

DIRECTORS' REPORT- FY 2018-19

The Members,
Svatantra Micro Housing Finance Corporation Limited
(erstwhile Micro Housing Finance Corporation Limited)

The Board of Directors is pleased to present the Eleventh Annual Report of your Company together with the Audited Accounts and Auditor's Report for the financial year ended 31st March 2019.

Financial Highlights

PARTICULARS	2018 - 2019	2017-18
Revenue from Operations	615,549,992	515,736,648
Other Income	20,381,566	15,718,835
Profit/loss before Depreciation, Finance Costs, Exceptional items and Tax Expense	508,141,555	434,768,025
Less: Depreciation/ Amortisation/ Impairment	2,357,083	1,050,503
Profit /loss before Finance Costs, Exceptional items and Tax Expense	505,784,472	433,717,522
Less: Finance Costs	386,791,622	289,367,056
Profit /loss before Exceptional items and Tax Expense	118,992,850	144,350,466
Add/(less): Exceptional items	7,750,129	726,835
Profit /loss before Tax Expense	111,242,721	143,623,631
Less: Tax Expense (Current & Deferred)	32,728,996	41,392,568
Profit /loss for the year (1)	78,513,725	102,231,063
Total Comprehensive Income/loss (2)	0	0
Total (1+2)	78,513,725	102,231,063
Balance of profit /loss for earlier years	233,218,961	152,142,630
Less: Transfer to Debenture Redemption Reserve	0	0
Less: Transfer to Reserves	20,036,895	21,154,732
Less: Dividend paid on Equity Shares	0	0
Less: Dividend paid on Preference Shares	0	0
Less: Dividend Distribution Tax	0	0
Balance carried forward	291,695,791	233,218,961

State of Company affairs

Revenues of the Company were up 20% to Rs. 63.59 Cr. (PY Rs. 53.14 Cr.) and PBT decreased 23% to Rs. 11.12 Cr. (PY Rs. 14.36 Cr.) - and after payment of Rs. 3.27 Cr. (PY Rs. 4.13 Cr.) in current and deferred taxes and tax on debenture issue expenses, PAT decreased 23% to Rs. 7.85 Cr. (PY Rs. 10.22 Cr.). Note that the PAT for the year has been arrived at after charging Rs. 0.58 Cr. (PY Rs. 0.33 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 Rs. 1030.19 Cr. (up 28% from Rs. 802.07 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 Rs. 572.69 Cr. (growth of 26% over Rs. 456 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 171 (PY 109) loan accounts as on year end - March 31, 2019 - which were classified as non-performing assets (“NPAs”) per the prudential guidelines issued by the NHB. The amount of such Gross NPAs was Rs. 8.81Cr. (PY Rs. 4.53 Cr.) which was 1.54% (PY 0.99%) of the total loan portfolio of the Company as at March 31, 2019. The Company has created necessary provisions in accordance with the NHB Directions, after which Net NPAs stood at Rs. 6.95Cr. (PY Rs. 3.54 Cr.) and 1.21% (PY 0.78%) of the total loan portfolio as at March 31, 2019.

In terms of funding, the Company did not raise any fresh equity during the year, and with retained profits, net worth increased to Rs. 114.86 Cr. (PY Rs. 107 Cr.). However, the Company increased its long term debt to Rs. 466.93 Cr. (PY Rs. 363.95 Cr.) of which approx. 27% continues to be refinance support from the NHB. Other lenders to your Company include the largest nationalized bank, State Bank of India; the leading private sector housing finance provider, HDFC Ltd; commercial banks such as HDFC Bank Ltd., Kotak Mahindra Bank Ltd., DCB Bank Ltd., Yes Bank Limited, ICICI Bank Limited and Federal Bank Limited; NBFCs such as Tata Capital Financial Services Limited and the leading development agency, the International Finance Corporation (“IFC”). The Company’s entire loan portfolio continues to qualify 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 37.79% of risk weighted assets, as against the minimum requirement of 13%.

Change in the nature of Business

There was no change in the nature of business during the year.

Share Capital

The paid up share capital of the Company as on 31st March 2019 was Rs. 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, the Audit 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" and is also available on the Company's website at <http://www.mhfcindia.com/>.

Corporate Social Responsibility Initiatives

Your Directors confirm that in line with the mandatory requirements of the new Companies Act, your Company had constituted a Corporate Social Responsibility Committee on 16 March 2015 (which was reconstituted on September 24, 2018 due to the change in the Board of Directors) 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, 2019, this amount was Rs. 22.21 lakhs, and the Company spent Rs. 11.22 lakhs (details per Annexure B), which is a shortfall of Rs. 10.99 lakhs. As 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.

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

1. Particulars of Employees:

SMHFC had 200 employees as of March 31, 2019. 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 disclosures pertaining to conservation of energy and technology absorption stipulated in Section 134 (3)(m) of the Companies Act, 2013, are not

applicable to your company during the year under review.

3. **Foreign Exchange:**

During the year under review, there were no foreign exchange earnings. The Company has paid USD 5000 (Equivalent Rs. 3,59,571/-) as a monitoring fee to the International Finance Corporation (IFC) to arrange subscribers to long term Non-Convertible Debentures ("NCDs") to be issued by the Company during the coming Financial Year.

Dividend

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31st March 2019.

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 Board of Directors of the Company *vide* Circular Resolution dated 20th June 2019 decided to change the name of the Company from "Micro Housing Finance Corporation Limited" to "**Svatantra Micro Housing Finance Corporation Limited**". Your Directors believe that use of the word "Svatantra" as prefix to the existing name which was undertaken as part of corporate rebranding would help instill confidence in medium to long term amongst the Key stakeholders i.e. Regulators, Financial Institutions and Customers.

The change was approved by Registrar of Companies, Mumbai *vide* Certificate of Incorporation pursuant to name change on August 22, 2019.

Significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future:

There are no significant material orders passed by the regulators/courts/tribunals which would impact the going concern status of the Company and its future operations.

Compliance of Applicable Laws and Secretarial Standards

The Board of Directors hereby declare that the Company is in compliance of the provisions of Secretarial Standard-1 ("Board Meetings") and Secretarial Standard – 2 ("General Meetings") issued by Institute of Company Secretaries of India (ICSI) and notified by the MCA under Section 118(10) of the Companies Act, 2013, for all the Board and General Meetings of the Company held during the period commencing from 01st April, 2018 to 31st March, 2019.

Particulars of Loans, Guarantees or Investments

The provisions of Section 186(11) and 134(3)(g) of the Companies Act, 2013 requiring disclosure of particulars

of the loan given, investments made, and guarantee given, or securities provided are not applicable to the company.

Details in respect of frauds reported by auditors under Section 143(12):

There are no frauds detected by the Auditors which needs to be reported under Section 143(12) of the Act.

Details of subsidiary/joint venture/associate company

The Company does not have any subsidiary or associate, nor has entered into any joint venture with any organization.

Reserves

The Company proposes to transfer the entire Profit after Tax amounting to Rs. 7,85,13,725/- 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 at <http://www.mhfcindia.com/>.

Directors/Key Managerial Personnel

● Re-appointments

Mr. Vineet Chattree, Director, retiring by rotation and being eligible, offers himself for reappointment. All the Directors of the Company have been in office for the same period and by a mutual agreement amongst them have decided to nominate Mr. Vineet Chattree to retire by rotation. The Board recommends his reappointment for your approval.

● Resignations:

(i) The following Directors and KMPs resigned from the Company on 15th September 2018 which was noted by the Board at its Meeting held on the same date:

1. Mr. Madhusudhan Menon – Chairman & Whole-time Director
2. Mr. Rajnish Dhall – Managing Director
3. Mr. Nachiket Shelgikar – CFO & Whole-time Director
4. Mr. Mihir Doshi – Independent Director
5. Mr. Ashish Karamchandani – Independent Director
6. Mr. S Viswanatha Prasad – Nominee Director of India Financial Inclusion Fund
7. Ms. Geeta Goel – Nominee Director of Michael Susan and Dell Foundation

(ii) Ms. Avani Shah, Company Secretary resigned from her position on 24th December 2018 which was noted by the Board at its meeting held on the same date.

● **Appointments:**

(i) The following Directors/KMPs were appointed by the Company on 15th September 2018 which was noted by the Board at its Meeting held on the same date:

1. Ms. Ananyashree Birla, Chairman and Additional Director
2. Mr. Vineet Chattree, Managing Director
3. Mr. Anil Chirania, Additional Director
4. Mr. Sahil Mehta, Chief Financial Officer

(ii) Ms. Tasneem Mandsorwala, Company Secretary was appointed by the Company on 24th December 2018 which was noted by the Board at its meeting held on the same date.

● **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.

● **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 Salient features of the Nomination & Remuneration Policy are given in "Annexure C". The complete Policy can be found at Company's website at <http://www.mhfcindia.com/>.

● **Meetings**

During the year, 9 Board Meetings, 4 Audit Committee Meetings, 3 Nomination & Remuneration Committee Meetings and 1 CSR Committee Meeting were convened and held. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013. The details of the same are given in the "Annexure D".

The 10th Annual General Meeting of the Company was held on 22nd August 2018 and the 9th and 10th Extra-Ordinary General Meeting were held on 20th June 2018 and 10th October 2018, respectively.

● **Composition of the Committees:**

➤ The Audit Committee was reconstituted by the Board on 24th September 2018. The Members of the Audit Committee are:

1. Ms. Ananyashree Birla
2. Mr. Vineet Chattree
3. Mr. Anil Chirania

➤ The Nomination and Remuneration was reconstituted by the Board on 24th September 2018. The Members of the Nomination and Remuneration Committee are:

1. Ms. Ananyashree Birla

2. Mr. Vineet Chattree
3. Mr. Anil Chirania

➤ The CSR Committee was reconstituted by the Board on 24th September 2018. The Members of the CSR Committee are:

1. Ms. Ananyashree Birla
2. Mr. Vineet Chattree
3. Mr. Anil Chirania

Auditors

M/s. Walker, Chandiook & Co. LLP were appointed as Statutory Auditors of your Company at the 9th Annual General Meeting held on 30th September 2017 for a term of two consecutive years from the conclusion of the 9th Annual General Meeting until the conclusion of the 11th Annual General Meeting of the Company, subject to ratification at each Annual General Meeting by the shareholders of the Company.

The appointment of the current Statutory Auditors is due to expire at the conclusion of the ensuing Annual General Meeting and as per the provisions of the Section 139(2)(b) of the Companies Act, 2013, they are not eligible for re-appointment in the Company for a period of five years from the completion of their term.

Your Company had approached M/s Suresh Surana & Associates LLP to be appointed as the Statutory Auditors of the Company and they have given their consent for the same. Their appointment has been recommended by the Audit Committee at its meeting held on 18th September 2019 and approved by the Board at its meeting held on the same date, subject to the consent of the Members at the ensuing Annual General Meeting.

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 Svatanttra Micro Housing Finance Corporation Limited, state in respect of Financial Year 2018-19 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 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.

Under Section 21 of the Prevention of Sexual Harassment at the Workplace Act, 2013 and Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013, the Annual Report for the calendar year ended 31st December 2018 was submitted to the Board as well as the District Officer on January 02, 2019 containing the following information:

1.	No. of Complaints received during the year:	NIL
2.	No. of Complaints disposed of during the year:	NIL
3.	No. of cases pending for more than ninety days:	NIL
4.	No. of workshops or awareness programs against sexual harassment carried out:	2

5.	Nature of action taken by the employer or District Officer:	NA
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Disclosure on Non-Convertible Debentures

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 subscribed to long term Non-Convertible Debentures ("NCDs") on Private Placement basis of approx. Rs. 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, which was partially drawn down during the previous Financial Year, the 2nd Tranche of the same was allotted in the Financial Year 2018-19.

During the year, the Company had raised NCDs amounting to Rs. 26.60 Crores on a Private Placement basis. As per Clause 15 of the Housing Finance Companies Issuance of Non-Convertible Debentures on Private Placement basis (NHB) Directions, 2014, the Company shall disclose, in a statement, the following:

1.	The total number of non-convertible debentures which have not been claimed by the Investors or not paid by the housing finance company after the date on which the non-convertible debentures became due for redemption;	NIL
2.	The total amount in respect of such debentures remaining unclaimed or unpaid beyond the date referred to in clause (1) as aforesaid	NIL

Accomplishments

> 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 Rs. 350 Cr. (PY Rs. 200 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 separately received a re-affirmed rating of 'CARE A-' for its NCD issue of Rs. 53.10 Cr.

However, in the month of July 2019, the rating of the Company's Long Term Bank Loan Facilities has been upgraded to A+ (Single A Plus) for an enhanced amount of Rs. 550 Crores and the rating of the Company's Short Term Debt Issue has been upgraded to A1+ (Single A one Plus) for an enhanced amount of Rs. 100 Crores by rating agency CRISIL. Also, in the month of September 2019, the Company received an A+ (Single A Plus) for its NCD issue of Rs. 53.10 Cr. by CRISIL.

Related Party Transactions

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 Policy ("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 SMHFC 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 particulars of contracts or arrangements with related parties referred to in section 188(1) and applicable rules of the Companies Act, 2013 in Form AOC-2 is provided as Annexure E to this Director's Report along with the Related Party Transactions Policy.

Management Discussion and Analysis Report (MDAR)

The Management Discussion and Analysis Report for the year under review is presented in Annexure F, which is a part of this report.

Other disclosures:


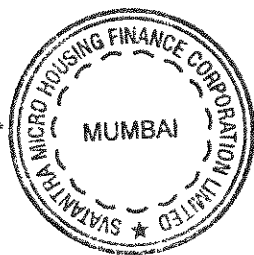
- a) Your Company has not issued any shares with differential rights or sweat equity shares.
- b) There are no revision in the financial statements both standalone and consolidated.
- c) The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the services rendered by the Company.

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
Svatantra Micro Housing Finance Corporation Limited

Vineet Chatterjee
Managing Director
(DIN: 07962531)




Anil Chirania
Additional Director
(DIN: 01082719)

Place: Mumbai

Date: September 18, 2019

"Annexure A"
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2019
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:
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i	CIN	U67190MH2008PLC182274
ii	Registration Date	16th May, 2008
iii	Name of the Company	SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED (<i>erstwhile</i> Micro Housing Finance Corporation Limited)
iv	Category/Sub-category of the Company	Company having Share Capital
v	Address of the Registered office & contact details	Office no. 1,2,3,4, Ground Floor, Pushpak CHSL, Malaviya Road, Vile Parle (east), Mumbai 400 057 Tel No.: +91 22 26101076/ 77/ 78/ 79
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186000

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
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Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Svatantra Holdings Private Limited 213, 2nd Floor, T. V. Industrial Estate, 52, S.K. Ahire Marg, Worli MUMBAI Mumbai City MH 400030 IN	U67200MH2018PTC309327	Holding	100%	2(46)

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	0	0	0	0.00	-19.81
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	0	0	0	0.00	-19.81
(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	0	0	0	0.00	-19.81
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) FII's	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	0	0	0	0.00	-9.99
- Private Equity Fund	1,10,60,255	0	1,10,60,255	36.59	0	0	0	0.00	-36.59
SUB TOTAL (B)(1):	1,40,80,767	0	1,40,80,767	46.58	0	0	0	0.00	-46.58
(2) Non Institutions									
a) Bodies corporates									
i) Indian	22,79,237	0	22,79,237	7.54	3,02,27,569	0	3,02,27,569	100.00	92.46
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	27,066	6,400	33,466	0.11	6	0	6	0.00	-0.11
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	15,43,611	19,100	15,62,711	5.17	0	0	0	0.00	-5.17
c) Others									
- Trusts	62,82,469	0	62,82,469	20.78	0	0	0	0.00	-20.78
SUB TOTAL (B)(2):	1,01,32,383	25,500	1,01,57,883	33.60	3,02,27,575	0	3,02,27,575	100.00	66.40
Total Public Shareholding (B)= (B)(1)+(B)(2)	2,42,13,150	25,500	2,42,38,650	80.19	3,02,27,575	0	3,02,27,575	100.00	19.81
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0.00
Grand Total (A+B+C)	3,02,02,075	25,500	3,02,27,575	100.00	3,02,27,575	0	3,02,27,575	100.00	0.00

(g) SHARE HOLDING OF PROMOTERS								
Sl. No.	Shareholder's 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	Madhusudan P Pulloot	7,14,490	2.36	0	0	0.00	0	-2.36
2	Nachiket S Shelgikar	46,05,268	15.24	0	0	0.00	0	-15.24
3	Rajnish Indejiit Dhall	6,69,167	2.21	0	0	0.00	0	-2.21
	Total	99,88,925	19.81	0	0	0.00	0	-19.81
NO PROMOTERS AS ON 31.03.2019								

(h) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)								
Sl. No.		Shareholding at the beginning of the year		Date	Increase/ Decrease	Reason	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	99,88,925	19.81	01.04.2018	-			
	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):			07.09.2018	37,27,961	Transfer	97,16,886	32.15
				10.09.2018	-38,73,692	Transfer	58,43,194	19.33
				11.09.2018	-58,43,194	Transfer	0	0.00
	At the End of the year			31.03.2019	-59,88,925			0.00

(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 (01.04.18 to 31.03.19)	
		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	Svaantra Holdings Private Limited #	0	0	07.09.2018	4,17,950	Transfer	4,17,950	1.38268
				10.09.2018	76,45,488	Transfer	80,63,438	26.67577
				11.09.2018	2,21,61,631	Transfer	3,02,25,069	99.99171
				12.09.2018	1,500	Transfer	3,02,26,569	99.99667
				14.09.2018	1,000	Transfer	3,02,27,569	99.99998
2	Akshata Sural Shah (Nominee of SHPL) #	0	0	07.09.2018	1	Transfer	1	0.000003
3	Anil Chitania (Nominee of SHPL) #	0	0	07.09.2018	1	Transfer	1	0.000003
4	Robin Pathak (Nominee of SHPL) #	0	0	07.09.2018	1	Transfer	1	0.000003
5	Suresh Chandra Dad (Nominee of SHPL) #	0	0	07.09.2018	1	Transfer	1	0.000003
6	Ananyathree Bida (Nominee of SHPL) #	0	0	14.09.2018	1	Transfer	1	0.000003
7	India Financial Inclusion Fund *	1,10,60,255	36.99	11.09.2018	-1,10,60,255	Transfer	0	0.00
8	MHPC Employees Trust *	50,49,135	16.70	07.09.2018	-50,49,135	Transfer	0	0.00
9	Michael & Susan Dell Foundation *	30,20,512	9.99	11.09.2018	-30,20,512	Transfer	0	0.00
10	Unifazer Alternative Ventures LLP *	22,30,770	7.58	11.09.2018	-22,30,770	Transfer	0	0.00
11	MHPC Employees and Business Associates Welfare Trust *	12,33,334	4.08	10.09.2018	-12,33,334	Transfer	0	0.00
12	Arjun Sawhney * Kamal Sawhney	2,50,000	0.83	07.09.2018	-2,50,000	Transfer	0	0.00
13	Monisha Sharad Gandhi *	1,84,633	0.61	10.09.2018	-1,84,633	Transfer	0	0.00
14	Umesh Dhamidbarka * Neesa Dhamidbarka	1,00,000	0.33	10.09.2018	-1,00,000	Transfer	0	0.00
15	Rohith Balakrishnan *	71,500	0.24	10.09.2018	-71,500	Transfer	0	0.00
16	Prabhat Agarwal Madan Mohan Agarwal *	63,333	0.21	10.09.2018	-63,333	Transfer	0	0.00
	#	Not in the list of Top 10 shareholders as on 01.04.2018. The same has been reflected above since the shareholder was one of the Top 10 shareholders as on 31.03.2019.						
	*	Ceased to be in the list of Top 10 shareholders as on 31.03.2019. The same is reflected above since the shareholder was one of the Top 10 shareholder as on 01.04.2018.						

(v) SHAREHOLDING OF DIRECTOR & KMP								
Sl. No.	Name	Shareholding		Date	Increase/ Decrease	Reason	Cumulative Shareholding during the year (01.04.18 to 31.03.19)	
		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	Madhusudan P Pulloot, Chairman (till 15.09.2018)	7,14,490	2.36	07.09.2018	Increase	Transfer	18,93,255	6.26
				11.09.2018	Decrease	Transfer	0	0.00
2	Nachiket S Shelgikar, CFO & Whole-Time Director (till 15.09.2018)	46,05,268	15.24	07.09.2018	Increase	Transfer	59,75,699	19.77
				11.09.2018	Decrease	Transfer	0	0.00
3	Rajnish Indejiit Dhall, Managing Director (till 15.09.2018)	6,69,167	2.21	07.09.2018	Increase	Transfer	18,47,932	6.11
				11.09.2018	Decrease	Transfer	0	0.00
4	Ashish Karamchandani, Independent Director (till 15.09.2018)	95,400	0.32	10.09.2018	Decrease	Transfer	0	0.00
5	Mihir Doshi, Independent Director (till 15.09.2018)	30,000	0.10	10.09.2018	Decrease	Transfer	0	0.00
6	Ms. Ananyathree Bida (w.e.f. 15.09.2018) (As nominee of Svaantra Holdings Pvt. Ltd.)	0	0.00	12.09.2018	Increase	Transfer	1	0.00000331
7	Ms. Anil Chitania (w.e.f. 15.09.2018) (As nominee of Svaantra Holdings Pvt. Ltd.)	0	0.00	07.09.2018	Increase	Transfer	1	0.00000331

V INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	3,63,95,42,728	15,00,00,000	0	3,78,95,42,728
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	2,09,82,376	0	0	2,09,82,376
Total (i+ii+iii)	3,66,05,25,104	15,00,00,000	0	3,81,05,25,104
Change in Indebtedness during the financial year				
Additions	-	-	0	0
Reduction	-	-	0	0
Net Change	3,04,45,15,110	-15,00,00,000	0	89,45,15,110
Indebtedness at the end of the financial year				
(i) Principal Amount	4,66,93,22,462	0	0	4,66,93,22,462
(ii) Interest due but not paid	0	0	0	0
(iii) Interest accrued but not due	4,47,17,752	0	0	4,47,17,752
Total (i+ii+iii)	4,71,40,40,214	0	0	4,71,40,40,214

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	
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A Remuneration to Managing Director, Whole time director and/or Manager:	
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SlNo	Particulars of Remuneration	Name of the MD/WTD/Manager				Total Amount
		Rajnish Dhall MD (till 15.09.2018)	Madhusudhan P Pulloo Chairman & WTD (till 15.09.2018)	Nachiket Shergikar WTD & CFO (till 15.09.2018)	Mr. Vineet Chatur, Managing Director (w.e.f. 15.09.2018)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(3) of the Income Tax Act, 1961.	5,50,000	5,50,000	5,50,000	0	16,50,000
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0	0	0
2	Stock option	0	0	0	0	0
3	Sweat Equity	0	0	0	0	0
4	Commission					
	- as % of profit	0	0	0	0	0
	- other, specify	0	0	0	0	0
5	Others - Provident Fund	0	0	0	0	0
	Total (A)	5,50,000	5,50,000	5,50,000	0	16,50,000
	Ceiling as per the Act					Rs. 1,41,97,564

B. Remuneration to other directors:	
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SlNo	Particulars of Remuneration	Name of the Directors				Total Amount	
		Ashish Karamchandani (till 15.09.2018)	Mihir Doshi (till 15.09.2018)				
1	Independent Directors						
	(a) Fee for attending board committee meetings	0	0	0	0	0	
	(b) Commission	0	0	0	0	0	
	(c) Other, please specify	0	0	0	0	0	
	Total (1)	0	0	0	0	0	
2	Other Non Executive Directors	Virwanatha Prasad Subbaraman (till 15.09.2018)	Mona Kachhwaha (till 15.09.2018)	Geeta Goel (till 15.09.2018)	Ms. Ananyashree Birla, Chairman and Additional Director (w.e.f. 15.09.2018)	Anil Chirania (w.e.f. 15.09.2018)	Total Amount
	(a) Fee for attending board committee meetings	0	0	0	0	0	0
	(b) Commission	0	0	0	0	0	0
	(c) Other, please specify	0	0	0	0	0	0
	Total (2)	0	0	0	0	0	0
	Total (B)=(1+2)	0	0	0	0	0	0
	Total Managerial Remuneration	0	0	0	0	0	0
	Overall Ceiling as per the Act						Rs. 14,19,736

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD	
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Sl No.	Particulars of Remuneration	Key Managerial Personnel					Total
		CEO	Arani Shah -Company Secretary (till 24.12.2018)	Nachiket Shergikar -CFO (till 15.09.2018)	Tanzeem Mandorwala, - Company Secretary (w.e.f. 24.12.2018)	Sahil Mehra, CFO (w.e.f. 15.09.2018)	
1	Gross Salary						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	NA	10,80,000	5,50,000	1,56,000	15,16,671	33,02,671
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	NA	0	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	NA	0	0	0	0	0
2	Stock Option	NA	0	0	0	0	0
3	Sweat Equity	NA	0	0	0	0	0
4	Commission						
	as % of profit	NA	0	0	0	0	0
	other, specify	NA	0	0	0	0	0
5	Others	NA	0	0	0	0	0
	Total	NA	10,80,000	5,50,000	1,56,000	15,16,671	33,02,671

VII	PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES			
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Type	Section of the Companies Act, 1956/ 2013	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 (w.e.f. 24.09.2018).

1. Ms. Ananyashree Birla
2. Mr. Vineet Chattree
3. Mr. Anil Chirania

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

Average net profit: Rs. 11.10 Cr.

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

The Company is required to spend Rs. 22.21 Lakhs towards CSR.

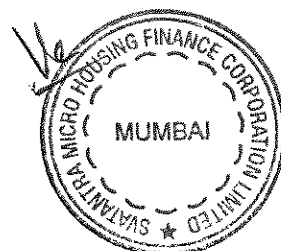
- (5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year: Rs. 11.22 Lakhs

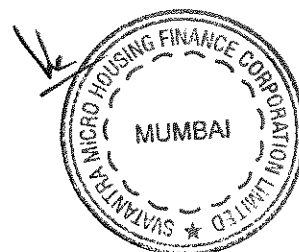
(b) Amount unspent: Rs. 10.99 Lakhs

(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.	Women empowerment / skill training project.	Empowering Women	Mhaswad, Maharashtra	Rs. 1,00,000	Rs. 1,00,000	Rs. 1,00,000	Mann Deshi Foundation empowers female entrepreneurs and their communities by providing access to knowledge, capital, markets and social support.
2.	Education program expenses and salaries for their teachers	Promoting Education	Mumbai	Rs. 1,00,000	Rs. 1,00,000	Rs. 1,00,000	Mumbai Mobile Creches, an NGO which specifically supports the health, education and safety of children living on construction sites.



3.	Education project : Muktangan & Women empowerment	Empowering Women	Mumbai	Rs. 1,00,000	Rs. 1,00,000	Rs. 1,00,000	Paragon Charitable Trust - Muktangan an NGO which provides an inclusive, student-friendly, community-based model of education within the mainstream system
4.	Financial education and literacy for lower income families.	Promoting Education	Ahmedabad	Rs. 1,00,000	Rs. 1,00,000	Rs. 1,00,000	Saath Livelihood Services, an NGO which works with urban low income families.
5.	Non Academic Technopark TBI not located within an academic Institution but approved and supported By Department Of Science and Technology.	Promoting Education	Ahmedabad	Rs. 1,00,000	Rs. 1,00,000	Rs. 1,00,000	Aashray - Promotion of Social Enterprises Foundation, to create replicable models for technical and business incubation for technological and social entrepreneurs who have products and services that will materially benefit the people at median and bottom of the pyramid levels.
6.	Promotion of education & enhancement of vocational skills	Promoting Education	Bangalore	Rs. 2,00,000	Rs. 2,00,000	Rs. 2,00,000	Shanti Bhavan Educational Trust Endowment, promotes academic achievement, instill values of global citizenship, and emphasize leadership development.
7.	Therapy sessions for Children with developmental disabilities from low socio-economic backgrounds	Enhancing vocation skills among differently abled children	Mumbai	Rs. 1,36,000	Rs. 1,36,000	Rs. 1,36,000	Ummeed Child Development Centre - works with children and their parents in addressing issues concerning developmental disabilities among children
8.	Development of Child Protection Education Tool to train women on issues of Girl	Promoting preventive health care and sanitation	Mumbai	Rs. 1,36,000	Rs. 1,36,000	Rs. 1,36,000	The Aangan Trust, Aangan works to strengthen/ build child protection mechanisms that both prevent as well as




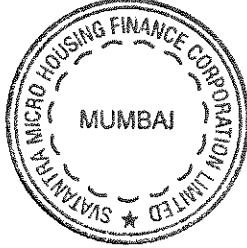
	Safety						respond to children's exploitation and threats to their security and wellbeing.
9.	Cattle camp at Mann Deshi	Ensuring Animal Welfare	Mhaswad, Maharashtra	Rs. 1,50,000	Rs. 1,50,000	Rs. 1,50,000	Mann Deshi Foundation empowers female entrepreneurs and their communities by providing access to knowledge, capital, markets and social support.
	TOTAL			Rs. 11,22,000	Rs. 11,22,000	Rs. 11,22,000	

- (6) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

The implementation and monitoring of SMHFC's CSR Policy is in compliance with CSR objectives and Policy of the Company.



Vineet Chatterjee
Managing Director
(DIN: 07962531)



Chairman - CSR Committee

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED

SALIENT FEATURES OF THE CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

SCOPE

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

OBJECTIVE

The main objective of SMHFC'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.

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.

CSR ACTIVITIES

SMHFC 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 SMHFC.

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 & post the Board of Director's approval, the CSR Expenditure can 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.

“Annexure C”

SVATANTRA MICRO HOUSING FINANCE CORPORATION LIMITED

Salient Features of the Nomination and Remuneration Policy

1. Objective of the Policy:

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:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 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.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

2. Role of the Nomination and Remuneration Committee is to determine the following:

- Appointment criteria and qualifications of Director, KMP and Senior Management;
- Term / Tenure of the Directors;
- Evaluation of Director, KMP and Senior Management Personnel;
- Removal of Director, KMP and Senior Management Personnel;
- Retirement of Director, KMP and Senior Management Personnel
- Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel;
- Remuneration to Other employees

"Annexure D"

DISCLOSURES AS PER THE SECRETARIAL STANDARD - 1

During the Financial Year 2018-19 , 9 Board Meetings, 4 Audit Committee, 3 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	18.05.2018	1	06.06.2018	1	06.06.2018	1	06.06.2018
2	06.06.2018	2	24.09.2018	2	15.09.2018		
3	20.06.2018	3	29.10.2018	3	24.12.2018		
4	09.08.2018	4	25.03.2019				
5	15.09.2018						
6	24.09.2018						
7	29.10.2018						
8	24.12.2018						
9	25.03.2019						

Attendance Of Directors in Board and Committee Meetings:

Sr. No.	Name of the Director	Number of Meetings Attended:			
		Board	Audit Committee	Nomination & Remuneration Committee	CSR Committee
1	Madhusudhan Padath Pulloot <i>(Resigned on 15.09.2018)</i>	4	-	-	-
2	Rajnish Inderjit Dhall <i>(Resigned on 15.09.2018)</i>	5	-	-	1
3	Nachiket Sanjiv Shelgikar <i>(Resigned on 15.09.2018)</i>	5	-	-	-
4	Geeta Dutta Goel <i>(Resigned on 15.09.2018)</i>	0	0	-	-
5	Ashish Kanayo Karamchandani <i>(Resigned on 15.09.2018)</i>	2	1	2	-
6	Mihir Jagdish Doshi <i>(Resigned on 15.09.2018)</i>	2	1	2	1
7	Viswanatha Prasad Subbaraman <i>(Resigned on 15.09.2018)</i>	0	-	0	0
8	Ananyshree Birla <i>(Appointed on 15.09.2018)</i>	2	1	1	-
9	Anil Chirania <i>(Appointed on 15.09.2018)</i>	4	3	1	-
10	Vineet Chatterjee <i>(Appointed on 15.09.2018)</i>	4	3	1	-

Annexure E
Particulars of contracts/arrangements made with related parties
FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 as on March 31, 2018)
This Form pertains to the disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms


Details of contracts or arrangements or transactions not at arm's length basis

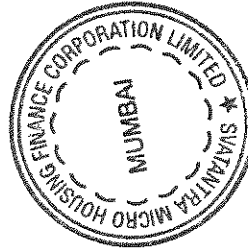
There were no contracts or arrangements or transactions entered into during the year ended March 31, 2019, which were not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis

(a) Name(s) of the related party and Nature of relationship	(b) Nature of contracts/arrangements/transaction s	(c) Duration of the contracts/arrangements/tr ansactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	(e) Date(s) of approval by the Board, if any:	(f) Amount paid as advances, if any:
M/s Svatanttra Microfin Private Limited Mr. Vineet Chatterjee and Ms. Ananyashree Birla - Common Directors	The Company entered into a Service Provider Agreement with Svatanttra Microfin Private Limited ("Svatanttra") whereunder Svatanttra would, inter alia, identify home loan applicants for the Company for beneficiary-led construction and the Company will grant housing loans to them based upon its lending norms.	11th October 2018 to 10th October 2023	As per Service Provider Agreement dated 11.10.2018	NA	No

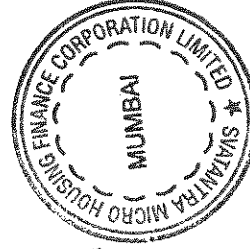
For and on behalf of the Board of Directors of
Svatanttra Micro Housing Finance Corporation Limited


Vineet Chatterjee
Managing Director
(DIN: 07962531)
Place: Mumbai





Anil Chirania
Additional Director
(DIN: 01082719)



Date: September 18, 2019

Related Party Transactions Policy

OBJECTIVE

The Board of Directors (the "Board") of Svatanttra Micro Housing Finance Corporation ("SMHFC"), had 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 SMHFC 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 SMHFC 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 SMHFC.

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 SMHFC 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 SMHFC. 	<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 SMHFC

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 SMHFC'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 SMHFC, the Audit Committee may grant an omnibus approval for such Related Party Transactions proposed to be entered into by SMHFC. 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 SMHFC becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, SMHFC would obtain post facto approval from the Audit Committee. In case SMHFC 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 SMHFC, 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 SMHFC 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.

“Annexure F”

Management Discussion and Analysis Report

a) Economy and Housing Finance Sector

India is the second most populous country with current population close to 1.33 bn and is urbanizing faster than probably any other large country. While it took nearly 40 years (from 1971 to 2008) for India's urban population to rise by nearly 230 million; it will take only half that time to add the next 250 million, by 2050, it is projected that India will have added 416 million urban dwellers compared to 255 million in China.

In the above context India faces a significant challenge in terms of creating adequate infrastructure including housing for all. To put in perspective there is a significant shortage of homes already in urban India where about 33% of population resides is close to 18.7 million with about 17% population living in slums. At the same time rural India where majority of 66% resides, the shortage of housing is close to 44 million. About 20 million rural inhabitants staying in thatched roof and 65 million without any permanent roof.

Housing sector has been key focus for the current government, which in its previous term launched many initiatives under its mission of 'Housing for all by 2022'. Post re-election the government has increased its spending on housing through increased PMAY subsidies, tax incentives and other favorable policies. With budgetary allocation of ₹ 25,853 crores and additional allocation of ₹ 20,000 crores for PMAY-Urban, enhanced deduction from taxable income on account of interest payment on home loans from ₹ 2 Lakh to ₹ 3.5 Lakh for purchase of home upto ₹ 45 lakh (before March 20), aim to build 1.95 crore rural houses under PMAY-Gramin, cut in GST rate on under-construction properties from 8% to 1% in affordable housing projects (and 12% to 5% in non-affordable) in last fiscal there has been renewed focus on the sector. All these initiatives combined with implementation of RERA Act 2016 and CLSS (credit linked savings scheme) started in 2015 for EWS & LIG and 2017 for MIG has provided significant boom to the housing sector and mortgage finance providers. The CLSS scheme has already been extended to March 2020 and it is expected to extend till 2022 to fulfill the mission of Housing for all by 2022. Further, in order to provide liquidity to financial sector serving the mortgage market Reserve bank of India (RBI) revised housing loan limit in metropolitan cities from ₹ 28 lakh to 35 lakh and ₹20 to 25 lakhs in other cities under PSL (priority sector lending).

Indian economy continued to enjoy robust growth in first half of FY19 with GDP growing at 7.6% in H1FY19, however second half saw a significant decline in GDP growth to 6.6% and 5.8% in Q3 and Q4 of FY19 respectively, as a result overall GDP growth remained around 6.8%. In line, the year was of contrasting halves for the sector as well the first half saw stable growth and comfortable access to funding for housing finance companies (HFCs) with AUM growing at an annualised rate of nearly 21 per cent, however, the second half brought a reversal of sorts with AUM growth plunging to about 10 per cent. The industry AUM stood at ₹12.4 lakh crore as on March 31, 2019, up 16 per cent year-on-year.

b) Change in control

100% ownership of Svatantra Micro Housing Finance Corporation (SMHFC) was acquired by Svatantra Holding Private Limited through a secondary sale of stake by Promoters and investors in September 2018. The capital has been invested by Group investment companies in Svatantra Holding Private Limited. The company is now a wholly owned subsidiary of Svatantra Holdings Private Limited. Through this transaction Ms. Ananyashree Birla is the Promoter and Chairman of the company. Ms. Ananyashree Birla has also promoted a microfinance entity '*Svatantra Microfin Pvt Ltd*' which is a systemically important NBFC-MFI spread across 14 states with a 3000+ team serving close to 6 lakh customers in rural areas. The reach of the business adds significant synergy towards serving the financially excluded segment.

This change ushers a new chapter providing the patient capital required to continue the vision of company i.e. to serve the housing finance needs of the underserved/ informal sector in the EWS and LIG segment.

The Management team, processes and product remains same post acquisition. The company post acquisition had undertaken following key initiatives in FY19

- Strengthen the Financial control and Internal Audit through dedicated in-house resources
- Deepened the existing market by deploying additional resources in current market to cater to *Affordable Housing Purchase (AHP)* product
- Launched new product *Beneficiary Led Construction (BLC)* product providing construction finance to individuals who own land with *clear and mortgageable ownership titles*
- Focus on Turnaround time and productivity across the organization

c) Opportunities and Threats.

Opportunities:

- Continued focus 'Housing for all by 2022' by the current government and extension of all initiatives including CLSS scheme beyond March 2020 post re-election of current government
- Priority Sector Lending and NHB Refinance Caps on Urban Housing
 - Home loans up to Rs 35 lakh in metros will now qualify for the benefits of priority sector lending. Earlier only housing loans up to Rs 28 lakh were eligible for these benefits. The RBI has done this to bring greater convergence of the Priority Sector Lending guidelines for housing loans with Affordable Housing Schemes, and to give a fillip to low-cost housing for Economically Weaker Sections and Lower Income Groups.
- Incentive/encouragement to buy own houses via enhanced deduction from taxable income on account of interest payment on home loans from ₹ 2 Lakh to ₹ 3.5 Lakh for purchase of home upto ₹ 45 lakh (before March 2020)
- Focus on Rural Housing through stated aim to build 1.95 crore rural houses under PMAY-Gramin. This helps company to leverage synergies.
- Renewed focus on development of affordable housing through reduction in GST rate on under-construction properties from 8% to 1% in affordable housing projects (and 12% to 5% in non-affordable)

- Given the objective to serve the informal segment the state urban bodies in Gujarat, Rajasthan, Madhya Pradesh, Maharashtra and Chhattisgarh recognize SMHFC's contribution and this provides significant opportunity as they along-with central government develop affordable housing units. In term of number of loans about 53% of loans were disbursed for the state government projects in FY19.

Threats:

- Reduction in access to Liquidity in the sector post IL&FS crisis in second half of last financial year followed by elections have resulted in increase in cost of funds and pressure on NIMS of housing finance companies
 - Home loan borrowers will have to bear the increase in the interest rates, considering the global and domestic developments. Rates are further expected to harden in the coming months by another 25-50 bps and will lead to an increase in EMIs for home loan customers.
- While RBI has intervened in a timely manner to re-infuse capital however the decrease in access to liquidity also may impact the supply of affordable housing.

d) Segment-wise or product-wise performance.

SMHFC deals in only one segment i.e. providing housing loans for the financially excluded families. In terms of lending operations, cumulative housing loan sanctions aggregated Rs. 1030.19 Cr. (up 28% from Rs. 802.07 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 Rs. 572.69 Cr. (growth of 26% over Rs. 456 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 171 (PY 109) loan accounts as on year end - March 31, 2019 - which were classified as non-performing assets ("NPAs") per the prudential guidelines issued by the NHB. The amount of such Gross NPAs was Rs. 8.81Cr. (PY Rs. 4.53 Cr.) which was 1.54% (PY 0.99%) of the total loan portfolio of the Company as at March 31, 2019. The Company has created necessary provisions in accordance with the NHB Directions, after which Net NPAs stood at Rs. 6.95Cr. (PY Rs. 3.54 Cr.) and 1.21% (PY 0.78%) of the total loan portfolio as at March 31, 2019.

In terms of funding, the Company did not raise any fresh equity during the year, and with retained profits, net worth increased to Rs. 114.86 Cr. (PY Rs. 107 Cr.). However, the Company increased its long term debt to Rs. 466.93 Cr. (PY Rs. 363.95 Cr.) of which approx. 27% continues to be refinance support from the NHB. Other lenders to your Company include the largest nationalized bank, State Bank of India; the leading private sector housing finance provider, HDFC Ltd; commercial banks such as HDFC Bank Ltd., Kotak Mahindra Bank Ltd., DCB Bank Ltd., Yes Bank Limited, ICICI Bank Limited and Federal Bank Limited; NBFCs such as Tata Capital Financial Services Limited and the leading development agency, the International Finance Corporation ("IFC"). The Company's entire loan portfolio continues to qualify 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 37.79% of risk weighted assets, as against the minimum requirement of 13%.

Customer segment break up:

Customer Segment	No. of Loans	Principal O/S	%
Salaried	6,436	210.5	36.7%
Self Employed	5,931	217.4	38.0%
Both	3,462	143.5	25.0%
Builder Loan*	2	1.3	0.2%
Grand Total	15,831	572.7	100%

Post-acquisition, all the corporate and builder loans were removed from the books of the company except the 2 (as mentioned in table above). The amount due towards these have been reduced from purchase consideration and put in an escrow till such amount is recovered. /

e) Improvement in Credit Rating

Svatantra Micro Housing Finance Corporation Limited is amongst the few entities in the NBFC/ HFC space which has been upgraded by CRISIL to A+. This is a recognition of the Governance, Fiscal prudence and Parentage. The rating also reflects the positive ALM of the company given support from NHB (through refinancing) as well as long term loans. The company has not raised any short term loans (less than 2 years).

f) Outlook

The re-election of the government has ensured continued support as well initiatives towards 'Housing for All' initiative. This remains 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. Demand is also set to increase due to widening of income bracket criteria for availing of subsidy and lowering of interest rates for this segment. 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.

Further company has also commenced new product line towards Beneficiary Led Construction which has a significant demand both towards new constructions as well as renovation.

The Company expects AUM growth to exceed the industry average as it continuous innovations in terms of product space, leveraging technology, changing consumer behaviour and demographics have opened up new horizons for its growth.

g) Risks and concerns

SMHFC is exposed to risks such credit risk, market risk, liquidity risk, legal risks, interest rate risk, and

operational risk which are inherent in the housing finance business. Intense competition, increase in cost of borrowing and narrowing of spread, pose a big challenge for sustaining profitability on consistent basis. Prevailing inflationary trends will impact the affordability of vast number of end users.

(i) Liquidity and interest rate risk

Being a financial organisation, SMHFC is susceptible to market-related risks such as liquidity risk, interest rate risk and funding risk. Such risk management relating to maturity mismatch of assets and liabilities, interest rate gaps/ sensitivity is assigned to the Asset Liability Committee (ALCO) to monitor these risks on an ongoing basis. Being in a long term funding business SMHFC maintains adequate balances of undrawn lines and cash equivalents for disbursements, repayments and other payments.

(ii) Operational risk

SMHFC 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, extensive employee training, maintaining key back-up procedures, undertaking regular contingency planning.

(iii) Credit Risk

The Company manages credit risk by using a set of credit norms and policies, including a standard credit appraisal policy. All functions of credit are managed in house right from sourcing, verification, credit bureau checks. SMHFC has developed internal legal and technical evaluation team with independent function to make credit decisions more robust and in line to manage collateral risk.

Credit risks are minimized by having established credit appraisal system in place, prescribing exposure limits, periodic review of the portfolio. SMHFC performs credit bureau checks, field verification, stringent legal and technical due diligence etc. which have helped to reduce delinquencies. The recovery mechanism is now well established through recourse under the SARFAESI Act.

h) 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 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 integrated Loan Management System and the Accounting System has inbuilt maker checker systems in place for recording, authorising transactions on the system. 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.

i) Discussion on financial performance with respect to operational performance.

During the year, the sanctions in number terms were 4008 (PY 5017) in value terms were Rs. 235.2 Crores (PY Rs. Crores). The disbursements grew by 30% to Rs. 227.2 Crores (PY Rs. 175.1 Crs). This led to an increase in the loan book by 26% to Rs. 572.7 Crs (PY 456.1 Crs).

Revenues of the Company were up 20% to Rs. 63.59 Cr. (PY Rs. 53.14 Cr.) and PBT decreased 23% to Rs. 11.12 Cr. (PY Rs. 14.36 Cr.) - and after payment of Rs. 3.27 Cr. (PY Rs. 4.13 Cr.) in current and deferred taxes and tax on debenture issue expenses, PAT decreased 23% to Rs. 7.85 Cr. (PY Rs. 10.22 Cr.). Note that the PAT for the year has been arrived at after charging Rs. 0.58 Cr. (PY Rs. 0.33 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.

j) Human Resource Development

The company believes that Human resource development is vital for effective implementation of business plans and philosophy of the Company. The company has enhanced its human resource base by 30% in FY19. This increase is accompanied by creating a new Training department to institutionalize induction as well as refresher training programmes. Further, cross functional experience and opportunity for professional growth and recognitions are made available to all the employees of the company.

During the current year, both external and in-house training programs were provided to employees, inter alia in managerial skill improvement, credit pre-sanction, post-sanction operations, regulatory guidelines, recoveries, KYC, AML, IT system and accounts.

Employees were also nominated for training programmes conducted by the NHB and other institutions. The manpower requirement in the company is assessed continuously and recruitment is conducted through campus placements and lateral hires. The Company has a dedicated team of 200 employees as of March 31, 2019, who have been contributing to the progress and growth of the Company. The company has also included more talent in its management committee in order to bring in more transparency and accountability of each department.

We have introduced a formal performance appraisal system with focus on key performance areas of each function. This would bring in transparency and motivate employees to perform better.

k) Values of Svatantra Micro Housing Finance Corporation Limited

The company re-defined its integral value which are: Integrity, Trust, Customer Centricity, Passion, Innovation and Teamwork. These values remain underlying chord that joins all 200 of us to serve a common objective which is to serve the housing finance needs of the underserved informal segment in the country.

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Independent Auditor's Report

To the Members of Micro Housing Finance Corporation Limited

Report on the Audit of the Financial Statements

Opinion

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 2019, 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.
2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity 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), of the state of affairs of the Company as at 31 March 2019, and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



**Micro Housing Finance Corporation Limited
Independent Auditor's Report on the Audit of the Financial Statements**

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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 of 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.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.



Micro Housing Finance Corporation Limited Independent Auditor's Report on the Audit of the Financial Statements

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

11. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
12. 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.
13. 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 2019 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 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 26 June 2019 as per Annexure II expressed an unmodified opinion;



Micro Housing Finance Corporation Limited
Independent Auditor's Report on the Audit of the Financial Statements

- 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 does not have any pending litigation which would impact its financial position as at 31 March 2019;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

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



Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 26 June 2019

**Micro Housing Finance Corporation Limited
Independent Auditor's Report on the Audit of the Financial Statements**

Annexure I to the Independent Auditor's Report of the even date to the members of Micro Housing Finance Corporation Limited, on the financial statements for the year ended 31 March 2019

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 Property plant and equipments.
- (b) The property plant and equipments 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 Property plant and equipments is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of the immovable property (which are included under the head 'Property, plant and equipment') are held in the name of the Company.
- (ii) The Company is a Housing Finance Company, primarily engaged in the business of lending activities for housing purpose and does not hold 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) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, profession tax and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. 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 became payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and goods and service tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to Government during the year.



Micro Housing Finance Corporation Limited
Independent Auditor's Report on the Audit of the Financial Statements

Annexure I (Contd)

- (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



Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 26 June 2019

**Micro Housing Finance Corporation Limited
Independent Auditor's Report on the Audit of the Financial Statements**

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 2019

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 at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at 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 the 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.

Auditor's 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 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 includes 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 include 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.



**Micro Housing Finance Corporation Limited
Independent Auditor's Report on the Audit of the Financial Statements**

Annexure II (Contd)

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 the 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 controls were operating effectively as at 31 March 2019, 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 Chandiook & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013



Manish Gujral
Partner
Membership No.: 105117

Place: Mumbai
Date: 26 June 2019

Micro Housing Finance Corporation Limited
Balance Sheet as at 31 March 2019

	Notes	As at 31 March 2019 Amount in Rupees	As at 31 March 2018 Amount in Rupees
Equity and liabilities			
Shareholders' funds			
Share capital	3	30,22,75,750	30,22,75,750
Reserves and surplus	4	84,62,79,073	76,77,65,348
		1,14,85,54,823	1,07,00,41,098
Non-current liabilities			
Long-term borrowings	5	3,78,01,34,142	3,10,23,82,872
Deferred tax liabilities (net)	10	2,39,91,390	1,99,66,955
Long-term provisions	6	3,62,91,474	2,73,91,888
		3,84,04,17,006	3,14,97,41,715
Current liabilities			
Short-term borrowings	5	-	15,00,00,000
Trade payables	7	-	-
-total outstanding dues of micro and small enterprises		-	-
-total outstanding dues of creditors other than micro enterprises and small enterprises		20,83,038	23,71,551
Other current liabilities	8	94,95,76,541	59,01,53,412
Short-term provisions	6	21,21,814	23,37,733
		95,37,81,393	74,48,62,696
Total		5,94,27,53,222	4,96,46,45,509
Assets			
Non-current assets			
Property, plant and equipment			
Tangible assets	9	47,06,270	17,32,538
Intangible assets		3,15,615	-
Long-term loans and advances towards financing activities	11	5,20,60,18,021	4,15,31,28,099
Long-term loans and advances- others	12	93,82,341	1,11,72,371
Other non-current assets	13	74,97,656	48,10,477
		5,22,79,19,903	4,17,08,43,485
Current assets			
Cash and bank balances	14	5,83,70,217	21,36,65,210
Short-term loans and advances towards financing activities	11	52,14,56,787	47,18,38,715
Short-term loans and advances- others	12	48,36,033	36,87,566
Other current assets	15	13,01,70,282	10,46,10,533
		71,48,33,319	79,38,02,024
Total		5,94,27,53,222	4,96,46,45,509

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

This is the balance sheet referred to in our report of even date

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013



Manish Gujral

Partner

Membership No.:105117



Place : Mumbai

Date : 26th June 2019

For and on behalf of the Board of Directors of

Micro Housing Finance Corporation Limited



Anil Chirania

Director

DIN : 01082719



Tasneem Mandorwala

Company Secretary

Place : Mumbai

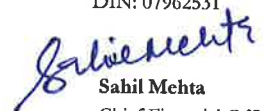
Date : 26th June 2019



Vineet Chatterjee

Managing Director

DIN: 07962531



Sahil Mehta

Chief Financial Officer



Micro Housing Finance Corporation Limited
Statement of Profit and Loss for the year ended 31 March 2019

	Notes	Year ended 31 March 2019 Amount in Rupees	Year ended 31 March 2018 Amount in Rupees
Revenue			
Revenue from operations	16	61,55,49,992	51,57,36,648
Other income	17	2,03,81,566	1,57,18,835
Total revenue		63,59,31,558	53,14,55,483
Expenses			
Finance costs	18	38,67,91,622	28,93,67,056
Employee benefits expense	19	7,59,60,541	6,66,87,588
Provisions and write offs	20 (a)	77,50,129	7,26,835
Depreciation and amortisation	9	23,57,083	10,50,503
Other expenses	20 (b)	5,18,29,462	2,99,99,870
Total expenses		52,46,88,837	38,78,31,852
Profit before tax		11,12,42,721	14,36,23,631
Tax expense			
Current tax		2,87,04,561	3,32,95,470
Income tax on debenture issue expenses	4	-	24,29,926
Income tax of earlier years		-	6,57,000
Deferred tax		40,24,435	50,10,172
		3,27,28,996	4,13,92,568
Profit after tax		7,85,13,725	10,22,31,063
Earnings per equity share			
	22		
Basic		2.60	3.38
Diluted		2.60	3.38
Face value per equity share		10.00	10.00

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

This is the statement of profit and loss referred to in our report of even date

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



Manish Gujral
Partner
Membership No.:105117



Place : Mumbai
Date : 26th June 2019

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



Anil Chirania
Director
DIN: : 01082719

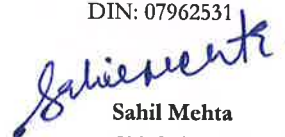


Tasneem Mandorswala
Company Secretary

Place : Mumbai
Date : 26th June 2019



Vineet Chattree
Managing Director
DIN: 07962531



Sahil Mehta
Chief Financial Officer



Micro Housing Finance Corporation Limited
Cash Flow Statement for the year ended 31 March 2019

	Year ended 31 March 2019 Amount in Rupees	Year ended 31 March 2018 Amount in Rupees
(A) Cash flow from operating activities:		
Profit before tax	11,12,42,721	14,36,23,631
<i>Adjustments for non-cash transactions</i>		
Depreciation and amortisation	23,57,083	10,50,503
Loss on Property, plant and equipment sold	30,276	10,903
Provisions and Contingencies	76,76,275	7,26,835
Amortised portion of loan processing charges	18,96,382	4,27,571
Gain on sale of mutual fund units held as current investments	(1,61,82,811)	(1,45,35,331)
Operating profit before working capital changes	10,70,19,926	13,13,04,112
Changes in working capital		
(Increase) in loans and advances - others	(8,57,781)	(15,73,441)
Decrease in other non-current assets	-	23,32,429
Increase/(Decrease) in trade payables	(2,88,513)	4,320
(Decrease) in other current assets	(98,42,516)	(77,00,440)
Increase in current liabilities and provisions	84,02,057	3,08,44,006
	10,44,33,173	15,52,10,986
Housing and non-housing loans disbursed (net)	(1,10,25,07,995)	(97,45,59,110)
Cash (used in) operating activities	(99,80,74,822)	(81,93,48,124)
Income taxes paid (net)	(2,72,05,216)	(4,17,53,010)
Net cash (used in) operating activities	(1,02,52,80,038)	(86,11,01,134)
(B) Cash flow from investing activities:		
Purchase of Property, plant and equipment	(57,00,537)	(12,75,021)
Sale of Property, plant and equipment	23,831	23,982
Purchase of Mutual Fund units	(44,88,58,00,000)	(54,25,47,00,000)
Redemption of Mutual Fund units	44,90,19,82,811	54,26,92,35,331
Capital advances given	-	(8,00,000)
Increase in fixed deposit balance	5,53,574	(5,53,574)
Net cash (used in) investing activities	1,10,59,679	1,19,30,718
(C) Cash flow from financing activities:		
Proceeds from Long -term borrowings	1,60,35,00,000	1,26,75,00,000
Repayments of Long- term borrowings	(58,82,34,960)	(46,19,39,379)
Proceeds from Short- term borrowings	-	15,00,00,000
Repayments of Short- term borrowings	(15,00,00,000)	(10,00,00,000)
Loan processing charges paid	(57,86,100)	(27,60,000)
Debenture issue expenses paid	-	(84,25,542)
Net cash generated from financing activities	85,94,78,940	84,43,75,079
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(15,47,41,419)	(47,95,337)
Cash and cash equivalents at beginning of the year	20,31,11,636	20,79,06,973
Cash and cash equivalents as at the end of the year (Refer Note 14)	4,83,70,217	20,31,11,636

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 read with Rule 7 of Companies (Accounts) Rules, 2014 (as amended).

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

This is the cash flow statement referred to in our report of even date

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013



Manish Gujral

Partner

Membership No.:105117



Place : Mumbai

Date : 26th June 2019

For and on behalf of the Board of Directors of

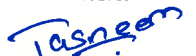
Micro Housing Finance Corporation Limited



Anil Chirania

Director

DIN: : 01082719



Tasneem Mandsorwala

Company Secretary

Place : Mumbai

Date : 26th June 2019



Vineet Chatterjee

Managing Director

DIN: 07962531



Sahil Mehta

Chief Financial Officer



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

Background or Corporate Information

Micro Housing Finance Corporation Limited ("MHFC" or "the Company") was incorporated on 16 May 2008 with the objective to provide housing finance for financially excluded families, particularly lower income informal sector households. The Company is registered with the National Housing Bank ("the NHB") as a housing finance company.

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, unless otherwise stated, and are in accordance with the requirements of the Companies Act, 2013 ("the Act") and comply in all material aspects with the applicable Accounting Standards ("AS") specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the directions prescribed in the Housing Finance Companies (NHB) Directions, 2010 (as amended) ("the NHB guidelines") issued by the NHB. The accounting policies adopted in preparation of the financial statements are consistent with those of the previous year.

Operating cycle

Based on nature of its activities the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2 Significant accounting policies

a. Use of estimates

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

b. Property, plant and equipment (PPE)

Tangible assets

Recognition

Tangible Asset such as 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 and Amortisation

Depreciation on PPE 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. PPE costing up to Rs. 5,000 individually are depreciated fully in the year in which they are purchased. Leasehold improvements are amortised over the lease period.

Intangible assets

Intangible stated at cost less accumulated depreciation and impairment losses, if any. Cost includes cost of acquisition of asset, expenses to bring asset into existence 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.

Intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use is considered by the management. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The estimated useful lives of intangible assets are as follows :

Computer Software- 3 years



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 recognised 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 recognised 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.

c. 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 and such income is recognised before the loan becomes non-performing and remaining unrealised is reversed.

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:

Fee income such as processing fees and other charges such as delayed payment charges recoverable from customers are recognised on receipt basis.

Income from Investments:

Interest income on Bank Deposits, Bonds and Government Securities is recognized on accrual basis. Dividend income is accounted for in the year in which the same is received. The gain / loss on account of long term Investment at discount / premium in Debentures/Bonds and Government Securities is amortised over the life of the security on a pro-rata basis.

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 recorded 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 and 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-13 on Accounting for Investments. Long term investments are valued at cost net of amortisation of premium / discount. However, when there is a diminution in value, 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

Interest expenses are accounted on accrual basis. Ancillary borrowing costs such as processing fees, arrangement fees legal fees, listing fees, stamp duty, security creation fees etc. incurred in connection with arrangement of borrowings are amortised over the tenure of the respective borrowings.

f. 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 recognised 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 recognised in the period that includes the enactment date.

Deferred tax assets are recognised 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 re-assessed 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.

g. Classification of loans

(i) Housing loans:

Housing loans represents outstanding amount of housing loans disbursed to individuals and others for purchase or construction of residential property.

(ii) Non-housing loans:

Non-Housing loans represents 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.

(iii) Classification:

The above loans are bifurcated into Standard, Sub-standard, Doubtful and Loss category based on the guidelines and directions issued by the NHB.

h. Provisioning for loans

Housing and non-housing loans are provided for in accordance with the NHB guidelines. In accordance with Notification No. NHB.HFC.DIR.18/MD&CEO/2017 issued by NHB dated 2 August 2017; there is a prospective change in the provision requirement for standard assets in respect of individual housing loans to 0.25% of the total outstanding amount as against 0.40% of the total outstanding amount prior to the issuance of the said circular. Additionally, in compliance with the said circular the existing provision amount recorded with respect to such loans have not been reversed and additional provisions, if any required, have been duly provided for.

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 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 over 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

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

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.



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

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. However, the Company is entitled to get a reimbursement from the customers for the expenses incurred in connection with origination of the loans. Such reimbursement receivable forms part of "Non-housing loans", included 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 stated net of such recoveries from customers.

n. Earnings per share

The basic earnings per equity share is 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.

o. Debenture issue expenses

Debenture issue expenses are adjusted against the securities premium as permissible under Section 52 of the Companies Act, 2013.

p. Cash and cash equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise of cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

3 Share capital

(Amount in Rupees)

	As at 31 March 2019		As at 31 March 2018	
	Number	Amounts	Number	Amounts
	Authorised share capital			
Equity shares of Rs 10 each	3,50,00,000	35,00,00,000	3,50,00,000	35,00,00,000
	3,50,00,000	35,00,00,000	3,50,00,000	35,00,00,000
Issued, subscribed and fully paid up				
Equity shares of Rs.10 each	3,02,27,575	30,22,75,750	3,02,27,575	30,22,75,750
	3,02,27,575	30,22,75,750	3,02,27,575	30,22,75,750

a) Reconciliation of equity share capital	As at 31 March 2019		As at 31 March 2018	
	Number	Amounts	Number	Amounts
	Balance at the beginning of the year	3,02,27,575	30,22,75,750	3,02,27,575
Add : Issued during the year	-	-	-	-
Balance at the end of the year	3,02,27,575	30,22,75,750	3,02,27,575	30,22,75,750

b) Shareholders holding more than 5% of the shares

	As at 31 March 2019		As at 31 March 2018	
	Number	% of holding	Number	% of holding
	India Financial Inclusion Fund	-	0.00%	1,10,60,255
MHFC Employees Trust	-	0.00%	50,49,135	16.70%
Mr. Nachiket Shelgikar	-	0.00%	46,05,268	15.24%
Michael and Susan Dell Foundation	-	0.00%	30,20,512	9.99%
Unilazer Alternative Ventures LLP	-	0.00%	22,30,770	7.38%
Svatntra Holdings Private Limited *	3,02,27,569	99.99%	-	0.00%

* Svatantra Holdings Private Limited acquired the 99.99% fully paid equity shares from previous shareholder on 15 September 2018 as approved by the Board of Directors on the Board meeting held on 15 September, 2018. No objection certificate was issued by National Housing Board (NHB) vide letter dated 24 July, 2018.

c) Terms, rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a face value of Rs. 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. In the event of liquidation of the Company, the holder of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all the preferential amounts. However, no such preferential amounts exists currently. The distribution will be in proportion to the number of equity shares held by the shareholders. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing General Meeting.

d) Shares issued for consideration other than cash

The Company has not issued bonus shares or shares for consideration other than cash during the five years period immediately preceding the reporting date.



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

4 Reserves and surplus

	As at 31 March 2019	(Amount in Rupees) As at 31 March 2018
Securities premium		
Balance at the beginning of the year	43,92,07,879	44,52,03,495
Less: Debenture issue expenses adjusted during the year Rs. Nil (Previous year net of tax Rs. 2,429,926)	-	(59,95,616)
Balance at the end of the year	43,92,07,879	43,92,07,879
Special Reserve [Refer Note (i) below and Note 26.3.20]		
Balance at the beginning of the year	9,53,38,508	7,41,83,776
Add : Transferred from Statement of Profit and Loss	2,00,36,895	2,11,54,732
Balance at the end of the year	11,53,75,403	9,53,38,508
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	23,32,18,961	15,21,42,630
Add : Transferred from Statement of Profit and Loss	7,85,13,725	10,22,31,063
Less : Transferred to special reserve	(2,00,36,895)	(2,11,54,732)
Balance at the end of the year	29,16,95,791	23,32,18,961
	84,62,79,073	76,77,65,348

Note:

- i) As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 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 2019, the Company has transferred to special reserve an amount arrived in accordance with 29C(i) of the National Housing Bank Act, 1987.



	As at 31 March 2019		As at 31 March 2018	
	Long-term	Short-term	Long-term	Short-term
5 Borrowings				
Secured				
Term loans (Refer Note 5.1 (a))				
Refinance from National Housing Bank	1,23,96,23,900	-	1,36,53,05,700	-
Loan from Banks	2,05,72,80,307	-	1,83,40,30,081	-
Loans from Financial Institution	84,14,18,255	-	17,52,06,947	-
Redeemable non-convertible debentures (Refer Note 5.1 (b))	53,10,00,000	-	26,50,00,000	-
	4,66,93,22,462	-	3,63,95,42,728	-
Less: Current maturities disclosed as Other current liabilities (Refer Note 8)	88,91,88,320	-	53,71,59,856	-
	3,78,01,34,142	-	3,10,23,82,872	-
Unsecured				
Term loans				
From other parties	-	-	-	15,00,00,000
	-	-	-	15,00,00,000
	3,78,01,34,142	-	3,10,23,82,872	15,00,00,000

Notes:

5.1 Details of security

- (a) Term loans are secured by first exclusive charge through hypothecation of book debts/ receivables (housing loans) of the Company both present and future and assignment of mortgage on the dwelling units financed from such term loans.
- (b) The unlisted secured redeemable non-convertible debentures were issued by the Company via private placement and it has been fully subscribed by International Finance Corporation Washington which are secured by first ranking and exclusive charge on the standard portfolio and the receivables of the Company as created initially and future loans which are required for the purpose of maintaining the security cover as per the agreement entered into between the Company and International Finance Corporation Washington.

5.2 Terms of repayment of long-term borrowings

As at 31 March 2019					
a) Term loans from banks					
Repayment terms	Interest rates	Repayment			
		Within 1 year*	Within 1-5 years	More than 5 years	
Quarterly	8.95% - 9.30%	3,57,14,288	14,28,57,144	71,42,857	
Monthly	9.00% - 11.00%	33,05,84,376	98,54,14,158	40,55,67,490	
Yearly	10.35%	3,00,00,000	12,00,00,000	-	
b) Term loans from NHB					
Repayment terms	Interest rates	Repayment			
		Within 1 year*	Within 1-5 years	More than 5 years	
Quarterly	4.61% to 10.10%	19,98,82,900	66,70,73,000	37,26,68,000	
c) Term loans from financial institution					
Repayment terms	Interest rates	Repayment			
		Within 1 year*	Within 1-5 years	More than 5 years	
Monthly	10.30% - 11.55%	3,74,51,202	10,39,67,053	-	
Half Yearly	9.50% - 11.25%	25,55,55,555	44,44,44,440	-	
d) Redeemable non-convertible debentures					
Repayment terms	Coupon rate	Repayment			
		Within 1 year*	Within 1-5 years	More than 5 years	
At maturity	9.45% - 10.60%	-	-	53,10,00,000	
Particulars of above non-convertible debentures					
Description	Number of debentures	Face value	Month of allotment	Month of redemption	
Rated, unlisted, secured, redeemable non-convertible debentures	2,66,000	1,000	June 2018	November 2024	
	2,65,000	1,000	June 2017	November 2024	
As at 31 March 2018					
a) Term loans from banks					
Repayment terms	Interest rates	Repayment			
		Within 1 year*	Within 1-5 years	More than 5 years	
Quarterly	9.00%	3,57,14,288	14,28,57,151	4,28,57,132	
Monthly	9.00% - 10.84%	27,80,01,862	85,17,54,051	48,28,45,597	
b) Term loans from NHB					
Repayment terms	Interest rates	Repayment			
		Within 1 year*	Within 1-5 years	More than 5 years	
Quarterly	4.61% to 9.60%	18,92,63,800	68,32,14,900	49,28,27,000	
c) Term loans from financial institution					
Repayment terms	Interest rates	Repayment			
		Within 1 year*	Within 1-5 years	More than 5 years	
Monthly	10.85%	3,41,79,906	14,10,27,041	-	
d) Redeemable non-convertible debentures					
Repayment terms	Coupon rate	Repayment			
		Within 1 year*	Within 1-5 years	More than 5 years	
At maturity	9.45%	-	-	26,50,00,000	
Particulars of above non-convertible debentures					
Description	Number of debentures	Face value	Month of allotment	Month of redemption	
Rated, unlisted, secured, redeemable non-convertible debentures	2,65,000	1,000	June 2017	November 2024	

* Classified as Current maturities of long-term borrowings in Note 8.

5.3 Terms of repayment of short-term borrowings

Payable in a single bullet payment within one year from balance sheet date



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

(Amount in Rupees)

	As at 31 March 2019		As at 31 March 2018	
	Long-term	Short-term	Long-term	Short-term
6 Provisions				
Provision for gratuity (Refer Note (a) below)	48,53,160	7,54,105	41,10,660	4,89,213
Provision against Standard Assets (Refer Note 25)	1,28,85,362	13,67,709	1,33,09,119	18,48,520
Provision against Non- performing assets (Refer Note 25)	1,85,52,952	-	99,72,109	-
	3,62,91,474	21,21,814	2,73,91,888	23,37,733

Note:

a) Defined benefit plan: Gratuity

In accordance with Accounting Standard-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.

	As at 31 March 2019	As at 31 March 2018
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	45,99,873	24,03,770
Service cost	12,29,211	10,77,617
Interest cost	3,56,490	1,80,283
Actuarial loss	7,77,012	10,62,818
Benefits paid	(13,55,321)	(1,24,615)
Projected benefit obligation at the end of the year	56,07,265	45,99,873

Reconciliation of present value of obligation on the fair value of plan assets

	As at 31 March 2019	As at 31 March 2018
Present value of projected benefit obligation at the end of the year	56,07,265	45,99,873
Funded status of the plans	-	-
Liability recognised in the balance sheet	56,07,265	45,99,873

Classification of liability recognised

	As at 31 March 2019	As at 31 March 2018
Non-current	48,53,160	41,10,660
Current	7,54,105	4,89,213

Components of net gratuity expenses are

	Year ended 31 March 2019	Year ended 31 March 2018
Service cost	12,29,211	10,77,617
Interest cost	3,56,490	1,80,283
Expected returns on plan assets	-	-
Recognised net actuarial loss	7,77,012	10,62,818
Net gratuity costs	23,62,713	23,20,718

Assumptions used

Interest rate	7.75%	7.75% p.a.
Salary Growth	7.50%	7.5% p.a.
Withdrawal rate	1.00 % p.a.	1.00 % p.a.
Mortality rate	Indian Assured Lives (2006-08) ultimately mortality rates	Indian Assured Lives (2006-08) ultimately mortality rates
Retirement age	58 years	58 years

Experience adjustments

	As at		(Amount in Rupees)		
	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
Projected benefit obligation	56,07,265	45,99,873	24,03,770	15,27,004	11,72,249
Plan assets	-	-	-	-	-
Surplus/(Deficit)	(56,07,265)	(45,99,873)	(24,03,770)	(15,27,004)	(11,72,249)
Experience adjustments on plan liabilities	7,77,012	10,62,818	63,584	(11,000)	(13,909)
Experience adjustments on plan assets	-	-	-	-	-

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

Note:

The gratuity expenses have been disclosed under note 18.

b) Defined contribution plan:

Contribution to defined contribution plans, recognised as expense for the year is as under :

(Amounts in Rupees)

Particulars	Year ended	
	31 March 2019	31 March 2018
Employers' contribution to provident fund	36,84,460	32,63,991
Employers' contribution to ESIC	2,84,209	4,09,166



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

(Amounts in Rupees)

	As at 31 March 2019	As at 31 March 2018
7 Trade payables		
Dues to micro, small and medium enterprises (Refer Note 27)	-	-
Dues to other than micro, small and medium enterprises	8,88,626	10,78,285
Other accrued liabilities	11,94,412	12,93,266
	<u>20,83,038</u>	<u>23,71,551</u>
8 Other current liabilities		
Current maturities of long-term borrowings (Refer Note 5.2)		
Refinance from National Housing Bank	19,98,82,900	18,92,63,800
Loan from Banks	39,62,98,663	31,37,16,150
Loans from Financial Institution	29,30,06,757	3,41,79,906
	<u>88,91,88,320</u>	<u>53,71,59,856</u>
Statutory dues		
Tax deducted at source payable	11,92,165	7,17,873
Profession tax payable	34,350	31,200
Provident fund payable	7,08,122	4,81,943
Employee State Insurance Corporation payable	64,257	40,970
Labour Welfare Fund Payable	558	-
Goods and service tax payable	10,68,289	13,89,078
Employee Benefits Payable	8,59,933	-
Interest accrued but not due on borrowings	4,47,17,752	2,99,82,376
Advance from customers	4,91,534	28,23,057
Subsidy received from NHB pending transfer to customers*	1,12,51,261	1,75,27,059
	<u>6,03,88,221</u>	<u>5,29,93,556</u>
	<u>94,95,76,541</u>	<u>59,01,53,412</u>

* Pertain to credit linked subsidy and interest subvention scheme subsidy received from NHB pending credit in respective applicant account.



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

9 Property, plant and equipment

Gross carrying amount	Land	Tangible assets			Intangible assets		Total
		Office equipments	Furniture and fixtures	Computer and data processing equipment	Leasehold improvements	Computer software	
Balance as at 31 March 2017	2,50,713	26,19,444	5,02,170	22,29,421	-	-	56,01,748
Additions	-	3,89,499	5,91,435	2,94,087	-	-	12,75,021
Disposals	-	16,170	18,715	-	-	-	34,885
Balance as at 31 March 2018	2,50,713	29,92,773	10,74,890	25,23,508	-	-	68,41,884
Additions	-	11,34,122	2,88,891	8,36,863	30,66,044	3,74,617	57,00,537
Disposals	-	9,03,719	2,29,300	2,99,639	-	-	14,32,658
Balance as at 31 March 2019	2,50,713	32,23,176	11,34,481	30,60,732	30,66,044	3,74,617	1,11,09,763
Accumulated depreciation/ amortisation							
Balance as at 31 March 2017	-	18,86,270	3,19,194	18,53,379	-	-	40,58,843
Additions	-	5,99,029	1,27,228	3,54,378	-	-	10,80,635
Deletions	-	16,560	13,572	-	-	-	30,132
Balance as at 31 March 2018	-	24,68,739	4,32,850	22,07,757	-	-	51,09,346
Additions	-	5,80,903	3,60,346	3,19,574	10,37,258	59,002	23,57,083
Deletions	-	8,54,112	2,24,800	2,99,639	-	-	13,78,551
Balance as at 31 March 2019	-	21,95,530	5,68,396	22,27,692	10,37,258	59,002	60,87,878
Net carrying amount	-	21,95,530	5,68,396	22,27,692	10,37,258	59,002	-
Balance as at 31 March 2018	2,50,713	5,24,034	6,42,040	3,15,751	-	-	17,32,538
Balance as at 31 March 2019	2,50,713	10,27,646	5,66,085	8,33,040	20,28,786	3,15,615	50,21,885



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

(Amount in Rupees)

	As at 31 March 2019	As at 31 March 2018
10 Deferred tax liabilities (net)		
Deferred tax liabilities		
Amount transferred to Special reserve	3,32,25,460	2,73,90,716
Amortisation of borrowing costs	27,18,284	16,11,043
Total	3,59,43,744	2,90,01,759
Deferred tax assets		
Provision for Standard assets	41,50,494	44,13,904
Provision for Non-performing assets	54,02,619	29,03,878
Provision for employee benefits (Gratuity Provision)	16,32,836	13,39,483
Timing difference on Property, plant and equipment depreciation	7,66,405	3,77,539
Total	1,19,52,354	90,34,804
Net deferred tax liabilities	2,39,91,390	1,99,66,955



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

11 Loans and advances towards financing activities

(Amount in Rupees)

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
I. Loans and advances towards financing activities (Secured) (Refer Note (a) below)				
Considered good				
Housing Loans				
-Individuals	5,05,78,68,010	47,89,51,314	3,95,38,23,559	31,10,63,821
-Corporate bodies	-	-	8,57,749	5,50,51,290
Non Housing Loans				
-Individuals	5,96,13,667	4,24,28,606	4,89,33,391	2,68,49,509
-Corporate bodies	-	-	4,00,76,679	7,87,36,398
	5,11,74,81,677	52,13,79,920	4,04,36,91,378	47,17,01,018
Considered doubtful				
Housing Loans				
-Individuals (Refer Note (b) below)	7,28,87,898	-	4,44,90,662	-
Corporate bodies	1,34,24,266	-	-	-
Non Housing Loans				
-Individuals	17,90,042	-	8,41,976	-
	8,81,02,206	-	4,53,32,638	-
Sub-total I	5,20,55,83,883	52,13,79,920	4,08,90,24,016	47,17,01,018
II. Loans and advances towards financing activities (Unsecured) (Refer Note (a) below)				
Considered good				
Loan to MHFC Employees Trust (Refer Note 23)	-	-	6,39,81,615	-
Loans to employees(Refer Note 25)	4,34,138	76,867	1,22,468	1,37,697
Sub-total II	4,34,138	76,867	6,41,04,083	1,37,697
Total Loans and advances (I+ II)	5,20,60,18,021	52,14,56,787	4,15,31,28,099	47,18,38,715

Notes:

(a) For bifurcation of these loans into Standard, Sub-standard and Doubtful categories, refer note 25.

(b) Individual housing loans include Rs. 2,42,33578 (Previous Year Rs. Rs. 7,000,435) against which the Company has taken possession of the properties under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

12 Loans and advances-others

(Amounts in Rupees)

	As at 31 March 2019		As at 31 March 2018	
	Non-current	Current	Non-current	Current
Other loans and advances (Unsecured, considered good)				
Security deposits	38,18,798	-	33,09,483	-
Advance income tax (net of provisions)	55,63,543	-	70,62,888	-
Advances to employees	-	1,89,100	-	3,31,716
Capital advance	-	-	8,00,000	-
Prepaid expenses	-	45,70,333	-	33,55,850
Others	-	76,600	-	-
	93,82,341	48,36,033	1,11,72,371	36,87,566



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

(Amount in Rupees)

	As at 31 March 2019	As at 31 March 2018
13 Other non-current assets		
Unamortised borrowing costs (Refer Note below)	74,97,656	48,10,477
	74,97,656	48,10,477
Note:		
Balance at the beginning of the year	54,45,048	31,12,619
Add: Expenses incurred during the year	57,86,100	27,60,000
Less: Charged to Statement of Profit and Loss during the year	18,96,382	4,27,571
Balance at the end of the year	93,34,766	54,45,048
Balance at the end of the year classified as under:		
Other current assets (Refer Note 15)	18,37,110	6,34,571
Other non-current assets	74,97,656	48,10,477
	93,34,766	54,45,048

(Amount in Rupees)

	As at 31 March 2019	As at 31 March 2018
14 Cash and bank balances		
Cash and Cash equivalent		
Cash on hand	10,78,408	8,06,326
Balances with banks		
- in current accounts (Refer Note (a) below)	4,72,91,809	20,23,05,310
	4,83,70,217	20,31,11,636
Other bank balances		
Deposits with maturity more than 3 months but less than 12 months (Refer Note (b) below)	1,00,00,000	1,05,53,574
	1,00,00,000	1,05,53,574
	5,83,70,217	21,36,65,210
Notes:		
a. Includes amounts received towards NHB subsidy pending transfer to customers	1,00,00,000	1,00,00,000
b. Amount of deposit held as security against the bank guarantee (Refer Note 24)	1,12,51,261	1,75,27,059

(Amount in Rupees)

	As at 31 March 2019	As at 31 March 2018
15 Other current assets		
Interest accrued but not due - Individuals	5,11,49,844	4,10,04,182
Interest accrued and due - Individuals	44,11,642	42,16,159
Interest receivable and not due - Corporate bodies	-	-
Interest receivable but not due - Corporate bodies	-	-
Interest accrued and due - Corporate	-	8,34,993
Interest accrued but not due - Corporate	-	-
Interest accrued on fixed deposits	4,23,367	87,003
Term loan installment paid in advance	7,23,48,319	5,78,33,625
Unamortised loan processing charges on loans taken (Refer Note 13)	18,37,110	6,34,571
	13,01,70,282	10,46,10,533



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

	Year ended 31 March 2019	(Amount in Rupees) Year ended 31 March 2018
16 Revenue from operations		
Interest income on housing and non-housing loans	55,64,93,819	46,71,02,741
Fee income	5,03,01,007	3,56,06,935
Other operating income		
-Delayed payment charges	87,55,166	1,30,26,972
	61,55,49,992	51,57,36,648
17 Other income		
Interest income on Bank deposits	7,59,507	10,47,531
Interest Income on Corporate Deposit	29,17,808	-
Interest income on loan to employees	34,478	44,127
Gain on sale of mutual fund units held as current investments	1,61,82,811	1,45,35,331
Miscellaneous income	4,86,962	91,846
	2,03,81,566	1,57,18,835
18 Finance costs		
Interest on term loans		
-Loans from banks	18,35,64,119	15,95,66,948
-Loans from financial institutions and others	5,66,14,336	3,35,73,907
-Loans from National Housing Bank	9,49,40,858	7,51,90,361
Interest on Non-convertible debentures	4,65,17,812	1,94,16,511
	38,16,37,125	28,77,47,727
Loan processing fees and other charges	43,37,230	11,18,020
Bank charges	8,17,267	5,01,309
	38,67,91,622	28,93,67,056
19 Employee benefits expense		
Salaries, wages and bonus (including managerial remuneration)*	6,57,80,614	5,71,25,951
Gratuity expense (Refer Note 6(a))	23,62,713	23,20,718
Contribution to provident fund (Refer Note 6(b))	36,84,460	32,63,991
Contribution to ESIC (Refer Note 6(b))	2,84,209	4,09,166
Staff welfare expenses	38,48,545	35,67,762
	7,59,60,541	6,66,87,588

*Net of reimbursement from customers towards expenses incurred in connection with disbursement of loan under credit linked subsidy scheme Rs. 6,578,000 (Previous year: 9,191,500)



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

(Amount in Rupees)

20 (a) Provisions and write offs

	Year ended 31 March 2019	Year ended 31 March 2018
Provision for standard assets (Refer Note 25(I))	(9,04,568)	17,620
Provision for NPA's (Refer Note 25(I))	85,80,843	7,09,215
Provision written off	73,854	-
	77,50,129	7,26,835

20 (b) Other expenses

Electricity expenses	6,58,340	8,14,049
Rent (Refer Note 29)	60,86,667	48,67,038
Repairs and maintenance		
- Others	1,46,979	4,70,505
Insurance*	24,77,170	17,25,537
Rates and taxes	21,13,325	16,06,542
Payments to auditors (Refer Note below)	12,94,959	12,85,237
Computer and software expenses	23,66,553	12,78,319
Communication expenses	18,53,449	26,82,403
Professional, legal and consultancy fees	89,05,490	39,99,493
Printing and stationery*	19,21,912	17,38,606
Travelling, conveyance and boarding expenses*	1,21,86,291	53,81,488
Advertising and marketing expenses	3,09,802	37,000
Corporate social responsibility (Refer Note 30)	11,22,000	3,50,000
Brokerage and commission	35,12,552	11,66,414
Miscellaneous expenses*	68,73,973	25,97,239
	5,18,29,462	2,99,99,870

*Net of reimbursement from customers towards expenses incurred in connection with disbursement of loan under credit linked subsidy scheme as follows:

Insurance	4,07,071	4,56,101
Printing and stationery	3,83,126	4,29,272
Travelling, conveyance and boarding expenses	12,21,213	13,68,304
Miscellaneous expenses	3,83,125	4,29,271
	23,94,535	26,82,948

Note: Payments to auditors

As auditor

Statutory audit	11,00,000	11,25,000
Certification work	1,61,500	1,26,200
Reimbursement of expenses	33,459	34,037
	12,94,959	12,85,237



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

21 Related party disclosures

a) Names of related parties

Holding Company

Svatantra Holdings Private Limited (w.e.f. 15 September 2018)

Key Managerial Personnel (KMP)

1. Mr. Madhusudhan Padath Pulloot, Director (upto 15 September 2018)
2. Mr. Rajnish Dhall, Managing Director (upto 15 September 2018)
3. Mr. Nachiket Shelgikar, Director and Chief Financial Officer (upto 15 September 2018)
4. Ms. Avani Shah, Company Secretary (upto 24 December 2018)
5. Ms. Ananyashree Birla, Chairperson (w.e.f. 15 September 2018)
6. Mr. Vineet Chattree, Managing Director (w.e.f. 15 September 2018)
7. Mr. Anil Chirania, Director (w.e.f. 15 September 2018)
8. Mr. Sahil Mehta, Chief Financial Officer (w.e.f. 15 September 2018)
9. Ms. Tasneem Mandsorwala, Company Secretary (w.e.f. 24 December 2018)

Relative of KMP

Ms. Madhura Shelgikar (upto 15 September 2018)

Parties on which KMP's of the Company are able to exercise control

1. Classapart Technologies Private Limited (upto 15 September 2018)
2. NRS Micro Systems Private Limited (upto 15 September 2018)
3. Mobile Search Engine Private Limited (upto 15 September 2018)
4. MHFCL Employees and Business Associates Welfare Trust (upto 15 September 2018)

b) Transactions with related parties

	Year ended 31 March 2019	(Amount in Rupees) Year ended 31 March 2018
<u>I. Remuneration to KMPs</u>		
Mr. Madhusudhan Padath Pulloot (upto 15 September 2018)	5,50,000	12,00,000
Mr. Rajnish Dhall (upto 15 September 2018)	5,50,000	12,00,000
Mr. Nachiket Shelgikar (upto 15 September 2018)	5,50,900	12,00,000
Ms. Avani Shah (upto 24 December 2018)	10,80,000	13,20,000
Mr. Sahil Mehta (w.e.f. 15 September 2018)	15,24,448	-
Ms. Tasneem Mandsorwala (w.e.f. 24 December 2018)	1,56,000	-
<u>II. Other transactions</u>		
Salaries and benefits to Ms. Madhura Shelgikar (upto 15 September 2018)	7,70,900	14,40,000

Note:

- 1 There is no outstanding balance as at 31 March 2019 and 31 March 2018 with related parties.
- 2 Remuneration to KMPs is based on the cost to the Company as per the employment letter.
- 3 The employee benefits in relation to gratuity are calculated at the Company level and hence not considered in disclosure above.

22 Earnings per share

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Net profit for equity shareholders (Rs.)	7,85,13,725	10,22,31,063
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.)	2.60	3.38



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

- 23 Pursuant to the Board Resolutions passed in the meetings dated 15 June 2010 and 17 January 2011, the Company had provided an interest free loan of Rs. 36,362,960 to MHFC Employees Trust (hereafter "the Trust"), which has subscribed an equivalent amount to the share capital of the Company (subscription at par value).
 During the year ended 31 March 2014, pursuant to the Board Resolution passed in the board meeting dated 30 April 2013, the Company further provided an interest free loan of Rs. 31,500,000 to the Trust, which has subscribed an equivalent amount to the share capital of the Company (subscription at a premium of Rs. 7.50 per equity share).
 Such subscribed shares will eventually be allotted to present and future employees of the Company which are beneficiary of the Trust at the rate of Rs. 10 per share or Rs. 17.50 per share, as the case maybe. The Trust in turn will use the proceeds from such subscription towards repayment of the above mentioned loan amount.
 The outstanding balance of loan given to the Trust as on 31 March 2019 is NIL (31 March 2018 - Rs. 63,981,615).

24 Contingent liabilities and Commitments

Particulars	(Amount in Rupees)	
	As at 31 March 2019	As at 31 March 2018
Contingent liabilities		
Claims against the Company not acknowledged as debt		
Bank guarantee issued by Federal Bank Limited favoring the NHFB for refinance facilities	1,00,00,000	1,00,00,000
	1,00,00,000	1,00,00,000
Commitments		
Estimated amounts of contracts remaining to be executed on capital account and not provided for	-	10,34,985
Other commitments - Undisbursed amount of housing and non- housing loans	79,19,06,326	1,05,20,71,920
	79,19,06,326	1,05,31,06,905

Provident Fund Liabilities

Contingent liability relating to determination of provident fund liability, based on a recent Supreme Court judgement, is not determinable at present, due to uncertainty on the impact of the judgement in absence of further clarification relating to applicability. The Company will continue to assess any further developments in this matter for their implications on financial statements, if any, which, based on the number of employees, is not expected to be significant.



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

25 Break up of Loans and advances and Provisions thereon

Particulars	Housing		(Amount in Rupees) Non-housing	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
(A) Standard assets				
a) Total outstanding amount*	5,53,68,19,323	4,32,07,96,419	10,25,53,279	25,88,37,757
Individuals	5,53,68,19,323	4,26,48,87,380	10,20,42,274	7,57,82,900
Corporate bodies	-	5,59,09,039	-	11,88,13,077
Loans to MHFC Employees Trust (Refer note 23)	-	-	-	6,39,81,615
Loans to employees (Refer note 11(II))	-	-	5,11,005	2,60,165
b) Provisions made	1,38,42,858	1,40,94,349	4,10,213	10,63,290
(B) Sub-standard assets				
a) Total outstanding amount*	6,15,75,218	2,92,56,920	12,05,006	4,99,451
Individuals	4,81,50,952	2,92,56,920	12,05,006	4,99,451
Corporate bodies	1,34,24,266	-	-	-
b) Provisions made	92,36,283	43,88,538	1,80,751	74,918
(C) Doubtful assets – Category-I				
a) Total outstanding amount*	1,35,48,956	1,33,26,110	4,30,892	2,86,868
Individuals	1,35,48,956	1,33,26,110	4,30,892	2,86,868
b) Provisions made	33,87,239	44,32,039	1,07,723	71,862
(D) Doubtful assets – Category-II				
a) Total outstanding amount*	1,11,87,990	19,07,632	1,54,145	55,657
Individuals	1,11,87,990	19,07,632	1,54,145	55,657
b) Provisions made	55,49,163	9,82,489	91,793	22,263
(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	5,62,31,31,488	4,36,52,87,080	10,43,43,321	25,96,79,733
b) Total provisions made	3,20,15,543	2,38,97,415	7,90,480	12,32,333

* The amount excludes interest receivable as at 31 March 2019 and 31 March 2018



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

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

26.1 Minimum disclosures

The following additional disclosures have been given in terms of Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9 February 2017 issued by the National Housing Bank.

26.2 Summary of Significant accounting policies

The accounting policies regarding key areas of operations are disclosed as Note 2 to the financial statements.

26.3 Disclosure:

26.3.1 Capital to Risk Assets Ratio (CRAR)

Items	As at 31 March 2019	As at 31 March 2018
i) CRAR (%)	37.78%	38.78%
ii) CRAR - Tier I Capital (%)	37.31%	38.23%
iii) CRAR - Tier II Capital (%)	0.47%	0.55%
iv) Amount of subordinated debt raised as Tier- II Capital	Nil	Nil
v) Amount raised by issue of perpetual debt instruments	Nil	Nil

26.3.2 Exposure to Real Estate Sector*

Category	(Amount in Rupees)	
	As at 31 March 2019	As at 31 March 2018
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	5,23,43,26,560	4,17,10,96,827
- Individual housing loans above Rs. 15 lakh	37,53,80,662	13,82,81,215
- Other loans	10,38,32,316	7,66,24,876
	5,71,35,39,538	4,38,60,02,918
(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;	1,34,24,266	5,59,09,039
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
	1,34,24,266	5,59,09,039

b) Indirect Exposure

Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)

* The amount excludes interest receivable as at 31 March 2019 and 31 March 2018



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

26.3.3 Exposure to Capital Market

Category	(Amount in Rupees)	
	As at 31 March 2019	As at 31 March 2018
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;	-	-
v) 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)	-	-
	<u>-</u>	<u>-</u>

26.3.4 Unsecured advances (Refer note 11)

	(Amount in Rupees)	
	As at 31 March 2019	As at 31 March 2018
Loan to MHFC Employees Trust	-	6,39,81,615
Loan to employees	5,11,005	2,60,165
	<u>5,11,005</u>	<u>6,42,41,780</u>

Note:

There are no outstanding advances as at 31 March 2019 and 31 March 2018 for which intangible securities such as charge over the rights, licenses, authority, etc. has been taken.



Micro Housing Finance Corporation Limited
 Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019
 26.3.15 Asset Liability management

Maturity pattern of certain items of assets and liabilities as at 31 March 2019

Particulars	(Amount in Rupees)										
	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, financial institutions and non-convertible debentures											
Market Borrowings											
Foreign Currency Liabilities											
Assets											
Advances	8,89,00,904	2,99,34,201	12,99,96,929	24,79,10,288	39,25,45,598	1,45,65,79,196	1,00,71,76,600	1,06,92,94,125	24,71,74,222		4,66,93,22,463
Investments											
Foreign Currency Assets	8,38,12,041	4,55,15,435	4,13,42,364	11,61,76,230	23,44,10,717	1,08,56,18,811	1,06,16,23,097	93,34,76,183	1,08,72,02,999	1,05,80,96,931	5,72,74,74,888

Note:
 1. Advances represents outstanding principal balance of housing and non-housing loans
 2. Provisions for NPAs have been excluded from the advances above.

Maturity pattern of certain items of assets and liabilities as at 31 March 2018

Particulars	(Amount in Rupees)										
	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, financial institutions and non-convertible debentures											
Market Borrowings											
Foreign Currency Liabilities											
Assets											
Advances	21,53,01,031	2,57,72,159	2,38,00,252	13,73,86,576	26,28,99,837	1,01,21,91,246	80,66,61,897	56,90,97,412	71,24,00,317	20,32,000	3,78,96,42,728
Investments											
Foreign Currency Assets	8,27,54,085	4,37,13,693	4,21,60,817	10,44,97,045	19,87,33,075	85,72,85,426	79,76,51,766	71,12,66,960	86,56,98,913	84,72,71,309	4,55,18,13,089



Micro Housing Finance Corporation Limited
Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

26.3.6 Investments*

Particulars	As at 31 March 2019	(Amount in Rupees) As at 31 March 2018
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 2019 and 31 March 2018.

26.3.7 Derivatives

26.3.7.1 Forward Rate Agreement (FRA)/ Interest Rate Swap (IRS)

The Company has not entered into any forward rate agreements or interest rate swap transactions during the year ended 31 March 2019 and 31 March 2018.

26.3.7.2 Exchange Traded Interest Rate (IR) Derivative

The Company has not entered into any exchange traded derivative during the year ended 31 March 2019 and 31 March 2018.

26.3.7.3 Disclosures on Risk Exposure in Derivatives

The Company has not entered into any derivative transactions during the year ended 31 March 2019 and 31 March 2018.

26.3.8 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 2019 and 31 March 2018. Hence, the below disclosures are not applicable to the Company.

26.3.8.1 Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset Reconstruction

The Company has not sold any financial assets to Securitisation/reconstruction company for asset reconstruction during the year ended 31 March 2019 and 31 March 2018.

26.3.8.2 Details of Assignment transactions undertaken by HFCs

The Company has not entered into any assignment transactions during the year ended 31 March 2019 and 31 March 2018.

26.3.8.3 Details of non-performing financial assets purchased/sold

The Company has not purchased/sold any non-performing financial assets during the year ended 31 March 2019 and 31 March 2018.

26.3.9 Registration obtained from other financial sector regulators

The Company has not obtained any registration from other financial sector regulators other than NHB.

26.3.10 Overseas Assets

The Company does not hold any overseas assets as at 31 March 2019 and 31 March 2018.



Micro Housing Finance Corporation Limited
Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

26.3.11 Provisions and Contingencies

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

Particulars	(Amount in Rupees)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
1. Provisions for depreciation on investment	-	-
2. Provision towards NPA	-	-
3. Provision for Standard Assets	85,80,843	7,09,215
i. Housing loans		
- Individuals		
- Corporate bodies (CRE-RH)	1,73,794	6,85,458
ii. Non-housing loans	(4,25,285)	(8,21,907)
- Individuals		
- Corporate bodies	77,098	2,53,522
- Others	(4,75,252)	(95,501)
4. Other Provision and Contingencies	(2,54,923)	(3,952)
-Gratuity expense		
	23,62,713	23,20,718
	1,00,38,988	30,47,553
5. Provision made towards Income tax		
	3,27,28,996	4,13,92,568
	3,27,28,996	4,13,92,568
	4,27,67,984	4,44,40,121

26.3.12 Concentration of Public Deposits, Advances, Exposures and NPAs

26.3.12.1 Concentration of Public Deposits

The Company has not accepted any public deposits during the year ended 31 March 2019 and 31 March 2018.

26.3.12.2 Concentration of Loans and Advances

Particulars	(Amount in Rupees)	
	As at 31 March 2019	As at 31 March 2018
Total Loans and Advances to twenty largest borrowers*	7,09,82,231	26,77,94,383
Percentage of Loans and Advances to twenty largest borrowers to Total Advances of the Company*	1.24%	5.79%

* The amount excludes interest receivable as at 31 March 2019 and 31 March 2018

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

Particulars	(Amount in Rupees)	
	As at 31 March 2019	As at 31 March 2018
Total Exposure to twenty largest borrowers /customers*	7,11,57,231	28,00,72,542
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers/customers*	1.09%	4.93%

* The amount excludes interest receivable as at 31 March 2019 and 31 March 2018

26.3.12.4 Concentration of NPAs

Particulars	(Amount in Rupees)	
	As at 31 March 2019	As at 31 March 2018
Total Exposure to top ten NPA accounts*	2,50,30,116	1,02,93,805

* The amount excludes interest receivable as at 31 March 2019 and 31 March 2018



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

26.3.12.5 Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in respective sector	
	As at 31 March 2019	As at 31 March 2018
A. Housing Loans:		
1. Individuals*	1.30%	1.03%
2. Builders/Project Loans	1.30%	1.03%
3. Corporates	100.00%	Nil
4. Others (specify)	Nil	Nil
B. Non-Housing Loans:		
1. Individuals *	1.72%	1.10%
2. Builders/Project Loans	1.72%	1.10%
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil

* The amount excludes interest receivable as at 31 March 2019 and 31 March 2018

26.3.13 Movement of NPAs

Particulars	(Amount in Rupees)	
	As at 31 March 2019	As at 31 March 2018
(I) Net NPAs to Net Advances (%)		
(II) Movement of NPAs (Gross)*	1.22%	0.77%
a) Opening balance		
b) Additions during the year	4,53,32,638	4,92,38,451
c) Reductions during the year	5,97,29,088	2,95,65,806
(i) Recoveries		
(ii) Upgradations	(94,26,822)	(2,03,38,495)
d) Closing balance	(75,32,698)	(1,31,33,124)
(III) Movement of Net NPAs*	8,81,02,206	4,53,32,638
a) Opening balance		
b) Additions during the year	3,53,60,529	3,99,75,557
c) Reductions during the year	5,00,65,452	1,54,19,212
d) Closing balance	(1,58,76,727)	(2,00,34,240)
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)	6,95,49,254	3,53,60,529
a) Opening balance		
b) Provisions made during the year	99,72,109	92,62,894
c) Write-off/(write-back) of excess provisions	96,63,636	1,41,46,594
d) Closing balance	(10,82,793)	(1,34,37,379)
	1,85,52,952	99,72,109

* The amount excludes interest receivable as at 31 March 2019 and 31 March 2018

26.3.14 Customers complaints

Particulars	For the year ended	
	31 March 2019	31 March 2018
a) No. of complaints pending at the beginning of the year		
b) No. of complaints received during the year	0	1
c) No. of complaints redressed during the year	12	8
d) No. of complaints pending at the end of the year	12	9
	0	0

26.3.15 Off-balance Sheet SPVs sponsored

The Company does not have any off-balance sheet SPVs sponsored which are required to be consolidated as at 31 March 2019 and 31 March 2018.

26.3.16 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

The Company does not have any exposure exceeding prudential exposure limits for single borrowers or group borrowers as at 31 March 2019 and 31 March 2018 and hence disclosures in this regard is not applicable.



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

26.3.17 Draw Down from Reserves

The Company has not drawn down any amounts from the reserves during the year ended 31 March 2019 and 31 March 2018.

26.3.18 Details of financing of parent company products

These details are not applicable since the Company is not dealing in product of the holding company.

26.3.19 Details of rating assigned by credit rating agencies and migration of ratings during the year.

(i) Rating assigned to	Long-term bank facilities, Non- convertible debentures
(ii) Date of Rating	24 July 2018
(iii) Name of Rating Agency	CARE Ratings Limited
(iv) Rating of Products	
(a) Long term Bank facilities	CARE A-
(b) Debentures	CARE A-

26.3.20 Statutory Reserve u/s 29C of NHB Act, 1987

Particulars	(Amounts in Rupees)	
	As at 31 March 2019	As at 31 March 2018
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	9,40,61,525	7,29,06,793
c) Total	9,53,38,508	7,41,83,776
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	2,00,36,895	2,11,54,732
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	11,40,98,420	9,40,61,525
c) Total	11,53,75,403	9,53,38,508

26.3.21 Disclosure regarding penalty or adverse comments by NHB and other regulators

During the year the Company has:

- a) not been levied any penalty by NHB or any other regulators.
- b) not received any adverse comments in writing from NHB on regulatory compliances.

26.3.22 Related party Transactions

Details of all material transactions with related parties are disclosed in Note 21.



Micro Housing Finance Corporation Limited

Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019

26.3.23 Remuneration of Directors

Details of Remuneration of Directors are disclosed in Note 21

26.3.24 Management

Refer to the Management Discussion and Analysis report for the relevant disclosures.

26.3.25 Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current year's profit and loss.

26.3.26 Revenue Recognition

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.



Micro Housing Finance Corporation Limited**Summary of significant accounting policies and other explanatory information as at and for the year ended 31 March 2019****27 Dues to micro, small and medium enterprises**

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. This disclosure has been determined to the extent such parties have been identified based on the information available with the Company.

28 Segment reporting

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 in terms of location of assets and its customers. Accordingly, disclosures relating to primary and secondary business segments as specified in AS 17 on "Segment Reporting", and under paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, are not applicable to the Company.

29 Lease disclosure as per AS-19:

	(Amount in Rupees)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
(a) As lessee:		
Operating lease rental charged to Statement of Profit and Loss	60,86,667	48,67,038

(b) In relation to leased premises; the agreements have been executed for a period ranging from 10 months to 36 months with cancellable/non-cancellable 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 2019	As at 31 March 2018
	Not later than one year	44,46,889
Later than one year but not later than five years	34,10,917	64,63,806

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

Particulars	(Amount in Rupees)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
(a) Gross amount required to be spent by the Company during the year	22,21,258	18,20,909
(b) Amount spent during the year on:		
-Acquisition/Construction of any asset	-	-
-On others	11,22,000	3,50,000

31 Expenditure in foreign currency on payment basis

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
	Loan processing fees and other charges	3,66,700

32 Public deposits

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

33 Previous years' comparatives

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

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013


Manish Gujral

Partner

Membership No.:105117



Place : Mumbai

Date : 26th June 2019

For and on behalf of the Board of Directors of

Micro Housing Finance Corporation Limited


Anil Chirania

Director

DIN: : 01082719


Tasneem Mandorwala

Company Secretary

Place : Mumbai

Date : 26th June 2019


Vineet Ghatree

Managing Director

DIN: 07962531


Sahil Mehta

Chief Financial Officer

