Early Warning System

IFC-48383

DCM TCFSL

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Completed
Bank Risk Rating	C
Voting Date	2023-12-11
Borrower	Tata Capital Financial Services Limited
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 122.94 million

Project Description

According to the Bank’s website, the proposed investment comprises up to US$125 million equivalent investment in Tata Capital Financial Services Limited (TCFSL) through subscription of secured, redeemable non-convertible debentures (NCDs) to be issued by the Company. TCFSL, a wholly-owned subsidiary of Tata Capital Limited (TCL) and has a diversified portfolio across retail, small and medium enterprises (SMEs), and corporates. As of March 2023, TCFSL has an asset under management (AUM) of US$8.77 billion, supported by an equity base of US$1.25 billion The proceeds of the IFC investment will be primarily used to expand TCFSL’s microfinance portfolio, of which 100% of the loans are provided to women-owned micro-enterprises on a joint-liability-group (JLG) model.

Early Warning System Project Analysis

The project involves five-year senior loan of up to US$125 million to Tata Capital Financial Services Limited (TCFSL) for expanding the Company’s microfinance portfolio to women borrowers. This presents limited to no E&S risks and impacts, and the project is categorized as Category FI-3. The proceeds will not be used to support any coal-related activities or higher risk business activities that may include significant Occupational Health and Safety risks or impacts on the environment, community health and safety, biodiversity, cultural heritage, involuntary resettlement, or risk of adverse impacts on Indigenous Peoples.

Investment Description

- International Finance Corporation (IFC)

The investment comprises a secured debt investment of up to US$125 million equivalent structured as NCDs.

Investment as approved by the Board: Loan 122.94 million (USD)

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 Capital Financial Services Limited (Financial Intermediary)

Private Actors Description

TCFSL is a wholly-owned subsidiary of TCL. Tata Sons Limited holds 94.63% in TCL.

TCL has three financial services subsidiaries, including TCFSL, Tata Cleantech Capital Limited (TCCL), and Tata Capital Housing Finance Limited (TCHFL). TCL is in the process of reverse merging TCFSL and TCCL into itself.

Contact Information

PROJECT CONTACTS

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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