Early Warning System

IFC-39725

AuHFL NCD

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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	AAVAS FINANCIERS LIMITED
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 20.15 million
Loan Amount (USD)	$ 20.15 million

Project Description

According to IFC website, IFC proposes to invest up to US$20 mn through subscription of Non-Convertible Debentures issued by Aavas Financiers Limited (AFL), formerly known as Au Housing Finance Limited. The proceeds of proposed IFC's financing will be utilized by AFL for supporting affordable housing finance for purchase / construction & extension of house to individual under low and medium income group in Rajasthan (a low income state) and nearby 5 states. AFL's customers include dairy farmers, carpenters, garment traders, artisans, etc. Currently, almost 65% of AFL's customers are self-employed.

1. Increased housing finance access in Low Income States: AFL is focused on providing access to housing finance to low-mid income borrowers in tier II /tier III/tier IV and peripheries of tier I cities, with 57% of its outstanding book in the low income states of Rajasthan and Madhya Pradesh.

2. Increased housing finance access to self-employed and low income segment: AFL is 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.

3. Job Creation: There is high demand for affordable housing, particularly in rural and semi-urban areas. The expansion of housing finance has a trickledown effect on job creation through the growth of the multiple industries

Investment Description

- International Finance Corporation (IFC)

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.

- AAVAS Financiers Limited (Financial Intermediary)

Private Actors Description

Established in 2011, Aavas Financiers Limited (AFL) was incorporated as a wholly owned subsidiary of Au Financiers Ltd. (Au), currently known as Au Small Finance Bank Limited. As part of its Small Finance Bank transformation process, Au sold its substantial stake in AFL. The company’s current shareholders include Kedaara Capital, Partners Group, Au, and the management team.

The Company is led by Mr. Sushil Agarwal, CEO, who is a senior banker with over 15 years of experience in housing and SME finance.

Contact Information

Project Contact: Mr. Ghanshyam Rawat
CFO, Aavas Financiers Limited
Contact No.: 0091-141-3910000
Email Address: ghanshyam.rawat@auhfin.in
Office Address: 201-202, 2nd Floor, Southend Square, Mansarovar Industrial Area, Jaipur - 302020, India
Website: http://www.auhfin.in/

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/