

CASE STUDY : IFMR Capital Oceanus

IFMR Capital structured a transaction in March, 2015, assigning Pass through Certificates (PTCs) to two tranches of investors, A1 and A2, backed by receivables from housing loan pools of Rs. 30.17 crore. The Principal amount from A1 investor was 28.15 crore. The loan pools were originated by Vistaar Financial Services. The underlying pool was selected based on:

Instrument	Principal (Rs. Crore)	Maturity	Expected door to door tenor (yrs)	Rating
PTC A1	28.15	Feb 2020	2.2	2.2 (ICRA) A-
PTC A2	2.01	Feb 2020	2.6	(ICRA) BB+

The underlying pool was selected based on :

- Minimum Holding Period of the pool should meet the criteria set out under Securitization Guidelines.
- Loans must not be partly disbursed.
- Facilities should not have been restructured or rescheduled.
- Subject to compliance of KYC norms specified by RBI.
- There is no overdue on the facilities.

The Structure:

- The Transaction received a rating of A- for A1 Investors and a BB+ for A2 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 2.50% of the pool principal provided by Vistaar.
 - 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 and A2 investors.
- Series A1 PTCs were issued on a fixed yield basis, representing first priority right in the Issuer's property.
- Series A2 PTCs were issued on a fixed yield basis subject to the Series A2 PTCs receiving no more than the maximum payout on any payout date representing secondary priority right in the Issuer's property.
- All principal and interest payments on the Pool will be used to make payments towards principal of Series A2 PTCs only after the entire interest and principal to the Series A1 PTCs are completely paid off.