

November 29, 2023

Clix Capital Services Private Limited (erstwhile Clix Finance India Private Limited): Rating reaffirmed for assignee payouts issued under two healthcare equipment 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
Clix BOI DA PCG – Tranche I	Assignee Payouts	59.12	18.94	7.53	[ICRA]A(SO); Reaffirmed
Clix BOI DA PCG – Tranche II	Assignee Payouts	40.26	14.99	4.81	[ICRA]A(SO); Reaffirmed

*Instrument details are provided in Annexure I

Rationale

The assignee payouts are backed by healthcare equipment loan receivables originated by Clix Finance India Private Limited now merged with Clix Capital Services Private Limited (Clix) (effective 1st April, 2022). The rating reaffirmation for the transactions is on account of healthy performance of the pool till the October 2023 payouts and build-up of the credit enhancement in the transaction.

Pool performance summary

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

Parameter	Clix BOI DA PCG Tranche I	Clix BOI DA PCG Tranche II
Months post securitisation	37	33
Assignee Payout amortisation (%)	87.46%	88.05%
Cumulative collection efficiency ¹	97.28%	97.64%
Breakeven collection efficiency ²	46.85%	39.87%
Loss-cum-30+ (% of initial pool principal) ³	1.90%	0.37%
Loss-cum-90+ (% of initial pool principal) ⁴	1.29%	0.22%
Cumulative CC utilisation (% of initial CC)	0.0%	0.0%
CC available (as % of balance pool principal)	47.86%	50.22%
EIS over balance tenure (as % of balance pool)	1.40%	6.18%
Subordination available (as % of balance pool principal)	8.60%*	10.00%
Cumulative prepayment rate ⁵	6.55%	15.93%

*Will be restored to 10% post Nov-23 payout month

¹ Cumulative collections till date / Cumulative billings till date plus Opening overdues

² It is the minimum collection efficiency required over the balance tenure to ensure all investor payouts are met: (Balance cash flows payable to investor – Cash collateral available – Trapped EIS)/ Balance pool cash flows

³ POS on contracts aged 30+ dpd + overdues / Initial POS on the pool

⁴ POS on contracts aged 90+ dpd + overdues / Initial POS on the pool

⁵ Principal outstanding at the time of prepayment of contracts prepaid till date / Initial pool principal

Key rating drivers

Credit strengths

- Build-up in cash collateral for future assignee payouts of both the pools due to high amortization. Also, there is availability of excess interest spread (EIS) and subordination for the balance assignee payouts
- Healthy collections and lower delinquencies seen in both the pools as on Oct-23 payouts.

Credit challenges

- High obligor concentration in both the pools.
- Underlying contracts in the pool as well as the assignee payouts have floating rate — which leads to a basis risk in the structure
- Performance of the pools could remain exposed to macro-economic shocks / business disruptions, if any.

Description of key rating drivers highlighted above

The promised monthly cash flow schedule comprises of interest payment to the assignee payouts at the pre-determined interest rate on the principal outstanding and principal repayment to the extent of 90% of the billed principal. The excess EIS and over-collateral available after meeting the promised payouts to the assignee investors is passed on to the assignor every month.

The pools have exhibited healthy performance with cumulative collection efficiency above 97% and loss-cum-90+ dpd have been below 1.5% as on October 2023 payout month. Any shortfall in the collections in the past was absorbed by the subordination/EIS in the structure with nil CC utilisation in the transactions. As the pools have amortised by more than 87%, there has been a build-up in the cash collateral cover for the future assignee payouts.

Both the pools have high obligor concentration with the top three borrowers accounting for more than 46% of balance pool principal. The assignee yield in both the pools is linked to the 1-year RBLR of the assignee while the interest rate on the underlying loans is linked to Clix's PLR. This leads to a basis risk in the structure (pool yield and assignee yield may not always move in tandem).

Overall, the credit enhancement available for meeting the balance payouts to the investors is sufficient to reaffirm the rating at the current level in the transactions. ICRA will continue to monitor the performance of the pools. Any further rating action will be based on the performance of the pools and the availability of credit enhancement relative to ICRA's expectations.

Performance of past rated pools: ICRA has one other live healthcare equipment loan receivables pool originated by Clix which has shown healthy collections and no instance of CC utilisation till date.

Key rating assumptions

ICRA's analysis of concentrated pools involves modelling the inflows on the concentrated portion and the granular portion separately. In respect of the concentrated sub-pool, ICRA models the default and recovery on each exposure individually, wherein each borrower's probability of default depends on the rating and the tenor of the loan. Further, a certain loss given default (LGD) has been assumed by taking into account the repossession and sale of the underlying assets.

ICRA's analysis of the granular portion of the pool involves the simulation of potential delinquencies, losses (shortfall in principal collection during the 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 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 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	Clix BOI DA PCG – Tranche I	1.00 – 2.00%	3.2-12.0% p.a.
2	Clix BOI DA PCG – Tranche II	0.50 – 1.50%	3.2-12.0% p.a.

Liquidity position – Strong for both the pools

The liquidity of the rated transaction is expected to be strong, supported by the collections from the pool of contracts and the presence of a CC, subordination and EIS. Assuming a monthly collection efficiency of even 50% in the underlying pool contracts in a stress scenario, the available cash collateral would cover the shortfalls in the assignee payouts for a period of 15 months for BOI DA PCG Tranche I and 7 months for BOI DA PCG Tranche II.

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 – The rating can be downgraded, provided there is sustained weak collection performance of the underlying pool (Monthly collection efficiency <90%) leading to higher than expected delinquency levels and CE utilization levels. Weakening in the credit profile of the servicer could also exert pressure on the rating.

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:

It was informed to us by the trustee that excess amount of ~Rs.12 lacs was transferred to Clix (Originator) from the monthly collection deposited in trust account due to incorrect tagging of customer loan Id's by trustee in some months. This excess amount was subsequently remitted back by Clix and the same was paid to investor (BOI) and will be adjusted in November 2023 payout month. We note that in no payout month the collections were insufficient to meet the investor payouts.

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 29, 2023			
1	Clix BOI DA PCG Tranche I	Assignee Payouts	59.12	7.53	[ICRA]A(SO)	[ICRA]A(SO)	[ICRA]A-(SO)	[ICRA]A-(SO)

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 29, 2023			Nov 29, 2021	Mar 08, 2021
2	Clix BOI DA PCG Tranche II	Assignee Payouts	40.26	4.81	[ICRA]A(SO)	[ICRA]A(SO)	[ICRA]A-(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Clix BOI DA PCG Tranche - I	Assignee Payouts	Simple
Clix BOI DA PCG – Tranche II	Assignee Payouts	Simple

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
Clix BOI DA PCG Tranche - I	Assignee Payouts	September 2020	9.00%	July 2026	7.53	[ICRA]A(SO)
Clix BOI DA PCG – Tranche II	Assignee Payouts	January 2021	9.20%	April 2026	4.81	[ICRA]A(SO)

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

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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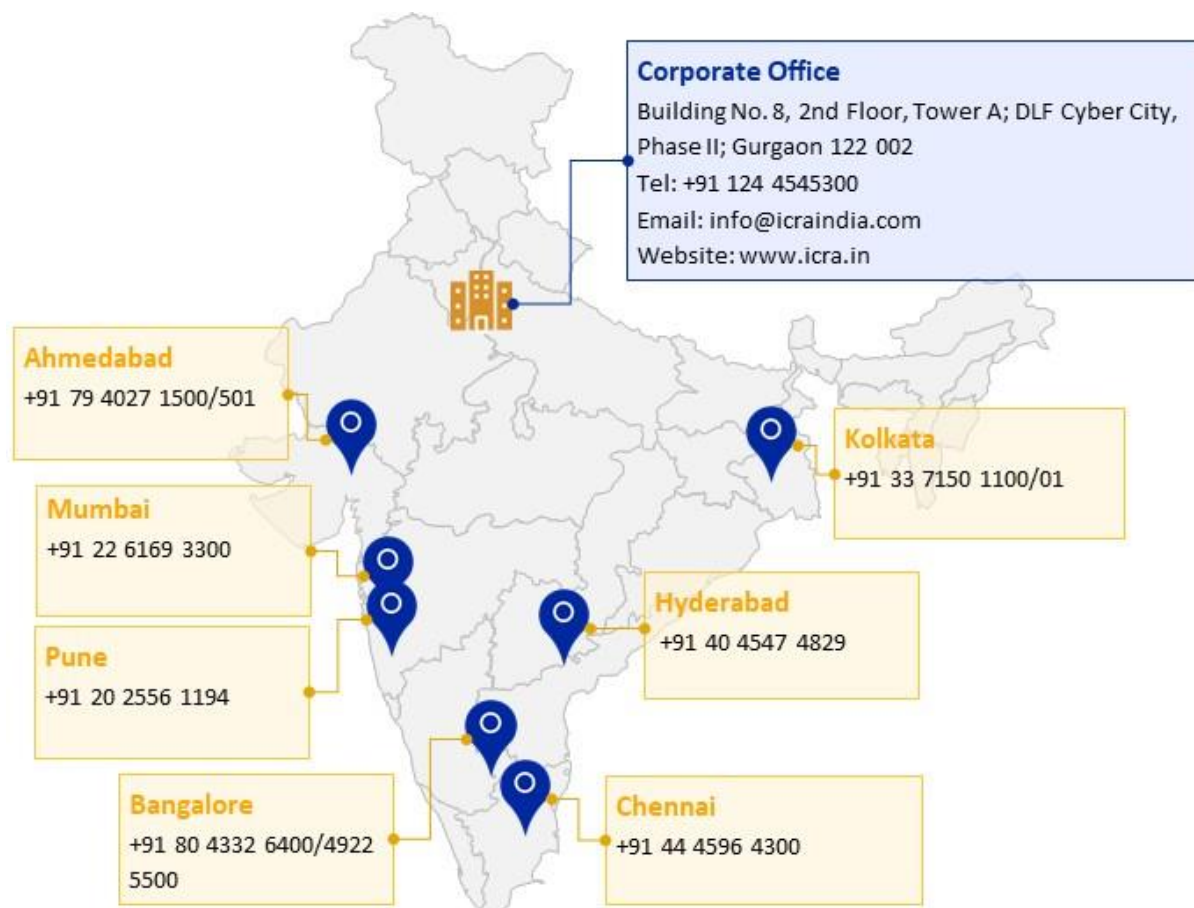


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