

Housing Development Finance Corporation PLC.

QUARTERLY REPORT

03/2019



Housing Development Finance Corporation Plc.

www.hdfc.com.mv

Table of Contents

Development of the Company 2

Administration 5

Company’s Share Structure 7

Financial Statements..... 8

Corporate Governance Compliance 12

Reporting Compliance 14

Development of the Company

PROGRESS

- **The Apollo Towers**, located in front of the Yacht Marina at the Hulhumale' beach front, is the latest luxury real estate project by Apollo Holdings. Split into two main towers, Apollo Towers, one 10 story in height and other 10 story in height and the other 9 story offer two levels of commercial space on both the ground floor and 1st floor. Residential apartments are located from the 2nd floor and above. The categories of apartments housed in Apollo Towers include; Semi-Deluxe apartments, Luxury apartments and Penthouse Apartments. Apollo towers offer thirteen different types of apartments, which include three-bedroom apartments, two-bedroom apartments and one-bedroom apartments. The two towers comprise of a total of 97 Units. Total Project Cost: MVR 361,109,400.00.

Ongoing works: Interior plastering 90% completed, Exterior plastering 30% completed. Electrical wiring, plumbing and tiling works in progress

Structural works: 100% completed

Project Start Date: 9 March 2017

Estimated completion Date: June 2020

Overall completion of the project: 59%

- **Marina View Apartments** is a project undertaken by Batch Construction. The Company signed an exclusive end-user finance project on 3rd August 2016. The 70 Marina View Apartments is located in Hulhumale' and is scheduled to be completed within two years. At the end of June 2019, Batch has completed structural works, masonry works, internal plastering, external plastering, electrical works, tv and telephone cabling work. 90% works done on installation of doors and windows. Cable works for security system is done. Work in progress includes, general area tiling, internal sewerage and drainage work for penthouse, 2,3, and 4.

Batch reported delays in the project during December 2018, due to the un-cleared shipments being held at Maldives Ports Limited harbour. 97% of the handover of the apartments has been completed.

Project start date: 20 April 2017

Estimated completion date: 20 April 2019

Revised completion date: 30 September 2019

Over completion of the project: 100 percent completed.

- **Hulhumale' AIRA Apartment** developed by Ensis Fisheries Private Ltd. And this project comprises of 2 towers of 8 story 100 residential units. As at June 2019, more that 95% of the formworks in the first floor is completed. Work in progress includes formworks, reinforcement works and concreting works, masonry and plastering works.

Project Start Date: July 2017

Estimated Completion Date is extended to 30 June 2020.

Overall completion of the project: 39.46%

- **Hulhuma Residence** is a 7-story building consisting of 14 residential units. This project is jointly developed by Ensis and Associated Business Agents Pvt. Ltd. As at 30 June 2019 more that 10% of the formworks, 20% of the Reinforcement and 10% of the placing works is done. Work in progress includes, formworks, reinforcement and concrete works.
 - Ongoing works:** Concrete casting of 6th floor slab, beams and columns, lift walls and stairs
 - Project start date:** June 2018
 - Estimated Completion Date extended:** May 2020
 - Overall completion of the project:** 34.59%

- **Damas, One Avenue** comprise of two towers of 95 units. 100% of the concrete work is done. Work in progress includes finishing works, electrical, plumbing and fixtures. 100% of the total project has been completed.
 - Project Start date:** 20 April 2017
 - Project End date:** 30 September (revised)
 - Projected hand over in progress**

- **Oceanfront Residence** is a lavish 13 story condominium situated in Fithuroanu Magu, Hulhumale. The condominium comprises of two towers which has a total of 145 units. Rainbow Construction Pvt. Ltd is the developer. The project is delayed by 173 days as of 30 September 2019. Ongoing works include masonry work, electrical works, internal plumbing, water proofing and floor tiling.
 - Project Start Date:** 13th March 2017
 - Estimated completion Date:** 30 December 2019 (Revised)
 - Overall completion of the project:** 78.95%

- **The Gardens** is a project of Jaah Investment Pvt. Ltd. (previously Jausa. This project will develop 73 mixed-use residential housing units in the reclaimed suburb of Hulhumale', It is proposed to build two 13 story towers, of which 2 stories' will be allocated for commercial purposes, with the top floor used as a multipurpose terrace equipped with a swimming pool. Work in progress includes, pool related work on 2nd floor and terrace, plumbing and recreational area column works.
 - Project Start Date:** November 2017
 - Project completion Date:** 31st December 2019
 - Overall project is completed:** 68%

- **FW construction** encompasses the development of a 14-story mixed use residential development of 95 units in Hulhumale' Phase-1. The project includes 2 units of 1 Bedroom, 2 units of 2 Bedroom, 42 units of 2+1 Bedroom, 49 units of 3 Bedroom apartments (which includes 4 units of Penthouses). The project is undertaken by FW Constructions. 99% of the super structure work has been completed in addition 90% of the overall masonry work. Work in progress included overall plumbing and overall internal plastering.
 - Project start date:** 5th Oct 2017
 - Estimated completion date:** 31st March 2020 (Revised)
 - Overall completion of the project:** 69%

- **The Jawahiru Apartments** encompasses the development of an 8 story pure residential complex of 14 apartment units. The complex is developed at Hulhumale' plot no. N1-55 (C). The total area per unit is 115.78 square meters (1,246 Sq. ft). All the units built in this project includes 3 bedrooms, 3 toilets, 1 living area, 1 dining area and L kitchen. One car parking area and one motorcycle parking area is included in the Ground floor. The Terrace also includes 2 gyms (indoor & outdoor). The contractor of the project is Wiz Company Pvt. Ltd.

Ongoing works: 3rd floor ceiling frame works

Project start date: 3 October 2017

Estimated project completed date: Not specified

- **Fitron Residence** is a property development project for residential living constructed as a service condominium. The structure stands as two towers; one nine stories high and the other ten. In both towers, the apartments are situated in a precise arrangement where each unit has an extended balcony with a relaxing view of the surrounding landscape.

The amenities provided includes a grand infinity pool, retail stores, gym facilities, a common lounge area and playgrounds for children. The building also has convenient parking arrangements, cleaning and waste management services, and round the clock security services. The project developer is Muni Enterprises Pvt. Ltd.

Approximate completion of overall works: 68%

Ongoing works: 4th and 5th floor block works

Project Start Date: April 2018 (site works started in 2018, agreement signed with HDC in Dec 2016)

Project completion date: December 2020

EMPLOYMENT DATA

<i>30 June 2019-30 September 2019</i>	<i>Local</i>	<i>Expatriate</i>	<i>Total</i>
No. of staff at beginning	35	-	35
No. of staff resigned/terminated	03	-	03
No. of staff employed	05	-	05
No. of staff at end of the quarter	37	-	37

STAFF DEVELOPMENT

- 3 Staff – participated Induction sessions - inhouse
- 3 staff – attended 2 days training by the Auditor Generals Office
- 17 staff – attended 1-day training on Peak Performance and Productivity – by Mr. Adam Naseer
- 3- staff- attended 1-day MIBFI Conference by Edu consultants and Women on Board
- All staff- attended Sharia Governance by Prof. Rusni Binth Hassan

Administration

BOARD ACTIVITIES

<i>30 June 2019-30 Sep 2019</i>	<i>No. of Meeting</i>	<i>Date</i>
Board Meeting	One	28 th September 2019
Audit Committee	One	28 th September 2019
N & R Committee	One	28 th September 2019
IPO Committee	One	30 th September 2019

CHANGES IN THE MEMBERS OF THE BOARD

Asian Development Banks Nominee Director Mr. Gaurav Agarwal's 2 years term ended on 30 June 2019 and a new Nominee Director; Ms. Kohe Noor Binte Mahmoodul Hasan was appointed on 9 August 2019.

BOARD COMPOSITION

The Board composition of nominee directors as at 30th September 2019 was

- **Mr. Conrad D'Souza**
Chairman/ Director
- **Ms. Raheema Saleem**
Managing Director
- **Ms. Kohe Noor Binte Mahmoodul Hassan**
Director
- **Mr. Nihal Senanayake Welikala**
Director
- **Mr. Mohamed Mauroof Jameel**
Director
- **Ms. Aminath Sheena Musthafa**
Director

MAJOR DECISIONS MADE BY THE BOARD

- Approved to increase Home Improvement Facilities Limit and Tenure
- Approved endorsement of the IPO Committee
- Approved opening of a US\$ account in Bank of Ceylon Male' Branch
- Approved opening of a MVR account in the Commercial Bank of Maldives

MAJOR DECISIONS MADE BY THE N & R COMMITTEE

- Endorsed the new Nominee Director from ADB, Mr. Kohe Noor Binte Mahmoodul Hasan
- Reconstituted the Board Committees
- Officially endorsed the newly formed IPO Committee and appointed the Chairman to oversee the committee

MAJOR DECISIONS MADE BY THE IPO COMMITTEE

- Presentation of the 2 proposals on the appointment of an Issue Manager

Company's Share Structure

SHAREHOLDERS

Housing Development Finance Corporation PLC.'s main shareholders include, Government of Maldives (GOM) with 49% shares, Asian Development Bank (ADB) 18%; International Finance Corporation (IFC) 18% and HDFC Investments Ltd. of India with 15% along with 10 initial shareholders including the MD. The Company's Shareholding structure is as follows.

SHAREHOLDING STRUCTURE

	<i>Name</i>	<i>Capacity</i>	<i>No. of Share(s) held</i>	<i>Face Value of a share in MVR</i>	<i>Value of share(s) held in MVR</i>
1.	Government of Maldives 49%	Shareholder	780,928	100	78,092,800.00
2.	International Finance Corporation 18%	Shareholder	286,875	100	28,687,500.00
3.	Asian Development Bank 18%	Shareholder	286,875	100	28,687,500.00
4.	HDFC Investments Ltd. (India) 15%	Shareholder	239,062	100	23,906,200.00
5.	Mr. Ibrahim Naeem	Shareholder	1	100	100.00
6.	Ms. Raheema Saleem	Shareholder	1	100	100.00
7.	Mr. Hamid Yoosuf	Shareholder	1	100	100.00
8.	Mr. Mohamed Shahudy	Shareholder	1	100	100.00
9.	Ms. Aishath Rasheeda	Shareholder	1	100	100.00
10.	Mr. Mohamed Fathy	Shareholder	1	100	100.00
11.	Mr. Mohamed Hamdan Fahumy	Shareholder	1	100	100.00
12.	Mr. Ahmed Anwar	Shareholder	1	100	100.00
13.	Mr. Nahid Idrees	Shareholder	1	100	100.00
14.	Expat MD (if any)		1	100	100.00
		TOTAL	1,593,750		159,375,000.00

Financial Statements

INCOME STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2019

	Quarter 3	Quarter 2 Revised
(all amounts are in MVR)	30-Sep-19	30-Jun-19
Gross income	49,947,276	47,958,963
Interest income	39,494,990	38,782,348
Interest expense	(13,445,766)	(13,524,869)
Net interest income	26,049,224	25,257,479
Net income on Shari'ah products	8,786,070	7,781,972
Fee income	744,628	683,695
Other income	921,588	710,948
	10,452,286	9,176,615
Operating income	36,501,510	34,434,094
Provision for Impairment loss on loans and advances (made)/ Reversal	(1,322,020)	(2,416,242)
Personnel expenses	(2,295,179)	(2,713,020)
Other operating expenses	(2,765,053)	(1,418,098)
Profit before tax	30,119,257	27,886,734
Tax expense	(4,718,644)	(4,453,800)
Profit for the period	25,400,613	23,432,934
Earnings Per Share - basic	15.94	14.70



Mohamed Shafeeq

Assistant General Manager (Finance)

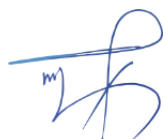


Raheema Saleem

Managing Director

**STATEMENT OF FINANCIAL POSITION
(UNAUDITED) FOR THE QUARTER ENDED 30
SEPTEMBER 2019**

	Quarter 3	Quarter 2 Revised
(all amounts are in MVR)	30-Sep-19	30-Jun-19
ASSETS		
Cash and short term funds	81,665,862	69,956,393
Financial Assets Held to Maturity	111,821,644	99,892,918
Loans and Advances to Customers	1,745,125,095	1,716,891,129
Property, Plant and Equipment	1,116,853	1,159,091
Intangible assets	549,015	609,473
Deferred tax asset	3,125,228	3,125,228
Other assets	5,970,306	6,358,964
TOTAL ASSETS	1,949,374,005	1,897,993,197
LIABILITIES		
Deposits from customers	89,301,497	91,272,097
Borrowings	974,569,614	956,259,671
Other liabilities	292,569,480	282,928,629
Total Liabilities	1,356,440,592	1,330,460,397
EQUITY		
Share capital	159,375,000	159,375,000
Retained earnings	418,558,414	393,157,800
General Reserve	15,000,000	15,000,000
Total shareholders' equity	592,933,414	567,532,800
TOTAL EQUITY AND LIABILITIES	1,949,374,005	1,897,993,197



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

CASH FLOW STATEMENT (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2019

(all amounts are in MVR)	Quarter 3 30-Sep-19	Quarter 2 Revised 30-Jun-19
Cash Flow from Operating Activities		
Operating Profit	25,400,613	23,432,934
Add: Increase/(Decrease) Impaired losses on loans and advances	1,322,020	2,135,319
Depreciation	166,649	164,777
(Increase)/Decrease in loans and advances to customers	(29,555,986)	(42,940,918)
(Increase)/Decrease in Other assets	388,658	578,106
(Increase)/Decrease in Financial Assets held to maturity	(11,928,726)	(21,923,695)
Increase/(Decrease) in due to customers	(1,970,599)	1,226,324
Increase/(Decrease) in other liabilities	9,640,851	16,806,035
Net Cash Flow from Operating Activities	(6,536,521)	(20,521,117)
Cash Flow from Investing Activities		
(Purchase)/sale of Property, Plant and Equipment	(63,953)	(107,751)
Net Cash Flow from Investing Activities	(63,953)	(107,751)
Cash Flow from Financing Activities		
Proceeds from borrowed funds and debt securities	62,528,179	38,651,451
Repayment of borrowed funds and debt securities	(44,218,236)	(63,575,810)
Net Cash flow Financing Activities	18,309,943	(24,924,359)
Net Increase in Cash and Cash Equivalent	11,709,469	(45,553,227)
Cash and Cash Equivalents at the beginning of the period	69,956,393	115,509,620
Cash and Cash Equivalents at the end of the period	81,665,862	69,956,393



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

AMNA PERFORMANCE - ISLAMIC WINDOW (UNAUDITED) FOR THE QUARTER ENDED 30 SEPTEMBER 2019

Income Statement (Unaudited)


For the Quarter ended 30 September 2019

	Quarter 3	Quarter 2 Revised
(all amounts are in MVR)	30-Sep-19	30-Jun-19
Gross income	14,645,704	13,806,035
Revenue	14,344,433	13,486,206
Investment Charges	(5,623,918)	(5,605,561)
Net investment income	8,720,515	7,880,644
Fees and commissions	301,271	319,829
Operating Income	9,021,785	8,200,474
Staff Costs	(117,029)	(143,614)
Administration & Operating Expenses	(1,113,281)	(251,907)
Bank Charges	(2,233)	(7,339)
Depreciation	(43,979)	(39,546)
Net Operating Expenses	(1,276,522)	(442,406)
Net Profit	7,745,263	7,758,067

Statement of Financial Position (Unaudited)

For the Quarter ended 30 September 2019

	Quarter 3	Quarter 2 Revised
(all amounts are in MVR)	30-Sep-19	30-Jun-19
Cash and Short term funds	41,512,244	63,116,028
Mortgage facilities	466,911,146	435,666,580
Non - Current Assets	439,623	424,455
Other Assets	55,605	50,569
Total Assets	508,918,618	499,257,633
Customer deposits	26,126,325	26,273,673
Wakalah Facilities	178,000,000	178,000,000
Sukuk	111,602,000	111,602,000
Other liabilities	102,700,501	100,637,431
	418,428,826	416,513,104
Equity	90,489,792	82,744,529
Total Equity and Liabilities	508,918,618	499,257,633



Mohamed Shafeeq

Assistant General Manager (Finance)



Raheema Saleem

Managing Director

Corporate Governance Compliance

	<i>Provision</i>	<i>Compliance Status</i>	<i>Details</i>
<i>Effective Board</i>	1.1	Complied	The Board comprises of 6 Directors, of which 5 are Independent Non- Executive Directors with one Executive Director (with no voting power).
<i>Composition of the BOD</i>	1.2	Complied	There are two female Directors on HDFC PLC.'s Board. None of the Directors hold Directorship in more than 3 public Companies.
<i>Nomination/re- election of Directors</i>	1.3	Complied	GOM have appointed two Alternate Directors, while ADB has appointed one Alternate Director. GOM representations on the Board are informed by the Ministry of Finance and Treasury. There is no Public Director on the Board of HDFC PLC. Since HDFC's shares are not listed.
<i>Separation of Chairman and MD</i>	1.4	Complied	The Chairman and the MD are two separate individuals in the Company.
<i>Roles of the Chairman and MD</i>	1.5	Complied	The roles of the Chairman and the MD are separated. The Chairman is appointed for a period of 1 year on rotation.
<i>Duties of the Board</i>	1.6	Complied	Board Directors roles are stated separately in the charter.
<i>Training</i>	1.7	Complied	Director & Company Secretary participated in trainings organized by CMDA in 2018 and IFRS9 sessions were conducted for Board of Directors
<i>Committees</i>	1.8	Complied	Board Committees are; <ul style="list-style-type: none"> • Audit Committee • Nomination & Remuneration Committee • Credit Risk Management Committee • IPO Comm
<i>Remuneration policy</i>	2.1	Complied	The Company has a remuneration policy in place.
<i>Evaluation of the BOD Performance</i>	2.2	Complied	Evaluation of the Board is done by respective Shareholders.

Board remuneration Disclosure	2.3	Complied	The Board sitting fee and top management remuneration are disclosed in the company's Annual Report.
Board Member Remuneration Disclosure	2.4	Complied	There is no fixed remuneration given to the individual board director. HDFC gives a sitting fee to each member who attends the Board and its Committees, which is disclosed as a total for the year in the Annual Report.
Management constituents	3.1	Complied	Members who comprise the management team are Managing Director, AGM -Finance, AGM-IT, AGM -Credit, AGM Admin and Manager Islamic Finance
Roles and Responsibilities of the Management	3.2	Complied	The HR department has drawn job descriptions for each employee of the Company. The Board provides the management constant advice and guidance. Further, the Board has given performance goals to the MD, which are cascaded down to the management.
Internal Audit	4.1	Complied	Internal Audit findings are reported directly to the Audit Committee. KPMG is the current Internal Auditor
External Audit	4.2	Complied	The Audit Committee makes recommendations on selecting an External Auditor to the Company, which is taken to the AGM for the Shareholders approval. PWC was appointed as Auditor for 2019 at the last AGM
Internal Controls	4.3	Complied	The Internal Auditors review the internal controls set within the Company and reports directly to the Audit Committee of the Board.
Company Secretary	5	Complied	The Company Secretary maintains a schedule of the compliances signed by the responsible staff. The compliances are reported to the Board.
Shareholders	6.1	Complied	Shareholders rights are informed through quarterly reports, the Company's website and the AGM.
Shareholder Communication	6.2	Complied	Shareholder communication is conveyed through notices, press releases, press conferences, monthly reports, quarterly reports, semi-annual reports, annual reports and AGM.
General Meetings	6.3	Complied	The Company's AGM is held annually to inform the company's performance of the past year.
Voting Rights	6.4	Complied	Shareholders are informed on their voting rights by email and letters. Shareholders are permitted to vote in-absentia through proxy voting.

Financial Statements	7.1	Complied	The Company's Financial Statements are prepared in accordance with the International Financial Reporting Standards (IFRS), Audited Balance Sheet And Profit and Loss statements are reviewed and signed by the Chairman, MD and AGM- Finance. Monthly, Quarterly and Semi-annually reports are signed by the MD and AGM-Finance.
Non-Financial Statements	7.2	Complied	HDFC ensures the disclosure of current/potential conflicts of interests (if any) and interested third party transactions by the Directors and the Management through its annual report.
Systems to raise concerns	8	Complied	The Board and Management ensure that appropriate processes are in place to enable employees and management to raise their concerns as communicated to the staff, and disclosed in the annual report. Additionally customers and other stakeholder concerns can be raised through the suggestion box placed at the information counter of HDFC's Office, and also by writing to the Appeal and Grievance committee that comprises of two local directors and the MD. A Whistle blower policy has been established and adapted.
Investor and Media Relationship	9.1	Complied	HDFC maintains a close relationship with the media and investors and acts as a responsible Corporate Citizen at all times.
Quarterly Newsletter	9.2	Complied	HDFC discloses its business and other undertakings and events through its quarterly reports.
Sustainability Reporting	10	Complied	HDFC publishes its Sustainability Report as part of the Annual Report. Environmental Impact Assessment Reports are submitted Annually to ADB and other multilateral funding partners.

The Company has no pending tax to MIRA as at 30th September 2019

Reporting Compliance

This report is prepared in compliance with the Minimum Quarterly Reporting Requirements set in Capital Market Development Authority's (CMDA) circular for Listed Companies.