Early Warning System

IFC-45800

DCM TCCL SLB

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2022-06-13
Borrower	TATA CLEANTECH CAPITAL LIMITED
Sectors	Energy, Finance, Transport, Water and Sanitation
Investment Type(s)	Loan
Investment Amount (USD)	$ 48.28 million
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Project Description

According to IFC, the proposed investment comprises upto INR3,750million (US$50 million equivalent) investment in Tata Cleantech Capital Limited (TCCL or the Company) through subscription of secured non-convertible debentures (NCDs) to be issued by the Company. The proceeds of the IFC investment will be primarily used to finance wind and solar projects and to a limited extent sectors such as energy efficiency, e-mobility, green-warehousing and water. Setup in 2011, TCCL is registered with the Reserve Bank of India (RBI) as a Systemically Important Non-Deposit Accepting Non-Banking Financial Infrastructure Finance Company (NBFC-IFC), engaged in the business of providing finance and advisory services for projects in renewable energy, energy efficiency, waste management, water management and cash flow-based infrastructure finance.

The sustainability linked bond will be amongst the first few private sector led issuances by a financial institution in India and the wider Asia region.

Some of these projects may be in early stages of development, i.e., where construction is involved, while others will be operational assets. Most of the projects are expected to be medium risk in nature with very few in high-risk category (typically large capacity renewable energy projects). Overall, the E&S risk of the proposed investment is medium, and the project is categorized as FI-2 in accordance with IFC’s Environmental and Social Sustainability Policy.

Early Warning System Project Analysis

The IFC categorized the project risk as 'FI-2'.

People Affected By This Project

Potential E&S risks arise from the construction and operation phase of the projects. This includes risk and impacts related to Occupational Health & Safety (OHS), Labor and working conditions including that of third-party workers and workers engaged in primary supply chain, impact on avifauna, and community grievances. In some early-stage projects, there may be issues related to land, indigenous peoples, and biodiversity depending on location of the projects. Most of these risks and impacts can be identified and managed through adequate due-diligence, implementation of management plans and portfolio monitoring. The project will not support coal-related activities and will not finance any higher risk business activities that may include a) involuntary resettlement, b) risk of adverse impacts on indigenous peoples, c) significant risks to or impacts on the environment, community health and safety, biodiversity, cultural heritage d) significant occupational health and safety risks. The Company will publicly disclose information on Category A and other qualifying climate related sub-projects that will be supported by this IFC investment. The applicable performance requirements for this project will be i) the Exclusion List; ii) the host country laws and regulations; and iii) the IFC Performance Standards.

Investment Description

- International Finance Corporation (IFC)

The investment comprises a secured debt investment of up to INR3,750 million (US$50 million equivalent) structured as unlisted redeemable non-convertible debentures (NCDs). IFC will explore structuring the NCD as a Sustainability Linked Bond (SLB).

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.

- Tata Cleantech Capital Limited (Financial Intermediary)

Private Actor Relationship

The shareholders of TCCL are Tata Capital Limited (TCL, 80.5%) and International Finance Corporation (19.5%). Tata Sons Private Limited holds 94.55% in TCL as on December 31st, 2021.

Private Actors Description

TCCL is headquartered in Mumbai and has lending operations to projects across India. As of December 2021, TCCL has an asset under management (AUM) of c.US$953 million and a networth of US$212 million. As of December 2021, TCCL's loan book composition is as follows: solar (50%), wind (22%), road (11%), transmission (2%), emerging sectors such as e-mobility, energy efficiency, etc. and others including water management and corporate loans comprise the balance 15%.

Contact Information

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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