

PRESS RELEASE
January 06, 2025

Securitisation volumes remain strong at ~Rs. 68,000 crore in Q3 FY2025: ICRA

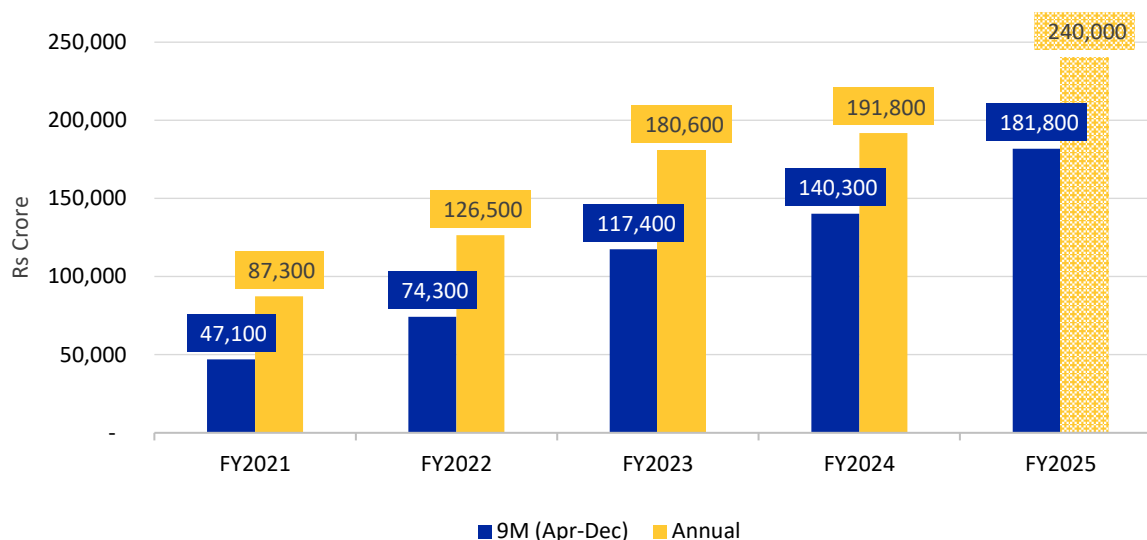
- **Participation from few private sector banks continues to drive the volumes upwards**
- **ICRA revises its annual estimate of securitisation volumes to Rs 2.4 trillion**

ICRA estimates the overall volume of securitisation of standard assets for Q3 FY2025 at ~Rs. 68,000 crore, largely in line with the volumes witnessed in the previous quarter. The securitisation volumes saw a sharp YoY jump of ~80% (volumes of ~Rs 38,000 crore in Q3 FY2024). Historically, securitisation of standard assets is done by non-banking financial companies (NBFCs) and housing finance companies (HFCs) in the domestic market. However, this year the entry of a few large private sector banks that have sold part of their loan portfolio through securitisation (i.e. either direct assignment (DA) or via the pass-through certificate (PTC) route) has driven the growth volumes. ICRA estimates the securitisation volumes at Rs. 1.8 trillion for 9M FY2025 against Rs. 1.4 trillion in 9M FY2024.

Abhishek Dafria, Senior Vice President and Group Head, Structured Finance Ratings, at ICRA, said: *“The continued portfolio sell-down by the private banking sector has elevated the overall securitisation volumes in Q3 FY2025. As was seen in the previous quarter, more than one-third of the total securitisation volume has been originated by banks. Securitisation enables the banks to improve on their credit-to-deposit ratio, given that the pace of deposit accretion has been relatively lower than expected in this fiscal. We expect the banks to continue to securitise part of their assets over the near term until the credit-to-deposit ratio reaches acceptable levels. Securitisation further provides an alternate funding means to both banks and the NBFCs and improves the asset-liability position. Nonetheless, securitisation volumes in Q3 FY2025 were affected to some extent by the relatively muted growth in disbursements in the NBFC sector, especially for the unsecured asset classes such as microfinance and personal loans, due to industry headwinds. We, however, have revised our securitisation volumes estimate upwards for FY2025 to Rs 2.4 trillion from the previous estimate of Rs 2.1 trillion, given the continued presence of large-size banks in the market.”*

Of the overall securitisation volumes, about 55%-60% volumes 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 NBFCs in this space have been securitising their car loans and commercial vehicle loans portfolio. The growth momentum displayed by the microfinance loans in the first quarter has reduced in subsequent quarters due to the apparent asset quality stress being seen in the industry, leading to lower disbursements and thus lower funding requirements.

Personal loan and unsecured business loans are also facing asset quality stress in the recent quarters and hence, its volumes have been sliding in Q3 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

Click [here](#) to access our previous press releases on the sector.

For further information, please contact:

Media Contacts:
Naznin Prodhani

Head Media & Communications
ICRA Ltd
Tel: + (91 124) 4545300,
Dir - 4545860
Email:
naznin.prodhani@icraindia.com

Shreya Bothra

Senior Manager - Media & Communications
ICRA Ltd
Mob: +91- 9810934940
Email:
shreya.bothra@icraindia.com

Sandeep Kumar

Manager - Media & Communications
ICRA Ltd
Mob: +91- 8200535285
Email:
sandeep.kumar@icraindia.com

Ashwani Singh

Deputy Manager - Media & Communications
ICRA Ltd
Tel: +91- 9560842447
Email:
ashwani.singh@icraindia.com

© Copyright, 2025 ICRA Limited. All Rights Reserved.

All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable. Although reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies, while publishing or otherwise disseminating other reports may have presented data, analyses and/or opinions that may be inconsistent with the data, analyses and/or opinions presented in this publication. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

Disclaimer:

This Press Release is being transmitted to you for the sole purpose of dissemination through your newspaper / magazine / agency. The Press Release may be used by you in full or in part without changing the meaning or context thereof, but with due credit to ICRA Limited. However, ICRA Limited alone has the sole right of distribution of its Press Releases for consideration or otherwise through any media including, but not limited to, websites and portals.

About ICRA Limited:

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.

Click on the icon to visit our social media profiles.

