MICRO HOUSING FINANCE CORPORATION LIMITED

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ANNUAL REPORT 2013-14

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Although access to finance is considered critical to reducing poverty, financial systems worldwide are far from inclusive.

Approximately half the world's adult population lacks access to formal financial services, and do not have bank accounts. The numbers are even worse for women - in developing economies women are 20 percent less likely than men to have an account at a formal financial institution and 17 percent less likely to have borrowed formally in the past year.

In this year's Annual Report, MHFC is celebrating the successes of several of its women customers. These women have not only enabled a better future for their own families and children, but have also positively contributed to the larger story of gender inequality in India, specifically with respect to home ownership as a means of empowerment and agency for women in the country.

MHFC is thrilled to play a role in the process of bridging both the gap in financial inclusion as well as the gender divide that exists in urban India today, and looks forward to working with all stakeholders involved to champion successes like these in the future.

"ON VIRTUALLY EVERY GLOBAL MEASURE, WOMEN ARE MORE ECONOMICALLY EXCLUDED THAN MEN"

- THE WORLD BANK, GENDER AT WORK 2014

Laxmi Gade, an MHFC customer, standing outside her current residence in Pune. After building savings of ₹600 every month for 5 years, she was finally able to purchase a new home, with the help of an MHFC loan.

CUSTOMER FEATURE

SAROJ DEVI, JAIPUR

A brightly coloured pile of women's garments occupy a space near the entrance to Saroj Devi's house. In Jaipur, like the rest of Rajasthan, women are known to wear beautiful *saris*, *lehengas* and other garments that are usually designed in red, yellow, blue, orange and green. The dirt roads of villages and dusty streets of towns in Rajasthan are often filled with women wearing a mix of these outfits. Saroj Devi sits at her sewing machine during the day, where she stitches and makes small alterations to different types of blouses and lehengas.

Saroj is from a small village located 15-20 km from Jaipur. Once she was married, she moved with her husband to Jaipur, where she has been living for the past 25 years. In 1999, her husband passed away in an accident at a *dal* processing unit in Chomu, where he was working as an accounts clerk. After her husband's death, Saroj was lucky to receive some financial support from her father-in-law, who she currently lives with, as well as her husband's co-workers. Additionally, she also had the option of turning to her brothers or father, all of whom operated kirana stores in Rajasthan.

However, she realized that depending on other people financially would not be sustainable, as she had to cover both the household expenses as well as her children's education expenses. This was when Saroj decided to start stitching clothes, which currently fetches her an income of around ₹4,500 to 5,000 per month.

Her customers include people from in and around the neighborhood she lives in. She also has a field in her village that provides her family with some additional income every 6 months.

"All I have ever wanted is a good education for my children."

Saroj has three children. Her elder daughter is 25 and currently works in the quality management department of Bosch India, an engineering and electronics company that mainly manufactures automotive components. Saroj's younger daughter is 21 and currently in her final year in college, studying political science and Hindi literature. She plans on pursuing a career as a teacher after she graduates. Saroj's third child and only son is currently in his first year in college, where he is studying engineering. All three of her children received scholarships for their education.

Twelve years after her husband's death, and twelve years of stitching women's garments later, Saroj's family is finally financially stable. Her elder daughter also contributes to the household income. In May 2012, Saroj applied for a loan from MHFC to buy a 2 RK flat in an affordable housing project in Jaipur. Saroj's position as a single woman earner in the family closed numerous doors for her, but MHFC understood the need for a home for Saroj and her children.

Soon, Saroj will move into the new flat and continue with her stitching work. "I will be able to get even more business over there," said Saroj as she looked over her daughter who was studying for her final year exams.

SHE REALIZED THAT DEPENDING ON OTHER PEOPLE FINANCIALLY WOULD NOT BE SUSTAINABLE, AS SHE HAD TO COVER BOTH THE HOUSEHOLD EXPENSES AS WELL AS HER CHILDREN'S EDUCATION. THIS WAS WHEN SAROJ DECIDED TO START STITCHING CLOTHES.

"ALL I HAVE EVER WANTED IS A GOOD EDUCATION FOR MY CHILDREN."

TODAY, WE ARE HAPPY TO REPORT THAT WE HAVE EVOLVED INTO A FAST GROWING AND PROFITABLE COMPANY IN THIS SPACE, WITH YEAR ON YEAR GROWTH AND PROFITABILITY NUMBERS TO BE PROUD OF.

MORE IMPORTANTLY, THROUGH A JUDICIOUS MIX OF CAPITAL, TECHNOLOGY AND PEOPLE WE HAVE GOT BETTER AND BETTER IN ALMOST ALL THE OPERATIONAL GOALS THAT WE HAD SET FOR OURSELVES.

CHAIRMAN'S LETTER

The last six years have been an exciting journey for your company, as it set about establishing itself as a path breaking institution to provide housing finance solutions to unserved and underserved informal segments in our cities. When we started off, all that we knew was that there was a great need for a company like MHFC, and that the unmet demand for mortgage finance was huge, and that there was as yet no specialized organization catering to this need. There were numerous unknown unknowns. How would we find our customers? How would they find us? How would we evaluate credits based on limited or no documentation? Would there be adequate supply of new homes? What is the most efficient and cost effective way of collecting monthly installments? How would we attract equity and debt capital? Many unanswered questions.

Today, six years later, we are happy to report that we have evolved into a fast growing and profitable company in this space, with year on year growth and profitability numbers to be proud of. More importantly, through a judicious mix of capital, technology and people we have got better and better in almost all the operational goals that we had set for ourselves. Our geographical reach has expanded, our turn-around times have improved and our portfolio quality continues to be impeccable, with nil NPAs as at year end.

The financial statements attached to this report speak for themselves, and I will not delve too much into that. Let me hence focus more on the qualitative and innovative aspects of the business. We have added to the team many more qualified and committed professionals, who look at a job in MHFC not just as a career, but hopefully as a mission. We have started recruiting from premier management and social business schools and are already building the next generation of leaders.

Our understanding of our customers has deepened, and with this we are now in a position to further customize mortgage products to meet their unique needs. Our investment in technology has paid rich dividends and we are fast developing tools to predict income patterns, and credit behavior. This will help us further with the understanding of our customers and make the credit analysis, the product delivery and the collections as non intrusive and respectful of our customers' time as possible. We are in the process of adding communications, business intelligence and predictive modules to the technology platform to provide 24/7 information access to customers and employees and improve our decision making.

During the year we also improved our capital and liquidity position by raising a fresh tranche of equity. Apart from the existing investors, India Financial Inclusion Fund and the Michael & Susan Dell Foundation who invested in the tranche, we welcome Ronnie Screwvala and his investment arm Unilazer Ventures Private Ltd. We look forward to the contributions that they will make to the tactical and strategic directions that the company will take in the years to come.

I take this opportunity to also thank the National Housing Bank for its support, guidance and funding through the years. Our banking partners, HDFC, HDFC Bank, ING Vysya Bank, DCB, Federal Bank and Yes Bank have been extremely supportive of the company and we look forward to working closely with them, as the company grows.

The new Government at the center has made inclusive housing a priority, and we look forward to being an inherent part of delivering on its promise of housing for all by the year 2022. This is a challenging and exciting goal, and will require significant resources and coordination among multiple agencies and jurisdictions. MHFC, we believe, is well positioned, with capital, technology and human resources to assist in achieving this goal.

I would like to conclude by thanking our customers, who continue to inspire us with their life stories and drive us to do more for them.

Madhusudhan Menon
Chairman

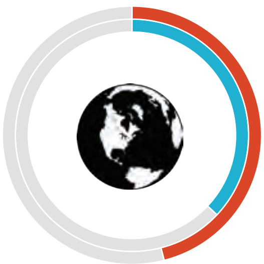
Mumbai, India

BANKING ON WOMEN

EMPOWERING WOMEN THROUGH FINANCIAL INCLUSION

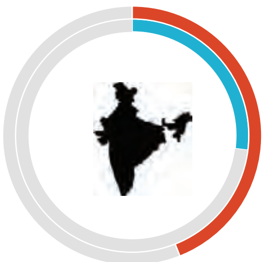
Access to finance is a powerful enabler of greater economic empowerment, particularly among women. An increase in financial access increases the potential ownership of assets, allowing women to invest in education, small businesses and even housing.

Yet, according to data released in 2012 by the Global Financial Inclusion (Global Findex) database, over **1.3 billion** women worldwide remain largely excluded from formal financial systems.



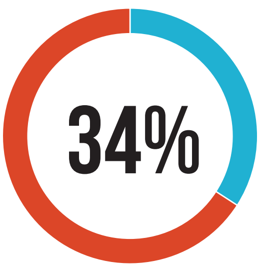
In developing economies, only 37% of women versus 46% of men are banked.

The gender gap is still larger for women living below the international $2 per day poverty line in developing countries: women are 28% less likely to have a bank account than men in these geographies.



On a regional level, South Asian women are the most financially excluded, compared to their male counterparts. In India, only 27% of women, compared to 44% of men, have accounts at formal financial institutions.

Women without an account in the developing world are 6 percentage points more likely than men to say "***because someone else in the family already has one***." In South Asia the gender gap in that response is 10 percentage points.



Recognizing the need for improving access to formal housing finance to women in urban areas, the National Housing Bank has launched a special **Refinance Scheme for Women**, which provides funds at concessional rates to retail lending institutions, like MHFC, to increase financial access among women borrowers.

At MHFC, 34% of its customers are women home-owners, of which 32% are primary owners, and 68% are co-owners.

"I OPENED A MILK SHOP/KIRANA STORE IN 2002 WITH SOME SAVINGS AND HELP FROM FRIENDS. IN 2010, I SAVED SOME MONEY TO BUY A HOUSE IN ONE OF THE AFFORDABLE HOUSING PROJECTS. HOWEVER, I WAS TURNED DOWN BY MOST BANKS. WHERE WILL POOR PEOPLE LIKE US GO TO GET A HOUSING LOAN?"

DIRECTORS' REPORT

The Members,
Micro Housing Finance Corporation Limited

The Board of Directors is pleased to present the Sixth Annual Report of your Company together with the Audited Accounts and Auditors' Report for the financial year ended 31st March, 2014.

Performance

During the year under review, your Company significantly increased most operating and financial parameters. Revenues were up 97% to ₹16.98 cr (PY ₹8.63 cr) and PBT more than doubled to ₹5.79 cr (PY ₹2.44 cr). After payment of ₹1.57 cr (PY ₹0.73 cr) in current taxes, PAT increased to ₹4.21 cr (PY ₹1.71 cr).

In terms of lending operations, cumulative housing loan sanctions aggregated ₹204 cr (up from ₹130 cr at end of the previous financial year) – all to lower income, urban families who are generally excluded from the mainstream banking sector. The housing loans outstanding figure was ₹138 cr (growth of 92% over ₹72 cr at end of the previous financial year). The Company currently operates in 5 states – Maharashtra, Gujarat, Madhya Pradesh, Rajasthan and West Bengal.

Importantly, for the 6th financial year end in a row, all housing loans are performing assets - the Company had no NPAs as on March 31, 2014. This continues to be important evidence to help prove the concept that lower income customers are equally (if not more so) conscious and disciplined in repaying housing loans, and has been a vital statistic for other newer players to enter this segment and build the eco system of low income housing. However, note that your Company has made provisions on all standard assets, in line with the requirements of the regulator, the National Housing Bank ("NHB").

In terms of funding, the Company raised ₹35 cr equity during the year from current and new investors, and along with retained profits, net worth increased to ₹80.76 cr (PY ₹38.57 cr). In line with the increase in business, the Company also increased its long term debt to ₹83.5 cr (PY ₹51.9 cr) of which approx half is refinance support from the NHB. Other lenders to your Company include the leading housing finance provider, HDFC Ltd, and major commercial banks such as ING Vysya Bank Ltd., DCB Ltd., YES Bank Ltd., and Federal Bank Ltd. The Company's entire loan portfolio is under the priority sector as defined by the Reserve Bank of India ("RBI"), and during this coming year, the Company is in discussions with and expects to partner with even more commercial banks for its financing requirements.

The Company's capital adequacy ratio stood at approx 74.7% of the risk weighted assets, as against the minimum requirement of 12%.

Changes in Share Capital

In order to meet the requirement of funds to match with its growth and business plans, consequent upon the approval of the members at the previous Annual General Meeting, the Company had increased its authorised share capital from ₹25 cr to ₹35 cr.

During the year under review, the Company issued and allotted 71,84,616 Equity Shares thereby raising the Equity Share Capital from ₹23.04 cr to ₹30.23 cr.

A comprehensive new set of the Articles of Association of the Company were adopted in the EGM held on Sep 3, 2013 in substitution of the present Articles of Association to incorporate therein the various provisions and terms of references of the Subscription Agreement & Shareholders Agreement entered into between the Company and Michael & Susan Dell Foundation ("MSDF"), India Financial Inclusion Fund ("IFIF") and Unilazer Ventures Private Limited ("UVPL"), in relation to the operations and management of the Company.

Fixed Deposits

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956, since incorporation.

DIRECTORS' REPORT

Particulars under Section 217 of the Companies Act, 1956

1. **Particulars of Employees:**

   MHFC had 68 employees as of March 31, 2014. The Company does not have any employee whose particulars are required to be furnished under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

2. **Conservation of Energy & Technical Absorption:**

   The Company is not a manufacturing company, hence, the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

3. **Foreign Exchange:**

   During the year under review, there were no foreign exchange earnings or outgo.

Dividend

Your Directors feel that it is prudent to plough back the profits for future growth of the Company and do not recommend any dividend for the year ended 31st March, 2014.

Directors

Reappointments

Mr. Madhusudhan Menon and Mr. Rajnish Dhall, Directors, retiring by rotation and being eligible, offer themselves for reappointment. The Board recommends their reappointment for your approval.

Mr. Rajnish Dhall had been appointed as Managing Director of the Company on August 27, 2009 for a period of 5 years. His term of office as Managing Director of the Company will expire on August 27, 2014. It was proposed to seek the Shareholders' approval for the re-appointment of Mr. Rajnish Dhall as the Managing Director in terms of the applicable provisions of the Companies Act, 1956. The Board of Directors of the Company, at its meeting held on March 7, 2014 had, subject to the approval of the Shareholders, re-appointed Mr. Rajnish Dhall for a further period of 3 years from April 1, 2014.

Mr. Madhusudhan Menon had been appointed as Chairman & Whole Time Director and Mr. Nachiket Shelgikar had been appointed as Whole Time Director of the Company on April 1, 2011 for a period of 3 years. Their term of office in the Company had expired on April 1, 2014. It was proposed to seek the Shareholders' approval for their re-appointment in terms of the applicable provisions of the Companies Act, 1956. The Board of Directors of the Company, at its meeting held on March 7, 2014 had, subject to the approval of the Shareholders, re-appointed them for a further period of 3 years from the expiry of his term.

Appointments & Resignations

Mr. Amit Banka was appointed as a Nominee Director of Unilazer Ventures Private Limited vide Ordinary Resolution at the EGM held on 03.09.2013. He resigned on 2nd January 2014 and his resignation was noted by a Circular Resolution passed on 02.01.2014 which was later ratified at the Board Meeting held on 07.03.2014. Subsequently, Mr. Chetan Juthani was appointed as a Nominee Director of Unilazer Ventures Private Limited vide Circular Resolution dated 02.01.2014 which was later ratified by the Board at its meeting held on 07.03.2014.

Auditors

M/s. Walker, Chandiok & Co, Chartered Accountants, statutory auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting of the Company. They have offered themselves for reappointment as statutory auditors and have confirmed that their appointment, if made, will be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

DIRECTORS' REPORT

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

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

Directors' Responsibility Statement

In terms of Section 217(2AA) of the Companies Act, 1956, we, the Directors of Micro Housing Finance Corporation Limited, state in respect of Financial Year 2013-14 that:

(i) in the preparation of the Annual Accounts for the financial year ended 31st March 2014, the applicable Accounting Standards have been followed along with proper explanation relating to material departures from the same, if any;

(ii) the Directors have 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 and at the end of the financial year and of the profit of the Company for that period;

(iii) the Directors have 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; and

(iv) the Directors have prepared the annual accounts on a "going concern" basis.

Regulations

In terms of regulatory requirements, the Company complies with the Housing Finance Companies (NHB) Directions, 2010 prescribed by the NHB. The Company has already 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.

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 future as well.

The Directors are also thankful to the employees of the Company for their hard work and commitment in building an institution for an excluded market segment.

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

Rajnish Dhall	**Nachiket Shelgikar**
Managing Director	**Director**

Mumbai, May 12, 2014

PORTFOLIO

SANCTIONS VS DISBURSALS (CUMULATIVE)

Total Loans Sanctioned:

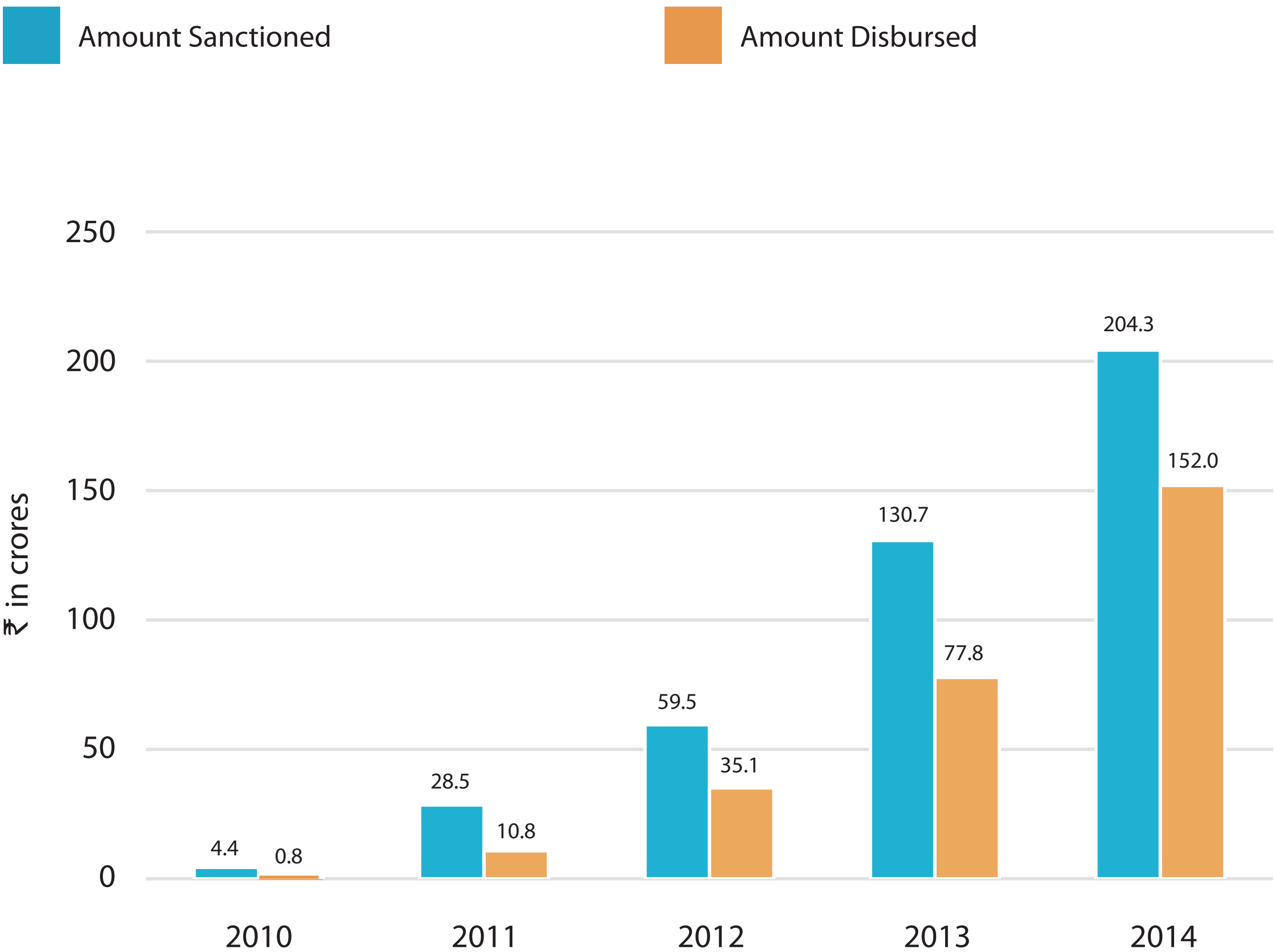
4,303

₹ 204.25 CR

Total Loans Disbursed:

3,562

₹ 152.02 CR



An MHFC customer who runs a home-based laundry business with her husband in Ahmedabad, offering dry-cleaning and ironing services to the neighbourhood.

An MHFC customer in Ahmedabad who works in the book binding department of a distribution and publishing company.

PORTFOLIO : SANCTIONS

CUMULATIVE LOANS SANCTIONED :

Average Loan Tenor: 12 years

12%	<= 5 years
32%	> 5 to 10 years
56%	> 10 to 15 years

Average Loan Amount: ₹4.75 lakhs

20%	<= ₹3 lakhs
39%	> ₹3 to 5 lakhs
41%	> ₹5 to 10 lakhs

Average Loan to Value (LTV): 68.60%

13%	<= 50%
43%	> 50% to 75%
43%	> 75%

INDEPENDENT AUDITORS' REPORT

To the Members of Micro Housing Finance Corporation Limited

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 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for 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 notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;

   (ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and

   (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

INDEPENDENT AUDITORS' REPORT

8. As required by Section 227(3) of the Act, we report that:

   a we have 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 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 financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and

   e. on the basis of written representations received from the directors, as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

For **Walker Chandiok & Co LLP**
(formerly known as Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No: 001076N

per **Khushroo B. Panthaky**
Partner
Membership No: F - 42423

Mumbai, May 12, 2014

ANNEXURE

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, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year, however, there is a regular program of verification once in two years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.

(iii) (a) The Company has granted unsecured loans to one party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹67,622,140 and the year-end balance is ₹67,136,330.

(b) The Company has granted interest free loans to a party covered under Section 301 of the Act and the other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.

(c) In respect of interest free loans granted, receipt of the principal amount is regular.

(d) There is no overdue amount in respect of loans granted to such party.

(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

(iv) Owing to the nature of its business, the Company does not maintain any physical inventories or sell any goods. Accordingly, clause 4(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

(v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.

(b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at the prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.

(viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's services. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.

ANNEXURE

(ix) (a) The Company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) There are no dues in respect of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.

(x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.

(xi) The Company has not defaulted in repayment of dues to any bank or financial institution during the year. The Company did not have any outstanding debentures during the year.

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.

(xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

(xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.

(xviii) During the year, the Company has made preferential allotment of shares to a party covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not, *prima facie*, prejudicial to the interest of the Company.

(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

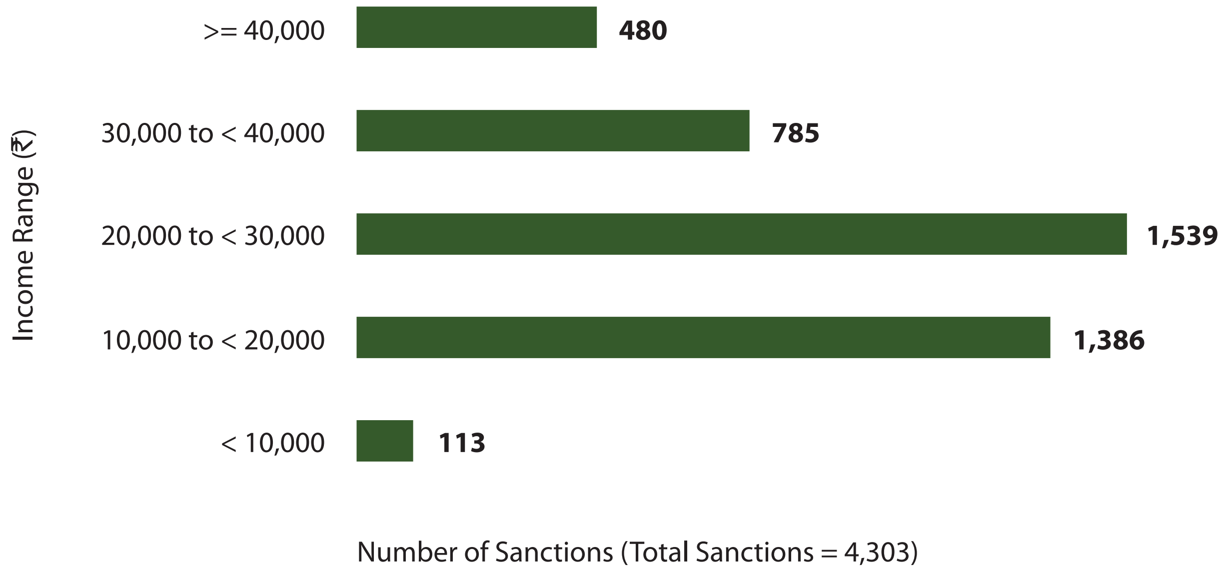
For **Walker Chandiok & Co LLP**
(formerly known as Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No: 001076N

per **Khushroo B. Panthaky**
Partner
Membership No: F - 42423

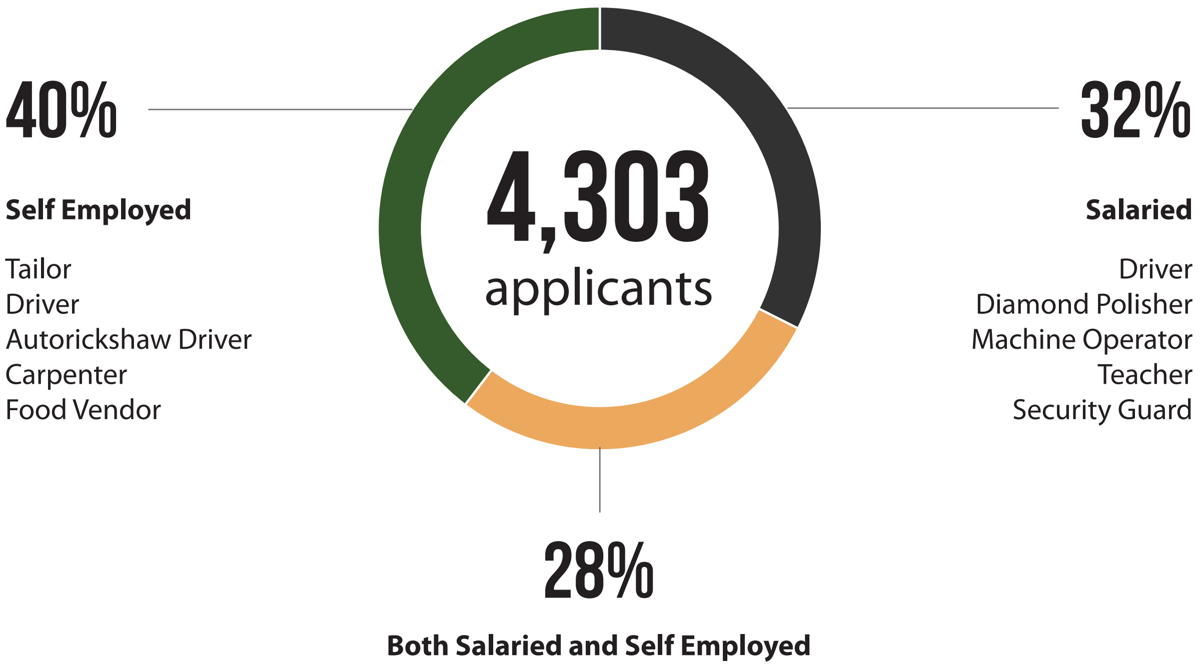
Mumbai, May 12 2014

INCOME PROFILES

AVERAGE MONTHLY HOUSEHOLD INCOMES

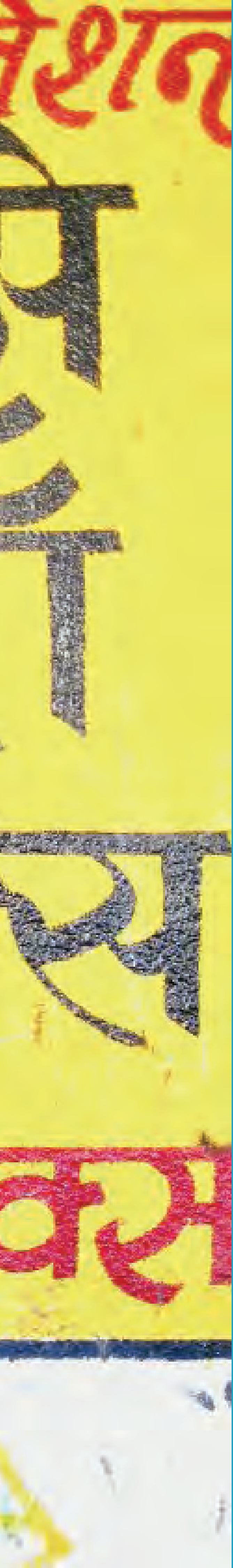


OCCUPATIONS: SALARIED VS. SELF EMPLOYED



MHFC customer Bina Devi washes clothes for four families in Jaipur's Bajaj Nagar Enclave, earning approximately ₹2,000 per month. Here, she is helping her husband, who runs an ironing business in the same society.

MHFC customer Nanda Dorge, *anganwadi* teacher and Xerox shop owner at the entrance of her store in Pune.



FINANCIALS

BALANCE SHEET

STATEMENT OF PROFIT AND LOSS

CASH FLOW STATEMENT

NOTES TO FINANCIAL STATEMENTS

BALANCE SHEET

	Notes	As at 31 March 2014	As at 31 March 2013
		In ₹	In ₹
Equity and liabilities			
Shareholders' funds			
Share capital	3	302,275,750	230,429,590
Reserves and surplus	4	505,288,310	155,281,211
		807,564,060	**385,710,801**
Non-current liabilities			
Long-term borrowings	5	709,111,844	439,530,560
Long-term provisions	6	6,712,001	3,726,526
		715,823,845	**443,257,086**
Current liabilities			
Account payables	7	1,342,522	1,202,282
Other current liabilities	8	129,519,414	81,317,416
		130,861,936	**82,519,698**
Total		**1,654,249,841**	**911,487,585**
Assets			
Non-current assets			
Fixed assets			
Tangible assets	9	1,368,160	610,368
Deferred tax assets (net)	10	253,963	141,417
Long-term loans and advances	11	1,289,328,915	677,723,537
		1,290,951,038	**678,475,322**
Current assets			
Cash and bank balances	12	168,352,406	133,081,403
Short-term loans and advances	11	74,538,686	34,898,543
Other current assets	13	120,407,711	65,032,317
		363,298,803	**233,012,263**
Total		**1,654,249,841**	**911,487,585**

The accompanying notes form an integral part of these financial statements

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

For **Walker Chandiok & Co LLP**
(formerly known as Walker, Chandiok & Co)
Chartered Accountants

Khushroo B Panthaky
Partner

Mumbai, 12 May 2014

For **Micro Housing Finance Corporation Limited**

Rajnish Dhall
Managing Director

Nachiket Shelgikar
Director

Avani Shah
Company Secretary

Mumbai, 12 May 2014

STATEMENT OF PROFIT & LOSS

	Notes	FYE 31 March 2014	FYE 31 March 2013
		In ₹	In ₹
Revenue			
Revenue from operations	14	152,638,175	78,438,485
Other income	15	17,211,409	7,849,153
Total revenue		**169,849,584**	**86,287,638**
Expenses			
Employee benefit expenses	16	27,532,843	21,592,890
Finance costs	17	66,566,005	25,785,692
Contingent provisions against Standard Assets	22	2,676,234	1,688,741
Depreciation expense	9	567,869	245,477
Other expenses	18	14,645,773	12,579,391
Total expenses		**111,988,724**	**61,892,191**
Profit before tax		**57,860,860**	**24,395,447**
Tax expense			
Current tax			
Current year		15,836,486	7,297,656
Earlier year		-	94,029
Deferred tax (credit)		(112,546)	(76,703)
		15,723,940	**7,314,982**
Profit after tax		**42,136,919**	**17,080,465**
Earnings per equity share	20		
Basic		1.55	0.74
Diluted		1.55	0.74

The accompanying notes 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 Chandiok & Co LLP**
(formerly known as Walker, Chandiok & Co)
Chartered Accountants

Khushroo B Panthaky
Partner

Mumbai, 12 May 2014

For **Micro Housing Finance Corporation Limited**

Rajnish Dhall
Managing Director

Nachiket Shelgikar
Director

Avani Shah
Company Secretary

Mumbai, 12 May 2014

CASH FLOW STATEMENT

		FYE 31 March 2014	FYE 31 March 2013
		In ₹	In ₹
(A)	**Cash flow from operating activities:**		
	Profit before tax	**57,860,860**	**24,395,447**
	Adjustments for non-cash transactions		
	Excess MAT credit written off	-	33,017
	Depreciation expense	567,869	245,477
	Contingent provisions against Standard Assets	2,676,234	1,688,741
	Contribution to gratuity	142,628	242,031
	Operating profit before working capital changes	**61,247,591**	**26,604,713**
	Change in working capital:		
	Change in loans and advances	(31,904,865)	339,235
	Change in other current assets	(55,375,393)	(6,394,757)
	Change in accounts payable	140,240	569,208
	Change in other current liabilities	1,615,473	1,178,446
	Cash generated from operating activities	**(24,276,954)**	**22,296,845**
	Income taxes paid	(15,669,872)	(6,620,606)
	Housing loans disbursed	**(619,340,658)**	**(371,142,864)**
	Net cash used in operating activities	**(659,287,484)**	**(355,466,625)**
(B)	**Cash flow from investing activities:**		
	Purchase of fixed assets	(1,325,661)	(298,245)
	Net cash flow used in investing activities	**(1,325,661)**	**(298,245)**
(C)	**Cash flow from financing activities:**		
	Net proceeds from borrowings	316,167,808	361,775,014
	Proceeds from share capital including securities premium	379,716,340	-
	Net cash generated from financing activities	**695,884,148**	**361,775,014**
	Net (decrease) / increase in cash and cash equivalents (A+B+C)	**35,271,003**	**6,010,145**
	Cash and cash equivalents at beginning of the year	133,081,403	127,071,259
	Cash and cash equivalents as at the end of the year	**168,352,406**	**133,081,403**
	Components of cash and cash equivalents		
	Cash on hand	31,846	20,118
	Balance in current accounts with banks	17,445,954	13,061,285
	Balance in deposit accounts with banks	150,874,606	120,000,000
		168,352,406	**133,081,403**

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, 1956.

2. Cash and cash equivalents as at year end includes fixed deposits of ₹10,000,000 (31 March 2013 ₹10,000,000) pledged as Counter-Guarantee for a Bank Guarantee issued by Federal Bank Ltd, amounting to ₹10,000,000 favouring the National Housing Bank for Refinance Facility.

The accompanying notes form an integral part of these financial statements

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

For **Walker Chandiok & Co LLP**
(formerly known as Walker, Chandiok & Co)
Chartered Accountants

Khushroo B Panthaky
Partner

Mumbai, 12 May 2014

For **Micro Housing Finance Corporation Limited**

Rajnish Dhall
Managing Director

Nachiket Shelgikar
Director

Avani Shah
Company Secretary

Mumbai, 12 May 2014

NOTES TO FINANCIAL STATEMENTS

Summary of significant accounting policies and other explanatory information

Background

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

1 Basis of preparation of financial statements

The financial statements which have been prepared and presented under the historical cost convention on the accrual basis of accounting are in accordance with the requirements of the Companies Act, 1956 ('the Act') and comply to all material aspects with the applicable Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. The company also follows the directions pronounced by the National Housing Bank (NHB) for housing finance company. The accounting policies have been consistently applied by the Company.

2 Summary of significant accounting policies

a. Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Key estimates include estimates of useful life of assets, provision for expenses, retirement benefits, provision on assets including housing loans and income taxes. Management believes that the estimates made in the preparation of financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates will be recognized prospectively in the current and future periods.

b. Fixed assets and depreciation

Fixed assets are stated at cost of acquisition less accumulated depreciation. Cost includes inward freight, duties, taxes and incidental expenses related to acquisition and installation of the assets upto the point the asset is ready for its intended use. Depreciation is provided under the Written Down Value method on pro- rata basis, at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956, which also represent the useful lives of the fixed assets. However, (a) individual assets costing up to ₹5,000 are fully depreciated in the year of purchase and (b) mobile phones are depreciated under the Straight Line method at the rate of 50% per annum from the year of purchase.

c. Impairment of assets

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

d. Revenue recognition

Repayments of housing loans is generally by way of Equated Monthly Instalments (EMIs) comprising principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, pre EMI interest is payable every month. Interest on housing loans to individuals and corporate bodies is computed either on monthly or daily rest basis, as applicable.

Interest income on fixed deposits is accounted on time proportion basis taking into account the amount outstanding and the applicable rate of interest.

Fee income represent processing fees and is recognized on the basis of actual receipt.

e. Borrowing cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are recognized as an expense in the Statement of profit and loss.

NOTES TO FINANCIAL STATEMENTS

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 recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantively enacted at the balance sheet date. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is virtual certainty, supported by convincing evidence of recognition of such assets. Deferred tax assets are reassessed for the appropriateness of their respective carrying values at each balance sheet date.

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

g. Housing loans

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

h. Employee Benefits

<u>Defined contribution plan</u>
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.

<u>Defined benefit plan</u>
Gratuity:
Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognized 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 unrecognized actuarial gains or losses and past service costs. The defined benefit/ obligation are calculated at or near the balance sheet date by an independent actuary using the projected unit credit method.

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

i. Provisions and Contingent liabilities

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

Provisions on housing loans are made in accordance with the guidelines and directions issued by NHB from time to time.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company.

NOTES TO FINANCIAL STATEMENTS

3 Share capital

	As at 31 March 2014		As at 31 March 2013	
	Number	**Amounts**	**Number**	**Amounts**
Authorised share capital				
Equity shares of ₹10 each	35,000,000	350,000,000	25,000,000	250,000,000
	35,000,000	**350,000,000**	**25,000,000**	**250,000,000**
Issued, subscribed and fully paid up				
Equity shares of ₹10 each	30,227,575	302,275,750	23,042,959	230,429,590
	30,227,575	**302,275,750**	**23,042,959**	**230,429,590**

	As at 31 March 2014		As at 31 March 2013	
a) Reconciliation of equity share capital	**Number**	**Amounts**	**Number**	**Amounts**
Balance at the beginning of the year	23,042,959	230,429,590	23,042,959	230,429,590
Add : Issued during the year	7,184,616	71,846,160	-	-
Balance at the end of the year	**30,227,575**	**302,275,750**	**23,042,959**	**230,429,590**

b) Shareholders holding more than 5% of the shares

	Number	% of holding	Number	% of holding
India Financial Inclusion Fund	11,060,255	36.59%	9,733,333	42.24%
MHFC Employees Trust	5,363,633	17.74%	3,612,214	15.68%
MHFC Employees and Business Associates Welfare Trust	1,400,000	4.63%	1,400,000	6.08%
Mr. Nachiket Shelgikar	4,593,034	15.19%	4,240,760	18.40%
Michael & Susan Dell Foundation	3,020,512	9.99%	1,866,666	8.10%
Unilazer Ventures Private Limited	2,230,770	7.38%	-	-

c) Rights and preferences

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

NOTES TO FINANCIAL STATEMENTS

4 Reserves and surplus

	As at 31 March 2014	As at 31 March 2013
	In ₹	In ₹
Securities premium		
Balance at the beginning of the year	137,333,315	137,333,315
Add : Additions made during the year	309,653,880	-
Less: Share issue expenses adjusted in accordance with Section 78 of Companies Act, 1956.	(1,783,700)	-
Balance at the end of the year	**445,203,495**	**137,333,315**
Special Reserve (Also refer note below)		
Balance at the beginning of the year	6,533,243	3,117,150
Add : Current year transfer	12,156,872	3,416,093
Balance at the end of the year	**18,690,115**	**6,533,243**
Surplus in the statement of profit and loss		
Balance at the beginning of the year	11,414,653	(2,249,719)
Add : Transferred from statement of profit and loss	42,136,919	17,080,465
Less : Transfer to special reserve	(12,156,872)	(3,416,093)
Balance at the end of the year	**41,394,700**	**11,414,653**
	505,288,310	**155,281,211**

Note:

As per Section 29C(i) of National Housing Bank Act, 1987, the Company is required to transfer atleast 20% of its net profit every year to a reserve before any dividend is declared. For this purpose, any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. Thus during the year ended 31 March 2014, the Company has transferred to special reserve an amount arrived in accordance with Section 36(1)(viii) of the Income Tax Act, 1961.

NOTES TO FINANCIAL STATEMENTS

5 Borrowings

	As at 31 March 2014		As at 31 March 2013	
	In ₹		In ₹	
	Long term	Short term	Long term	Short term
Borrowings				
Secured				
Term Loans				
Refinance from National Housing Bank	413,056,900	-	261,296,000	-
Loan From Banks	353,612,198	-	171,835,800	-
Loans from Financial Institution (HDFC Limited)	68,739,906	-	86,109,395	-
	835,409,004	**-**	**519,241,195**	**-**
Less: Current portion disclosed as Other Current Liabilities (Refer Note 8)	126,297,160	-	79,710,635	-
	709,111,844	**-**	**439,530,560**	**-**

a) Details of security for each type of borrowings

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

b) Terms of repayment of term loans

No	Particulars	Amount (In ₹)	Terms of Repayment
1	National Housing Bank	413,056,900	The balance comprise of multiple refinance which are repayable in equated quarterly installments ranging between 28 and 60 starting from the quarter succeeding the one in which respective refinance was disbursed.
2	HDFC Limited	68,739,906	The balance comprise of multiple loans which are repayable in 60 equated monthly installments from the respective date of disbursement of each loan.
3	ING Vysya Bank Limited	215,464,675	The balance comprise of multiple loans which are repayable in equated monthly installments ranging between 60 to 96 from the respective date of disbursement of each loan.
4	YES Bank Limited	41,176,471	Repayable in 51 equated monthly repayments after a moratorium period of 9 months.
5	The Federal Bank Limited	28,221,052	Repayable in 60 equated monthly installments from date of disbursement.
6	Development Credit Bank	68,750,000	Repayable in 120 equated monthly installments from date of disbursement.
		835,409,004	

NOTES TO FINANCIAL STATEMENTS

6 Provisions

	As at 31 March 2014		As at 31 March 2013	
	In ₹		In ₹	
	Long term	Short term	Long term	Short term
Provision for gratuity (refer note (a) below)	771,998	-	629,370	-
Contingent provisions against Standard Assets (Also refer note 22)	5,773,390	-	3,097,156	-
Provision for taxation (net of advance tax)	166,613	-	-	-
	6,712,001	**-**	**3,726,526**	**-**

a) Employee Benefits

In accordance with AS-15 on Employees benefits (revised) prescribed under the Rules, the information on the staff 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.

Change in projected benefit obligation				
Projected benefit obligation at the beginning of the year	629,370	-	387,339	-
Service cost	209,654	-	206,526	-
Interest cost	50,350	-	32,924	-
Actuarial (gain) / loss	(117,376)	-	2,581	-
Benefits paid	-	-	-	-
Projected benefit obligation at the end of the year	**771,998**	**-**	**629,370**	**-**
Reconciliation of present value of obligation on the fair value of plan assets				
Present value of projected benefit obligation at the end of the year	771,998	-	629,370	-
Funded status of the plans	-	-	-	-
Liability / (asset) recognised in the balance sheet	**771,998**	**-**	**629,370**	**-**
Components of net gratuity costs are				
Service cost	209,654	-	206,526	-
Interest cost	50,350	-	32,924	-
Expected returns on plan assets	-	-	-	-
Recognised net actuarial (gain)/ loss	(117,376)	-	2,581	-
Net gratuity costs	**142,628**	**-**	**242,031**	**-**

Assumptions used		
Interest rate	9.25% p.a.	8% p.a.
Salary Growth	5% p.a.	5% p.a.
Withdrawal rate	1%	1%
Mortality rate	Indian Assured Lives (2006-08) ultimately mortality rates	LIC (1994-96) ultimately mortality rates
Retirement age	60 years	60 years

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

Note:

The gratuity expenses have been recognised under note 16.

NOTES TO FINANCIAL STATEMENTS

7 Account payables

	As at 31 March 2014	As at 31 March 2013
	In ₹	In ₹
Trade payables (Also, refer note 26)	624,353	387,289
Other accrued liabilities		
Provision for expenses	718,169	814,993
	1,342,522	**1,202,282**

8 Other current liabilities

	As at 31 March 2014	As at 31 March 2013
	In ₹	In ₹
Current maturities of long term borrowings		
Refinance from National Housing Bank	52,265,800	32,839,100
Loan From Banks	54,709,638	29,389,248
Loans from Financial Institution (HDFC Limited)	19,321,722	17,482,287
	126,297,160	**79,710,635**
Statutory dues		
TDS payable	361,870	323,264
Profession tax payable	13,425	11,600
Provident fund payable	190,393	153,743
ESIC payable	17,562	-
Interest accrued but not due on borrowings	1,551,871	877,030
Advance from customers	1,087,133	241,144
	129,519,414	**81,317,416**

NOTES TO FINANCIAL STATEMENTS

9 Tangible Assets

	In ₹	In ₹	In ₹	In ₹
Gross Block	**Computer equipment**	**Furniture and fixtures**	**Office equipment**	**Total**
Balance as at 01 April 2012	**829,870**	**252,455**	**24,883**	**1,107,208**
Additions	200,475	-	97,770	298,245
Balance as at 31 March 2013	**1,030,345**	**252,455**	**122,653**	**1,405,453**
Additions	352,327	72,050	901,284	1,325,661
Balance as at 31 March 2014	**1,382,672**	**324,505**	**1,023,937**	**2,731,114**
Accumulated depreciation				
Balance as at 01 April 2012	**471,586**	**72,680**	**5,342**	**549,608**
Depreciation charge	202,229	32,539	10,709	245,477
Balance as at 31 March 2013	**673,815**	**105,219**	**16,051**	**795,085**
Depreciation charge	215,929	32,722	319,218	567,869
Balance as at 31 March 2014	**889,744**	**137,941**	**335,269**	**1,362,954**
Net Block				
Balance as at 31 March 2013	**356,530**	**147,236**	**106,602**	**610,368**
Balance as at 31 March 2014	**492,928**	**186,564**	**688,668**	**1,368,160**

10 Deferred taxes

	As at 31 March 2014	**As at 31 March 2013**
	In ₹	In ₹
Deferred tax liabilities		
Timing difference on tangible assets depreciation	-	53,058
Total	**-**	**53,058**
Deferred tax assets		
Provision for employee benefits	250,475	194,475
Timing difference on tangible assets depreciation	3,488	-
Total	**253,963**	**194,475**
Net deferred tax asset	**253,963**	**141,417**

NOTES TO FINANCIAL STATEMENTS

11 Loans and advances

	As at 31 March 2014		As at 31 March 2013	
	Long term	Short term	Long term	Short term
	In ₹	In ₹	In ₹	In ₹
Housing loans				
Individuals (Secured, considered good)				
Standard loans	1,306,795,212	-	689,218,172	-
Less: Current portion disclosed as Other current assets (Refer Note 13)	85,756,491	-	48,720,639	-
	1,221,038,721	**-**	**640,497,533**	**-**
Corporate bodies (Secured, considered good)				
Standard loans	-	72,827,790	-	34,028,320
	1,221,038,721	**72,827,790**	**640,497,533**	**34,028,320**
Security deposits				
- Unsecured, considered good	416,923	-	366,923	-
	416,923	**-**	**366,923**	**-**
Loan to MHFC Employees Trust				
- Unsecured, considered good	67,136,330	-	36,122,140	-
	67,136,330	**-**	**36,122,140**	**-**
Other loans and advances (Unsecured, considered good)				
- Advance income tax (net of provisions)	736,941	-	736,941	-
- MAT credit entitlement	-	-	-	1,900,480
Less: Credit utilised/ written off	-	-	-	(1,900,480)
- Advances to suppliers	-	-	-	549,500
- Advances to employees	-	58,980	-	64,241
- Loans to employees	-	1,032,986	-	171,000
- Service tax set off	-	34,740	-	46,927
- Prepaid expenses	-	584,190	-	38,555
	1,289,328,915	**74,538,686**	**677,723,537**	**34,898,543**

NOTES TO FINANCIAL STATEMENTS

12 Cash and bank balances

	As at 31 March 2014		As at 31 March 2013	
	Current	Non-current	Current	Non-current
	In ₹	In ₹	In ₹	In ₹
Cash and cash equivalents				
Cash on hand	31,846	-	20,118	-
Balances with banks				
- in current accounts	17,445,954	-	13,061,285	-
- in deposit account (with maturity upto 3 months)	120,000,000	-	110,000,000	-
	137,477,800	**-**	**123,081,403**	**-**
Deposits with maturity more than 3 months but less than 12 months	30,874,606	-	10,000,000	-
	168,352,406	**-**	**133,081,403**	**-**
Note:				
Amount of deposit held as security against the bank guarantee (Refer Note 23)	10,000,000	-	10,000,000	-

13 Other current assets

	As at 31 March 2014	As at 31 March 2013
	In ₹	In ₹
Current maturities of long term housing loans	85,756,491	48,720,639
Installments receivable but not due	21,310,303	11,270,927
Interest accrued on fixed deposits	2,600,217	2,389,751
Prepaid term loan installment	10,740,700	2,651,000
	120,407,711	**65,032,317**

14 Revenue

	FYE 31 March 2014	FYE 31 March 2013
	In ₹	In ₹
Revenue from operations		
Fee income	14,519,490	9,955,525
Interest income on housing loans	138,118,685	68,482,960
	152,638,175	**78,438,485**

15 Other income

	As at 31 March 2014	As at 31 March 2013
	In ₹	In ₹
Interest income on fixed deposits	16,475,002	7,411,523
Interest income on loan to employees	34,511	-
Delayed payment charges	688,453	250,063
Miscellaneous income	13,443	187,567
	17,211,409	**7,849,153**

NOTES TO FINANCIAL STATEMENTS

16 Employee benefit expense

	As at 31 March 2014	As at 31 March 2013
	In ₹	In ₹
Salaries, wages and bonus (including managerial remuneration)	25,497,482	20,235,257
Contribution to gratuity	142,628	242,031
Contribution to provident fund	971,195	741,891
Contribution to ESIC	158,698	-
Ex-gratia payment	400,000	-
Staff welfare expenses	362,840	373,711
	27,532,843	**21,592,890**

17 Finance costs

	As at 31 March 2014	As at 31 March 2013
	In ₹	In ₹
Interest on loans and overdraft	65,539,725	24,678,800
Bank charges	87,004	50,612
Bank guarantee commission	-	40,100
Loan processing fees	939,276	1,016,180
	66,566,005	**25,785,692**

18 Other expenses

	As at 31 March 2014	As at 31 March 2013
	In ₹	In ₹
Electricity expenses	521,764	377,403
Rent	1,500,000	1,210,000
Repairs and maintenance - Others	1,238,916	210,799
Insurance	71,382	8,781
Rates and taxes	27,500	268,661
Payments to auditors for statutory audit service	702,250	500,000
Advertisement and marketing expenses	147,000	202,336
Communication expenses	1,027,273	572,391
Franking charges	1,145,927	1,241,510
Professional, legal and consultancy fees	3,335,490	4,103,825
Printing and stationery	962,855	882,704
ROC fees	20,060	26,868
Documentation storage cost	267,434	21,339
Travelling, conveyance and boarding expenses	3,147,046	2,601,989
Books and periodicals	10,977	27,279
Office expenses	296,363	194,094
Computer expenses	204,093	48,688
Donation	-	30,000
Miscellaneous expenses	19,443	50,724
	14,645,773	**12,579,391**

NOTES TO FINANCIAL STATEMENTS

19 Related parties

a) Names of related parties

Key Managerial Personnel (KMP)

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

Relative of KMP

Ms. Madhura Shelgikar

Party on which directors of the Company are able to exercise significant influence / control

1. MHFC Employees Trust
2. Classapart Technologies Private Limited
3. NRS Micro Systems Private Limited
4. Mobile Search Engine Private Limited
5. MHFC Employees and Business Associates Welfare Trust

Influence exercised on the Company through significant shareholding

India Financial Inclusion Fund

b) Transactions with related parties

	FYE 31 March 2014	**FYE 31 March 2013**
	In ₹	In ₹
I. Remuneration to KMPs		
Mr. Madhusudhan Padath Pulloot	1,200,000	1,200,000
Mr. Rajnish Dhall	1,200,000	1,200,000
Mr. Nachiket Shelgikar	1,200,000	1,142,400
Ms. Avani Shah	900,000	850,000
II. Other transactions		
Repayment of loan by MHFC Employees Trust	485,810	240,820
Additional loan disbursed to MHFC Employees Trust	31,500,000	-
Allotment of equity shares to MHFC Employees Trust	31,500,000	-
Allotment of equity shares to Mr. Nachiket Shelgikar	20,000,045	-
Allotment of equity shares to India Financial Inclusion Fund	86,249,930	-
Salaries and benefits to Ms. Madhura Shelgikar	265,000	-

c) Balances with related parties

Balance due from		
MHFC Employees Trust	67,136,330	36,122,140

Notes:

1. Related party relationships have been identified by the management and relied upon by the auditors.
2. No amount has been written off /provided as doubtful /written back during the year in respect of balance duefrom / to above related parties.

NOTES TO FINANCIAL STATEMENTS

20 Earning per share

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

Particulars	FYE 31 March 2014	FYE 31 March 2013
Net profit for equity share holders (₹)	42,136,919	17,080,465
Weighted average number of equity shares outstanding during the year (Basic and Diluted)	27,098,007	23,042,959
Nominal value of equity shares (₹)	10	10
Basic and Diluted earnings per share	1.55	0.74

21 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 ₹36,362,960 to MHFC Employees Trust, which has subscribed an equivalent amount to the share capital of the Company (subscription at par value).

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

Such subscribed shares will eventually be allotted to present and future employees of the Company which are beneficiary of trust at the rate of ₹10 per share or ₹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 as on 31st March 2014 is ₹67,136,330 (31 March 2013 - ₹36,122,140).

22 The Company has provided on a cumulative basis ₹5,227,182 (31 March 2013 - ₹2,756,873) towards provision for contingency at the rate of 0.4% of total outstanding housing loans given to individuals and ₹546,208 (31 March 2013 - ₹340,283) towards provision for contingency at the rate of 0.75% of total outstanding housing loans given to corporate bodies. The amount recognised as an expense in the Statement of profit and loss during the current year is Rs. 2,676,234 (31 March 2013 - ₹1,688,741).

23 The company has issued a Counter-Guarantee for a Bank Guarantee issued by Federal Bank Ltd, amounting to ₹10,000,000 favouring the National Housing Bank for Refinance Facility. The Bank Guarantee is fully secured by a pledge of ₹10,000,000 fixed deposit with Federal Bank Limited.

24 Loan to Value Ratio (LTV) (as certified and confirmed by the management)

Particulars	FYE 31 March 2014	FYE 31 March 2013
Average LTV at sanction	72%	70%
Average LTV at current estimated market prices	60%	63%

NOTES TO FINANCIAL STATEMENTS

25 Additional Information (as certified and confirmed by the management)

Particulars	As at 31 March 2014	As at 31 March 2013
a. Capital to Risk Assets Ratio (CRAR)	74.75%	45.37%
b. Exposure to real estate sector, both direct and indirect (₹)	1,400,933,305	734,517,419
c. Maturity pattern of assets and liabilities as on 31 March 2014 (₹)		

	Liabilities		Assets	
	Borrowings from banks or Financial Institution	Market Borrowings	Advances	Investments
1 day to 30-31 days (one month)	16,674,222	-	14,888,027	-
Over one month to 2 months	5,975,031	-	14,936,787	-
Over 2 months upto 3 months	6,016,938	-	22,000,162	-
Over 3 months to 6 months	32,147,994	-	45,255,610	-
Over 6 months to 1 year	65,482,976	-	58,568,760	-
Over 1 year to 3 years	268,035,683	-	216,754,298	-
Over 3 years to 5 years	189,292,349	-	226,805,680	-
Over 5 years to 7 years	138,967,012	-	227,755,194	-
Over 7 years to 10 years	76,275,799	-	277,125,030	-
Over 10 years	36,541,000	-	275,533,454	-
	835,409,004	-	1,379,623,002	-

26 There are no Micro, Small and Medium Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31 March 2014. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors.

27 The undisbursed amount of housing loan sanctions as at 31 March 2014 was ₹542,080,996 (31 March 2013 - ₹525,573,000).

28 The main business of the Company is to provide loans for the purchase or construction of residential houses and as such there are no separate reportable segments as specified in Accounting Standard (AS 17) on "Segment Reporting", and under paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010, which needs to be reported.

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

For **Walker Chandiok & Co LLP**
(formerly known as Walker, Chandiok & Co)
Chartered Accountants

Khushroo B Panthaky
Partner

Mumbai, 12 May 2014

For **Micro Housing Finance Corporation Limited**

Rajnish Dhall
Managing Director

Nachiket Shelgikar
Director

Avani Shah
Company Secretary

Mumbai, 12 May 2014

AN MHFC APPLICANT STITCHES BLOUSES AND SARIS AT HOME, WHILE HER HUSBAND WORKS AS A SUPERVISOR AT THE NASHIK IRRIGATION DIVISION. SHE EARNS JUST AS MUCH AS HER HUSBAND DOES, AND WILL BE JOINTLY CONTRIBUTING TOWARDS THE LOAN.

CURRENTLY LIVING IN AN ILLEGAL SLUM AREA IN KOPARGAON, MAHARASHTRA, THE UNCERTAINTY OF WHEN THEIR CURRENT HOME WOULD BE DEMOLISHED PROMPTED THE COUPLE TO BOOK A FLAT IN AN AFFORDABLE HOUSING PROJECT IN NASHIK, WITH THE HELP OF AN MHFC LOAN.

CUSTOMER FEATURE

JYOTSANA KARKAR, SURAT

Dahya Park Society is a crumbling, old building in Surat's Matawadi neighbourhood, off L H Road. Three storeys tall, it houses single room apartments that branch out of narrow and dimly lit corridors, each floor connected by a dark and rickety flight of stairs.

At the end of the corridor on the first floor is the Karkar's residence. Approximately 150 sq ft in size, the modest but tidy apartment is well maintained, in sharp contrast to the tired walls outside. A single bed, a small wooden cupboard and a television line one side of the apartment. A number of cheerful family portraits, along with a few stickers and frames of various gods and goddesses add colour to the faded pistachio walls. Since the Karkars share a bathroom with the rest of the residents on the floor, a small mirror with a laminated wooden shelf below is mounted by the doorway, with a few cosmetic products and toiletries arranged neatly on top of it.

Jyotsana Karkar sits on the floor below the mirror, with a pile of brightly coloured embroidered fabric in front of her. She is in the middle of using a torch to carefully cut out leaf shaped patterns that are embroidered on to a large piece of purple cloth. "The torch is quicker and neater," she explains, as she deftly cuts out one of the patterns in demonstration.

Jyotsana's daughter, Radhika, sits by the window in front of a sewing machine, working steadily on stitching the shiny gold leaves on to a red and blue shaded saree. Radhika is 18; she completed her 12th standard exams earlier this year, but has decided to delay studying further temporarily and help her mother out with the embroidery business, instead. "We could use the money," she says matter-of-factly, when asked why she made this decision.

The Karkars are a family of five: Jyotsana, her husband Jayantilal, their daughter Radhika, and their twin sons Sagar and Chirag. Jayantilal works as a diamond polisher for an export house in Varaccha. Like most diamond workers in Surat, he earns approximately ₹30 for every diamond, and polishes about 20 diamonds a day. His monthly income, approx ₹15,000, is a little higher than the average earnings of a diamond polisher, but not enough to support a family of five. To supplement her husband's income, Jyotsana began working as an embroidery worker for a small textile unit in Surat until she started her own embroidery business ten years ago. Now, with the help of her daughter, she embroiders up to 40 sarees or dress pieces a day, earning a margin of ₹10 per garment.

Jyotsana admits that it has been difficult for the couple to raise their three children in 150 sq ft of living space, which also doubles up as a work-space during the day. But between household and education expenses, coupled with rent (they pay ₹2,000 per month for the room), they were able to save only a small amount every month, and buying a proper home of their own seemed impossibly out of reach – until a few months ago.

Jayantilal heard about Om Township, an upcoming affordable housing project in Kamrej, Surat, in August last year. After making a few initial enquiries regarding the flat types and prices available, he knew that although he had built up a substantial amount in savings over the past fifteen years, he would still require a loan to pay the balance. To his surprise, the builder referred him to MHFC, a housing finance company that they thought might be able to assist him. Within a few weeks, Jayantilal had bought a 2BHK home of his own.

"We feel very lucky that we have been able to buy ourselves a home," says Jyotsana, beaming proudly, "We never thought that a family like ours would get a loan." Radhika is excited about the additional space they will have, but mostly about their own private bathroom.

Her two sons walk in at that moment, returning from school. Jyotsana suggests they pose for a family portrait, although Jayantilal is missing, and the four of them line up shyly in the middle of the small room. Radhika smiles optimistically as she says, "He'll be here for the next one, and hopefully that will be in our new home."

Jyotsana carefully cutting out embroidered leaf patterns in her singe room residence in Surat.

"WE FEEL VERY LUCKY THAT WE HAVE BEEN ABLE TO BUY OURSELVES A HOME," SAYS JYOTSANA, BEAMING PROUDLY, "WE NEVER THOUGHT THAT A FAMILY LIKE OURS WOULD GET A LOAN."

Sagar, Radhika, Jyotsana and Chirag stand together for a family portrait.

IN THE NEWS

SINGLE WOMEN FACE DISCRIMINATION WHEN APPLYING FOR HOME LOANS

Anita Bhoir for the Economic Times, June 11 2014

Gender discrimination is not a phenomenon that's restricted to the bad lands of Uttar Pradesh, or Bihar. It is right here in the middle of the metros and that too in banks, some headed by women.

The probability of a bank insisting on a single woman being asked to bring in a co-applicant is a lot higher than a married one, especially if it is a home loan.

Karishma Amin, a 30-year old staffer in an overseas mission, is among the many people who have been running and struggling to secure a home loan, but many top lenders turned her away saying that she would not be eligible unless she brings in a co-applicant.

The lenders include ICICI Bank, Axis Bank, Indiabulls Home Finance, and Dewan Housing Finance. At least two other women complained of difficulties in getting a home loan, and checks on banks showed that the practice is prevalent. "They said they won't be able to process the application without a co-applicant," says Amin. "Since this was a pre-condition for institutions I made my mother who is a dependant as the coapplicant. I haven't received a convincing response from these institutions on how a non-earning member, my mother, would help their cause."

"We do not give home loans to single women borrowers unless they have a co-applicant," said a culture officer from a private sector bank. "There is no RBI norm, but this is an internal credit check that we follow based on our data analytics where we have noticed that the default rate among single women is high." Most lenders may not explicitly say that a coapplicant is necessary, but could disguise it saying that it is essential to have a guarantor for loans.

"This mentality comes from the fact that women can't get good employment options and those who do would not be able to sustain the employment," says Vijayalakshmi Rao, mentor & advisor at Association for Non Traditional Employment for Women. But what exposes the double-standards is that hardly any working male applicant is asked for such guarantors when the property is mortgaged.

"We do not ask for a co-applicant," said Rajesh Makkar, president and chief development officer, DHFL. "We request for a guarantor to ensure that there is a contact when the borrower is not contactable. This only helps the institution in case of a default."

Credit information bureaus which generate credit scores on individual loan applicants do not prepare data on single women separately. Their scores are based on their past performance in terms of repayment of loans. "We do not generate any report based on the gender," says an executive from CIBIL, a credit information bureau. "If at all there is anything, it may be done at the bank level."

IN THE NEWS

Many banks and housing finance companies sell home loan and other products to women by giving them an interest rate benefit. However, their staff are not equipped and trained to handle queries by single women.

“Most banks and financial institutions have a policy insisting that a single woman borrower having a co-applicant is to secure the loan,” says a third party sales agent of a private sector bank. “Though the flat is mortgaged with the lender they do not want to face the hassles of repossession. They prefer a co-applicant from whom they can recover.”

As against home mortgages, other loans are not as biased against single women. “Gender is not a criteria for benefit or disadvantage for a car loan pricing at HDFC Bank. However scheme/market-based limited period offers are rolled out for various segments including women from time to time,” Rajan Pental, senior executive VP & business manager, auto loans, HDFC Bank. “Since gender plays no role in our credit assessment any need for a co-applicant in a car loan is to bolster the applicant’s debt-servicing/income profile,” said Pental.

BHAIRAV TOWNSHIP, JAIPUR

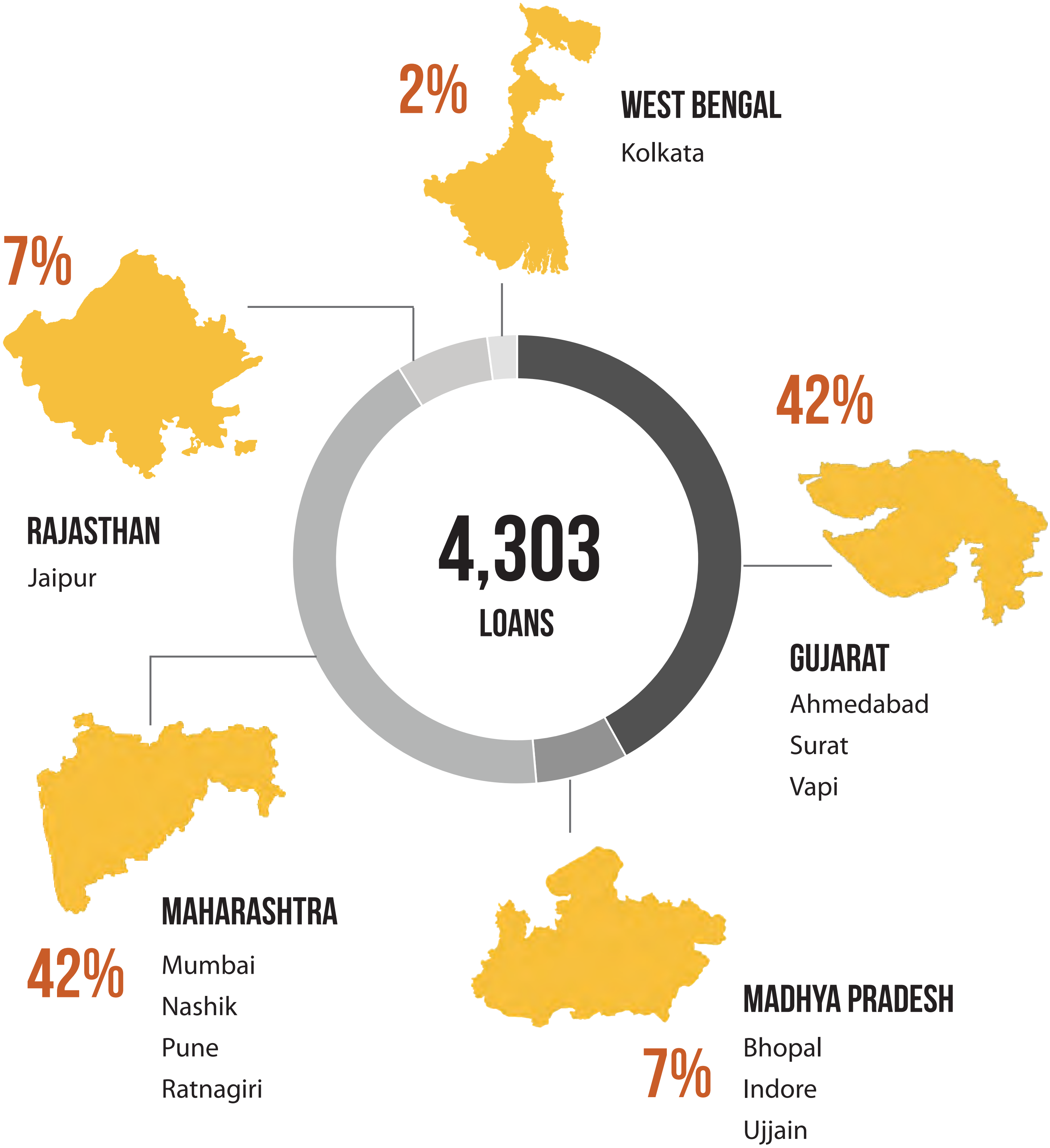
In December 2009, the Government of Rajasthan introduced an Affordable Housing Policy to encourage the construction of low cost housing, and reduce the housing deficit for low income families living in urban areas in Rajasthan.

Bhairav Township (above) is a successful example of this policy in practice. Situated in Ramla ka Bas, Jaipur, the project has afforded 1 BHK apartments to over 4,000 families among Jaipur's urban poor.

MHFC was one of the housing finance companies identified by the Jaipur Development Authority to specifically finance low-income families for this project.

LOCATIONS

STATE WISE GEOGRAPHICAL DISTRIBUTION OF SANCTIONS



LAXMI GADE

Laxmi Gade lives with her husband, two sons, three cats, a dog and a parrot in a tiny, make-shift house built mainly from tin and asbestos sheets, at the end of a dirt track road next to the VMUS office in Pune.

Working as a housemaid for the past 20 years, Laxmi earns ₹5,000 per month, and takes great pride in having put both her sons through school and college.

Her older son works as a Patient Care Assistant at a high-end hospital in Pune, while the younger one works part-time for a catering company.

Despite a steady savings record, and a combined family income that was more than enough to service a mortgage, the Gades were rejected numerous times when they approached banks for a loan. She is thrilled that she is finally soon to be a home-owner through VMUS' Grah Nirman Scheme, with the help of a loan from MHFC.

PROJECT FEATURE
VAISHNAVI CITY

DEVELOPER

Vaishnavi Mahila Unnati Sanstha (VMUS)

LOCATION

Haveli, Pune

Spread over four acres in Pune's Haveli District, Vaishnavi City is an affordable housing project being developed by Vaishnavi Mahila Unnati Sanstha (VMUS), a local non-profit women's organization.

VMUS was set up in 2006 with the vision to empower urban, low-income women, by improving their access to finance (through Self Help Group saving schemes and financial literacy training) and increasing livelihood opportunities (through vocational training programs).

In 2008, VMUS launched "Grah Nirman", a savings scheme directed specifically towards affordable housing. 376 members of VMUS' Grah Nirman scheme will be eligible for purchasing apartments in Vaishnavi City. Since the project is being developed on a no-proft-no-loss basis, 20% of its construction is being financed by Grah Nirman, through the women's savings, and 80% is being financed by banks, including MHFC.

Over 20% of the 376 flats are being financed by MHFC. As pointed out by VMUS Chairperson, Ms. Rajashree Nagane, many of MHFC's customers in this project were initially rejected by other commercial banks, despite having incomes large enough to be eligible for a loan, primarily due to lack of documentation.

The project, which includes a mix of 1 RK, 1 BHK and 2 BHK apartments priced between ₹6 to ₹12 lakhs, should be completed by the end of this year.

MANAGEMENT

Madhusudhan Menon (Chairman)

Madhu is a Chartered Accountant with over 23 years of banking experience, initially with the Reserve Bank of India and then with American Express Bank ("AEB"). Since leaving AEB in 2002 as Senior Director, responsible for Commercial Banking and Capital Market activities in India, he was an advisor to various business groups in India as a wealth management and capital market specialist, before co-founding MHFC in 2008. He has a keen interest in using commercially viable business models to stimulate and sustain social change.

Rajnish Dhall (Chief Executive Officer / Managing Director)

Rajnish completed his P.G.D.M from IIM (Ahmedabad), after which he worked with American Express Bank in a variety of roles and locations (Mumbai, Singapore, London) for 17 years. He left the Bank as a Senior Director in 2006 and returned to Mumbai to work in the social sector and initially joined Aangan, an NGO which works with children in state run children homes. He is also on the Justice Dhanuka court appointed committee to look into the infrastructure of Mumbai municipal schools, and the Boards of Aangan and Ummeed (an NGO which helps children with development disabilities).

Nachiket Shelgikar (Director - Sales and Marketing)

After completing his B.S. from the Carnegie Mellon University, Nachiket worked with Deutsche Bank in M&A for a year in London. He left the Bank in August 2008, and returned to Mumbai to work as a social entrepreneur, and co-found MHFC along with Rajnish and Madhu.

Ramesh Ogale (Director - Projects)

Ramesh has more than 25 years of experience in the Real Estate sector. He promoted his own construction company for building and marketing housing for low and middle income buyers in the coastal Maharashtra region. Prior to that, he was working with Makers Development Services, where he worked on various turnkey township projects. As a result he is well exposed to construction practices, and project management. He has also interacted with various housing finance companies throughout his career.

Jayesh Shah (Director - Credit and Operations)

Jayesh joined HDFC, India's leading housing finance company, as a management trainee in June 1987 and over his 22 year career with the firm, he worked across all major departments. In addition, he was on specific local assignments including the development of an online loan processing system and on international assignments (with the ADB and SMF) in Sri Lanka and Indonesia. He also was a regular faculty at the HDFC training centre, where his area of specialization was Credit Risk Management and Loan Process Improvisation. Further, he worked on pilot HDFC social development projects on microfinancing, housing and social infrastructure with agencies like BAIF, KfW, Baroda Citizen's Council and United Way of Vadodara.

MANAGEMENT

In addition, MHFC will be assisted on the Board by:

Ashish Karamchandani

Ashish is an Executive Director at Monitor Deloitte India, based in the Mumbai office. He is the Founder of Monitor Inclusive Markets (MIM), a dedicated unit within Monitor Deloitte, that focuses on catalysing market-based approaches to improve the lives and livelihoods of the global poor, working both at a broad sector level, and at the level of specific initiatives. One of the specific initiatives Ashish is extensively involved in is low income housing, an area in which the Monitor Inclusive Markets group has been working to 'make the market' at an ecosystem level for the past six years.

Mona Kachhwaha

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

Geeta Goel

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

Chetan Juthani

As the current CFO of Unilazer Ventures, Chetan provides financial direction, oversight and control for Unilazer and Group companies and strategic leadership for the finance function. He has over fifteen years of experience in several line and corporate roles in varied business environments - manufacturing, service and media industry. In earlier roles, he was the VP Finance of UTV Group and Head- Treasury of Walt Disney India where he played a key role and had been a significant contributor to the Finance and Treasury function for multiple corporate functions including Controller, Debt / Treasury, Planning and Accounts. He is a Chartered Accountant and a Company Secretary by qualification.

MICRO HOUSING FINANCE CORPORATION LTD

#3 Victoria Building, 1st Floor
S. A. Brelvi Road, Fort
Mumbai 400001

Tel: +91 22 2266 0130

Email: contact@mhfcindia.com

Web: www.mhfcindia.com

AUDITORS

M/s Walker Chandiok & LLP
16th Floor, Tower II
Indiabulls Finance Centre
S. B. Marg, Elphinstone (W)
Mumbai 400013

Tel: +91 22 6626 2600

BANKERS

National Housing Bank
Axis Bank Ltd
DCB Bank
HDFC Ltd
HDFC Bank Ltd
ING Vysya Bank Ltd
Federal Bank Ltd
State Bank of India
Yes Bank Ltd

MICRO
HOUSING
FINANCE
CORPORATION LIMITED

3 Victoria Building, S. A. Brelvi Road, Off Horniman Circle, Fort, Mumbai 400 001
Tel: +9122 22660130   Web: www.mhfcindia.com   Email: contact@mhfcindia.com