

November 17, 2023

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

Summary of rating action

Trust Name	Instrument*	Initial Amount (Rs. crore)	Amount after Previous Rating Exercise (Rs. crore)	Amount after Oct-23 Payout (Rs. crore)	Rating Action
Nimbus 2022 PL Masaryk	Series A PTC	101.19	101.19	20.90	[ICRA]AA(SO); Reaffirmed
Nimbus 2022 PL Seedorf	Series A PTC	27.61	27.61	5.66	[ICRA]AA(SO); Reaffirmed
PL Hedwig Aug 2022	Series A PTCs	43.11	43.11	14.29	[ICRA]AA(SO); Reaffirmed

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) tabulated above are backed by pools of personal loan receivables originated by Clix Capital Services Private Limited (Clix). The rating reaffirmation factors in build-up of the credit enhancement (CE) cover over the future PTC payouts due to the high amortisation in the transactions. Though the delinquencies in the harder buckets of 90+ have increased in the recent months, the breakeven collection efficiency is comfortable compared to the actual collection level observed in the pools.

Pool performance summary

A summary of the performance of the pool till the September 2023 collection month (October 2023 payout) is tabulated below.

Parameter	Nimbus 2022 PL Masaryk	Nimbus 2022 PL Seedorf	PL Hedwig Aug 2022
Months post securitisation	15	16	13
Pool amortisation	72.5%	75.2%	63.8%
PTC Series A amortisation	76.4%	82.7%	66.9%
Cumulative collection efficiency	95.5%	95.8%	94.5%
Cumulative prepayment rate	25.8%	19.2%	24.0%
Loss-cum-30+ (% of initial pool principal) ¹	5.6%	5.6%	7.5%
Loss-cum-90+ (% of initial pool principal) ²	4.3%	4.3%	5.7%
Cumulative CC utilisation	0.0%	0.0%	0.0%
CC available (as % of balance pool)	32.8%	40.3%	30.4%
EIS over balance tenure (as % of balance pool)	14.8%	11.9%	14.2%
Principal subordination (% of balance pool) PTC A1	29.5%	36.5%	16.6%
Breakeven collection efficiency	34.9%	22.1%	49.1%

Key rating drivers

Credit strengths

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

Credit challenges

- Rise in delinquencies seen in harder buckets in recent months.

¹ POS on contracts aged 30+ dpd + overdues / Initial POS on the pool

² POS on contracts aged 90+ dpd + overdues / Initial POS on the pool

- Exposed to inherent credit risk associated with the unsecured nature of the asset class; Performance of the pools could remain exposed to macro-economic shocks / business disruptions, if any.

Description of key rating drivers highlighted above

The cumulative collection efficiency of the underlying pools has been around 94- 96% till September 2023 collection month. ICRA takes note of the high loss-cum-90+ days past due (dpd) reported for the pools, especially PL Hedwig Aug 2022, due to higher share contracts with low ticket size and high IRR. Any shortfall in the collections in the past has been absorbed by the subordination and/or excess interest spread available in the structure. Hence, there has been no CC utilisation till date in any of the pools. Despite higher delinquencies, ICRA draws comfort from the considerable build-up in the CE coverage for the balance tenure of the PTC payouts due to the high amortisation of the PTC/pools. Nonetheless, the performance of the pools would remain exposed to macro-economic shocks/business disruptions, if any. 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 26 PL pools originated by Clix of which 20 are live as on October 2023 payout month. The live pools, which have completed 3 payouts as of the October 2023 payout date, have reported a healthy cumulative collection efficiency of more than 94%. There has not been any CC utilisation in any of the transactions till date and the CE coverage has built up in all the live pools.

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 table below.

Sr. No.	Transaction Name	Expected Loss (% of initial pool principal)	Prepayment
1	Nimbus 2022 PL Masaryk	4.00 - 5.00%	3.2-12.0% p.a.
2	Nimbus 2022 PL Seedorf	4.00 - 5.00%	3.2-12.0% p.a.
3	PL Hedwig Aug 2022	5.75 - 6.75%	3.2-12.0% p.a.

Liquidity position - Strong

As per the transaction structures, 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 cash flows from the pool and the available credit enhancement are expected to be comfortable to meet the promised payouts to Series A PTC investors.

Rating sensitivities

Positive factors – The rating could be upgraded on the strong collection performance of the underlying pools (monthly collection efficiency >95%) on a sustained basis, leading to the build-up of the CE cover for the remaining payouts.

Negative factors – Pressure on the rating could emerge on the sustained weak collection performance of the underlying pools, 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 September 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	Rating Methodology for Securitisation Transactions
Parent/Group support	Not Applicable
Consolidation/Standalone	Not Applicable

About the company

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 Clix1. 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	FY2022	FY2023	H1 FY2024
Total income	663.5	703.0	458.0
Profit after tax	-93.9	45.0	30.0
Total managed assets	3,650	4,373	5,091
Gross NPA	5.0%	2.4%	2.2%
Net NPA	1.4%	1.5%	n/a

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

Sr. No.	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	Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021
					November 17, 2023	November 1, 2022	July 1, 2022	-	-
1	Nimbus 2022 PL Masaryk	Series A PTC	101.19	20.90	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-

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					November 17, 2023	November 1, 2022	July 1, 2022	-	-
2	Nimbus 2022 PL Seedorf	Series A PTC	27.61	5.66	[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	Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021
					November 17, 2023	December 13, 2022	September 6, 2022	-	-
3	PL Hedwig Aug 2022	Series A PTCs	43.11	14.29	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Nimbus 2022 PL Masaryk	Series A PTC	Moderately Complex
Nimbus 2022 PL Seedorf	Series A PTC	Moderately Complex
PL Hedwig Aug 2022	Series A PTCs	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
Nimbus 2022 PL Masaryk	Series A PTC	June 2022	9.50%	January 2027	20.90	[ICRA]AA(SO)
Nimbus 2022 PL Seedorf	Series A PTC	July 2022	9.90%	October 2025	5.66	[ICRA]AA(SO)
PL Hedwig Aug 2022	Series A PTCs	September 2022	9.75%	February 2027	14.29	[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

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