



# Securitised Debt Instruments (SDI)

Growing traction in SDIs provides new fund-raising avenue for non-financial sector entities

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# Finance

# MARKETS





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*The SDI market is typically tapped by non-financial entities, which are not regulated by the RBI.*

*The SDI market is in a nascent stage and is expected to gain traction with new entities entering this space.*



- Securitised debt instruments (SDIs) are financial securities representing ownership in a pool of assets – lease rental, trade receivables, NCDs etc.



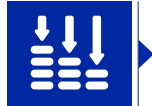
- The SDIs are governed by SEBI Regulations 2008, the SEBI LODR Regulations 2015 and the Operational Circular 2022



- Though SDI guidelines were first issued by the SEBI in 2008, transactions undertaken through this route have witnessed traction in the last two to three years.



- The SDI transactions under the retail non-financial institution category have witnessed steady growth for the last two years. ICRA estimates that 18 transactions have been executed with a value of ~Rs. 239 crore.



- ICRA expects the SDI volumes to continue to gradually increase with more originators and a wider investor participation.



- Majority of the SDI transactions in the market are backed by lease receivables. The NCDs and trade receivables are the other asset classes.



- Moreover, majority of the SDIs belong to the non-investment grade category, mainly because the counterparties for the transactions don't have strong credit profiles. Consequently, the yields in such transactions are on the higher side.



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