

Public Information Summary

Host Country(ies)	India
Name(s) of Borrower(s)/Guaranteed Party(ies)	HDFC Bank Limited
Project Description	A 50% loan portfolio guaranty to support loans to women-owned and led businesses. The loans will enable more women to access the workforce, as women-focused companies are stabilized in the post-COVID-19 era.
Proposed DFC Loan/Guaranty	\$50,000,000
All-Source Funding Total	\$100,000,000
Policy Review	
Developmental Objectives	This transaction is expected to have a highly developmental impact through a guaranty to support lending to SMEs in India, with half of the loans under the guaranty supporting women-owned or operated SMEs. The COVID-19 pandemic has wreaked havoc on the Indian economy, with a 2020 GDP contraction estimated at 10.3%. The public health measures implemented to slow the COVID-19 pandemic have led to decreased demand and consequently a cash crunch for SMEs. Even prior to the pandemic, SMEs in India had difficulty in accessing financing to fulfill their capital needs. This is especially true for women-led or owned SMEs as they are more than twice as likely as men to have their loan application be rejected. The current SME financing gap in India stands at over \$221 billion.
Environment and Social Assessment	The Project has been reviewed against the DFC's 2020 Environmental and Social Policies and Procedures manual ("ESPP") and has been determined to be categorically eligible. DFC loan portfolio guaranties for the expansion of lending to small and medium enterprises are screened as a Category C for environmental and social assessment. These downstream investments are expected to result in minimal adverse environmental and social impacts. Therefore, all of those downstream investments have been pre-screened as Category C and further review and consent is not required for these investments. To ensure that the Guaranteed Party's investments are consistent with the DFC's statutory and policy requirements, the DFC loan portfolio guaranty will be subject to conditions regarding the use of proceeds. The primary environmental and social issues identified in this transaction relate to the need for an Environmental and Social Policy ("ESP") that meets the 2012 IFC Performance Standards.

Under the DFC's ESPP, the Guaranteed Party is required to comply with applicable local and national laws and regulations related to environmental and social performance and applicable provisions of the 2012 International Finance Corporation's Performance Standard ("PS") 1 and 2. A desk-review based due diligence assessment indicates that because the Project will use DFC support for the expansion of lending to small and medium enterprises in India, significant adverse impacts concerning community health and safety, biodiversity, land acquisition and resettlement, indigenous people, and cultural heritage are not anticipated; therefore, PS 3, 5, 6, 7, and 8 are not triggered at this time. The Guaranteed Party does utilize private unarmed security guards and therefore, aspects of IFC PS 4, Community Health & Safety are triggered.

The Guaranteed Party has a formal environmental and social policy ("ESP"), internal processes and procedures comprised of grievance mechanisms, financial risk identification and mitigation procedures, and human resources policies commensurate with its investment strategy for this Project. However, it will be required to provide updates to its environmental and social risk policy and its human resources policies to align with the DFC's expectations found within its ESPP.

