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IFMR Capital Places Second Multi-originator with a Mutual Fund

IFMR Capital recently concluded a Rs. 339 million multi-originator microloan securitisation with three Indian microfinance institutions (MFIs). IFMR Capital Mosec II, the SPV, issued two tranches of securities backed by 36,972 microloans that were originated by Sahayata Fintrade, Satin Creditcare, and Asirvad Microfinance. One of India's top 3 mutual funds subscribed to the senior P1+(so) rated tranche and IFMR Capital invested in the subordinated piece.

This transaction establishes the multi-originator structure as a microloan securitisation structure attractive to both MFIs and investors. The pooling of portfolios allows smaller MFIs to access debt capital and investors to diversify risk. Mutual funds have not been traditional microfinance investors and their investment in this transaction shows the capacity of the multi-originator structure to meet even the most demanding investors' needs.

“We're immensely pleased that with just the second multi-originator transaction we have facilitated mutual fund investment in the primary issue and a much lower market linked cost of funding for our partners. This gives us the confidence to set the bar even higher for future transactions”, said Sucharita Mukherjee, the CEO of IFMR Capital.

About IFMR Capital

IFMR Capital is a Chennai based NBFC that has facilitated more than Rs.1.8 billion of funding to high quality MFIs through its securitization and loans to originate products. In March 2009, IFMR Capital structured and arranged the first rated microloan securitisation transaction in India, and six months later the securities received a three notch rating upgrade from Crisil, with the senior tranche receiving the highest possible rating of AAA(so). IFMR Capital's next transaction, completed later in 2009, was India's first rated microloan securitisation in which a mutual fund invested in the senior tranche. In January 2010, IFMR Capital structured a multi-originator micro-loan securitisation - another first in India. This transaction connected four high quality MFIs - Asirvad, Sahayata, Satin and Sonata- to debt capital markets. Another microloan securitization transaction of Rs. 264 million was completed in March 2010 with Grameen Financial Services Private Limited (Grameen Koota).