

June 27, 2024

Clix Capital Services Private Limited: Ratings upgraded for PTCs issued under two business loan securitisation transactions

Summary of rating action

Trust Name	Instrument*	Initial Amount (Rs. crore)	Amount O/s after Last Surveillance (Rs. crore)	Amount after May-24 Payout (Rs. crore)	Rating Action
Dabyan 2023	Series A1 PTC	61.33	NA	19.04	[ICRA]AA+(SO); Upgraded from [ICRA]AA-(SO)
	Equity Tranche	4.18	NA	4.18	[ICRA]A+(SO); Upgraded from [ICRA]A-(SO)
Yusmarg 2023	Series A1 PTC	49.80	NA	20.71	[ICRA]AA+(SO); Upgraded from [ICRA]AA(SO)

*Instrument details are provided in Annexure I

Rationale

The pass-through certificates (PTCs) are backed by business loan receivables originated by Clix Capital Services Private Limited (Clix / Originator).

The ratings have been upgraded on account of the healthy pool performance and high amortisation, which has led to the build-up of the credit enhancement (CE) cover over the future PTC payouts. The ratings also draw comfort from the fact that the breakeven collection efficiency is comfortably lower as compared to the actual collection level observed in the pool till the May 2024 payout month.

Pool performance summary

Parameter	Dabyan 2023	Yusmarg 2023
Payout month	May 2024	May 2024
Months post securitisation	12	12
Pool amortisation	60.7%	51.4%
PTC amortisation	69.0%	58.4%
Cumulative collection efficiency	98.0%	98.8%
Cumulative prepayment rate	18.6%	9.7%
Loss-cum-30+ dpd (% of initial pool principal) ¹	3.1%	2.1%
Loss-cum-90+ dpd (% of initial pool principal) ²	1.6%	1.4%
Cumulative CC utilisation	0.0%	0.0%
CC available (as % of balance pool principal)	15.3%	18.5%
EIS over balance tenure (as % of balance pool principal)	7.9%	8.6%
Principal subordination (% of balance pool principal)	30.5%	24.7%
Breakeven collection efficiency	51.3%	54.0%

¹ Principal outstanding (POS) on contracts aged 30+ days past due + overdues / Initial POS on the pool

² POS on contracts aged 90+ days past due + overdues / Initial POS on the pool

Transaction structure

For Dabyan 2023

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 be used to repay the principal of equity tranche (post full redemption of Series A1 PTC) and then flow back to the Originator on a monthly basis. Any prepayment in the pool would be used for the prepayment of Series A1 PTC principal.

For Yusmarg 2023

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 Series A1 PTC principal.

Key rating drivers for both the pools

Credit strengths

Substantial credit enhancement available in the structure – The rating factors in the build-up in the credit enhancement with cash collateral increasing to ~15% and ~18% of the balance pool principal for Dabyan 2023 and Yusmarg 2023, respectively compared to 6.0% and 9.0% at time of securitisation. Internal credit support is also available through scheduled EIS of 7.85% and 8.60% and subordination of ~30% and ~25% for Dabyan 2023 and Yusmarg 2023 respectively.

Healthy pool performance – Performance of both the pools has been strong with cumulative collection efficiency being above ~97% till May 2024 payout month which has resulted in low delinquencies in the pools with the 90+ days past due (dpd) and 180+ dpd ranging between 1.0% and 1.5% of the initial pool principal. The break-even collection efficiency has also declined to 51% and 54% for Dabyan 2023 and Yusmarg 2023 respectively. Further, there have been no instances of cash collateral utilisation for any of the pools till date owing to strong collection performance and presence of EIS in both transactions.

Credit challenges

Risks associated with lending business – The pools' 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. Given the unsecured nature of the loans, the recoverability of loans that are in the harder delinquency buckets would also be a challenge.

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 pools, ICRA has estimated the shortfall in the pool principal collection during its tenure at ~3.00% and ~3.25% for Dabyan 2023 and Yusmarg 2023 respectively. The average prepayment rate for both the underlying pools 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 rating for the instrument.

Details of key counterparties

The key counterparties in the rated transactions are as follows:

Transaction Name	Dabyan 2023	Yusmarg 2023
Originator	Clix	Clix
Servicer	Clix	Clix
Trustee	IDBI Trusteeship Services Limited	IDBI Trusteeship Services Limited
CC Bank	DCB Bank	ICICI Bank
Collection and payout account Bank	ICICI Bank	ICICI Bank

Liquidity position

Superior for Series A1 PTC of both the pools: The liquidity for the PTC instruments in both the transactions is superior after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be in the range of 6.50 to 7.00 times the estimated loss in the pools.

Strong for equity tranche of Dabyan 2023: The liquidity for the equity tranche in the transaction is strong after factoring in the credit enhancement available to meet the promised payout to the investor. The total credit enhancement would be ~4.50 times the estimated loss in the pool.

Rating sensitivities for both the pools

Positive factors –The rating could be upgraded when the CC will cover entire balance PTC payouts.

Negative factors – The sustained weak collection performance (monthly collection efficiency <90%) of the underlying pool leading to higher-than-expected delinquency levels and higher credit enhancement utilisation levels, would result in a ratings downgrade. Weakening in the credit profile of the servicer (Clix) could also exert pressure on the rating.

Analytical approach

The rating action is based on the performance of the pools till May 2024 payout month (April 2024 collection month), the present delinquency profile of the pools, the credit enhancement available in the pools, 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 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 and 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 CFIPPL). Additionally, Clix Housing Finance Private Limited, a wholly-owned subsidiary of Clix, primarily provides housing/mortgage finance products.

Key financial indicators

Particulars	FY2022 (Audited)	FY2023 (Audited)	FY2024 (Audited)
Total Income	664	703	955
Profit after tax	-94	45	62
Total Managed Assets	3,650	4,373	5,681
Gross Stage 3	5.0%	2.4%	1.8%
CRAR	35.8%	37.1%	28.3%

Source: Company, 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)	Amount Outstanding (Rs. crore)	Date & Rating	Date & Rating in FY2024		Date & Rating in FY2023	Date & Rating in FY2022
				June 27, 2024	June 14, 2023	April 5, 2023	-	-
Dabyan 2023	Series A1 PTC	61.33	19.04	[ICRA]AA+(SO)	[ICRA]AA-(SO)	Provisional [ICRA]AA-(SO)	-	-
	Equity Tranche	4.18	4.18	[ICRA]A+(SO)	[ICRA]A-(SO)	Provisional [ICRA]A-(SO)	-	-

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				June 27, 2024	June 14, 2023	April 5, 2023	-	-
Yusmarg 2023	Series A1 PTC	49.80	20.71	[ICRA]AA+(SO)	[ICRA]AA(SO)	Provisional [ICRA]AA(SO)	-	-

Complexity level of the rated instrument

Trust Name	Instrument	Complexity Indicator
Dabyan 2023	Series A1 PTC	Moderately Complex
	Equity Tranche	Moderately Complex
Yusmarg 2023	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
Dabyan 2023	Series A1 PTC	March 29, 2023	10.40%	September 15, 2025	19.04	[ICRA]AA+(SO)
	Equity Tranche		NA		4.18	[ICRA]A+(SO)
Yusmarg 2023	Series A1 PTC	March 29, 2023	10.25%	September 20, 2025	20.71	[ICRA]AA+(SO)

Source: Company

Annexure II: List of entities considered for consolidated analysis

Not Applicable

ANALYST CONTACTS

Abhishek Dafria

+91 22 6114 3440

abhishek.dafria@icraindia.com

Sachin Joglekar

+91 22-6114 3470

sachin.joglekar@icraindia.com

Himanshi Doshi

+91 22 6114 3410

himanshi.doshi@icraindia.com

Mrugesh Trivedi

+91 22 6114 3436

mrugesh.trivedi@icraindia.com

Advait Athavale

+91 22 6114 433

advait.athavale@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3304

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

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ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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