

## PRESS RELEASE

April 07, 2025

**ICRA: Annual securitisation volumes estimated at an all-time high of Rs. 2.35 lakh crore for FY2025**

- Volumes projected to rise to Rs 2.50 lakh crore in FY2026 in baseline scenario
- Participation from a few private sector banks continues to drive the volumes upwards

According to ICRA's estimates, the overall securitisation volumes, originated mainly by financial institutions, rose to Rs. 2.35 lakh crore in FY2025, which is the highest ever seen in the Indian market. While the annual securitisation volumes saw a sharp jump of ~23%, volumes in Q4 FY2025 were at ~Rs. 52,000 crore, which is a QoQ reduction of ~25%. The decline is attributable to the top few non-banking financial companies (NBFCs) securitising higher volumes in Q2 FY2025 and Q3 FY2025, with less participation in the final quarter. This was due to the overall sluggishness observed in the disbursements among the NBFCs. Historically, securitisation of standard assets is done by the NBFCs and the housing finance companies (HFCs) in the domestic market. However, the increased participation of a few large private sector banks as originators (i.e. either direct assignment (DA) or via the pass-through certificate (PTC) route) had driven the securitisation growth volumes throughout the year, especially in the second and the third quarters of FY2025.

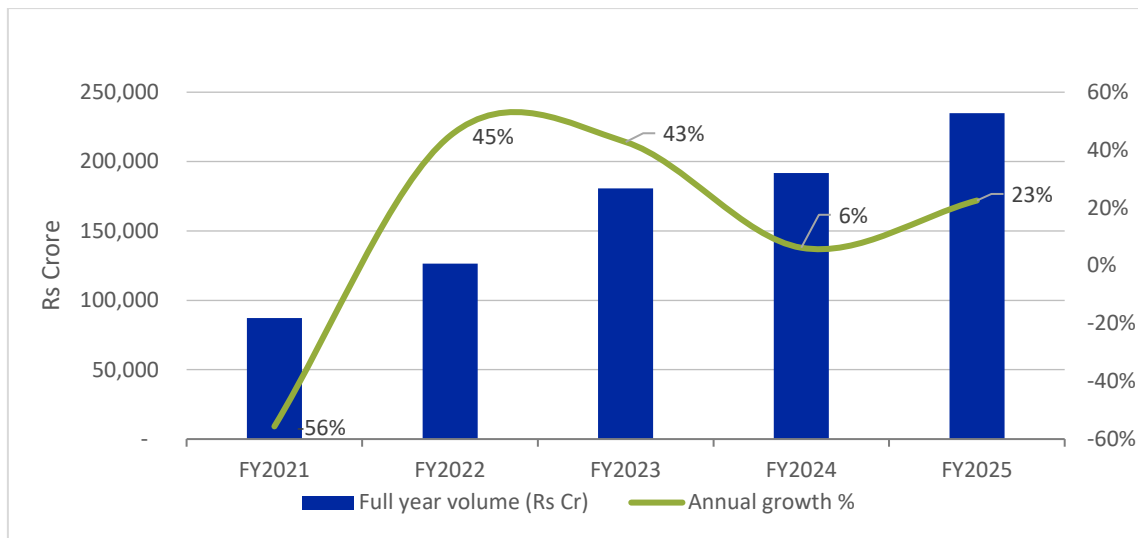
**Sachin Joglekar, Vice President and Co-Group Head, Structured Finance Ratings, at ICRA,** said: *"Securitisation volumes for FY2025 surged to an all-time high of ~Rs. 2.35 lakh crore, showing 23% growth over the previous year. This increase was driven by both existing large as well as new NBFCs and HFCs. FY2025's trend showcases an increased reliance by originators on securitisation as a funding tool. We also witnessed a sharp increase in securitisation by a few private sector banks to support their portfolio growth, given the challenges in deposit growth rates."*

*"The unsecured business, personal and microfinance loans have been going through asset quality stress, resulting in shrinkage of disbursements and lower participation in securitisation. In the long run, due to introduction of more stringent industry-wide guidelines and tightening of the credit policies, these asset classes are expected to display improved credit discipline. We expect the banks to continue securitising a part of their assets until the credit-to-deposit ratio reaches acceptable levels. Assuming that the global macro-economic scenario stabilises quickly, we expect the volumes to be around Rs 2.50 lakh crore in FY2026," Joglekar added.*

Of the overall securitisation volumes, ~57% are through the PTC issuances, whereas the remaining share is through direct sell-downs or DAs. The investor preference for the mode of securitisation has remained consistent with public sector banks preferring the DA route, while private sector banks opting more for the PTCs. Among the asset classes that are securitised, vehicle loans still dominate the market, given that large banks and the NBFCs in this space have been securitising their car loans and commercial vehicle loans portfolio. The momentum displayed by the microfinance loans in the first quarter has reduced in subsequent quarters because of the asset quality stress seen in the industry, leading to lower disbursements and thus lower funding requirements.

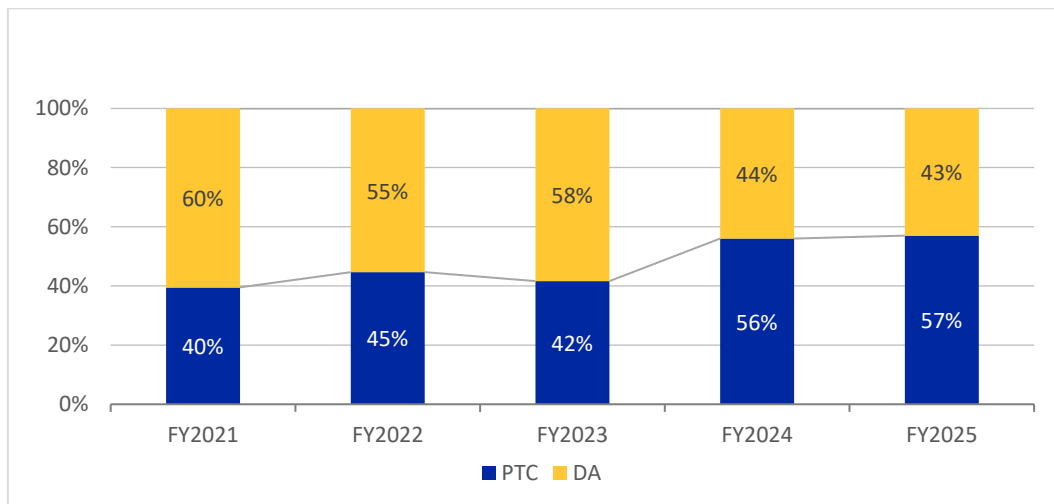
The unsecured business loans and personal loans are also facing asset quality stress in the recent quarters and hence, their volumes have been sliding in H2 FY2025. Nonetheless, given the availability of credit enhancements in PTC transactions and presence of cherry-picked contracts in the securitised loan pools, ICRA does not expect any material impact on the credit quality of the rated PTC transactions.

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



Source: ICRA Research, Industry

### EXHIBIT 2. Annual PTC/DA split



Source: ICRA Research, Industry

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