

# M&S NBFC Securitisation Market

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Securitisation by medium and small  
NBFCs continues to find limited  
investor appetite

MARCH 2025





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*Share of M&S NBFCs in overall securitisation remains low due to limited investor appetite with the perceived servicer risk being higher than that for bigger NBFCs.*

*Securitisation volumes for M&S NBFCs are expected to decline in the current fiscal with de-growth in disbursements amid ongoing headwinds in the sector, especially in the unsecured asset class.*



Given the immense potential for financial inclusion and the growth outlook for semi-urban and rural India, the Medium and Small Non-Banking Finance Companies (M&S NBFCs\*) are set for volume-driven expansion. To fuel the same, the M&S NBFCs will need to diversify their funding wherein securitisation can play an important role.



The total securitisation volumes in FY2024 were ~Rs. 192,000 crore with M&S NBFCs accounting for around one-fourth of the total volumes (~Rs. 50,000 crore). M&S NBFC volumes for FY2024 were almost equally split between pass-through certificates (PTCs) and direct assignment (DA).



Going by the securitisation volumes for M&S NBFCs in FY2024, the asset class-wise concentration seems high with Microfinance (MF) and Micro, Small and Medium Enterprises (MSMEs) accounting for a significant share of the total securitisation. This indicates that NBFCs with a portfolio of mainly unsecured or low-ticket asset classes rely more on securitisation for their funding.



Rating category-wise, M&S NBFCs with a base rating in the A rating category had the highest share in securitisation volumes in the category. Lack of investors willing to participate in BBB-rated PTC issuances remains a challenge in this sector.



For FY2025, we estimate securitisation volumes for M&S NBFCs to be ~Rs. 57,000 crore. The YoY growth in securitisation volumes is expected to be affected by lower disbursement and weaker investor appetite; however, the same is expected to recover slightly in Q4 FY2025.

\*Assets under management (AUM) of up to Rs. 15,000 crore as of March 2024



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