Early Warning System

IFC-46197

Aadhar Debt

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Quick Facts

Countries	India
Financial Institutions	International Finance Corporation (IFC)
Status	Active
Bank Risk Rating	C
Voting Date	2022-06-06
Borrower	AADHAR HOUSING FINANCE LIMITED
Sectors	Construction, Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 90.37 million
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Project Description

According to IFC, the proposed investment comprises an up to 7-year senior debt investment of up to US$75 million in Aadhar Housing Finance Limited (Aadhar). The proceeds will be utilized to extend financing to retail buyers of affordable/green affordable housing units. The Project is expected to provide counter-cyclical support for the housing needs of lower income groups, who have been severely impacted by the disruptions caused by COVID-19, as well as support green housing, which is still underdeveloped in India, particularly in the affordable segment. Subject to internal approvals, the Project may receive support from the Market Accelerator for Green Construction (“MAGC”) Program as discussed in the Blended Finance Section.

Investment Description

- International Finance Corporation (IFC)

The proposed project envisages a straight senior loan or non-convertible debenture investment of up to US$90 million equivalent to Aadhar for a tenor of up to 7 years. The proposed financing will be used to provide retail buyers with financing for affordable housing with a focus on the low-income group. A mutually agreed percentage of IFC's loan proceeds will also be earmarked for green affordable housing.

IFC as implementing entity of theMarket Accelerator for Green Construction (MAGC) Program, is exploring to support the project through Performance-Based incentive (PBI). This blended concessional finance support aims to support Aadhar's efforts to create a green business line. With the help of this PBI, this new business line would help develop green certified housing units in the affordable residential segment. As part of IFC's commitment to transparency in the deployment of concessional blended finance resources, potential blended concessional finance support has been and continues to be considered in green building discussions with other banks in the country. Further details and historical information on estimated subsidy levels in IFC's blended finance portfolio can be found at: www.ifc.org/blendedfinance. As is the case with all of IFC's blended concessional finance co-investments, this Project will be assessed against the Enhanced Blended Concessional Finance Principles for DFI Private Sector Operations adopted by IFC and more than 20 other DFIs in 2017.Further information on these Enhanced Principles and IFC's blended finance approach and governance can also be found at: www.ifc.org/blendedfinance.

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.

- AADHAR HOUSING FINANCE LIMITED (Financial Intermediary)

Private Actors Description

Aadhar is the largest housing finance company (HFC) focused on the low income housing segment in India in terms of AUM, as of March 31, 2021. The Company was formed with the objective to provide housing finance support towards the Economically Weaker Segments (EWS) and Low-Income groups (LIG) and has remained focused on this segment, which constituted 80% of the Dec-21 portfolio.

Aadhar has grown successfully in the past decade and is backed by a strong sponsor, the Blackstone Group which holds 98.7% of the Company. Currently, Aadhar is in the process of getting listed into the stock markets through initial public offering (IPO). The Company has a strong financial position with an AUM of ~US$1.9 billion, an average ROAA of 3.2% annualized, Gross NPA of 2.25% (includes 0.65% of retail AUM not more than 90 days past due which have been classified as NPA according to the RBI clarification dated November 12, 2021) and capital adequacy of 44.7% at Dec-2021. It is rated AA by CARE Ratings.

Aadhar is headquartered in Mumbai, Maharashtra and has 325 branches spread across 20 states of India.

Contact Information

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ACCESS TO INFORMATION

You can submit a request for information disclosure at: https://disclosures.ifc.org/#/inquiries

If you believe that your request for information from IFC has been unreasonably denied, or that this Policy has been interpreted incorrectly, you can submit a complaint at the link above to IFC's Access to Information Policy Advisor, who reports directly to IFC's Executive Vice President.

ACCOUNTABILITY MECHANISM OF IFC/MIGA

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