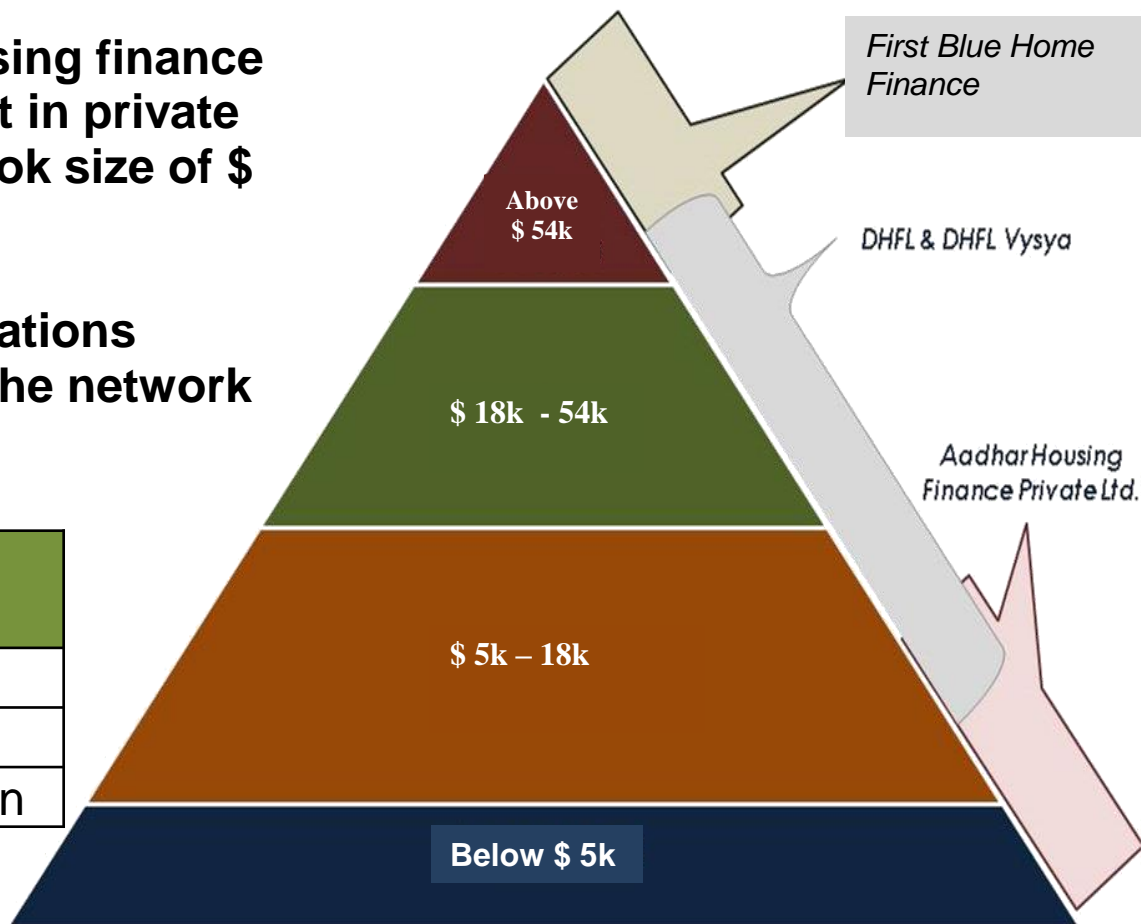# Enabling Access to Home Loans to Low Income Segment

About Us

- **Aadhar is supported by DHFL and International Finance Corporation (IFC)**

- **DHFL has 27 years of strong expertise in providing housing loans to low and middle income segments at fair terms.**

- **Aadhar is registered as a Housing Finance Company and Regulated by the National Housing Bank**

DHFL Group

- **DHFL is the third largest housing finance company , and second largest in private sector, in India with a loan book size of $ 3.62 bn.**

- **Network of more than 437 locations across India , almost 80% of the network is in Tier 2 and Tier 3 cities**

Price per Dwelling Unit	Est Market size
Between $ 5k -18k	**$ 200 bn**
Between $ 18k -54k	$ 163.64 bn
Above $ 54k	$ 90.91 billion

First Blue Home Finance

DHFL & DHFL Vysya

Aadhar Housing Finance Private Ltd.

Above $ 54k

$ 18k - 54k

$ 5k – 18k

Below $ 5k

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Aadhar
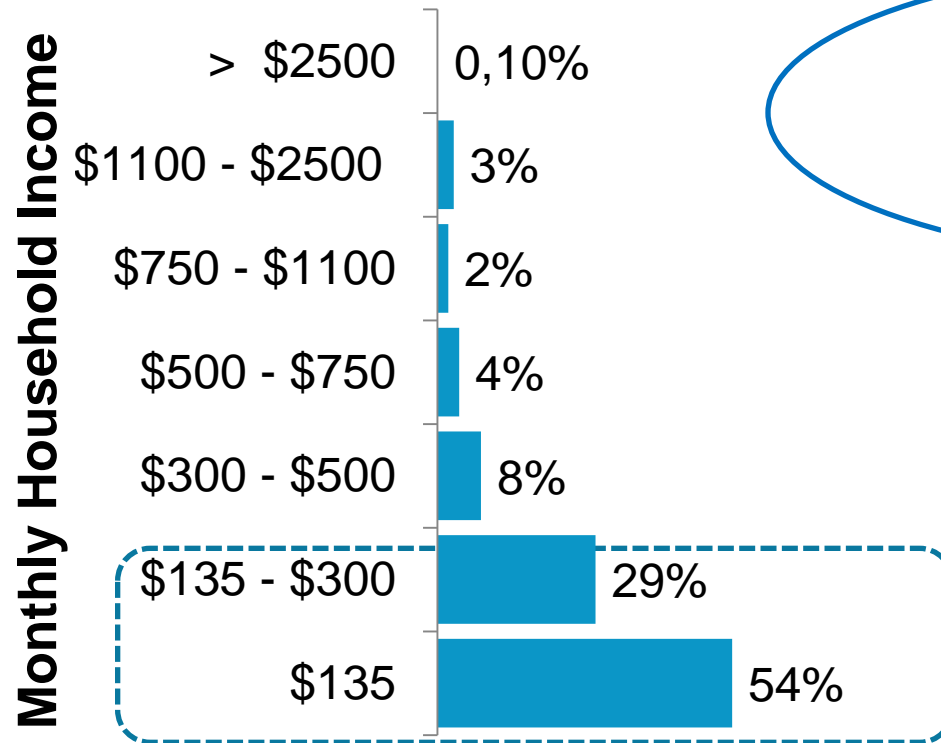Housing Finance Pvt. Ltd.

A DHFL Group Company

Industry

- **Estimated housing shortage of 26.5 million units in urban and rural India.**

- **Of the total shortage 98% constitutes demand from low-income households.**

- **Total housing loan market in India is estimated at $ 110 bn.**

- **Low Mortgage to GDP ratio(10%) for India provides huge opportunity for growth on sustainable basis for years to come.**

- **Low-cost housing units of 200–350 sq ft. priced between $ 3,000- 6,000 has the maximum demand.**

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Focus

Extend opportunities of Home Ownership to the underserved section of the Indian population

Income Pyramid

Monthly Household Income

Monthly Household Income	Percentage
> $2500	0,10%
$1100 - $2500	3%
$750 - $1100	2%
$500 - $750	4%
$300 - $500	8%
$135 - $300	29%
$135	54%

Source: NHB trends in Housing | CRISIL Infra Report | Monitors Research

USD = $55

- **Low Income Groups with an average monthly income between $ 90 - $ 450**

- **Salaried, self-employed & agricultural based income profile to be catered**

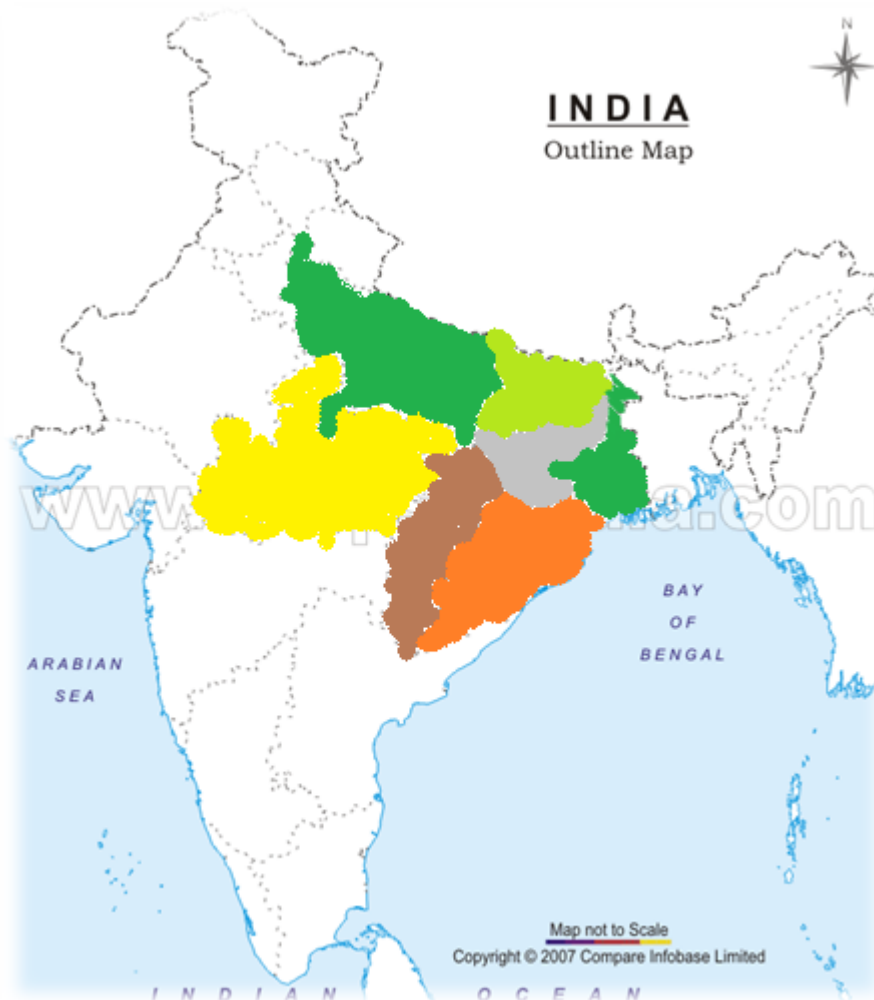- **Loan offering up to $ 22,000 but not exceeding 80% of the cost of property**

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Aadhar – Overview & Geographical Presence

- • **7 States**
- • **17 Branches**
- • **60 locations**

- • **These 7 states as per Census 2011, account for 46% of the total Indian population.**

- • **Increase in the per capita income of these states, did not witness any beneficial significance among the lower income strata.**

- • **Access to organized credit is still a big challenge**

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Who are our customers ?

- Aadhar's customer earn between $ 90- $ 450 monthly.

- The earning is from salary or from small business.

- Salaried individuals are low pay private sector and government employees

- Individuals having income from small business like:
  - *Kirana* (mom and pop store) merchants
  - Grain/ Garment Traders
  - Shop keepers
  - Tailor, Eating joint

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Our typical Customer

Customer- Mr. Sohan Pal Singh, Age 35+

- **Employed as a peon in a College**

- **Monthly salary of $ 190.**

- **Family of wife and 3 children**

- **Stays in own small house of 1 room.**

A loan to reconstruct his house can meet family requirements

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Our typical Customer

Challenges	Aadhar's response to challenges
Financial: • Working in an informal sector • Inadequate banking habits **Savings:** • No insurance coverage • No family savings **Repayment:** • No history of loan	(The customer came in contact in one of Aadhar's consultation camps) **Positives as Aadhar saw:** • **Regular Salary Credit** • **Bank Account** • **Stable job** • **Owned land** • **No other loan obligation**

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Our typical Customer

What Aadhar did :

- **On consultation, Aadhar found that he maintains savings account with timely salary credits.**

- **Aadhar team guided him on construction of his house**

- **Aadhar team explained benefits of savings insurance**

- **Aadhar disbursed a loan of $ 3739 to reconstruct his dream home.**

AFTER

Suman Kumari & Sohan Pal singh

20/12/2011 15:30

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Aadhar's inclusive and responsible business pyramid

Repayment Awareness

Savings Awareness

Financial Awareness
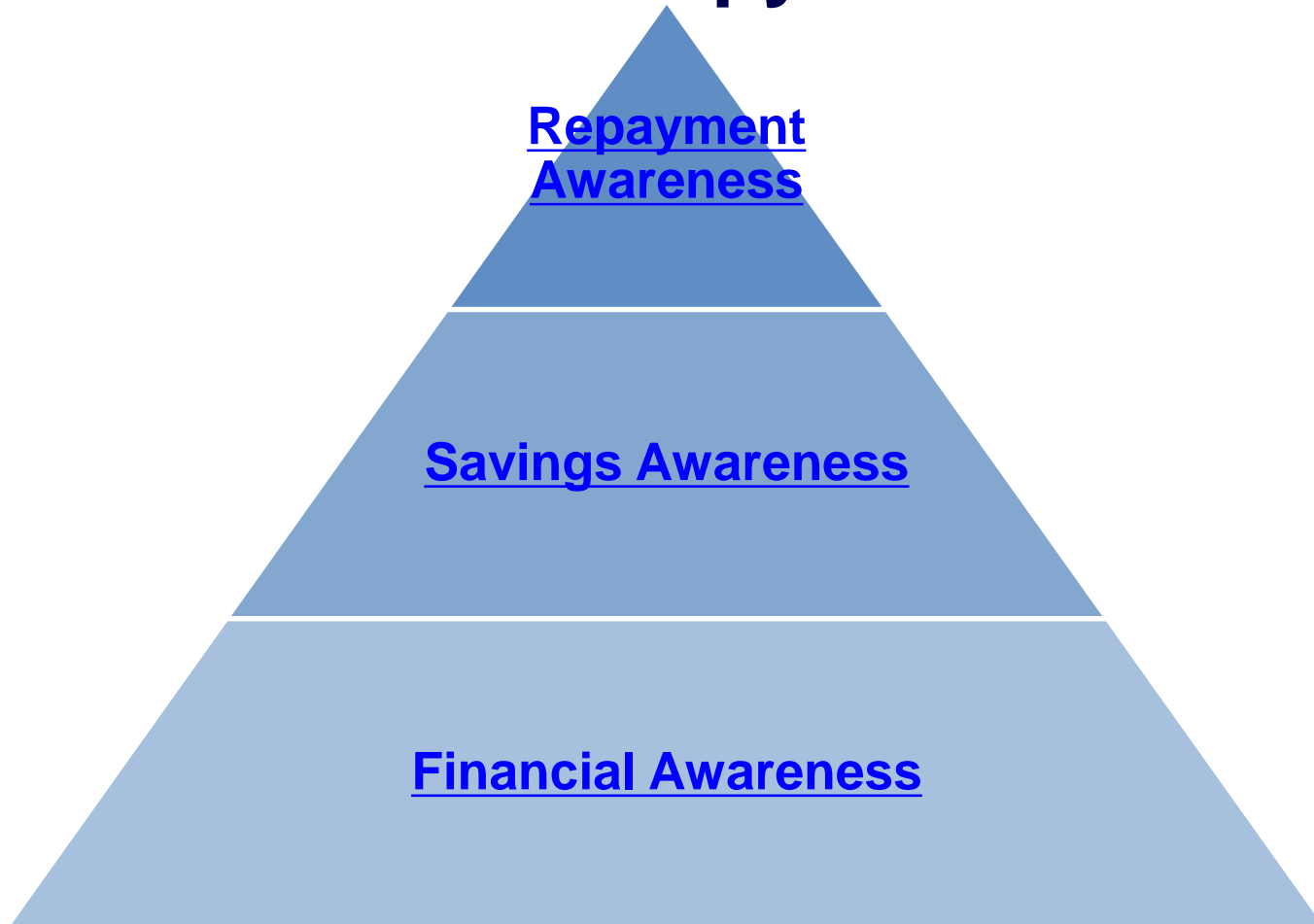
Outcome

- **Strong customer base of 3308 and growing.**
- **80% of customers earn below $ 550/month**
- **26% of customers are self-employed.**
- **24% of loans are disbursed in rural areas.**
- **40% of total customers pay their installments electronically.**
- **Average ticket size of $ 11,100.**
- **30% of customers prefer self construction.**
- **86% of customers prefer individual houses as against apartments.**

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achieved through….

- **Operations in 7 states of India with 17 branches and servicing 60 locations.**

- **Managing healthy profile mix**

    - **Salaried → 74%**

    - **Self employed → 26%**

- **Through Product Mix –**

    - **Purchase of flat/dwelling unit → 49%**

    - **Self construction → 30%**

    - **Plot → 3%**

    - **Mortgage (Loan Against Property) → 14 %**

    - **Home Extension/ Improvement → 4 %**

- **Repayment of 1325 loans through Electronic Clearance. Balance all cases through Post Dated Cheques**

Enablers to responsible financing

- **Customer Education on regular repayment**

- **Mobile based information on monthly repayment**

- **Information and sensitizing on repayment bouncing**

- **Customer conversion to convenient and efficient electronic repayment methods (ECS/CTS)**

- **Document completion post loan disbursements**

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Financial Awareness

Challenges :

- **Informal Segment**

- **Cash flow assessment**

- **Poor financial awareness**

Overcoming Challenges :

- **Loan availability awareness consultation camps like *'Paramarsh Shivir'* and *'Aadhar Awaas Mela'*.**

- **Customized products for Informal Segment.**

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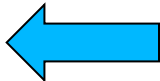# Technical & Legal aspects – Awareness

Savings Awareness

Challenges :

- **Segment not financially savvy**

- **Low savings habit**

Overcoming Challenges :

- **Benefits of savings through insurance partners**

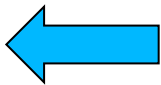- **Bundled products to customers on term life insurance**

Repayment Awareness

Challenges :

- **No knowledge about credit history.**

- **Poor banking habits**

Overcoming Challenges :

- **Welcome Kit issued to customers which is a handy information on their loan.**

- **Reminders through SMS for repayments.**

- **Collection through electronic modes.**

Thank you !