March 16, 2018

Aptus Value Housing Finance India Limited

Summary of Rated Instruments

Sr. No.	Issue Name	Instrument	Initial Amount (Rs. Crore)	Amount after Feb-18 payout (Rs. crore)	Rating action
1.	Astraea SBL IFMR Capital 2015	PTC Series A2	4.67	2.05	Rating revised to [ICRA]A+(SO) from [ICRA]BBB+(SO)
		PTC Series A3	0.36	0.36	Rating revised to [ICRA]A(SO) from [ICRA]BBB(SO)

Rating Action

ICRA has upgraded the ratings for PTCs under one mortgage loan securitization transaction originated by Aptus Value Housing Finance India Limited (Aptus), as tabulated above.

Rationale

The pool comprise of receivables from mortgage loan contracts. The receivables have been assigned to the trust at par and the trust has issued PTCs backed by the same. The rating upgrade is driven by moderate to good collection efficiencies and low to moderate level of delinquencies witnessed in the pool.

A summary of the performance of the pools till January 2018 collection month has been tabulated below.

Table 1: Pool Performance Summary (till January 2018 collection)

Parameter	**Astraea SBL IFMR Capital 2015**
Months post securitization	35
Pool Amortization	77.6%
PTC Amortization	
PTC A1	100.0%
PTC A2	56.2%
PTC A3	0.0%
Cumulative Collection Efficiency[1]	92.7%
Loss cum 90+ dpd[2] (% of initial Pool)	2.4%
Loss cum 180+ dpd[3] (% of initial Pool)	1.6%
90+ dpd[4] (% of Balance Pool)	8.9%
180+ dpd[5] (% of Balance Pool)	5.8%
Cumulative Cash Collateral Utilization	0.0%
Breakeven Collection Efficiency[6]	
PTC A1	na
PTC A2	31.0%
PTC A3	39.8%
Cash Collateral (% of Balance Pool)	7.8%
Principal Subordination (% of Balance Pool) for PTC A2	49.1%
Excess Interest Spread (% of Balance Pool) for PTC A2 [7]	44.7%

Key rating drivers

Credit Strengths

- High amortization of the pool resulting in modest Cash Collateral (CC), Principal subordination and Excess Interest Spread cover available for the balance PTC payouts;
- Low to moderate delinquency level in the pool;

Credit Weaknesses

- Moderate track record and scale of operations of the originator
- Moderate to high level of portfolio concentration in South India

[1] *(Cumulative Current and Overdue Collections till date)/(Cumulative Billing till date + Opening Overdues at the start of the transaction)*

[2] *Inclusive of Unbilled and Overdue Principal portion of contracts delinquent for more than 90 days, as a % of Initial Pool Principal*

[3] *Inclusive of Unbilled and Overdue Principal portion of contracts delinquent for more than 180 days, as a % of Initial Pool Principal*

[4] *Inclusive of Unbilled Principal portion of contracts delinquent for more than 90 days, as a % of Balance Principal*

[5] *Inclusive of Unbilled Principal portion of contracts delinquent for more than 180 days, as a % of Balance Principal*

[6] *(Balance Cashflows payable to investor– Cash collateral available)/ Balance Pool Cashflows*

[7] *(Pool Cashflows – Cashflows to PTC A2 – PTC A3 principal – originator's residual share)/ Pool Principal outstanding*

Description of key rating drivers highlighted above:

The performance of the pool has been good with cumulative collection efficiency of 92.65% till January 2018 collection month. Any shortfall in the collections has been absorbed by the EIS in the structure and there has not been CC utilisation in the transaction till date. The pool has amortised considerably (~78% after the February 2018 payouts). Thus, CC (as % of balance PTC payouts) has built up significantly in the transaction.

Overall, the credit enhancement available for meeting balance payouts to the investors is sufficient to upgrade the ratings in the transaction. ICRA will continue to monitor the performance of the transaction. Any further rating action will be based on the performance of the pool and the availability of credit enhancement relative to ICRA's expectations.

Key rating assumptions

ICRA's cash flow modeling for surveillance of MBS transactions involves simulation of potential delinquencies, losses (shortfall in principal collection during the balance tenor of the pool) and prepayments in the pool. The assumptions for loss and the Co-efficient of Variation (CoV) are arrived at after taking into account the past performance of the Originator's portfolio and rated pools, and also the performance and characteristics of the specific pool being evaluated. Additionally, the assumptions may be adjusted to factor the current operating environment and any industry specific factors that ICRA believes could impact the performance of the underlying pool contracts.

After making the aforementioned adjustments, the expected loss and prepayments during the balance tenure of the pools are as given in the table below.

Sr. No	Transaction Name	Expected Loss (% of balance pool principal)	Prepayment
1	Astraea SBL IFMR Capital 2015	8.0% - 10.0%	12% - 18% p a.

Analytical approach:

The rating actions are based on the performance of the pools till January 2018 (collection month), the present delinquency profile of the pool contracts, performance expected over the balance pool tenure, and the credit enhancement available in the transaction.

Links to applicable Criteria

Rating Methodology for Securitisation Transactions

About the Company:

Aptus Value Housing Finance India Limited (Aptus) is a housing finance company, incorporated in December 2009. Aptus' corporate office is located in Chennai. The company's target borrowers are from the low to middle-income segments, with an average ticket size of about Rs. 7-8 lakh. The company's target geographies are the southern states, with a focus on rural and semi-urban areas. Aptus is largely focussed on self-employed customers without documentary evidence of their income, and limited access to funding from banks and larger HFCs. The company has adequate systems and processes to assess the income of borrowers. The company is promoted by Mr. M Anandan. The company's total net worth stood at Rs. 550 crore as on September 30, 2017.

In H1FY2018, the company reported a net profit of Rs. 29.2 crore on a managed asset base of Rs. 1,134.6 crore compared with a net profit of Rs.12.9 crore on a managed asset base of Rs. 905.6 crore in H1FY2017. In FY2017, the company reported a net profit of Rs. 36.9 crore on a managed asset base of Rs. 878.6 crore compared with a net profit of Rs.17.5 crore on a managed asset base of Rs. 544.9 crore in FY2016.

Key Financial Indicators

Indicator	FY 2016	FY 2017
Total Income (Rs. crore)	78.0	125.9
Profit after tax (Rs. crore)	17.5	36.9
Net worth (Rs. crore)	212.0	520.7
Total Managed Portfolio (Rs. crore)	520.1	852.9
Total Managed Assets (Rs. crore)	544.9	878.6
Return on Managed Assets %	4.0%	5.2%
Return on Net worth %	8.6%	10.1%
Gearing (Reported)	1.3	0.6
Gross NPA %	0.47%	0.47%
Net NPA (%)	0.38%	0.36%
Capital Adequacy Ratio %	74.8%	98.1%

Source: Aptus

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years:
Table:

Sr. No.	Name of Instrument	Current Rating			Chronology of Rating History for the past 3 years		
		Type	Rated amount (Rs. Crores)	Month-year & Rating	Month- year & Rating in FY2017	Month- year & Rating in FY2016	Month- year & Rating in FY2015
				March 2018	April 2017	November 2016	July 2015
1.	Astraea SBL IFMR Capital 2015	PTC Series A2	2.05	[ICRA]A+ (SO)	[ICRA]BBB+ (SO)	[ICRA]BBB+ (SO)	[ICRA]BBB (SO)
		PTC Series A3	0.36	[ICRA]A (SO)	[ICRA]BBB (SO)	[ICRA]BBB(SO)	[ICRA]BBB- (SO)

Complexity level of the rated instrument:
ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure I
Details of Instruments

Sr. No.	Issue Name	Instrument	Month of Issuance	Coupon Rate	Scheduled Maturity Date	Initial Amount (Rs. Crore)	Amount after Feb-18 payout (Rs. crore)	Current Rating
1.	Astraea SBL IFMR Capital 2015	PTC Series A2	Mar-15	13.50%	Mar-29	4.67	2.05	[ICRA]A+(SO)
		PTC Series A3		15.00%	Mar-29	0.36	0.36	[ICRA]A(SO)

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About ICRA Limited:
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