

STRUCTURED FINANCE

Securitisation volumes touching new
highs in Q2 FY2025

OCTOBER 2024





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The overall securitisation volumes, originated mainly by financial institutions, stood at ~Rs. 1.14 lakh crore in H1 FY2025.

Large ticket transactions by private sector banks in Q2 FY2025 led the steep growth in overall securitisation volumes.



As per ICRA's estimates, securitisation volume was ~Rs. 70,000 crore in Q2 FY2025, which is a 52% growth over Q1 FY2025. However, due to a relatively tepid first quarter, the overall securitisation volumes stood at ~Rs. 1,13,800 crore in H1 FY2025, a modest growth of ~11% over H1 FY2024.



In Q2 FY2025, about 35% of the assets securitised had been originated by private sector banks, which is a significant boost, compared to previous years when banks used to be almost non-existent in this market as originators.



The share of Pass Through Certificates (PTCs) was at ~56% of the market for H1 FY2025. This was aided to an extent by one large-size PTC transaction in Q2 FY2025 by a private sector bank.



Vehicle loans have shown increased dominance in the securitisation space, especially with a few large ticket transactions by private sector banks and other vehicle loan financiers selling their portfolio in Q2 FY2025.



Home loan/ Loan against property (HL/ LAP) and microfinance (MF) entities securitise pools primarily through the Direct Assignment (DA) route, while vehicle loan financiers have a preference for PTCs.



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 problems.



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Analytical Contact Details

| Name | Designation | Email | Contact Number |
|-----------------|--|--|-----------------|
| Abhishek Dafria | Senior Vice-President & Group Head | abhishek.dafria@icraindia.com | 022 - 6114 3440 |
| Sachin Joglekar | Vice-President & Co-Group Head | sachin.joglekar@icraindia.com | 022 - 6114 3470 |
| Himanshi Doshi | Assistant Vice-President & Sector Head | himanshi.doshi@icraindia.com | 022 - 6114 3410 |
| Sumit Pramanik | Assistant Vice-President & Sector Head | sumit.pramanik@icraindia.com | 022 - 6114 3462 |





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Business Development/Media Contact Details

| Name | Designation | Email | Contact Number |
|-----------------|--|--|----------------|
| L Shivakumar | Chief Business Officer | shivakumar@icraindia.com | 022-61693304 |
| Neha Agarwal | Head – Research Sales | neha.agarwal@icraindia.com | 022-61693338 |
| Rohit Gupta | Head Business Development – Infrastructure Sector | rohitg@icraindia.com | 0124-4545340 |
| Vivek Bhalla | Head Business Development – Financial Sector | vivek.bhalla@icraindia.com | 022-61693372 |
| Vinita Baid | Head Business Development – Corporate Sector - West & East | vinita.baid@icraindia.com | 033-71501131 |
| Shivam Bhatia | Head Business Development – Corporate Sector - North & South | shivam.bhatia@icraindia.com | 0124-4545803 |
| Naznin Prodhani | Head - Group Corporate Communications & Media Relations | communications@icraindia.com | 0124-4545860 |





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