

Public Information Summary

Host Country	India
Name of Borrower	InCred Financial Services Ltd. (“IFSL”) <i>Country of Incorporation: India</i>
Project Description	The project will provide financing for loans to micro, small, and medium-sized enterprises (“MSMEs”), individuals, and microfinance institutions in India, with a focus on women end-borrowers (the “Project”).
Proposed DFC Loan	\$50 million Direct Loan, ten-year total tenor
All-Source Funding Total	\$55 million
Policy Review	
Developmental Objectives	<p>MSMEs account for approximately 30% of India’s GDP, 49% of exports, and employ an estimated 111 million people. MSMEs are a critical driver for the country’s economic development and productivity, yet they face a financing gap of an estimated \$230 billion. Women-owned/led MSMEs disproportionately face enterprise growth constraints, and approximately 90% of women entrepreneurs in India have not accessed credit from formal financial institutions. The majority of MSMEs in the country are in rural areas that have historically been underserved by the traditional banking sector due to the high costs of extending branch networks and borrowers who have limited ability to meet the typical collateral and credit history requirements to access credit.</p> <p>In response to these challenges, the Project seeks to support gender equality and financial inclusion in India by allocating at least 70% of DFC proceeds to 2X eligible MSMEs and at least 45% of proceeds are anticipated to go to clients in rural communities. IFSL leverages technology to extend its services across the country and into areas that have been historically underserved. DFC has qualified the Project as 2X based on IFSL’s intent to meet and/or exceed the 2X criteria for leadership and investments through financial intermediaries. Given the Project’s characteristics, it is categorized as Exceptionally Impactful per DFC’s Impact Quotient (IQ).</p>
Environment and Social Assessment	The Project has been reviewed against DFC’s 2024 Environmental and Social Policies and Procedures manual (“ESPP”) and has been determined to be categorically eligible. DFC loans to financial institutions who will utilize the loan to expand their micro, small, and medium enterprise lending are screened as a Financial Intermediary C

	<p>(FI-C) for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all those downstream investments have been pre-screened as low risk and further review and consent is not required for these investments.</p> <p>To ensure that IFSL's investments are consistent with DFC's statutory and policy requirements, the DFC loan will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy ("ESP") that meets the 2012 IFC Performance Standards.</p> <p>Under DFC's ESPP, IFSL is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation's Performance Standard ("PS") 1 and 2. A desk review-based due diligence assessment indicates that because the Project will use DFC support for the expansion of IFSL's MSME lending in India, significant adverse impacts concerning biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. IFSL does utilize private security and as such, relevant aspects of IFC PS 4, Community Health, Safety, and Security are triggered.</p> <p>IFSL has a basic environmental and social policy, grievance mechanisms, and human resources policies that generally align with the expectations listed in the DFC's 2024 Environmental Policy and Procedures and IFC PS 1 and 2. IFSL will be required to provide updates to its human resources policies and its Environmental and Social Policy to align with DFC's expectations as a condition of receipt of DFC support.</p>
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