Early Warning System

IFC-46715

Chola 2022 Loan

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	B
Voting Date	2022-06-30
Borrower	CHOLAMANDALAM INVESTMENT AND FINANCE COMPANY LIMITED
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 150.00 million
Loan Amount (USD)	$ 150.00 million
Project Cost (USD)	$ 350.00 million

Project Description

According to IFC, the proposed project comprises of an up to US$350 million investment in Cholamandalam Investments & Finance Company Limited (Ltd) (CIFCL, the Company) through a 3-year US dollar (USD)-denominated senior secured loan. IFC will provide up to US$150 million through its own account, and mobilize up to US$200 million from other lenders, with an unspecified greenshoe. The proposed project supports vehicle financing for micro, small and medium enterprises (MSME), with a focus on the low-income states (LIS) and rural regions of India. The Covid-19 pandemic has aggravated the already weak economic environment for this segment since they are less resilient to exogenous shocks. Thus, this project is part of IFC's systematic approach in India where IFC will work with different financial institutions (FIs) to continue to support the recovery of MSMEs from the Covid-19 pandemic and stimulate growth.

Invested on July 19th 2022.

Investment Description

- International Finance Corporation (IFC)

The proposed project comprises of an up to US$350 million investment in CIFCL through a 3-year USD-denominated senior secured loan. IFC will provide up to US$150 million through its own account, and mobilize up to US$200 million from other lenders, with an unspecified greenshoe. The proposed project supports vehicle financing for MSMEs, with a focus on the LIS and rural regions of India.

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.

- Cholamandalam Investment and Finance Company Limited (Financial Intermediary)

Private Actors Description

CIFCL is one of the leading asset financing NBFCs in India with assets under management (AUM) of USD 9.98 billion as on 31 March 2022, with a very strong distribution network that caters to over 1.87 million customers through 1,145 branches across India. The company primarily lends to MSME clients in the transportation sector that are economically weak, have limited credit history and therefore are unable to raise funds from commercial banks.

CIFCL is listed on the Bombay Stock Exchange and National Stock Exchange and has a market capitalization of USD 7.1 billion as of 20 May 2022. As of 29 April 2022, 52 percent of CIFCL's shares were held by the promoter & promoter group, 18 percent were held by foreign institutional investors, 21 percent were held by mutual funds, 6 percent were held by public shareholders, and 3 percent were held by others.

CIFCL is headquartered in Chennai, Tamil Nadu and has 1,145 branches across India.

Contact Information

Cholamandalam Investment and Finance Company Limited
Mr. Hardik D. Pandya
Assistant Vice President – Treasury
+9122 40253308
hardikdp@chola.murugappa.com
Dare House, 1st Floor, 2, NSC Bose Road, Chennai 600001, Tamil Nadu, India

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