectively. NBFCs seem to be on the recovery path after second wave in FY22-Q1. ECLG Scheme, availability of enriched credit data and higher adoption towards digital lending has enabled sustained increase in credit demand.
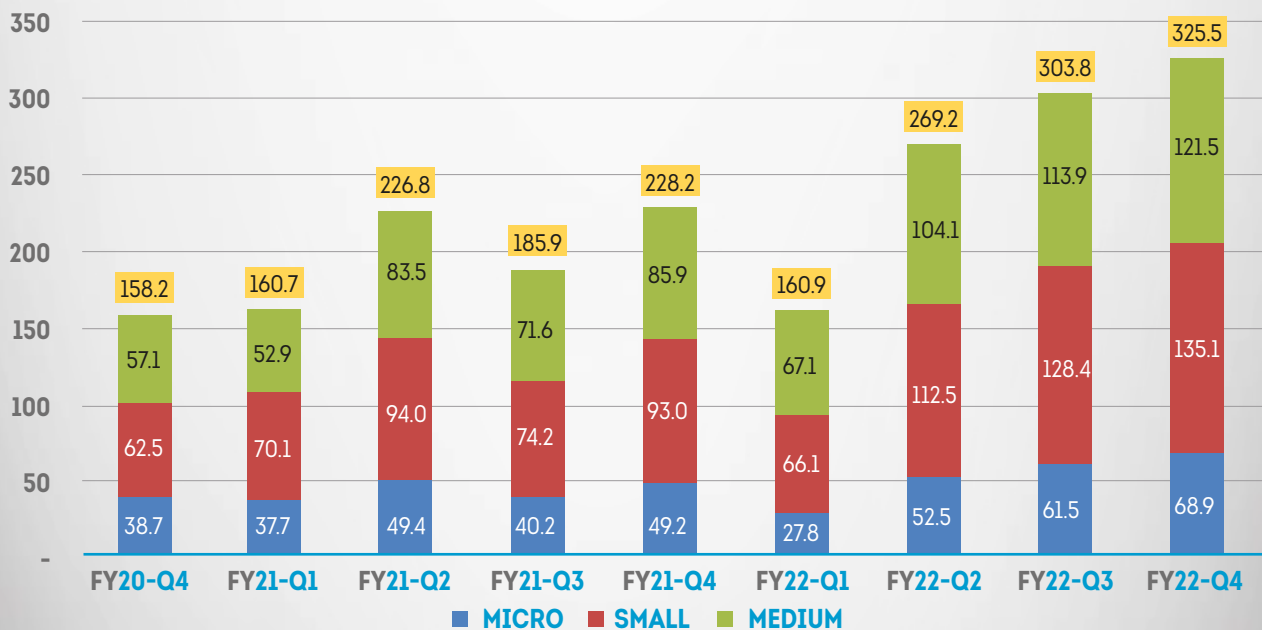
Indexed Commercial Credit by Lender Type

Legend: PSU, PVT, NBFC

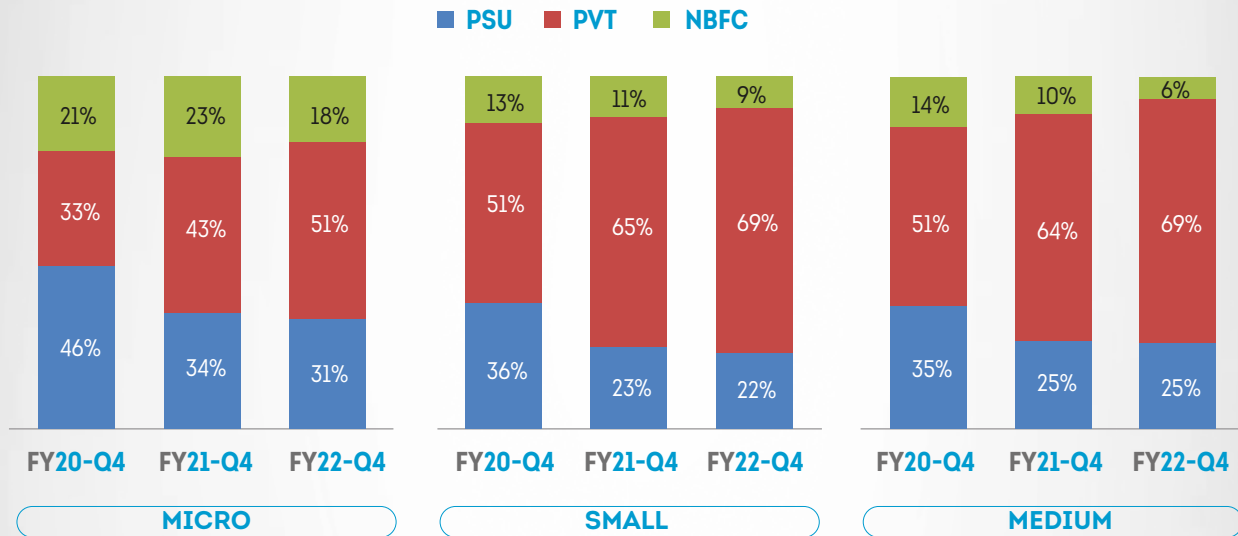|	FY20-Q4	FY21-Q1	FY21-Q2	FY21-Q3	FY21-Q4	FY22-Q1	FY22-Q2	FY22-Q3	FY22-Q4
PSU	100	96	100	99	127	60	114	148	160
PVT	100	47	106	119	141	93	144	156	169
NBFC	100	27	83	83	102	53	107	116	141
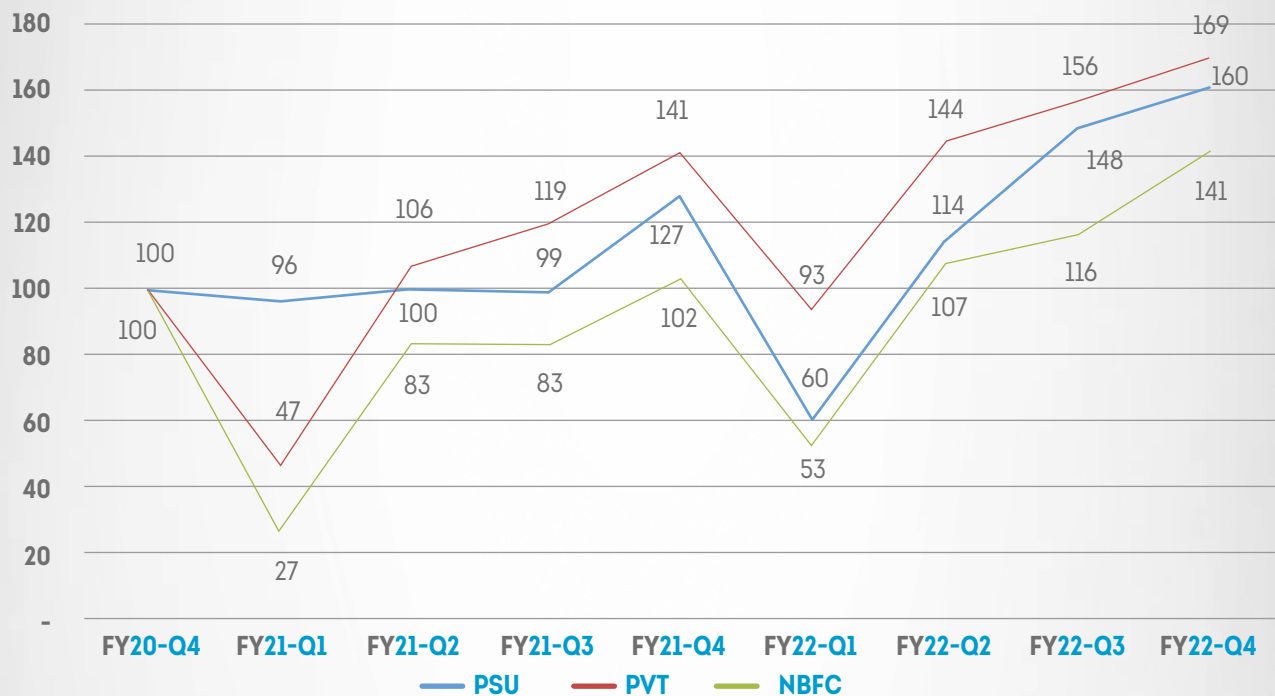
CREDIT SUPPLY

Total disbursements in MSME have increased YoY by ~43% in FY22-Q4. Compared to Pre-COVID phase (FY20-Q4), MSMEs disbursements for all three segments have almost doubled in the FY22-Q4. Total disbursements have been to the tune of ₹8 Lakh Crore in FY21 & ₹10.6 Lakh Crore in FY22. Disbursements in micro, small and medium segment increased YoY by 19%, 33% and 38% respectively from FY21 to FY22

MSME Disbursement Amounts (In ₹ Thousand Crore)

	FY20-Q4	FY21-Q1	FY21-Q2	FY21-Q3	FY21-Q4	FY22-Q1	FY22-Q2	FY22-Q3	FY22-Q4
MICRO	38.7	37.7	49.4	40.2	49.2	27.8	52.5	61.5	68.9
SMALL	62.5	70.1	94.0	74.2	93.0	66.1	112.5	128.4	135.1
MEDIUM	57.1	52.9	83.5	71.6	85.9	67.1	104.1	113.9	121.5
Total	158.2	160.7	226.8	185.9	228.2	160.9	269.2	303.8	325.5

Disbursements by PSU and PVT banks have increased YoY by 5% and 14% while those for NBFCs declined YoY by -16% in FY22-Q4. The market share of Private Banks in total disbursements has increased across segments.
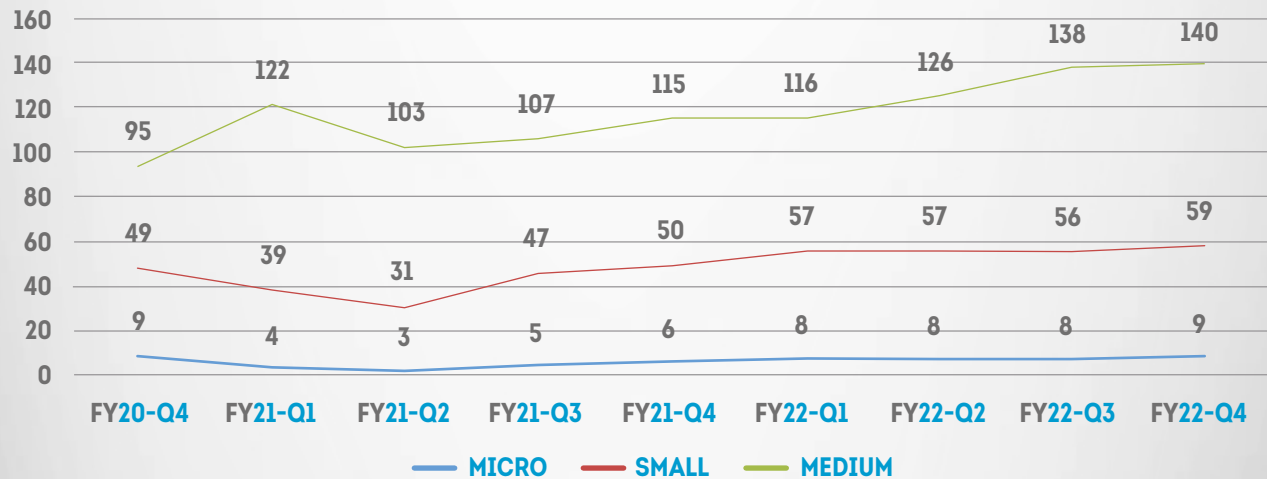
Proportionate Share of Origination Balance by Lenders across Borrower type

PSU   **PVT**   **NBFC**

MICRO

	FY20-Q4	FY21-Q4	FY22-Q4
NBFC	21%	23%	18%
PVT	33%	43%	51%
PSU	46%	34%	31%

SMALL

	FY20-Q4	FY21-Q4	FY22-Q4
NBFC	13%	11%	9%
PVT	51%	65%	69%
PSU	36%	23%	22%

MEDIUM

	FY20-Q4	FY21-Q4	FY22-Q4
NBFC	14%	10%	6%
PVT	51%	64%	69%
PSU	35%	25%	25%

AVERAGE LOAN SIZE BY MSME SEGMENT

Average loan size has improved across all segments in the last one year. This could be attributed to higher need for credit, drop in interest rates to support higher fixed obligations, and increased risk appetite of PVT Banks especially in the small and medium segments.

Average Loan Size (in lakhs) by MSME Segment

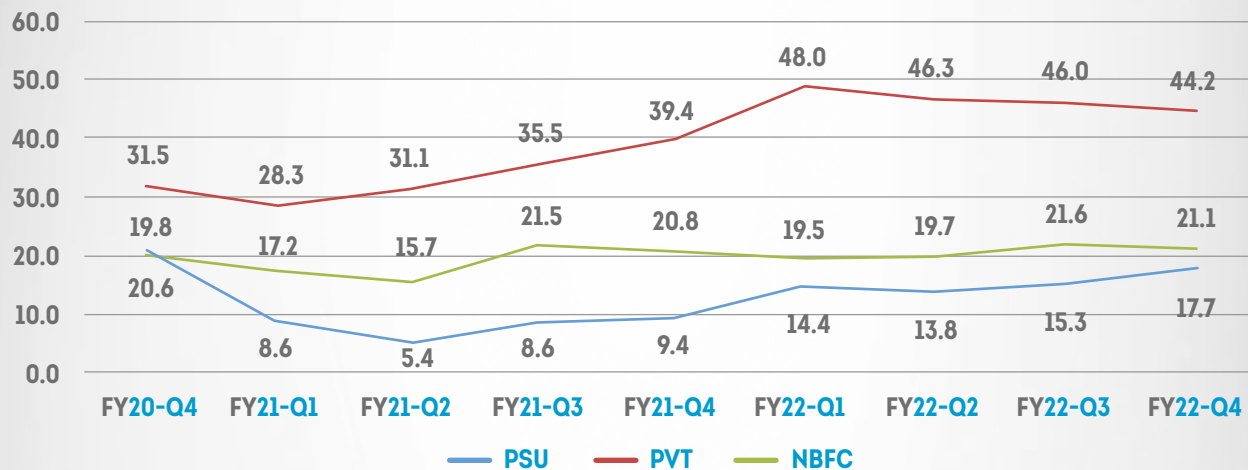|	FY20-Q4	FY21-Q1	FY21-Q2	FY21-Q3	FY21-Q4	FY22-Q1	FY22-Q2	FY22-Q3	FY22-Q4
MEDIUM	95	122	103	107	115	116	126	138	140
SMALL	49	39	31	47	50	57	57	56	59
MICRO	9	4	3	5	6	8	8	8	9

— MICRO   — SMALL   — MEDIUM

AVERAGE LOAN SIZE BY LENDER TYPE

Average loan size for Private Banks has been elevated after COVID, while PSU banks and NBFCs are at par pre-COVID phase.
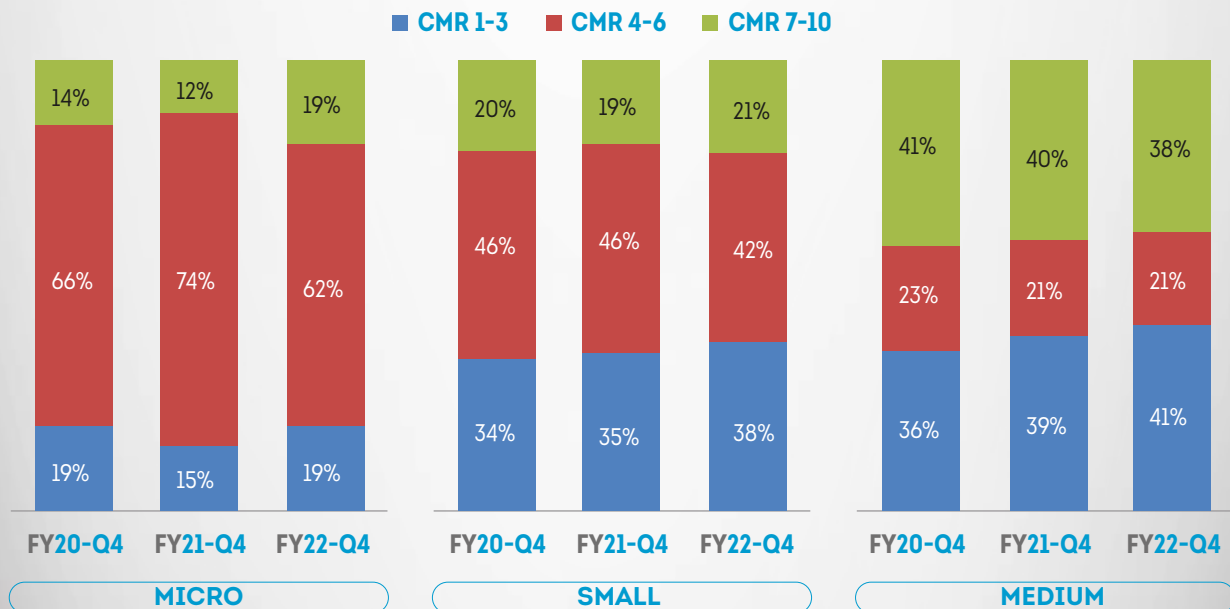
Average Loan Size (in lakhs) by Lender Type

	FY20-Q4	FY21-Q1	FY21-Q2	FY21-Q3	FY21-Q4	FY22-Q1	FY22-Q2	FY22-Q3	FY22-Q4
PVT	31.5	28.3	31.1	35.5	39.4	48.0	46.3	46.0	44.2
NBFC	19.8	17.2	15.7	21.5	20.8	19.5	19.7	21.6	21.1
PSU	20.6	8.6	5.4	8.6	9.4	14.4	13.8	15.3	17.7

Legend: PSU — PVT — NBFC

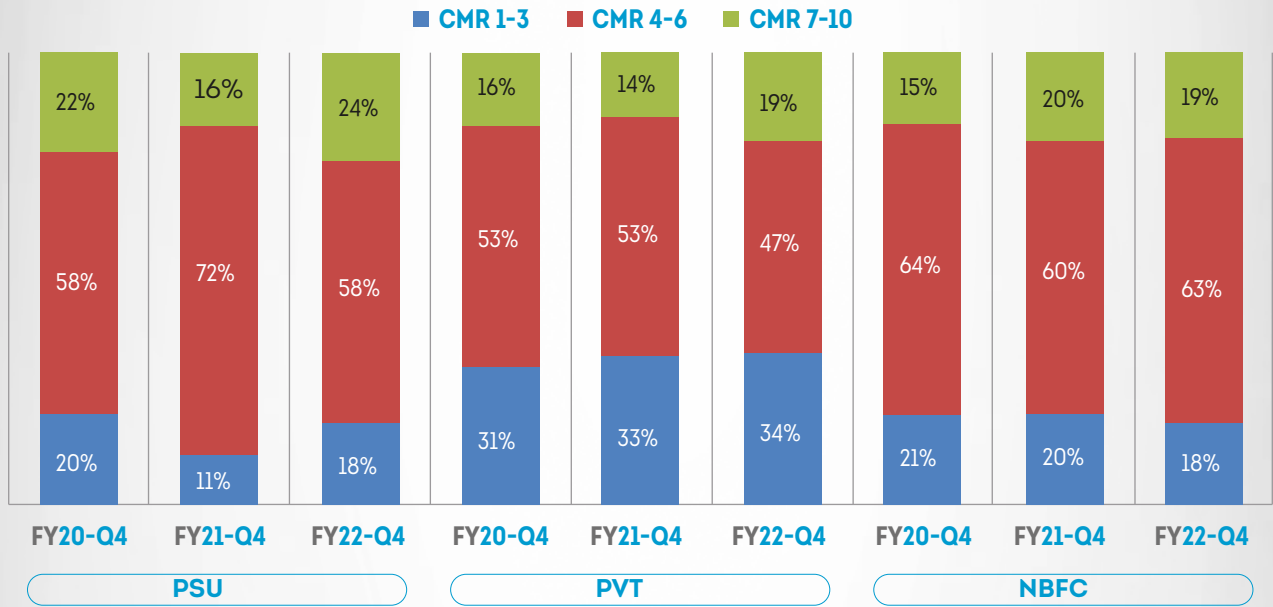# ORIGINATIONS DISTRIBUTION OF MSMES BY CMR

The share of originations from high-risk tiers (CMR 7-10) has increased for micro enterprises.

Proportionate Share of Trades by CMR – Industry view

Legend: ■ CMR 1-3 ■ CMR 4-6 ■ CMR 7-10

MICRO

	FY20-Q4	FY21-Q4	FY22-Q4
CMR 7-10	14%	12%	19%
CMR 4-6	66%	74%	62%
CMR 1-3	19%	15%	19%

SMALL

	FY20-Q4	FY21-Q4	FY22-Q4
CMR 7-10	20%	19%	21%
CMR 4-6	46%	46%	42%
CMR 1-3	34%	35%	38%

MEDIUM

	FY20-Q4	FY21-Q4	FY22-Q4
CMR 7-10	41%	40%	38%
CMR 4-6	23%	21%	21%
CMR 1-3	36%	39%	41%

Risk appetite seems to have increased across all the lender categories. Share of originations from high-risk tier has gone up by 2%, 3% and 4% for PSU, PVT and NBFCs respectively between FY20-Q4 and FY22-Q4.
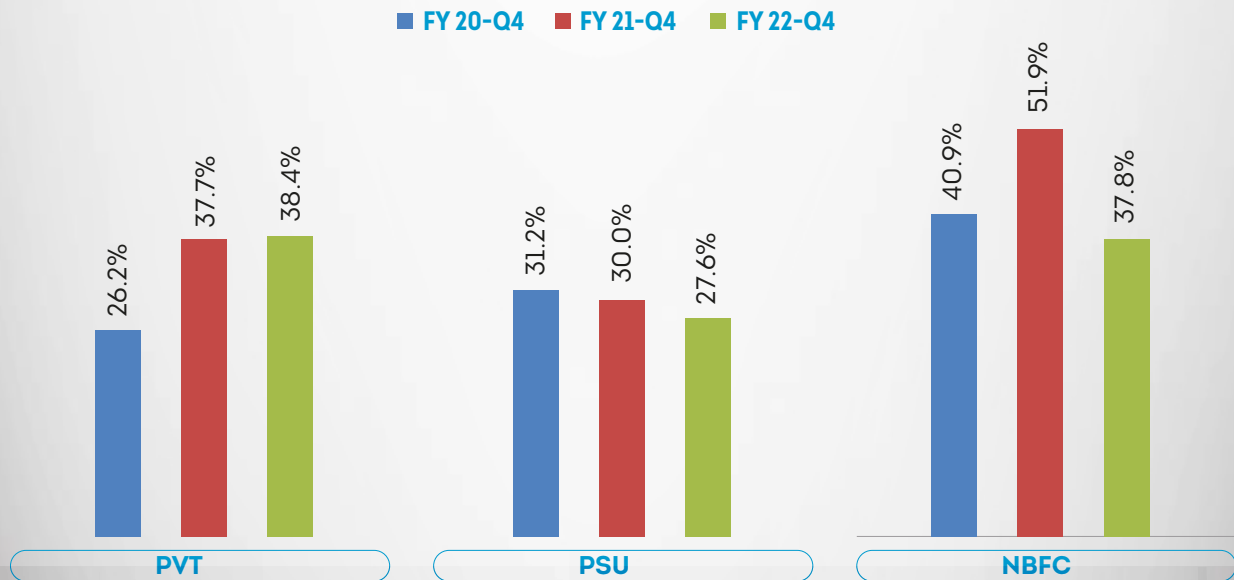
Proportionate Share of Trades by CMR – Lender view

Legend: ■ CMR 1-3 ■ CMR 4-6 ■ CMR 7-10

PSU

	FY20-Q4	FY21-Q4	FY22-Q4
CMR 7-10	22%	16%	24%
CMR 4-6	58%	72%	58%
CMR 1-3	20%	11%	18%

PVT

	FY20-Q4	FY21-Q4	FY22-Q4
CMR 7-10	16%	14%	19%
CMR 4-6	53%	53%	47%
CMR 1-3	31%	33%	34%

NBFC

	FY20-Q4	FY21-Q4	FY22-Q4
CMR 7-10	15%	20%	19%
CMR 4-6	64%	60%	63%
CMR 1-3	21%	20%	18%

APPROVAL RATE

In order to understand the risk appetite of lenders we looked at approval rates for medium risk tier segment. Approval rates have remained largely unchanged in the last one year for PVT Banks. Approval rates have dropped for PSU banks and NBFCs indicating tightening of customer selection criteria.
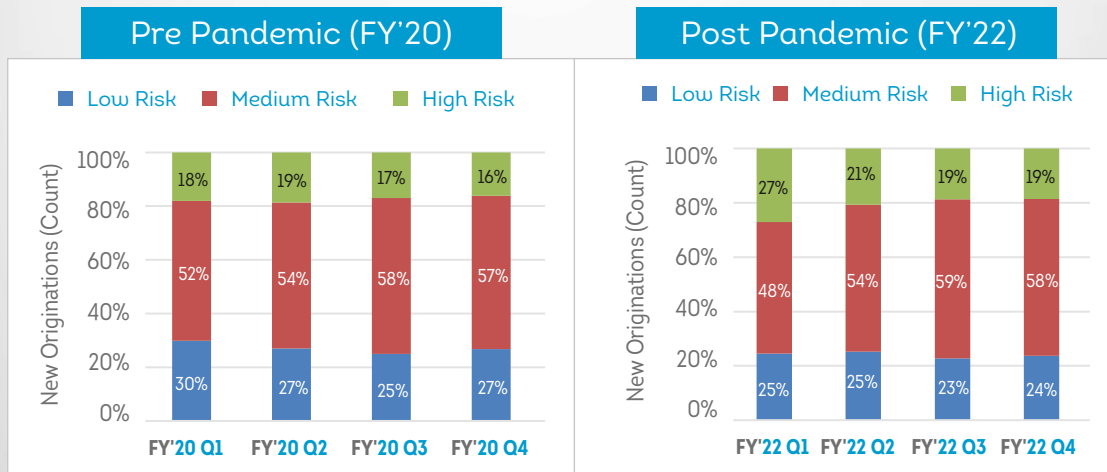
Medium Risk Tier Approval Rate across Lender Type

Legend: ■ FY 20-Q4 ■ FY 21-Q4 ■ FY 22-Q4

	FY 20-Q4	FY 21-Q4	FY 22-Q4
PVT	26.2%	37.7%	38.4%
PSU	31.2%	30.0%	27.6%
NBFC	40.9%	51.9%	37.8%

*Medium Risk Tier: RANK 4, 5, 6

CREDIT CHARACTERISTICS OF ACQUISITIONS

55% of new originations (excluding renewals and GECL Loans) in FY'22 are in the Medium Risk category (CMR-4 to CMR-6) and 24% of the new originations are in Low Risk category (CMR-1 to CMR-3). Comparing this to pre-pandemic (FY'20) – 27% of the new originations were in Low Risk (CMR-1 to CMR-3) and 55% were in Medium Risk (CMR-4 to CMR-6).

New Originations CMR Distribution (Excluding Renewals and GECL)

Pre Pandemic (FY'20)

Legend: Low Risk | Medium Risk | High Risk

New Originations (Count)

	FY'20 Q1	FY'20 Q2	FY'20 Q3	FY'20 Q4
High Risk	18%	19%	17%	16%
Medium Risk	52%	54%	58%	57%
Low Risk	30%	27%	25%	27%

Post Pandemic (FY'22)

Legend: Low Risk | Medium Risk | High Risk

New Originations (Count)

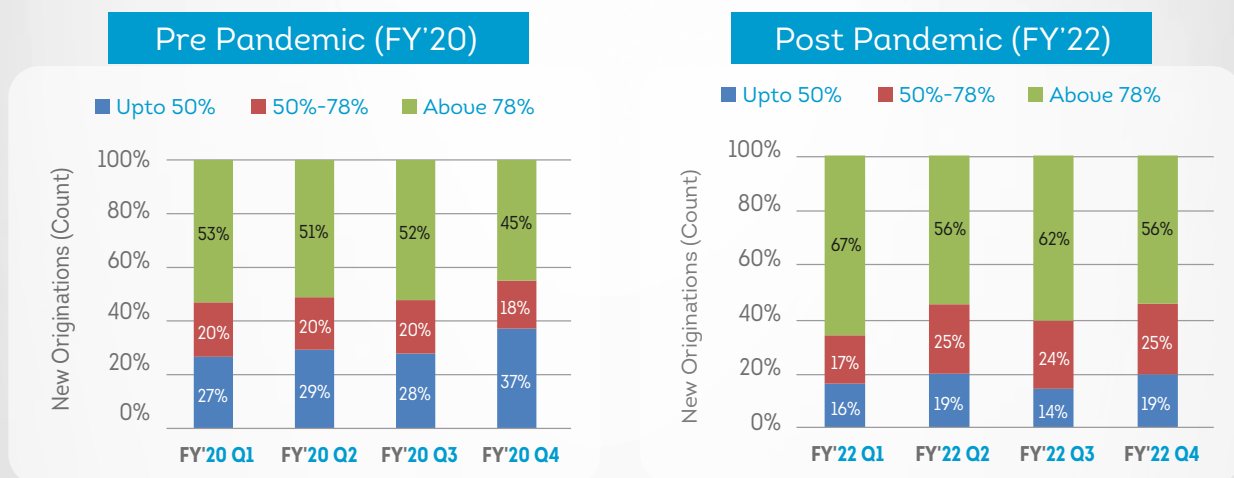|	FY'22 Q1	FY'22 Q2	FY'22 Q3	FY'22 Q4
High Risk	27%	21%	19%	19%
Medium Risk	48%	54%	59%	58%
Low Risk	25%	25%	23%	24%

Even though the percentage of originations in the Medium Risk (CMR-4 to CMR-6) segment are similar across the years, a closer look into the credit characteristics of these originations reveals a variety of insights in terms of key characteristics like Utilization of CC/OD lines, Payment trends and Balance Behavior. To analyze these characteristics, we use CreditVision® algorithms which provide additional trended data insights into the borrower's credit history.

Utilization of Revolving Credit (Cash Credit and Overdraft facilities)

Cash Credit and Overdraft facilities utilization gives insights into the working capital management strategies of MSMEs. CreditVision® Utilization algorithm is a trended algorithm which looks at average CC/OD Utilization over a period of 12 months to remove any effect of seasonality. Three distinct categories of utilization are identified – Utilization above 78% is categorized as High Utilization.

Comparing the average utilization levels of MSMEs originated post pandemic (FY'22) compared to pre-pandemic (FY'20) reveals the increase in utilization levels post pandemic in the CMR 4-6 New Originations compared to pre-pandemic originations. 60% of MSMEs originating new loans in FY'22 were at high Utilization levels (Utilization greater than 78%) compared to 50% in FY'20. There was also a spike in high utilized MSMEs originating new loans during any external shock scenario (COVID Wave 2 – FY'22 Q1).
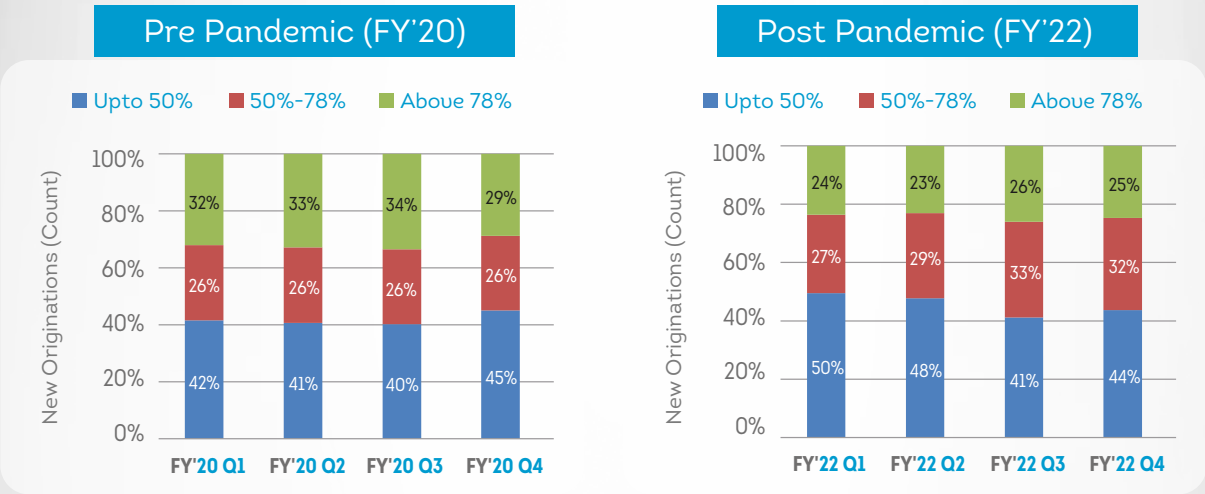
Average Utilizations of New CMR-4 to CMR-6 Originations (excluding Renewals and GECL)

Pre Pandemic (FY'20)

Legend: Upto 50% | 50%-78% | Above 78%

New Originations (Count)

	FY'20 Q1	FY'20 Q2	FY'20 Q3	FY'20 Q4
Above 78%	53%	51%	52%	45%
50%-78%	20%	20%	20%	18%
Upto 50%	27%	29%	28%	37%

Post Pandemic (FY'22)

Legend: Upto 50% | 50%-78% | Above 78%

New Originations (Count)

	FY'22 Q1	FY'22 Q2	FY'22 Q3	FY'22 Q4
Above 78%	67%	56%	62%	56%
50%-78%	17%	25%	24%	25%
Upto 50%	16%	19%	14%	19%

However, comparing the average utilization levels of structurally strong MSMEs (CMR-1 to CMR-3) originating new loans in FY'22 compared to FY'20 reveals that for these MSMEs utilization levels actually went down i.e., the number of MSMEs in higher utilization category was lesser in FY'22 compared to FY'20. Hence Utilization as a trended CreditVision® algorithm when used along with CMR offers rich insights into the borrower's credit.
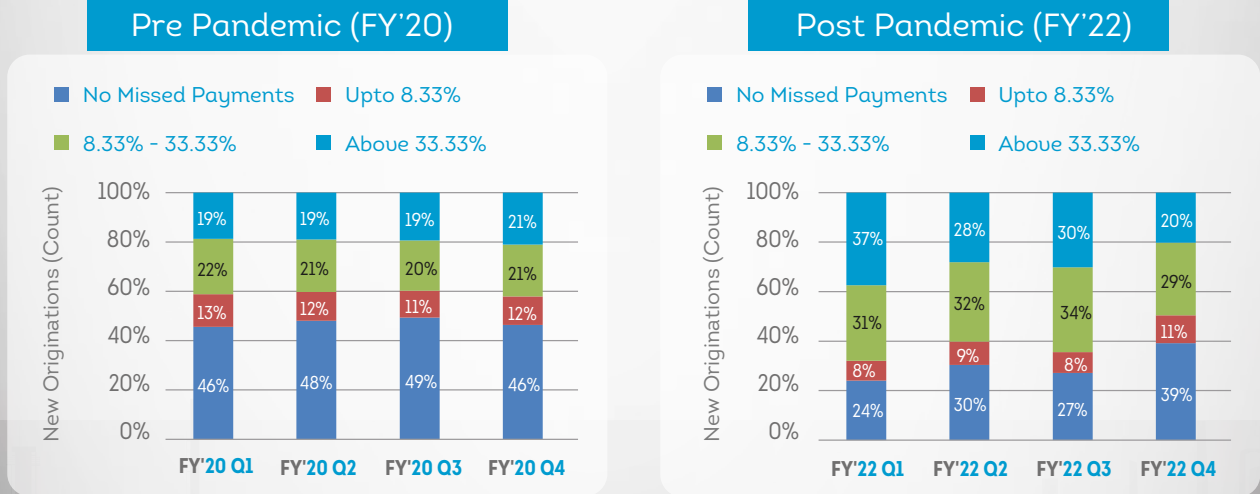
Average Utilizations of New CMR-1 to CMR-3 Originations (Excluding Renewals and GECL)

Pre Pandemic (FY'20)

Legend: ■ Upto 50% ■ 50%-78% ■ Above 78%

New Originations (Count)

	FY'20 Q1	FY'20 Q2	FY'20 Q3	FY'20 Q4
Above 78%	32%	33%	34%	29%
50%-78%	26%	26%	26%	26%
Upto 50%	42%	41%	40%	45%

Post Pandemic (FY'22)

Legend: ■ Upto 50% ■ 50%-78% ■ Above 78%

New Originations (Count)

	FY'22 Q1	FY'22 Q2	FY'22 Q3	FY'22 Q4
Above 78%	24%	23%	26%	25%
50%-78%	27%	29%	33%	32%
Upto 50%	50%	48%	41%	44%

Missed Payments

The trended CreditVision® algorithm Missed Payments calculates the number of payments missed out of the required payments i.e., the number of payments due in the last 12 months. For e.g., if 24 payments were to be made and 4 were missed the missed payment ratio = 4/24 = 16.67%. This enables lenders to separate entities with one-off missed payments from entities who have a consistent track record of missing payments due. Comparing missed payments of CMR-4 to CMR-6 borrowers prior to origination, post pandemic (FY'22) and pre-pandemic (FY'20) reveals that the missed payments trends have significantly increased amongst the medium risk customers and MSMEs with clean payment track record has come down.

## Missed Payments Ratio of New CMR-4 to CMR-6 Originations (excluding Renewals and GECL)

Pre Pandemic (FY'20)

Legend: ■ No Missed Payments ■ Upto 8.33% ■ 8.33% - 33.33% ■ Above 33.33%

New Originations (Count)

	FY'20 Q1	FY'20 Q2	FY'20 Q3	FY'20 Q4
Above 33.33%	19%	19%	19%	21%
8.33% - 33.33%	22%	21%	20%	21%
Upto 8.33%	13%	12%	11%	12%
No Missed Payments	46%	48%	49%	46%

Post Pandemic (FY'22)

Legend: ■ No Missed Payments ■ Upto 8.33% ■ 8.33% - 33.33% ■ Above 33.33%

New Originations (Count)

	FY'22 Q1	FY'22 Q2	FY'22 Q3	FY'22 Q4
Above 33.33%	37%	28%	30%	20%
8.33% - 33.33%	31%	32%	34%	29%
Upto 8.33%	8%	9%	8%	11%
No Missed Payments	24%	30%	27%	39%

Months since most recent delinquency (30+)

The trended CreditVision® algorithm **'Months since most recent delinquency'** enables lenders to identify the recency of delinquency observed. This is a trended algorithm which looks at a 36 months history to identify the last instance of 30+ dpd observed and depending on the recency of delinquency, lenders can identify whether it is a deteriorating credit profile or a recovering credit profile.

Comparing months since last delinquency of CMR-4 to CMR-6 borrowers prior to origination post pandemic (FY'22) and pre-pandemic (FY'20) shows the impact of pandemic in terms of delinquencies as observed by the 7% of MSMEs with a 30+ dpd beyond 12 months in FY'22 (during the pandemic wave 1 period) as against the 3% of MSMEs with a 30+ dpd beyond 12 months in FY'20 Originations. This trended algorithm also shows the recovery of borrowers post pandemic as evidenced by the reduced instances of **'months since 30+ dpd in the last 12 months'** for FY'22 originations as compared to FY'20 originations.

Months since most recent delinquency (30+dpd) of New CMR-4 to CMR-6 Originations (excluding Renewals and GECL)
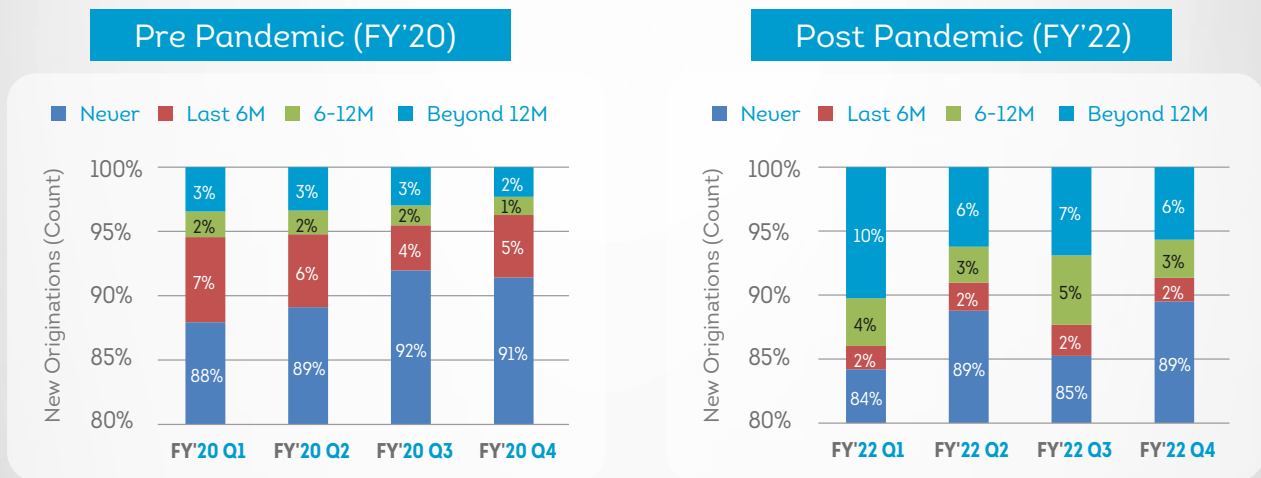
A combination of CIBIL MSME Rank and trended CreditVision® algorithms enables lenders to further identify the riskier profiles within the Medium Risk (CMR 4-6) Segment and price them accordingly. As part of the CreditVision® rollout, pre-computed algorithms are available in the CIBIL Credit Report (CIR) which can provide lenders with these additional trended insights and enable formulating the same as part of the policies.
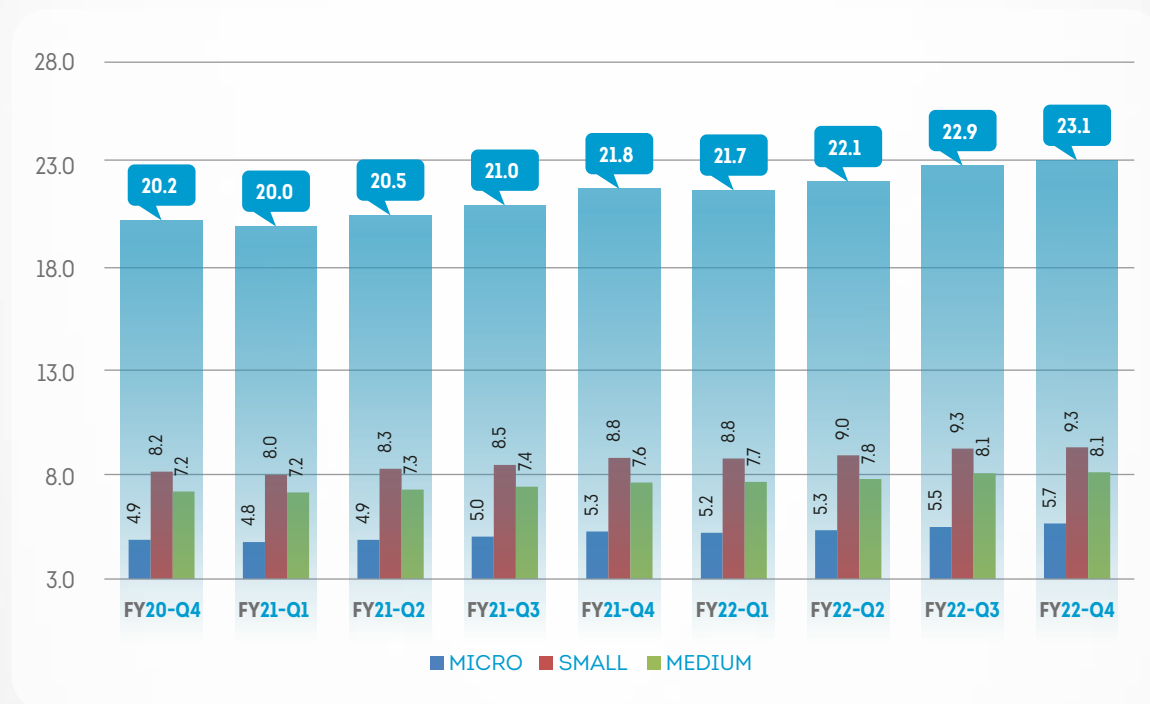
CREDIT GROWTH AND PERFORMANCE

MSME segment's credit exposure is ₹23.12 Lakh Crore as of Mar'22(FY22-Q4), reflecting YOY growth rate of 6.3%. This credit growth is observed across all the sub-segments of MSME lending[1] .

Outstanding balances have increased YoY for:

- PSU : 6% (8.5 to 9.0 Lakh Cr)
- PVT : 13% (8.3 to 9.4 Lakh Cr)
- NBFC : 7% (2.5 to 2.7 Lakh Cr)

MSME Credit Exposure (In ₹ Lakh Crore)

[1]Commercial Loans classified on the basis of credit exposure aggregated at entity level, Very Small: <10L; Micro1: 10L-50L; Micro2: 50L-1Cr; Small: ≥1Cr <10Cr; Medium1: ≥ 10Cr <25Cr; Medium2: ≥ 25Cr <50Cr; Large ≥ 50Cr. Micro segment includes Very Small, Micro1 and Micro2 segments and Medium segment includes Medium1 and Medium2

YoY LIVE MSME BORROWERS DISTRIBUTION

Total live MSME borrowers stand at ~7 Million as on Mar'22 with YoY growth rate of 6%. The growth in overall MSME borrowers has moderated as lenders are focusing on extending credit to existing borrowers.

Live MSME Borrowers as of Mar'22

■ MICRO ■ SMALL ■ MEDIUM

More than 88% of the MSME entities belongs to Micro segment whereas Small and Medium have around 10% and 2% share respectively.
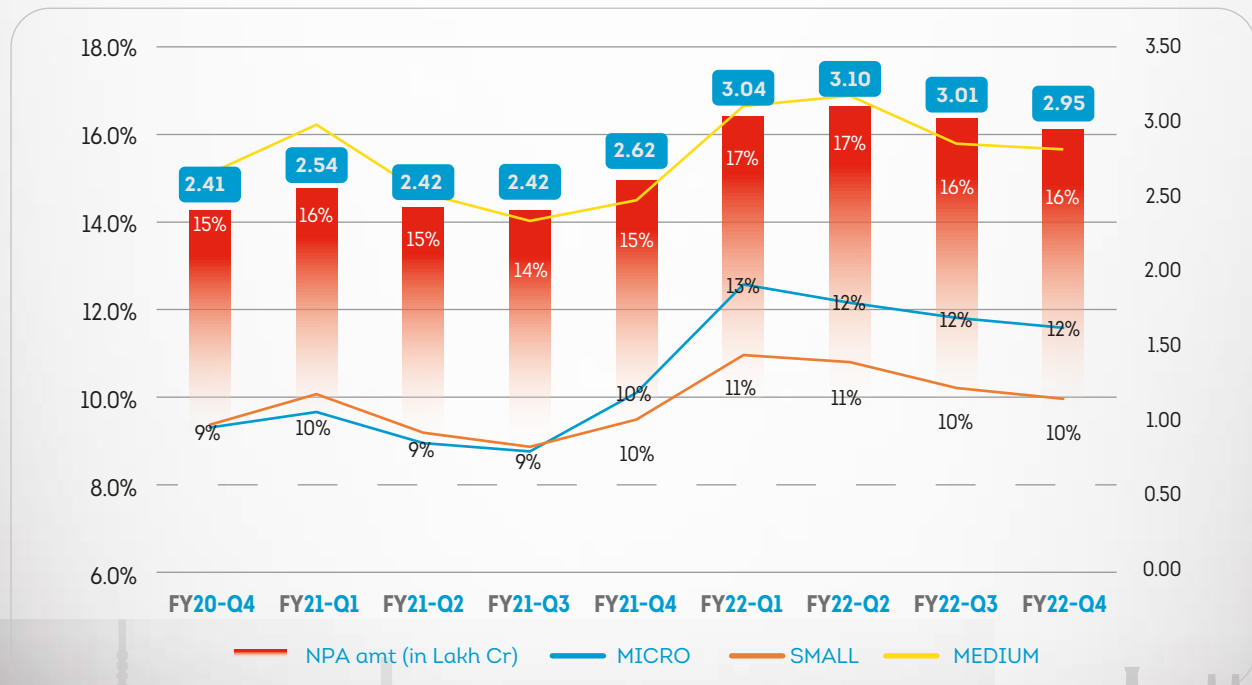
In Micro segment, Maharashtra and Uttar Pradesh collectively have 21% share of live entities which is close to ~1.5 Million.

1.7%

9.9%

88.4%
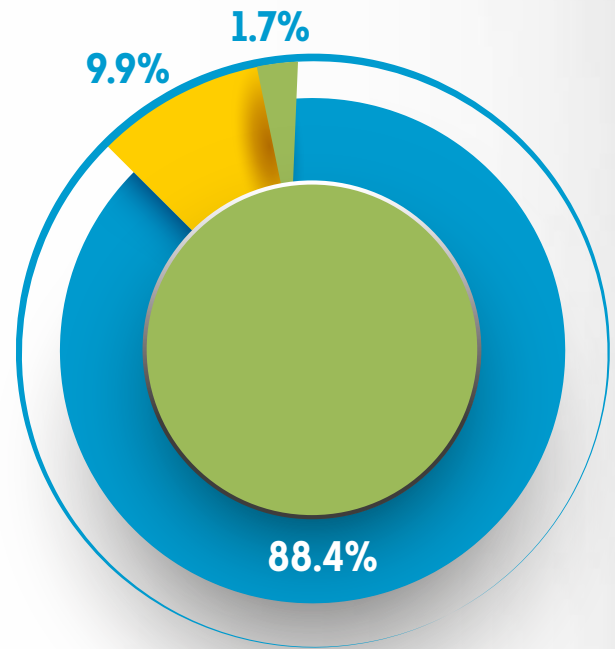
NPA RATE BY MSME SEGMENT

Overall MSME NPA is 12.8% as on Mar'22(FY22-Q4). NPAs in MSME segment have been in an uptrend since Mar'21 (FY21-Q4). Till FY21-Q3, Micro segment had a lower NPA rate than Small segment. However, this trend has now flipped indicating that COVID has impacted Micro segment the most.

NPA Rate by MSME Segment

	FY20-Q4	FY21-Q1	FY21-Q2	FY21-Q3	FY21-Q4	FY22-Q1	FY22-Q2	FY22-Q3	FY22-Q4
NPA amt (in Lakh Cr)	2.41	2.54	2.42	2.42	2.62	3.04	3.10	3.01	2.95
MICRO	9%	10%	9%	9%	10%	13%	12%	12%	12%
SMALL					10%	11%	11%	10%	10%
MEDIUM	15%	16%	15%	14%	15%	17%	17%	16%	16%

━━ NPA amt (in Lakh Cr)   ━━ MICRO   ━━ SMALL   ━━ MEDIUM

NPA RATE BY LENDER TYPE

NPA in Private Banks remain stable since FY21-Q3. There is a rise in NPA in PSU banks and NBFC after FY21-Q3. NPA in NBFCs continue to grow at a steady rate since last 2 years.

NPA Rates by Lender Type

	FY20-Q4	FY21-Q1	FY21-Q2	FY21-Q3	FY21-Q4	FY22-Q1	FY22-Q2	FY22-Q3	FY22-Q4
PSU	17.3%	17.9%	16.4%	16.1%	17.8%	20.9%	21.1%	20.8%	20.8%
NBFC	8.2%	8.3%	8.0%	8.5%	8.8%	10.9%	10.2%	10.0%	9.6%
PVT	5.5%	6.0%	6.3%	5.9%	6.4%	6.2%	6.8%	6.0%	5.6%

Legend: PVT — PSU — NBFC
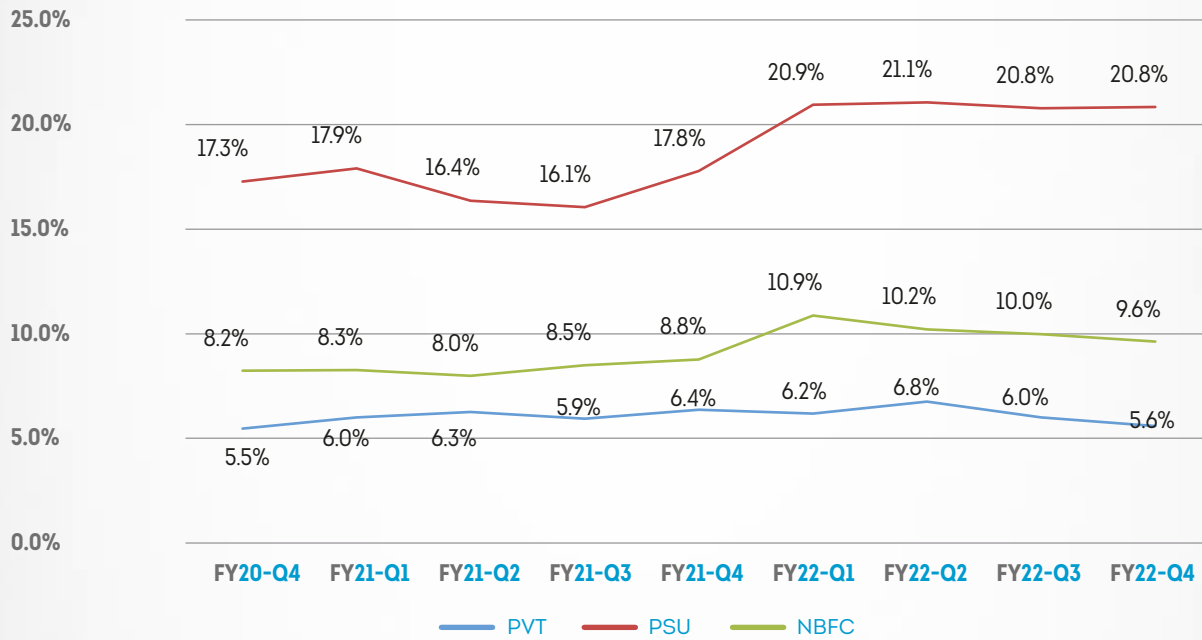
TRANSITION IN RISK PROFILE

CIBIL MSME Rank transition is monitored for borrowers over a 1-year period starting Mar-21 to Mar-22 and transition is monitored for rank buckets of Low Risk: CMR 1-3, Medium Risk: CMR 4-6, High Risk: CMR 7-10.

It is observed that 36% of the totals borrower who were in CMR 1-3 in Mar'21 downgraded to lower rank buckets by Mar'22 and 9% of the total borrowers who were CMR 4-6 in Mar'21 upgraded to low risk bucket by Mar'22.

Transition Matrix of CMR from Mar-21 to Mar-22

		CMR as of Mar-22			Downgrades	Upgrades	Same
		CMR 1-3	CMR 4-6	CMR 7-10			
CMR as of Mar-21	CMR 1-3	64%	26%	10%	36%		64%
	CMR 4-6	9%	57%	35%	35%	9%	57%
	CMR 7-10	1%	11%	87%		13%	87%

Consequently, the proportion of Medium-Risk entities which was ~53% of total live entities as on FY21-Q4 have shrunk to 40% in FY22-Q4, in-turn increasing the proportion of High-Risk entities from 30% to 44% for the same time frame.

Distribution of Live Borrowers by CMR

Legend: ■ CMR1-3 ■ CMR4-6 ■ CMR7-10

	FY20-Q4	FY21-Q1	FY21-Q2	FY21-Q3	FY21-Q4	FY22-Q1	FY22-Q2	FY22-Q3	FY22-Q4
CMR7-10	36%	30%	31%	32%	30%	36%	43%	43%	44%
CMR4-6	46%	51%	51%	51%	53%	48%	41%	41%	40%
CMR1-3	19%	18%	18%	17%	18%	16%	16%	16%	15%
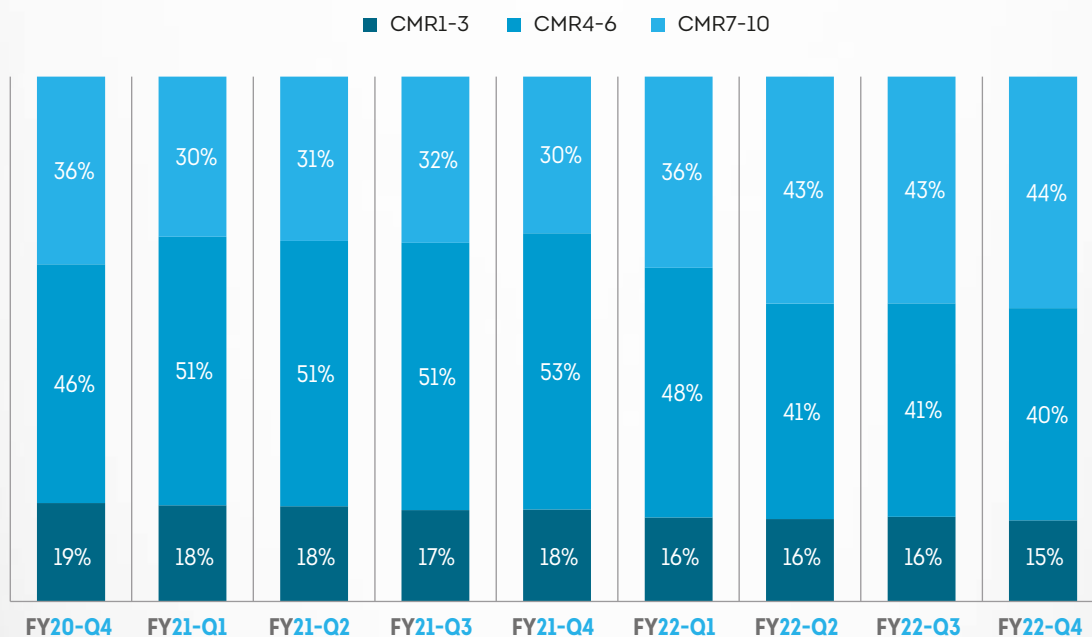
ANALYSIS ON RESTRUCTURED LOANS DUE TO COVID-19

As part of RBI mandate* Post COVID-19, Lenders reported "Restructured due to COVID-19" in Bureau reporting. Key insights from the restructured accounts reported into Commercial Bureau are shown below.

From an overall reporting perspective, as of Mar'22 in the Commercial Bureau 2.7 Lakh Accounts have been tagged as restructured due to COVID-19 in MSME (Aggregate outstanding of less than 50Cr). This constitutes around 2.3% of the total live accounts reported in the same time period. From a balance perspective this constitutes INR 0.35 lakh crore which is around 1.5% of MSME outstanding as of Mar'22.

PSU Banks reported maximum restructured accounts to the Commercial Bureau followed by Private Banks and NBFCs. Others include all other lenders including MNC Banks and Co-operative Banks.

Overall Restructuring by Lender Category
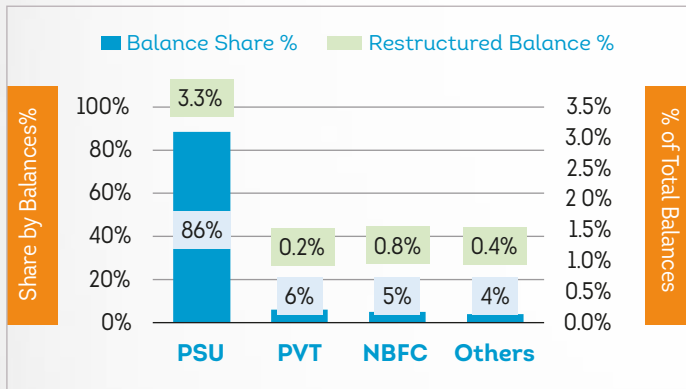
Term Loans are restructured more than Working Capital Loans which is positive in terms of MSMEs managing their liquidity through CC/OD loans prudently. Micro and Small Entities constitute 76% of the restructured accounts compared to higher size MSME Entities which is also driven by the high proportion of such loans in the Bureau.

Restructuring by Credit Facility
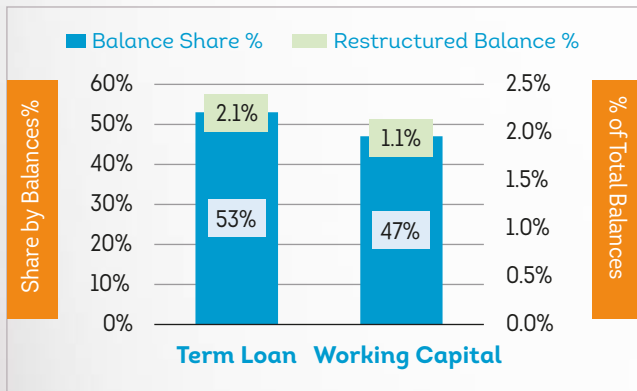
Restructuring by Borrower Type
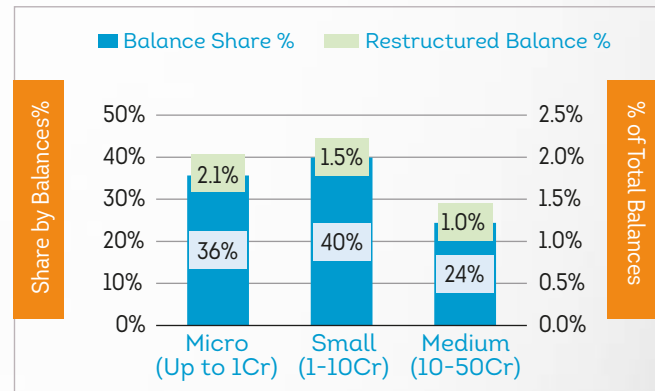
Highest share of Balances restructured are in the late delinquency bucket (61-90). This shows a prudent approach to restructuring taken by lenders in terms of rolling out restructuring in the late delinquency bucket which has maximum chance of slipping into NPA immediately.

*Please refer to RBI circular DoR.FIN.REC.46/20.16.056/2020-21 dated March 12, 2021'

Restructuring by DPD Bucket
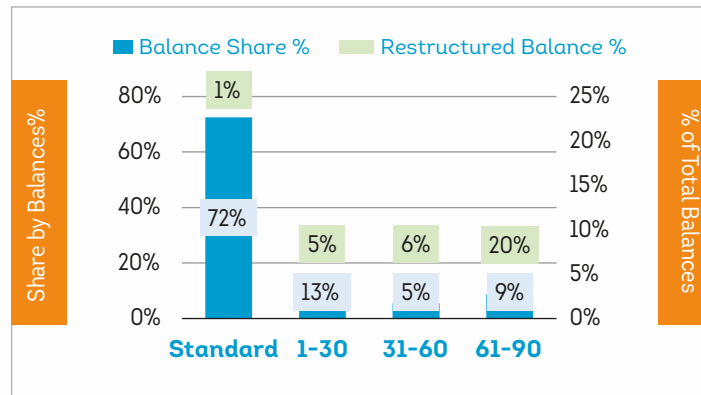
High Risk Entities (CMR-7 to CMR-10) constitute 57% of Restructuring followed by Medium Risk (CMR-4 to CMR-6) entities followed by Low-Risk Entities (CMR-1 to CMR-3). The clear rank ordering demonstrates that CIBIL MSME Rank (CMR) is able to identify stressed portfolio and enable lenders to take corrective action from a portfolio perspective.

Restructuring by Risk Tier
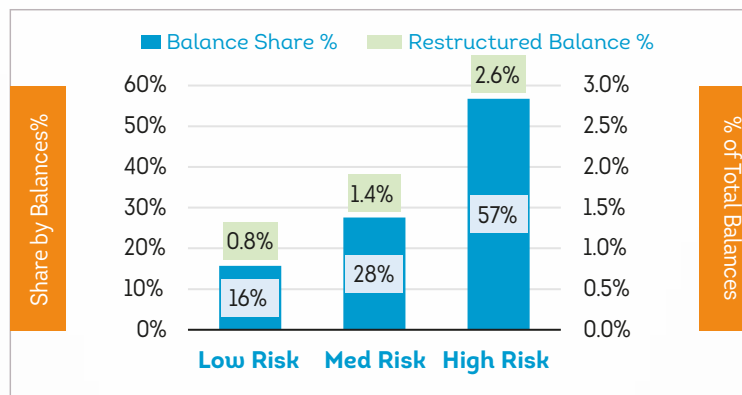
To identify the repayment pattern of restructured loans, Term Loans reported as restructured till Sep'21 were taken as the base and balance trends were observed on these loans as of Mar'22 (6 months observation window). Loans were grouped in terms of risk buckets through CIBIL MSME Rank. Two categories were created – Loans which show a balance decrease i.e., commencement of repayments and Loans which show same or increasing balance i.e., either still in moratorium arrangements or slippage in repayments. The results again show rank ordering by CMR – Significant percentage of repayments observed in Low (CMR-1 to CMR-3) and Medium Risk (CMR-4 to CMR-6) Entities whereas High Risk (CMR-7 to CMR-10) show increased worsening of restructured accounts.

## Repayment by Balances for Restructured Term Loans (Sep'21 – Mar'22)
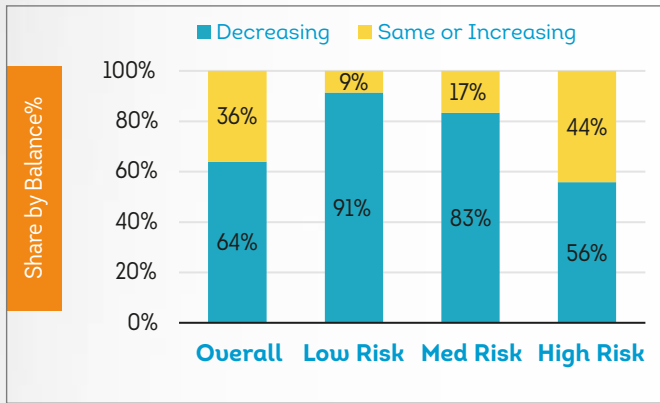
To identify the delinquency transition of restructured loans, Loans reported as restructured till Sep'21 were taken as the base and dpd trends were observed on these loans as of Mar'22 (6 months observation window). 7% by balance of the restructured loans reported till Sep'21 has been classified as 90+ as of Mar'22. However, there is a slight improvement in the overall portfolio – Standard book as of Sep'21 was at 70% which stands at 71% as of Mar'22.

	Standard	1-30	31-60	61-90	90 +	Overall	Improvement	Deterioration
Standard	56%	5%	4%	2%	2%	70%		13%
1-30	7%	2%	2%	1%	2%	14%	7%	4%
31-60	3%	1%	1%	1%	1%	6%	4%	1%
61-90	4%	1%	2%	1%	1%	10%	7%	1%
Overall	71%	9%	9%	5%	7%		18%	21%

Roll forward to 90+ is highest from the 61-90 bucket and Roll Back to Standard is highest from the early delinquency (1-30) bucket

Asset Classification Transition (Sep'21 – Mar'22)
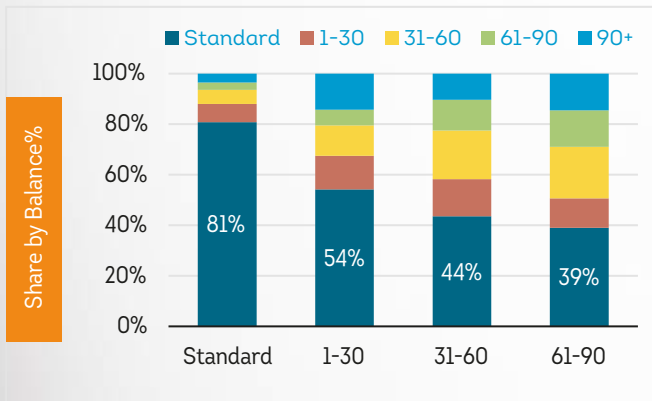
Restructured due to COVID-19 loans require stringent portfolio monitoring from lenders to observe how the entities are faring in terms of repayments both on and off lender. Portfolio monitoring and transition of portfolio through CIBIL MSME Rank would enable lenders to proactively identify further stress and take corrective action.

Disclaimer
All credit data mentioned above is sourced from TransUnion CIBIL commercial credit database. The data is based on submissions received from members from time to time. In few exceptional cases the numbers above might undergo some revision as additional data are reported to TransUnion CIBIL by member lending institutions.

TransUnion CIBIL

TRANSUNION CIBIL LIMITED
Credit Information Bureau (India) Limited)
One World Centre, Tower 2A-2B, 19th Floor,
Senapati Bapat Marg, Lower Parel, Mumbai - 400 013