

July 25, 2023

## Clix Capital Services Private Limited: Ratings upgraded/reaffirmed for PTCs issued under personal loan securitisation transactions

### Summary of rating action

Trust Name	Instrument*	Initial Amount (Rs. crore)	Amount after Previous Rating Exercise (Rs. crore)	Amount after Apr-23 Payout (Rs. crore)	Rating Action
Northern Arc 2021 PL Kemper	PTC Series A	36.65	13.90	4.31	[ICRA]AAA(SO); Upgraded from [ICRA]AA+(SO)
Nimbus 2022 PL Veneno	PTC Series A	28.99	28.99	9.33	[ICRA]AA+(SO); Upgraded from [ICRA]AA(SO)
Northern Arc 2021 PL Greig	PTC Series A	43.19	15.48	3.25	[ICRA]AA+(SO); Reaffirmed
CredAvenue Miliano 06 2021	PTC Series A1	21.94	9.20	3.53	[ICRA]AA+(SO); Reaffirmed

\*Instrument details are provided in Annexure I

### Rationale

The pass-through certificates (PTC) originated by Clix Capital Services Private Limited (Clix) are backed by a pool of personal loan (PL) receivables. The ratings have been upgraded/reaffirmed on account of the high amortisation, which has led to the build-up of the credit enhancement (CE) cover over future PTC payouts. The ratings draw comfort from the fact that the breakeven collection efficiency for all the pools is comfortable compared to the actual collection levels observed in the pools till the June 2023 payout month.

### Pool performance summary

A summary of the performance of the pools till the May 2023 collection month (June 2023 payout) is tabulated below.

Parameter	Northern Arc 2021 PL Kemper	Nimbus 2022 PL Veneno	Northern Arc 2021 PL Greig	CredAvenue Miliano 06 2021
Months post securitisation	24	15	24	24
Pool amortisation	88.23%	61.55%	83.23%	77.20%
PTC Series A amortisation	88.23%	67.81%	92.48%	83.92%
Cumulative collection efficiency	97.15%	96.41%	96.43%	97.14%
Cumulative prepayment rate	21.87%	20.14%	25.01%	30.05%
Loss-cum-30+ (% of initial pool principal) <sup>1</sup>	3.15%	5.83%	3.96%	3.25%
Loss-cum-90+ (% of initial pool principal) <sup>2</sup>	2.79%	3.77%	3.36%	2.45%
Cumulative CC utilisation	0.00%	0.00%	0.00%	0.00%
Cash collateral (CC) available (as % of balance pool)	>100%	28.61%	47.70%	43.87%
Excess interest spread (EIS) over balance tenure (as % of balance pool)	6.95%	13.55%	10.11%	13.28%
Principal subordination (% of balance pool) PTC A1	0.00%	23.81%	59.63%	35.09%
Breakeven collection efficiency	<0%	43.74%	<0%	<0%

<sup>1</sup> POS on contracts aged 30+ dpd + Overdues / Initial POS on the pool

<sup>2</sup> POS on contracts aged 90+ dpd + Overdues / Initial POS on the pool

## Key rating drivers

### Credit strengths

- Build-up in CE cover for future PTC payouts due to high amortisation of the PTCs

### Credit challenges

- Rise in delinquencies in harder buckets in recent months
- Exposed to inherent credit risk associated with the unsecured nature of the asset class; pools' performance would remain exposed to macro-economic shocks/business disruptions

### Description of key rating drivers highlighted above

The cumulative collection efficiency for all four pools is above 96% as of the May 2023 collection month while the loss-cum-90+ days past due (dpd) has been reported between 2.0% and 4.0%. Any shortfall in collections in the past has been absorbed by the subordination and/or excess interest spread available in the structure. Hence, no cash collateral (CC) has been utilised till date in any of the pools.

Further, due to the significant amortisation of the PTCs/pools, there has been considerable build-up in the CE for the balance tenure of the PTC payouts. For Northern Arc 2021 PL Kemper, the CC covers the entire PTC cash flows. The CE available for meeting the balance payouts to the investors is sufficient to upgrade/reaffirm the ratings for these transactions. ICRA will continue to closely monitor the performance of these transactions. Any further rating action will be based on the performance of the pools and the availability of CE relative to ICRA's expectations.

**Performance of past rated pools:** ICRA has rated 24 PL pools originated by Clix, of which 19 were live as of the April 2023 payout month. Live pools, which have completed three payouts as of the June 2023 payout date, have reported a healthy cumulative collection efficiency of more than 94% with no CC utilisation in any of these transactions.

### Key rating assumptions

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

After making these adjustments, the expected loss and prepayments during the balance tenure of the pools are provided in the following table.

Sr. No.	Transaction Name	Expected Loss (% of initial pool principal)	Prepayment
1	Northern Arc 2021 PL Kemper	1.0-2.0%	3.2-12.0% p.a.
2	Nimbus 2022 PL Veneno	4.0-5.0%	3.2-12.0% p.a.
3	Northern Arc 2021 PL Greig	2.0-3.0%	3.2-12.0% p.a.
4	CredAvenue Miliano 06 2021	2.0-3.0%	3.2-12.0% p.a.

### Liquidity position

#### For Nimbus 2022 PL Veneno, Northern Arc 2021 PL Greig and CredAvenue Miliano 06 2021: Strong

As per the transaction structure, only the interest amount is promised to the PTC holders on a monthly basis while the principal amount is promised on the scheduled maturity date of the transaction. The collections from the pool and the available CE are expected to be comfortable to meet the promised payouts to the PTC investors.

### For Northern Arc 2021 PL Kemper: Superior

As per the transaction structure, the interest amount and the pool principal are promised to the PTC holders on a monthly basis. The CC available in the transaction fully covers the balance PTC payouts as of the June 2023 payout month. Thus, the collections from the pool and the CC cover available are expected to be highly comfortable to meet the investor payouts.

### Rating sensitivities

#### For Nimbus 2022 PL Veneno, Northern Arc 2021 PL Greig and CredAvenue Miliano 06 2021

**Positive factors** – The rating could be upgraded based on the sustained strong collection performance of the underlying pool of contracts (monthly collection efficiency >95%), leading to lower-than-expected delinquency levels, and on an increase in the cover available for future PTC payouts from the CE.

**Negative factors** – The rating could be downgraded on the sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and CE utilisation levels.

#### For Northern Arc 2021 PL Kemper

**Positive factors** – NA

**Negative factors** – The rating could be downgraded on the sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and CE utilisation levels.

### Analytical approach

The rating action is based on the performance of the pools till June 2023 payout month (May 2023 collection month), the present delinquency profile of the pool, the CE available in the transaction, and the performance expected over the balance tenure of the pools.

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Securitisation Transactions</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

### About the originator

Clix Capital Services Private Limited (Clix) is a non-banking financial company (NBFC) registered with the Reserve Bank of India (RBI). It provides retail financing products (personal loans, business loans, micro, small & medium enterprise (MSME), housing finance, etc). The company, which was incorporated as GE Money Financial Services Pvt Ltd (GE Money) in 1994, formed the non-banking business of the General Electric (GE) Group along with its Group company, GE Capital Services India (GE Capital). In September 2016, this business was acquired by a consortium comprising AION Capital Partners, Mr. Pramod Bhasin and Mr. Anil Chawla and was rebranded as Clix. In April 2022, Clix Finance India Private Limited (CFIPL; erstwhile GE Capital) was merged with Clix. Following the merger, Clix's portfolio comprises MSME and consumer lending along with healthcare and equipment finance and digital lending (onboarded from CFIPL). Additionally, Clix Housing Finance Private Limited, a wholly-owned subsidiary of Clix, primarily provides housing/mortgage finance products.

### Key financial indicators

Consolidated	FY2021*	FY2022*	FY2023*
Total income	494.76	663.50	703.00
Profit after tax	3.97	-93.91	45.0
Total managed assets	3,027	3,650	4,373
Gross NPA	3.59%	5.00%	2.4%
Net NPA	1.46%	1.40%	1.5%

Source: Company data, ICRA Research; Amount in Rs. crore; \*Provisional financials

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Trust Name	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years			
	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022		Date & Rating in FY2021
				July 25, 2023		Sep 28, 2022	Sep 24, 2021	Jun 29, 2021
Northern Arc 2021 PL Kemper	PTC Series A	36.65	4.31	[ICRA]AAA(SO)	[ICRA]AA+(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-

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	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021
				July 25, 2023	July 26, 2022	April 06, 2022		
Nimbus 2022 PL Veneno	PTC Series A	28.99	9.33	[ICRA]AA+(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-

Trust Name	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years			
	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022		Date & Rating in FY2021
				July 25, 2023		Sep 28, 2022	Sep 24, 2021	Jul 5, 2021
Northern Arc 2021 PL Greig	PTC Series A	43.19	3.25	[ICRA]AA+(SO)	[ICRA]AA+(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-

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	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022		Date & Rating in FY2021
				July 25, 2023		Sep 28, 2022	Sep 24, 2021	Jul 2, 2021
CredAvenue Miliano 06 2021	PTC Series A1	21.94	3.53	[ICRA]AA+(SO)	[ICRA]AA+(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-

## Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Northern Arc 2021 PL Kemper	PTC Series A	Simple
Nimbus 2022 PL Veneno	PTC Series A	Moderately Complex
Northern Arc 2021 PL Greig	PTC Series A	Moderately Complex
CredAvenue Miliano 06 2021	PTC Series A1	Moderately Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

#### Annexure I: Instrument details

Trust Name	Instrument Type	Date of Issuance	Coupon Rate	Maturity Date*	Amount Rated (Rs. crore)	Rating
Northern Arc 2021 PL Kemper	PTC Series A	June 2021	9.75%	May 2025	4.31	[ICRA]AAA(SO)
Nimbus 2022 PL Veneno	PTC Series A	April 2022	9.50%	July 2026	9.33	[ICRA]AA+(SO)
Northern Arc 2021 PL Greig	PTC Series A	June 2021	9.75%	March 2025	3.25	[ICRA]AA+(SO)
CredAvenue Miliano 06 2021	PTC Series A1	June 2021	9.25%	May 2025	3.53	[ICRA]AA+(SO)

\*Scheduled maturity at transaction initiation; may change on account of prepayments

Source: Company

#### Annexure II: List of entities considered for consolidated analysis

Not Applicable

## ANALYST CONTACTS

**Abhishek Dafria**

+91 22 6114 3440

[abhishek.dafria@icraindia.com](mailto:abhishek.dafria@icraindia.com)

**Sachin Joglekar**

+91 22 6114 3470

[sachin.joglekar@icraindia.com](mailto:sachin.joglekar@icraindia.com)

**Himanshi Doshi**

+91 22 6114 3410

[himanshi.doshi@icraindia.com](mailto:himanshi.doshi@icraindia.com)

**Diptajyoti Banik**

+91 22 6114 3412

[diptajyoti.banik@icraindia.com](mailto:diptajyoti.banik@icraindia.com)

**Ritu Rita**

+91 22 6114 3409

[ritu.rita@icraindia.com](mailto:ritu.rita@icraindia.com)

## RELATIONSHIP CONTACT

**Mr. L Shivakumar**

+91 22 6169 3304

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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## ICRA Limited



### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



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