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CanFin Homes Ltd
(Sponsor: CANARA BANK)



23rd Annual Report

2009 - 2010

Board of Directors



Mr. P.R. Yognik



Mr. J.S. Vasan



Mr. P. Santosh Kumar



Dr. Ashok K. Mittal



Mrs. Mythili Krishnamurthy



Mr. Ashok Kumar Jain



Mr. Anil Kumar Nayyar



Dr. K.K. Deb

BOARD OF DIRECTORS

Mr.S.Doreswamy	Chairman (upto 11-09-2009)
Mr.P.R.Yagnik	Chairman (from 14-10-2009)
Mr.J.S.Vasan	Director (upto 30-06-2010)
Mr.P.Santosh Kumar	Director (upto 19-06-2010)
Dr.Ashok K.Mittal	Director
Mr.Ashok Kumar Jain	Director (from 27-08-2009)
Mr.Anil Kumar Nayyar	Director (from 16-07-2010)
Mrs.Mythili Krishnamurthy	Managing Director (upto 15-06-2010)
Dr.K.K.Deb	Managing Director (from 15-06-2010)

EXECUTIVES

ASSISTANT GENERAL MANAGERS

Mr.G.V.Gopinath (upto 10-08-2009)
Mr.Rm.Veerappan
Mr.N.Vijayagopalan (upto 30-09-2009)
Mr.A.R.Gopal (upto 31-12-2009)
Mr.P.Vijayasekhara Raju
Mrs.M.Shamila
Mr.T.Bakthavalsalan

ASST. GENERAL MANAGER & COMPANY SECRETARY

Mr.K.S.Sathyaprakash

CHIEF MANAGERS

Mr.Sunil Kumar Mittal
Mr.Atanu Bagchi
Mr.Ajay Kumar G.Shettar
Mr.H.V.Shekhar
Mr.A.Madhukar
Mr.B.M.Sudhakar

REGISTRARS & SHARE TRANSFER AGENTS

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

AUDITORS

K.P.Rao & Co.,
Chartered Accountants
'Poornima', 25
Madras Bank Road
Bangalore-560 001

PRINCIPAL BANKERS

Canara Bank

CAN FIN HOMES LTD., REGISTERED OFFICE

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

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**MEMBERS ARE REQUESTED TO BRING THEIR COPIES OF THE
ANNUAL REPORT TO THE MEETING**

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED MARCH 31, 2010

OPERATIONAL HIGHLIGHTS

Rs.in crore

	2005-06	2006-07	2007-08	2008-09	2009-10	Cumulative Figures
Loan approvals	824.88	417.09	263.88	356.28	652.86	6171.65
Loan disbursements	653.95	453.36	247.40	300.54	546.90	5329.21

FINANCIAL HIGHLIGHTS

Gross Income	148.21	190.00	221.47	222.91	216.44
Profit after Tax	26.95	30.10	28.40	31.53	39.19
Shareholder funds	173.67	197.78	219.76	246.50	274.89
Deposits	256.84	191.68	160.13	165.35	202.31
Borrowings	1296.87	1554.44	1480.88	1480.00	1663.00
Housing / other loan outstanding	1773.45	1941.53	1899.46	1887.18	2106.65
Dividend (%)	25	25	25	20	20

NOTICE

NOTICE is hereby given that the TWENTYTHIRD ANNUAL GENERAL MEETING of the Members of **CAN FIN HOMES LTD.**, will be held at 11 A.M. on Wednesday, the August 25, 2010 at the J.S.S. Mahavidya Peetha, Shivarathreeswara Centre Auditorium, 1st Main, 8th Block, Jayanagar, Bangalore-560 082 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended that date together with the Report of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in the place of Dr.Ashok K.Mittal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution, pursuant to Section 224A of the Companies Act, 1956 :

“RESOLVED that M/s.K.P.Rao & Co., Chartered Accountants, be and are hereby re-appointed as 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 the following firms of Chartered Accountants be and are hereby re-appointed as the auditors to carry out the audit of the branches of the Company mentioned against each of their firm’s name, 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 the audit :

Sl. No.	Name of the firms of Chartered Accountants	Name of the Branches authorised for auditing
(i)	M/s.K.P.Rao & Co., Bangalore	Branches in the States of Karnataka, Kerala, Goa, Gujarat, Maharashtra and new branches, if any, to be opened by the Company during 2010-11.
(ii)	M/s.L.U.Krishnan & Co., Chennai	Branches in the State of Tamil Nadu and the Union Territory of Pondicherry.
(iii)	M/s.K.P.Rao Associates Hyderabad	Branches in the States of Andhra Pradesh and Orissa.
(iv)	M/s.H.K.Chaudhry & Co., New Delhi	Branch(es) at New Delhi, Noida, Faridabad, Gurgaon, Jaipur, Lucknow, Chandigarh, Bhopal, Raipur, Indore and Patna”.

SPECIAL BUSINESS

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

As Ordinary Resolutions

5. "RESOLVED that Mr.Ashok Kumar Jain be and is hereby appointed as a Director of the Company, liable to retire by rotation".
6. "RESOLVED that Mr.Anil Kumar Nayyar be and is hereby appointed as a Director of the Company, liable to retire by rotation".
7. "RESOLVED that Dr.K.K.Deb be and is hereby appointed as a Director of the Company".

"FURTHER RESOLVED that pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof, approval of the members of the Company be and is hereby accorded to the appointment of Dr.K.K.Deb, Deputy General Manager, Canara Bank, as the Managing Director of the Company with effect from the afternoon of June 15, 2010 for a period not exceeding 3 years or till the date of attaining superannuation, whichever is earlier, at such remuneration he is entitled to in accordance with the Service Regulations of Canara Bank and any modifications and revisions thereof that might take place from time to time and payable by way of reimbursement to Canara Bank and on the terms and conditions including remuneration payable to him as the Managing Director as detailed in the explanatory statement attached hereto, provided however that the remuneration payable to Dr.K.K.Deb shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof".

"FURTHER RESOLVED that the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such documents, instruments and writings, if any, as may be required and to delegate all or any of its powers herein conferred to any Director(s) or Committee of Directors to give effect to the aforesaid resolutions".

BY ORDER OF THE BOARD OF DIRECTORS

Place : Bangalore
Date : July 03, 2010

K.S.SATHYAPRAKASH
Company Secretary

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

NOTES

1. **A MEMBER ENTITLED TO ATTEND THE MEETING AND VOTE THEREAT IS ENTITLED TO APPOINT A PROXY. A PROXY ATTENDING THE MEETING CAN VOTE ON HIS / HER BEHALF ONLY ON A POLL. SUCH 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 from a Member actually attending the Meeting or from a valid Proxy (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 item Nos.5, 6 and 7 of the notice are enclosed herewith.
4. The Register of Members and Share Transfer Books of the Company would remain closed from Thursday the August 19, 2010 to Wednesday the August 25, 2010 (both days inclusive) for the purpose of payment of dividend for the financial year 2009-10.
5. Payment of dividend for the financial year 2009-10, on declaration, will be made after August 25, 2010, to those members whose names appear in the Register of Members of the Company as on August 18, 2010.
6. Members are requested to promptly notify any change in their address to the Registrars and Share Transfer Agents of the Company viz., M/s. 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, Bangalore-560 003, immediately.
7. The Company has transferred unclaimed dividend up to Dividend 1996 to the General Revenue A/c of the Central Government in terms of Section 205A of the Companies Act, 1956. Those who have not encashed the dividend warrants for the said period may claim their dividend from the Registrar of Companies in Karnataka, Office of the Registrar of Companies, II Floor, E Wing, Kendriya Sadana, Koramangala, Bangalore-560 034.
8. Members who have not encashed their dividend warrants for the years 2002-03 to 2008-09 are requested to approach the Company or the Registrars and Share Transfer Agents of the Company for revalidating the warrants or obtaining cheques in lieu of warrants. Pursuant to the provisions of Section 205A & 205C of the Companies Act, 1956, the dividend declared for 2002-2003 remaining unclaimed and unpaid as of July 31, 2010, would be transferred to the Investor Education & Protection Fund (IEPF) on completion of 7 years from the date on which it became first due for payment i.e. on July 31, 2003. Members may please note that no claim shall lie against the IEPF or the Company in respect of Dividend 2003 after July 31, 2010. Members may please respond to the reminders sent by the Company during June, 2010 in that regard.
9. The shareholders holding shares in more than one folio are requested to consolidate their folios by sending a request letter to the Company or to the Registrars and Share Transfer Agents of the Company.

10. **The shareholders desirous of obtaining any information with regard to the audited annual accounts of the Company for the financial year 2009-10 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.**
11. **Nomination facility** : Consequent to the introduction of Section 109A of the Companies Act, 1956 and as has been already brought to the notice of all the Members, individual Members are entitled to make a nomination in respect of the shares held by them. The Members, who have not yet sent the said nominations, are requested to send the Nomination in Form-2B (in duplicate) to the Registrars and Share Transfer Agents of the Company for registering the nominations, if any.
12. Members holding shares in de-materialised form may please note that the dividend payable [on the basis of beneficial ownership as per the details furnished by the National Securities Depository Ltd., / Central Depository Services (India) Ltd.,] will be credited to the respective beneficial owner's bank account through the Electronic Clearing Services (ECS), subject to availability of ECS facility at such centers as notified by the Reserve Bank of India.
13. Members holding shares in electronic / de-materialised form may please note that their bank account details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable Regulations of the Depositories Act, 1996 and the Company will not be in a position to act on any direct request from such members for change / deletion of such bank details. Further, the instructions, if any, already given by the Members, in respect of shares held in physical form will not automatically be applicable to the dividend paid on shares held in electronic / de-materialised form. *Members may therefore give instructions to their Depository Participants immediately*, regarding their latest bank account numbers / particulars (comprising 13 digits or otherwise, as the case may be), to which they wish to receive dividend.
14. The Members holding shares in physical mode are requested to furnish their latest bank account numbers / particulars (comprising 13 digits or otherwise, as the case may be) directly to the Registrars and Share Transfer Agents for incorporation of the same on the dividend warrants. This would also facilitate for payment of dividend through ECS, based on the request, if any, received from the respective shareholders.
15. **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 (2009-10).
 - (d) Attendance Slip duly completed and signed by the respective members or valid proxies, as per the specimen signature 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 Item No.5

The Board of Directors of the Company, appointed Mr.Ashok Kumar Jain, Chartered Accountant, as an Additional Director of the Company with effect from August 27, 2009. Pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of "the Act", Mr.Ashok Kumar Jain holds office only up to the date of the ensuing Annual General Meeting.

Mr.Ashok Kumar Jain is a qualified and Practising Chartered Accountant in Agra. He is a non-official Director on the Board of Allahabad Bank since August 10, 2007 and presently a member of the Board of Directors and Chairman of Management Committee and Audit Committee of the Bank.

Mr.Ashok Kumar Jain was also a non-official Director on the Board of Punjab National Bank from November 2001 to November 2004. During the said term he was the Chairman / Member of various sub-committees of the Board. Mr.Jain is also holding the place of Management / Executive membership in various Commercial, Social, Health and Religious Organisations in the State of Uttar Pradesh.

Mr.Ashok Kumar Jain has about 31 years of professional experience in conducting various audits of nationalised banks, Public Sector Undertakings and reputed organisations of private sector. He has been a member of Cotton Advisory Board, Ministry of Textile, Govt. of India, Member of ZRUCC, Indian Railways, Export Committee Exim Federation, Revenue Committee, Nagar Nigam, Agra, Minimum Wages Advisory Committee, Ministry of Labour, U.P., Director in UPSRTC, U.P.

The Company has received a notice in writing from a member of the Company, under Section 257 of "the Act" signifying their intention to propose the appointment of Mr.Ashok Kumar Jain, as a Director of the Company.

Mr.Ashok Kumar Jain 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.Ashok Kumar Jain, 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.

Your Directors are of the opinion that the appointment of Mr.Ashok Kumar Jain as a director would be in the best interest of the Company and accordingly recommend the passing of the resolution proposed at Item No.5 of the Notice.

No Director other than Mr.Ashok Kumar Jain is in any way concerned or interested in the said resolution.

In respect of Item No.6

The Board of Directors of the Company, appointed Mr.Anil Kumar Nayyar as an Additional Director of the Company with effect from July 16, 2010. Pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of "the Act", Mr.Anil Kumar Nayyar holds office only up to the date of the ensuing Annual General Meeting.

Mr.Anil Kumar Nayyar is a degree holder in Science, a graduate in Law and a CAIIB.

Mr.Anil Kumar Nayyar started his career as an Officer in Canara Bank in the year 1972. During his service in the Bank over a period of 38 years, he has served in different parts of the Country and headed Circle Office at Jalandhar. Mr.Anil Kumar Nayyar has varied and rich experience of commercial banking. He is presently working as General Manager, Corporate Credit Wing, Canara Bank, Head Office, Bangalore.

The Company has received a notice in writing from a member of the Company, under Section 257 of "the Act" signifying their intention to propose the appointment of Mr.Anil Kumar Nayyar as a Director of the Company.

Mr.Anil Kumar Nayyar 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.Anil Kumar Nayyar 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.

Your Directors are of the opinion that the appointment of Mr.Anil Kumar Nayyar as a director would be in the best interest of the Company and accordingly recommend the passing of the resolution proposed at Item No.6 of the Notice.

No Director other than Mr.Anil Kumar Nayyar is in any way concerned or interested in the said resolution.

In respect of Item No.7

The Board of Directors of the Company, appointed Dr.K.K.Deb, Deputy General Manager, Canara Bank as an Additional Director and then as the Managing Director of the Company with effect from June 15, 2010 for a period not exceeding 3 years or till the date of his attaining superannuation, whichever is earlier, at such remuneration / perquisites, which he would be entitled to under the Service Regulations of the Bank subject to any modifications, revisions thereon (including revision on account of promotion etc., that may take place from time to time), payable by way of reimbursement to Canara Bank, subject to the overall ceiling limit prescribed under Schedule XIII of the Companies Act, 1956, ("the Act") as amended from time to time and further subject to the approval of the members at the ensuing Annual General Meeting. Pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of "the Act", Dr.K.K.Deb holds office only up to the date of the ensuing Annual General Meeting.

Dr.K.K.Deb is a Master's degree holder in Science, a graduate in Law and a CAIIB. He holds a Doctorate in Chemistry.

Dr.K.K.Deb started his career as an Officer in Canara Bank in the year 1979. During his service in the Bank over a period of 31 years, Dr.K.K.Deb has headed Regional Office and Circle Office at Meerut. He has good exposure to the matters relating to credit, retail loans, SMEs, etc., and also looking after the recovery and legal portfolio of Canara Bank, Mumbai Circle. Dr.K.K.Deb has worked as a faculty at the Staff Training College of Canara Bank in Bangalore and also headed Regional Staff Training College at New Delhi. He has a varied experience in commercial banking, having served in many branches across India.

The main terms of appointment of Dr.K.K.Deb are as follows :

- (a) The gross salary payable to Dr.K.K.Deb as the Managing Director shall be Rs.73,582/- (approx.) per month, applicable to the cadre of Deputy General Manager of Canara Bank and subject to any modifications, revision(s) thereof that may take place from time to time.
- (b) In addition to the remuneration stated above, Dr.K.K.Deb would be entitled to the perquisites / benefits which include rent free furnished accommodation, reimbursement of medical expenses, furnishings, payment of premium on personal accident and mediclaim insurance, club fees and other benefits and allowances including use of car with driver, telephones for the Company's business and at the residence and such other perquisite(s) as he would be eligible as per the Service Regulations of the Bank, from time to time.
- (c) Other benefits and allowances include leave travel allowance, contribution to Provident Fund, Gratuity as per the Payment of Gratuity Act, 1972, superannuation fund and post retirement pension scheme, other post retirement benefit(s) in the form of medical benefits and all other benefits as he would be eligible as per the Service Regulations of the Bank, as applicable from time to time.

The valuation of perquisites will be as per the Income-Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

Dr.K.K.Deb is willing to act as a Director and Managing Director of the Company, if so appointed and has filed with the Company his consent pursuant to Section 264(1) of "the Act".

Dr.K.K.Deb is not holding equity shares in the Company (both own and held by / for other persons on a beneficial basis). He has not availed housing loan or any other loan(s) from the Company.

The Company has received a notice in writing from Canara Bank, one of the Promoters and Shareholders of the Company, under Section 257 of "the Act" signifying their intention to propose the appointment of Dr.K.K.Deb as Director of the Company.

Your Directors are of the opinion that the appointment of Dr.K.K.Deb as a director and Managing Director would be in the best interest of the Company and accordingly recommend the passing of the resolution proposed at Item No.7 of the Notice.

This explanatory statement may be treated as an abstract of the terms and conditions governing the appointment of and payment of remuneration to Dr.K.K.Deb, pursuant to Section 302 of "the Act".

No Director other than Dr.K.K.Deb, is in any way concerned or interested in the said resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Place : Bangalore
Date : July 03, 2010

K.S.SATHYAPRAKASH
Company Secretary

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

REPORT OF THE DIRECTORS

TO THE MEMBERS,

Your Directors have pleasure in presenting the 23rd Annual Report of the business and operations of your Company together with the Audited Financial Accounts for the year ended March 31, 2010.

FINANCIAL RESULTS

The financial performance for fiscal 2010 is summarised here below :

	For the year ended March 31, 2010 (Rs.lakh)	For the year ended March 31, 2009 (Rs.lakh)
Profit before Tax & Provisions	5400.17	4440.91
Less : Provision for Doubtful Debts - Housing Loans	83.48	(57.10)
Profit Before Tax	5483.65	4383.81
Provision for Tax	(1624.68)	(1237.64)
Provision for Fringe Benefit Tax	—	(6.25)
Deferred Taxation	60.00	13.00
Profit After Tax	3918.97	3152.92
Balance brought forward from previous year	160.86	37.27
	4079.83	3190.19
Appropriations :		
Transfer to Special Reserve u/s.36(1)(viii) of the Income Tax Act, 1961	1070.00	900.00
Transfer to General Reserve	1450.00	1650.00
Proposed Dividend	409.70	409.70
Tax on Distributed Profits	69.63	69.63
Provision for contingencies	600.00	—
Balance carried forward	480.50	160.86
	4079.83	3190.19

PERFORMANCE HIGHLIGHTS

LENDING OPERATIONS

The cumulative loan sanctions of the Company, as at the end of the financial year 2009-10 was Rs.6171.65 crore as compared to Rs.5518.79 crore in the previous year. The housing loans and other loans sanctioned during the year ended March 31, 2010 were to the extent of Rs.652.86 crore as against Rs.356.28 crore sanctioned during the previous year registering a growth of about 83%.

DISBURSEMENTS

The cumulative loan disbursements at the end of the year stood at Rs.5329.21 crore as compared to Rs.4782.30 crore in the previous year. The loans disbursed during the year ended March 31, 2010 was to the extent of Rs.546.90 crore as against Rs.300.54 crore disbursed during the previous year registering a growth of about 82%.

The cumulative loan(s) outstanding, (including the loan under "Securitized Assets"), at the end of the year was Rs.2106.65 crore (with Securitized Assets amounting to Rs.6.90 crore), as compared to Rs.1887.18 crore in the previous year, (with Securitized Assets amounting to Rs.18.26 crore) registering a growth of about 12%.

PROFITS

Your Directors are pleased to inform that during the year under review your Company has recorded a Profit Before Tax of Rs.54.84 crore as against Rs.43.84 crore during 2008-09 and Profit After Tax of Rs.39.19 crore as against Rs.31.53 crore during 2008-09.

DIVIDEND

Your Directors have discussed the subject in detail with specific reference to the present position of Capital Adequacy Ratio (CAR), the additional requirement of funds to meet CAR as per the Guidelines / Directions issued by the Regulators from time to time, future requirement of funds / capital for incremental business projected, further expansion of business and other relevant factors. Considering the above and in the long-term interest of the Company it is considered prudent and expedient to conserve profits of the Company to the extent possible. However, 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 Rs.2/- per equity share (20%) for the year ended March 31, 2010.

The Tax on distributed profits u/s.115-O of the Income Tax Act, 1961, at 16.60% is being paid by the Company.

FINANCIAL RESOURCES**DEPOSITS**

The deposits outstanding (inclusive of interest accrued, but not due) as of March 31, 2010 were Rs.202.31 crore as against Rs.165.35 crore as at the end of the previous year, registering an increase of about 22.35%.

Out of the deposits fallen due for repayment up to March 31, 2010, a sum of Rs.7.26 crore (Rs.7.97 crore as of March 31, 2009) relating to 1702 depositors (1,990 depositors) had not been claimed or renewed. Subsequently, deposits of Rs.1.66 crore (Rs.1.70 crore) relating to 468 depositors (386 depositors) have been repaid or renewed. The remaining depositors have been requested either to renew or claim their deposits and the branches are making a constant follow up on the subject.

The depositors are being periodically informed by the respective branches about the maturity of the deposits, in advance, with a request to either renew or claim the said deposits.

The Ministry of Corporate Affairs, Government of India, vide order F.No.07/07/2009-CL/VI dated July 12, 2010 has granted 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, filling 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 that the exemption granted does not convey approval of Central Government under any other provisions of "the Act".

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 Safety' and has assigned a stable outlook to the Rating. The Rating indicates high credit quality and the rated deposit programme carries low credit risk. The high credit quality Rating take into account the strong ownership, low operating cost structure, superior capital adequacy, its favourable liquidity position and comfortable asset quality indicators.

LONG TERM FINANCIAL RESOURCES**REFINANCE FROM NATIONAL HOUSING BANK**

With the continued support by the National Housing Bank (NHB), your Company availed refinance amounting to Rs.116 crore during the year under reference against Rs.125 crore in the previous year. The cumulative amount outstanding as on March 31, 2010 under the borrowings from the NHB was Rs.526.03 crore compared to Rs.594.24 crore as at the end of the previous year.

MORTGAGE BACKED SECURITIES (MBS)

After considering the availability of funds from other alternative sources at competitive rates, no fresh securitisation was done during the financial year 2009-10 or in the previous year.

The aggregate securitised assets outstanding as of March 31, 2010 were Rs.6.90 crore as against Rs.18.26 crore during the previous year (Refer Note No.2 of Schedule 15 to the Accounts), due to repayments made during the year.

During the year the existing loans sold under the MBS issue continued to be serviced as per the schedule of repayment.

The securities issued under Mortgage Backed Securities (MBS), by the Company, are rated as :

MBS Issue	Rating	Rating Agency	Indicating
MBS-I	AAA(SO)	CRISIL	High Safety
MBS-II & III	LAAA(SO)	ICRA Ltd.	Highest Safety

The amount raised through MBS-I and MBS-II were since redeemed during the year.

DEBENTURES

The Company had no outstanding on account of debentures as of March 31, 2010.

OTHER BORROWINGS

Your Company borrowed Rs.384 crore from banks during the year compared to Rs.307 crore during the previous year. The aggregate of term loans outstanding at the various banks at the end of the financial year stood at Rs.1131.29 crore (including short term loans amounting to Rs.100 crore) as against Rs.884.04 crore during the previous year (including short term loans amounting to Rs.3.67 crore).

RATING OF TERM LOANS

As per the BASEL-II requirements, during the year a Rating for the borrowings by the Company by way of Term Loans was obtained from M/s. CARE Ltd. and was assigned a Rating of **CARE AA+ (Double A Plus)** for long-term bank facilities indicating high safety for timely servicing of debt obligations.

COMPLIANCE WITH GUIDELINES OF NATIONAL HOUSING BANK (NHB)

Your Company has complied with the Guidelines and Directions issued by the NHB on asset classification of Credit / Investments, Credit Rating, Fair Practices Code, Know Your Customer (KYC), Deposits and Anti Money Laundering Guidelines, Accounting Standards issued by the ICAI, New Delhi etc.

CAPITAL ADEQUACY

The Company has been maintaining the Capital Adequacy Ratio (CAR) above the minimum required level prescribed by the National Housing Bank (NHB) from time to time. The rate prescribed for the present is 12%. During the year under review, the Risk Weight on housing loans continued to remain same.

The Capital Adequacy of the Company as at March 31, 2010 was 17.11 % as against 16.08 % during the previous year.

ACQUISITION OF SHARES

During the year, Canara Bank viz., the sponsor bank of the Company has acquired through secondary market 4,00,017 nos. of equity shares in the Company aggregating to 1.95% (approx) of the total shares / voting rights. The share holding by Canara Bank as at the end of the year was 42.332%.

RECOVERY ACTION UNDER SECURITISATION & RECONSTRUCTION OF FINANCIAL ASSETS AND ENFORCEMENT OF SECURITY INTEREST ACT, 2002 (SARFAESI ACT)

The SARFAESI Act, 2002 has been made applicable to the housing finance Companies vide Ministry of Finance, Banking Division, Government of India Gazette Notification (Extraordinary) dated November 10, 2003.

The proceedings under the said Act are summary in nature and are extremely helpful in realising the dues in the accounts classified as non-performing assets (NPA), by selling the Secured Asset (security), without the intervention of Hon'ble Courts.

By initiating action under the provisions of the SARFAESI Act, 2002 during the year, your Company could recover about Rs.4.26 crore out of the 40 accounts that were classified as non-performing assets.

PARTICULARS OF EMPLOYEES

There are no such particulars to be furnished under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

BUSINESS OPERATIONS - DISTRIBUTION NET WORK

The business operations are carried on through its 40 branches in major cities of the Country to cater to the requirements of its customers.

LISTING OF SECURITIES

The equity shares of the Company continue to be listed on the Bangalore Stock Exchange Ltd., (Bg.SE), Bangalore, Bombay Stock Exchange Ltd., (BSE), Mumbai and the National Stock Exchange of India Ltd., (NSE), Mumbai.

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

Your Company had 205 employees (193 employees of the Company, the Managing Director, the Chief Financial Officer and 10 officers on deputation from Canara Bank) as at the end of 2009-10 as against 202 employees (189 employees of the Company, the Managing Director, the Chief Financial Officer and 11 Officers on deputation from Canara Bank) as at the end of 2008-09.

As in the previous years, some of the employees of the Company were deputed for selected training programmes / seminars on different subjects organised by reputed institutions, which were found to be useful.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

Since the Company does not own any manufacturing facility, 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(3) of the Companies Act, 1956 are not applicable.

The Company did not earn any income or incur any expenditure in foreign currency.

TRANSFER OF UNCLAIMED AND UNPAID AMOUNTS TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In terms of Section 205C of the Companies Act, 1956, the amounts (dividends, deposits etc.) that remained unclaimed and unpaid for more than 7 years from the date they became first due for payment, shall be transferred to IEPF (Fund). In terms of the applicable statutory provisions of the Companies Act, 1956 no claim would lie against the Company or the said Fund after such transfer to IEPF.

The Company has been intimating the shareholders / depositors / investors to lodge their claim for payment due, if any, from time to time and such claims have been settled. In spite of constant and sincere efforts to pay the unclaimed dividend and deposit amount to the respective shareholders / depositors, certain amount still remain unclaimed.

(i) UNCLAIMED DIVIDENDS

As of March 31, 2010 dividends aggregating to Rs.51.73 lakh (previous year Rs.61.66 lakh) had not been claimed by the shareholders (pertaining to 2002-03 to 2008-09). The Company has been intimating the shareholders to lodge their claim for dividend from time to time and such information is being mentioned in Annual Reports every year.

The dividend pertaining to the financial year 2001-02 which remained unclaimed / unpaid amounting to Rs.5,63,312 (in respect of 1,271 shareholders) was transferred to IEPF during August 2009, after settlement of claims received (before the due date, in response to the individual reminder letters sent to the respective shareholders).

The dividend pertaining to the financial year 2002-03 remaining unclaimed and unpaid amounting to Rs.6,57,382 (in respect of 1,711 shareholders) as at the end of the financial year, would be transferred to IEPF during July 2010 after settlement of the claims received upto the date of completion of 7 years from the date of declaration of dividend. The Company has sent individual reminder letters to the respective shareholders during June 2010.

(ii) UNCLAIMED DEPOSITS

During the year, in terms of Section 205C of the Companies Act, 1956, the unclaimed and unpaid deposits for the year 2002-03 amounting to Rs.3,75,227/- together with interest amounting to Rs.1,06,789/- aggregating to Rs.4,82,016/- (previous year Rs.4,07,000), that remained unclaimed and unpaid for a period of 7 years from the date they became first due for payment, were transferred to IEPF.

DIRECTORS

Your Directors wish to report that Mr.S.Doreswamy, Director and Chairman of the Company resigned from the Board with effect from September 11, 2009.

The Board of Directors appointed Mr.P.R.Yagnik, as the Chairman of the Board with effect from October 14, 2009.

Your Directors also wish to report that Mrs.Mythili Krishnamurthy, Managing Director resigned as the Managing Director with effect from June 15, 2010 and as a Director with effect from July 15, 2010 on her repatriation to Canara Bank. Further, Mr.P.Santosh Kumar, Director resigned with effect from June 19, 2010 and Mr.J.S.Vasan, Director resigned with effect from June 30, 2010 on superannuating his services from Canara Bank.

Your Directors wish to place on record their appreciation for the services rendered and contribution made by Mr.S.Doreswamy, Mrs.Mythili Krishnamurthy, Mr.P.Santosh Kumar and Mr.J.S. Vasan during their tenure as the Chairman, Managing Director(s) and Directors, respectively and as member(s) of various committee(s) constituted by the Board.

The Board of Directors appointed Mr.Ashok Kumar Jain, Chartered Accountant as an Additional Director of the Company with effect from August 27, 2009.

Mr.Ashok Kumar Jain is a qualified and Practising Chartered Accountant in Agra. He is a Non-Official Director on the Board of Allahabad Bank since October 10, 2007 and presently the member of the Board of Directors and Chairman of Management Committee and Audit Committee of the Bank.

He was a non-official Director on the Board of Punjab National Bank from November 2001 to November 2004 and during the said period he was the Chairman / Member of various sub-committees of the Board. Mr.Ashok Kumar Jain has about 31 years of professional experience in conducting various audits of nationalised banks, Public Sector Undertakings and reputed organisations in private sector. Further particulars relating to Mr.Ashok Kumar Jain are mentioned in the explanatory statement forming part of the notice of the ensuing annual general meeting.

The Board of Directors appointed Mr.Anil Kumar Nayyar, General Manager, Canara Bank as an Additional Director of the Company with effect from July 16, 2010.

Mr.Anil Kumar Nayyar is a degree holder in Science, a graduate in Law and a CAIIB.

Mr.Anil Kumar Nayyar started his career as an Officer in Canara Bank in the year 1972. During his service in the Bank over a period of about 38 years, he has served in different parts of the Country and headed Circle Office at Jalandhar Circle. Mr.Anil Kumar Nayyar has varied and rich experience of commercial banking. He is presently working as General Manager, Corporate Credit Wing, Canara Bank, Head Office, Bangalore.

Further, the Board of Directors appointed Dr.K.K.Deb, Deputy General Manager, Canara Bank, as an Additional Director and as the Managing Director of the Company with effect from June 15, 2010.

Dr.K.K.Deb is a Master's degree holder in Science, a graduate in Law and a CAIIB. He holds a Doctorate in Chemistry.

Dr.K.K.Deb started his career as an Officer in Canara Bank in the year 1979. During his service in the Bank over a period of 31 years, Dr.K.K.Deb has headed Regional Office and Circle Office at Meerut. He has good exposure to the matters relating to credit, retail loans, SMEs, etc. and also looking after the recovery & legal portfolio of Canara

Bank, Mumbai Circle. Dr.K.K.Deb has worked as a faculty at the Staff Training College of Canara Bank in Bangalore and also headed Regional Staff Training College at New Delhi. He has a varied experience in commercial Banking, having served in many branches across India.

Pursuant to the provisions of Section 260 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 22 of the Articles of Association of the Company, Mr.Ashok Kumar Jain, Director, Mr.Anil Kumar Nayyar, Director and Dr.K.K.Deb, Director and Managing Director hold office only upto the date of the ensuing Annual General Meeting. Your Company has received notices in writing from shareholder(s), under Section 257 of the Companies Act, 1956 proposing the appointment of Mr.Ashok Kumar Jain, Mr.Anil Kumar Nayyar and Dr.K.K.Deb, as Directors and Managing Directors, respectively, at the ensuing Annual General Meeting. The related agenda, together with the explanatory statements on the appointment of Mr.Ashok Kumar Jain, Mr.Anil Kumar Nayyar and Dr.K.K.Deb, as Directors and Managing Director, respectively, is forming part of the notice convening the ensuing Annual General Meeting.

Your Directors are of the opinion that the appointment of Mr.Ashok Kumar Jain, Mr.Anil Kumar Nayyar as a Directors, Dr.K.K.Deb, as a Director and Managing Director would be in the best interest of the Company.

DIRECTORS RETIRING BY ROTATION

In terms of the provisions of Section 256 and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, Dr.Ashok K.Mittal, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The particulars relating to Dr.Ashok K.Mittal is mentioned in the Report on Corporate Governance. Your Directors recommend the re-appointment of Dr.Ashok K.Mittal, as a Director.

The Directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of Section 274(1)(g) of the Companies Act, 1956.

AUDITORS

M/s. K.P.Rao & Co., Chartered Accountants, Bangalore, Statutory Auditors of the Company and also the branch auditors for branches in the States of Karnataka, Kerala, Goa, Gujarat, Maharashtra and the new branches, if any, to be opened during 2010-11 and the Auditors for the other branches viz., M/s. L.U.Krishnan & Co., Chartered Accountants, Chennai, M/s. K.P.Rao Associates, Chartered Accountants, Hyderabad and M/s. H.K. Chaudhry & Co., Chartered Accountants, New Delhi, will retire as the statutory and / or branch auditors, respectively, at the end of the forthcoming Annual General Meeting and they are eligible for re-appointment.

The Company has received confirmation from M/s. K.P.Rao & Co., Statutory and branch auditors, M/s. L.U.Krishnan & Co., M/s. K.P.Rao Associates and M/s. H.K.Chaudhry & Co., branch auditors to the effect that their proposed appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Your Directors recommend the re-appointment of the above statutory / branch auditors and a suitable resolution in this behalf forms part of the agenda for the forthcoming Annual General Meeting, requiring approval of the shareholders. The above said appointment attracts the provisions of Section 224A of the Companies Act, 1956.

CORPORATE GOVERNANCE

The Auditors Certificate on Corporate Governance issued by the Statutory Auditors of the Company for the year under review, as required under the Companies Act, 1956 and in pursuance of Clause 49 of the Listing Agreements is annexed to the Report of the Directors on Corporate Governance.

OUTLOOK FOR 2010-11

India's economy bounced back as a surge in industrial activity and strong services growth helped it regain the scorching expansion pace it kept before the global economic slow-down. The Indian economy is coming out of the slowdown and returning to normalcy. New frontiers and new directions to strengthen Country's economic and social foundations are envisaged.

During the last few years though the growth was largely based on domestic efforts, foreign trade and capital inflows played a catalytic role. The likely growth for 2010-11 is expected to be about 8.5 per cent. With the revival of economy coupled with good monsoon this year is expected to result in the growth in double digit in 2011-12.

Based on certain indicators, the interest rate on loans, especially the housing finance, is likely to move slightly upward during 2010-11. Though the demand in commercial real estate has not picked up significantly, a sharp up-tick in demand for residential units and housing finance could be foreseen.

Your Company would continue to give a more and continued focussed attention to lending to individual loan segment keeping in view the encouragement received in the form of enhanced business performance during the year. Various strategies are put in place to enhance its marketing share in the housing market segment.

Your Company recorded a very good business performance during the year 2009-10 and the Company aims at building more and more quality assets in the years ahead.

With a view to sustain its performance level and to enhance and accelerate its growth, your Company has a range of housing and non-housing products and will lay greater stress on marketing and improved business relationship.

Your Company, with several planned initiatives is expecting a significant improvement in business performance for the year 2010-11. However, given the indications about the likely increase in cost of funds, the margins are expected to be under pressure.

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956 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, together with proper explanation;
- (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, 2010 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 Companies Act, 1956, 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

In terms of the provisions of the listing agreement, the Management Discussion and Analysis Report forms a part of this report.

ACKNOWLEDGEMENTS

Your Directors wish to place on record the role of Canara Bank with thanks for their consistent support and guidance. They also wish to thank the National Housing Bank (NHB), shareholders, borrowers, depositors for their continued support to the Company, confidence and faith that they have always placed in the Company.

Your Directors acknowledge and appreciate the guidance and co-operation extended by various regulatory authorities including National Housing Bank (NHB), SEBI, Ministry of Corporate Affairs, Registrar of Companies, Karnataka, the Stock Exchanges and the Depositories.

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

Your Directors appreciate and acknowledge the contributions made by the employees whose efforts made the Company to reach greater heights.

For and on behalf of the Board of Directors

**Place : Bangalore
Date : July 03, 2010**

**P.R.YAGNIK
CHAIRMAN**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC ENVIRONMENT

The global economy continues to recover amidst ongoing policy support and improving financial market conditions all over. Core measures of inflation in major advanced economies are still moderating as the output gap persists and unemployment remains at a significantly higher level. In contrast to the core measures, inflation, especially in Asia has been rising. The International Monetary Fund (IMF) in its World Economic Outlook has projected the global growth at 4.3% in 2011.

The Indian economy is firmly on its recovery path. The industrial sector recovery is increasingly becoming broad based and is expected to take firmer hold going forward as a result of rising domestic and external demand. Indian economy bounced back during the end of last year, as a surge in industrial activity and strong services growth helped it regain the scorching expansion pace it kept before the global economic slowdown.

India is expected to experience “double-digit” economic growth within the next five years. Service sector activities have shown buoyancy, especially in the latter half of 2009-10. The RBI has projected a GDP growth rate at 8.5% during the current financial year.

With the above background, a normal monsoon predicted for 2010-11 and keeping in view the industrial recovery and investment activity gaining momentum, the real estate and housing market is expected to further improve during the year.

MONETARY AND BANKING DEVELOPMENTS

During the last year the economy's capacity to sustain high growth was under threat because of the widespread economic slow-down in the developed world. There were concerns about production and prices of food items and its possible impact on the growth of rural demand.

While the global financial crisis affected almost all countries, the impact on the Emerging Market Economies (EMEs) was limited. Accommodative monetary policies in the advanced economies, coupled with better growth prospects in EMEs including India, are expected to trigger large capital inflows into the EMEs.

Post financial crisis, although the financial market situation around the world is more re-assuring, uncertainty about the shape and pace of global recovery persists. The EMEs, including India, are significantly ahead on the recovery front. India's rapid turn around evidences the resilience of our economy and our financial sector.

Against various backdrops, the stance of monetary policy of Regulators is intended to anchor inflation expectations, actively manage liquidity to ensure growth in demand for credit and maintain an interest rate regime consistent with price, output and financial stability.

INDUSTRY STRUCTURE AND MARKET SCENARIO

Housing sector is the second largest employment generator in India after agriculture. Residential property market constitutes about 80% of the real estate market in India in terms of volume. Combining the housing shortage at the beginning of the 11th plan period i.e., 24.71 million units, the total requirement of urban housing during the 11th Plan Period (2007-2012) works out to be 26.53 million units. Housing shortage in India for the period 2007-12 is projected at 800 lakh units. Investment in housing required during this period is estimated at Rs.10 lakh crore, of which 70% is in urban areas and 30% in rural areas.

During the year under review, the housing finance sector continued to grow moderately with a good demand for housing in Metros, Tier-I and Tier-II cities in addition to launching of rural housing and other schemes. Many of the cities in the Country have witnessed a great improvement in infrastructure facilities, formation of Satellite Towns and establishment of Special Economic Zones, industries and SMEs resulting in enhanced employment potential which in turn lead to increased demand for sites, houses and flats during the year.

The dual benefit under the Income Tax Act, 1961 on the interest paid on housing loans and repayment towards principal was continued to be extended during the year and the position remains same for the next year also. 1% interest subvention loan for houses upto Rs.20 lakh is extended upto March 31, 2011.

Special schemes were launched by the Ministry of Housing & Urban Poverty Alleviation viz., affordable housing for EWS / LIG / MIG and Interest Subsidy Scheme for Housing the Urban Poor (ISHUP) aimed at encouraging the poor sections to avail loan facilities through Commercial Banks / HUDCO etc., for construction of houses and avail 5% subsidy in interest payment for loans upto Rs.1.00 lakh.

OPPORTUNITIES AND THREATS

The major initiatives on the part of the Government and regulatory authorities to promote the housing sector as mentioned above, have resulted in realty sector seeing a good number of Joint Ventures of Indian developers with experienced foreign developers and transfer of world class know-how in construction technology to our Country during the past several years, introduction of a Residential Property Price Index (RESIDEX) on the model of Stock Exchange Index by the National Housing Bank facilitating keeping track of residential property prices in 5 selected cities and floating of Real Estate Investment Trusts by the Government of India for channelising equity funding in the real estate sector. Hence, there is no dearth of demand for housing and consequently for finances for the same have been abundant. In the above background, it is expected that the medium and luxury housing segment also has huge prospects for further developments.

Easy availability of home finance, enhanced affordability and quicker and more professional approach in service rendered by the housing finance Companies, are expected to continue to influence the market leading to further growth. Emerging Tier-I and Tier-II cities across India, satellite town-ships etc., and liberalised policy adopted by the Government of India for Foreign Direct Investment (FDI) in real estate sector, which includes housing, townships, built-up infrastructure, construction, development etc. are expected to give added boost to housing finance.

In the above background, the investments in housing sector could further pick up in the coming years and there is room for multiple players.

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

Your Company offers a range of products on housing viz., loans for home purchase, home construction, home improvement / extension, site purchase etc. as well as non-housing finance with a view to enhance its market share and for which purpose, your Company is putting in best efforts for aggressive marketing in all earnestness and is endeavouring to expand the customer base by ensuring the quality of assets. It also has introduced a scheme for home insurance to the existing as well as prospective borrowers of home loans.

RISKS AND CONCERNS

It would be pertinent to mention in this context that housing finance is a lending activity requiring maximum prudence on the part of lending financial institutions. The US Sub-prime mortgage crisis brought to the fore, the need for prudence in mortgage finance. The crisis has important policy prescriptive implications for players in the Indian housing finance market.

Rising prices, caused by a combination of external factors have become a matter of concern. Demand in commercial real estate is yet to pick-up. The economy is slowly coming out of the slow-down.

In view of the general downtrend prevailing in the Country's economy, there is a manifest need for continued thrust on the housing sector. Housing Finance Companies (HFCs) have bared their rates, which have reduced the spread of HFCs and continue its operations with lower spreads.

Intense competition, increased cost of borrowing and narrowing down of spread, pose a big challenge for sustaining profitability on consistent basis. To meet this challenge, the Management is taking several initiatives and measures to render your Company to emerge operationally and financially even stronger.

It is noteworthy to mention that despite many environmental odds, your Company has been posting healthy profits and maintaining assets quality by significantly bringing down the level of Non-Performing Assets to a lower level.

RISK MANAGEMENT

The housing finance sector, which has its linkage, interalia, to economic environment and mainly the interest rates, is more prone to such risks.

Your Company has drawn and put in place a duly approved comprehensive Risk Management Policy to assess and mitigate various risks such as credit, liquidity, interest rate.

Credit Risk

Credit risk is the risk of financial loss arising out of the inability or unwillingness of a customer to meet his obligations.

Risk Mitigation

Your Company has well-established credit appraisal system in place which are monitored / modified periodically. Your Company continues to give utmost priority to its credit appraisal mechanisms and building up quality assets. It has developed a team comprising well-qualified and experienced professionals to administer the system.

Liquidity Risk

Housing finance Companies in particular are more exposed to Liquidity Risk, because its normal liabilities are contracted for a period of about 7-10 years where as the assets generated are of an average of 10-15 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 with a periodical review of its position.

Risk Mitigation

The measures to mitigate risks arising out of liquidity include the measurement and forecasting of the cash flow position across various time buckets. The 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.

Interest Rate Risk

The borrowing of funds by housing finance companies are significantly for a longer period, the rate of interest of which is linked to bench marks such as Prime Lending Rates (PLRs) / Base Rates of lending institutions, which varies during the period of the loan. Since the present trend of lending is on variable rates, exposes the housing finance Companies to Interest Rate Risk, which needs to be managed in order to mitigate the risk.

Risk Mitigation

Your Company advances housing loan on variable rate of interest basis and normally any movement in rate of borrowings is hedged by the loans advanced at variable rates to a certain extent. Further, depending upon the liquidity position, loans with higher rates of interest would be replaced with borrowings at comparatively lower rates in order to bring down the cost of funds to a certain extent.

The Risk Management Committee at the Registered Office reviews the position at regular intervals and corrective actions are recommended and implemented, depending upon the requirement.

The Board of Directors and the Audit Committee reviews the status of Risk Management in the Company at their respective meetings and issue directions / suggestions as deemed necessary.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has put in place a comprehensive internal control and security system, which provides for appropriate checks and balances.

Independent firms of Chartered Accountants conduct internal audit of branches and the Registered Office of the Company. The business operations are also subject to periodic inspections by the Inspection and Internal Audit Department of the Company. The National Housing Bank and Canara Bank (the sponsor Bank) also conduct their Regulatory / Management Audit, periodically.

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.

The internal control systems in the Company are adequate and commensurate with the nature of its business and size of its operations.

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 and the Balance Sheet Abstract and Company's General Business Profile are annexed to the annual accounts of the Company.

MARKETING

The Marketing activities at the branch level are reviewed at the Registered Office periodically and suitable guidances are issued wherever needed. Your Company has 40 delivery channels spread across the Country. Marketing of products with a focused attention on the existing as well as the prospective customers is a constant endeavor at the Company.

PROVISION ON STANDARD ASSETS

The requirement relating to creation of a general provision at 0.4% of the total outstanding amount of non-housing loans, which are standard assets, in terms of the Directions issued on March 26, 2007 by the National Housing Bank (NHB) has been complied with.

The classification of loans and provisions made for non-performing assets is given in the notes on accounts.

HUMAN RESOURCES / INDUSTRIAL RELATIONS

Customer satisfaction matters the most. Being in a service industry, utmost importance is given to customer orientation, quality-service delivery and pro-active response to the requirements of the clients.

In order to meet the requirement and the changing business scenario and to remain customer focused and keeping the growth perspective in view, 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. The number of employees of the Company as of March 31, 2010 stood at 205 (including 12 executives / officers on deputation from the sponsor bank). Your Company has put in place a series of HRD measures including recognition and reward for good work, promising career plans, training etc.

The industrial relations continued to be cordial during the year.

RELATED PARTY TRANSACTIONS

The Related Party Transactions with details are furnished in Schedule-15 to Notes on Accounts (vide Sl.No.18), forming part of the Accounts.

OUTLOOK FOR 2010-11 – ISSUES AND PROSPECTS

The Indian investors, including the global investors have turned positive on Indian Companies, business following a semblance of normalcy in global markets and improved fiscal situation.

The rising prices, caused by a combination of external factors might become a matter of concern.

The issue of standardisation is an imperative need for standardisation of lending norms for all financial institutions extending home loans needs consideration. Creating more channels for mobilisation of cost effective funds by HFCs is an area, which requires concerted attention by the authorities, which helps HFCs to lend at competitive rates and also improve its spread.

There is a sharp uptick in demand for residential units in metros as well as in sub-urban town in the Country. The interest rates are more stabilised and the borrowers today enjoy tremendous choice to select the lenders of their choice taking into consideration the rate of interest vis-à-vis the services offered.

Your Company has drawn an ambitious business plan for 2010-11 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. Your Company is offering customised solutions through an array of financial products and services. A brief outline of emerging scenario and challenges are dealt in the Report of Directors.

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 : Bangalore
Date : July 03, 2010**

**P.R. YAGNIK
CHAIRMAN**

REPORT OF DIRECTORS ON CORPORATE GOVERNANCE

CODE OF CORPORATE GOVERNANCE

Corporate Governance encompasses the values, ethics and the best business practices followed by the Company. It comprises a unique combination of factors like statutory regulations, compliances, values, political and economical environments, transparency, accountability, voluntary practices and disclosures.

Good Corporate Governance is key to the integrity of Companies, financial institutions and markets and central to the health of our economies and their stability. It provides an appropriate framework for the Board and the Management to achieve the objectives that are in the interest of the Company and its shareholders. It is a way of life that necessitates taking into account the stakeholders interests in every business decision.

The Corporate Governance policies of a Company ensures, among others, the accountability of the Board of Directors and the importance of its decisions to all its participants viz., customers, employees, investors, regulatory bodies and the like. Corporate Governance is more a way of business life than a mere legal compliance.

CORPORATE GOVERNANCE AT CFHL

Your Company has been seeking to achieve a high degree of adherence with regard to the standards and compliance as required under Corporate Governance requirements, related laws of land, regulations and guidelines as are applicable from time to time, which have enabled your Company to build confidence amongst the stakeholders all these years.

The stability and growth that your Company has achieved is mainly because of its concern on fairness, transparency, quality and efficiency in services to its investors and customers. Your Company has a strong commitment to the principles that underline the effective and efficient Corporate Governance and respects inalienable rights of the shareholders to information on the performance of the Company, as a means that provides reality to the shareholders' ownership of the Company.

The Board of Directors and the Management of your Company support the broad Principles of Corporate Governance and has laid emphasis on transparency, accountability, integrity, responsibility and value creation. The Corporate Governance practices in the Company are reviewed and reported periodically.

Your Company not only has taken steps to comply with the regulatory requirements on Corporate Governance but also constantly striving to achieve further excellence in the areas of stakeholder's expectations, customer satisfaction, employee welfare and its obligations to the society. 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.

The Board of Directors are pleased to place here below a report on the Corporate Governance practices followed in the Company :

BOARD OF DIRECTORS / BOARD MEETINGS ETC.

COMPOSITION

During the year, your Company had a Board comprising 6 members, which included the Managing Director and 5 Non-Executive Directors. Of the said Non-Executive Directors, 4 are Independent Directors, including the Chairman. 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 Directors bring to the Board their rich experience and expertise. The Directors of the Company are professionals, professionally qualified and persons of eminence having vast and varied experience in the field of Banking, Finance, Housing, Management, Law and other relevant areas related to Housing Finance.

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The composition of Board is in conformity with the listing agreement with stock exchange(s). The particulars of Board of Directors with regard to their directorships / memberships in committees of other public Companies, if any, (including at CFHL), their attendance at the Board Meetings and at the Annual General Meeting held during 2009-10 are as under :

Name of the Director	Directorships held including at CFHL	Board Meetings held CFHL	Board Meetings Attended CFHL	Sitting Fees Paid (Rs.)	Membership of Board Committees (including CFHL)	Chairman of Board Committees (including CFHL)	Attendance at the last AGM	Remarks
Mr.S.Doreswamy Chairman	7	6	4	20,000	6	3	Attended	Resigned, w.e.f. 11-09-2009
Mr.P.R.Yagnik Chairman	5	6	6	30,000	3	1	Attended	—
Mr.J.S.Vasan	2	6	6	30,000	3	1	Attended	Resigned, w.e.f. 30-06-2010
Mr.P.Santosh Kumar	6	6	4	20,000	6	4	Not Attended	Resigned, w.e.f. 19-06-2010
Dr.Ashok K. Mittal	4	6	4	20,000	4	2	Attended	—
Mrs.Mythili Krishnamurthy Managing Director	1	6	6	—	2	—	Attended	Resigned, w.e.f. 15-07-2010
Mr.Ashok Kumar Jain Managing Director	2	6	—	—	2	2	N.A.	Appointed w.e.f. 27-08-2009

The composition of Directors of the Company is mentioned below :

Sl.No.	Names of Directors	Category of Directors
1.	Mr.S.Doreswamy, Chairman	Non-Executive (upto 11-09-2009)
2.	Mr.P.R.Yagnik, Chairman	Non-Executive
3.	Mrs.Mythili Krishnamurthy, Managing Director	Non-Executive (upto 15-07-2010)
4.	Mr.J.S.Vasan	Non-Executive (upto 30-06-2010)
5.	Mr.P.Santosh Kumar, FCA	Non-Executive (upto 19-06-2010)
6.	Dr.Ashok K.Mittal	Non-Executive
7.	Mr.Ashok Kumar Jain, FCA	Non-Executive (from 27-08-2009)
8.	Dr.K.K.Deb, Managing Director	Executive (from 15-06-2010)
9.	Mr.Anil Kumar Nayyar	Non-Executive (from 16-07-2010)

The Directors at present vide Sl.Nos.2 and 5 to 7 above are Independent Directors. The Directors submit the Notice of Disclosure of Interest as specified in Section 299(1) of the Companies Act, 1956 ("the Act"), to the Company every year and are placed before the first meeting of the Board held in a financial year. The related particulars, if any, as required are recorded in the prescribed statutory register(s) maintained under Section 301(1) of the Act.

The non-executive Directors of the Company do not have any pecuniary relationship or transactions with the Company, which could materially interfere with the exercise of their independent judgement, excepting the sitting fee received by them for attending the meetings of the Board or Committees thereof.

TENURE

In terms of the provisions of Section 255 and 256 of the Companies Act, 1956, 2/3rds of the Directors are liable to retire by rotation 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

The Board of Directors of the Company appointed Mr.Ashok Kumar Jain FCA, Mr.Anil Kumar Nayyar and Dr.K.K.Deb, as Additional Directors with effect from August 27, 2009, July 16, 2010 and June 15, 2010 respectively. Further, the Board of Directors of the Company appointed Dr.K.K.Deb, as the Managing Director of the Company with effect from June 15, 2010 for a period not exceeding 3 years at such remuneration, he is entitled to in accordance with the Service Regulations of Canara Bank and any modifications, revisions, thereof that might take place from time to time, payable by way of reimbursement to Canara Bank and subject to certain terms and conditions and the ceiling limits prescribed by Schedule XIII to the Companies Act, 1956 ("the Act").

Mr.Ashok Kumar Jain is a qualified is Practising Chartered Accountant. He is a non-official Director on the Board of Allahabad Bank since October 10, 2007 and presently the member of the Board of Directors and Chairman of Management Committee and Audit Committee of the Bank.

Mr.Ashok Kumar Jain was also a non-official Director on the Board of Punjab National Bank from November 2001 to November 2004. During his term he was the Chairman / Member of various sub-committees of the Board.

Mr.Anil Kumar Nayyar is a degree holder in Science, a graduate in Law and a CAIIB.

Mr.Anil Kumar Nayyar started his career as an Officer in Canara Bank in the year 1972. During his service in the Bank over a period of about 38 years, he has served in different parts of the Country and headed Circle Office at Jalandhar. Mr.Anil Kumar Nayyar has varied and rich experience of commercial banking. He is presently working as General Manager, Corporate Credit Wing, Canara Bank, Head Office, Bangalore.

Dr.K.K.Deb is a Master's degree holder in Science, a graduate in Law and a CAIIB. He holds a Doctorate in Chemistry.

Dr.K.K.Deb started his career as an Officer in Canara Bank in the year 1979. During his service in the Bank over a period of 31 years, Dr.K.K.Deb has headed Regional Office and Circle Office Meerut. He has good exposure to the matters relating to credit, retail loans, SMEs, etc., and also recovery & legal portfolio of Canara Bank, Mumbai Circle. Dr.K.K.Deb has worked as faculty in Staff Training College of Canara Bank in Bangalore and also headed Regional Staff Training College at New Delhi. He has a wide and varied experience of commercial Banking, having served in various branches across India.

Mr.Ashok Kumar Jain, Mr.Anil Kumar Nayyar and Dr.K.K.Deb, neither hold any share in the Company (both own and held by / for other persons on a beneficial basis) in their personal capacity nor have availed housing loan(s) from the Company.

Pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of "the Act", the term of office of Mr.Ashok Kumar Jain FCA, Mr.Anil Kumar Nayyar and Dr.K.K.Deb would be up to the date of the ensuing Annual General Meeting of the Company whereat they may be appointed by the members of the Company as Directors. The subject relating to the above appointments, together with the explanatory statements, is included in the notice of the Annual General Meeting.

Your Directors are of the opinion that the appointment of Mr.Ashok Kumar Jain, Mr.Anil Kumar Nayyar and Dr.K.K.Deb would be in the best interest of the Company.

RE-APPOINTMENT OF DIRECTOR(S)

Pursuant to the applicable provisions of the Companies Act, 1956, Dr.Ashok K.Mittal, Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Dr.Ashok K.Mittal is a Master's Degree holder in Commerce and a Doctorate in International Trade from Delhi University. Dr.Ashok K.Mittal was a faculty for undergraduate, post graduate and MBA classes and also taught at the Bankers Training College Mumbai and has trained Managers of the Meridien Bank of Paris, who were posted in the different countries of Africa. He has been associated with Educational Management with Hindu Education Society, which is running 14 institutions in Sonpet (Haryana). He is an educationist and a person with thorough insight into Indian Banking and international trade, endowed with vast experience and varied exposure.

Your Directors recommend the re-appointment of Dr.Ashok K.Mittal as a Director of the Company. The related resolution on the subject is included in the notice convening the ensuing Annual General Meeting.

CODE OF CONDUCT

The Company has framed and put in place the Code of Conduct, duly approved by the Board of Directors. The said Code is applicable to all directors and senior management of the Company and annual affirmations are obtained. All the Directors and senior management have affirmed their adherence to the provisions of the said Code.

RESPONSIBILITIES OF THE BOARD

A strategic planning offers boards of Companies an opportunity to think about changes and trends that would have a very significant impact and develop strategies and business models to respond to challenges of the Industry.

The Board of Directors of your Company represents the interests of the Company's shareholders in optimising long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. They oversee the Company's strategic direction, review corporate performance, authorise and monitor strategic investments, ensure regulatory compliance and safeguard interests of shareholders, including reporting the same to the shareholders.

The Board discharges the duties and responsibilities as required under the various statute(s) as are applicable to the Company, like the Companies Act, 1956, Directions / Guidelines / Regulations issued by the Securities Exchange Board of India (SEBI), National Housing Bank (NHB) and other Regulatory Authorities, issued from time to time, including reporting to the shareholders. The Board, interalia, reviews the annual business plans, periodically study the actual performance vis-à-vis the targets fixed, quarterly financial results, minutes of various committees constituted by the Board, information on recruitment and remuneration of senior officers just below the Board level, risk levels of the Company, position of asset-liability management, show cause, demand, prosecution notices and penalty notices, if any, received and which are materially important, material defaults, if any, in financial obligations to and by the Company, claims on Company, significant development in Human Resources / Industrial Relations and non-compliance, if any, under any regulatory, statutory or listing agreements and shareholders services such as non-payment of dividend, delay in share transfers, if any, etc.

The members of the Board ensure that other responsibilities do not have any material impact on their responsibility as a director of the Company.

ROLE OF INDEPENDENT DIRECTORS

The Independent Directors have an extremely crucial role in ensuring the quality of Corporate Governance in a Company, considered as its corner stones. Various codes on Corporate Governance have stressed on the significance of associating independent directors on the Board.

The Independent Directors of the Company are committed to act in what they believe to be in the best interest 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 overall performance and growth and provide an un-biased, independent, experienced perspective to the Board.

The Company benefits immensely from their in-depth knowledge, experience and expertise in achieving its desired level of business performance and good Corporate Governance.

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.

MEETINGS OF BOARD OF DIRECTORS

Your Board of Directors meet periodically as per the schedule drawn in advance. The meetings are normally held at the Registered Office of the Company in Bangalore. The dates of subsequent meeting(s) are decided at the previous meeting(s) of the Board and a notice in advance for each of such meetings is given in writing to each of the directors.

However, the Directors meet as often as required, but not less than Four times a year and once in a calendar quarter to review, inter-alia, the business performance of the Company against targets set under different parameters, financial results and other subjects of importance as detailed earlier and take decision(s).

The agenda for the meetings are prepared by the Company Secretary, in consultation with the Chairman, the Managing Director and Chairman of various Committees, as applicable and circulated in advance to all the members of the Board / Committees with detailed notes on each of the agenda items.

The Directors of the Company have access to all the information relating to the Company and would recommend inclusion of any matter, in the agenda for discussion. Depending upon the necessity and Management the Executives of the Company are invited to attend meetings of the Board so that they provide additional inputs on the subjects.

The Directors of the Board met 6 times during the year 2009-10. The meetings were held on April 22, 2009, June 01, 2009, July 23, 2009, August 27, 2009, October 14, 2009 and January 28, 2010.

COMMITTEES OF THE BOARD

With a view to have a better and focused attention on the business affairs of the Company, certain important Committees have been constituted by the Board outlining their role, responsibility and appropriate delegation of authority. The various committees constituted by the Board are as follows :

AUDIT COMMITTEE

During the year the Audit Committee of Directors comprised Independent Directors. Mr.P.Santosh Kumar a qualified Chartered Accountant from the Institute of Chartered Accountants in England and Wales (ICAEW) was the Chairman of the Committee and Mr.P.R.Yagnik and Mr.J.S.Vasan were its members.

The powers, role and scope of the Audit Committee are as per Clause 49 of listing agreement(s), issued as per the directions of SEBI. The members of the Committee are qualified, experienced inter-alia in finance, banking, accounting and auditing areas and possess professional knowledge with reference to powers, role and scope of the Committee and as such effectively contribute to its functioning.

The prime responsibility of Audit Committee is to review with the Management, the quarterly / annual financial statements prior to its submission before the Board for approval. It includes the oversight of the Company's financial reporting process and the disclosure of its financial information to ensure its content, sufficiency and credibility, recommending the appointment / re-appointment, replacement or removal, if any, of external / internal auditors, fixation of audit fee, 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, status of Risk Management and matters relating to Risk Management to be included in the Director's Responsibility Statement forming part of Report of Directors in terms of Clause (2AA) of Section 217 of the Companies Act, 1956.

The terms of reference include review of draft audit reports, reviewing with Management, the performance of statutory and internal auditors, reports relating to compliance with laws and other legal requirements, records relating to related party transactions and defaults, if any, in the payment(s) to the various investors of the Company and review of the functioning of the Whistle Blower mechanism.

The Audit Committee reviews the inspection reports, if any, submitted by the statutory / regulatory Authorities, inspecting officials of the Company, together with the replies thereon and inspection gradation of branches from time to time. The Committee considers the appointment of the Chief Financial Officer (CFO) after assessing the eligibility criteria. The Committee also reviews the Management Discussion and Analysis report, statement of significant related party transactions, if any.

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Depending upon the necessity and requirement, the Audit Committee invites the Executives / Functional Heads, Statutory Auditors / Branch Auditors of the Company, Tax Consultant, Internal Auditors and other professionals with relevant expertise, to attend the meetings.

The Audit Committee met four times during 2009-10. The meetings were held on April 22, 2009, July 23, 2009, October 14, 2009 and January 28, 2010. The particulars of attendance of the members of the Committee during the review period along with the sitting fee paid are mentioned hereunder :

Members	Number of Meetings Held	Number of Meetings Attended	Sitting Fees paid (Rs.)
Mr.P.Santosh Kumar, Chairman	4	3	15,000
Mr.J.S.Vasan	4	4	20,000
Mr.P.R.Yagnik	4	4	20,000

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

The Company Secretary acts as Secretary to the Committee.

MANAGEMENT COMMITTEE

During the year the Management Committee comprised 3 Directors. Mr.P.R.Yagnik who is an Independent Director, is the Chairman of the Committee. Mr.J.S.Vasan, Director and Mrs.Mythili Krishnamurthy, Managing Director, were its other members.

The Committee considers proposals for housing loans, rates of interest on such loans, review of sanctions made etc., permitted by the Managing Director and reviews certain other important business decisions taken by the management from time to time and other assignments in terms of the powers delegated to the Committee by the Board.

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

During the year a Meeting of the Committee was held on March 18, 2010.

The Company Secretary acts as Secretary to the Committee.

SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

During the year the Shareholders' / Investors' Grievance Committee comprised Mr.J.S.Vasan, as its Chairman, Mr.P.R.Yagnik and Mrs.Mythili Krishnamurthy, as its Members.

The Committee reviews, processes, standard operating procedures and initiatives taken by the Company relating to investor service, approves / reviews compliances with the requirements relating to listing agreements and Corporate Governance, share-holding 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, like non-receipt of balance sheet, non-receipt of declared dividends, complaints made with any statutory agencies including SEBI by the shareholders / investors, if any, compliance with the applicable provisions of "the Act" and various other statutes as applicable and the effective steps taken for redressal.

The Committee met four times during 2009-10 viz., on April 22, 2009, July 23, 2009, October 14, 2009 and January 28, 2010.

The particulars of attendance of the members of the Committee during the review period along with the sitting fee paid are mentioned hereunder :

Members	Number of Meetings Held	Number of Meetings Attended	Sitting Fees Paid (Rs.)
Mr.J.S.Vasan, Chairman	4	4	20,000
Mrs.Mythili Krishnamurthy, Managing Director	4	3	—
Mr.P.R.Yagnik	4	3	15,000

The Board of Directors are pleased to inform that there were no complaints lodged by any of our esteemed shareholders / investors either with the Company, the stock exchanges etc. There were no penalties, strictures imposed by the Stock Exchanges or any statutory / regulatory authority on any matter related to capital market. No complaint was pending for redressal at the end of the financial year. However, the Company had received certain requests for revalidation of dividend warrants since their validity had expired, which were attended to immediately.

The Company Secretary acts as Secretary to the Committee.

WHISTLE BLOWER POLICY

The management has implemented the Whistle Blower Policy, which enables the Company's personnel who observe any unethical or improper practice in the Company to directly approach the Audit Committee without necessarily informing their superiors.

The introduction of the above Policy has been communicated to all the employees of the Company. The Management affirms that it has not denied any personnel, access to the Audit Committee and has provided protection to such "Whistle Blowers" from unfair termination and other unfair prejudicial employment practices.

DISCLOSURES

RELATED PARTY TRANSACTIONS

There were no materially significant related party transactions with Directors, the Management, subsidiaries or relatives of the Directors that have a potential conflict with the interests of the Company at large.

Transactions with related parties entered into by the Company in the normal course of business were placed before the Audit Committee. Details of related party transactions for the year under review are included in the Notes to Accounts (Schedule 15 vide Sl.No.18).

ACCOUNTING STANDARDS

The Company has complied with the Accounting Standards issued by the Institute of Chartered Accountants of India from time to time, as applicable to the Company.

RISK MANAGEMENT

The Company has laid down procedures to apprise the Board of Directors regarding key risk assessment and risk mitigation mechanisms. The Audit Committee and the Board of Directors review the policy on an annual basis and the report on risk Management together with its status, on a quarterly basis.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The Non-Executive Directors of the Company are paid no fees other than the sitting fee for attending meetings of the Board or Committees.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

SECRETARIAL AUDIT

The Secretarial Audit Report relates to an examination of share transfer deeds, records, registers relating to above said transfers as maintained by the Company and certification relating to transfer of shares within the prescribed period of the listing agreement, excepting where the documents had been returned for non-compliance with the procedural / statutory compliances and issue of a relevant certificate by a Practising Company Secretary.

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The said Secretarial Audit Report also confirms about agreement of total issued / paid-up capital with the total number of shares held in physical form and the total number of dematerialised shares, with National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL).

The Secretarial Audit Reports are being placed before the Board of Directors on a quarterly basis.

MEANS OF COMMUNICATION TO THE SHAREHOLDERS

The Company has about 16,000 shareholders spread over the Country. The important means of communication to the shareholders is the annual report of the Company. The said report includes, inter alia, the Report of Directors, Management Discussion and Analysis Report, Report of Directors on Corporate Governance and the Audited Financial Results together with the Auditors Report thereon. The annual report also contains General Information to Shareholders viz., the shareholding pattern with distribution and monthly high / low price of the equity shares during the year on the stock exchange(s) and other related matters.

The Annual General Meeting (AGM) is the principal forum for interaction / discussion with shareholders, be it individuals, corporates or foreign investors. The details relating to quarterly performance and financial results are disseminated to the shareholders through Company's website and the said financial results are also published in leading national newspapers / press release(s) as required under Listing Agreement.

The communication with shareholders is also made through the Company's website viz., www.canfinhomes.com and the website of SEBI viz., www.sebi.gov.in (EDIFAR/CFDS), holding press conferences, issuing paper notifications, press release(s), individual letters etc.

With due acknowledgement of its responsibility towards the shareholders, the Board encourages open and active dialogue with all its shareholders.

GENERAL INFORMATION TO SHAREHOLDERS

The details relating to the Directors proposed to be appointed at the Twenty-Third annual General Meeting are provided as an annexure to the notice convening the said Annual General 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 agreements and other related matters.

SUBSIDIARIES

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

LEGAL / STATUTORY COMPLIANCE

Your Company has inter alia complied with the mandatory requirements as stipulated in Clause 49 of the listing agreement with stock exchanges including the applicable legal and statutory requirements. The Auditors Certificate on Corporate Governance issued by the Statutory Auditors is placed with this 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".

GOING CONCERN

The Board of Directors of your Company are satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the "Going Concern" basis in preparing its financial statements.

For and on behalf of the Board of Directors

Place : Bangalore
Date : July 03, 2010

P.R.YAGNIK
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 provisions of Listing Agreement(s).

BOARD MEETINGS

The details relating to the meetings of Board of Directors are mentioned in the Report of 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
2007	11.00 a.m.	Thursday	July 19, 2007	J.S.S. Mahavidya Peetha "Shivarathreeswara Centre Auditorium", 1st Main, 8th Block, Jayanagar, Bangalore-560 082
2008	11.00 a.m.	Wednesday	September 24, 2008	Same as above.
2009	11.00 a.m.	Thursday	August 27, 2009	Same as above.

SPECIAL RESOLUTIONS PASSED AT THE PREVIOUS 3 ANNUAL GENERAL MEETINGS :

- 2007 - Appointment of statutory and branch auditors as per Section 224(A) of the Companies Act, 1956.
- 2008 - Appointment of statutory and branch auditors as per Section 224(A) of the Companies Act, 1956.
- 2009 - Appointment of statutory and branch auditors as per Section 224(A) of the Companies Act, 1956.

FINANCIAL CALENDAR 2010-11 Viz., April 1, 2010 to March 31, 2011 :

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

Nature of Meeting	Purpose	Probable date
Audit Committee / Board Meeting	To review and approve the financial results for the quarter ending June 30, 2010.	During second / third week of July, 2010.
Audit Committee / Board Meeting	To review and approve the financial results for the quarter ending September 30, 2010.	During second / third week of October, 2010.
Audit Committee / Board Meeting	To review and approve the financial results for the quarter ending December 31, 2010.	During second / third week of January, 2011.
Audit Committee / Board Meeting	To review and approve the financial results for the quarter ending March 31, 2011.	During second / third week of April, 2011.

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Dates of book closure : From Thursday, the August 19, 2010 to Wednesday, the August 25, 2010 (both days inclusive).

Dividend payment : During the first week of September 2010.

The Board of Directors of the Company have recommended a dividend of Rs.2.00 per share (20%) for the financial year ended March 31, 2010, for approval of the members at the AGM.

THE DIVIDEND ENTITLEMENT IS AS FOLLOWS

- (i) For the shares held in physical form : Shareholders whose name appear in the register of members as at the close of business hours on Wednesday, the August 18, 2010.
- (ii) For shares held in electronic form : Beneficial owners whose name appear in the statements of beneficial position furnished by National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) as at the close of business hours on Wednesday, the August 18, 2010.

LISTING OF SHARES

- (a) Bangalore Stock Exchange Ltd., Bangalore, (Bg.SE)
- (b) Bombay Stock Exchange Ltd., Mumbai, (BSE)
- (c) National Stock Exchange of India Ltd., Mumbai, (NSE)

The Listing fees for the years 2009-10 and 2010-11 have been paid to the Stock Exchanges where the securities of the Company are listed and Annual Custodial Fees for the above period to the National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) have been paid within the due dates.

STOCK CODE

Bg.SE : CANFINHOME
NSE : Scrip Code : 511196
Symbol : CANFINHOME
BSE : Scrip Code : 511196
ISIN No. : Equity Shares : INE 477A01012

Market Price data - High / Low during April 2009 to March, 2010 (Face value of share Rs.10/- each) :

Month and Year	National Stock Exchange of India Ltd., (NSE), Mumbai		Bombay Stock Exchange Ltd., (BSE), Mumbai	
	High	Low	High	Low
April, 2009	60.05	50.35	62.90	50.25
May, 2009	94.35	52.10	94.80	54.05
June, 2009	85.00	77.10	94.40	77.20
July, 2009	84.00	77.50	82.90	75.20
August, 2009	82.95	76.50	83.60	77.30
September, 2009	86.80	78.00	87.00	78.00
October, 2009	91.95	78.50	91.90	79.50
November, 2009	90.40	79.15	91.00	79.00
December, 2009	100.70	83.40	100.15	83.20
January, 2010	96.00	82.00	95.95	82.00
February, 2010	88.90	79.80	94.00	79.10
March, 2010	83.90	78.65	84.20	78.05
52 Weeks	100.70	50.90	100.15	46.25

- Registrars and Share Transfer Agents** : M/s. Canbank Computer Services Ltd.,
Unit : Can Fin Homes Ltd.,
R&T Centre, J P Royale, I Floor,
No.218, 2nd Main, Sampige Road,
(Near 14th Cross), Malleshwaram,
Bangalore-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 Shareholders' / Investors' Grievance Committee. Such share transfers / transmissions are periodically approved by the Managing Director of the Company who is also a member of the above Committee. Normally, the processing will be done once in 15 days as per the statutory / listing requirements.
- DEMATERIALISATION OF SHARES** : About 93.51% of paid up capital is held in dematerialised form. The securities of the Company are admitted as the "Eligible Securities" into the Depository system by the National Securities Depository Ltd., (NSDL) and the Central Depository Services (India) Ltd., (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 or any convertible instruments, conversion date and likely impact on equity.** : Not Applicable.
- Address for correspondence** : Shareholder's correspondence may please be addressed to the Registrars & Share Transfer Agents at the above-mentioned address. The said holders may also contact the Registered Office of the Company.
Phone : 080-26564259, 26565736
E-mail : compsec@canfinhomes.com
legal@canfinhomes.com
sathyaprakash@canfinhomes.com

UNCLAIMED DIVIDEND

In terms of the provisions of Section 205A(5) of the Companies Act, 1956, 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 Companies Act, 1956. Further, in terms of Section 205C(11), no payments shall be made by the Company in respect of claims made after the above period of 7 years.

The Company in addition to sending annual reminder letters requesting the respective shareholders to encash their dividend warrants, also sends final reminder letters to individual share holders well ahead of due dates for transfer of unclaimed dividend amount to IEPF. Despite such reminders, there are few shareholders who have not claimed their dividends.

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

Dividend-relevant years	Dividend per Share Rs.	Balance in unpaid Dividend account as on 31-03-2010 Rs.	Unclaimed dividend as a % of total dividend declared	Declared at the AGM held on	Due date for transfer to the Investor Education and Protection Fund (IEPF)*
2002-03	2.50	6,57,382.50	1.28	31-07-2003	31-07-2010
2003-04	2.50	6,55,800.00	1.28	21-07-2004	21-07-2011
2004-05	2.50	7,49,747.50	1.46	20-07-2005	20-07-2012
2005-06	2.50	8,29,695.00	1.62	02-08-2006	02-08-2013
2006-07	2.50	7,47,582.50	1.46	19-07-2007	19-07-2014
2007-08	2.50	8,15,275.00	1.59	24-09-2008	24-09-2015
2008-09	2.00	7,18,000.00	1.75	27-08-2009	27-08-2016

* Members of the Company can claim the unpaid dividend, if any, from the Company before the date of transfer to IEPF as mentioned above. The Members may please note that after the unpaid dividend is transferred to the said Fund, no claim shall lie against the Company or the Fund.

ISSUE OF DUPLICATE DIVIDEND WARRANTS

A duplicate dividend warrant can be issued only after the expiry of the validity period of the original warrant. In case the original instrument is not tendered to the Company, such duplicate warrant will be issued after the receipt of an undertaking, in the prescribed format, from the shareholder.

BANK ACCOUNT PARTICULARS

The Members holding shares in physical mode are requested to furnish their latest bank account number / particulars (comprising 13 digits or otherwise, as the case may be), directly to the Registrars and Share Transfer Agents for incorporation of the same on the dividend warrants. This would avoid any fraudulent encashment of warrants and facilitate for payment of dividend through ECS.

DIVIDEND PAYMENT THROUGH ECS

The dividend warrants in respect of the shares held in electronic / demat mode as of the date of Book Closure would be posted to the beneficial owners to their addresses as per the information furnished by the NSDL and CDSL. The Company will arrange to remit the dividend through ECS, to those beneficial owners with bank account number / particulars (comprising 13 digits or otherwise, as the case may be), subject to availability of ECS facility at such Centres as notified by the Reserve Bank of India.

NOMINATION

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, (also available on the website of the Company) to the Company or to its Registrars & Share Transfer Agents. Shareholders holding shares in dematerialised form are requested to contact their depository participant.

Every shareholder in a Company may at any time, nominate in the prescribed manner, a person to whom his shares in the Company shall vest in the event of his death. Only individual shareholder(s) applying for / holding shares on his / their behalf can make 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.

SHAREHOLDING PATTERN (as of March 31, 2010)

Sl.No.	Category	No. of Members	No. of Shares	% to Capital
1.	Promoters	03	86,71,808	42.332
2.	Mutual Funds	01	200	0.001
3.	Other Banks	01	100	—
4.	Insurance Companies	02	4,98,527	2.434
5.	FIs	03	2,500	0.012
6.	NRIs	80	59,357	0.290
7.	Corporate Bodies	309	51,60,723	25.192
8.	Indian Public	15295	60,92,035	29.739
Total		15694	2,04,85,250	100.00

DISTRIBUTION OF SHAREHOLDING (as of March 31, 2010)

Amount (Rs.)	Members		Shares	
	Number	%	Amount (Rs.)	%
Upto - 5000	14101	89.85	23556430	11.50
5001 - 10000	905	5.77	7210210	3.52
10001 - 20000	316	2.01	4757160	2.32
20001 - 30000	118	0.75	3041490	1.48
30001 - 40000	52	0.33	1845020	0.90
40001 - 50000	45	0.29	2124380	1.04
50001 - 100000	74	0.47	5537070	2.70
100000 - and above	83	0.53	156780740	76.54
Total	15694	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, Bangalore-560 004
 Phone : 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.,

We have examined the compliance of conditions of Corporate Governance by Canfin Homes Ltd., for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with various Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuing compliance with the conditions of Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance requirements as per Clause 49(II) (B) of the Listing Agreements.

We state that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

M.G.VINAYA SIMHA
Partner
Membership No.: 208874

Place : **Bangalore**
Date : **April 21, 2010**

AUDITORS REPORT

TO THE MEMBERS OF CANFIN HOMES LIMITED

- I. We have audited the attached Balance Sheet of CANFIN HOMES LIMITED, Bangalore as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- II. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- III. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of said order.
- IV. Further to our comments in the Annexure referred to above, we report that :
 1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit;
 2. 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 appropriately dealt with us in preparing this report;
 3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account and the audited returns received from the Branches;
 4. The Balance Sheet and Profit and Loss account and Cash Flow Statement dealt with by this report are prepared in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of The Companies Act, 1956;
 5. On the basis of written representations received by the Company from the Directors, as on March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2010 from being appointed as a director under Section 274(1) (g) of the Companies Act, 1956;
 6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) In the case of Profit and Loss Account, of the Profit for the year ended on that date; and
 - c) In the case of Cash Flow Statement, of the cash flow, for the year ended on that date.

For **K.P.RAO & Co.**,
Chartered Accountants

M.G.VINAYA SIMHA
Partner
Membership No.: 208874

Place : Bangalore
Date : April 21, 2010

ANNEXURE TO AUDITORS' REPORT

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

- I. 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.
- II. 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.
- III. 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 to 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.
- IV. 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.
- V. 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.
- VI. 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, 2001 with regard to the deposits accepted from the public. The Company Law Board or the National Company Law Tribunal or the Reserve Bank or any Court or any other Tribunal has passed no order.
- VII. 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.
- VIII. The Central Government has not prescribed the maintenance of cost record under Section 209(1)(d) of the Companies Act, 1956 for the Company.
- IX. 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, 2010 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 as under :

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax	Income Tax	4,46,27,241	A.Y. 2007-2008	Commissioner of Income Tax (Appeals)

- X. 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.
- XI. 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.
- XII. 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.
- XIII. 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.
- XIV. According to the information and explanations given to us the Company is not dealing or trading in shares, securities, debentures and other investments.
- XV. 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.
- XVI. 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.
- XVII. 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.
- XVIII. 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.
- XIX. The Company has not issued any debentures during the year.
- XX. According to the information and explanations given to us, the Company has not raised any monies from public issues during the year.
- XXI. 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

M.G.VINAYA SIMHA
Partner
Membership No.: 208874

Place : **Bangalore**
Date : **April 21, 2010**

BALANCE SHEET

AS AT MARCH 31, 2010

	Schedules	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Capital	1	204,875,450		204,875,450
Reserves and Surplus	2	<u>2,544,050,146</u>		<u>2,260,086,144</u>
			2,748,225,596	2,464,961,594
LOAN FUNDS				
Secured Loans	3	15,629,991,746		14,807,722,098
Unsecured Loans	4	<u>3,023,180,735</u>		<u>1,690,193,550</u>
			18,653,172,481	16,497,915,648
			21,402,098,078	18,962,877,241
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	5	83,413,611		84,928,462
LESS : Depreciation		<u>55,527,927</u>		<u>57,255,749</u>
Net Block			27,885,684	27,672,712
INVESTMENTS	6		174,350,000	192,796,000
LOANS	7		20,943,061,927	18,631,106,436
SECURITISED ASSETS	7A		35,868,636	118,533,489
CURRENT ASSETS, LOANS AND ADVANCES	8	695,036,342		501,559,097
LESS : CURRENT LIABILITIES AND PROVISIONS	9	<u>517,304,511</u>		<u>545,990,492</u>
			177,731,831	(44,431,395)
DEFERRED TAX ASSET			43,200,000	37,200,000
			21,402,098,078	18,962,877,241

Schedules 1 to 9 annexed hereto form part of the Balance Sheet

As per our Report of even date

For K.P.Rao & Co.
Chartered AccountantsP.R.Yagnik
Chairman

J.S.Vasan

P.Santosh Kumar

M.G.Vinaya Simha
Partner
Membership No.: 208874Mythili Krishnamurthy
Managing DirectorDr.Ashok K.Mittal
DirectorsPlace : Bangalore
Date : April 21, 2010H.V.Shekhar
Sr. ManagerC.R.Mohan
Chief Financial OfficerK.S.Sathyaprakash
Company Secretary

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED MARCH 31, 2010

Schedules	For the period ended March 31, 2010 Rupees	For the Period ended March 31, 2009 Rupees
INCOME		
Operating Income	2,137,081,900	2,229,008,800
Other Income	27,344,321	153,000
	<u>2,164,426,221</u>	<u>2,229,161,800</u>
EXPENDITURE AND CHARGES		
Interest and Other Charges	1,450,012,181	1,666,577,531
Staff Expenses	82,715,860	66,852,588
Establishment Expenses	33,373,969	30,448,940
Other Expenses	55,494,996	18,253,278
Depreciation	2,811,628	2,938,221
	<u>1,624,408,634</u>	<u>1,785,070,558</u>
	540,017,588	444,091,242
PROFIT BEFORE TAX & PROVISIONS		
(Provision) / Reversal of provision for Doubtful Debts - Housing Loans	8,348,013	(5,709,978)
	<u>548,365,601</u>	<u>438,381,264</u>
PROFIT BEFORE TAX		
Provision for Tax - Current Year	(163,000,000)	(123,000,000)
- Previous Year	531,838	(763,615)
Provision for Fringe Benefit Tax	—	(625,000)
Deferred taxation	6,000,000	1,300,000
	<u>391,897,439</u>	<u>315,292,649</u>
Balance brought forward from previous year	16,086,144	3,726,932
AMOUNT AVAILABLE FOR APPROPRIATION		
	<u>407,983,583</u>	<u>319,019,581</u>
APPROPRIATIONS		
Special Reserve	107,000,000	90,000,000
General Reserve	145,000,000	165,000,000
Proposed Dividend	40,970,500	40,970,500
Corporate Dividend Tax thereon	6,962,937	6,962,937
Provision for Contingencies	60,000,000	—
Balance carried to Balance Sheet	48,050,146	16,086,144
	<u>407,983,583</u>	<u>319,019,581</u>

Previous year figures have been rearranged / regrouped wherever necessary.

Earnings per share : (Refer note 14)

Basic EPS	19.13	15.39
Diluted EPS	19.13	15.39
Notes on Accounts	15	
Accounting Policies	16	

Schedules 10 to 16 annexed hereto form part of the Profit and Loss Account.

As per our Report of even date

For K.P.Rao & Co.
Chartered AccountantsP.R.Yagnik
Chairman

J.S.Vasan

P.Santosh Kumar

M.G.Vinaya Simha
Partner
Membership No.: 208874Mythili Krishnamurthy
Managing DirectorDr.Ashok K.Mittal
DirectorsPlace : Bangalore
Date : April 21, 2010H.V.Shekhar
Sr. ManagerC.R.Mohan
Chief Financial OfficerK.S.Sathyaprakash
Company Secretary

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 1			
CAPITAL			
AUTHORISED			
7,00,00,000 Equity Shares of Rs.10 each		<u>700,000,000</u>	<u>700,000,000</u>
ISSUED AND SUBSCRIBED			
2,05,00,000 Equity Shares of Rs.10 each		<u>205,000,000</u>	<u>205,000,000</u>
PAID UP			
2,04,85,250 Equity Shares of Rs.10 each	204,852,500		204,852,500
ADD : Forfeited Shares	<u>22,950</u>		<u>22,950</u>
		<u>204,875,450</u>	<u>204,875,450</u>
SCHEDULE - 2			
RESERVES AND SURPLUS			
SPECIAL RESERVE			
(In terms of Section 36(1)(viii) of Income-Tax Act, 1961)			
Opening Balance	1,480,100,000		1,390,100,000
Transferred from Profit & Loss Account	<u>107,000,000</u>		<u>90,000,000</u>
		1,587,100,000	1,480,100,000
GENERAL RESERVE			
Opening Balance	711,400,000		546,400,000
Transferred from Profit & Loss Account	<u>145,000,000</u>		<u>165,000,000</u>
		856,400,000	711,400,000
SECURITIES PREMIUM		52,500,000	52,500,000
PROFIT AND LOSS ACCOUNT		<u>48,050,146</u>	<u>16,086,144</u>
		<u>2,544,050,146</u>	<u>2,260,086,144</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 3			
SECURED LOANS			
NATIONAL HOUSING BANK		5,260,314,854	5,942,420,481
TERM LOANS FROM BANKS		10,312,926,830	8,803,728,387
(The above Loans from National Housing Bank and other Banks are secured by way of a specific charge on book debts, outstanding, receivables, etc., / promissory notes and / or a negative lien on assets of the Company)			
OVERDRAFT FROM BANK		56,750,062	61,573,229
(Secured by deposits made by the Company)			
		<u>15,629,991,746</u>	<u>14,807,722,098</u>

SCHEDULE - 4**UNSECURED LOANS**

DEPOSITS			
Fixed Deposits		670,229,610	558,910,478
Cumulative Deposits		1,352,916,241	1,094,568,052
		<u>2,023,145,851</u>	<u>1,653,478,530</u>
Short Term Loans from Banks		1,000,034,884	36,715,020
		<u>3,023,180,735</u>	<u>1,690,193,550</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE - 5

FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2009 Rupees	Additions Rupees	Deductions Rupees	As at March 31, 2010 Rupees	As at April 1, 2009 Rupees	Additions Rupees	Deductions Rupees	As at March 31, 2010 Rupees	As at March 31, 2010 Rupees	As at Mar 31, 2009 Rupees
Buildings*	33,049,172	—	—	33,049,172	14,636,705	920,623	—	15,557,328	17,491,843	18,412,467
Furniture & Fixtures	16,255,655	1,018,620	670,291	16,603,983	13,726,301	470,196	625,810	13,570,687	3,033,296	2,529,354
Computers	18,833,820	1,035,694	2,831,294	17,038,220	18,033,995	340,058	2,817,845	15,556,207	1,482,012	799,825
Office & Electrical Equipments	11,085,380	1,126,508	992,724	11,219,164	7,066,637	583,121	766,380	6,883,379	4,335,786	4,018,743
Vehicles	5,704,432	142,520	343,880	5,503,072	3,792,108	497,630	329,413	3,960,326	1,542,746	1,912,324
TOTAL	84,928,459	3,323,341	4,838,189	83,413,611	57,255,746	2,811,628	4,539,447	55,527,927	27,885,684	27,672,713
Previous Year	85,555,020	2,014,356	2,640,917	84,928,462	56,617,269	2,938,221	2,299,744	57,255,749	27,672,712	—

* On land jointly held with others.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 6		
INVESTMENTS (At cost)		
UNQUOTED, NON TRADE		
Bonds		
12.25% Karnataka State Development Loan Bonds	—	10,000,000
12.40% Government of India Bonds	10,000,000	10,000,000
6.05% Government of India Bonds	50,000,000	50,000,000
6.01% Government of India Bonds	50,000,000	50,000,000
5.64% Government of India Bonds	49,350,000	49,350,000
11.85% Government of Kerala Bonds	—	3,446,000
11.85% Government of Andhra Pradesh Bonds	—	5,000,000
10.52% Government of Madhya Pradesh Bonds	5,000,000	5,000,000
6.95% Government of Karnataka Loan Bonds	10,000,000	10,000,000
	<u>174,350,000</u>	<u>192,796,000</u>
SCHEDULE - 7		
LOANS		
i) HOUSING LOAN		
Individuals		
(Net of Interest suspense on suit filed accounts of Rs.87,53,680/- (Previous year Rs.93,25,199/-))	20,643,821,603	18,509,600,642
Coporate Bodies and others		
(Net of Interest Suspense on suit-filed accounts of Rs.1,06,16,172/- (Previous year Rs.1,06,16,172/-))	78,125,050	69,094,067
	<u>20,721,946,654</u>	<u>18,578,694,709</u>
LESS : Securitised assets	69,020,084	182,582,769
	<u>20,652,926,570</u>	<u>18,396,111,940</u>
ii) OTHER LOANS	290,135,357	234,994,495
	<u>20,943,061,927</u>	<u>18,631,106,436</u>
SCHEDULE - 7A		
SECURITISED ASSETS		
Class B PTC held by the Company	35,868,636	118,533,489
	<u>35,868,636</u>	<u>118,533,489</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	Rupees	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE - 8			
CURRENT ASSETS, LOANS AND ADVANCES			
CURRENT ASSETS			
Interest Accrued but not due on Investments	2,109,874		2,722,658
Interest Accrued but not due on Deposits etc.,	<u>12,497,052</u>		<u>6,730,788</u>
		14,606,926	9,453,446
Cash on Hand		498,669	346,310
Balances with Scheduled Banks			
Current Accounts	317,621,419		129,549,456
Cheques on hand	1,163,856		1,787,008
Remittances in Transit	—		4,100,000
Deposit Accounts	<u>250,700,000</u>		<u>250,700,000</u>
		569,485,275	386,136,464
LOANS AND ADVANCES			
LOANS (Secured, Considered Good)			
Instalments Due from Borrowers (Net of Interest Suspense of Rs.4,56,82,925/- (Previous year Rs.5,35,53,213/-))		54,459,569	58,136,204
Against Deposits		16,235,630	15,542,642
ADVANCES (Unsecured, Considered Good)			
Income / Interest Tax Paid (Net of Provision)		22,545,553	7,681,938
Advances Recoverable in Cash or in kind or for value to be received			
From Staff		5,945,745	5,853,144
From Others		<u>11,258,976</u>	<u>18,408,949</u>
		695,036,342	501,559,097
SCHEDULE - 9			
CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES			
Liabilities for Expenses	20,532,587		120,026,261
Unclaimed deposits (including interest accrued and due Rs.83,66,958/- Previous year Rs.1,17,87,158/-)	72,551,621		79,696,706
Advance Payments	2,963,336		4,489,830
Other Liabilities	18,804,315		13,897,377
Interest Accrued but not Due	273,803		206,406
Unclaimed Dividend	<u>5,173,483</u>		<u>6,165,994</u>
		120,299,145	224,482,574
PROVISIONS			
Dividend (including Dividend Tax)	47,933,437		47,933,437
Provision for Doubtful Debts	224,608,084		239,400,142
Provision for Standard Assets (Non-Housing Loans)	1,500,000		1,100,000
Provision for Contingencies	60,000,000		—
Provision for Interest on Income Tax Refund	27,344,321		—
Provision for Fringe Benefit Tax	—		625,000
Provision for Wealth Tax	—		8,000
Provision for Gratuity	10,238,589		10,171,127
Provision for Sick Leave	1,978,994		1,165,666
Provision for Exempt Provident Fund	2,557,436		1,949,231
Provision for Leave Travel Concession	2,725,753		3,529,056
Provision for Compensated Absence	<u>18,118,752</u>		<u>15,626,259</u>
		397,005,366	321,507,918
		517,304,511	545,990,492
(There are no amounts due to Investor Education & Protection Fund)			

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	For the period ended March 31, 2010 Rupees	For the Period ended March 31, 2009 Rupees
SCHEDULE - 10		
OPERATING INCOME		
INTEREST ON HOUSING LOANS		
Individuals	2,006,321,414	2,096,041,076
Corporate Bodies and others	5,778,611	3,990,018
(Tax deducted at source Rs.7,51,751/-)	2,012,100,025	2,100,031,094
(Previous year Rs.6,99,442/-)		
OTHER INTEREST INCOME		
(Tax deducted at source Rs.23,52,177/-)		
(Previous year Rs.53,74,751/-)		
Income from Deposits / Investments :		
Short term	—	—
Long term	32,977,610	45,449,861
Others :	33,437,989	30,795,987
	66,415,599	76,245,848
FEES AND OTHER CHARGES	58,566,278	52,731,859
	2,137,081,900	2,229,008,800
SCHEDULE - 11		
INTEREST AND OTHER CHARGES		
Interest on Deposits	169,479,704	138,174,773
Interest on Loans, Debentures etc.	1,276,165,821	1,524,277,919
Other Financial Charges	4,366,656	4,124,839
	1,450,012,181	1,666,577,531
SCHEDULE - 12		
STAFF EXPENSES		
Salaries, Bonus Etc.,	67,550,163	47,211,480
Contribution to Provident Fund and Other Funds	6,647,369	10,098,879
Staff Training and Welfare Expenses	8,518,328	9,542,229
	82,715,860	66,852,588

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	For the period ended March 31, 2010 Rupees	For the Period ended March 31, 2009 Rupees
SCHEDULE - 13		
ESTABLISHMENT EXPENSES		
Rent	19,893,408	17,813,508
Rates and Taxes	829,857	854,340
Repairs & Maintenance	6,024,732	5,680,819
Electricity Charges	2,423,646	2,541,361
Insurance	218,871	238,316
General Office Expenses	3,983,455	3,320,596
	<u>33,373,969</u>	<u>30,448,940</u>

SCHEDULE - 14**OTHER EXPENSES**

Travelling and Conveyance	4,349,171	4,258,317
Printing and Stationery	1,979,501	1,183,132
Postage, Telephone and Telex	3,218,780	3,501,465
Advertising	3,788,262	3,853,493
Professional Fees	4,523,806	3,645,526
Directors' Sitting Fees	260,000	180,000
Bank charges	917,222	965,674
Provision for Interest on Income Tax Refund	27,344,321	—
Miscellaneous Expenses *	9,113,933	665,671
	<u>55,494,996</u>	<u>18,253,278</u>

* Refer Note No. 9

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE - 15

NOTES ON ACCOUNTS

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.
2. The Company has securitised till date, housing loans to the extent of Rs.212,88,14,120/- (Previous year Rs.212,88,14,120/-) consisting of Class A PTCs of Rs.157,48,69,266/-, which is subscribed by various banks / Financial Institutions and Class B PTCs of Rs.55,39,44,854/-, which is held by the Company. The total securitised assets outstanding as on date is Rs.6,90,20,084/- (Previous year Rs.18,25,82,769/-) consisting of Class A PTCs of Rs.3,31,51,448/- (Previous year Rs.6,40,49,280/-) and Class B PTCs of Rs.3,58,68,636/- (Previous year Rs.11,85,33,489/-).
3. Deposit with banks include Rs.0.39 crore (Previous year Rs.1.92 crore) given as collateral security for Mortgage Backed Securities.
4. Net loss on sale of fixed assets amounting to Rs.33,327/- (loss) is included under Miscellaneous Expenses during the current year. (Previous year Rs.1,53,000/- profit). Other income includes interest received on Income Tax refund Rs.2,73,44,321/- on receipt of orders for various Assessment Years (Previous year - NIL).
5. Instalments Due from Borrowers (net of interest suspense) include Rs.1,34,15,863/- (Previous year Rs.1,31,41,991/-), which is outstanding for over six months.
6. 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, 2010.

Provision of loans is required to be maintained as per NHB guidelines on prudential norms to the extent of Rs.10 .29 crore (Previous year Rs.11.77 crore) against which the Company, by way of prudence and abundant caution has maintained cumulative provision of Rs.22.46 crore (Previous year Rs.23.94 crore).

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

An analysis of interest de-recognised and utilisation of provision is as under :

(Rs.in Lakhs)

Particulars	Interest suspense		Provision	
	2009-2010	2008-2009	2009-2010	2008-2009
a) Cumulative at the beginning of the year	734.95	741.09	2394.00	2317.50*
b) Less : Recovery / adjustment during the year	184.97	152.30	283.95	120.39
c) Add : Additions made during the year	100.55	146.16	136.03	196.89
d) Cumulative at the end of the year (a) – (b) + (c)	650.53	734.95	2246.08	2394.00

* Including additional provision of Rs.12.17 crore

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

(Rs.in Lakhs)

Loans	As on 31-03-2010					As on 31-03-2009				
	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Housing loans (including instalments due from borrowers)										
- Individuals	204689.18	507.82	1047.20	407.12	206651.32	182743.35	682.53	1191.98	419.01	185036.87
- Corporate bodies	512.60	—	268.65	—	781.25	344.27	—	346.67	—	690.94
Other Loans	2886.05	8.35	6.95	—	2901.35	2321.26	24.41	4.27	—	2349.94
Total Loans	208087.83	516.17	1322.80	407.12	210333.92	185408.88	706.94	1542.92	419.01	188077.75
Provision - Housing loans		50.80	568.24	407.12	1026.16		68.25	685.75	419.01	1173.01
Provisions for Other loans		0.83	1.67	—	2.50		2.44	1.15	—	3.59
Additional Provision										
- Individuals					1167.40					1167.40
- Corporate Bodies					50.00					50.00
Total		51.63	569.91	407.12	2246.06		70.69	686.90	419.01	2394.00

7. Particulars of Provision for Standard Assets - Non Housing Loans 2009-10.

As per the directions of NHB vide their letter NHB (ND)/DRS/DIR-18-07/1336/2007 dated 27-03-2007, the provision for Standard Assets – Non-Housing Loans is required to be made at 0.4% before December 31, 2007. Accordingly the Company has made provision for Standard assets on Non Housing loans as under :

(Rs.in lakhs)

Particulars	2009-2010	2008-2009
Standard Assets Outstanding - Non Housing loans	2886.05	2321.26
Provision required to be made	11.54	9.29
Provision made	15.00	11.00

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

8. Creation of Floating Charge in favour of Public deposits.

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.

9. Miscellaneous Expenses includes Net of Bad debts written off Rs.61,69,997/- i.e (Bad Debts Written off Rs.61,75,262/- – Bad Debt Recovery Rs.5,265/-) (Previous year Bad Debts written off is Rs.28,385/-)

10. Claims against the Company not acknowledged as debt :

(Rs.in lakhs)

Nature of claims	As of 31-03-2010	As of 31-03-2009	Risk Involved
A) Disputed tax matters under appeal : i) Income tax ii) Interest tax	1347.61 54.46 <u>1402.07</u>	1030.80 54.46 <u>1085.26</u>	<p>1. The disputed Tax issues relate to Income Tax and Interest Tax matters relating to assessment years from 1993-94 to 1999-2000, 2004-05, 2006-07 and 2007-08 in respect of which appeals are filed by the Company and the Department has filed certain appeals against the appeal orders allowed in favour of the Company by the 2nd Appellate Authority and pending before the Hon'ble High Court of Karnataka.</p> <p>The appeals for the asst. years 2006-07 and 2007-08 on the Income Tax matters are filed by the Company and pending before the 1st appellate authority.</p> <p>2. During the year, Proceedings giving effect to the orders of the 2nd Appellate Authority, were received from the Department, determining a refund of Rs.5.34 crore including interest of Rs.2.73 crore for the Asst. Years 1996-97, 1997-98 and 1999-00 which was adjusted towards the alleged demand for Asst. Year 2006-07, amounting to Rs.5.68 crore. As the above interest on Income Tax refund relates to pending appeals filed by the dept before the Hon'ble High Court of Karnataka, corresponding provision in respect of such interest received is made in the accounts.</p> <p>3. Out of the total disputed tax liability namely, I Income tax Rs.1347.61 lakhs (P.Y. Rs.1030.8 lakhs) II Interest tax Rs.54.46 lakhs (P.Y. Rs.54.46 lakhs) Total Rs.1402.07 lakhs (P.Y. Rs.1085.26 lakhs)</p> <p>The Company has already provided for a sum of Rs.774.28 lakhs (P.Y. Rs.297.07 lakhs) towards Income Tax & Rs.19.43 lakhs (P.Y. Rs.19.43 lakhs) towards interest tax and the balance disputed tax liability is not provided in the accounts, I Income tax Rs.573.33 lakhs (P.Y. Rs.733.73 lakhs) II Interest tax Rs.35.03 lakhs (P.Y. Rs.35.03 lakhs)</p>
B) Claims made by borrowers of the Company before various Consumer Forums.	29.66	20.29	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.
C) Claims made by ex-employees before the Company	NIL	7.16	The Company had not recognise this claim, as the eligibility criteria laid down by the Management was not met. Subsequently, the Hon'ble High Court of Karnataka has dismissed the petition filed by the ex-employees.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

11. Auditors' remuneration

Particulars	For the year ended	
	March 31, 2010 Rupees	March 31, 2009 Rupees
Audit Fees (Including Branch Auditors fees)	5,30,190	5,21,971
Other Services (Certificates, Tax Audit, etc.,)	1,50,560	1,32,963
Out of Pocket Expenses	1,93,592	1,70,880
Total	8,74,342	8,25,814

12. Remuneration to Managing Director

Particulars	For the year ended	
	March 31, 2010 Rupees	March 31, 2009 Rupees
Salaries etc.,	7,06,232	7,01,184
Provident Fund, Gratuity etc.,	40,036	2,96,342
Total	7,46,268	9,97,526

13. 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 max 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.

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

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

A. RECONCILIATION OF PRESENT VALUE OF PROJECTED BENEFIT OBLIGATION

Amount in Rupees

SL. NO.	PARTICULARS	GRATUITY		EXEMPT PF		SICK LEAVE		LTC		LONG TERM COMPENSATED ABSENCE	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1.	Present value of Projected Benefit obligation as on 01-04-2008 & 01-04-2009	29,578,847	25,211,600	76,195,450	70,653,070	1,165,666	—	—	—	15,626,259	13,102,262
2.	Service Cost	994,998	1,377,452	10,964,212	4,619,984	195,322	1,165,666	2,725,753	3,529,056	773,951	690,537
3.	Interest Cost	2,099,978	1,921,824	5,456,134	5,428,676	85,094	—	—	—	1,090,197	980,076
4.	Actuarial Gains (+) Losses (-)	823,951	3,445,580	-4,519,759	-1,082,968	-532,912	—	—	—	2,012,452	2,555,996
5.	Benefit Paid	1,624,053	2,377,609	-2,907,766	5,589,248	—	—	—	—	1,384,107	1,702,612
6.	Present Value of Projected Benefit Obligations as on 31-03-2009 & 31-03-2010 (1+2+3+4-5 = 6)	30,225,819	29,578,847	85,188,271	76,195,450	1,978,994	1,165,666	2,725,753	3,529,056	18,118,752	15,626,259

B. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Amount in Rupees

SL. NO.	PARTICULARS	GRATUITY		EXEMPT PF		SICK LEAVE		LTC		LONG TERM COMPENSATED ABSENCE	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1.	Service Cost	994,998	1,377,452	10,964,212	4,619,984	195,322	1,165,666	2,725,753	3,529,056	773,951	690,537
2.	Interest Cost	2,099,978	1,921,824	5,456,134	5,428,676	85,094	—	—	—	1,090,197	980,076
3.	Actuarial Gains (-) Losses (+)	-920,983	3,433,668	1,301,252	1,322,917	532,912	—	—	—	2,012,452	2,555,996
4.	Expected Return on Plan Assets	1,692,255	1,678,755	-6,261,955	5,553,393	—	—	—	—	—	—
5.	Benefits paid	—	—	—	4,619,984	—	—	—	—	—	—
6.	Amount charged to Employees remuneration And benefits & other Expenses (1+2+3-4-5)	481,738	5,054,189	11,459,643	1,198,200	813,328	1,165,666	2,725,753	3,529,056	3,876,600	4,121,527

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

C. RECONCILIATION OF OPENING BALANCES AND CLOSING BALANCES OF PLAN ASSETS

SL. NO.	PARTICULARS	Amount in Rupees									
		GRATUITY		EXEMPT PF		SICK LEAVE		LTC		LONG TERM COMPENSATED ABSENCE	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1.	Opening Balance	19,407,720	19,588,608	74,246,219	69,902,839	—	—	—	—	—	—
2.	Expected Return	1,692,255	1,678,755	6,261,955	5,553,393	—	—	—	—	—	—
3.	Actuarial Gains (+) Losses (-)	97,032	11,912	-5,821,011	-239,949	—	—	—	—	—	—
4.	Contribution by employees	414,276	506,054	10,964,212	4,619,984	—	—	—	—	1,384,107	1,702,612
5.	Benefits paid	1,624,053	2,377,609	-2,907,766	-5,589,248	—	—	—	—	1,384,107	1,702,612
6.	Closing balance (1+2+3+4-5)	19,987,230	19,407,720	82,743,609	74,246,219	—	—	—	—	—	—

D. ACTUARIAL ASSUMPTIONS

Sl. No.	Description	As on 31st March 2010	As on 31st March 2009
1.	Discount Rate per annum	7.90%	7.30%
2.	Rate of Return on Plan Assets	Gratuity : 9.50% Exempt PF : 8%	Gratuity : 9% Exempt PF : 8%
3.	Mortality Rate	Indian Assured Lives (1994-96) Ultimate Table	Indian Assured Lives (1994-96) Ultimate Table
4.	Withdrawal rates (per annum)	8.96%	9.06%
5.	The estimates of future salary increases considered in actuarial valuation, take into account escalation, inflation, seniority, Promotion and other relevant factors		

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

14. Earnings per share has been computed as below :

Particulars		For the year ended March 31, 2010	For the year ended March 31, 2009
Profit after tax (Rs.in lakhs)	(a)	3918.97	3152.93
No. of shares (in lakhs)	(b)	204.85	204.85
Basic earnings per share	(a/b)	19.13	15.39
Diluted earnings per share	(a/b)	19.13	15.39

15. 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 Rs.60,00,000/- (Previous year Rs.13,00,000/-) 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 :

(Rs.in lakhs)

Particulars	Cumulative as on 31-03-2010	Cumulative as on 31-03-2009
Deferred Tax Assets :		
Provision for Doubtful debts	292.23	332.50
Provision for compensated absence	99.73	43.75
Provision for wage settlement	41.00	—
Sub-Total (A)	<u>432.96</u>	376.25
Deferred Tax liability :		
Depreciation on Assets	0.96	4.25
Sub-Total (B)	<u>0.96</u>	4.25
Cumulative Deferred Tax Asset	432.00	372.00

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

Year to which the dividend relates	2008-2009	2007-2008
No. of Shareholders	42	49
No. of Shares held	26399	35600
Gross amount of Dividend (Rupees)	52798	89,000

17. 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.
18. 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. 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.	Subsidiaries of Canara Bank

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**(B) Key Management Personnel :**

Mr.Vincent J.D'Silva	-	Managing Director (Upto 30-04-2009)
Mrs.Mythili Krishnamurthy	-	Managing Director (From 01-05-2009)

(C) Transactions with Related Parties :

(Rs.in lakhs)

Sl.No.	Related Party	Nature of Transaction	2009-2010	2008-2009
1	Canara Bank	Term Loans & other credit facilities *	113129.62	87539.75
		Interest paid for the year	8281.47	10260.41
		Deposits *	2507.00	2507.00
		Interest earned for the year	211.67	258.76
		Rent paid for the year	18.00	15.02
		Bank charges for the year	15.54	12.78
		Salary of deputed staff	47.61	19.79
		Other Payments for the year	8.94	9.47
		Rent Received from Bank	0.66	0.65
2	Canbank Computer Services Ltd.	Registrar & Transfer Agency charges for the year	9.04	7.28
		IT Services	5.93	6.37
		Other Services	—	—

Amount written off : Nil

Amount written back : Nil

* Outstanding as of March 31.

All the above are transacted in the normal course of business.

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

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

SCHEDULE - 16

ACCOUNTING POLICIES

1. 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.

2. REVENUE RECOGNITION

The Company follows National Housing Bank's (NHB) Prudential Norms for recognition of income and provision for Non-performing 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.

3. 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 (Schedule 7).

Class B PTCs held by the Company (as originator) under Mortgage Backed Securitisation (MBS) transactions are shown under Securitised Assets (Schedule 7A).

Loans to the extent, the instalments have become due on or before the year-end are being shown under Loans and Advances (Schedule 8).

4. 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.

5. 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.

6. FIXED ASSETS

Fixed Assets are capitalised at cost.

7. 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.

8. 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.

9. TAXATION

Tax expense comprises of Current, Deferred and Fringe Benefit Taxes. Provision for Current & Fringe Benefit Taxes is measured at amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act 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.

For **K.P.Rao & Co.**
Chartered Accountants

P.R.Yagnik
Chairman

J.S.Vasan

P.Santosh Kumar

M.G.Vinaya Simha
Partner
Membership No.: 208874

Mythili Krishnamurthy
Managing Director

Dr.Ashok K.Mittal
Directors

Place : Bangalore
Date : April 21, 2010

H.V.Shekhar
Sr. Manager

C.R.Mohan
Chief Financial Officer

K.S.Sathyaprakash
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDING ON MARCH 31, 2010

	For the year ended March 31, 2010 Rs.	For the year ended March 31, 2009 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	540,017,588	444,091,242
ADJUSTMENTS FOR :		
Depreciation	2,811,628	2,938,221
(Profit) / Loss on sale of Assets	33,327	(153,000)
Interest / Dividend	(66,415,599)	(76,245,848)
Bad debts written off / Recovered	6,169,997	(1,462,823)
Provision for retirement benefits	3,178,185	9,014,909
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	<u>485,795,125</u>	<u>378,182,701</u>
ADJUSTMENTS FOR :		
Current Assets	(16,025,009)	232,937
Current Liabilities	(83,516,153)	(34,423,701)
	<u>(99,541,162)</u>	<u>(34,190,763)</u>
CASH GENERATED FROM OPERATIONS	386,253,964	343,991,939
Direct taxes paid	(150,572,761)	(117,878,510)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	<u>235,681,203</u>	<u>226,113,429</u>
NET CASH FROM OPERATING ACTIVITIES 'A'	<u>235,681,203</u>	<u>226,113,429</u>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(3,323,341)	(2,014,356)
Sale of Fixed Assets	265,415	494,172
Purchase of Investments	—	—
Sale of Investments	18,446,000	55,000,000
Interest Received	66,415,599	76,245,848
NET CASH USED IN INVESTING ACTIVITIES 'B'	<u>81,803,673</u>	<u>129,725,664</u>

CASH FLOW STATEMENT FOR THE YEAR ENDING ON MARCH 31, 2010**C. CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from Issue of Share Capital	—	—
Long Term Borrowings (Net of Repayments)	2,155,256,833	(455,686,406)
Loans (Net of Repayments) *	(2,236,153,623)	76,524,265
Dividends paid	(47,933,437)	(59,916,796)
NET CASH USED IN FINANCING ACTIVITIES 'C'	<u>(128,830,227)</u>	<u>(439,078,938)</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS 'A+B+C'	<u>188,654,650</u>	<u>(83,239,844)</u>
OPENING BALANCE OF CASH AND CASH EQUIVALENTS 'D'	395,936,220	479,176,064
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS 'E'	<u>584,590,870</u>	<u>395,936,220</u>
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS 'E-D'	<u>188,654,650</u>	<u>(83,239,844)</u>

* Including Securitised Assets

P.R.Yagnik
Chairman

J.S.Vasan

P.Santosh Kumar

Mythili Krishnamurthy
Manager Director

Dr.Ashok K.Mittal
Directors

H.V.Shekhar
Sr. Manager

C.R.Mohan
Chief Financial Officer

K.S.Sathyaprakash
Company Secretary

We have examined the above Cash Flow statement of CANFIN HOMES LTD., BANGALORE, for the period ended 31-03-2010. The statement has been prepared by the Company in accordance with the requirements of 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

M.G.Vinaya Simha
Partner
Membership No.: 208874

Place : Bangalore
Date : April 21, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I Registration Details			
Registration No.	8699	State Code	8
Balance Sheet Date	31-03-2010		
	DD-MM-YYYY		
II Capital raised during the year (Amount in Rs.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 Rs.Thousands)			
Total Liabilities	21402098	Total Assets	21402098
Sources of Funds			
Paid-up capital	204875	Reserves & Surplus	2544050
Secured Loans	15629992	Unsecured Loans	3023181
Application of Funds			
Net Fixed Assets	27886	Investments	174350
Net Current Assets	21199862	Misc. Expenditure	Nil
Accumulated Losses	Nil		
IV Performance of the Company (Amount in Rs.Thousands)			
Turnover	2164426	Total Expenditure	1616061
Profit / Loss Before Tax	548365	Profit / Loss After Tax	391897
Earning Per Share in Rs.	19.13	Dividend rate (%)	20
V Generic Names of Three Principal Products / Services of Company			
(As per monetary terms)			
Item Code No.	0		
(ITC Code)	Nil		
Product Description	Housing Finance		

For K.P.Rao & Co.
Chartered Accountants

P.R.Yagnik
Chairman

J.S.Vasan

P.Santosh Kumar

M.G.Vinaya Simha
Partner
Membership No.: 208874

Mythili Krishnamurthy
Managing Director

Dr.Ashok K.Mittal
Directors

Place : Bangalore
Date : April 21, 2010

H.V.Shekhar
Sr. Manager

C.R.Mohan
Chief Financial Officer

K.S.Sathyaprakash
Company Secretary

LIST OF BRANCHES / OFFICES IN INDIA

AHMEDABAD :

203, "Samedh" Building,
II Floor, C.G. Road,
Near Associated Petrol Pump,
Ahmedabad-380 006.
TEL: 079-26405312/26560759
e-mail: cfhlhad1@sancharnet.in

BANGALORE :

19/5, 'Kareem Towers',
I Floor, Cunningham Road,
Bangalore-560 052.
TEL: 080-22266430/22262003
e-mail: canfinhomesl@bsnl.in

69, Old No.35,
Basement Ground & I Floor,
12 Main, 3rd Block, Jayanagar,
Bangalore-560 011.
TEL: 080-26630776/26630501
e-mail: jayanagar@canfinhomes.com

586, II Floor, 80 ft Road,
Near Police Station, Opp. Bethany
School, 8th Block, Koramangala,
Bangalore-560 095.
TEL: 080-25703723/25703722
e-mail: cfhlkm@bsnl.in

M.M. Complex, I Floor,
150/E, 17th Main,
East of Chord Road, Vijayanagar,
Bangalore-560 040.
TEL: 080-23404965/23359162
e-mail: canfinhomesltdblr@bsnl.in

BHOPAL :

6, I Floor, MP Nagar Zone II,
Bhopal-462 011.
TEL: 0755-2577935/2577939
e-mail: cfhlbpl@yahoo.com

BHUBANESHWAR :

Plot No.2, Unit 3, Behind Rama
Mandir, Kharavela Nagar,
Bhubaneswar-751 001.
TEL: 0674-2392045/2390883
e-mail: cfhlbb@sancharnet.in /
canfinbbsr@yahoo.in

CALICUT :

17/33, I Floor,
Opp. KSRTC Bus Stand,
Citizen Tourist Home,
Mavoor Road, Calicut-673 001.
TEL: 0495-2724883/2724884
e-mail: koz_cfhcl@sancharnet.in

CHANDIGARH :

SCO 69, I Floor, Sector 46C,
Chandigarh-160 047.
TEL: 0172-2664934/2621097
e-mail: cfhlch@sancharnet.in

CHENNAI :

770/A, Spencer Tower Annexe,
Anna Salai, Chennai-600 002.
TEL: 044-28497026/28496318
FAX: 044-28497027
e-mail: cfhlmd@vsnl.net

109, (Old No.15)
Siva Shanmugam Street, West
Tambaram, Chennai-600 045
TEL: 044-22260600/22260640
e-mail: cfhlam@bsnl.in

COIMBATORE :

439, Lawrance Complex,
Cross Cut Road, Gandhipuram,
Coimbatore-641 012.
TEL: 0422-2235977/2230163
e-mail: cfhlcb@bsnl.in

DAVANAGERE :

428/3, I Floor, Lawyer's Road,
Davanagere-577 002.
TEL: 08192-270345/235006
e-mail: canfindvg@sancharnet.in

FARIDABAD :

Ground Floor, SCF-60,
Sector-16A, Opp. Nehru College,
Faridabad-121 001.
TEL: 0129-226100
e-mail: homes60@bsnl.in

GOA :

3H, Sesa Ghor,
Near K.T.C. Bus Stand, Patto,
Panjim, Goa-403 001.
TEL: 0832-2438517/2438518
e-mail: cfhlgoa@sancharnet.in

GURGAON :

I Floor, SCO-18, Sector-14,
Near HUDA Office,
Gurgaon-122 002.
TEL: 0124-2222760/2312535
e-mail: cfhlg@dataone.in

HUBLI :

Ground Floor, Eureka Junction,
Giriraj Annexe, Circuit House Road,
Hubli-580 029.
TEL: 0836-2256390/2256464
e-mail: cfhlhu@sancharnet.in

HYDERABAD :

Doyen Trade House,
5-9-100, Public Garden Road,
Hyderabad-500 001.
TEL: 040-2323385/23231626
FAX: 040-23242166
e-mail: hyd2_cfhly@sancharnet.in

Flat No.102, I Floor, Sri Rama Towers,
Near Anusha Granites, Kukatpally,
Hyderabad-500 072.
TEL: 040-23061459
e-mail: cfh_kkt@sancharnet.in

INDORE :

207, II Floor, Palasia Tower,
1/1, New Palasia, Near 56 Shops,
Indore-452 001.
TEL: 0731-2541194
e-mail: cfhlin@sancharnet.in

JAIPUR :

A-2, I Floor, Lal Koti
Shopping Complex, Tonk Road,
Jaipur-302 015.
TEL: 0141-2742792/2741649
e-mail: cfhljpr@datainfosys.net

KOCHI :

39/3728, "Vishnupriya", Manikkiri,
M.G. Road, Pallimukku, Ernakulam,
Kochi-682 016.
TEL: 0484-2356855/2356826
e-mail: cfhlco@bsnl.in

LUCKNOW :

Speed Building, I Floor
3, Shahnajaf Road, Hazratganj,
Lucknow-226 001.
TEL: 0522-2274431/2617731
e-mail: canfinlko@sancharnet.in

MADURAI :

Aryempi Tower, III Floor,
132, East Masi Street,
Madurai-625 001.
TEL: 0452-2322172/2329799
e-mail: mdu_cfhlm@sancharnet.in

MANGALORE :

Ground Floor, Canara Bank Building,
Balmatta Road, Mangalore-575 001
TEL: 0824-2440193/2442593
e-mail: cfhlmlr@sancharnet.in

MUMBAI :

101-102, I Floor, Mahavide,
Adjacent to Municipal Garden,
Chandavarkar Road, Borivile (West),
Mumbai-400 092.
TEL: 022-28924369/28918218/
28925385 FAX: 022-28908545
e-mail: cfhlby@vsnl.com

MYSORE :

16, I Floor, Sitha Vilas Road,
Near Marimallappa School,
Chamaraja Mohalla,
Mysore-570 024.
TEL: 0821-2429699/2422377
e-mail: cfhlmys@dataone.in

NAVI MUMBAI :

'Giriraj', I Floor,
SS-4/210 & 212, Sector-2,
Opp. Meghraj Multiplex, Vashi,
Navi Mumbai-400 703.
TEL: 022-27820167/27820168/
27820169
e-mail: cfhlva@mtnl.net.in

NEW DELHI :

I Floor, DDA Building,
Near Paras Cinema, Nehru Place,
New Delhi-110 019.
TEL: 011-26435815/26430236/
26487529/26226039
FAX: 011-26473318
e-mail: cfhldelhi@gmail.com

NOIDA :

M-111-112, J.S. Arcade, D-1,
Sector-18, Noida-201 301.
TEL: 0120-2517752/2517753/
2517754
e-mail: cfhlnda@vsnl.net

PATNA :

403-404-405, Ashiana Harniwas,
IV Floor, Dak Bunglow Road,
Patna-800 001.
TEL: 0612-2239861
e-mail: cfhlpt@sancharnet.in

PONDICHERRY :

490, I Floor, M.G. Road, Near
Chinnakady, Pondicherry-605 001.
TEL: 0413-2222118/2338447
e-mail: cfhlpy@md4.vsnl.net.in

PUNE :

1259, Renuka Complex, I Floor,
J.M. Road, Deccan Gymkhana,
Pune-411 004.
TEL: 040-25531327/25531320
FAX: 040-25538531
e-mail: cfhpne@bsnl.in

RAIPUR :

Sai Tower Building, II Floor,
Beside Azad Chowk Police Station,
GE Road, Raipur-492 001.
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e-mail: cfhrpr@sancharnet.in

TRICHUR :

I Floor, Marva Arcade,
Machingal Lane, M.G. Road
Trichur-680 001.
TEL: 0487-2332421/2331952
e-mail: cfhltr@sancharnet.in

TRICHY :

II Floor, Ambagam Building,
Puthur High Road, Trichy-620 017.
TEL: 0431-2773960/2773843
e-mail: cfhltry@sancharnet.in

TRIVANDRUM :

28/2452, Ground Floor
M.G. Road, Trivandrum-695 001.
TEL: 0471-2477446/2461446
e-mail: cfhltr@sancharnet.in

VADODARA :

568, R.C.Dutt Road,
IV Floor, Parpia Compound,
Opp. Express Hotel, Alkapuri,
Vadodara-390 005.
TEL: 0265-2332048/2357382
e-mail: cfhlbaad1@sancharnet.in

VIJAYAWADA :

I Floor, # 40-7-4,
Donka Road, Mogalrajapuram,
Vijayawada-520 010.
TEL: 0866-2474781/2481731
e-mail: canfinvja@satyam.net.in

VISAKHAPATNAM :

I Floor, Potluri Mansions,
30-15-123,
Daba Gardens Main Road,
Visakhapatnam-530 020.
TEL: 0891-2746736/2591167
e-mail: cfhlvz@sancharnet.in

REGISTERED OFFICE :

BANGALORE :

Registered Office & Corporate Office
Can Fin Homes Ltd.,
No. 29/1, Sir M.N.Krishna Rao Road
Lalbagh West, Basavanagudi
Bangalore-560 004.
TEL: 080-26564265/26570155
FAX: 080-26565746
e-mail: development@canfinhomes.com



SHAREHOLDER'S OPTION TO RECEIVE PAYMENT THROUGH ELECTRONIC CLEARING SERVICES (ECS)

(Meant for shareholders holding shares in physical mode only)

To
Canbank Computer Service Ltd.,
 Unit : Can Fin Homes Ltd.,
 R & T Centre, J.P. Royale, I Floor, No.218,
 2nd Main, Sampige Road (Near 14th Cross)
 Malleshwaram, Bangalore-560 003.

1. Shareholder's Name : (i) _____
 (ii) _____
 (iii) _____
2. Present Address : _____

 _____ PIN

--	--	--	--	--	--
3. Folio No. : _____
4. Particulars of Bank Account :
 - a. Bank Name : _____
 - b. Branch Name : _____
 (full address) _____ PIN

--	--	--	--	--	--
 - c. 9-Digit Code Number : _____
 of the Bank and Branch appearing
 on the MICR cheque issued by the Bank :
 (Please attach a blank "cancelled" cheque or photocopy thereof)
 - d. Account Type : _____
 (Savings Bank Account, Current Account or Cash Credit)

--	--	--	--	--	--	--	--	--	--	--	--
 - e. Account Number (11 digits as appearing on the cheque book) : _____
5. Date of Effect : _____

I, hereby, declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for reasons of incomplete or incorrect information, I would not hold Can Fin Homes Ltd., responsible.

Place : (i) _____
 Date : (ii) _____
 (iii) _____
 (Signature of the Shareholder(s))

In case, the shareholder(s) is not in a position to give 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

[®]To be produced only if Bank "cancelled" cheque or photocopy thereof is not furnished.



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

ATTENDANCE SLIP

I hereby record my presence at the Twenty-Third Annual General Meeting held on Wednesday, the August 25, 2010 at 11.00 a.m. at the J.S.S. Mahavidya Peetha, Shivarathreeswara Centre Auditorium, 1st Main, 8th Block, Jayanagar, Bangalore-560 082.

Name of the shareholder(s)
(In Block Capitals)

Name of the Proxy or Company Representative
(in Block Capitals)

Signature of shareholder(s) or
Proxy or Company 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 with them to the Meeting as additional copies of the same will not be made available at the Meeting.

Reg. Folio No.

* Client ID No.

* DP ID No.

No. of Shares held

* Applicable for investors holding shares in dematerialised form.



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

PROXY FORM

(To be filled and signed by the Shareholder)

I/We

resident of in the district

of being a member / members 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-Third Annual General Meeting of the Company to be held on Wednesday, the August 25, 2010 at 11.00 a.m. and at any adjournment thereof.

Signed this.....day of 2010.

Reg. Folio No.

* Client ID No. No. of Shares held

* DP ID No.

30 Ps.
Revenue
Stamp

Signature of the Proxy

Signature of the first named / sole shareholder

* Applicable for investors holding shares in dematerialised form.

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



Registered Office Executives along with the Officials heading the branches



Inauguration of Business Plan Conference 2010-11
by Sri. D S Anandamurthy, GM, Canara Bank



Best Performance branch awarded to Faridabad branch.



Launching of Group Loan Protection Plan (GLPP)
through Canara HSBC OBC Life Insurance Co.



Registered Office : 1st Floor, 29/1, Sir M.N. Krishna Rao Road,
Basavanagudi, Bangalore 560 004.

Tel : 080 26565737, Fax : 080 26565746

Email : nktg@canfinhomes.com. www.canfinhomes.com