

February 27, 2025

Clix Capital Services Private Limited: Rating reaffirmed for PTCs issued under a mortgage 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
Stellar Trust September 2022	Series A PTC	28.30	16.70	11.26	[ICRA]A+(SO); reaffirmed

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) are backed by a pool of home loan (HL) and loan against property (LAP) receivables originated by Clix Capital Services Private Limited (Clix/Originator). Clix is also the servicer for the rated transaction.

The rating has been reaffirmed on account of the healthy amortisation and build-up in the credit enhancement level in the transaction. The rating takes into account the lower breakeven collection efficiency compared to the actual collection level observed in the pool till the January 2025 payout month.

Pool performance summary

Parameter	Stellar Trust September 2022
Payout month	January 2025
Months post securitisation	27
Pool amortisation	54.2%
PTC amortisation	60.2%
Cumulative collection efficiency¹	97.9%
Loss cum 0+ days past due (dpd; % of initial pool principal)²	6.1%
Loss-cum-30+ dpd (% of initial pool principal)³	6.1%
Loss-cum-90+ dpd (% of initial pool principal)⁴	4.7%
Breakeven collection efficiency⁵	34.5%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%
CC (as % of balance pool principal)	10.9%
Corporate guarantee (CG; as % of balance pool principal)	10.9%
Subordination (as % of balance pool principal)	21.8%
Excess interest spread (EIS; as % of balance pool)⁶	>100%
Cumulative prepayment rate	53.3%

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 Breakeven collection efficiency = Balance PTC cash flows – CC available/Balance pool cash flows

⁶ (Balance pool cash flows – Balance cash flows to PTC – Originator's residual share)/Balance pool principal outstanding

Transaction structure

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payout and principal payout (50% of the pool principal billed). The balance principal (50% of the pool principal billed) is expected to be paid on a monthly basis until the maturity of Series A PTC. Any surplus excess interest spread(EIS), after meeting the promised and expected payouts, will flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of Series A PTC principal.

Key rating drivers and their description

Credit strengths

Substantial credit enhancement available in the structure – The rating factors in the build-up of the credit enhancement cover as of the January 2025 payout month, with the cash collateral (CC) increasing to ~11% of the balance pool principal from 5.0% at the time of securitisation for the transaction. Internal credit support is also available through the scheduled EIS and subordination for the transaction. Further, there has been nil CC utilisation in the pool for any of the payouts.

Servicing capability of Clix – Clix 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

High obligor concentration – The pool has high obligor concentration with the loans outstanding to the top 3 borrowers accounting for ~17% of the balance pool principal. The pool's performance would thus be highly exposed to the repayment patterns of the top borrowers and the company's ability to limit the slippages of such borrowers.

Exposed to basis risk – The transaction is exposed to basis risk as the underlying pool is linked to the Originator's internal benchmark rate whereas the yield on the PTCs is floating and linked to an external benchmark.

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 5.0% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 6.0% to 20.0% 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 rating for the instrument.

Details of key counterparties

The key counterparties in the rated transaction are as follows:

Transaction name	Stellar Trust September 2022
Originator	Clix Capital Services Private Limited/Clix Housing Finance Limited
Servicer	Clix Capital Services Private Limited/Clix Housing Finance Limited
Trustee	Catalyst Trusteeship Limited
CC bank	ICICI Bank Limited
Collection and payout account bank	ICICI Bank Limited

Liquidity position: Superior

The liquidity for Series A is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be more than 10 times the estimated loss in the pool.

Rating sensitivities

Positive factors – The rating 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 – Pressure on the rating could emerge on account of the sustained weak collection performance of the underlying pool (monthly collection efficiency <90%), leading to higher-than-expected delinquency levels and credit enhancement utilisation levels. Weakening in the credit profile of the Originator could also exert pressure on the rating.

Analytical approach

The rating action is based on the performance of the pool till the January 2025 payout month (December 2024 collection month), the present delinquency levels, 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 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 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 Limited, a wholly-owned subsidiary of Clix, primarily provides housing/mortgage finance products.

Key financial indicators

Clix	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 27, 2025	February 28, 2024	February 16, 2023	October 28, 2022	-
Stellar Trust September 2022	Series A PTC	28.30	11.26	[ICRA]A+(SO)	[ICRA]A+(SO)	[ICRA]A+(SO)	Provisional [ICRA]A+(SO)	-

Complexity level of the rated instrument

Instrument	Complexity indicator
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 (p.a.p.m.)	Maturity date	Amount rated (Rs. crore)	Current rating and outlook
Stellar Trust September 2022	Series A PTC	October 21, 2022	12.10%*	March 15, 2049	11.26	[ICRA]A+(SO)

Source: Company, *-linked to external benchmark rate

Annexure II: List of entities considered for consolidated analysis

Not applicable

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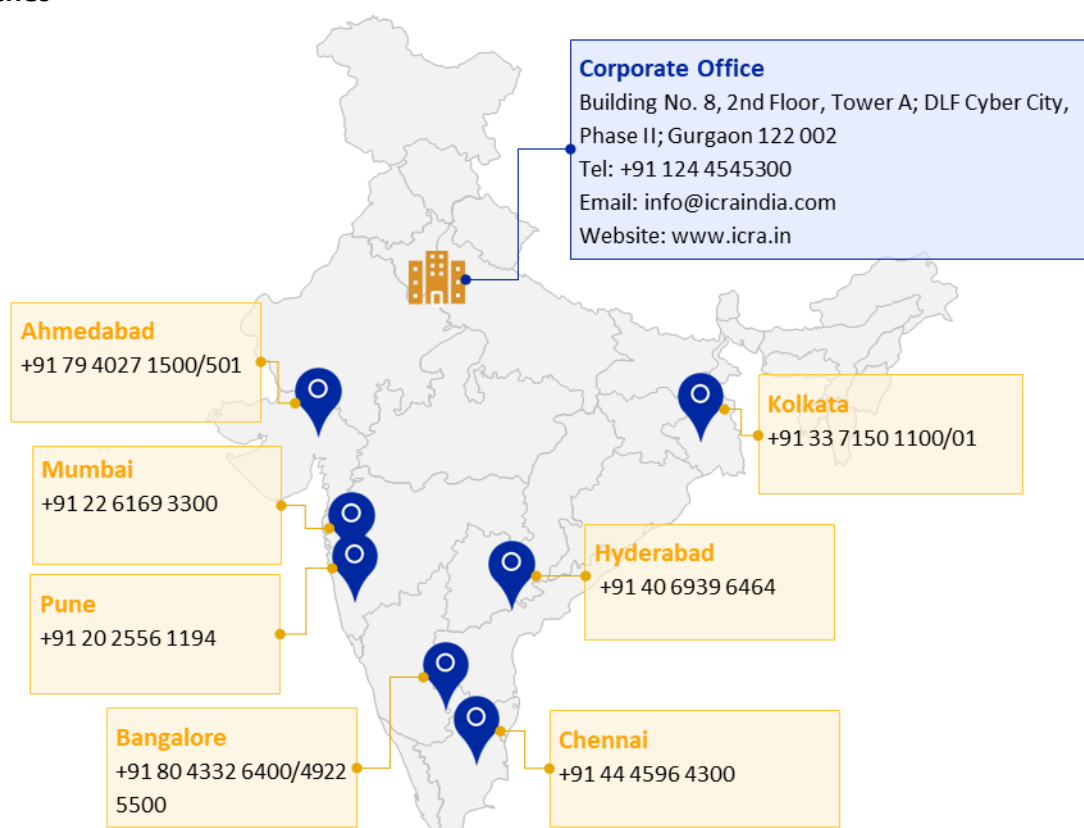
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