

**Kogta Financial raises INR 300 crores (USD 42.25 mn) equity capital from Creador and existing investor Morgan Stanley Private Equity Asia**

Kogta Financial (India) Limited (“Kogta” or “Company”), a retail NBFC that specializes in secured retail used and new Vehicles and MSME financing, is pleased to announce the successful closure of its INR 300 crores Series C fund raise led by Creador IV L.P., along with existing investor Morgan Stanley Private Equity Asia (“MSPEA”).

Founded in 1996, Kogta operates 105 branches across 8 states in Central and West India serving over 30,000 active customers. The Jaipur based company offers financing for used and new Commercial Vehicles, Cars and Tractors, along with loans to MSME segment. It operates across Rajasthan, Gujarat, Maharashtra, Madhya Pradesh, Delhi, Punjab, Haryana and Uttar Pradesh. As on 30<sup>th</sup> September 2019, the Company had a loan book of ~INR 825 crores (USD 117 mn).

During the last few years, the Company has significantly expanded its branch network and has augmented its second-line of management team and borrowing relationships. It is now poised to reap the benefits of this expansion post the fresh fund infusion.

This is the 33<sup>rd</sup> investment for Creador (12<sup>th</sup> in India), a private equity firm focused on long-term investments in growth-oriented businesses in South Asia and Southeast Asia. The Company’s first institutional investor, IIFL Seed Ventures, continues to remain invested in the Company’s growth.

Arun Kogta, MD and CEO of Kogta, remarked that, *“We are very pleased to raise equity from Creador for the next stage of Company’s growth. We have built the Company with a right mix of product, profile and geography diversification along with focus on better asset quality and IT systems. The experienced team at Creador will help us further strengthen our systems and processes as we progress towards becoming a world class institution. We hope to continue on our growth trajectory and increase penetration across chosen geographies without compromising on credit quality.”*

Varun Kogta, ED and CFO of Kogta, remarked that, *“This is 2<sup>nd</sup> investment in the Company in last one year which clearly is a testament to the comfort of equity investors on the operational efficiency and scalability of the business model of the Company. This investment has substantially increased the net owned funds and has contributed to positive ALM and surplus liquidity on the balance sheet of the Company.”*

Anand Narayan, Managing Partner at Creador Advisors India LLP, said, *“The Company has demonstrated strong scale-up since the new team took over in 2008, while prudently managing risks, especially in the challenging used commercial vehicle space. With continued focus on secured retail lending, presence in high growth markets, robust IT system and collections mechanism, Kogta is uniquely positioned to thrive in the Indian financial services sector. We look forward to working with the Kogta team to support its growth trajectory.”*

Arjun Saigal, Co-Head of Morgan Stanley Private Equity Asia in India, said, *“Post our initial investment in November 2018, Kogta has scaled up operations across eight states, with a sharp focus on asset quality and asset liability management. Kogta’s well-diversified product mix and geographical presence distinguish the Company from its peers. We continue to believe in the large macro opportunity available for Kogta and the execution capabilities of the management team. We look forward to participating in the Company’s next phase of growth.”*

Amit Mehta, Principal at IIFL Asset Management Ltd.– Series A investor 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 in an adverse environment is a testimony of the quality of franchise. We continue to remain committed to the company.”*

#### **About Creador**

*Creador is a private equity firm focused on long-term investments in growth-oriented businesses in Southeast Asia and South Asia. More information on Creador can be found at [www.creador.com](http://www.creador.com)*

#### **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, Mumbai, Bangkok and New York, and leverages the brand and unparalleled global network of Morgan Stanley.*

#### **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. 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.*

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