



MICRO HOUSING FINANCE CORPORATION

ANNUAL REPORT

2015-16

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CHAIRMAN'S LETTER

The year ended March 2016 was a watershed year for the company. We almost doubled the number of customers we served, while still maintaining portfolio quality and operational efficiency ratios within acceptable parameters. We improved our geographical presence in many more Tier II cities in Gujarat, Rajasthan and Chhattisgarh, following the supply of new homes and new government housing projects. We continue to be active in Maharashtra & West Bengal. We added people, invested in technology, fine tuned our processes and remained focussed on new homes for the underserved and the underserved urban self employed.

The Government of India's initiatives in line with the mission of "housing for all by 2022", started taking root in many of the geographies where we are present and the company's branchless and paperless delivery model enabled us to reach approx 3,500 new customers this year. We believe that this is just the beginning and more and more states are likely to align their own policies to the overall mission, and this will lead to many more exciting opportunities for the company going forward. Growth will come both from increased supply in the states where we are already present and in new states.

What we witnessed in the last year, and what we believe will continue to prevail in the next few years, is the preponderance of Government owned projects for low cost housing over private sector led supply. This has profound implications for our business. Supply per project will no longer be in the hundreds but in the thousands. The implicit subsidies in Government projects will keep prices affordable for an increasing number of aspiring buyers. Ticket sizes will reduce, and loan to value ratios will improve. Reduced ticket sizes will make the segment less and less attractive for the more established players with legacy costs, but will also force us to remain focused on low cost and efficient delivery models.

Specifically during the year, under the Pradhan Mantri Awas Yojana, the Government announced the Credit Linked Subsidy Scheme (CLSS). We believe this is a well thought out demand side intervention which will further improve affordability and loan quality. In effect this reduces the cost of acquisition of a home priced at Rs 6 lakhs by almost one third by offering an interest subsidy paid up front. The scheme also encourages women ownership and first time

owners. In fact our company and its customers have been one of the largest beneficiaries under this scheme. 700 customers have benefited by over Rs 5 crores in the first two quarters of the scheme, and post year end till date we have helped over 1,000 customers receive this benefit.

We continue to make improvements in our technology platform. We have added new analytical tools and now have an end to end enterprise solution. We believe that technology will continue to be our major differentiator, and will continue to add improved analytics and machine learning capabilities going forward. The fact that most of our customers do not have a historical financial footprint forces us to think more creatively and increasingly rely on dependable proxies for assessing credit risks. Needless to say the success of the Pradhan Mantri Jan Dhan Yojana, which has taken banking facilities to millions of unbanked, the Aadhaar initiative of the Unique Identification Authority of India and the increasing cell phone penetration, will all create further opportunities in identifying, understanding and finally serving our target customer base.

We have deepened our relationships with all our lenders and will continue to count on their support. While the overall interest rates have softened considerably during the last year, the transmission of the same has been somewhat slow in some cases. We intend to focus on the cost of borrowings so that we can make the loans more affordable to our end customer. We also intend to explore the debt capital markets directly to drive down borrowing costs.

I wish to conclude by placing on record our thanks to our regulator, the National Housing Bank, who continue to be highly supportive of our focus on new housing, and the excluded segment. Our banking partners have been very proactive and we now have increasing confidence in our ability to finance our aggressive growth plans.

Madhusudhan Menon
Chairman
Mumbai, India

1 June, 2016

UNDER THE PRADHAN MANTRI AWAS YOJANA'S CREDIT LINKED SUBSIDY SCHEME, 700 OF OUR CUSTOMERS HAVE BENEFITED BY OVER RS. 5 CRORES IN THE FIRST TWO QUARTERS OF THE SCHEME, AND POST YEAR END TILL DATE WE HAVE HELPED OVER 1,000 CUSTOMERS RECEIVE THIS BENEFIT.



FIROZ IBRAHIM SHAIKH, PUNE

Coming from a very humble background, Firoz Shaikh's family migrated from a small village in Sangli district to Pune city 40 years ago with an ambition to have a better life. Together, the family of six set out to Pune, but Firoz's father had difficulty getting a job. He started working at a bakery while his children (Firoz had 1 brother and 2 sisters) started off at school.

Poverty, however, had not given either Firoz or his siblings the luxury of higher education and most of them dropped out by 4th-5th standards. With limited earnings, Firoz's father could only afford asbestos sheets to make a home for all of them in the slums of Yerwada. After 8 years of hard work his father had managed to put up a tea stall in Koregaon Park. Firoz and his brother, then in their early teens, helped their father at the stall after which the family's income started increasing. Years passed and all the siblings settled with their respective families post marriage. After their father passed away, Firoz was left to carry on his father's legacy and managed the tea stall, and he did that successfully. He also managed to gradually make the temporary structure called home in Yerwada into a semi permanent settlement and also managed to build another floor later. However, after 25 years of good business in Koregaon Park, beautification of the city threw Firoz and many hawkers like him off their tracks. Koregaon Park had become a 'No Hawker Zone' in 2007-08. Although being promised rehabilitation, none had been provided to either Firoz or the others evicted from the area.



By this time Firoz had his own big family to take care of - his wife, 2 sons, 1 daughter and his mother. Seeing no hope of support from the government, Firoz picked himself up and started afresh. He set up his own scrap shop on the ground floor of his house. He started in this small room (barely 150 sq. ft) and with his warm and amiable nature, he has built a reputation for himself over the past 10 years that have allowed him to expand and rent two more rooms for his growing business. However, his expansion came at a cost, as his elder son had to give up his studies to support his father and the

family. But Firoz is determined to have his younger son (8th std) and daughter (10th std) educated so that they do not have to go through the same ordeal he has had to face. Firoz's elder son is now married as well and has a child too. He has recently started driving an auto to support the household income.

But all the struggles were far from over for Firoz. Once again he got a rude awakening upon hearing that a road widening programme would cause part of his home to be broken, reducing the livable area space (200 sq. ft for 8 members would be reduced even further). That forced Firoz to look for a place where his children would not have to be a victim to similar circumstances that he had faced. Firoz's financial knowledge helped him reach his father's goal of living a good quality life. He had been saving Rs.200 daily in a co-operative all these years and also managed to save enough to buy a 8 guntha property in Ahmednagar during his peak days as a tea stall owner. From the savings and sale of this property he was able to book a 1BHK property in a formal project Anandgram Wakhari. Although he managed to pay Rs.6 lakhs from all his savings, he still fell short by half the amount. This is when he approached MHFC. His enterprising nature, resilience and hard work convinced us to sanction a loan of Rs.6 lakhs that would help him give his children the life he had always wanted for his family.

DIRECTORS' REPORT

The Members,

Micro Housing Finance Corporation Limited

The Board of Directors is pleased to present the Eight Annual Report of your Company together with the Audited Accounts and Auditors' Report for the financial year ended 31st March, 2016.

Performance

During the year under review, your Company increased most operating and financial parameters. Revenues were up 24% to ₹ 31.48 Cr. (PY ₹ 25.32 Cr.) and PBT increased 6% to ₹ 8.44 Cr. (PY ₹ 8.00 Cr.) - and after payment of ₹ 2.81 Cr. (PY ₹ 2.42 Cr.) in current and deferred taxes, PAT increased slightly to ₹ 5.62 Cr. (PY ₹ 5.57 Cr.). Note that the PAT for the year has been arrived at after charging ₹ 0.59 Cr. (PY ₹ 0.57 Cr.) towards a Deferred Tax Liability on Special Reserve created during the year which the regulator, the National Housing Bank ("NHB") has stipulated for all Housing Finance Companies.

In terms of lending operations, cumulative housing loan sanctions aggregated ₹ 405 Cr. (up 35% from ₹ 301 Cr. at end of the previous financial year) – all to lower income, urban families who are generally excluded from the mainstream banking sector. The housing loans outstanding figure was ₹ 252 Cr. (growth of 30% over ₹ 194 Cr. at end of the previous financial year). The Company currently operates in 6 states – Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, West Bengal and Chhattisgarh.

In terms of portfolio quality, the Company had 35 (PY 22) loan accounts as on year end - March 31, 2016 - which were classified as non-performing assets ("NPAs") per the prudential guidelines issued by the NHB. The amount of such Gross NPAs was ₹ 1.81 Cr. (PY ₹ 1.03 Cr.) which was 0.72% (PY 0.53%) of the housing loan portfolio of the Company as at March 31, 2016. The Company has created necessary provisions in accordance with the NHB Directions, after which Net NPAs stood at ₹ 1.45 Cr. (PY ₹ 0.85 Cr.) and 0.58% (PY 0.44%) of the housing loan portfolio as at March 31, 2016. While this represents an increase over previous years, this number is still below average for the industry, and thus is continued evidence and support for the Company's belief that lower income customers are equally (if not more) conscious and disciplined in repaying housing loans.

In terms of funding, the Company did not raise any fresh equity during the year, but with retained profits, net worth increased to ₹ 91.38 Cr. (PY ₹ 85.76 Cr.). However, the Company increased its long term debt to ₹ 186.46 Cr. (PY ₹ 153.08 Cr.) of which approx. 40% continues to be refinance support from the NHB. Other lenders to your Company include the largest nationalised bank, State Bank of India, and the leading private sector housing finance provider, HDFC Ltd, and commercial banks such as HDFC Bank Ltd., Kotak Mahindra Bank Ltd., DCB Bank Ltd., and Yes Bank Limited. The Company's entire loan portfolio qualifies as priority sector as defined by the Reserve Bank of India ("RBI"). Based on our excellent relationships with our current bankers and the company's financial and portfolio performance, we are confident of arranging additional debt to cover projected growth plans.

The Company is very well capitalised with capital adequacy ratio at 58.79% of risk weighted assets, as against the minimum requirement of 12%.

Share Capital

The paid up share capital of the Company as on 31st March, 2016 was ₹ 30.23 Cr. During the year under review, the Company has not issued Equity Shares.

Fixed Deposits

The Company has not accepted any deposit within the meaning of Section 76 of the Companies Act, 2013, since incorporation.

Business Risk Management

The Company has a well-defined risk management policy and framework in place (which includes management of credit risk, market risk and operational risk), and has established procedures to periodically place before the Risk Management Committee and the Board of Directors the risk assessment and minimisation procedures being followed and steps taken to mitigate these risks. The Risk Management Policy is approved annually by the Board of Directors.

Extract of Annual Return

The details forming part of the extract of the Annual Return in Form MGT 9 is annexed herewith as "Annexure A".

Corporate Social Responsibility Initiatives

Your Directors confirm that in line with the mandatory requirements of the new Companies Act, your Company has constituted a Corporate Social Responsibility Committee on 16 March, 2015 and has also established a formal CSR Policy in accordance with the Act.

However, while the CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of your Company, it is to be noted that the Company has not spent the required amount per the new Companies Act which has specified that 2% of the average net profits in the last 3 financial years to be spent on CSR activities. For the year ended March 31, 2016, this amount was ₹ 11.39 lakhs, and the Company spent ₹ 2.56 lakhs (details per Annexure B), which is a shortfall of ₹ 8.83 lakhs. Per the Companies Act, if the company fails to spend the CSR amount specified, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the stated amount. Thus, this is to report that your Company could not spend the specified CSR amount as it was still in the process of determining specific activities and identifying specific partners that would be aligned with your Company's CSR Policy. Your Directors believe that this process should be completed in the coming financial year and the CSR amount as stipulated by the Companies Act will be spent on qualifying activities accordingly.

The Directors would also like to take this opportunity to state that CSR through financial inclusion has always been a fundamental part of your Company's business philosophy and culture. The Company takes its social responsibilities extremely seriously and in fact was set up in 2008 with the sole social objective of only helping financially excluded families (typically lower income, informal sector lacking documentation) in urban India own a home. In fact, your Directors are pleased to inform that during the year, your Company received once again the highest possible ratings from the world's leading impact rating agency - GIIRS (more details under the Accomplishments section). In our opinion, these ratings reflect and reaffirm the Company's strong commitment to generating positive social impact.

Particulars under Section 134 (3) of the Companies Act, 2013

1. Particulars of Employees:

MHFC had 110 employees as of March 31, 2016. The Company does not have any employee whose particulars are required to be furnished under Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

2. Conservation of Energy & Technical Absorption:

The Company is not a manufacturing company, hence, the particulars relating to conservation of energy and technology absorption stipulated in Section 134 (3)(m) of the Companies Act, 2013, are not applicable.

3. Foreign Exchange:

During the year under review, there were no foreign exchange earnings. The Company has paid USD 15,000 (Equivalent Rs.1,019,850) as a mandate fee to the International Finance Corporation (IFC) to arrange subscribers to long term Non-Convertible Debentures ("NCDs") to be issued by the Company during the coming Financial Year.

Dividend

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31st March, 2016.

Material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report.

The Company is pleased to report that the International Finance Corporation, which is a member of the World Bank Group, and the largest global development institution focused exclusively on the private sector in developing countries, has committed to subscribe to long term Non-Convertible Debentures ("NCDs") of ₹ 50 Cr issued by the Company under a program to support affordable housing finance companies that have a focus on small and micro loans. The facility, which is a strong endorsement of your Company's mission and progress over the years, is being documented and the NCDs are expected to be issued in the coming Financial Year.

Reserves

The Company proposes to transfer the entire Profit after Tax amounting to ₹ 5,62,44,754 to General Reserves, out of which further statutory appropriations will be made.

Vigil Mechanism / Whistle Blower Policy

The Vigil Mechanism/ Whistle Blower Policy was approved by the Board at its Meeting held on 22nd October, 2014 with effect from 1st January, 2015. The main purpose of the Policy is to deal with instances of fraud and mismanagement, if any, and to protect any person who makes a good faith disclosure of suspected wrongful conduct or violations of the Company's Code of Ethics. The Vigil Mechanism/ Whistle Blower Policy is posted on the website of the Company.

Directors/Key Managerial Personnel

• Re-appointments/ Appointments & Resignations

Mr. Chetan Juthani resigned as a Nominee Director of M/s Unilazer Ventures on 26th October, 2015 which was noted by the Board at its Meeting held on the same date.

Mr. Nachiket Shelgikar, Director, retiring by rotation and being eligible, offers himself for reappointment. The Board recommends his reappointment for your approval.

• Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board will conduct a formal annual evaluation of its own performance and that of its committees and individual directors.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

• Remuneration Policy

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration. The Remuneration Policy is given in "Annexure C".

• Meetings

During the year, 7 Board Meetings, 5 Audit Committee Meetings, 1 Nomination & Remuneration Committee Meeting and 1 CSR Committee Meeting were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The details of the same are given in the "Annexure D".

The 7th Annual General Meeting of the Company was held on 4th September, 2015.

• **Composition of the Committees:**

- The Audit Committee was reconstituted by the Board on 26th October, 2015. The Members are:
 1. Mr. Ashish Karamchandani
 2. Mr. Mihir Doshi
 3. Ms. Mona Kachhwaha
- The Nomination and Remuneration Committee was reconstituted by the Board on 26th October, 2015. The Members are:
 1. Mr. Ashish Karamchandani
 2. Mr. Mihir Doshi
 3. Ms. Mona Kachhwaha
- The CSR Committee was constituted by the Board on 26th October, 2015. The Members are:
 1. Mr. Rajnish Dhall
 2. Mr. Mihir Doshi
 3. Ms. Mona Kachhwaha

Auditors

M/s. Walker, Chandio & Co. LLP, Chartered Accountants, statutory auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company. They have offered themselves for reappointment as statutory auditors and have confirmed that their appointment, if made, will be within the prescribed limits under Section 141 of the Companies Act, 2013.

The Notes to Accounts forming part of the financial statements are self-explanatory and need no further explanation.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/explanation.

Directors' Responsibility Statement

In terms of Section 134 (3)(c) of the Companies Act, 2013, we, the Directors of Micro Housing Finance Corporation Limited, state in respect of Financial Year 2015-16 that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Adequacy of Internal Financial Controls

The Company has put in place an adequate internal control system to safeguard all assets and ensure operational efficiency. The Company also has an independent internal auditor to conduct ongoing internal

audits, covering all aspects of operations, and adherence to internal policies and procedures as well as to regulatory and legal requirements. The internal audit reports are reviewed regularly by the Audit Committee of the Board, and wherever necessary, internal control systems are strengthened and corrective actions are immediately taken.

Regulations

In terms of regulatory requirements, the Company complies with the Housing Finance Companies (NHB) Directions, 2010 (and updates through circulars) prescribed by the NHB. The Company has issued comprehensive Know Your Customer ("KYC") Guidelines and Anti Money Laundering Standards, and adopted the Fair Practices Code framed by the NHB which seeks to promote good and fair practices in dealing with customers.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy named "Policy Against Sexual Harassment" in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. A "Complaint Redressal Committee" has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed of during the year 2015-16:

No of complaints received: **NIL**

No of complaints disposed of: **NA (no complaints received)**

Accomplishments

• 5- Star GIIRS Rating

The Company once again received a "5 star Impact Operations Rating" and "Platinum Impact Business Models Rating", the highest possible ratings in the 2 possible categories by the Global Impact Investing Rating System ("GIIRS"), which is the leading entity worldwide that provides a comprehensive and transparent system for assessing the social and environmental impact of companies and funds. These 2 ratings were (i) a "5 star Impact Operations Rating", which evaluates 'the impact of the business in how it operate' and (ii) a "Platinum Impact Business Models Rating", which 'recognizes business models that are specifically designed to solve social or environmental problems through company products or services, target customers, value chain, ownership, or operations'. Platinum is the highest grade that is given in this category and very few companies are awarded this rating. GIIRS grades on a scale of 1 to 5 stars and is based on results of over 540 GIIRS rated companies in 40 countries.

Credit Rating

During the year under review, CARE Ratings ("CARE"), re-affirmed the rating to the Company's Long Term Bank Facilities as 'CARE A-', which by the rating agency definition, indicates an "...adequate degree of safety regarding timely servicing of financial obligations" and that "...such instruments carry low credit risk".

Acknowledgement

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from all its stakeholders – shareholders, borrowers, lenders and the authorities, especially the National Housing Bank. Your Directors look forward to their continued support in the future as well.

The Directors are also thankful to the employees of the Company for their hard work and commitment in building an institution to help a segment which needs financial assistance.

For and on behalf of the Board of Directors of
Micro Housing Finance Corporation Limited

Sd/-

Rajnish Dhall
Managing Director

Place: Mumbai
Date: June 1, 2016

Sd/-

Nachiket Shelgikar
CFO & Whole Time Director

ANNEXURE A

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	U67190MH2008PLC182274
ii	Registration Date	16th May, 2008
iii	Name of the Company	MICRO HOUSING FINANCE CORPORATION LIMITED
iv	Category/Sub-category of the Company	Company having Share Capital
v	"Address of the Registered office & contact details"	Victoria Building, 1st Floor, S. A. Brelvi Road, Off. Horniman Circle, Fort, Mumbai – 400 001 Tel No.: +91 22 2266 0130
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 Tel No. 022 - 2594 6970

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product/ Service	% to total turnover of the company
1	Non Deposit taking Housing Finance Company	65922	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

SL No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD
1	NIL	NIL	NIL	NIL

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	59,88,925	0	59,88,925	19.81	59,88,925	0	59,88,925	19.81	0.00
b) Central Govt.or State Govt.	0	0	0	0	0	0	0	0	0
c) Bodies Corporates	0	0	0	0	0	0	0	0	0
d) Bank/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL:(A) (1)	59,88,925	0	59,88,925	19.81	59,88,925	0	59,88,925	19.81	0.00
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	59,88,925	0	59,88,925	19.81	59,88,925	0	59,88,925	19.81	0.00
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
C) Central govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others									
- Foreign Trust	30,20,512	0	30,20,512	9.99	30,20,512	0	30,20,512	9.99	0
- Private Equity Fund	1,10,60,255	0	1,10,60,255	36.59	1,10,60,255	0	1,10,60,255	36.59	0
SUB TOTAL (B)(1):	1,40,80,767	0	1,40,80,767	46.58	1,40,80,767	0	1,40,80,767	46.58	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates									
i) Indian	22,37,737	0	22,37,737	7.40	22,45,537	0	22,45,537	7.43	0.03
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	17,066	6,400	23,466	0.08	17,066	6,400	23,466	0.08	0.00
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	12,29,481	95,766	13,25,247	4.38	13,99,414	19,100	14,18,514	4.69	0.31
c) Others									
- Trusts	65,71,433	0	65,71,433	21.74	64,70,366	0	64,70,366	21.41	-0.33
SUB TOTAL (B)(2):	1,00,55,717	1,02,166	1,01,57,883	33.60	1,01,32,383	25,500	1,01,57,883	33.61	0.00
Total Public Shareholding (B)=(B)(1)+(B)(2)	2,41,36,484	102,166	2,42,38,650	80.19	2,42,13,150	25,500	2,42,38,650	80.19	0.00
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	3,01,25,409	1,02,166	3,02,27,575	100.00	3,02,02,075	25,500	3,02,27,575	100.00	0.00

(ii) SHARE HOLDING OF PROMOTERS

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Madhusudhan P Pulloot	7,14,490	2.36	0	7,14,490	2.36	0	0.00
2	Nachiket S Shelgikar	46,05,268	15.24	0	46,05,268	15.24	0	0.00
3	Rajnish Inderjit Dhall	6,69,167	2.21	0	6,69,167	2.21	0	0.00
	Total	59,88,925	19.81	0	59,88,925	19.81	0	0.00

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

SL. No.		Share holding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	59,88,925	19.81	59,88,925	19.81
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
	At the End of the year	59,88,925	19.81	59,88,925	19.81

(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS & HOLDERS OF GDRS & ADRS)

Sl. No.	Name	Shareholding		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of shares at the beginning of the year	% of total shares of the company				No. of Shares	% of total shares of the Company
1	India Financial Inclusion Fund	1,10,60,255	36.59	-	-	-	1,10,60,255	36.59
2	MHFC Employees Trust	53,38,099	17.66	01.04.2015	-	-	-	-
				20.07.2015	-2,000	Transfer	53,36,099	17.65
				30.09.2015	-71,500	Transfer	52,64,599	17.42
				23.10.2015	-8,367	Transfer	52,56,232	17.39
				10.11.2015	-11,500	Transfer	52,44,732	17.35
				07.12.2015	-1,500	Transfer	52,43,232	17.35
				31.12.2015	-3,000	Transfer	52,40,232	17.34
				25.01.2016	-2,800	Transfer	52,37,432	17.33
				28.03.2016	-400	Transfer	52,37,032	17.33
		31.03.2015	-	-	-	52,37,032	17.33	
3	Michael & Susan Dell Foundation	30,20,512	9.99	-	-	-	30,20,512	9.99
4	Unilazer Ventures	22,30,770	7.38	-	-	-	22,30,770	7.38
5	MHFCL Employees and Business Associates Trust	12,33,334	4.08	-	-	-	12,33,334	4.08
6	Arjun Sawhney	2,50,000	0.83	-	-	-	2,50,000	0.83
7	Girdharilal Agrawal	2,00,000	0.66	-	-	-	2,00,000	0.66
8	Moneisha Sharad Gandhi	1,38,333	0.46	01.04.2015	-	-	-	-
				23.10.2015	8,367	Transfer	1,46,700	0.49
				07.12.2015	1,500	Transfer	1,48,200	0.49
				28.03.2016	400	Transfer	1,48,600	0.49
				31.03.2016	-	-	1,48,600	0.49
9	Umesh Dharnidharka	1,00,000	0.33	-	-	-	100,000	0.33
10	Rohith Balakrishnan #	0	0.00	01.04.2015	-	-	-	-
				30.09.2015	71,500	Transfer	71,500	0.24
				31.03.2016	-	-	71,500	0.24
#	Not in the list of Top 10 shareholders as on 31-03-2015. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2016.							

(v) SHAREHOLDING OF DIRECTORS & KMP

Sl. No.	Name	Shareholding		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year (01-04-15 to 31-03-16)	
		No. of shares at the beginning of the year	% of total shares of the company				No. of Shares	% of total shares of the Company
1	Madhusudhan P Pulloot, Chairman	714,490	2.36	-	-	-	714,490	2.36
2	Nachiket S Shelgikar, CFO & Whole-Time Director	46,05,268	15.24	-	-	-	46,05,268	15.24
3	Rajnish Inderjit Dhall, Managing Director	6,69,167	2.21	-	-	-	6,69,167	2.21
4	Ashish Karamchandani, Independent Director	95,400	0.32	-	-	-	95,400	0.32
5	Mihir Doshi, Independent Director	30,000	0.10	-	-	-	30,000	0.10

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	1,53,07,75,356	0.00	0.00	1,53,07,75,356
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	15,57,865	0.00	0.00	15,57,865
Total (i+ii+iii)	1,53,23,33,221	0.00	0.00	1,53,23,33,221
Change in Indebtedness during the financial year				
Additions	-	0.00	0.00	0.00
Reduction	-	0.00	0.00	0.00
Net Change	34,90,91,148	0.00	0.00	34,90,91,148
Indebtedness at the end of the financial year				
i) Principal Amount	1,86,45,80,933	0.00	0.00	1,86,45,80,933
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1,68,43,436	0.00	0.00	1,68,43,436
Total (i+ii+iii)	1,88,14,24,369	0.00	0.00	1,88,14,24,369

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:					
SL. NO	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
1	Gross salary	Rajnish Dhall MD	Madhusudhan P Pulloot Chairman & WTD	Nachiket Shelgikar WTD & CFO	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	12,00,000	12,00,000	12,00,000	36,00,000
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0	0
2	Stock option	0	0	0	0
3	Sweat Equity	0	0	0	0
4	Commission				
	- as % of profit	0	0	0	0
	- others, specify....	0	0	0	0
5	Others - Provident Fund	0	0	0	0
	Total (A)	12,00,000	12,00,000	12,00,000	36,00,000
	Ceiling as per the Act	Rs. 87,97,278			
B. Remuneration to other directors:					
	Particulars of Remuneration	Name of the Directors		Total Amount	
1	Independent Directors	Ashish Karamchandani	Mihir Doshi		
	(a) Fee for attending board committee meetings	0	0	0	
	(b) Commission	0	0	0	
	(c) Others, please specify	0	0	0	
	Total (1)	0	0	0	
2	Other Non Executive Directors	Mona Kachhwaha	Geeta Goel		Total Amount
	"(a) Fee for attending board committee meetings"	0	0	0	
	(b) Commission	0	0	0	
	(c) Others, please specify.	0	0	0	
	Total (2)	0	0	0	
	Total (B)=(1+2)	0	0	0	
	Total Managerial Remuneration	0	0	0	
	Overall Ceiling as per the Act	Rs. 87,97,278			

C. Remuneration to key managerial personnel other than MD/Manager/WTD

SL. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Avani Shah -Company Secretary	Nachiket Shelgikar -CFO	Total
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NA	10,80,000	12,00,000	22,80,000
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	NA	0	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NA	0	0	0
2	Stock Option	NA	0	0	0
3	Sweat Equity	NA	0	0	0
4	Commission	NA	0	0	0
	as % of profit		0	0	0
	others, specify	NA	0	0	0
5	Others	NA	0	0	0
	Total	NA	10,80,000	12,00,000	22,80,000

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act, 1956	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A. COMPANY			NIL		
B. DIRECTORS			NIL		
C. OTHER OFFICERS IN DEFAULT			NIL		

ANNEXURE B

- (1) A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or Programmes.

CSR Policy is stated herein below:

Web link:

www.mhfcindia.com/CSR%20Policy.pdf

- (2) The Composition of the CSR Committee.

1. Mr. Rajnish Dhall

2. Mr. Mihir Doshi

3. Ms. Mona Kachhwaha

- (3) Average net profit of the company for last three financial years

Average net profit: ₹ 5.69 Cr.

- (4) Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above):

The Company is required to spend ₹ 11.39 Lakhs towards CSR.

- (5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: ₹ 11.39 Lakhs

(b) Amount unspent: ₹ 8.83 Lakhs

(c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	Projects/ Activities	Sector	Location	Amount Outlay	Amount Spent on the Project	Cumulative Expenditure upto the reporting period	Amount Spent: Direct or through implementing Agency
1.	Training of volunteers regarding Child protection issue.	Promoting preventive health care and sanitation	Mumbai	₹1,28,000	₹1,28,000	₹1,28,000	The Aangan Trust, Aangan works to strengthen/ build child protection mechanisms that both prevent as well as respond to children's exploitation and threats to their security and wellbeing.
2.	Therapy sessions for Children with developmental disabilities from low socioeconomic backgrounds.	Enhancing vocation skills among differently abled children	Mumbai	₹1,28,000	₹1,28,000	₹1,28,000	Ummeed Child Development Centre - works with children and their parents in addressing issues concerning developmental disabilities among children
	TOTAL			₹2,56,000	₹2,56,000	₹2,56,000	

Sd/-

Rajnish Dhall

Managing Director

(DIN: 02146708)

Sd/-

Chairman - CSR Committee

MICRO HOUSING FINANCE CORPORATION LIMITED
CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Introduction

The “business” of MHFC is itself completely CSR intertwined. The company was set up with a strong social mission – to ONLY help financially excluded families own a home – which typically would include lower income, informal sector (those lacking documentation to prove incomes) who are underserved or not served at all by mainstream financial institutions. In fact, the world’s leading Impact Ratings agency – GIIRS (www.giirs.org) – has given MHFC the highest possible ratings in its 2 categories (a) a 5 star “Impact Operations” rating which evaluates “the impact of the business in how it operates” and a “Platinum Impact Business Model” rating which recognises “business models that are specifically designed to solve social or environmental problems through company products or services, target customers, value chain, ownership or operations”.

However, an actual policy is now being articulated as a written document in line with recent Company Act amendments in India. This policy, which encompasses the company’s philosophy for delineating its responsibility as a corporate citizen, lays down the guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development of the community at large, is titled as the ‘MHFC CSR Policy’ and will be effective from March 16, 2015.

This policy shall apply to all CSR initiatives and activities taken up for the benefit of different segments of the society, which are of course in addition to the mission of the company, which we believe is of high community impact, but which may or may not fit the CSR definitions under the Companies Act itself.

I. SCOPE

The CSR Policy applies to the formulation, execution, monitoring, evaluation, and documentation of CSR activities undertaken by the Company.

II. OBJECTIVE

The main objective of MHFC’s CSR policy is

- To lay down guidelines to make CSR a key business process for sustainable development of the society (in addition to the social mission of the Company);
- To directly/indirectly undertake projects/programs which will enhance the quality of life and economic wellbeing of the communities in the society at large;
- To generate goodwill and recognition among all stake holders of the company.

III. OUR RESPONSIBILITIES

A) Towards our Customers

We will build gainful partnerships with the customers to understand their needs and provide right product and solutions. We will adopt and actively encourage best and fair business practices (FPC code already developed but this will be stressed given the limited financial education of most of our customers).

B) Towards our Business Partners

We will support our Business Partners to cultivate ethical and fair business practices and give preference over others to those who demonstrate this.

C) As a Corporate Citizen

We reaffirm our commitment to conduct our business with social and environmental accountability. We will endeavour to adopt energy efficiency in our operations through waste minimization and water and energy conservation.

D) Responsibilities toward our Employees

We will foster a work culture with high ethical principles and standards and encourage our employees to perform with total integrity, commitment and ownership. We recognise that our employees and investors deserve to work in safe and healthy work environment and will make it our responsibility to ensure zero harm to people.

IV. CSR ACTIVITIES

MHFC shall seek to identify suitable programs / projects / activities as enumerated under Schedule VII of Companies Act, 2013, during the year to ensure its contribution to the community and society at large. Our focus will obviously be related to improvement in living conditions as related to housing or support of institutions working with families in poor housing and financial education as these are very much related to the mission of MHFC.

V. EXCLUSION FROM CSR

The following activity shall not (per the Companies Act as on date) form part of the CSR activities of the Company:

1. The activities undertaken in pursuance of normal course of business of a company.
2. CSR projects/programs or activities that benefit only the employees of the Company and their families.
3. Any contribution directly/indirectly to political party or any funds directed towards political parties or political causes.
4. Any CSR projects/programs or activities undertaken outside India.

VI. CSR SPEND/SOURCES OF FUNDING

The Annual budget for the CSR Expenditure will be proposed by the CSR committee every year for the approval of the Board of Directors of the Company & after the Board of Directors' approval, the CSR Expenditure will be incurred by the Company.

The committee shall endeavour to spend at least 2% of the average net profit during the preceding 3 financial years on CSR activities as enumerated above.

Any surplus arising out of the contribution made for CSR activities shall not form part of the business profit of the Company and will be redeployed for such activities.

VII. CSR COMMITTEE

A Committee of Board of Directors has been formed in pursuance of the Section 135 of Companies Act, 2013. The MHFC CSR Committee comprises of 3 Directors including one Independent Director namely, Mr. Rajnish Dhall (Director), Ms. Mona Kachhwaha (Director) and Mr. Mihir Doshi (Independent Director). The committee is responsible for the implementation/monitoring and review of this policy and various projects/activities undertaken under the policy. The CSR Committee shall submit periodical reports to the board of directors.

The terms of reference of CSR Committee shall, inter-alia, include the following:

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- c. To monitor the CSR policy of the Company from time to time;
- d. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.
- e. The CSR Committee will be responsible for the monitoring CSR activities and report to the Board from time to time.

- f. The quorum for the Corporate Social Responsibility (CSR) Committee Meeting shall be one-third of its total strength (any fraction contained in that one-third be rounded off as one) or two members, whichever is higher.
- g. The Company Secretary to the Company shall act as Secretary to the Corporate Social Responsibility (CSR) Committee.

VIII. DISCLOSURES

The Annual Report of the Company shall include a section on CSR outlining the CSR Policy, CSR committee, CSR initiatives undertaken by Company, the CSR spend during the financial year and other information as required by the prevailing law.

IX. GENERAL

Any amendment or modification to the CSR policy shall be approved by the Board on the recommendation of the CSR committee.

The contents of this policy shall be disclosed in the Board's report and the same shall also be disclosed on the website of the Company.

ANNEXURE C

MICRO HOUSING FINANCE CORPORATION LIMITED NOMINATION AND REMUNERATION POLICY

The Board of Directors of Micro Housing Finance Corporation Limited ("the Company") re-named & reconstituted the Remuneration Committee as the "Nomination and Remuneration Committee" at the Meeting held on March 16, 2015 with immediate effect.

1. OBJECTIVE

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

DEFINITIONS

- 2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. Board means Board of Directors of the Company.
- 2.3. Directors mean Directors of the Company.
- 2.4. Key Managerial Personnel means
 - 2.4.1. Chief Executive Officer or the Managing Director or the Manager;
 - 2.4.2. Whole-time director;
 - 2.4.3. Chief Financial Officer;
 - 2.4.4. Company Secretary; and
 - 2.4.5. such other officer as may be prescribed.
- 2.5. Senior Management means Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the executive directors, including Functional Heads.

3. **ROLE OF COMMITTEE**

3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- 3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- 3.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

3.2. Policy for appointment and removal of Director, KMP and Senior Management

3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he/she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

3.2.2. Term / Tenure

a) Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

3.3. Policy relating to the Remuneration for the Whole-time Director, KMP and Senior Management Personnel3.3.1. General:

a) The remuneration/compensation/commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration/compensation/commission etc. shall be subject to the prior/post approval of the shareholders of the Company and Central Government, wherever required.

b) The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the percentage / slabs / conditions laid down in the Articles of Association of the Company and as per the provisions of the Act.

c) Increments to the existing remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

3.3.2. Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:a) Fixed pay:

The Whole-time Director/ KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, HRA, Special Allowance, Conveyance, Employer's contribution to P.F, Pension Scheme, Medical Expenses, Gratuity, etc. shall be decided and approved by the Board/ the Person authorized by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

b) Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Act and if it is not able to comply with such provisions, with the previous approval of the Central Government.

c) Provisions for excess remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he/she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

3.3.3. Remuneration to Other employees:

The remuneration of other employees will be fixed from time to time considering industry standards and cost of living. In addition to basic salary they will also be provided with perquisites and retirement benefits as per schemes of the Company and statutory requirements, where applicable.

4. MEMBERSHIP

- 4.1 The Committee shall consist of a minimum 3 non-executive directors, majority of them being independent.
- 4.2 Minimum two (2) members shall constitute a quorum for the Committee meeting.
- 4.3 Term of the Committee shall be continued unless terminated by the Board of Directors.
- 4.4 The members of the Committee shall choose one amongst them to act as Chairperson.
- 4.5 The Company Secretary of the Company shall act as Secretary of the Committee.

5. FREQUENCY OF MEETINGS

The meeting of the Committee shall be held at such regular intervals as may be required.

6. MINUTES OF COMMITTEE MEETING

Proceedings of all meetings must be minuted and signed by the Chairman of the Committee within 30 days of the meeting.

7. COMMITTEE MEMBERS' INTERESTS

- 7.1 A member of the Committee is not entitled to be present when his or her own remuneration is discussed at a meeting or when his or her performance is being evaluated.
- 7.2 The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

ANNEXURE D

DISCLOSURES AS PER THE SECRETARIAL STANDARD - 1

During the Financial Year 2015-16 , 7 Board Meetings, 5 Audit Committee, 1 Nomination & Remuneration Committee and 1 CSR Committee Meeting were convened and held on the following dates:

Sr. No.	Board	Sr. No.	Audit Committee	Sr. No.	Nomination & Remuneration Committee	Sr. No.	CSR Committee
1	14.04.2015	1	11.05.2015	1	06.08.2015	1	06.04.2015
2	11.05.2015	2	06.08.2015				
3	06.08.2015	3	26.08.2015				
4	21.10.2015	4	26.10.2015				
5	26.10.2015	5	10.02.2016				
6	15.01.2016						
7	10.02.2016						

Attendance Of Directors in Board and Committee Meetings:

Sr. No.	Name of the Director	Number Meetings Attended:			
		Board	Audit Committee	Nomination & Remuneration Committee	CSR Committee
1	Madhusudhan Padath Pulloot	6	-	-	-
2	Rajnish Inderjit Dhall	7	-	-	-
3	Nachiket Sanjiv Shelgikar	7	-	-	-
4	Mona Kachhwaha	6	1	-	0
5	Geeta Dutta Goel	2	-	-	-
6	Chetan Jitendra Juthani (<i>Resigned on 26.10.2015</i>)	4	4	1	1
7	Ashish Kanayo Karamchandani	4	4	1	-
8	Mihir Jagdish Doshi	2	2	0	1

PORTFOLIO

SANCTIONS VS DISBURSALS (CUMULATIVE)

Total Loans Sanctioned:

9,415

₹405.29 CR

Total Loans Disbursed:

7,906

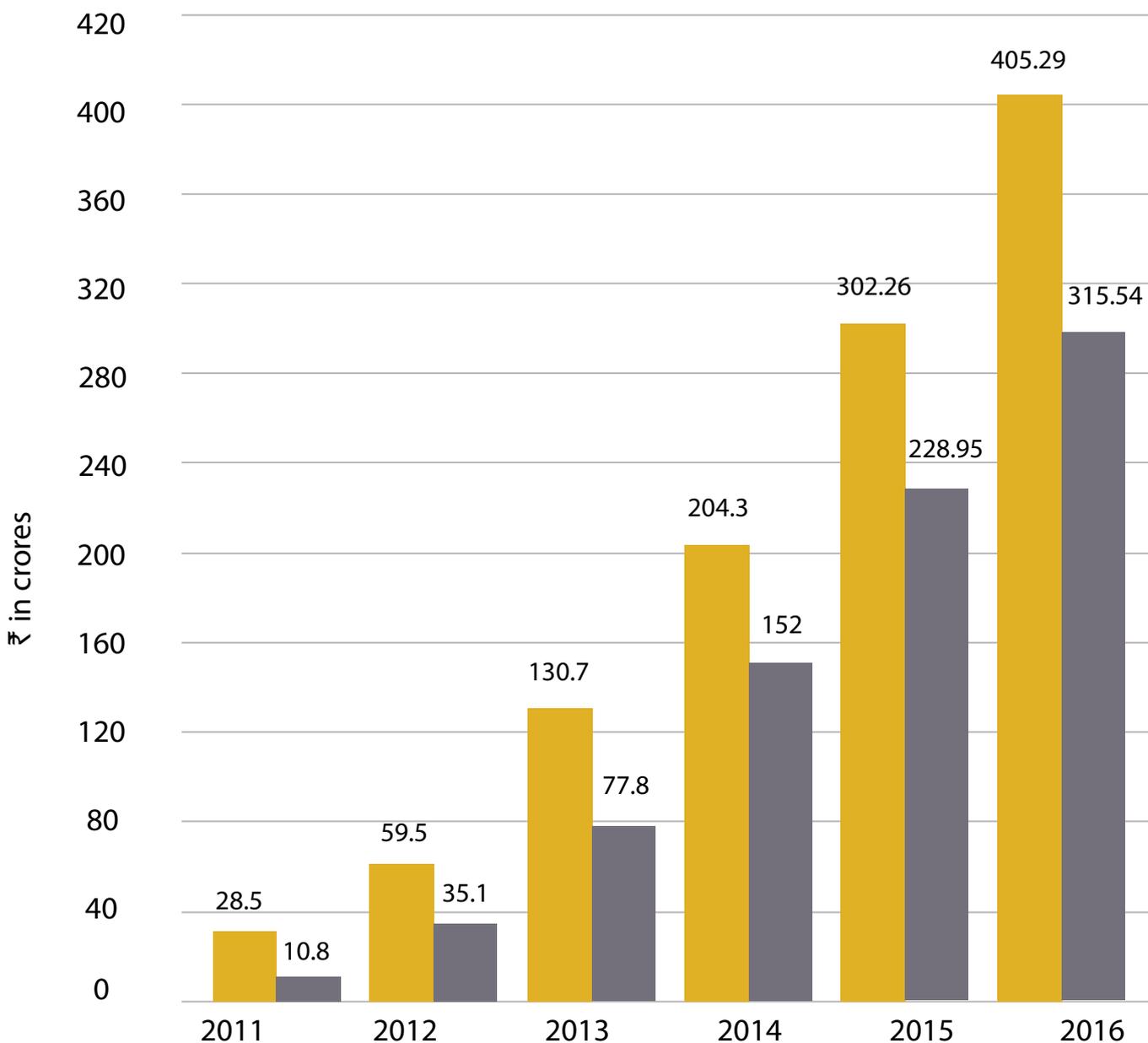
₹315.54 CR



Amount Sanctioned



Amount Disbursed



PORTFOLIO : SANCTIONS

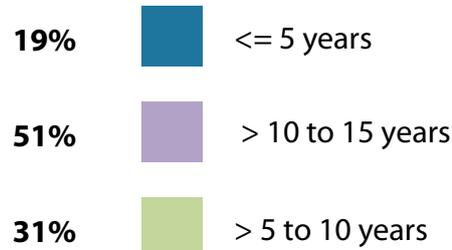
CUMULATIVE LOANS SANCTIONED: 9,415



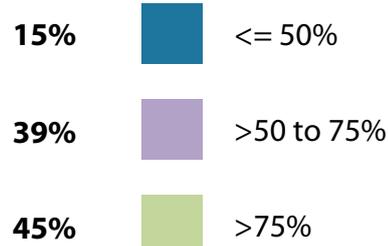
Average Loan Size: ₹4.3 Lacs



Average Loan Tenor: 11.4 years



Average Loan to Value (LTV): 69%





VIRENDRA PAL SINGH

Virendra Pal Singh hails from Mathura but has been living in Alwar for the past 12-13 years. He moved to Alwar after his 12th standard to begin working at his uncle's friend's shoe store, where he has been employed ever since.

Since the shoe shop is located in a crowded market area of Alwar, there is always heavy footfall in the store. The showroom is large and displays goods worth ₹10,00,000 - 12,00,000. As a result, there is always a need for at least 3-4 salesmen in the shop. The applicant, being the longest serving salesman, now heads the team. The owner of the store also trusts Virendra with his store and often leaves him in charge. Virendra is paid ₹15,000 as monthly cash salary for his dedication to the store.

Virendra's father still lives in Mathura in their ancestral home. Though he has lived all his life there, all three of his sons have sought greener pastures elsewhere in the country. Our customer is the middle son. His older brother works as a self employed driver in Noida earning ₹15,000-18,000 while the other is a cook in a roadside Chinese stall in Alwar earning ₹10,000-12,000.



Mr. Om Prakash - the applicant's employer - has always been supportive of the applicant. Virendra lives with his wife and 2 school going children in a home owned by Mr. Om Prakash. Not wanting to take his employer's kindness for granted, the applicant pays ₹2,000 as rent. Though he is allowed to live in this home for free, the applicant decided that he wanted to finally purchase his own home.

Virendra along with his wife, who is a homemaker and a joint owner of the home, will now joyfully own a 1 BHK for the very first time in their lives. MHFC is happy to play a part in their ownership mission with a loan of Rs. 4,25,000. As the house is also in the applicant's wife's name, the family will be eligible for a subsidy.

INDEPENDENT AUDITORS' REPORT

To the Members of Micro Housing Finance Corporation Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Micro Housing Finance Corporation Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order

11. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c. the financial statements dealt with by this report are in agreement with the books of account;

d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

e. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;

f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 1 June 2016 as per Annexure II expressed unmodified opinion;

g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigations which would impact its financial position;

ii. the Company, as detailed in Note 24 to the financial statements, has made provision, as required under the Housing Finance Companies (NHB) Directions, 2010, on the Housing and Non-housing loans; and did not have any other long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Walker Chandio & Co LLP**

(Formerly Walker, Chandio & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sudhir N. Pillai**

Partner

Membership No.: 105782

Place: Mumbai | Date: 1 June 2016

ANNEXURE

Annexure I to the Independent Auditor's Report of even date to the members of Micro Housing Finance Corporation Limited, on the financial statements for the year ended 31 March 2016.

Annexure I

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under subsection (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company has no loans or borrowings payable to government and did not have any outstanding debentures during the year.

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per **Sudhir N. Pillai**
Partner
Membership No.:105782

Place: Mumbai | Date: 1 June 2016

Annexure II to the Independent Auditor's Report of even date to the members of Micro Housing Finance Corporation Limited, on the financial statements for the year ended 31 March 2016

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

- (i) In conjunction with our audit of the financial statements of Micro Housing Finance Corporation Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.
- (ii) **Management's Responsibility for Internal Financial Controls**
The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.
- (iii) **Auditors' Responsibility**
Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
- (iv) Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
- (v) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.
- (vi) **Meaning of Internal Financial Controls over Financial Reporting**
A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

(vii) **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

(viii) **Opinion**

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**

(Formerly Walker, Chandiok & Co)

Chartered Accountants

Firm's Registration No.: 001076N/N500013

per **Sudhir N. Pillai**

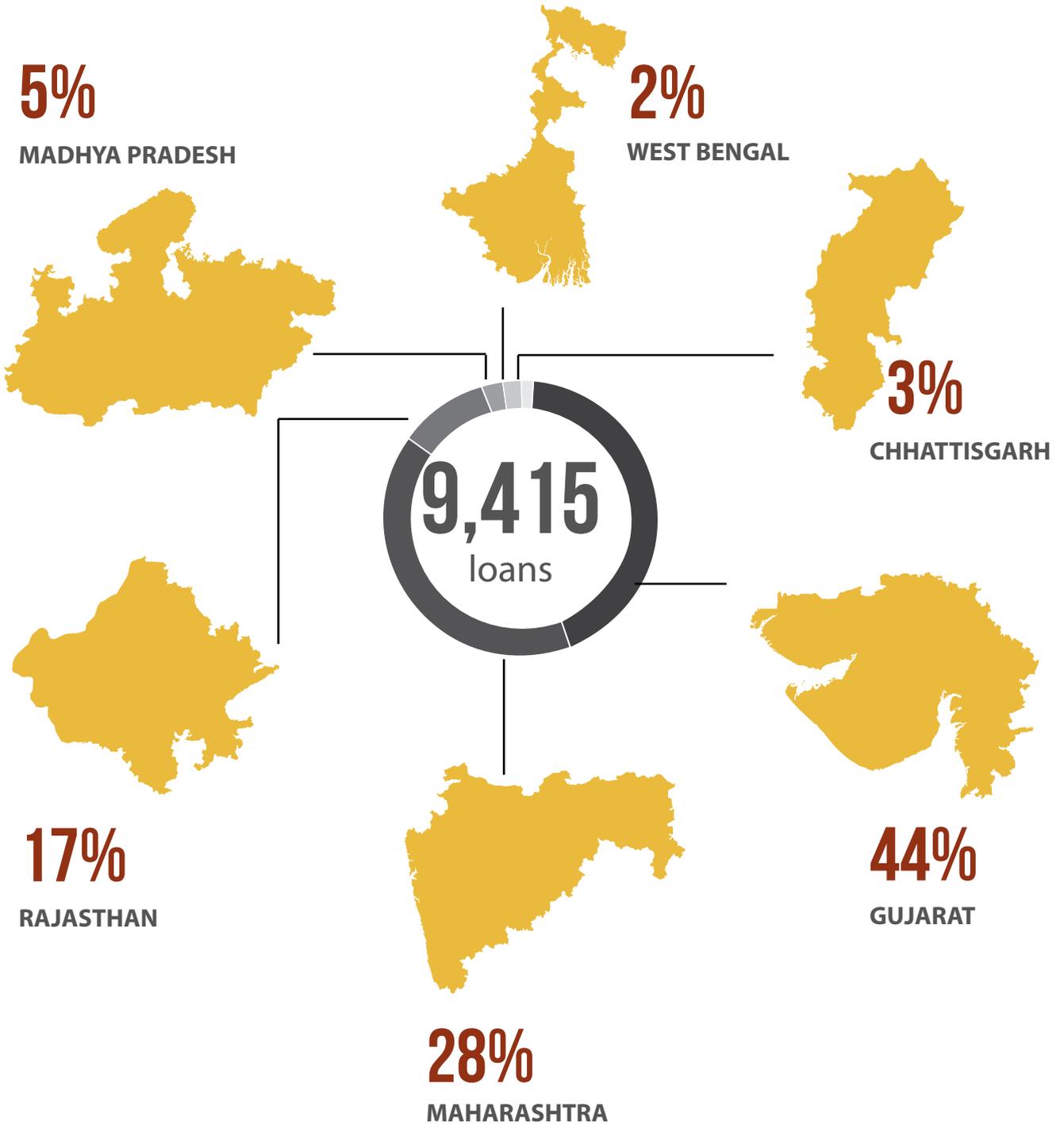
Partner

Membership No.:105782

Place: Mumbai | Date: 1 June 2016

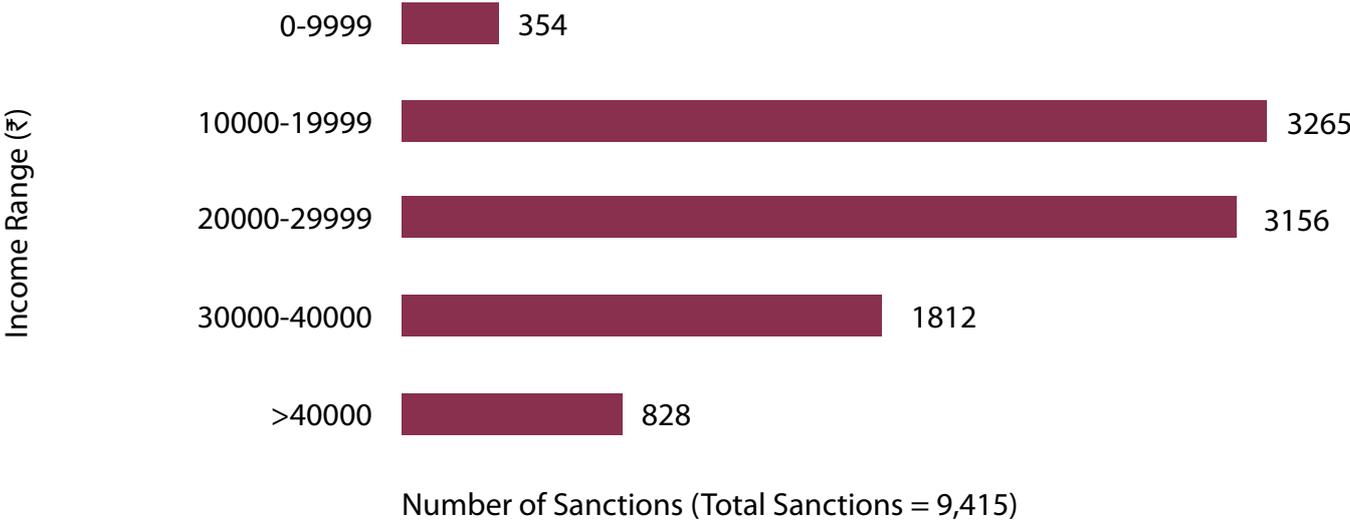
LOCATIONS

STATE WISE GEOGRAPHICAL DISTRIBUTION OF SANCTIONS

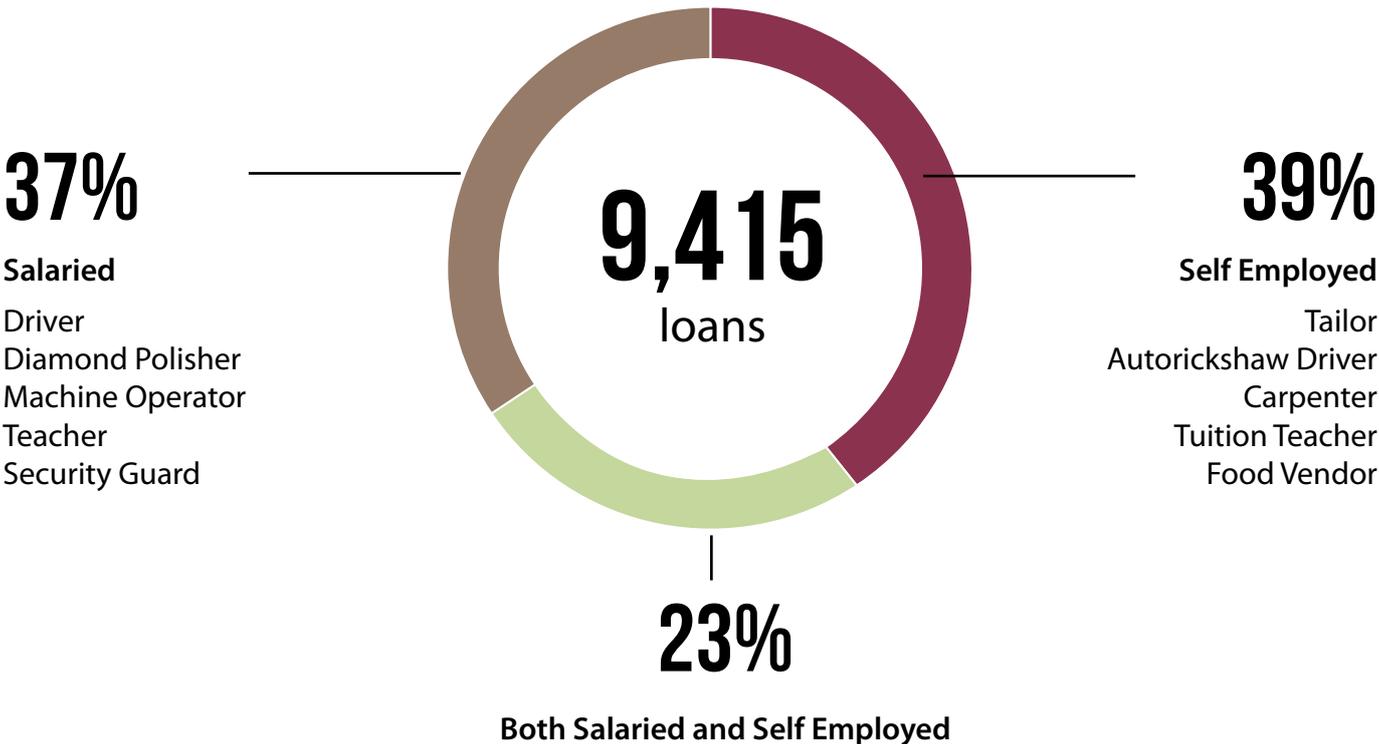


INCOME PROFILES

AVERAGE MONTHLY HOUSEHOLD INCOMES



OCCUPATIONS: SALARIED VS SELF EMPLOYED







FINANCIALS

BALANCE SHEET

STATEMENT OF PROFIT & LOSS

CASH FLOW STATEMENT

NOTES TO FINANCIAL STATEMENTS

BALANCE SHEET

	Notes	As at 31 March 2016 In ₹	As at 31 March 2015 In ₹
Equity and liabilities			
Shareholders' funds			
Share capital	3	30,22,75,750	30,22,75,750
Reserves and surplus	4	61,15,22,974	55,52,78,220
		91,37,98,724	85,75,53,970
Non-current liabilities			
Long-term borrowings	5	1,57,83,35,977	12,85,071,917
Deferred tax liabilities (net)	10	1,17,76,832	75,33,454
Long-term provisions	6	1,57,59,126	11,632,866
		1,60,58,71,935	1,30,42,38,237
Current liabilities			
Trade payables	7		
total outstanding dues of micro and small enterprises		-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		18,05,212	13,20,842
Other current liabilities	8	33,72,98,375	24,95,08,257
Short-term provisions	6	25,42,796	13,47,658
		34,16,46,383	25,22,03,757
TOTAL		2,86,13,17,042	2,41,39,95,964
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	11,00,917	9,57,645
Long-term loans and advances - Housing loans	11	2,35,69,09,021	1,76,49,75,309
Long-term loans and advances - Others	12	9,74,17,445	6,88,32,053
		2,45,54,27,383	1,83,47,65,007
Current assets			
Cash and cash equivalents	13	12,80,63,789	34,52,95,282
Short-term loans and advances - Housing loans	11	-	4,11,73,181
Short-term loans and advances - Others	12	30,54,097	15,35,861
Other current assets	14	27,47,71,773	19,12,26,633
		40,58,89,659	57,92,30,957
TOTAL		2,86,13,17,042	24,13,995,964

Notes 1 to 33 form an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date.

For Walker, Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
Chartered Accountants
Firm's Registration No: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No.: 105782

Place: Mumbai
Date: 1 June 2016

For Micro Housing Finance Corporation Limited

Nachiket Shelgikar
Director and Chief Financial Officer
DIN:02293000

Rajnish Dhall
Managing Director
DIN: 02146708

Avani Shah
Company Secretary

Place: Mumbai
Date: 1 June 2016

STATEMENT OF PROFIT & LOSS

	Notes	Year ended 31 March 2016 In ₹	Year ended 31 March 2015 In ₹
Revenue			
Revenue from operations	15	30,08,05,493	24,00,30,293
Other income	16	1,39,53,630	1,31,61,972
Total Revenue		31,47,59,123	25,31,92,265
Expenses			
Employee benefit expenses	17	4,71,07,504	3,46,22,620
Finance costs	18	15,90,95,386	11,61,14,366
Contingent Provisions against Standard Assets	24	26,17,524	25,94,031
Contingent provisions against Sub-standard Assets	24	7,21,306	17,53,444
Contingent provisions against Doubtful Assets	24	11,42,890	-
Depreciation expense	9	6,97,102	9,34,831
Other expenses	19	1,90,04,628	1,72,22,398
Total Expenses		23,03,86,340	17,32,41,690
Profit before tax		8,43,72,783	7,99,50,575
Tax expense:			
Current tax		2,37,41,701	2,21,73,249
Income tax of earlier year		1,42,950	-
Deferred tax liability on Special Reserve		59,35,584	56,59,284
Deferred tax credit		(16,92,206)	(36,28,649)
		2,81,28,029	2,42,03,884
Profit after tax		5,62,44,754	55,746,691
Earnings per equity share			
	21		
Basic		1.86	1.84
Diluted		1.86	1.84

Notes 1 to 33 form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Walker, Chandio & Co LLP
(Formerly Walker, Chandio & Co)
Chartered Accountants
Firm's Registration No: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No.: 105782

Place: Mumbai
Date: 1 June 2016

For Micro Housing Finance Corporation Limited

Nachiket Shelgikar
Director and Chief Financial Officer
DIN:02293000

Rajnish Dhall
Managing Director
DIN: 02146708

Avani Shah
Company Secretary

Place: Mumbai
Date: 1 June 2016

CASH FLOW STATEMENT

	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
(A) Cash flow from operating activities:		
Profit before tax	8,43,72,783t	7,99,50,575
Adjustments for non-cash transactions		
Depreciation expense	6,97,102	9,34,831
Contingent provisions against Standard Assets	26,17,524	25,94,031
Contingent provisions against Sub-standard Assets	7,21,306	17,53,444
Contingent provisions against Doubtful Assets	11,42,890	-
Items considered separately		
Interest income	(28,73,23,326)	(23,23,12,552)
Interest expense	15,64,74,278	11,08,66,023
Operating profit before working capital changes	(4,12,97,443)	(3,62,13,648)
Change in working capital :		
Changes in Loans & Advances - others	(4,97,44,480)	(5,37,939)
Changes in Trade Payables	4,84,370	(21,681)
Change in Other Current Liabilities and provisions	3,34,32,586	20,34,353
	(5,71,24,967)	(3,47,38,915)
Housing Loans disbursed	(58,49,14,634)	(56,76,41,804)
Cash used in operating activities before adjustment for interest recieved & interest paid	(64,20,39,601)	(60,23,80,719)
Interest received	27,99,70,940	22,66,40,571
Interest paid	(14,11,88,707)	(11,08,60,029)
Cash used in operating activities	(50,32,57,368)	(48,66,00,177)
Income taxes paid	(2,61,04,479)	(2,16,82,984)
Net cash used in operating activities	(52,93,61,847)	(50,82,83,161)
(B) Cash flow from investing activities:		
Purchase of fixed assets	(8,40,374)	(5,24,316)
Net cash flow used in investing activities	(8,40,374)	(5,24,316)
(C) Cash flow from financing activities:		
Net Proceeds from Borrowings	62,50,00,000	88,00,00,000
Repayments from Borrowings	(31,20,29,272)	(19,42,49,647)
Net cash generated from financing activities	31,29,70,728	68,57,50,353
Net increase in cash and cash equivalents (A+B+C)	(21,72,31,493)	17,69,42,876
Cash and cash equivalents at beginning of the year	34,52,95,282	16,83,52,406
Cash and cash equivalents as at the end of the year	12,80,63,789	34,52,95,282
Components of cash and cash equivalents		
Cash on hand	4,36,892	2,40,005
Balance in current accounts with banks	3,76,26,797	1,90,23,365
Balance in deposit accounts with banks	9,00,00,100	32,60,31,912
	12,80,63,789	34,52,95,282

Notes to the cash flow statement

1. The cash flow statement has been prepared under indirect method as set out in Accounting Standard 3, 'Cash Flow Statement' as notified under the Companies Act, 2013.
2. Cash and cash equivalents as at year end includes fixed deposits of Rs. 10,000,000 (31 March 2015 - Rs. 10,000,000) pledged as counterguarantee for a bank guarantee issued by Federal Bank Ltd, amounting to Rs 10,000,000 favouring the National Housing Bank for refinance facility.

Notes 1 to 33 form an integral part of these financial statements

This is the Cash Flow Statement referred to in our report of even date.

For Walker, Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No.: 105782

Place: Mumbai
Date: 1 June 2016

For Micro Housing Finance Corporation Limited

Nachiket Shelgikar
Director and Chief Financial Officer
DIN:02293000

Rajnish Dhall
Managing Director
DIN: 02146708

Avani Shah
Company Secretary

Place: Mumbai
Date: 1 June 2016

NOTES TO FINANCIAL STATEMENTS

Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information

Background

Micro Housing Finance Corporation Limited ("MHFC") was incorporated on 16 May 2008 with the objective to provide housing finance for urban financially excluded families, particularly lower income informal sector households.

1. Basis of preparation of financial statements

The financial statements which have been prepared and presented under the historical cost convention on the accrual basis of accounting are in accordance with the requirements of the Companies Act, 2013 ('the Act') and comply to all material aspects with the applicable Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The Company also follows the directions pronounced by the National Housing Bank (NHB) for housing finance company. The accounting policies have been consistently applied by the Company.

2. Significant accounting policies

a. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenue and expense during the reported period. The key estimates made by the Company in preparing these financial statements include estimates of useful life of assets, retirement benefits, and income taxes. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

b. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the assets upto the point the asset is ready for its intended use.

c. Depreciation

Depreciation on tangible fixed assets is provided on the written down value method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management. Fixed assets costing upto Rs. 5,000 individually are depreciated fully in the year in which they are purchased.

d. Impairment of assets

The carrying amounts of assets are reviewed at each Balance Sheet date so as to determine indication of impairment if any, based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to the present value using the weighted average cost of capital. After impairment, depreciation is provided on revised carrying amount of the assets over its remaining useful life. Previously recognized impairment loss is further increased or reversed depending on changes. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging depreciation if there was no impairment.

e. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest on loans:

Interest income is recognised on accrual basis except in case of non-performing assets, where it is recognised on receipt basis. In the case of individual housing loans, the repayment is received by way of Equated Monthly Installments ("EMIs") comprising principal and interest. Interest is calculated on daily rest basis. Unless specifically approved, EMIs generally commence once the entire loan is disbursed. Pending disbursement of the full loan amount, Pre-EMI interest is charged every month.

Fee income and other charges:

All fee income such as processing fee and all other charges such as delayed payment charges recoverable from customers are recognised on receipt basis.

Other income

Interest income on fixed deposits is recognised on a time proportionate basis taking into account the amount outstanding and the rates applicable.

NOTES TO FINANCIAL STATEMENTS

f. Investments

Investments are capitalised at cost inclusive of brokerage and stamp charges excluding interest/dividend accruing till the date of purchase. The difference between the carrying amount and disposal proceeds of investments, net of expenses, is recognised in the Statement of Profit & Loss. Investments are classified as long term investments i.e. Non-current investment and current investments and are valued in accordance with guidelines of National Housing Bank and Accounting Standard on Accounting for Investments (AS-13). Long term investments are valued at cost net of amortisation of premium / discount. However, when there is a decline, other than temporary, in the value of long term investment, the carrying amount is reduced to recognise the decline. Current investments are valued at lower of cost or market value determined on individual investment basis.

g. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit and Loss.

h. Taxation

Current taxation

Provision for current tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred taxation

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

Minimum Alternate Tax

Minimum Alternate Tax ("MAT") paid in a year is charged to the Statement of Profit and Loss as current tax. The company recognizes MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognizes MAT Credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the sufficient period.

i. Housing loans

Housing loans represents outstanding amount of housing loans disbursed to individuals and others for purchase or construction of residential property. These loans are bifurcated into Standard, Sub-standard, Doubtful and Loss category based on the guidelines and directions issued by the National Housing Bank ("NHB").

j. Employee Benefits

Defined contribution plan

Provident fund:

Contributions to Provident Fund, a defined contribution scheme, are made to the Regional Provident Fund Authority at prescribed rates and are expensed when due.

NOTES TO FINANCIAL STATEMENTS

Defined benefit plan

Gratuity:

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit / obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefits / obligations are calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the year to which losses or gains relate.

k. Operating Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Lease payments for assets taken on operating lease are recognised as an expense in the Statement of Profit and Loss.

l. Provisions and Contingent liabilities

Provisions are recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Provisions on housing and other loans are made in accordance with the guidelines and directions issued by the NHB from time to time. Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

NOTES TO FINANCIAL STATEMENTS

3. Share Capital

	As at 31 March 2016		As at 31 March 2015	
	Number	Amounts In ₹	Number	Amounts In ₹
Authorised Share Capital				
Equity Shares of ₹ 10 each	3,50,00,000	3,50,00,000	3,50,00,000	3,50,00,000
	3,50,00,000	3,50,00,000	3,50,00,000	3,50,00,000
Issued, subscribed and fully paid up				
Equity Shares of ₹ 10 each	3,02,27,575	3,02,27,575	3,02,27,575	3,02,27,575
	3,02,27,575	3,02,27,575	3,02,27,575	3,02,27,575

a) Reconciliation of Equity Share Capital	As at 31 March 2016		As at 31 March 2015	
	Number	Amounts In ₹	Number	Amounts In ₹
Balance at the beginning of the year	3,02,27,575	3,02,27,575	3,02,27,575	3,02,27,575
Add : Issued during the year	-	-	-	-
Balance at the end of the year	3,02,27,575	3,02,27,575	3,02,27,575	3,02,27,575

b) Shareholders holding more than 5% of the shares

	Number	% of holding	Number	% of holding
India Financial Inclusion Fund	1,10,60,255	36.59%	1,10,60,255	36.59%
MHFC Employees Trust	52,37,032	17.33%	53,38,099	17.66%
Mr. Nachiket Shelgikar	46,05,268	15.24%	46,05,268	15.24%
Michael & Susan Dell Foundation	30,20,512	9.99%	30,20,512	9.99%
M/s. Unilazer Ventures	22,30,770	7.38%	22,30,770	7.38%

c) Rights and preferences

The Company has only one class of equity shares having a face value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. All shares rank pari passu on repayment of capital in the event of liquidation.

NOTES TO FINANCIAL STATEMENTS

4. Reserves and Surplus

	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Securities Premium Reserve		
Balance at the beginning of the year	44,52,03,495	44,52,03,495
Balance at the end of the year	44,52,03,495	44,52,03,495
Special Reserve [Also, refer note (i) and (ii) below]		
Balance at the beginning of the year	3,58,08,335	1,86,90,115
Add : Current Year Transfer	1,79,53,976	1,71,18,220
Balance at the end of the year	5,37,62,311	3,58,08,335
Surplus in the statement of profit and loss		
Balance at the beginning of the year	7,42,66,390	4,13,94,701
Add: Transferred from statement of profit and loss	5,62,44,754	5,57,46,691
Less: Transfer to special reserve	(1,79,53,976)	(1,71,18,220)
Less: Adjusted against deferred tax liability [Also, refer note 10 (a)]	-	(57,56,782)
Balance at the end of the year	11,25,57,168	7,42,66,390
	61,15,22,974	55,52,78,220

NOTES TO FINANCIAL STATEMENTS

Notes:

- (i) As per Section 29C(i) of National Housing Bank Act, 1987, the Company is required to transfer atleast 20% of its net profit every year to a reserve before any dividend is declared. For this purpose, any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. Thus during the year ended 31 March 2016, the Company has transferred to special reserve an amount arrived in accordance with Section 36(1)(viii) of the Income Tax Act, 1961.
- (ii) In terms of requirement of National Housing Bank Circular No NHB(ND)/DRS/Pol. Circular.61/2013-14 dated 7 April 2014, following information on Reserve Fund under Section 29C of the National Housing Bank Act, 1987 is presented:

Particulars	As at 31 March 2016 In ₹	As at 31 March 2015 In ₹
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	12,76,983	12,76,983
b) Amount of Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	3,45,31,352	1,74,13,132
c) Total	3,58,08,335	1,86,90,115
Addition/Appropriation/ Withdrawal during the year:		
Add :		
a) Amount transferred u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount of Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	1,79,53,976	1,71,18,220
Less :		
a) Amount appropriated from Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
b) Amount withdrawn from Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	-	-
Balance at the end of the year:		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	12,76,983	12,76,983
b) Amount of Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	5,24,85,328	3,45,31,352
c) Total	5,37,62,311	3,58,08,335

NOTES TO FINANCIAL STATEMENTS

5. Borrowings Secured

	As at 31 March 2016		As at 31 March 2015	
	In ₹		In ₹	
	Long term	Short term	Long term	Short term
Secured				
<u>Term Loans</u>				
Refinance from National Housing Bank	79,34,24,300	-	62,48,51,100	-
Loans From Banks	88,54,28,135	-	76,20,76,965	-
Loans from Financial Institution (HDFC Limited)	18,57,28,498	-	14,38,47,291	-
	1,86,45,80,933	-	1,53,07,75,356	-
Less: Current portion disclosed as Other Current Liabilities (Refer Note 8)	28,62,44,956	-	24,57,03,439	-
	1,57,83,35,977	-	1,28,50,71,917	-

a) Details of security for each type of borrowings

Term loans are secured by hypothecation of book debts/ receivables (housing loans) of the Company and assignment of mortgage on the dwelling units financed from such term loans.

b) Terms of repayment of loan terms

No.	Particulars	Amount (₹)	Terms of Repayment
1	National Housing Bank	79,34,24,300	The balance comprise of multiple refinance which are repayable in equated quarterly installments ranging between 24 and 60 starting from the quarter succeeding the one in which respective refinance was disbursed.
2	HDFC Limited	18,57,28,498	The balance comprise of multiple loans which are repayable in equated monthly installments ranging between 60 to 84 from the respective date of disbursement of each loan.
3	Kotak Mahindra Bank Limited	24,25,48,323	The balance comprise of multiple loans which are repayable in equated monthly installments ranging between 60 to 96 from the respective date of disbursement of each loan.
4	DCB Bank Limited	10,97,56,000	The balance comprise of multiple loans which are repayable in equated monthly installments ranging between 60 to 120 from the respective date of disbursement of each loan.
5	HDFC Bank Limited	8,45,23,812	Repayable in 84 equated monthly installments from date of disbursement.
6	State Bank of India	34,86,00,000	Repayable in 96 monthly installments from date of disbursement.
7	Yes Bank Limited	10,00,00,000	Repayable in 138 monthly installments after 6 months of moratorium from date of disbursement.

1,86,45,80,933

NOTES TO FINANCIAL STATEMENTS

6. Provisions

	As at 31 March 2016 (In ₹)		As at 31 March 2015 (In ₹)	
	Long term	Short term	Long term	Short term
Provision for Gratuity (refer note (a) below)	11,56,541	3,70,463	8,55,123	3,17,126
Contingent provisions against Standard Assets (Also refer note 24)	1,09,84,945	-	83,67,421	-
Contingent provisions against Sub-standard Assets (Also refer note 24)	24,74,750	-	17,53,444	-
Contingent provision against Doubtful Assets (Also, refer Note 24)	11,42,890	-	-	-
Provision for taxation (net of advance tax)	-	-	6,56,878	-
Provision for interest receivable on Doubtful loans	-	7,76,961	-	-
Provision for interest receivable on Sub-standard loans	-	13,95,372	-	10,57,532
	1,57,59,126	25,42,796	1,16,32,866	13,74,658

a) Gratuity

In accordance with AS-15 on Employees benefits (revised) prescribed under the Rules, the information on the employee benefit costs is given below.

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets compensated for gratuity on departure at 15 days salary (last drawn salary) for each completed year of service upto a maximum amount of Rs. 1,000,000.

	31 March 2016	31 March 2015
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	11,72,249	7,71,998
Service cost	4,24,444	3,42,750
Interest cost	90,849	71,410
Actuarial (gain) / loss	(11,000)	(13,909)
Benefits paid	(1,49,538)	-
Projected benefit obligation at the end of the year	15,27,004	11,72,249
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	15,27,004	11,72,249
Funded status of the plans	-	-
Liability / (asset) recognised in the balance sheet	15,27,004	11,72,249
Classification of liability recognised		
Non Current	11,56,541	8,55,123
Current	3,70,463	3,17,126
Components of net gratuity costs are		
Service cost	4,24,444	3,42,750
Interest cost	90,849	71,410
Expected returns on plan assets	-	-
Recognised net actuarial (gain)/ loss	(11,000)	(13,909)
Net gratuity costs	5,04,293	4,00,251
Assumptions used		
Interest rate	8% p.a.	7.25% p.a.
Salary Growth	5% p.a.	5% p.a.
Withdrawal rate	1% p.a.	1% p.a.
Mortality rate	Indian Assured Lives (2006-08) ultimately mortality rates	Indian Assured Lives (2006-08) ultimately mortality rates
Retirement age	60 years	60 years

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

Note: The gratuity expenses have been recognized under note 17.

NOTES TO FINANCIAL STATEMENTS

7. Trade Payables

	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Trade Payables		
Dues to micro and small enterprises (Also, refer to note 26)	-	-
Due to others	6,55,531	5,16,932
Other accrued liabilities	11,49,681	8,03,910
	18,05,212	13,20,842

8. Other Current Liabilities

	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Current Maturities of Long Term Borrowings		
Refinance from National Housing Bank	10,87,06,800	8,14,26,800
Loans From Banks	13,73,47,486	13,21,06,304
Loans from Financial Institution (HDFC Limited)	4,01,90,670	3,21,70,335
	28,62,44,956	24,57,03,439
Statutory dues		
TDS Payable	4,07,140	3,65,178
Profession Tax payable	21,600	17,000
Provident Fund Payable	3,39,547	2,46,085
ESIC payable	11,525	14,203
Interest accrued but not due on borrowings	1,68,43,436	15,57,865
Advance from Customers	7,43,083	16,04,487
Credit linked subsidy received from NHB	3,26,87,088	-
	5,10,53,419	38,04,818
Total	33,72,98,375	24,95,08,257

9. Tangible Assets

Gross Block	Computer and data processing equipment	Furniture and fixtures	Office equipment	Total
Balance as at 01 April 2014	13,82,672	3,24,505	10,23,937	27,31,114
Additions	1,84,088	52,000	2,88,228	5,24,316
Balance as at 31 March 2015	15,66,760	3,76,505	13,12,165	32,55,430
Additions	1,58,359	91,665	5,90,350	8,40,374
Balance as at 31 March 2016	17,25,119	4,68,170	19,02,515	40,95,804
Accumulated depreciation				
Balance as at 01 April 2014	8,89,744	1,37,941	3,35,269	13,62,954
Additions	4,42,430	61,802	4,30,599	9,34,831
Balance as at 31 March 2015	13,32,174	1,99,743	7,65,868	22,97,785
Additions	2,16,052	60,579	4,20,471	6,97,102
Balance as at 31 March 2016	15,48,226	2,60,322	11,86,339	29,94,887
Net Block				
Balance as at 31 March 2015	2,34,586	1,76,762	5,46,297	9,57,645
Balance as at 31 March 2016	1,76,893	2,07,848	7,16,176	11,00,917

NOTES TO FINANCIAL STATEMENTS

10. Deferred Taxes

	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Deferred tax liabilities		
Deferred tax liability on Special Reserve (Refer note (a) below)	1,73,51,650	1,14,16,066
Total	1,73,51,650	1,14,16,066
Deferred tax assets		
Provision for Standard Assets	36,31,952	27,66,269
Provision for Sub-standard Assets	8,18,227	5,79,689
Provision for Doubtful Assets	3,77,874	-
Provision for employee benefits	5,04,873	3,87,546
Timing difference on tangible assets depreciation	2,41,892	1,49,108
Total	55,74,818	38,82,612
Net deferred tax (liabilities)/ asset	(1,17,76,832)	(75,33,454)

Note:

(a) Pursuant to National Housing Bank's (NHB) circular No.62/2014-15 dated 27 May 2014 and subsequent circular NHB(ND)/DRS/Policy Circular 65/2014-15 22 August 2014, the Company has created Deferred Tax Liability (DTL) on the Special Reserve maintained under section 36(1)(viii) of the Income Tax Act, 1961. As required by the aforesaid circulars, the expenditure amounting to Rs. 5,756,782 due to creation of DTL on Special Reserve as at 31 March 2014, not previously charged to Statement of Profit and Loss, was adjusted directly from the Reserves in the financial year ended 31 March 2015.

The Company had opted to adjust the entire amount of DTL on Special Reserve balance as at 31 March 2014 from the opening balance of reserves of financial year ended 31 March 2015.

The DTL for amounts transferred to Special Reserve during the year ended 31 March 2016 and 31 March 2015 has been charged to the Statement of Profit and Loss of the same year.

11. Loans and Advances - Housing Loans

	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
		In ₹		In ₹
Loans and Advances - Housing Loans				
Individuals (Secured)*	2,43,22,16,127	-	1,87,78,83,342	-
Less: Current portion disclosed under Other current assets (Refer Note 14)	14,14,49,820	-	11,92,54,683	-
	2,29,07,66,307	-	1,75,86,28,659	-
Corporate bodies (Secured)*	9,26,70,700	-	1,83,46,650	4,11,73,181
Less: Current portion disclosed under Other current assets (Refer Note 14)	2,65,27,986	-	1,20,00,000	-
	6,61,42,714	-	63,46,650	4,11,73,181
	2,35,69,09,021	-	1,76,49,75,309	4,11,73,181

* For bifurcation of these housing loans into Standard, Sub-standard and Doubtful categories, refer note 24.

NOTES TO FINANCIAL STATEMENTS

12. Loans and Advances - Others

	As at 31 March 2016		As at 31 March 2015	
	Long term	Short term	Long term	Short term
	In ₹			In ₹
Non-Housing loans				
Individuals (Secured, considered good)**	1,03,94,599	-	15,00,107	-
Less: Current portion disclosed under Other current assets (Refer Note 14)	12,69,096	-	1,41,296	-
	91,25,503	-	13,58,811	-
Corporate bodies (Unsecured, considered good)**	4,00,00,000	-	-	-
Less: Current portion disclosed under Other current assets (Refer Note 14)	2,00,00,000	-	-	-
	2,00,00,000	-	-	-
Security deposits				
- Unsecured, considered good	7,81,672	-	5,92,252	-
	7,81,672	-	5,92,252	-
Loan to MHFC Employees Trust				
- Unsecured, considered good	6,59,47,320	-	6,68,80,990	-
	6,59,47,320	-	6,68,80,990	-
Other loans and advances (Unsecured, considered good)				
- Advance income tax (net of provisions)	15,62,950	-	-	-
- Advances to employees	-	35,698	-	1,83,641
- Loans to employees	-	5,57,595	-	7,39,499
- Balance with government authorities	-	66,781	-	13,781
- Prepaid expenses	-	23,94,023	-	5,98,940
	15,62,950	30,54,097	-	15,35,861
	9,74,17,445	30,54,097	6,88,32,053	15,35,861

** For bifurcation of these non-housing loans into Standard, Sub-standard and Doubtful categories, refer note 24.

NOTES TO FINANCIAL STATEMENTS

13. Cash and Cash Equivalents

	As at 31 March 2016		As at 31 March 2015	
	In ₹		In ₹	
	Current	Non-Current	Current	Non-Current
Cash on hand	4,36,892	-	2,40,005	-
Balances with banks				
- in current accounts	3,76,26,797	-	1,90,23,365	-
- in deposit account (with maturity upto 3 months)	8,00,00,100	-	31,43,00,000	-
	11,80,63,789	-	33,35,63,370	-
Deposits with maturity more than 3 months but less than 12 months	1,00,00,000	-	1,17,31,912	-
Total	12,80,63,789	-	34,52,95,282	-
Note:				
Amount of deposit held as security against the bank guarantee	1,00,00,000	-	1,00,00,000	-

14. Other Current Assets

	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Current maturities of long term Housing loans - Individuals	14,14,49,820	11,92,54,683
Current maturities of long term Housing loans - Corporate bodies	2,65,27,986	1,20,00,000
Current maturities of long term Non-Housing loans - Individuals	12,69,096	1,41,296
Current maturities of long term Non-Housing loans-Corporate bodies	2,00,00,000	-
Installments receivable but not due - Individuals	3,65,80,076	2,85,03,583
Installments receivable and due - Individuals	64,01,573	24,24,179
Installments receivable and due - Corporate bodies	7,73,422	74,73,882
Interest accrued on fixed deposits	5,78,252	10,72,310
Prepaid term loan installment	4,11,91,548	2,03,56,700
	27,47,71,773	19,12,26,633

15. Revenue

	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Revenue from Operations		
Fee Income	2,37,48,921	1,96,24,982
Interest income on housing and non-housing loans	27,37,64,097	21,93,48,310
Delayed payment charges	32,92,475	10,57,001
	30,08,05,493	24,00,30,293

16. Other Income

	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Interest Income on fixed deposits	1,35,59,229	1,29,64,242
Interest income on loan to employees	86,171	98,076
Miscellaneous Income	3,08,230	99,654
	1,39,53,630	1,31,61,972

NOTES TO FINANCIAL STATEMENTS

17. Employee Benefit Expense

	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Salaries, Wages and Bonus (including managerial remuneration)	4,30,45,461	3,15,89,983
Contribution to gratuity (Also, Refer Note 6)	5,04,293	4,00,251
Contribution to provident fund	19,00,948	13,17,339
Contribution to ESIC	74,826	1,28,820
Staff welfare expenses	15,81,976	11,86,227
	4,71,07,504	3,46,22,620

18. Finance Costs

	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Interest on Loans and Overdraft	15,64,74,278	11,08,66,023
Bank Charges	5,24,758	1,62,643
Bank Guarantee Commission	-	40,100
Loan Processing Fees and Other Changes	20,96,350	50,45,600
	15,90,95,386	11,61,14,366

19. Other Expenses

	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Electricity expenses	7,50,292	6,19,818
Rent (Also, Refer Note 28)	20,14,600	15,19,500
Repairs and Maintenance		
- Others	4,20,441	4,34,105
Insurance	15,48,318	12,31,531
Rates and Taxes	9,53,592	4,14,283
Payments to Auditors (Also, Refer note below)	9,17,348	7,07,500
Advertisement & Marketing Expenses	81,025	19,050
Communication expenses	17,66,373	14,99,639
Franking Charges	10,30,477	3,21,565
Professional, Legal & Consultancy Fees	22,16,278	28,04,840
Printing & Stationery	12,96,967	10,93,457
Documentation Storage Cost	1,15,511	1,62,341
Travelling, Conveyance and Boarding Expenses	47,20,892	55,44,904
Office Expenses	1,73,151	1,56,574
Computer Expenses	2,56,896	2,30,679
Corporate social responsibility activity (Also, Refer Note 30)	2,56,000	1,00,000
Donation	44,000	3,03,777
Brokerage and Commission	44,200	-
Miscellaneous Expenses	3,98,267	58,835
	1,90,04,628	1,72,22,398

Note: Payments to auditors (excluding service tax)

NOTES TO FINANCIAL STATEMENTS

As auditor

Statutory audit	7,00,000	5,50,000
In other capacity		
Other services		
- Certification work	2,00,000	1,50,000
Reimbursement of expenses	17,348	7,500
	9,17,348	7,07,500

20. Related Parties

a) Names of related parties:

Key Managerial Personnel (KMP)

1. Mr Madhusudhan Padath Pulloot, Director
2. Mr Rajnish Dhall, Managing Director
3. Mr Nachiket Shelgikar, Director and Chief Financial Officer
4. Ms. Avani Shah, Company Secretary

Relative of KMP

Ms. Madhura Shelgikar

Party on which KMP's of the Company are able to exercise significant influence / control

1. MHFC Employees Trust (upto 12 November 2014)
2. Classapart Technologies Private Limited
3. NRS Micro Systems Private Limited
4. Mobile Search Engine Private Limited
5. MHFC Employees and Business Associates Welfare Trust
6. Micro Housing Solutions India Private Limited

Influence exercised on the Company through significant shareholding

India Financial Inclusion Fund

NOTES TO FINANCIAL STATEMENTS

b) Transactions with related parties:

	Year Ended 31 March 2016	Year Ended 31 March 2015
	In ₹	In ₹
<u>I. Remuneration to KMPs</u>		
1. Mr Madhusudhan Padath Pulloot	12,00,000	12,00,000
2. Mr Rajnish Dhall,	12,00,000	12,00,000
3. Mr Nachiket Shelgikar	12,00,000	12,00,000
4. Ms. Avani Shah	10,80,000	990,000
<u>II. Other transactions</u>		
Repayment of loan by MHFC Employees Trust	-	2,55,340
Salaries and benefits to Ms. Madhura Shelgikar	7,92,000	5,40,000
Loan availed from Micro Housing Solutions India Private Limited	-	5,00,00,000
Repayment of loan to Micro Housing Solutions India Private Limited	-	5,00,00,000
c) Balances with related parties:		
<u>Balance due from</u>		
MHFC Employees Trust	-	6,68,80,990

Notes:

1. Related party relationships have been identified by the management and relied upon by the auditors.
2. No amount has been written off /provided as doubtful /written back during the year in respect of balance due from / to above related parties.
3. Transactions and balances with related parties have been disclosed for the financial year during which related party relationship exists.

21. Earning Per Share

The basic earnings per equity share are computed by dividing the net profit attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the reporting period. The number of shares used in computing diluted earnings per share comprises the weighted average number of shares considered for deriving basic earnings per share and also the weighted average number of equity shares, which may be issued on the conversion of all dilutive potential shares, unless the results would be anti dilutive. The earnings per share is calculated as under:

Particulars	As at 31 March 2015	As at 31 March 2015
	In ₹	In ₹
Net profit for equity share holders (Rs.)	5,62,44,754	5,57,46,691
Weighted average number of equity shares outstanding during the year (Basic and Diluted)	3,02,27,575	3,02,27,575
Nominal value of equity shares (Rs.)	10.00	10.00
Basic and Diluted earnings per share (Rs.)	1.84	1.84

22. Pursuant to the Board Resolutions passed in the meetings dated 15 June 2010 and 17 January 2011, the Company had provided an interest free loan of Rs. 36,362,960 to MHFC Employees Trust (hereafter "the Trust"), which has subscribed an equivalent amount to the share capital of the Company (subscription at par value).

During the year ended 31 March 2014, pursuant to the Board Resolution passed in the board meeting dated 30 April 2013, the Company further provided an interest free loan of Rs. 31,500,000 to the Trust, which has subscribed an equivalent amount to the share capital of the Company (subscription at a premium of Rs. 7.50 per equity share).

Such subscribed shares will eventually be allotted to present and future employees of the Company which are beneficiary of the Trust at the rate of Rs. 10 per share or Rs. 17.50 per share, as the case maybe. The Trust in turn will use the proceeds from such subscription towards repayment of the above mentioned loan amount.

The outstanding balance of loan given to the Trust as on 31 March 2016 is Rs. 65,947,320 (31 March 2015 - Rs. 66,880,990).

NOTES TO FINANCIAL STATEMENTS

23. Contingent Liabilities and Commitments

Particulars	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Contingent Liabilities		
Bank guarantee issued by Federal Bank Limited favouring the National Housing Bank for refinance facilities	1,00,00,000	1,00,00,000
Commitments		
Other commitments - Undisbursed amount of housing and non- housing loans	64,42,13,214	51,45,53,021

24. Details of Provisions

a) Provisioning for standard, sub-standard, doubtful and loss assets

Particulars	Standard	Sub-standard	Doubtful	For the year ended 31 March 2016	
				Loss	Total
				In ₹	In ₹
Loans					
Housing loans					
Individuals	2,41,41,35,595	1,45,73,166	35,07,366	-	2,43,22,16,127
Installments receivable but not due - Individuals	3,60,69,027	2,24,753	51,886	-	3,63,45,666
Installments receivable and due - Individuals	36,70,258	17,00,415	10,12,307	-	63,82,980
Corporate bodies	9,26,70,700	-	-	-	9,26,70,700
Installments receivable and due - Corporate bodies	7,73,422	-	-	-	7,73,422
Non-Housing loans					
Individuals	1,03,94,599	-	-	-	1,03,94,599
Installments receivable but not due - Individuals	2,34,410	-	-	-	2,34,410
Installments receivable and due - Individuals	18,593	-	-	-	18,593
Corporate bodies	4,00,00,000	-	-	-	4,00,00,000
Other loans					
Loan to MHFC Employees Trust	6,59,47,320	-	-	-	6,59,47,320
Loans to employees	5,57,595	-	-	-	5,57,595
Investments					
	-	-	-	-	-
Total Loans	2,66,44,71,518	1,64,98,334	45,71,559	-	2,68,55,41,412

NOTES TO FINANCIAL STATEMENTS

Particulars	For the year ended 31 March 2016				
	Standard	Sub-standard	Doubtful	Loss	Total
Provision					
Housing loans					
Individuals	98,15,500	24,74,750	11,42,890	-	1,34,33,140
Corporate bodies	7,00,831	-	-	-	7,00,831
Non-Housing loans					
Individuals	42,594	-	-	-	42,594
Corporate bodies	1,60,000	-	-	-	1,60,000
Other loans					
Loan to MHFC Employees Trust	2,63,790	-	-	-	2,63,790
Loans to employees	2,230	-	-	-	2,230
Investments	-	-	-	-	-
Total Provision	1,09,84,945	24,74,750	11,42,890	-	1,46,02,585

Particulars	For the year ended 31 March 2016				
	Standard	Sub-standard	Doubtful	Loss	Total
Loans					
Housing loans					
Individuals	1,86,76,14,655	1,02,68,687	-	-	1,87,78,83,342
Installments receivable but not due - Individuals	2,83,09,491	1,64,273	-	-	2,84,73,764
Installments receivable and due - Individuals	11,67,512	12,56,667	-	-	24,24,179
Corporate bodies	5,95,19,831	-	-	-	5,95,19,831
Installments receivable and due - Corporate bodies	74,73,882	-	-	-	74,73,882
Non-Housing loans					
Individuals	15,00,107	-	-	-	15,00,107
Installments receivable but not due - Individuals	29,819	-	-	-	29,819
Other loans					
Loan to MHFC Employees Trust	6,68,80,990	-	-	-	6,68,80,990
Loans to employees	7,39,499	-	-	-	7,39,499
Investments	-	-	-	-	-
Total Loans	2,03,32,35,786	1,16,89,627	-	-	2,04,49,25,413

NOTES TO FINANCIAL STATEMENTS

Provision

Housing loans

Individuals	75,88,366	17,53,444	-	-	93,41,810
Corporate bodies	5,02,453	-	-	-	5,02,453

Non-Housing loans

Individuals	6,120	-	-	-	6,120
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Other loans

Loan to MHFC Employees Trust	2,67,524	-	-	-	2,67,524
Loans to employees	2,958	-	-	-	2,958

Investments

	-	-	-	-	-
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Total Provision	83,67,421	17,53,444	-	-	1,01,20,865
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b) Details of movement in provisions for standard, sub-standard and doubtful Assets during the year is as under:

Particulars	As at 1 April 2015	Net Addition	As at 31 March 2016
On Loans			
- Individuals	93,47,930	41,27,804	1,34,75,734
- Corporate bodies	5,02,453	3,58,378	8,60,831
- Others	2,70,482	(4,462)	2,66,020
	1,01,20,865	44,81,720	1,46,02,585

NOTES TO FINANCIAL STATEMENTS

Assets

Advances	2,71,57,584	1,42,57,582	1,43,16,316	4,62,28,285	10,03,58,486	56,00,86,535	47,35,45,727	42,04,34,953	52,26,99,840	41,00,85,183	2,58,91,70,491
Investments	-	-	-	-	-	-	-	-	-	-	-

Note:

Advances represents outstanding principal balance of housing and non-housing loans.

26. On the basis of information available with the Company, there are no suppliers/ vendors covered under Micro, Small and Medium Enterprises Development Act, 2006, to whom the Company owes dues as at balance sheet date. Hence, the additional disclosures relating to trade payables to micro enterprises and small enterprises have not been presented.

27. The main business of the Company is to provide loans for the purchase or construction of residential houses. Further the Company is operating in a single geographical segment i.e. within India. Accordingly, disclosures relating to primary and secondary business segments as specified in Accounting Standard (AS 17) on "Segment Reporting", and under paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, are not applicable to the Company.

28. The future minimum lease payment in respect of premises taken under non-cancellable operating lease are as follows:

Particulars	As at 31 March 2016	As at 31 March 2015
	In ₹	In ₹
Not later than one year	3,00,000	8,55,000
Later than one year but not later than 5 years	-	-

29. Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010.

During the year the Company has:

- not been levied any penalty as per (NHB) Directions, 2010.
- not received any adverse comments in writing from NHB on regulatory compliances.

30. Disclosure regarding Corporate Social Responsibility (CSR) expenditure is as under:

Particulars	In ₹
(a) Gross amount required to be spent by the Company during the year	11,39,460
(b) Amount spent during the year on:	
-Acquisition/Construction of any asset	-
-On others	2,56,000

31. Expenditure in foreign currency

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2016
	In ₹	In ₹
Loan processing fees and other charges	10,19,850	-

32. The Company has not granted any loans against the collateral of gold jewellery.

33. The previous year figures have been regrouped and reclassified wherever necessary to make them comparable with the current year figures.

For Walker, Chandiok & Co LLP
(Formerly Walker, Chandiok & Co)
Chartered Accountants
Firm's Registration No: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No.: 105782

Place: Mumbai
Date: 1 June 2016

For Micro Housing Finance Corporation Limited

Nachiket Shelgikar
Director and Chief Financial Officer
DIN:02293000

Avani Shah
Company Secretary

Place: Mumbai
Date: 1 June 2016

Rajnish Dhall
Managing Director
DIN: 02146708



COME

CUSTOMER FEATURE

CHAMPABEN KABIRA, GUJARAT

Champaben's story is about how firm determination and hard work of one woman in a family unit opens the doors of happiness for the entire unit. This story is about Champaben, a 54 year old mother of two and her successful endeavour to fulfill her dream of owning a house in Ahmedabad.

She had been staying on rent, paying Rs. 3500 every month for a small room with an attached kitchen, and was living with her younger son and his wife. Champaben's husband was a peon in a bank. They owned an independent house in a good locality of Ahmedabad. However, a few years ago, her husband was diagnosed with cancer and for the treatment she was forced to take loans from local moneylenders as formal financing was not a possibility. It was a difficult phase for the family since her husband was the only breadwinner and on top of that her elder son did not understand or take up his responsibility to support the family.

In order to run the household, Champaben started working as a peon at a private company on a salary of Rs. 3000. That very year her husband succumbed to cancer. In order to repay moneylenders, she had to sell their house and move to a rented space. She worked hard and saved money for their son's marriage, after which she moved to an even smaller house in order to save additional funds.

In 2012, she thought of owning a house again as both her sons were independent and had their own families - her elder son had moved out while the younger one, Brijesh, stayed with her. Brijesh was not confident about getting a home loan and he was also not very regular at his job as well which is why at first the dream to own a home seemed almost impossible. However, with fierce determination, Champaben started working at a small hospital at night to increase her income and savings and hence, her ability to own a home. Within 5-6 months of first talking to MHFC field officers in Ahmedabad, while she had only one job, she approached them with more savings and a second job to apply for a loan. Choosing a flat at Kesar City, an approved project of MHFC, she paid a down payment of Rs. 3 lakhs from a fixed deposit she invested in with the compensation received post her husband's death. Her son, Brijesh, who earlier had given up on the possibility of ever having the security of his own home, also started working regularly after moving into their new home.

Champaben happily continues to work two shifts, despite her son's support, in order to close the loan as soon as possible. Her joy knew no bounds when we informed her that we successfully applied on her behalf and received a subsidy benefit under the Pradhan Mantri Awas Yojana reducing her loan amount by Rs. 1.05 lakhs!

It is important to reflect that, at the age of 54, most people start planning for their retirement but Champaben started working even more for the security of her family. She now constantly encourages her co-workers to own a home & start living on their own terms.

MICROCAPITAL INTERVIEW

WITH RAJNISH DHALL, MD MHFC

Rajnish Dhall of Micro Housing Finance Corporation, Mark van Doesburgh of Triple Jump Preview European Microfinance Week Session on Micromortgages

MicroCapital: How does housing finance differ from traditional microfinance?

Rajnish Dhall: In India, traditional microloans usually are: (1) sized less than USD 1,000; (2) targeted for productive assets; (3) priced at around 22 percent per year; (4) repaid within less than a year or two; and (5) carry a group guarantee in lieu of collateral. In contrast, the micromortgages that Micro Housing Finance Corporation (MHFC) offers first-time homebuyers: (1) average about USD 8,000 in size; (2) carry interest rates of about 12.5 percent per year; (3) usually have a term of 15 years; (4) are individual rather than group-based; and (5) most importantly, are secured with the home as collateral. While the audience is quite similar, the products are almost at opposite ends of the spectrum.

Mark van Doesburgh: The MicroBuild Fund (MBF) we manage for Habitat for Humanity provides tenors of up to five years. While most traditional microfinance loans are for working capital for businesses, housing is technically “consumption.” The principle upgrades we see are: (1) changing dirt floors to ceramic tile; (2) upgrading from adobe to plaster walls; (3) replacing reed or bamboo roofing with iron sheeting or ceramic tiles; (4) constructing bathrooms; and (5) adding additional rooms or levels.

MC: Are there many poor people that need housing loans... and can pay them back?

RD: Absolutely, there is a massive need! The Indian government estimates there is a shortfall here of 25 million homes, 99 percent of which are required by lower-income families. It's not just the poor; it's the informal sector workers. In India this is estimated at 80 percent of the workforce. These people lack documentation of their income and are thus financially excluded even though they might be able to comfortably afford the payments.

As of last year, MHFC had about 10,000 clients, and only 35 customers were behind on their payments by 90 or more days. We have had no write-offs since our inception eight years ago.

MvD: In our MBF portfolio, we compare the housing portfolio with the non-housing and find that – across the board – repayment rates are higher for housing loans. This shows how much borrowers value the product and that they are indeed capable of repaying.

MC: How do we maximize client protection?

MvD: With housing microfinance, the issue of financial education is not any greater than in traditional microfinance, but proper building practices are critical. If housing is managed well, the improved living conditions can improve safety and security for the client and his or her family. But if not, the client and family can actually be put in greater danger. A loan officer needs to have the skills to evaluate a home improvement project to determine – to a reasonable extent – that the microfinance institution (MFI) is not financing a home improvement project that could be detrimental.

MC: How does insurance play in?

RD: MHFC, like most housing finance companies, offers third-party property insurance and mortgage redemption policies in case of death of the main earner. The prohibitive expense of medical insurance is an issue, however, as lower-income families often do not have a savings buffer for medical or any other emergencies.

MC: Why do housing loans often remain just a niche offering for MFIs?

MvD: MFIs rarely have the technical knowhow needed to develop housing loan products. Part of the reason we see MFIs so active in incremental home improvement loans is because they more closely resemble a traditional individual microfinance loan than a micromortgage, which involves land titles, much longer tenors and larger loan amounts. MFIs are often ill-positioned to secure loan funding at the necessary tenor for micromortgages. And the vast majority of their clients do not possess a formal land title. Many MFIs are reluctant to accept alternatives such as land-purchase agreements, inheritance documents and municipal-use documents.

RD: The traditional business of MFIs is growing quite well in India as well – possibly 30 percent to 40 percent per year – and hence there is no real requirement for most MFIs to add this product at this stage.

MvD: Many MFIs create a housing microfinance product simply as a way to reward their best clients. In these cases, the product is not designed to attract new clients and will always be limited to a select few.

MC: Where do you see micromortgages heading in the next five years?

MvD: Although we are seeing growth, what we have seen and heard is that the limitations mentioned above continue to hold MFIs back from diving into micromortgages on a large scale. The major exception is companies in India that specialize in housing finance.

RD: In India, a massive housing supply is coming over the next few years as the central government is pushing for "housing for all." Along with major regulatory support, this has set up the ecosystem for intense growth. From hardly any loans a few years ago, there are now about 10 companies in this space that now have made about 10,000 loans each and are growing at about 100 percent per year.

MC: How will housing finance be addressed at European Microfinance Week?

Daniel Rozas: We see the lack of housing finance as a major component of financial exclusion – and one that has been left off the microfinance agenda. To that end, we're looking to bring in a diverse group of institutions that are active in this area to share their work.

MicroCapital

<http://www.microcapital.org/special-report-rajnish-dhall-of-micro-housing-finance-corporation-mark-van-doesburgh-of-triple-jump-preview-european-microfinance-week-session-on-micromortgages-more/>

MANAGEMENT

Madhusudhan Menon (Executive Chairman)

Madhusudhan Menon, Executive Chairman of MHFC, 63, has over 30 years of banking (and now housing finance) experience. After completing his CA, he initially was with the Reserve Bank of India where he worked for 2 years. He then worked with American Express Bank for over 20 years - across most areas and departments - with his last role being the India Head - Commercial Banking and Capital Markets. He left the Bank in 2002 and spent a few years as an advisor to various Indian business groups as a capital markets and investment specialist, before co-founding MHFC in 2008 to help support lower income financially excluded families own a home and in general, support the eco-system of new housing and financial inclusion.

Rajnish Dhall (Managing Director)

Rajnish Dhall, Managing Director of MHFC, 47, completed his PGDM from the Indian Institute of Management (Ahmedabad) in 1991 after which he worked with American Express Bank in a variety of roles and locations (Mumbai, London, Singapore) for 15 years. He left the Bank as a Senior Director in 2006 and returned to Mumbai to work in the social sector and initially joined Aangan an NGO which works with children in state run children homes. He worked there for 2 years before co-founding MHFC in 2008 as a social enterprise, thus combining his earlier experience in finance and also his interest to help disadvantaged families. He remains on the Advisory Board of Aangan, as well as Ummeed, a Mumbai based NGO which helps children with developmental disabilities. He is also on the Justice Dhanuka court appointed committee to look into the infrastructure of Mumbai municipal schools.

Nachiket Shelgikar (Executive Director/CFO)

Nachiket Shelgikar, Executive Director of MHFC, 31, completed his B.S from the Carnegie Mellon University, after which he worked with Deutsche Bank in the M&A Team for a year in London. He left the Bank in August 2008 to come back to India to work as a social entrepreneur, and co founded MHFC, to help prove the concept that lower income families (including those who lack documentation to prove incomes) are equally credible in meeting their home loan obligations, and that lending to this segment can help not just with a solution to the housing problem but also be a viable business opportunity.

Ramesh Ogale (Director - Projects)

Ramesh Ogale, Director - Projects, 63, has more than 30 years of experience in the Real Estate (and now Housing Finance) sector. He started work at Makers Development Services, where he worked on various turnkey township projects. In 1989, he promoted his own construction company for building and marketing housing for low and middle income buyers in the coastal Maharashtra region. He thus is well exposed to construction practices, and project management, and also interacted with various housing finance companies throughout his career. He is part of the initial set up team at MHFC joining the company in 2009 and has been instrumental in stimulating and establishing relationships with developer partners (as well as monitoring the projects as they are being executed) and promoting new housing for lower income families.

Jayesh Shah (Director - Credit and Operations)

Jayesh Shah, Director - Credit and Operations, 50, started his career at HDFC, India's leading housing finance company, as a management trainee in June 1987. Over his 22 year career with the firm, he worked across all major departments at HDFC, as well as being on specific local assignments including the development of an online loan processing system. He has also been on international assignments to help set up housing finance companies in Sri Lanka and Indonesia. In addition, he was a regular faculty at the HDFC Training Centre, where his area of specialization was Credit Risk Management and Loan Process Improvisation. He has worked on pilot HDFC social development projects on microfinancing, housing and social infrastructure with agencies like BAIF, KfW, Baroda Citizen's Council and the United Way of Vadodara and always been passionate about helping the financially excluded own a home. He joined MHFC in May 2009 as part of the initial team to help extend the existing market based housing finance model to include customers from weaker sections who lack documentation, and has been instrumental in establishing MHFC's overall systems and processes.

Avani Shah (Company Secretary/GM)

Avani joined MHFC in 2010. She is a qualified CS and a Bachelor at Law. Apart from being the Company Secretary, she is also an integral part of the Projects Team and handles Legal and other due diligence of Projects. She also plays a major role in co-ordinating NHB compliances and Statutory and Internal Audits.

MANAGEMENT

In addition, MHFC is assisted on the Board by:

Ashish Karamchandani (Independent Director)

Ashish Karamchandani is a Director and co-leads the Inclusive Markets approach area at FSG Advisory Services Private Limited. He focuses on using market-based solutions to drive sustainable social change. His emphasis has been on multi-year programs which seek to build and scale inclusive business models to address sector specific development challenges. He is currently initiating an effort to build the market for affordable high-quality early childhood education in urban India. He has authored several influential reports on inclusive businesses. He is the founder of Monitor Inclusive Markets (MIM), a social action unit within Monitor. Prior to founding MIM, Ashish started, developed, and led Monitor Group's consulting business in India.

Mihir Doshi (Independent Director)

Mr. Mihir Doshi has been the Managing Director and Chief Executive Officer of India Operations of Credit Suisse Group since January 2006. He joined the Credit Suisse Group after spending 22 years at Morgan Stanley in various capacities, primarily in New York, Tokyo, and Mumbai. He has been instrumental in re-establishing Credit Suisse's India franchise. He is a member of the Asia Pacific Management Committee and the Emerging Markets Council. He also serves on the Board of United Way, Mumbai, and is a Trustee of Save the Children India. He holds a BS (Honors) from NYU Stern and a CPA from New York State, which he gained while working with Deloitte Haskins and Sells, New York.

Mona Kachhwaha (Nominee Director)

Mona has over 18 years of financial services industry experience. She has been with Caspian Advisors, an India-based fund manager that invests exclusively in the impact space, since 2007. At Caspian she manages the India Financial Inclusion Fund (IFIF), an equity fund that invests in impact businesses including microfinance, affordable housing, MSME and last mile banking intermediaries. Prior to joining Caspian, Mona worked with the Global Consumer Group of Citibank. While at Citibank, she worked in a range of functions including Business Management, Credit Risk Management and Operations. During her Citi tenure she held various senior positions, the most recent ones being the Business Head of the Microfinance Business and Head of Credit for the Mortgage Business in India. Mona holds a MBA from Xavier Labour Relations Institute (XLRI), Jamshedpur and B.A (Hons.) in Mathematics from Delhi University.

Geeta Goel (Nominee Director)

Geeta Goel manages the Michael & Susan Dell Foundation's (MSDF) microfinance initiative in India, which includes a portfolio of over 10 microfinance (and related) institutions. Prior to joining the Foundation, she spent over 12 years with the Corporate Finance Group of PricewaterhouseCoopers in India, advising large Indian and multi-national clients on joint ventures, mergers & acquisitions, business plans and valuations. Geeta has also advised clients in capital structuring and raising private equity. She is an alumni of IIM (Ahmedabad) and Lady Shri Ram College (Delhi).

MICRO HOUSING FINANCE CORPORATION LTD

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BANKERS

National Housing Bank
HDFC Ltd
HDFC Bank Ltd
Federal Bank Ltd
Yes Bank Ltd
State Bank of India
DCB Bank Limited
IndusInd Bank Ltd





PANKAJBHAI

Pankajbhai, who has a hearing and a speech disability, cycles between various housing societies in Bhavnagar, Gujarat where he sells locally made food items. His wife, who is similarly disabled, works as a machine operator at a small manufacturing unit. Together, they bought a 1 BHK flat in an affordable housing project with the help of an MHFC loan.



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