

February 07, 2024

## Clix Capital Services Private Limited: Ratings for PTCs placed on rating watch with negative implication and withdrawn

### Summary of rating action

Trust Name	Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Hollow 2023	Series A PTC	57.68	49.65	Provisional [ICRA]AA(SO); Placed on rating watch with negative implications
Inyeon 09 2023	Series A1 PTC	56.67	25.43	[ICRA]A+(SO); Placed on rating watch with negative implications
Minerva 2023	Series A PTC	92.44	39.06	[ICRA]AA(SO); Placed on rating watch with negative implications
Morrie 2023	Series A PTC	49.62	3.99	[ICRA]A+(SO); Placed on rating watch with negative implications
Mockingbird 2023	Series A1 PTC	38.89	0.39	[ICRA]AA(SO); outstanding
	Series A2 PTC	1.11	1.11	[ICRA]AA-(SO); outstanding
Alchemist 2023	Series A PTC	81.26	7.44	[ICRA]AA(SO); outstanding
Hyacinth 2023	Series A PTC	47.38	2.37	[ICRA]AA(SO); outstanding
Kishtwar 2023	Series A PTC	39.66	0.46	[ICRA]AA(SO); outstanding
ML Marvolo Feb 2023	Series A PTC	66.60	0.00	[ICRA]AA(SO); Withdrawn

\*Instrument details are provided in Annexure-1; Rating for PTCs issued by Hollow 2023 remains provisional as ICRA is yet to receive the final executed transaction documents

### Rationale

#### Material Event

The Reserve Bank of India (RBI) vide its order dated January 31, 2024, imposed multiple restrictions on Paytm Payments Bank Limited (PPBL) following which no further deposits or credit transactions or top-ups will be allowed in any customer accounts of PPBL, prepaid instruments, wallets, FASTags, NCMC cards, etc. after February 29, 2024. In addition, the nodal accounts of the group entities, One97 Communications Limited (OCL) and Paytm Payments Services Limited are to be terminated not later than February 29, 2024.

#### Impact of Material Event

The above-mentioned pass-through certificates (PTCs) are backed by pool of merchant loan receivables originated by Clix Capital Services Private Limited (Clix) under its merchant lending programme with OCL. The overall programme between Clix and OCL would be affected to the extent where the nodal bank is PPBL wherein OCL would be required to change the nodal bank to another commercial bank before end of February 2024. As informed by Clix management to ICRA, the process to change the nodal account has been initiated by OCL and is likely to be completed by mid-February. ICRA also notes the possibility of any wider impact following the RBI order in terms of reduced usage of OCL's QR systems at the merchant's end which may result in lower cash flowing through the existing architecture to meet the daily payment requirements.

ICRA has thus placed the ratings assigned to PTCs issued by four trusts viz. Hollow 2023, Inyeon 09 2023, Minerva 2023 and Morrie 2023, under watch with negative implications and will continue to monitor the collection efficiency in the pools. The ratings would be under pressure if the collections witness significant decline resulting in higher delinquency levels in the pools in the immediate near term. ICRA, however, notes the presence of credit enhancements in the transactions that have further build up owing to amortisation of the pools such that the break-even collection efficiencies are below 70% for the transactions after January 2024 payouts.

ICRA has not taken any rating action on PTCs issued by four other trusts, viz. Mockingbird 2023, Alchemist 2023, Hyacinth 2023 and Kishtwar 2023, as the cash collaterals available in these transactions fully cover the PTC payouts to be made to the investors and thus do not pose any risk of shortfall in payments even if the collection efficiency in the pools were to decline.

ICRA has withdrawn the rating assigned to ML Marvolo Feb 2023 as all the payouts to the investors in the mentioned instrument have been made and no further payments are due to the investors.

The links for the previous detailed rationales for the above-mentioned PTC transactions that captures Credit Enhancement, Key rating drivers, Liquidity position, Rating sensitivities, Key financial indicators are as follows:

1. [Hollow 2023](#),
2. [Inyeon 09 2023](#),
3. [Minerva 2023](#),
4. [Morrie 2023](#),
5. [Mockingbird 2023](#),
6. [Alchemist 2023](#),
7. [Hyacinth 2023](#),
8. [Kishtwar 2023](#),
9. [ML Marvolo Feb 2023](#)

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Rating Methodology for Securitisation Transactions</a> <a href="#">ICRA's Policy on Withdrawal of Credit Rating</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), 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

	FY2022 (Audited)	FY2023 (Audited)	H1 FY2024 (Provisional)
Total income	663.5	703	458
Profit after tax	-93.9	45	30
Total managed assets	3,650	4,375	5,091
Gross NPA	4.9%	2.4%	2.2%
Net NPA	1.4%	1.5%	n/a

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore

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

**Any other information: None**

## Rating history for past three years

Trust Name	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2024)		Chronology of Rating History for the past 3 years		
				Date & Rating		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				Feb 07, 2024	Jan 03, 2024			
1 <b>Hollow 2023</b>	Series A PTC	57.68	49.65	Provisional [ICRA]AA(SO); Rating watch with negative implications	Provisional [ICRA]AA(SO)	-	-	-

Trust Name	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2024)		Chronology of Rating History for the past 3 years		
				Date & Rating		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				Feb 07, 2024	Jan 18, 2024	Oct 03, 2023		
2 <b>Inyeon 09 2023</b>	Series A1 PTC	56.67	25.43	[ICRA]A+(SO); Rating watch with negative implications	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	-

Trust Name	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2024)		Chronology of Rating History for the past 3 years		
				Date & Rating		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				Feb 07, 2024	Dec 29, 2023	Sep 25, 2023		
3 <b>Minerva 2023</b>	Series A PTC	92.44	39.06	[ICRA]AA(SO); Rating watch with negative implications	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-

Trust Name	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2024)			Chronology of Rating History for the past 3 years		
				Date & Rating			Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				Feb 07, 2024	Sep 14, 2023	May 29, 2023			
4 <b>Morrie 2023</b>	Series A PTC	49.62	3.99	[ICRA]A+(SO); Rating watch with negative implications	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-	-	-

Trust Name	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2024)			Chronology of Rating History for the past 3 years		
				Date & Rating			Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				Feb 07, 2024	Sep 28, 2023	Jul 07, 2023			
5 <b>Mockingbird 2023</b>	Series A1 PTC	38.89	0.39	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-	-
	Series A2 PTC	1.11	1.11	[ICRA]AA-(SO)	[ICRA]AA-(SO)	Provisional [ICRA]AA-(SO)	-	-	-

Trust Name	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2024)			Chronology of Rating History for the past 3 years		
				Date & Rating			Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				Feb 07, 2024	Sep 28, 2023	Jul 04, 2023			
6 <b>Alchemist 2023</b>	Series A PTC	81.26	7.44	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-	-

Trust Name	Instrument	Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Current Rating (FY2024)			Chronology of Rating History for the past 3 years		
				Date & Rating			Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				Feb 07, 2024	Jun 23, 2023	Apr 27, 2023			
7 <b>Hyacinth 2023</b>	Series A PTC	47.38	2.37	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-	-

Trust Name	Instrument	Current Rating (FY2024)		Chronology of Rating History for the past 3 years				
		Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2023	Date & Rating in FY2022	Date & Rating in FY2021
				Feb 07, 2024	May 15, 2023			
8 <b>Kishtwar 2023</b>	Series A PTC	39.66	0.46	[ICRA]AA(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-

Trust Name	Instrument	Current Rating (FY2024)		Chronology of Rating History for the past 3 years				
		Initial Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021
					Feb 07, 2024	May 15, 2023	Mar 03, 2023	
9 <b>ML Marvolo Feb 2023</b>	Series A PTC	66.60	0.00	[ICRA]AA(SO); Withdrawn	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-

### Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
<b>Hollow 2023</b>	Series A PTC	Moderately Complex
<b>Inyeon 09 2023</b>	Series A1 PTC	Moderately Complex
<b>Minerva 2023</b>	Series A PTC	Moderately Complex
<b>Morrie 2023</b>	Series A PTC	Moderately Complex
<b>Mockingbird 2023</b>	Series A1 PTC	Moderately Complex
	Series A2 PTC	Moderately Complex
<b>Alchemist 2023</b>	Series A PTC	Moderately Complex
<b>Hyacinth 2023</b>	Series A PTC	Moderately Complex
<b>Kishtwar 2023</b>	Series A PTC	Moderately Complex
<b>ML Marvolo Feb 2023</b>	Series A PTC	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 analyzing 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, is available on ICRA's website: [Click Here](#)

### Annexure-I: Instrument details

Trust Name	Instrument	Date of Issuance/Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
<b>Hollow 2023</b>	Series A PTC	December 2023	9.35%	April 2025	49.65	Provisional [ICRA]AA(SO); Rating watch with negative implications
<b>Inyeon 09 2023</b>	Series A1 PTC	September 2023	10.48%	December 2024	25.43	[ICRA]A+(SO); Rating watch with negative implications
<b>Minerva 2023</b>	Series A PTC	September 2023	9.35%	December 2024	39.06	[ICRA]AA(SO); Rating watch with negative implications
<b>Morrie 2023</b>	Series A PTC	May 2023	10.90%	August 2024	3.99	[ICRA]A+(SO); Rating watch with negative implications
<b>Mockingbird 2023</b>	Series A1 PTC	June 2023	9.60%	September 2024	0.39	[ICRA]AA(SO); outstanding
	Series A2 PTC	June 2023	12.00%	September 2024	1.11	[ICRA]AA-(SO); outstanding
<b>Alchemist 2023</b>	Series A PTC	June 2023	9.35%	September 2024	7.44	[ICRA]AA(SO); outstanding
<b>Hyacinth 2023</b>	Series A PTC	April 2023	9.35%	July 2024	2.37	[ICRA]AA(SO); outstanding
<b>Kishtwar 2023</b>	Series A PTC	March 2023	9.65%	July 2024	0.46	[ICRA]AA(SO); outstanding
<b>ML Marvolo Feb 2023</b>	Series A PTC	February 2023	9.35%	July 2024	0.00	[ICRA]AA(SO); Withdrawn

Source: Company

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

Not Applicable

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### Branches



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