



MICRO HOUSING FINANCE CORPORATION

ANNUAL REPORT

2016-17

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CHAIRMAN'S LETTER

Reflections of a nine year old start up.

As the company enters the 10th year of its existence, I thought I would take the liberty of straying from the script. Instead of reflecting on what has happened so far, here is a stab at what we can expect of the future, and what lies ahead. The future of course is increasing in its complexities in general, but the tailwinds of financial inclusion and Housing for All by 2022 places the company in a very advantageous position, provided we address the challenges that lie ahead.

This will involve a combination of strength tempered with adaptability, focus combined with nimbleness, profitability with an emphasis on sustainability. We will hence have to:

Stay relevant.

It has been nine years. Nine years of exciting work. Thousands of customers. Quality growth. Increasing competition. Changing contours of regulations and policy. Search for talent. Battle to retain talent. And in the midst of all of this the challenge to stay relevant.

Relevant to customers, who despite being ignored for many years by main street players, exhibit increasing expectations and aspirations. Relevant to employees, who are more mobile and flexible and demand a work ethic and culture that is uncompromising. Relevant to shareholders, who take past accomplishments for granted and expect high quality growth and profitability.

Stay nimble.

Inevitably as we scale, challenges will multiply. Organisational structures and processes can throttle response times. In the era of instant gratification the customer will not wait. Decisions have to be fast, and sometimes even wrong, so the organisation can learn. On the employee front, we will need to invest more in learning, unlearning and relearning. We will need to create a cadre of leaders who respond fast to the changing competitive landscape, and empower them to act decisively.

Stay profitable.

As new players enter the housing finance space, and the older players reinvent themselves, we can no longer take margins for granted. The lines between financial services companies like us and technology companies will blur, further eroding profitability. The company will have to continuously stay focused on financial and operational costs and retain asset quality. Staying profitable will be necessary in order to be able to attract quality capital providers.

Stay sustainable

While dealing with customers at the bottom of the pyramid, whose income by definition is volatile, delivering quality growth to stake holders will involve a much deeper understanding of risks and how to price those risks. Competitors with better capital efficiencies and advanced analytics and layer free organisational structures will emerge and in the long run succeed. To sustain what the company has accomplished so far and to grow on that base will involve a serious commitment to invest in talent, technology and disruptive business models.

Stay strong.

We are a boutique housing finance company and it is easy to get distracted by the scorching pace of others. Our laser like focus on the informal segment buying new formal homes defines us, but in many ways restricts us too. I believe that getting distracted by what competition is doing is a recipe for disaster. If we stay strong and focused on our customer segment and add value to them, they will reward us with their loyalty and business.

Stay on top.

In an environment of fast paced changes and multiple sources of information and data, the ability to discern clarity from the clutter, and distinguish facts from the noise will differentiate the winners from that also ran. Frequent changes in the regulatory and the policy environment present both risks and opportunities. Staying on top of the evolving technologies and the competitive and regulatory landscapes will be the very minimum requirements for survival and eventual success.

THE GOOD NEWS IS WE ARE AS READY AS WE WILL EVER BE. THE EVEN BETTER NEWS IS THAT WE ARE AS PREPARED FOR WHAT LIES AHEAD AS WE WILL EVER BE. BUT WE CANNOT ASSUME THAT NO ONE ELSE IS BETTER PREPARED THAN US. PARANOIA IS HEALTHY, AND COMPLACENCE IS LETHAL.



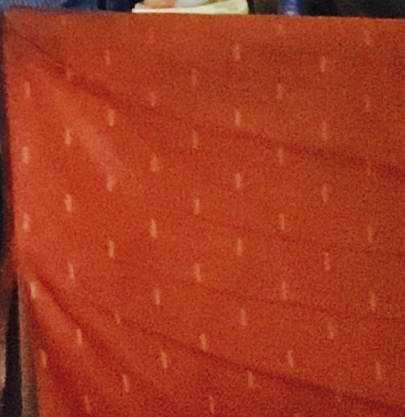
KIRAN DEVI, CHATTISGARH

MHFC has been offering loans under the CLSS scheme, a credit linked subsidy component of the Pradhan Mantri Awas Yojana (PMAY) since 2015. This scheme is a giant leap when it comes to affordable housing and is slowly revolutionising the industry in India. Under this scheme, the Government provides subsidy upto ₹ 2.67 lakhs (till December 2016 the amount was capped at ₹ 2.20 lakhs) to first time home buyers. The subsidy is applied for by the Housing Finance company on behalf of the customer.

Approximately, 1300 of our existing customers have already received the subsidy. This scheme will go a long way towards aiding the struggle that low income customers face when it comes property ownership, in India.

Kiran Devi, her husband and son have been living on rent for more than 20 years in Durg, Chattisgarh.

Kiran is a tailor and earns around ₹ 15,000 running her own business 'Bulbul Ladies Tailor' since the past 15 years. Her husband is a welder at the Bhilai Steel Plant and has a monthly income of around ₹ 8000. With their savings, our customers have managed to make a down payment of ₹ 68,000 and have been sanctioned a loan of ₹ 3.84 lakhs by MHFC. With the subsidy, the loan has reduced by ₹ 1.10 lakhs and the family finally have a home of their own in a government housing project.



DIRECTORS' REPORT

The Members,

Micro Housing Finance Corporation Limited

The Board of Directors is pleased to present the Ninth Annual Report of your Company together with the Audited Accounts and Auditor's Report for the financial year ended 31st March, 2017.

Performance

During the year under review, your Company increased most operating and financial parameters. Revenues were up 21% to ₹ 38.02 Cr. (PY ₹ 31.48 Cr.) and PBT increased 7% to ₹ 9.02 Cr. (PY ₹ 8.44 Cr.) - and after payment of ₹ 3.02 Cr. (PY ₹ 2.81 Cr.) in current and deferred taxes, PAT increased 7% to ₹ 6.00 Cr. (PY ₹ 5.62 Cr.). Note that the PAT for the year has been arrived at after charging ₹ 0.67 Cr. (PY ₹ 0.59 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 ₹ 568.5 Cr. (up 40% from ₹405 Cr. at end of the previous financial year) – all to lower income, urban families who are generally excluded from the mainstream banking sector. The total loans outstanding figure was ₹ 358 Cr. (growth of 38% over ₹ 259 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 96 (PY 35) loan accounts as on year end - March 31, 2017 - which were classified as non-performing assets ("NPAs") per the prudential guidelines issued by the NHB. The amount of such Gross NPAs was ₹ 4.92 Cr. (PY ₹ 1.81 Cr.) which was 1.37% (PY 0.70%) of the total loan portfolio of the Company as at March 31, 2017. The Company has created necessary provisions in accordance with the NHB Directions, after which Net NPAs stood at ₹ 3.99 Cr. (PY ₹ 1.45 Cr.) and 1.09 % (PY 0.57%) of the total loan portfolio as at March 31, 2017. While this represents an increase over previous years and mainly due to the impact of demonetisation, the number is still within industry parameters, and thus is continued evidence and support for the Company's belief that lower income customers are equally (if not more so) 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 ₹ 97.38 Cr. (PY ₹ 91.38 Cr.). However, the Company increased its long term debt to ₹ 282.97 Cr. (PY ₹ 186.46 Cr.) of which approx. 36% 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., Yes Bank Limited and Federal 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 44.52% 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, 2017 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, 2017, this amount was ₹ 15.58 lakhs, and the Company spent ₹ 8 lakhs (details per Annexure B), which is a shortfall of ₹ 7.58 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 while your Company increased its CSR spend over last year, it 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 reiterate 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, over the last two years, your Company received 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 172 employees as of March 31, 2017. 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 or outgo.

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, 2017.

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 approx ₹ 53.10 Cr issued by the Company under a program to support affordable housing finance companies that have a focus on small and micro loans. Note that 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 first few months of the coming Financial Year.

Reserves

The Company proposes to transfer the entire Profit after Tax amounting to ₹ 6,00,06,929 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**

Ms. Geeta Goel, Director, retiring by rotation and being eligible, offers herself for reappointment. The Board recommends her reappointment for your approval.

Mr. Rajnish Dhall had been re-appointed as Managing Director of the Company; Mr. Madhusudhan Menon had been re-appointed as Chairman & Whole Time Director and Mr. Nachiket Shelgikar had been re-appointed as Whole Time Director of the Company on March 7, 2014 w.e.f. April 1, 2014 for a period of 3 years. Their term of office in the Company had expired on April 1, 2017. The Board of Directors of the Company, at its meeting held on March 6, 2017 and the shareholders at their Extra-Ordinary General Meeting held on March 31, 2017 have re-appointed them for a further period of 3 years from April 1, 2017 till March 31, 2020.

Mr. Ashish Karamchandani was re-appointed as an Independent Director of the Company by the shareholders, at their Extra-Ordinary General Meeting held on March 31, 2017 by passing a Special Resolution as required under Section 149(10) of the Companies Act, 2013 for a further period of 5 years from April 1, 2017 till March 31, 2022.

• Board Evaluation

Pursuant to the provisions of the Companies Act, 2013, the Board conducted a formal annual evaluation of its own performance and that of its committees and individual directors. The reports were scrutinized by the Nomination & Remuneration Committee.

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 Nomination & Remuneration Policy is given in "Annexure C".

- **Meetings**

During the year, 9 Board Meetings, 4 Audit Committee Meetings, 1 Nomination & Remuneration Committee Meeting and 1 CSR Committee Meeting were convened and held. The Independent Directors of the Company met on March 5, 2017, as per the requirement of the Schedule IV - Code for Independent Directors, of the Companies Act, 2013. 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 8th Annual General Meeting of the Company was held on 28th September, 2016 and the 7th Extra-Ordinary General Meeting was held on 31st March, 2017.

- **Composition of the Committees:**

- The Audit Committee was reconstituted by the Board on 29th May, 2017. The Members are:
 1. Mr. Ashish Karamchandani
 2. Mr. Mihir Doshi
 3. Ms. Geeta Goel
- The Nomination and Remuneration Committee was reconstituted by the Board on 29th May, 2017. The Members are:
 1. Mr. Ashish Karamchandani
 2. Mr. Mihir Doshi
 3. Mr. Subbaraman Viswanatha Prasad
- The CSR Committee was reconstituted by the Board on 29th May, 2017. The Members are:
 1. Mr. Rajnish Dhall
 2. Mr. Mihir Doshi
 3. Mr. Subbaraman Viswanatha Prasad

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 Auditor's 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 2016-17 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 2016-17:

No of complaints received: **NIL**

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

Accomplishments

- **5- Star GIIRS Rating**

The Company has 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 for an enhanced amount of ₹150 Cr. (PY ₹100 Cr.) 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". The Company also received a separate rating of 'CARE A-' for its proposed NCD issue of ₹53.10 cr.

Related Party Transactions Policy

As per requirement of the National Housing Bank (NHB) Notification No. NHB. HFC. CG-DIR.1/MD & CEO/2016 dated 9th February, 2017, The Board of Directors has adopted the Related Party Transactions ("RPT") w.e.f. June 1, 2017 (duly approved by the Board at its meeting held on May 29, 2017). The objective of this policy and procedure is to ensure that transactions between MHFC and its related parties are based on principles of transparency and arm's length pricing as provided under the section 188 of the Companies Act 2013. Likewise, this policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties. The Related Party Transactions Policy is given in "Annexure E".

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: May 29, 2017

Sd/-

Nachiket Shelgikar
CFO & Whole Time Director

ANNEXURE A

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2017

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	22,45,537	0	22,45,537	7.43	22,79,237	0	22,79,237	7.54	0.11
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	21,566	6,400	27,966	0.09	0.01
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	13,99,414	19,100	14,18,514	4.69	14,83,212	19,100	15,02,312	4.97	0.28
c) Others									
- Trusts	64,70,366	0	64,70,366	21.41	63,48,368	0	63,48,368	21.00	-0.40
SUB TOTAL (B)(2):	1,01,32,383	25,500	1,01,57,883	33.61	1,01,32,383	25,500	1,01,57,883	33.60	0.00
Total Public Shareholding (B)=(B)(1)+(B)(2)	2,42,13,150	25,500	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)	3,02,02,075	25,500	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			
	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	52,37,032	17.33	01.04.2016	-	-	-	-
				20.04.2016	-12,267	Transfer	5,224,765	17.28
				11.07.2016	-25,600	Transfer	5,199,165	17.20
				11.07.2016	-11,099	Transfer	5,188,066	17.16
				19.07.2016	-3,000	Transfer	5,185,066	17.15
				19.07.2016	-3,500	Transfer	5,181,566	17.14
				01.08.2016	-11,500	Transfer	5,170,066	17.10
				05.08.2016	-16,833	Transfer	5,153,233	17.05
				22.12.2016	-1,000	Transfer	5,152,233	17.04
				27.01.2017	-24,999	Transfer	5,127,234	16.96
				07.03.2017	-7,600	Transfer	5,119,634	16.94
		16.03.2017	-4,600	Transfer	5,115,034	16.92		
		31.03.2017	-	-	5,115,034	16.92		
3	Michael & Susan Dell Foundation	30,20,512	9.99	-	-	-	30,20,512	9.99
4	Unilazer Alternative Ventures LLP	22,30,770	7.38	-	-	-	22,30,770	7.38
5	MHFCL Employees and Business Associates Welfare Trust	12,33,334	4.08	-	-	-	12,33,334	4.08
6	Arjun Sawhney Kamal Sawhney	2,50,000	0.83	-	-	-	2,50,000	0.83
7	Moneisha Sharad Gandhi	1,48,600	0.49	01.04.2016	-	-	-	-
				11.07.2016	25,600	Transfer	1,74,200	0.58
				07.03.2017	7,600	Transfer	1,81,800	0.60
				31.03.2017	-	-	1,81,800	0.60
8	Umesh Dharnidharka Neeta Dharnidharka	1,00,000	0.33	-	-	-	100,000	0.33
9	Rohith Balakrishnan	71,500	0.24	-	-	-	71,500	0.24

10	Prabhat Agarwal Madan Mohan Agarwal #	63,333	0.21	-	-	-	63,333	0.21
*	Earlier Unilazer Ventures (Partnership Firm) now converted into Unilazer Alternative Ventures LLP w.e.f. 14th February, 2017.							
#	Not in the list of Top 10 shareholders as on 31-03-2016. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31-03-2017.							

(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	NO CHANGE			714,490	2.36
2	Nachiket S Shelgikar, CFO & Whole-Time Director	46,05,268	15.24	NO CHANGE			46,05,268	15.24
3	Rajnish Inderjit Dhall, Managing Director	6,69,167	2.21	NO CHANGE			6,69,167	2.21
4	Ashish Karamchandani, Independent Director	95,400	0.32	NO CHANGE			95,400	0.32
5	Mihir Doshi, Independent Director	30,000	0.10	NO CHANGE			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	1,86,45,80,933	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
Change in Indebtedness during the financial year				
Additions	-	0.00	0.00	0.00
Reduction	-	0.00	0.00	0.00
Net Change	97,03,85,460	10,00,49,315	0.00	1,07,04,34,775
Indebtedness at the end of the financial year				
i) Principal Amount	2,82,97,85,692	10,00,00,000	0.00	2,92,97,85,692
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	2,20,24,137	49,315	0.00	2,20,73,452
Total (i+ii+iii)	2,85,18,09,829	10,00,49,315	0.00	2,95,18,59,144

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	₹ 93,78,343			
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	₹ 93,78,343			

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	12,00,000	12,00,000	24,00,000
	(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	12,00,000	12,00,000	24,00,000

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:
<http://mhfcindia.com/CSR%20Policy.pdf>
- (2) The Composition of the CSR Committee.
 1. Mr. Rajnish Dhall
 2. Mr. Mihir Doshi
 3. Ms. Mona Kachhwaha (upto May 29, 2017)
 4. Mr. Subbaraman Viswanatha Prasad (from May 29, 2017)
- (3) Average net profit of the company for last three financial years
Average net profit: ₹ 7.78 Cr.
- (4) Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above):
The Company is required to spend ₹ 15.58 Lakhs towards CSR.
- (5) Details of CSR spent during the financial year.
 - (a) Total amount to be spent for the financial year: ₹ 15.58 Lakhs
 - (b) Amount unspent: ₹ 7.58 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.	Financial education and literacy for lower income families.	Promoting Education	Ahmedabad	₹1,00,000	₹1,00,000	₹1,00,000	Saath Livelihood Services, an NGO which works with urban low income families.
2.	Therapy sessions for Children with developmental disabilities from low socio-economic backgrounds	Enhancing vocation skills among differently abled children	Mumbai	₹1,25,000	₹1,25,000	₹1,25,000	Ummeed Child Development Centre - works with children and their parents in addressing issues concerning developmental disabilities among children
3.	Girls Safety program – Purchase of torches to light up routes to toilets in the community	Promoting preventive health care and sanitation	Mumbai	₹1,25,000	₹1,25,000	₹1,25,000	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.
4.	Cleanliness and beautification of Railway Stations in Mumbai	Contribution to the Swachh Bharat Kosh	Mumbai	₹3,50,000	₹3,50,000	₹3,50,000	Mumbai First- An organisation which aims to enhance the quality of life of the citizens of Mumbai and improve the economic and social fabric of the city.
5.	Rural Women empowerment and skill training	Women Empowerment/ Skill Training	Satara	₹1,00,000	₹1,00,000	₹1,00,000	Maan Deshi Foundation - An Organisation which has been empowering rural women and their families since 1996.
	TOTAL			₹8,00,000	₹8,00,000	₹8,00,000	

Sd/-
Rajnish Dhall
Managing Director
(DIN: 02146708)

Sd/-
Chairman - CSR Committee

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 was articulated as a written document in line with 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’ & was implemented from March 16, 2015.

This policy is updated w.e.f. April 1, 2017 (which will be ratified by the Board at its meeting to be held on 29th May, 2017 along with the annual review of the other Policies of the Company).

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 well-being 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 was re - constituted by the Board of Directors at its meeting held on 29th May, 2017 and now comprises of 3 Directors including one Independent Director namely, Mr. Rajnish Dhall (Director), Mr. S. Viswanatha Prasad (Nominee 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 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 (w.e.f 01.04.2017)

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

The current policy is being updated w.e.f 01.04.2017 (which will be ratified by the Board at its meeting to be held on 29th May, 2017 along with the annual review of the other Policies of the Company) to include changes regarding the NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February, 2017 advising Housing Finance Companies (HFCs) to ascertain the fit and proper criteria of the directors at the time of appointment and on a continuing basis based on the Guidelines contained therein (Annexure I to the Policy).

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 Personnel

3.3.1. 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.

REVIEW OF NOMINATION AND REMUNERATION POLICY

The Board shall have the right to amend the Nomination and Remuneration Policy from time to time. The Policy shall be reviewed every year along with the other policies of the company. However, it shall be reviewed earlier if need arises for the same and/ or under special circumstances, for example a change in law.

Annexure 1

'Fit and Proper' Criteria for Directors of Housing Finance Companies'

The importance of due diligence of Directors to ascertain suitability for the post by way of qualifications, technical expertise, track record, integrity, etc. needs no emphasis for any financial institution. It is proposed to follow the same guidelines mutatis mutandis in case of Housing Finance Companies also. While the National Housing Bank carries out due diligence on Directors before issuing Certificate of Registration to HFC, it is necessary that HFCs put in place an internal supervisory process on a continuing basis. Further, in order to streamline and bring in uniformity in the process of due diligence, while appointing Directors, HFCs are advised to ensure that the procedures mentioned below are followed and minimum criteria fulfilled by the persons before they are appointed on the Boards:

- a) HFCs should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a Director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. HFCs should obtain necessary information and declaration from the proposed / existing Directors for the purpose in the format given at **Annex-2**.
- b) The process of due diligence should be undertaken by the HFCs at the time of appointment / renewal of appointment.
- c) The Boards of the HFCs should constitute Nomination Committees to scrutinize the declarations.
- d) Based on the information provided in the signed declaration, Nomination Committees should decide on the acceptance or otherwise of the Directors, where considered necessary.
- e) HFCs should obtain annually as on 31st March a simple declaration from the Directors that the information already provided has not undergone change and where there is any change, requisite details are furnished by them forthwith.
- f) The Board of HFCs must ensure in public interest that the nominated/ elected Directors execute the deeds of covenants in the format given in **Annex-3**.

Annexure 2

Name of the HFC: _____

Declaration and Undertaking by Director (with enclosures as appropriate as on _____)

I. Personal details of Director

a. Full Name	
b. Date of Birth	
c. Education Qualifications	
d. Relevant Background and Experience	
e. Permanent Address	
f. Present Address	
g. E-mail Address / Telephone Number	
h. Director Identification Number	
i. Permanent Account Number under the Income Tax Act and name and address of Income Tax Circle	
j. Relevant knowledge and experience	
k. Any other information relevant to Directorship of the HFC	

II. Relevant Relationship of Director

a. List of Relatives if any who are connected with the HFC (Refer Section 6 and Schedule 1A of the Companies Act, 1956 and corresponding provisions of New Companies Act, 2013)	
b. List of entities if any in which he/she is considered as being interested (Refer Section 299(3)(a) and Section 300 of the Companies Act, 1956 and corresponding provisions of New Companies Act, 2013)	
c. List of entities in which he/she is considered as holding substantial interest within the meaning of HFC (NHB) Directions, 2010	
d. Name of HFC in which he/she is or has been a member of the board (giving details of period during which such office was held)	
e. Fund and non-fund facilities, if any, presently availed of by him/her and/or by entities listed in II (b) and (c) above from the HFC	

f. Cases, if any, where the director or entities listed in II (b) and (c) above are in default or have been in default in the past in respect of credit facilities obtained from the HFC or any other HFC bank.	
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III. Records of professional achievements

a. Relevant professional achievements	
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IV. Relevant Relationship of Director

a. If the director is a member of a professional association/body, details of disciplinary action, if any, pending or commenced or resulting in conviction in the past against him/her or whether he/she has been banned from entry into any profession/ occupation at any time.	
b. Details of prosecution, if any, pending or commenced or resulting in conviction in the past against the director and/or against any of the entities listed in II (b) and (c) above for violation of economic laws and regulations.	
c. Details of criminal prosecution, if any, pending or commenced or resulting in conviction in the last five years against the director.	
d. Whether the director attracts any of the disqualifications envisaged under Section 274 of the Companies Act 1956 and corresponding provisions of New Companies Act, 2013?	
e. Has the director or any of the entities at II (b) and (c) above been subject to any investigation at the instance of Government department or agency?	
f. Has the director at any time been found guilty of violation of rules/regulations/ legislative requirements by customs/ excise /income tax/foreign exchange other revenue authorities, if so give particulars	
g. Whether the director has at any time come to the adverse notice of a regulator such as SEBI, IRDA, MCA, RBI, etc. <i>(Though it shall not be necessary for a candidate to mention in the column about orders and findings made by the regulators which have been later on reversed/set aside in to, it would be necessary to make a mention of the same, in case the reversal / setting aside is on technical reasons like limitation or lack of jurisdiction, etc. and not on merit, If the order of the regulator is temporarily stayed and the appellate / court proceedings are pending, the same also should be mentioned.)</i>	

V. Any other explanation / information in regard to items I to III and other information considered relevant for judging fit and proper

Undertaking

I confirm that the above information is to the best of my knowledge and belief true and complete. I undertake to keep the HFC fully informed, as soon as possible, of all events which take place subsequent to my appointment which are relevant to the information provided above.

I also undertake to execute the deed of covenant required to be executed by all Directors of the HFC.

Place:

Signature

Date:

VI. Remarks of chairman of Nomination Committee/Board of Directors of HFC.

Place:

Signature

Date:

Annexure 3

Form of Deed of Covenants with a Director

THIS DEED OF COVENANTS is made this day of..... Two Thousand.....
 BETWEEN..... having its registered office at
 (hereinafter called the "HFC") of the one part and Mr/Ms
 of (hereinafter called the "Director") of the other part.

WHEREAS

- A. The director has been appointed as a director on the Board of Directors of the HFC (hereinafter called "the Board") and is required as a term of her appointment to enter into a Deed of Covenants with the HFC.
- B. The director has agreed to enter into this Deed of Covenants, which has been approved by the Board, pursuant to his said terms of appointment.

NOW IT IS HEREBY AGREED AND THIS DEED OF COVENANTS WITNESSETH AS FOLLOWS:

1. The director acknowledges that her appointment as director on the Board of the HFC is subject to applicable laws and regulations including the Memorandum and Articles of Association of the HFC and the provisions of this Deed of Covenants.
2. The director covenants with the HFC that:
 - (i) The director shall disclose to the Board the nature of her interest, direct or indirect, if she has any interest in or is concerned with a contract or arrangement or any proposed contract or arrangement entered into or to be entered into between the HFC and any other person, immediately upon becoming aware of the same or at meeting of the Board at which the question of entering into such contract or arrangement is taken into consideration or if the director was not at the date of that meeting concerned or interested in such proposed contract or arrangement, then at the first meeting of the Board held after she becomes so concerned or interested and in case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the director becomes concerned or interested in the contract or arrangement.
 - (ii) The director shall disclose by general notice to the Board her other directorships, her memberships of bodies corporate, her interest in other entities and her interest as a partner or proprietor of firms and shall keep the Board apprised of all changes therein.
 - (iii) The director shall provide to the HFC a list of her relatives as defined in the Companies Act, 1956 or 2013 and to the extent the director is aware of directorships and interests of such relatives in other bodies' corporate, firms and other entities.
 - (iv) The director shall in carrying on her duties as director of the HFC:
 - a) use such degree of skill as may be reasonable to expect from a person with her knowledge or experience;
 - b) in the performance of her duties take such care as she might be reasonably expected to take on her own behalf and exercise any power vested in her in good faith and in the interests of the HFC;
 - c) shall keep herself informed about the business, activities and financial status of the HFC to the extent disclosed to her;
 - d) attend meetings of the Board and Committees thereof (collectively for the sake of brevity hereinafter referred to as "Board") with fair regularity and conscientiously fulfill her obligations as director of the HFC;

- e) shall not seek to influence any decision of the Board for any consideration other than in the interests of the HFC;
- f) shall bring independent judgment to bear on all matters affecting the HFC brought before the Board including but not limited to statutory compliances, performance reviews, compliances with internal control systems and procedures, key executive appointments and standards of conduct;
- g) shall in exercise of her judgement in matters brought before the Board or entrusted to her by the Board be free from any business or other relationship which could materially interfere with the exercise of her independent judgement; and
- h) shall express her views and opinions at Board meetings without any fear or favour and without any influence on exercise of her independent judgement;

(v) The director shall have:

- a) fiduciary duty to act in good faith and in the interests of the HFC and not for any collateral purpose;
- b) duty to act only within the powers as laid down by the HFC's Memorandum and Articles of Association and by applicable laws and regulations; and
- c) duty to acquire proper understanding of the business of the HFC.

(vi) The director shall:

- a) not evade responsibility in regard to matters entrusted to her by the Board;
- b) not interfere in the performance of their duties by the whole-time Directors and other officers of the HFC and wherever the director has reasons to believe otherwise, she shall forthwith disclose her concerns to the Board; and
- c) not make improper use of information disclosed to her as a member of the Board for her or someone else's advantage or benefit and shall use the information disclosed to her by the HFC in her capacity as director of the HFC only for the purposes of performance of her duties as a director and not for any other purpose.
- d) make declaration to the effect that:
 - i. she has not been associated with any unincorporated body that is accepting deposits;
 - ii. she has not been associated with any company, the application for Certificate of Registration (CoR) of which has been rejected by the National Housing Bank;
 - iii. there is no criminal case, including for offence under section 138 of the Negotiable Instruments Act, against him/her.

3. The HFC covenants with the director that:

(i) the HFC shall apprise the director about:

- a) Board procedures including identification of legal and other duties of Director and required compliances with statutory obligations;
- b) control systems and procedures;
- c) voting rights at Board meetings including matters in which Director should not participate because of her interest, direct or indirect therein;
- d) qualification requirements and provide copies of Memorandum and Articles of Association;
- e) corporate policies and procedures;
- f) insider dealing restrictions;
- g) constitution of, delegation of authority to and terms of reference of various committees constituted by the Board;

- h) appointments of Senior Executives and their authority;
 - i) remuneration policy;
 - j) deliberations of committees of the Board, and
 - k) communicate any changes in policies, procedures, control systems, applicable regulations including Memorandum and Articles of Association of the HFC, delegation of authority, Senior Executives, etc. and appoint the compliance officer who shall be responsible for all statutory and legal compliance.
 - (ii) the HFC shall disclose and provide to the Board including the director all information which is reasonably required for them to carry out their functions and duties as a director of the HFC and to take informed decisions in respect of matters brought before the Board for its consideration or entrusted to the director by the Board or any committee thereof;
 - (iii) the disclosures to be made by the HFC to the Directors shall include but not be limited to the following:
 - a) all relevant information for taking informed decisions in respect of matters brought before the Board;
 - b) HFC's strategic and business plans and forecasts;
 - c) organisational structure of the HFC and delegation of authority;
 - d) corporate and management controls and systems including procedures;
 - e) economic features and marketing environment;
 - f) information and updates as appropriate on HFC's products;
 - g) information and updates on major expenditure;
 - h) periodic reviews of performance of the HFC; and
 - i) report periodically about implementation of strategic initiatives and plans.
 - (iv) the HFC shall communicate outcome of Board deliberations to Directors and concerned personnel and prepare and circulate minutes of the meeting of Board to Directors in a timely manner and to the extent possible within two business days of the date of conclusion of the Board meeting; and
 - (v) advise the director about the levels of authority delegated in matters placed before the Board.
4. The HFC shall provide to the director periodic reports on the functioning of internal control system including effectiveness thereof.
5. The HFC shall appoint a compliance officer who shall be a senior executive reporting to the Board and be responsible for setting forth policies and procedures and shall monitor adherence to the applicable laws and regulations and policies and procedures including but not limited to directions of National Housing Bank and other concerned statutory and governmental authorities.
6. The director shall not assign, transfer, sublet or encumber her office and her rights and obligations as director of the HFC to any third party provided that nothing herein contained shall be construed to prohibit delegation of any authority, power, function or delegation by the Board or any committee thereof subject to applicable laws and regulations including Memorandum and Articles of Association of the HFC.

- 7. The failure on the part of either party hereto to perform, discharge, observe or comply with any obligation or duty shall not be deemed to be a waiver thereof nor shall it operate as a bar to the performance, observance, discharge or compliance thereof at any time or times thereafter.

- 8. Any and all amendments and / or supplements and / or alterations to this Deed of Covenants shall be valid and effectual only if in writing and signed by the director and the duly authorised representative of the HFC.

- 9. This Deed of Covenants has been executed in duplicate and both the copies shall be deemed to be originals.

IN WITNESS WHEREOF THE PARTIES HAVE DULY EXECUTED THIS AGREEMENT ON THE DAY, MONTH AND YEAR FIRST ABOVE WRITTEN.

For the HFC Director

By
Name:
Title:

Name:

In the presence of:

1..... 2.

ANNEXURE D

DISCLOSURES AS PER THE SECRETARIAL STANDARD - 1

During the Financial Year 2016-17 , 9 Board Meetings, 4 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	11.05.2016	1	01.06.2016	1	06.03.2017	1	12.04.2016
2	01.06.2016	2	02.08.2016				
3	16.06.2016	3	12.10.2016				
4	02.08.2016	4	06.03.2017				
5	06.09.2016						
6	26.09.2016						
7	12.10.2016						
8	14.12.2016						
9	06.03.2017						

Attendance Of Directors in Board and Committee Meetings:

Sr. No.	Name of the Director	Board	Number of Meetings Attended:		
			Audit Committee	Nomination & Remuneration Committee	CSR Committee
1	Madhusudhan Padath Pulloot	7	-	-	-
2	Rajnish Inderjit Dhall	7	-	-	1
3	Nachiket Sanjiv Shelgikar	8	-	-	-
4	Mona Kachhwaha	7	4	1	1
5	Geeta Dutta Goel	2	-	-	-
6	Ashish Kanayo Karamchandani	5	2	-	-
7	Mihir Jagdish Doshi	3	3	1	-

ANNEXURE E

RELATED PARTY TRANSACTIONS POLICY (W.E.F. JUNE 1, 2017)

OBJECTIVE

The Board of Directors (the "Board") of Micro Housing Finance Corporation ("MHFC"), has adopted the following policy (the "policy") and procedures with regard to Related Party Transactions ("RPT") w.e.f. June 1, 2017 (duly approved by the Board at its meeting held on May 29, 2017). This policy is framed as per requirement of the National Housing Bank (NHB) Notification No. NHB. HFC. CG-DIR.1/MD & CEO/2016 dated 9th February, 2017. The objective of this policy and procedure is to ensure that transactions between MHFC and its related parties are based on principles of transparency and arm's length pricing as provided under the section 188 of the Companies Act 2013. Likewise, this policy aims at preventing and providing guidance in situations of potential conflict of interests in the implementation of transactions involving such related parties.

1. DEFINITIONS:

- a) "Audit Committee" means Committee of Board of Directors of MHFC constituted under Section 177 of the Companies Act, 2013.
- b) "Related Party" shall mean a person or entity that is related to the company as defined under Section 2(76) of the Companies Act, 2013.
- c) "Related Party Transaction" shall mean all transactions as defined under section 188 of the Companies Act, 2013
- d) "Arm's Length Transaction" means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest (as provided under the section 188 of the Companies Act 2013).
- e) "Annual Consolidated Turnover" is defined as Total Income (i.e. Interest earned plus Other Income) of the last audited Consolidated Financial Statements of MHFC.

2. POLICY:

All Related Party Transactions must be referred to the Audit Committee for approval in accordance with this Policy.

3. IDENTIFICATION OF RELATED PARTY AND RELATED PARTY TRANSACTIONS:

A Related Party will be brought to the attention of the Management and the Board/Audit Committee's attention by the Legal and Secretarial Department at least on an annual basis. The Legal and Secretarial Department needs to inform any change in the Related Party List to Functional teams of MHFC to identify the Related Party Transactions.

4. REVIEW AND APPROVAL OF RELATED PARTY TRANSACTIONS:

Every Related Party Transaction shall be subject to the prior approval of the Audit Committee whether at a meeting or by resolution by way of circulation. Any member of the Audit Committee who has a potential interest in any Related Party Transaction shall abstain from discussion and voting on the approval of the related party transaction.

The approval policy framework is given below:

Audit Committee Approval	Board Approval	Shareholder's Approval
<ul style="list-style-type: none"> • All Related Party Transactions 	<ul style="list-style-type: none"> • Related Party Transactions referred by Audit Committee for approval of the Board. • Related Party Transactions as required under the statute applicable to MHFC. 	<ul style="list-style-type: none"> • Approval by resolution for: <ul style="list-style-type: none"> - Related Party Transactions not in Ordinary Course of Business or not on arm's length basis and crosses threshold limit as prescribed under the Companies Act, 2013 applicable to MHFC

General Guidance for approval of Related Party Transactions:

The Audit Committee shall be provided with the relevant information of Related Party Transactions in accordance with the requirements of the Companies Act, 2013, the Rules made thereunder as amended from time to time or as requested by the Audit Committee. Where a Board approval is required, the information required under the Companies Act, 2013 and the Rules made thereunder, shall be provided. In determining whether to approve a Related Party Transaction, the Audit Committee shall consider (among other aspects it deems relevant), if there are clearly demonstrable reasons from MHFC's business point of view, to enter into a transaction with a Related Party.

5. DECISION REGARDING TRANSACTION IN ORDINARY COURSE OF BUSINESS AND AT ARM'S LENGTH:

The Audit Committee and the Board shall after considering the materials placed before them will judge if the transaction is in the ordinary course of business and meets the arm's length requirements.

6. OMNIBUS APPROVAL BY AUDIT COMMITTEE FOR RELATED PARTY TRANSACTIONS:

In case of certain frequent/ repetitive/ regular/ transactions/ with Related Parties which are in the ordinary course of business of MHFC, the Audit Committee may grant an omnibus approval for such Related Party Transactions proposed to be entered into by MHFC. The approval shall be valid for a period of one year - however the same needs to be ratified by the board at the next board meeting.

7. RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY:

In the event MHFC becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, MHFC would obtain post facto approval from the Audit Committee. In case MHFC is not able to take prior approval from the Audit Committee, such a transaction shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Audit Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

The Audit Committee shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to MHFC, including ratification, revision or termination of the Related Party Transaction. In any case, where the Audit Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

8. DISCLOSURE OF THE POLICY:

This Policy will be uploaded on the website of MHFC at <http://mhfcindia.com/>.

9. POLICY REVIEW:

This Policy is established w.e.f. June 1, 2017 based on the provisions of the Companies Act, 2013 and as per requirement of the NHB Notification No. NHB. HFC. CG-DIR.1/MD & CEO/2016 dated 9th February, 2017. In case of any subsequent changes in the provisions of the Act and the Rules framed thereunder, the Act and its Rules would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. The Board shall have the right to amend the Policy from time to time, based on recommendations of Audit Committee. The Policy shall be reviewed every year along with the other policies of the company. However, it shall be reviewed earlier if need arises for the same and/ or under special circumstances, for example a change in law.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1) Overview

An owned home is a dream for everyone, and is still the case for most even after 70 years of Independence. In fact, a requirement of 110 mn units as per CREDAI implies that 50% of the Indian population need a house. Further, 90% of this demand lies in the low-ticket affordable housing segment (EWS, LIG, MIG with income < Rs 1.8mn). With the mortgage to GDP ratio at just 9% (Asian average 20%+), the mortgage market in India remains under-penetrated and represents an opportunity to any institution that is willing to cater to this segment.

Loans of HFCs and Banks have grown at a CAGR of 18% over the past 5 years. As on December 31st, 2016, the total housing credit outstanding in India stood at around Rs 13.7 trillion and is expected to grow at 18-20% in FY 2017-18. It is interesting to note that the mortgage loan proved to be the single largest and best performing retail asset in the lending industry which could withstand the impact of demonetisation as well. The share of HFCs and NBFCs in the overall mortgage finance market remained steady at 38% with commercial banks accounting for the remaining 62%.

We believe that with macros and policies coming together for the first time, housing finance continues to operate in a favourable and high demand environment and that the Company is well placed to take advantage of this opportunity.

However, specifically over the last year, the overall GDP witnessed a moderation. The second half of the year saw a pronounced effect in this regard. While the year began on an optimistic note, the growth rates continued to be scaled down particularly following demonetisation and the low credit offtake. Against the medium term and long term inflation expectation of below 5%, the inflation hovered marginally above 5% during the year. However inherent inflationary pressures continued due to which the RBI could reduce the Repo rate by 50 bps only during the year over two tranches. The disruption caused by the demonetisation (move of the government) resulted in excess liquidity with the Banks. Banks opted for lower lending rates linked to MCLR which again proved disruptive though of course it was positive for the consumer.

2) Focus of Government on this sector:

Government led actions during the year have inducted substantial positivity in the sector especially when viewed with a long term perspective. Below are the major Government changes that impacted the sector in the year:

a) Housing for All - PMAY - 2022

The government continued to offer benefits under the Pradhan Mantri Awas Yojana ("PMAY"), with an objective to accelerate demand and improve the credit offtake in housing. While the results of the Credit Linked Subsidy Scheme ("CLSS") for the EWS / LIG segments announced last year under PMAY are being slowly witnessed, the Government also announced the second phase of CLSS for the MIG segment for families in the income segment of 6 lakhs p.a. to 18 lacs p.a. for a one year period upto December 2017. We believe that the 'Housing for all by 2022' mission will continue to gain momentum and will be a key factor in pushing the mortgage penetration levels further.

b) RERA

The Real Estate (Regulation and Development) Act, 2016 (RERA), for which almost all the states have notified the rules, is expected to bring in transparency in the real estate transactions and reduce the instances of fraud as well. The positive effects of the above are likely to pan out in the coming year and the industry can look forward to a positive trend in future.

c) Infrastructure status of affordable housing

The proposed inclusion of affordable housing, with revised parameters of definition in 'infrastructure' is generating interest within the real estate developer community and home buyers. This development will add to the transaction velocity in the sector.

d) GST

After a countrywide debate, the much awaited Goods and Service Tax Bill has received approval and is expected to be implemented in the near future. This is certainly a step forward in streamlining the prevailing tax structure of the Country.

e) Demonetization

It appears that the negative effects of this move are now over (especially the short term impact on informal sector families mainly - which is the target segment of the Company) and the housing finance sector has started bouncing back. In fact, it is possible that with the cash component eroding, the demand for formal sector credit has increased, which will help in the expansion of the sector. With improved liquidity, financial institutions have brought down interest rates and have made home loans more affordable, drawing in new customers who had erstwhile kept their decision of purchasing a home in abeyance.

Overall, the Management believes that the industry and particularly institutions that focus on the EWS / LIG segments are looking at a very positive environment, and this situation is likely to remain so at least until 2022.

3) Opportunities and Threats**a) Opportunities**

A large proportion of the Indian population is below the age of 30 years. The expanding urbanization, increase in supply of affordable homes, rising disposable incomes, reasonable interest rates and improved affordability on home loans will drive the demand in this sector. Further, enhanced penetration into Tier-II and Tier-III cities and regulatory framework have given impetus to supply in the sector. Lastly, Government initiatives to drive affordable housing under 'Housing For All', will be a major growth driver for the small and mid-size HFCs.

b) Threats

The Housing sector now faces a new challenge, that of implementation and execution. A very large number of schemes have been launched by the Government and there is huge amount of work to be done to bring them into reality. Only with the unified effort of the Government, real estate developers and financial institutions, success be achieved. There has been a steady increase of new entrants in the small and mid-size housing finance sector can this increase in competition may lead to price wars, loan transfers and drop in portfolio quality.

4) Business and Operational Overview

During the year under review, the Company increased most of its operating and financial parameters. Revenues were up by 21% to ₹ 38.02 Cr. (PY ₹ 31.48 Cr.) PBT increased by 7% to ₹ 9.02 Cr. (PY ₹ 8.44 Cr.) - and after payment of ₹ 3.02 Cr. (PY ₹ 2.81 Cr.) in current and deferred taxes, PAT increased by 7% to ₹ 6.00 Cr. (PY ₹ 5.62 Cr.). Note that the PAT for the year has been arrived at after charging ₹ 0.67 Cr. (PY ₹ 0.59 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.

Segment-wise or Product-wise performance

The Company currently operates in 6 states – Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, West Bengal and Chhattisgarh. MHFC's major focus has been to provide loans to customers for purchase and construction of new homes.

Under Housing loans, the company provides Home Loans to Individuals for purchase /construction of house. Further, with a view to promote housing stock in affordable housing MHFC also provides Construction Finance loans to builders who focus on EWS/LIG category flats. Under the Non Housing category, we provide Top-up Loans mainly to existing individuals for personal/ education/ wedding / insurance expenses. MHFC has also initiated strategic lending to NBFCs/MFIs who deal in customer segments similar to the Company as in the future, it might have tie-ups with these institutions to provide Home Loans to its customers.

In terms of lending operations, under Housing, during the year the Company sanctioned loans to Individuals worth Rs 164 Cr. (PY ₹ 103 Cr.) and disbursed loans of Rs 126 Cr. (PY ₹ 85 Cr.). The Company also sanctioned Rs 8.50 Cr. (PY Rs 10.40 Cr) and disbursed Rs 10.00 Cr (PY Rs 8.90) loans to builders for construction of residential properties. Under Non Housing loans, Sanctions to Individuals stood at ₹ 6 Cr. (PY Rs 1 Cr) and disbursements stood at Rs 5 Cr. (PY Rs 1 Cr.). The Company also sanctioned and disbursed Non Housing Loans to Corporates of Rs 17 Cr. (PY Rs 4 Cr.).

Housing loans to Individuals outstanding at year end was ₹ 323 Cr. (PY ₹ 244 Cr.) and to Corporates was ₹ 14 Cr. (PY ₹ 9 Cr.). Non Housing Loans to Individuals outstanding was ₹ 4 Cr. (PY ₹ 1 Cr.) and to Corporates was ₹ 16 Cr. (PY ₹ 4 Cr.). Total Loans Outstandings stood at ₹ 358 Cr., a growth of 38% over PY ₹ 259 Cr. The Company is pleased to report that it has now helped over 13,000 customers in owning their dream home. It is also important to note that last year saw the effective launch of CLSS under PMAY and we are also pleased to report that the Company successfully applied for and received CLSS amounting to ₹ 12.50 crs for 1280 customers.

In terms of portfolio quality, the Company had 96 (PY 35) loan accounts as on year end - March 31, 2017 - which were classified as non-performing assets ("NPAs") as per the prudential guidelines issued by the NHB. The amount of such Gross NPAs was ₹ 4.92 Cr. (PY ₹ 1.81 Cr.) which was 1.37% (PY 0.70%) of the total loan portfolio of the Company as at March 31, 2017. The Company has created necessary provisions in accordance with the NHB Directions, after which Net NPAs stood at ₹ 3.99 Cr. (PY ₹ 1.45 Cr.) and 1.09 % (PY 0.57%) of the total loan portfolio as at March 31, 2017. While this represents an increase over previous years and is mainly due to the impact of demonetisation, the number is still within industry parameters, and thus is continued evidence and support for the Company's belief that lower income customers are equally (if not more so) conscious and disciplined in repaying housing loans. As on March 31, 2017 the Company has taken possession of properties having a corresponding loan outstanding of ₹ 0.43 cr (PY Nil) under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

In terms of funding, the Company did not raise any fresh equity during the year, but with retained profits, net worth increased to ₹ 97.38 Cr. (PY ₹ 91.38 Cr.). However, the Company increased its long term debt to ₹ 282.97 Cr. (PY ₹ 186.46 Cr.) of which approx. 36% continues to be refinance support from the NHB. Other lenders to the 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., Yes Bank Limited and Federal 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 44.52% of risk weighted assets, as against the minimum requirement of 12%.

5) Outlook

In view of the huge shortage in urban housing units in the country, the Union government has been providing continued support to make the sector attractive and giving it due recognition. The agenda of 'Housing for all' is a key component of the government's strategy for making Indian cities inclusive and productive. We expect a surge in supply in low cost housing due to an increase focus on the same by the State Governments. Separately, demand is set to boost due to widening of income bracket criteria for avilment of subsidy and lowering of interest rates. The Company envisages good growth on the horizon too in the low cost housing sector that it caters to is not only large but growing; and is still reasonably under penetrated from the perspective of financing. The Company expects AUM growth to remain in line with the industry average as continuous innovations in terms of product space, leveraging technology, changing consumer behaviour and demographics have opened up new horizons for its growth.

6) Risks and concerns

As a lending entity, MHFC is exposed to various risks such as credit risk, market risk, liquidity risk, legal risks, interest rate risk, and operational risk. The Company emphasises on risk management practices to ensure an appropriate balance between risks and returns. MHFC has put in place a comprehensive risk management policy to identify, assess and monitor various risks. Risk Management Committee (RMC) has the overall responsibility of risk management. The Risk Management Committee (RMC) is constituted by the Managing Director/CFO and senior managers of all operational departments holding key positions in the Company. The RMC apprises the Management Committee of the key risks associated with the business of the Company and the measures to mitigate them.

a) Liquidity and interest rate risk

MHFC is susceptible to market-related risks such as liquidity risk, interest rate risk and funding risk. Such risk management is assigned to the Asset Liability Committee (ALCO) to monitor these risks on an ongoing basis.

b) Operational risk

MHFC uses information technology extensively in its operations. The Company attempts to mitigate operational risk by maintaining a system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training.

c) Credit Risk

The Company manages credit risk by using a set of credit norms and policies, including a standard credit appraisal policy. MHFC has developed internal legal and technical evaluation team with an independent function to make credit decisions more robust and in line to manage collateral risk.

7) Internal control systems and their adequacy

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.

8) Human Resource Development

Human resource development is considered vital for effective implementation of business plans of the Company. Constant endeavours are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees. During the current year, in-house training programmes were provided to employees, inter alia in lending operations, recoveries, KYC, IT system and accounts. Employees were also nominated for training programmes conducted by NHB and other institutions. MHFC has a staff strength of 172 employees as of March 31, 2017, with 88 people joining during the year 2016-17.



ANJUBEN BABUBHAI PARMAR, AHMEDABAD

Anju is a bright, young woman of 20 who is training to be a nurse and working for a doctor at a monthly salary of ₹ 7,000. Her mother Savitaben is a single parent who has educated four children and got two of them married, all on a monthly income of around ₹ 15,000 from selling vegetables. Currently, this mother-daughter duo stay on rent, paying a monthly amount of ₹ 2500.

Anju was sanctioned a loan of ₹ 5.83 lakhs from MHFC to buy a 1RK apartment in Ahmedabad. With a subsidy of ₹ 2.20 lakhs, the loan amount has reduced to ₹ 3.63 lakhs bringing a huge relief to the family's limited household income.

They will soon move into a home of their own.



MANOJKUMAR CHIMANLAL SOLANKI, AHMEDABAD

After living in rented spaces all his life, this Ahmedabad based customer finally purchased a home with a little help from us. Manojbhai is a salaried person at RV Pharmaceuticals and wears many hats. He manages sales, accounts and distribution here for 16 yrs at RV, for which he is paid ₹ 18000 as fixed salary along with some cash incentives. Naynaben, his wife is hard working and does two kinds of job - thread cutting and vegetable selling. She earns about ₹ 3000 monthly doing thread cutting at home. In the evening she is kept busy with her vegetable selling business through which she earns ₹ 5000 more in a month.

Though we have helped them with a loan of ₹ 7.5 lakhs, Manojbhai's mother and employer are very supportive and have lent ₹ 50000 each. The PMAY scheme has further helped the customer by reducing the burden of EMI and the family has finally moved into their dream home.

PORTFOLIO

SANCTIONS VS DISBURSALS (CUMULATIVE)

Total Loans Sanctioned:

13,405

₹570.26 CR

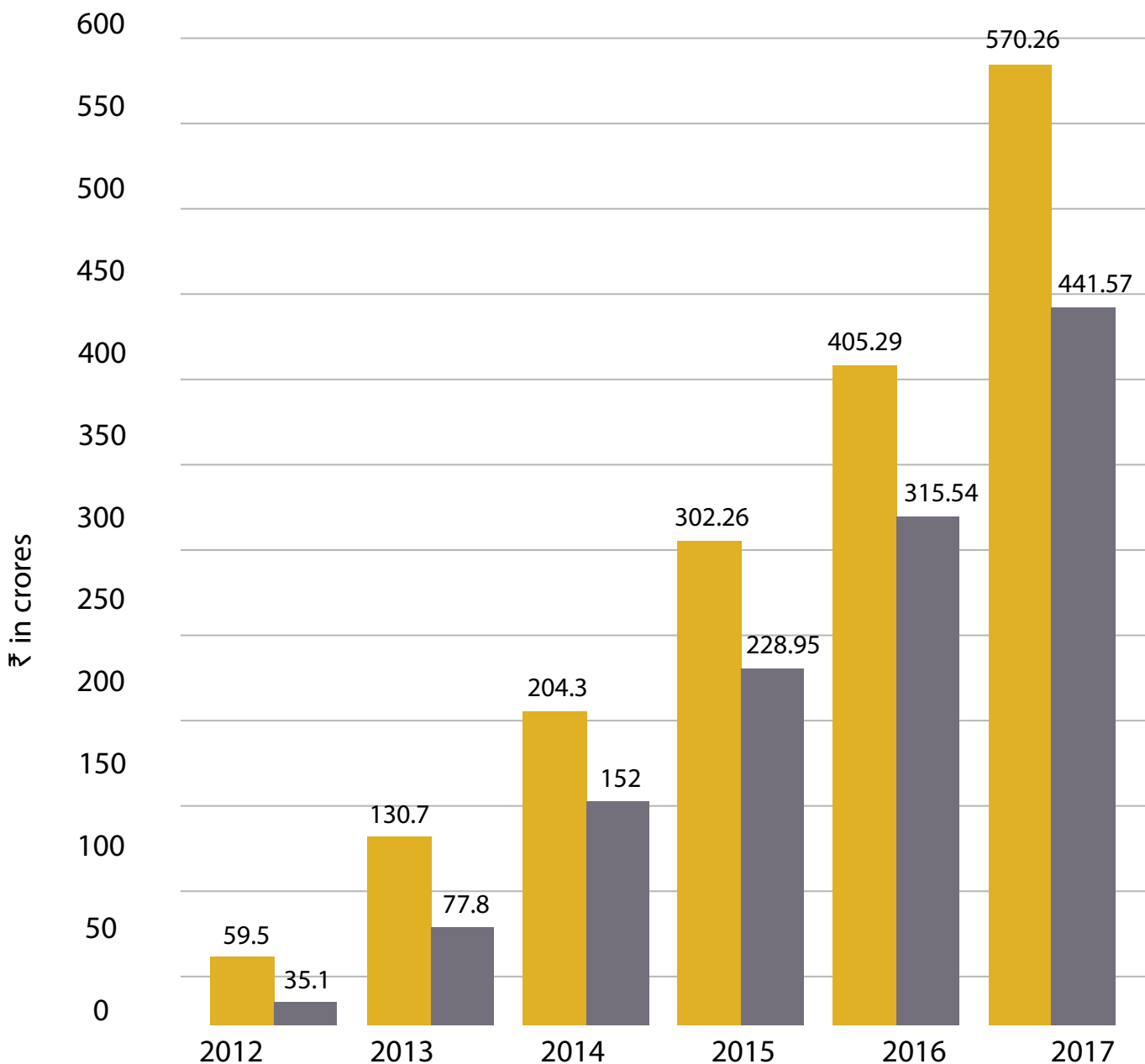
Total Loans Disbursed:

10,972

₹441.57 CR

■ Amount Sanctioned

■ Amount Disbursed

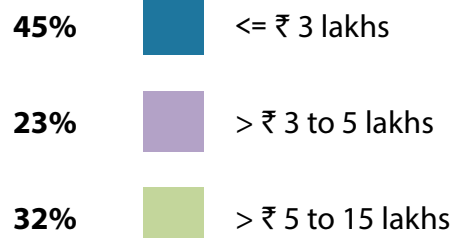


PORTFOLIO : SANCTIONS

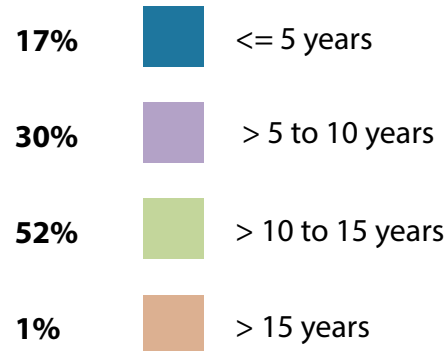
CUMULATIVE LOANS SANCTIONED: 13,405



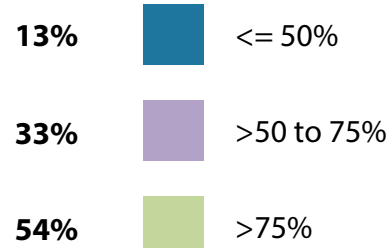
Average Loan Size: ₹4.25 Lacs



Average Loan Tenor: 11.7 years



Average Loan to Value (LTV): 71%



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 2017, the Statement of Profit and Loss and 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 prescribed 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 for safeguarding the assets of the Company and for 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 these 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 2017, 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. 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 prescribed 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 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 29 May 2017 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. the Company, as detailed in Note 23 to the financial statements, has disclosed the impact of pending litigations on 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;

iv. the Company, as detailed in Note 35 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the Company.

For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Sudhir N. Pillai
Partner
Membership No.: 105782

Place: Mumbai
Date: 29 May 2017

Annexure I to the Independent Auditor's Report

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 title deeds of all the immovable properties (which are included under the head 'fixed assets') are held in the name of the Company.
- (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 sub-section (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) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (Rs.)	Amount paid under Protest (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	5,52,050	-	Assessment year 2013-14	Commissioner of Income-tax (Appeals)

- (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 Chandiook & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Sudhir N. Pillai
Partner
Membership No.: 105782

Place: Mumbai
Date: 29 May 2017

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 2017**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")**

1. 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 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of that date.

Management's Responsibility for Internal Financial Controls

2. 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.

Auditors' Responsibility

3. 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.

4. 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.

5. 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.

Meaning of Internal Financial Controls over Financial Reporting

6. 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.

Inherent Limitations of Internal Financial Controls over Financial Reporting

7. 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.

Opinion

8. 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 2017, 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.

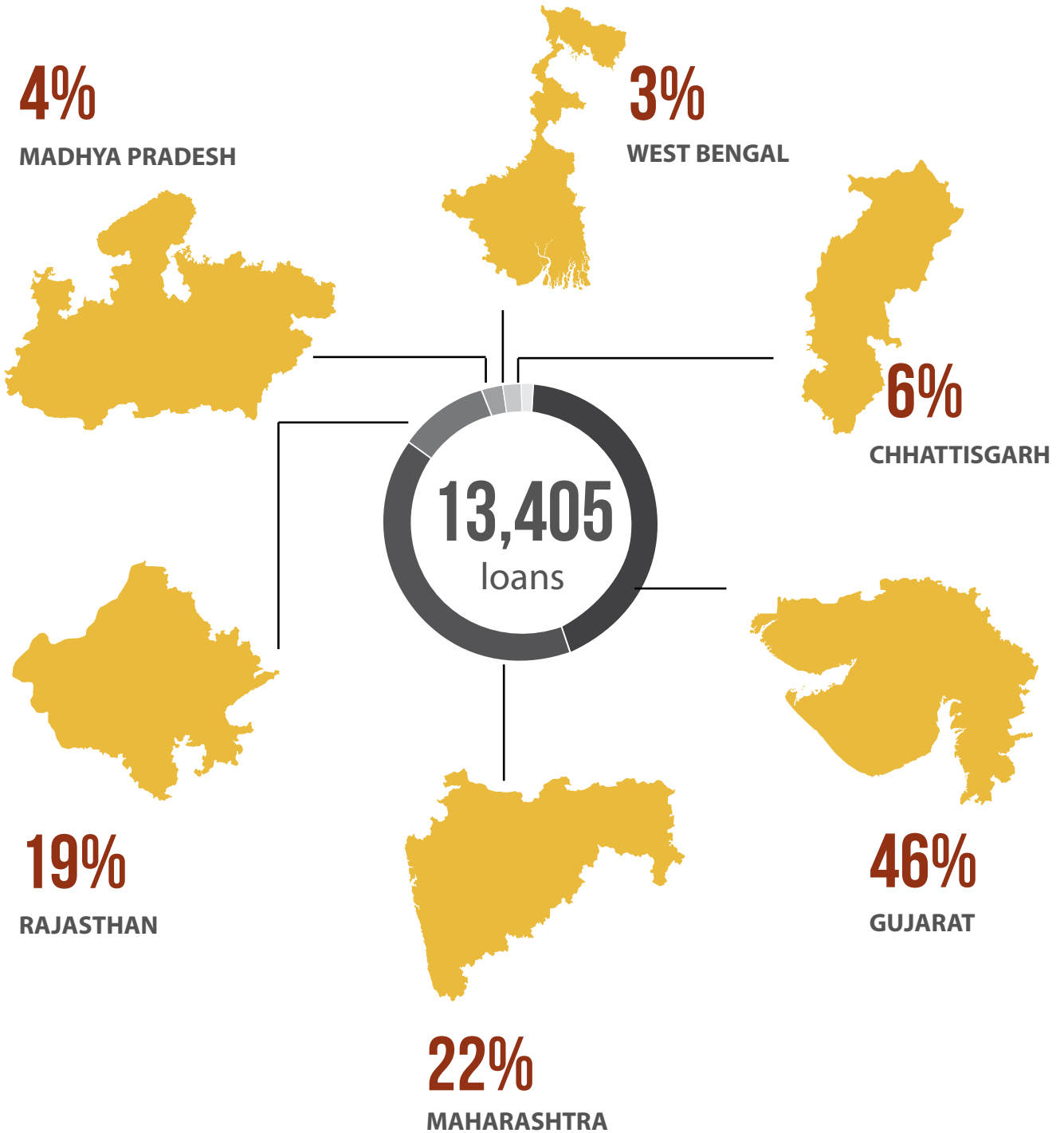
For Walker Chandiok & Co LLP
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Sudhir N. Pillai
Partner
Membership No.: 105782

Place: Mumbai
Date: 29 May 2017

LOCATIONS

STATE WISE GEOGRAPHICAL DISTRIBUTION OF SANCTIONS



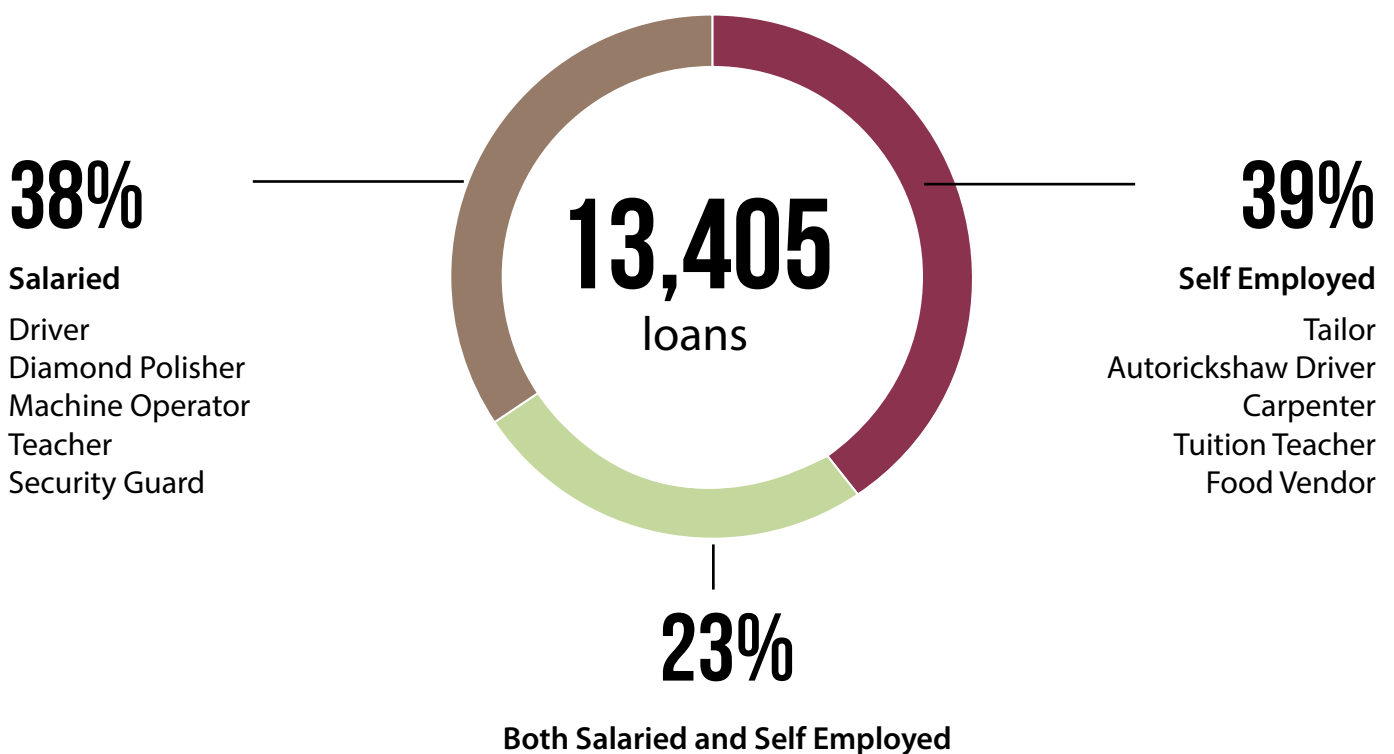
INCOME PROFILES

AVERAGE MONTHLY HOUSEHOLD INCOMES



Number of Sanctions (Total Sanctions = 13,405)

OCCUPATIONS: SALARIED VS SELF EMPLOYED





RAMKISHAN GHAVATE, PUNE

Originally from Solapur, Ramkishan moved with his parents to Pune ten years back in search of better work opportunities. Since Ramkishan now has his own family, he wanted to have his own home to secure their future and provide better living conditions for his aged parents. Everyone in this hardworking family contributes to the household income. He works as a personal driver on a monthly salary of ₹ 15,000, his wife and mother work as housemaids and his father is a security guard on a construction site. Their total household income of Rs. 33,000 was enough to get them a loan of ₹ 9 lakhs by MHFC. They have received a full subsidy of ₹ 2.20 lakhs however the customer continues to pay the entire EMI as he wishes to close the loan as early as possible. Now this family has a permanent house of their own in the city and will be able to provide their youngest member good educational and professional opportunities in the future.



FINANCIALS

BALANCE SHEET

STATEMENT OF PROFIT & LOSS

CASH FLOW STATEMENT

NOTES TO FINANCIAL STATEMENTS

BALANCE SHEET

	Notes	As at 31 March 2017 In ₹	As at 31 March 2016 In ₹
Equity and liabilities			
Shareholders' funds			
Share capital	3	30,22,75,750	30,22,75,750
Reserves and surplus	4	67,15,29,901	61,15,22,974
		97,38,05,651	91,37,98,724
Non-current liabilities			
Long-term borrowings	5	2,37,89,29,079	1,57,83,35,977
Deferred tax liabilities (net)	10	1,49,56,783	1,17,76,832
Long-term provisions	6	2,63,77,381	1,57,59,126
		2,42,02,63,243	1,60,58,71,935
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		23,67,231	18,05,212
Other current liabilities	8	47,52,02,267	33,72,98,375
Short-term provisions	6	65,68,543	25,42,796
Short-term borrowings	5	10,00,00,000	-
		58,41,38,041	34,16,46,383
TOTAL		3,97,82,06,935	2,86,13,17,042
Assets			
Non-current assets			
Property, plant and equipment	9	15,42,905	11,00,917
Long-term loans and advances - Housing loans	11	3,01,43,28,184	2,35,69,09,021
Long-term loans and advances - Others	12	15,17,88,295	9,74,17,445
		3,16,76,59,385	2,45,54,27,383
Current assets			
Cash and cash equivalents	13	21,79,06,973	12,80,63,789
Short-term loans and advances - Housing loans	11	87,50,000	-
Short-term loans and advances - Others	12	49,49,546	30,54,097
Other current assets	14	57,89,41,032	27,47,71,773
		81,05,47,551	40,58,89,659
TOTAL		3,97,82,06,935	2,86,13,17,042

Notes 1 to 36 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: 29 May 2017

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: 29 May 2017

STATEMENT OF PROFIT & LOSS

	Notes	Year ended 31 March 2017 In ₹	Year ended 31 March 2016 In ₹
Revenue			
Revenue from operations	15	38,01,06,713	31,43,64,722
Other income	16	1,08,090	3,94,401
Total Revenue		38,02,14,803	31,47,59,123
Expenses			
Employee benefit expenses	17	3,70,92,500	4,71,07,504
Finance costs	18	21,59,62,276	15,90,95,386
Provisions and Contingencies	25 (XI)	98,00,328	44,81,720
Depreciation expense	9	10,63,956	6,97,102
Other expenses	19	2,61,12,310	1,90,04,628
Total Expenses		29,00,31,370	23,03,86,340
Profit before tax		9,01,83,433	8,43,72,783
Tax expense:			
Current tax		2,69,96,554	2,37,41,701
Income tax of earlier year		-	1,42,950
Deferred tax liability on Special Reserve		67,51,336	59,35,584
Deferred tax credit		(35,71,385)	(16,92,206)
		3,01,76,505	2,81,28,029
Profit after tax		6,00,06,928	5,62,44,754
Earnings per equity share			
	21		
Basic		1.99	1.86
Diluted		1.99	1.86

Notes 1 to 36 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, 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: 29 May 2017

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: 29 May 2017

CASH FLOW STATEMENT

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
(A) Cash flow from operating activities:		
Profit before tax	9,01,83,433	8,43,72,783
Adjustments for non-cash transactions		
Depreciation expense	10,63,956	6,97,102
Provisions and Contingencies	98,00,328	44,81,720
Items considered separately		
Interest income	(37,16,97,864)	(28,73,23,326)
Interest expense	21,52,55,443	15,64,74,278
Operating profit before working capital changes	(5,53,94,704)	(4,12,97,443)
Change in working capital :		
Changes in Loans & Advances - others	(14,12,08,284)	(4,97,44,480)
Changes in Trade Payables	5,62,019	4,84,370
Change in Other Current Liabilities and provisions	(2,70,94,107)	3,34,32,586
	(22,31,35,076)	(5,71,24,967)
Housing Loans disbursed	(85,86,84,563)	(58,49,14,634)
Cash used in operating activities before adjustment for interest received & interest paid	(1,08,18,19,639)	(64,20,39,601)
Interest received	35,75,60,980	27,99,70,940
Interest paid	(21,00,25,427)	(14,11,88,707)
Cash used in operating activities	(93,42,84,086)	(50,32,57,368)
Income taxes paid	(2,71,25,883)	(2,61,04,479)
Net cash used in operating activities	(96,14,09,969)	(52,93,61,847)
(B) Cash flow from investing activities:		
Purchase of fixed assets	(15,05,944)	(8,40,374)
Net cash flow used in investing activities	(15,05,944)	(8,40,374)
(C) Cash flow from financing activities:		
Proceeds from Borrowings	1,33,00,00,000	62,50,00,000
Repayments from Borrowings	(27,72,40,903)	(31,20,29,272)
Net cash generated from financing activities	1,05,27,59,097	31,29,70,728
Net increase in cash and cash equivalents (A+B+C)	8,98,43,184	(21,72,31,493)
Cash and cash equivalents at beginning of the year	12,80,63,789	34,52,95,282
Cash and cash equivalents as at the end of the year	21,79,06,973	12,80,63,789
Components of cash and cash equivalents		
Cash on hand	8,16,171	4,36,892
Balance in current accounts with banks	70,90,702	3,76,26,797
Balance in deposit accounts with banks	21,00,00,100	9,00,00,100
	21,79,06,973	12,80,63,789

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 2016 - 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 36 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: 29 May 2017

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: 29 May 2017

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 companies. 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 tax. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

b. Property, plant and equipment

Recognition

Property, plant and equipment 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 up to the point the asset is ready for its intended use.

Depreciation

Depreciation on property, plant and equipment 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 up to Rs. 5,000 individually are depreciated fully in the year in which they are purchased.

Impairment

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 and non 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.

NOTES TO FINANCIAL STATEMENTS

Income from mutual funds

The gain/loss on account of redemption on investments made in units of highly liquid mutual fund is recognised on receipt basis. Such investments are considered as cash and cash equivalents.

Income from fixed deposits

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

d. 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.

e. 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 cost such as processing fees, arrangement fees, any other one time charges like legal fees, listing fees, security creation fees etc. aggregating up to Rs. 500,000 for an individual borrowing are charged to Statement of Profit and Loss, while such costs exceeding Rs. 500,000 for an individual borrowing are amortised over the tenor of the borrowings. The unamortised balance forms part of "Prepaid expenses", disclosed under Loans and advances - others.

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 represent 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").

NOTES TO FINANCIAL STATEMENTS

h. Non Housing Loans

Non-Housing loans represent outstanding amount of loans disbursed to individuals provided as top-up loans, loans for insurance premium and other charges. It also includes loans provided to non individual borrowers as corporate loans. 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").

i. 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.

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.

j. 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.

k. 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.

l. Foreign Currency Transactions

All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction. Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

m. Reimbursement of processing fee and other charges

As per the guidelines of new government schemes under Pradhan Mantri Awas Yojana (PMAY), no processing fee is allowed to be charged to the eligible customers. The Company gets a reimbursement from the customers for the expenses incurred during sanction and post-sanction stage. Such reimbursement receivable forms part of "Non-housing loans", disclosed under Loans and Advances in the Balance Sheet. The expenses presented in the Statement of Profit and Loss such as Salaries and wages, Insurance, Franking charges, etc. are net of expenses recovered from the customers.

NOTES TO FINANCIAL STATEMENTS

3. Share Capital

	As at 31 March 2017		As at 31 March 2016	
	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 2017		As at 31 March 2016	
	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

	As at 31 March 2017		As at 31 March 2016	
	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	51,15,034	16.92%	52,37,032	17.33%
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%
Unilazer Alternative Ventures LLP	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 2017	As at 31 March 2016
	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	5,37,62,311	3,58,08,335
Add : Current Year Transfer	2,04,21,465	1,79,53,976
Balance at the end of the year	7,41,83,776	5,37,62,311
Surplus in the statement of profit and loss		
Balance at the beginning of the year	11,25,57,168	7,42,66,390
Add: Transferred from statement of profit and loss	6,00,06,928	5,62,44,754
Less: Transfer to special reserve	(2,04,21,465)	(1,79,53,976)
Less: Adjusted against deferred tax liability [Also, refer note 10 (a)]	-	-
Balance at the end of the year	15,21,42,630	11,25,57,168
	67,15,29,901	61,15,22,974

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 2017, 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 2017 In ₹	As at 31 March 2016 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	5,24,85,328	3,45,31,352
c) Total	5,37,62,311	3,58,08,335
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	2,04,21,465	1,79,53,976
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	7,29,06,793	5,24,85,328
c) Total	7,41,83,776	5,37,62,311

NOTES TO FINANCIAL STATEMENTS

5. Borrowings Secured

	As at 31 March 2017		As at 31 March 2016	
	In ₹		In ₹	
	Long term	Short term	Long term	Short term
Secured				
<u>Term Loans</u>				
Refinance from National Housing Bank	1,00,87,92,500	-	79,34,24,300	-
Loans From Banks	1,60,73,28,130	-	88,54,28,135	-
Loans from Financial Institution (HDFC Limited)	21,36,65,062	-	18,57,28,498	-
	28,297,85,692	-	1,86,45,80,933	-
Less: Current portion disclosed as Other Current Liabilities (Refer Note 8)	45,08,56,613	-	28,62,44,956	-
	2,37,89,29,079	-	1,57,83,35,977	-
Unsecured				
<u>Term loans</u>				
From other parties	-	10,00,00,000	-	-
	-	10,00,00,000	-	-
	2,37,89,29,079	10,00,00,000	1,57,83,35,977	-

Note:

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	1,00,87,92,500	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	21,36,65,062	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	19,69,66,265	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	8,62,60,000	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	15,35,71,434	The balance comprise of multiple loans which are repayable in equated monthly installments ranging between 36 to 84 from the respective date of disbursement of each loan.
6	State Bank of India	78,14,00,000	The balance comprise of multiple loans which are repayable in fixed monthly installments ranging between 96 to 120 from the respective date of disbursement of each loan.
7	Yes Bank Limited	23,91,30,431	Repayable in 138 monthly installments after 6 months of moratorium from date of disbursement.
8	Federal Bank Limited	15,00,00,000	Repayable in 28 equated quarterly installments starting from the quarter succeeding the one in which loan is disbursed.
		1,86,45,80,933	
9	Caspian Impact Investments Private Limited	10,00,00,000	Repayable in single bullet payment at the end of the tenor.
		10,00,00,000	
		2,92,97,85,692	

NOTES TO FINANCIAL STATEMENTS

6. Provisions

	As at 31 March 2017 (In ₹)		As at 31 March 2016 (In ₹)	
	Long term	Short term	Long term	Short term
Provision for gratuity (refer note (a) below)	19,74,468	4,29,302	11,56,541	370,463
Contingent provision against Standard Assets (Also, refer Note 24)	1,51,40,019	-	1,09,84,945	-
Contingent provision against Sub-Standard Assets (Also, refer Note 24)	70,23,300	-	24,74,750	-
Contingent provision against Doubtful Assets- Category I (Also, refer Note 24)	19,79,677	-	11,42,890	-
Contingent provision against Doubtful Assets- Category II (Also, refer Note 24)	2,59,917	-	-	-
Provision for interest receivable on Doubtful Assets- Category I loans	-	14,00,557	-	7,76,961
Provision for interest receivable on Doubtful Assets-Category II loans	-	1,39,260	-	-
Provision for interest receivable on Sub-Standard Assets	-	45,99,424	-	13,95,372
	2,63,77,381	65,68,543	1,57,59,126	25,42,796

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 2017 (In ₹)	31 March 2016 (In ₹)
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	15,27,004	11,72,249
Service cost	6,91,022	4,24,444
Interest cost	1,22,160	90,849
Actuarial (gain) / loss	63,584	(11,000)
Benefits paid	-	(1,49,538)
Projected benefit obligation at the end of the year	24,03,770	15,27,004
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	24,03,770	15,27,004
Funded status of the plans	-	-
Liability / (asset) recognised in the balance sheet	24,03,770	15,27,004
Classification of liability recognised		
Non Current	19,74,468	11,56,541
Current	4,29,302	3,70,463
Components of net gratuity costs are		
Service cost	6,91,022	4,24,444
Interest cost	1,22,160	90,849
Expected returns on plan assets	-	-
Recognised net actuarial (gain)/ loss	63,584	(11,000)
Net gratuity costs	8,76,766	5,04,293
Assumptions used		
Interest rate	7.5% p.a.	8% p.a.

NOTES TO FINANCIAL STATEMENTS

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	58 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.

7. Trade Payables

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Trade Payables		
Dues to micro and small enterprises (Also, refer to note 26)	-	-
Due to others	7,96,238	6,55,531
Other accrued liabilities	15,70,993	11,49,681
	23,67,231	18,05,212

8. Other Current Liabilities

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Current Maturities of Long Term Borrowings		
Refinance from National Housing Bank	14,23,86,800	10,87,06,800
Loans From Banks	27,03,15,529	13,73,47,486
Loans from Financial Institution (HDFC Limited)	3,81,54,284	4,01,90,670
	45,08,56,613	28,62,44,956
Statutory dues		
TDS Payable	4,36,001	4,07,140
Profession Tax payable	34,600	21,600
Provident Fund Payable	5,10,037	3,39,547
ESIC payable	65,594	11,525
Interest accrued but not due on borrowings	2,20,73,452	1,68,43,436
Advance from Customers	5,45,011	7,43,083
Subsidy received from NHB*	6,80,959	3,26,87,088
	2,43,45,654	5,10,53,419
Total	47,52,02,267	33,72,98,375

* Pertain to credit linked subsidy and interest subvention scheme subsidy received from NHB.

9. Property, Plant and Equipment

Gross Carrying Amount	Computer and data processing equipment	Furniture and fixtures	Office equipment	Land	Total
Balance as at 31 March 2015	1,566,760	3,76,505	1,312,165	-	3,255,430
Additions	158,359	91,665	5,90,350	-	8,40,374
Balance as at 31 March 2016	1,725,119	4,68,170	1,902,515	-	4,095,804
Additions	504,302	34,000	7,16,929	2,50,713	1,505,944
Balance as at 31 March 2017	2,229,421	5,02,170	2,619,444	250,713	5,601,748

Accumulated depreciation

NOTES TO FINANCIAL STATEMENTS

Balance as at 31 March 2015	1,332,174	1,99,743	7,65,868	-	22,97,785
Additions	216,052	60,579	4,20,471	-	6,97,102
Balance as at 31 March 2016	1,548,226	2,60,322	11,86,339	-	29,94,887
Additions	305,153	58,872	6,99,931	-	10,63,956
Balance as at 31 March 2017	1,853,379	3,19,194	18,86,270	-	40,58,843
Net Carrying Amount					
Balance as at 31 March 2016	1,76,893	2,07,848	7,16,176	-	11,00,917
Balance as at 31 March 2017	3,76,042	1,82,976	7,33,174	2,50,713	15,42,905

10. Deferred Taxes

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Deferred tax liabilities		
Deferred tax liability on Special Reserve (Refer note (a) below)	2,41,02,986	1,73,51,650
Total	2,41,02,986	1,73,51,650
Deferred tax assets		
Provision for Standard Assets	50,05,744	36,31,952
Provision for Sub-standard Assets	23,22,114	8,18,227
Provision for Doubtful Assets – Category-I	6,54,541	3,77,874
Provision for Doubtful Assets – Category-II	85,936	-
Provision for employee benefits	7,94,758	5,04,873
Timing difference on tangible assets depreciation	2,83,110	2,41,892
Total	91,46,203	55,74,818
Net deferred tax (liabilities)/ asset	(1,49,56,783)	(1,17,76,832)

11. Loans and Advances - Housing Loans

	As at 31 March 2017		As at 31 March 2016	
	In ₹		In ₹	
	Long term	Short term	Long term	Short term
Loans and Advances - Housing Loans				
Individuals (Secured, considered good)*#	3,21,35,09,657	-	2,43,22,16,127	-
Less: Current portion disclosed under Other current assets (Refer Note 14)	25,97,35,849	-	14,14,49,820	-
	2,95,37,73,808	-	2,29,07,66,307	-
Corporate bodies (Secured, considered good)*	14,45,78,181	87,50,000	9,26,70,700	-
Less: Current portion disclosed under Other current assets (Refer Note 14)	8,40,23,805	-	2,65,27,986	-
	6,05,54,376	87,50,000	6,61,42,714	-
	3,01,43,28,184	87,50,000	2,35,69,09,021	-

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

#Individual loans includes Rs. 4,306,081 (Previous Year Rs. Nil) against which the Company has taken possession of the properties under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

NOTES TO FINANCIAL STATEMENTS

12. Loans and Advances - Others

	As at 31 March 2017		As at 31 March 2016	
	Long term	Short term	Long term	Short term
	In ₹			In ₹
Non-Housing loans				
Individuals (Secured, considered good)**	4,35,07,513	-	1,03,94,599	-
Less: Current portion disclosed under Other current assets (Refer Note 14)	2,15,29,583	-	12,69,096	-
	2,19,77,930	-	91,25,503	-
Corporate bodies (Secured, considered good)**	9,26,38,627	-	-	-
Less: Current portion disclosed under Other current assets (Refer Note 14)	5,99,45,826	-	-	-
	3,26,92,801	-	-	-
Corporate bodies (Unsecured, considered good)**	5,00,00,000	-	4,00,00,000	-
Less: Current portion disclosed under Other current assets (Refer Note 14)	2,32,93,689	-	2,00,00,000	-
	2,67,06,311	-	2,00,00,000	-
Security deposits				
- Unsecured, considered good	11,75,507	-	7,81,672	-
	11,75,507	-	7,81,672	-
Loan to MHFC Employees Trust				
- Unsecured, considered good	6,47,50,848	-	6,59,47,320	-
	6,47,50,848	-	6,59,47,320	-
Other loans and advances (Unsecured, considered good)				
- Advance income tax (net of provisions)	16,92,279	-	15,62,950	-
- Advances to employees	-	1,50,265	-	35,698
- Loans to employees	-	4,78,945	-	5,57,595
- Balance with government authorities	-	5,18,246	-	66,781
- Prepaid expenses	27,92,619	38,02,090	-	23,94,023
	44,84,898	49,49,546	15,62,950	30,54,097
	15,17,88,295	49,49,546	9,74,17,445	30,54,097

** 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 2017		As at 31 March 2016	
	In ₹		In ₹	
	Current	Non-Current	Current	Non-Current
Cash on hand	8,16,171	-	4,36,892	-
Balances with banks				
- in current accounts	70,90,702	-	3,76,26,797	-
- in deposit account (with maturity upto 3 months)	20,00,00,100	-	8,00,00,100	-
	20,79,06,973	-	11,80,63,789	-
Deposits with maturity more than 3 months but less than 12 months	1,00,00,000	-	1,00,00,000	-
	1,00,00,000	-	1,00,00,000	-
Total	21,79,06,973	-	12,80,63,789	-
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 2017	As at 31 March 2016
	In ₹	In ₹
Current maturities of long term Housing loans - Individuals	25,97,35,849	14,14,49,820
Current maturities of long term Housing loans - Corporate bodies	8,40,23,805	2,65,27,986
Current maturities of long term Non-Housing loans-Individuals	2,15,29,583	12,69,096
Current maturities of long term Non-Housing loans-Corporate bodies	8,32,39,515	2,00,00,000
Installments receivable but not due - Individuals	5,09,89,480	3,65,80,076
Installments receivable and due - Individuals	1,26,53,367	64,01,573
Installments receivable and due - Corporate bodies	1,30,13,559	7,73,422
Interest accrued on fixed deposits	1,18,664	5,78,252
Prepaid term loan installment	5,36,37,210	4,11,91,548
	57,89,41,032	27,47,71,773

15. Revenue from Operations

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Fee Income	23,34,783	2,37,48,921
Interest income on housing and non-housing loans	36,90,79,979	27,37,64,097
Other operating revenue		
-Delayed payment charges	34,92,332	32,92,475
-Interest income on fixed deposits	26,17,885	13,559,229
-Surplus from deployment in cash management schemes of mutual funds	67,46,263	-
Less: Fee income refunded on account of Pradhan Mantri Awas Yojana *	(41,64,529)	-
	38,01,06,713	31,43,64,722

* Refunds were given to the customers who were eligible for PMAY scheme for the processing fees collected from them in the previous year, as per the scheme guidelines.

NOTES TO FINANCIAL STATEMENTS

16. Other Income

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Interest income on loan to employees	67,782	86,171
Miscellaneous Income	40,308	3,08,230
	1,08,090	3,94,401

17. Employee Benefit Expense

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Salaries, Wages and Bonus (including managerial remuneration)	3,10,45,371	4,30,45,461
Contribution to gratuity (Also, Refer Note 6)	8,76,766	5,04,293
Contribution to provident fund	30,37,643	19,00,948
Contribution to ESIC	1,76,710	74,826
Staff welfare expenses	19,56,010	15,81,976
	3,70,92,500	4,71,07,504

18. Finance Costs

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Interest on Loans and Overdraft	21,52,55,443	15,64,74,278
Bank Charges	5,51,119	5,24,758
Loan Processing Fees and Other Changes (Also, refer note 34)	1,55,714	20,96,350
	21,59,62,276	15,90,95,386

NOTES TO FINANCIAL STATEMENTS

19. Other Expenses

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Electricity expenses	8,81,523	7,50,292
Rent (Also, refer note 28)	28,14,799	20,14,600
Repairs and maintenance		
- Others	6,53,073	4,20,441
Insurance	21,69,885	15,48,318
Rates and taxes	13,80,521	9,53,592
Payments to auditors (Also, refer note below)	13,59,800	9,17,348
Advertisement and marketing expenses	2,71,496	81,025
Communication expenses	29,93,701	17,66,373
Franking charges	5,75,291	10,30,477
Professional, legal and consultancy fees	41,73,988	22,16,278
Printing and stationery	8,62,791	12,96,967
Documentation storage cost	59,260	1,15,511
Travelling, conveyance and boarding expenses	41,31,931	47,20,892
Office expenses	2,56,559	1,73,151
Computer expenses	9,39,616	2,56,896
Corporate social responsibility activity (Also, refer Note 30)	8,00,000	2,56,000
Donation	68,000	44,000
Brokerage and commission	62,306	44,200
Miscellaneous expenses	39,495	3,98,267
SARFAESI Expense	16,18,275	-
	2,61,12,310	1,90,04,628

Note: Payments to auditors (excluding service tax)

As auditor

Statutory audit	11,25,000	7,00,000
In other capacity		
Other services		
- Certification work	2,00,000	2,00,000
Reimbursement of expenses	34,800	17,348
	13,59,800	9,17,348

NOTES TO FINANCIAL STATEMENTS

20. Related Party Disclosures

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. Classapart Technologies Private Limited
2. NRS Micro Systems Private Limited
3. Mobile Search Engine Private Limited
4. MHFCL Employees and Business Associates Welfare Trust
5. Micro Housing Solutions India Private Limited

Influence exercised on the Company through significant shareholding

India Financial Inclusion Fund

b) Transactions with related parties:

	Year Ended 31 March 2017	Year Ended 31 March 2016
	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	12,00,000	10,80,000
<u>II. Other transactions</u>		
Salaries and benefits to Ms. Madhura Shelgikar	9,60,000	7,92,000

Notes:

No amount has been written off or provided as doubtful or written back during the year in respect of balance due from/ to above related parties.

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 2017	As at 31 March 2016
	In ₹	In ₹
Net profit for equity share holders (Rs.)	6,00,06,928	5,62,44,754
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.)	1.99	1.86

NOTES TO FINANCIAL STATEMENTS

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. 3,63,62,960 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 2017 is Rs. 6,47,50,848 (31 March 2016 - Rs. 6,59,47,320).

23. Contingent Liabilities and Commitments

Particulars	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Contingent Liabilities		
Claims against the Company not acknowledged as debt		
- Income tax demand under appeal	5,52,052	-
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	78,45,58,748	64,42,13,214

24. (I) Break up of Loan & Advances and Provisions thereon

Particulars	Housing		Non-Housing	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
(A) Standard Assets				
a) Total Outstanding Amount	3,38,67,36,041	2,54,73,19,002	25,27,43,634	11,71,52,517
Individuals	3,16,67,99,371	2,41,41,35,595	4,30,74,794	1,03,94,599
Installments receivable but not due - Individuals	4,86,80,872	3,60,69,027	16,05,482	2,34,410
Installments receivable and due - Individuals	49,63,579	36,70,258	1,45,417	18,593
Corporate bodies	15,33,28,181	9,26,70,700	14,26,38,627	4,00,00,000
Installments receivable and due - Corporate bodies	1,29,64,038	7,73,422	49,521	-
Loans to MHFC Employees Trust	-	-	6,47,50,848	6,59,47,320
Loans to employees	-	-	4,78,945	5,57,595
b) Provisions made	1,41,29,045	1,05,16,331	10,10,974	4,68,614
(B) Sub-Standard Assets				
a) Total Outstanding Amount	4,62,30,404	1,64,98,334	5,91,596	-
Individuals	4,01,44,245	1,45,73,166	3,82,538	-
Installments receivable but not due - Individuals	5,91,710	2,24,753	20,300	-
Installments receivable and due - Individuals	54,94,449	17,00,415	1,88,758	-
b) Provisions made	69,34,560	24,74,750	88,740	-

NOTES TO FINANCIAL STATEMENTS

(C) Doubtful Assets – Category-I				
a) Total Outstanding Amount	78,51,918	45,71,559	66,792	-
Individuals	62,10,733	35,07,366	50,180	-
Installments receivable but not due - Individuals	79,950	51,886	1,694	-
Installments receivable and due - Individuals	15,61,235	10,12,307	14,918	-
b) Provisions made	19,62,979	11,42,890	16,698	-
(D) Doubtful Assets – Category-II				
a) Total Outstanding Amount	6,46,978	-	2,816	-
Individuals	3,55,311	-	-	-
Installments receivable but not due - Individuals	9,472	-	-	-
Installments receivable and due - Individuals	2,82,195	-	2,816	-
b) Provisions made	2,58,791	-	1,126	-
(E) Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
(F) Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
(G) TOTAL				
a) Total Outstanding Amount	3,44,14,65,341	2,56,83,88,895	25,34,04,838	11,71,52,517
b) Total Provisions made	2,32,85,375	1,41,33,971	11,17,538	4,68,614

(II) Details of movement in provisions for standard, sub-standard and doubtful assets during the year is as under:

Particulars	In ₹		In ₹	
	As at 31 March 2016	Net Addition	As at 31 March 2017	
On Loans				
-Individuals	1,34,75,734	88,48,315	2,23,24,049	
-Corporate bodies	8,60,831	9,57,114	18,17,945	
-Others	2,66,020	(5,101)	2,60,919	
	1,46,02,585	98,00,328	2,44,02,913	

NOTES TO FINANCIAL STATEMENTS

25. Additional Information (pursuant to circulars/ notifications issued by NHB)

I) Capital to Risk Assets Ratio (CRAR)

Items	As at 31 March 2017	As at 31 March 2016
(i) CRAR (%)	44.52%	58.79%
(ii) CRAR - Tier I Capital (%)	43.84%	58.09%
(iii) CRAR - Tier II Capital (%)	0.68%	0.70%
(iv) Amount of subordinated debt raised as Tier- II Capital	Nil	Nil
(v) Amount raised by issue of perpetual debt instruments	Nil	Nil

II) Exposure to Real Estate Sector

Category	As at 31 March 2017 In ₹	As at 31 March 2016 In ₹
a) Direct Exposure		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
- Individual housing loans up to Rs.15 lakh	32,65,193,869	2,471,555,399
- Individual housing loans above Rs. 15 lakh	99,79,251	3,389,374
- Other loans	4,54,86,897	10,647,602
	33,20,660,017	2,48,55,92,374
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	16,62,92,219	9,34,44,122
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
	16,62,92,219	9,34,44,122
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

III) Exposure to Capital Market

Category	As at 31 March 2017 In ₹	As at 31 March 2016 In ₹
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
	-	-

NOTES TO FINANCIAL STATEMENTS

(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-

IV) Unsecured advances

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Corporate bodies	5,00,00,000	4,00,00,000
Loan to MHFC Employees Trust	6,47,50,848	6,59,47,320
Loan to employees	4,78,945	5,57,595
	11,52,29,793	10,65,04,915

Note: There are no outstanding advances as at 31 March 2017 and 31 March 2016 for which intangible securities such as charge over the rights, licenses, authority, etc has been taken.

V) Asset liability management: Maturity pattern of certain items of assets and liabilities as at 31 March 2017

Particulars	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
Liabilities											
Borrowings from banks	5,82,31,795	2,28,47,098	3,18,35,294	11,39,33,520	32,40,08,905	86,69,27,310	67,64,59,583	42,55,14,695	38,11,44,402	2,88,83,090	2,92,97,85,692
Market Borrowings	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	6,80,75,093	3,48,76,567	3,37,41,385	10,72,20,062	24,34,64,133	74,45,26,428	61,76,56,425	54,79,31,485	67,18,90,662	51,57,95,671	3,58,51,77,911
Investments	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

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

NOTES TO FINANCIAL STATEMENTS

V) Investments*

Particulars	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Value of Investments		
(i) Gross value of Investments		
(a) In India	-	-
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	-	-
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

*The note is not applicable to the Company since the Company does not hold any investments as at 31 March 2017 and 31 March 2016.

VI) Derivatives

The Company has not dealt with any derivative transactions in the year ended 31 March 2017 and 31 March 2016. Hence, the below disclosures are not applicable to the Company.

- Forward Rate Agreement (FRA)/ Interest Rate Swap (IRS)
- Exchange Traded Interest Rate (IR) Derivative
- Disclosures on Risk Exposure in Derivatives

VII) Securitisation

The Company has not sold any asset to Securitisation/ Reconstruction Company for asset reconstruction or undertaken any transactions on assignment during the year ended 31 March 2017 and 31 March 2016. Hence, the below disclosures are not applicable to the Company.

- Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction
- Details of Assignment transactions undertaken by HFCs
- Details of non-performing financial assets purchased/sold

IX) The Company has not obtained any registration from other financial sector regulators.

X) The Company does not hold any overseas assets as at 31 March 2017 and 31 March 2016.

NOTES TO FINANCIAL STATEMENTS

XI) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the Total expenses in Statement of Profit and Loss

Particulars	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
1. Provisions for depreciation on investment	-	-
2. Provision towards NPA	56,45,254	18,64,196
3. Provision for Standard Assets		
i. Housing loans		
- Individuals	30,66,352	22,27,134
- Corporate bodies (CRE-RH)	5,46,361	1,98,378
ii. Non-housing loans		
- Individuals	1,36,709	36,474
- Corporate bodies	4,10,753	1,60,000
- Others	(5,101)	(4,462)
4. Other Provision and Contingencies	-	-
	98,00,328	44,81,720
5. Provision made towards Income tax (disclosed separately as "Tax expense")	3,01,76,505	2,81,28,029
	3,01,76,505	2,81,28,029
	3,99,76,833	3,26,09,749

XII) Concentration of Advances, Exposures and NPAs

A) Concentration of Loans and Advances

Particulars	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Total Loans and Advances to twenty largest borrowers*	39,03,00,663	22,00,77,315
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the Company*	10.69%	8.29%

* The amount excludes interest receivable as at 31 March 2017 and 31 March 2016

B) Concentration of all Exposure (including off-balance sheet exposures)

Particulars	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Total Exposure to twenty largest borrowers /customers*	3,911,86,259	23,53,83,098
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers/customers*	8.82%	7.13%

* The amount excludes interest receivable as at 31 March 2017 and 31 March 2016

C) Concentration of NPAs

Particulars	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Total Exposure to top ten NPA accounts*	1,07,65,098	84,46,810

* The amount excludes interest receivable as at 31 March 2017 and 31 March 2016

NOTES TO FINANCIAL STATEMENTS

D) Sector-wise NPAs

Percentage of NPAs to Total Advances in respective sector

Sector	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
A. Housing Loans:	1.50%	0.77%
1. Individuals*	1.50%	0.77%
2. Builders/Project Loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil
B. Non-Housing Loans:	1.38%	Nil
1. Individuals *	1.38%	Nil
2. Builders/Project Loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil

* The amount excludes interest receivable as at 31 March 2017 and 31 March 2016

XIII) Movement of NPAs

Particulars	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
(I) Net NPAs to Net Advances (%)	1.09%	0.57%
(II) Movement of NPAs (Gross)*		
a) Opening balance	1,88,97,560	1,02,68,687
b) Additions during the year	9,96,14,470	3,15,35,450
c) Reductions during the year		
(i) Recoveries	(74,22,292)	(32,13,297)
(ii) Upgradations	(6,18,51,287)	(1,96,93,280)
d) Closing balance	4,92,38,451	1,88,97,560
(III) Movement of Net NPAs*		
a) Opening balance	1,52,79,920	85,15,243
b) Additions during the year	8,70,85,006	2,58,11,848
c) Reductions during the year	(6,23,89,369)	(1,90,47,171)
d) Closing balance	3,99,75,557	1,52,79,920
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	36,17,640	17,53,444
b) Provisions made during the year	1,25,29,464	57,23,602
c) Write-off/(write-back) of excess provisions	(68,84,210)	(38,59,406)
d) Closing balance	92,62,894	36,17,640

* The amount excludes interest receivable as at 31 March 2017 and 31 March 2016

XIV) Customers complaints

Particulars	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
a) No. of complaints pending at the beginning of the year	2	-
b) No. of complaints received during the year	10	13
c) No. of complaints redressed during the year	11	11
d) No. of complaints pending at the end of the year	1	2

NOTES TO FINANCIAL STATEMENTS

XV) Since the Company is a non-deposit taking housing finance company; credit rating under Para 3(1) of the Housing Finance Companies (NHB) Directions, 2010 is not applicable to the Company.

XVI) The Company does not have any off-balance sheet SPVs sponsored which are required to be consolidated as at 31 March 2017 and 31 March 2016.

XVII) The Company does not have any exposure exceeding prudential exposure limits for single borrowers or group borrowers as at 31 March 2017 and 31 March 2016 and hence disclosures in this regard is not applicable.

XVIII) The Company has not drawn down any amounts from the reserves during the year ended 31 March 2017 and 31 March 2016 and hence disclosures in this regard is not applicable.

XIX) The Company does not have a parent company and hence disclosure on financing of parent company products is not applicable.

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. Lease disclosure as per AS-19:

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
(a) As lessee:		
Operating lease rental charged to Statement of Profit and Loss	28,14,799	20,14,600

(b) In relation to leased premises; the agreements have been executed for a period ranging from 10 months to 36 months with cancellable/noncancellable period and also provides for termination at will by either party giving a prior notice of 1 month to 3 months; as the case maybe.

(c) The future minimum lease payment in respect of premises taken under non-cancellable operating lease are as follows:

	As at 31 March 2017	As at 31 March 2016
	In ₹	In ₹
Not later than one year	3,26,833	3,00,000

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:

	For the year ended 31 March 2017	For the year ended 31 March 2016
Particulars	In ₹	In ₹
(a) Gross amount required to be spent by the Company during the year	15,57,931	11,39,460
(b) Amount spent during the year on:		
-Acquisition/Construction of any asset	-	-
-On others	8,00,000	2,56,000

NOTES TO FINANCIAL STATEMENTS

31. Expenditure in foreign currency

Particulars	For the year ended 31	For the year ended 31
	March 2017	March 2016
	In ₹	In ₹
Loan processing fees and other charges (Also, refer note 34)	-	10,19,850

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

33. The Company has not accepted any public deposits within the meaning of the directions issued by NHB during the current or previous year.

34. Change in accounting policy:

During the current year, the Company has changed its accounting policy with respect to recognizing the costs incurred in related to raising borrowings.

As per the new policy; directly attributable costs i.e. loan processing charges, arrangement fees, any other one time charges like legal fees, listing fees, security creation fees etc. up to Rs.500,000 on individual borrowing are charged to Statement of Profit and Loss, while any such charges above Rs. 500,000 are amortized over the tenor of the borrowings. Till previous year, all such costs were charged to Statement of Profit and Loss.

The following information provides the extent of impact of change in accounting policy on the Statement of Profit and Loss and Balance Sheet, had the previous policy been applied in the current year :

Effect on Statement of Profit and Loss for the year ended 31 March 2017

	In ₹
Increase in Finance costs	3,112,619
Decrease in Profit before tax	3,112,619

Effect on Balance Sheet as at 31 March 2017

Decrease in Short-term loans and advances-Others	320,000
Decrease in Long-term loans and advances-Others	2,792,619

Effect on Earnings per share for the year ended 31 March 2017

Decrease in Earnings per share	0.10
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35. Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016 is as follows:

Particulars	In ₹	In ₹	In ₹
	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	9,43,000	4,97,961	14,40,961
Add: Permitted receipts	-	18,36,672	18,36,672
Less: Permitted payments	-	26,307	26,307
Less: Amounts deposited in Banks	9,43,000	1,466,812	24,09,812
Closing cash in hand as on 30 December 2016	-	8,41,514	8,41,514

36. The previous year figures have been regrouped/ reclassified wherever necessary, to conform to the current year presentation.

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: 29 May 2017

For Micro Housing Finance Corporation Limited

Nachiket Shelgikar

Director and Chief Financial Officer

DIN:02293000

Avani Shah

Company Secretary

Place: Mumbai

Date: 29 May 2017

Rajnish Dhall

Managing Director

DIN: 02146708





CUSTOMER FEATURE

JAYABEN CHAVDA, AHMEDABAD

Our applicant is from Ahmedabad and she works 2 jobs and contributes substantially to her household income. She works as a sweeper in the first half of the day and a packer in a jeans manufacturing company in the second half. She makes around ₹ 19,000 a month while her husband gets a monthly salary of ₹ 7000 working as a personal driver.

The couple, along with their son, have either always lived with relatives or on rent. However, over the years they have managed to save upto ₹ 4 lakhs which they are investing in a new home. They have been sanctioned a loan under the PMAY scheme by MHFC, and will now be able to settle into a property of their own in a government housing project.

IN THE PRESS: THOMSON REUTERS FOUNDATION NEWS

From home help to driver, a new class of Indian home owners, by Rina Chandran

When Rajnish Dhall's driver wanted to borrow money to buy a home, Dhall suggested he go to a bank. But without proof of income or tax returns to show his credentials, the driver said no bank would ever lend to him.

It was the start of a whole new business for Dhall, a former banker whose firm aims to help the hundreds of millions of informal workers who make up the bulk of India's labour force.

They are the newly emerging home-owning class.

"My driver was earning a steady income and could have paid back the loan easily, yet none of the banks would lend to him because he didn't have the necessary paperwork," Dhall told the Thomson Reuters Foundation.

"The housing problem is very real and visible, especially in a city like Mumbai. There is certainly aspiration to own a home, but without finance, there is no way to realise the aspiration."

Dhall lent his driver the money, then looked more closely at home loans for a host of other workers in the informal sector.

Of India's 470 million-strong workforce, about 90 percent is in the informal sector. They include domestic help, street vendors, daily wage earners and small business operators, who may have no collateral and whose incomes are irregular.

They have few options besides borrowing from money lenders and employers, Dhall found. So he set up Micro Housing Finance Corp. to give home loans to low-income and informal workers.

"THE HOUSING PROBLEM IS VERY REAL AND VISIBLE. THERE IS CERTAINLY ASPIRATION TO OWN A HOME, BUT WITHOUT FINANCE, THERE IS NO WAY TO REALISE THE ASPIRATION"

HOUSING FOR ALL

More homes are desperately needed.

Already, one in three Indians live in cities, many in crowded slums and other informal settlements.

Every year, tens of thousands of villagers migrate to cities in search of jobs, and the pace of urbanisation is set to rise.

India has a shortage of about 20 million urban homes; the shortfall disproportionately affects families earning less than 16,000 rupees (\$248) a month, according to consultancy KPMG.

Prime Minister Narendra Modi has made affordable housing a priority, offering incentives such as subsidised loans to meet a 2022 target of 'Housing for All', even as critics say the plan bypasses the homeless.

The government plan aims to create 20 million new urban homes and 30 million rural homes.

An affordable home is typically about 250 sq ft (23 sq mt) in size, and can cost up to 1.2 million rupees. It is aimed at families earning 8,000-25,000 rupees a month, and is usually located in the outskirts of the city where land is cheaper.

In recent years, developers including the Tata group, Mahindra and TVS group have entered the affordable housing market, enticed by government incentives and future potential.

These big firms have enhanced the quality and reputation of affordable homes, which were once described as "vertical slums".

About 15 micro home finance companies have also launched, with reputable builders and more ready finance combining for better results for low-income earners.

Increasingly, it is a choice between "owning a good quality, formal home in the periphery of the city over a badly made or informal home in the city," said Vikram Jain, director of social consultancy FSG, which has studied the segment.

"With more developers and better access to finance, they are well designed, quality constructions that residents take pride in owning," he told the Thomson Reuters Foundation.



CHALK TO PIGEONS

India's micro housing finance companies have a loan portfolio of more than \$160 million, with near-zero defaults, Jain estimates.

But micro home loans of up to 1 million rupees for low-income clients only account for a quarter of home loans.

Micro home finance companies lend up to 90 percent of the value of the property, at slightly higher interest rates of about 13 percent, on average. The repayment term can be up to 25 years.

Since its founding, MHFC has dispensed about 14,000 home loans, Dhall said.

Its customers represent 600 diverse professions - from a man selling grains to feed pigeons, to one making marking chalk for tailors, and a grass seller for people with cows at home.

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).

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HDFC Bank Ltd
Federal Bank Ltd
Yes Bank Ltd
State Bank of India
DCB Bank Limited
Kotak Mahindra Bank





NASREEN SHEIKH

Eldest of the six siblings, Nasreen Shaikh has been an inspiration for her family and others around. She has been living in a slum in Pune for the last 20 years with her mother and siblings. With the passing of her grandmother and her mother being bed-ridden, she took the reins of running the household since she was 30 years of age. Nasreen has been handling their vegetable stall, taking care of her ailing mother and managed finances for the wedding of her three younger sisters.

She aimed to gift her siblings and mother a house away from the filth and dirt that they live in now. They booked a house in Playtor Rajgurunagar project for which they got a loan of ₹10.15L sanctioned from MHFC.

Currently Nasreen earns around ₹50,000 from her vegetable stall and her brother earns ₹18,000 from a job at a call centre. While the income sounds good, considering her mother's ailment and a dependent sister, she had still been worried. However, the PMAY scheme has brought immense relief to Nasreen and has helped her to fulfil her dreams more comfortably by reducing the loan amount to ₹6L approximately.



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