

Chola issues unlisted NCDs for ₹1,057cr to ADB

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Coimbatore: Financial services provider Cholamandalam Investment and Finance Company (Chola), on Monday announced that it has issued unlisted non-convertible debentures (NCDs) in tenors of 3-5 years for ₹1,057 crore (\$150 million) to Asian Development Bank (ADB).

ADB provides medium and long-term financing to banks, NBFCs (non-banking finance companies) and FIs (financial institutions), with focus on promoting financial inclusion in lesser developed regions, especially for underserved and lower income customer segments in supporting creation of physical income-generating assets apart from encouraging greater gender equality and participation.

Chola is focused on lending to the small road transport operators (SRTO) and SME borrowers, and has a pan-India presence.

ADB's assistance to Chola

would help finance its lending operations to SRTOs and SMEs.

"Half of this target under ADB's financing will be from lagging states in India, resulting in improved economic growth prospects and employment opportunities in these areas," the company said.

"SRTOs engaged in logistics, distribution, and transport-related industries will be given priority and SMEs seeking loans for investment and working capital will also benefit from access to this term financing," it said.

"Chola with its focus on funding commercial vehicles for the small road transport operators segment and to the SMEs is ideally suited to meet ADB's objectives,"

said Arun Alagappan, executive director, Cholamandalam Investment and Finance Company.

"ADB's financing to Chola will help ensure that SRTOs and SMEs, which are crucial to the Indian economy, have access to the necessary long-term capital that they need to continue contributing to the country's growth and development," said Anshukant Taneja, ADB's Principal Investment Specialist for Private Sector Operations.

"ADB's financing, which has been provided in the backdrop of a slowdown in credit growth in the Indian banking system, has a countercyclical effect and is expected to boost investments and employment."