



# IFC in India

Promoting Sustainable  
Private Sector-led Growth



Photo: IFC

## Who We Are

IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries. Working with more than 2,000 businesses worldwide, we use our capital, expertise, and influence, to create opportunity where it's needed most. In FY15, our long-term investments in developing countries rose to nearly \$18 billion, helping the private sector play an essential role in the global effort to end extreme poverty and boost shared prosperity.

IFC was established in 1956, and is owned by 184 member countries, a group that collectively determines our policies. Its board of governors and board of directors, appointed by the member countries, guide IFC's programs and activities.

IFC is the only multilateral source of debt and equity financing for the private sector with global reach. Our bonds offer a high-quality investment, even in volatile financial market

conditions. IFC has consistently been rated AAA/AAA by Moody's and S&P since its initial rating in 1989.

## What We Offer

IFC's offerings are designed to meet the specific needs of clients across different industries with a special focus on infrastructure, logistics, and financial markets. Our financial products enable companies to manage risk and broaden their access to foreign and domestic capital markets. Our advice helps unlock private-sector investment, which is essential to expand businesses, create jobs, and grow economies.

We work with the private sector to encourage entrepreneurship and build sustainable businesses. We advise them on a wide range of issues, including environmental, social, and governance standards, energy and resource efficiency, and supply chains. We help expand access to finance for individuals and micro, small, and medium enterprises through our work with financial institutions and banks.



Photo: Pallon Daruwala/Gujarat Pipavav

## IFC in India: Promoting Sustainable Private Sector-led Growth

The most acute needs for energy, water, roads, phone connections, healthcare, education, sanitation, waste and access to financial services are among those who live in low-income, rural and semi-urban, fragile, and conflict affected parts of South Asia. Most people in these parts have been deprived of the benefits of growth while many are vulnerable to climate change impacts.

With over 1.2 billion people and the world's third largest economy in purchasing power-parity terms, India's challenge is to make its growth model and pace sustainable and inclusive.

### Strategic Approach

IFC is sharpening its focus in India to increase access to energy, finance, healthcare; to provide sustainable infrastructure and seamless logistics; to deepen capital markets; and boost regional linkages. Through strategic interventions, IFC brings economic opportunities to

underserved communities where needs are greatest, particularly in the priority states of India; help address climate-change impacts; and encourage global and regional integration, including promoting trade and investments within and from South Asia.

Some of IFC's major initiatives in India are:

## Strengthening Capital Markets

Lasting prosperity depends on efficient capital markets. In India, many firms face hurdles in raising funds in local currency, forcing them to borrow in foreign currencies. This exposes them to greater risks. IFC plays a vital role in strengthening the local capital markets. Since 2013, IFC has implemented a \$5.5 billion rupee-denominated bond program that attracts funding for much-needed roads, power, airports, and other infrastructure projects. We launched our maiden offshore bond offering — Masala Bonds — raising the equivalent of \$1.6 billion from international investors for investment in India. Separately, we raised the equivalent of nearly \$100 million through our onshore Maharaja Bonds.

The success of our bond program prompted India's central bank to consider permitting local companies to issue rupee-denominated bonds in offshore markets.

In March 2016, IFC launched an innovative Masala Bond to mobilize Japanese savings for India's private sector. This opens up a new source of local-currency finance for businesses in India, while enabling Japanese household investors to participate in the development India's fast-growing economy. In March 2016, IFC issued a historic 15-year Masala Bond, creating an offshore rupee-market yield curve that stretches from three to fifteen years, deepening the market and making it more resilient.

## Enabling Financial Inclusion

Financial services tailored to the needs of underserved is a powerful instrument to reduce poverty. From microfinance institutions to housing finance companies, women entrepreneurs, and other stakeholders, IFC is helping expand access to finance to households and businesses.

In 2010, IFC made an equity investment of \$4.5 million in Aadhar Housing Finance Private Limited, a joint venture of investee client Dewan Housing Finance Corporation and IFC. The financing enabled Aadhar to provide home loans to underserved low-income households.

IFC has played a key role in strengthening the microfinance sector in India through timely and crucial investments and comprehensive advisory interventions. Utkarsh Microfinance and Bandhan Financial are two examples of IFC's support to microfinance institutions. Starting with an investment of \$300,000 in 2010, IFC has since invested nearly \$5 million in Utkarsh. IFC also provides advisory services to Utkarsh, helping it diversify products and develop robust internal systems.

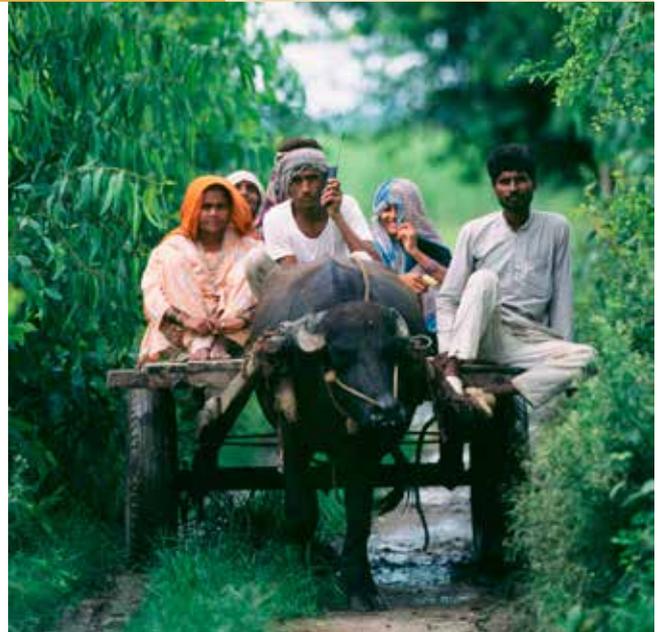


Photo: Dilip Banerjee/IFC

## IFC: India's Partner Since 1958

- IFC has committed over \$15 billion in India since its first investment in 1958.
- Investments are spread over 215 clients in India.
- India is IFC's single largest country exposure globally, IFC's largest advisory client and regional hub for South Asia.
- IFC's India exposure is evenly spread across important sectors in infrastructure, financial inclusion, and logistics.
- IFC is a pioneer in putting together several innovative and industry-leading projects in India (for example, Cairn, IDFC, Jet Airways, FINO, Bharti Airtel, HDFC, BILT, Power Grid, Azure, Green Infra, Technowind, Bandhan).
- IFC's advisory engagement in India includes Gujarat Rooftop Solar PPP, Odisha Street-Lighting Program, Jharkhand Diagnostics PPP, and Bihar G2P Payments.
- IFC is a key partner in developing and deepening India's capital markets through offshore rupee-linked and onshore rupee bond programs. IFC's offshore Green Masala Bond focused on climate change.

IFC played a pivotal role in microfinance institution Bandhan's transformation into India's newest bank. Bandhan was started as a non-profit in West Bengal to alleviate poverty and empower rural women and soon grew into a microfinance institution. IFC made equity and debt investments in Bandhan amounting to almost \$150 million, making IFC one of Bandhan's largest institutional shareholders.

Today, Bandhan serves over 6.5 million borrowers in the most underbanked parts of the country, mostly women, and operates from over 2000 branches in 22 of India's 29 states.

IFC provided a \$150 million financing package to YES Bank to expand access to finance to small and medium enterprises. The financing partly focuses on women-owned small businesses in India's priority states. This is IFC's first credit line with a gender component in South Asia.

Six of the ten entities that received in-principle approval from the Reserve Bank of India to set up small finance banks are IFC's microfinance clients. IFC client, Fino PayTech, is among the 11 companies that won a payments bank license issued by the Reserve Bank of India. The company is already the largest banking business correspondent in the country and caters to people who do not have access to bank branches. IFC's client YES Bank became the first and only Indian bank to be selected as an index component of the Dow Jones Sustainability Indices in the Emerging Market Index. This award reinforces the position of an IFC client as a global sustainability leader.

## Support to Infrastructure Building, Promoting Renewable Energy

IFC has a leading role in financing infrastructure projects in India and advising client governments on public-private partnerships. We finance infrastructure projects with equity and debt financing from own account and mobilize additional funding for projects. We also develop early-stage infrastructure projects through IFC InfraVentures.

In 2012, IFC mobilized a loan of \$270 million for state-owned transmission utility Power Grid Corporation of India Limited. The financing helped the company implement a fully integrated national grid capable of handling 44,250 MW of inter-regional capacities and improve access to electricity for over 12 million people across India.

IFC's loan of \$152 million to Gujarat Pipavav port, an all-weather port, is supporting expansion of its existing container and bulk cargo-handling facilities, enabling better infrastructure services, creating more jobs, and

boosting economic activity. Pipavav is the first private sector port in India.

Starting in 2009, IFC was one of the earliest international financiers of wind and solar projects in India. IFC is a one stop-solution for debt, equity, and structured finance for private developers looking for opportunities in solar, wind, and other forms of renewable energy.

We were one of the earliest investors in Azure Power, now a leading player in the grid-connected solar-power sector. After initial financing in 2010, IFC made multiple rounds of debt and equity investments to sustain Azure's growth. Today, Azure's portfolio of solar plants extends across several states and is on track to reach 500 MW of operational capacity this year.

IFC also financed Sembcorp Green Infra Limited, which established over 200 MW of solar and wind plants in four Indian states. Our client, Applied Solar, provides off-grid solar power solutions to telecom towers in remote parts of Bihar and Uttar Pradesh that traditionally rely on diesel.

On the advisory side, IFC's Lighting Asia/India program promotes safe, affordable, and modern off-grid lighting for three million people in rural India. IFC helped the Government of Gujarat structure a first-of-its-kind pilot grid-connected solar rooftop power project as a public-private partnership. Recently, IFC partnered with the Madhya Pradesh government to set up the 750-MW Rewa ultra-mega solar-power project. This is the largest single-site solar-power project in the world. As the lead PPP transaction adviser, IFC is extending its global expertise to structure and implement the transaction to attract about \$750 million in private investment.

## Supporting Logistics and Transportation

IFC plays a leading role in helping to seamlessly integrate logistics services in the South Asian region. Our mission is to lower the time and cost to trade in developing countries by helping build efficient logistics systems and services. This can improve competitiveness of the region and further boost its economies by creating jobs.

IFC's investments in cold storage and agri-warehousing, through investments in Snowman Logistics and National Collateral Management Services Limited, has already created leaders in these relatively niche markets. Snowman is an integrated cold-chain logistics service provider operating a network of temperature-controlled warehouses and refrigerated trucks. Based in Bangalore, the company provides cold-storage services to several industries. IFC worked with the company to fine tune and refocus its



Photo: Manas Ranjan Ojha/IFC

business plan to expand capacity The company was listed successfully on the Indian stock exchanges in 2014. . Today, it is one of the largest temperature-controlled logistics services providers in the country.

Ocean Sparkle is a low-cost private-sector provider of comprehensive port management services. IFC's investment was a mix of \$9.5 million equity and \$41 million debt in tranches to support its expansion. Our investments helped raise significant borrowings from other lenders in a time of tight liquidity.

Cube Highways was IFC's first investment in the Indian road sector. IFC co-invested with and helped mobilize \$400 million from I Squared Capital, an infrastructure-focused global private equity player. IFC and I Squared Capital set up a holding company - Road Holdco - as an investment vehicle. IFC's equity investment of \$100 million, and subsequent debt financing, aims to create a unique road-sector company that will buy operational road projects in India.

## Supporting Creation of Jobs

The private sector provides nine of ten jobs in developing countries, playing a key role in creating opportunities and fostering growth. In 2003, IFC provided a loan of \$75 million to Powerlinks Transmission Limited, a joint venture between Tata Power and Power Grid Corporation, to supply power to electricity-deficient parts of North India. An IFC study found that the project created about 75,000 new formal jobs between 2006 and 2012. In 2007, IFC provided a loan of \$50 million to OCL India, an Odisha-based cement manufacturer, to finance capacity expansion and to set up a new plant. A study conducted in 2012 found that the project created 300 direct jobs and 7,000 indirect jobs. In FY13, IFC committed another \$40 million loan to OCL to construct a cement-grinding plant in West Bengal.

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