

Public Information Summary

Host Country	India
Name of Borrower	UGRO Capital Limited
Project Description	A \$40 million secured loan to an India-based non-bank financial company (NBFC) for on-lending to micro, small, and medium enterprises (MSMEs). At least \$5 million (12.5%) of the DFC loan proceeds will be used to provide loans to new-to-credit (NTC) borrowers requesting micro loans. At least \$28 million (70%) of the proceeds of the DFC loan will be used to provide loans to 2X qualifying borrowers.
Proposed DFC Loan	A seven-year, \$40 million direct loan
All-Source Funding Total	\$48 million
Policy Review¹	
Developmental Objectives	New-to-credit (NTC), micro, small, and medium enterprises (MSME), including women-owned/led MSMEs, find it particularly hard to access financing in India. Indian MSMEs face a financing gap of over \$230 billion, with women-owned/led MSMEs facing disproportionate barriers to accessing the limited finance that is available. NTC entrepreneurs also face difficulties accessing credit due to their perceived risk and lack of credit history. In response to these challenges, the Project seeks to support NTC, MSMEs, and women-owned/led MSMEs by increasing financing to these client segments in India. Specifically, the Project will allocate at least \$5 million to NTC borrowers to support their transition from group lending from MFIs to NBFCs to build their individual credit scores. Additionally, the Project will support women entrepreneurship by allocating at least 70% to women-owned/led enterprises. Given the Project's characteristics, it is categorized as Highly Impactful per DFC's Impact Quotient (IQ).
Environment and Social Assessment	The Project has been reviewed against the DFC's 2020 Environmental and Social Policies and Procedures manual ("ESPP") and has been determined to be categorically eligible. DFC loans to non-banking financial institutions for the expansion of its loan portfolio which service micro- small- and medium-enterprises ("MSME") across various sectors in India are screened as a Financial Intermediary C (FI-C) for environmental and social assessment.

¹ If a clearance is not complete at the time that a report is circulated to a particular approver or approver group, simply state "Clearance is in process." Please ensure, however, that the section is updated with the ODP language prior to posting of the public information summary on DFC's external website.

	<p>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 the Borrower's on-lending is consistent with the 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 the DFC's ESPP, the Borrower 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 based due diligence assessment indicates that because the Project will use DFC support for providing on-lending to micro- small- and medium- enterprises in various sectors across India, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous peoples, and cultural heritage are not anticipated; therefore, PS 3, 4, 5, 6, 7, and 8 are not triggered at this time.</p> <p>The Borrower has an environmental and social policy partially aligned to IFC PS 1, grievance mechanisms, and human resources policies generally commensurate with its investment strategy. However, the Borrower will be required to update its environmental and social policy and human resources to be fully aligned to the DFC's 2020 Environmental Policy and Procedures.</p>
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