Early Warning System

IFC-38976

DCM MRHFL NCD

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	C
Voting Date	2017-06-13
Borrower	MAHINDRA RURAL HOUSING FINANCE LIMITED
Sectors	Finance
Ring Fence	Housing
Investment Type(s)	Loan
Investment Amount (USD)	$ 25.00 million
Loan Amount (USD)	$ 25.00 million
Project Cost (USD)	$ 25.00 million

Project Description

According to IFC website, the project comprises an investment in non- convertible debentures to be issued by Mahindra Rural Housing Finance Limited. The proceeds of the IFC investment will be used to provide finance for affordable housing in rural and semi-urban areas of India. The project has the following development impacts:

1. Increased housing finance access to low income segment: The IFC investment will provide a reasonable amount of incremental funding to enable the Company to provide additional housing finance loans to low income households. Low income households are underserved by the larger financial institutions and IFC's investment will directly expand the availability of housing finance to this relatively excluded segment.

2. Job creation: The project will create demand for housing and thereby support the construction sector which is one of the largest employers in communities making the rural urban transition.

Investment Description

- International Finance Corporation (IFC)

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.

- Mahindra Rural Housing Finance Limited (Financial Intermediary)
- Mahindra Rural Housing Finance Limited (Financial Intermediary) **is owned by** Mahindra & Mahindra (Parent Company)

Private Actor Relationship

There is often limited information publicly available about what development banks are funding through financial intermediaries. In 2021, the Early Warning System partnered with Oxfam International to incorporate information on high-risk projects being funded by financial intermediaries receiving funding from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO).

The information listed below describes the relationship between the different private actors linked to high-risk sectors and subprojects of IFC and FMO's financial intermediary investments and/or the financial intermediary's parent companies made from 2017 through 2020, including any associated ring fences.

The database, however, does not explicitly or implicitly imply that IFC or FMO have material exposure to or are contractually or legally accountable to the sub-projects financed by their financial intermediaries or the financial intermediary's parent companies. It only shows a seemingly financial relationship among the different private actors, the financial intermediaries, and IFC or FMO.

Private Actors Description

MRHFL is a part of the Mahindra Group and was established as a subsidiary of Mahindra and Mahindra Financial Services Limited (“MMFSL”) in April 2007. MMFSL currently holds 87.5% stake in the Company and 12.5% is held by National Housing Bank. The Company provides loans for home construction, extension, purchase and improvement to a wide base of customers in rural and semi-urban India.

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/