

Veritas Finance raises Rs.3.50 Billion in Series E Investment Round

- *Veritas Finance is a specialized lender to the MSME segment*
- *Has built a credible loan portfolio of around Rs.1300 Crores in 4 ½ years.*
- *The funds would be utilized to penetrate deeper into existing markets in India*

Chennai, 18th March 2020: Veritas Finance Private Limited (Veritas Finance), Non-Banking Finance Company (NBFC) focused on lending to micro, small, medium enterprise (MSME) with presence in eight states and one union territory today announced that it has raised Rs.3.50 Billion through a Series E investment with participation from new investor **Kedaara Capital** along with the existing investors **Norwest Venture Partners (NVP), Lok Capital Growth Fund** and from the family of **Mr. P. Surendra Pai**, an anchor investor.

The company proposes to use the additional capital to further penetrate into existing markets to augment the capital required by MSMEs for business expansion, working capital and for asset creation backed by transformative technology, robust credit appraisal systems and quality customer service.

Promoted in 2015 by D. Arulmany, Veritas Finance has created a loan book of **Rs.1308 Crores** as on 29th Feb. '20 with a customer base of **48,638** present across **eight states and one union territory** with **201** branches backed by **1840** employees.

Speaking on the occasion, Mr. D. Arulmany, MD & CEO, Veritas Finance said, *“In a diverse nation like ours with disparate cultures, environment and opportunities, the significant role that informal micro enterprises play in building the economy can never be ignored and their vital contribution has been recognized by everyone. However, several reasons, starting from their unorganized nature of these enterprises, their size, location, banking habits etc., have hindered them in accessing debt and they continue to face challenges.*

Choosing to focus on the needs of these enterprises in the MSME segment, we had drawn a vision map for Veritas with three distinct phases of growth, when we commenced the business in October 2015.

Reaching a loan book of Rs.1000 crores in the first four years of operations was the first milestone of the Vision Map.

Having successfully crossed the phase I of the vision map, we are now embarking on an even more exciting journey into phase II. We are aware that this would be a journey where the ascent gets steeper, the terrains difficult and the milestones bigger and we are fortunate to have always been supported by investors who not only understand the financial services industry but have significant experience in building best in class organizations.

While our existing investors Caspian and CDC Group Plc continue to stay invested, other existing investors namely Lok Capital, NVP and Mr. P.S. Pai’s family are participating now and we are also privileged to have Kedaara Capital, who have a flawless record of building best in class institutions, partnering with us. We are excited to partner with them and are confident that their support and guidance would help Veritas Finance navigate the challenges of phase II growth effectively.”

Speaking on the occasion, Mr. Nishant Sharma, Co-Founder and Partner of Kedaara Capital and Parin Mehta, Managing Director of Kedaara Capital said, “We are very excited about the partnership with Veritas, which has scaled into a leading MSME lender under the experienced leadership of Arul and a high quality management team sharing a common heritage. MSME lending is a large underserved market requiring specialized risk management capabilities and we believe Veritas is well equipped to realize the market potential. Given our experience across diverse market leading retail lenders, we look forward to supporting Veritas in this journey.”

With regards to the additional investment, Mr. Shiv Chaudhary, Managing Director of Norwest Venture Partners, India said, “Providing financial services to small businesses in India is an important investment theme for Norwest India given the significant market opportunity. MSMEs are truly engines of India’s economic growth and key enablers for employment generation at the grass root level. We have been delighted with our partnership with Veritas over the last 15 months and are excited to double our investment in Veritas Finance by allocating an additional Rs.200 crores in this round”.

According to experts from the ministry, India is home to more than 60 million MSMEs who contribute to 45% of the Exports and it forms the highest share of Employment sector in India, contributing around 69% to it.

Talking about the Series E funding, Ms. Priyamvada Ramkumar, Director at Lok Advisory Services Private Limited, the Investment Manager of LOK CAPITAL GROWTH FUND said, “As one of the early investors in Veritas, we have seen the company grow rapidly while focusing on fundamentals and building a strong work culture. We continue to be bullish on the MSME financing space and on the ability of the Veritas team to build a stellar organization. We are happy to repose faith in the form of further participation as well”.

This round also saw the exit of the one of the earliest investors namely **Sarva Capital LLC**. In this regard, **Mr. Venky Natarajan, Co-Founder & Partner at Lok Capital said “We are thrilled and proud to have been part of Veritas’ journey, right from the launch of its business. When we came in as investors, there was mainly a great team and a shared vision on offer. The way that Arul and his team have translated that vision into on-ground execution has been very impressive. We are sure that Veritas will continue to be a trend setter, in more ways than one. We wish them the very best”.**

Spark Capital was the exclusive financial advisor to Veritas Finance. Commenting on the deal, **Mr. K Ramakrishnan, Senior Managing Director, Strategic Relationships said “We are very happy to be associated with Veritas Finance, a high quality platform that has demonstrated its ability to build scale without compromising on margins and quality in a very tough customer segment. Their superior business model, deep understanding of their focus segment and high caliber management team have all been instrumental in making this equity raise happen. We wish the Company and Mr. D. Arulmany success in achieving their vision”.**

About Veritas Finance:

Veritas Finance Private Limited (Veritas Finance), a Non-Banking Financial organization started in 2015, registered with Reserve Bank of India has been focused on meeting the financial needs of the Micro, Small and Medium Enterprises (MSME) in India, the largely underserved despite several initiatives.

Veritas Finance meets a spectrum of MSME credit needs; short term loans for working capital, medium term loans for business expansion and long-term loans for asset creation. The company has registered significant growth since its inception with presence across the country which aims at making availing credit to the underserved segment by

making a positive impact on the lives of millions of Indians engaged in informal activities who actually build the nation.

Further information is available at: <http://www.veritasfin.in/>

About Kedaara Capital Fund II LLP:

Kedaara Capital is an operationally oriented private equity firm pursuing control and minority investment opportunities in India. It currently manages over USD 1.7 billion across 2 funds that have invested in several market leading businesses across a variety of sectors including consumer, financial services, healthcare, business services and industrials. Kedaara's operating partner model enables businesses to realize their full potential. Kedaara was co-founded by Manish Kejriwal, Sunish Sharma and Nishant Sharma and combines the strengths of a well-networked, highly experienced local investing and operating team, with the experience of their strategic partner, Clayton, Dubilier & Rice, a global private equity firm whose investment model blends financial skills with operating expertise.

Further information is available at <http://www.kedaara.com/>

About Norwest Venture Partners:

Norwest Venture Partners is a leading venture capital and growth equity investment firm managing more than \$9 billion in capital. Norwest has invested in more than 600 companies and currently partners with over 140 active companies across its venture and growth equity portfolio. The firm invests in early to late stage companies across a wide range of sectors with a focus on consumer, enterprise, financials and healthcare. Norwest has offices in Palo Alto and San Francisco, and subsidiaries in India and Israel.

Further information is available at: <https://www.nvp.com/>

About Lok Capital:

Lok Capital promotes inclusive growth in India by making long-term equity investments. Launched in 2004, it backs entrepreneurs who cater to large underserved segments through investments in financial services, agriculture/livelihood and healthcare sectors. In addition to capital, Lok supports the portfolio companies through a variety of engagements which include fellowship programs and technical assistance. Lok manages three funds with over USD 125 million under management.

Further information is available at: <http://www.lokcapital.com/>

About Spark Capital:

Spark Capital is among India's leading investment banks, providing a full suite of services encompassing Investment Banking, Institutional Equities, Wealth Management, and Structured Finance & Debt Syndication. Spark Capital's Investment Banking business has successfully consummated deals with a total transaction value of ~USD 6.7 Bn since inception. Spark Capital's Institutional Equities division covers 250+ stocks under research and enjoys empanelment with over 200 institutional clients across FII, DII and Family Offices. Spark Capital is headquartered in Chennai and has offices in Bengaluru and Mumbai.

Further information is available at: www.sparkcapital.in

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