

Retail Asset Securitisation: Record Volume of ₹73,000 crore in Q3FY25



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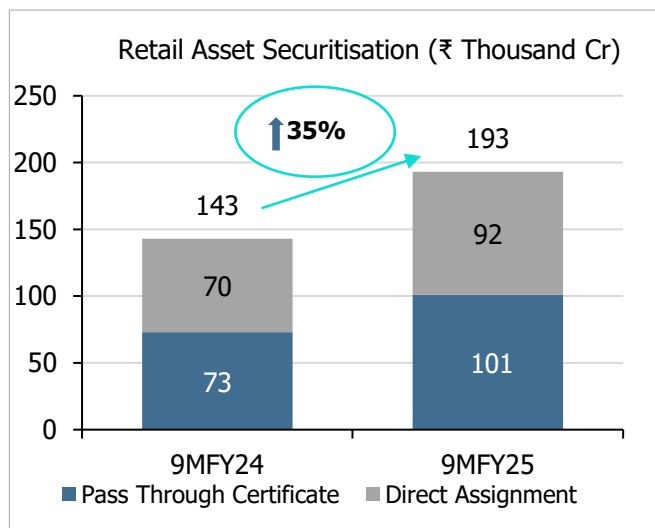
Securitisation Market Poised for Another Record-Breaking Year

The securitisation market is progressing steadily towards another record high in FY25, despite a moderate start in the first quarter of the current fiscal, with total volumes reaching ₹1,93,000 crore (CareEdge Ratings estimate) for the first nine months of the current fiscal, encompassing both pass-through certificate (PTC) issuances and direct assignment (DA) transactions. The securitisation market gained significant momentum in the second quarter of the current fiscal, which continued in the third quarter, with a total volume of around ₹73,000 crore in Q3FY25 (up from ₹43,000 crore for Q3FY24). Traditionally, the final quarter of the fiscal records the highest volumes, and current trends suggest that this pattern is likely to continue.

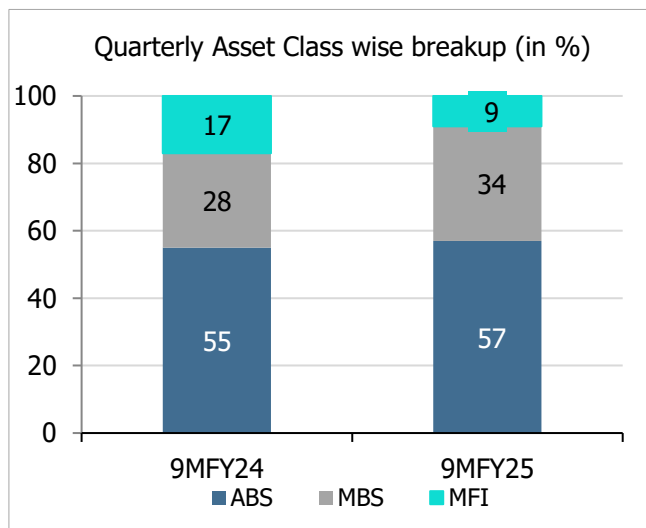
This growth has been primarily driven by significant volumes from HDFC Bank and other large originators, as well as from continued demand for loans that meet Priority Sector Lending (PSL) norms. The quarter also witnessed the consummation of the largest PTC transaction backed by retail loans with participation from mutual funds as investors.

In 9MFY25, the market witnessed a growth of around 35% (CareEdge Ratings estimate) compared to 9MFY24. The PTC volume has outstripped the DA volumes, constituting 52% of the overall volume.

In Q3FY25, securitisation volumes were somewhat impacted by the slower growth in disbursements within the NBFC sector. This was particularly evident in unsecured asset classes like microfinance and personal loans, business loans, which faced industry-wide stress.



Source: CareEdge Ratings

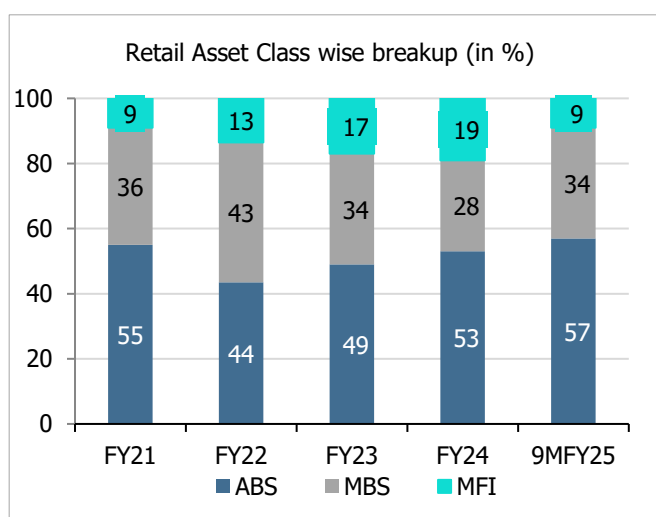
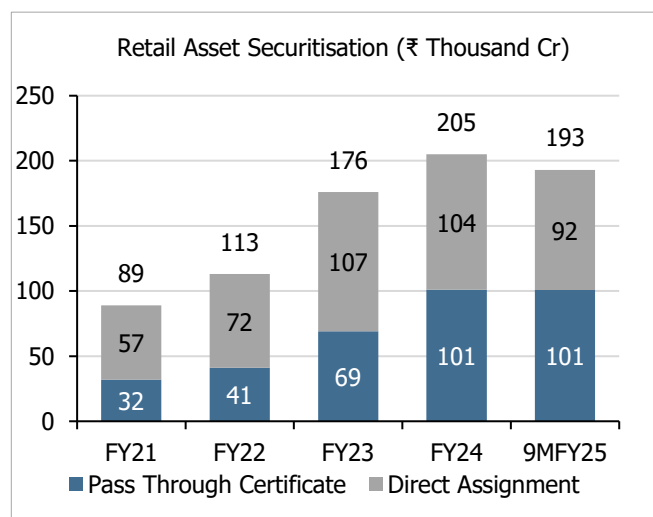


Asset Class-wise Break-up

In the first nine months of FY25, Mortgage-backed securitisation (MBS) transactions dominated the Direct Assignment (DA) volumes, comprising 59%, while Asset-backed securitisation (ABS) transactions accounted for 27%. The overall proportion of transactions backed by microfinance loans (MFI) saw a significant drop to around 9%, compared to 17% in the same period the previous year (9MFY24).

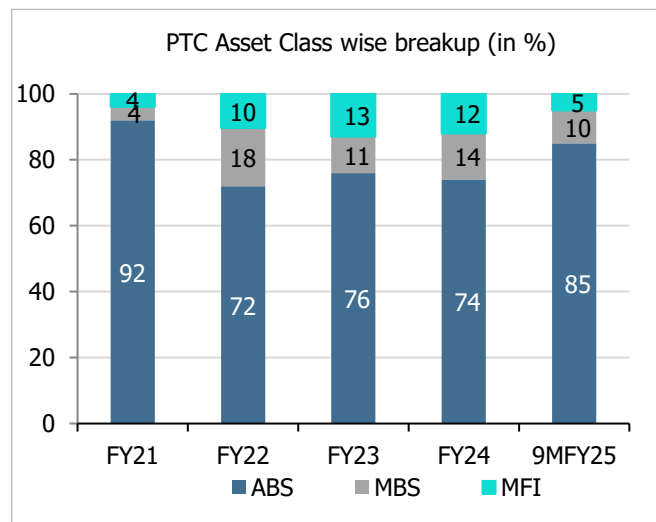
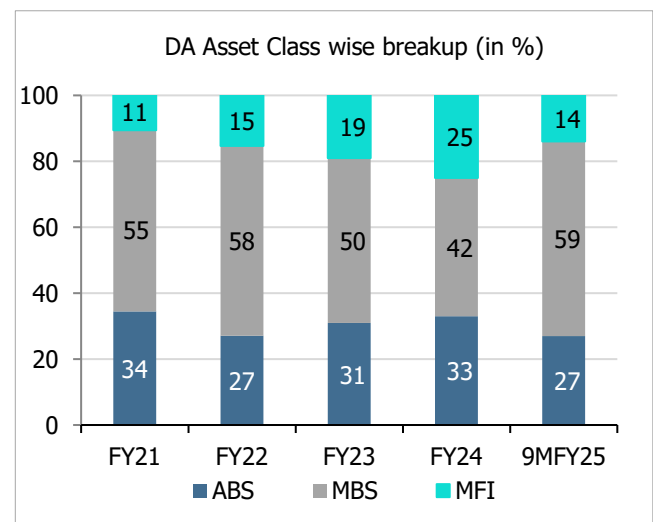
For PTC issuances, ABS pools constituted a substantial 85% of the total, with MBS and MFI pools contributing around 10% and 5%, respectively. The share of MFI transactions in PTC issuances also declined to 5% from 11% in 9MFY24. Vehicle loan financing, including loans against commercial vehicles, cars, two-wheelers, construction equipment, and tractors, accounted for ₹73,500 crore, making up 73% of PTC issuance.

Retail Securitisation Volumes and Asset Class-wise Breakup



Source: CareEdge Ratings

Asset Class-wise Breakup of PTC and DA Volume



Source: CareEdge Ratings

Outlook

The surge in the securitisation market was primarily driven by issuances from a few large private sector banks aiming to maintain the credit-deposit ratio. Typically, the highest volumes occur in the last quarter of the fiscal year. Additionally, the anticipated easing of monetary policy in Q4FY25 and renewed interest from mutual fund houses could further boost the securitisation market. CareEdge Ratings continues to project that the overall market volume will grow by at least 15% in FY25 compared to FY24, [estimating it to cross at least ₹2,35,000 crore](#).

Contact

Sanjay Agarwal	Senior Director	sanjay.agarwal@careedge.in	+91 - 22 - 6754 3582 / +91 - 81080 07676
Vineet Jain	Senior Director	vineet.jain@careedge.in	+91 - 22 - 6754 3623 / +91 - 99876 88674
Sriram Rajagopalan	Director	sriram.rajagopalan@careedge.in	+91 - 22 - 6754 3652 / +91 - 98928 11172
Chirag Gambhir	Associate Director	chirag.gambhir@careedge.in	+91 - 22 - 6754 3423 / +91 - 90220 58905
Punit Nyati	Analyst	punit.nyati@careedge.in	+91 - 22 - 6754 3456 / +91 - 88797 22020
Mradul Mishra	Media Relations	mradul.mishra@careedge.in	+91 - 22 - 6754 3596

CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone : +91 - 22 - 6754 3456 | CIN: L67190MH1993PLC071691

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