April 22, 2024

Clix Capital Services Private Limited (erstwhile Clix Finance India Private Limited): Rating upgraded for PTCs issued under healthcare equipment loan securitisation transaction

Summary of rating action

Trust Name	Instrument*	Initial Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Amount O/s after Mar-24 Payout (Rs. crore)	Rating Action
Kylie 12 2021	PTC Series A1	44.04	17.89	1.20	[ICRA]AAA(SO); Upgraded from [ICRA]A+(SO)

**Instrument details are provided in Annexure I*

Rationale

The pass-through certificates (PTCs) are backed by healthcare equipment loan receivables originated by Clix Finance India Private Limited (merged with Clix Capital Services Private Limited (Clix), effective April 01, 2022). The rating upgrade is on account of the healthy performance of the pool till the March 2024 payout and high amortisation, leading to the build-up of the credit enhancement in the transaction.

Pool performance summary

A summary of the performance of the pool till the March 2024 payout is presented below.

Parameter	Kylie 12 2021
Months post securitisation	27
Pool amortisation (%)	79.75%
PTC amortisation (%)	97.27%
Cumulative collection efficiency[1]	98.90%
Breakeven collection efficiency[2]	Nil
Loss-cum-30+ (% of initial pool principal)[3]	0.03%
Loss-cum-90+ (% of initial pool principal)[4]	0.03%
Cumulative CC[5] utilisation (% of initial CC)	0.00%
CC available (as % of balance pool principal)	49.38%
EIS over balance tenure (as % of balance pool)	10.04%
Subordination available (as % of balance pool principal)	87.87%
Cumulative prepayment rate[6]	14.07%

[1] Cumulative collections till date / Cumulative billings till date + Opening overdues

[2] It is the minimum collection efficiency required over the balance tenure to ensure all investor payouts are met: (Balance cash flows payable to investor – Cash collateral available – Trapped EIS) / Balance pool cash flows

[3] POS on contracts aged 30+ dpd + Overdues / Initial POS on the pool

[4] POS on contracts aged 90+ dpd + Overdues / Initial POS on the pool

[5] Cash collateral

[6] Principal outstanding at the time of prepayment of contracts prepaid till date / Initial pool principal

Key rating drivers

Credit strengths

- Significant amortisation of the pool with no cash collateral (CC) utilisation, resulting in CC covering the entire future PTC payouts

Credit challenges

- Not applicable

Description of key rating drivers highlighted above

As per the transaction structure, the monthly cash flow schedule comprises the promised interest payments to PTC Series A1 at the predetermined interest rate on the principal outstanding. The principal repayment to PTC Series A1 is promised on the last payout date. During the tenure of PTC Series A1, the collections from the pool, after making the promised interest payouts to PTC Series A1, are used to make the expected principal payouts to PTC Series A1. However, this principal payout is not promised and any shortfall in making the expected principal payment to PTC Series A1 would be carried forward to the subsequent payout. Further, as it is a turbo par structure, all collections in excess of the promised yield payout and expected principal payout to PTC Series A1 on a monthly basis are utilised to prepay the principal amount due on PTC Series A1. Also, in the event of a shortfall in meeting the promised PTC payouts during any month, the trustee will utilise the CC to meet the same.

The pool has exhibited strong performance with a monthly collection efficiency of more than 96% in all the months till the March 2024 payout month. It has shown minimal delinquencies in harder buckets with the 90+ days past due (dpd) below 0.5% as of the March 2024 payout month. Any shortfall in collections in the past was absorbed by the subordination/excess interest spread (EIS) in the structure with nil CC utilisation in the transaction. As the pool has amortised by ~80%, the CC has built up, fully covering the balance PTC payouts.

Overall, the credit enhancement available for meeting the balance payouts to the investors is sufficient to upgrade the rating to the current level in the transaction. ICRA will continue to monitor the performance of the pool. Any further rating action will be based on the performance of the pool and the availability of credit enhancement relative to ICRA's expectations.

Performance of past rated pools: ICRA has two other live healthcare equipment loan receivables pool originated by Clix, which have shown stable performance with a cumulative collection efficiency of more than 96% and no instance of CC utilisation till date.

Key rating assumptions

ICRA's cash flow modelling for rating asset-backed securitisation (ABS) transactions involves the simulation of potential delinquencies, losses (shortfall in principal collection during the 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 performance of the originator's portfolio as well as the characteristics of the specific pool being evaluated. Additionally, the assumptions maybe 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.

Liquidity position: Superior

The liquidity is superior since the available CC fully covers the balance PTC payouts.

Rating sensitivities

Positive factors – Not applicable

Negative factors – The rating is unlikely to be downgraded as the CC covers the entire PTC cash flows.

Analytical approach

The rating action is based on the performance of the pool till February 2024 (collection month), the present delinquency profile of the pool, the credit enhancement available in the pool, 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 company

Clix Capital Services Private Limited (Clix) is a non-banking financial company (NBFC), which is registered with the Reserve Bank of India (RBI) and provides retail financing products (personal loans, business loans, micro, small & medium enterprise (MSME), housing finance, etc). Incorporated as GE Money Financial Services Pvt Ltd (GE Money) in 1994, it 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	-93.91	45	30
Total managed assets	3,650	4,375	5,091
Gross NPA	4.95%	2.40%	2.2%
Net NPA	1.42%	1.5%	NA

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Data from FY2022 pertains to merged entity*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Sr. No.	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 22, 2024	April 26, 2023	April 22, 2022	December 31, 2021
1	**Kylie 12 2021**	PTC Series A1	44.04	1.20	**[ICRA]AAA(SO)**	**[ICRA]A+(SO)**	**[ICRA]A(SO)**	**Provisional [ICRA]A(SO)**

Complexity level of the rated instrument

Transaction Name	Instrument	Complexity Indicator
Kylie 12 2021	PTC Series A1	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
Kylie 12 2021	PTC Series A1	December 2021	8.19%	February 2027	1.20	[ICRA]AAA(SO)

**Scheduled maturity at transaction initiation; may change on account of prepayments*
Source: Company

Annexure II: List of entities considered for consolidated analysis

Not applicable

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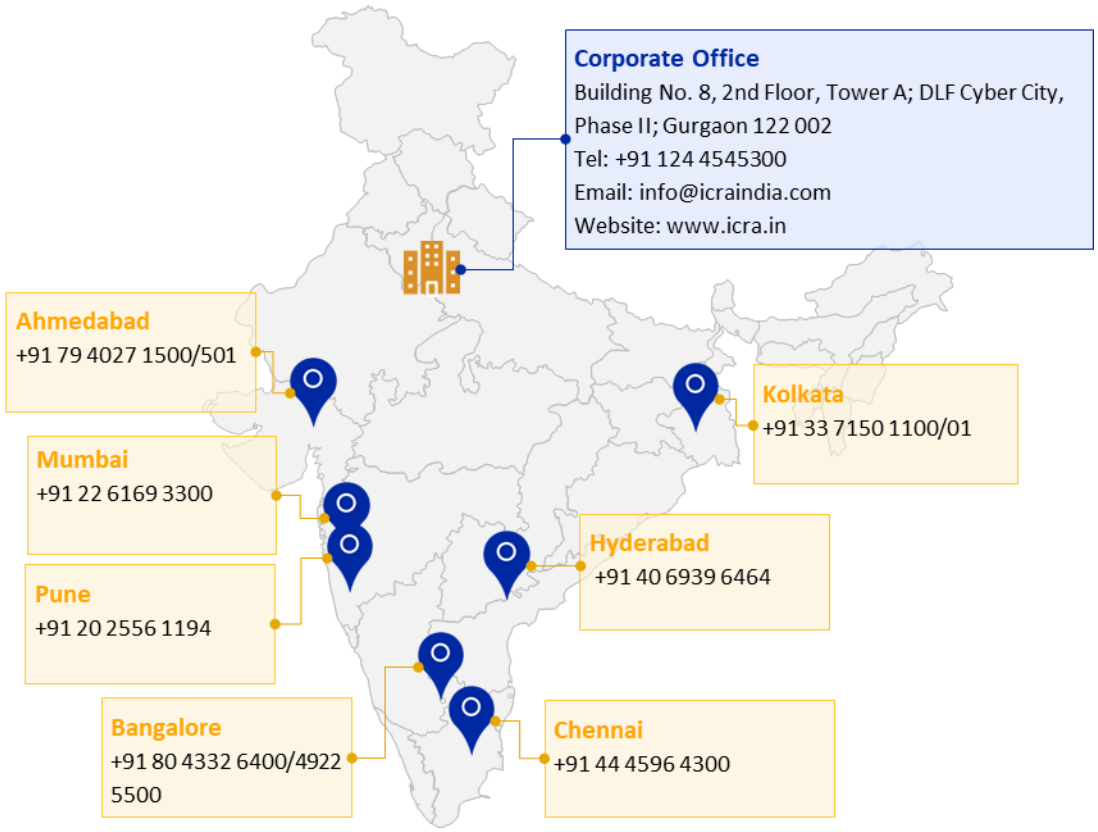

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