

IFC plans to invest \$75 m in Cholamandalam's masala bond

FE BUREAU

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INTERNATIONAL FINANCE CORPORATION (IFC), the multilateral lending arm of World Bank, is planning to invest up to \$75 million in the first rupee-denominated off-shore bond (masala bond) of Chennai-based Cholamandalam Investment and Finance Company Ltd (CIFCL), part of diversified Murugappa group.

IFC would play a catalytic anchor role in the proposed \$125-200 million bond place-

ment issue by the company. According to the multilateral lending arm, CIFCL will use the funds to extend loans to small road transport operators and to small and medium enterprises in low income states.

CIFCL is primarily focused in the rural and semi-urban space in India with approximately 90% of its ₹37,500 crore (\$6 billion) portfolio being present across tier III and tier IV towns, emphasising its strong reach and presence in the underserved and frontier markets. CIFCL has branch presence largely in all low-income states of the country. The core busi-

ness segments include vehicle finance, home equity loans, corporate finance, stock broking and distribution of financial products.

Chola was incorporated and promoted as the financial services arm of the Murugappa Group and operates through more than 725 branches in 25 states. The Murugappa Group has 28 businesses including 11 listed companies and 40,000 employees. Promoters hold 53.1% stake in Chola. Other shareholders include IFC, Oppenhiemer Developing Markets Funds, Cartica Capital Limited along with mutual funds and insurance companies.