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Can Fin Homes Ltd
(Sponsor : CANARA BANK)

24th Annual Report

2010 - 2011



Board of Directors



Mr. P.R. Yagnik



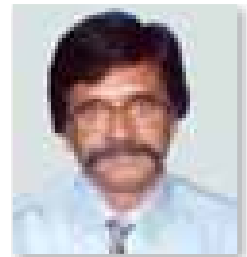
Dr. Ashok K Mittal



Mr. Ashok Kumar Jain



Mr. Anil Kumar Nayyar



Dr. K.K. Deb



Mr. S.R. Iyer



Mr. K.S. Madhava Murthy



Mr. K.R. Vijayendra



Mr. C. Ilango

BOARD OF DIRECTORS

Mr.P.R.Yagnik	Chairman
Dr.Ashok K Mittal	Director (upto 03.02.2011)
Mr.Ashok Kumar Jain	Director
Mr.Anil Kumar Nayyar	Director
Dr.K.K.Deb	Managing Director (upto 29.04.2011)
Mr.S.R.Iyer	Director (from 05.01.2011)
Mr.K.S.Madhava Murthy	Director (from 12.01.2011)
Mr.K.R.Vijayendra	Director (from 29.01.2011)
Mr.C.Ilango	Managing Director (from 29.04.2011)

EXECUTIVES**Assistant General Managers**

Mr.Rm.Veerappan
Mr.P.Vijayasekhara Raju
Mrs.M.Shamila
Mr.T.Bakthavalsalan

**Asst. General Manager &
Company Secretary**

Mr.K.S.Sathyaprakash

Chief Managers

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

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

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

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

Chartered Accountants
'Poornima', 25
Madras Bank Road
Bangalore - 560 001

PRINCIPAL BANKERS**Canara Bank****CAN FIN HOMES LTD.,
REGISTERED OFFICE**

No.29/1, I Floor, Sir. M.N.Krishna Rao Road, Basavanagudi, Bangalore - 560004
Tel : 080 -26568687, 26570155, 26564259, 26563646 Fax : 080 - 26565746
E-mail : development@canfinhomes.com
Website : www.canfinhomes.com

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

FOR THE YEAR ENDED MARCH 31, 2011

OPERATIONAL HIGHLIGHTS

Rs. In Crores

	2006-07	2007-08	2008-09	2009-10	2010-11	Cumulative Figures
Loan approvals	417.09	263.88	356.28	652.86	545.53	6717.18
Loan disbursements	453.36	247.40	300.54	546.90	472.78	5801.99

FINANCIAL HIGHLIGHTS

Gross Income	190.00	221.47	222.91	216.44	231.29
Profit after Tax	30.10	28.40	31.53	39.19	42.02
Shareholder funds	197.78	219.76	246.50	274.89	310.96
Deposits	191.68	160.13	165.35	202.31	149.76
Borrowings	1554.44	1480.88	1480.00	1663.00	1754.03
Housing/other loan outstanding	1941.53	1899.46	1887.18	2106.65	2207.50
Dividend (%)	25	25	20	20	25

NOTICE

NOTICE is hereby given that the TWENTYFOURTH ANNUAL GENERAL MEETING OF THE MEMBERS OF **CAN FIN HOMES LTD.**, will be held at 11 A.M. on Wednesday the August 24, 2011 at the J.S.S.Mahavidya Peetha, Shivarathreeswara Centre Auditorium, 1st Main, 8th Block, Jayanagar, Bangalore-560 082 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended that date together with the Report of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in the place of Mr. P.R.Yagnik, who retires by rotation and being eligible, offers himself for re-appointment.
4. To consider and if thought fit, to pass, with or without modification(s), the following as a Special Resolution, pursuant to Section 224A of the Companies Act, 1956:

“RESOLVED that M/s. K P Rao & Co., Chartered Accountants, be and are hereby re-appointed as auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, at such remuneration as may be fixed by the Board of Directors, in addition to reimbursement of out-of-pocket expenses incurred by them for the purpose of conducting audit of the accounts of the Company”.

“RESOLVED FURTHER that the following firms of Chartered Accountants be and are hereby re-appointed as the auditors to carry out the audit of the branches of the Company mentioned against each of their firm’s name, 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 the audit:

Sl.No.	Name of the firms of Chartered Accountants	Name of the Branches authorised for auditing
(i)	M/s. K.P.Rao & Co., Bangalore	Branches in the States of Karnataka, Kerala, Goa, Gujarat, Maharashtra and new branches, if any, to be opened by the Company during 2011-12.
(ii)	M/s.L.U.Krishnan & Co., Chennai	Branches in the State of Tamil Nadu and the Union Territory of Pondicherry.
(iii)	M/s K.P.Rao Associates Hyderabad	Branches in the States of Andhra Pradesh and Orissa.
(iv)	M/s.H.K.Chaudhry & Co., New Delhi	Branches at New Delhi, Noida, Faridabad, Gurgaon, Jaipur, Lucknow, Chandigarh, Bhopal, Raipur, Indore and Patna”.

SPECIAL BUSINESS

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

AS ORDINARY RESOLUTIONS:

5. "RESOLVED that Mr.S.R.Iyer be and is hereby appointed as a Director of the Company, liable to retire by rotation".
6. "RESOLVED that Mr.K.S.Madhava Murthy be and is hereby appointed as a Director of the Company, liable to retire by rotation".
7. "RESOLVED that Mr.K.R.Vijayendra be and is hereby appointed as a Director of the Company, liable to retire by rotation".
8. "RESOLVED that Mr.C.Ilango be and is hereby appointed as a Director of the Company".

"FURTHER RESOLVED that pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof, approval of the members of the Company be and is hereby accorded to the appointment of Mr.C.Ilango, Deputy General Manager, Canara Bank, as the Managing Director of the Company with effect from the afternoon of April 29, 2011 for a period not exceeding 3 years and further extension, if any, thereof, at such remuneration he is entitled to in accordance with the Service Regulations of Canara Bank and any modifications and revisions thereof that might take place from time to time and payable by way of reimbursement to Canara Bank and on the terms and conditions including remuneration payable to him as the Managing Director as detailed in the explanatory statement attached hereto, provided however that the remuneration payable to Mr.C.Ilango shall not exceed the limits prescribed under Schedule XIII to the Companies Act, 1956, including any amendment, modification, variation or re-enactment thereof".

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

BY ORDER OF THE BOARD OF DIRECTORS

Place : Bangalore

Date : June 09, 2011

K.S.SATHYAPRAKASH
COMPANY SECRETARY

Registered Office:

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

NOTES

1. **A MEMBER 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. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE ATTENDANCE SLIP-CUM-PROXY FORM IS PLACED AT THE END OF THIS ANNUAL REPORT. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING OR HOLDING THE ADJOURNED MEETING IN RELATION TO WHICH THE PROXY IS GIVEN.**
2. The relative Explanatory Statements, pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business vide item Nos.5 to 8 of the notice are enclosed herewith.
3. The Register of Members and Share Transfer Books of the Company would remain closed from Thursday August 18, 2011 to Wednesday August 24, 2011 (both days inclusive) for the purpose of payment of dividend for the financial year 2010-11.
4. Payment of dividend for the financial year 2010-11, on declaration, will be made after August 25, 2011 to those members whose names appear in the Register of Members of the Company as on August 17, 2011.
5. Members are requested to address all correspondence, including on 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, 2nd Main, Sampige Road (Near 14th Cross), Malleswaram, Bangalore-560003.
6. The Company has its utmost concern about the environment and as a part of its green initiatives and e-governance and in order to comply with the requirements of Circular Nos.17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, issued by the Ministry of Corporate Affairs (MCA), Government of India, proposes to send documents like the notice convening the general meetings, financial statements, Auditors Report, Report of Directors and the like to the e-mail address provided by the members of the Company to their respective Depositories.

In order to enable the Company to send the official documents to the members in the electronic mode, the members are requested to provide/up-date their e-mail address with their respective Depository Participant so as to ensure that the annual report and other documents reach them on their preferred e-mail Id. Members holding shares in physical mode are requested to update/send their e-mail address to legal@canfinhomes.com and / or ravi@ccsl.co.in; naidu@ccsl.co.in the Registrars and Share Transfer Agents of the Company. Individual letters in this regard is sent to all the shareholders by post.
7. Members who have not encashed their dividend warrants for the years 2003-04 to 2009-10 are requested to approach the Registrars and Share Transfer Agents of the Company for revalidating the warrants or obtaining cheques in lieu of warrants. Pursuant to the provisions of Section 205A & 205C of the Companies Act, 1956, the dividend declared for 2003-04 remaining unclaimed and unpaid as of 31.07.2011, (even after settling the matter in response to the reminders sent by the Company to the respective shareholders) would be transferred to the Investor Education & Protection Fund (IEPF) on completion of 7 years from the date on which it became first due for payment i.e. on 21.07.2004. Members may please note that no claim shall lie against the IEPF or the Company in respect of Dividend 2004 after 21.07.2011.
8. **The shareholders desirous of obtaining any information with regard to the audited annual accounts of the Company for the financial year 2010-11 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.**

9. Nomination facility: Consequent to the introduction of Section 109A of the Companies Act, 1956 and as has been already brought to the notice of all the Members, individual Members are entitled to make a nomination in respect of the shares held by them. The Members, who have not yet sent the said nominations, are requested to send the Nomination in Form-2B (in duplicate) to the Registrars and Share Transfer Agents of the Company for registering the nominations, if any.
10. 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 furnished by the National Securities Depository Ltd./ Central Depository Services (India) Ltd.,} will be credited to the respective beneficial owner's bank account through the Electronic Clearing Services (ECS), subject to availability of ECS facility at such centers as notified by the Reserve Bank of India.
11. Members holding shares in electronic/de-materialised form may please note that their bank details as furnished by the respective Depositories to the Company will be printed on the dividend warrants as per the applicable Regulations of the Depositories Act, 1996 and the Company will not be in a position to act on any direct request from such members for change/deletion of such bank details. Further, the instructions, if any, already given by the Members, in respect of shares held in physical form will not automatically be applicable to the dividend paid on shares held in electronic/de-materialised form. Members may therefore give instructions to their Depository Participants immediately, regarding their latest bank account numbers/particulars (comprising 13 digits or otherwise, as the case may be), to which they wish to receive dividend.
12. 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 Registrars and Share Transfer Agents for incorporation of the same on the dividend warrants. This would also facilitate for payment of dividend through ECS/NECS, based on the request, if any, received from the respective shareholders.
- 13. 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 (2010-11).
 - (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.
14. 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.

ANNEXURE TO THE NOTICE

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

In respect of Item No.5

The Board of Directors of the Company, appointed Mr.Subramaniam Ramachandran Iyer (Mr.S.R.Iyer) as an Additional Director of the Company with effect from January 05, 2011. Pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of the Companies Act, 1956 "the Act", Mr.S.R.Iyer holds office only up to the date of the ensuing Annual General Meeting.

Mr.S.R.Iyer is a degree holder in Science and a CAIIB. Mr.S.R.Iyer had varied and extensive experience in commercial banking, international banking and merchant banking in SBI Group. He joined SBI as a Probationary Officer in 1962 and after holding various positions in India and abroad, retired as the Managing Director of State Bank of India. He was the General Manager in the SBI Capital Markets Ltd., for 5 years.

Mr.S.R.Iyer served on the Boards of 15 subsidiaries and associates of SBI while working as Deputy Managing Director (Associates & Subsidiaries) in SBI. He has also served on the Boards of National Stock Exchange, SBI Card & Payment Services P. Ltd., GE Capital Business Process Management Services P. Ltd., SBI (California), SBI International (Mauritius) Ltd.

He was the Executive Chairman of Credit Information Bureau (India) Ltd. (CIBIL) after retiring from SBI as Managing Director, for 3 years (2001-2004). Mr.S.R.Iyer was a member of the "High Level Expert Committee to review the functioning of National Minorities Development & Finance Corporation" constituted by the Govt. of India (2006-07).

Presently, Mr.S.R.Iyer is on the Boards of nine Companies (3 listed and 6 unlisted) as independent and non-executive director and Chairman of the Audit Committee in eight companies (3 listed and 5 unlisted). Also he is a member of the Investment Committee of National Dairy Development Board.

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

Mr. S.R.Iyer is willing to act as a Director of the Company, if so appointed and has filed with the Company his consent pursuant to Section 264(1) of "the Act".

Mr.S.R.Iyer, is not holding any equity share in the Company (both own and held by/for other persons on a beneficial basis) and has not availed any loan from the Company.

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

No Director other than Mr.S.R.Iyer is in any way concerned or interested in the said resolution.

In respect of Item No.6

The Board of Directors of the Company, appointed Mr.K.S.Madhava Murthy as an Additional Director of the Company with effect from January 12, 2011. Pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of the Companies Act, 1956 "the Act", Mr.K.S.Madhava Murthy holds office only up to the date of the ensuing Annual General Meeting.

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

Mr.K.S.Madhava Murthy was a Member of the Management Committee of the Bangalore Branch of SIRC of ICAI since 1994 and held various positions including its Chairmanship in the year 2002-03, during which time the

Bangalore Chapter of ICAI was adjudged as the Best Branch in the Country by the ICAI. He was elected to the SIRC of ICAI for the term 2004-07 and was re-elected for the term 2007-10 during which period he held the positions as its Treasurer, Vice-Chairman and he was the Chairman of SIRC of the ICAI for the year 2007-08.

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

Mr.K.S.Madhava Murthy 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.K.S.Madhava Murthy is not holding any equity share in the Company (both own and held by/for other persons on a beneficial basis) and has not availed any loan from the Company.

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

No Director other than Mr.K.S.Madhava Murthy is in any way concerned or interested in the said resolution.

In respect of Item No.7

The Board of Directors of the Company, appointed Mr.K.R.Vijayendra as an Additional Director of the Company with effect from January 29, 2011. Pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of the Companies Act, 1956 "the Act" Mr.K.R.Vijayendra holds office only up to the date of the ensuing Annual General Meeting.

Mr.K.R.Vijayendra is a degree holder in Commerce and Law and a CAIIB.

Mr.K.R.Vijayendra had varied and extensive experience of about 39 years in commercial banking in Union Bank of India. He is the former General Manager, Retail Banking Department of Union Bank of India. He joined Canara Bank during 1968 and joined as an Officer in Union Bank of India in 1972. During his tenure in the Bank, he has worked in various cadres and in various departments and as a Regional Manager of the Bank.

He served the bank in Executive Cadre and was General Manager of the Bank since April 2005 till his attaining superannuation in April 2008.

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

Mr.K.R.Vijayendra 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.K.R.Vijayendra is not holding any equity share in the Company (both own and held by/for other persons on a beneficial basis) and has not availed any loan from the Company.

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

No Director other than Mr. K.R.Vijayendra is in any way concerned or interested in the said resolution.

In respect of Item No.8

The Board of Directors of the Company appointed Mr.C. Ilango, Deputy General Manager, Canara Bank as an Additional Director and then as the Managing Director of the Company with effect from April 29, 2011 for a period not exceeding 3 years and subsequent extension of period, if any, thereof, at such remuneration/perquisites, which he would be entitled to under the Service Regulations of the Bank subject to any modifications, revisions thereon (including revision on account of promotion etc., that may take place from time to time), payable by way of reimbursement to Canara Bank, subject to the overall ceiling limit prescribed under Schedule

XIII of the Companies Act, 1956, ("the Act") as amended from time to time and further subject to the approval of the members at the ensuing Annual General Meeting. Pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of "the Act" Mr.C.lango holds office only up to the date of the ensuing Annual General Meeting.

Mr.C.lango is a Post-Graduate Degree holder in Agricultural Science viz.,M.Sc.,(Agri) and a CAIB.

Mr.C.lango started his career as an Officer in Canara Bank in the year 1980. During his service in the Bank he has headed different branches. Mr.C.lango is a senior banker with over 31 years of commercial banking experience having served across the Country. Prior to his posting to the Company he was holding the position of Deputy General Manager in the Audit Department of Canara Bank, Head Office, Bangalore.

The main terms of appointment of Mr.C.lango are as follows:

- (a). The gross salary payable to Mr.C.lango as the Managing Director shall be Rs.78,080/- (approx.) per month, applicable to the cadre of Deputy General Manager of Canara Bank and subject to any modifications, revision(s) thereof that may take place from time to time.
- (b). In addition to the remuneration stated above, Mr.C.lango would be entitled to the perquisites/benefits which include rent free furnished accommodation, reimbursement of medical expenses, furnishings, payment of premium on personal accident and mediclaim insurance, club fees and other benefits and allowances including use of car with driver, conveyance, telephones for the Company's business and at the residence and such other perquisite(s) as he would be eligible as per the Service Regulations of the Bank, from time to time.
- (c). Other benefits and allowances include leave travel allowance, contribution to Provident Fund, Gratuity as per the Payment of Gratuity Act, 1972, superannuation fund and post retirement pension scheme, other post retirement benefit(s) in the form of medical benefits and all other benefits as he would be eligible as per the Service Regulations of the Bank, as applicable from time to time.

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

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

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

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

Your Directors are of the opinion that the appointment of Mr.C.lango as a director and Managing Director would be in the best interest of the Company and accordingly recommend the passing of the resolution proposed at Item No.8 of the Notice.

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

No Director other than Mr.C.lango, is in any way concerned or interested in the said resolution.

Place : Bangalore
Date : June 09, 2011

BY ORDER OF THE BOARD OF DIRECTORS

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

K.S.SATHYAPRAKASH
COMPANY SECRETARY

REPORT OF DIRECTORS

TO THE MEMBERS

Your Directors are pleased to present the 24th Annual Report of the business and operations of the Company together with the audited accounts for the year ended March 31, 2011.

FINANCIAL RESULTS

The financial performance for fiscal 2011 is summarised here below:

	For the year ended March 31, 2011 (Rs.in lakh)	For the year ended March 31, 2010 (Rs.in lakh)
Profit before Tax & Provisions	5997.11	5400.17
Less: Provision for Doubtful Debts - Housing Loans	145.58	83.48
Profit Before Tax	5851.53	5483.65
Provision for Tax	(1725.00)	(1624.68)
Deferred Taxation	75.07	60.00
Profit After Tax	4201.60	3918.97
Balance brought forward from previous year	480.50	160.86
	4682.10	4079.83
Appropriations:		
Transfer to Special Reserve u/s.36(1)(viii) of the Income Tax Act, 1961	1150.00	1070.00
Transfer to General Reserve	2000.00	1450.00
Proposed Dividend	512.13	409.70
Tax on Distributed Profits	83.08	69.63
Provision for contingencies	----	600.00
Balance carried forward	936.89	480.50
	4682.10	4079.83

PERFORMANCE HIGHLIGHTS

LENDING OPERATIONS

The cumulative loan sanctions of the Company, as at the end of the financial year 2010-11 was Rs.6717.18 crore as compared to Rs.6171.65 crore in the previous year. The housing loans and other loans sanctioned during the year ended March 31, 2011 were to the extent of Rs.545.53 crore as against Rs.652.86 crore sanctioned during the previous year.

DISBURSEMENTS

The cumulative loan disbursements at the end of the year stood at Rs.5801.99 crore as compared to Rs.5329.21 crore in the previous year. The loans disbursed during the year ended March 31, 2011 was to the extent of Rs.472.78 crore as against Rs.546.90 crore disbursed during the previous year.

LOANS OUTSTANDING

The cumulative loan(s) outstanding, (including the loan under "Securitized Assets" of Rs.3.92 crore), at the end of the year was Rs.2207.51 crore as compared to Rs.2106.65 crore in the previous year (with "Securitized Assets" amounting to Rs.6.90 crore).

PROFITS

Your directors are pleased to inform that during the year under review your Company has recorded a Profit Before Tax of Rs.58.52 crore as against Rs.54.84 crore during 2009-10 and Profit After Tax of Rs.42.02 crore as against Rs.39.19 crore during 2009-10.

DIVIDEND

Your Directors have discussed the subject in detail with specific reference to the present position of Capital Adequacy Ratio (CAR), the additional requirement of funds to meet CAR as per the Guidelines/Directions issued by the Regulators from time to time, future requirement of funds/capital for incremental business projected, further expansion of business and other relevant factors. Considering the above and in the long-term interest of the Company it is considered prudent and expedient to conserve profits of the Company to the extent possible. However, appreciating the confidence reposed by the members in the Company and their continued support, the Board of Directors of your Company have recommended a dividend of Rs.2.50 per equity share (25%) for the year ended March 31, 2011.

The Tax on distributed profits u/s.115-O of the Income Tax Act, 1961, at 16.22% is being paid by the Company.

FINANCIAL RESOURCES

DEPOSITS

The deposits outstanding (inclusive of interest accrued, but not due) as of March 31, 2011 were Rs.149.76 crore as against Rs.202.31 crore as at the end of the previous year.

Out of the deposits fallen due for repayment up to March 31, 2011, a sum of Rs 10.44 crore (Rs.7.26 crore as of March 31, 2010) relating to 2148 depositors (1702 depositors) had not been claimed or renewed. Subsequently, deposits of Rs 3.05 crore (Rs.1.66 crore) relating to 527 depositors (468 depositors) have been repaid or renewed. The remaining depositors have been requested either to renew or claim their deposits and the branches are making a constant follow up on the subject.

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

The Ministry of Corporate Affairs, Government of India, New Delhi, vide order F.No.07/07/ 2009-CL/MI dated July 12, 2010 has granted exemption to the Company from the applicability of the provisions of Section 58A(2)(a) and (b) of the Companies Act, 1956 ("the Act") for a period of 3 years with effect from October 22, 2009, which enables the Company to publish abridged deposit advertisement(s) only during the period of validity of the Statutory Advertisement. The said approval is granted subject to certain conditions mentioned vide paragraph nos. (i) to (vii) of the said Order viz., mentioning reference to the statutory advertisements published by the Company with date and name of the news paper, 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 requirement is 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 take 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 reaffirmed at 'Stable'.

LONG TERM FINANCIAL RESOURCES

REFINANCE FROM NATIONAL HOUSING BANK (NHB)

The NHB has an internal rating mechanism for Housing Finance Companies and your Company has been assigned the 5 Star rating for its refinance schemes by NHB. With the continued support by the NHB during the year your Company availed refinance amounting to Rs.253 crore against Rs.116 crore availed during 2009-10 under the NHB's Refinance scheme to Housing Finance Companies. The cumulative amount outstanding as on March 31, 2011 under the borrowings from the NHB was Rs.560.11 crore compared to Rs.526.03 crore as at the end of the previous year.

MORTGAGE BACKED SECURITIES (MBS)

After considering the availability of funds from other alternative sources at competitive rates, no fresh securitisation was done during the financial year 2010-11 or in the previous year.

The aggregate securitised assets outstanding as of March 31, 2011 was Rs.3.92 crore as against Rs.6.90 crore during the previous year (Refer Note no.2 of Schedule 15 to the Accounts) due to repayments made during the year. During the year the existing loans sold under the MBS issue continued to be serviced as per the schedule of repayment.

The securities issued under Mortgage Backed Securities (MBS) by the Company is rated as "AAA(SO)" by CRISIL, indicating High Safety.

DEBENTURES

The Company had no outstanding on account of debentures issued by the Company as of March 31, 2011.

BORROWINGS FROM BANKS

Your Company borrowed Rs.414 crore from banks during the year compared to Rs.384 crore during the previous year. The aggregate of term loans outstanding at the various banks at the end of the financial year stood at Rs.1193.92 crore (short term loans Nil) as against Rs.1136.97 crore during the previous year (including short term loans amounting to Rs.100 crore).

RATING OF TERM LOANS

As per the BASEL-II requirements, during the year a Rating for the borrowings by the Company by way of Term Loans was obtained from 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.

COMPLIANCE WITH GUIDELINES OF NATIONAL HOUSING BANK (NHB)

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

CAPITAL ADEQUACY

The Company has been maintaining the Capital Adequacy Ratio (CAR) above the minimum required level of 12% prescribed by the National Housing Bank (NHB) from time to time. 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, 2011 was 19.14 % as against 17.11 % during the previous year.

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

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

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

By initiating action under the provisions of the SARFAESI Act, 2002 during the year, your Company could recover about Rs.3.48 crore out of the 258 accounts that were classified as non-performing assets.

PARTICULARS OF EMPLOYEES

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

BUSINESS OPERATIONS - DISTRIBUTION NET WORK

In order to reach out customers effectively, the Company's distribution net work extends to 41 branches located in major cities of the Country.

Your Company envisages opening more number of branches in due course and also availing the services of a few Direct Selling Agents (DSAs) to enhance its business performance further. Your Company ensures that the quality of loans extended is given utmost importance.

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 224 employees (215 employees of the Company, the Managing Director and 8 officers on deputation from Canara Bank) as at March 31, 2011 as against 205 employees (193 employees of the Company, the Managing Director, the Chief Financial Officer and 10 officers on deputation from Canara Bank) as at March 31, 2010.

Your Company places a strong emphasis on employees competencies and up-gradation of skills of its employees at various levels. During the year, besides providing orientation programme to the probationary officers and the employees were also nominated for various external programmes on taxation, information security, International Financial Reporting Standards(IFRS), Risk Management and the like.

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 (Fund). In terms of the said Section no claim would lie against the Company or the IEPF after such transfer.

The Company has been intimating the shareholders/ depositors/ investors to encash their dividend warrant/lodge their claim for payment due, if any, from time to time and claims made have been settled. In spite of constant and

sincere efforts to pay the unclaimed dividend and deposit amount to the respective shareholders/depositors, certain amount still remain unclaimed.

(I) UNCLAIMED DIVIDENDS

As of March 31, 2011 dividends aggregating to Rs.51.80 lakh (previous year Rs.51.73 lakh) had not been claimed by the shareholders (pertaining to 2003-04 to 2009-10) of the Company. The Company has been intimating the shareholders to lodge their claim for dividend from time to time and the said information is being provided in Annual Reports every year.

The dividend pertaining to the financial year 2002-03 which remained unclaimed/unpaid amounting to Rs.5,73,907.50 (in respect of 1,711 shareholders) was transferred to IEPF during August 2010, after settlement of claims received (before the due date, in response to the individual reminder letters sent to the respective shareholders).

The dividend pertaining to the financial year 2003-04 remaining unclaimed and unpaid amounting to Rs.6,46,550 (in respect of 1479 shareholders), as at the end of the financial year would be transferred to IEPF during July 2011 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 2011 and the same must be claimed by July 21, 2011 by the respective share holders, as it is required to be transferred to the IEPF within a period of 30 days from the said date. In terms of the said Section no claim would lie against the Company or the IEPF after such transfer.

(II) UNCLAIMED DEPOSITS

During the year, in terms of Section 205C of the Companies Act, 1956, the unclaimed and unpaid deposits for the year 2003-04 amounting to Rs.1,25,733/- together with interest amounting to Rs.87,791/- aggregating to Rs.2,13,524/-(previous year Rs.3,75,227/-) that remained unclaimed and unpaid for a period of 7 years were transferred to IEPF.

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

Since the Company does not own any manufacturing facility, the requirement relating to providing the particulars relating to conservation of energy and technology absorption stipulated in the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 required to be furnished u/s.217(3) of the Companies Act, 1956 are not applicable.

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

DIRECTORS

Your directors wish to report that Dr.K.K.Deb resigned as a Director and the Managing Director with effect from April 29, 2011 on his repatriation to Canara Bank.

Your directors wish to place on record their appreciation for the services rendered and contribution made by Dr.K.K.Deb during his tenure as a director and the Managing Director of the Company.

The Board of Directors appointed Mr.S.R.Iyer, Mr.K.S.Madhava Murthy, Chartered Accountant and Mr.K.R.Vijayendra as Additional Directors of the Company with effect from January 05, 2011, January 12, 2011 and January 29, 2011, respectively.

Mr. S.R.Iyer is an eminent banker and is the former Managing Director of State Bank of Mysore and State Bank of India. Mr.K.S.Madhava Murthy is a qualified and Practising Chartered Accountant in Bangalore. Mr.K.R.Vijayendra is an eminent banker and is the former General Manager of Union Bank of India.

Further, the Board of Directors appointed Mr.C.Ilango, Deputy General Manager, Canara Bank, as an Additional Director and as the Managing Director of the Company with effect from April 29, 2011, subject to approval of the members of the Company at the ensuing annual general meeting.

Mr.C.Ilango is a Post-graduate degree holder in Agricultural Science and a Certified Associate of the Indian Institute of Bankers (CAIIB). He is a senior banker with over 31 years of commercial banking experience having served across the Country.

Further particulars relating to the above directors are mentioned in the explanatory statement forming part of the notice of the ensuing annual general meeting.

Pursuant to the provisions of Section 260 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 22 of the Articles of Association of the Company, Mr.S.R.Iyer, Mr.K.S.Madhava Murthy, Mr.K.R.Vijayendra, directors and Mr.C.Ilango Director and Managing Director hold office as such only upto the date of the ensuing Annual General Meeting. Your Company has received notices in writing from shareholder(s), under Section 257 of the Companies Act, 1956 proposing the appointment of Mr.S.R.Iyer, Mr.K.S.Madhava Murthy, Mr.K.R.Vijayendra, directors and Mr.C.Ilango Director and Managing Director, respectively, at the ensuing Annual General Meeting.

Your directors are of the opinion that the appointment of Mr.S.R.Iyer, Mr.K.S.Madhava Murthy, Mr.K.R.Vijayendra, as directors and Mr.C.Ilango as a Director and Managing Director of the Company would be in the best interest of the Company.

DIRECTORS RETIRING BY ROTATION

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

The related agenda, together with the explanatory statements on the appointment of Mr.S.R.Iyer, Mr.K.S.Madhava Murthy, Mr.K.R.Vijayendra, directors and Mr.C.Ilango, Director and Managing Director and re-appointment of Mr.P.R.Yagnik as a director of the Company are 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 Companies Act, 1956.

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 2010-11 and the Auditors for the other branches viz., M/s.L.U.Krishnan & Co, Chartered Accountants, Chennai, M/s.K.P.Rao Associates, Chartered Accountants, Hyderabad and M/s.H.K. Chaudhry & Co., Chartered Accountants, New Delhi, 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 and branch auditors, M/s.L.U.Krishnan & Co., M/s.K.P.Rao Associates and M/s.H.K.Chaudhry & Co., branch auditors to the effect that their proposed appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Your directors recommend the re-appointment of the above statutory/ branch auditors and suitable resolutions in that behalf have been included in the notice convening the ensuing Annual General Meeting. The above said appointment attracts the provisions of Section 224A of the Companies Act, 1956.

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;
- (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, 2011 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 is forming 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 Companies Act, 1956 and in pursuance of Clause 49 of the Listing Agreements is annexed to the Report of the Directors on Corporate Governance.

OUTLOOK FOR 2011-12

India's economy bounced back as a surge in industrial and infrastructure activity, especially the housing finance sector. New frontiers and new directions to strengthen Country's economic and social foundations are envisaged. Based on certain indicators, the interest rate on loans, especially the housing finance, is likely to move upwards moderately during 2011-12. Though the demand in commercial real estate has been picking-up, a sharp increase in demand for residential units and housing finance could be foreseen.

Your Company would continue to give a more and continued focussed attention for lending to individual loan segment. Various strategies and steps are put in place to enhance its market share in the housing market segment. With a view to sustain its performance level and enhance and accelerate its growth, your Company has a set of housing and non-housing products and planned to lay a greater stress on marketing and further enhanced business relationship.

Your Company expects a significant increase in business performance during 2011-12 with several planned initiatives already in place. However, given the indications about the likely increase in cost of funds, 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 acknowledge the role of 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 and all others for their wholehearted support and look forward to their continued support in the years ahead.

Your directors appreciate and acknowledge the professionalism and contributions made by the employees whose efforts have stood the Company in greater heights.

For and on behalf of the Board of Directors

Bangalore
June 09, 2011

P.R.YAGNIK
CHAIRMAN

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

GLOBAL OUTLOOK & GLOBAL CHALLENGES

During the year under review, the Indian economy far exceeded the expectations with the speed of its recovery from the global financial crisis. The year brought many opportunities and challenges.

The global growth as projected by the International Monetary Fund (IMF) is likely to be strong, but growth will be uneven across countries with emerging and developing economies. However, the recovery will remain two-speed in nature, with emerging and developing economies.

The global recovery is expected to sustain in 2011 and the growth is likely to increase to 4.4% in 2011 and 4.5% in 2012. Real GDP in advanced economies and emerging and developing economies is expected to expand by about 2½ percent and 6½ percent, respectively. While advanced economies face inflationary pressures from high commodity prices, emerging market economies (EMEs) face pressures from both strong domestic demand and high commodity prices. However, there is also the potential for upside surprises to growth in the short-term, owing to strong corporate balance sheets in advanced economies and buoyant demand in emerging and developing economies.

DOMESTIC OUTLOOK

The Indian economy, as per revised estimate of Central Statistical Organisation (CSO), recorded 8.5% growth compared to a 8% growth for 2009-10. Growth is expected to moderate in 2011-12 from its pace in 2010-11. The use of pro-cyclical provisioning norms and counter-cyclical regulations ahead of the global crisis helped safeguard financial stability. Despite the indication of normal monsoon during 2011, agriculture growth is likely to revert to its trend growth from the higher base last year and the pace of industrial activity has been slowing due to the impact of higher interest cost and high input prices.

The Budget for 2011-12 has a mixed bag for the real estate sector. While, it has given some relief to the affordable house buyers, it did not do much to augment the supply of the same or to contain the prices of apartments in cities.

Despite several actions on policy rates by the Reserve Bank, inflation remains high. However, as per the monetary policy statement the stability of long-term yields, despite the high current rates of inflation, suggests that inflationary expectations remain anchored.

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

INDUSTRY STRUCTURE AND MARKET SCENARIO

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 by its focus on inclusive development. Further, a continued thrust was given 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.

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

As a key feature of the budget for 2011-12, about Rs. 3,000 crore has been earmarked as Rural Housing Fund to provide housing finance to the targeted groups in rural areas at competitive rates of interest. In order to enhance the credit worthiness of Economically Weaker Sections (EWS) and Low-income Group households, the Mortgage Risk Guarantee Fund is proposed to be created which would guarantee housing loans taken by such borrowers. Considering the increase in prices of residential properties in urban areas, the existing housing loan limit, under

the priority sector lending for dwelling units, has been revised from Rs.20 lakh to Rs.25 lakh. The existing scheme of interest subvention of 1 percent on housing loans has been liberalised by extending it to housing loans upto Rs.15 lakh, where the cost of house does not exceed Rs.25 lakh from the present limit of Rs.10 lakh and Rs.20 lakh, respectively. 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.

Further, with a view to prevent frauds in loan cases involving multiple lending from different banks and financial institutions on the same immovable property, the Government has facilitated setting up of Central Electronic Registry under the SARFAESI Act, 2002. Considering the importance of housing, an investment linked deduction to business which develop affordable housing under a notified scheme is proposed.

INTEREST RATES ON HOUSING LOANS

In line with the upward movements in interest rates, the Company revised its lending rates.

LOAN APPROVALS , DISBURSEMENTS AND OUTSTANDING

A detailed information on loans sanctioned, disbursed during the year and loan outstanding as of March 31, 2011, borrowings, deposits, human resources and other related business information have been mentioned in the Report of Directors.

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., as well as non-housing finance with a view to enhance its market share and for which purpose, your Company is putting in best efforts for aggressive marketing in all earnestness and is endeavouring to expand its delivery channels as well as the customer base by ensuring quality assets. It has also introduced a scheme for home insurance to the existing as well as prospective borrowers of home loans.

OPPORTUNITIES AND THREATS

The major initiatives on the part of the Government and regulatory authorities to promote the housing sector as mentioned above, have resulted in realty sector seeing a good number of Joint Ventures of Indian developers with experienced foreign developers and transfer of world class know-how in construction technology to our Country during the past several years.

The demand for housing and consequently for finances is expected to be abundant. In the above background, it is expected that the medium and luxury housing segment also has huge prospects for further developments.

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. Emerging Tier-I and Tier-II cities, satellite town-ships etc., across India and liberalised policy adopted by the Government of India for Foreign Direct Investment (FDI) in real estate sector, which includes housing, townships, built-up infrastructure, construction, development etc. are expected to give added boost to housing finance.

Further, 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 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 bared their rates, which have reduced the spread of HFCs and continue its operations with lower spreads. In order to

meet this challenge, the Management is taking several initiatives and measures to render your Company to emerge operationally and financially even stronger.

It is noteworthy to mention that despite many environmental odds, your Company has been posting healthy profits and maintaining assets quality by significantly bringing down/maintaining the level of non-performing assets (NPAs) at a lower 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 periodical 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 where as the assets generated are of an average of 10-15 years. The Liquidity Risk and Interest Rate Risks, which arise due to maturity mis-match of assets and liabilities are managed through constant monitoring of the maturity profiles 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 Prime Lending Rates (PLRs)/ 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 reviews the position at regular intervals and corrective actions are recommended and implemented, depending upon the requirement.

The Board of Directors and the Audit Committee 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.

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.

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 41 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 guidelines to HFCs on prudential norms for income recognition, asset classification, provisioning for bad and doubtful debts, capital adequacy and concentration of credit/investments. Your Company has been complying with such prudential norms from time to time.

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

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

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, 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.

The industrial relations continued to be cordial during the year.

RELATED PARTY TRANSACTIONS

The related party transactions with details are furnished in Schedule-15 to Notes on Accounts [vide Sl.No.19(C)], forming part of the Accounts.

OUTLOOK FOR 2011-12 – ISSUES AND PROSPECTS

The Indian investors, including the global investors have turned positive on Indian companies, business following a semblance of normalcy in global markets and improved fiscal situation. There is a sharp uptick in demand for residential units in metros as well as in sub-urban town in the Country. However, the elevated interest cost and home prices may reduce the demand for home loans to certain extent in the short run.

As per the recommendations of the Malegam Committee, a committee has been appointed to re-examine the existing classification and suggest revised guidelines on bank lending to the priority sector. The definition of priority sector is being re-looked. The entry of banks, financial institutions and cooperative banks to the housing finance sector has increased the competition further.

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 helps HFCs to lend at competitive rates and also improve its spread.

The interest rates have started moving upwards and the borrowers today have the option to select the lenders of their choice taking into consideration the rate of interest vis-à-vis the services offered.

Your Company has drawn an ambitious business plan for 2011-12 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.

Being an emerging economy, it stands at the threshold of a decade which presents immense possibilities, including in the real estate sector.

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 09, 2011

P.R.YAGNIK
CHAIRMAN

REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Corporate Governance encompasses the values, ethics and the best business practices followed by the Company. It comprises a unique combination of factors like statutory regulations, compliances, values, political and economical environments, transparency, accountability, voluntary practices and disclosures. It involves set-off 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 stakeholders interests in every business decision.

The Corporate Governance policies of a Company ensures, among others, the accountability of the Board of Directors and the importance of its decisions to all its participants viz., customers, employees, investors, regulatory bodies and the like.

In India, corporate governance has gained a significant momentum not just as a matter of compliance as prescribed under the regulations but to adopt the good practices of corporate governance. Many corporates in India have recognised the benefits of adopting higher governance standards.

CORPORATE GOVERNANCE AT CFHL

The Board of Directors and the Management of CFHL support the broad principles of corporate governance, corporate governance practices and has laid emphasis on transparency, accountability, integrity, responsibility and value creation. The same is percolated throughout the Company.

Your Company has a strong commitment to the principles that underline the effective and efficient Corporate Governance and respects inalienable rights of the shareholders to information on the performance of the Company, as a means that provides reality to the shareholders' ownership of the Company.

Your Company's adherence to the standards and compliance as required under the listing requirements, related laws of land, regulations and guidelines as applicable from time to time, has enabled it to build confidence amongst the stakeholders all these years.

Your Company not only has taken steps to comply with the regulatory requirements on Corporate Governance but also constantly striving to achieve further excellence in the areas of stakeholder's expectations, customer satisfaction, employee welfare and its obligations to the society. Your Company has been responsive to its stakeholders, customers, government and non-government bodies, employees at all levels and all others with whom it has business relations.

The Board of Directors are pleased to place herebelow a report on the Corporate Governance practices followed in the Company.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

During the year, your Company had a Board comprising 7 members, of whom 6 were non-executive directors and one executive director viz., the Managing Director. Of the said non-executive directors, 5 are independent directors, including the Chairman. No director of the Company is 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 Directors of the Company are professionals, professionally qualified and persons of eminence having vast and varied experience in the field of Banking, Finance, Housing, Management, Law and other relevant areas.

The composition of Board is in conformity with Clause 49-I of the listing agreement(s) with stock exchange(s). The particulars of Board of Directors with regard to their directorships/memberships in committees of other public companies, if any, (including at CFHL), their attendance at the Board Meetings and at the Annual General Meeting held during 2010-11 are as under:

Can Fin Homes Ltd

Name of the Director	Directorships held including at CFHL	Board Meetings held CFHL	Board Meetings Attended CFHL	Sitting Fee Paid (Rs)	Membership of Board Committees (Including CFHL)	Chairman of Board Committees (Including CFHL)	Attendance at the last AGM	Remarks
Mr.P.R.Yagnik Chairman	5	6	5	25,000	3	2	Attended	-----
Mr.J.S.Vasan	3	6	1	5,000	2	1	Not Attended	Resigned w.e.f. 30.06.2010
Mr.P.Santosh Kumar	7	6	1	5,000	1	1	Not Attended	Resigned w.e.f. 19.06.2010
Dr.Ashok K Mittal	4	6	5	25,000	2	1	Attended	Resigned w.e.f. 03.02.2011
Mrs.Mythili Krishnamurthy Managing Director	1	6	1	--	2	--	Not Attended	Resigned w.e.f. 15.07.2010
Mr.Ashok Kumar Jain	2	6	--	--	1	--	Not Attended	-----
Mr.Anil Kumar Nayyar	2	6	2	10,000	1	--	Not Attended	Appointed w.e.f. 16.07.2010
Mr.S.R.Iyer	10	6	1	5,000	8	5	NA	Appointed w.e.f. 05.01.2011
Mr.K.S.Madhava Murthy	1	6	1	5,000	--	--	NA	Appointed w.e.f. 12.01.2011
Mr.K.R.Vijayendra	1	6	NA	NA	--	--	NA	Appointed w.e.f. 29.01.2011
Dr.K.K.Deb Managing Director	1	6	6	--	2	--	Attended	Resigned w.e.f. 29.04.2011

The composition of directors of the Company is mentioned below:

SI No.	Names of Directors	Category of Directors
1.	Mr.P.R.Yagnik, Chairman	Non-Executive
2.	Mr.J.S.Vasan	Non-Executive (upto 30.06.2010)
3.	Mr.P.Santosh Kumar, FCA	Non-Executive (upto 19.06.2010)
4.	Dr.Ashok K Mittal	Non-Executive (upto 03.02.2011)
5.	Mr.Ashok Kumar Jain, FCA	Non-Executive
6.	Mrs. Mythili Krishnamurthy	Non-Executive (upto 15.07.2010)

7.	Dr.(Mr.) K.K.Deb - Managing Director	Executive (upto 29.04.2011)
8.	Mr.Anil Kumar Nayyar	Non-Executive (from 16.07.2010)
9.	Mr.S.Subramanyam Ramachandran Iyer (Mr.S.R.Iyer)	Non-Executive (from 05.01.2011)
10.	Mr.K.S.Madhava Murthy	Non-Executive (from 12.01.2011)
11.	Mr.K.R.Vijayendra	Non-Executive (from 29.01.2011)
12.	Mr.C.Ilango, Managing Director	Executive (from 29.04.2011)

The Directors vide Sl. Nos.1, 5 and 9 to 11 above are independent Directors. The Directors submit the Notice of Disclosure of Interest as specified in Section 299(1) of the Companies Act, 1956 ("the Act"), to the Company every year and are placed before the first meeting of the Board held in a financial year. The related particulars, if any, as required are recorded in the prescribed statutory register(s) maintained under Section 301(1) of "the Act".

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

TENURE

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

APPOINTMENT OF DIRECTORS

The Board of Directors appointed Mr.S.R.Iyer, Mr.K.S.Madhava Murthy, Chartered Accountant and Mr.K.R.Vijayendra as Additional Directors of the Company with effect from January 05, 2011, January 12, 2011 and January 29, 2011, respectively.

Mr. S.R.Iyer is an eminent banker and is the former Managing Director of State Bank of Mysore and State Bank of India. Mr.K.S.Madhava Murthy is a qualified and Practising Chartered Accountant in Bangalore. Mr.K.R.Vijayendra is an eminent banker and is the former General Manager of Union Bank of India.

Further, the Board of Directors appointed Mr.C.Ilango, Deputy General Manager, Canara Bank, as an Additional Director and as the Managing Director of the Company with effect from April 29, 2011 subject to the approval of the members of the Company at the ensuing annual general meeting.

Mr.C.Ilango is a Post-graduate degree holder in Agricultural Science and Certified Associate of the Indian Institute of Bankers (CAIB). He is a senior banker with over 31 years of commercial banking experience having served across the Country.

Pursuant to the provisions of Section 260 and all other applicable provisions, if any, of the Companies Act, 1956 and Article 22 of the Articles of Association of the Company, Mr.S.R.Iyer, Mr.K.S.Madhava Murthy, Mr.K.R.Vijayendra, Directors and Mr.C.Ilango Director and Managing Director hold office as such only upto the date of the ensuing Annual General Meeting. The subject relating to the appointment of the above directors and the Managing Director, together with the required explanatory statements and resolutions is included in the notice convening the ensuing annual general meeting. The appointment of the above directors would be in the best interest of the Company.

RE-APPOINTMENT OF DIRECTOR(S)

Pursuant to the applicable provisions of the Companies Act, 1956, Mr.P.R.Yagnik, Director of the Company is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr.P.R.Yagnik is a post graduate in Commerce with specialisation in Banking and Statistics. He is in the panel of various financial bodies for consultation on Foreign Exchange, International Banking, Treasury, Investment and Information and Technology.

Mr.P.R. Yagnik has specialised in the field of banking and a well-known expert in the banking industry in India. He has more than 3 decades of working experience in a leading bank. He is presently a director of Raffles Solutions Pvt. Ltd., Trust Leasing Finance Pvt. Ltd., and Thakral Computers Ltd. and Pacific Internet India Ltd., a joint venture of Thakral with NASDAC listed Pacific Internet Group of Singapore.

Your directors recommend the re-appointment of Mr.P.R.Yagnik 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's shareholders in optimising long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. The Company's strategic direction, review of corporate performance, authorisation and monitoring of strategic investments are overseen by the directors and they also ensure regulatory compliance and safeguard the interest of all its stakeholders.

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

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

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

ROLE OF INDEPENDENT DIRECTORS

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

MEETINGS OF BOARD OF DIRECTORS

In the normal circumstances the meetings of the Board are held at the Registered Office of the Company in Bangalore. The meetings are normally 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 as prescribed in Clause 49 of the listing agreements. 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 respectively and circulated in advance to all the members of the Board with detailed notes on each of the agenda items. The Senior Management, the 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.

The directors of the Board met 6 times during the year 2010-11 viz., on April 21, 2010, July 03, 2010, July 28, 2010, August 24, 2010, October 29, 2010 and January 25, 2011.

COMMITTEES OF THE BOARD

In order to have a better and more focussed attention, certain matters are delegated to the committees constituted by the Board outlining their role, responsibility and with 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

During the year the Audit Committee of Directors comprised Dr.Ashok K Mittal, as its Chairman, Mr.P.R.Yagnik, Mr.Ashok Kumar Jain (independent directors) and Mr.Anil Kumar Nayyar, director. All the members of the Committee possess 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 the listing agreement.

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

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

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

During the year the Audit Committee met 4 times viz., on April 21, 2010, July 28, 2010, October 29, 2010, and January 25, 2011. The particulars of attendance of the members of the committee during the year and the sitting fee paid are mentioned hereunder:

Members	Number of Meetings held	Number of Meetings Attended	Sitting Fee paid (Rs.)
Mr.P.Santosh Kumar, Chairman*	4	1	5,000
Mr.J.S.Vasan*	4	1	5,000
Mr.P.R.Yagnik	4	3	15,000
Mr.Ahok K Mittal*	4	2	10,000
Mr.Ashok Kumar Jain	4	--	--
Mr.A.K.Nayyar	4	2	10,000

*resigned during the year.

Mr.K.S.Madhava Murthy FCA, director and a practising Chartered Accountant is the present Chairman of the Committee with effect from April 29, 2011.

The Company Secretary is the Secretary to the Audit Committee.

MANAGEMENT COMMITTEE

During the year the Management Committee comprised 3 directors viz., Mr.P.R.Yagnik, who is an Independent Director, as its Chairman and Mr.Anil Kumar Nayyar and Dr.K.K.Deb, Managing Director (upto April 29, 2011), as its other members. Mr.C.Ilango, the director and Managing Director of the Company is a member of the Committee with effect from April 29, 2011.

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

During the year a Meeting of the Committee was held on October 29, 2010.

The Company Secretary is the Secretary to the Management Committee.

SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

During the year, the Shareholders'/Investors' Grievance Committee comprised Mr.J.S.Vasan, Chairman (upto June 30, 2010), Mr.P.R.Yagnik, Chairman (from June 30, 2010) and Dr.K.K.Deb, Managing Director (upto April 29, 2011), Dr. Ashok K Mittal (upto February 03, 2011). Presently Mr.C.Illango, the director and Managing Director is also a member of the Committee.

The 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, share-holding pattern, periodical transfers / transmissions of shares, de-materialisation and re-materialisation of shares, issue of duplicate certificates of the securities issued by the Company, complaints, if any, like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, complaints made with any statutory agencies including SEBI by the shareholders/investors, if any, compliance with the applicable provisions of "the Act" and various other statutes as applicable and the effective steps taken for redressal.

The Committee met 4 times during 2010-11 viz., on April 21, 2010, July 28, 2010, October 29, 2010 and January 25, 2011.

The particulars of attendance of the members of the Committee during the year and the sitting fee paid are mentioned hereunder:

Members	Number of meetings held	Number of meetings attended	Sitting Fee paid (Rs.)
Mr.J.S.Vasan*	4	1	5,000
Mr.P.R.Yagnik	4	3	15,000
Dr.K.K.Deb*	4	3	-----
Dr.Ashok K Mittal*	4	2	10,000

*resigned during the year

The Board of Directors are pleased to inform that there was only one complaint lodged by a shareholder / investor of the Company which is pending for compliance of certain procedural formalities for issue of a duplicate share certificate. Other than the above, there were no other complaints and no penalties, strictures imposed by the Stock Exchanges or any statutory/regulatory authority. The Company had received certain requests for revalidation of dividend warrants/issue of cheques in lieu of warrants, which were resolved immediately.

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.

The Company Secretary is the Secretary to the Committee.

The dates of meetings of the 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 Code of Conduct of Directors and the Senior Management Personnel, duly approved by the Board, is put in place. The said Code is applicable to all directors and senior management personnel of the Company and annual affirmations are obtained. All the Directors and Senior Management Personnel have affirmed their adherence to the provisions of the said Code for the financial year.

WHISTLE BLOWER POLICY

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

The Management affirms that it has not denied any personnel, access to the Audit Committee and has provided protection to such "Whistle Blowers" from unfair termination and other unfair prejudicial employment practices.

DISCLOSURES

RELATED PARTY TRANSACTIONS

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 were placed before the Audit Committee. Details of related party transactions for the year under review are included in the Notes to Accounts [Schedule 15 vide Sl.No.19 (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 apprise the Board of key risks associated with the business of the Company, risk level and steps taken to mitigate the same. The said Committee comprise the Managing Director and certain members of senior management.

During the year the Risk Management Committee periodically reviewed the risks associated with the business of the Company and the effectiveness of the measures taken to mitigate the risks. Subsequently, 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, mitigation mechanisms.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

The non-executive directors of the Company are paid no fees other than the sitting fee for attending meetings of the Board or Committees.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

RECONCILIATION OF SHARE CAPITAL AUDIT (RSCA)

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

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

The RSCA reports are being placed before the Board of Directors on a quarterly basis.

MEANS OF COMMUNICATION TO THE SHAREHOLDERS

The Company has about 18,000 shareholders spread across the Country. The important means of communication to the shareholders are the website of the Company viz., www.canfinhomes.com, individual letters, e-mails, press releases, reports and notifications from time to time.

The other mode of communication to the share holders is the annual report of the Company. The said report, interalia, includes the Report of Directors, Management Discussion and Analysis Report, Report of Directors on Corporate Governance and the Audited Financial Results together with the Auditors Report thereon. The annual report also contains General Information to Shareholders viz., the shareholding pattern with distribution and monthly high/low price of the equity shares during the year on the stock exchange(s) and other related matters. The Annual General Meeting (AGM) is the principal forum for interaction/discussion with shareholders, be it individuals, corporates or foreign investors.

The details relating to quarterly performance and financial results are disseminated to the shareholders through Company's website and the said financial results are also published in leading national newspapers/press release(s) as required under Listing Agreement(s).

SUBSIDIARIES

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

LEGAL / STATUTORY COMPLIANCE

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

COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

The details of compliance with regard to non-mandatory requirements as per Clause 49 of the Listing Agreement(s) relating to the Compliance Officer are mentioned in the "General Information to Shareholders".

CERTIFICATION OF FINANCIAL REPORTING AND INTERNAL CONTROLS

In terms of the requirement of Clause 49 (v) of the listing agreement with stock exchanges, a certificate in the prescribed manner, confirming 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 was placed before the Audit Committee and the Board at the respective meetings.

GOING CONCERN

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

GENERAL INFORMATION TO SHAREHOLDERS

The details relating to the directors proposed to be appointed at the ensuing annual general meeting are provided as an annexure to the notice convening the said Annual General Meeting.

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

GREEN INITIATIVES IN CORPORATE GOVERNANCE

The Ministry of Corporate Affairs (MCA), Government of India, has issued two circulars in the recent past viz., Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011, allowing paperless compliances by Companies through electronic mode. While appreciating the steps taken by the Government of India, Ministry of Corporate Affairs, in introducing "Green Initiatives in the Corporate Governance", the Board of Directors of the Company are pleased to inform the shareholders that the Companies are now permitted to send various notices /documents to its shareholders through electronic mode to the registered e-mail addresses of shareholders. This move by the Ministry will benefit the society at large through reduction in paper consumption and contribution towards a Greener Environment. It will also ensure prompt receipt of communication and avoid loss, if any, in postal transit.

Keeping in view the underlying theme and the circulars issued by MCA, your Company proposes to send all documents like General Meeting Notices (including AGM), Audited Financial Statements, Report of Directors Report, Auditors Report, etc. to the shareholders in electronic form, to the e-mail address provided by them and made available to the Company by the Depositories. The above mentioned documents would also be available on the website of the Company 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. A separate communication in this behalf of is sent to all the shareholders of the Company with a request to make use of the said 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 09, 2011

P.R.YAGNIK
CHAIRMAN

GENERAL INFORMATION TO SHAREHOLDERS

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

BOARD MEETINGS

The particulars of Board Meetings held during the year are mentioned in the Report 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
2008	11.00 a.m	Wednesday	September 24, 2008	J.S.S.Mahavidya Peetha "Shivarathreswara Centre" Auditorium, I Main, 8th Block Jayanagar , Bangalore 560 082
2009	11.00 A.M	Thursday	August 27, 2009	Same as above
2010	11.00 A.M	Wednesday	August 25, 2010	Same as above

SPECIAL RESOLUTIONS PASSED AT THE PREVIOUS 3 ANNUAL GENERAL MEETINGS:

- 2008 - Appointment of statutory and branch auditors as per section 224(A) of the Companies Act, 1956.
- 2009 - Appointment of statutory and branch auditors as per section 224(A) of the Companies Act, 1956.
- 2010 - Appointment of statutory and branch auditors as per section 224(A) of the Companies Act, 1956.

FINANCIAL CALENDAR 2011-12 VIZ., APRIL 1, 2011 TO MARCH 31, 2012:

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, 2011.	During second/third week of July, 2011
Audit Committee/Board	To review, approve and take on record the financial results for the quarter ending September 30, 2011.	During second/third week of October, 2011
Audit Committee/Board	To review, approve and take on record the financial results for the quarter ending December 31, 2011.	During second/third week of January, 2012
Audit Committee/Board	To review, approve and take on record the financial results for the quarter ending March 31, 2012.	During second/third week of April, 2012.

Date of book closure : Thursday the August 18, 2011 to
Wednesday the August 24, 2011
(both days inclusive)

Dividend payment : During the second week of September, 2011

The Board of Directors of the Company have recommended a dividend of Rs.2.50 per equity share of Rs.10/- each (25%), for the financial year ended March 31, 2011, subject to approval of the shareholders at the Annual General Meeting.

THE DIVIDEND ENTITLEMENT IS AS FOLLOWS:

- (i) For the shares held in physical form : Shareholders whose name appear on the register of members as at the close of business hours on Wednesday the August 17,2011.
- (ii) For shares held in electronic form: 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 August 17, 2011.

LISTING OF SHARES

- (a) Bangalore Stock Exchange Ltd., (BgSE)
- (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 Stock Exchanges where the securities of the Company are listed. The Annual Custodial Fees for the above period to NSDL and CDSL have also been paid within the due dates.

STOCK CODE

NSE : Symbol : CANFINHOME
 BSE : Scrip Code : 511196
 Bg .SE : Same as NSE and BSE
 ISIN Nos. : Equity shares : INE 477A01012

Market Price data – High/Low during each month in the last financial year. Face value of share Rs.10/- each.

Month and Year	National Stock Exchange of India Ltd., (NSE) Mumbai		Bombay Stock Exchange Ltd., (BSE), Mumbai	
	High	Low	High	Low
April, 2010	102.00	80.75	101.85	81.00
May, 2010	107.90	76.30	98.00	84.45
June, 2010	121.60	86.15	121.90	85.50
July, 2010	149.35	116.60	149.10	114.00
August, 2010	168.75	132.00	172.00	132.50
September, 2010	155.95	134.55	158.40	135.05
October, 2010	165.35	135.20	165.40	135.10
November, 2010	154.75	107.20	154.85	108.15
December, 2010	131.45	107.50	131.90	105.10
January, 2011	130.75	107.00	130.80	107.00
February, 2011	119.65	87.10	119.80	86.55
March, 2011	116.40	96.40	116.20	100.50

- Registrar and Transfer Agents** : Canbank Computer Services Ltd.,
Unit: Can Fin Homes Ltd.,
R&T Centre, Naveen Complex
No. 218, J P Royale, I Floor, 2nd Main, Sampige Road,
(Near 14th Cross), Malleswaram, Bangalore - 560 003
Tel: 080-23469661/62,23469664/65
Fax: 080-23469667/68
e-mail: canbankrta@ccsl.co.in
- Share Transfer System** : The powers to consider and approve share Transfers/transmissions/consolidation/ sub-division etc., have been delegated by the Board to the Shareholders/Investors' Grievance Committee. Such share transfers/transmissions are periodically approved by the Managing Director/Wholetime Director of the Company who is also a member of the above Committee. Normally, the processing will be done once in 15 days in terms of statutory and the Listing requirements.
- Dematerialisation of shares** : About 94.02% of paid up capital is held in dematerialised form. The securities of the Company are admitted as the "Eligible Securities" into the Depository system by the NSDL and the 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. The said holders may also contact the Registered Office of the Company. Phone : 080-26564259,26565736
e-mail : compsec@canfinhomes.com
legal@canfinhomes.com
sathyaprakash@canfinhomes.com

UNCLAIMED DIVIDEND:

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.

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

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

Dividend (relevant years)	Dividend Per Share Rs.	Balance in unpaid Dividend account as on 31.3.2011 Rs.	Unclaimed dividend as a % of total dividend declared	Declared at the AGM held on	Due date for transfer to the Investor Education and Protection Fund (IEPF)*
2003-04	2.5	646550	1.26	21.07.2004	21.07.2011
2004-05	2.5	740247.5	1.45	20.07.2005	20.07.2012
2005-06	2.5	813945	1.59	02.08.2006	02.08.2013
2006-07	2.5	731832.5	1.43	19.07.2007	19.07.2014
2007-08	2.5	789650	1.54	24.09.2008	24.09.2015
2008-09	2	637210	1.55	27.08.2009	27.08.2016
2009-10	2	821272	2	25.08.2010	25.08.2017

*Members of the Company can claim the unpaid dividend, if any, from the Company before the due date of transfer to IEPF as mentioned above. In terms of Section 205(C) 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. In case the original instrument is not tendered to the Company, such duplicate warrant will be issued after the receipt of an undertaking, in the prescribed format, from the shareholder.

BANK ACCOUNT PARTICULARS

The Members holding shares in 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 facilitate for payment of dividend amount through ECS and avoid any fraudulent encashment of warrants.

DIVIDEND PAYMENT THROUGH ECS

The Company will arrange to remit the dividend through ECS, to those beneficial owners with bank account number/particulars (comprising 13 digits or otherwise, as the case may be), subject to availability of ECS facility at such Centre as notified by the Reserve Bank of India.

NOMINATION

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

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

SHAREHOLDING PATTERN (AS OF MARCH 31, 2011)

Sl. No.	Category	No. of Members	No. of Shares	% to Capital
1	Promoters	03	8681808	42.381
2	Mutual Funds	01	200	0.001
3	National Housing Bank	-	-	-
4	Financial Institutions/Banks	03	6300	0.031
5	Insurance Companies	01	304250	1.485
6	FIs	04	126600	0.618
7	NRIs	162	95247	0.465
8	Corporate Bodies	430	4954895	24.187
9	Indian Public	17346	6315950	30.832
	Total	17950	20485250	100.00

DISTRIBUTION OF SHAREHOLDING (AS OF MARCH 31, 2011)

Amount (Rs.)	Members		Shares	
	Number	%	Amount (Rs.)	%
Upto - 5000	16149	89.97	25220380	12.31
5001 - 10000	1007	5.61	8017040	3.91
10001 - 20000	372	2.07	5713390	2.79
20001 - 30000	135	0.75	3474090	1.7
30001 - 40000	56	0.31	1996520	0.97
40001 - 50000	63	0.35	2995170	1.46
50001 - 100000	91	0.51	6691580	3.27
100001 - and above	77	0.43	150744330	73.59
Total	17950	100.00	204852500	100.00

Compliance Officer**Mr.K.S.Sathyaprakash****AGM & Company Secretary**

Can Fin Homes Ltd.

Registered Office: No.29/1, I Floor

Sir. M.N.Krishna Rao Road,

Basavanagudi,

Bangalore 560 004

Phone : 080-26565736/26564259

Fax : 080-26565746

e-mail : sathyaprakash@canfinhomes.com

legal@canfinhomes.com

AUDITOR'S 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 31st March 2011 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-003135S

(T.B.KUMARASWAMY)
Partner
Membership No:027709

Place: Bangalore
Date: 07/06/2011

AUDITOR'S REPORT

TO THE MEMBERS OF CAN FIN HOMES LIMITED

1. We have audited the attached Balance Sheet of CAN FIN HOMES LIMITED, Bangalore as at 31st March 2011, 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 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 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as at 31st March, 2011 from being appointed as a director under section 274(1) (g) of the Companies Act, 1956;
 - f. 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 31st March 2011; 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-0031355

(T.B.KUMARASWAMY)

Partner

Membership No:027709

Place: Bangalore
Date: 29/04/2011

ANNEXURE TO AUDITORS' REPORT

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

- i. a. The Company has maintained proper records showing full particulars inclusive of quantitative details and situation of fixed assets.
- b. The management has physically verified the Fixed assets during the course of the year and no material discrepancies were noticed on such physical verification.
- c. The Company has not disposed off any substantial part of the fixed assets during the year.
- ii. As the Company does not have any inventory of goods, the provisions of Para 4(ii) of the Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- iii. a. The Company has not granted any loans secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the clauses (b), (c) and (d) of Para (iii) of the Companies (Auditors Report) Order, 2003 are not applicable.
- b. The Company has not taken any loans secured or unsecured from Companies, firms or other Parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore the clauses (f) and (g) of Para (iii) of the Companies (Audit Report) Order, 2003 are not applicable.
- iv. In our opinion and according to the information and explanations given to us, the internal control system for the purchase of fixed assets and for the sanction, disbursement and recovery of loans given by the Company are adequate and commensurate with the size of the Company and present nature of its business. During the course of audit, we have not observed any continuing failure to correct major weakness in internal controls.
- v. a. According to the information and explanations given to us based on the representations given by the management, we are of the opinion, that the particulars of the contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- b. As there are no transactions made during the year in pursuance of contract or agreements entered in the register maintained under Section 301 of the Companies Act, 1956, the Provisions of this para are not applicable to this Company.
- vi. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under to the extent applicable and the Housing Finance Companies (NHB) Directions, 2001 with regard to the deposits accepted from the public. The Company Law Board or the National Company Law Tribunal or the Reserve Bank or any Court or any other Tribunal has passed no order.
- vii. The Internal Audit is being conducted by Firms of Chartered Accountants and in our opinion, the scope and coverage of internal audit is commensurate with size and nature of Company's Business.
- viii. The Central Government has not prescribed the maintenance of cost record under Section 209(1)(d) of the Companies Act, 1956 for the Company
- ix. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income Tax, Wealth Tax, Service Tax, Interest Tax, Cess and other statutory dues with the appropriate authorities.
- b. According to the information and explanations given to us, there are no undisputed statutory dues outstanding as at March 31, 2011 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.
- xvix. 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

(T.B.KUMARASWAMY)
Partner
Membership No:027709

Place: Bangalore
Date: 29/04/2011

BALANCE SHEET**AS AT MARCH 31, 2011**

	Schedules	Rupees	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Capital	1	204,875,450		204,875,450
Reserves and Surplus	2	<u>2,904,689,219</u>	3,109,564,669	<u>2,544,050,146</u>
				2,748,925,596
LOAN FUNDS				
Secured Loans	3	17,540,267,533		15,629,991,746
Unsecured Loans	4	<u>1,497,588,103</u>	19,037,855,636	<u>3,023,180,735</u>
				18,653,172,481
			22,147,420,305	21,402,098,078
APPLICATION OF FUNDS				
FIXED ASSETS				
Gross Block	5	82,187,565		83,413,611
Less: Depreciation		<u>56,346,924</u>		<u>55,527,927</u>
Net Block			25,840,641	27,885,684
INVESTMENTS	6		169,350,000	174,350,000
LOANS	7		21,989,077,434	20,943,061,927
SECURITISED ASSETS	7A		30,708,410	35,868,636
CURRENT ASSETS, LOANS AND ADVANCES				
	8	485,116,216		695,036,342
LESS: CURRENT LIABILITIES AND PROVISIONS				
	9	<u>603,379,396</u>	(118,263,180)	<u>517,304,511</u>
				177,731,831
DEFERRED TAX ASSET			50,707,000	43,200,000
			22,147,420,305	21,402,098,078

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

As per Our Report of Even Date

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

P.R.Yagnik
Chairman

Anil Kumar Nayyar

S.R.Iyer

T.B.Kumaraswamy
Partner
Membership No: 027709

Dr. K.K.Deb
Managing Director

K.S.Madhava Murthy

K.R.Vijayendra
Directors

C.Ilango

Place: Bangalore
Date : April 29, 2011

Prashanth Joishy
Sr. Manager

Shamila M
Chief Financial Officer

K.S.Sathyaprakash
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED MARCH 31,2011

	Schedules	For the period ended March 31, 2011 Rupees	For the period ended March 31, 2010 Rupees
INCOME			
Operating Income	10	2,312,162,030	2,137,081,900
Other Income		776,895	27,344,321
		2,312,938,925	2,164,426,221
EXPENDITURE AND CHARGES			
Interest and Other Charges	11	1,541,317,890	1,450,012,181
Staff Expenses	12	109,327,489	82,715,860
Establishment Expenses	13	37,564,692	33,373,969
Other Expenses	14	21,628,330	55,494,996
Depreciation		3,389,301	2,811,628
		1,713,227,702	1,624,408,634
PROFIT BEFORE TAX & PROVISIONS		599,711,223	540,017,588
Provision for Doubtful Debts-Housing Loans		(14,557,976)	8,348,013
PROFIT BEFORE TAX		585,153,247	548,365,601
Provision for Tax - Current Year	(172,500,000)		
- Previous Year	-	(172,500,000)	(162,468,162)
Deferred taxation		7,507,000	6,000,000
PROFIT AFTER TAX		420,160,247	391,897,439
Balance brought forward from previous year		48,050,146	16,086,144
AMOUNT AVAILABLE FOR APPROPRIATION		468,210,393	407,983,583
APPROPRIATIONS			
Special Reserve		115,000,000	107,000,000
General Reserve		200,000,000	145,000,000
Proposed Dividend		51,213,125	40,970,500
Corporate Dividend Tax thereon		8,308,049	6,962,937
Provision for Contingencies		-	60,000,000
Balance carried to Balance Sheet		93,689,219	48,050,146
		468,210,393	407,983,583

Previous year figures have been rearranged / regrouped wherever necessary.

Earnings per share: (Refer note 14)

Basic EPS	20.51	14.69
Diluted EPS	20.51	14.69

Notes on Accounts 15

Accounting Policies 16

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

As per Our Report of Even Date

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

P.R.Yagnik
Chairman

Anil Kumar Nayyar

S.R.Iyer

T.B.Kumaraswamy
Partner
Membership No: 027709

Dr. K.K.Deb
Managing Director

K.S.Madhava Murthy
K.R.Vijayendra
Directors

C.Ilango

Place: Bangalore
Date : April 29, 2011

Prashanth Joishy
Sr. Manager

Shamila M
Chief Financial Officer

K.S.Sathyaprakash
Company Secretary

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	Rupees	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE 1			
CAPITAL			
AUTHORISED			
7,00,00,000 Equity Shares of Rs. 10 each		<u>700,000,000</u>	<u>700,000,000</u>
ISSUED AND SUBSCRIBED			
2,05,00,000 Equity Shares of Rs. 10 each		<u>205,000,000</u>	<u>205,000,000</u>
PAID UP			
2,04,85,250 Equity Shares of Rs. 10 each	204,852,500		204,852,500
Add: Forfeited Shares	22,950		22,950
		<u>204,875,450</u>	<u>204,875,450</u>
SCHEDULE 2			
RESERVES AND SURPLUS			
SPECIAL RESERVE			
(In terms of Section 36(1)(viii) of Income-Tax Act, 1961)			
Opening Balance	1,587,100,000		1,480,100,000
Transferred from Profit & Loss Account	115,000,000		107,000,000
		<u>1,702,100,000</u>	<u>1,587,100,000</u>
GENERAL RESERVE			
Opening Balance	856,400,000		711,400,000
Transferred from Profit & Loss Account	200,000,000		145,000,000
		<u>1,056,400,000</u>	<u>856,400,000</u>
SECURITIES PREMIUM		<u>52,500,000</u>	<u>52,500,000</u>
PROFIT AND LOSS ACCOUNT		<u>93,689,219</u>	<u>48,050,146</u>
		<u>2,904,689,219</u>	<u>2,544,050,146</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE 3		
SECURED LOANS		
NATIONAL HOUSING BANK	5,601,059,233	5,260,314,854
TERM LOANS FROM BANKS (The above Loans from National Housing Bank and other Banks are secured by way of a specific charge on book debts, outstanding, receivables, etc.,/ promissory notes and/or a negative lien on assets of the Company)	11,852,798,124	10,312,926,830
OVERDRAFT FROM BANK (Secured by deposits made by the Company)	86,410,176	56,750,062
	<u>17,540,267,533</u>	<u>15,629,991,746</u>
SCHEDULE 4		
UNSECURED LOANS		
DEPOSITS		
Fixed Deposits	508,765,854	670,229,610
Cumulative Deposits	988,822,249	1,352,916,241
	<u>1,497,588,103</u>	<u>2,023,145,851</u>
Short Term Loans from Banks	-	1,000,034,884
	<u>1,497,588,103</u>	<u>3,023,180,735</u>

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS
SCHEDULE - 5

	GROSS BLOCK			DEPRECIATION			NET BLOCK		
	As at April 1, 2010 Rupees	Additions Rupees	Deductions Rupees	As at March 31, 2011 Rupees	As at April 1, 2010 Rupees	Additions Rupees	Deductions Rupees	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
Buildings*	33,049,172	-	-	33,049,172	15,557,328	874,593	-	16,617,251	17,491,843
Furniture and Fixtures	16,603,983	183,002	689,693	16,097,292	13,570,687	602,982	654,129	2,577,752	3,033,296
Computers	17,038,220	138,378	765,938	16,410,660	15,556,207	705,173	765,154	914,433	1,482,012
Office & Electrical Equipments	11,219,164	657,419	649,419	11,227,164	6,883,379	675,452	516,716	4,185,049	4,335,786
Vehicles	5,503,072	576,308	676,103	5,403,277	3,960,326	531,100	634,305	1,546,156	1,542,746
Total	83,413,611	1,555,107	2,781,153	82,187,565	55,527,927	3,389,301	2,570,304	25,840,641	27,885,684
Previous Year	84,928,459	3,323,341	4,838,189	83,413,611	57,255,746	2,811,628	4,539,447	27,885,684	-

* On land jointly held with others.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Rupees	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE 6		
INVESTMENTS (At cost)		
UNQUOTED, NON TRADE		
Bonds		
12.40% Government of India Bonds	10,000,000	10,000,000
6.05% Government of India Bonds	50,000,000	50,000,000
6.01% Government of India Bonds	50,000,000	50,000,000
5.64% Government of India Bonds	49,350,000	49,350,000
10.52% Government of Madhya Pradesh Bonds	-	5,000,000
6.95% Government of Karnataka Loan Bonds	10,000,000	10,000,000
	169,350,000	174,350,000
SCHEDULE 7		
I) HOUSING LOAN		
Individuals		
(Net of Interest suspense on suit filed accounts of Rs 99,48,128 /-		
(previous year Rs.87,53,680/-))	21,693,579,288	20,643,821,603
Coporate Bodies and others		
(Net of Interest Suspense on suit-filed accounts of Rs. 16,74,430/-		
(Previous year Rs.1,06,16,172/-))	34,682,208	78,125,050
	21,728,261,496	20,721,946,654
Less: Securitised assets	39,218,489	69,020,084
	21,689,043,007	20,652,926,570
ii) OTHER LOANS		
	300,034,427	290,135,357
	21,989,077,434	20,943,061,927
SCHEDULE 7A		
SECURITISED ASSETS		
Class B PTC held by the company	30,708,410	35,868,636
	30,708,410	35,868,636

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	Rupees	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
SCHEDULE 8			
CURRENT ASSETS, LOANS AND ADVANCES			
CURRENT ASSETS			
Interest Accrued but not due on Investments	1,880,740		2,109,874
Interest Accrued but not due on Deposits etc.,	14,854,125		12,497,052
		16,734,865	14,606,926
Cash on Hand		227,539	498,669
Balances with Scheduled Banks			
Current Accounts	84,744,703		317,621,419
Cheques on hand	6,405,344		1,163,856
Remittances in Transit	-		-
Deposit Accounts	250,700,000		250,700,000
		341,850,047	569,485,275
LOANS AND ADVANCES			
LOANS (Secured, Considered Good)			
Instalments Due from Borrowers (Net of Interest Suspense of Rs.4,63,54,685/-) (Previous year Rs.4,56,82,925/-)		46,837,375	54,459,569
Against Deposits		6,695,142	16,235,630
ADVANCES (Unsecured, Considered Good)			
Income/Interest Tax Paid (Net of Provision)		58,529,382	22,545,553
Advances Recoverable in Cash or in kind or for value to be received			
From Staff		5,496,980	5,945,745
From Others		8,744,886	11,258,976
		485,116,216	695,036,342
SCHEDULE 9			
CURRENT LIABILITIES AND PROVISIONS			
CURRENT LIABILITIES			
Liabilities for Expenses	7,028,064		20,532,587
Unclaimed deposits (including interest accrued and due Rs.1,40,71,472/- Previous year Rs.83,66,958/-)	118,428,831		72,551,621
Advance Payments	3,692,028		2,963,336
Other Liabilities	24,674,239		18,804,315
Interest Accrued but not Due	14,469		273,803
Unclaimed Dividend	5,180,707		5,173,483
		159,018,338	120,299,145
PROVISIONS			
Dividend (Including Dividend Tax)	59,521,174		47,933,437
Provision for Doubtful Debts	234,754,059		224,608,084
Provision for Standard Assets (Non-Housing Loans)	1,500,000		1,500,000
Provision for Contingencies	60,000,000		60,000,000
Provision for Interest on Income Tax Refund	27,344,321		27,344,321
Provision for Wealth Tax	-		-
Provision for Gratuity	28,780,374		10,238,589
Provision for Sick Leave	3,182,930		1,978,994
Provision for Exempt Provident Fund	3,346,379		2,557,436
Provision for Leave Travel Concession	3,829,612		2,725,753
Provision for Compensated Absence	22,102,209		18,118,752
		444,361,058	397,005,366
		603,379,396	517,304,511
(There are no amounts due to Investor Education & Protection Fund)			

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Rupees	For the period ended March 31, 2011 Rupees	For the period ended March 31, 2010 Rupees
SCHEDULE - 10		
OPERATING INCOME		
INTEREST ON HOUSING LOANS		
Individuals	2,166,434,599	2,006,321,414
Corporate Bodies and others	23,007,427	5,778,611
(Tax deducted at source Rs.1,11,304/-)	2,189,442,026	2,012,100,025
Previous Year Rs. 7,51,751/-)		
OTHER INTEREST INCOME		
(Tax deducted at source Rs.22,83,522/-)		
(Previous year Rs.23,52,177/-)		
Income from Deposits/ Investments:		
Short term	-	-
Long term	33,872,129	32,977,610
Others:	39,188,803	33,437,989
	73,060,932	66,415,599
FEES AND OTHER CHARGES	49,659,072	58,566,278
	2,312,162,030	2,137,081,900
SCHEDULE 11		
INTEREST AND OTHER CHARGES		
Interest on Deposits	153,338,555	169,479,704
Interest on Loans, Debentures etc.	1,384,904,041	1,276,165,821
Other Financial Charges	3,075,294	4,366,656
	1,541,317,890	1,450,012,181
SCHEDULE 12		
STAFF EXPENSES		
Salaries, Bonus Etc.,	67,786,417	67,550,163
Contribution to Provident Fund and Other Funds	28,312,950	6,647,369
Staff Training and Welfare Expenses	13,228,122	8,518,328
	109,327,489	82,715,860

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

	Rupees	For the period ended March 31, 2011 Rupees	For the period ended March 31, 2010 Rupees
SCHEDULE 13			
ESTABLISHMENT EXPENSES			
Rent		22,647,054	19,893,408
Rates and Taxes		1,932,844	829,857
Repairs & Maintenance		5,794,030	6,024,732
Electricity Charges		3,008,181	2,423,646
Insurance		238,485	218,871
General Office Expenses		3,944,098	3,983,455
		37,564,692	33,373,969
SCHEDULE 14			
OTHER EXPENSES			
Travelling and Conveyance		4,443,932	4,349,171
Printing and Stationery		1,792,348	1,979,501
Postage, Telephone and Telex		3,312,545	3,218,780
Advertising		3,290,570	3,788,262
Professional Fees		5,860,023	4,523,806
Directors' Sitting Fees		205,000	260,000
Bank charges		441,731	917,222
Provision for Interest on Income Tax Refund		-	27,344,321
Miscellaneous Expenses		2,282,181	9,113,933
		21,628,330	55,494,996

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**SCHEDULE 15****NOTES ON ACCOUNTS**

1. Loans and instalments due from borrowers are secured, partly secured or otherwise by:
 - (a) Equitable mortgage of property and/or
 - (b) Other securities, assignment of life insurance policies and/or
 - (c) Government guarantees, bank guarantees, company guarantees or personal guarantees and/or
 - (d) Negative lien and/or
 - (e) Undertaking to create a security.
2. The company has securitised till date, housing loans to the extent of Rs.212,88,14,120/- (Previous year Rs.212,88,14,120/-) consisting of Class A PTCs of Rs.157,48,69,266/-, which is subscribed by various banks/ Financial Institutions and Class B PTCs of Rs.55,39,44,854/-, which is held by the company. The total securitised assets outstanding as on date is Rs.3,92,18,489/- (Previous year Rs.6,90,20,084/-) consisting of Class A PTCs of Rs. 85,10,079/- (Previous year Rs.3,31,51,448/-) and Class B PTCs of Rs.3,07,08,410/- (Previous year Rs.3,58,68,636/-)
3. Deposit with banks includes Rs.0.39 crore (Previous year Rs.0.39 crore) given as collateral security for Mortgage Backed Securities.
4. Net Profit on sale of fixed assets amounting to Rs.60, 364/- (Profit) is included under other income during the current year. (Previous year Rs 33,327 /- Loss was shown under Miscellaneous Expenses.). Other income also includes Bad debts recovered Rs. 7,16,531/- (previous year NIL) .
5. Instalments Due from Borrowers (net of interest suspense) include Rs.2,07,05,775/ - (Previous year Rs.1,34,15,863 /-), which is outstanding for over six months.
6. Recognition of income and provision for non-performing assets has been made in accordance with the guidelines on prudential norms applicable as of March 31, 2011.

Provision of loans is required to be maintained as per NHB guidelines on prudential norms to the extent of Rs.11.30 Crore (Previous year Rs.10.29 crore) against which the company, by way of prudence and abundant caution has maintained cumulative provision of Rs 23.48 Crore (Previous year Rs.22.46 Crore)

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

(Rs in lakh)

Particulars	Interest suspense		Provision	
	2010-11	2009-10	2010-11	2009-10
a) Cumulative at the beginning of the year	650.53	734.95	2246.08	2394.00
b) Less: Recovery / adjustment during the year	182.58	184.97	185.51	283.95
c) Add: Additions made during the year	111.82	100.55	286.97	136.03
e) Cumulative at the end of the year *				
(a) – (b) + (c)	579.77	650.53	2347.54	2246.08

*Including additional provision of Rs 12.17 Crore

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

Classification of loans and provisions made for non-performing assets is given hereunder. (Rs. in lakh)

Loans	As on 31.3.2011					As on 31.3.2010				
	Standard	Sub-standard	Doubtful	Loss	Total	Standard	Sub-standard	Doubtful	Loss	Total
Housing loans (including instalments due from borrowers) -Individuals -	214381.66	638.77	1084.56	438.62	216543.61	203785.88	507.82	1047.20	407.12	205748.02
Corporate bodies	189.87	0.00	156.95	0.00	346.82	512.60	0.00	268.65	0.00	781.25
Other Loans	2971.67	18.89	9.78	0.00	3000.34	2886.05	8.35	6.95	0.00	2901.35
Total Loans	217543.20	657.66	1251.29	438.62	219890.77	207184.53	516.17	1322.80	407.12	209430.62
Provision-Housing loans		63.88	623.16	438.62	1125.66		50.80	568.24	407.12	1026.16
Provisions for Other loans		1.89	2.59	0.00	4.48		0.83	1.67	0	2.50
Additional Provision -Individuals		0	0	0	1167.40		0	0	0	1167.40
-Corporate Bodies		0	0	0	50.00		0	0	0	50.00
Total		65.77	625.75	438.62	2347.54		51.63	569.91	407.12	2246.06

7. Particulars of Provision for Standard Assets- Non Housing Loans 2010-11.

As per the directions of NHB vide their letter NHB (ND)/DRS/DIR-18-07/1336/2007 dated 27.03.2007, the provision for Standard Assets – Non-Housing Loans is required to be made at 0.4% before 31st December 2007. Accordingly the Company has made provision for Standard assets on Non Housing loans as under.

(Rs. in lakh)

Particulars	2010-11	2009-10
Standard Assets Outstanding- Non Housing loans	2971.67	2886.05
Provision required to be made	11.89	11.54
Provision made	15.00	15.00

8. Disclosure required as per NHB

a) Capital to Risk Assets Ratio (CRAR)

Items	Current Year	Previous Year
i) CRAR (%)	19.14%	17.11%
ii) CRAR – Tier I Capital (%)	19.14%	17.11%
iii) CRAR – Tier II Capital (%)	0.00%	0.00%

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

b) Exposure to Real Estate Sector

(Rs. In lakh)

Category		Current Year	Previous Year
a)	Direct Exposure		
	(i) Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
	- Individual Loans of ₹ upto Rs. 15 lakhs.	141833	142054
	- Individual loans above Rs.15 lakhs.	73881	63006
	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:	Nil	Nil
	iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures -		
	a) Residential	307	359
	b) Commercial Real Estate		
b)	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance companies (HFCs)	Nil	Nil

c) Asset Liability Management

Maturity Pattern of Certain items of Assets & Liabilities

(Rs in lakh)

	1 day to 30-31 days	Over one month to 2 months	>2M = 3M	>3M = 6M	>6M = 12M	>1Y = 3Y	>3Y = 5Y	>5y = 7Y	>7Y = 10Y	>10Y	Total
Liabilities											
Borrowings from Banks	0	0	282	5432	10830	32897	34178	17917	16991	0	118528
Market Borrowings	484	673	733	1794	1660	8890	700	43	0	0	14976
Assets											
Advances	1510	1443	1498	4357	9809	35609	32808	27366	41884	63606	218990
Investments	0	956	0	0	201	200	1350	0	994	5	4201

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

9. 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.

10. During the year, no bad debts were written off. (Previous year Bad debts written off amounting to Rs.61, 69,997/- were included in Miscellaneous Expenses).

11. Claims against the company not acknowledged as debt: (Rs in lakhs)

Nature of claims	As of 31.03.2011	As of 31.03.2010	Risk involved
A) Disputed tax matters under appeal:			
i) Income tax	1694.84	1508.29	1. The appeals filed by the Company for the Asst. Years from 1993-94 to 2004-05 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 are still pending adjudication.
ii) Interest tax	54.46	54.46	2. The appeals for the asst. year 2006-07 and 2007-08 on the Income Tax matters are filed by the Company are pending before the 2nd and 1st appellate authorities, respectively.
	<u>1749.30</u>	<u>1562.75</u>	3. The Company has preferred appeals for the asst. years from the asst. year 1993-94 to 1998-99 before the Hon'ble High Court of Karnataka, against the orders passed by the Hon'ble ITAT against the Company and the said appeals are still pending adjudication.
			4. In respect of the Income Tax Returns filed by the Company for the asst. year 2009-10 the Company has preferred an application for rectification of error in the Tax computation in the assessment order and the same is still pending before the Department.
			5. Out of the disputed Tax matters aggregating to Rs.1749.30 Lakh (P/Y Rs.1562.74 Lakh), Rs. 54.46 Lakh (P/Y Rs.54.46 Lakh) towards the Interest Tax and Rs.1694.84 lakh (P/Y Rs.1508.28 Lakh) is towards Income Tax, subject to appeals pending.
			With regard to the disputed tax matters, the Company has made a provision of Rs.316.50 Lakh ie., Rs.19.43 Lakh towards the Interest Tax and Rs.297.07 Lakh towards Income Tax. Further an amount of Rs.4/- Crore has been under the provision for contingencies. As such, the balance disputed tax liability not provided in the books is to the extent of Rs.1032.80 Lakh viz., Rs.35.03 Lakh is towards disputed Interest Tax and Rs.997.77 lakh is disputed Income Tax.
B) Claims made by borrowers of the company before various Consumer Forums.	13.67	29.66	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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

12. Auditors' remuneration

Particulars	For the year ended	
	March 31, 2011 (Rs.)	March 31, 2010 (Rs.)
Audit Fees (Including Branch Auditors fees)	5,39,037	5,30,190
Other Services (Certificates, Tax Audit, etc.,)	1,46,700	1,50,560
Out of Pocket Expenses	2,17,403	1,93,592
Total	9,03,140	8,74,342

13. Remuneration to Managing Director

Particulars	For the year ended	
	March 31, 2011 (Rs.)	March 31, 2010 (Rs.)
Salaries etc.,	9,11,046	7,06,232
Provident Fund, Gratuity etc.,	1,56,631	40,036
Total	10,67,677	7,46,268

14. Disclosure on Employee Benefits – AS 15 Revised

Gratuity is an Employee Benefit payable on retirement / superannuation / resignation on completion of 5 years of service. Privilege Leave is an employee benefit wherein confirmed Officer/Employee is entitled to 30 days of PL every year, which can be accumulated upto a max of 240 days.

Provident Fund is a statutory employee benefit wherein contributions are made by the employee and employer in prescribed proportion. Sick Leave is a Benefit, which an Officer/Employee is entitled to 15 days in a year.

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

A. RECONCILIATION OF PRESENT VALUE OF PROJECTED BENEFIT OBLIGATION

Amount in Rupees

Sl No	Particulars	Gratuity		Exempt PF		Sick Leave		LTC		Long Term Compensated Absence	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	Present value of Projected Benefit obligation as on 01/04/10 & 01/04/11	30225819	29578847	85188271	76195450	1978994	1165666	--	--	18118752	15626259
2	Service Cost	845960	994998	16314748	10964212	184759	195322	3829612	2725753	893777	773951
3	Interest Cost	2351763	2099978	6344267	5456134	156341	85094	--	--	1357338	1090197
4	Past Service Cost	19307986	--	--	--	--	--	--	--	--	--
5	Actuarial Gains (+) Losses (-)	-1812596	823951	-3625435	-4519759	862836	-532912			3606852	2012452
6	Benefit Paid	913335	1624053	2504795	-2907766					-1874510	1384107
7	Present Value of Projected Benefit Obligations as on 31/03/10 & 31/03/11 (1+2+3-4-5 - 6)	50005597	30225819	101717056	85188271	3182930	1978994	3829612	2725753	22102209	18118752

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**B. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011**

Amount in Rupees

Sl.No	Particular	Gratuity		Exempt PF		Sick Leave		LTC		Long Term Compensated Absence	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	Service Cost	845960	994998	16314748	10964212	184759	195322	3829612	2725753	893777	773951
2	Past Service Cost	19307986	--	--	--	--	--	--	--	--	--
3	Interest Cost	2351763	2099978	6344267	5456134	156341	85094	--	--	1357338	1090197
4	Actuarial Gains (-) Losses (+)	-1808700	-920983	2707593	1301252	862836	532912	--	--	3606852	2012452
5	Expected Return on Plan Assets	-1821989	1692255	-8150143	-6261955	--	--	--	--	--	--
6	Benefits paid	--	--	--	--	--	--	--	--	--	--
7	Amount charged to Employees remuneration And benefits & other Expenses (1+2+3+4-5-6)	18875020	481738	17216465	11459643	1203936	813328	3829612	2725753	5857967	3876600

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

Amount in Rupees

Sl No	Particular	Gratuity		Exempt PF		Sick Leave		LTC		Long Term Compensated Absence	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1	Opening Balance	19987230	19407720	82743609	74246219	--	--	--	--	--	--
2	Expected Return	1821989	1692255	8150143	6261955	--	--	--	--	--	--
3	Actuarial Gains (+) Losses (-)	-3896	97032	-6333028	-5821011	--	--	--	--	--	--
4	Contribution by employees	333235	414276	16314748	10964212	--	--	--	--	1874510	1384107
5	Benefits paid	913335	1624053	-2504795	-2907766	--	--	--	--	1874510	1384107
6	Closing balance (1+2+3+4-5)	21225223	19987230	98370677	82743609	--	--	--	--	--	--

D. Actuarial Assumptions

Sl. No.	Description	As on 31st March 2011	As on 31st March 2010
1	Discount Rate per annum	8.10%	7.90%
2.	Rate of Return on Plan Assets	Gratuity 9.50% Exempted PF 9%	Gratuity 9.50% Exempted PF 8%
3	Mortality Rate	Indian Assured Lives (1994-96) Ultimate Table	Indian Assured Lives (1994-96) Ultimate Table
4	Withdrawal rates (per annum)	7.24%	8.96%
5	The estimates of future salary increases considered in actuarial valuation, take into account escalation, inflation, seniority, Promotion and other relevant factors	7.00% for the next five years	20% for the first year & 7% for the next four years

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

15. Earnings per share has been computed as below:

Particulars	For the year ended	
	March 31,2011	March 31, 2010
Profit after tax (Rs. in lakhs) (a)	4201.60	3918.97
No. of shares (in lakhs) (b)	204.85	204.85
Basic earnings per share (a/b)	20.51	19.13
Diluted earnings per share (a/b)	20.51	19.13
Nominal value per share	10.00	10.00

16. In view of Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, adjustment to the deferred tax asset of Rs.75,07,000/- (Previous year Rs.60,00,000/-) has been made and is adjusted against provision for tax for the current year.

The tax effects of significant timing (temporary) differences that resulted in deferred tax assets and liabilities and description of the financial statement items that creates these differences are as follows:

(Rs. in Lakh)

Particulars	Cumulative as on 31/3/2011	Cumulative as on 31/3/2010
Deferred Tax Assets:		
Provision for Doubtful debts	332.09	292.23
Provision for compensated absence	177.60	99.73
Provision for wage settlement	--	41.00
Sub-Total (A)	509.69	432.96
Deferred Tax liability:	--	--
Depreciation on Assets	2.62	0.96
Sub-Total (B)	2.62	0.96
Cumulative Deferred Tax Asset	507.07	432.00

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

Year to which the dividend relates	2010-11	2009-10
No of Shareholders	16	42
No of Shares held	4969	26399
Gross amount of Dividend (Rupees)	9938	52798

18. 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.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS

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

(A) RELATED PARTIES:

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

(B) KEY MANAGEMENT PERSONNEL:

Mrs Mythili Krishnamurthy – Managing Director (up to 15/06/2010)

Dr. K .K. Deb – Managing Director (From 15/06/2010)

(C) TRANSACTIONS WITH RELATED PARTIES:

(Rs. in Lakh)

Sl. No.	Related Party	Nature of Transaction	2010-11	2009-10
1	Canara Bank	Term Loans & other credit facilities *	119392.08	113697.12
		Interest paid for the year	8862.11	8281.47
		Deposits *	2507.00	2507.00
		Interest earned for the year	230.53	211.67
		Rent paid for the year	29.98	18.00
		Bank charges for the year	12.81	15.54
		Salary of deputed staff	60.20	47.61
		Other Payments for the year	7.79	8.94
		Rent Received from Bank	0.66	0.66
2	Canbank Computer Services Ltd	Registrar & Transfer Agency charges for the year	9.45	9.04
		IT Services	4.69	5.93
		Other Services	6.94	0.00

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

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

20. There are no penalties levied on the company by the National Housing Bank.

21. There are no adverse comments on the company made in writing by the National Housing Bank on Regulatory compliance, which requires disclosure.

22. The Company has complied with requirements as per Para 29 of the Housing Finance Companies (NHB) Directions 2001.

23. Previous year figures have been rearranged / regrouped wherever necessary.

SCHEDULES ANNEXED TO AND FORMING PART OF THE ACCOUNTS**SCHEDULE 16****ACCOUNTING POLICIES****1. METHOD OF ACCOUNTING**

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

2. REVENUE RECOGNITION

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

3. ACCOUNTING OF HOUSING LOANS

Loans to the extent, the instalments have not become due as at the year-end and suit filed accounts are being shown under housing loans (Schedule 7).

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

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

4. INTEREST ON LOANS

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

5. INVESTMENTS

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

6. FIXED ASSETS

Fixed Assets are capitalised at cost.

7. DEPRECIATION

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

8. EMPLOYEE BENEFITS

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

9. TAXATION

Tax expense comprise 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

P.R.Yagnik
Chairman

Anil Kumar Nayyar

S.R.Iyer

T.B.Kumaraswamy
Partner
Membership No: 027709

Dr. K.K.Deb
Managing Director

K.S.Madhava Murthy

K.R.Vijayendra
Directors

C.Ilango

Place: Bangalore
Date : April 29, 2011

Prashanth Joishy
Sr. Manager

Shamila M
Chief Financial Officer

K.S.Sathyaprakash
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDING ON MARCH 31, 2011

	For the year ended March 31, 2011 Rs.	For the year ended March 31, 2010 Rs.
A CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	599,711,223	540,017,588
ADJUSTMENTS FOR :		
Depreciation	3,389,301	2,811,628
(Profit)/Loss on sale of Assets	(60,364)	33,327
Interest/Dividend	(73,060,932)	(66,415,599)
Bad debts written off / Recovered	--	6,169,997
Provision for retirement benefits	25,621,980	3,178,185
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	555,601,208	485,795,125
ADJUSTMENTS FOR :		
Current Assets	(41,303,879)	(16,025,009)
Current Liabilities	34,307,194	(83,516,153)
	(6,996,686)	(99,541,162)
CASH GENERATED FROM OPERATIONS	548,604,522	386,253,964
Direct taxes paid	(156,594,901)	(150,572,761)
CASH FLOW BEFORE EXTRAORDINARY ITEMS	392,009,621	235,681,203
NET CASH FROM OPERATING ACTIVITIES 'A'	392,009,621	235,681,203
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,555,107)	(3,323,341)
Sale of Fixed Assets	271,213	265,415
Purchase of Investments	--	--
Sale of Investments	5,000,000	18,446,000
Interest Received	73,060,932	66,415,599
NET CASH USED IN INVESTING ACTIVITIES 'B'	76,777,038	81,803,673

CASH FLOW STATEMENT FOR THE YEAR ENDING ON MARCH 31, 2011**C CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from Issue of Share Capital	--	--
Long Term Borrowings(Net of Repayments)	384,683,155	2,155,256,833
Loans (Net of Repayments) *	(1,031,314,792)	(2,236,153,623)
Dividends paid	(47,933,437)	(47,933,437)
NET CASH USED IN FINANCING ACTIVITIES 'C'	(694,565,074)	(128,830,228)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS 'A+B+C'	(225,778,415)	188,654,650
OPENING BALANCE OF CASH AND CASH EQUIVALENTS 'D'	584,590,870	395,936,220
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS 'E'	358,812,455	584,590,870
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS 'E-D'	(225,778,415)	188,654,650

* Including Securitised Assets

P R Yagnik

Chairman

A.K. Nayyar**S.R.Iyer****Dr. K.K.Deb**

Managing Director

K.S.Madhava Murthy**K.R.Vijayendra**

Directors

C.IIango**Prashanth Joishy**

Sr. Manager

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 31.03.2011. The statement has been prepared by the company in accordance with the requirements of listing agreements with the respective stock exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company.

for K P RAO & CO.

Chartered Accountants

Firm Registration No-003135S

T.B.Kumaraswamy

Partner

Membership no 027709

Bangalore

Date : April 29,2011

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

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

I Registration Details

Registration No.	8699	State Code	8
Balance Sheet Date	31-03-2011		
	DD MM YY		

II Capital raised during the year (Amount in Rs.Thousands)

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

III Position of Mobilisation and Deployment of Funds (Amount in Rs.Thousands)

Total Liabilities	22147420	Total Assets	22147420
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Sources of Funds

Paid-up capital	204875	Reserves & Surplus	2904689
Secured Loans	17540268	Unsecured Loans	1497588

Application of Funds

Net Fixed Assets	25841	Investments	169350
Net Current Assets	21952229	Misc. Expenditure	Nil
Accumulated Losses	Nil		

IV Performance of the Company (Amount in Rs.Thousands)

Turnover	2312939	Total Expenditure	1727786
Profit / Loss Before Tax	585153	Profit / Loss After Tax	420160
Earning Per Share in Rs.	20.51	Dividend rate (%)	25

V Generic Names of Three Principal Products / Services of Company

(As per monetary terms)

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

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

P.R.Yagnik
Chairman

Anil Kumar Nayyar

S.R.Iyer

T.B.Kumaraswamy
Partner
Membership No: 027709

Dr. K.K.Deb
Managing Director

K.S.Madhava Murthy **K.R.Vijayendra**
Directors

C.Ilango

Place: Bangalore
Date : April 29, 2011

Prashanth Joishy
Sr. Manager

Shamila M
Chief Financial Officer

K.S.Sathyaprakash
Company Secretary

AHMEDABAD

No.203, Samedh Building,
Second Floor, C G Road,
Near Associated Perol Pump,
Ahmedabad-380 006.
TEL: 079-26405312/26560759
e-mail : canfma@bsnl.in

BANGALORE

"Sajini", # 69, Old no. 35,
Basement Ground & I floor,
12th main Jayanagar 3rd Block,
Bangalore – 560 011
TEL: 080-26630776/26630501
e-mail : Jayanagar@canfinhomes.com

No 19/5, 'Kareem Towers',
I Floor Cunningham Road
Bangalore – 560 052,
TEL : 080-22266430/22262003,
e-mail : canfinhomesl@bsnl.in

No. 586, II Floor, 80 ft. road,
Near Police Station, Opp. Bethany
School, 8th Block, Koramangala,
Bangalore – 560 095,
TEL : 080-25703723/25703722,
e-mail : cfhlkm@bsnl.in

M.M Complex, I Floor, 150/e,
17th Main, East of Chord Road,
Vijayanagar, Bangalore – 40.
TEL : 080-23404965/23359162,
e-mail : canfinhomestdblr@bsnl.in

No.116/3, Ist Floor, G-Block,
60 Feet Road, Sahakarnagar,
Bangalore 560 092.
Tel: 080-23636425,
e-mail : canfinhome425@bsnl.in

Bhopal

1st Floor , No.6, Zone 2, M P
Nagar, Bhopal - 462011.
TEL: 0755-2577939/2577935,
e-mail : cfhlbpl@yahoo.com

Bhubaneswar

Plot No.6, Ground Floor,
Chidananda Vihar, Khandairi,
Bhubaneswar – 751030.
TEL: 0674-2470645/2472761,
e-mail : bbsr321@bsnl.in,
Alternate e-mail – canfinbbsr@yahoo.in

Calicut

18/1145 D, First Floor,
K.T.Commercial Complex, Jail
Road, Calicut - 673004
TEL: 0495-2704883/2704884
e-mail : canfinclt@dataone.in

Chandigarh

SCO-69, I Floor Sector 46
Chandigarh - 160 047,
TEL: 0172-2664934, 2621097
e-mail : cfhlchd@dataone.in

Chennai

No.770/A, Spencer Tower
Annexe, Anna Salai,
Chennai - 600 002.
TEL: 044-28497026/28496318,
Fax: 044-28497027,
e-mail : cfhlczo6318@bsnl.in

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

Coimbatore

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

Davanagere

428/3, I Floor, Lawyer's Road,
Davanagere - 577 002.
TEL: 08192-270245/235006
e-mail : canfin_dvg@bsnl.in

Faridabad

Ground Floor, SCF – 60, Street
16A Opp Nehru College,
Faridabad - 121 001,
TEL: 0129-2261100,
e-mail : homes60@bsnl.in

Goa

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

Gurgaon

SCO No. 18, I Floor, Sector 14
Near Huda Office,
Gurgaon - 122 002.
TEL: 0124-2312535, 2222760,
e-mail : cfhlgu@dataone.in

Hubli

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

Hyderabad

Doyen Trade House, 5-9-100,
Public Garden Road.
Hyderabad – 500 001.
TEL: 040-23233385/23231626,
Fax: 040-23242166,
e-mail : canfinhomesh@bsnl.in

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

Indore

No.207, 2nd Floor, Palasia
Tower,1/1, New Palasia, Near 56
Shops, Indore –452001,
Tel : 0731-2541194
e-mail : cfhlin@sancharnet.in

Jaipur

A-2, I Floor, Lal Koti Shopping
Complex, Tonk Road,
Jaipur – 302 015.
TEL: 0141-2742792/2741649
e-mail : canfinjpr@dataone.in

Kochi

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

Lucknow

Speed Building, Ist Floor, No.3,
Shahnajaf Road, Hazratganj,
Lucknow - 226 001
TEL: 0522-2617731/2274431
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Madurai

Aryempi Tower, 3rd Floor, 132,
East Masi Street,
Madurai - 625 001.
TEL: 0452-2322172, 2329799.
e-mail : mdu_cfh@bsnl.in

Mangalore

Ground Floor, Canara Bank
Building, Balmatta Road,
Mangalore – 575001.
TEL: 0824-2440193/2442593.
e-mail : cfhlmg@bsnl.in

Mumbai

No.101-102, 1st Floor, Mahavide
Adjacent To Municipal Garden
Chandavarkar Road, Borivile West,
Mumbai-400 092
TEL:022-28924369/28925385/
28918218, Fax : 022-28908545,
e-mail : cfhlby@mtnl.net.in

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

Mysore

No. 16, 1st Floor, Sita Vilas Road,
Near Marimallappa School,
Chamaraja Mohalla, Mysore-24.
TEL:0821-2429699/ 2422377
e-mail : cfhlmys@dataone.in

New Delhi

1st Floor, DDA Building, Near
Paras Cinema, Nehru Place,
New Delhi - 110 019.
011-26487529/26435815/
26430236 Fax: 011-26473318
e-mail : cfhl Delhi@gmail.com

Noida

M-111-112, J S Arcade, D-1,
Sector 18, Noida - 201 301
TEL: 0120-2517752-54,
e-mail : cfhlnda@gmail.com

Patna

403, 404, 405, Ashiana Harniwas,
4th Floor, Dak Bunglow Road,
Patna - 800 001,
TEL: 0612-2239861
e-mail : pat1_chfl@bsnl.in

Pondicherry

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

Pune

1259, Renuka Complex, I Floor,
J M Road, Deccan Gymkhana,
Pune - 411004.
TEL: 020-25531327,25531320,
Fax : 020-25538531
e-mail : cfhpne@bsnl.in

Raipur

Sai Tower Building, II Floor Beside
Azad Chowk,
Police Station GE Road, Raipur.
TEL: 0771-2537000,
e-mail : cfhlrp@yahoo.co.in

Trichur

1st Floor, Marva Arcade,
Machingal Lane, M G Road,
Trichur - 680 001.
TEL: 0487-2332421/2331952
e-mail : cfhltr08@bsnl.in

Trichy

2nd Floor, Ambagam Building,
Puthur High Road, Trichy-620017.
TEL: 0431-2773960/2773843
e-mail : cfhlty@yahoo.com

Trivandrum

No. 28/2452, Ground Floor, M G
Road, Trivandrum - 695 001.
TEL: 0471-2477446/2461446
e-mail : cfhltr08@bsnl.in

Vadodara

No.4, 5,6, First Floor, Plot No.24,
Spring Field Complex, Hari Nagar
Co-operative Housing Society,
Hari Nagar Chharrasta, Gotri
Road, Vadodara – 390021.
TEL: 0265-2388326/2388327
e-mail : ch2652357382@bsnl.in

Vijayawada

1st Floor, No.40-7-4, Donka
Road, Mogalrajpuram,
Vijayawada - 520 010,
TEL: 0866-2474781/2481731
e-mail : canfinvja@satyam.net.in

Visakhapatnam

1st Floor, Potluri Mansions, 30-15-
123, Daba Gardens Main Road,
Visakhapatnam - 530 020.
TEL: 0891-2746736/2591167
e-mail : cfhlvz36@bsnl.in

Registered Office:**Bangalore:**

Registered Office & Corporate
Office Can Fin Homes Ltd.,
No.29/1, Sir M.N.Krishna
Rao Road, Lalbagh West,
Basavanagudi, Bangalore-560044.
Tel: 080-26564265/26570155
Fax: 080-26565746
e-mail: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 SERVICES LTD.,
Registrar and Share Transfer Agents
Unit : Can Fin Homes Ltd.,
J P Royale, No.218, 1st Floor, 2nd main, Sampige Road,
(Near 14 Cross), Malleswaram, Bangalore – 560 003
Ph: 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./Cert. 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 :
 - d. City with PIN :
 - e. 9 digit MICR No. :
(please attach a blank "cancelled" or photocopy thereof)
 - f. 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 at are for reasons of incomplete or incorrect information, I would not hold Can Fin Homes Ltd., Bangalore, responsible.

Yours faithfully,

(Signature of the 1st 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 :
5. 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 :
 - d. City with PIN. :
 - e. 9 digit MICR No. :
(please attach a blank "cancelled" or photocopy thereof)
 - f. 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 at are for reasons of incomplete or incorrect information, I would not hold Can Fin Homes Ltd., Bangalore, responsible.

Yours faithfully,

(Signature of the 1st 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 physical mode



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-Fourth Annual General Meeting held on Wednesday, the August 24, 2011 at 11.00 a.m. at the J.S.S. Mahavidya Peetha, Shivarathreeswara Centre Auditorium, 1st Main, 8th Block, Jayanagar, Bangalore-560 082.

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

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

**Signature of shareholder(s) or
Proxy or Company Representative.....**

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



Reg. Folio No.....

* Client ID No.

* DP ID No.

No. of Shares held

* Applicable for investors holding shares in 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
ofin the district of
.....being a member / members of Can Fin Homes Ltd., hereby appoint
Mr./Mrs./Ms
in the district ofin the State ofor failing him
Mr./Mrs./Ms resident of
.....in the district of
in the State ofas my / our proxy to vote for me / us on my / our behalf
at the Twenty-Fourth Annual General Meeting of the Company to be held on Wednesday, the August 24, 2011 at 11.00 a.m. and at any
adjournment thereof.

Signed this.....day of 2011.

Reg. Folio No.....

* Client ID No.

* DP ID No.

No. of Shares held

30 Ps.
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.



Inauguration of Business Plan Conference 2011-12 by Sri. D S Anandamurthy, GM, Canara Bank



Best Performance branch awarded to Pondicherry branch



Appreciation certificate to Baroda branch



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. www.canfinhomes.com