

CLIX Capital Services Private Limited

September 12, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	1,770.00	CARE A+; Stable	Revised from CARE A; Positive
Long-term / Short-term bank facilities	2,630.00	CARE A+; Stable / CARE A1+	Revised from CARE A; Positive / CARE A1
Market linked debentures	35.00 (Reduced from 79.50)	CARE PP-MLD A+; Stable	Revised from CARE PP-MLD A; Positive
Non-convertible debentures	300.00	CARE A+; Stable	Assigned
Non-convertible debentures	122.00 (Reduced from 140.00)	CARE A+; Stable	Revised from CARE A; Positive
Non-convertible debentures	150.00	CARE A+; Stable	Revised from CARE A; Positive
Non-convertible debentures	400.00	CARE A+; Stable	Revised from CARE A; Positive
Market linked debentures	-	-	Withdrawn
Market linked debentures	-	-	Withdrawn
Commercial paper	128.10	CARE A1+	Revised from CARE A1
Commercial paper	100.00	CARE A1+	Revised from CARE A1

Details of instruments/facilities in Annexure-1.

CARE Ratings Limited has withdrawn the rating assigned to Market linked debentures with immediate effect, on receipt of No Dues Certificate received and mail from the client that rating has not been utilised against the proposed amount.

Rationale and key rating drivers

Upgrade in ratings assigned to bank facilities and instruments of CLIX Capital Services Private Limited (CLIX) is considering its demonstrated ability to profitably scale up its operations quarter on quarter, with a notable improvement in asset quality. Ratings also factor in the company's comfortable capitalisation, which was further supported by capital infusion of ₹220 crore in July 2024. The company reported an asset under management (AUM) of ₹5,792 crore as on March 31, 2024, –marking a 29% y-o-y growth, further growing to ₹6,031 crore as on June 30, 2024, supported by diversification in its resource profile.

CARE Ratings Limited (CARE Ratings) notes that the AUM growth is driven by a sharp increase in its core book AUM which has grown by 63% y-o-y in FY24. Ratings also consider improving asset quality with gross non-performing assets (GNPA) ratio reducing from 2.38% as on March 31, 2023, to 2.05% as on June 30, 2024. The improvement was driven by improving collection efficiency and recoveries.

However, ratings are constrained by moderate-yet-improving profitability with a return on total assets (ROTA) of 1.63% in Q1FY25 compared to 1.02% in FY24 and 0.57% in FY23. CARE Ratings also notes that despite demonstrating strong growth in its core book in the last two years, the company continues to have a moderate market share in its key asset classes. Going forward, CLIX's ability to expand its loan book, while further enhancing its profitability and maintaining asset quality will continue to remain key rating sensitivities.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Rating sensitivities: Factors likely to lead to rating actions.

Positive factors – Factors that could, individually or collectively, lead to a review for positive rating action / upgrade

- Significantly and consistently scaling up operations
- Improving financial performance with return on total tangible assets (ROTA) of 2.75% and above on a sustained basis.
- Raising borrowings at competitive rates on a consistent basis.

Negative factors – Factors that could, individually or collectively, lead to a review for negative rating action / downgrade

- Deteriorating asset quality profile with credit costs (including write-offs) remaining elevated on a sustained basis, leading to deteriorating profitability metrics.
- Materially changing support from promoters.
- Overall gearing exceeding 4x on a sustained basis.

Analytical approach:

CARE Ratings has based its assessment on consolidated financials of CLIX, which includes its 100% owned subsidiary, CLIX Housing Finance Limited (CLIX Housing).

Outlook: Stable

The outlook is 'Stable' considering CARE Ratings Limited (CARE Ratings) expectation that the company will demonstrate profitable business growth complemented by healthy resource-raising ability and strong internal accrual.

Detailed description of key rating drivers:

Key strengths

Strong promoters and comfortable capitalisation profile

Formerly known as GE Money Financial Services Limited, CLIX was originally set up by the GE group, and, in March 2016, the GE group entered a management buy-in arrangement with Pramod Bhasin and Anil Chawla, former top executives at GE India, backed by funding from PE firm AION Capital Partners (85% stake). Plutus Wealth Management, Mauritius, collectively continue to hold 100% in CLIX Capital (consolidated) with Apollo being the company's majority shareholder with 85% shares. Since inception, promoters have shown their support in the form of regular capital infusion in the company. In July 2024, CLIX received capital infusion of ₹220 crore from existing shareholders in existing proportion.

The capitalisation level remains comfortable with consolidated gearing (measured as total borrowings to tangible net worth [TNW]) of 2.49x as on June 30, 2024 and 2.69x as on March 31, 2024, despite increased from 2.29x as of March 31, 2023, owing to debt-funded growth in the loan book (net loans increased by 19% in fiscal 24). CLIX's standalone capital adequacy ratio (CAR) remains comfortable at 28.22% and 27.74% as on March 31, 2024, and June 30, 2024, respectively, which is well-above regulatory requirements. This is expected to improve further owing to capital infusions in July 2024.

Going forward, the company's ability to continue to raise capital to fund future growth remains key monitorable.

Diversified resource profile

CLIX has a well-diversified resource profile with a good mix of banks (69%), NBFC (13%), non-convertible debentures (11%) and domestic financial institutions (8%) as on June 30, 2024. The share of term loans from banks has also increased with 56% of borrowings being through term loans as on June 30, 2024, compared to 49% as on March 31, 2024. CARE Ratings notes that the company has been able to get fresh term loan sanctions from PSU banks and Private Banks in the current fiscal year, which is expected to further support the company's resource profile. Going forward, the company's ability to raise debt at competitive rates will be a key monitoring factor.

Moderate-yet-improving profitability

Considering increase in portfolio from partnership to organic and with rise in lending rates, average yields on advances grew from 16.28% in FY23 to 17.07% in FY24 and 17.49% in Q1FY25. On the other hand, average cost of funds has slightly increased from 10.21% in FY23 to 11.14% in FY24, which improved in Q1FY25 to 11.02% as the company has been able to raise incremental funds at competitive rates. In FY25 till Aug-24, CLIX has raised ~₹1100 crore of fresh borrowings at an average rate of 10.3%. Net income margins (NIMs) stood at 6.5% in Q1FY25 compared to 6.63% in FY23. Operating expense continue to remain in similar range with previous year, at 4.51% and 4.32% in FY24 and Q1FY25. The company's credit cost stood comfortable at 1.40% in Q1FY25 compared to 1.46% in FY24 excluding write-offs from partnership book.

the company reported consolidated profit after tax (PAT) of ₹60.65 crore in FY24 against the PAT of ₹28 crore in FY23, leading to return on total assets (ROTA) of 1.02% (FY23: 0.57%). Further, in Q1FY25, company has reported consolidated PAT is ₹20 crore resulting into ROTA of 1.63%.

Going forward, the company's ability to improve its profitability while maintaining credit cost remains a key monitorable.

Key weaknesses

Moderate-yet-improving asset quality profile

The company's asset quality improved with consolidated GNPA ratio of 1.9% as on March 31, 2024 (improved from 2.48% as on March 31, 2023, and 4.99% as on March 31, 2022). This positive trend is attributed to better collection efficiency from its retail and MSME loan portfolio. However, GNPA slightly moderated to 2.05% as on June 30, 2024, attributed by slippages from K12.

As on March 31, 2024, overall stressed assets improved to 5.36% of total AUM (01d-90d restructured book of 2.15%, investment in security receipts of 1.42% and NPA of 1.79% of AUM) as compared to 8.01% of as on March 31, 2023 (1d-90d restructured book of 1.35%, investment in security receipts of 4.29% and NPA of 2.35%) and remains at similar levels in Q1FY25. CARE Ratings notes that the company is carrying a provision of 42% on the GNPA and a provision/liquid collateral of 43% on outstanding security receipts.

Going forward, the management's ability to control additional slippages in its retail unsecured portfolio and recover from overall stressed portfolio would be a key rating sensitivity.

Moderate market share in key product categories

Post the fall in volumes owing to COVID, disbursements rebounded in FY23, leading to consolidated AUM of ₹4,484 crore as on March 31, 2023, marking a y-o-y growth of 20%. This has further grown to ₹5,792 crore as on March 31, 2024, and ₹6,031 crore as on June 30, 2024. It is also noteworthy that the core book AUM, comprising MSME loans, healthcare financing, school financing, loans against property (LAP), and platform business, witnessed growth of 63% y-o-y in the last fiscal 2024, and CARE Ratings expects the growth trend to continue.

Despite growth, CLIX's market share across product categories remained moderate. The largest segment is lending to MSME-Business loan with outstanding AUM of ₹2,143 crore as on June 30, 2024, and ₹1,992 crore as on March 31, 2024, increased from ₹1,071 crore as on March 31, 2023. This segment will be the key growth driver in the medium term.

The other significant core segment is lending to school and healthcare equipment financing, having outstanding AUM of ₹1,713 crore as on June 30, 2024, and ₹1,581 crore as on March 31, 2024 (increased from ₹1,109 crore as on March 31, 2023).

The other segment is lending through partnership platforms with outstanding balance of ₹1,336 crore as on June 30, 2024, compared to ₹1,480 crore as on March 31, 2023. The segment is expected to remain at ~20% of total AUM in the medium term, given that CLIX is focused on increasing its own-sourced lending portfolio, primarily towards increasing its MSME and other core book segments (Education and healthcare).

In CLIX Housing, the company stopped disbursement with the book being run down. AUM reduced to ₹108 crore as on June 30, 2024, from ₹177 crore as on March 31, 2023 due to repayment and sale of book through direct assignment.

Liquidity: Adequate

As on June 30, 2024, the company had a total liquidity of ₹428 crore through cash and bank balance and liquid investments as against debt obligations of ₹617 crore for the next three months. The company has undrawn sanction lines of ₹440 crore. The company has successfully raised funds from numerous lenders including public sector undertakings (PSUs), private banks and non-banking financial companies (NBFCs) and total number of lenders are ~41.

As a policy, the company maintains liquidity equal to three months of debt obligations in the form of cash/bank balance, liquid investments and undrawn lines.

Applicable criteria
[Policy on default recognition](#)
[Consolidation](#)
[Financial Ratios - Financial Sector](#)
[Rating Outlook and Credit Watch](#)
[Short Term Instruments](#)
[Non-Banking Financial Companies](#)
[Housing Finance Company](#)
[Market Linked Notes](#)
[Withdrawal of Ratings](#)
About the company and industry**Industry classification**

Macroeconomic Indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

CLIX (formerly known as GE Money Financial Services Private Limited) was incorporated in February 1994 as Countrywide Consumer Financial Services Private Limited by the GE Group to continue consumer finance, auto leasing, corporate lending and healthcare equipment financing for GE group products in India. In March 2016, the GE group entered a management buy-in arrangement with Pramod Bhasin and Anil Chawla, former top executives at GE India, to exit its Indian commercial finance business. The management buy-in by Pramod Bhasin and Anil Chawla was backed by funding from private equity (PE) firm, AION Capital Partners Limited. Following the exit of GE as a shareholder in August 2016, the company's name was changed to its present name. In September 2016, CLIX Finance India Private Limited (formerly known as GE Capital Services India), became a 100% subsidiary of CLIX. CLIX Finance was later merged into CLIX in March 2022.

CLIX Housing, a 100% owned subsidiary of CLIX, stopped disbursements and is in the process of getting merged with its parent.

Standalone Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	June 30, 2024 (UA)
Total operating income	700.8	944.8	263.4
PAT	24.0	61.7	21.2
Interest coverage (times)	1.1	1.2	1.3
Total tangible Assets*	5,192.0	6,265.7	6,187.6
Net NPA (%)	1.5	1.1	1.2
ROTA (%)	0.5	1.1	1.4

*Total tangible assets excludes goodwill, intangible assets and deferred tax assets

Consolidated Financials (₹ crore)	March 31, 2022 (A)	March 31, 2023 (A)	March 31, 2024 (A)
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Total operating income	685.9	726.8	961.0
PAT	-98.5	28.3	58.6
Interest coverage (times)	0.7	1.2	1.2
Total tangible Assets	5,087.3	5,255.0	6,270.3
Net NPA (%)	1.51	1.5	1.1
ROTA (%)	-1.9	0.57	1.02

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	INE157D07DT5	16-Sep-22	10.10%	16-Sep-24	50.00	CARE A+; Stable
Debentures-Non Convertible Debentures	INE157D07DX7	03-Mar-23	10.25%	02-Sep-25	25.00	CARE A+; Stable
Debentures-Non Convertible Debentures	INE157D07DY5	27-Apr-23	2.00%	27-Oct-24	49.00	CARE A+; Stable
Debentures-Non Convertible Debentures	INE157D07DZ2	24-May-23	10.15%	24-May-25	35.00	CARE A+; Stable
Debentures-Non Convertible Debentures	INE157D07EA3	12-Jun-23	10.40%	12-Jun-25	50.00	CARE A+; Stable
Debentures-Non Convertible Debentures	INE157D07EB1	30-Jun-23	10.10%	30-Sep-25	50.00	CARE A+; Stable
Debentures-Non Convertible Debentures	INE157D07EC9	10-Jul-23	10.25%	10-Oct-24	35.00	CARE A+; Stable
Debentures-Non Convertible Debentures	INE157D07ED7	30-Oct-23	9.30%	31-Oct-24	65.00	CARE A+; Stable
Debentures-Non Convertible Debentures	INE157D07EE5	09-Nov-23	10.20%	10-Nov-25	65.00	CARE A+; Stable
Debentures-Non Convertible Debentures	INE157D07EF2	12-Jan-24	10.15%	12-Jul-25	30.00	CARE A+; Stable
Debentures-Non Convertible Debentures	INE157D07EG0	18-Jan-24	10.10%	18-Jul-25	25.00	CARE A+; Stable

Debentures-Non Convertible Debentures	INE157D07EH8	28-Mar-24	10.35%	28-Sep-26	60.00	CARE A+; Stable
Debentures-Non Convertible Debentures	INE157D07EI6	24-Apr-24	10.35%	24-Apr-27	50.00	CARE A+; Stable
Debentures-Market Linked Debentures	INE157D07DU3	26-Sep-22	Nifty 50 linked	31-Oct-25	35.00	CARE PP-MLD A+; Stable
Debentures-Non Convertible Debentures	Proposed*	-	-	-	383.00	CARE A+; Stable
Commercial Paper	Proposed*	-	-	-	228.10	CARE A1+
Fund-based - LT-Term Loan		-	-	Mar-27	1770.00	CARE A+; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	2630.00	CARE A+; Stable / CARE A1+
Debentures-Non Convertible Debentures	INE157D07DR9	30-Jun-22	10.10%	31-Dec-23	-	Withdrawn
Debentures-Market Linked Debentures	INE157D07DW9	29-Sep-22	G-Sec linked	29-Mar-24	-	Withdrawn
Debentures-Market Linked Debentures	INE157D07DS7	20-Jul-22	G-sec linked	20-Nov-23	-	Withdrawn

*The amount is proposed as on September 05, 2024

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based/Non-fund-based-LT/ST	LT/ST	2630.00	CARE A+; Stable / CARE A1+	-	1)CARE A; Positive / CARE A1 (08-Jan-24) 2)CARE A; Stable / CARE A1 (27-Jun-23)	1)CARE A; Stable / CARE A1 (07-Oct-22)	1)CARE A; Stable / CARE A1 (07-Jan-22)
2	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (07-Jan-22)
3	Commercial Paper-Commercial Paper (Standalone)	ST	128.10	CARE A1+	-	1)CARE A1 (08-Jan-24) 2)CARE A1 (27-Jun-23)	1)CARE A1 (07-Oct-22)	1)CARE A1 (07-Jan-22)
4	Fund-based - LT-Term Loan	LT	1770.00	CARE A+; Stable	-	1)CARE A; Positive (08-Jan-24) 2)CARE A; Stable (27-Jun-23)	1)CARE A; Stable (07-Oct-22)	1)CARE A; Stable (07-Jan-22)

5	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (07-Jan-22)
6	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (07-Jan-22)
7	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (08-Jan-24) 2)CARE A; Stable (27-Jun-23)	1)CARE A; Stable (07-Oct-22)	1)CARE A; Stable (07-Jan-22)
8	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (08-Jan-24) 2)CARE A; Stable (27-Jun-23)	1)CARE A; Stable (07-Oct-22)	1)CARE A; Stable (07-Jan-22)
9	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (08-Jan-24) 2)CARE A; Stable (27-Jun-23)	1)CARE A; Stable (07-Oct-22)	1)CARE A; Stable (07-Jan-22)
10	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (08-Jan-24) 2)CARE A; Stable (27-Jun-23)	1)CARE A; Stable (07-Oct-22)	1)CARE A; Stable (07-Jan-22)
11	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (08-Jan-24) 2)CARE A; Stable (27-Jun-23)	1)CARE A; Stable (07-Oct-22)	1)CARE A; Stable (07-Jan-22)
12	Debentures-Market Linked Debentures	LT	-	-	-	1)Withdrawn (08-Jan-24) 2)CARE PP-MLD A; Stable (27-Jun-23)	1)CARE PP-MLD A; Stable (07-Oct-22)	1)CARE PP-MLD A; Stable (07-Jan-22)
13	Debentures-Non Convertible Debentures	LT	-	-	-	1)Withdrawn (08-Jan-24) 2)CARE A; Stable (27-Jun-23)	1)CARE A; Stable (07-Oct-22)	1)CARE A; Stable (07-Jan-22)
14	Debentures-Market Linked Debentures	LT	-	-	-	1)Withdrawn (08-Jan-24) 2)CARE PP-MLD A; Stable (27-Jun-23)	1)CARE PP-MLD A; Stable (07-Oct-22)	1)CARE PP-MLD A; Stable (07-Jan-22)

15	Debentures-Market Linked Debentures	LT	-	-	-	1)CARE PP-MLD A; Positive (08-Jan-24) 2)CARE PP-MLD A; Stable (27-Jun-23)	1)CARE PP-MLD A; Stable (07-Oct-22)	1)CARE PP-MLD A; Stable (07-Jan-22) 2)CARE PP-MLD A+; Stable (12-Jul-21)
16	Debentures-Non Convertible Debentures	LT	122.00	CARE A+; Stable	-	1)CARE A; Positive (08-Jan-24) 2)CARE A; Stable (27-Jun-23)	1)CARE A; Stable (07-Oct-22)	1)CARE A; Stable (07-Jan-22) 2)CARE A+; Stable (12-Jul-21)
17	Debentures-Market Linked Debentures	LT	35.00	CARE PP-MLD A+; Stable	-	1)CARE PP-MLD A; Positive (08-Jan-24) 2)CARE PP-MLD A; Stable (27-Jun-23)	1)CARE PP-MLD A; Stable (07-Oct-22)	1)CARE PP-MLD A; Stable (07-Jan-22)
18	Debentures-Non Convertible Debentures	LT	150.00	CARE A+; Stable	-	1)CARE A; Positive (08-Jan-24) 2)CARE A; Stable (27-Jun-23)	1)CARE A; Stable (07-Oct-22)	-
19	Debentures-Market Linked Debentures	LT	-	-	-	1)CARE PP-MLD A; Positive (08-Jan-24) 2)CARE PP-MLD A; Stable (27-Jun-23)	1)CARE PP-MLD A; Stable (07-Oct-22)	-
20	Commercial Paper-Commercial Paper (Standalone)	ST	100.00	CARE A1+	-	1)CARE A1 (08-Jan-24) 2)CARE A1 (27-Jun-23)	1)CARE A1 (07-Oct-22)	-
21	Debentures-Non Convertible Debentures	LT	400.00	CARE A+; Stable	-	1)CARE A; Positive (08-Jan-24) 2)CARE A; Stable (27-Jun-23)	-	-
22	Debentures-Non Convertible Debentures	LT	300.00	CARE A+; Stable				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple
2	Debentures-Market Linked Debentures	Complex
3	Debentures-Market Linked Debentures	Highly Complex
4	Debentures-Market Linked Debentures	Simple
5	Debentures-Non Convertible Debentures	Simple
6	Fund-based - LT-Term Loan	Simple
7	Fund-based/Non-fund-based-LT/ST	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Clix Housing Finance Private Limited	Full	100% subsidiary

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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