ICRA

STRUCTURED FINANCE

H1 FY2026: Securitisation volumes continue to grow; NBFCs expected to remain key originators

October 2025

List of abbreviations

2 W	Two Wheeler
AHFCs	Affordable Housing Finance Companies
CD ratio	Credit to Deposit ratio
CL/PL	Consumer loans / Personal loan
DA	Direct Assignment
FIs	Financial Institutions
FY	Financial Year; refers to the 12-month period starting from April 1 and ending on March 31
H	Half Year
HFCs	Housing Finance Companies
HL	Home Loan
LHS	Left hand side
LAP	Loan against property
MBS	Mortgage backed security
MF	Micro finance
MSME	Medium, Small, Micro Enterprise
NBFCs	Non Banking Financial Companies
NBFC-MFI	Non Banking Financial Company - Micro Finance Institution
PTC	Pass Through Certificate
Q	Quarter
RHS	Right hand side
SFB	Small Finance Bank
YoY	Year-on-Year

Highlights

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A growth of approximately 10% was recorded in H1 FY2026, primarily driven by large NBFCs undertaking high-value transactions, along with participation from non-financial entities in substantial amount.

- ICRA's estimates indicate that overall securitisation volumes expanded by around 10% YoY, reaching ₹1.25 lakh crore in H1 FY2026. While a single large bank had played a major role in H1 FY2025 volumes, the growth in H1 FY2026 was primarily led by a handful of sizeable corporate deals.
- PTCs constituted approximately 67% of the total securitisation volume during H1 FY2026, primarily driven by the corporate deals. Upon adjusting for these transactions, the share of PTCs stood at 60%, thereby sustaining the trend that is seen since FY2024.
- Unlike the previous fiscal year, non-banking entities have emerged as the dominant contributors to overall securitisation volumes in FY2026. NBFCs—excluding MFIs and HFCs—accounted for more than 60% of the total volumes in H1 FY2026.
- Since FY2024, vehicle financing has consistently led securitisation volumes, followed by MBS as the strongest-performing asset class. MF ranks third, though it remains the most susceptible to risk owing to borrower profiles.
- Owing to asset quality deterioration, MF loans were predominantly securitised through the PTC route over the past few quarters. However, with a gradual easing of these concerns and signs of recovery in select geographies, investor preference has begun shifting back towards the DA route for MF loan securitisation.
- Rating upgrades by ICRA have predominantly been supported by the accumulation of credit enhancement in securitisation transactions, resulting from pool amortisation. Conversely, rating downgrades have remained limited and were primarily attributable to issuer-specific challenges.

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Thank You!