

## **Veritas Finance raises INR 120 crores Series B equity funding from CDC and Lok**

- **Veritas is a specialised lender to the MSME segment**
- **Funding to fuel product innovation and geographic expansion**
- **Has built a credible loan portfolio already in 2 years; targets loan book of Rs. 1000 crores by FY19.**

**New Delhi, December XX, 2017:** Veritas Finance Private Limited, a Chennai-based financial services firm that lends to micro and small enterprises, today announced raising total Series B equity funding of INR 120 crores. This includes investment from Lok Capital and a INR 65 crores investment from CDC Group plc, the UK's Development Finance Institution Existing investors Mr. and Mrs. P. Surendra Pai have also participated in this round. Veritas raised its first institutional funding in April 2016 from Lok Fund II (Sarva Capital) and Caspian Impact Investment Adviser. The fresh round of funding will bolster product innovation, expansion to newer states like Andhra Pradesh and Telangana and deepen Veritas' presence in existing states and union territories.

According to a report by International Financial Corporation (IFC), small businesses in emerging markets, such as India, are facing a funding gap of \$2 trillion and avail only 5% of institutional lending. While MSME Lending offers large market potential, there are very few lending models that are exclusively focused on small businesses, particularly those in the sub-5lakh ticket sizes.

Founded in 2015 by Arulmany, Veritas 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. From a standing start in late 2015, Veritas now has over 12000 customers on board and the Company aims to grow its loan book to Rs.1000 Crores by FY 19. Veritas currently operates out of 60 branches and 97 micro centers in the five states and Union Territories of Tamil Nadu, Puducherry, Karnataka, West Bengal and Odisha.

**Announcing the latest round of fund raise, Arulmany, Founder, Veritas said,** "As a specialised lender in the MSME segment, we are constantly looking at product innovation and building superior credit assessment methods. Through this round of funding, besides expansion, we will also strengthen our technology play which will in turn help us achieve higher productivity and bring down the cost of servicing micro-businesses. We are pleased to partner with reputed institutions and leaders in the impact investment space, like CDC Group Plc and Lok Capital, whose mission is to support financial inclusion initiatives like ours and make finance affordable and accessible to the informal segment."

**Talking about leading the Series B investment in Veritas, Nikhil Balaraman, South Asia Director at CDC India Advisors said, "**

"Our investment in Veritas underlines our commitment to back companies with a strong development impact philosophy and business models that support financial inclusion for India's disadvantaged. Financial services for the MSME space in India is a huge area, but is also hugely under-served. The team from Veritas stands out for its dedication and experience and we're committed to help them reach ever more challenging geographies, giving their customers the

financial tools and advice to prosper. CDC will also support Veritas' use of technology to reach even more customers."

Since its inception in 2004, Lok has built an enviable and a diverse financial inclusion portfolio - Ujjivan Small Finance Bank, Utkarsh Microfinance, Ummeed Housing Finance, Vistaar Financial Services and IFMR Holdings, to name a few. MSME lending is one of the central themes in Lok's financial inclusion investment thesis. **Announcing the Series B investment in Veritas, Venky Natarajan said**, "Lok has witnessed the journey of Veritas from being an idea in 2015 to reaching more than 12k customers today. During this time, our confidence in the senior team's execution abilities has grown immensely. The company's undiluted focus on the target segment, clear focus on credit quality, excellent traction in garnering debt lines, demonstrated product innovation, have strengthened our belief that the company will emerge as a player worthy of emulation in the SME lending space. We are also glad to partner with CDC in this round, a well-aligned investor with common goals in financial inclusion". This round of funding from Lok, counts investment from both its Fund II – *Sarva Capital* and Fund III – *Lok Capital Growth Fund*.

#### **About Veritas Finance:**

Veritas Finance Private Limited (Veritas Finance), a Non-Banking Finance Company (NBFC-ND), registered with Reserve Bank of India is focused on meeting the financial needs of the micro, small and medium enterprises (MSME) in India and aims to make positive impact on the lives of millions of Indians engaged in informal activities and who actually build the nation and deserve sustainable access to credit.

Visit: <http://www.veritasfin.in/>

#### **About CDC Group Plc**

CDC Group plc is the UK's development finance institution. Wholly owned by the UK Government, it invests in sub-Saharan Africa and South Asia with the aim of supporting economic development to create jobs. CDC Group plc has invested in India since 1987. CDC takes a flexible approach and provides capital in all its forms, including equity, debt, mezzanine and guarantees, to meet businesses' needs and achieve development impact. CDC has net assets of GBP4.8bn.

#### **About Lok Capital:**

Lok 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 mn under management

Visit: <http://www.lokcapital.com/>

