

# STRUCTURED FINANCE

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**Securitisation volumes revert to pre-pandemic levels in FY2024**

**APRIL 2024**





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*The overall securitisation volumes, originated mainly by financial institutions, stood at ~Rs. 1.92 lakh crore in FY2024, a seemingly modest growth of ~6% over FY2023.*

*However, if we exclude one large housing finance company, which was the largest originator, the volumes increased by ~25% YoY.*



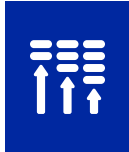
The overall securitisation volumes, originated mainly by financial institutions, stood at ~Rs. 1.92 lakh crore in FY2024, reverting to the pre-pandemic level. This benefitted from a healthy expansion of 36% in securitisation volumes to ~Rs. 52,000 crore in Q4 FY2024 over the preceding quarter.



Given the strong credit demand and increased reliance on securitisation, ICRA expects the securitisation volumes to comfortably cross ~Rs. 2 lakh crore for FY2025.



In FY2024, vehicle loans dominated the securitisation market following the exit of a large housing finance company (HFC) in Q2, which was a leading originator earlier driving the share of mortgage-backed securitisation (MBS).



Microfinance (MFI) loans formed the second largest asset in FY2024, showing it had regained investor confidence in its asset quality along with high returns from the segment. Other asset classes such as unsecured business loans, two-wheeler loans, personal loans and lease rentals made up the rest of the market.



MBS and MFI are primarily done through the Direct Assignment (DA) route, while vehicle loans are taken through the Pass-Through Certificate (PTC) route.



ICRA's rating upgrades have been largely driven by the build-up in credit enhancement in the transactions following the amortisation of the pools. Downgrades have been limited mainly due to issuer-specific issues.



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