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Micro Housing Finance Corporation raises 35 cr in new equity funding

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 raised Rs 35 crore in new equity funding from existing investors including the India Financial Inclusion Fund and the Michael & Susan Dell Foundation and a new domestic institutional investor, Unilazer Ventures Pvt Ltd, which is founded by Ronnie Screwvala.

With this funding, MHFC's equity now stands at Rs 77 cr, with debt at a similar level - from reputed financial institutions including the regulator, the NHB, and the premier housing finance company, HDFC Ltd and various commercial banks. Housing loans outstanding on date is Rs 100 cr (Rs 72 cr as on FYE 3/13) with cumulative housing loans sanctioned now at Rs 165 cr (Rs 130 cr as on FYE 3/13). Close to 4,000 families, mostly from the informal sector, ranging from self employed bamboo straighteners and mechanics to salaried employees like housemaids, drivers and security guards, have now bought homes with housing assistance from MHFC. **The company continues to have NIL non-performing assets.**

For the full year 3/2014, the company expects to touch close to Rs 250 cr in cumulative loan sanctions and Rs 150 cr in loan disbursals.

According to Madhusudhan Menon, Chairman of MHFC - "This equity infusion is an important milestone in the evolution of the company and an expression of the confidence of existing and new investors in the scalability of our business model. The fact that the company has no NPAs to date clearly demonstrates the credit worthiness of the informal sector with sufficient but undocumented incomes. We believe that the company's investments in technology, people and processes are paying off, and this new capital should accelerate the geographical reach and depth of our operations."

"In the last 3 years, MHFC has successfully demonstrated a viable financial model for the low income families who are typically excluded from the mortgage finance market, restricting their ability to buy homes in safe, hygienic conditions. We have been impressed by the team's ability to balance their bottom-line and growth targets without diluting their focus on the customers. They are amongst the lowest cost housing finance companies operating in this segment of the market", added Geeta Goel, from the Michael & Susan Dell Foundation.

“IFIF’s initial investment in MHFC in 2009 was based on a vision, which we shared with the founders, of a housing finance company that would focus exclusively on financially excluded customers and the belief that a viable business model was possible. In the last four years, the company has demonstrated just that and has exceeded expectations on many counts. IFIF’s additional investment in the current round is an affirmation of its commitment to MHFC and its mission”, said Mona Kachhwaha, Investment Director, Caspian Advisors, advisors of the Indian Financial Inclusion Fund.

"As part of Unilazer's focus towards impact/ social investments, MHFC made a lot of sense primarily driven by a unique approach towards the under-served, a passionate founder team backed by strong investors and overall a business model with significant potential to scale. We are proud to be a part of MHFC and its stakeholders," said Amit Banka, Managing Director, Unilazer Ventures.

MHFC received its license from the National Housing Bank in February 2009 and began operations in June 2009. Its loan amounts are usually around Rs 5 lakhs (not exceeding 85% of the cost of the house) for a period not exceeding 15 years, with the house serving as security for the loan. Its rate of interest is currently between 11% and 13% per annum for women owners and those defined as from the weaker section by the NHB / RBI. It has a project-led approach and ties up with developers, both public and private, who have a similar focus on urban affordable housing (as defined as being in a price range generally not exceeding Rs 10 lakhs). MHFC has an active presence in Mumbai, Pune, Ahmedabad, Surat, Jaipur, Nagpur, Indore, Bhopal and Kolkata, and currently helps finance customers (who are financially excluded) on approx 150 low-income housing projects.

The FYE March 31, 2013 audited results are available online on the company website at the following address: http://mhfcindia.com/Annual_Report_2013.pdf

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>.*