March 19, 2025

Clix Capital Services Private Limited: Rating reaffirmed for PTCs issued under business loan receivables 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
Kakashi 2023	Series A1 PTC	28.35	28.35	8.21	[ICRA]A+(SO); reaffirmed

**Instrument details are provided in Annexure I*

Rationale

The pass-through certificates (PTCs) are backed by a pool of business loan (BL) receivables originated by Clix Capital Services Private Limited (Clix/Originator). Clix is also the servicer for the rated transaction. The rating reaffirmation factors in the high amortisation and build-up in the credit enhancement level in the transaction. The rating also draws comfort from the fact that the breakeven collection efficiency is lower compared to the actual collection level observed in the pool till the February 2025 payout month.

Pool performance summary

Parameter	Kakashi 2023
Payout month	February 2025
Months post securitisation	15
Pool amortisation	65.0%
PTC amortisation	71.1%
Cumulative collection efficiency[1]	96.4%
Loss cum 0+ days past due (dpd; % of initial pool principal)[2]	5.3%
Loss-cum-30+ dpd (% of initial pool principal)[3]	5.3%
Loss-cum-90+ dpd (% of initial pool principal)[4]	4.6%
Breakeven collection efficiency[5] **for Series A1**	49.1%
Cumulative cash collateral (CC) utilisation (% of initial CC)	0.0%
CC (as % of balance pool principal)	24.3%
Subordination (as % of balance pool principal)	24.3%
Excess interest spread (EIS; as % of balance pool): Series A1[6]	8.1%
Cumulative prepayment rate	22.2%

[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 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. The principal is expected to be paid on a monthly basis (100% of the pool principal billed) but is promised on the final maturity date. 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 the Series A1 PTC principal.

Till January 2025, the surplus EIS, after meeting the promised and expected payouts, was paid back to the Originator on a monthly basis. From February 2025 payout month, 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 portfolio at risk (PAR) 30 of the pool exceeds 5.00% of the initial principal outstanding (which is breached) and / or the rating of Series A1 PTCs are downgraded below 'A+(SO)' and / or the credit rating of the Originator is downgraded below the current rating.

Reset of credit enhancement

At the Originator's request for resetting the credit enhancement, ICRA has analysed the transaction and the underlying pool. As per ICRA's analysis, the cash collateral (CC) required to maintain the present rating is Rs. 1.32 crore (12.1% of balance pool principal) against the existing CC of Rs. 2.63 crore (24.3% of balance pool principal). Based on the pool's performance, the rating for the PTCs will remain unchanged even after the CC amount is reset. However, as per regulatory guidelines, the maximum amount of CC that can be released would be restricted to 60% of the difference between the current CC amount and the revised CC amount allowed by ICRA. The CC reset shall be subject to the approval of the PTC investors.

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 on February 2025 payout month, with the CC increasing to ~24% of the balance pool principal compared to 8.5% at time of securitisation for the transaction. Internal credit support is also available through scheduled EIS and subordination for the transaction.

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

Credit challenges

High geographical concentration – The pool has high geographical concentration with the top 3 states, viz. Maharashtra, Delhi and Telengana contributing ~68% of the balance pool principal. The pool's performance would thus be exposed to any state-wide disruption that may occur due natural calamities, political events, etc.

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 3.75% with certain variability around it. The average prepayment rate for the underlying pool is modelled in the range of 3.2% to 12.0% 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	Kakashi 2023
Originator	Clix Capital Services Private Limited
Servicer	Clix Capital Services Private Limited
Trustee	Catalyst Trusteeship Limited
CC bank	IDFC First Bank Limited
Collection and payout account bank	IDFC First Bank Limited

Liquidity position: Strong

The liquidity for Series A is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be around 5.00 times the estimated loss in the pool.

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 pressure on the ratings 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 (collection month), the present delinquency levels and 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
				March 19, 2025	March 14, 2024	December 01, 2023	-	-
Kakashi 2023	Series A1 PTC	28.35	8.21	**[ICRA]A+(SO)**	**[ICRA]A+(SO)**	**Provisional [ICRA]A+(SO)**	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Series A1 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
Kakashi 2023	Series A1 PTC	November 29, 2023	10.15%	April 17, 2026	8.21	[ICRA]A+(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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