Early Warning System

IFC-38977

DCM MMFSL NCD

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2017-06-13
Borrower	Mahindra & Mahindra Financial Services Limited
Sectors	Finance
Ring Fence	Small & Medium Enterprises
Investment Type(s)	Loan
Investment Amount (USD)	$ 100.00 million
Loan Amount (USD)	$ 100.00 million
Project Cost (USD)	$ 100.00 million

Project Description

According to IFC website, the project comprises an investment in non-convertible debentures to be issued by Mahindra & Mahindra Financial Services Limited. The proceeds of the IFC investment will support lending by the Company to the agricultural sector and will be on lent to finance agricultural equipment, mainly tractors and a range of utility and commercial vehicles. The facility will primarily benefit borrowers in rural and semi urban locations across in India and largely in Lower Income states. The project has the following development impact:

1. Access to finance: The project will increase access to finance for the underserved farmers and Agro related SMEs in rural and semi- urban areas and contribute to the economic empowerment of households.

2. Job creation: Providing asset finance to Agro related small & micro business will enable them expand their operations and create more employment opportunities.

3. Support Agricultural mechanization: Availability of tractors and other farm equipment will support agricultural mechanization and improved farm productivity and efficiency and boost production.

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 & Mahindra Financial Services Limited (Financial Intermediary)
- MAHINDRA AND MAHINDRA FINANCIAL SERVICES 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

MMFSL, a Systemically Important Deposit Accepting Non-Banking Financial Company registered with the Reserve Bank of Indiais a leading financer of vehicles (primarily, tractors, utility vehicles and cars) in India and is primarily focused on rural & semi-urban areas of India. MMFSL is a publicly listed subsidiary of Mahindra and Mahindra Limited (“M&M”), India’s largest tractor and utility vehicle manufacturer. Mahindra and Mahindra Limited holds 51.2% shareholding in MMFSL. The Company has financed over 4.7 million customers and has an AUM of over USD 6 billion as at 31st March 2017.

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/

Other Related Projects

- IFC-42373 DCM MMFSL II