

Clix Capital eyes big turnaround, aims for INR 100cr profit in FY 24

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Clix Capital Services Pvt Ltd (Clix Capital) – one of India's leading non-banking financial services companies, under a new leadership has made huge strides in turning around its business this year. Challenged by COVID and the associated lock-downs, several NBFCs and lending institutions struggled to manage growth and asset quality, and Clix was no different. However, over the past 18 months, it has turned profitable owing to its sharp focus on key businesses driving India's growth trajectory, such as MSMEs, Healthcare and School Financing. With this pivot towards sustainable growth, Clix is eyeing a profit of INR 100 crore in FY 24.

The post-pandemic period saw massive pent-up demand amongst sectors severely impacted due to COVID-19 and the subsequent lockdowns, such as travel & tourism, education, healthcare and automobiles. Clix Capital diligently utilized the COVID-induced disruption as an opportunity to reassess its business strategy as well as digitalize its core-operating model at scale.

This singular focus played an instrumental role in helping the brand evolve as a dedicated digital MSME lender. Backed by deep domain expertise in Healthcare and School Financing and its ability to forge seamless partnerships with fintech partners who bring in specific capabilities, Clix is now positioned strongly to ride the growth wave. Aided by a young, agile and resilient leadership team under its new CEO, Rakesh Kaul, Clix is receiving huge recognition for the pace at which it has bounced back to scale and sustainable profitability.

Clix Capital is poised to cross an AUM (Assets under Management) of INR 5000 crore by the end of this fiscal and aims to surpass INR 9000 crore by FY 25. By servicing consumers and MSMEs, Clix has loaned more than INR 18,000 crore to date. Most of the company's disbursements have gone to underserved MSMEs who have received a lion's share of these funds. Clix is committed to addressing the huge credit gap hindering the growth of MSMEs through products customised for their needs and enabling credit by leveraging technology and alternate data in assessing them.

Mr Anil Chawla, Founder, Clix Capital commented, *“Ever since our inception, we have been redefining the lending space in India by creating products and services that meet the financial*

needs of customers. We are driven by the vision of enabling financial inclusion for all underserved segments. Under the exemplary leadership of our new CEO, Rakesh Kaul, and a resilient young leadership team, the company has carved its niche in focused business segments in line with India's growth trajectory in the MSME, Healthcare and Education space. Providing credit for the growth of these segments is imperative if India is to realise its ambition of becoming a US\$5 trillion economy by 2025."

A sustained focus on MSMEs in the healthcare and education space has helped the lender witness a 4X volume growth in the past 12 months. The core retail AUM growth was 1.4X, supported by a strong growth of 1.8X in debt raising.

On its ambitious turn-around target for the year, **Mr Rakesh Kaul, CEO, Clix Capital** noted, *"Today, Clix is powering ahead in its chosen segments, backed by unparalleled technology and strong distribution capabilities. While we will continue investing in digitalization with an emphasis on agility and automation, moving ahead we would also be focusing on developing a strong co-lending ecosystem to supplement the debt raise needed to fund our growth ambitions."*

From 5% in March 2022, the company's GNPA's stood at less than 3% in October, with a target of closing this financial year at around 2%. It has also drastically increased its collection efficiency, which is now better than the pre-pandemic levels – rising from 88% collection efficiency in September 2021 to 96% in September 2022.

Mr Utsav Bajjal, Partner & Head of India Private Equity at Apollo and the largest investor at Clix Capital said, *"Clix Capital has benefited greatly under the new leadership team led by Rakesh, and they have helped create a performance-oriented culture and brought an intense focus on execution. Given the company's strong capital base, it was able to absorb COVID-induced portfolio losses smoothly and is well positioned to fully pivot back to profitable expansion. More importantly, we believe that this turnaround is sustainable and we have a path to double digit ROE as we scale this business further."*

Technology has been a key enabler in the growth of fintechs in India, thanks to the digital revolution happening by building virtual highways and the India stack infrastructure. As technology continues to obliterate barriers, Clix has been leveraging it to create cutting-edge solutions for customers and build a new-age NBFC promoting financial inclusion. Technology has been Clix's biggest capital expenditure since its inception. One of the company's greatest strengths is its ability to apply data analytics across risk, underwriting, collections and client growth. It has also made major investments in ML (machine learning) engines to keep refining tech capabilities, which has resulted in optimizing risk-reward decisions. The platform today is extremely agile and, like a Lego box, it can plug and play to stitch new partnerships and operate seamlessly in an ever-changing regulatory landscape.

About Clix Capital

Clix Capital is a new age NBFC revolutionizing the lending space by offering differentiated digital lending products driven by technology and deep analytics. Its range of lending products to a varied spectrum of customers across the MSME and consumer segment includes MSME loans, Personal loans, Healthcare loans, and School financing.

Co-founded by industry veterans Mr. Pramod Bhasin and Mr. Anil Chawla, Clix is backed by private equity fund AION Capital Partners Limited (an affiliate of Apollo Global Management, LLC – one of the largest alternate investment managers globally with an AUM of \$513 billion). Mr. Bhasin is the founder of Genpact and the former CEO of GE Capital India and Asia while Mr. Chawla has been the former CEO of GE Capital India and Asia's Commercial Finance Business.

Together, Mr. Bhasin, Mr. Chawla, and AION jointly acquired the commercial lending and leasing business of GE Capital India in September 2016 and rechristened it as Clix Capital, and has disbursed more than INR18000 crore since then.