

January 02, 2024

## Clix Capital Services Private Limited: Rating confirmed as final for PTCs backed by personal loan receivables issued by Graphorn 2023

### Summary of rating action

Trust Name	Instrument*	Current Rated Amount (Rs. crore)	Rating Action
Graphorn 2023	Series A1 PTCs	47.63	[ICRA]A+(SO); provisional rating confirmed as final

\*Instrument details are provided in Annexure I

### Rationale

In September 2023, ICRA had assigned a Provisional [ICRA]A+(SO) rating to Series A1 PTCs issued by Graphorn 2023 trust. The pass-through certificates (PTCs) are backed by a pool of Rs. 52.34-crore (pool principal; receivables of Rs. 67.98 crore) personal loan (PL) receivables originated by Clix Capital Services Private Limited (Clix). As the executed transaction documents are in line with the rating conditions and the legal opinion for the transaction has been provided to ICRA, the said rating has now been confirmed as final.

A summary of the pool's performance after the December 2023 payouts is shown in the table below:

Parameter	Graphorn 2023
Months post securitisation	3
Pool amortisation	17.9%
Series A PTC Amortisation	19.6%
Cumulative prepayment rate %	8.3%
Cumulative collection efficiency	98.1%
Loss cum 0+ dpd	3.7%
Loss cum 30+ dpd	1.2%
Loss cum 90+ dpd	0.0%
Cumulative cash collateral utilisation	0.0%

### Key rating drivers

#### Credit strengths

- Availability of CE in the form of EIS, subordination, and CC
- Nil overdue contracts in the pool and ~99% of the contracts have never been delinquent since origination as on cut-off date
- Weighted average seasoning of ~7 months with pre-securitisation amortisation of ~12% as on cut-off date

#### Credit challenges

- Moderate geographical concentration in the initial pool with top 3 states accounting for ~40% of the initial pool principal
- Exposed to inherent credit risk associated with the unsecured nature of the asset class; pool's performance could also be affected by any macro-economic shocks/business disruptions, if any

### Description of key rating drivers highlighted above

The underlying loans follow a monthly payment schedule. As per the transaction structure, the monthly cash flow schedule comprises the promised interest payment to Series A1 PTCs at the predetermined interest rate on the principal outstanding,

while the entire principal is promised on the final maturity date (i.e. February 17, 2027). During the tenure of Series A1 PTCs, on each payout date, the pool's collections, after meeting the promised Series A1 PTCs interest payouts, will be used to make the expected principal payouts (to the extent of pool principal billing). This principal payout is, however, not promised and any shortfall in making the expected principal payment to Series A1 PTCs would be carried forward to the subsequent payout. The EIS, if any, shall flow back to the originator on every payout date after making all the promised and expected payouts to Series A1 PTCs as per the waterfall mechanism.

The Series A1 PTCs in the transaction have the support of subordination in the form of an over-collateralisation of 6.50% and an equity tranche of 2.50% of the pool principal. Additionally, the EIS of 18.96% of the pool principal provides CE support. A CC of 7.50% of the initial pool principal, provided by Clix, will act as further CE in the transaction. In the event of a shortfall in meeting the promised PTC payouts during any month, the Trustee will utilise the CC to meet the same.

There were no overdues in the pool as on the cut-off date. The pool had a weighted average seasoning of 7.4 months as on cut off date. It has moderate geographical concentration with the top 3 states (Maharashtra, Karnataka, Telangana) accounting for 39.9% of the initial pool's principal. The company witnessed a moderation in the asset quality at the portfolio level, post the onset of the Covid-19 pandemic, resulting in the build-up of delinquencies. ICRA notes that a large part of the portfolio stress in the PL segment has emanated from the old and/or restructured book. Further, the recent originations (post Covid) have demonstrated a healthy performance, but with a limited track record. The pool's performance will remain exposed to the inherent credit risk associated with the unsecured nature of the asset class. Macro-economic shocks/business disruptions could also impact its performance.

**Past rated pools' performance:** ICRA has, so far, rated 27 PL pools originated by Clix, of which 21 were live as of the December 2023 payout month. Though collections were impacted for a few months due to the pandemic, the live pools, (which have completed 3 payouts) as of the December 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 live transactions till date and the CE has built up in all the live pools. The matured pools have reported a cumulative collection efficiency of around 90% till the last payout month.

### Key rating assumptions

ICRA's cash flow modelling for rating asset-backed securitisation (ABS) transactions involves the simulation of potential losses, delinquencies and prepayments in the pool. The losses and prepayments are assumed to follow a log-normal distribution. The mean and the coefficient of variation (CoV) are calibrated based on the values observed in the analysis of the past performance of Clix's loan portfolio. Given Clix's short track record in the PL business, ICRA has considered the credit quality experience of other more established players and ICRA's expectation of the credit quality of PLs. Clix's target borrower segment could be financially vulnerable as well as subject to various seasonality factors. Though the company resorts to legal recourse for some of the delinquent loans, this may not always be a feasible option particularly given the small ticket size and the unsecured nature of the loans issued.

The resulting collections from the pool – after incorporating the impact of losses and prepayments as above – are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction. Various possible scenarios are simulated and the incidences of default to the investor as well as the extent of losses are measured. These are then compared with ICRA's internal benchmarks for the target rating.

For the current pool, after considering the above-mentioned factors regarding the asset class and after adjusting for key features like seasoning, overdues, ticket size, interest rate, bureau score, and geographical distribution, ICRA estimates the shortfall in the pool principal collection within the pool's tenure at 5.0-6.0%, with certain variability around it. The prepayment rate in the pool is estimated at 3.2-12.0% p.a. with a mean of 8.0% p.a.

### Liquidity position: Strong

As per the transaction structure, only the interest amount is promised to the PTCs holders on a monthly basis while the principal amount is promised on the scheduled maturity date of the transaction. Also, the cash flows from the pool and the available CE are expected to be comfortable to meet the promised payouts to the Series A1 PTCs investors.

## Rating sensitivities

**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 and weakening in the credit profile of the servicer could also exert pressure on the rating.

## Analytical approach

The rating action is based on the Trustee confirming compliance with the terms of the transaction and the executed transaction documents being in line with the terms initially shared with ICRA.

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 and medium enterprise (MSME), etc). The company, which was incorporated as GE Money Financial Services Pvt Ltd 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 rebranded as Clix<sup>1</sup>. 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

Particulars	FY2022 (Audited)*	FY2023 (Audited)	#H1FY2024
Total income	663.5	703.00	458.00
Profit after tax	-93.91	45.00	30.00
Total managed assets	3,560	4,373	5,091
Gross NPA	4.95%	2.40%	2.2%
Net NPA	1.42%	1.50%	NA

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; \*Data from FY2022 pertains to the merged entity; #provisional numbers

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

<sup>1</sup> GE Money was rechristened Clix Capital Services Private Limited while GE Capital was rechristened Clix Finance India Private Limited

## Rating history for past three years

Trust Name	Current Rating (FY2024)					Chronology of Rating History for the Past 3 Years		
	Instrument	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				January 2, 2024	September 5, 2023			
Graphorn 2023	Series A1 PTCs	47.63	47.63	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	-	-

## Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 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	Date of Issuance / Sanction	Coupon Rate <sup>^</sup>	Maturity Date*	Amount Rated (Rs. crore)	Rating
<b>Graphorn 2023</b>	Series A1 PTCs	August 2023	10.05%	February 2027	47.63	[ICRA]A+(SO)

<sup>^</sup>p.a.p.m.; \*Scheduled PTC maturity date 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)

**Himanshi Doshi**

+91 22 6114 3410

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

**Ritu Rita**

+91 22 6114 3409

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

**Sachin Joglekar**

+91 22 6114 3470

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

**Diptajyoti Banik**

+91 22 6114 3412

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

## RELATIONSHIP CONTACT

**Mr. L Shivakumar**

+91 22 6114 3406

[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)

## 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.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited

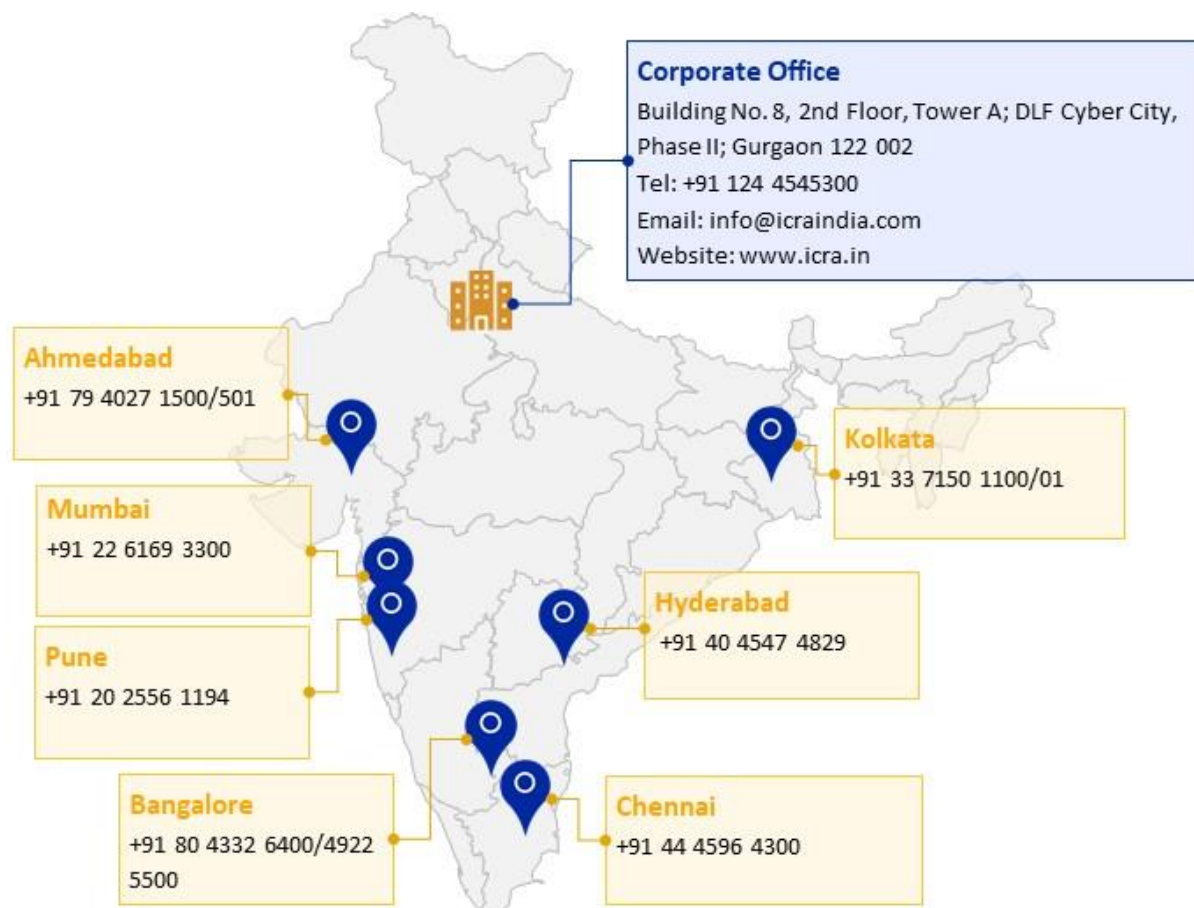


### Registered Office

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



### Branches



© Copyright, 2024 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.