

PRESS RELEASE

Cholamandalam Finance raises INR 4 billion Tier-II debt from CDC Group through 10-year Rupee Denominated Masala Bonds

Chennai, 10th January 2020: Cholamandalam Investment and Finance Company Limited (“CIFCL”), one of India’s leading diversified financial services companies, has raised **INR 4 billion (c.\$57 million)** from CDC Group Plc (“CDC”), the United Kingdom’s Development Finance Institution and impact investor through the issuance of unsecured, subordinated, Rupee Denominated Masala Bonds.

This is CIFCL’s maiden Masala Bond issue which may be listed on London Stock Exchange or any other international stock exchanges in future.

Incorporated in 1978, CIFCL offers vehicle finance, business and home loans. It has more than 1,000 branches across India, with a diversified loan portfolio spanning 1.2 million customers.

CIFCL caters to small and medium road transport operators for new and used commercial vehicles with over 50% of the portfolio in low income states. The majority of CIFCL’s customer segment is self-employed borrowers/entrepreneurs and small manufacturers, with nearly one-third of the portfolio constituting first time borrowers, thereby facilitating access to the formal capital market and promoting financial inclusion.

Mr. Arun Alagappan, Managing Director of CIFCL, said “CDC and CIFCL have joined hands to address the business credit requirements of small and medium road transport operators and MSME customers, thereby enabling them ‘Enter a better life’. CDC’s investment in CIFCL’s Masala Bonds will support the extension of loans to driver-turned-owners and micro and small enterprises in underserved rural and semi-urban areas of India. We look forward to working with CDC in promoting the economic and social well-being of our customers.”

Mr. Srinu Nagarajan, CDC’s Managing Director and Head of Asia, said “CDC’s commitment to CIFCL demonstrates our value as a Development Financial Institution with long-term patient capital. Our investment will enable CIFCL to extend loans to small vehicle owners and facilitate availability of credit to rural and semi-urban markets and support the Company with subordinated-debt in this tight liquidity environment. CDC has been investing in India for over 30 years and we look forward to the start of a productive long-term relationship with CIFCL and the wider Murugappa Group.”

CDC supports businesses that can make goods and services more affordable and accessible for people in Africa and Asia who really need them. The investment will help generate self-employment opportunities for low to middle-income customers helping to meet the Sustainable Development Goal for decent work. CDC’s commitment to CIFCL contributes to meeting the UN’s Sustainable Development Goal for decent work and economic growth.

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About CDC

1. CDC Group plc is the UK's development finance institution, wholly owned by the UK Government, CDC has invested in Africa and Asia for 70 years. By investing for impact, CDC aims to help countries in Africa and Asia to build thriving communities that provide sustainable opportunities for all citizens.
2. CDC takes a flexible approach and provides capital in all its forms, including equity, debt, mezzanine and guarantees, to meet businesses' needs and achieve development impact. CDC has net assets of £5.8bn. Find out more at www.cdcgroup.com

About CIFCL

1. CIFCL was incorporated as the financial services arm of the Murugappa Group. CIFCL is a Reserve Bank of India (RBI) registered non-deposit taking systemically important non-banking finance company, headquartered in Chennai, Tamil Nadu.
2. As of Sep 30, 2019 approximately 74 percent of its portfolio comprises of vehicle loans, 21 percent 'loan-against-property' to MSME sector, and the balance 5 percent in affordable home finance and others.
3. CIFCL is listed on the Bombay Stock Exchange and National Stock exchange and has a market capitalization of approximately US\$3.5 billion which is equivalent to 3.7x of its book value. The Company carries a local currency credit rating of AA+ / Stable from India Ratings (a Fitch group company) and AA+ from ICRA, CRISIL and CARE for its long-term instruments.

This document may contain forward-looking statements about the Company, which are based on the beliefs, opinions and expectations of the Company's management as the date of this press release and the companies do not assume any obligation to update their forward looking statements if those beliefs, opinions, expectations, or other circumstances should change, These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict. Consequently, readers should not place any undue reliance on such forward-looking statements.