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Micro Housing Finance Corporation announces audited FYE March 31, 2016 financials – highlights include 30% increase in loans outstanding / Credit Linked Subsidy benefit to over 700 customers / 5 star GIIRS (social impact) rating

Mumbai, India – Micro Housing Finance Corporation (“MHFC”), a housing finance company that is focused on providing housing loans to financially excluded urban lower income families, has announced its FYE March 31, 2016 audited results.

Income from Operations was 24% higher at ₹31.48 cr, as against ₹25.32 cr in the corresponding period last year, and after expenses, the company’s PBT was ₹8.44 cr, 6% higher than the ₹8 cr made in FYE March 31, 2015. PAT increased slightly to ₹5.62 cr (₹5.57 cr in the previous year) after charging ₹0.59 cr (PY ₹0.57 cr) towards a Deferred Tax Liability on Special Reserve created during the year.

Housing loans outstanding as on March 31, 2016 was ₹252 cr, growing approx 30% over the corresponding figure of ₹194 cr in the previous year. In terms of cumulative housing loans sanctioned, this stands at ₹405 cr, as against ₹301 cr at the same time last year. Close to 10,000 financially excluded families, mostly employed in the informal sector, ranging from self-employed vegetable vendors and barbers to salaried employees like housemaids, drivers and security guards, have now bought homes with housing assistance from MHFC. The Company currently operates in 6 states – Maharashtra, Gujarat, Madhya Pradesh, Rajasthan, West Bengal and Chhattisgarh.

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

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In terms of funding, the Company did not raise any fresh equity during the year, but with retained profits, net worth increased to ₹91.38 cr (PY ₹85.76 cr). However, the Company increased its long term debt to ₹186.46 cr (PY ₹153.08 cr) of which approx. 40% continues to be refinance support from the NHB. Other lenders include the largest nationalised bank, State Bank of India, and the leading private sector housing finance provider, HDFC Ltd, and commercial banks such as HDFC Bank Ltd, Kotak Mahindra Bank Ltd, DCB Bank Ltd and Yes Bank Limited. The Company's capital adequacy ratio stood at 58.79% of risk weighted assets, as against the minimum requirement of 12%.

On 25th June 2015, the Pradhan Mantri Awas Yojana's ("Housing for All") Credit Linked Subsidy Scheme ("CLSS") was launched with the intent of providing financial assistance to first-time home buyers from the EWS (economically weaker section) and LIG (low income group) segments. The Company successfully submitted claims over the last two quarters on behalf of over 700 customers, amounting to a total subsidy of ₹5.53 cr. This subsidy subsequently resulted in a 40% reduction of the customer's outstanding loan amount.

During the year, the Company once again received the highest possible social impact ratings from GIIRS, the world's leading impact rating agency - a "5 star Impact Operations Rating", and a "Platinum Impact Business Model Rating" - reiterating the Company's strong execution against its mission of generating positive social impact. The Company also received a reaffirmation of its Long Term Bank Facilities credit rating as "CARE A-", further exemplifying the Company's healthy asset quality.

According to Madhusudhan Menon, Chairman of MHFC, "It was an exciting year on many fronts. Central and state government initiatives to stimulate the supply of new homes targeted at the urban poor seem to be yielding good results. MHFC has been well positioned to address this surge in supply, with the right blend of human, technical and financial resources in place. We almost doubled in terms of the customers we have acquired during the year, but the Government led supply at subsidised prices reduced the average ticket sizes. The Credit Linked Subsidy Scheme announced by the government has also improved affordability and is expected to have a positive impact on new customer acquisition and credit quality. Once again, this will have a negative impact on loan growth, but MHFC's low cost delivery model is expected to be a major differentiator."

The FYE March 31, 2016 audited results are available online on the company website at the following address: http://mhfcindia.com/AuditedFinancials_FYE2016.pdf

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Notes to the Editor

ABOUT MICRO HOUSING FINANCE CORPORATION: *MHFC is a housing finance company headquartered in Mumbai, India, focused on serving lower income groups in urban areas, specifically those in the informal sector. MHFC, through this initiative, seeks to efficiently and sustainably enable access to housing finance services to the underserved and un-served segments of the urban population. For more information on MHFC, please visit <http://www.mhfcindia.com>.*

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