

A hand is shown holding a glowing, semi-transparent globe. The globe is surrounded by a network of white lines and dots, resembling a digital or data network. The background is a dark blue gradient with light rays emanating from the right side.

CreditScape

A PUBLICATION ON CREDIT LANDSCAPE

VOLUME X
COMMERCIAL VEHICLE LOANS

SEPT 2021

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Executive Summary

Portfolio outstanding and active loans for Commercial Vehicle Loans (CVL) at ₹329.2K Cr and 65.9 Lakhs respectively, as of Sep'21

Portfolio outstanding and active loans for Small Ticket Commercial Vehicle Loans (SCVL <₹5 Lakhs) at ₹65.8K Cr and 37.4 Lakhs respectively, as of Sep'21

SCVL comprises 57% share of CVL by volume and 20% by value, as of Sep'21

SCVL portfolio has grown by 9% Y-o-Y by value and 16% Y-o-Y by volume as of Sep'21; compared to 1.9% (by value) and 10.6% (by volume) for CVL

NBFC-Captives dominate both CVL and SCVL by value and volume

Around 2X growth in originations (by value & volume) for CVL and SCVL from Q1 FY22 to Q2 FY22

Private banks dominate CVL originations (value) and NBFC- Captives dominate CVL originations (volume). NBFC – Captives dominate SCVL originations by both value and volume

Top 10 states contribute 71% to overall CVL originations by value and top 15 districts contribute 18%

Increase in PAR 91-180 DPD from 2.9% as of Mar'21 to 3.4% as of Sep'21 for CVL and from 4.4% as of Mar'21 to 5.2% as of Sep'21 for SCVL

Commercial Vehicle Loans (CVL) - Industry Summary

Commercial Vehicle Loans (Overall)

	Sep-19	Sep-20	Sep-21
Portfolio Outstanding (₹ K Cr)	305.7	322.9	329.2
Y-o-Y Growth%		5.6%	1.9%
Active Loans (Lakh)	56.2	59.6	65.9
Y-o-Y Growth%		6.0%	10.6%
Average Balances (₹ Lakh)	5.4	5.4	5.0
PAR 91-180 %	2.9%	1.9%	3.4%
PAR 180+ %	11.0%	13.2%	17.7%
LAR 91-180 %	3.5%	2.1%	4.8%
LAR 180+%	8.3%	10.0%	13.4%

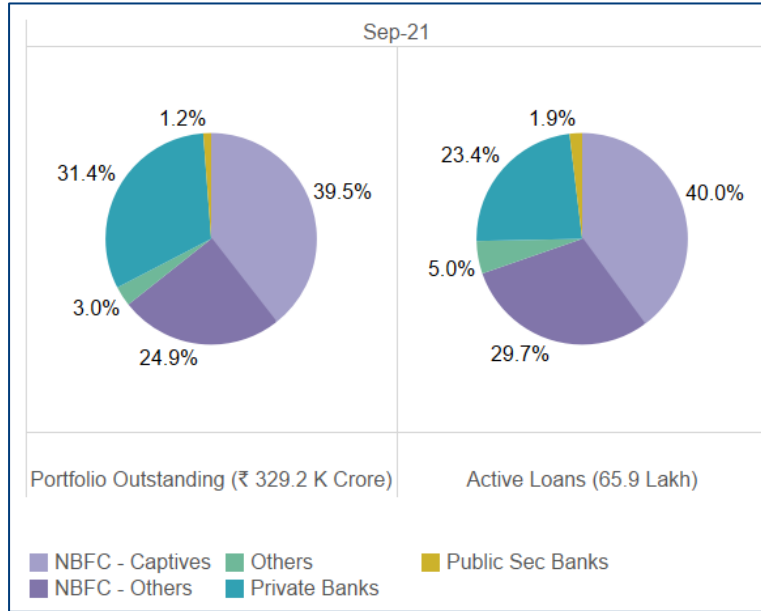
Small Ticket Commercial Vehicle Loans (SCVL < ₹5 Lakhs)

	Sep-19	Sep-20	Sep-21
Portfolio Outstanding (₹ K Cr)	57.1	60.4	65.8
Y-o-Y Growth%		5.9%	9.0%
Active Loans (Lakh)	31.3	32.2	37.4
Y-o-Y Growth%		3.0%	16.1%
Average Balances (₹ Lakh)	1.8	1.9	1.8
PAR 91-180 %	3.6%	2.3%	5.2%
PAR 180+ %	17.0%	20.8%	27.1%
LAR 91-180 %	3.9%	2.2%	5.9%
LAR 180+%	10.6%	12.4%	16.1%

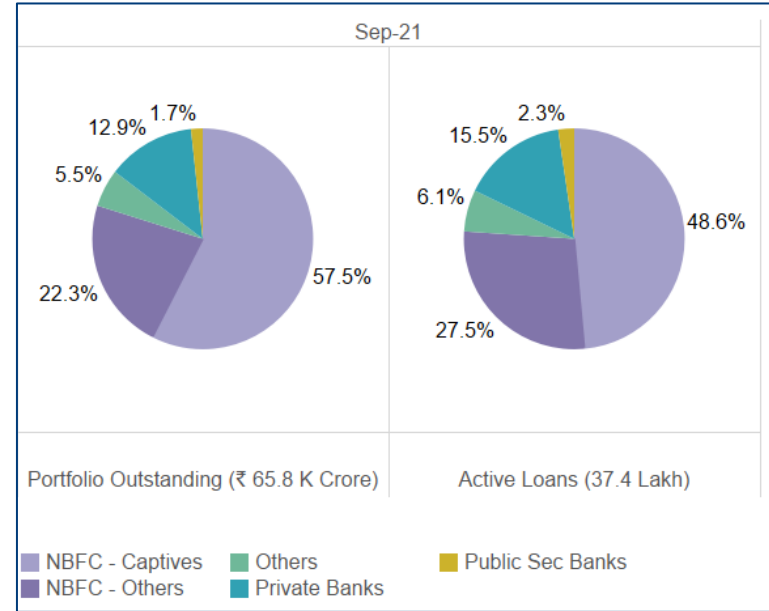
- Small Ticket Commercial Vehicle Loans (SCVL < ₹5 Lakhs) is an important component of Commercial Vehicle Loans market with 57% share by volume as of Sep'21
- SCVL portfolio has grown by 9% Y-o-Y by value and 16% Y-o-Y by volume as of Sep'21; compared to 1.9% (by value) and 10.6% (by volume) for overall CVL
- SCVL has PAR 91-180 DPD of 5.2% as of Sep'21 compared to 3.4% for overall CVL
- Increase in PAR 91-180 DPD for SCVL from 2.3% as of Sep'20 to 5.2% as of Sep'21. Increase in PAR 91-180 DPD for CVL from 1.9% as of Sep'20 to 3.4% as of Sep'21

Portfolio Market Share

Commercial Vehicle Loans (CVL)



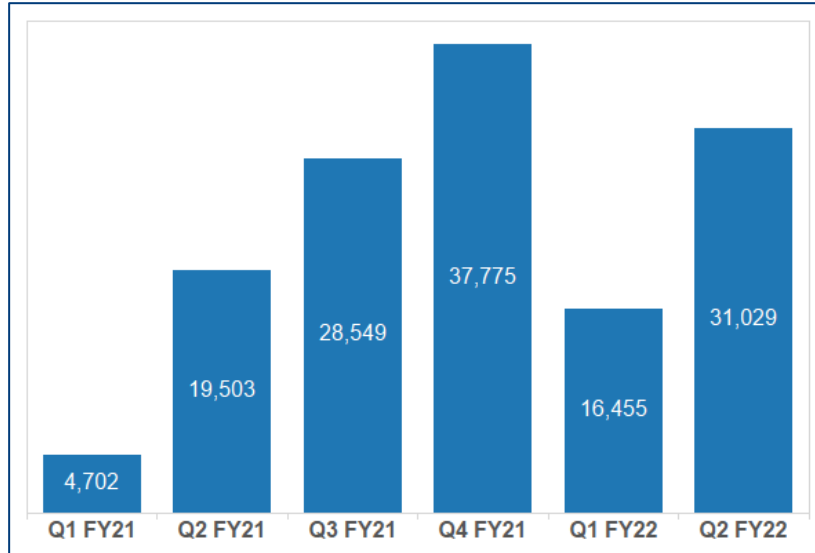
Small Ticket Commercial Vehicle Loans (SCVL)



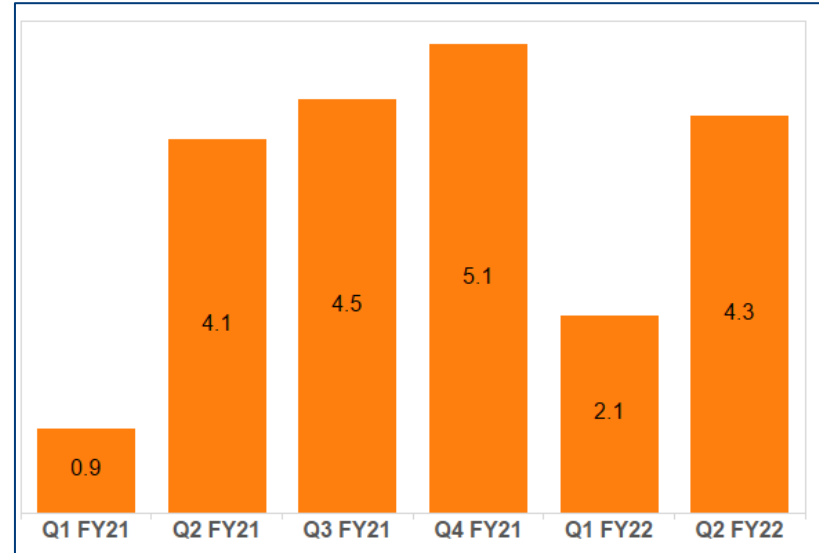
- NBFC-Captives, Private banks and NBFC-Others dominate overall CVL with share of 39.5%, 31.4% and 24.9% (by value) respectively
- NBFC-Captives and NBFC-Others dominate SCVL with share of 57.5% and 22.3% (by value) respectively
- NBFC-Captives are more dominant players in SCVL compared to CVL by both value and volume

CVL - Originations Summary

Originations by Value (₹Cr) – Q1 FY21 to Q2 FY22



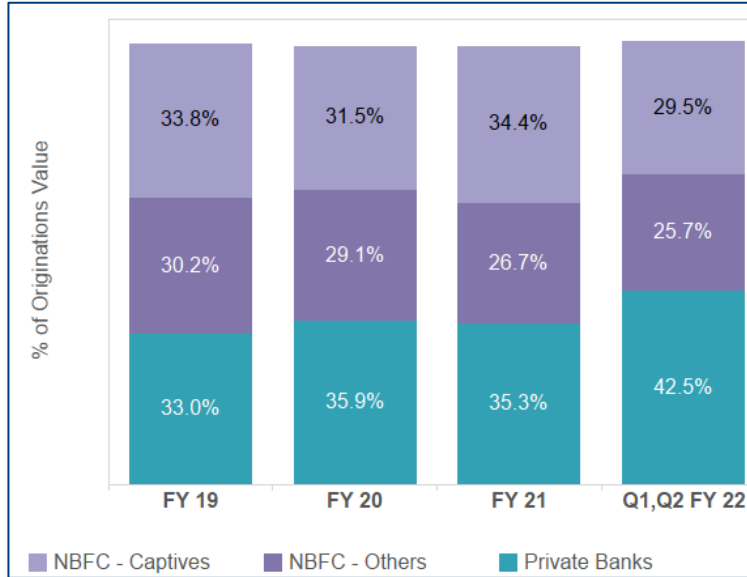
Originations by Volume (Lakhs) – Q1 FY21 to Q2 FY22



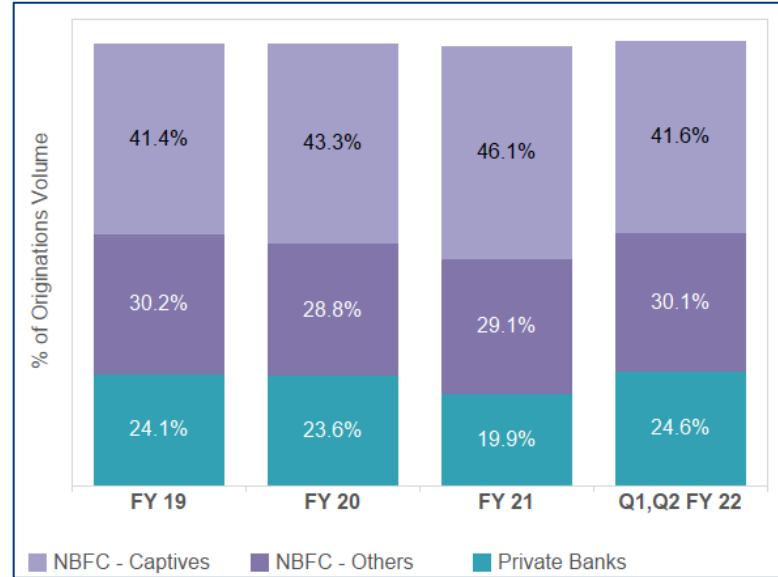
- 3.5X growth in originations (by value) from Q1 FY21 to Q1 FY22 and 2.3X growth in originations (by volume) for the same period
- 1.6X growth in originations (by value) from Q2 FY21 to Q2 FY22 and flat growth in originations (by volume) for the same period
- Around 2X growth in both originations (by value) and originations (by volume) from Q1 FY22 to Q2 FY22

CVL Originations – Lender Type

Originations Share (by Value) (FY19 to Q2 FY22)



Originations Share (by Volume) (FY19 to Q2 FY22)



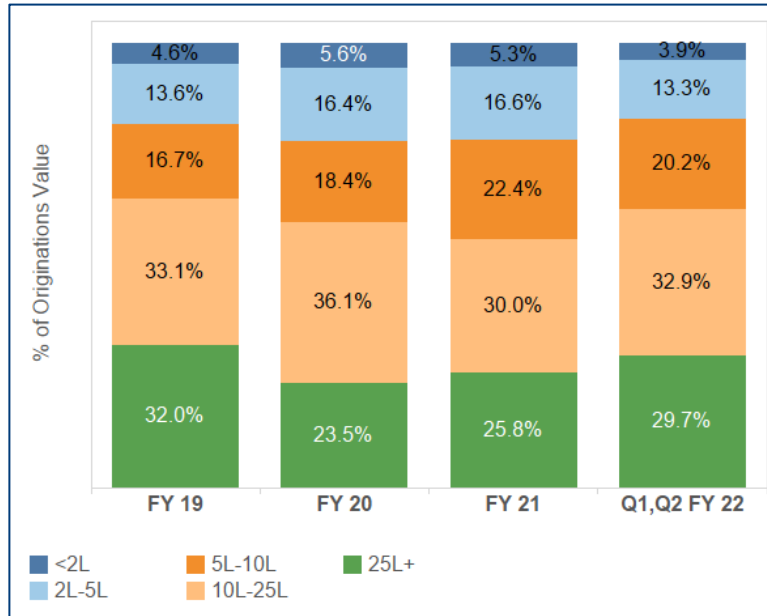
Lender Type 'Public Sector Banks' and 'Others' are not presented in this analysis

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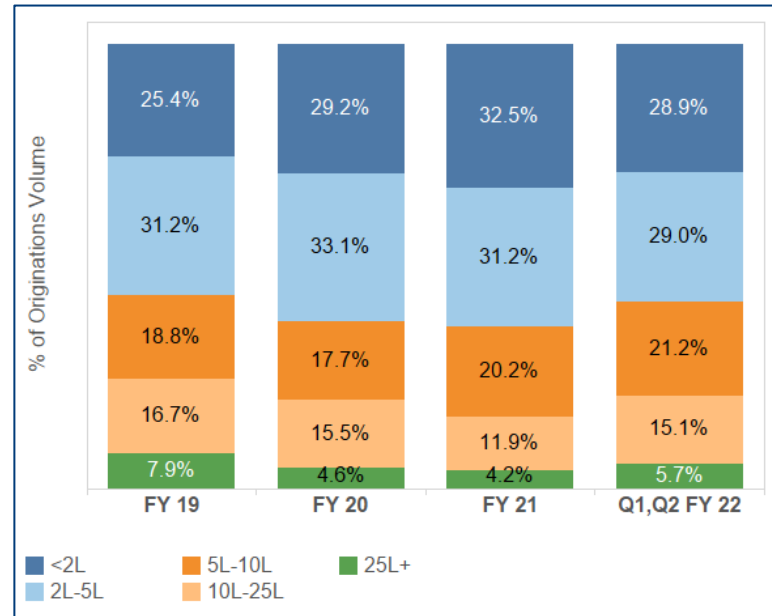
- Reduction in originations share (by value) of NBFC-Captives and NBFC-Others from 33.8% and 30.2% in FY19 to 29.5% and 25.7% in FY22
- Increase in originations share (by value) of Private banks from 33% in FY19 to 42.5% in FY22
- 19% reduction in Average Ticket Size (ATS) of NBFC-Captives from ₹6.4 Lakhs in FY19 to ₹5.2 Lakhs in FY22
- 20% reduction in ATS of NBFC-Others from ₹7.9 Lakhs in FY19 to ₹6.3 Lakhs in FY22
- 18% increase in ATS of Private banks from ₹10.8 Lakhs in FY19 to ₹12.7 Lakhs in FY22

CVL Originations – Ticket Size

Originations Share (by Value) (FY19 to Q2 FY22)



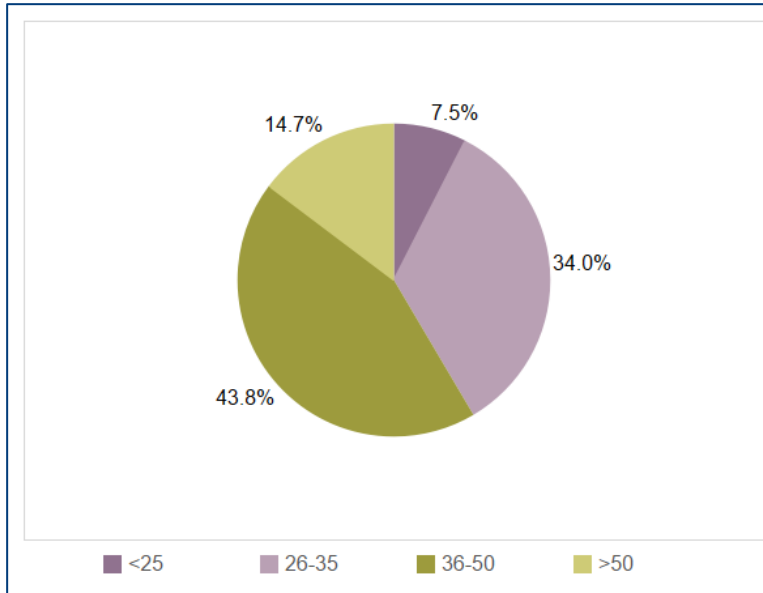
Originations Share (by Volume) (FY19 to Q2 FY22)



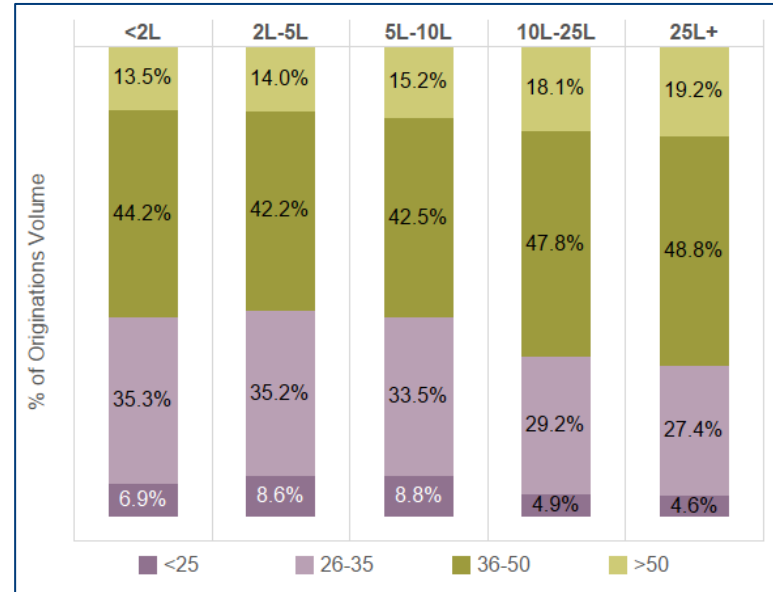
- CVL continues to be dominated by loans with ticket size ₹10 Lakhs-₹25 Lakhs by value and <₹5 Lakhs by volume from FY19 to FY22
- 58% originations share (by volume) for CVL with ticket size < ₹5 Lakhs in FY22, while originations share (by value) is 17%
- Apprx 30% originations share (by value) for CVL with ticket size >₹25 Lakhs in FY22, while originations share (by volume) is 5.7%

CVL Originations – Borrower Age

Originations Volume (Prev 6 Qtrs) – Borrower Age (Years)



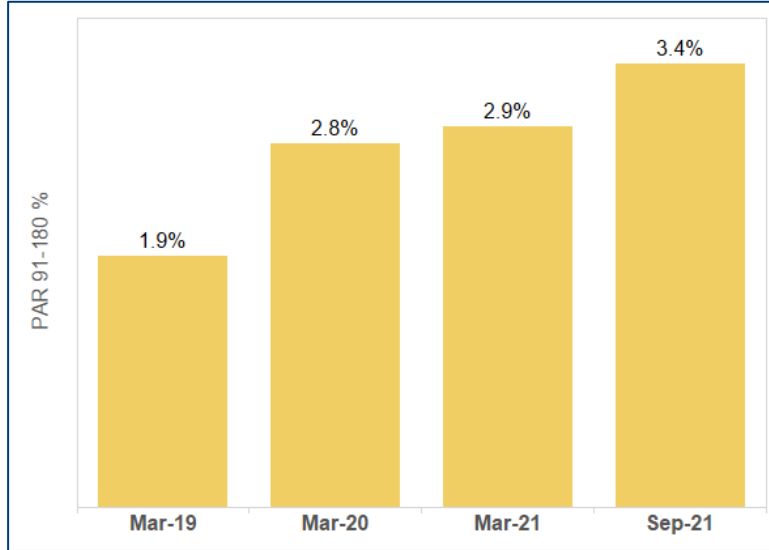
Originations Volume (Prev 6 Qtrs) – Borrower Age (Years) & Ticket Size (₹)



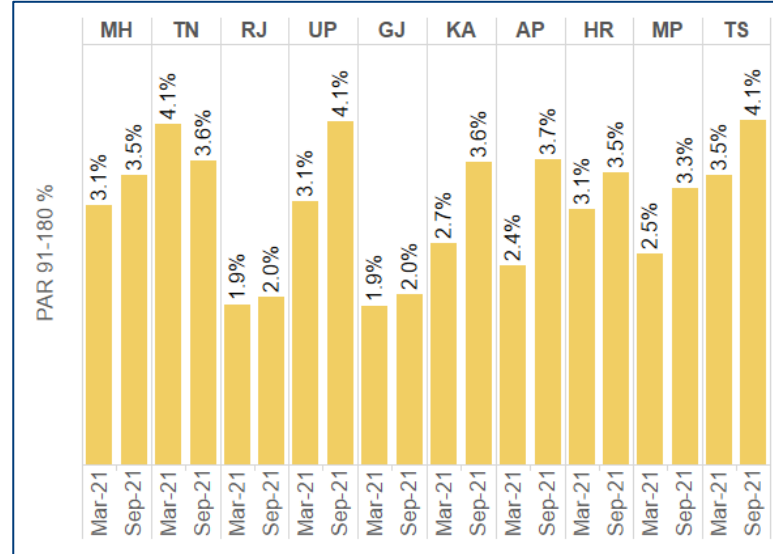
- 44% of CVL originations (volume) is to borrowers belonging to age group 36-50 years
- Borrowers belonging to age group <35 years have higher share in ticket size up to ₹ 10 Lakhs. Their share reduces for ticket size > ₹ 10 Lakhs
- Borrowers belonging to age group >35 years have high share for all ticket size bands. Their share is higher for ticket size > ₹ 10 Lakhs compared to lower ticket size bands

CVL – Delinquency

Delinquency (PAR 91-180 DPD) - Industry



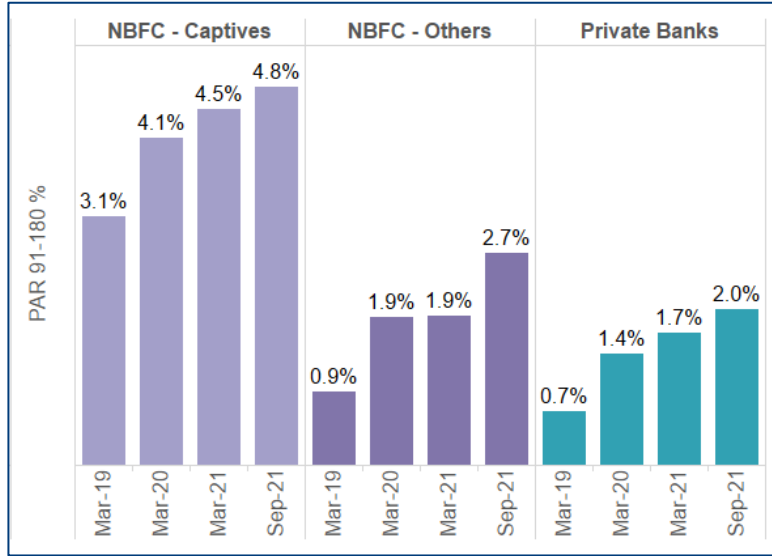
Delinquency (PAR 91-180 DPD) - Top 10 States



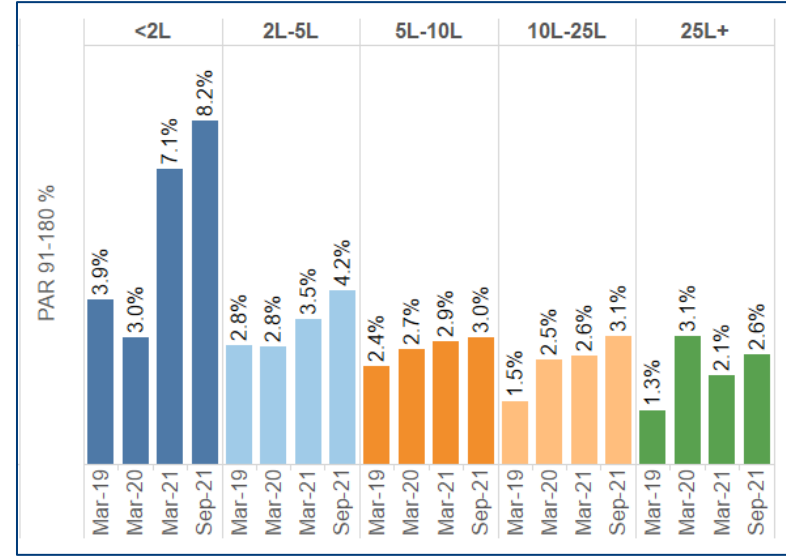
- Increase in PAR 91-180 DPD from 2.9% as of Mar'21 to 3.4% as of Sep'21
- Among top 10 states, PAR 91-180 DPD is least for Gujarat and Rajasthan (2% as of Sep'21) and highest for Uttar Pradesh and Telangana (4.1% as of Sep'21)
- From Mar'21 to Sep'21, PAR 91-180 DPD increased for all states except for Tamil Nadu, increase is highest for Andhra Pradesh

CVL – Delinquency by Lender Type & Ticket Size

Delinquency (PAR 91-180 DPD) – Lender Type



Delinquency (PAR 91-180 DPD) – Ticket Size

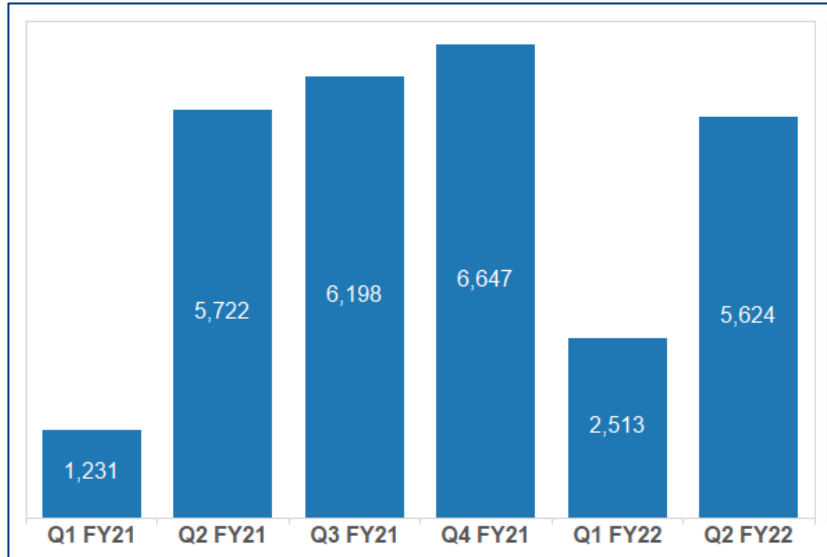


Lender Type 'Public Sector Banks' and 'Others' are not presented in this analysis

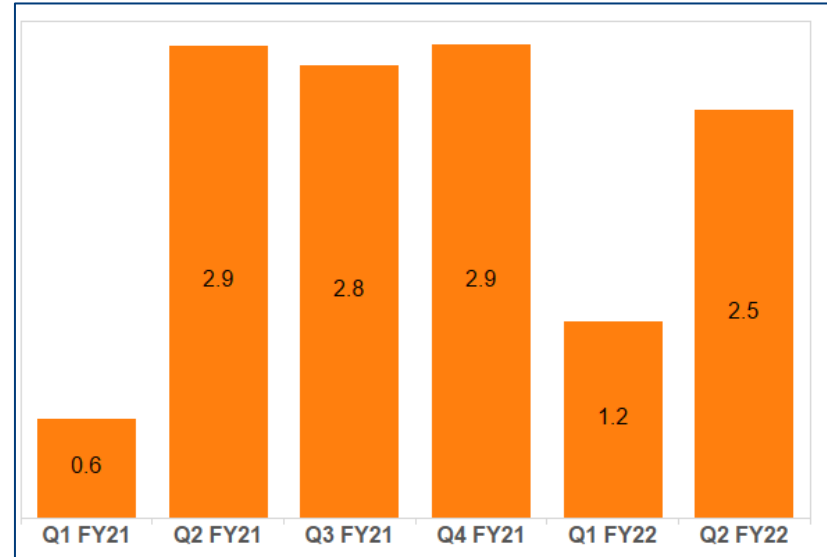
- PAR 91-180 DPD is highest for NBFC-Captives followed by NBFC-Others, least for Private banks as of Sep'21
- PAR 91-180 DPD for NBFC-Captives increased from 4.1% as of Mar'20 (Pre-covid) to 4.8% as of Sep'21. The increase is 1.9% to 2.7% for NBFC-Others, 1.4% to 2.0% for Private banks during the same period
- PAR 91-180 DPD is highest for loans with ticket size <₹ 2 Lakhs and reduces as ticket size increases
- Increase in PAR 91-180 DPD from Mar'20 (pre-covid) to Sep'21 is higher for loans with ticket size < ₹5 Lakhs

Small Ticket Commercial Vehicle Loans (SCVL) - Originations Summary

Originations by Value (₹Cr) – Q1 FY21 to Q2 FY22



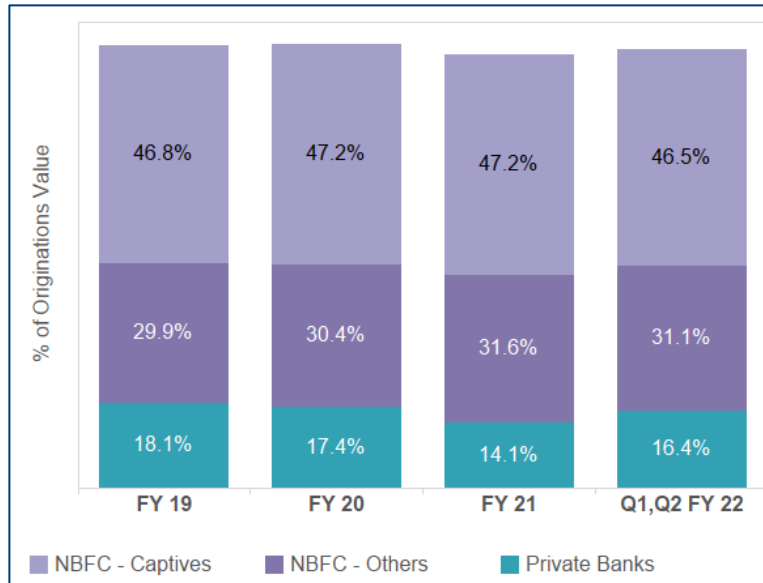
Originations by Volume (Lakhs) – Q1 FY21 to Q2 FY22



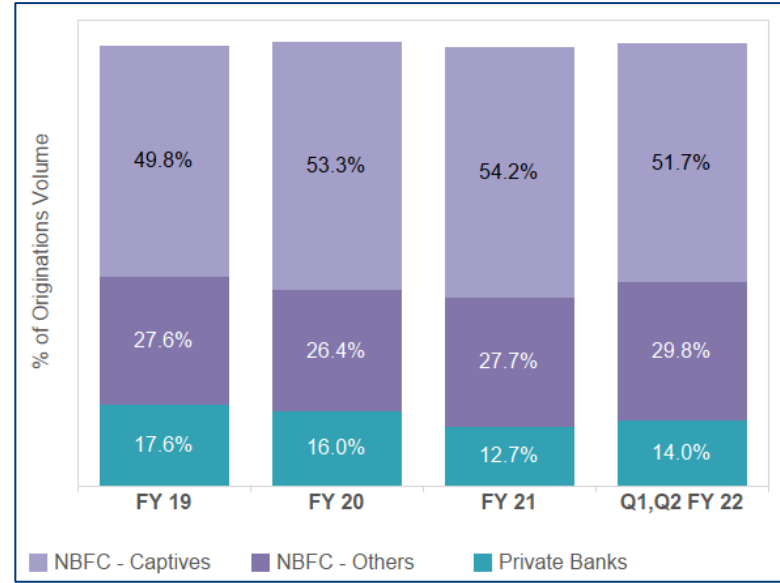
- 2X growth in both originations (by value) and originations (by volume) from Q1 FY21 to Q1 FY22
- More than 2X growth in both originations (by value) and originations (by volume) from Q1 FY22 to Q2 FY22

SCVL Originations – Lender Type

Originations Share (by Value) (FY19 to Q2 FY22)



Originations Share (by Volume) (FY19 to Q2 FY22)



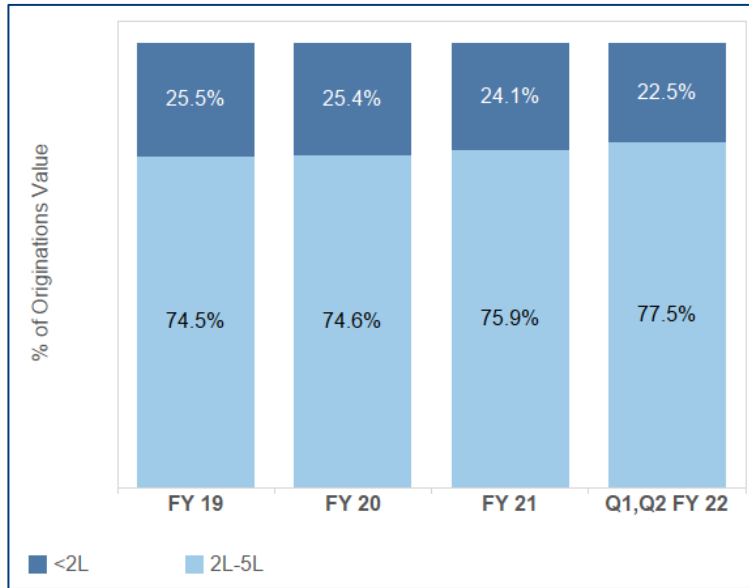
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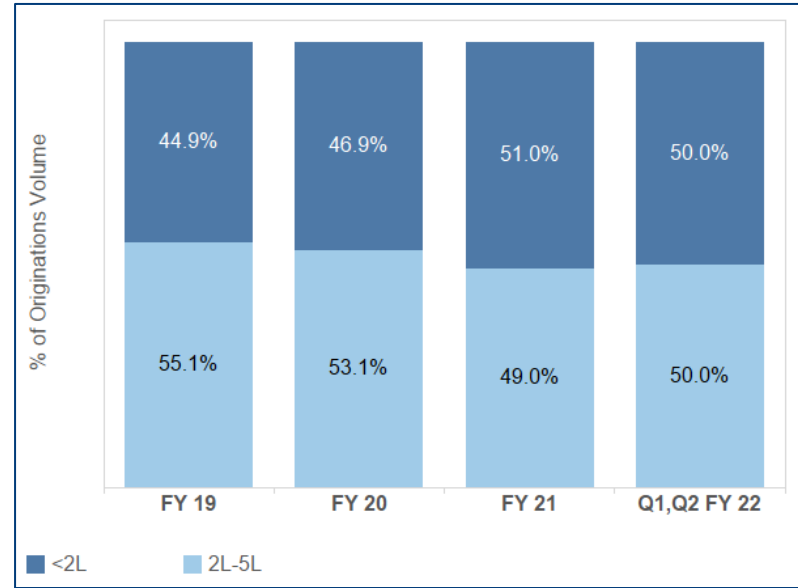
- NBFC-Captives dominate SCVL in both originations by value and volume
- 18% reduction in ATS of NBFC-Captives from ₹2.4 Lakhs in FY19 to ₹1.9 Lakhs in FY22
- 16% reduction in ATS of NBFC-Others from ₹2.7 Lakhs in FY19 to ₹2.3 Lakhs in FY22
- Private banks maintained their ATS at about ₹2.6 Lakhs from FY19 to FY22

SCVL Originations – Ticket Size

Originations Share (by Value) (FY19 to Q2 FY22)



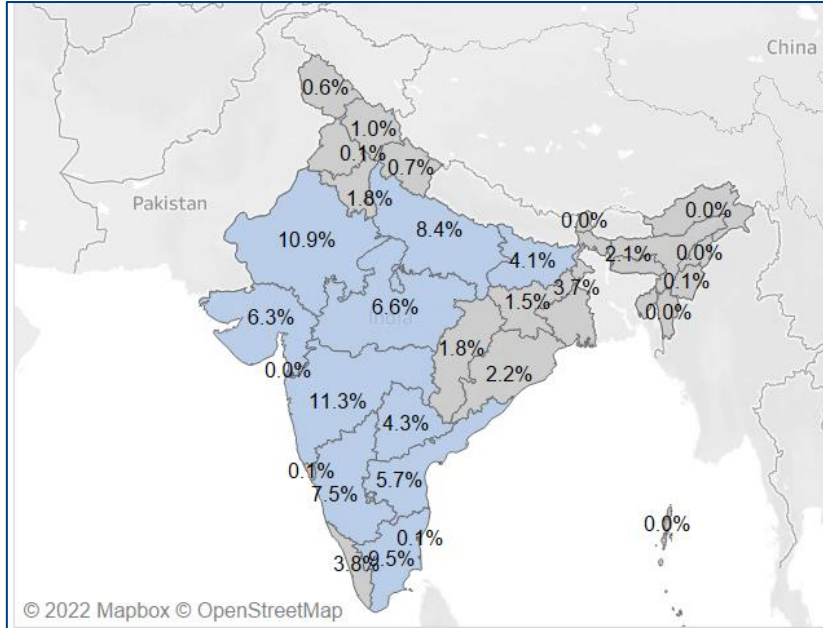
Originations Share (by Volume) (FY19 to Q2 FY22)



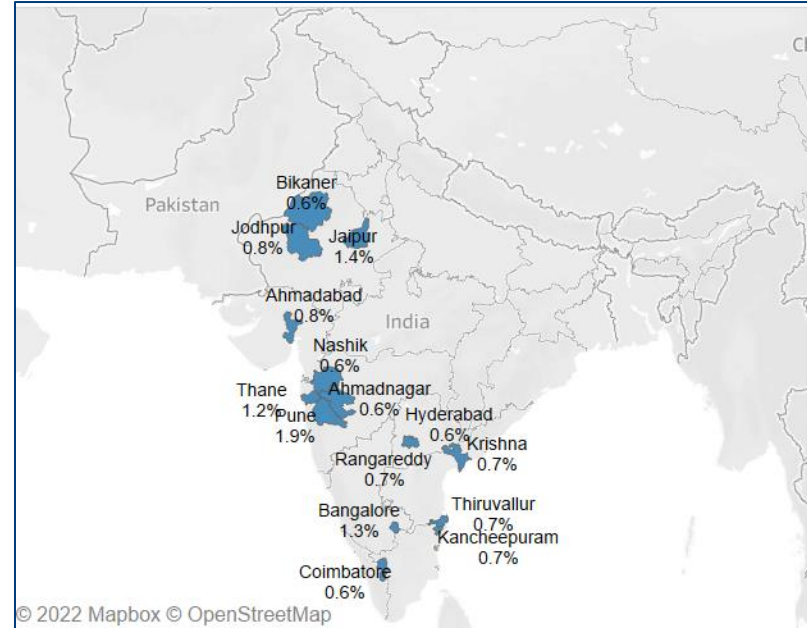
- Originations (by value) of SCVL dominated by loans of ticket size ₹2 Lakhs-₹5 Lakhs
- Increase in originations share (by volume) of SCVL with ticket size < ₹2 Lakhs from 45% in FY19 to 50% in FY22
- Reduction in originations share (by value) of SCVL with ticket size < ₹2 Lakhs from 25.5% in FY19 to 22.5% in FY22

SCVL Originations – Geographical Mix

Originations (Value) (Prev 6 Qtrs) – % Share by States



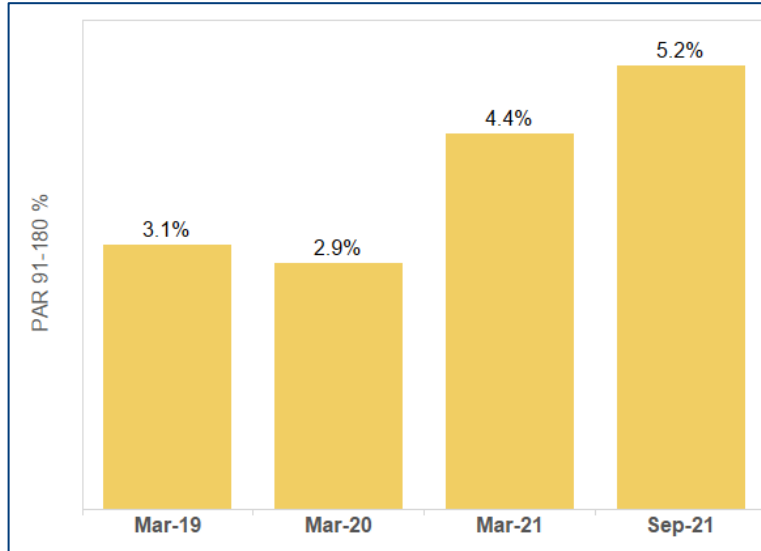
Originations (Value) (Prev 6 Qtrs) – Top 15 Districts



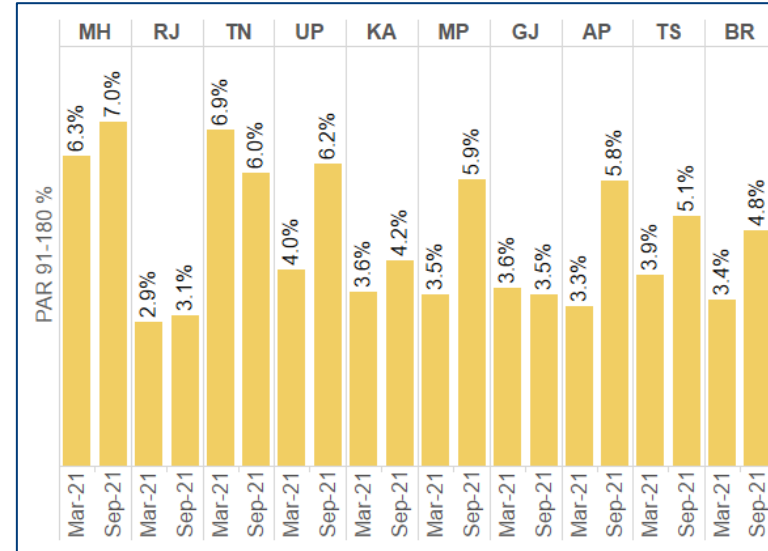
- Top 5 states contribute 46% to SCVL originations (by value) and top 10 states contribute 73%
- Top 15 districts contribute 13% to SCVL originations by value and volume each
- These top 15 districts are mainly concentrated in the West and Southern region of India
- As of Sep'21, top 10 states have a combined PAR 91-180 DPD of 5.4%, while top 15 districts have a combined PAR 91-180 DPD of 6%

SCVL – Delinquency

Delinquency (PAR 91-180 DPD) - Industry



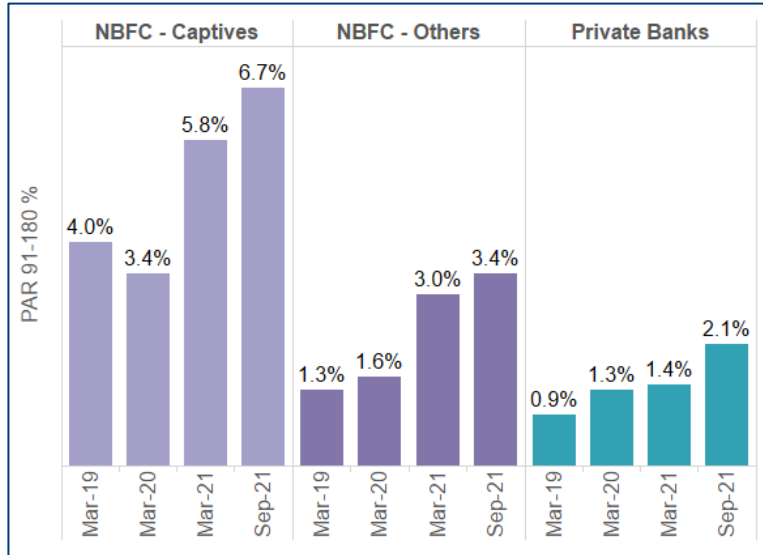
Delinquency (PAR 91-180 DPD) - Top 10 States



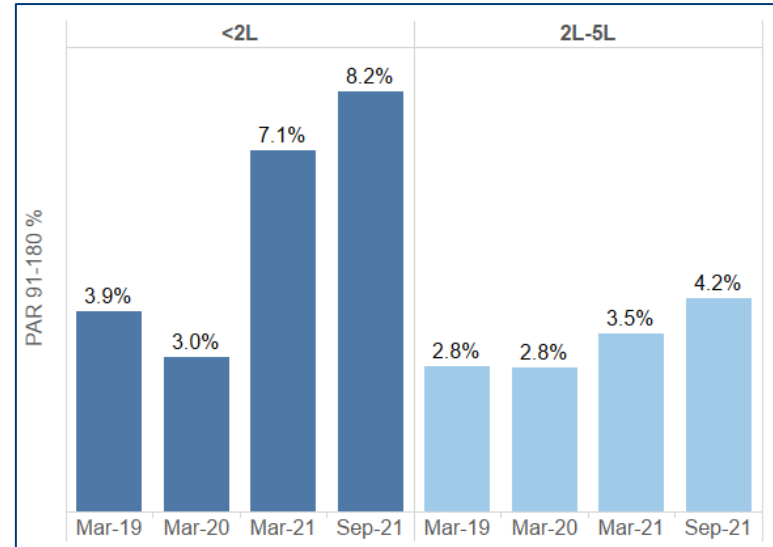
- Increase in PAR 91-180 DPD from 4.4% as of Mar'21 to 5.2% as of Sep'21
- Among top 10 states, PAR 91-180 DPD is least for Rajasthan (3.1% as of Sep'21) and highest for Maharashtra (7% as of Sep'21)
- From Mar'21 to Sep'21, PAR 91-180 DPD increased for all states except for Tamil Nadu and Gujarat, increase is highest for Andhra Pradesh

SCVL – Delinquency by Lender Type & Ticket Size

Delinquency (PAR 91-180 DPD) – Lender Type



Delinquency (PAR 91-180 DPD) – Ticket Size



Lender Type 'Public Sector Banks' and 'Others' are not presented in this analysis

- PAR 91-180 DPD is highest for NBFC-Captives followed by NBFC-Others and least for Private banks
- PAR 91-180 DPD for NBFC-Captives increased from 3.4% as of Mar'20 (Pre-covid) to 6.7% as of Sep'21. The increase is 1.6% to 3.4% for NBFC-Others, 1.3% to 2.1% for Private banks during the same period
- PAR 91-180 DPD is higher for loans with ticket size < ₹ 2 Lakhs compared to ₹2Lakhs-₹5 Lakhs as of Sep'21
- Increase in PAR 91-180 DPD for loans with ticket size < ₹ 2 Lakhs from 3% as of Mar'20 (pre-covid) to 8.2% as of Sep'21

Definitions

- Portfolio outstanding or value refers to the current outstanding balance of the loan account in ₹ K crore, unless otherwise mentioned
- Active loans or volume refers to the number/count of active loans in Lakhs, unless otherwise mentioned
- Market share by value refers to the share of different lender types/financiers in the current outstanding balance
- Market share by volume refers to the share of different lender types/financiers in the number of active loans
- Originations value refers to the total disbursed amount in ₹ crore, unless otherwise mentioned
- Originations volume refers to the number of loans disbursed in Lakhs, unless otherwise mentioned
- PAR or Portfolio at Risk refers to the proportion of delinquent portfolio
- ATS or Average Ticket Size refers to the average size of each loan type
- Lender category Others comprises RRBs, Co-operative Banks etc.
- Lender category NBFC-Captives includes Shriram Transport Finance Company, Tata Motor Finance, Hinduja Leyland Finance Ltd, Mahindra And Mahindra Finance, Bajaj Finance Limited, Tata Motors Finance Solutions, Daimler Financial Services, TVS Credit Services Limited, Volvo Financial Services, John Deere Financial India

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CreditScape is a quarterly publication from CRIF High Mark on Retail lending in India. The publication is a deep dive into trends & analysis of key parameters such as Gross Loan Portfolio, Industry Growth, Market Competition, Sourcing, Portfolio Risks and Borrower Landscape of various retail lending products.

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