February 04, 2025

Clix Capital Services Private Limited: Rating actions for PTCs issued under personal loan securitisation transaction

Summary of rating action

Trust name	Instrument*	Initial rated amount (Rs. crore)	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Mooncalf 2023	Series A1(a) PTC	16.79	16.79	3.67	[ICRA]AA+(SO); reaffirmed
	Series A1(b) PTC	1.87	1.87	1.87	[ICRA]AA-(SO); upgraded from [ICRA]A(SO)

**Instrument details are provided in Annexure I*

Rationale

The pass-through certificates (PTCs) are backed by a pool of personal loan (PL) receivables originated by Clix Capital Services Private Limited (Clix/Originator). Clix is also the servicer for the rated transaction. While the rating action factors in the increase in delinquencies, the high amortisation of the pool has led to the build-up of the credit enhancement cover over the future PTC payouts. The ratings take into account the lower breakeven collection efficiency compared to the actual collection level observed in the pool till the December 2024 payout month.

Pool performance summary

Parameter	Mooncalf 2023
Payout month	December 2024
Months post securitisation	14
Pool amortisation	63.1%
PTC Amortisation for A1(a)	78.2%
PTC Amortisation for A1(b)	0.00%
Cumulative collection efficiency[1]	94.1%
Loss cum 0+ days past due (dpd; % of initial pool principal)[2]	10.5%
Loss-cum-30+ dpd (% of initial pool principal)[3]	8.5%
Loss-cum-90+ dpd (% of initial pool principal)[4]	5.7%
Breakeven collection efficiency[5] for Series A1(a)	29.4%
Breakeven collection efficiency[6] for Series A1(b)	49.1%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%
CC (as % of balance pool principal)	13.6%
Subordination for A1(a) (as % of balance pool principal)	51.6%
Subordination for A1(b) (as % of balance pool principal)	27.1%
Excess interest spread (EIS; as % of balance pool): Series A1[7]	22.6%
Cumulative prepayment rate	32.5%

[1] *(Cumulative current and overdue collections till date)/(Cumulative billing till date)*

[2] *Inclusive of unbilled and overdue principal portion of contracts delinquent, as a % of Initial pool principal*

[3] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 30 days, as a % of Initial pool principal*

[4] *Inclusive of unbilled and overdue principal portion of contracts delinquent for more than 90 days, as a % of Initial pool principal*

[5] *Balance PTC cash flows – Cash collateral available/Balance pool cash flows*

[6] *Balance PTC cash flows – Cash collateral available/Balance pool cash flows*

[7] *(Balance pool cash flows – Balance cash flows to PTC – Originator's residual share)/Pool principal outstanding*

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout to Series A1(a) and A1(b) PTCs on a pari passu basis. Until the March 2026 payout month, the principal is expected to be paid on a monthly basis (100% of the pool principal billed) to Series A1(a) PTCs till its redemption, followed by the expected principal payout to Series A1(b) PTCs. From the April 2026 payout month, the principal is expected to be paid pari passu to Series A1(a) and A1(b) PTCs on a monthly basis. The principal for both series of PTCs is promised on the respective final maturity dates. Till the March 2026 payout month, any prepayment in the pool would be used for the prepayment of Series A1(a) PTC principal and on a pari passu basis, thereafter, to Series A1(a) and A1(b) PTCs.

Till October 2024, the surplus EIS, after meeting the promised and expected payouts, was paid back to the Originator on a monthly basis. From November 2024, the entire EIS is being utilised for accelerating the PTC principal payment due to the breach of predefined trigger events and this shall continue till maturity. The trigger events defined as per the transaction structure are that the 90+ days past due (dpd) of the pool exceeds 5% of the initial principal and the cumulative collection efficiency in the pool is less than 95% for the last two consecutive payouts.

Key rating drivers and their description

Credit strengths

Substantial credit enhancement available in the structure – The ratings factor in the build-up of the credit enhancement as of the December 2024 payout month, with the cash collateral (CC) increasing to ~14% of the balance pool principal from 5.0% at time of securitisation of the transaction. Internal credit support is also available through the scheduled EIS and subordination for the transaction. Further, no CC has been utilised in the pool for any of the payouts.

Servicing capability of originator – The company has adequate processes for the servicing of the loan accounts in the securitised pool. It has a long track record of regular collections and recoveries across a wide geography and multiple economic cycles.

Credit challenges

Risks associated with lending business – The pool's performance would remain exposed to macro-economic shocks, business disruptions and natural calamities that may impact the income-generating capability of the borrowers and their ability to make timely repayments of their loans. The pool is exposed to the inherent credit risk associated with the unsecured nature of the asset class. Moreover, recoveries from delinquent contracts tend to be lower in this segment.

Key rating assumptions

ICRA's cash flow modelling for rating securitisation 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 assumptions for the losses and the coefficient of variation are considered on the basis of the values observed from the analysis of the past performance of the Originator's loan portfolio as well as the characteristics of the specific pool being evaluated. The resulting collections from the pool, after incorporating the impact of the losses and prepayments, are accounted for in ICRA's cash flow model, in accordance with the cash flow waterfall of the transaction.

For the current pool, ICRA has estimated the shortfall in the pool principal collection during its tenure at 6.0% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 4.8% to 18.0% per annum. Various possible scenarios have been simulated at stressed loss levels and prepayment rates and the incidences of default to the investor as well as the extent of losses are measured after factoring in the credit enhancement to arrive at the final ratings for the instruments.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction Name	Mooncalf 2023
Originator	Clix Capital Services Private Limited
Servicer	Clix Capital Services Private Limited
Trustee	Catalyst Trusteeship Limited
CC bank	Federal Bank
Collection and payout account bank	ICICI Bank

Liquidity position: Strong

The liquidity for PTC Series A1(a) and A1(b) is strong after factoring in the credit enhancement available to meet the promised payout to the investors. The total credit enhancement would be ~5.00 times and ~3.50 times the estimated loss in the pool for PTC Series A1(a) and A1(b), respectively.

Rating sensitivities

Positive factors – The ratings could be upgraded 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 credit enhancement.

Negative factors – The sustained weak collection performance of the underlying pool, leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a rating downgrade. Weakening in the credit profile of the servicer (Clix) could also exert pressure on the ratings.

Analytical approach

The rating action is based on the performance of the pool till the December 2024 payout month (November 2024 collection month), the present delinquency profile of the pool, the credit enhancement available in the transaction, and the performance expected over the balance tenure of the pool.

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology for Securitisation Transactions
Parent/Group support	Not applicable
Consolidation/Standalone	Not applicable

About the originator

Clix Capital Services 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 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 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

	FY2023 (audited)	FY2024 (audited)	H1 FY2025 (provisional)
Total income	703.0	955.0	519.3
Profit after tax	45.0	61.8	45.1
Total managed assets	4,374	5,681	6,219.6
Gross stage 3	2.4%	1.8%	1.8%
CRAR	37.1%	28.3%	31.0%

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	Initial amount rated (Rs. crore)	Current amount rated (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022
				February 04, 2025	February 01, 2024	October 03, 2023	-	-
Mooncalf 2023	Series A1(a) PTC	16.79	3.67	**[ICRA]AA+(SO)**	**[ICRA]AA+(SO)**	**Provisional [ICRA]AA+(SO)**	-	-
	Series A1(b) PTC	1.87	1.87	**[ICRA]AA-(SO)**	**[ICRA]A(SO)**	**Provisional [ICRA]A(SO)**	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Series A1(a) PTC	Moderately Complex
Series A1(b) 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 (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
Mooncalf 2023	Series A1(a) PTC	September 27, 2023	10.45%	March 16, 2028	3.67	[ICRA]AA+(SO)
	Series A1(b) PTC	September 27, 2023	12.45%	March 17, 2028	1.87	[ICRA]AA-(SO)

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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