

April 25, 2024

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

Summary of rating action

Trust Name	Instrument*	Initial Amount (Rs. crore)	Amount after Previous Rating Exercise (Rs. crore)	Amount after Mar-24 Payout (Rs. crore)	Rating Action
PL Dittany Oct 2022	Series A PTC	27.44	27.44	3.92	[ICRA]AA(SO); Upgraded from [ICRA]A+(SO)
PL Porlock Nov 2022	Series A PTC	48.56	48.56	8.26	[ICRA]AA+(SO); Upgraded from [ICRA]AA(SO)
PL Salazar Jan 2023	Series A1 PTC	32.12	32.12	7.47	[ICRA]AA(SO); Upgraded from [ICRA]AA-(SO)
PL Elder 2023	Series A PTC	38.58	38.58	14.83	[ICRA]A+(SO); Reaffirmed

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) tabulated above are backed by pools of personal loan (PL) receivables originated by Clix Capital Services Private Limited (Clix). The ratings reaffirmation/upgrade is on account of the build-up of the credit enhancement (CE) cover over the future PTC payouts due to the high amortisation of these pools. Also, the breakeven collection efficiency is much lower than the collection efficiency seen in the pools.

Pool performance summary

A summary of the performance of the pools till the February 2024 collection month (March 2024 payout) is tabulated below.

Parameter	PL Dittany Oct 2022	PL Porlock Nov 2022	PL Salazar Jan 2023	PL Elder 2023
Months post securitisation	16	16	14	13
Pool amortisation	69.6%	75.5%	71.9%	54.2%
PTC amortisation	85.7%	82.9%	76.8%	61.6%
Cumulative collection efficiency	94.1%	98.7%	93.9%	94.9%
Cumulative prepayment rate	26.8%	28.3%	29.0%	25.5%
Loss-cum-30+ (% of initial pool principal) ¹	7.8%	2.5%	7.5%	8.2%
Loss-cum-90+ (% of initial pool principal) ²	5.8%	0.9%	4.9%	4.6%
Cumulative cash collateral (CC) utilisation	0.0%	0.0%	0.0%	0.0%
CC available (as % of balance pool)	21.4%	44.9%	35.7%	10.9%
Excess interest spread (EIS) over balance tenure (as % of balance pool)	17.5%	16.6%	13.2%	17.7%
Principal subordination (% of balance pool) for PTCs	57.2%	36.8%	23.7%	26.2%
Breakeven collection efficiency	19.4%	18.2%	38.0%	55.6%

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

Key rating drivers

Credit strengths

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

Credit challenges

- Dip in collections and rise in delinquencies seen in harder buckets in recent months for PL Dittany Oct 2022, PL Elder 2023 and PL Salazar Jan 2023
- 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

Description of key rating drivers highlighted above

The pools have exhibited a satisfactory performance with a cumulative collection efficiency of more than 93% as of the February 2024 collection month. The PL Dittany Oct 2022, PL Salazar Jan 2023 and PL Elder 2023 pools have seen a dip in collections in recent months and high delinquencies in the harder buckets of 90+ days past due (dpd) with limited recoveries from these buckets, given the unsecured nature of this asset class. However, ICRA does not expect the 90+ dpd to rise materially as the roll-forward from softer buckets has seen a declining trend. Further, the high amortisation has led to significant build-up of the CE to meet the balance PTC payouts and the breakeven collection efficiency is much lower than the collection efficiency seen in the pools.

ICRA notes that Clix has recovered money from its digital lending partner under its loss-sharing arrangement for the delinquent contracts in the 90+ dpd bucket for the PL Porlock Nov 2022 pool, leading to a sharp reduction in the 90+ dpd from January 2024 to the February 2024 payout month. Further, for all the pools, any shortfall in collections in the past has been absorbed by the subordination and/or excess interest spread available in the structures. Hence, there has been no cash collateral (CC) utilisation till date in any of the pools. Nonetheless, the performance of the pools would remain exposed to macro-economic shocks/business disruptions. 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 25 PL transactions originated by Clix, of which 18 are live, post the March 2024 payout month. The live pools, (which have completed three payouts) as of the March 2024 payout month, have reported a satisfactory performance with a cumulative collection efficiency of more than 92% and the pools have seen a build-up in the CE due to amortisation. There has not been any instance of CC utilisation in any of the transactions till date. All the matured pools have shown 90+ dpd below 5.0% on maturity except for one pool. Further, the CE was adequate to ensure there was no loss to the PTC investors.

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	PL Dittany Oct 2022	5.50-6.50%	3.2-12.0% p.a.
2	PL Porlock Nov 2022	1.75-2.75%	3.2-12.0% p.a.

3	PL Salazar Jan 2023	4.50-5.50%	3.2-12.0% p.a.
4	PL Elder 2023	6.25-7.25%	3.2-12.0% p.a.

Liquidity position

For PL Dittany Oct 2022, PL Salazar Jan 2023 and PL Elder 2023: Strong

The liquidity is strong after factoring in the CE available to meet the promised payout to the investor. The total CE for the transaction would be in the range of 3.00 to 5.00 times the estimated losses in the pools.

For PL Porlock Nov 2022: Superior

The liquidity is superior after factoring in the CE available to meet the promised payout to the investor. The total CE for the transaction would be greater than 10 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The ratings could be upgraded on the strong collection performance of the underlying pool (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 ratings could emerge with the sustained weak collection performance of the underlying pool (monthly collection efficiency <90%) leading to higher-than-expected delinquency levels and CE utilisation levels. Weakening in the credit profile of the servicer could also exert pressure on the ratings.

Analytical approach

The rating action is based on the performance of the pools till the March 2024 payout month (February 2024 collection month), the present delinquency profile of the pools, the CE available in the transactions, 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 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)	9M FY2024 (Provisional)
Total income	663.5	703.0	705.7
Profit after tax	-93.9	45.0	46.5
Total managed assets	3,650	4,373	5,359.2
Gross stage 3	5.0%	2.4%	2.3%
CRAR	35.8%	37.1%	26.9%

Source: Company data, ICRA Research; 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	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years		
	Instrument	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
				April 25, 2024	April 17, 2023	November 10, 2022	-
PL Dittany Oct 2022	Series A PTC	27.44	3.92	[ICRA]AA(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-

Trust Name	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years		
	Instrument	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
				April 25, 2024	April 17, 2023	November 30, 2022	-
PL Porlock Nov 2022	Series A PTC	48.56	8.26	[ICRA]AA+(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-

Trust Name	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years		
	Instrument	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
				April 25, 2024	May 23, 2023	February 6, 2023	-
PL Salazar Jan 2023	Series A1 PTC	32.12	7.47	[ICRA]AA(SO)	[ICRA]AA-(SO)	Provisional [ICRA]AA- (SO)	-

Trust Name	Current Rating (FY2025)				Chronology of Rating History for the Past 3 Years		
	Instrument	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2025	Date & Rating in FY2024	Date & Rating in FY2023	Date & Rating in FY2022
				April 25, 2024	May 23, 2023	March 01, 2023	-
PL Elder 2023	Series A PTC	38.58	14.83	[ICRA]A+(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
PL Dittany Oct 2022	Series A PTC	Moderately Complex
PL Porlock Nov 2022	Series A PTC	Moderately Complex
PL Salazar Jan 2023	Series A1 PTC	Moderately Complex
PL Elder 2023	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 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)	Current Rating
PL Dittany Oct 2022	Series A PTC	November 2022	11.00%	April 2027	3.92	[ICRA]AA(SO)
PL Porlock Nov 2022	Series A PTC	November 2022	10.24%	May 2027	8.26	[ICRA]AA+(SO)
PL Salazar Jan 2023	Series A1 PTC	February 2023	10.45%	June 2026	7.47	[ICRA]AA(SO)
PL Elder 2023	Series A PTC	February 2023	11.00%	August 2025	14.83	[ICRA]A+(SO)

^{}Scheduled maturity at transaction initiation; may change on account of prepayments*

[^]p.a.p.m.

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

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About ICRA Limited:

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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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