



ANNUAL REPORT
2012 - 2013



Can Fin Homes Ltd
(Sponsor: **CANARA BANK**)



ಕ್ಯಾನ್ ಫಿನ್ ಹೋಮ್ಸ್ ಲಿ.

Board of Directors



Mr. S.R. Iyer



Mr. C. Ilango



Mr. K.S. Madhava Murthy



Mr. K.R. Vijayendra



Mr. P.B. Santhanakrishnan



Mr. S. Krishna Kumar



Mr. S.A. Kadur

BOARD OF DIRECTORS

| | |
|--------------------------------|--|
| Mr.S.R.Iyer | Chairman |
| Mr.C.Ilango | Managing Director |
| Mr.Anil Kumar Nayyar | Director (upto 31.12.2012) |
| Mr.K.S.Madhava Murthy | Director |
| Mr.K.R.Vijayendra | Director |
| Mr.P.B.Santhanakrishnan | Director |
| Mr.S.Krishna Kumar | Director (from 20.02.2013 and upto 26.04.2013) |
| Mr.S.A.Kadur | Director (from 07.06.2013) |

EXECUTIVES**Assistant General Managers**

Mr.Rm.Veerappan
 Mr.P.Vijayasekhara Raju
 Mrs.M.Shamila
 Mr.T.Bakthavalsalan (upto 31.05.2012)
 Mr.Sunil Mittal
 Mr.Atanu Bagchi
 Mr.Ajay Kumar G Shettar
 Mr.B.M.Sudhakar

Asst. General Manager & Company Secretary

Mr.K.S.Sathyaprakash

Chief Managers

Mr.A.Madhukar
 Mr.V.Durga Rao
 Mr.N.Babu
 Mr.G.K.Nagaraja Rao
 Mr.Prashanth Shenoy
 Mr.R.Murugan
 Mr.M.Sundar Raman
 Mr.Jagadeesha Acharya
 Mr.H.R.Narendra
 Mr.Prakash Shanbogue

REGISTRARS & SHARE TRANSFER AGENTS**Canbank Computer Services Ltd.,**

Unit : Can Fin Homes Ltd.,
 R & T Centre, J.P. Royale
 1st Floor, No.218, 2nd Main
 Sampige Road (Near 14th Cross)
 Malleshwaram, Bengaluru-560 003
 Tel : 080-23469661/62, 23469664/65
 Fax : 080-23469667/68
 E-mail : canbankrta@ccsl.co.in

AUDITORS

K P Rao & Co.,
 Chartered Accountants
 'Poornima', II floor,
 25, State Bank Road
 Bengaluru-560 001

PRINCIPAL BANKERS

Canara Bank

**Can Fin Homes Ltd.,
REGISTERED OFFICE**

No.29/1, I Floor, Sir M.N.Krishna Rao Road, Basavanagudi, Bengaluru-560 004
 Tel : 080-26568687, 26570155, 26564259, 26563646 Fax : 080-26565746
 E-mail : development@canfinhomes.com
 Website : www.canfinhomes.com

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| <p>MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT TO THE MEETING</p> |
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OPERATIONAL & FINANCIAL HIGHLIGHTS**FOR THE YEAR ENDED MARCH 31, 2013****OPERATIONAL HIGHLIGHTS**

` in crore

| Parameters | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | Cumulative Figures |
|--------------------|---------|---------|---------|---------|---------|--------------------|
| Loan approvals | 356.28 | 652.86 | 545.53 | 1105.41 | 2092.65 | 9915.24 |
| Loan disbursements | 300.54 | 546.90 | 472.78 | 859.07 | 1813.77 | 8474.83 |

FINANCIAL HIGHLIGHTS

` in crore

| | | | | | |
|-------------------|---------|---------|---------|---------|---------|
| Gross Income | 222.91 | 216.44 | 231.29 | 286.83 | 392.69 |
| Profit after Tax | 31.53 | 39.19 | 42.02 | 43.76 | 54.12 |
| Dividend (%) | 20 | 20 | 25 | 30 | 40 |
| Shareholder funds | 246.50 | 274.89 | 310.96 | 347.57 | 392.17 |
| Deposits | 165.35 | 202.31 | 149.76 | 143.89 | 171.45 |
| Borrowings | 1480.00 | 1663.00 | 1754.03 | 2139.77 | 3367.44 |
| Loan outstanding | 1887.18 | 2106.65 | 2207.50 | 2674.39 | 4016.15 |
| Gross NPA | 26.69 | 22.46 | 23.47 | 19.01 | 15.66 |
| No. of Branches | 40 | 40 | 41 | 52 | 69 |

NOTICE

NOTICE is hereby given that the TWENTYSIXTH ANNUAL GENERAL MEETING OF THE MEMBERS OF CAN FIN HOMES LTD., will be held at 11 A.M. on Wednesday the August 07, 2013 at the J.S.S. Shivarathreeshwara Centre Auditorium, 1st Main, 8th Block, Jayanagar, Bengaluru-560 082 to transact the following business:

Ordinary Business

Agenda No.1- Adoption of accounts

To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Profit and Loss account for the year ended that date together with the Report of the Directors and Auditors.

Agenda No.2 - Declaration of dividend

To declare a dividend for the financial year ended March 31, 2013.

Agenda No.3 – Re-appointment of Mr.K.S.Madhava Murthy

To appoint a Director in the place of Mr.K.S.Madhava Murthy who retires by rotation and being eligible, offers himself for re-appointment.

Agenda No.4 – Appointment of Auditors

To appoint Statutory Auditors and to authorise the Board of Directors to appoint Branch Auditors to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the next AGM on such remuneration as may be determined by the Board of Directors of the Company and consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 224A and all other applicable provisions, if any, of the Companies Act, 1956, M/s.K.P.Rao & Co., Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, at such remuneration as may be fixed by the Board of Directors, in addition to reimbursement of out-of-pocket expenses incurred by them for the purpose of conducting audit of the accounts of the Company.

RESOLVED FURTHER that pursuant to the provisions of Section 228 and all other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to appoint any person(s) qualified for appointment as auditor of the Company under Section 226 of the Companies Act, 1956, as Branch Auditors for audit of any of the Branches of the Company, present and future, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting on such terms and conditions, in consultation with the auditors of the Company and fix their remuneration in addition to reimbursement of out-of-pocket expenses incurred by them for the purpose of conducting the audit of any branch office(s)”.

Special Business

As an Ordinary Resolution

Agenda No.5 – Appointment of Mr.S.A.Kadur as a Director, liable to retire by rotation.

To consider and if thought fit, to pass, with or without modification(s), the following resolutions:

“RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr.S.A.Kadur who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 22

of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation”.

Agenda No.6 – Increase of the borrowing powers of the Board of Directors of the Company to ` 10,000/- Crore.

“RESOLVED that in supersession of the Resolution(s) passed at the Twentieth Annual General Meeting of the Company held on July 19, 2007, the consent of the Company be and is hereby accorded, pursuant to Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the Company, to borrow from time to time any sum or sums as they deem requisite for the purpose of the business of the Company, notwithstanding that the moneys to be borrowed together with moneys already borrowed by the Company (apart from temporary loans obtained from the Company’s Bankers in the ordinary course of business) would exceed the aggregate of paid-up capital and free reserves of the Company, that is to say Reserves not set apart for any specific purpose, provided that the total amount upto which moneys borrowed by the Board of Directors of the Company shall not exceed ` 10,000/- Crore (Rupees Ten Thousand Crore), at any one time”.

By Order of the Board of Directors

Place : Bengaluru
Date : June 07, 2013

Sd/-
K.S.SATHYAPRAKASH
Company Secretary

Registered Office :
No.29/1, I Floor
Sir M N Krishna Rao Road
Basavanagudi, Bengaluru-560 004

NOTES

1. **A member can attend the meeting personally and vote thereat or is entitled to appoint a proxy. A proxy attending the meeting can vote on behalf of the member only on a poll. A proxy need not be a member of the Company. The attendance slip-cum-proxy form is placed at the end of this Annual Report. Proxies in order to be valid must be received by the Company not less than 48 hours before the time fixed for the meeting or holding the adjourned meeting in relation to which the proxy is given.**
2. The Company would accept the Attendance Slip only from a Member actually attending the Meeting or *from a valid Proxy i.e., under a valid Proxy Form registered with the Company not less than 48 hours prior to the Meeting.*
3. The relative Explanatory Statements, pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business vide agenda No.5 and 6 of the notice are enclosed herewith.
4. The Register of Members and Share Transfer Books of the Company would remain closed from Wednesday, the July 24, 2013 to Wednesday, the August 07, 2013 (both days inclusive) for the purpose of payment of dividend, if any, for the financial year 2012-13.
5. Payment of dividend for the financial year 2012-13, on declaration, will be made after August 08, 2013 to those members whose names appear in the Register of Members of the Company as on July 23, 2013. The Members receiving dividend through dividend warrants/cheques are required to present the said instruments within a period of three months from the date of such instrument.
6. Members are requested to address all correspondence including relating to payment of dividend, change of address to the Registrars and Share Transfer Agents of the Company viz., Canbank Computer Services Ltd., R & T Centre, Unit: Can Fin Homes Ltd., J.P. Royale, I Floor, No.218, 2nd Main, Sampige Road (near 14th Cross), Malleshwaram, Bengaluru-560003 (hereinafter referred to as the 'R & T Agents' for the sake of convenience).
7. In recognition and support to the green initiative taken by the Ministry of Corporate Affairs (MCA), Government of India, your Company has been sending the annual reports etc., to the registered e-mail IDs of its members.
8. As per the records of the Company, some of the members have not registered their e-mail address/updated their e-mail IDs with their respective Depository Participant (DP)/the Company. Members, who wish to receive the annual report and other related documents in electronic form, are requested to ensure compliance as per para (9) to (11) below.
9. Members holding equity shares of the Company in physical form, are requested to register their e-mail address with the Company (e-mail ID: legal@canfinhomes.com or compsec@canfinhomes.com) /R&T Agents of the Company (e-mail IDs: ravi@ccsl.co.in or naidu@ccsl.co.in). Members holding equity shares of the Company in electronic form are requested to register their e-mail Id with their DP so as to ensure that the annual reports etc., would reach them on their preferred e-mail Id. However, please note that as a Member of the Company you are entitled to receive a hard copy of the annual report etc., at a request, free of cost.
10. SEBI vide its Circular dated March 21, 2013 has made it mandatory for the companies to make payment to its investors using electronic mode viz., ECS, NECS, RTGS, NEFT etc. In this regard, in respect of members holding shares in physical form, the Company and/or its R & T Agents are expected to maintain the bank account particulars of its investors together with the related IFSC Code. In the above Circular, the respective DPs are also instructed to maintain such details pertaining to the members holding shares in demat mode.

In this regard, the forms (separate for physical and demat holders) for furnishing Bank account particulars with the related IFSC Code, are made available on the website of the Company viz., www.canfinhomes.com for download by the members and submission to the Company. The said forms are also made available at the end of this Annual Report. Members who have not yet complied with the above requirement are requested to immediately send required particulars for enabling the Company/R & T Agents to pay dividends in electronic mode.

11. Members holding shares in electronic/de-materialised form may please note that while printing the bank account particulars on the dividend warrants, the particulars as provided by the National Securities Depository Ltd. (NSDL)/ Central Depository Services (India) Ltd. (CDSL) only will be considered for crediting the amount directly to the respective beneficial owners' bank account as per the regulations of Depositories Act, 1996. Hence, the Company will not be in a position to act on any direct request from such demat holders for any change.
12. Instructions, if any, already given by the members to the Company while holding shares in physical form will become redundant on conversion of shares to demat mode. The details provided by the NSDL/CDSL as mentioned in para (11) above will only be considered for all purposes including for payment of dividend.
13. Members who have not encashed their dividend warrants for the years 2006-07 to 2011-12 are requested to approach the R & T Agents of the Company at the earliest. Pursuant to the provisions of Section 205A & 205C of the Companies Act, 1956, the dividend declared for 2005-06 remaining unclaimed and unpaid as on August 02, 2013, would be transferred to the Investor Education & Protection Fund (IEPF) on completion of 7 years. Members may please note that no claim shall lie against the IEPF or the Company in respect of Dividend 2006 after August 01, 2013.
14. Nomination facility: Consequent to the introduction of Section 109A of the Companies Act, 1956 and as has been already brought to the notice of the members, individual members are entitled to register nomination in respect of the shares held by them in Form-2B (in duplicate) to the R & T Agents of the Company. The said form is available on website of the Company for download.
15. The members desirous of obtaining any information with regard to the audited annual accounts of the Company for the financial year 2012-13 or on any other related subject are requested to write to the Company at least 15 days before the date fixed for the Annual General Meeting, so that the information required could be kept ready.
16. **Members attending the Annual General Meeting are requested to bring the following (as applicable):**
 - (a) DP & Client ID Number(s), by members holding shares in de-materialised form.
 - (b) Folio number(s), by members holding shares in physical form.
 - (c) Copy of the Annual Report.
 - (d) Attendance Slip duly completed and signed by the respective members or valid proxies. (Signatures should be as per the specimen lodged with the Company).
 - (e) Member companies/Institutions are requested to send a copy of the resolution of their Board or governing body, authorising their representative to attend and vote at the Annual General Meeting.

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 ("the Act").

In respect of Agenda No.5

The Board of Directors of the Company, appointed Mr.S.A.Kadur as an Additional Director of the Company with effect from June 07, 2013 pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of the Companies Act, 1956, "the Act", Mr.S.A.Kadur holds office only up to the date of the ensuing Annual General Meeting.

Mr.S.A.Kadur, is a B.E.,(Mechanical) engineering graduate. Mr.S.A.Kadur started his career as a Technical Field Officer in Canara Bank in February, 1984. During his service in the Bank over a period of 29 years, he has served in different branches of the Bank, including Prime Corporate Branch at Pune and Chennai, Circle Office, Mumbai, Corporate Merchant Banking Division, Mumbai and Risk Management Wing at the Head Office. He is presently working as the General Manager, Prime Corporate Credit Wing, Head Office, Bengaluru.

The Company has received a notice in writing from a member of the Company, under Section 257 (1) of "the Act" signifying their intention to propose the appointment of Mr.S.A.Kadur as a Director of the Company. Mr.S.A.Kadur, is willing to act as a Director of the Company, if so appointed and has filed with the Company his consent pursuant to Section 264(1) of "the Act".

Mr.S.A.Kadur, is not holding any equity share in the Company (both own and held by/for other persons on a beneficial basis) and has not availed any loan from the Company. He is not disqualified from being appointed as a director in terms of Section 274(1)(g) of "the Act" and the requisite Form DD-A is received from Mr.S.A.Kadur, by the Company, in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

Your Directors are of the opinion that the appointment of Mr.S.A.Kadur, as a director would be in the best interest of the Company and accordingly recommend passing of the resolution proposed at agenda No.5 of the Notice. No Director other than Mr.S.A.Kadur is in any way concerned or interested in the said resolution.

In respect of Agenda No.6

At the 20th Annual General Meeting of the Company held on July 19, 2007, consent of the shareholders was obtained u/s.293(1)(d) of the Companies Act, 1956 to the Board of Directors of the Company for borrowing monies in excess of the aggregate of the paid up capital and free reserves of the Company upto a limit of ` 5,000 Crore (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business).

Further at the said meeting the members have already authorised the Board of Directors to mortgage and/or to create charge on all or any of the assets and properties, immovable and movable, including undertaking(s) of the Company and also to issue covenants for negative pledges/ negative liens in respect of the said assets and properties and for the purpose, to do and perform all such acts, deeds, matters and things as may be necessary, desirable or expedient and further to execute the required documents including powers of attorney in favour of all the lenders by way of security for such borrowings within the overall limits of the borrowing powers of the Board of Directors of the Company as determined from time to time by the shareholders pursuant to Section 293(1)(d) of "the Act".

With the business operations of the Company growing, Company's requirements for additional funds have also increased and the aforesaid limit of ` 5,000 Crore is likely to exceed during the current financial year/ in the near future, because of the anticipated growth in the activities and operations of the Company. Hence, pursuant to the provisions of Section 293(1)(d) of "the Act", consent of the members is sought through the resolution(s) proposed at agenda No.6 to enable the Board of Directors of the Company to borrow moneys upto a sum of ` 10,000 Crore.

Your Directors therefore, recommend the passing of the resolution proposed at Agenda No.6 of the Notice. None of the Directors is in any way concerned or interested in the said resolution(s).

By Order of the Board of Directors

Sd/-

K.S.SATHYAPRAKASH

Company Secretary

Place : Bengaluru

Date : June 07, 2013

Registered Office :

No.29/1, I Floor Sir M N Krishna Rao Road

Basavanagudi, Bengaluru-560 004

Reports of Directors

TO THE MEMBERS,

Your Directors are pleased to present the 26th Annual Report of the business and operations of the Company together with the audited accounts for the year ended March 31, 2013, the Silver Jubilee Year of your Company.

Financial Results

The financial performance for fiscal 2013 is summarised here below:

| Particulars | For the year ended March 31, 2013 (` in lakh) | For the year ended March 31, 2012 (` in lakh) |
|---|---|---|
| Profit before Tax & Provisions | 7370.80 | 6830.87 |
| Provision for Standard Assets | 685.00 | 1100.00 |
| Provision for Doubtful Debts Written back | (823.81) | (361.17) |
| Prior Period adjustments | — | (5.53) |
| PROFIT BEFORE TAX | 7509.61 | 6097.57 |
| Tax expenses: | | |
| (a). Provision for Tax - Current Year | 2000.00 | 1780.00 |
| (b). Previous year | 19.52 | — |
| (c). Deferred Taxation | 78.00 | (58.42) |
| PROFIT AFTER TAX | 5412.09 | 4375.99 |
| Balance brought forward from previous year | 548.55 | 936.89 |
| Amount available for appropriation: | 5960.64 | 5312.88 |
| Appropriations: | | |
| Transfer to Special Reserve u/s.36(1)(viii) of the Income Tax Act, 1961 | 1500.00 | 1350.00 |
| Transfer to General Reserve | 1800.00 | 2700.00 |
| Additional Reserve (u/s.29C of the NHB Act) | 1100.00 | — |
| Proposed Dividend | 819.34 | 614.62 |
| Tax on Distributed Profits | 132.93 | 99.71 |
| Balance carried forward | 608.37 | 548.55 |
| | 5960.64 | 5312.88 |

PERFORMANCE HIGHLIGHTS

Sanctions

During the year, the housing loans and other loans sanctioned were to the extent of ` 2092.65 Crore (Previous year ` 1105.41 Crore) registering a growth of 89% over the previous year. The cumulative loan sanctions since inception of the Company, as at the end of the financial year 2012-13 was ` 9915.24 Crore.

Disbursement

During the year, the loans disbursed were to the extent of ` 1813.77 Crore (Previous year ` 859.07 Crore) registering an increase of 111% over the previous year. The cumulative loan disbursements since inception of the Company as at the end of the financial year 2012-13 stood at ` 8474.83 Crore.

Loans Outstanding

The cumulative loan(s) outstanding at the end of the year was ₹ 4016.15 Crore (Previous year ₹ 2674.39 Crore) registering an increase of 50%.

Non Performing Asset (NPA)

During the year, your Company has reduced the gross NPA to ₹ 15.66 Crore (Previous year ₹ 19.01 Crore) registering a gross NPA ratio of 0.38% and a reduction of 17.62%. The net NPA continued to be Nil, with Provision conversion ratio at 100%. Your Company could register a cash recovery of ₹ 2.60 Crore (Previous year ₹ 2.14 Crore) in 44 accounts in long-pending NPA accounts by way of One Time Settlement (OTS).

Profits

Your directors wish to inform with pleasure that during the year under review, your Company has recorded a Profit Before Tax (PBT) of ₹ 75.10 Crore (Previous year ₹ 60.98 Crore) and Profit After Tax (PAT) of ₹ 54.12 Crore (Previous year ₹ 43.76 Crore) after making provision for standard assets amounting to ₹ 6.85 Crore (Previous year ₹ 11 Crore) which is a requirement in terms of the Directions of NHB.

Dividend

The subject relating to recommending the Dividend for the year 2012-13 was discussed in detail by the Directors with specific reference to the profit earned by the Company during the year, the requirement of maintaining the Capital Adequacy Ratio (CAR) at 12%, additional requirement of funds for incremental business projected for the next year, amount available for appropriation for the year to increase CAR, appropriation of ₹ 11 Crore towards the Additional Reserve u/s.29C of the NHB Act, for the first time and the like.

With due consideration to the views expressed by the members of the Company at the previous annual general meetings, appreciating the confidence reposed by the members in the Company and their continued support, the Board of Directors of your Company have recommended a dividend of ₹ 4 per equity share (40%) against ₹ 3 per equity share (30%) recommended during the previous year, for the year ended March 31, 2013. The tax on distributed profits u/s.115-O of the Income Tax Act, 1961, at 16.22% is being paid to the Government by the Company.

Branch network expansion

Your Company has a strong marketing and distribution network. Keeping in view the housing needs across the Country, enhancing the level of business significantly and to meet the requirements of a larger section of customers especially for housing and non-housing loans, 17 new branches were opened by your Company in different parts of the Country. Located in major cities, the total branch network of the Company at the end of the financial year stood at 69 (previous year 52). Your Company envisages increasing the number of branches to about 85 by March 31, 2014. The above net work coverage is expected to provide increased market penetration to cater to the evolving needs of our existing customers and tapping a growing potential customer base throughout India. The Registered Office and branches have been up-graded with state-of-the art ambience and facilities to the customers during their visit to the branches have been enhanced. All the branches of the Company are on the core banking platform.

FINANCIAL RESOURCES

Deposits

The deposits outstanding (inclusive of interest accrued, but not due) as of March 31, 2013 were ₹ 171.45 Crore as against ₹ 143.89 Crore as at the end of the previous year.

As on March 31, 2013 a sum of ₹ 11.12 Crore relating to 1800 accounts (₹ 12.14 Crore as on March 31, 2012 relating to 2057 accounts) was unclaimed. Out of the same, a sum of ₹ 2.46 Crore relating to 403 accounts (₹ 3.25 Crore relating to 506 accounts) was claimed and renewed/settled as of date. The remaining depositors have been informed individually by the respective branches either to renew or claim their deposit amounts.

The Ministry of Corporate Affairs, Government of India, New Delhi, vide order F.No.07/07/ 2009-CL/VI dated July 12, 2010 has granted an exemption to the Company from the applicability of the provisions of Section 58A(2)(a) and (b) of the Companies Act, 1956 ("the Act") for a period of 3 years with effect from October 22, 2009, which enables the Company to publish abridged deposit advertisement(s) only during the period of validity of the Statutory Advertisement. The said approval is granted subject to certain conditions mentioned vide paragraph nos. (i) to (vii) of the said Order viz., mentioning reference to the statutory advertisements published by the Company with date and name of the news paper, filing of the said abridged advertisement with the Registrar of Companies in Karnataka, within 15 days of its publication, that the exemption granted would be without prejudice to any legal rights available to any depositor or any share holder or creditor as per law in force in respect of recovery of any amount which has become due for repayment and the exemption granted does not convey approval of Central Government under any other provisions of "the Act". The statutory requirements, as applicable, are being complied with periodically.

Rating of deposits

The deposit schemes of the Company continued to be rated as "MAA+" (pronounced M double A plus) by the credit rating agency viz., ICRA Ltd., indicating high-credit-quality and the rated deposit programme carries low credit risk. The high credit quality rating takes into account the strong ownership, low operating cost structure, superior capital adequacy, its favourable liquidity position and comfortable asset quality indicators. The outlook on the rating has also been re-affirmed as "Stable".

Long term financial resources

Refinance from National Housing Bank (NHB)

With the continued support by the NHB and to meet the funds requirement due to substantial increase in business operations during the year, your Company availed refinance amounting to ₹ 1,326.90 Crore (Previous year ₹ 280 Crore) under the NHB's Refinance Scheme to Housing Finance Companies. The cumulative borrowings from NHB as on March 31, 2013 were ₹ 1795.74 Crore (Previous year ₹ 595.18 Crore).

Mortgage Backed Securities (MBS)

Your Company did not go in for any securitisation during the year or during the previous year considering its cost and funds available through alternative sources. As such there were no securitised assets outstanding as on March 31, 2013.

Debentures

The Company had no outstanding on account of debentures as on March 31, 2013.

Borrowings from banks

Your Company borrowed ₹ 639 Crore from banks during the year compared to ₹ 595 Crore during the previous year. The aggregate of term loans, including the overdraft amount, from Canara Bank and HDFC Bank Ltd., outstanding at the end of the financial year stood at ₹ 1571.70 Crore as against ₹ 1561.23 Crore during the previous year and there were no short-term loans.

Rating of term loans

During the year a Rating for the borrowings by the Company by way of Term Loans was obtained from ICRA Ltd., and the Rating of ICRA AA+ (pronounced ICRA double A plus) with a stable outlook to the Line of Credit of Can Fin Homes Ltd.

Compliance with Directions/Guidelines of National Housing Bank (NHB) and other statutes

Your Company adhered to the prudential guidelines for Non-Performing Assets (NPAs), issued by the National Housing Bank (NHB) under its Directions 2010, as amended from time to time. Your Company has complied with the Guidelines and Directions issued by the NHB on asset classification of Credit / Investments, Credit Rating, Deposits, Fair Practices Code and Customer Complaints Redressal Mechanism, Know Your Customer (KYC) and Anti Money Laundering Guidelines and other related aspects.

In compliance of the Directions issued by the NHB vide letter No.NHB(ND)/DRS/Pol.No.45/2011-12 dated January 19, 2012, a provision for Standard Assets in respect of Commercial Real Estates is required to be made at 1% and for other Standard Assets, the said provision is required to be made at 0.40%. A provision of ₹ 685 Lakh has been made in the books as on March 31, 2013 and the cumulative provision in that regard stood at ₹ 18 Crore as of the above date. The recognition of income and provision for non-performing assets has been made in the books as per the Guidelines on Prudential Norms applicable as of March 31, 2013.

Your Company has complied with the Accounting Standards issued by the ICAI, New Delhi and other related statutory guidelines/Directions as applicable to the Company from time to time.

Capital adequacy

The Capital Adequacy Ratio (CAR) maintained by your Company has been above the minimum required level of 12% prescribed by the National Housing Bank (NHB). The Capital Adequacy Ratio of the Company as on March 31, 2013 was 14.72% (Previous year 17.44%). The moderate reduction witnessed in the CAR is mainly due to a high growth rate in business and changes in the rate of provision for Standard Assets in respect of commercial real estates. Your directors have reviewed the position in detail and have initiated steps for monitoring the required CAR during the ensuing year in tune with the business projections for 2013-14.

Recovery action under Securitisation & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act)

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) has proved to be a useful recovery tool and the Company has been able to successfully initiate recovery action under SARFAESI Act and recover ₹ 1.89 Crore relating to 14 Non-Performing accounts.

Particulars of employees

There are no such particulars to be furnished under the provisions of Section 217(2A) of "the Act", read with Companies (Particulars of Employees) Rules, 1975.

Listing of securities

The equity shares of the Company continued to be listed on the Bangalore Stock Exchange Ltd., (Bg.SE), Bengaluru, Bombay Stock Exchange Ltd., (BSE), Mumbai and the National Stock Exchange of India Ltd., (NSE), Mumbai. Your Company has been utilising the e-filing facilities for submission of various returns/reports.

The Listing Fee payable to the above Stock Exchanges has been paid before the due dates.

The securities of the Company are actively traded on the BSE and NSE. The other related particulars are provided to the members in the Report on Corporate Governance.

Man Power - Human Resources Development

The manpower of your Company was 320 as on March 31, 2013, including the Managing Director, executives, officers and other employees, against 251 employees during the previous year.

During the year some of the employees of the Company were deputed for selected training programmes/seminars on different subjects organised by the National Housing Bank and other reputed institutions as a Human Relations measure and to equip the employees with latest changes/ developments in the areas like housing finance and related subjects. Further, during the year internal training on Credit, Information Technology, Human Relations, Finance, Taxation, Marketing and other related topics of importance were imparted to all the employees of the Company.

As a motivational measure and in recognition of their performance under recovery out of NPA accounts, eligible employees were rewarded under the incentive scheme.

Transfer of unclaimed and unpaid dividend/deposit amounts to the Investor Education and Protection Fund (IEPF)

As an investor friendly measure, your Company has been intimating the respective shareholders/ depositors/ investors to encash their dividend warrant/lodge their claim for payment due, if any, from time to time and claims made are settled. Certain amount still remains unclaimed despite constant and sincere efforts by the Company to pay such unclaimed amounts to the investors. As per the statutory requirement such details for the previous 7 years as of the date of the annual general meeting made available on the website of MCA as well as on the Company's website. With a view to receive prompt payment by the investors, the members/investors are requested to register bank account numbers, opt for ECS facility, register nomination and intimate change of address, if any, to the Company/Depository Participants promptly.

In terms of Section 205C of "the Act", the amounts (dividends, deposits etc.) that remained unclaimed and unpaid for more than 7 years from the date they became first due for payment, should be transferred to IEPF which your Company is complying with from time to time. In terms of the said Section no claim would lie against the Company or the IEPF after such transfer.

(i) Unclaimed dividends

As on March 31, 2013 dividends aggregating to ` 57.99 Lakh (previous year ` 53.85 Lakh), relating to dividends declared during 2005-06 to 2011-12, of which ` 11.88 Lakh related to dividend for the year 2012, had not been claimed by the members of the Company. Your Company has been intimating the shareholders to lodge their claim for dividend from time to time and the related details are being provided in the annual reports every year.

The dividend pertaining to the financial year 2004-05 which remained unclaimed/unpaid amounting to ` 6.67 Lakh (in respect of 1553 shareholders) was transferred to IEPF during August 2012, after settlement of claims by the members, received in response to the individual reminder letters sent by the Company to the respective members.

The dividend pertaining to the financial year 2005-06 remaining unclaimed and unpaid amounting to ` 7.82 Lakh (in respect of 1776 shareholders) as at the end of the financial year 2012-13 would be transferred to IEPF during August 2013 after settlement of the claims received upto the date of completion of 7 years.

(ii) Unclaimed deposits

As required under Section 205C of "the Act", the unclaimed and unpaid deposits with interest for the year 2005-06 amounting to ` 6.13 Lakh (previous year ` 7.62 Lakh) that remained unclaimed and unpaid for a period of 7 years were transferred to IEPF.

Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and expenditure

Since the Company is a housing finance Company and does not own any manufacturing facility, the requirement relating to providing the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 required to be furnished u/s.217(1)(e) of "the Act", are not applicable.

During the year, your Company did not earn any income or incur any expenditure in foreign currency.

Directors

Your directors wish to report that Mr.Anil Kumar Nayyar, resigned as a director with effect from December 31, 2012 on his superannuation as the General Manager of Canara Bank, the sponsor bank.

The Board of Directors appointed Mr.S.Krishna Kumar, General Manager, Canara Bank as an Additional Director with effect from February 20, 2013. Mr.S.Krishna Kumar is a degree holder in Commerce and a CAIIB. He started his career as a Probationary Officer in Canara Bank during November 1982. During his service in the Bank over a period of 30 years, he has served in different branches/offices across the Country and his forte is Credit, particularly, Corporate Credit.

Pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of "the Act", Mr.S.Krishna Kumar would have held office up to the date of the ensuing Annual General Meeting. However, consequent to his transfer to Trichy Circle Office, he has tendered his resignation w.e.f. April 26, 2013.

Your directors wish to place on record their appreciation for the services rendered and contribution made by Mr.Anil Kumar Nayyar and Mr.S.Krishna Kumar during their tenure as directors and as members of certain committees of the Board.

The Board of directors appointed Mr.S.A.Kadur as an additional director w.e.f June 07, 2013. Further particulars relating to Mr.S.A.Kadur are provided in the explanatory statement on the related agenda, forming part of the notice of the ensuing annual general meeting.

In terms of the applicable provisions of Section 260 and all other applicable provisions, if any, of "the Act", and Article 22 of the "Articles", Mr.S.A.Kadur, director holds office as such only upto the date of the ensuing Annual General Meeting. Your Company has received a notice in writing from a shareholder, under Section 257 and all other applicable provisions, if any, of "the Act", proposing the appointment of Mr.S.A.Kadur, as a director at the ensuing Annual General Meeting.

Your directors are of the opinion that the appointment of Mr.S.A.Kadur, as a director would be in the best interest of the Company.

Director(s) retiring by rotation

In terms of the provisions of Section 256 and all other applicable provisions, if any, of "the Act", and the "Articles", Mr.K.S.Madhava Murthy, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The particulars relating to Mr.K.S.Madhava Murthy are mentioned in the Report of the Directors on Corporate Governance. Your directors recommend the re-appointment of Mr.K.S.Madhava Murthy as a director.

The agenda relating to re-appointment of Mr.K.S.Madhava Murthy is included in the notice convening the ensuing Annual General Meeting.

All the directors of the Company have confirmed that they are not disqualified for being appointed/re-appointed as directors in terms of Section 274(1)(g) of "the Act".

Auditors

M/s K.P.Rao & Co., Chartered Accountants, Bengaluru, Statutory Auditors of the Company (Firm Registration No.003135S) appointed by the members at the 25th annual general meeting of the Company held on August 08, 2012 and other 26 firm of branch auditors appointed by the Board based on the approval of the members at the above annual general meeting, would retire at the ensuing Annual General Meeting and are eligible for re-appointment.

The Company has received a confirmation from M/s.K.P.Rao & Co., Statutory Auditors to the effect that their proposed appointment, if made, would be within the limits prescribed under Section 224(1B) of "the Act".

Your directors recommend the re-appointment of the M/s.K.P.Rao & Co., as the Statutory Auditors. The resolutions seeking approval of the members for appointment of Statutory Auditors and fixation of their remuneration and authorisation to the Board of Directors for appointment of Branch Auditors and fixation of their remuneration have been included in the notice convening the ensuing Annual General Meeting. The above said appointment attracts the provisions of Section 224A, 228 and all other applicable provisions, if any, of "the Act".

Directors' responsibility statement

In accordance with the provisions of Section 217(2AA) of "the Act", and based on the information provided by the Management, the Board of Directors report that:

- (a) In the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- (b) The Accounting Policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2013 and of the profit of the Company for the year ended on that date;
- (c) Proper and sufficient care has been taken 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
- (d) The annual accounts have been prepared on a going concern basis.

Management discussion and analysis report

The Management Discussion and Analysis Report prepared in terms of the Clause 49 of the listing agreement forms part of this Report.

Corporate governance

The Management Discussion and Analysis Report, Report of Directors on Corporate Governance and the Auditors Certificate on Corporate Governance issued by the Statutory Auditors of the Company for the year under review as required under "the Act" and in pursuance of Clause 49 of the Listing Agreements (placed with the Report of the Directors on Corporate Governance) forms part of this annual report.

Silver Jubilee Celebrations

Your Company commenced a year-long Silver Jubilee Year celebrations from December 27, 2011. As a part of customer initiatives your Company is popularising the new products/ facilities viz., Loans for Commercial Property (LCP), Mortgage Loans, ECS facility, SMS banking, effective functioning of Centralised Document Storage Centres (CDSC) at Bengaluru and Gurgaon for safe keeping of loan documents. The state-of-the-art IBS system is devised so as to provide data security. All branches celebrated customers' meet whereat the customers, professionals and many others connected with the business participated.

Save green efforts

In recognition and support to the green initiative taken by the Ministry of Corporate Affairs (MCA), Government of India, your Company has been sending the notice, annual reports etc., to the registered e-mail IDs of the Members. As a step towards paperless banking, initiatives taken by your Company include ECS facility for repayment of loans, streamlining the systems and procedures for reporting by the branches and at the Registered Office through Integrated Business Suite (IBS), networking of branches with the Registered Office, harnessing solar energy for lighting and computer operations at certain branches and the like. Thus the usage of paper is brought to minimum.

Outlook for 2013-14

The Indian economy is one of the faster growing economies in the world and the GDP growth is expected to be around 5.7% in 2013-14 as per the estimates by the Reserve Bank of India. With the recent improvement in the demand for housing and real estate sectors, activities in the housing, real estate sectors and infrastructure sectors are expected to remain healthy in the coming years and expected to increase credit demand for housing. In the above scenario, the housing sector is a challenging sector. As such, a sharp increase in demand for residential units and commercial real estate are foreseen.

The Real Estate (Regulation & Development) Bill, mooted recently by the Housing and Poverty Alleviation Ministry, Govt. of India, is a welcome development for the housing companies. The Bill provides for sale of houses in residential projects on the basis of Carpet area or built-up area, registration of the projects by the builders with the Regulator before advertising or starting construction, levy of penalty upto 10% of the project cost for failure to comply with the requirements by the builders for the first time and imprisonment upto 3 years for repeated non-compliance.

Your Company would continue to give a more focussed attention for lending to individual loan segment, project loans and non-housing loans with an emphasis to further enhance its market share in the housing market segment with more emphasis on marketing and customer oriented business relationship.

Your Company expects to maintain a sustained growth in its performance levels during 2013-14 and has put in place a well drawn vision document. However, given the indications about the likely changes in cost of funds and expectations of borrowers for availing loans at reasonably lesser rates, the margins are expected to be under pressure.

Acknowledgements

Your directors would like to place on record the role of Canara Bank for their consistent support and guidance.

Your directors would like to acknowledge the role of all its stakeholders viz., the shareholders, depositors, lenders, borrowers and others for their continued support to the Company and the confidence and faith that they have always reposed in the Company.

Your directors acknowledge and appreciate the guidance and support extended by various regulatory authorities including National Housing Bank (NHB), Securities Exchange Board of India (SEBI), Ministry of Corporate Affairs, Registrar of Companies, Karnataka, the Stock Exchanges and the Depositories.

Your directors thank the Credit Rating Agencies, Government(s), local/statutory authorities, the Registrars and Share Transfer Agents of the Company and all others for their wholehearted support during the year and look forward to their continued support in the years ahead.

Your directors value the professionalism of all the employees of the Company who have worked in a challenging environment and whose efforts have stood the Company in good stead and taken the Company to greater heights.

For and on behalf of the Board of Directors

Place : Bengaluru
Date : June 07, 2013

Sd/-
S.R.IYER
Chairman

Management Discussion and Analysis Report

Global Outlook & Global Challenges

Global economic growth slowed down from 3.9% in 2011 to 3.2% in 2012. In 2012-13 the CSO has estimated a growth of 5 per cent while the Reserve Bank of India has estimated it to be 5.5 percent for India. As a part of the Global Economy, growth rate is the challenge that faces the Country. Growth risks have emerged in emerging and developing economies too. During 2012-13 the national income registered a growth rate of 4.2 percent as against the previous growth rate of 6.1 percent. The growth in per capita income is estimated at 2.9 percent during 2012-13, as against the previous year's estimate of 4.7 percent and the per capita income at current prices during 2012-13 is estimated to be ₹ 68,747 as compared to ₹ 61,564 during 2011-12, showing a rise of 11.7 percent.

During the year inflationary pressures continued to be a concern for the economy. Of the large countries of the world only China and Indonesia are growing faster than India in 2012-13 and if India grows at the rate projected by many forecasters, only China will grow faster than India. As mentioned in the Finance Bill 2013, the goal is 'higher growth leading to inclusive and sustainable development'.

Domestic outlook

High fiscal deficit, dependence on foreign inflows to finance the current account deficit, lower savings and lower investment and a tight monetary policy to contain inflation have constrained the economic space. As some of the measures to fill the Current Account Deficit, Foreign Direct Investment, Foreign Institutional Investment continued to be encouraged.

Indian economy is the tenth largest economy in the world and continues to be one of the faster growing real estate markets in the world. In addition to domestic real estate developers, it is also attracting FDI, foreign investors and more particularly, NRI investments in India have a bulk of their share in the Indian housing market.

Inflationary pressures are coming in the way of efforts to stimulate growth in the economy. The serious efforts by the Government have brought down the headline WPI inflation to about 7 percent and core to about 4.2 percent. The main concern in the economy is about food inflation despite continued steps taken to bring down food inflation under control.

In the Union budget 2013-14 a number of proposals relating to the capital market including simplification of procedures for registration and other norms for entry of foreign portfolio investors have been proposed. The first home buyers who take a loan for an amount not exceeding ₹ 25,00,000 would be eligible for an additional deduction of interest of ₹ 1,00,000 to be claimed in the assessment year 2014-15. Further, if the limit is not exhausted, the balance may be claimed in the assessment year 2015-16 and this deduction will be over and above the deduction of ₹ 1,50,000 allowed for self-occupied properties under section 24 of the Income Tax Act, 1961.

Taking a glimpse of the entire economy and keeping in mind the difficult global environment, it is estimated that the India's GDP growth in 2012-13 to be 5 percent, by the Central Statistical Organisation (CSO). With the above background, the real estate and housing market is expected to further improve during the year.

The housing finance industry in India has grown substantially in the past few years. As per the Census, during the decade of 2001 to 2011, while the housing stock increased by 51 percent households has increased by 47 percent. Real estate in India contributes to about 5 percent to India's GDP. Housing sector is the second largest employment generator in India after agriculture.

Housing Scenario in India

Though housing is a basic necessity, yet a large number of households do not have access to decent housing, especially in a country like ours. Keeping in view the demand-supply gap in our country, increasing urbanisation and better growth prospects, the demand for housing finance is increasing year after year and is expected to grow further.

Can Fin Homes Ltd

Nearly 30 percent of the Country's population live in cities and urban areas. The level of urbanisation in India has increased from 27.81% to 31.16% in the last decade. Increasing urbanisation has led to tremendous pressure on land, civic infrastructure, transport, open spaces etc., especially on Housing for Poor/ EWS/ LIG segments. Major policy concern is the widening gap between demand and supply of affordable housing units and inadequate housing finance solutions.

Presently, the affordable housing is basically targeted at economically weaker class and low income groups. However, medium housing segment is also witnessing tremendous growth, especially in Tier-1 and Tier-2 cities. Despite a stable interest rate environment in 2012-13, the demand for home loans remained robust. The shortage in dwelling unit is further accentuated in the mid-income and low-income segments which was mainly on account of rising disposable incomes and continued fiscal incentives on housing loans.

Given the acute shortage of housing in the Country and low mortgage penetration, demand for home loans is likely to remain strong.

Interest rates on housing loans

During 2012-13 the interest rates on housing loans remained stable but slightly on a higher side affecting the end user purchasers. Consequent to the reduction in cost of borrowings, your Company had to revise interest rates on lending, downwards, thereby passing on the benefit to its customers.

Lending operations, disbursements and loan outstanding

Despite the stiff competition, the business performance of your Company during 2012-13 was note-worthy. During the year under review, Loan sanctions was ₹ 2,093 Crore, Disbursement was ₹ 1,814 Crore and the Outstanding was ₹ 4,017 Crore on a standalone basis registering a sharp growth of 89%, 111% and 50%, respectively. The other details for the year ended March 31, 2013 including on borrowings, deposits, human resources and related business information have been mentioned in the Report of Directors. The Company is planning an aggressive growth profile for 2013-14 under housing and non-housing business.

Housing and non-housing products

Your Company offers a range of products on housing and non-housing viz., loans for home purchase, home construction, home improvement/extension, site purchase etc., to individuals and builders and non-housing loans like Mortgage Loans, Personal Loans and the like. Efforts at its best are put in by the Company for aggressive marketing, increasing delivery channels with enhanced visibility, however, by giving utmost importance to the quality of assets.

Marketing and Distribution

CFHL has a strong marketing and distribution net work. The total number of branches at the end of the financial year under review, with the opening of 17 new branches was 69 and it is envisaged to increase the number of branches to about 85 by March 31, 2014. The above net work coverage is expected to provide increased market penetration to cater to the evolving needs of our existing customers and tapping a growing potential customer base in major cities of the Country. The services of a few direct selling agents (DSAs) are utilised who only source, while CFHL continues to retain control over the credit, legal and technical appraisal ensuring no compromise on quality of assets.

Events occurring after the balance sheet date

There were no significant events occurring after the Balance Sheet date.

Opportunities and threats

The aspiration to own a home, which is a necessity, remains a basic concern for everyone. Rise in disposable income of the Indian middle income group will have a positive impact on the demand for middle income housing across the Country and more robust demand for housing will be seen in Tier-II and Tier-III cities and outskirts of major metro cities. Last few years have witnessed a sea-change, with alternative real estate options like plots of land in new developing areas or weekend-second home. Strong economic growth has led to rising incomes, better availability of attractive home loan options, availability of houses to suit the requirements in all segments have made buying a house an attractive proposition.

The realty sector has grown and has a substantial potential to grow further with the major initiatives on the part of the Government and Regulatory authorities to promote the housing and infrastructure sector in the Country. The Union budget for 2013-14 has allocated ₹ 6,000 Crore to the Rural Housing Fund set up through the National Housing Bank and the Urban Housing Fund is proposed to be set up with a ₹ 2,000 Crore Fund. The above initiatives taken by the Government have resulted in the realty sector seeing a good number of Joint Ventures of Indian developers with experienced foreign developers and transfer of latest know-how in construction technology to India. Liberalised policy adopted by the Government for Foreign Direct Investment (FDI) in real estate sector viz., in housing, townships, built-up infrastructure, construction, development etc., are expected to give added boost to housing finance.

However, market dynamics play a pivotal role in determining the lending rates and consequently may affect margins of housing finance companies.

Risks and concerns

Lending is the main activity of housing finance requiring maximum prudence on the part of lending financial institutions. In the course of business, there are different categories of risks which are inter-dependent and actions affecting one area of risk can have implications and penetrations for a range of other categories of risks. The most important thing is to understand the risk and to ensure that the risks are properly confronted, effectively controlled and rightly managed.

Inflationary trends, increased cost of borrowing and narrowing down of margins, intense competition, pose a big challenge for sustaining profitability on a consistent basis. In order to meet this challenge, the Management is taking several initiatives and measures to render your Company to emerge operationally and financially stronger. Despite several odds faced by your Company, with its determined effort to build quality assets, putting in place a well drawn recovery policy, the NPA level of the Company at the end of the year under review reduced by 17% compared to the previous year and the Net NPA continued to be Nil.

Risk Management

The economic environment, more precisely the interest rates makes housing finance companies more prone to certain risks viz., credit risk, liquidity risk and interest rate risk. The Company has in place a well drawn Risk Management Policy in order to assess and mitigate the credit, liquidity and interest rate risks. The above policy is reviewed by the Board every year for modifications, revisions, if any.

Credit risk and mitigation

Credit Risk is the risk of financial loss arising out of the inability or unwillingness of a customer to meet his obligations. Your Company has put in place stringent credit norms and appraisal systems, monitored at regular intervals at the branch as well as at the registered office level. Credit risk is managed using a set of credit norms and policies. There are defined roles and responsibilities for originators and approvers. All credit exposure limits are approved within a defined credit approval authority. A team of well qualified and experienced professionals administer the system.

Can Fin Homes Ltd

Your Company also utilises the services of credit agencies like Credit Information Bureau (India) Ltd., (CIBIL)/Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) market survey to evaluate the credit worthiness of its customers in the housing finance business. Your Company continues to give thrust to its credit appraisal mechanisms and building up quality assets.

Liquidity risk and mitigation

Liquidity risk is the risk that the Company may be unable to meet its financial obligations in a timely manner at reasonable prices. This risk could arise out of a mismatch in maturity profile of the assets and liabilities. Managing liquidity risk is essential for the Company to maintain the stakeholders' confidence.

Housing finance companies in particular are more exposed to liquidity risk because its normal liabilities are contracted for a period of about 10 years whereas the assets generated are of an average of 15-20 years. The liquidity risk and interest rate risks, which arise due to maturity mis-match of assets and liabilities, are managed through constant monitoring of the maturity profiles and periodical review of its position. With a view to mitigate the risk, your Company has followed the technique of spreading the borrowing basket among different lenders like banks, financial institutions, National Housing Bank etc., to reduce the concentration risk. It also monitors the structural liquidity mismatches between the assets and the liabilities on a projected cash flow basis and periodically reviews the term loans sanctioned by the banks. It is the policy of the Company to maintain adequate liquidity at all its location points and hence it is in a position to meet the obligation on time.

Interest rate risk and mitigation

Interest rate risk arises when there is a mismatch in the interest rate profile of assets and liabilities adversely impacting the net interest income.

Borrowing of funds by housing finance companies are significantly for a longer period, the rate of interest on which is linked to bench marks, such as, Base Rates of lending institutions, tend to vary during the loan period. The present practice of lending on variable interest rate basis exposes the housing finance companies to interest rate risk, which needs to be managed more precisely.

Your Company advances housing loans on variable rate of interest and normally any movement in rate of borrowings is hedged as such. The position of risk under this category is reviewed by the risk management committee at the registered office periodically and corrective actions, if any, are taken based on the recommendations of the committee. The Audit Committee and the Board of Directors review the status of risk management in the Company at the respective meetings and issue directions/suggestions as deemed necessary.

Asset Liability Management (ALM)

This risk is mitigated by measurement and forecasting of the cash flow position across various time buckets and taking timely corrective action. Your Company maintains adequate un-drawn credit lines from banks and financial institutions on a continuous basis to ensure that there is no disruption of the business on account of liquidity constraints. The ALM Committee at the Registered Office reviews the position at regular intervals and corrective actions are recommended and implemented, depending upon the requirement to mitigate/avoid the risks, if any.

The Audit Committee and the Board of Directors review the status of risk management in the Company at the respective meetings and issue directions/suggestions as deemed necessary.

Internal audit, internal control systems and their adequacy

A professionally qualified team of auditors conduct the internal audit of the branches and the registered office of the Company quarterly. The National Housing Bank and Canara Bank (the sponsor bank) also conduct their Regulatory/Management Audit, periodically.

The Company has put in place adequate internal control systems commensurate with nature of its business and the size of its operations. Further, your Company has established extensive internal controls to mitigate risks, a set of procedures including clear delegation of authorities and standard operating procedures for all parts of the business / functions. It can be mentioned that your Company is one of the earliest companies to introduce Risk Based Internal Audit System (RBIA) in the Industry.

A legal compliance report on the status of compliance of various regulations is placed before the Audit / Board on a quarterly basis. The Audit Committee of the Board of Directors review major inspection and internal audit observations together with reply, including the action taken on such observations on a quarterly basis. All the policies of the Company viz., Credit Policy, Recovery Policy, Corporate Governance Policy, Investment Policy, Information Technology & IT Policy, Premises & Outsourcing Policy and such other policies were re-visited and reviewed during the year 2012-13, modified depending upon the requirement. The internal control systems in the Company are adequate and commensurate with the nature of its business and size of its operations.

Operations and technology

During the year all the branches of your Company as well as the Registered Office are electronically linked to a central server to facilitate operational efficiency and provide cost effective core banking solutions/service viz., Integrated Business Suite (IBS). The new information technology systems (IBS) with newer application packages have enhanced connectivity resulting in the development of a centralised credit information database which can be accessed online on a real time basis. The state-of-the art IBS is devised so as to provide data security, prompt reporting to enable the management to take timely action, generate MIS with enhanced quality, SMS to customers, paperless banking, being user friendly and customer friendly.

Discussion on financial/operational performance

The Report of Directors has a separate section in which the financial as well as the operational performance of the Company for the year under review have been discussed. The Cash-flow Statement, the Balance Sheet Abstract and Company's General Business Profile are annexed to the annual accounts of the Company.

Prudential norms for Housing Finance Companies (HFCs)

The NHB has issued directions/guidelines to HFCs on prudential norms for income recognition, asset classification, provisioning for standard assets, bad and doubtful debts, requirements as to capital adequacy and concentration of credit/investments. Your Company has been complying with such prudential norms as prescribed. The classification of loans and provisions made in respect of non-performing assets is given in the notes on accounts for the year under review.

Human resources and industrial relations

Human Resources are your Company's most valuable assets. Keeping the growth perspective in view in the changing business scenario and to remain customer focused, your Company has maintained a balanced mix of personnel with professional competence and skills. The management personnel include Company Secretaries, Chartered Accountants, Management Graduates, Engineers, Legal Professionals and the like.

During the year your Company has recruited 61 Junior Officers. Your Company has put in place a series of HRD measures including recognition and reward for good work, promising career plans, training etc. During the year all the employees were provided training on the various important topics relating the business of the Company. The employees in the Company give utmost importance to customer orientation, quality-service delivery and pro-active response to the requirements of the clients which is evidenced by recording a significantly higher business performance during the year under review.

Your Company had continued cordial industrial relations throughout the year.

Related party transactions

The related party transactions with details are furnished in Note-28 forming part of the Accounts.

Outlook for 2013-14 – Issues and Prospects

Globally, developments in housing markets and house prices have drawn considerable attention in both academic and policy circles in the aftermath of global financial crisis. Notwithstanding the desirability and beneficial role of housing finance, sharp rise in house prices coupled with rapid growth in housing credit does raise concerns in the context of financial stability.

Notwithstanding recent improvements, urban India in 2012 had an estimated shortfall of about 19 million houses and most of the shortage is obviously for economic weaker sections and low income group. It is estimated that the housing finance industry will be able to grow further mainly due to increased affordability of the borrowers, liberalised foreign direct investment policy, home buyers becoming younger and more discerning and entry of a new generation of builders add an international outlook. The real estate players are becoming more and more professional with transparency.

The real estate industry in India has grown on the back of fast developing housing segment in the back-drop of professionalism and transparency. Housing segment is the most dynamic segment of the real estate industry compared to commercial and other property segments. There is an imperative need for standardisation of lending norms for all financial institutions extending home loans. Creating more channels for mobilisation of cost effective funds by HFCs is an area, requiring concerted attention by the authorities which would help housing finance companies to lend at competitive rates and improve its spread.

Your Company has drawn a challenging business plan for 2013-14 and a vision document for future years as well. Your Company would continue to focus on lending to the individual loan segment, which has a high growth potential, extend its business operations in potential places and on non-housing loans as well.

Cautionary statement

The statements in this report on “Management Discussion and Analysis”, describing the Company’s objectives, estimations, expectations or projections, outlook etc., may constitute “forward looking statements” within the meaning of the applicable securities laws and regulations. Actual results may differ from such expectations, projections etc., whether express or implied. These statements are based on certain assumptions and expectations of future events over which the Company has no direct control. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements on the basis of any subsequent developments, information or events.

For and on behalf of the Board of Directors

Place: Bengaluru
Date : June 07, 2013

Sd/-
S.R.IYER
Chairman

Report of the Directors on Corporate Governance

Corporate Governance is a set of systems and practices ensuring commitment to values, ethical conduct of business, accountability, transparency and compliance of laws and acceptance by management of the inalienable rights of shareholders as the true owners of the Company. It requires a clear understanding of the respective roles of the Board, management personnel in senior management levels and their related roles in the corporate structure. Corporate Governance comprises a unique combination of factors like statutory regulations, compliances, values, political and economic environments, transparency, accountability, voluntary practices and disclosures. It involves relationships between the management and board of directors, shareholders and all its stakeholders.

Good Corporate Governance is a way of life that necessitates taking into account the stakeholder's interests in every business decision. It is the key to the integrity of corporations, financial institutions and markets.

Corporate governance at CFHL

The Company's Board follows ethical standards of corporate governance and adheres to the norms and disclosures mentioned in Clause 49 of the Listing Agreement with stock exchanges and looks at corporate governance as a part of its business.

CFHL's corporate governance philosophy encompasses not only regulatory and legal requirements, including the SEBI Regulations in respect of corporate governance, but also other practices aimed at business ethics, effective supervision and enhancement of value for all stakeholders.

The corporate governance policy of your Company has laid emphasis on transparency, accountability, integrity, responsibility and value creation and the Company has been adhering to the policy over the years. Your Company has a strong commitment to the principles that underline the effective corporate governance and respects the inalienable rights of the shareholders to information on the performance of the Company, as a means that provides reality check to the shareholders' ownership of the Company. With the best practices put-in place over the years on timely and accurate disclosure of information on Company's financials, performance, governance and other related matters your Company has crossed the threshold of 25 years of its fruitful existence.

Your Company has built confidence amongst the stakeholders all these years not only because of its adherence to the standards and compliance with statutory and regulatory guidelines/directions but its striving to achieve higher levels of excellence in the areas of stakeholder's expectations, customer satisfaction, employee welfare and its social obligations. Your Company has been responsive to its stakeholders, customers, government and non-government bodies, employees at all levels and all others with whom it has business relations.

Your directors are pleased to place herebelow a report on the Corporate Governance practices followed in CFHL.

Board of directors

Composition

| Sl. No. | Name of the Director | Composition - Executive/Non-Executive | Category - Independent/Promoter |
|---------|--|---------------------------------------|---------------------------------|
| 1. | Mr.S.R.Iyer, Chairman | Non-Executive | Independent Director |
| 2. | Mr.C.Ilango, Managing Director | Executive | Promoter Director |
| 3. | Mr.Anil Kumar Nayyar (upto 31/12/2012) | Non-Executive | Promoter Director |
| 4. | Mr.K.S.Madhava Murthy, FCA | Non-Executive | Independent Director |
| 5. | Mr.K.R.Vijayendra | Non-Executive | Independent Director |
| 6. | Mr.PB.Santhanakrishnan, FCA | Non-Executive | Independent Director |
| 7. | Mr.S Krishna Kumar (w.e.f. 20/02/2013 and upto 26/04/2013) | Non-Executive | Promoter Director |

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The directors bring to the board a wide range of experience and skills. The directors are professionals, persons of eminence with vast experience in the field of banking, housing, finance, audit, management, law and other relevant areas.

None of the directors are related to each other. The independent directors are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The composition of the Board is in conformity with Clause 49-I of the listing agreement(s) with stock exchange(s).

Details of the Board of Directors in terms of their directorships/memberships in committees of companies (including CFHL) including the sitting fee paid are as under:

| Name of the Director | Director-ships held including at CFHL | Board Meetings held in CFHL | Board Meetings Attended in CFHL | Sitting Fee Paid (₹) | Membership of Board Committees Including CFHL * | Chairman of Board Committees Including CFHL * | Attendance at the last AGM |
|---|---------------------------------------|-----------------------------|---------------------------------|----------------------|---|---|----------------------------|
| Mr. S.R. Iyer Chairman | 13 | 7 | 7/7 | 70,000 | 14 | 9 | Attended |
| Mr. C. Ilango, Managing Director | 1 | 7 | 7/7 | — | 1 | — | Attended |
| Mr. Anil Kumar Nayyar (resigned w.e.f 31.12.2012) | 2 | 7 | 5/5 | 50,000 | 1 | — | Attended |
| Mr. K.S. Madhava Murthy | 1 | 7 | 7/7 | 70,000 | 2 | 1 | Attended |
| Mr. K.R. Vijayendra | 2 | 7 | 6/7 | 60,000 | 1 | — | Attended |
| Mr. P.B.Santhanakrishnan | 2 | 7 | 7/7 | 70,000 | 1 | 1 | Attended |
| Mr. S. Krishna Kumar ** | 1 | 7 | 1/1 | — | 1 | — | -NA- |

* Membership/Chairmanship of Board Committees held by the directors is in conformity with Clause 49 of listing agreement(s).

** Appointed w.e.f. 20/02/2013 and resigned w.e.f. 26/04/2013.

Tenure of office

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956 ("the Act"), 2/3rd of the non-executive directors of the Company are liable to retire by rotation every year and 1/3rd of such directors would retire every year and if eligible, may seek re-appointment at the annual general meeting(s).

Appointment of directors

During the year under review, the Board of Directors appointed Mr.S.Krishna Kumar, General Manager, Canara Bank as an additional director with effect from February 20, 2013 and Mr.S.A.Kadur as an additional director w.e.f. June 07, 2013.

Mr.S.Krishna Kumar is a degree holder in Commerce and a CAIIB. He started his career as a Probationary Officer in Canara Bank during November 1982. During his service in the Bank over a period of 30 years, he has served in different branches/offices across the Country and his forte is Credit, particularly, Corporate Credit. Pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of "the Act", Mr.S.Krishna Kumar would have held office upto the date of the ensuing annual general meeting. However, consequent to his transfer to Trichy Circle Office, he has tendered his resignation w.e.f. April 26, 2013.

Mr.S.A.Kadur is a B.E.,(Mechanical) engineering graduate. Mr.S.A.Kadur started his career as a Technical Field Officer in Canara Bank in February, 1984. During his service in the Bank over a period of 29 years, he has served in different branches of the Bank, including Prime Corporate Branch at Pune and Chennai, Mumbai City Circle Office, Corporate Merchant Banking Division, Mumbai and Risk Management Wing at the Head Office. He is presently working as the General Manager, Prime Corporate Credit Wing, Bengaluru.

Pursuant to the provisions of Section 260 and all other applicable provisions, if any, of “the Act” and Article 22 of “the Articles”, Mr.S.A.Kadur, holds office as such only upto the date of the ensuing annual general meeting. The subject relating to the appointment of Mr.S.A.Kadur, together with the required explanatory statement and the resolution is included in the notice convening the ensuing annual general meeting. The appointment of the above director would be in the best interest of the Company.

Re-appointment of director(s)

Pursuant to the applicable provisions of “the Act”, Mr.K.S.Madhava Murthy, director of the Company is retiring by rotation at the ensuing annual general meeting and being eligible, offers himself for re-appointment.

Mr.K.S.Madhava Murthy is a degree holder in Commerce and a Fellow of the Institute of Chartered Accountants of India (ICAI). He is a senior partner of M/s MNS & Co., Chartered Accountants for the last 20 years. He has wide experience in auditing of corporate and non-corporate entities, including PSUs and public sector banks. He is also engaged in consultation on tax matters.

Your directors recommend the re-appointment of Mr.K.S.Madhava Murthy as a director of the Company. The related resolution on the subject is included in the notice convening the ensuing annual general meeting.

Responsibilities

The Board mainly oversee the Company’s strategic direction, review its performance, assesses the adequacy of risk-management and steps for mitigation of risks, monitor strategic investments, ensure regulatory compliance and safeguard interests of all the stakeholders.

The Board provides the management with guidance and strategic direction on behalf of the shareholders, in optimising long-term value. The Board discharges the duties and responsibilities as required under the various statutes as are applicable to the Company viz., the Companies Act, 1956, Directions/Guidelines/Regulations issued by the Securities Exchange Board of India (SEBI), National Housing Bank (NHB) and various statutory and regulatory authorities, listing agreements, including reporting and disclosures to be made to the shareholders.

The corporate plans/vision, periodical performance, asset-liability position, statutory/legal compliance, notices, if any, received from statutory authorities which are of material importance, claims on the Company, developments in human resources/industrial relations, non-compliance, if any, with any of the statutory/regulatory authorities and remedial actions thereon and the like are reviewed by the Board periodically.

The Board has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review mechanisms and processes.

Independent directors- their role

Independent directors play a key role in the decision-making process of the Board. They are committed to act in what they believe to be in the best interests of the Company and oversee the performance of the management periodically.

They play a key role in the decision-making process of the Board as they approve the overall strategy of the Company for its performance and growth and provide an un-biased, independent, experienced perspective to the Board. The Company benefits immensely from the indepth knowledge, experience and expertise of its independent directors in achieving its desired level of business performance and good corporate governance.

The Audit Committee and the Shareholders/Investors’ Grievance Committee has a majority of independent directors.

The Board and the Company benefit immensely from their inputs, indepth knowledge, experience and professionalism of its independent directors, in achieving its desired level of business performance and good corporate governance.

Meetings of Board of Directors

The meetings of the Board are normally held at the Registered Office of the Company in Bengaluru. Generally, the meetings are scheduled in advance and the dates of subsequent meeting(s) are decided at the previous meeting(s) of the Board. A notice in advance for each of such meetings is given in writing to the directors.

The Board meets at least once a quarter to review the quarterly performance and financial results of the Company. Apart from the scheduled Board Meetings, additional board meetings are also convened to address the specific requirements of the Company.

The Company Secretary in consultation with the Chairman and the Managing Director prepares a detailed agenda for the meetings. The Board is provided with the relevant information as stipulated in Clause 49 of the listing agreements and they have access to all information of the Company. The agenda, board notes, including explanatory notes are circulated to all the directors well in advance. The members of the Board are also free to recommend inclusion of any matter in the agenda for discussion.

Depending upon the need, executives of the Company, senior management are invited to the meetings of the Board to provide additional inputs/ clarifications on the subject being discussed by the Board.

The minutes of each Board/Committee meetings are recorded in the Minutes Book and tabled at the next meeting of the Board for confirmation. The decisions taken on each of the agenda at the Board/ Committee meetings are promptly communicated to the concerned departments. Action taken report (ATR) on the decisions/ minutes of the previous meeting is placed at the succeeding meeting of the Board/ Committee for a review/noting.

The Board of directors of your Company met 8 times during the year 2012-13 viz., on April 18, 2012, June 12, 2012, August 07, 2012, October 17, 2012, December 08, 2012, January 19, 2013 and February 20, 2013.

The Board met on April 25, 2013 to approve the annual audited financial results of the Company for the year ended March 31, 2013.

Committees of the Board

The Board has constituted three Committees viz., Audit Committee, Management Committee and the Shareholders'/Investors' Grievance Committee. In order to have a better and more focussed attention, certain matters are delegated to the committees constituted by the Board with an out-lined role, responsibility and with an appropriate delegation of authority. The minutes of the meetings of all the committees are placed before its next meeting for confirmation and placed before the Board for noting/information.

Audit Committee

The terms of reference of the committee inter-alia include overseeing the Company's financial reporting process and disclosures of financial information. The Audit Committee reviews the quarterly/annual financial statements with the management before its submission to the Board for approval.

Its responsibility also includes supervision of the Company's financial reporting and disclosure process to ensure its content, sufficiency and credibility, recommending the appointment or re-appointment, replacement or removal, if any, of statutory/external/ internal auditors, fixation of audit fee, nature and scope of audit, reviewing the internal control systems, scope and functions of internal auditors, findings of internal investigations, if any, financial and risk management policies, position of Asset-Liability Management, risk profile and such other matters to be included in the Directors' Responsibility Statement forming part of Report of Directors in terms of Section 217 (2AA) of "the Act".

The Committee also reviews the adequacy of the internal audit function, its structure, reporting process, audit coverage and frequency of internal audits and on matters including KYC, internal controls, internal investigations, if any, by internal auditors on any specific matters relating to suspected fraud or irregularity or failure of internal control systems of material nature and report the same to the Board. It also reviews the reports of the internal and statutory auditors and ensures that adequate follow-up action is taken by the management on observations and recommendations made by the respective auditors. In addition, the committee annually reviews the performance of the internal and statutory auditors.

It is the prerogative of the Committee to invite executives and auditors of the Company to be present at the meetings to provide additional inputs/ clarifications on the subject being discussed by the Committee.

During the year the Audit Committee met 4 times, viz., on April 17, 2012, August 07, 2012, October 17, 2012 and January 18, 2013. The particulars of members of the Committee, meetings held, their attendance at the meetings and the sitting fee paid are mentioned hereunder:

| Members | Number of Meetings held | Number of Meetings Attended | Sitting Fee paid () |
|---------------------------------|-------------------------|-----------------------------|----------------------|
| Mr.K.S.Madhava Murthy, Chairman | 4 | 4/4 | 20,000 |
| Mr.Anil Kumar Nayyar* | 4 | 3/3 | 15,000 |
| Mr.K.R.Vijayendra | 4 | 3/4 | 15,000 |
| Mr.S.Krishna Kumar ** | 4 | N.A. | Nil |

*resigned w.e.f. 31/12/2012

** appointed w.e.f. 20/02/2013 and resigned w.e.f. 26/04/2013.

Mr.S.A.Kadur, Director has been inducted as a member of the Committee w.e.f. June 07, 2013 in place of Mr.S.Krishna Kumar, Director, who has since resigned.

The Chairman of the Committee was present at the 25th Annual General Meeting of the Company to answer shareholder queries.

The Company Secretary is the Secretary to the Audit Committee.

Management Committee

This Committee considers proposals for loans to individuals/ builders, rates of interest on such loans, terms and conditions for sanction and certain other important related assignments in terms of the powers delegated to the Committee by the Board.

During the year, the Management Committee met on April 17, 2012. The particulars of members of the Committee, meetings held, their attendance at the meetings and the sitting fee paid are mentioned hereunder:

| Members | Number of meetings held | Number of meetings attended | Sitting Fee paid () |
|--------------------------------|-------------------------|-----------------------------|----------------------|
| Mr.S.R.Iyer, Chairman | 1 | 1 | 5,000 |
| Mr.C.Ilango, Managing Director | 1 | 1 | — |
| Mr.Anil Kumar Nayyar* | 1 | 1 | 5,000 |
| Mr.S.Krishna Kumar ** | 1 | N.A. | Nil |

*resigned w.e.f. 31/12/2012

** appointed w.e.f. 20/02/2013 and resigned w.e.f. 26/04/2013.

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Mr.S.A.Kadur, Director has been inducted as a member of the Committee w.e.f. June 07, 2013 in place of Mr.S.Krishna Kumar, Director, who has since resigned.

The Company Secretary is the Secretary to the Management Committee.

Shareholders'/Investors' Grievance Committee

The terms of reference of the Committee inter-alia include reviewing mechanisms adopted by the Company for redressing shareholders complaints.

This Committee reviews/approves processes, standard operating procedures and initiatives taken by the Company relating to investor service, compliances with the requirements relating to listing agreements and corporate governance, shareholding pattern, periodical transfers/transmissions of shares, de-materialisation and re-materialisation of shares, issue of duplicate certificates of the securities issued by the Company, complaints, if any, lodged with statutory agencies including SEBI, by the shareholders, compliance with the applicable provisions of "the Act" and various other statutes and redressal of grievances.

During the year the Shareholders'/Investors' Grievance Committee met 4 times, viz., April 18, 2012, August 07, 2012, October 17, 2012 and January 19, 2013. The particulars of members of the Committee, meetings held, their attendance at the meetings and the sitting fee paid are mentioned hereunder:

| Members | Number of meetings held | Number of meetings attended | Sitting Fee paid (`) |
|----------------------------------|-------------------------|-----------------------------|------------------------|
| Mr.PB.Santhanakrishnan, Chairman | 4 | 4 | 20,000 |
| Mr.C.Ilango, Managing Director | 4 | 4 | — |
| Mr.K.S.Madhava Murthy | 4 | 4 | 20,000 |

The Board is pleased to inform that there were only two complaints lodged by the investors on SEBI Compliant Redress System (SCORES), which were resolved by the Company within the prescribed time limit and there were no complaints remaining un-resolved as at the end of the financial year under review. Requests by shareholders for revalidation of dividend warrants/issue of cheques in lieu of the said warrants are resolved within a reasonable time.

The powers to consider and approve share transfers/ transmissions /consolidation/sub-division etc., have been delegated by the Board to the Company Secretary and one of the Asst. General Managers at the Registered Office of the Company and such requests are processed once in ten days.

During the period under review, no penalties or strictures have been imposed on the Company by any stock exchange, SEBI or other statutory authority on any matter relating to the capital markets.

The Company Secretary is the Secretary to the Committee.

The Chairman of each of the Committees of the Board is an Independent Director. The Independent Directors are not paid any fee/remuneration apart from the sitting fee paid for attending the meetings.

Depending upon the need, the Committees invite the senior management personnel/functional Heads, statutory auditors/branch auditors of the Company, Tax Consultant, Internal Auditors and other professionals with relevant expertise, to attend the meetings and provide clarifications on certain specific issues, if any.

The dates of meetings of the above Committees are decided in consultation with the Chairman of the respective Committees and intimated to its members in advance. The agenda papers are prepared in advance and circulated among the members of the Committees.

Code of Conduct

The Company has framed and adopted a Code of Conduct for its directors and senior management, duly approved by the Board. For the year under review, all the directors and senior management have affirmed their adherence to the provisions of the said Code. The above affirmations are placed before the Board for information.

Whistle Blower Policy

The management has implemented the Whistle Blower Policy, which enables the Company's personnel, who observe unethical or improper practice, if any, in the Company, to directly approach the Audit Committee without necessarily informing their superiors. A communication in that regard has been sent to all the employees of the Company and reiterated during Branch Managers Conference, training programmes and by way of Circulars. The Company affirms that the management protects such "Whistle Blowers" from unfair termination and other unfair prejudicial employment practices.

Disclosures

Transactions with Related Parties

The non-executive directors of the Company do not have any material pecuniary relationships or transactions with the Company or its directors, senior management, associate companies, other than in the normal course of business.

There were no material individual transactions with related parties, which were not in the normal course of business nor were there any material transactions with related parties or others, which were not on an arm's length basis. Details of related party transactions entered into by the Company in the normal course of business are included in the notes forming part of the financial statements (Note No.28 at page No. of the annual report).

Compliance with Accounting Standards

The Company has complied with the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006. The financial statements for the year have been prepared in accordance with and in compliance of the revised Schedule VI notified by the Ministry of Corporate Affairs (MCA).

Risk Management

The Company has constituted a risk management framework laying down the procedures for risk assessment and mechanisms for their mitigation. During the year the Risk Management Committee constituted for the purpose met at fixed intervals and reviewed about the key risks associated with the business, causes and the efficacy of the measures taken to mitigate the same. The Committee apprised the board of directors about the key risks associated with the business of the Company, risk profile, overall risk Rating and steps taken to mitigate the same.

Further, the Audit Committee and the Board of Directors reviewed the key risks associated with the business of the Company, the procedures in place to assess the risks and the mitigation mechanisms. The Committee comprise the Managing Director and certain senior management personnel.

Remuneration of Non-Executive Directors

The non-executive directors of the Company are paid only the sitting fee for attending the meetings of the Board or Committees and no other remuneration is being paid to them.

Shareholding of Non-Executive Directors

The non-executive directors of the Company are not holding any equity shares of the Company.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report is forming part of the Report of the Directors.

Means of communication to the Shareholders

The Company has about 18,800 shareholders all over India. The means of communication to the shareholders includes the informative Annual Report, containing the Report of the Directors, Report of the Directors on Corporate Governance, Management Discussion and Analysis Report, related information in the Section 'General Information to shareholders', audited financial statements together with the Auditors Report.

The Company also communicates with the shareholders through its website, www.canfinhomes.com. The un-audited results on a quarterly basis together with the limited review reports and the audited annual financial results, annual report, the shareholding pattern, un-paid dividend list of shareholders, Fair Practice Code, KYC guidelines, nomination by members, ECS mandate, dematerialisation of shares with select down-load facilities are made available on the above website for information and utility of the shareholders of the Company.

The audited/ unaudited financial results are published in leading newspapers namely in English and in the Regional Language viz., Kannada. All material information about the Company, including quarterly and yearly financial results, limited review reports, shareholding pattern are promptly sent to the stock exchanges where the Company's shares are listed. Besides, the Company disseminates information through press.

The principal forum for interaction/discussion with shareholders, be it individuals, corporates or foreign investors is the annual general meeting of the Company.

The Annual Report of the Company for the financial year 2012-13 has been e-mailed to the members whose email addresses are available with the depositories or are obtained directly from the members in terms of communication of the Ministry of Corporate Affairs on "Green Initiative of Ministry of Corporate Affairs for Corporate Governance". If any member wishes to get a hard copy of the Annual Report, the Company will send the same, free of cost, upon receipt of request from the member. The annual reports to all other members who have not registered their email addresses are sent to their registered address.

Subsidiaries

The Company has no subsidiaries and as such the requirement of certain compliances relating to subsidiaries, as prescribed are not applicable.

Compliance

The Company has complied with the mandatory requirements as stipulated under Clause 49 of the listing agreements. The quarterly compliance status reports on corporate governance are submitted by the Company to the stock exchange(s) within the prescribed time limit.

Messrs K.P.Rao & Co., Chartered Accountants have certified that the Company has complied with the mandatory requirements as stipulated under Clause 49 VII of the listing agreements. The said certificate is annexed to the Report of the Directors and will be submitted to the stock exchanges and the MCA along with the Annual Report.

Compliance with non-mandatory requirements

The details of compliance with regard to non-mandatory requirements as per Clause 49 of the Listing Agreement(s) relating to the Compliance Officer are mentioned in the "General Information to Shareholders". As regards the other non-mandatory requirements the Board has taken cognisance of the same and may consider adopting them as and when deemed appropriate.

Certification of Financial Reporting and Internal Controls

In terms of Clause 49 V of the listing agreements, a certificate confirming the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee was taken on record at the board meeting held on April 25, 2013, convened for approval of the audited financial results of the Company for the year under review.

General information to shareholders

The details relating to the director(s) proposed to be appointed at the ensuing annual general meeting are provided as an annexure to the notice convening the said meeting.

The annual report also contains a section on "General Information to Shareholders" which inter-alia provides information relating to the date, time and venue of the annual general meeting, shareholding pattern, distribution of shareholding, voting rights and the monthly high and low market price of equity shares during the year and other information as required under the listing agreement(s) and other related matters.

Green initiatives in corporate governance

In recognition of the initiative taken by the Ministry of Corporate Affairs (MCA), Government of India and as a contribution towards a greener environment, your Company has been sending all documents like General Meeting Notices (including AGM), Audited Financial Statements, Report of the Directors, Auditors Report, etc. to a significant number of shareholders to their registered e-mail address made available to the Company by the Depositories or by the members themselves, who are holding shares in physical form. The above documents would also be available on the website of the Company viz., www.canfinhomes.com for download by the members.

Going Concern

The Board is satisfied that the Company has adequate resources to continue its business for a foreseeable future and consequently considers it appropriate to adopt the going concern basis in preparing its financial statements.

For and on behalf of the Board of Directors

Place : Bengaluru
Date : June 07, 2013

Sd/-
S.R.IYER
Chairman

General information to shareholders

This section of the Annual Report offers information to the shareholders pertaining to the Company, its shareholding pattern and means of dissemination of information, service standards, share price movements and such other information as required under the Point no.9 of Annexure IC to Clause 49 of the Listing Agreement(s).

Board Meetings

The particulars of Board Meetings held during the year are mentioned in the Report of the Directors on Corporate Governance.

Annual General Meetings (AGMs)

The particulars of annual general meetings held during the last 3 years are as follows:

| Year | Time | Day | Date | Venue |
|------|------------|-----------|-----------------|---|
| 2010 | 11.00 A.M. | Wednesday | August 25, 2010 | J.S.S.Mahavidya Peetha "Shivarathreshwara Centre" Auditorium, 1st Main, 8th Block, Jayanagar, Bengaluru 560 082. |
| 2011 | 11.00 A.M. | Wednesday | August 24, 2011 | Same as above. |
| 2012 | 11.00 A.M. | Wednesday | August 08, 2012 | Same as above. |

Special resolutions passed at the previous 3 annual general meetings:

- 2010 Appointment of Statutory and Branch Auditors as per Section 224(A) of the Companies Act, 1956.
- 2011 Appointment of Statutory and Branch Auditors as per Section 224(A) of the Companies Act, 1956.
- 2012 Appointment of Statutory Auditors and authorisation to the Board of Directors of the Company for appointment of Branch Auditors as per section 224(A), 226 and 228 and all other applicable provisions of the Companies Act, 1956.

26th Annual General Meeting (AGM)

Day/Date : Wednesday, August 07, 2013

Time : 11 A.M.

Venue : J.S.S.Mahavidya Peetha, "Shivarathreshwara Centre" Auditorium, 1st Main, 8th Block, Jayanagar, Bengaluru 560 082

Financial Calendar 2013-14 viz., April 01, 2013 to March 31, 2014:

The probable schedule for holding meetings of the Audit Committee/Board of Directors is as under:

| Nature of meeting | Purpose | Probable date |
|-------------------------|--|---|
| Audit Committee / Board | To review, approve and take on record the financial results for the quarter ending June 30, 2013. | During Second/Third week of July, 2013 |
| Audit Committee / Board | To review, approve and take on record the financial results for the quarter ending September 30, 2013. | During Second/Third week of October, 2013 |
| Audit Committee / Board | To review, approve and take on record the financial results for the quarter ending December 31, 2013. | During Second/Third week of January, 2014 |
| Audit Committee / Board | To review, approve and take on record the financial results (Audited) for the quarter ending March 31, 2014. | During Second/Third week of April, 2014. |

Date of book closure : Wednesday the July 24, 2013 to Wednesday the August 07, 2013 (both days inclusive).

Dividend payment : During the second week of August 2013.

The Board of Directors of the Company have recommended a dividend at ₹ 4.00 per equity share of ₹ 10/- each (40%), for the financial year ended March 31, 2013, subject to approval of the shareholders at the ensuing annual general meeting.

Entitlement for dividend:

- (i) **For the shares held in physical form:** To the shareholders whose names appear on the Register of Members as at the close of business hours on Tuesday the July 23, 2013.
- (ii) **For shares held in electronic form:** To the Beneficial Owners whose name appear in the statements of beneficial position furnished by the National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) as at the close of business hours on Tuesday the July 23, 2013.

Listing of equity shares

| | | |
|--|--|---|
| Bangalore Stock Exchange Ltd., Stock Exchange Towers, 51, 1st cross, J.C.Road, Bengaluru-560 027. | Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers 25th floor, Dalal Street, Mumbai – 400 001. | National Stock Exchange of India Ltd., "Exchange Plaza", Bandra-Kurla complex Bandra(E), Mumbai-400051. |
|--|--|---|

Listing fee

The listing fees for the year 2012-13 and 2013-14 have been paid to all the above Stock Exchanges where the securities of the Company are listed. The annual custodial fees for the above period to NSDL and CDSL has also been paid within the due dates.

Stock code

The Scrip Name and Scrip Code at the Bangalore Stock Exchange Ltd., The Bombay Stock Exchange Ltd., and the National Stock Exchange of India Ltd, Mumbai, are as under:

By Name : CANFINHOME

By Scrip Code: 511196

The ISIN allotted to the Equity Shares of the Company is: INE 477A01012.

Market Price data - High/Low during each month in the last financial year (Equity Shares of the face value of ₹ 10/- each):

| Month and Year | | National Stock Exchange of India Ltd., (NSE) Mumbai (₹) | | Bombay Stock Exchange Ltd., (BSE), Mumbai (₹) | |
|----------------|------|--|--------|--|--------|
| | | High | Low | High | Low |
| April, | 2012 | 128.00 | 102.05 | 128.00 | 101.00 |
| May, | 2012 | 112.00 | 101.20 | 115.60 | 102.00 |
| June, | 2012 | 112.00 | 101.00 | 109.00 | 101.55 |
| July, | 2012 | 116.20 | 99.05 | 115.00 | 100.00 |
| August, | 2012 | 114.50 | 99.60 | 114.50 | 99.00 |
| September, | 2012 | 113.90 | 100.10 | 111.90 | 100.10 |
| October, | 2012 | 138.35 | 107.20 | 139.00 | 108.00 |
| November, | 2012 | 146.70 | 122.00 | 147.00 | 122.10 |
| December, | 2012 | 160.15 | 152.00 | 161.70 | 132.95 |
| January, | 2013 | 186.25 | 152.00 | 187.85 | 153.00 |
| February, | 2013 | 170.00 | 148.10 | 169.90 | 148.00 |
| March, | 2013 | 170.90 | 132.10 | 169.45 | 133.50 |

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Registrar and Share Transfer Agents :

Canbank Computer Services Ltd.,

Unit: Can Fin Homes Ltd., R&T Centre, J.P.Royale, 1st floor, No.218,

2nd Main, Sampige Road, (Near 14th Cross), Malleshwaram, Bengaluru-560 003

Tel: 080-23469661/62, 23469664/65

Fax: 080-23469667/68

e-mail: canbankrta@ccsl.co.in

Share transfer system

The powers to consider and approve share transfers/ transmissions/ consolidation/ sub-division etc., have been delegated by the Board to the Company Secretary and one of the Asst. General Managers at the Registered Office of the Company and such requests are processed once in ten days.

Dematerialisation of shares

The equity shares of the Company are in the list of scrips specified by SEBI to be compulsorily traded in the electronic form. About 94.57% of paid up capital is held in dematerialised form and the remaining 5.43% are held in physical form. The securities of the Company are admitted as the "Eligible Securities" into the Depository system by NSDL and CDSL. The shares of the Company are listed and traded actively on the stock exchanges and hence the liquidity for the shares of the Company is high.

Outstanding GDRs/ADRs/Warrants : Not Applicable.
of any convertible instruments,
conversion date and likely impact on equity.

Address for correspondence

Shareholder's correspondence may please be addressed to the Registrar & Share Transfer Agents at the above mentioned address. They may also contact Registered Office of the Company with the help of the following e-mail Ids: sathyaprakash@canfinhomes.com; legal@canfinhomes.com; compsec@canfinhomes.com. Phone Nos.:080-26564259, 26565736.

Unclaimed dividend

Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, "the Act" monies transferred to the Unpaid Dividend Account of the Company, which remain unclaimed and unpaid for a period of 7 years from the date on which it was first due for payment, are required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C(1) of "the Act".

Further, in terms of Section 205C(11) of "the Act" no payments shall be made by the Company in respect of claims made after the said period of 7 years. In spite of sending final reminder letters to shareholders individually, before transferring such dividend amounts to IEPF, there are a few shareholders who have not yet encashed/claimed their dividend(s) amount.

The due date for transfer of unclaimed dividend amount to IEPF is as under:

| Dividend - relevant years | Dividend Per Share (Face value of ₹ 10) (₹) | Balance in unpaid dividend account as on 31.03.2013 (₹) | Unclaimed dividend as a % of total amount of dividend declared | Declared at the AGM held on | Due date for transfer to the Investor Education and Protection Fund (IEPF) * |
|---------------------------|---|---|--|-----------------------------|--|
| 2005-06 | 2.50 | 781557.50 | 1.53 | 02.08.2006 | 02.08.2013 |
| 2006-07 | 2.50 | 713082.50 | 1.39 | 19.07.2007 | 19.07.2014 |
| 2007-08 | 2.50 | 770165.00 | 1.50 | 24.09.2008 | 24.09.2015 |
| 2008-09 | 2.00 | 615390.00 | 1.50 | 27.08.2009 | 27.08.2016 |
| 2009-10 | 2.00 | 738996.00 | 1.80 | 25.08.2010 | 25.08.2017 |
| 2010-11 | 2.50 | 985040.00 | 1.92 | 24.08.2011 | 24.08.2018 |
| 2011-12 | 2.50 | 1188261.00 | 1.93 | 08.08.2012 | 08.08.2019 |

* Members of the Company can claim the unpaid dividend, if any, from the Company before the respective due dates of transfer to IEPF as mentioned above. In terms of Section 205C of "the Act" no claim would lie against the Company or the IEPF after such transfer.

Issue of duplicate dividend warrants

A duplicate dividend warrant can be issued after the expiry of the validity period of the original warrant after complying with the simple prescribed procedural formalities.

Bank account particulars

SEBI has issued a Circular CIR/MRD/DP/10/2013 dated March 21, 2013 [in the light of developments in the field of electronic payment system by various modes viz., National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS) etc.] whereby it has been made mandatory for the Companies to maintain requisite bank details of their investors.

For investors holding securities in demat mode, Companies or their RTI & STA shall seek relevant bank details from the depositories and for investors holding physical share/debenture certificates, Companies or their RTI & STA shall take necessary steps to maintain updated bank details of the investors at their end.

Only in cases where either bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code) etc., are not available or electronic payment instructions have failed or have been rejected by the bank, the Companies or their RTI & STA may use physical payment instruments for making cash payments to the investors. Companies shall mandatorily print the bank account details of the investors on such payment instruments. All listed companies and their RTI & STA are directed to comply with the provisions of the circular.

In order to facilitate dividend amount payments through ECS/NECS/NEFT etc., as per the above referred circular issued by the SEBI, the Members holding shares in the physical mode are requested to furnish their latest bank account number /particulars (comprising 13 digits or otherwise, as the case may be and the related IFSC Code), directly to the Registrars and Share Transfer Agents for incorporation of the same on the dividend warrants.

Nomination

The shareholders of the Company may at any time, nominate in the prescribed manner, a person to whom his/her shares in the Company shall vest in the event of his/her death. Only individual shareholder(s) applying for/ holding shares on his/her behalf can make a nomination. If the shares are held jointly, all the holders may jointly nominate an individual person as their nominee. Nomination stands automatically rescinded on transfer/ dematerialisation of shares.

Shareholders of the Company holding shares in single name are requested to nominate a person of their choice by submitting the prescribed nomination form i.e., Form 2B, in duplicate, to the Company or its Registrars & Share Transfer Agents. Shareholders holding shares in dematerialised form are requested to contact their respective depository participants.

In order to facilitate the members, the ECS form and nomination form in the prescribed formats are made available on the website of the Company for download.

Folio Consolidation

Shareholders holding shares under more than one folio may write to the Company or its Registrars & Share Transfer Agents to consolidate their folios. In case of joint holdings, even if the order of names are different, shareholders can have them transposed without payment of stamp duty by sending a letter duly signed by all the shareholders. This will facilitate safekeeping and save cost at the time of dematerialisation. The above would be subject to verification of the signature(s) of the concerned shareholders.

Shareholding pattern (as on March 31, 2013)

| Sl.No. | Category of Shareholder | Number of shareholders/folios | Total number of shares | (%) to total holdings |
|--------|---------------------------------|-------------------------------|------------------------|-----------------------|
| 1 | Promoter and Promoter Group | 2 | 8681808 | 42.38 |
| 2 | Mutual Funds/UTI | 2 | 499 | 0.00 |
| 3 | Financial Institutions/Banks | 1 | 100 | 0.00 |
| 4 | Insurance Companies | 1 | 130794 | 0.64 |
| 5 | Foreign Financial Institutions | 3 | 2500 | 0.01 |
| 6 | Foreign Institutional Investors | 1 | 124100 | 0.61 |
| 7 | Bodies Corporate | 313 | 5225646 | 25.51 |
| 8 | Individuals | 17805 | 6019631 | 29.39 |
| 9 | Qualified Foreign Investor | 1 | 5800 | 0.03 |
| 10 | Director & their relatives | 0 | 0 | 0 |
| 11 | Non Resident Indians | 185 | 106809 | 0.52 |
| 12 | Clearing members | 20 | 13233 | 0.06 |
| 13 | Hindu Undivided Families | 231 | 167285 | 0.82 |
| 14 | Employee shareholders | 30 | 7045 | 0.03 |
| | GRAND TOTAL | 18595 | 20485250 | 100.00 |

Distribution of shareholding (as on March 31, 2013)

| Amount (`) | Members | | Shares | |
|--------------------|--------------|---------------|------------------|---------------|
| | Number | % | Amount (`) | % |
| Upto - 5000 | 16882 | 90.79 | 24521950 | 11.97 |
| 5001 - 10000 | 958 | 5.15 | 7648380 | 3.73 |
| 10001 - 20000 | 371 | 2.00 | 5768640 | 2.82 |
| 20001 - 30000 | 113 | 0.61 | 2918290 | 1.42 |
| 30001 - 40000 | 54 | 0.29 | 1965670 | 0.96 |
| 40001 - 50000 | 54 | 0.29 | 2553280 | 1.25 |
| 50001 - 100000 | 87 | 0.47 | 6329080 | 3.09 |
| 100001 - and above | 76 | 0.40 | 153147210 | 74.76 |
| Total | 18595 | 100.00 | 204852500 | 100.00 |

Compliance Officer

: Mr.K.S.Sathyaprakash
AGM & Company Secretary
 Can Fin Homes Ltd.,
 Registered Office: No.29/1, I Floor
 Sir M.N.Krishna Rao Road, Basavanagudi,
 Bengaluru-560 004
 Tel : 080-26565736/26564259
 Fax : 080-26565746
 e-mail : sathyaprakash@canfinhomes.com
 legal@canfinhomes.com
 compsec@canfinhomes.com

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Can Fin Homes Ltd.,
Bengaluru.

We have examined the compliance of Conditions of Corporate Governance by M/s Can Fin Homes Ltd., for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement(s) of the said company with various Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuing compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and based on our reliance upon the representations made by the Directors and the Management, we certify that the company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement(s).

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For **K P Rao & CO.**
Chartered Accountants
Firm Registration No.: 003135S

Sd/-
(M.G. VINAYA SIMHA)
Partner
Membership No.: 208874

Place : Bengaluru
Date : May 27, 2013

AUDITOR'S REPORT

TO THE MEMBERS OF CANFIN HOMES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Canfin Homes Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and 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:

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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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.

Auditor's Responsibility:

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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. 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.

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

Opinion:

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:

1. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
2. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
3. 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:

1. 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.
2. 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 and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditor's Reports have been forwarded to us and have been appropriately dealt with by us in preparing this report;
- c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and the audited returns received from the Branches.
- d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **K P Rao & CO.**
Chartered Accountants
Firm Registration No.: 003135S

Sd/-
(M.G. VINAYA SIMHA)
Partner
Membership No.: 208874

Place : Bengaluru
Date : April 25, 2013

ANNEXURE TO AUDITORS' REPORT

(REFERRED TO IN PARAGRAPH (3) OF OUR REPORT OF EVEN DATE)

1.
 - a) The Company has maintained proper records showing full particulars inclusive of quantitative details and situation of fixed assets.
 - b) The management has physically verified the fixed assets during the course of the year and no material discrepancies were noticed on such physical verification.
 - c) The Company has not disposed off any substantial part of the fixed assets during the year.
2. As the Company does not have any inventory of goods, the provisions of Para 4(ii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
3.
 - a) The Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies act, 1956. Therefore the clauses (b), (c) and (d) of Para (iii) of the Companies (Auditors report) Order, 2003 are not applicable.
 - b) 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 Companies Act, 1956. Therefore the clauses (f) and (g) of Para (iii) of the Companies (Audit Report) Order, 2003 are not applicable.
4. In our opinion and according to the information and explanations given to us, the internal control system for the purchase of fixed assets and for the sanction, disbursement and recovery of loans given by the Company are adequate and commensurate with the size of the company and present nature of its business. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
5.
 - a) According to the information and explanations given to us based on the representations given by the management, we are of the opinion, that the particulars of the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies act, 1956 have been so entered.
 - b) As there are no transactions made during the year in pursuance of contract or agreements entered in the register maintained under Section 301 of the Companies Act, 1956, the Provisions of this para are not applicable to this Company.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under to the extent applicable and the Housing Finance Companies (NHB) Directions, 2010 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank or any Court or any other Tribunal.
7. The Internal Audit is being conducted by Firms of Chartered Accountants and in our opinion, the scope and coverage of internal audit is commensurate with size and nature of Company's Business.
8. The Central Government has not prescribed the maintenance of cost record under Section 209(1)(d) of the Companies Act, 1956 for the Company.
9.
 - a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Interest Tax, Cess and other statutory dues with the appropriate authorities.
 - b) According to the information and explanations given to us, there are no undisputed statutory dues outstanding as at March 31, 2013 for a period of more than six months from the date they became payable.
 - c) According to the information and explanations given to us, there are no dues of Income Tax, Service Tax, Cess, which have not been deposited on account of any dispute, except for :

(₹ in Lakhs)

| Name of the Statute | Nature of dues | Amount | Period to which the amount relates | Where dispute is pending |
|---------------------|-------------------------------|--------|------------------------------------|--------------------------------------|
| Income Tax Act | Levy of Penalty u/s 271(1)(c) | 418.36 | AY 2006-07 | Commissioner of Income Tax (Appeals) |

10. In our opinion, the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses in the current financial year and in the immediately preceding financial year.
11. In our opinion and according to information and explanations given to us, the Company has not defaulted in payment of dues to its Banks, Financial Institutions and Debenture holders.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on security of shares, debentures, other securities.
13. In our opinion and according to the information and explanations given to us, the company is not a Chit Fund, Nidhi or Mutual Benefits Trust/Society.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
15. According to the information and explanations given to us, the Company has not given guarantee in respect of loans taken by other Companies from Banks and Financial Institutions.
16. In our opinion and according to the information and explanations given to us, the Company has prima facie applied the term loans for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that prima facie no funds raised on short term basis have been utilized for any long term investment purposes.
18. According to the information and explanations given to us, 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 has not issued any debentures during the year.
20. According to the information and explanations given to us, the Company has not raised any monies from public issues during the year.
21. According to the information and explanations given to us, no material fraud on the Company or by the Company was noticed or reported during the year. However there have been few cases of loans becoming doubtful of recovery consequent upon fraudulent misrepresentation by borrowers. The amounts whereof are not material in the context of the size of the Company and the nature of its business.

For **K P Rao & CO.**
Chartered Accountants
Firm Registration No.: 003135S

Sd/-
(M G VINAYA SIMHA)
Partner
Membership No.: 208874

Place : Bengaluru
Date : April 25, 2013

BALANCE SHEET

as at March 31, 2013

(₹ in Lakhs)

| Particulars | Note No. | | As at March 31, 2013 | As at March 31, 2012 |
|------------------------------------|----------|-------------|-------------------------|-------------------------|
| I EQUITY AND LIABILITIES | | | | |
| (1) Shareholders Funds | | | | |
| (a) Share Capital | 2 | 2,048.75 | | 2,048.75 |
| (b) Reserves and Surplus | 3 | 37,168.37 | | 32,708.55 |
| | | | 39,217.12 | 34,757.30 |
| (2) Non-Current Liabilities | | | | |
| (a) Long Term Borrowings | 4 | 2,89,925.80 | | 1,85,924.68 |
| (b) Long Term Provisions | 5 | 1,400.07 | | 1,462.19 |
| | | | 2,91,325.87 | 1,87,386.87 |
| (3) Current Liabilities | | | | |
| (a) Short Term Borrowings | 6 | 17,366.76 | | 12,304.41 |
| (b) Other Current Liabilities | 7 | 53,663.06 | | 34,583.00 |
| (c) Short Term Provisions | 8 | 3,327.58 | | 2,583.10 |
| | | | 74,357.40 | 49,470.51 |
| Total | | | 4,04,900.39 | 2,71,614.68 |
| II ASSETS | | | | |
| (1) Non - Current Assets | | | | |
| (a) Tangible Assets | 9 | 649.96 | | 324.43 |
| (b) Capital work in progress | | 29.43 | | — |
| (c) Non-Current Investments | 10 | 1,593.50 | | 1,693.50 |
| (d) Deferred Tax Assets (Net) | 11 | 487.49 | | 565.49 |
| (e) Long Term Loans and Advances | 12 | 3,97,751.04 | | 2,63,586.14 |
| | | | 4,00,511.42 | 2,66,169.56 |
| (2) Current Assets | | | | |
| (a) Cash and Cash Equivalents | 13 | 854.46 | | 1,616.20 |
| (b) Short Term Loans and Advances | 14 | 3,494.14 | | 3,677.90 |
| (c) Other Current Assets | | 40.37 | | 151.02 |
| | | | 4,388.97 | 5,445.12 |
| Total | | | 4,04,900.39 | 2,71,614.68 |

See accompanying notes forming part of the financial statements.

For K P Rao & Co.,
Chartered Accountants
Firm Registration No.: 003135S

S.R.Iyer
Chairman

K.S.Madhava Murthy
Director

K.R.Vijayendra
Director

M.G.Vinaya Simha
Partner
Membership No: 208874

C.Ilango
Managing Director

P.B.Santhanakrishnan
Director

S.Krishnakumar
Director

Place : Bengaluru
Date : April 25, 2013

P.V.S.Raju
Chief Financial Officer

K.S.Sathyaprakash
Company Secretary

STATEMENT OF PROFIT AND LOSS**for the year ended March 31, 2013**

(₹ in Lakhs)

| Particulars | Note No. | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|--|----------|-----------------------------------|-----------------------------------|
| INCOME | | | |
| Revenue from Operations | 16 | 39,248.32 | 28,610.43 |
| Other Income | 17 | 21.19 | 72.39 |
| Total Revenue | | 39,269.51 | 28,682.82 |
| EXPENSES | | | |
| Employee Benefit Expenses | 18 | 1,572.88 | 1,101.24 |
| Finance Costs | 19 | 28,301.07 | 19,553.26 |
| Depreciation and Amortization Expenses | 20 | 155.91 | 55.00 |
| Other Expenses | 21 | 1,908.84 | 1,142.45 |
| Total Expenses | | 31,898.71 | 21,851.95 |
| Profit Before Tax, Provision and Exceptional Items | | 7,370.80 | 6,830.87 |
| Provisions | | | |
| Provision for Standard Assets | 12.4 | 685.00 | 1,100.00 |
| Provision for Doubtful Debts Written back | 22 | (823.81) | (361.17) |
| PROFIT BEFORE TAX AND EXCEPTIONAL ITEMS | | 7,509.62 | 6,092.04 |
| Exceptional Items | | | |
| Prior Period Adjustments | | — | (5.53) |
| Profit Before Tax | | 7,509.62 | 6,097.57 |
| Tax expenses: | | | |
| (a) Current year | | 2,000.00 | 1,780.00 |
| (b) Previous Year | | 19.52 | — |
| (c) Deferred Tax | | 78.00 | (58.42) |
| PROFIT FOR THE PERIOD | | 5,412.09 | 4,375.99 |
| Earning per Equity Share (face value ₹ 10/-) | | | |
| (1) Basic (in ₹) | | 26.42 | 21.36 |
| (2) Diluted (in ₹) | | 26.42 | 21.36 |

See accompanying notes forming part of the financial statements.

For **K P Rao & Co.,**
Chartered Accountants
Firm Registration No.: 003135S

S.R.Iyer
Chairman

K.S.Madhava Murthy
Director

K.R.Vijayendra
Director

M.G.Vinaya Simha
Partner
Membership No: 208874

C.Ilango
Managing Director

P.B.Santhanakrishnan
Director

S.Krishnakumar
Director

Place : Bengaluru
Date : April 25, 2013

P.V.S.Raju
Chief Financial Officer

K.S.Sathyaprakash
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDING ON MARCH 31, 2013

(₹ in Lakhs)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|---|---|
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS | 7,370.80 | 6,836.39 |
| ADJUSTMENTS FOR : | | |
| Depreciation | 115.91 | 55.00 |
| (Profit)/Loss on sale of Assets | (5.64) | (65.04) |
| Interest/Dividend | (1,935.69) | (875.95) |
| Bad debts written off / Recovered | 329.33 | 280.94 |
| Provision for retirement benefits | 224.01 | 65.10 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 6,098.72 | 6,296.44 |
| ADJUSTMENTS FOR : | | |
| Current Assets | (20.17) | 245.34 |
| Current Liabilities | 4,287.82 | 2,716.89 |
| | 4,267.64 | 2,962.23 |
| CASH GENERATED FROM OPERATIONS | 10,366.36 | 9,258.67 |
| Direct taxes paid | (1,921.35) | (1,847.07) |
| CASH FLOW BEFORE EXTRAORDINARY ITEMS | 8,445.01 | 7,411.60 |
| NET CASH FROM OPERATING ACTIVITIES 'A' | 8,445.01 | 7,411.60 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (482.39) | (135.09) |
| Sale of Fixed Assets | 17.16 | 79.11 |
| Purchase of Investments | — | — |
| Sale of Investments | 100.00 | — |
| Interest Received | 1,935.69 | 875.95 |
| NET CASH USED IN INVESTING ACTIVITIES 'B' | 1,570.46 | 819.97 |

CASH FLOW STATEMENT FOR THE YEAR ENDING ON MARCH 31, 2013

(₹ in Lakhs)

| | For the year ended March 31, 2013 | For the year ended March 31, 2012 |
|---|--|--|
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Issue of Share Capital | — | — |
| Long Term Borrowings (Net of Repayments) | 1,23,859.43 | 37,987.45 |
| Loans (Net of Repayments) * | (1,34,019.54) | (47,499.59) |
| Dividends paid | (714.25) | (595.21) |
| NET CASH USED IN FINANCING ACTIVITIES 'C' | (10,874.37) | (10,107.35) |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS 'A + B + C' | (858.89) | (1,874.77) |
| OPENING BALANCE OF CASH AND CASH EQUIVALENTS 'D' | 1,713.35 | 3,588.12 |
| CLOSING BALANCE OF CASH AND CASH EQUIVALENTS 'E' | 854.46 | 1,713.35 |
| NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS 'E-D' | (858.89) | (1,874.77) |

* Including Securitised Assets

S.R.Iyer
Chairman**K.S.Madhava Murthy**
Director**K.R.Vijayendra**
Director**C.Ilango**
Managing Director**P.B.Santhanakrishnan**
Director**S.Krishnakumar**
Director**P.V.S.Raju**
Chief Financial Officer**K.S.Sathyaprakash**
Company Secretary

We have examined the above Cash Flow Statement of CAN FIN HOMES LTD., BANGALORE for the period ended March 31st, 2013. The Statement has been prepared by the Company in accordance with the requirement of the listing agreements with the respective stock exchanges and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company.

For **K P Rao & Co.,**
Chartered Accountants
Firm Registration No.: 003135S

M.G.Vinaya Simha
Partner
Membership No:208874

Place : Bengaluru
Date : April 25, 2013

1. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

i. METHOD OF ACCOUNTING

The Company adopts the accrual method and historical cost concept in the preparation of the accounts in accordance with generally accepted accounting principles.

ii. REVENUE RECOGNITION

The Company follows National Housing Bank's (NHB) Prudential Norms for recognition of income for Non-performing assets and provision for Non-performing & Standard assets. As per NHB Prudential Norms, an asset will be classified as non-performing if the interest or instalments are overdue for more than 90 days. Further, non-performing assets are classified into sub-standard, doubtful and loss assets depending upon the age. Income is recognised on accrual basis in respect of performing Assets and on receipt basis for non-performing Assets.

iii. ACCOUNTING OF HOUSING LOANS

Loans to the extent, the instalments have not become due as at the year-end and suit filed accounts are being shown under housing loans.

iv. INTEREST ON LOANS

Repayment of loans is by way of Equated Monthly Instalments (EMIs) comprising of principal and interest. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is receivable every month. Interest is calculated on annual/monthly rest basis.

v. INVESTMENTS

Investments are long term in nature and capitalised at cost inclusive of brokerage and stamp charges and adjusted for any front-end fees received. Premium paid on Investments are written off in the year of purchase. Weighted Average Cost is taken for determining the profit on sale of Investments.

vi. FIXED ASSETS

Fixed Assets are capitalised at cost.

vii. DEPRECIATION

Depreciation is calculated on the Written Down Value Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

viii. EMPLOYEE BENEFITS

The Provision towards Gratuity, Compensated Absence, Exempt Provident Fund, Leave Fare Concession and Sick Leave are made based on the actuarial valuation as at the end of the year and charged to the Profit & Loss Account along with actuarial gains/losses.

ix. TAXATION

Tax expense comprises Current and Deferred Taxes. Provision for Current Taxes is measured at amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 on the basis of estimated taxable income for the current accounting period. Deferred Income Taxes resulting from timing difference between book and taxable profit is accounted for using the rates and laws that have been enacted or substantially enacted as at the Balance Sheet date. The Deferred Tax Asset is recognised and carried forward only to the extent that there is a future taxable income.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

| | | As at March 31, 2013 | As at March 31, 2012 |
|--|----------|-------------------------|-------------------------|
| 2. SHARE CAPITAL | | | |
| AUTHORISED | | | |
| 7,00,00,000 Equity Shares of ₹ 10 each | | 7,000.00 | 7,000.00 |
| ISSUED AND SUBSCRIBED | | | |
| 2,05,00,000 Equity Shares of ₹ 10 each | | 2,050.00 | 2,050.00 |
| PAID UP | | | |
| 2,04,85,250 Equity shares of ₹ 10 each | 2,048.53 | | |
| Add : Forfeited Shares | 0.22 | 2,048.75 | 2,048.75 |
| | | 2,048.75 | 2,048.75 |

Reconciliation of Number of shares outstanding at the beginning and at the end of the reporting period is as under.

| | AS at March 31, 2013 | | As at March 31, 2012 | |
|---|----------------------|------------|----------------------|------------|
| | No | ₹ in lakhs | No | ₹ in lakhs |
| Equity Shares outstanding as at the beginning of the year | 2,04,87,500 | 2,048.75 | 2,04,87,500 | 2,048.75 |
| Add: shares issued during the year | — | — | — | — |
| Equity Shares outstanding as at the end of the Year | 2,04,87,500 | 2,048.75 | 2,04,87,500 | 2,048.75 |

Details of each shareholder holding more than 5% in the Company

| | AS at March 31, 2013 | | As at March 31, 2012 | |
|------------------------------|----------------------|----------------------------------|----------------------|----------------------------------|
| | No | % of shares held to total shares | No | % of shares held to total shares |
| Canara Bank | 86,81,808 | 42.38 | 86,81,808 | 42.38 |
| Chhattisgarh Investments Ltd | 28,81,906 | 14.07 | 9,81,906 | 4.79 |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

| | | (` in Lakhs) |
|--|-------------------------|-------------------------|
| | As at March 31, 2013 | As at March 31, 2012 |
| 3. RESERVES AND SURPLUS | | |
| SPECIAL RESERVE (Refer Note 3.1) (in terms of Section 36(1)(viii) of Income Tax Act, 1961) | | |
| Opening Balance | 18,371.00 | 17,021.00 |
| Add: Transferred from P & L account | 1,500.00 | 1,350.00 |
| | 19,871.00 | 18,371.00 |
| GENERAL RESERVE | | |
| Opening Balance | 13,264.00 | 10,564.00 |
| Add: Transferred from P & L account | 1,800.00 | 2,700.00 |
| | 15,064.00 | 13,264.00 |
| ADDITIONAL RESERVE (u/s 29C of The NHB Act) | | |
| Opening Balance | — | — |
| Add: Transferred from P & L account | 1,100.00 | — |
| (Refer Note 3.2) | 1,100.00 | — |
| SECURITY PREMIUM RESERVE | 525.00 | 525.00 |
| PROFIT AND LOSS ACCOUNT | | |
| Opening Balance | 548.55 | 936.89 |
| Add: Surplus in the statement of Profit and Loss account | 5,412.09 | 4,375.99 |
| | 5,960.64 | 5,312.88 |
| Less: Appropriation for: | | |
| Special Reserve | 1,500.00 | 1,350.00 |
| General Reserve | 1,800.00 | 2,700.00 |
| Additional Reserve (u/s 29C of the NHB Act) | 1,100.00 | — |
| Proposed Dividend | 819.34 | 614.62 |
| Corporate Dividend Tax thereon | 132.93 | 99.71 |
| | 5,352.27 | 548.55 |
| | 608.37 | 548.55 |
| | 37,168.37 | 32,708.55 |

3.1 Special Reserve has been created over the years in terms of Income Tax Act 1961, out of the distributable Profits of the Company.

3.2 As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer atleast 20% of its net profits 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. In compliance with the above, the Company has hitherto transferred a sum of ` 18371 Lakhs to Special Reserve which is in terms of Section 36(1)(viii) of the Income Tax Act, 1961 and also U/S 29C of the NHB Act, 1987. During the FY 2012-13, Company has transferred a sum of ` 1500 Lakhs to the Special Reserve and ` 1100 Lakhs to the Additional Reserve created under section 29C of the NHB Act, 1987.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

| | As at March 31, 2013 | As at March 31, 2012 |
|---|-------------------------|-------------------------|
| (₹ in Lakhs) | | |
| 4. LONG TERM BORROWINGS | | |
| SECURED (Refer Note 4.1) | | |
| National Housing Bank | 1,52,487.94 | 45,005.05 |
| Loans and Advances from Related parties * | 1,29,617.05 | 1,32,884.54 |
| | 2,82,104.98 | 1,77,889.59 |
| *Represents the advances availed from Canara Bank | | |
| UNSECURED | | |
| Term Loan from HDFC Bank | 300.00 | — |
| Deposits (Refer Note 4.2) | 7,520.82 | 8,035.09 |
| | 2,89,925.80 | 1,85,924.68 |

4.1 The borrowings from National Housing Bank and Canara Bank are secured by way of specific charge on book debts, outstanding, receivables, etc./ promissory notes and / or a negative lien on assets of the Company. The tenure of the Long term borrowings are between 2-15 years and that of short term borrowings is less than 1 year.

4.2 As per the Directions of the National Housing Bank, the Company has created floating charge on Investments in Govt. Securities and Deposits in Commercial Banks in favour of depositors in a manner prescribed by the National Housing Bank.

| | As at March 31, 2013 | As at March 31, 2012 |
|--|-------------------------|-------------------------|
| (₹ in Lakhs) | | |
| 5. LONG TERM PROVISIONS | | |
| Employee Benefits (Refer Note 26) | 526.63 | 588.75 |
| Contingencies | 600.00 | 600.00 |
| Interest on Income Tax Refund | 273.44 | 273.44 |
| | 1,400.07 | 1,462.19 |
| 6. SHORT TERM BORROWINGS | | |
| SECURED (Refer Note 4.1) | | |
| Loans & Advances from Related parties * | | |
| *refers to advances from Canara Bank | 7,743.02 | 5,950.82 |
| UNSECURED | | |
| Deposits from Public | 9,623.74 | 6,353.59 |
| | 17,366.76 | 12,304.41 |
| 7. OTHER CURRENT LIABILITIES | | |
| Current maturities of Long term debts | | |
| - National Housing Bank | 27,086.24 | 14,513.15 |
| - Term Loans from Banks | 19,509.86 | 17,287.00 |
| Provision for Expenses (Refer Note 7.3) | 5,180.13 | 1,372.11 |
| Unclaimed Deposits | 1,111.92 | 1,090.88 |
| Interest accrued on unclaimed deposits | 0.07 | 123.59 |
| Other Liabilities | 697.25 | 142.40 |
| Interest accrued but not due on deposits | 19.59 | 0.02 |
| Unclaimed Dividend | 57.99 | 53.85 |
| | 53,663.06 | 34,583.00 |
| Note: | | |
| Other liability includes :- | | |
| (i) Statutory Liabilities | 50.18 | 39.21 |
| (ii) Others | 647.07 | 103.19 |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

- 7.1 Other Liabilities include ` Nil (Previous Year ` Nil) payable to “Suppliers” registered under The Micro, Small & Medium Enterprises Development Act 2006. No interest has been paid by the company during the year to the “suppliers” covered under The Micro, Small & Medium Enterprises Development Act 2006. The above information takes into account only those suppliers who have responded to inquiries made by the Company for this purpose.
- 7.2 As required under Section 205C of the Companies Act, 1956, the Company has transferred ` 6 Lakhs (Previous Year ` 7 Lakhs) to Investor Education and Protection Fund (IEPF) during the year as of March 31, 2013 and a further sum of ` 1 Lakh is due for transfer to IEPF.
- 7.3 Provision for Expenses includes provision made for interest on NHB borrowings of ` 37.57 cr (previous year ` Nil) and interest on Canara Bank borrowings of ` 12.92 cr (previous year ` 12.84 cr).

| | (` in Lakhs) |
|-----------------------------------|-------------------------|
| | As at March 31, 2013 |
| | As at March 31, 2012 |
| 8. SHORT TERM PROVISIONS | |
| Income Tax | 2,000.00 |
| Wealth tax | 0.40 |
| Dividend | 819.34 |
| Tax on Dividend | 132.93 |
| Employee Benefits (Refer Note 26) | 374.90 |
| | 3,327.58 |
| | 1,780.00 |
| | - |
| | 614.62 |
| | 99.71 |
| | 88.77 |
| | 2,583.10 |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

9 - TANGIBLE ASSETS

(₹ in Lakhs)

| FIXED ASSETS | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|--------------------------------|---------------------|---------------|---------------|----------------------|---------------------|---------------|---------------|----------------------|----------------------|----------------------|
| | As at April 1, 2012 | Additions | Deductions | As at March 31, 2013 | As at April 1, 2012 | Additions | Deductions | As at March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| Buildings* | 305.88 | - | - | 305.88 | 158.14 | 7.39 | - | 165.53 | 140.35 | 147.73 |
| Furniture and Fixtures | 207.42 | 176.17 | 31.06 | 352.53 | 141.43 | 26.69 | 28.48 | 139.63 | 212.90 | 65.99 |
| Computers | 180.64 | 129.76 | 67.01 | 243.40 | 145.04 | 49.09 | 66.47 | 127.66 | 115.74 | 35.60 |
| Office & Electrical Equipments | 120.05 | 97.29 | 18.43 | 198.91 | 65.18 | 21.99 | 14.39 | 72.79 | 126.12 | 54.86 |
| Vehicles | 52.04 | 49.74 | 26.86 | 74.92 | 31.80 | 10.76 | 22.50 | 20.06 | 54.85 | 20.24 |
| Total | 866.03 | 452.96 | 143.36 | 1,175.63 | 541.60 | 115.91 | 131.84 | 525.67 | 649.96 | 324.43 |
| Previous Year | 821.88 | 135.09 | 90.94 | 866.03 | 563.47 | 55.00 | 76.87 | 541.60 | 324.43 | |

* On land jointly held with others.

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

| | | (₹ in Lakhs) |
|---|-------------------------|-------------------------|
| | As at March 31, 2013 | As at March 31, 2012 |
| 10. NON CURRENT INVESTMENTS | | |
| <i>[At Cost, Unquoted, Non Trade In Government or Trust Securities]</i> | | |
| 12.40% Government of India Securities | 100.00 | 100.00 |
| 06.05% Government of India Securities | 500.00 | 500.00 |
| 06.01% Government of India Securities | 500.00 | 500.00 |
| 05.64% Government of India Securities | 493.50 | 493.50 |
| 06.95% Government of Karnataka Loan bonds | — | 100.00 |
| | 1,593.50 | 1,693.50 |
| Notes: | | |
| Book value of unquoted investments | 1,600.00 | 1,700.00 |

11. DEFERRED TAX ASSET

In view of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, adjustment to the deferred tax asset of ₹ 78 Lakhs (Previous year ₹ 58.4 Lakhs) has been made and is adjusted against provision for tax for the current year. The tax effects of significant timing (temporary) differences that resulted in deferred tax assets and liabilities and description of the financial statement items that creates these differences are as follows:

| | As at March 31, 2013 | (₹ in Lakhs) As at March 31, 2012 |
|-----------------------------------|-------------------------|---|
| Deferred Tax Assets: | | |
| Provision for Doubtful debts | 259.25 | 388.55 |
| Provision for compensated absence | 261.02 | 196.48 |
| Provision for wage settlement | — | — |
| Sub-Total (A) | 520.27 | 585.03 |
| Deferred Tax liability: | | |
| Depreciation on Assets | 32.79 | 19.54 |
| Sub-Total (B) | 32.79 | 19.54 |
| Deferred Tax Asset (A-B) | 487.49 | 565.49 |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

| | As at March 31, 2013 | As at March 31, 2012 |
|--|---------------------------------|---------------------------------|
| 12 LONG TERM LOANS AND ADVANCES (Refer Note 12.1) | | |
| (i) Secured, Considered Good | | |
| a) Housing Loans - Individuals/Staff | 3,78,117.83 | 2,59,281.12 |
| b) Housing Loans - Corporate Bodies & Others | 1,951.22 | 1,045.50 |
| c) Non Housing Loans | 20,761.45 | 6,563.94 |
| | 4,00,830.50 | 2,66,890.57 |
| Less: Provision for Non-Performing Assets | 1,518.28 | 2,389.92 |
| (Refer Note 12.2 & 12.3) | | |
| Provision for Standard Assets (Refer Note 12.4) | 1,796.86 | 1,110.85 |
| | 3,97,515.36 | 2,63,389.80 |
| d) Loans against deposits | 46.24 | 43.94 |
| (ii) Unsecured, Considered Good | | |
| a) Staff loans | 53.04 | 37.87 |
| b) Security Deposits | 136.41 | 114.53 |
| | 3,97,751.04 | 2,63,586.14 |

12.1 Loans and instalments due from borrowers are secured, partly secured or otherwise by:

- (a) Equitable mortgage of property and/or
- (b) Other securities, assignment of life insurance policies and/or
- (c) Government guarantees, Bank guarantees, Company guarantees or personal guarantees and/or
- (d) Negative lien and/or
- (e) Undertaking to create a security.

12.2 Classification of loans and provisions made for non-performing assets is given hereunder

(₹ in Lakhs)

| Loans | As on 31.03.2013 | | | | | As on 31.03.2012 | | | | |
|--|------------------|---------------|---------------|---------------|------------------|------------------|---------------|----------------|---------------|------------------|
| | Standard | Sub-standard | Doubtful | Loss | Total | Standard | Sub-standard | Doubtful | Loss | Total |
| Housing loans (including instalments due from borrowers) | | | | | | | | | | |
| - Individuals | 376810.66 | 504.53 | 792.02 | 145.38 | 378252.59 | 258134.11 | 227.54 | 1171.64 | 325.60 | 259858.89 |
| - Corporate bodies | 2492.60 | — | — | 100.05 | 2592.65 | 846.11 | — | 156.95 | — | 1003.06 |
| Other Loans | 20752.54 | 5.40 | 16.76 | 1.96 | 20776.66 | 6557.07 | 15.18 | 4.31 | — | 6576.56 |
| Total Loans | 400055.80 | 509.93 | 808.78 | 247.39 | 401621.90 | 265537.29 | 242.72 | 1332.90 | 325.60 | 267438.51 |
| Provision - Housing loans | — | 75.68 | 563.60 | 245.43 | 884.71 | — | 34.13 | 975.91 | 325.60 | 1335.64 |
| Provisions for Other loans | — | 0.81 | 6.49 | 1.96 | 9.26 | — | 2.28 | 1.92 | — | 4.20 |
| Additional Provision - | | | | | | | | | | |
| - Individuals | — | — | — | — | 672.14 | — | — | — | — | 1050.07 |
| - Corporate Bodies | — | — | — | — | — | — | — | — | — | — |
| Total | — | — | — | — | 1566.11 | — | — | — | — | 2389.91 |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

| | As at | As at |
|--|-----------------------|----------------|
| | March 31, 2013 | March 31, 2012 |

- 12.3** Recognition of income and provision for non-performing assets has been made in accordance with the guidelines on prudential norms applicable as of March 31, 2013.

Provision of loans is required to be maintained as per NHB guidelines on prudential norms to the extent of ₹ 894 Lakhs (Previous year ₹ 1340 Lakhs) against which the company, by way of prudence and abundant caution has maintained cumulative provision of ₹ 1566 Lakhs (Previous year ₹ 2389 Lakhs).

- 12.4** As per the directions of NHB vide their letter – NHB (ND)/ DRS / Pol No. 45/2011-2012 dated January 19, 2012, the provision for Standard Assets in respect of commercial real estates is required to be at 1.00% and for other Standard Assets is required to be made at 0.40%. Accordingly the Company has made provision for Standard Assets as under.

(₹ in Lakhs)

| Particulars | 2012-13 | 2011-12 |
|-------------------------------|------------------|----------------|
| Standard Assets Outstanding | 400055.80 | 265537.29 |
| Provision required to be made | 1618.74 | 1062.15 |
| Provision made | 1800.00 | 1100.00 |

(₹ in Lakhs)

| | As at | As at |
|--|-----------------------|----------------|
| | March 31, 2013 | March 31, 2012 |

13. CASH AND CASH EQUIVALENTS

| | | |
|---|---------------|----------|
| Balance with Banks for regular operations | 3.31 | — |
| Cash on hand | 4.80 | 3.35 |
| Cheques on hand | 413.32 | — |
| Deposits with Banks | 375.10 | 1,556.00 |
| Earmarked Balance with Banks | 57.92 | 53.85 |
| Remittance in Transit | — | 3.00 |
| | 854.46 | 1,616.20 |

14. SHORT TERM LOANS AND ADVANCES**(i) Secured, Considered Good**

| | | |
|---|---------------|----------|
| Current Maturities of Long term Advances | | |
| - Housing Loans - Individuals/Staff | 127.98 | 1,024.02 |
| - Housing Loans - corporate bodies & others | 641.43 | 12.62 |
| - Non Housing Loans | 15.21 | — |
| | 784.63 | 1,036.64 |
| Less: Provision for Non Performing Assets | 47.83 | — |
| Provision for Standard Assets | 3.14 | 4.15 |
| | 733.66 | 1,032.49 |

(ii) Unsecured, Considered Good

| | | |
|----------------|-----------------|----------|
| Other Advances | 2,742.10 | 2,628.60 |
| Staff Advances | 18.39 | 16.81 |
| | 3,494.14 | 3,677.90 |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

15. CONTINGENT LIABILITIES

(` in Lakhs)

| Nature of claims | As of 31.03.2013 | As of 31.03.2012 | Risk involved |
|---|---------------------|---------------------|---|
| Disputed Income Tax matters under appeal: | 1345.19 | 1011.90 | <p>1. The appeals filed by the Company for the Asst. Years from 1994-95 to 1999-2000 allowed by the 2nd appellate authority in favour of the Company had been appealed by the Dept. before the Hon'ble High Court of Karnataka and the same were dismissed/ allowed in favour of the Company, excepting for the asst.year 1998-99, which is yet to be heard.</p> <p>2. In respect of Income Tax Appeals filed by the Department for the Asst. years 1996-97 and 1997-98 were dismissed by the Hon'ble High Court of Karnataka and allowed in favour of the Company and the Department has filed an appeal before the Hon'ble Supreme Court of India, in respect of the Asst. year 1996-97, before the Hon'ble Supreme Court of India.</p> <p>3. The appeals filed by the Company for the Asst. years 2006-07 and 2007-08 were dismissed by the 2nd appellate authority and the Company has preferred appeals before the Hon'ble High Court of Karnataka and the appeals are yet to be heard and a provision to the extent of ` 6 Cr. has made in the books, which is opined to be adequate.</p> <p>4. Based on the order u/s.271(1)(c) received for the Asst. year 2006-07 (under appeal before the 1st appellate authority) and alleged demand for Asst.year 2007-08 in the order u/s.143(3) for the Asst year 2007-08, (appeal pending before Hon'ble High Court of Karnataka), an amount of ` 418.46 lakh for the Asst. year 2006-07 and ` 448.13 lakh for the Asst.year 2007-08 is shown under disputed tax.</p> <p>5. Upon receipt of final Asst. order for the Asst. year 2010-11, an amount of ` 100.71 lakh has been deleted from the disputed tax and ` 16.44 lakh demanded for the Asst. year 2012-13 is shown under disputed tax, pending issue of rectification orders.</p> <p>6. The Company has made a provision of ` 908.72 (Previous year ` 916.50) towards the disputed Income Tax matters under appeal. As such, the balance disputed tax liability not provided for in the books is to the extent of ` 436.47 lakh (` 95.40 lakh) relates to the disputed Income Tax, under appeal.</p> |
| Claims made by borrowers of the Company before various Consumer Forums. | 12.06 | 9.77 | In most of the cases the Company is only a formal party. In some cases the borrowers have not performed their part of the contract. There is no liability on the Company in these cases and hence no provision has been made. |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

| | | (₹ in Lakhs) |
|--|-------------------------|-------------------------|
| | As at March 31, 2013 | As at March 31, 2012 |

16. REVENUE FROM OPERATIONS**(i) INTEREST INCOME**

| | | |
|--|------------------|-----------|
| Housing Loans Individuals | 35,636.16 | 27,013.95 |
| Housing Loan Corporate Bodies & Others | 298.47 | 34.58 |
| Non Housing Loans | 1,820.86 | 572.60 |
| Staff Loans | 3.90 | 3.22 |
| Loans against deposits | 2.90 | 6.19 |
| Investments and Deposits | 108.03 | 293.94 |
| | 37,870.32 | 27,924.48 |

(ii) FEES AND OTHER CHARGES

| | | |
|--|------------------|-----------|
| | 1,378.00 | 685.95 |
| | 39,248.32 | 28,610.43 |

17. OTHER INCOME

| | | |
|--------------------------------|--------------|-------|
| Profit on sale of fixed assets | 5.64 | 65.05 |
| Bad debts recovered | 10.06 | - |
| Miscellaneous income | 5.49 | 7.34 |
| | 21.19 | 72.39 |

18. EMPLOYEE BENEFIT EXPENSES

| | | |
|--|-----------------|----------|
| Salary and Wages | 1,087.77 | 840.74 |
| Contribution to Provident Fund and Other Funds | 248.69 | 118.59 |
| Staff Training and Welfare Expenses | 236.43 | 141.91 |
| | 1,572.88 | 1,101.24 |

19. FINANCE COSTS

| | | |
|-------------------------|------------------|-----------|
| Interest on Deposits | 1,507.79 | 1,193.60 |
| Interest on Loans | 26,714.30 | 18,314.87 |
| Other Financial Charges | 78.98 | 44.79 |
| | 28,301.07 | 19,553.26 |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

| | | (` in Lakhs) |
|--|----------------|----------------|
| | As at | As at |
| | March 31, 2013 | March 31, 2012 |

20. DEPRECIATION AND AMORTIZATION EXPENSES

| | | |
|------------------------------|---------------|--------------|
| Depreciation on Fixed Assets | 115.91 | 55.00 |
| | 115.91 | 55.00 |

21. OTHER EXPENSES

| | | |
|---|-----------------|-----------------|
| Advertising | 111.79 | 63.55 |
| Bad debts written off | 329.33 | 280.94 |
| Bank Charges | 0.70 | 4.20 |
| Direct Selling Agent's commission | 432.54 | 93.72 |
| Director's sitting Fees | 4.72 | 5.25 |
| Electricity charges | 47.13 | 32.36 |
| General Office Expenses | 48.89 | 57.38 |
| Insurance | 6.67 | 5.19 |
| Miscellaneous Expenses (Refer Note 21.1) | 35.19 | 24.81 |
| Postage, Telephone and Telex | 40.95 | 36.58 |
| Printing and Stationary | 30.22 | 32.18 |
| Professional Fees | 142.76 | 88.29 |
| Professional Fees – IBS (Refer Note 21.2) | 99.88 | - |
| Rates and Taxes | 11.27 | 7.60 |
| Rent | 372.45 | 287.64 |
| Repairs & Maintenance | 118.36 | 62.43 |
| Travelling and Conveyance | 76.00 | 60.33 |
| | 1,908.84 | 1,142.45 |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

- 21.1)** Miscellaneous Expenses include provision for wealth Tax to extent of ₹ 0.40 lakhs (Previous Year nil)
- 21.2)** The Company has entered into lease cum licence agreement with M/s Theme Encore Ltd., for implementation of Integrated Business Suit (IBS) software. The expenditure incurred in this regard amounting to ₹ 99.88 Lakhs is charged off to the P & L account under Profession fees – IBS.
- 21.3)** Auditor's remuneration

(₹ in Lakhs)

| Particulars | For the year ended | |
|---|--------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Audit Fees (Including Branch Auditors fees) | 11.67 | 6.15 |
| Other Services (Certificates, Tax Audit, etc.,) | 3.78 | 1.33 |
| Out of Pocket Expenses | 2.58 | 2.86 |
| Total | 18.03 | 10.34 |

- 21.4)** Remuneration to Managing Director/s

(₹ in Lakhs)

| Particulars | For the year ended | |
|--------------------------------|--------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Salaries etc., | 10.91 | 15.13 |
| Provident Fund, Gratuity etc., | 1.72 | 1.28 |
| Total | 12.63 | 16.41 |

- 22.** The Company has provided for 100% provision for Non-Performing assets. A sum of ₹ 823.81 Lakhs (Previous Year ₹ 361.17 Lakhs) representing excess provision has been withdrawn & credited to Profit & Loss Account.
- 23.** Earnings per share has been computed as below:

| Particulars | For the year ended | |
|-----------------------------------|--------------------|----------------|
| | March 31, 2013 | March 31, 2012 |
| Profit after tax (₹ in lakhs) (a) | 5412.09 | 4375.98 |
| No. of shares (in lakhs) (b) | 204.85 | 204.85 |
| Basic earnings per share (a/b) | 26.42 | 21.36 |
| Diluted earnings per share (a/b) | 26.42 | 21.36 |
| Nominal value per share | 10.00 | 10.00 |

- 24.** Disclosure required as per NHB

The following additional disclosures have been given in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dt. October 11, 2010 issued by the National Housing Bank.

a) Capital to Risk Assets Ratio (CRAR)

| Items | | Current Year | Previous Year |
|-------|----------------------------|--------------|---------------|
| i) | CRAR (%) | 14.72% | 17.44% |
| ii) | CRAR – Tier I Capital (%) | 14.72% | 17.44% |
| iii) | CRAR – Tier II Capital (%) | 0.00% | 0.00% |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**b) Exposure to Real Estate Sector**

(₹ in Lakhs)

| Category | | Current Year | Previous Year |
|-----------|---|----------------|---------------|
| a) | Direct Exposure | | |
| | i) Residential Mortgages - | | |
| | Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented | | |
| | - Individual Loans of & upto ₹ 15 lakhs. | 182171 | 150111 |
| | - Individual loans above ₹ 15 lakhs. | 196081 | 109747 |
| | ii) Commercial Real Estate - | | |
| | Lending secured by mortgages on commercial real estate (Office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits: | 3089.93 | 5464 |
| | iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures - | | |
| | a) Residential | Nil | Nil |
| | b) Commercial Real Estate | Nil | Nil |
| b) | Indirect Exposure | | |
| | Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | Nil | Nil |

c) Asset Liability Management

Maturity Pattern of Certain items of Assets & Liabilities

(₹ in Lakhs)

| | In Days | | | In Months | | | In Years | | | | | Total |
|-----------------------|-------------|--------------|--------------|-----------|-----------|------------|-----------|-----------|-----------|------------|---------|---------|
| | 1 - 14 days | 15 - 30 days | 30 - 60 days | > 2M = 3M | > 3M = 6M | > 6M = 12M | > 1Y = 3Y | > 3Y = 5Y | > 5y = 7Y | > 7Y = 10Y | > 10Y | |
| Liabilities | | | | | | | | | | | | |
| Borrowings from Banks | — | — | — | 10.00 | 0.21 | 6.81 | 499.94 | 304.89 | 249.51 | 422.89 | — | 1494.27 |
| Borrowings from NHB | 58.81 | — | — | — | 69.35 | 137.83 | 446.17 | 390.20 | 266.94 | 402.93 | 23.50 | 1795.74 |
| Market Borrowings | 1.09 | 1.41 | 5.16 | 3.31 | 17.40 | 66.51 | 74.91 | 1.66 | 0.01 | — | — | 171.45 |
| Assets | | | | | | | | | | | | |
| Advances | 21.20 | 1.00 | 21.92 | 24.32 | 64.59 | 134.35 | 535.06 | 530.81 | 558.48 | 725.55 | 1399.95 | 4016.23 |
| Investments | — | — | — | — | 1.00 | 2.75 | 1.00 | — | 9.94 | — | 5.00 | 19.69 |

25. Particulars of dividend paid to Non-resident shareholders:

| Year in which dividend paid | 2012-13 | 2011-12 |
|-----------------------------------|---------------|---------|
| No. of Shareholders | 153 | 16 |
| No. of Shares held | 78238 | 11230 |
| Gross amount of Dividend (Rupees) | 234714 | 28075 |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**26. Disclosure on Employee Benefits – AS 15 Revised**

Gratuity is an Employee Benefit payable on retirement / superannuation / resignation on completion of 5 years of service.

Privilege Leave is an employee benefit wherein confirmed Officer/Employee is entitled to 30 days of PL every year, which can be accumulated upto a maximum of 240 days.

Provident Fund is a statutory employee benefit wherein contributions are made by the employee and employer in prescribed proportion.

Sick Leave is a Benefit, which an Officer/Employee is entitled to 15 days in a year, which can be accumulated upto a maximum of 270 days.

Leave Fare Concession is an employee benefit wherein all confirmed Employees/Officers are entitled once in two years.

I. RECONCILIATION OF PRESENT VALUE OF PROJECTED BENEFIT OBLIGATION

(₹ in Lakhs)

| Sl. No. | Particulars | Gratuity | | Exempt PF | | Sick Leave | | LTC | | Long Term Compensated Absence | |
|---------|--|---------------|---------|----------------|---------|--------------|---------|--------------|---------|-------------------------------|---------|
| | | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| 1 | Present value of Projected Benefit obligation as on 01/04/11 & 01/04/12 | 525.98 | 500.06 | 1086.30 | 1017.17 | 32.62 | 31.83 | — | — | 236.64 | 221.02 |
| 2 | Service Cost | 28.26 | 26.45 | 226.20 | 175.10 | 3.16 | 2.73 | 47.01 | 56.15 | 17.47 | 11.21 |
| 3 | Interest Cost | 44.30 | 38.28 | 92.86 | 77.97 | 2.81 | 2.58 | — | — | 19.09 | 16.89 |
| 4 | Past Service Cost | — | — | — | — | — | — | — | — | — | — |
| 5 | Actuarial Gains (+) Losses (-) | 56.21 | 16.18 | 10.36 | (16.21) | 1.90 | (4.51) | — | — | 83.94 | 12.55 |
| 6 | Benefit Paid | 21.61 | 54.98 | 126.23 | 167.73 | — | — | — | — | 29.24 | 25.04 |
| 7 | Present Value of Projected Benefit Obligations as on 31/03/12 & 31/03/13 (1+2+3+4+5-6) | 633.14 | 525.98 | 1289.49 | 1086.30 | 40.49 | 32.62 | 47.01 | 56.15 | 327.88 | 236.64 |

II. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2013

(₹ in Lakhs)

| Sl. No. | Particulars | Gratuity | | Exempt PF | | Sick Leave | | LTC | | Long Term Compensated Absence | |
|---------|--|---------------|---------|---------------|---------|-------------|---------|--------------|---------|-------------------------------|---------|
| | | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| 1 | Service Cost | 28.26 | 26.45 | 226.20 | 175.10 | 3.16 | 2.73 | 47.01 | 56.15 | 17.46 | 11.21 |
| 2 | Past Service Cost | — | — | — | — | — | — | — | — | — | — |
| 3 | Interest Cost | 44.30 | 38.28 | 92.86 | 77.97 | 2.81 | 2.58 | — | — | 19.09 | 16.89 |
| 4 | Actuarial Gains (-) Losses (+) | 56.46 | 16.18 | 33.24 | 18.07 | 1.90 | (4.51) | — | — | 83.94 | 12.55 |
| 5 | Expected Return on Plan Assets | 15.10 | 17.07 | 105.98 | 93.14 | — | — | — | — | — | — |
| 6 | Benefits paid | — | — | — | — | — | — | — | — | — | — |
| 7 | Amount charged to Employees remuneration And benefits & other Expenses (1+2+3+4-5-6) | 113.92 | 63.83 | 246.31 | 141.85 | 7.89 | 0.79 | 47.01 | 56.15 | 120.49 | 40.66 |

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**III. RECONCILIATION OF OPENING BALANCES AND CLOSING BALANCES OF PLAN ASSETS**

(₹ in Lakhs)

| Sl. No. | Particulars | Gratuity | | Exempt PF | | Sick Leave | | LTC | | Long Term Compensated Absence | |
|---------|--------------------------------|----------|---------|-----------|---------|------------|---------|---------|---------|-------------------------------|---------|
| | | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 | 2012-13 | 2011-12 |
| 1 | Opening Balance | 174.09 | 212.25 | 1086.08 | 983.71 | — | — | — | — | — | — |
| 2 | Expected Return | 15.10 | 16.82 | 105.99 | 93.14 | — | — | — | — | — | — |
| 3 | Actuarial Gains (+) Losses (-) | — | — | (22.88) | 1.86 | — | — | — | — | — | — |
| 4 | Contribution by employees | — | — | 226.20 | 175.10 | — | — | — | — | 29.24 | 25.04 |
| 5 | Benefits paid | 21.61 | 54.98 | 126.22 | 167.73 | — | — | — | — | 29.24 | 25.04 |
| 6 | Closing balance (1+2+3+4-5) | 167.33 | 174.09 | 1269.16 | 1086.08 | — | — | — | — | — | — |

IV. Actuarial Assumptions

| Sl.No. | Description | As on March 31, 2013 | As on March 31, 2012 |
|--------|--|--|--|
| 1 | Discount Rate per annum | 8.00% | 8.60% |
| 2 | Rate of Return on Plan Assets | Gratuity 9.25% Exempted PF 9% | Gratuity 9.25% Exempted PF 9% |
| 3 | Mortality Rate | Indian Assured Lives (1994-96)Ultimate Table | Indian Assured Lives (1994-96)Ultimate Table |
| 4 | Withdrawal rates (per annum) | 10.45% | 9.66% |
| 5 | The estimates of future salary increases considered in actuarial valuation, take into account escalation, inflation, seniority, Promotion and other relevant factors | 7.00% for the next five years | 7.00% for the next five years |

27. Segment Reporting – There are no separate reportable segments as per Accounting Standard on Segment Reporting (AS-17) as the Company's primary business is of housing finance.
28. The transactions with related parties as per Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India and as required under the Listing Agreement with Stock Exchanges are furnished below:

(A) Related Parties:

| | |
|---|-----------------------------|
| Canara Bank | Sponsor Bank |
| Canbank Factors Ltd. | Subsidiaries of Canara Bank |
| Canbank Computer Services Ltd. | |
| Canara Robeco Asset Management Services Ltd. | |
| Canbank Financial Services Ltd. | |
| Canbank Venture Capital Fund | |
| Canara Bank Securities Ltd. | |
| Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd. | |

(B) Key Management Personnel:

Mr. C. Ilango - Managing Director (From 29/04/11)

NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**(C) Transactions with Related Parties:**

(₹ in Lakhs)

| Sl.No. | Related Party | Nature of Transaction | 2012-13 | 2011-12 |
|--------|--------------------------------|--|------------------|-----------|
| 1 | Canara Bank | Term Loans & other credit facilities * | 156886.35 | 156122.33 |
| | | Interest paid for the year | 16961.17 | 13387.09 |
| | | Deposits * | 375.10 | 1556.00 |
| | | Interest earned for the year | 0.87 | 186.09 |
| | | Rent paid for the year | 29.11 | 32.24 |
| | | Bank charges for the year | 12.32 | 4.20 |
| | | Salary of deputed staff | 12.63 | 22.37 |
| | | Salary of Managing Director/s | 12.63 | 16.41 |
| | | Other Payments for the year | 5.07 | 3.31 |
| 2 | Canbank Computer Services Ltd. | Rent Received from Bank | 0.00 | 0.66 |
| | | Registrar & Transfer Agency charges for the year | 6.07 | 9.82 |
| | | IT Services | 0.00 | 1.70 |
| | | Other Services | 4.30 | 6.76 |

(Amount written off: Nil Amount written back: Nil * Outstanding as of March 31.
All the above are transacted in the normal course of business.)

29. There are no penalties levied on the Company by the National Housing Bank.
30. There are no adverse comments on the Company made in writing by the National Housing Bank on Regulatory compliance, which requires disclosure.
31. The Company has complied with requirements as per Para 29 of the Housing Finance Companies (NHB) Directions 2001.
32. Previous year figures have been rearranged / regrouped wherever necessary.

For **K P Rao & Co.,**
Chartered Accountants
Firm Registration No.: 003135S

S.R.Iyer
Chairman

K.S.Madhava Murthy
Director

K.R.Vijayendra
Director

M.G.Vinaya Simha
Partner
Membership No: 208874

C.Ilango
Managing Director

P.B.Santhanakrishnan
Director

S.Krishnakumar
Director

Place : Bengaluru
Date : April 25, 2013

P.V.S.Raju
Chief Financial Officer

K.S.Sathyaprakash
Company Secretary

BALANCE SHEET AND COMPANY'S GENERAL BUSINESS PROFILE

(In terms of Part IV of Schedule VI of the Companies Act, 1956)

I Registration details

| | | | |
|--------------------|------------|------------|---|
| Registration No. | 8699 | State Code | 8 |
| Balance Sheet date | 31-03-2013 | | |

II Capital raised during the year (Amount in ` Thousands)

| | | | |
|--------------|----------------|-------------------|----------------|
| Public Issue | Not Applicable | Rights Issue | Not Applicable |
| Bonus Issue | Not Applicable | Private Placement | Not Applicable |

III Position of mobilisation and deployment of funds (Amount in ` Thousands)

| | | | |
|-----------------------------|----------|--------------------|----------|
| Total Liabilities | 39310579 | Total Assets | 39310579 |
| <u>Sources of Funds</u> | | | |
| Paid-up Capital | 204875 | Reserves & Surplus | 3716837 |
| Secured Loans | 33674410 | Unsecured Loans | 1714456 |
| <u>Application of Funds</u> | | | |
| Net Fixed Assets | 67939 | Investments | 159350 |
| Net Current Assets | 39083289 | Misc. Expenditure | 0 |
| Accumulated Losses | Nil | | |

IV Performance of the Company (Amount in ` Thousands)

| | | | |
|--------------------------|---------|-------------------------|---------|
| Turn Over | 3926951 | Total Expenditure | 3189871 |
| Profit / Loss Before Tax | 750962 | Profit / Loss After Tax | 541209 |
| Earning per Share in ` | 26.42 | Dividend Rate (%) | 40 |

V Generic Names of Three Principal Products / Services of the Company

(As per monetary terms)

| | |
|---------------------|-----------------|
| Item Code No. | 0 |
| (ITC Code) | Nil |
| Product Description | Housing Finance |

As per our Report of even date
For **K P Rao & Co.**,
Chartered Accountants
Firm Registration No: 003135S

M.G.Vinaya Simha
Partner
Membership No: 208874

Place : Bengaluru
Date : April 25, 2013

S.R.Iyer
Chairman

C.Ilango
Managing Director

P.V.S.Raju
Chief Financial Officer

K.S.Madhava Murthy
Director

P.B.Santhanakrishnan
Director

K.S.Sathyaprakash
Company Secretary

K.R.Vijayendra
Director

S.Krishna Kumar
Director

LIST OF BRANCHES / OFFICES IN INDIA

Ahmedabad

No.203, Samedh Building,
Second Floor, C G Road, Near Associated
Petrol Pump Ahmedabad-380 006
Tel:079-26405312-26560759.
Email id:ahmedabad@canfinhomes.com

Bengaluru – Basavanagudi

No.29/1,1st Floor,
Sir M N Krishna Rao Road,
Basavanagudi Bengaluru – 560 004
Tel: 080 – 2656 0277
E-mail id: basavanagudi@canfinhomes.com

Bengaluru-Cunningham Road

No - 19/5, 'KAREEM TOWERS',I Floor,
Cunningham Road, Bengaluru-560 052
Tel:080-22266430-22626003.
Email id: cunninghamroad@canfinhomes.com

Bengaluru-Hesaraghatta road

No 765, 1st Floor, MEI Layout, 60 feet
Road, Bagalagunte, Hesaraghatta Road
Bengaluru-560 073 Tel:080-28390315.
Email id:hesaraghatta@canfinhomes.com

Bengaluru-Jayanagar

"Sajini", #69, Old no.35, Basement
Ground &I floor,12th main Jayanagar 3rd
Block,Bengaluru-560 011
Tel:080-26630776-26630501.
Email id:Jayanagar@canfinhomes.com

Bengaluru-Kengeri

#931,1st Floor, 1st Main,7th Cross,
Kengeri Satellite Town, Bengaluru-560 060
Tel:080-28486098-99.
Email id: kengeri@canfinhomes.com

Bengaluru-Koramangala

No.586,II Floor,80 ft.road,Near Police
Station,Opp.Bethany School, 8th Block,
Koramangala, Bengaluru-560 095
Tel:080-25703722-23.
Email id: koramangala@canfinhomes.com

Bengaluru-Marathahalli

No.586,II Floor,80 ft.road,Near Police
Station,Opp.Bethany School, 8th Block,
Marathahalli, Bengaluru-560 037
Tel:080-25401332.
Email id: marathahalli@canfinhomes.com

Bengaluru-Sahakarnagar

116/3,First Floor,G Block 60 Feet Road,
Sahakarnagar Bengaluru-560 092
Tel:080-23636425.
Email id: sahakarnagar@canfinhomes.com

Bengaluru - Sarjapur Road

#30, Sy.No-41, I Floor , Sarjapur Main
Road, Iblur, Next to HSR Police station,
Bengaluru-560 103 Tel : 080 - 25740089 .
E-mail id: sarjapur@canfinhomes.com

Bengaluru-Uttarahalli

#39, Ground Floor, Subramanyapura
Main Road Chikkalasandra, Near Prarthana
School Bengaluru-560 061
Tel:080-26394003-26394009.
Email id: uttarahalli@canfinhomes.com

Bengaluru-Vijayanagar

No 148/E,I Floor, Siddalingswara
Towers 17th MAIN, East Of Chord Road
Vijayanagar, Bengaluru-560 040
Tel:080-23404965-23359162.
Email id: vijayanagar@canfinhomes.com

Baroda

No.4,5,6,First Floor,Plot No.24, Spring
Field Complex, Hari Nagar Co-Operating
Housing Society,Hari Nagar Chhar Rasta,
Gotri Road, Vadodara-390 021
Tel:0265-2388326-27.
Email id: baroda@canfinhomes.com

Belgaum

Shop No. 5, Ground Floor,
Classic Manor, SomwarPeth Tilakwadi,
Belgaum – 590 006
Tel: 0831 - 2464577.
Email id: belgaum@canfinhomes.com

Bhopal

Plot No.1, 1st Floor, Zone 2, M P Nagar
Bhopal-462 011 Tel:0755-2577935-39.
Email id: bhopal@canfinhomes.com

Bhubaneswar

Plot No. SCR - 44, 1st Floor, Kharavela
Nagar, Unit 3 Bhubaneswar – 751 001
Tel : 0674-2393345-2393061.
Email id: bhubaneswar@canfinhomes.com

Calicut

18/1145 D, Ist Floor
K T Commercial Complex, Jail Road,
Calicut-673 004 Tel-0495-2704883-84.
Email id:calicut@canfinhomes.com

Chandigarh

SCO-87,I Floor Sector 47-D
Chandigarh-160 047
Tel:0172-2632925 - 2632097
Email id: chandigarh@canfinhomes.com

Chengalpattu

Plot No.28, Ground Floor, Lawyer
Krishnaswamy Street, Vedachalam Nagar
Chengalpattu – 603 001 Tel :044 – 27426466.
E-mail id:Chengalpattu@canfinhomes.com

Chennai-Ambattur

#27,Red Hills Road,
Ambattur Chennai-600 017, Tel:044-26585809
Email id: ambattur@canfinhomes.com

Chennai-Anna Salai

NQ.770/A, Spencer Tower Annexe Anna Salai,
Chennai-600 002
Tel:044-28497026-28496318. Fax:28497027
Email id:chennai@canfinhomes.com

Chennai-Perungudi

Ground Floor,Grihalayaloganayaki, Plot
No.17,Door No.26/62, 1st Main Road,Tirumali
Nagar Annexe Perungudi, Chennai-600 096
Tel : 044-24965656
Email id:omr@canfinhomes.com

Chennai-Porur

44/2, Somasundaram avenue Sakthi Nagar
Main Road, Porur Chennai-600 116
Tel:044-22520032.
Email id: porur@canfinhomes.com

Chennai-Tambaram

No.7/1,Muthu Linga Reddy Street West
Tambaram Chennai-600 045
Tel:044-22260600-40
Email id: tambaram@canfinhomes.com

Cochin

39/3728, Vishnupriya, Manikkiri, M G Road,
Pallimukku, Ernakulam, Cochin-682 016
Tel:0484-2356855-2356826.
Email id: cochin@canfinhomes.com

Coimbatore

439, Lawrance Complex, Cross Cut Road,
Gandhipuram, Coimbatore-641 012
Tel:0422-2235977-2230163
Email id: coimbatore@canfinhomes.com

Coimbatore-P N Palyam

City Palace, 1st Floor, Railway Feeder Road,
Near LMW, P N Palyam Coimbatore-641 020
Tel:0422-2693235
Email id:pn.palyam@canfinhomes.com

Davangere

D.No.633,I Floor, K B Extension, Opp to Bellary
Siddamma Park, Trishul Talkies Road,
Davangere - 577 002
Tel:0819-2270345-2235006.
Email id:davangere@canfinhomes.com

Dehradun

38, Arhat Bazar, Saharanpur Chowk,
Dehradun-248001
Tel:0135 -2520242
Email id:dehradun@canfinhomes.com

Dharuhera

1st Floor , Opp. Municipal Office, Sohna
Road, Dharuhera - 123 106 Haryana
Tel - 01274 – 242381.
E-mail id:dharuhera@canfinhomes.com

Goa

307&308,III Floor, KAMAT TOWERS Patto,
Panjim, Goa-403 001 Tel:0832-2438517-18.
Email id:goa@canfinhomes.com

Guntur

4-1-1, 1st floor, GAYATRI PLAZA,
Main Road, Koritipadu, Guntur-522 007
Tel:0863-2333064.
Email id: guntur@canfinhomes.com

Hosur

Shree Plaza,5th Main Road, Shanti Nagar(W)
Denkanikota Main Road, Hosur-635 109
Tel:04344-220001-220040.
Email id:hosur@canfinhomes.com

Hubli

Ground Floor, Eureka Junction, Giriraj Annexe
Circuit House Road, Hubli-580 029
Tel:0836-2256390-2256464.
Email id:hubli@canfinhomes.com

Hyderabad-Gachibowli

#2-52/88,Sai Teja Enclave Near Outer
Ring Road Indira Nagar, Gachibowli,
Hyderabad-500 032 Tel:040-23000030.
Email id:gachi.bowli@canfinhomes.com

Hyderabad - Kompally

Flat No: 102, 1st Floor, SMR Complex,
Plot No: 15 Behind More Super Market,
Suchitra 'X' Roads, Jeedimetla Village,
Hyderabad – 500057 Tel:040-27940410.
Email id: Kompally@canfinhomes.com

Hyderabad-Nampally

Doyen Trade House, 5-9-100 Public Garden
Road, Hyderabad-500 001
Tel:040-23233385-23231626
Fax:040-23242166
Email id: hyderabad@canfinhomes.com

Hyderabad-Kukatpally

Unit No-201, Vijaya Sai Towers, Opp: BJP
Office, Kukatpally Main Road,
Hyderabad - 500 072
Tel :040 – 23053459-23055459 .
Email id: kukatpally@canfinhomes.com

Hyderabad – LB Nagar

#3-11-413/2, Shiva Ganga Colony, LB Nagar,
Hyderabad – 500 074 Tel: 040 – 49501072.
Email id: lb Nagar@canfinhomes.com

Hyderabad-Tarnaka

12-13-416/1, 2nd Floor, Street No- 1,
Tarnaka, Secunderabad-500 017
Tel:040-27005553.
Email id:taranaka@canfinhomes.com

Indore

SakarBhawan, 1st Floor, 21/4, RatlamKothi,
DhakkanwalaKuan Main Road,
Indore – 452 001 Tel : 0731 -2521194-95.
Email id:indore@canfinhomes.com

Jaipur

A-2, I floor, Lal Koti Shopping Complex
Tonk Road, Jaipur-302 015
Tel:0141-2742792-2741649.
Email id:jaipur@canfinhomes.com

Kakinada

C/o Krishna Rao, Popular auto mobiles
21-1-3,Jawahar street,1st Floor,
Kakinada-533 001 Tel:0884-2377898
Email id:Kakinada@canfinhomes.com

Karur

MM Complex, 1st Floor, 9/1, Mohan Store
Layout Near Kannan Departmental Store,
Sengunthapuram, Karur-639 002
Tel:04324-230970 .
Email id:karur@canfinhomes.com

Lucknow

#3,Shahnajaf Road, Ist Floor, SPEED
BUILDING, HeazratGanj Lucknow-226 001
Tel : 0522-4065123-2230331.
Email id: lucknow@canfinhomes.com

Madurai

564/1, Ground Floor, Sakthi Towers
12th East Cross Street, Behind Naveen Bakery
Anna Nagar, Madurai-625 020
Tel:0452-2524400-2539799.
Email id: madurai@canfinhomes.com

Mangalore

Ground Floor, Canara Bank Building
Balmatta Road, Mangalore-575 001
Tel:0824-2440193-2442593
Email id:mangalore@canfinhomes.com

Meerut

#5,Pinnacle Tower First, Floor Vaishali Corner,
Garh Road Meerut-250 002
Tel:0121-27799855.
Email id:meerut@canfinhomes.com

Mumbai-Borivali

No.101-102,1ST Floor, MahavideAdjacent to
Municipal Garden, Chandavarkar Road,
BORIVALI WEST, Mumbai-400 092
Tel:022-28924369-28925385-28918218.
Fax:28908545
Email id: mumbai@canfinhomes.com

Mumbai-Vashi

"GIRIRAJ", I Floor,SS-4/210 & 212 (Opp
Meghraj Multiplex), Sector-2, Vashi Navi
Mumbai-400 703 Tel:022-27820168-69.
Email id:navimumbai@canfinhomes.com

Mysore

No. 16, 1st Floor, Sita Vilas Road, Near
Marimallappa School, Chama raja Mohalla,
Mysore-570 024
Tel:0821-2429699-2422377.
Email id:mysore@canfinhomes.com

NCR - Greater Noida

Shop. No – 4, 4th Floor, Plot No – 3, S
L Towers, Alpha – I, Opp. Golf Course,
Greater Noida–201 308
Tel – 0120 – 2396221.
E-mail id :greaternoida@canfinhomes.com

NCR-Faridabad

Ground Floor, SCF-60, Street 16A Opp Nehru
College, Faridabad-121 001
Tel:0129-2261100-2264621.
Email id:faridabad@canfinhomes.com

NCR-Gurgaon

SCO No. 34 & 35, I Floor, Sector 10-A,
(Above Canara BANK) Gurgaon-122 002
Tel:0124-2370760.
Email id:gurgaon@canfinhomes.com

NCR-New Delhi

1ST Floor, DDA BUILDING, Near Paras
Cinema, Nehru Place, New Delhi-110 019
Tel:011-26487529-26430236.
Fax: 26473318
Email id:chdelhi@canfinhomes.com

NCR-Noida

M-111-112, J S ARCADE, D-1, Sector 18,
Noida-201 301 Tel:0120-2517752-53-54.
Email id:noida@canfinhomes.com

NCR-New DelhiPitampura

No 8,First Floor, Vaishali Enclave
Pitampura, New Delhi-110 034
Tel:011-27315619.
Email id: pitampura@canfinhomes.com

Patna

403, 404, 405, ASHIANA HARNIWAS 4TH
Floor, DakBunglow Road Patna-800 001
Tel:0612-2239861-2239862.
Email id: patna@canfinhomes.com

Pondicherry

490, I floor, M G Road Near Chinnakady,
Pondicherry-605 001
Tel:0413-238447-2222118.
Email id:pondicherry@canfinhomes.com

Pune

1259, RENUKA COMPLEX, I Floor, J M
Road, Deccan Gymkhana Pune-411 004
Tel:020-25531327-25531320
Fax:25538531.
Email id: pune@canfinhomes.com

Raipur

Sai Towers Building, I floor Besides Azad
Chowk Police Station, Amapara,
G E Road , Raipur-492 001
Tel:0771-2531100-4097077.
Email id:raipur@canfinhomes.com

Salem

#1,Johnson pet Road, Hastampatty,
Salem-636 007 Tel:0427-2420017.
Email id: salem@canfinhomes.com

Sriperumbudur

No.122 -123, I Floor, XVB Building,
Gandhi Road, Sriperumbudur – 602 105
Tel :044 – 27162188.
Email id : sriperumbudur@canfinhomes.com

Trichur

1ST Floor, MARVA ARCADE, Machingal
Lane, M G ROAD, Trichur-680 001
Tel:0487-2332421-2331952.
Email id: trichur@canfinhomes.com

Trichy

2ND Floor, AMBAGAM BUILDING, Puthur
High Road, Trichy-620 017
Tel:0431-2773960-2773843.
Email id: trichy@canfinhomes.com

Trivandrum

No.28/2452, Ground Floor, M G Road
Trivandrum-695 001
Tel:0471-2477446-2461446.
Email id: trivandrum@canfinhomes.com

Tumkur

I Floor, Sri Seetharama Temple Bldg.
Someswarapura Main Road
Tumkur-572 102 Tel:0816-2251514.
Email id: tumkur@canfinhomes.com

Udupi

"ShriMalshi" 1st Floor , Court Back Road
Udupi – 576 101 Tel :0820 – 2520644.
E-mail id: udupi@canfinhomes.com

Vijayawada

1st Floor, No.40-7-4, Donka Road
Mogalrajpuram, Vijayawada-520 010
Tel: 0866-2474781-2481731.
Email id: vijayawada@canfinhomes.com

Visakhapatnam

Floor, Dn: 48-8-4 Behind Titan Showroom
Chaitanya College Lane Dwarakanagar
Visakhapatnam-530016
Phone: 0891-2746736- 2591167.
Email: visakhapatnam@canfinhomes.com

Registered Office & Corporate Office:

29/1, Sir M N Krishna Rao Road
Lal Bagh West, Basavanagudi
Bengaluru-560 004
Tel: 080-26570155 Fax : 080-26565746
Email: development@canfinhomes.com

Mandatory Compliance in terms of SEBI Circular CIR/MRD/DP/10/2013 dated 21/03/2013 for maintaining Bank Account particulars including IFSC code for making payments to investors by using any RBI approved electronic modes viz., ECS, NEFT etc.

Mandate form for Electronic payment mode
(For shares held in physical mode)

To

Canbank Computer Services Ltd.,
Registrar and Share Transfer Agents
Unit : Can Fin Homes Ltd., R & T Centre, J.P. Royale,
No.218, 1st Floor, 2nd Main, Sampige Road (Near 14th Cross),
Malleshwaram, Bengaluru-560 003.
Tel: 080-23469661/62/65 Fax: 080-23469667/68

Dear Sir,

I hereby furnish necessary particulars about the shares held by me in physical mode and my Bank account particulars for electronic receipt of amounts, if any, from the Company.

The particulars are :

1. Folio No./Cert.No. :
2. Name of Registered Holder(s) :
3. Present Address :
4. Bank Account details :
 - a. **Account Number (13 digit No./latest account no):**
 - b. Bank A/c type : Savings/Current/NRE/NRO/Overdraft
(Please tick the relevant account type and strike off others)
 - c. Name of bank :
 - d. Branch Name :
 - e. City with PIN :
 - f. 9 digit MICR No. :
(Please attach a blank "cancelled" cheque or photocopy thereof)
 - g. **IFSC Code** :
 - h. **Your e-mail ID** :
 - i. **Mobile No.** :
 - j. Residence Phone No.(with STD code) :

I hereby declare that the particulars given above are correct and complete.

Yours faithfully,

(Signature of the 1st Registered holder(s) as per the Specimen Signature lodged with the Company)

Name :
Address :

Date :

In case you are not in a position to give a blank "cancelled" cheque or a photocopy thereof, a certificate as under may be furnished.

Certificate of the Shareholder(s) Bank

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp

Date :

(_____
Signature of the Authorised Official from the Bank

Mandatory Compliance in terms of SEBI Circular CIR/MRD/DP/10/2013 dated 21/03/2013 for maintaining Bank Account particulars including IFSC code for making payments to investors by using any RBI approved electronic modes viz., ECS, NEFT etc.

Mandate form for Electronic payment mode

(For shares held in De-mat mode)

To

The Depository

Dear Sir,

I hereby furnish necessary particulars for electronic receipt of amounts, if any, from the Company.

1. Client ID & DPID :
2. Name of Registered Holder(s) :
3. Present Address :
4. Bank Account details :
 - a. **Account Number (13 digit No./latest account no)** :
 - b. Bank A/c Type : Savings/Current/NRE/NRO/Overdraft
(Please tick the relevant account type and strike off others)
 - c. Name of bank :
 - d. Branch Name :
 - e. City with PIN :
 - f. 9 digit MICR No. :
(Please attach a blank "cancelled" cheque or photocopy thereof)
 - g. **IFSC Code** :
 - h. **Your e-mail ID** :
 - i. **Mobile No.** :
 - j. Residence Phone No. (with STD code) :

I hereby declare that the particulars given above are correct and complete.

Yours faithfully,

(Signature of the 1st Registered holder(s) as per the Specimen Signature lodged with the Company)

Name :

Address :

Date :

In case you are not in a position to give a blank "cancelled" cheque or a photocopy thereof, a certificate as under may be furnished.

Certificate of the Shareholder(s) Bank

Certified that the particulars furnished above are correct as per our records.

Bank's Stamp

Date :

(
Signature of the Authorised Official from the Bank



Regd. Office : No.29/1, I Floor, Sir M.N.Krishna Rao Road, Basavanagudi, Bengaluru-560 004

ATTENDANCE SLIP

I hereby record my presence at the Twenty-Sixth Annual General Meeting held on Wednesday, the August 07, 2013 at 11.00 a.m. at the J.S.S. Mahavidya Peetha, Shivarathreeswara Centre Auditorium, 1st Main, 8th Block, Jayanagar, Bengaluru-560 082.

Name of the Shareholder(s)
(In Capital Letters)

Name of the Proxy or Company Representative
(in Capital Letters)

Signature of Shareholder(s) OR
Proxy or Company's Representative

Note : 1. A Proxy attending on behalf of Shareholder(s) should write the name of the Shareholder(s) from whom he holds Proxy.
2. Members are requested to bring their copy of the Annual Report to the Meeting as additional copies of the same will not be made available at the Meeting.

Reg. Folio No.....

* Client ID No.

* DPID No.

No. of shares held

* Applicable for investors holding shares in electronic form.



Regd. Office : No.29/1, I Floor, Sir M.N.Krishna Rao Road, Basavanagudi, Bengaluru-560 004

PROXY FORM

(To be filled and signed by the Shareholder)

I/We in the district of ..

being a member / member(s) of Can Fin Homes Ltd., hereby appoint

Mr./Mrs./Ms.

in the district of in the State of or failing him

Mr./Mrs./Ms. resident of

in the district of

in the State of as my / our proxy to vote for me / us / on my / our behalf at the Twenty-Sixth Annual General Meeting of the Company to be held on Wednesday, the August 07, 2013 at 11.00 a.m. and at any adjournment thereof.

Signed this day of 2013.

Reg. Folio No.....

* Client ID No.

* DPID No.

No. of Shares held

15 Paise
Revenue
Stamp

Signature of the Proxy

Signature of the first named / sole shareholder

* Applicable for investors holding shares in electronic form.

Note : In terms of Section 176(3) of the Companies Act, 1956, an instrument appointing a proxy shall be deposited at the Registered Office of the Company not less than Forty-Eight Hours before the time fixed for holding the meeting.

EVENTS



Inauguration of branch at Basavanagudi in Bengaluru by Shri. R.K. Dubey, Chairman and Managing Director, Canara Bank on 10/06/13



Handing over of Dividend Cheque for the Financial Year 2011-12 to Shri. S. Raman, Chairman and Managing Director, Canara Bank by Shri. C. Ilango, Managing Director, Can Fin Homes Ltd., on 09/08/12



Customer Meet at Vijayawada Branch on 30/08/12



Branch Managers Conference held at Bengaluru on 20th and 21st May 2013



New look Hyderabad - Nampally Branch. Better ambience upon refurbishing during 2012-13



25th Annual General Meeting held on 08/08/12





Can Fin Homes Ltd
(Sponsor: **CANARA BANK**)

Regd. Office: No. 29/1, Sir. M.N. Krishna Rao Road, Lalbagh West, Basavanagudi, Bengaluru - 560 004
Email : development@canfinhomes.com www.canfinhomes.com