Early Warning System

AIIB-000937

India: Shriram Sustainable On-Lending Facility II

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Quick Facts

Countries	India
Financial Institutions	Asian Infrastructure Investment Bank (AIIB)
Status	Proposed
Bank Risk Rating	U
Voting Date	2026-01-28
Borrower	Shriram Finance Limited
Sectors	Energy, Finance, Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 250.00 million
Loan Amount (USD)	$ 250.00 million

Project Description

As stated by the AIIB, the project development objective is to accelerate India's transition to a low-carbon economy by increasing the penetration of low-carbon vehicles and advancing renewable energy infrastructure.

The Shriram Sustainable On-Lending Facility II Project involves AIIB providing a second debt facility (Facility II) of up to USD250 million (equivalent in INR) to Shriram Finance Limited (SFL), including up to USD100 million of private direct mobilization through risk transfer agreements. The Project aims to strengthen SFL's capacity to finance low-emission vehicle ownership and renewable energy infrastructure in India.

Facility II supplements the USD100 million disbursed on July 20, 2023, under the previous facility (Facility I) approved in January 2023 (P000561). Facility II is structured to further advance SFL's efforts in promoting sustainable transportation and broader green initiatives in India, incorporating key enhancements to deliver a more integrated e-mobility solution, increase allocations to climate mitigation financing, and scale impact through private direct mobilization to extend results beyond AIIB's own financing.

By financing vehicle ownership and small-scale green infrastructure for individuals and small enterprises, the facility addresses both environmental and financial inclusion priorities. It supports the expansion of India's low-emission vehicle fleet, EV charging and battery-swapping infrastructure, and rooftop solar systems - contributing to emissions reduction and national climate targets. At the same time, it broadens access to affordable retail financing for individuals underserved by the banking system, including first-generation entrepreneurs, driver-operators, and small fleet owners, enabling income-generating low-emission vehicle purchases. The structured on-lending model demonstrates scalability and promotes climate-aligned retail financing in emerging markets, fostering inclusive growth while advancing environmental objectives.

ENVIRONMENTAL AND SOCIAL INFORMATION

Applicable Policy and Categorization:
AIIB's Environmental and Social Framework (ESF), including the Environmental and Social Standards (ESS) and Environmental and Social Exclusion List (ESEL) is applicable to this Project. The Project is placed in Category FI and is expected to have limited adverse environmental and social (ES) impacts. Sub-projects classified as Category A or Higher Risk Activities as per AIIB's ESF will be excluded from this Project.

Environmental and Social Instruments:
To manage ES impacts and in accordance with the applicable national laws and regulations and AIIB's ESF, SFL has established an Environmental and Social Management System (ESMS), which will be enhanced to align with AIIB's ESF. In addition to the ESMS, SFL maintains policy documents such as the Fair Practices Code (FPC), Business Responsibility Policy, Loan Recovery Policy, Whistleblower Policy, and Policy on Prevention of Sexual Harassment at Workplace (POSH), which contain key provisions for E&S risk management relevant to the Project. Natural gas vehicles, EVs, charging infrastructure, or solar rooftop installations exclusively dedicated to enabling coal mining or transportation will be excluded. Subprojects classified as Category A or Higher Risk Activities under AIIB's ESF will also be excluded.

Environmental and Social Aspects:
The Project is expected to have minimal adverse environmental impacts, as EV operations, charging infrastructure, and rooftop solar are considered environmentally clean. Under national regulations, OEMs (Original Equipment Manufacturers) are responsible for collecting and disposing of waste batteries and e-waste. As per regulations, end-of-life batteries are removed and either refurbished (if feasible) or sent to registered recyclers for recovery of lithium, cobalt, nickel, and other materials. Similarly, e-waste from charging infrastructure and solar panels is recycled through authorized recyclers. SFL informs its borrowers about the rules and regulations and encourages them to hand over e-waste and discarded batteries to authorized recyclers or OEMs. The social risks are expected to be limited to consumer protection and labor and working conditions. SFL's

Investment Description

- Asian Infrastructure Investment Bank (AIIB)

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.

- Shriram Finance Limited (Financial Intermediary)

Private Actors Description

As stated by Bloomberg, Shriram Finance Limited provides consumer finance services. The Company offers automobile, commercial vehicle, business, and gold loan services. Shriram Finance serves customers in India.

Contact Information

AIIB Team Leader:

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Financial intermediary - Shriram Finance Limited:

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ACCESS TO INFORMATION

You can submit an information request for project information at: https://www.aiib.org/en/contact/information-request/index.html

ACCOUNTABILITY MECHANISM OF AIIB

The AIIB has established the Accountability Mechanism for Project-Affected People (PPM). The PPM provides Òan opportunity for an independent and impartial review of submissions from Project-affected people who believe they have been or are likely to be adversely affected by AIIBÕs failure to implement the ESP in situations when their concerns cannot be addressed satisfactorily through Project level GRMs or AIIB Management processes.Ó Two or more project-affected people can file a complaint. Under the current AIIB policy, when the bank co-finances a project with another development bank, it may apply the other bank's standards. You can refer to the Project Summary Information document to find out which standards apply. You can learn more about the PPM and how to file a complaint at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/how-we-assist-you/index.html

The complaint submission form can be accessed in Arabic, Bahasa Indonesia, Bengali, Chinese, English, Tagalog, Hindi, Nepali, Russian, Turkish, or Urdu. The submission form can be found at: https://www.aiib.org/en/about-aiib/who-we-are/project-affected-peoples-mechanism/submission/index.html

Bank Documents

- Project Summary (December 22, 2025) [Original Source]

Other Related Projects

- AIIB-000561 India: Sustainable Transport Financing