

CASE STUDY : IFMR Capital Astrae

IFMR Capital structured a transaction in 2015, assigning Pass through Certificates (PTCs) to three tranches of investors, A1, A2 and A3 backed by receivables from a pool of small business loans amounting to 16 crore. The principal amount from A1 investor was 11.32 crore. The loan pools were originated by Aptus Value Housing.

Instrument	Principal (Rs. Crore)	Maturity	Expected door to door tenor (yrs)	Rating
PTC A1	11.33	Mar 2029	3.99	(ICRA) A-
PTC A2	4.67	Mar 2029	5.75	(ICRA) BBB
PTC A3	.35	Mar 2029	6.16	BBB-

The underlying pool was selected based on :

- Minimum Holding Period of the pool should meet the criteria set out under Securitization Guidelines.
- Loans must be backed by equitable mortgage of property
- Loans must not be partly disbursed
- Facilities should not have been restructured
- No overdue on the facilities.

The Structure:

- The transaction received a rating of A- for A1 Investors, BBB for A2 Investors, and BBB- for A3 Investors.
- The rating was based on the strength of the cash flows from selected pools of contracts.
- A credit enhancement was provided by way of
 - Cash collateral of 3.00% of the pool principal provided by Aptus.
 - The credit enhancement provided by the originator can be utilized to the extent of any shortfalls (either due to prepayment or default) in the Pool.
- 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, A2 and A3 investors.
- A1 PTCs issued on a fixed yield basis, representing first priority right in the Issuer's property.
- A2 PTCs issued on a fixed yield basis, representing first priority right in the Issuer's property.
- A3 PTCs issued on a fixed yield basis subject to the Series A3 PTCs receiving no more than the Series A3 Maximum Payout or any payout date representing second priority right in the Issuer's property.
- Series A3 PTC payouts are subordinated to Series A1 PTC and Series A2 PTC Payouts. Series A3 interest payments are not promised at every payout. On payment of Series A1 PTCs and Series A2 PTCs in full, the interest payments on Series A3 PTCs