Early Warning System

IFC-37630

Repco HFL

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	C
Voting Date	2016-08-03
Borrower	REPCO HOME FINANCE LIMITED
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 40.00 million
Project Cost (USD)	$ 40.00 million

Project Description

According to IFC website, the project would involve an investment of up to INR 2,658.5 million (equivalent to US$40 million) in Non-convertible Debentures issued by – Repco Home Finance Limited (“RHFL”) The project is intended to support RHFL to increasing its reach and penetration in the affordable housing finance segment. The proposed investment is consistent with the World Bank Group’s India Country Partnership Strategy (CPS) as it aligns with the engagement areas of (i) Inclusion – by improving access to affordable housing finance and enhancing investment in the low income states (ii) Transformation – through job creation by supporting the labor intensive affordable housing segment and (iii) Integration – giving increased access to financial services in Tier II and Tier III cities.

People Affected By This Project

Providing housing to the economically weaker segments: According to the housing plan of the Government of India, about 100 mn homes must be built in India, 95% of which will be in the economically weak and low-income categories - affordable housing segment. RHFL is focused on providing access to housing finance to low income borrowers, specifically those employed in the informal sector such as self-employed micro-entrepreneurs and un-organized sector salaried workers. This segment is largely ignored by the large HFCs and Banks owing to perceived higher risk profile of such borrowers and difficulty in credit assessment. IFC''s investment will directly expand the availability of housing finance to the low income and relatively excluded customer segments.

Job Creation: The construction industry is one of the largest employers of labour in urban India and affordable housing is the most labour intensive construction, providing high potential for employment opportunity to the urban poor. The provision of significant volumes of affordable housing finance will spur housing construction with positive linkage impacts on employment and growth.

Investment Description

- International Finance Corporation (IFC)

RHFL is a Housing Finance Company registered with National Housing Bank (“NHB”) which commenced operations in 2000. RHFL is a public company listed in the BSE and the NSEI. The Company was promoted by Repco Bank, a Multi State Cooperative Society, which continues to own 37.14% of RHFL, whilst the balance is held by domestic and foreign investors. As of April 2015, RHFL operated through 106 branches and 36 satellite centres in Tamil Nadu, Andhra Pradesh, Telangana, Jharkhand, Kerala, Karnataka, Maharashtra, Madhya Pradesh, Gujarat, Odisha, West Bengal and Puducherry.

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.

- Repco Home Finance Limited (Financial Intermediary)

Private Actors Description

Repco Home Finance Limited is a Housing Finance Company registered with National Housing Bank which commenced operations in 2000. RHFL is a public company listed in the BSE and the NSEI. The Company was promoted by Repco Bank, a Multi State Cooperative Society, which continues to own 37.14% of RHFL, whilst the balance is held by domestic and foreign investors. As of April 2015, RHFL operated through 106 branches and 36 satellite centres in Tamil Nadu, Andhra Pradesh, Telangana, Jharkhand, Kerala, Karnataka, Maharashtra, Madhya Pradesh, Gujarat, Odisha, West Bengal and Puducherry.

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/