



For Immediate Release

## Janalakshmi Financial Services closes series B funding for expansion

**Bangalore, March 7<sup>th</sup>, 2010:** Janalakshmi Financial Services, a Bangalore based NBFC Microfinance Institution (MFI) promoted by Ramesh Ramanathan, has announced the closure of its series B funding of \$ 10 million. This round was led by Treeline Asia Master Fund (Singapore), a leading hedge fund based out of Hong Kong and Singapore. Bellwether Microfinance Fund, an existing investor in the company also participated in this round. Narayan Ramachandran, who recently relinquished his position as Country Head of Morgan Stanley India, also invested in Janalakshmi in this round in his personal capacity and has recently joined Janalakshmi's Board. Grameen Capital India acted as the sole advisor to Janalakshmi for this deal.

Janalakshmi Financial Services Private Limited is among the earliest and one of only a handful of microfinance institutions focused exclusively on the high-potential urban microfinance space in India. Importantly, it is the only MFI in India that has a unique structure as a Social Business, with the entire promoter stake being held in a Not-For-Profit Section 25 Company, Janalakshmi Social Services. It is founded by Ramesh Ramanathan, who returned to India over a decade ago after a successful banking career.

Speaking on this transaction, Ramesh said, *"We are very happy to have closed our second round of funding in a very quick time – it's a validation of our approach to addressing issues of financial inclusion in a unique social business model, and are especially delighted have Treeline join our investor group. We look forward to executing on our ambitious plans and expand our urban footprint nationwide in the coming 12 months, within the rigorous institutional structure of a social business – doing justice to both aspects of the term."*

Zaheer Sitabkhan, Director at **Treeline** added, *"Tree Line is very happy to be associated with Janalakshmi, which seeks to institutionalize an unorganized sector and bring benefits to all involved"*

Vishwanath Prasad, Co-Founder of **Bellwether Microfinance** Fund and Managing Director at Caspian Advisors, said *"Having been one of the first investors in Janalakshmi in 2007, Bellwether is pleased to reaffirm our commitment to the institution as it reflects our continued faith in one of Industry's best Management teams and its strong organisational capacity to deliver a wide range of financial services in a strategic and innovative manner to underserved clients in the country."*

Royston Braganza, CEO of **Grameen Capital India**, which advised this transaction, added, *"This is indeed a great example of "inverting the pyramid" – top-class technology, top-*

*quality management, top-pedigree investors serving the Bottom of the Pyramid. We are delighted to have worked on this transaction with Janalakshmi”.*

Investors in Janalakshmi’s first round were Bellwether, Lok Capital and the Michael and Susan Dell Foundation.

Janalakshmi Financial Services has one of the strongest management teams in microfinance with over 200 years of cumulative banking experience, including R Srinivasan (MD & CEO; a former civil servant with over three decades experience in banking and financial sector with ANZ Grindlays, Fitch Ratings and JP Morgan) and VS Radhakrishnan (COO; veteran banker with over 25 years experience with HSBC and ING Vysya Bank).

### **About Janalakshmi – a unique social business**

Janalakshmi (literal translation, ‘People’s Wealth’), is a ‘**social business**’. It embraces market principles while pursuing a social objective.

To accomplish this, Janalakshmi has been designed in a 2-tier structure:

1. A (Section 25) not-for-profit holding company called **Janalakshmi Social Services** - in which all promoter stakes are held. Funds in Janalakshmi Social Services can only be used to address social issues; and
2. For-profit operating companies for investors

### **Janalakshmi Financial Services**

Janalakshmi Financial Services is a for-profit NBFC urban microfinance institution (MFI), with the promoter stake held in the not-for-profit entity Janalakshmi Social Services. This is the only MFI in India structured in such a manner, with the deliberate intent of keeping the social spirit intact.

Janalakshmi Financial Services’ market-based approach to financial inclusion is defined by three distinct characteristics: first, an exclusive focus on servicing the needs of the urban poor; second, a strong customer-value driven approach in designing financial products and services; third, the centrality of technology and processes as the foundation of a scalable enterprise. (for more information on Janalakshmi Financial Services, [www.janalakshmi.com](http://www.janalakshmi.com))

### **About Bellwether Microfinance Fund ([www.caspian.in](http://www.caspian.in))**

Bellwether Microfinance Fund (“Bellwether”) was conceived in 2004 and is India’s first domestic microfinance fund for the private sector. Managed by Caspian Advisors – a Hyderabad-based investment management and advisory services company focused on managing investment funds in the financial inclusion space – Bellwether is a US\$20 million Indian on-shore equity and debt fund that invests in start-up and mid-sized MFIs. Bellwether made its first investment in 2005 and as of February 2010, has a portfolio of 13 investments who currently serve over 1 million underserved clients in India.



### **About Grameen Capital India ([www.grameencapital.in](http://www.grameencapital.in))**

Grameen Capital India enables Microfinance Institutions (MFIs) develop wider access to the capital markets, primarily the domestic capital markets, through innovative debt and equity solutions, credit rating / enhancement arrangement and capital advisory services. It focuses

on positioning Microfinance as an attractive asset class, helping MFIs raise low-cost on-lending funds. Grameen Capital India is collaboration between Grameen Foundation, IFMR Trust and Citicorp Finance India Limited.

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