

CASE STUDY : IFMR Capital Auxesia

This transaction was structured by IFMR Capital in 2013. IKF Finance Limited sold a pool of commercial vehicle loan amounting to INR 24.7 Cr to the Special purpose vehicle Auxesia CV IFMR Capital 2013. The SPV issued two series of certificates in the nature of pass through certificates ("PTCs"), namely the Series A1 PTCs and Series A2. The Principal amount from A1 investor was INR 20.9crore.

The Structure:

- Series A1 PTCs were rated A- (SO) while Series A2 PTCs were rated BB+ (SO) by ICRA. Series A1 rank higher in preference and priority over Series A2 PTCs.
- The rating was based on the strength of the cash flows from selected pools of contracts and the external credit enhancement. A credit enhancement was provided by way of
 - Cash collateral of 7.00% of the pool principal provided by the Vehicle Finance Company.
 - Subordination of 25.40% of pool cash-flows for A1 investors and 19.45% of pool cash-flow for A2 investors. A credit enhancement was provided by way of

As per the transaction structure, the loan pool receivables are transferred "at par" to a Special Purpose Vehicle (SPV) and the Trust issues PTCs to A1 and A2 investors. Yields for PTC A1 PTC A2 yield are fixed. The cash-flow schedule for A1 investors comprises of principal amortization and the agreed upon interest on the principal outstanding, while for A2 the cash-flows include principal amortization and payment of interest on a monthly basis. are due and payable at every payout.