

PRESS RELEASE

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**Securitisation volumes estimated at about Rs. 45,000 crore for Q1 FY2025: ICRA**

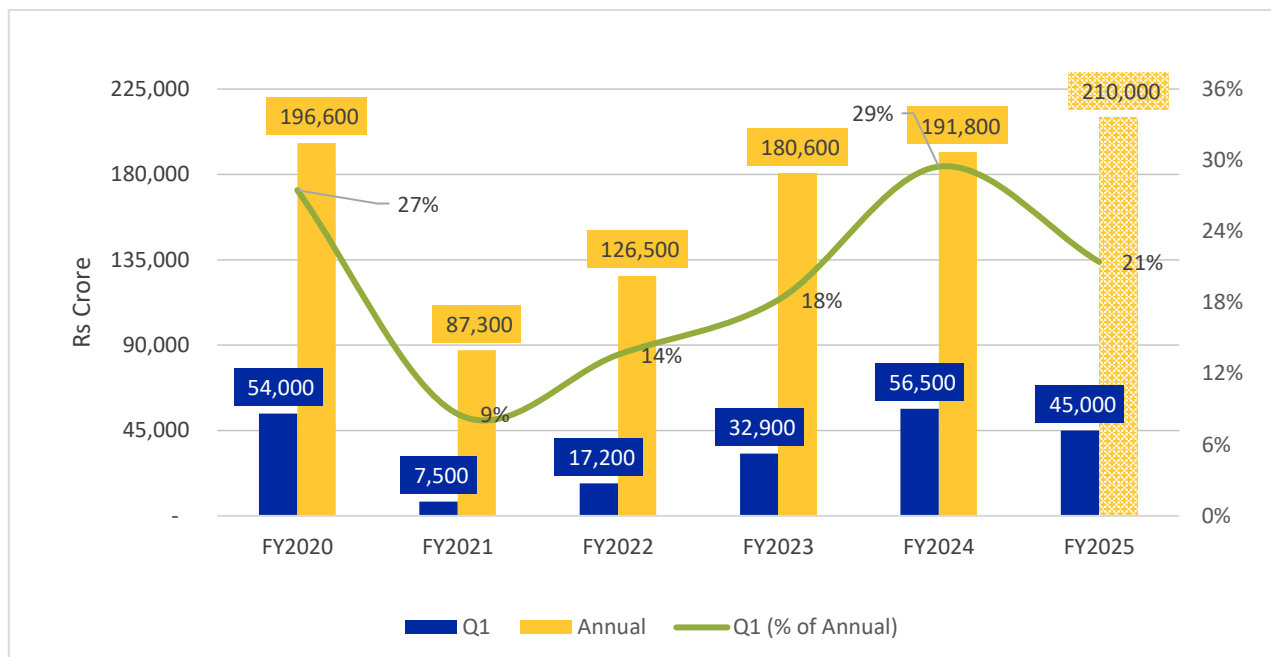
- Increase in participation by banks as originators likely to boost volumes in the coming quarters

According to ICRA's estimates, the overall securitisation volumes, originated mainly by financial institutions, stood at ~Rs. 45,000 crore in Q1 FY2025, which reflects a reduction of ~20% over Q1 FY2024, largely due to the exit of a large housing finance company (HFC) in Q2 FY2024. Excluding the HFC, the securitisation volumes remained largely flat on a YoY basis. The non-banking financial companies (NBFCs) and the HFCs continue to utilise securitisation as a funding tool to raise liquidity as well as to diversify their funding avenues and grow their investor base. ICRA projects securitisation volumes to pick up in the subsequent quarters and cross Rs. 2 trillion for FY2025.

**Abhishek Dafria, Senior Vice President and Group Head, Structured Finance Ratings, at ICRA,** said: "The securitisation market volumes have not seen a major uptick in Q1 as overall disbursement growth in the NBFC sector has moderated, especially in the unsecured lending space, following the cautionary advice of the Reserve Bank of India. However, the securitisation market continues to widen with new originators, even from the banking sector, raising funds through this route in the quarter, which bodes well for the industry's long-term growth. We expect securitisation volumes to pick up in subsequent quarters boosting annual volumes above Rs 2 trillion in FY2025."

The share of pass-through certificates (PTCs) form ~55%-60% of the overall securitisation volumes with the remaining portion attributed to direct loan sell-downs, i.e. direct assignments. Vehicle loans continue to form the biggest asset class in PTC issuances, though the leading originators in this space carried out lower securitisation in Q1 FY2025 compared to Q1 FY2024, possibly due to the General Elections, which would have dampened commercial vehicle sales. Microfinance and mortgage-backed loans, however, continue to be largely securitised through direct assignments. The proportion of personal loans has slightly moderated due to the recent concerns raised by the RBI, though the current proportion of this asset class remains relatively lower in the overall volumes.

"Performance of the ICRA-rated pools largely continue to be adequate, witnessing healthy collections, and the credit ratings of the PTCs have been reaffirmed or upgraded for most of the transactions during the quarter. We, however, continue to be mindful of any possible rise in delinquencies in the unsecured loan segment, given the concerns around overleveraging at the underlying borrower levels. The recent rise in delinquencies in certain geographies for the microfinance sector has not impacted the ICRA-rated pools, given the healthy geographical diversification and adequate credit enhancements in the transactions. We expect the credit quality for the securitised instruments to remain largely stable during the year, barring any major macroeconomic event," adds Dafria.

**EXHIBIT 1. Securitisation market volume (PTC + DA)**


Source: ICRA Research, Industry

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