

 Early Warning System

IFC-40278

DCM Chola Masala



Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Proposed
Bank Risk Rating	F1
Voting Date	2018-01-10
Borrower	Cholamandalam Investment and Finance Company Limited
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	\$ 75.00 million
Project Cost (USD)	\$ 75.00 million



Project Description

IFC proposes to invest up to INR4.8bn (approx. US\$75mn equiv.) in Cholamandalam Investment and Finance Company Limited's ("CIFCL" or the "Company") first rupee denominated offshore bond ("Masala Bond"). IFC would play a catalytic anchor role in the proposed US\$125 to US\$200mn bond placement by the Company. CIFCL is a leading non-banking finance company headquartered in Chennai, Tamil Nadu and is primarily focused in the rural and semi-urban space in India with approximately 90% of its INR375bn (US\$6bn equiv.) portfolio being present across Tier III and Tier IV towns, emphasizing its strong reach and presence in the underserved and frontier markets of India. CIFCL has branch presence largely in to all low-income states ("LIS") of India. The core business segments include vehicle finance, home equity loans, corporate finance, stock broking and distribution of financial products. The shares are listed in the Bombay (BSE) and National (NSE) Stock Exchanges. The proceeds of this investment will be used to extend loans to small road transport operators, most of whom are first time borrowers or driver-turned-owners and to small and medium enterprises in LIS.



People Affected By This Project

Additional Reach: The Company is expected to increase its customer base by 500,000 customers over the next 5 years; as a result, it is estimated that 1 million jobs would be created in this period.
Capital Market Development: IFC's support would enable CIFCL to launch its first off-shore local currency bond to international investors and open the platform for further such solid, highly reputable but below international investment grade issuers to access the market.
Growth in low income states (LIS): Currently, Chola has ~ 50% of its pan-India footprint in low income states. It is expected that more than 60% of CIFCL's portfolio will be in low income states going forward.



Investment Description

- International Finance Corporation (IFC)

Private Actors

- [Cholamandalam Investment and Finance Company Limited](#) -- Financial Intermediary
- [Murugappa Group](#) -- Parent Company

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It was incorporated and promoted as the financial services arm of the Murugappa Group (the “Group”). Founded in 1900, the Group is a prominent business conglomerate with 28 businesses including 11 listed companies and workforce of 40,000 employees.



Contact Information

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/>