

INFORMATION SUMMARY FOR THE PUBLIC
Cholamandalam

Host Country	India
Name of Borrower	Cholamandalam Investment and Finance Company, Ltd. ("Chola")
Project Description	Chola will extend vehicle finance loans to small and medium enterprises ("SMEs") in underbanked markets throughout India (the "Project").
Proposed OPIC Guaranty	\$185,000,000
Total Project Costs	\$246,666,667
U.S. Sponsor	Citibank, N.A.
Foreign Sponsor	n/a
Policy Review	
U.S. Economic Impact	The Project is not expected to have a negative impact on the U.S. economy. There is no U.S. procurement associated with this Project, and, therefore the Project is expected to have a neutral impact on U.S. employment. The Project is expected to have a neutral five-year U.S. balance of payments impact.
Developmental Effects	The Project will have a highly developmental impact on the Indian economy through the provision of vehicle loans for SMEs. Chola provides a range of financial products, but this Project will focus on vehicle loans to support the operations of SMEs, which play a crucial role in economic activity for the country. According to the IFC, SMEs accounted for approximately 30% of Indian GDP, and employed 110 million people in 2017. Yet, access to finance remains a major constraint, as the IFC estimates that the total overall credit gap for MSMEs was \$230 billion. From this total, the 'small' business gap accounted for \$221 billion. The Project will focus on reaching clients based in rural and underbanked areas, with 100% of new loans under the Project expected to support such clients.
Environmental and Social Assessment	The Project has been reviewed against OPIC's 2017 Environmental and Social Policy Statement and has been determined to be categorically eligible. Loans for auto lending to SME's are screened as a Category C for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all of those downstream investments have been pre-

screened as Category C and further review and consent are not required for these investments.

To ensure that Chola's investments in auto loans to SME's are consistent with OPIC's statutory and policy requirements, the OPIC-guaranteed loans made to the Borrower will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction include the need for an updated Environmental and Social Management System, which will incorporate an updated environmental policy statement, equal opportunity and non-discrimination policies, and enhanced project monitoring procedures.

A desk-review based due diligence assessment indicates that because the Project involves auto loans to SMEs, 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.

Chola has a process established to identify environmental and social risks associated with its investment strategy, internal grievance mechanisms, exclusion lists, and sector-specific based checklists for conformance with local laws. Chola will be required to strengthen some of its policies and procedures to align with the IFC Standards before disbursement.