Early Warning System

IFC-44200

Hero Fincorp TW

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Quick Facts

Countries	India
Specific Location	New Delhi
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	U
Voting Date	2021-05-07
Borrower	HERO FINCORP LTD
Sectors	Transport
Investment Type(s)	Loan
Investment Amount (USD)	$ 100.00 million
Loan Amount (USD)	$ 100.00 million

Project Description

According to the bank documents, the proposed investment comprises a secured debt investment of up to US$100 million in Hero Fincorp Limited (HFCL or the Company). HFCL’s core business lies pre-dominantly in the provision of financing two-wheeler loans and micro, small and medium enterprises (MSME) loans to clients in low-income states (LIS) of India. Its consolidated loan portfolio composition includes two-wheeler finance (37%), used car finance (7%), personal loans (11%), home loans (6%), MSME loans (21%) and corporate loans (18%).The proposed Project will allow HFCL to expand its two-wheeler financing to self-employed individuals or MSME borrowers (largely micro & small enterprises) in the low-income states (LIS) of India. The Company will also deploy three times the IFC loan amount, through its own resources and other sources of funding, towards the same target beneficiaries over the next 3 years.

Investment Description

- International Finance Corporation (IFC)

The investment comprises a secured debt investment.

Role of IFC:

1) Financing structure: derived through provision of long tenor, counter-cyclical financing, less easily available in a difficult market environment due to COVID-19, thus helping the Company diversify its borrowings profile. 2) Risk mitigation: IFC investment would signal comfort for capital providers and operational partners as the company positions for growth

Private Actors Description

HFCL is part of the Hero Group of companies in India (promoted by the Munjal family). The shareholders of HFCL include: Hero MotorCorp Limited (HMCL, 41.2%), investment companies of the Munjal family (38.3%), Credit Suisse (2%), Chrys Capital (10%) and Apis Growth (2%) and HFCL's dealers/employees (6.5%).

HMCL is the largest operating company of the Hero Group and is the largest two-wheeler manufacturer in the world (in terms of unit volumes), for the last 19 years with operations in 40 countries.

Contact Information

No contact information given at the time of disclosure.

ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

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