Early Warning System

ADB-50191-001

Expanding Micro and SME Lending in Semi-Urban and Rural Areas Project

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Quick Facts

Countries	India
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	C
Voting Date	2016-10-31
Borrower	Au Financiers (India) Limited
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 75.00 million
Loan Amount (USD)	$ 75.00 million

Project Description

This project provides debt financing to Au Financiers Limited. The funding supports growth in micro and small enterprises and small and medium enterprises portfolios to reach underserved customer segments.

As stated on the project disclosure page, ADB will provide debt financing to AU by subscribing to up to $75 million (in Indian rupee equivalent) of senior unsecured nonconvertible debentures (NCDs) having recourse to AU's balance sheet. At least 50% of the funding will target less developed states, as classified in the Raghuram Rajan Panel Report, 2013.

Early Warning System Project Analysis

The ADB categorized the project E&S risks as follows:

Environment - FI;
Involuntary Resettlement - FI-C;
Indigenous Peoples - FI-C.

Investment Description

- Asian Development Bank (ADB)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- AU Small Finance Bank Limited (Financial Intermediary)

Private Actors Description

As stated on the company's website, Mr. Sanjay Agarwal, a merit-holder Chartered Accountant and a first-generation entrepreneur, took it upon himself the responsibility of financing the entrepreneurship aspirations of the unreached and unbanked masses of India. The desire was turned into reality and in 1996, Au Financiers, was established. Headquartered in Jaipur, Rajasthan, the retail-focused Non-Banking Finance Company for two decades provided speedy and customised financial solutions to rural and urban population.

After bagging the Small Finance Bank (SFB) license in 2015, Au Financiers commenced its journey as an SFB on 19 th April 2017. In the same year, it got the Scheduled Bank status on 1st November and became a Fortune India 500 Company.

Contact Information

Au Financiers (India) Limited

ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

Bank Documents

- Expanding Micro and SME Lending in Semi-Urban and Rural Areas Project: Initial Poverty and Social An [Original Source]
- Project Disclosure PDF [Original Source]