Early Warning System

IFC-37555

HFC Facility

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	C
Voting Date	2017-06-19
Borrower	ASPIRE HOME FINANCE CORPORATION LIMITED
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 37.53 million

Project Description

According to IFC website, the proposed project would involve an investment of up to US$38 million in Non-convertible Debentures issued by – Aspire Home Finance Corporation Limited Micro Housing Finance Corporation Limited, and Aptus Value Housing Finance India Ltd. The project is intended to support the housing finance companies in increasing its reach in the affordable housing finance segment.

The investment is consistent with the World Bank Group's India Country Partnership Strategy (CPS) as it aligns with the engagement areas of (i) Inclusion – by improving access to affordable housing finance and enhancing investment in the low income states (ii) Transformation – through job creation by supporting the labor intensive affordable housing segment and (iii) Integration – giving increased access to financial services in Tier II and Tier III cities.

People Affected By This Project

- Providing housing to the economically weaker segments: According to the housing plan of the Government of India, about 100 mn homes must be built in India, 95% of which will be in the economically weak and low-income categories - affordable housing segment. The above HFCs are exclusively focused on providing access to housing finance to low income borrowers, specifically those employed in the informal sector such as self-employed micro-entrepreneurs and un-organized sector salaried workers. This segment is largely ignored by the large HFCs and Banks owing to perceived higher risk profile of such borrowers and difficulty in credit assessment. IFC''s investment will directly expand the availability of housing finance to the low income and relatively excluded customer segments.

- Job Creation: The construction industry is one of the largest employers of labour in urban India and affordable housing is the most labour intensive construction, providing high potential for employment opportunity to the urban poor. The provision of significant volumes of affordable housing finance will spur housing construction with positive linkage impacts on employment and growth.

Investment Description

- International Finance Corporation (IFC)

The project will support the affordable housing finance companies mentioned below.

Aspire is a Housing Finance Company registered with National Housing Bank (“NHB”) which commenced operations in 2014. Aspire has exclusive focus on retail home loans with an average ticket size of around INR 1 million.. The Company was promoted by Motilal Oswal Financial Services Limited, which currently holds majority shareholding, the balance held by Mr Anil Sachidanand, the MD/CEO.

MHFC is a Housing Finance Company registered with NHB, which commenced operations in June 2009. The Company is focused on providing small and micro housing loans to acquire new housing units for the urban poor with an average ticket size of around INR 400,000. The company was promoted by Mr Madhusudan Menon, Mr Rajnish Dhall and Mr Nachiket Shelgikar, who together with Employee Share Trusts currently hold the largest shareholding. The balance is held by the Michael and Susan Dell Foundation, India Financial Inclusion Fund, Unilazer Vetures.

Aptus is a Housing Finance Company registered with NHB, which was commenced operations in June 2010. The Company is focused on providing housing loans to the self-employed, informal segment of customers belonging to the low-middle income group, primarily from semi urban and rural areas of South India. Its average ticket size of loans is around INR 600,000. The Company was promoted by Mr M Anandan, who continues to be a significant shareholder. The balance is held by Westbridge Capital, India financial Inclusion fund and Granite Hill Capital Partners.

The proposed project involves an investment by IFC’s own account of up to US$38 million in NCDs.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Aptus Value Housing Finance India Limited (Financial Intermediary)
- Aspire Home Finance Corporation Limited (Financial Intermediary)
- Micro Housing Finance Corporation Limited (Financial Intermediary)

Private Actors Description

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/