

# 11<sup>th</sup> Securitisation Summit 2023

Securitisation: Global gateway to investing in India's Financial Sector

19<sup>th</sup> May 2023 | Novotel Mumbai International Airport



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# Key Findings and Takeaways

# Welcome Address



**11<sup>th</sup> Securitisation Summit 2023**

Securitisation: Global gateway to investing in India's Financial Sector





**Dr. Krishnamurthy Subramanian**

*Executive Director (India), International Monetary Fund  
Former Chief Economic Advisor, Government of India*



**Mr. R. V. Verma**

*Chairman, AU Small Finance Bank,  
Former CMD, National Housing Bank*

## Special Address and Keynote Address

- In his special address, Dr. Subramanian compared securitisation with fire - the two, if used with proper restraints, can be great and necessary tools of productivity, but left uncontrolled, may cause havoc.
- As for infrastructure financing, he mentioned that Indian infrastructure scenario ought to have had specialised lenders who have sectoral experience, rather than universal banks doing it. There are recent initiatives in this regard.
- Non-performing loans should greater participation of sophisticated investors.
- IBC has had its reforms over time; it is not a law that was expected to be born perfect - it is but expected that it is moving towards that.
- There needs to be larger participation in NPLs from investors
- Mr. R V Verma delivered keynote speech essentially dealing with the need for affordable housing, affordable housing finance, mortgage-backed securities.
- Lessons need to be learnt from the Global Financial Crisis. Indian regulations may seem to be more restrictive than what people think they should be, but it is better that way than to have over-optimistic transactions.
- An entity to facilitate secondary market trades in MBS will help long-term flow of money.
- Housing finance needs a perpetual and incremental flow of money, and that is where securitisation helps.
- The presentation used during his address can be accessed from [this link](#).

# Session 1: Indian Securitisation market: aligning with the global markets

- Mr. Mark Adelson gave an overview of developments in global securitisation markets; and ESG concerns in securitisation ([click here to access his presentation](#))
- Mr. Peeyush Pallav explained how the investors in Asia-Pacific region look at India market and trends as compared to China's bond market. He also touched upon the trends in cash versus synthetic securitisation.
- Moving to India, Mr. Sriram Rajagopalan deliberated on the developments on the domestic front and the reasons why we don't see mutual fund and pension funds as investors. He also touched upon new asset classes in the domestic securitisation market.
- Priority Sector Lending (PSL) – an important factor driving the banks to buy assets meeting the PSL norms.
- Dr. Prashant Das explained how RMBS facilitates financial inclusion by creating a perpetual source of liquidity. He also touched upon the defaults rates, means of security, yield rates, etc. in the housing sector.

## **Moderator:**

**Dr. K Vaidya Nathan**

*Assistant Professor, Indian School of Business*

## **Speakers:**

**Mark Adelson**

*Editor, Journal of Structured Finance and Independent Consultant*

**Peeyush Pallav**

*Managing Director, Mizuho*

**Sriram Rajagopalan**

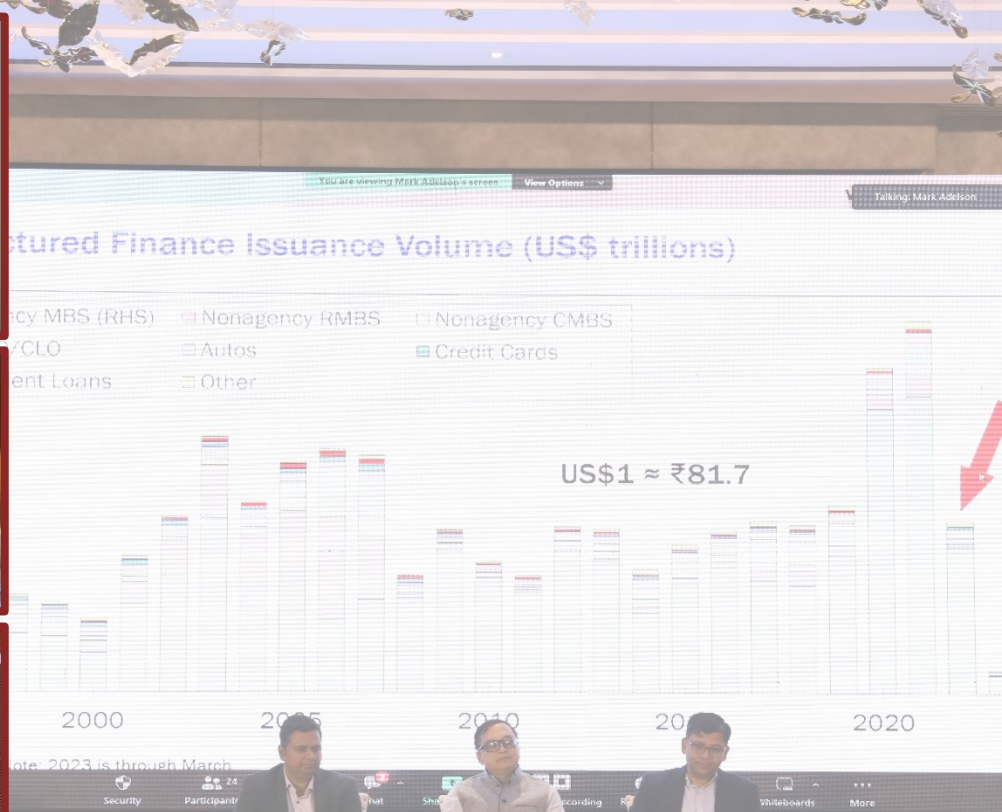
*Head – Securitisation, CARE Ratings*

**Dr. Prashant Das**

*Associate Professor of Finance, Indian Institute of Management, Ahmedabad*



# Session 1: Indian Securitisation market: aligning with the global markets



## Session 2: Regulatory and Institutional framework: to enable, shape and strengthen the market

- The panel deliberated on the impact of the RBI amendment dated December 5, 2022 w.r.t. MHP requirements.
- Mr. Akshay Sarma spoke on issues faced by new-age lenders disbursing digital loans.
- Mr. Sunil Badala touched upon the tax neutrality aspects and explained the practical challenges in claiming a pass through status. He also briefly explained the taxation aspects in the context of IFSC.
- Mr. Phani deliberated on the direct assignments and its tax issues particularly for the loans which carry deduction of tax at source. He shared practical insights on negotiating direct assignment transactions. He also explained the data privacy issues for such loans.
- Mr. Nihas Basheer shared his views on whether the 2021 Directions have brought India's securitisation framework in line with global regulations and issues in the SSA or TLE Directions. He also spoke on the regulatory intent of the 5<sup>th</sup> Dec amendment.
- Mr. Rohit Inamdar explained how a rating agency sees the securitisation-cum-DA market shape up. He also touched upon the loss estimations done by rating agencies and methodologies for such estimations.

### **Moderator:**

**Vinod Kothari**

*Director, VKCPL and ISF*

### **Speakers:**

**Sri Phani**

*Chief-Corporate Legal, Bajaj Finance Limited*

**Akshay Sarma**

*Chief Financial Officer, Axio*

**Sunil Badala**

*Partner and National head, BFSI, Tax, KPMG India*

**Rohit Inamdar**

*Senior Director, CRISIL Ratings*

**Nihas Basheer**

*Partner, Wadia Ghandy & Co.*



## Session 2: Regulatory and Institutional framework: to enable, shape and strengthen the market





# Launching white papers and compendium of articles

- Understanding co-lending
- The underlying economic rationale for co-lending
- State of the market
- Partnering in lending - structures in the market
- Regulatory Framework
- Comparison between co-lending and TLE

May 2023

## GREEN SECURITISATION IN INDIA

Can securitisation act as a catalyst to the growth of green finance in India?



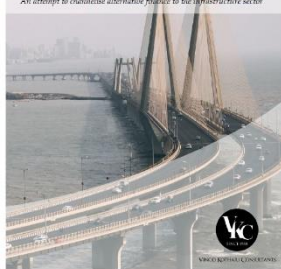
May 2023



VIDYA CAPITAL COMPANY

## SECURITISATION OF INFRASTRUCTURE ASSETS IN INDIA

An attempt to characterise alternative finance to the infrastructure sector



VIDYA CAPITAL COMPANY

## CO-LENDING

Lenders' collaboration to extend lending outreach and capabilities



May 2023



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## Legal Research on Structured Finance

A compendium of shortlisted articles submitted for the  
Vidya Chandy Award for Structural Finance Research

Containing articles on:

- Bankruptcy remoteness in Indian securitisation: A comparative - Whether the rules in India, particularly under BCP, clearly exclude third-party assets and obligations, and therefore, are dispositive in nature in true sale of assets? Whether it is safe to say that, absent an IP, it is correct that the transaction of assignment is not a true sale at all, and therefore, the asset or liabilities do not become bankruptcy remote? The question of true sale is viewed in light of global principles, and Indian jurisprudence.
- Circular funds and potential for structuring a combination of debt securities in India. Discusses current Indian structures and potential for using similar structures in India.
- Legality of credit risk transfer arrangements in India in light of the prohibition on synthetic securitisation under SCA Directive.



Compiled and published by

VIDYA SECURITISATION  
FOUNDATION

## Session 3: Strengthening traditional originators and investors

- Mr. V S Rangan deliberated on the post-merger impact of HDFC Limited with the bank on the securitisation market (PTC + DA) volumes. He also spoke on new emerging factors to push this market forward other than traditional reasons such as PSL needs.
- Mr. G S Agawal touched upon the segmentation in the choice of investors –private banks prefer PTCs while PSBs prefer DA. He explained the key factors that play a role while deciding between DA or PTC.
- Mr. Kishore Lodha deliberated upon the benefits of building a co-lending book compared to raising funds through PTC or DA route. He also touched upon the investor interest for acquiring SME loans through securitisation route.
- Mr. Irfan explained the persisting challenges in the co-lending model and the preference for originators and investors between DA, PTC and co-lending route.
- Mr. Hardik Kotak deliberated on the preferred asset classes and whether the investment decisions are driven by PSL requirements or the yield.

### **Moderator:**

**Abhishek Dafria**

*Vice President and Group Head,  
Structured Finance, ICRA*

### **Speakers:**

**V. S. Rangan**

*Executive Director, HDFC Ltd.*

**Gauri Shankar Agarwal**

*CFO, Shriram Housing Finance*

**Kishore Lodha**

*CFO, UGRO Capital*

**Irfan Shaik Mohammed**

*Chief Business Officer, Yubi*

**Hardik Kotak**

*Vice President, NBFCs Wholesale  
Banking, Kotak Mahindra Bank*



## Session 3: Strengthening traditional originators and investors





## Session 4: Making originator-investor partnerships work

- Ms. Sandhya Dhawan deliberated upon the participation of mutual funds and retail investors in the Indian securitisation market. She also touched upon the role third party credit enhancers.
- Mr. Rajeev Puri and Mr. Himanshu Banka gave a bankers' perspective (public and private sector respectively) in case of pool purchases and co-lending transactions and their expectations.
- Mr. Pranav Jain spoke about the expectations and interest of foreign portfolio investors investing in Indian market and the kind of asset classes that are being sought.
- Mr. Soumendra Ghosh deliberated upon how AIFs invest in securitised papers and the approach for such transactions. He also touched upon the investors' risk appetite in such transactions as compared to traditional investors.

### **Moderator:**

**Lakshmi Iyer**

*CEO-Investment & Strategy, Kotak Investment Advisors*

### **Speakers:**

**Sandhya Dhawan**

*Senior Director, Head – Capital Markets, Northern Arc Capital*

**Rajeev Puri**

*ED, Central Bank of India*

**Soumendra Ghosh**

*CIO, Vivriti Asset Management*

**Pranav Jain**

*Partner, D3T Capital*

**Himanshu Banka**

*Product Head – DA and Co-lending, Yes Bank*

## Session 4: Making originator-investor partnerships work





## Most Innovative Deal of the Year: Credable Eagle

*Deal name: Nimbus 2022 TR Eagle*

*Structure: One Tranche multi-anchor, multi-vendor persistent (revolving) Securitization transaction*

### Jury

- 1) Dr. Harsh Vardhan – Chair of Dr Harsh Vardhan Committee Report
- 2) Mr. Razi Amin – Partner, ASPEN Capital Solutions LLC
- 3) Mr. Kalpesh Gada - Structured Finance Expert
- 4) Mr. Richard Kemmish - Structured Finance Expert
- 5) Anonymous Jury

Originator	: Equentia Financial Service Private Limited (CredAble)
Arranger	: Northern Arc Capital Limited
Legal Counsel	: Phoenix Legal





# Wadia Ghandy Award for Structured Finance Research

## Jury:

1. Dr. M S Sahoo, Distinguished Professor, NLU
2. Adv. Ashish Ahuja, Joint Managing Partner, WG
3. Vinod Kothari, Director, ISF and VKCPL



**1<sup>st</sup> position:**

**Mr. Aditya Sushant Jain**  
(BALLB, Jindal Global Law School)

*Topic: Squinting on the true sale doctrine in Indian securitization transactions through a US-India analysis*

**Cash prize: Rs. 50,000**



**2<sup>nd</sup> position:**

**Ms. Gunjan Modi (BALLB, National Law School of India University, Bangalore) and**  
**Mr. Ashwin Arun (BALLB, NLU, Delhi)**

*Topic: Bankruptcy Remoteness in Indian Securitisation Transactions*

**Cash prize: Rs. 25,000**



**3<sup>rd</sup> position:**

**Ms. Niyati Prabhu**  
(BALLB (Hons.), NUALS, Kochi)  
*Topic: Covered Bonds and the Potential for Structuring Dual Recourse Transactions in India: The Possibility of Implementing European Secured Notes in Indian Context*

**Cash prize: Rs. 15,000**

# 11<sup>th</sup> Securitisation Summit 2023



**Thank You!**

*Organising Committee  
11<sup>th</sup> Securitisation Summit, 2023*