



Can Fin Homes Ltd  
(Sponsor : CANARA BANK)

# 25<sup>th</sup> Annual Report 2011 - 2012



ಕ್ಯಾನ್ ಫಿನ್ ಹೋಮ್ಸ್ ಲಿ.

# Board of Directors



Mr. S.R. Iyer



Mr. C. Ilango



Mr. Anil Kumar Nayyar



Mr. K.S. Madhava Murthy



Mr. K.R. Vijayendra



Mr. P.B. Santhanakrishnan

**BOARD OF DIRECTORS**

<b>Mr.P.R.Yagnik</b>	<b>Chairman</b> (upto 30.01.2012)
<b>Mr.S.R.Iyer</b>	<b>Chairman</b> (from 16.02.2012)
<b>Mr.C.Ilango</b>	<b>Managing Director</b>
<b>Mr.Ashok Kumar Jain</b>	<b>Director</b> (upto 19.01.2012)
<b>Mr.Anil Kumar Nayyar</b>	<b>Director</b>
<b>Mr.K.S.Madhava Murthy</b>	<b>Director</b>
<b>Mr.K.R.Vijayendra</b>	<b>Director</b>
<b>Mr.P.B.Santhanakrishnan</b>	<b>Director</b> (from 16.02.2012)

**EXECUTIVES****Assistant General Managers**

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

**Asst. General Manager & Company Secretary**

Mr.K.S.Sathyaprakash

**Chief Managers**

Mr.A.Madhukar  
Mr.B.M.Sudhakar  
Mr.V.Durga Rao  
Mr.N.Babu  
Mr.G K Nagaraja Rao  
Mr.Prashanth Shenoy  
Mr.R. Murugan  
Mr.M.Sundar Raman

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

Unit : Can Fin Homes Ltd.,  
R & T Centre, J.P. Royale  
I Floor, No.218, 2<sup>nd</sup> Main  
Sampige Road (Near 14<sup>th</sup> Cross)  
Malleshwaram, Bangalore-560 003  
Tel : 080-23469661/62, 23469664/65  
Fax : 080-23469667/68  
E-mail : ccs1@ccsl.co.in

**AUDITORS****K P Rao & Co.,**

Chartered Accountants  
'Poornima', 25  
State 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

## CONTENTS

	Page No.
Operational & Financial Highlights .....	3
Notice of Annual General Meeting .....	4
Report of the Directors .....	8
Management Discussion and Analysis Report .....	16
Report of the Directors on Corporate Governance .....	22
General Information to Shareholders .....	31
Auditors Certificate on Corporate Governance.....	36
Auditor's Report .....	37
Balance Sheet.....	40
Profit and Loss Statement.....	41
Notes Annexed to and Forming part of the Accounts.....	42
Cash Flow Statement.....	57
Balance Sheet Abstract and Company's General Business Profile.....	59
List of Branches / Offices in India.....	60
Electronic Clearing Services (ECS) Mandate Form.....	61
Attendance Slip and Proxy Form.....	63

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

**OPERATIONAL & FINANCIAL HIGHLIGHTS****FOR THE YEAR ENDED MARCH 31, 2012****OPERATIONAL HIGHLIGHTS**

₹ in crore

	2007-08	2008-09	2009-10	2010-11	2011-12	Cumulative Figures
Loan approvals	263.88	356.28	652.86	545.53	1105.41	7822.59
Loan disbursements	247.40	300.54	546.90	472.78	859.07	6661.06

**FINANCIAL HIGHLIGHTS**

Gross Income	221.47	222.91	216.44	231.29	286.83
Profit after Tax	28.40	31.53	39.19	42.02	43.76
Shareholder funds	219.76	246.50	274.89	310.96	347.57
Deposits	160.13	165.35	202.31	149.76	143.89
Borrowings	1480.88	1480.00	1663.00	1754.03	2139.77
Housing/other loan outstanding	1899.46	1887.18	2106.65	2207.50	2674.39
Dividend (%)	25	20	20	25	30

## NOTICE

NOTICE is hereby given that the TWENTYFIFTH ANNUAL GENERAL MEETING OF THE MEMBERS OF **CAN FIN HOMES LTD.**, will be held at 11 A.M. on Wednesday the August 08, 2012 at the J.S.S. Mahavidya Peetha, Shivarathreeswara Centre Auditorium, 1<sup>st</sup> Main, 8<sup>th</sup> Block, Jayanagar, Bangalore-560 082 to transact the following business:

### Ordinary Business

#### Agenda No.1 - Adoption of accounts

To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and the Profit and Loss account for the year ended that date together with the Report of the Directors and Auditors.

#### Agenda No.2 - Declaration of dividend

To declare a dividend for the financial year ended March 31, 2012.

#### Agenda No.3 - Re-appointment of Mr.Anil Kumar Nayyar

To appoint a Director in the place of Mr.Anil Kumar Nayyar, who retires by rotation and being eligible, offers himself for re-appointment.

#### Agenda No.4 - Appointment of Auditors

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

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

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

### Special Business

#### As an Ordinary Resolution

#### Agenda No.5 - Appointment of Mr.PB.Santhanakrishnan as a Director, liable to retire by rotation.

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

“RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr.PB.Santhanakrishnan, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 22 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation”.

**By Order of the Board of Directors**

Place : Bangalore  
Date : June 12, 2012

#### Registered Office :

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

Sd/-  
**K.S.SATHYAPRAKASH**  
Company Secretary

---

## NOTES

1. **A Member can attend the meeting personally and vote thereat or is entitled to appoint a proxy. A proxy attending the meeting can vote on behalf of the member only on a poll. A proxy need not be a member of the company. The attendance slip-cum-proxy form is placed at the end of this Annual Report. Proxies in order to be valid must be received by the company not less than 48 hours before the time fixed for the meeting or holding the adjourned meeting in relation to which the proxy is given.**
2. The Company would accept the Attendance Slip only from a Member actually attending the Meeting or *from a valid Proxy i.e., under a valid Proxy Form registered with the Company not less than 48 hours prior to the Meeting.*
3. The relative Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business vide Agenda No.5 of the notice is enclosed herewith.
4. The Register of Members and Share Transfer Books of the Company would remain closed from Thursday, the July 26, 2012 to Wednesday the August 08, 2012 (both days inclusive) for the purpose of payment of dividend, if any, for the financial year 2011-12.
5. Payment of dividend for the financial year 2011-12, on declaration, will be made after August 08, 2012 to those members whose names appear in the Register of Members of the Company as on July 25, 2012.
6. In terms of the guidelines issued by the Reserve Bank of India, with effect from April 02, 2012 the cheques/drafts/pay orders/bankers cheques bearing that date or any subsequent date should be presented for payment within a period of three months from the date of such instrument.
7. Members are requested to address all correspondence, including payment of dividend, change of 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, 2<sup>nd</sup> Main, Sampige Road (near 14<sup>th</sup> Cross), Malleshwaram, Bangalore-560 003 (hereinafter referred to as the 'R & T Agents' for the sake of convenience).
8. In recognition and support to the green initiative taken by the Ministry of Corporate Affairs (MCA), Government of India, your Company has been sending the annual reports including report of directors, report on corporate governance, general information to the shareholders, to the registered e-mail IDs of the members. Other initiatives taken by your Company include ECS facility for repayment of loans, paperless banking, sending official communications by way scanned images and harnessing solar energy for lighting and computer operations at Karur, Madurai, Salem and P.N.Palayam branches of the Company.
9. In order to enable the Company to send the official documents to the members in the electronic mode, the members who have not yet registered their e-mail IDs are requested to register their e-mail address with the Company (legal@canfinhomes.com or compsec@canfinhomes.com)/R & T Agents (ravi@ccsl.co.in or naidu@ccsl.co.in)/their respective Depository Participant (DP) as the case may be, so as to ensure that the annual report and other documents reach them on their preferred e-mail Id.
10. Members who have not encashed their dividend warrants for the years 2005-06 to 2010-11 are requested to approach the R & T Agents of the Company at the earliest. Pursuant to the provisions of Section 205A & 205C of the Companies Act, 1956, the dividend declared for 2004-05 remaining unclaimed and unpaid as of July 19, 2012, would be transferred to the Investor Education & Protection Fund (IEPF) on completion of 7 years. Members may please note that no claim shall lie against the IEPF or the Company in respect of Dividend 2005 after July 19, 2012.

## Can Fin Homes Ltd

---

11. Members holding shares in electronic/de-materialised form may please note that the dividend payable on the basis of beneficial ownership as per the details provided by the National Securities Depository Ltd., (NSDL)/ Central Depository Services (India) Ltd., (CDSL) would be credited to the respective beneficial owner's bank account through the Electronic Clearing Services (ECS), subject to availability of ECS/NECS facility at such centers notified by the Reserve Bank of India from time to time. The latest bank account details as furnished by the respective Depositories only will be printed on the 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 etc.
12. Instructions, if any, already given by the members holding shares in physical form to the Company will not automatically be applicable to the dividend paid on shares held in electronic/de-materialised form.
13. The members holding shares in physical mode are requested to furnish their latest bank account numbers/particulars (comprising 13 digit or otherwise, as the case may be), directly to the R & T Agents for incorporation of the same on the dividend warrants. This would also facilitate payment of dividend through ECS, based on the request, if any, received from the respective shareholders.
- 14. Members attending the Annual General Meeting are requested to bring the following (as applicable):**
  - (a) DP & Client ID Number(s), by members holding shares in de-materialised form.
  - (b) Folio number(s), by members holding shares in physical form.
  - (c) Copy of the Annual Report.
  - (d) Attendance Slip duly completed and signed by the respective members or valid proxies, 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.
15. 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 in Form-2B (in duplicate) to the Registrars and Share Transfer Agents of the Company for registering the nominations, if any.
16. The members desirous of obtaining any information with regard to the audited annual accounts of the Company for the financial year 2011-12 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.

## Annexure to the Notice

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

### In respect of Agenda No.5

The Board of Directors of the Company, appointed Mr.PB.Santhanakrishnan as an Additional Director of the Company with effect from February 16, 2012 pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of "the Act", Mr.PB.Santhanakrishnan holds office only up to the date of the ensuing Annual General Meeting.

Mr.PB.Santhanakrishnan is a degree holder in Science and a Fellow of the Institute of Chartered Accountants of India (ICAI). He is a senior partner of M/s.PB.Vijayaraghavan & Co., Chartered Accountants, Chennai which is also the Central Statutory Auditors of the Life Insurance Corporation of India. He has a wide experience in auditing of corporate and non-corporate entities, including PSUs and public sector banks. He is also engaged in consultation on tax matters and representation before SEBI/SAT/CBDT & ITAT on Corporate and Income Tax matters.

Mr.PB.Santhanakrishnan is a former member of the RBI Committee on RTGS. He has held various positions in other organisations and has an experience of about 32 years in the profession. Presently, he is a director on the Board Oriental Bank of Commerce and IQ Infotech Ltd., and a member of Audit Committee and Shareholders/Investors' Grievance Committees.

The Company has received a notice in writing from a member of the Company, under Section 257(1) of "the Act" signifying their intention to propose the appointment of Mr.PB.Santhakrishnan as a Director of the Company. Mr.PB.Santhanakrishnan 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.PB.Santhanakrishnan, is not holding any equity share in the Company (both own and held by/for other persons on a beneficial basis) and has not availed any loan from the Company. He is not disqualified from being appointed a director in terms of Section 274(1)(g) of "the Act" the requisite Form DD-A is received from Mr.PB.Santhanakrishnan by the Company, in terms of the Companies (Disqualification of Directors under Section 284(1)(g) of the Companies Act, 1956) Rules, 2003, confirming his eligibility for such appointment.

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

**By Order of the Board of Directors**

Sd/-

**K.S.SATHYAPRAKASH**

Company Secretary

Place : Bangalore

Date : June 12, 2012

**Registered Office :**

No.29/1, I Floor

Sir M N Krishna Rao Road

Basavanagudi, Bangalore-560 004

## REPORT OF DIRECTORS

### TO THE MEMBERS,

Your Directors are pleased to present the 25<sup>th</sup> Annual Report of the business and operations of the Company together with the audited accounts for the year ended March 31, 2012, the Silver Jubilee Year of your Company.

### FINANCIAL RESULTS

The financial performance for fiscal 2012 is summarised here below:

	<b>For the year ended March 31, 2012 (₹ in lakh)</b>	For the year ended March 31, 2011 (₹ in lakh)
Profit before Tax & Provisions	<b>6830.88</b>	5997.11
Less: Provision for Standard Assets	<b>1100.00</b>	—
Provision for Doubtful Debts - Housing Loans	<b>(361.16)</b>	145.58
Prior Period adjustments	<b>(5.53)</b>	—
<b>PROFIT BEFORE TAX</b>	<b>6097.57</b>	5851.53
Tax expenses:		
(a) Provision for Tax - Current Year	<b>1780.00</b>	1725.00
(b) Deferred Taxation	<b>(58.42)</b>	(75.07)
<b>PROFIT AFTER TAX</b>	<b>4375.99</b>	4201.60
Balance brought forward from previous year	<b>936.89</b>	480.50
	<b>5312.88</b>	4682.10
<b>Appropriations:</b>		
Transfer to Special Reserve u/s.36(1)(viii) of the Income Tax Act, 1961	<b>1350.00</b>	1150.00
Transfer to General Reserve	<b>2700.00</b>	2000.00
Proposed Dividend	<b>614.62</b>	512.13
Tax on Distributed Profits	<b>99.71</b>	83.08
Provision for Contingencies	—	—
Balance carried forward	<b>548.55</b>	936.89
	<b>5312.88</b>	4682.10

### PERFORMANCE HIGHLIGHTS

#### SANCTIONS

During the year, the housing loans and other loans sanctioned were to the extent of ₹1105.41 crore registering a growth of 102.63% over the previous year. The cumulative loan sanctions since inception of the Company, as at the end of the financial year 2011-12, was ₹7822.59 crore.

#### DISBURSEMENT

During the year, the loans disbursed were to the extent of ₹859.07 crore registering an increase of 81.71% over the previous year. The cumulative loan disbursements since inception of the Company as at the end of the financial year 2011-12 stood at ₹6661.06 crore.

## LOANS OUTSTANDING

The cumulative loan(s) outstanding at the end of the year was ₹2674.39 crore as compared to ₹2207.51 crore (including the loan under “Securitised Assets” of ₹3.92 crore, repaid during 2011-12) in the previous year registering an increase of 21.15%.

## NON PERFORMING ASSET (NPA)

During the year, your Company has reduced the gross NPA from ₹23.47 crore to ₹19.01 crore (a reduction of 19%) and the net NPA continued to be Nil (provision conversion ratio: 100%). Your Company has recovered ₹2.14 crore out of long pending core NPA accounts by way of one time settlements.

## PROFITS

Your directors are pleased to inform that during the year under review your Company has recorded a Profit Before Tax (PBT) of ₹60.98 crore as against ₹58.52 crore during 2010-11 and Profit After Tax (PAT) of ₹43.76 crore after making provision for standard assets for ₹11 crore at a time as per the Directions of NHB. Excluding the provision for standard assets, the year-on-year growth of net profit for the year is 30.32%.

## DIVIDEND

Your directors have discussed the subject in detail with specific reference to the present minimum required level of Capital Adequacy Ratio (CAR) at 12%, 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.

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 ₹2.50 per equity share (25%) and being the Silver Jubilee Year, an additional dividend of ₹0.50 per equity share (5%) for the year ended March 31, 2012, aggregating to 30%. The tax on distributed profits u/s.115-O of the Income Tax Act, 1961, at 16.22% is being paid by the Company.

## BRANCH NETWORK EXPANSION

With a view to reach out to a large section of customers in need of housing as well as non-housing finance and to increase business performance level, your Company opened 18 new branches in different parts of the Country and the total branch network of the Company at the end of the financial year stood at 52 (previous year 41), 59 branches as of date, located in major cities of the Country. Your Company envisages to increase the number of branches to 70 by March 31, 2013.

## SAVE GREEN EFFORTS

In recognition and support to the green initiative taken by the Ministry of Corporate Affairs (MCA), Government of India, your Company has been sending the annual reports including report of directors, report on corporate governance, general information to shareholders of the Company to the registered e-mail IDs of the shareholders. Other initiatives taken by your Company include ECS facility for repayment of loans, paperless banking, sending official communications by way of scanned images and harnessing solar energy for lighting and computer operations at Karur, Madurai, Salem and P.N.Palayam branches of the Company.

### **SILVER JUBILEE CELEBRATIONS**

Your Company commenced year-long Silver Jubilee Year celebrations from December 27, 2011. As a part of customer initiatives your Company has launched three new products viz., Loans for Rural Housing (LRH) with housing loans at 9.75% rate of interest, Loans for Commercial Property (LCP) and Loans to Childrens Education (LCE), introduction of ECS facility, establishing Document Storage Centres (DSC) at Bangalore and Gurgaon for safe keeping of loan documents. The state-of-the-art IBS system is devised so as to provide data security. The ambience of branches are being enhanced and media coverage and customers' meet are being held.

### **FINANCIAL RESOURCES**

#### **DEPOSITS**

The deposits outstanding (inclusive of interest accrued, but not due) as of March 31, 2012 were ₹143.89 crore as against ₹149.76 crore as at the end of the previous year.

As at March 31, 2012 a sum of ₹9.99 crore relating to 2057 accounts (₹10.44 crore as at March 31, 2011 relating to 2148 accounts) was unclaimed. Out of the same, a sum of ₹3.25 crore relating to 506 accounts was claimed and renewed/settled as of date. The remaining depositors have been informed individually by the respective branches either to renew or claim their deposit amounts.

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

#### **RATING OF DEPOSITS**

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

### **LONG TERM FINANCIAL RESOURCES**

#### **REFINANCE FROM NATIONAL HOUSING BANK (NHB)**

With the continued support by the NHB, during the year your Company availed refinance amounting to ₹280 crore against ₹253 crore availed during 2010-11 under the NHB's Refinance Scheme to Housing Finance Companies. The cumulative borrowings from NHB as of March 31, 2012 was ₹595.18 crore compared to ₹560.11 crore as at the end of the previous year.

### **MORTGAGE BACKED SECURITIES (MBS)**

Your Company did not go in for fresh securitisation during the year or during the previous year considering its cost and funds available through alternative sources.

The entire amount of securitised outstanding as of March 31, 2011 amounting to ₹3.92 crore was paid in full to the investors as per the schedule of re-payment and the account was closed. As such there was no securitised assets outstanding as of March 31, 2012 (refer sl.no.4 of Note no.21 on 'Notes on Accounts').

### **DEBENTURES**

The Company had no outstanding on account of debentures as of March 31, 2012.

### **BORROWINGS FROM BANKS**

Your Company borrowed ₹595 crore from banks during the year compared to ₹414 crore during the previous year. The aggregate of term loans from various banks outstanding at the end of the financial year stood at ₹1544.59 crore as against ₹1193.92 crore during the previous year and there were no short-term loans.

### **RATING OF TERM LOANS**

During the year a Rating for the borrowings by the Company by way of Term Loans was obtained from CARE Ltd., and the Rating of CARE AA+ (Double A Plus) was assigned for long-term bank facilities indicating high safety for timely servicing of debt obligations. The above Rating was obtained by the Company as per Basel-II requirements.

### **COMPLIANCE WITH DIRECTIONS/GUIDELINES OF NATIONAL HOUSING BANK (NHB) AND OTHER STATUTES**

During the year, the National Housing Bank vide their letter dated August 05, 2011 issued Directions to the Housing Finance Companies for making a provision for Standard Assets at 0.40% of the standard assets outstanding (which was applicable only to the non-housing loans outstanding during the previous year). In view of the above and keeping in view the anticipated requirements for making a provision for standard assets, your Company has made a provision of ₹11 crore as of March 31, 2012, against the requirement of ₹10.62 crore.

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 and the like.

### **CAPITAL ADEQUACY**

The Capital Adequacy Ratio (CAR) maintained by your Company has been above the minimum required level of 12% prescribed by the National Housing Bank (NHB). During the year under review, the Risk Weight on housing loans sanctioned to individuals secured by mortgage of immovable property and classified as standard assets was modified. The Capital Adequacy Ratio of the Company as at March 31, 2012 was 17.44% as against 19.14% as at the end of the previous year.

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

The SARFAESI Act 2002, the proceedings under which are summary in nature has been made applicable to the housing finance companies from the year 2003. Your Company has been initiating action under the said Act for recovery of dues and could recover ₹1.35 crore out of 14 accounts that were classified as non-performing assets, by selling the secured assets (security), without intervention of Hon'ble Courts.

## **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.

## **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 251 employees (excluding the Managing Director on deputation from Canara Bank) as of March 31, 2012 as against 223 employees (215 employees of the Company and 8 officers on deputation from Canara Bank) as at the end of the previous year. During the year, training was imparted to all the employees of the Company, including orientation training to the new recruits, by internal and external faculty.

In order to upgrade knowledge in the fast changing scenario, to enhance employee competencies and up-gradation of skills, all the employees at various levels were nominated for various external training programmes on subjects related to housing finance, taxation, information security, corporate governance, risk management and other related topics of importance.

80 Probationary Officers were appointed during the year. In recognition of the performance and as a motivational measure 55 eligible employees/Officers/Executives were promoted and incentive schemes like Employees Suggestion Scheme and education tour etc. were introduced.

## **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, should be transferred to IEPF. In terms of the said Section no claim would lie against the Company or the IEPF after such transfer.

As an investor friendly measure, your Company has been intimating the respective shareholders/depositors/ investors to encash their dividend warrant/lodge their claim for payment due, if any, from time to time and claims made are settled. Certain amount still remains unclaimed despite constant and sincere efforts by the Company to pay such unclaimed amounts to the investors.

### **(i) UNCLAIMED DIVIDENDS**

As of March 31, 2012 dividends aggregating to ₹53.85 lakh (previous year ₹51.81 lakh), relating to dividend declared during 2004-05 to 2010-11, of which ₹9.92 lakh related to dividend for the year 2011, had not been claimed by the shareholders of the Company. The Company has been intimating the shareholders to lodge their claim for dividend from time to time and the related details are being provided in annual reports every year.

The dividend pertaining to the financial year 2003-04 which remained unclaimed/unpaid amounting to ₹5.61 lakh (in respect of 1,308 shareholders) was transferred to IEPF during August 2011, after settlement of claims received in response to the individual reminder letters sent by the Company to the respective shareholders).

The dividend pertaining to the financial year 2004-05 remaining unclaimed and unpaid amounting to ₹7.32 lakh (in respect of 1680 shareholders) as at the end of the financial year would be transferred to IEPF during July 2012 after settlement of the claims received upto the date of completion of 7 years. The Company has sent individual reminder letters to the respective shareholders during April 2012 and with a request to submit their claim forms within a prescribed date.

#### **(ii) UNCLAIMED DEPOSITS**

During the year, in terms of Section 205C of the Companies Act, 1956, the unclaimed and unpaid deposits with interest for the year 2004-05 amounting to ₹7.62 lakh (previous year ₹2.14 lakh) that remained unclaimed and unpaid for a period of 7 years were transferred to IEPF.

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

The requirement relating to providing the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 required to be furnished u/s.217 (1) (e) of the Companies Act, 1956 are not applicable since the Company is a housing finance Company and does not own any manufacturing facility.

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

#### **DIRECTORS**

Your directors wish to report that Mr.Ashok Kumar Jain, director vacated his office with effect from January 19, 2012, by virtue of Section 283(1)(g) of the Companies Act, 1956 and Mr.P.R.Yagnik, director and Chairman of the Board of Directors resigned as a director with effect from January 30, 2012.

Your directors wish to place on record their appreciation for the services rendered and contribution made by Mr.Ashok Kumar Jain during his tenure as a director and Mr.P.R.Yagnik, during his tenure as a director and Chairman of the Board and certain Committees of Directors.

The Board of Directors appointed Mr.P.B.Santhanakrishnan FCA, a Practising Chartered Accountant as an Additional Director with effect from February 16, 2012. Further particulars relating to Mr.P.B.Santhanakrishnan are provided in the explanatory statement for the related agenda forming part of the notice of the ensuing annual general meeting.

In terms of the applicable provisions of Section 260 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 22 of the Articles of Association of the Company, Mr.P.B.Santhanakrishnan, director holds office as such only upto the date of the ensuing Annual General Meeting. Your Company has received a notice in writing from a shareholder, under Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 proposing the appointment of Mr.P.B.Santhanakrishnan, as a director at the ensuing Annual General Meeting.

Your directors are of the opinion that the appointment of Mr.P.B.Santhanakrishnan, as a director would be in the best interest of the Company.

#### **DIRECTOR(S) RETIRING BY ROTATION**

In terms of the provisions of Section 256 and other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the Company, Mr.Anil Kumar Nayyar, Director, retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The particulars relating to Mr.Anil Kumar Nayyar are mentioned in the Report on Corporate Governance. Your directors recommend the re-appointment of Mr.Anil Kumar Nayyar as a director.

## Can Fin Homes Ltd

---

The agenda relating to re-appointment of Mr.Anil Kumar Nayyar is included in the notice convening the ensuing Annual General Meeting.

All 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 Act”.

### AUDITORS

M/s.K.P.Rao & Co., Chartered Accountants, Bangalore, Statutory Auditors of the Company having Registration No.003135S 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 2011-12 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, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

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

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

### DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217(2AA) of the 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 along with proper explanation relating to material departures, if any;
- (b) The Accounting Policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2012 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 Clause 49 of the listing agreement, the Management Discussion and Analysis Report forms part of this report.

### 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 Act” and in pursuance of Clause 49 of the Listing Agreements is annexed to the Report of the Directors on Corporate Governance.

## OUTLOOK FOR 2012-13

The Indian economy is one of the fastest growing economies in the world and the GDP growth is expected to improve in 2012-13. The real estate sector witnessed a robust growth in the last few years. The demand for commercial property is being driven by the economic growth of the Country. The housing sector alone contributes to about 5-6 per cent of the Country's GDP.

The demand for real estate is expected to grow at a Compounded Annual Growth Rate (CAGR) of 19% between 2010 and 2014. Urbanisation and growing household income are a few factors influencing the demand for residential accommodation and growth in the retail sector.

As such, a sharp increase in demand for residential units and commercial real estate are foreseen.

Your Company would continue to give a more focussed attention for lending to individual loan segment, project loans and non-housing loans with an emphasis to further enhance its market share in the housing market segment. With a view to sustain and enhance its performance level your Company is offering housing as well as non-housing products, with more emphasis on marketing and customer oriented business relationship.

Your Company expects to maintain a sustained growth in its performance levels during 2012-13 and has put in place a well drawn vision document. However, given the indications about the likely changes in cost of funds and expectations of borrowers for availing loans at reasonably lesser rates, the margins are expected to be under pressure.

## ACKNOWLEDGEMENTS

Your directors wish to place on record with thanks the role of Canara Bank for their consistent support and guidance.

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

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

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

Your directors appreciate and acknowledge the professionalism displayed and the contributions made by the employees whose efforts have kept the CanFin Homes flag flying high.

**For and on behalf of the Board of Directors**

Place : Bangalore  
Date : June 12, 2012

Sd/-  
**S.R.IYER**  
Chairman

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### GLOBAL OUTLOOK & GLOBAL CHALLENGES

Global macroeconomic conditions have shown signs of modest improvement. Large scale liquidity infusions by the European Central Bank (ECB) have marginally reduced stress in the global financial markets. Growth risks have emerged in emerging and developing economies. The US economy continues to show signs of modest recovery. However, a sustainable solution to the euro area debt problem is yet to emerge.

Growth also slowed down in Emerging and Developing Economies reflecting the combined effect of monetary tightening and slowdown in global growth. Headline inflation in major advanced economies continued to soften in 2012. International crude oil prices had surged since beginning of 2012 reflecting both geo-political concerns and global liquidity. They have, however, started softening lately.

### DOMESTIC OUTLOOK

There is a significant slow-down in growth of GDP in comparison to the preceding two years, primarily due to deceleration in industrial growth, more specifically in private investment.

The headline inflation remained high for most part of the year. It was only in December, 2011 that it moderated to 8.3 per cent followed by 6.6 per cent in January, 2012. Though the February 2012 inflation figure had gone up marginally, it is expected that the headline inflation would moderate further in the next few months and remain stable thereafter.

India's GDP growth moderated during the year has a cumulative impact of past monetary policy tightening and global uncertainties.

As per the revised estimates released by the Central Statistical Organisation (CSO), India's Gross Domestic Product (GDP) is estimated to grow by 6.9% in 2011-12. It is also a fact that in any cross-country comparison, India still remains among the front runners in economic growth.

Taking a glimpse of the entire economy and keeping in mind the difficult global environment, it is expected that the India's GDP growth in 2012-13 to be 7.6 per cent, +/- 0.25 per cent.

The Budget for 2012-13 has a mixed bag for the real estate sector. In view of the shortage of housing for low income groups in major cities and towns, it is proposed to allow ECB for low cost affordable housing projects, set up Credit Guarantee Trust Fund to ensure better flow of institutional credit for housing loans, enhance provisions under Rural Housing Fund from ₹3,000 crore to ₹4,000 crore, extend the scheme of interest subvention of 1 percent on housing loan upto ₹5 lakh where the cost of the house does not exceed ₹25 lakh, for another year and enhance the limit of indirect finance under priority sector from ₹5 lakh to ₹10 lakh. But still much needs to be done to augment the supply of the same or to contain the prices of apartments/flats in cities. Much thrust has been given in the budget for 2012-13 for infrastructure and industrial development. The average inflation is expected to be lower next year.

Services sector growth is likely to be conditioned by the revival in global demand and pick up in industrial growth. Large scale development in infrastructure like Road tendering by National Highways Authority in 2011-12 and investment driven by road sector is expected to pick up in 2012-13. Considering the above, construction activity including housing could improve.

With the above background, the real estate and housing market is expected to further improve during the year.

### INDUSTRY STRUCTURE AND MARKET SCENARIO

The Indian economy has witnessed robust growth in the last few years and is expected to be one of the fastest growing economies. Real estate in India contributes to about 5 percent to India's GDP. Housing sector is the

second largest employment generator in India after agriculture. Residential property market constitutes about 80 percent of the real estate market in India in terms of volume.

Urbanisation and growing household income are some of the major factors that influence demand for residential real estate and growth in the real estate sector.

Global economic uncertainties have affected India's economy, including the real estate market. Repeated increases in interest rates have led to a decline in sale of residential properties to some extent.

During the year under review, the housing finance sector continued to grow moderately and was led by the demand for affordable residential properties in Metros, Tier-I and Tier-II cities. The economy witnessed a major directional change in public policy on FDI in real estate sector for development of townships and settlements and development of Special Economic Zones (SEZ) subject to certain regulations. The economy witnessed a continued thrust for an improvement in infrastructure facilities, formation of satellite towns, establishment of Special Economic Zones and SMEs resulting in enhanced employment potential which in turn lead to increased demand for sites, houses and flats, during the year.

Combining the housing shortage at the beginning of the 11<sup>th</sup> plan period i.e., 24.71 million units the total requirement of urban housing during the 11<sup>th</sup> Plan Period (2007-2012) works out to be 26.53 million units.

Further, with a view to prevent frauds in loan cases involving multiple lending from different banks and financial institutions on the same immoveable property, the Government set up Central Registry of Securitisation Asset and Security Interest of India (CERSAI) as a Company registered under the Companies Act, 1956. The said Company is a Government Company with a shareholding of 51% by the Central Government and select Public Sector Banks (PSBs) and the National Housing Bank are also its shareholders. The registration would be applicable to transactions of security interest over property created to secure loans and advances from the banks and financial institutions as defined under the SARFAESI Act, 2002. The Company(ies) would provide the platform for filing registration of transactions of securitisation, asset reconstruction and security interest by banks and financial institutions. Any interested person can search and inspect their records maintained by the Registry on payment of prescribed fee.

The dual benefit under the Income Tax Act, 1961 on the interest paid on housing loans and repayment towards principal continues to be extended to the borrowers of housing loans.

Growing requirements of space from sectors such as education, healthcare and tourism provide opportunities in the real estate sector. Urbanisation and growing household income has been enhancing the demand for residential real estate and growth in the real estate sector.

In the above back-drop, the demand for housing and non-housing loans are expected to increase in the coming years.

### **INTEREST RATES ON HOUSING LOANS**

Consequent to the reduction in cost of borrowings, your Company had to revise interest rates on lending, downwards, thereby passing on the benefit to its customers.

### **LOAN APPROVALS, DISBURSEMENTS AND OUTSTANDING**

During the year, your Company registered a sharp increase in loans sanctioned, disbursed and outstanding and the related details for the year ended March 31, 2012 including on borrowings, deposits, human resources and other related business information have been mentioned in the Report of Directors. The Company is planning an aggressive growth profile for 2012-13.

### **HOUSING AND NON-HOUSING PRODUCTS**

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

A scheme for home insurance to the existing as well as prospective borrowers of home loans is made available through the Company.

### **EVENTS OCCURING AFTER THE BALANCE SHEET DATE**

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

### **OPPORTUNITIES AND THREATS**

Housing is a basic necessity. Rise in disposable income of the Indian middle income group will have a dramatic impact on the demand for middle income housing across the Country and more robust demand for housing will be seen in Tier-II and Tier-III cities and outskirts of major metros.

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 latest know-how in construction technology to India. Liberalised policy adopted by the Government for Foreign Direct Investment (FDI) in real estate sector viz., in housing, townships, built-up infrastructure, construction, development etc. are expected to give added boost to housing finance.

Availability of home finance coupled with increased affordability, tax incentives 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. High net worth non-resident Indians are also taking forward the demand for luxury housing in the Country.

In the above background, it is expected that the medium and luxury housing segment also has huge prospects for further developments. However, market dynamics play a pivotal role in determining the lending rates and consequently may affect margins of housing finance companies.

### **RISKS AND CONCERNS**

It is a fact that housing finance is a lending activity requiring maximum prudence on the part of lending financial institutions.

Rising prices, declining job market caused by a combination of external factors, entry of Urban Co-operative Banks into the housing industry with enhanced limits for lending, have become a matter of concern.

Inflationary trends, increased cost of borrowing and narrowing down of spread, intense competition, pose a big challenge for sustaining profitability on a consistent basis. Housing Finance Companies (HFCs) have pared their rates, which have reduced the spread of HFCs. In order to meet this challenge, the Management is taking several initiatives and measures to render your Company to emerge operationally and financially stronger.

It is noteworthy to mention that despite many environmental odds, your Company has been posting healthy profits every year and maintaining assets quality by significantly bringing down/maintaining the level of non-performing assets (NPAs) at a low level.

## **RISK MANAGEMENT - ITS MITIGATION**

The housing finance sector, which has its linkage, interalia, to economic environment and mainly the interest rates, is more prone to certain risks viz., credit risk, liquidity risk and interest rate risk.

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

### **CREDIT RISK AND MITIGATION**

Credit Risk is the risk of financial loss arising out of the inability or unwillingness of a customer to meet his obligations. Your Company has put in place stringent credit norms and appraisal systems, monitored at periodic intervals. 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 AND MITIGATION**

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 whereas 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 and periodical review of its position.

### **INTEREST RATE RISK AND MITIGATION**

Borrowing of funds by housing finance companies are significantly for a longer period, the rate of interest on which is linked to bench marks, such as, Base Rates of lending institutions, tend to vary during the loan period.

The present practice of lending on variable interest rate basis, exposes the housing finance companies to Interest Rate Risk, which needs to be managed more precisely. Your Company advances housing loan on variable rate of interest and normally any movement in rate of borrowings is hedged by the loans advanced at variable rates to a certain extent.

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

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

### **ASSET-LIABILITY MANAGEMENT (ALM)**

The measures adopted to mitigate risks in this category include measurement and forecasting of the cash flow position across various time buckets and taking timely action. Your Company maintains adequate un-drawn credit lines from banks and financial institutions on a continuous basis to ensure that there is no disruption of the business on account of liquidity constraints.

The ALM Committee at the Registered Office reviews the position at regular intervals and corrective actions are recommended and implemented, depending upon the requirement to mitigate/avoid the risks, if any.

The Audit Committee and the Board of Directors review the status of ALM at the 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.

New policies like Information Technology & IT Security Policy, Premises and Outsourcing Policy etc., were put in place. All the other Policies of the Company viz., Credit Policy, Recovery Policy, Corporate Governance Policy,

## Can Fin Homes Ltd

---

Investment Policy and the like were re-visited and reviewed during the year 2011-12, modified depending upon the requirement and put in place. The branches of the Company have been provided with latest computer systems and Integrated Business Suite (IBS) package is implemented on pilot basis in a few branches and would be implemented at all the branches of the Company in a phased manner. The state-of-the art IBS system is devised so as to provide data security, prompt reporting to enable the management to initiate timely action, MIS with enhanced quality, being user friendly and customer friendly.

Your Company is one of the earliest companies to introduce Risk Based Internal Audit System (RBIA) in the Industry. 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, the Balance Sheet Abstract and Company's General Business Profile are annexed to the annual accounts of the Company.

### **MARKETING**

Marketing of products with a focussed attention on the existing as well as prospective customers is a constant endeavor at the Company. The marketing activities at the branch level are reviewed at the Registered Office periodically and suitable guidance are issued wherever needed. Your Company has 59 delivery channels spread across the Country. Your Company has identified certain number of suitable locations for establishing its new branches.

### **PRUDENTIAL NORMS FOR HOUSING FINANCE COMPANIES (HFCS)**

The NHB has issued directions/guidelines to HFCs on prudential norms for income recognition, asset classification, provisioning for standard assets, bad and doubtful debts, capital adequacy and concentration of credit/investments. Your Company has been complying with such prudential norms from time to time and following important changes in the Directions were made during the year:

- (a) Under capital adequacy norms, risk weight for housing loans sanctioned for more than ₹75 lakh was increased from 100% to 125%;
- (b) Provision for all the standard assets was introduced @ 0.40% of outstanding loan amount (as against Non-Housing Loans only during the previous year); and
- (c) The percentage of Provision required to be maintained against different category of Non-performing Assets has been increased, which has an impact on the profitability of the Company.

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

### **INDUSTRIAL RELATIONS/HUMAN RESOURCES**

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.

Keeping the growth perspective in view in the changing business scenario and to remain customer focussed, 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. Your Company has put in place a series of HRD measures including recognition and reward for good work, promising career plans, training etc.

Your Company had a continued cordial industrial relations during the year.

### **RELATED PARTY TRANSACTIONS**

The related party transactions with details are furnished in Note-21 - Notes on Accounts [vide SI.No.17(C)], forming part of the Accounts.

### **OUTLOOK FOR 2012-13 - ISSUES AND PROSPECTS**

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

Despite the fragmented nature of housing finance industry, the Industry has managed to grow mainly due to competitive interest rates, tax incentives given by the Government and changing income profile of the borrowers and the like. The interest rates which had moved upwards in the recent past, have started moving downwards slightly. The borrowers today have the option to select the lenders of their choice taking into consideration the rate of interest, home prices vis-à-vis the services offered.

The Rural Housing Finance Scheme launched by the Government through the National Housing Bank, has resulted in increased growth in housing in the semi-urban and rural areas, including the demand for Commercial Real Estate. There is a sharp uptick in demand for residential units in metros as well as in sub-urban town in the Country.

Your Company has drawn a challenging business plan for 2012-13 and a vision document for future years as well. Your Company would continue to focus on lending to the individual loan segment, which has a high growth potential, extend its business operations in potential places and new products.

### **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 : June 12, 2012

Sd/-  
**S.R.IYER**  
Chairman

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Corporate Governance requires a clear understanding of the respective roles of the Board, Management Personnel in Senior Management levels and their related roles in the corporate structure. It is about commitment to values and ethical business conduct. Corporate Governance is about promoting corporate fairness, transparency and accountability. It comprises a unique combination of factors like statutory regulations, compliances, values, political and economic environments, transparency, accountability, voluntary practices and disclosures. It involves relationships between the management and board of directors, shareholders and all its stakeholders.

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

The Corporate Governance policies of a Company ensure, 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 AT CFHL

Can Fin Homes Ltd., (CFHL) does not look at corporate governance in isolation of its business. The corporate governance policy of the Company has laid emphasis on transparency, accountability, integrity, responsibility and value creation and the Company has been adhering to the policy over the years. Your Company has a strong commitment to the principles that underline the effective Corporate Governance and respects the inalienable rights of the shareholders to information on the performance of the Company, as a means that provides reality check to the shareholders' ownership of the Company.

Your Company, has evolved and put in place the best practices over the years to ensure timely and accurate disclosure of information regarding the Company's financials, performance, governance of the Company and other related matters and is now in its Silver Jubilee Year.

Your Company has built confidence amongst the stakeholders all these years because of its adherence to the standards and compliance as per the listing agreements, related laws of the land, regulations and guidelines as are made applicable from time to time. In addition to the above, your Company is constantly striving to achieve higher levels of excellence in the areas of stakeholder's expectations, customer satisfaction, employee welfare and its social obligations.

Your Company has been responsive to its stakeholders, customers, government and non-government bodies, employees at all levels and all others with whom it has business relations.

The Board is pleased to place here below a report on the Corporate Governance practices followed in the Company.

### BOARD OF DIRECTORS

#### COMPOSITION OF THE BOARD

During the year, your Company had the Board comprising the following 8 members:

Sl. No.	Name of the Director	Composition - Executive/Non-Executive	Category - Independent/Promoter
1.	Mr.P.R.Yagnik, Chairman (upto 30.01.2012)	Non-Executive	Independent
2.	Mr.S.R.Iyer, Chairman (w.e.f. 16.02.2012)	Non-Executive	Independent
3.	Mr.C.Ilango, Managing Director	Executive	Promoter
4.	Mr.Ashok Kumar Jain, FCA (upto 19.01.2012)	Non-Executive	Independent

5.	Mr.Anil Kumar Nayyar	Non-Executive	Promoter
6.	Mr.K.S.Madhava Murthy, FCA	Non-Executive	Independent
7.	Mr.K.R.Vijayendra	Non-Executive	Independent
8.	Mr.PB.Santhanakrishnan, FCA	Non-Executive	Independent

None of the directors are related to each other.

The independent directors are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. The composition of the Board is in conformity with Clause 49-I of the listing agreement(s) with stock exchange(s).

The Directors of the Company are professionals/professionally qualified and persons of eminence having vast and varied experience in the field of Banking, Housing, Finance, Audit, Management, Law and other relevant areas.

The particulars of Board of Directors with regard to their directorships/memberships in committees of other companies, if any, (including at CFHL), their attendance at the Meetings of Board of Directors and at the Annual General Meeting held during the financial year 2011-12 and the sitting fee paid are as under:

Name of the Director	Directorships held including at CFHL	Board Meetings held in CFHL	Board Meetings Attended in CFHL	Sitting Fee Paid (₹)	Membership of Board Committees Including CFHL	Chairman of Board Committees Including CFHL	Attendance at the last AGM	Remarks
Mr.P.R.Yagnik, Chairman (upto 30.01.2012)	5	8	7	50,000	3	2	Attended	Resigned w.e.f. 30.01.2012
Mr.S.R.Iyer, Chairman (w.e.f. 16.02.2012)	13	8	8	60,000	15	10	Attended	—
Mr.C.Ilango, Managing Director	1	8	8	—	2	—	Attended	—
Mr.Ashok Kumar Jain	1	8	—	—	1	—	Not Attended	Vacated Office u/s 283(1)(g) w.e.f. 19.01.2012
Mr.Anil Kumar Nayyar	2	8	8	60,000	2	—	Attended	—
Mr.K.S.Madhava Murthy	1	8	7	55,000	2	1	Attended	—
Mr.K.R.Vijayendra	1	8	8	60,000	1	—	Attended	—
Mr.PB.Santhanakrishnan	3	8	1	10,000	4	1	N.A.	Appointed w.e.f. 16.02.2012

\* Membership/Chairmanship of Audit Committees & Shareholders'/Investors' Grievance Committees are considered.

The Notice of Disclosure of Interest as specified in Section 299(1) of the Companies Act, 1956 ("the Act"), submitted by the Directors to the Company every year, are placed before the first meeting of the Board held in the financial year. The related particulars, including changes, 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.

### TERM OF OFFICE

In terms of the provisions of Section 255 and 256 of “the Act”, 2/3<sup>rd</sup> of the non-executive directors of the Company are liable to retire by rotation every year and 1/3<sup>rd</sup> 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 appointed Mr.PB.Santhanakrishnan, Chartered Accountant, as an Additional Director of the Company with effect from February 16, 2012.

Mr.PB.Santhanakrishnan is a Graduate in Science and a Fellow of the Institute of Chartered Accountants of India (ICAI). He is a senior partner of M/s.PB.Vijayaraghavan & Co., Chartered Accountants, Chennai, which is presently the Central Statutory Auditors of the Life Insurance Corporation of India. He has wide experience in auditing of corporate and non-corporate entities, including Public Sector Undertakings (PSUs) and public sector banks. He is also engaged in consultation on tax matters and representation before SEBI/SAT/CBDT & ITAT on Corporate and Income Tax matters.

Mr.PB.Santhanakrishnan is a former member of the RBI Committee on RTGS and Director of Oriental Bank of Commerce, New Delhi. He has held various positions in other organisations and has experience of about 32 years in the profession.

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

### RE-APPOINTMENT OF DIRECTOR(S)

Pursuant to the applicable provisions of “the Act”, Mr.Anil Kumar Nayyar, Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

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 for a period of over 39 years, he has served in different parts of the Country and headed the Circle Office at Jalandhar.

Mr.Anil Kumar Nayyar has varied and rich experience of commercial banking. He is presently working as the General Manager, Corporate Credit Wing, Canara Bank, Head Office, Bangalore.

Your directors recommend the re-appointment of Mr.Anil Kumar Nayyar as a director of the Company. The related resolution on the subject is included in the notice convening the ensuing Annual General Meeting.

### RESPONSIBILITIES OF THE BOARD

The Board of Directors of your Company represents the interests of the Company as a legal entity and the interests of the shareholders, its employees and creditors, by providing the management with guidance and strategic direction on behalf of the shareholders, in optimising long-term value.

The Board discharges the duties and responsibilities as required under the various statutes as are applicable to the Company, like the Companies Act, 1956, Directions/Guidelines/Regulations issued by the Securities Exchange Board of India (SEBI), National Housing Bank (NHB) and various Statutory and Regulatory Authorities, Listing Agreements, as applicable from time to time, including reporting to the shareholders.

The Board, inter alia, reviews periodically the annual business plans, vision documents, business performance, risk levels of the Company, asset-liability management, show-cause/demand/prosecution/penalty notices, if any, received and which are of material importance, material defaults, if any, in financial obligations to and by the Company, claims on the Company, significant development in Human Resources/Industrial Relations and non-compliance, if any, under any regulatory, statutory or listing agreements and shareholders services and the like.

The Company's strategic direction, review of corporate performance, authorisation and monitoring of strategic investments are overseen by the directors and they also ensure legal and regulatory compliance and safeguard the interest of all its stakeholders.

### **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 stone. They are committed to act in what they believe to be in the best interests of the Company and oversee the performance of the management periodically. They play a key role in the decision-making process of the Board as they approve the overall strategy of the Company for its performance and growth and provide an un-biased, independent, experienced perspective to the Board. The Company benefits immensely from the in-depth knowledge, experience and expertise of its independent directors in achieving its desired level of business performance and good Corporate Governance.

### **MEETINGS OF BOARD OF DIRECTORS**

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

The directors, depending upon the need, 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 targeted level of performance, un-audited/audited financial results and other subjects of importance as detailed supra and take decision(s).

The Board is provided with relevant information, inter-alia the information as prescribed in Clause 49 of the listing agreement(s). The directors of the Company have access to all the information about the Company and would recommend inclusion of any matter in the agenda for discussion.

The agenda for the meetings are prepared by the Company Secretary in consultation with the Chairman of the Board, the Managing Director and Chairman of various Committees as applicable and circulated in advance to all the members of the Board together with detailed notes on each agenda item. Depending upon the need, the Senior Management, auditors and the Tax Consultant are invited to participate in the meetings of the Board so that they provide additional information/clarification(s) on the items being discussed in the meetings.

The minutes of the meeting of Board of Directors/Committees are recorded in separate Minutes Book kept for the purpose.

Board of directors of your Company met 8 times during the year 2011-12 viz., on April 29, 2011, June 09, 2011, July 21, 2011, August 23, 2011, October 21, 2011, November 23, 2011, January 19, 2012 and February 16, 2012.

### **BOARD COMMITTEES**

In order to have a better and more focussed attention, certain matters are delegated to the committees constituted by the Board with an out-lined role, responsibility and with an appropriate delegation of authority. The said committees discuss the subjects in-detail, prepare a ground for decision making and report at the succeeding meetings of the Board.

### AUDIT COMMITTEE

The Audit Committee constituted by the Board comprises members possessing expertise in finance, banking, accounting and auditing and possess professional knowledge. The powers, role and scope of the Committee are as per Clause 49 of listing agreement(s) and such other delegations made by the Board from time to time.

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

Further, the terms of reference to the Committee include review of draft audit reports, internal audit reports, inspection reports submitted by the statutory/regulatory authorities, inspecting officials of the Company including gradation awarded to branches, review of performance of statutory and internal auditors with the management, 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 functioning of the Whistle Blower mechanism. The Committee also reviews the Management Discussion and Analysis report, statement of significant related party transactions, if any. The Committee considers the appointment of the Chief Financial Officer (CFO) after assessing the requirements and suitability of the incumbents.

During the year the Audit Committee met 4 times, viz., on April 28, 2011, July 20, 2011, October 21, 2011 and January 19, 2012. The particulars of members of the Committee, meetings held, their attendance at the meetings and the sitting fee paid are mentioned hereunder:

Members	Number of Meetings held	Number of Meetings Attended	Sitting Fee paid (₹)
Mr.P.R.Yagnik, Chairman *	4	4	20,000
Mr.K.S.Madhava Murthy, Chairman	4	4	20,000
Mr.Ashok Kumar Jain #	4	—	—
Mr.Anil Kumar Nayyar	4	4	20,000
Mr.K.R.Vijayendra **	4	—	—

\* resigned during the year      # vacated Office      \*\* appointed w.e.f. February 16, 2012

The Company Secretary is the Secretary to the Audit Committee.

### MANAGEMENT COMMITTEE

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

During the year the Management Committee met 5 times, viz., on October 21, 2011, November 23, 2011, December 29, 2011, January 19, 2012 and February 23, 2012. The particulars of members of the Committee, meetings held, their attendance at the meetings and the sitting fee paid are mentioned hereunder:

Members	Number of meetings held	Number of meetings attended	Sitting Fee paid (₹)
Mr.P.R.Yagnik, Chairman *	5	4	20,000
Mr.S.R.Iyer, Chairman	5	1	5,000
Mr.C.Ilango, Managing Director	5	5	—
Mr.Anil Kumar Nayyar	5	5	25,000

\* resigned during the year.

Mr.S.R.Iyer, is the present Chairman of the Management Committee w.e.f. February 16, 2012.

The Company Secretary is the Secretary to the Management Committee.

### SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

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

During the year the Shareholders'/Investors' Grievance Committee met 4 times, viz., on April 29, 2011, July 20, 2011, October 21, 2011 and January 19, 2012. The particulars of members of the Committee, meetings held, their attendance at the meetings and the sitting fee paid are mentioned hereunder:

Members	Number of meetings held	Number of meetings attended	Sitting Fee paid (₹)
Mr.P.R.Yagnik, Chairman *	4	4	20,000
Mr.P.B.Santhanakrishnan, Chairman	4	N.A.	—
Mr.C.Ilango, Managing Director	4	3	—
Mr.K.S.Madhava Murthy	4	3	15,000

\* resigned during the year.

Mr.P.B.Santhanakrishnan, FCA, is the present Chairman of the Committee w.e.f. February 16, 2012.

The Board is pleased to inform that there was only one complaint pending at the beginning of the year lodged by a shareholder/investor of the Company which was resolved during the year on compliance of the procedural requirement by the shareholder/complainant. Other than the above, there were no other complaints lodged and no penalties imposed and strictures passed by any statutory/regulatory authority. Requests by shareholders for revalidation of dividend warrants/issue of cheques in lieu of the said warrants are resolved within a reasonable time.

The Company Secretary is the Secretary to the Committee.

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

Depending upon the need, the Committees invite the Senior Management personnel/Functional Heads, Statutory Auditors/Branch Auditors of the Company, Tax Consultant, Internal Auditors and other professionals with relevant expertise, to attend the meetings and provide clarifications on certain specific issues, if any.

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

## **CODE OF CONDUCT**

The system of annual affirmation of Code of Conduct by the directors and senior management personnel is in place and the said affirmations are placed before the Board for information/noting. The said Code of Conduct forms part of the Policy on Corporate Governance approved by the Board and is applicable to all directors and senior management personnel of the Company. All the directors and senior management personnel have affirmed their adherence to the provisions of the said Code for the financial year under review.

## **WHISTLE BLOWER POLICY**

The management has implemented the Whistle Blower Policy, which enables the Company's personnel, who observe any unethical or improper practice, if any, in the Company, to directly approach the Audit Committee without necessarily informing their superiors. A communication in that regard has been sent to all the employees of the Company.

The Management affirms that none of the personnel sought access to the Audit Committee during the financial year and the management protects such "Whistle Blowers" from unfair termination and other unfair prejudicial employment practices.

## **DISCLOSURES**

### **TRANSACTIONS WITH RELATED PARTIES**

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

Transactions with related parties entered into by the Company in the normal course of business are being placed before the Audit Committee. Details of related party transactions for the year under review are included in the Notes on Accounts [Note No.21 vide Sl.No.17(C)].

### **ACCOUNTING STANDARDS**

The Company has complied with the applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 as amended from time to time.

### **RISK MANAGEMENT**

The Company has laid down procedures to apprise the Board of Directors on key risk assessment and risk mitigation mechanisms. The Risk Management Committee would apprise the Board of Directors about the key risks associated with the business of the Company, risk profile, overall risk Rating and steps taken to mitigate the same. The said Committee comprise the Managing Director and certain senior management personnel.

During the year, the Risk Management Committee periodically reviewed the risks associated with the business of the Company, risk profile, overall risk Rating and the effectiveness of the measures taken to mitigate the risks. Further to the above, the Audit Committee and the Board of Directors reviewed the key risks associated with the business of the Company, the procedures in place to assess the risks and the mitigation mechanisms.

### **REMUNERATION OF NON-EXECUTIVE DIRECTORS**

The non-executive directors of the Company are not paid any remuneration other than the sitting fee paid for attending the 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.

### **RECONCILIATION OF SHARE CAPITAL AUDIT (RSCA)**

The “Reconciliation of Share Capital Audit” (RSCA) 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), differences, if any, updation of register of members, requests, if any, pending for de-materialisation with reasons therefor and other related particulars as prescribed.

Your Company has been obtaining a certificate on RSCA from a practising Company Secretary, as prescribed, and the said certificate is placed before the Board of Directors on a quarterly basis.

### **MEANS OF COMMUNICATION TO THE SHAREHOLDERS**

The Company has about 17,500 shareholders all over India. The website of the Company viz., [www.canfinhomes.com](http://www.canfinhomes.com), individual letters, e-mails, press releases, reports and notifications from time to time are some of the important means of communication to the shareholders.

The Annual Reports of CFHL, inter-alia, include 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 General Information to Shareholders, which forms part of the annual report, contains the information relating to the shareholding pattern of the Company with distribution, monthly high/low price of the equity shares during the year on the stock exchange(s), dividend and other related matters. The principal forum for interaction/discussion with shareholders, be it individuals, corporates or foreign investors is the annual general meeting of the Company. The shareholders are informed about the quarterly financial results and audited financials by publishing them as prescribed in leading national newspapers/press release(s) and on the website of the Company.

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

### **SUBSIDIARIES**

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

### **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 made available 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”.

## **CERTIFICATION OF FINANCIAL REPORTING AND INTERNAL CONTROLS**

A certificate in the prescribed manner by the CEO/CFO of the Company confirming inter-alia, in terms of the requirement of Clause 49(V) of the listing agreement with stock exchanges, the correctness of the financial statements, adequacy of internal control measures and the matters to be reported to the Audit Committee of the Board of the Company are placed before the Board.

## **GOING CONCERN**

The Board of Directors of your Company is 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.

## **GENERAL INFORMATION TO SHAREHOLDERS**

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

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

## **GREEN INITIATIVES IN CORPORATE GOVERNANCE**

The Ministry of Corporate Affairs (MCA), Government of India, issued two circulars viz., Circular No.17/2011 dated April 21, 2011 and Circular No.18/2011 dated April 29, 2011, allowing paperless compliances by Companies through electronic mode which would benefit the society at large through reduction in paper consumption and contribution towards a Green Environment despite ensuring prompt receipt of communication by its members. While considering and appreciating the underlying theme, your Company has, inter-alia, implemented the above initiative by sending the annual report of the Company for 2010-11 by e-mail to a significant number of shareholders who had registered their e-mail IDs with the Company.

In continuation of the above, your Company desires to send all documents like General Meeting Notices (including AGM), Audited Financial Statements, Report of Directors, Auditors Report, etc. for the year 2011-12 and subsequent years to the shareholders in electronic form, to the e-mail address made available to the Company by the Depositories in respect of shares held in electronic mode and to the e-mail-IDs provided by the holders of shares of the Company in physical form. The above mentioned documents would also be available on the website of the Company [www.canfinhomes.com](http://www.canfinhomes.com) for download by the shareholders.

The physical copies of the annual report would also be available at the Registered Office of the Company in Bangalore for inspection, if any, during office hours. The shareholders are once again requested to make use of the above facility by providing their e-mail address and changes therein from time to time.

**For and on behalf of the Board of Directors**

Place : Bangalore  
Date : June 12, 2012

Sd/-  
**S.R.IYER**  
Chairman

## GENERAL INFORMATION TO SHAREHOLDERS

This section of the Annual Report offers information to the shareholders pertaining to the Company, its shareholding pattern and means of dissemination of information, service standards, share price movements and such other information as required under the applicable Clauses of Listing Agreement(s).

### BOARD MEETINGS

The particulars of Board Meetings held during the year 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
2009	11.00 A.M.	Thursday	August 27, 2009	J.S.S. Mahavidya Peetha "Shivarathreswara Centre" Auditorium, I Main, 8 <sup>th</sup> Block, Jayanagar, Bangalore-560 082
2010	11.00 A.M.	Wednesday	August 25, 2010	Same as above
2011	11.00 A.M.	Wednesday	August 24, 2011	Same as above

### SPECIAL RESOLUTIONS PASSED AT THE PREVIOUS 3 ANNUAL GENERAL MEETINGS:

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

2010 - Appointment of statutory and branch auditors as per section 224(A) of the Companies Act, 1956.

2011 - Appointment of statutory and branch auditors as per section 224(A) of the Companies Act, 1956.

### FINANCIAL CALENDAR 2012-13 viz., APRIL 01, 2012 TO MARCH 31, 2013:

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	To review, approve and take on record the financial results for the quarter ending June 30, 2012.	During Second/Third week of July, 2012
Audit Committee/Board	To review, approve and take on record the financial results for the quarter ending September 30, 2012.	During Second/Third week of October, 2012
Audit Committee/Board	To review, approve and take on record the financial results for the quarter ending December 31, 2012.	During Second/Third week of January, 2013
Audit Committee/Board	To review, approve and take on record the financial results for the quarter ending March 31, 2013.	During Second/Third week of April, 2013.

**Date of book closure** : Thursday the July 26, 2012 to  
Wednesday the August 08, 2012  
(both days inclusive)

**Dividend payment** : During the second week of August, 2012.

## Can Fin Homes Ltd

The Board of Directors of the Company have recommended a dividend at ₹2.50 per equity share of ₹10/- each (25%) and an additional dividend at ₹0.50 per equity share of ₹10/- each (5%) being the Silver Jubilee Year of the Company, for the financial year ended March 31, 2012, subject to approval of the shareholders at the ensuing annual general meeting.

### THE DIVIDEND ENTITLEMENT IS AS FOLLOWS:

- (i) **For the shares held in physical form:** To the shareholders whose names appear on the register of members as at the close of business hours on Wednesday the July 25, 2012.
- (ii) **For shares held in electronic form:** To the Beneficial owners whose name appear in the statements of beneficial position furnished by the National Securities Depository Ltd., (NSDL) and Central Depository Services (India) Ltd., (CDSL) as at the close of business hours on Wednesday the July 25, 2012.

### LISTING OF SHARES

The equity shares of the Company are listed on the following stock exchanges:

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

The listing fees for the year 2010-11 and 2011-12 have been paid to all the above Stock Exchanges where the securities of the Company are listed. The Annual Custodial Fees for the above period to NSDL and CDSL has also been paid within the due dates.

### STOCK CODE

NSE Symbol	:	CANFINHOME		
BSE	:	Scrip Code	:	511196
Bg. SE	:	<i>Same as NSE &amp; BSE</i>		
ISIN Nos.	:	Equity shares	:	INE 477A01012

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

Month and Year	National Stock Exchange of India Ltd., (NSE) Mumbai (₹)		Bombay Stock Exchange Ltd., (BSE), Mumbai (₹)	
	High	Low	High	Low
April, 2011	134.90	107.50	135.80	107.45
May, 2011	121.35	110.00	121.00	105.80
June, 2011	122.40	105.50	122.40	106.00
July, 2011	120.55	108.10	120.50	107.00
August, 2011	111.40	89.00	110.80	88.65
September, 2011	104.85	91.50	105.15	92.00
October, 2011	108.30	90.25	108.25	90.55
November, 2011	108.90	88.55	111.80	88.90
December, 2011	97.35	87.50	97.65	87.60
January, 2012	108.00	85.65	107.30	87.50
February, 2012	116.00	96.65	115.50	96.50
March, 2012	126.90	101.00	126.90	101.50

**Registrar and Share Transfer Agents :**

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

**Share Transfer System :**

The powers to consider and approve share transfers/transmissions/consolidation/sub-division etc., have been delegated by the Board to the Company Secretary and one of the Asst. General Managers at the Registered Office of the Company and the requests are processed within the time prescribed under the statutory/listing agreements. A report on a quarterly basis is placed before the Shareholders'/Investors' Grievance Committee.

**Dematerialisation of Shares :**

About 94.34% 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 NSDL and CDSL. The shares of the Company are listed and traded actively on the stock exchanges and hence the liquidity for the shares of the Company is high.

**Outstanding GDRs/ADRs/Warrants of any convertible instruments, conversion date and likely impact on equity :**

Not Applicable.

**Address for correspondence :**

Shareholder's correspondence may please be addressed to the Registrar & Share Transfer Agents at the above mentioned address. They may also contact Registered Office of the Company.

Tel : 080-26564259, 26565736

e-mail : compsec@canfinhomes.com; legal@canfinhomes.com; sathyaprakash@canfinhomes.com.

**UNCLAIMED DIVIDEND**

Pursuant to 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 said period of 7 years. In spite of sending final reminder letters to shareholders individually, before transferring such dividend amounts to IEPF, there are a few shareholders who have not yet encashed/claimed their dividend(s) amount.

## Can Fin Homes Ltd

---

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

Dividend - relevant years	Dividend Per Share (Face value of ₹10) (₹)	Balance in unpaid dividend account as on 31.03.2012 (₹)	Unclaimed dividend as a % of total amount of dividend declared	Declared at the AGM held on	Due date for transfer to the Investor Education and Protection Fund (IEPF) *
2004-05	2.50	731622.50	1.43	20.07.2005	20.07.2012
2005-06	2.50	791682.50	1.55	02.08.2006	02.08.2013
2006-07	2.50	719332.50	1.40	19.07.2007	19.07.2014
2007-08	2.50	776940.00	1.52	24.09.2008	24.09.2015
2008-09	2.00	622710.00	1.52	27.08.2009	27.08.2016
2009-10	2.00	750996.00	1.83	25.08.2010	25.08.2017
2010-11	2.50	991565.00	1.94	24.08.2011	24.08.2018

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

### ISSUE OF DUPLICATE DIVIDEND WARRANTS

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

### BANK ACCOUNT PARTICULARS

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

### DIVIDEND PAYMENT THROUGH ECS

Remittance of dividend by the Company would be made 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 Centre as notified by the Reserve Bank of India from time to time.

### NOMINATION

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

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

The ECS form and nomination form in the prescribed format is made available on the website of the Company for download.

**SHAREHOLDING PATTERN (as of March 31, 2012)**

Sl.No.	Category of Shareholder	Number of shareholders/folios	Total number of shares	(%) to total holdings
1	Promoter and Promoter Group	02	8681808	42.381
2	Mutual Funds/UTI	01	200	0.001
3	Financial Institutions/Banks	03	600400	2.931
4	Insurance Companies	01	304250	1.485
5	Foreign Financial Institutions	03	2500	0.012
6	Foreign Institutional Investors	01	124100	0.606
7	Bodies Corporate	336	4329935	21.137
8	Individuals	16499	6157220	30.057
9	Directors & their relatives	—	—	—
10	Non Resident Indians	155	80528	0.393
11	Clearing members	27	7507	0.037
12	Hindu Undivided Families	224	189757	0.926
13	Employee shareholders	30	7045	0.034
	<b>GRAND TOTAL</b>	<b>17282</b>	<b>20485250</b>	<b>100.00</b>

**DISTRIBUTION OF SHAREHOLDING (as of March 31, 2012)**

Amount (₹)	Members		Shares	
	Number	%	Amount (₹)	%
Upto - 5000	15609	90.32	24262560	11.84
5001 - 10000	932	5.39	7418230	3.62
10001 - 20000	355	2.05	5430860	2.65
20001 - 30000	114	0.66	2910410	1.42
30001 - 40000	44	0.25	1593430	0.78
40001 - 50000	52	0.30	2481490	1.21
50001 - 100000	96	0.56	7229180	3.53
100001 - and above	80	0.47	153526340	74.95
<b>Total</b>	<b>17282</b>	<b>100.00</b>	<b>204852500</b>	<b>100.00</b>

**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  
 Tel : 080-26565736/26564259  
 Fax : 080-26565746  
 e-mail : sathyaprakash@canfinhomes.com  
 legal@canfinhomes.com  
 compsec@canfinhomes.com

## **AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE**

To  
**The Members of Canfin Homes Limited,**  
Bangalore.

We have examined the compliance of conditions of Corporate Governance by M/s. Canfin Homes Limited for the year ended March 31, 2012 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 has been in the manner described in the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuing compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the company.

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

The Share Transfer Agent of the Company has certified the number of complaints received from the investors and the number of complaints resolved during the financial year and that there are no complaints resolved during the financial year and that there are no complaints pending as at the year end.

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 & COMPANY**  
Chartered Accountants  
Firm Registration No.: 0031355

Sd/-  
**(T.B.KUMARASWAMY)**  
Partner  
Membership No.: 027709

**Place : Bangalore**  
**Date : June 11, 2012**

## AUDITOR'S REPORT

### TO THE MEMBERS OF CANFIN HOMES LIMITED

1. We have audited the attached Balance Sheet of CAN FIN HOMES LIMITED, Bangalore as at March 31, 2012, 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.
2. 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.
3. 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.
4. Further to our comments in the Annexure referred to above, we report that:
  - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit;
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purpose of our audit have been received from the branches not visited by us. The Branch Auditor's Reports have been forwarded to us and have appropriately dealt with by us in preparing this report;
  - c. 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;
  - d. 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;
  - e. On the basis of written representations received by the Company from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at March 31, 2012 from being appointed as a director under Section 274(1)(g) of the Companies Act, 1956;
  - f. Reference is drawn to point no.21 of Note 21 of Notes to accounts regarding change in the Accounting Policy in respect of accounting for penal interest on accrual basis. Had the same been accounted on cash basis, as in the earlier years, the profit for the year would have been lower by ₹173 lakhs.
  - g. 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:
    - i) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2012; and
    - ii) In the case of Profit and Loss Account, of the Profit for the year ended on that date.
    - iii) In the case of Cash Flow Statement, of the cash flow, for the year ended on that date.

For **K P RAO & COMPANY**  
Chartered Accountants  
Firm Registration No.: 003135S

Sd/-  
**(T.B.KUMARASWAMY)**  
Partner  
Membership No.: 027709

Place : Bangalore  
Date : April 18, 2012

**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 (Auditor's Report) Order, 2003 are not applicable.
- b. The Company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the Clauses (f) and (g) of Para (iii) of the Companies (Auditor's 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, 2010 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, 2012 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.
- 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 & COMPANY**  
Chartered Accountants  
Firm Registration No.: 003135S

Sd/-  
**(T.B.KUMARASWAMY)**  
Partner  
Membership No.: 027709

**Place : Bangalore**  
**Date : April 18, 2012**

**BALANCE SHEET****AS AT MARCH 31, 2012**

(₹ in Lakhs)

Particulars	Note No.		As at March 31, 2012	As at March 31, 2011
<b>I EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders Funds</b>				
(a) Share Capital	1	2,048.75		2,048.75
(b) Reserves and Surplus	2	32,708.55		29,046.90
			<b>34,757.30</b>	31,095.65
<b>(2) Non-Current Liabilities</b>				
(a) Long Term Borrowings	3	1,85,924.68		1,42,430.48
(b) Deffered Tax Liabilities (Net)	4	19.54		2.61
(c) Long Term Provisions	5	1,462.19		1,415.73
			<b>1,87,406.41</b>	1,43,848.82
<b>(3) Current Liabilities</b>				
(a) Short Term Borrowings	6	12,304.41		11,381.68
(b) Other Current Liabilities	7	34,583.00		38,156.57
(c) Short Term Provisions	8	2,583.10		2,390.34
			<b>49,470.51</b>	51,928.59
<b>Total</b>			<b>2,71,634.22</b>	<b>2,26,873.06</b>
<b>II ASSETS</b>				
<b>(1) Non-Current Assets</b>				
(a) Tangible Assets	9	324.43		258.41
(b) Non Current Investments	10	1,693.50		1,693.50
(c) Deffered Tax Assets (Net)	4	585.03		509.69
(d) Long Term Loans and Advances	11	2,63,581.99		2,17,594.02
			<b>2,66,184.95</b>	2,20,055.62
<b>(2) Current Assets</b>				
(a) Current Investments	12	—		307.08
(b) Cash and Cash Equivalents	13	1,616.20		3,420.76
(c) Short Term Loans and Advances	14	3,682.05		2,922.25
(d) Other Current Assets		151.02		167.35
			<b>5,449.27</b>	6,817.44
<b>Total</b>			<b>2,71,634.22</b>	<b>2,26,873.06</b>

See accompanying notes to the financial statements.

Notes on Accounts 21

Accounting Policies 22

As per our Report of even date

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

**S.R.Iyer**  
Chairman

**Anil Kumar Nayyar**  
Director

**K.S.Madhava Murthy**  
Director

**T.B.Kumaraswamy**  
Partner  
Membership No.: 027709

**C.Ilango**  
Managing Director

**P.B.Santhan Krishnan**  
Director

**Place : Bangalore**  
**Date : April 18, 2012**

**Shamila M**  
Chief Financial Officer

**K.S.Sathyaprakash**  
Company Secretary

**PROFIT AND LOSS STATEMENT****FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in Lakhs)

Particulars	Note No.	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>INCOME</b>			
Revenue from Operations	15	<b>28,617.77</b>	23,121.62
Other Income	16	<b>65.05</b>	7.77
<b>Total Revenue</b>		<b>28,682.82</b>	23,129.39
<b>EXPENSES</b>			
Employee Benefit Expenses	17	<b>1,101.24</b>	1,093.27
Finance Costs	18	<b>19,553.26</b>	15,413.18
Depreciation and Amortization Expenses	19	<b>55.00</b>	33.89
Other Expenses	20	<b>1,142.45</b>	591.93
<b>Total Expenses</b>		<b>21,851.95</b>	17,132.27
Profit Before Tax and Exceptional Items		<b>6,830.87</b>	5,997.12
<b>Exceptional Items :</b>			
Provision for Standard Assets		<b>1,100.00</b>	—
Provision for Doubtful Debts Written back		<b>(361.17)</b>	145.58
Prior Period Adjustments		<b>(5.53)</b>	—
<b>PROFIT BEFORE TAX</b>		<b>6,097.57</b>	5,851.54
Tax expenses:			
(a) Current year		<b>1,780.00</b>	1,725.00
(b) Deffered Tax		<b>(58.42)</b>	(75.07)
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>4,375.99</b>	4,201.61
Earning per Equity Share			
(1) Basic		<b>21.36</b>	20.51
(2) Diluted		<b>21.36</b>	20.51

**See accompanying notes to the financial statements.**

Notes on Accounts	21
Accounting Policies	22

As per our Report of even date

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

**S.R.Iyer**  
Chairman

**Anil Kumar Nayyar**  
Director

**K.S.Madhava Murthy**  
Director

**T.B.Kumaraswamy**  
Partner  
Membership No.: 027709

**C.Ilango**  
Managing Director

**P.B.Santhanakrishnan**  
Director

**Place : Bangalore**  
**Date : April 18, 2012**

**Shamila M**  
Chief Financial Officer

**K.S.Sathyaprakash**  
Company Secretary

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

(₹ in Lakhs)

		As at March 31, 2012	As at March 31, 2011
<b>NOTE 1</b>			
<b>SHARE CAPITAL</b>			
AUTHORISED			
7,00,00,000 Equity Shares of ₹10 each		<b>7,000.00</b>	7,000.00
ISSUED AND SUBSCRIBED			
2,05,00,000 Equity Shares of ₹10 each		<b>2,050.00</b>	2,050.00
PAID UP			
2,04,85,250 Equity shares of ₹10 each	2,048.53		
Add: Forfeited Shares	0.22	<b>2,048.75</b>	2,048.75
		<b>2,048.75</b>	2,048.75
<b>NOTE 2</b>			
<b>RESERVES AND SURPLUS</b>			
SPECIAL RESERVE			
(in terms of Section 36(1)(viii) of Income Tax Act, 1961)			
Opening Balance	17,021.00		15,871.00
Add: Transferred from P & L account	1,350.00		1,150.00
		<b>18,371.00</b>	17,021.00
GENERAL RESERVE			
Opening Balance	10,564.00		8,564.00
Add: Transferred from P & L account	2,700.00		2,000.00
		<b>13,264.00</b>	10,564.00
SECURITY PREMIUM RESERVE			
		<b>525.00</b>	525.00
PROFIT AND LOSS ACCOUNT			
Opening Balance	936.89		480.50
Add: Surplus in the statement of Profit and Loss account	4,375.99		4,201.61
	5,312.88		4,682.11
Less: Appropriation for:			
Special Reserve	1,350.00		1,150.00
General Reserve	2,700.00		2,000.00
Proposed Dividend	614.62		512.13
Corporate Dividend Tax thereon	99.71		83.08
		<b>548.55</b>	936.90
		<b>32,708.55</b>	29,046.90

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

(₹ in Lakhs)

	<b>As at March 31, 2012</b>	As at March 31, 2011
<b>NOTE 3</b>		
<b>LONG TERM BORROWINGS</b>		
<b>Secured</b>		
National Housing Bank	<b>45,005.05</b>	31,518.20
Loans and Advances from Related parties *	<b>1,32,884.54</b>	1,06,453.98
	<b>1,77,889.59</b>	1,37,972.18
* Loans and Advances from related parties referres to advances availed from Canara Bank		
(The above loans from National Housing Bank and Other Banks are secured by way of specific charge on book debts, outstanding, receivables, etc.,/ promissory notes and/or a negative lien on assets of the Company. The tenure of these loans are between 2-15 years)		
<b>Unsecured</b>		
Deposits	<b>8,035.09</b>	4,458.30
	<b>1,85,924.68</b>	1,42,430.48
<b>NOTE 4</b>		
<b>DEFERRED TAX BALANCES</b>		
a) Deferred Tax Liabilities (Net)		
Depreciation	<b>19.54</b>	2.61
	<b>19.54</b>	2.61
b) Deferred Tax Assets (Net)		
Employee benefits	<b>196.48</b>	177.60
Provision for Doubtful Debts	<b>388.55</b>	332.09
	<b>585.03</b>	509.69
<b>NOTE 5</b>		
<b>LONG TERM PROVISIONS</b>		
<b>Employee Benefits</b>	<b>588.75</b>	542.29
<b>Others</b>		
Provision for Contigencies	<b>600.00</b>	600.00
Provision for Interest on Income Tax Refund	<b>273.44</b>	273.44
	<b>873.44</b>	873.44
	<b>1,462.19</b>	1,415.73

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

(₹ in Lakhs)

	<b>As at March 31, 2012</b>	<b>As at March 31, 2011</b>
<b>NOTE 6</b>		
<b>SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Loans & advances from Related parties *	<b>4,287.59</b>	864.10
<b>Unsecured</b>		
- Current account balance with related parties *	<b>1,663.23</b>	—
- Deposits from Public	<b>6,353.59</b>	10,517.58
	<b>12,304.41</b>	11,381.68
* refers to advances/current accounts with Canara Bank		
<b>NOTE 7</b>		
<b>OTHER CURRENT LIABILITIES</b>		
Current maturities of Long term debts		
- National Housing Bank	<b>14,513.15</b>	24,492.39
- Term loans from Banks	<b>17,287.00</b>	12,074.00
Provision for Expenses	<b>1,372.11</b>	70.28
Unclaimed Deposits	<b>999.34</b>	1,043.58
Interest accrued on unclaimed deposits	<b>123.59</b>	140.71
Advance Receipts	—	36.92
Other Liabilities	<b>233.94</b>	246.74
Interest accrued but not due on deposits	<b>0.02</b>	0.14
Unclaimed Dividend	<b>53.85</b>	51.81
	<b>34,583.00</b>	38,156.57
<b>Note:</b>		
Other liability includes :-		
(i) Statutory Liabilities	<b>39.21</b>	39.62
(ii) Others	<b>194.73</b>	207.12
<b>NOTE 8</b>		
<b>SHORT TERM PROVISIONS</b>		
Provision for current year tax	<b>1,780.00</b>	1,725.00
Dividend	<b>614.62</b>	512.13
Tax on Dividend	<b>99.71</b>	83.08
Provision for Employee Benefits	<b>88.77</b>	70.13
	<b>2,583.10</b>	2,390.34

## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

## NOTE 9

(₹ in Lakhs)

FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at April 1, 2011	Additions	Deductions	As at March 31, 2012	As at April 1, 2011	Additions	Deductions	As at March 31, 2012	As at March 31, 2012	As at March 31, 2011
Buildings *	330.49	—	24.61	305.88	164.32	8.19	14.37	158.14	147.73	166.17
Furniture & Fixtures	160.97	60.81	14.36	207.42	135.20	20.12	13.88	141.43	65.99	25.78
Computers	164.11	39.01	22.48	180.64	154.96	12.49	22.41	145.04	35.60	9.14
Office & Electrical Equipments	112.27	24.73	16.96	120.05	70.42	9.25	14.48	65.18	54.86	41.85
Vehicles	54.03	10.53	12.53	52.04	38.57	4.95	11.72	31.80	20.24	15.46
<b>Total</b>	<b>821.88</b>	<b>135.09</b>	<b>90.94</b>	<b>866.03</b>	<b>563.47</b>	<b>55.00</b>	<b>76.87</b>	<b>541.60</b>	<b>324.43</b>	<b>258.41</b>
Previous Year	834.14	15.55	27.81	821.88	555.28	33.89	25.70	563.47	258.41	—

\* On land jointly held with others.

## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
--	-------------------------	-------------------------

**NOTE 10****NON CURRENT INVESTMENTS**

*At Cost, Unquoted, Non Trade  
In Government or Trust Securities*

12.40% Government of India Securities	100.00	100.00
06.05% Government of India Securities	500.00	500.00
06.01% Government of India Securities	500.00	500.00
05.64% Government of India Securities	493.50	493.50
06.95% Government of Karnataka Loan Securities	100.00	100.00
	<b>1,693.50</b>	<b>1,693.50</b>

**Notes:**

Book value of unquoted investments	1,700.00	1,700.00
------------------------------------	----------	----------

**NOTE 11****LONG TERM LOANS AND ADVANCES****Secured, Considered Good**

a) Housing Loans - Individuals/Staff	2,58,834.87	2,17,334.86
b) Housing Loans - Corporate Bodies & Others	1,003.06	346.82
	<b>2,59,837.93</b>	<b>2,17,681.68</b>
Less: Securitised Assets	—	392.18
	<b>2,59,837.93</b>	<b>2,17,289.50</b>
c) Non Housing Loans	6,563.94	2,485.11
	<b>2,66,401.87</b>	<b>2,19,774.61</b>
Less: Provision for Non Performing Assets	1,901.22	2,347.54
Provision for Standard Assets	1,115.00	15.00
	<b>2,63,385.65</b>	<b>2,17,412.07</b>
d) Loans against deposits	43.94	66.95

**Unsecured, Considered Good**

a) Staff loans	37.87	40.60
b) Security Deposits	114.53	74.40
	<b>2,63,581.99</b>	<b>2,17,594.02</b>

**NOTE 12****CURRENT INVESTMENTS**

Class B PTC held by the Company	—	307.08
	—	307.08

**Notes:**

Book value of unquoted investments	—	307.08
------------------------------------	---	--------

## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
<b>NOTE 13</b>		
<b>CASH AND CASH EQUIVALENTS</b>		
Balance with Banks for regular operations	—	795.62
Earmarked Balance with Banks	53.85	51.81
Cheques on hand	—	64.05
Cash on hand	3.35	2.28
Remittance in Transit	3.00	—
Deposits with Banks with more than 12 months maturity	1,556.00	2,507.00
	<b>1,616.20</b>	<b>3,420.76</b>
<b>NOTE 14</b>		
<b>SHORT TERM LOANS AND ADVANCES</b>		
<b>Secured, Considered Good</b>		
Current Maturities of Long term Advances		
- Housing Loans - Individuals/Staff	1,024.02	69.31
- Non Housing Loans	12.62	515.23
<b>Unsecured, Considered Good</b>		
Other Advances	2,628.60	2,323.34
Staff Advances	16.81	14.37
	<b>3,682.05</b>	<b>2,922.25</b>
<b>NOTE 15</b>		
<b>REVENUE FROM OPERATIONS</b>		
INTEREST INCOME		
- Housing Loans Individuals	27,013.95	21,664.35
- Housing Loan Corporate Bodies & Others	34.58	230.07
	<b>27,048.53</b>	<b>21,894.42</b>
- Non Housing Loans	578.79	387.69
- Staff Loans	3.22	4.20
- Investments and Deposits		
- Short Term	—	—
- Long Term	293.94	338.72
	<b>293.94</b>	<b>338.72</b>
FEES AND OTHER CHARGES	693.29	496.59
	<b>28,617.77</b>	<b>23,121.62</b>
<b>NOTE 16</b>		
<b>OTHER INCOME</b>		
Profit on sale of fixed assets	65.05	0.60
Bad debts recovered	—	7.17
	<b>65.05</b>	<b>7.77</b>

## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

(₹ in Lakhs)

	As at March 31, 2012	As at March 31, 2011
<b>NOTE 17</b>		
<b>EMPLOYEE BENEFIT EXPENSES</b>		
Salary Bonus etc.	<b>840.74</b>	677.86
Contribution to Provident Fund and Other Funds	<b>118.59</b>	283.13
Staff Training and Welfare Expenses	<b>141.91</b>	132.28
	<b><u>1,101.24</u></b>	<u>1,093.27</u>
<b>NOTE 18</b>		
<b>FINANCE COSTS</b>		
Interest on Deposits	<b>1,193.60</b>	1,533.39
Interest on Loans	<b>18,314.87</b>	13,849.04
Other Financial Charges	<b>44.79</b>	30.75
	<b><u>19,553.26</u></b>	<u>15,413.18</u>
<b>NOTE 19</b>		
<b>DEPRECIATION AND AMORTIZATION EXPENSES</b>		
Depreciation on Fixed Assets	<b>55.00</b>	33.89
	<b><u>55.00</u></b>	<u>33.89</u>
<b>NOTE 20</b>		
<b>OTHER EXPENSES</b>		
Advertising	<b>63.55</b>	32.91
Bank Charges	<b>4.20</b>	4.42
Director's sitting Fees	<b>5.25</b>	2.05
Electricity charges	<b>32.36</b>	30.08
General Office Expenses	<b>57.38</b>	39.44
Insurance	<b>5.19</b>	2.38
Postage, Telephone and Telex	<b>36.58</b>	33.13
Printing and Stationary	<b>32.18</b>	17.92
Bad debts written off	<b>280.94</b>	—
Professional Fees	<b>88.29</b>	58.60
Direct Selling Agent's commission	<b>93.72</b>	9.18
Rates and Taxes	<b>7.60</b>	19.33
Rent	<b>287.64</b>	226.47
Repairs & Maintenance	<b>62.43</b>	57.94
Travelling and Conveyance	<b>60.33</b>	44.44
Miscellaneous Expenses	<b>24.81</b>	13.64
	<b><u>1,142.45</u></b>	<u>591.93</u>

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS****NOTE 21****NOTES ON ACCOUNTS**

- Loans and instalments due from borrowers are secured, partly secured or otherwise by:
  - Equitable mortgage of property and/or
  - Other securities, assignment of life insurance policies and/or
  - Government guarantees, bank guarantees, company guarantees or personal guarantees and/or
  - Negative lien and/or
  - Undertaking to create a security.
- Instalments Due from Borrowers (net of interest suspense) include ₹Nil (Previous year ₹2,07,05,775/-), which is outstanding for over six months on account of conversion of housing loan accounts from Annual Diminishing balance method to daily diminishing balance method.
- 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, 2012.

Provision of loans is required to be maintained as per NHB guidelines on prudential norms to the extent of ₹13.40 crore (Previous year ₹11.30 crore) against which the company, by way of prudence and abundant caution has maintained cumulative provision of ₹19.01 crore (Previous year ₹23.48 crore).

After making 100% provision for non-performing assets, a sum of ₹3.61 crore representing the excess provision is withdrawn and credited to Profit & Loss account.

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

(₹ in lakh)

Loans	As on 31.03.2012					As on 31.03.2011				
	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Housing loans (including instalments due from borrowers)	<b>258134.11</b>	<b>227.54</b>	<b>1171.64</b>	<b>325.60</b>	<b>259858.89</b>	214381.66	638.77	1084.56	438.62	216543.61
- Individuals										
- Corporate bodies	<b>846.11</b>	—	<b>156.95</b>	—	<b>1003.06</b>	189.87	—	156.95	—	346.82
Other Loans	<b>6557.07</b>	<b>15.18</b>	<b>4.31</b>	—	<b>6576.56</b>	2971.67	18.89	9.78	—	3000.34
<b>Total Loans</b>	<b>265537.29</b>	<b>242.72</b>	<b>1332.90</b>	<b>325.60</b>	<b>267438.51</b>	217543.20	657.66	1251.29	438.62	219890.77
Provision - Housing loans	—	<b>34.13</b>	<b>975.91</b>	<b>325.60</b>	<b>1335.64</b>	—	63.88	623.16	438.62	1125.66
Provisions for Other loans	—	<b>2.28</b>	<b>1.92</b>	—	<b>4.20</b>	—	1.89	2.59	—	4.48
Additional Provision -										
- Individuals	—	—	—	—	<b>561.38</b>	—	—	—	—	1167.40
- Corporate Bodies	—	—	—	—	—	—	—	—	—	50.00
<b>Total</b>	—	—	—	—	<b>1901.22</b>	—	—	—	—	2347.54

- The company has securitised till date, housing loans to the extent of ₹212,88,14,120/- (Previous year ₹212,88,14,120/-) consisting of Class A PTCs of ₹157,48,69,266/-, which is subscribed by various Banks/ Financial Institutions and Class B PTCs of ₹55,39,44,854/-, which is held by the Company. The total securitised assets outstanding as on date is ₹Nil (Previous year ₹3,92,18,489/-) consisting of Class A PTCs of ₹Nil (Previous year ₹85,10,079/-) and Class B PTCs of ₹Nil (Previous year ₹3,07,08,410/-).

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

5. Particulars of Provision for Standard Assets - 2011-12.

As per the directions of NHB vide their letter - NHB/HFC.DIR/3/CMD/2011 dated August 05, 2011, the provision for Standard Assets is required to be made at 0.40%. (Previous year the provision was required for Standard Assets - Non Housing Loans only). Accordingly the Company has made provision for Standard Assets as under.

(₹ in lakh)

Particulars	2011-12	2010-11 *
Standard Assets Outstanding	<b>265537.29</b>	2971.67
Provision required to be made	<b>1062.15</b>	11.89
Provision made	<b>1100.00</b>	15.00

\* Required for Non-Housing Loans only.

6. Disclosure required as per NHB

**a) Capital to Risk Assets Ratio (CRAR)**

Items		Current Year	Previous Year
i)	CRAR (%)	<b>17.44%</b>	19.14%
ii)	CRAR – Tier I Capital (%)	<b>17.44%</b>	19.14%
iii)	CRAR – Tier II Capital (%)	—	—

**b) Exposure to Real Estate Sector**

(₹ in lakh)

Category		Current Year	Previous Year
<b>a)</b>	<b>Direct Exposure</b>		
	i) Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
	- Individual Loans of & upto ₹15 lakhs.	<b>150111</b>	141833
	- Individual loans above ₹15 lakhs.	<b>109747</b>	73881
	ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estate (Office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.,) Exposure would also include non-fund based (NFB) limits:	<b>5464</b>	Nil
	iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures -		
	a) Residential	<b>Nil</b>	307
	b) Commercial Real Estate		
<b>b)</b>	<b>Indirect Exposure</b>		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance companies (HFCs)	<b>Nil</b>	Nil

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS****c) Asset Liability Management**

## Maturity Pattern of Certain items of Assets &amp; Liabilities

(₹ in lakh)

	1 - 14 days	15 - 30 days	30 - 60 days	> 2M = 3M	> 3M = 6M	> 6M = 12M	> 1Y = 3Y	> 3Y = 5Y	> 5y = 7Y	> 7Y = 10Y	> 10Y	Total
<b>Liabilities</b>												
Borrowings from Banks	—	—	—	1000	7500	8787	41118	46217	24311	21239	—	<b>150172</b>
Market Borrowings	68	109	538	272	855	3799	8405	339	4	—	—	<b>14389</b>
<b>Assets</b>												
Advances	1504	—	1427	1506	4379	9096	36950	34291	37597	46594	94094	<b>267438</b>
Investments	—	—	—	—	—	606	850	—	494	500	800	<b>3250</b>

## 7. 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.

## 8. During the year bad debts written off amounting to ₹2,80,94,105/-. (Previous year ₹Nil) are included in other Expenses for which full provision was existing in the books of the Company.

## 9. Claims against the Company not acknowledged as debt:

(₹ in lakh)

Nature of claims	As of 31.03.2012	As of 31.03.2011	Risk involved
A) Disputed tax matters under appeal:			
i) Income tax	<b>1011.90</b>	1694.84	<p>1. The appeals filed by the Company for the Asst. Years from 1993-94 to 1998-99 were allowed by the Hon'ble ITAT, Bangalore, against which the Department has filed appeals before the Hon'ble High Court of Karnataka, Bangalore and the Income Tax Appeals filed by the Department for the Asst. Years 1996-97 and 1997-98 are dismissed and other appeals are pending.</p> <p>2. The appeals for the Asst. Year 2006-07 has been dismissed by the 2<sup>nd</sup> appellate authority and the related Income Tax and Interest amounting to ₹5.90 crore has been provided for and the appeal for the Asst. Year 2007-08 on the Income Tax matters are pending before the 2<sup>nd</sup> appellate authority..</p> <p>3. In respect of the Income Tax Returns filed by the Company for the Asst. Year 2009-10 the Company received a rectification order u/s.143(3) dt. December 09, 2011 and the balance amount of ₹6.21 lakh has been paid and as such ₹1.87 crore shown under contingent liabilities as of March 31, 2011 has been deleted.</p> <p>4. Out of the disputed Tax matters aggregating to ₹1011.90 lakh (P/Y ₹1749.30 lakh, including Interest Tax of ₹54.46 lakh) is towards the Income Tax matters, subject to appeals pending.</p> <p>With regard to the disputed tax matters, the Company has made a provision of ₹297.07 lakh (Previous year ₹316.50 lakh) is towards the disputed Income Tax matters under appeal. As such, the balance disputed tax liability not provided in the books is to the extent of ₹714.83 lakh (Previous year ₹1032.80 lakh) is towards disputed Income Tax, under appeal.</p>
ii) Interest tax	<b>Nil</b>	54.46	
	<b>1011.90</b>	1749.30	
B) Claims made by borrowers of the company before various Consumer Forums.	<b>9.77</b>	13.67	In most of the cases the company is only a formal party. In some cases the borrowers have not performed their part of the contract. There is no liability on the company in these cases and hence no provision has been made.

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

10. Auditors' remuneration

(₹ in lakh)

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Audit Fees (Including Branch Auditors fees)	6.15	5.39
Other Services (Certificates, Tax Audit, etc.,)	1.33	1.47
Out of Pocket Expenses	2.86	2.17
<b>Total</b>	<b>10.34</b>	<b>9.03</b>

11. Remuneration to Managing Director/s

(₹ in lakh)

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Salaries etc.,	15.13	9.11
Provident Fund, Gratuity etc.,	1.28	1.57
<b>Total</b>	<b>16.41</b>	<b>10.68</b>

12. Disclosure on Employee Benefits - AS 15 Revised

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

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

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

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

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

**A. RECONCILIATION OF PRESENT VALUE OF PROJECTED BENEFIT OBLIGATION**

(₹ in lakh)

Sl. No.	Particulars	Gratuity		Exempt PF		Sick Leave		LTC		Long Term Compensated Absence	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Present value of Projected Benefit obligation as on 01.04.2010 & 01.04.2011	500.06	302.26	1017.17	851.88	31.83	19.79	—	—	221.02	181.19
2	Service Cost	26.45	8.46	175.10	163.15	2.73	1.85	56.15	38.30	11.21	8.94
3	Interest Cost	38.28	23.52	77.97	63.44	2.58	1.56	—	—	16.89	13.57
4	Past Service Cost	—	193.08	—	—	—	—	—	—	—	—
5	Actuarial Gains (+) Losses (-)	16.18	-18.13	-351.67	-36.25	-4.51	8.63	—	—	12.55	36.07
6	Benefit Paid	54.98	9.13	167.73	25.05	—	—	—	—	-25.04	-18.75
7	Present Value of Projected Benefit Obligations as on 31.03.2011 & 31.03.2012 (1+2+3+4+5-6)	525.98	500.06	1086.30	1017.17	32.62	31.83	56.15	38.30	236.64	221.02

## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

**B. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2012**

(₹ in lakh)

Sl. No.	Particulars	Gratuity		Exempt PF		Sick Leave		LTC		Long Term Compensated Absence	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Service Cost	<b>26.45</b>	8.46	<b>175.10</b>	163.15	<b>2.73</b>	1.85	<b>56.15</b>	38.30	<b>11.21</b>	8.94
2	Past Service Cost	—	193.08	—	—	—	—	—	—	—	—
3	Interest Cost	<b>38.28</b>	23.52	<b>77.97</b>	63.44	<b>2.58</b>	1.56	—	—	<b>16.89</b>	13.57
4	Actuarial Gains (-) Losses (+)	<b>16.18</b>	-18.09	<b>-18.07</b>	27.08	<b>-4.51</b>	8.63	—	—	<b>12.55</b>	36.07
5	Expected Return on Plan Assets	<b>-17.07</b>	-18.22	<b>-93.14</b>	-81.50	—	—	—	—	—	—
6	Benefits paid	—	—	—	—	—	—	—	—	—	—
7	Amount charged to Employees remuneration And benefits & other Expenses (1+2+3+4-5-6)	<b>63.83</b>	188.75	<b>141.85</b>	172.16	<b>0.79</b>	12.04	<b>56.15</b>	38.30	<b>40.66</b>	58.58

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

(₹ in lakh)

Sl. No.	Particulars	Gratuity		Exempt PF		Sick Leave		LTC		Long Term Compensated Absence	
		2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11	2011-12	2010-11
1	Opening Balance	<b>212.25</b>	199.87	<b>983.71</b>	827.44	—	—	—	—	—	—
2	Expected Return	<b>16.82</b>	18.22	<b>93.14</b>	81.50	—	—	—	—	—	—
3	Actuarial Gains (+) Losses (-)	—	-0.04	<b>1.86</b>	-63.33	—	—	—	—	—	—
4	Contribution by employees	—	3.33	<b>175.10</b>	163.15	—	—	—	—	<b>25.04</b>	18.75
5	Benefits paid	<b>54.98</b>	9.13	<b>167.73</b>	-25.05	—	—	—	—	<b>25.04</b>	18.75
6	Closing balance (1+2+3+4-5)	<b>174.09</b>	212.25	<b>1086.08</b>	983.71	—	—	—	—	—	—

**D. ACTUARIAL ASSUMPTIONS**

Sl.No.	Description	As on March 31, 2012	As on March 31, 2011
1	Discount Rate per annum	<b>8.60%</b>	8.10%
2	Rate of Return on Plan Assets	<b>Gratuity 9.25% Exempted PF 9%</b>	Gratuity 9.50% Exempted PF 9%
3	Mortality Rate	<b>Indian Assured Lives (1994-96) Ultimate Table</b>	Indian Assured Lives (1994-96) Ultimate Table
4	Withdrawal rates (per annum)	<b>9.66%</b>	7.24%
5	The estimates of future salary increases considered in actuarial valuation, take into account escalation, inflation, seniority, Promotion and other relevant factors	<b>7.00% for the next five years</b>	7.00% for the next five years

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**

13. Earnings per share has been computed as below:

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
Profit after tax (₹ in lakhs) (a)	<b>4375.98</b>	4201.60
No. of shares (in lakhs) (b)	<b>204.85</b>	204.85
Basic earnings per share (a/b)	<b>21.36</b>	20.51
Diluted earnings per share (a/b)	<b>21.36</b>	20.51
Nominal value per share	<b>10.00</b>	10.00

14. 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 ₹58,42,000/- (Previous year ₹75,07,000/-) 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:

(₹ in lakh)

Particulars	Cumulative as on March 31, 2012	Cumulative as on March 31, 2011
<b>Deferred Tax Assets:</b>		
Provision for Doubtful debts	<b>388.55</b>	332.09
Provision for compensated absence	<b>196.48</b>	177.60
Provision for wage settlement	—	—
Sub-Total (A)	<b>585.03</b>	509.69
<b>Deferred Tax liability:</b>		
Depreciation on Assets	<b>19.54</b>	2.62
Sub-Total (B)	<b>19.54</b>	2.62
<b>Cumulative Deferred Tax Asset</b>	<b>565.49</b>	507.07

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

Year in which dividend paid	2011-12	2010-11
No. of Shareholders	<b>16</b>	16
No. of Shares held	<b>11230</b>	4969
Gross amount of Dividend (Rupees)	<b>28075</b>	9938

16. 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.

17. The transactions with related parties as per Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India and as required under the Listing Agreement with Stock Exchanges are furnished below:

**(A) RELATED PARTIES:**

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

**NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS****(B) KEY MANAGEMENT PERSONNEL:**

Dr.K.K.Deb - Managing Director (upto 29.04.2011)

Mr.C.Ilango - Managing Director (From 29.04.2011)

**(C) TRANSACTIONS WITH RELATED PARTIES:**

(₹ in lakh)

Sl.No.	Related Party	Nature of Transaction	2011-12	2010-11
1	Canara Bank	Term Loans & other credit facilities *	<b>154459.13</b>	119392.08
		Interest paid for the year	<b>13387.09</b>	8862.11
		Deposits *	<b>1556.00</b>	2507.00
		Interest earned for the year	<b>186.09</b>	230.53
		Rent paid for the year	<b>32.24</b>	29.98
		Bank charges for the year	<b>4.20</b>	12.81
		Salary of deputed staff	<b>22.37</b>	49.52
		Salary of Managing Director/s	<b>16.41</b>	10.68
		Other Payments for the year	<b>3.31</b>	7.79
		Rent Received from Bank	<b>0.66</b>	0.66
2	Canbank Computer Services Ltd.	Registrar & Transfer Agency charges for the year	<b>9.82</b>	9.45
		IT Services	<b>1.70</b>	4.69
		Other Services	<b>6.76</b>	6.94

Amount written off: Nil      Amount written back: Nil      \* Outstanding as of March 31.

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

18. There are no penalties levied on the Company by the National Housing Bank.
19. There are no adverse comments on the Company made in writing by the National Housing Bank on Regulatory compliance, which requires disclosure.
20. The Company has complied with requirements as per Para 29 of the Housing Finance Companies (NHB) Directions 2001.
21. During the year the Company has changed the policy of accounting for penal interest from cash system to accrual system. Had the Company followed the cash system, the profit for the year would have been lower by ₹1.73 crore.
22. Previous year figures have been rearranged/regrouped wherever necessary.

## NOTES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

### NOTE 22

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

##### 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 (Note 11).

Class B PTCs held by the Company (as originator) under Mortgage Backed Securitisation (MBS) transactions are shown under Securitised Assets (Note 12).

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

---

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

**S.R.Iyer**  
Chairman

**Anil Kumar Nayyar**  
Director

**K.S.Madhava Murthy**  
Director

**T.B.Kumaraswamy**  
Partner  
Membership No.: 027709

**C.Ilango**  
Managing Director

**P.B.Santhanakrishnan**  
Director

**Place : Bangalore**  
**Date : April 18, 2012**

**Shamila M**  
Chief Financial Officer

**K.S.Sathyaprakash**  
Company Secretary

---

**CASH FLOW STATEMENT FOR THE YEAR ENDING ON MARCH 31, 2012**

(₹ in lakh)

	For the year ended March 31, 2012	For the year ended March 31, 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS</b>	<b>6,836.39</b>	5,997.11
<b>ADJUSTMENTS FOR :</b>		
Depreciation	<b>55.00</b>	33.89
(Profit)/Loss on sale of Assets	<b>-65.04</b>	-0.60
Interest/Dividend	<b>-875.95</b>	-730.61
Bad debts written off/Recovered	<b>280.94</b>	—
Provision for retirement benefits	<b>65.10</b>	256.22
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>6,296.44</b>	5,556.01
<b>ADJUSTMENTS FOR :</b>		
Current Assets	<b>245.34</b>	-413.04
Current Liabilities	<b>2,716.89</b>	343.07
	<b>2,962.23</b>	(69.97)
<b>CASH GENERATED FROM OPERATIONS</b>	<b>9,258.67</b>	5,486.05
Direct taxes paid	<b>-1,847.07</b>	-1,565.95
<b>CASH FLOW BEFORE EXTRAORDINARY ITEMS</b>	<b>7,411.60</b>	3,920.10
<b>NET CASH FROM OPERATING ACTIVITIES 'A'</b>	<b>7,411.60</b>	3,920.10
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	<b>(135.09)</b>	(15.55)
Sale of Fixed Assets	<b>79.11</b>	2.71
Purchase of Investments	—	—
Sale of Investments	—	50.00
Interest Received	<b>875.95</b>	730.61
<b>NET CASH USED IN INVESTING ACTIVITIES 'B'</b>	<b>819.97</b>	767.77

**CASH FLOW STATEMENT FOR THE YEAR ENDING ON MARCH 31, 2012**

(₹ in lakh)

	<b>For the year ended March 31, 2012</b>	For the year ended March 31, 2011
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share Capital	—	—
Long Term Borrowings (Net of Repayments)	<b>37,987.45</b>	3,846.83
Loans (Net of Repayments) *	<b>-47,499.59</b>	-10,313.15
Dividends paid	<b>-595.21</b>	-479.33
NET CASH USED IN FINANCING ACTIVITIES 'C'	<b>-10,107.35</b>	-6,945.65
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS 'A+B+C'	<b>-1,874.77</b>	-2,256.78
OPENING BALANCE OF CASH AND CASH EQUIVALENTS 'D'	<b>3,588.12</b>	5,844.91
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS 'E'	<b>1,713.35</b>	3,588.12
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS 'E-D'	<b>-1,874.77</b>	-2,256.78

\* Including Securitised Assets

**S.R.Iyer**  
Chairman

**Anil Kumar Nayyar**  
Director

**K.S.Madhava Murthy**  
Director

**C.Ilango**  
Managing Director

**P.B.Santhanakrishnan**  
Director

**Shamila M**  
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 March 31, 2012. The statement has been prepared by the Company in accordance with the requirement of the listing agreements with the respective stock exchanges and is based on and in agreement with the corresponding Profit and Loss account and Balance Sheet of the Company.

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

**T.B.Kumaraswamy**  
Partner  
Membership No.: 027709

Place : Bangalore  
Date : April 18, 2012

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

(In terms of Part IV of Schedule VI to the Companies Act, 1961)

**I Registration Details**

Registration No.	<b>8699</b>	State Code	<b>8</b>
Balance Sheet Date	<b>31-03-2012</b>		
	DD-MM-YYYY		

**II Capital raised during the year (Amount in ₹ Thousands)**

Public Issue	<b>Not Applicable</b>	Rights Issue	<b>Not Applicable</b>
Bonus Issue	<b>Not Applicable</b>	Private Placement	<b>Not Applicable</b>

**III Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)**

Total Liabilities	<b>27163422</b>	Total Assets	<b>27163422</b>
<u>Sources of Funds</u>			
Paid-up Capital	<b>204875</b>	Reserves & Surplus	<b>3270855</b>
Secured Loans	<b>21397733</b>	Unsecured Loans	<b>1438868</b>
<u>Application of Funds</u>			
Net Fixed Assets	<b>32443</b>	Investments	<b>169350</b>
Net Current Assets	<b>26961628</b>	Misc. Expenditure	<b>Nil</b>
Accumulated Losses	<b>Nil</b>		

**IV Performance of the Company (Amount in ₹ Thousands)**

Turn Over	<b>2868283</b>	Total Expenditure	<b>2185195</b>
Profit / Loss Before Tax	<b>609757</b>	Profit / Loss After Tax	<b>437599</b>
Earning per Share in ₹	<b>21.36</b>	Dividend Rate (%)	<b>30</b>

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

(As per monetary terms)

Item Code No.	<b>0</b>
(ITC Code)	<b>Nil</b>
Product Description	<b>Housing Finance</b>

For **K P Rao & Co.,**  
Chartered Accountants  
Firm Registration No.: 0031355

**S.R.Iyer**  
Chairman

**Anil Kumar Nayyar**  
Director

**K.S.Madhava Murthy**  
Director

**T.B.Kumaraswamy**  
Partner  
Membership No.: 027709

**C.lango**  
Managing Director

**P.B.Santhanakrishnan**  
Director

**Place : Bangalore**  
**Date : April 18, 2012**

**Shamila M**  
Chief Financial Officer

**K.S.Sathyaprakash**  
Company Secretary

LIST OF BRANCHES / OFFICES IN INDIA

**Ahmedabad**

# 203, Samedh Building, Second Floor, C G Road, Near Associated Petrol Pump, Ahmedabad-380 006  
Tel: 079-26405312/26560759  
Email: ahmedabad@canfinhomes.com

**Bangalore**

# 19/5, 'KAREEM TOWERS', I Floor, Cunningham Road, Bangalore-560 052  
Tel: 080-22266430/22262003  
Email: cunninghamroad@canfinhomes.com  
# 765, 1<sup>st</sup> Floor, MEI Layout, 60 feet Road, Bagalagunte, Hesarahatta Road, Bangalore-560 073  
Email: hesarahatta@canfinhomes.com  
"Sajini", # 69, Old no. 35, Basement Ground & I floor, 12<sup>th</sup> main Jayanagar 3<sup>rd</sup> Block, Bangalore-560 011  
Tel: 080-26630776/26630501  
Email: jayanagar@canfinhomes.com

# 931, 1<sup>st</sup> Floor, 1<sup>st</sup> Main, 7<sup>th</sup> Cross, Kengeri Satellite Town, Bangalore-560 060  
Tel: 080-28486098/28486099  
Email: kengeri@canfinhomes.com

# 586, II Floor, 80 ft. Road, Near Police Station, Opp. Bethany School, 8<sup>th</sup> Block, Koramangala, Bangalore-560 095  
Tel: 080-25703723/25703722  
Email: koramangala@canfinhomes.com

# 14, Ground Floor, "Krishna Towers", Outer Ring Road Cross (service road), Marathahalli, Bangalore-560 037  
Tel: 080-25401332  
Email: marathahalli@canfinhomes.com

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

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

# 148/E, I Floor, Siddalingeswara Towers, 17<sup>th</sup> Main, East Of Chord Road, Vijayanagar, Bangalore-560 040  
Tel: 080-23404965/23359162  
Email: vijayanagar@canfinhomes.com

**Baroda**

# 4, 5, 6, First Floor, Plot No.24, Spring Field Complex, Hari Nagar Co-Operating Housing Society, Hari Nagar Chhar Rasta, Gotri Road, Vadodara-390 021  
Tel: 0265-2388326/2388327  
Email: baroda@canfinhomes.com

**Bhopal**

1<sup>st</sup> Floor, No-6, Zone 2, M P Nagar, Bhopal-462 011  
Tel: 0755-2577939/2577935  
Email: bhopal@canfinhomes.com

**Bhubaneswar**

Plot No.6, Chidananda Vihar, Po-Aignia, Khandagiri, Bhubaneswar-751 019.  
Tel: 0674-2392045/2390883  
Email: bhubaneswar@canfinhomes.com

**Calicut**

18/1145 D, 1<sup>st</sup> Floor, K T Commercial Complex, Jail Road, Calicut-673 004  
Tel: 0495-2704883/2704884  
Email: calicut@canfinhomes.com

**Chandigarh**

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

**Chennai**

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

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

Ground Floor, Grihalayaloganayaki, Plot No.17, Door No.26/62, 1<sup>st</sup> Main Road, Tirumalai Nagar Annexe, Perungudi, Chennai-600 096  
Email: omr@canfinhomes.com

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

# 7/1, Muthu Linga Reddy Street West Tambaram, Chennai-600 045  
Tel: 044-22260600/22260640  
Email: tambaram@canfinhomes.com

**Cochin**

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

**Coimbatore**

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

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

**Davanagere**

# 428/3, I Floor, Lawyer's Road, Davanagere-577 002  
Tel: 0819-2270345/2235006  
Email: davangere@canfinhomes.com

**Dehradun**

# 38, Arhat Bazar, Shaharanpur Chowk, Dehradun-248 001  
Tel: 0135-2520242  
Email: dehradun@canfinhomes.com

**Goa**

# 307 & 308, III Floor, Kamat Towers, Patto, Panjim, Goa-403 001  
Tel: 0832-2438517, 2438518  
Email: goa@canfinhomes.com

**Guntur**

# 4-1-1, 1st floor, Gayatri Plaza, Main Road, Koritipadu, Guntur-522 007  
Tel: 0863-2333064  
Email: guntur@canfinhomes.com

**Hosur**

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

**Hubli**

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

**Hyderabad**

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

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

Flat No.102, I Floor, Sri Rama Towers, Near Anusha Granites, Kukatpally Hyderabad-500 072  
Tel: 040-23061459  
Email: kukatpally@canfinhomes.com

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

**Indore**

# 207, 2<sup>nd</sup> Floor, Palasia Tower, 1/1, New palasia, Near 56 Shops, Indore-452 001  
Tel: 0731-2541194  
Email: indore@canfinhomes.com

**Jaipur**

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

**Kakinada**

C/o. Krishna Rao, Popular Auto Mobiles, 21-1-3, Jawahar Street, 1<sup>st</sup> Floor, Kakinada-533 001  
Tel: 0884-2377898  
Email: kakinada@canfinhomes.com

**Karur**

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

**Lucknow**

# 3, Shahnajaf Road, 1<sup>st</sup> Floor, Speed Building, Lucknow-226 001  
Tel: 0522-2617731/2274431  
Email: lucknow@canfinhomes.com

**Madurai**

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

**Mangalore**

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

**Meerut**

# 5, Pinnacle Tower, 1<sup>st</sup> Floor, Vaishali Corner, Garh Road, Meerut-250 002  
Tel: 0121-2779985  
Email: meerut@canfinhomes.com

**Mumbai**

# 101-102, 1<sup>st</sup> Floor, Mahavide Adjacent to Municipal Garden, Chandavarkar Road, Borivali West, Mumbai-400 092  
Tel: 022- 28924369/28925385/28918218, Fax: 28908545  
Email: mumbai@canfinhomes.com

"Giriraj", I Floor, SS-4/210 & 212 (Opp. Meghraj Multiplex), Sector-2, Vashi, Navi Mumbai-400 703  
Tel: 022-27820168/27820169  
Email: navimumbai@canfinhomes.com

**Mysore**

# 16, 1<sup>st</sup> Floor, Sita Vilas Road, Near Marimallappa School, Chamaraja Mohalla, Mysore-570 024  
Tel: 0821-2429699/2429377  
Email: mysore@canfinhomes.com

**NCR**

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

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

1<sup>st</sup> Floor, DDA Building, Near Paras Cinema, Nehru Place, New Delhi-110 019  
Tel: 011-26487529/26435815/26430236, Fax: 26473318  
Email: delhi@canfinhomes.com

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

# 8, First Floor, Vaishali Enclave Pitampura, New Delhi-110 034  
Tel: 011-27315619  
Email: pitampura@canfinhomes.com

**Patna**

#403, 404, 405, Ashiana Hariwasi, 4th Floor, Dak Bunglow Road, Patna-800 001  
Tel: 0612-2239861  
Email: patna@canfinhomes.com

**Pondicherry**

# 490, I floor, M G Road, Near Chinnakady, Pondicherry-605 001  
Tel: 0413-2338447/2222118  
Email: pondicherry@canfinhomes.com

**Pune**

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

**Rajpur**

Sai Towers Building, I floor Besides Azad Chowk Police Station, Amapara, G E Road, Rajpur-492 001  
Tel: 0771-2108900/4097077  
Email: rajpur@canfinhomes.com

**Salem**

#1, Johnston Pet Road, Hastampatty, Salem-636 007  
Tel: 0427-2420017  
Email: salem@canfinhomes.com

**Trichur**

1<sup>st</sup> Floor, Marva Arcade, Machingal Lane, M G Road, Trichur-680 001  
Tel: 0487-2332421/2331952  
Email: trichur@canfinhomes.com

**Trichy**

2<sup>nd</sup> Floor, Ambagam Building, Puthur High Road, Trichy-620 017  
Tel: 0431-2773960/2773843  
Email: trichy@canfinhomes.com

**Trivandrum**

# 28/2452, Ground Floor, M G Road, Trivandrum-695 001  
Tel: 0471-2477446/2461446  
Email: trivandrum@canfinhomes.com

**Tumkur**

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

**Vijayawada**

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

**Visakhapatnam**

1st Floor, Potluri Mansions, 30-15-123, Daba Gardens Main Road, Visakhapatnam-530 020  
Tel: 0891-2746736/2591167  
Email: visakhapatnam@canfinhomes.com

**Registered Office & Corporate Office :**

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

**CAN FIN HOMES LTD.,**  
BOARD SECRETARIAT & TAXATION DEPARTMENT  
R.O., Bangalore-560 004

**ECS MANDATE FORM (For shares held in Physical mode)**

To,

**M/s. Canbank Computer Service Ltd.,**  
Registrar and Share Transfer Agents  
Unit : Can Fin Homes Ltd., R & T Centre, J.P. Royale,  
I Floor, No.218, 2<sup>nd</sup> Main, Sampige Road (Near 14<sup>th</sup> Cross),  
Malleshwaram, Bangalore-560 003.  
Tel: 080-23469661/62/65 Fax: 080-23469667/68

Dear Sir,

I hereby consent to have the amount of dividend on my equity shares credited through the Electronic Clearing Service (Credit Clearing) - (ECS). The particulars are:

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

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

Yours faithfully,

(Signature of the 1<sup>st</sup> Registered holder/s as per the Specimen Signature with the Company)

Name :  
Address :

Date : \_\_\_\_\_

In case, the shareholder 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

P.T.O. for De-mat mode

**ECS MANDATE FORM (For shares held in De-mat mode)**

To,

Dear Sir,

I hereby consent to have the amount of dividend on my equity shares credited through the Electronic Clearing Service (Credit Clearing) - (ECS). The particulars are:

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

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

Yours faithfully,

(Signature of the 1<sup>st</sup> Registered holder/s as per the Specimen Signature with the Company)

Name :  
Address :

Date :

In case, the shareholder 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



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-Fifth Annual General Meeting held on Wednesday, the August 08, 2012 at 11.00 a.m. at the J.S.S. Mahavidya Peetha, Shivarathreeswara Centre Auditorium, 1<sup>st</sup> Main, 8<sup>th</sup> 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 electronic 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 .....

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-Fifth Annual General Meeting of the Company to be held on Wednesday, the August 08, 2012 at 11.00 a.m. and at any adjournment thereof.

Signed this ..... day of ..... 2012.

Reg. Folio No.....

\* Client ID No. ....

\* DP ID No. ....

No. of Shares held .....

15 Paise  
Revenue  
Stamp

**Signature of the Proxy** .....

**Signature of the first named / sole shareholder**

\* Applicable for investors holding shares in electronic form.

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





Handing over of Dividend Cheque to CMD, Canara Bank



Uttarahalli Branch Opening



Kengeri Branch Opening



Business Plan Conference 2012-13 at Gurgaon



Business Plan Conference 2012-13 at Bangalore



Singapore Tour



**Registered Office** : 1st Floor, 29/1, Sir M.N. Krishna Rao Road, Basavanagudi, Bangalore 560 004.  
Tel : 080 26565737, Fax : 080 26565746  
Email : [mktg@canfinhomes.com](mailto:mktg@canfinhomes.com). [www.canfinhomes.com](http://www.canfinhomes.com)