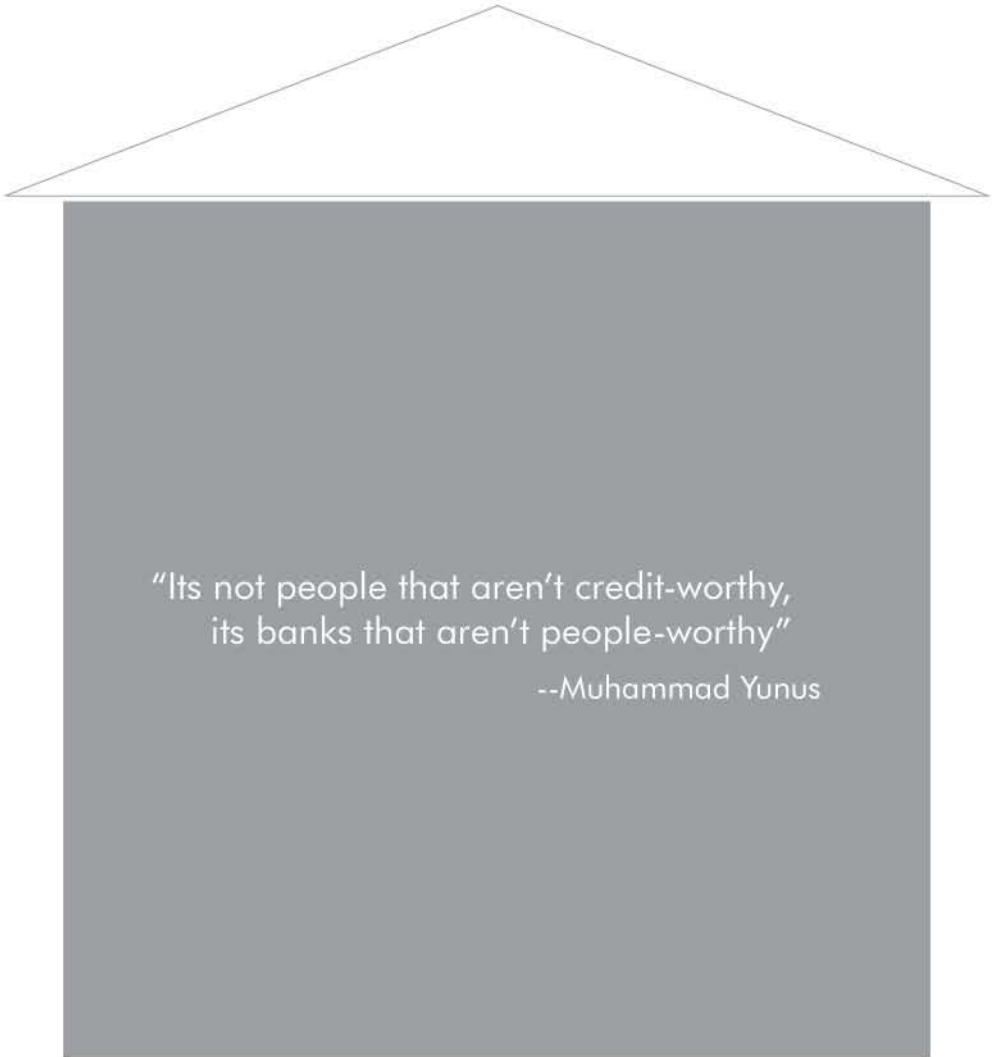




**MICRO** HOUSING FINANCE CORPORATION LIMITED

ANNUAL REPORT 2008 - 09



"Its not people that aren't credit-worthy,  
its banks that aren't people-worthy"

--Muhammad Yunus

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## CHAIRMAN'S LETTER

It's obvious that there is a housing problem in urban India. The official figure is an approx 10 Million shortfall, out of the overall 25 Million housing shortfall in India. Unfortunately, to address this, on both the supply side (lack of actual housing) and on the demand side (purchasing power), there is no immediate market based solution on the horizon. Developers have been reluctant to enter this market even though a solution is to build smaller houses (say 300 sq feet) to make them more affordable. One of the issues is that developers are worried that even if the homes are built and available, low income borrowers cannot afford to buy the homes. This is because lower income households, especially from the informal sector, do not have access to loans, as banks are concerned about the credit risk due to uncertainty of the source of repayment compounded by the lack of personal documentation - salary slips, tax certificates, bank records, etc.

MHFC came into existence in May 2008 to specifically address this financing gap, and help urban low income households, particularly those in the informal sector, own an independent home. We intend to combine best practices of Housing Finance Companies and Micro Finance Institutions, to deliver the best possible micro mortgage product.

This past year, our first, was spent in applying for the required housing finance license and in setting up our operational systems. In Feb 2009, the National Housing Bank ("NHB") issued MHFC a Certificate of Registration (COR), the license to function as a Housing Finance Company. With the COR in place, we accelerated the pace on all other initiatives including systems and process testing, and have just sanctioned our first loans (in May 2009). In line with our strategy to tie up with specific developers who have a similar focus on affordable housing, we secured partnerships with leading builders and expect to work with several more in the coming year. We think that we are able to make a compelling case - based on the need for a financier which has a focus on the un-serviced informal sector, which is the main source of demand for such housing projects.

Importantly, the landscape itself seems to have changed over the course of the year - in a positive way. Several developers, including leading names like the Tatas, have announced plans to focus on this segment of the market. In addition, the government (both at the Central and the State levels) have issued a slew of notifications, regulations and directives, in an effort to increase the supply of low income housing units and also to stimulate the flow of credit to this segment. The policy initiatives have opened up multiple opportunities for us, and we believe that this validates our long held belief that the financial inclusion of the urban poor is not merely a socially relevant goal, but also a commercially viable one.

There remain many other initiatives which the governments at the local, state and central levels need to consider, such as stamp duty, debt market depth, liquidity and costs, apart from town planning and quality of life issues. We at MHFC are encouraged by the fact that there is no lack of coherence at the policy level and that in due course the regulators and the concerned governments will act in tandem to make the dream of home ownership for the urban poor a reality.

The past year was spent in setting up MHFC. The coming year, on the other hand, promises to be even more exciting as we get an opportunity to actually put plans into action, and help families in the urban informal sector buy independent, quality homes, and improve living standards.

Finally, we wish to thank everyone who has shown interest in our progress, and look forward to continued involvement, guidance and support.

**Madhusudan Menon**  
Chairman

**June 25, 2009**  
Mumbai, India



## DIRECTORS' REPORT

The Members,  
**Micro Housing Finance Corporation Limited.**

The Board of Directors of your Company have pleasure in presenting the Annual Report together with the Audited Accounts and Auditors' Report for the first financial year ended 31st March, 2009.

### PERFORMANCE

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The First financial year of the Company comprises the period from the date of incorporation till 31st March, 2009. During the first financial year under review, your Company incurred a Loss of Rs. 9.17 Lakhs.

The Company has received the necessary approval from the National Housing Board vide Certificate of Registration dated February 9, 2009 to provide housing finance for lower income households.

### FIXED DEPOSITS

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

### PARTICULARS UNDER SECTION 217 OF THE COMPANIES ACT, 1956

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#### 1. Particulars of Employees:

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.

### DIRECTORS

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In accordance with the provisions of the Articles of Association of the Company, Mr. Ashish Karamchandani is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment. Mr. Ashish Karamchandani is the head of The Monitor Group's initiative in promoting market based solutions for social issues, with a particular focus on housing. His independent views on housing will be very useful to the Company.

During the year under review, Mr. Nachiket Shelgikar was appointed as an Additional Director of the Company. In terms of the provisions of Section 260, Mr. Nachiket Shelgikar, Director of the Company, holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice in writing from a member along with a deposit of Rs. 500/- (Rupees Five Hundred only) proposing the candidature of Mr. Nachiket Shelgikar for the office of the Board of Directors of the Company in terms of the provisions of Section 257 of the Companies Act, 1956. Mr. Nachiket Shelgikar has experience in technology, systems and banking. His appointment, if made, will be beneficial for the development and growth of the Company.

The Board recommends the re-appointment of Mr. Ashish Karamchandani and the appointment of Mr. Nachiket Shelgikar.

### COMPLIANCE CERTIFICATE

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A Compliance Certificate in terms of the provisions of Section 383A of the Companies Act, 1956 issued by Devendra V Deshpande, Company Secretary in Practice, pursuant to Companies (Compliance Certificate) Rules, 2001 is annexed hereto.

## **AUDITORS' REPORT**

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The Auditors' Report is unqualified. The notes to the Accounts, referred to in the Auditors' Report, are self-explanatory and hence, do not call for further clarifications under Section 217(3) of the Companies Act, 1956.

## **AUDITORS**

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M/s K P Joshi and Co, Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and have not offered themselves for re-appointment. The Board would like to place on record its sincere appreciation for the services rendered by M/s. K P Joshi and Co during their tenure as Statutory Auditors of the Company.

The Board recommends the appointment of M/s Walker, Chandiok and Co., as Statutory Auditors to hold office until the conclusion of the next Annual General Meeting of the Company. M/s. Walker, Chandiok and Co., have confirmed that their appointment, if made, would be within the prescribed limit under Section 224(1-B) of the Companies Act, 1956.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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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 2008-09 that:

- (i) In the preparation of the Annual Accounts for the financial year ended 31st March 2009, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements 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 loss 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 the 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**

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In terms of regulatory requirements, the Company will comply with the Housing Finance Companies ("NHB") Directions, 2001 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**

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Your Directors would like to express their grateful appreciation for the assistance and co-operation received from various persons 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 stakeholders for continued support to the Company.  
For and on behalf of the Board of Directors of  
**Micro Housing Finance Corporation Limited**

**Rajnish Dhall**  
Director

**Nachiket Shelgikar**  
Director

**June 25, 2009**

## AUDITORS' REPORT

To  
The Members,  
**Micro Housing Finance Corporation Limited.**

We have audited the attached Balance Sheet of Micro Housing Finance Corporation Limited, as at March 31, 2009 and also the Profit and Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks as considered appropriate and according to the the information and explanation given to us during the course of the audit, we give, in the Annexure hereto, a Statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

(ii) 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;

(iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of accounts;

(iv) On the basis of written representations received from the directors as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;

(v) In our opinion, the Balance Sheet and Profit and Loss Account comply with the Mandatory Accounting Standards, referred to in Section 211 (3C) of the Companies Act, 1956.

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2009; and  
(b) In the case of Profit and Loss Account, of the Loss for the period ended on that date;

**For K P Joshi and Co**  
**Chartered Accountants**  
**Proprietor**

**Mumbai**  
**June 25, 2009**



## ANNEXURE TO THE AUDITORS REPORT

(Referred to in paragraph 3 of our report)

- 1.** a. The Company has no fixed assets;  
b. Not Applicable  
c. None of the assets are disposed off during the year or are not significant and therefore do not affect the going concern assumption;
- 2.** a. There is no inventory.  
b. Not Applicable  
c. Not Applicable
- 3.** The Company has not granted any loans to parties listed in the register maintained under Section 301 of the Companies Act, 1956.
- 4.** In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business. During the course of the year no major weakness has been noticed in the internal control;
- 5.** a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been properly entered in the said register;  
b. In our opinion and according to the information and explanations given to us, the transactions entered into the register maintained under section 301 and exceeding during the year by Rupees Five Lakh in respect of each party have been made at prices which are reasonable having regard to prevailing market prices at the relevant time;
- 6.** The Company has not accepted any deposits from the public;
- 7.** The Company has an internal audit system, which is commensurate with the size of the company and nature of its business;
- 8.** The Central Government has not prescribed any rule under Section 209(1) (d) of the Companies Act, 1956 for maintenance of stock records;
- 9.** a. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding, as at 31st March, 2009 for a period of more than six months from the date they became payable;  
b. There is no disputed tax, duties, cess payable to the concerned authorities.
- 10.** The company has no accumulated losses as per statement attached at the end of the financial year as this being first year of the company and has incurred cash losses during the year.



## ANNEXURE TO THE AUDITORS REPORT

(Referred to in paragraph 3 of our report)

11. Based on our audit procedures and on the information and explanations given by the management, the company has not defaulted in repayment of dues to any financial institution or bank; in fact the company has not availed any such loans.
12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities;
13. The provisions of any special statutes applicable to Chit Fund/ Nidhi/Mutual Benefit Fund/Societies are not applicable to the Company;
14. The Company is not dealing or trading in shares, securities, debentures and other investments;
15. The Company has not given any guarantees for loans taken by others from banks or financial institutions;
16. There was no term loan outstanding during the year;
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, no funds raised on short term basis have been used for long term investment and vice versa;
18. During the year under report, the Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956;
19. The Company did not have any outstanding debentures during the year;
20. The Company has not raised any money by way of public issue during the year;
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**Further to above we report the following on account of the company being a housing finance company:**

22. The Company had applied on 24th June 2008 and obtained a certificate of registration on 9th February 2009 from National Housing Bank.
23. The Company has complied with the liquidity requirements as specified U/S 29B of the National Housing Bank Act, 1987
24. The Company has complied with Section 29C of the National Housing Bank Act, 1987 and complied with provisions of these Directions.

## ANNEXURE TO THE AUDITORS REPORT

(Referred to in paragraph 3 of our report)

- 25.** The capital adequacy ratio as disclosed in the return submitted to National Housing Bank has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio as prescribed by the National Housing Bank in these Directions;
- 26.** According to the information and explanations given to us and the company is not accepting/holding any public deposit and the Board of Directors has passed a resolution for non-acceptance of any public deposits;
- 27.** During the period under report, the Company has not accepted any public deposit;
- 28.** The Company has complied with prudential norms.

# MICRO HOUSING FINANCE CORPORATION LIMITED

BALANCE SHEET AS ON 31<sup>ST</sup> MARCH, 2009

	SCHEDULE		As at March 31, 2009 (Rupees)
<b>I. SOURCES OF FUNDS</b>			
<b>1) Shareholder's Funds</b>			
Share Capital	1		22,000,000
<b>2) Reserves and Surplus</b>	2		-
<b>3) Unsecured Loan</b>	3		467,000
<b>TOTAL</b>			<b>22,467,000</b>
<b>II. APPLICATION OF FUNDS</b>			
<b>1) Investments</b>	4		-
<b>2) Current Assets, Loans and Advances</b>	5	22,272,455	
Less: Current Liabilities and Provisions	6	1,111,897	
Net Current Assets			21,160,558
<b>3) Profit and Loss Account</b>			917,344
<b>4) Miscellaneous Expenditure</b> (to the extent not written off or adjusted)	7		389,098
<b>TOTAL</b>			<b>22,467,000</b>
<b>NOTES ON ACCOUNT</b>	9		

As per our report of even date  
For K.P. Joshi & Co.  
Chartered Accountants

**K.P. Joshi**  
Proprietor  
M. No. 034760

Place: Mumbai  
Dated: 25.06.2009

for and on behalf of the Board

**Rajnish Dhall**  
Director

**Nachiket Shelgikar**  
Director

Place: Mumbai  
Dated: 25.06.2009

# MICRO HOUSING FINANCE CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 16<sup>TH</sup> MAY 2008 TO 31<sup>ST</sup> MARCH 2009

PARTICULARS	SCHEDULE	For The Period Ended On 31-March-2009 (Rupees)
<b>INCOME</b>		
INTEREST		1,464,314
		1,464,314
<b>EXPENDITURE</b>		
Administrative and Other Expenses	8	2,381,658
		<b>2,381,658</b>
<b>Profit/(Loss) Before Tax</b>		(917,344)
Less : Provision for Income Tax		-
<b>Profit/(Loss) After Tax</b>		(917, 344)
C/F to Balance Sheet		(917, 344)
<b>Significant Accounting Policies and Notes on Accounts</b>		

As per our report of even date  
For K.P. Joshi & Co.  
Chartered Accountants

**K.P. Joshi**  
Proprietor

Place: Mumbai  
Dated: 25.06.2009

for and on behalf of the Board

**Rajnish Dhall**  
Director

**Nachiket Shelgikar**  
Director

Place: Mumbai  
Dated: 25.06.2009



# MICRO HOUSING FINANCE CORPORATION LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009

**As at March 31, 2009  
(Rupees)**

## SCHEDULE - 1

### SHARE CAPITAL

Authorised

50,00,000 Equity shares of Rs. 10 each

50,000,000

Issued, Subscribed and Paid up

22,00,000 Equity Shares of Rs. 10 each fully paid up.

22,000,000

TOTAL

22,000,000

## SCHEDULE - 2

### RESERVES & SURPLUS

-

## SCHEDULE - 3

### UNSECURED LOANS

from Director

467,000

## SCHEDULE - 4

### INVESTMENTS

-

## SCHEDULE - 5

### CURRENT ASSETS, LOANS & ADVANCES

Bank FDs

20,000,000

Accrued Interest

1,158,281

Cash in Hand

100

Bank Accounts

812,425

TDS from interest

301,649

22,272,455

# MICRO HOUSING FINANCE CORPORATION LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2009 (Contd)

**As at March 31, 2009  
(Rupees)**

## SCHEDULE - 6

### CURRENT LIABILITIES & PROVISIONS

Sundry Creditors	955,396
SN Gupta & Co.	35,000
K.P. Joshi & Co.	19,303
TDS Payable	102,198
	<hr/>
TOTAL	1,111,897

## SCHEDULE - 7

### MISCELLANEOUS EXPENDITURE

Incorporation Expenses	389,098
	<hr/>
TOTAL	389,098

## SCHEDULE - 8

### ADMINISTRATIVE & OTHER EXPENSES

Professional Fees	1,672,144
Bank Charges	338
Consultancy Expenses	2,500
Legal Fees	85,000
ROC Filing Fees	1,000
ICRA Fees	250,000
Seminar Fees	8,800
Travelling Expenses	214,051
Web Hosting Fees	19,505
Printing & Stationery	1,040
Audit Fees & Certification Charges	19,303
FBT paid	10,703
Preliminary Exp.W/off	97,274
	<hr/>
TOTAL	2,381,658

# SCHEDULES TO THE BALANCE SHEET

## SCHEDULE - 9

### A. ACCOUNTING POLICIES

1. **Basis of Accounting:** The Company prepares its accounts on accrual basis, in accordance with generally accepted accounting principles.
2. **Revenue Recognition:** In appropriate circumstances, revenue is recognized when no significant uncertainty as to determination or realization exist.
3. Significant Accounting Policies as regards Fixed Assets, Investments, Inventories, Depreciation, Foreign Exchange Transactions are not applicable to company for the year under review.
4. **Contingent Liability:** Contingent Liabilities if any, are disclosed separately and the same will be provided in the books of accounts after they crystallize.

### B. NOTES TO THE ACCOUNT

1. This being the first year, the accounts are prepared from the date of incorporation ie. 16th May, 2008 to 31st March, 2009
2. In the opinion of the Board, Current Assets are approximately of the value stated if realized in the ordinary course of Business.

3. <b>Auditors remuneration:</b>	Current Year
Audit fees	16,545
Certification & Taxation work	2,758

#### 4. Expenditure in Foreign

<b>Currency</b>	Current Year
On Foreign Travel	NIL
Others	NIL

Other Particulars referred pursuant to provisions of Part II of the Schedules VI of the Companies Act, 1956 are either NIL or not applicable.

5. **Contingent Liabilities:** Due to unsatisfied performance by ICRA Management Consultants, 50% of their fees are disputed and not paid to the tune of Rs.2,50,000/-

As per our Report Attached

For K P Joshi and Co  
Chartered Accountants

(K P JOSHI)  
Proprietor

For Micro Housing Finance Corporation Limited

Rajnish Dhall  
Director

Nachiket Shelgikar  
Director

Place: Mumbai  
Date: June 25, 2009

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>I. REGISTRATION DETAILS</b>			
REGISTRATION NO.	81503	STATE CODE	11
BALANCE SHEET DATE	31/03/2009		
<b>II. CAPITAL RAISED DURING THE YEAR (RS. IN THOUSAND)</b>			
PUBLIC ISSUE	NIL	RIGHT ISSUE	NIL
BONUS ISSUE	NIL	PRIVATE PLACEMENT	22000
<b>III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (RS. IN THOUSAND)</b>			
TOTAL LIABILITIES	22467	TOTAL ASSETS	22467
SOURCES OF FUND			
PAID - UP CAPITAL	22000	RESERVES & SURPLUS	NIL
SECURED LOANS	NIL	UNSECURED LOANS	467
APPLICATION OF FUND			
NET FIXED ASSETS	NIL	INVESTMENTS	NIL
NET CURRENT ASSETS	21161	MISC. EXPENDITURE	389
ACCUMULATED LOSSES	917		
<b>IV. PERFORMANCE OF COMPANY (RS. IN THOUSAND)</b>			
TURNOVER	1464	TOTAL EXPENDITURE	2381
PROFIT/LOSS BEFORE TAX	-917	PROFIT/LOSS AFTER TAX	-917
(+ PROFIT, - LOSS)		(+ PROFIT, - LOSS)	
EARNING PER SHARE IN Rs.	NIL	DIVIDEND RATE %	NIL
<b>VI. GENERIC NAMES PRINCIPAL PRODUCTS/SERVICES OF COMPANY (AS PER MONETARY TERMS)</b>			
ITEMS CODE NO. (ITC CODE)			
1	HOUSING FINANCE BUSINESS		
2			
3			

Rajnish Dhall  
Director

Nachiket Shelgikar  
Director

June 25, 2009



## SCHEDULES TO THE BALANCE SHEET

**C.I.N. of the Company: U67190MH2008PLC182274**

**Nominal Capital: Rs. 5,00,00,000/-**

**Paid-up Capital: Rs. 2,20,00,000/-**

To,  
The Members  
of **M/s. MICRO HOUSING FINANCE CORPORATION LIMITED**  
Mumbai.

I have examined the registers, records, books and papers of M/s. MICRO HOUSING FINANCE CORPORATION LIMITED (the "Company") as required to be maintained under the Companies Act, 1956, (the "Act") and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial period ended on 31/03/2009 i.e. from the date of Incorporation to 31/03/2009. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities as required under the Act and the rules made thereunder.
3. The Company being public limited Company, comments on this point are not applicable to the Company.
4. The Board of Directors duly met 12 times on 16.05.2008, 02.06.2008, 17.06.2008, 18.06.2008, 30.06.2008, 07.07.2008, 10.11.2008, 09.01.2009, 16.01.2009, 25.02.2009, 09.03.2009 and 16.03.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the Minutes Book, maintained for the purpose.
5. During the financial period under review, the Company was not required to close its Register of Members.
6. The Company was incorporated on 16th May 2008. This being the first Financial Year of the Company, the comments on this point are not required.
7. During the Financial Year ended under review no extra ordinary general meetings were held.
8. The Company has not advanced any loan to it's Directors and/or firms or companies referred in section 295.
9. The Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company was not required to obtain any approval from the Board of Directors, members or Central Government.

## SCHEDULES TO THE BALANCE SHEET

12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company:
- (i) Has delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
  - (ii) Has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.
  - (iii) Was not required to post warrants to any members of the Company as no dividend was declared during the financial year.
  - (iv) Was not required to transfer any amounts to Investor Education and Protection Fund on account of amount in Unpaid or unclaimed dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued after expiry of seven years from the date of payment as there were no such amounts due.
  - (v) Was not required to comply with the provisions of section 217 of the Act, as this Company is incorporated on 16/05/2008.
14. The Board of Directors of the Company is duly constituted. During the year there was an appointment of one person as an Additional Director. There was no appointment of director, alternate directors and directors to fill casual vacancies during the year.
15. The Company has not appointed any Managing Director/Whole time Director during the period under review.
16. The Company has not appointed any sole-selling agents during the financial year.
17. The Company was not required to obtain any approvals of the Regional Director, Central Government, Company Law Board, and/or under any of the provisions of the Act.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has issued 2,150,000 Equity Shares of Rs. 10/- each at par during the financial year.
20. The Company has not made any buy back of shares during the financial year.
21. There was no redemption of preference shares/debentures during the financial year, since no debentures or preference shares were issued by the Company.
22. There were no transactions necessitating the Company to keep in abeyance the right to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited/accepted any deposits falling within purview of 58A during the financial year under review, hence, the provisions of Section 58A, 58AA read with Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company.

## SCHEDULES TO THE BALANCE SHEET

24. The amount borrowed by the Company during the financial year ending is within the borrowing limits of the Company.

25. During the year under scrutiny, the Company has not made any loans and investments, or given any guarantees or provided security to other bodies corporate. Therefore, the Company was not required to make any entries in the register maintained for the purpose.

26. The Company has not altered the provisions of the memorandum with respect to the situation of the Registered Office of the Company during the year under scrutiny.

27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.

28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.

29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.

30. The Company has not altered the provisions of the Articles of Association during the financial year.

31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishments was imposed on the Company during the financial year, for offences under the Act.

32. The Company has not received any money as security from its employees during the financial year.

33. The Company has not constituted Provident Fund for its employees and as such, Section 418 of the Act, is not applicable to the Company.

**Place: Mumbai**  
**Date: June 25, 2009**

**Devendra Deshpande**  
**Company Secretary**  
**C.P. No.: 6515**

## ANNEXURE – A

### Registers as Maintained By the Company:

1. Register of Members under Section 150
2. Minutes Book of Meeting of Directors under Section 193
3. Minutes Book of proceeding of General Meeting under Section 193
4. Register of Particulars of Contracts, Companies and Firms in which Directors are interested under Section 301
5. Register of Directors, Managing Director, Manager, and Secretary under Section 303
6. Register of Directors' Shareholding under Section 307

## ANNEXURE – B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial period ending on March 31, 2009:

Sr. No.	Form No. / Return	Filed on	Under Section	Event
1.	Form No. 2	02.07.2008	75	Return of Allotment.
2.	Form No. 20	26.02.2009	149	Commencement of Business.
3.	Form No. 32	23.03.2009	302	Additional Director.

Place: Mumbai  
Date: June 25, 2009

Devendra Deshpande  
Company Secretary  
C.P. No.: 6515



## **BRIEF PROFILE OF DIRECTORS / MANAGEMENT TEAM**

### **MADHUSUDHAN MENON, CHAIRMAN**

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Mr Madhusudan Menon (age 54) 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 has been an advisor to various business groups in India as a wealth management and capital market specialist. He has a keen interest in using commercially viable business models to stimulate and sustain social change.

### **RAJNISH DHALL, CHIEF EXECUTIVE OFFICER**

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Mr Rajnish Dhall (age 40) – after completing his P.G.D.M from IIM (Ahmedabad), he also worked with American Express Bank in a variety of roles for 17 years, the last 10 of which were overseas based. He left the Bank (as a Senior Director) in 2006 and returned to India to work in the social sector initially advising 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.

### **NACHIKET SHELGIKAR, DIRECTOR - MARKETING**

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Mr Nachiket Shelgikar (age 23) – after completing his B.S. from the Carnegie Mellon University, he 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.

### **JAYESH SHAH, DIRECTOR - CREDIT and OPERATIONS**

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Mr Jayesh Shah (age 44), 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.

### **RAMESH OGALE, DIRECTOR - PROJECTS**

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Ramesh Ogale (age 55) 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 in various roles at Makers Development Services, where he worked on various low-budget turnkey township projects. As a result he is well exposed to accounting practices, taxation and company law matters and has interacted with various housing finance companies throughout his career.

### **MR ASHISH KARAMCHANDANI, NON EXECUTIVE DIRECTOR**

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Mr Ashish Karamchandani (age 48) - After 7 years of leading The Monitor Group's consulting business in India, Ashish now heads up TMG's new social change initiative that is "using market based solutions to create social change". It is working both at a broad sector level, and at the level of individual, specific initiatives. One of the specific initiatives is on low income housing. He has led an in-depth World Bank study for the National Housing Bank that has confirmed the customer demand and buying power and developed innovative solutions to meet this demand using the current market. He and his team are currently in the process of facilitating a number of pilots that will help "make" this market. In terms of educational qualifications, he has a B.Tech from IIT, Bombay, an M.S. from Berkeley and a PhD. from Stanford University.

## CONTACT US

### Registered Office / Corporate Address:

#### Micro Housing Finance Corporation Limited ("MHFC")

#3, Victoria Building, SA Brelvi Rd, Opp Mumbai Samachar Building, Fort, Mumbai - 400001

Tel: +91 22 65229330-31

Email: [contact@mhfcindia.com](mailto:contact@mhfcindia.com)

Website: [www.mhfcindia.com](http://www.mhfcindia.com)

### Auditors:

Kishor P Joshi and Co.

607 Sharda Chambers, 15 New Marine Lines, Mumbai 400020

Tel: + 91 22 22008618

Fax: + 91 22 22008889

