

Aptus Value Housing Finance India Limited

March 13, 2019

Summary of rated instruments

Trust Name	Instrument*	Initial Amount (Rs. Crore)	Amount after previous rating exercise (Rs. crore)	Amount after Feb-19 payout (Rs. crore)	Rating Action
Astraea SBL IFMR Capital 2015	PTC Series A2	4.67	2.05	0.45	Rating upgraded to [ICRA]AAA(SO) from [ICRA]A+(SO)
	PTC Series A3	0.36	0.36	0.36	Rating upgraded to [ICRA]AA+(SO) from [ICRA]A(SO)

*Instrument details are provided in Annexure-1

Rating action

ICRA has upgraded the ratings for PTCs under a mortgage loan securitization transaction originated by Aptus Value Housing Finance India Limited (Aptus), as tabulated above. The PTCs in the transaction are backed by mortgage loan receivables originated by Aptus. The receivables have been assigned to the trust at par.

Rationale

The pool comprises 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 pool till January 2019 collection month (February 2019 payout) has been tabulated below.

Pool Performance Summary

Parameters	Astraea SBL IFMR Capital 2015
Months post securitization	47
Pool Amortization	87.17%
PTC Amortization	
PTC A1	100.00%
PTC A2	90.42%
PTC A3	0.00%
Cumulative Collection Efficiency ¹	96.71%
Loss cum 90+ dpd ² (% of initial Pool)	0.77%
Loss cum 180+ dpd ³ (% of initial Pool)	0.75%

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

Parameters	Astraea SBL IFMR Capital 2015
90+ dpd ⁴ (% of Balance Pool)	2.25%
180+ dpd ⁵ (% of Balance Pool)	2.25%
Cumulative Cash Collateral Utilization	0.00%
Breakeven Collection Efficiency ⁶	
PTC A1	na
PTC A2	4.48%
PTC A3	16.28%
Cash Collateral (% of Balance Pool)	13.56%
Principal Subordination (% of Balance Pool) for PTC A2	80.58%
Excess Interest Spread (% of Balance Pool) for PTC A2 ⁷	37.38%

Key rating drivers

Credit Strengths

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

Credit Challenges

- Moderate track record and scale of operations of the originator
- Moderate to high level of pool concentration in Tamil Nadu

Description of key rating drivers highlighted above:

The performance of the pool has been good with cumulative collection efficiency of 96.7% till January 2019 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 (~87% after the February 2019 payouts). Thus, there has been a build-up of CC (as % of balance PTC payouts) 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.

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

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 initial pool principal)	Expected Prepayment per annum
1	Astraea SBL IFMR Capital 2015	0.75% - 1.25%	12% - 18%

Liquidity Position

In the above-mentioned pool, only the interest amount is promised on the PTCs on a monthly basis while the principal amount is promised on the scheduled maturity date. This structural feature imparts significant liquidity in the transaction, as even a small amount of collections in the underlying pool contracts would be sufficient to meet the scheduled PTC payouts.

Additionally, there is cash collateral available in the transaction amounting to 13.6% of the balance pool principal amount. For the transaction, the cash collateral available in the transaction is sufficient to meet all balance promised interest payouts to the PTCs.

Analytical approach:

The rating action is based on the performance of the pool till January 2019 (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.

Analytical Approach	Comments
Applicable Rating Methodologies	Rating Methodology for Securitisation Transactions
Parent/Group Support	Not Applicable
Consolidation / Standalone	Not Applicable

About the company:

Chennai-based Aptus is a housing finance company (HFC), promoted by Mr. M Anandan, and incorporated in December 2009. The company's target borrowers are from the low- to middle-income segments, with an average ticket size of about Rs. 7-8 lakh. Its 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 with limited access to funding from banks and larger HFCs. The company has adequate systems and processes to assess the income of borrowers.

Aptus has a wholly-owned subsidiary, Aptus Finance India Private Limited (Aptus Finance), which extends mortgage loans to small and medium enterprises. On a standalone basis, Aptus Finance's book size was about Rs. 96 crore as on September 30, 2018.

In FY2018, Aptus (consolidated) reported a net profit of Rs. 70.2 crore on a total managed asset base of Rs. 1,477.7 crore against a net profit of Rs. 37.2 crore on a total managed asset base of Rs. 879.0 crore in FY2017.

The company has a rating of [ICRA]A(Stable) outstanding from ICRA for its Non-convertible Debentures, Fund-based Term Loan, Fund-based Cash Credit and [ICRA]A1 for its Short Term Debt as on December 2018.

Key financial indicators

Aptus – consolidated	IGAAP FY2017	IGAAP FY2018	Ind-AS H1 FY2019
Total Income	126.4	212.9	149.3
Profit after Tax	37.2	70.2	48.1
Net Worth	521.1	589.5	632.9
Managed Portfolio	846.3	1,411.0	1,756.3
Total Managed Assets	879.0	1,477.7	1,919.2
Return on Managed Assets	5.2%	6.0%	5.7%
Return on Net Worth	10.1%	12.6%	15.8%
Gearing (times)	0.6	1.4	1.9
Gross NPA%	0.45%	0.50%	0.80%
Net NPA%	0.35%	0.40%	0.60%
CAR%	98.1%	63.9%	53.7%

Amounts in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

S. No	Instrument	Current Rating (FY2019)	Chronology of Rating History for the past 3 years						
			Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. Crore)	Date & Rating	Month-year & Rating in FY2018	Month- year & Rating in FY2018	Month- year & Rating in FY2017	Month- year & Rating in FY2016
	Type			March 2019	March 2018	April 2017	November 2016	July 2015	
1	Astraea SBL IFMR Capital 2015	Series A2 PTC	4.67	0.45	[ICRA]AAA(SO)	[ICRA]A+(SO)	[ICRA]BBB+(SO)	[ICRA]BBB+(SO)	[ICRA]BBB(SO)
		Series A3	0.36	0.36	[ICRA]AA+(SO)	[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-1: Instrument Details

Issue Name	Instrument	Month of Issuance	Coupon Rate	Scheduled Maturity Date [#]	Rated Amount (Rs. crore)	Current Rating
Astraea SBL IFMR Capital 2015	PTC Series A2	Mar-15	13.50%	Mar-29	0.45	[ICRA]AAA(SO)
	PTC Series A3		15.00%		0.36	[ICRA]AA+(SO)

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