

CASE STUDY : IFMR Capital Aterno

IFMR Capital structured a transaction in 2014, assigning Pass through Certificates (PTCs) to two tranches of investors, A1 and A2, backed by receivables from housing loan pools of Rs. 23.09 crore. The Principal amount from A1 investor was 19.63 crore. The loan pools were originated by India Shelter. The underlying pool was selected based on moderate seasoning, absence of overdue contracts and ticket size capped at Rs. 10 lakh.

Instrument	Principal (Rs. Crore)	Maturity	Expected door to door tenor (yrs)	Rating
PTC A1	19.63	Mar 2021	5.04	(ICRA) BBB+
PTC A2	0.69	Apr 2021	6.44	(ICRA) BB+

The Structure:

- India Shelter will assign future receivables arising from a selected pool of 1295 loans to the investors.
- The Transaction received a rating of BBB+ 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 2.00% of the pool principal provided by the AHF.
 - Subordination of 15% of pool principal for A1 investors and 12% of pool principal for A2 investors.
- 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.
- PTC A1 yield is linked to an external benchmark, Base Rate of HDFC, while PTC A2 yield is fixed.
- The cash-flow schedule for A1 investors comprises of principal amortisation and the agreed upon interest on the principal outstanding, while for A2 the cashflows include principal amortisation and payment of interest on a monthly basis.
- The transaction has achieved a collection efficiency of 99.74% till date.