

Kogta Financial raises INR 154 crores of Equity Capital from a Fund managed by Morgan Stanley Private Equity Asia and existing investor, IIFL Seed Ventures

Kogta Financial (India) Limited ("Kogta"), a retail focused NBFC that specializes in secured retail Vehicle and MSME financing, is pleased to announce the successful closure of its INR 154 crores equity fund raise led by a fund managed by Morgan Stanley Private Equity Asia and existing investor IIFL Seed Ventures.

Founded in 1996, Kogta operates 80 branches, and is present across 6 states in Central and West India serving over 20,000 live customers. The Jaipur based Company offers financing for commercial vehicles, tractors and cars, besides small-ticket loans against property to micro, small and medium enterprises. It operates across Delhi, Gujarat, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh. As on 30th September 2018, the Company had a loan book of ~INR 530 crores.

During the last two years, the Company has significantly expanded its branch network and has augmented its second-line of management team and borrowing relationships. The proceeds from the current round will help the Company expand its operations and enter new geographies.

As part of the current transaction, a fund managed by Morgan Stanley Private Equity Asia has invested about INR 114 crores of primary equity capital into the Company for a minority stake. The Company's first institutional investor, IIFL Seed Ventures who first invested in 2016, has further invested INR 40 crores in the current round.

Arun Kogta, MD and CEO of Kogta remarked that, "We are very pleased to partner with Morgan Stanley. The team at Morgan Stanley brings immense experience which will help us further strengthen our systems and processes as we build a world class institution. With over two decades of lending experience and having navigated through multiple cycles, we have built a differentiated and robust business model with a wide distribution network and large customer base. We hope to continue on our growth trajectory and increase penetration across chosen geographies without compromising on credit quality. We are also grateful to IIFL Private Equity Fund for guiding us since their first investment in 2016 and showing confidence by investing further in this round."

Varun Kogta, ED and CFO of Kogta remarked that, "With this investment from Morgan Stanley and IIFL Seed Ventures Fund, Company's Net Worth will increase to more than thrice the current value, thereby considerably strengthening our balance sheet which will help further enhance conviction of credit rating agencies and lenders. We also look to continue strengthening our IT systems which have always set us apart and have been the key building block in creating a scaled up business model. We look forward to working closely with both our investors and grow the Company to reach its fullest potential".

Arjun Saigal, Co-Head of Morgan Stanley Private Equity Asia in India, said, "We are excited to be making this investment and look forward to participating in the Company's next phase of growth. The retail lending space in India offers tremendous opportunity and this investment marks Morgan Stanley Private Equity Asia's sponsored funds third investment in the space in India. We believe that Kogta is well-placed in its lending segment with strong retail focus, secured product offerings, robust collection mechanism and disciplined ALM management".

Amit Mehta, Principal at IIFL Asset Management Ltd. and a current Board member at Kogta added that "As the first institutional investor in the company we backed a strong credit culture and believed in the team's execution capability to capture the opportunity in Vehicle finance and MSME space. Since our investment, Kogta has significantly scaled up its operations and grown from strength to strength under the leadership of Arun & Varun. This fund raise validates our investment thesis and provides a platform for further growth to the Company. We continue to remain committed to the company and look forward to participating in the many years of growth that lies ahead for Kogta."

Investment bank Equirus Capital acted as the exclusive financial advisor to the Company on the transaction.

About IIFL Private Equity

Since the launch of its first Private Equity fund in 2016 IIFL Asset Management has emerged as a strong Private Equity platform and track record in a relatively short period of time. The fund has made several marquee and successful investments in companies across Financial Service, Consumer & Healthcare space and counts prominent names such as NeoGrowth, Kogta Financial & Poncho Hospitality (Box8) as its portfolio company. On back of a strong track record of delivering returns and stellar fund management team IIFL Asset Management Ltd. has been able to raise its second Private Equity fund in 2018. IIFL Private Equity fund has now emerged as partner of choice for Entrepreneurs & Promoters of Mid-Market companies looking for growth and for Investors looking to capitalize on the strong returns that the Mid-Market space in India offers.

About Morgan Stanley Private Equity Asia

Morgan Stanley Private Equity Asia ("MSPEA") is one of the leading private equity investors in Asia-Pacific, managing third party money funds, having invested in the region for over 20 years. MSPEA invests primarily in highly structured minority investments and control buyouts in growth-oriented companies. The experienced investment team is led by senior professionals with extensive industry relationships, in-depth market knowledge and the ability to apply international investment principles within each local context.

MSPEA has offices in Hong Kong, Beijing, Shanghai, Seoul, Tokyo, Mumbai, Bangkok and New York, and leverages the brand and unparalleled global network of Morgan Stanley.