

18th Annual Report 2004-2005



CanFin Homes Ltd

(SPONSOR: CANARA BANK)

HOME LOANS ♦ DEPOSITS

Translating Dreams into Reality



CanFin Homes Ltd

(SPONSOR: CANARA BANK)

HOME LOANS ♦ DEPOSITS

Translating Dreams into Reality



CanFin Homes Ltd

(SPONSOR: CANARA BANK)

HOME LOANS ♦ DEPOSITS

Translating Dreams into Reality

Board of Directors



Mr. S Doreswamy
Chairman



Ms. I T Vaz



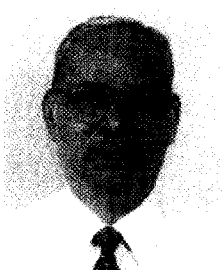
Mr. R V S Rao



Mr. Shyam Ramadhyani



Mr. V K Badami



Mr. K Annappayya



Mr. K. Venkataramaiah
Managing Director

Annual Report 2004 - 05**BOARD OF DIRECTORS**

Mr. S Doreswamy, Chairman

Ms. I T Vaz

Nominee Director - UTI

Mr. R V S Rao

Mr. Shyam Ramadhyani

Mr. V K Badami

Nominee Director - NHB

Mr. K Annappayya

Mr. Peter D F Cardozo

Managing Director
(upto December 20, 2004)

Mr. K. Venkataramaiah

Managing Director
(from December 20, 2004)**EXECUTIVES****General Manager****Mr. K. Subba Rao****Assistant General Managers****Mr. K. Suresh Rao****Mr. R. Jairam****Mr. K. Gopinath****Mr. G.V. Gopinath****Mr. Rm. Veerappan****Mr. D.K. Manjunath****Mr. N. Vijaygopalan****Asst. General Manager &
Company Secretary****Mr. K. S. Sathyaprakash****Chief Managers****Mr. P. Felix****Mr. P. Vijayasekhara Raju****Mr. A. R. Gopal****Ms. M. Shamila****Mr. T. Bhaktavatchalam****Mr. Sunil Kumar Mittal****REGISTRARS & SHARE TRANSFER AGENTS****Canbank Computer Services Ltd.,**

Unit : Can Fin Homes Ltd.,

R & T Centre, Naveen Complex

4th floor, No. 14, M.G. Road

Bangalore - 560 001

Tel : 25320541, 25320542, 25320543

Fax : 25320544

E-mail : ccslmt@vsnl.com

AUDITORS**K P Rao & Company**

Chartered Accountants

'Poornima', 25

Madras Bank Road,

Bangalore - 560 001

PRINCIPAL BANKERS

Canara Bank

Indus Ind Bank Ltd.

REGISTERED OFFICE

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

Tel : 26565742, 26565747, 26568687, 26570155 Fax : 26565746

Website : www.canfinhomes.com

Can Fin Homes Ltd**CONTENTS**

	Page No.
Financial Highlights	3
Notice of Annual General Meeting	4
Report of the Directors	8
Management Discussion and Analysis Report	15
Report on Corporate Governance	17
Auditors Certificate on Corporate Governance	25
General Information to Shareholders	26
Auditors Report	31
Balance Sheet	34
Profit & Loss Account	35
Schedules Annexed to and Forming part of the Accounts	36
Notes on Accounts	43
Accounting Policies	48
Cash Flow Statement	49
Balance Sheet Abstract & Company's General Business Profile	51
List of Branches	52
Shareholder(s) option to receive payment through Electronic Clearing Services (ECS)	53
Attendance Slip and Proxy form	55

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

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED MARCH 31, 2005

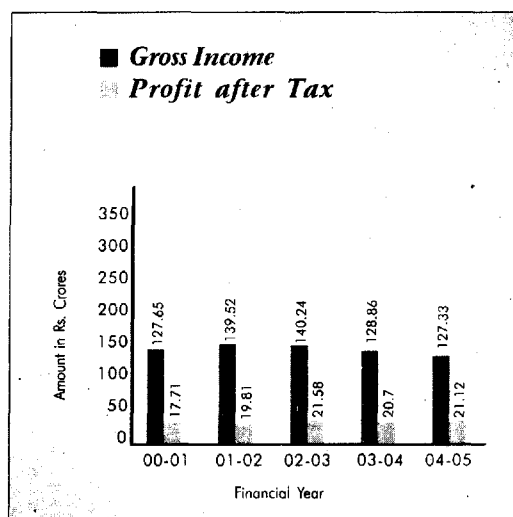
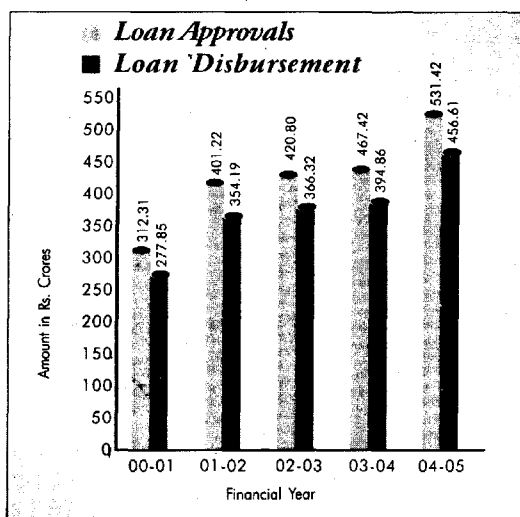
OPERATIONAL HIGHLIGHTS

Rs. in Crores

	2000-01	2001-02	2002-03	2003-04	2004-05	Cumulative Figures
Loan approvals	312.31	401.22	420.80	467.42	531.42	3656.66
Loan disbursements	277.85	354.19	366.32	394.86	456.61	3127.04

FINANCIAL HIGHLIGHTS

Gross Income	127.65	139.52	140.24	128.86	127.33
Profit after tax	17.71	19.81	21.58	20.7	21.12
Shareholders funds	100.06	113.05	128.36	137.41	152.56
Deposits	449.99	492.75	453.63	406.71	325.93
Borrowings	356.85	475.60	517.97	623.42	878.75
Housing loan Outstanding	825.43	986.18	1093.28	1185.26	1362.49
Dividend (%)	23	25	25	25	25



Can Fin Homes Ltd**NOTICE**

NOTICE is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of the Members of CAN FIN HOMES LTD will be held on Wednesday, the July 20, 2005 at 11.00 A.M. at The Bangalore Gayana Samaja Auditorium, K R Road, Basavanagudi, Bangalore – 560 004 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2005 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. Shyam Ramadhyani, 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 & Company, Chartered Accountants, be and are hereby re-appointed as auditors of the company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, at such remuneration as may be fixed by the Board of Directors, in addition to reimbursement of out-of-pocket expenses incurred by them for the purpose of conducting audit of the accounts of the company".

"RESOLVED FURTHER that the following firms of Chartered Accountants be and are hereby re-appointed as the auditors to carry out the audit of the branches of the company mentioned against each of their firm's name, at such remuneration as may be fixed by the Board of Directors, in addition to reimbursement of out-of-pocket expenses incurred by them for the purpose of conducting audit :

Sl. No.	Name of the firms of Chartered Accountants	Name of the Branches authorised for auditing
(i)	M/s K P Rao & Company Bangalore	Branches in the States of Karnataka, Kerala, Goa, Gujarat, Maharashtra and Branches, if any, to be opened by the company during 2005-06.
(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, 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. K Venkataramaiah be and is hereby appointed a Director of the company".

"FURTHER RESOLVED that pursuant to the provisions of Section 198, 269, 309, 310 and all other applicable provisions, if any, of the Companies Act, 1956, approval of the members of the company be and is hereby accorded for the appointment of Mr. K Venkataramaiah, General Manager, as the Managing Director of the company with effect from December 20, 2004 for a period of 3 years and for such further extension(s) of service as the Managing Director, if any, by Canara Bank, at such remuneration he is entitled to in accordance with the Service Regulations of Canara Bank and any modifications, revisions thereof that might take place

Annual Report 2004 - 05

from time to time and payable by way of reimbursement to Canara Bank subject to the ceiling limits prescribed by Schedule XIII to the Companies Act, 1956".

BY ORDER OF THE BOARD OF DIRECTORS

Bangalore
May 05, 2005

K S SATHYAPRAKASH
Company Secretary

Registered Office:

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

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE THEREAT IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING & VOTE ON HIS/HER BEHALF ONLY ON A POLL. SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE ATTENDANCE SLIP-CUM-PROXY FORM IS PLACED AT THE END OF THIS ANNUAL REPORT. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The relative Explanatory Statement, pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the Special Business under Item No.5 is enclosed herewith.
3. The Register of Members and Share Transfer Books of the company would remain closed from May 25, 2005 to May 31, 2005 (both days inclusive).
4. Payment of Dividend for the financial year 2004-05, on declaration, will be made on or after July 20, 2005 to those members whose names appear in the Register of Members of the company as on May 24, 2005.
5. Members are requested to promptly notify any change in their address to the Registrars and Share Transfer Agents of the company viz., M/s. Canbank Computer Services Ltd., R & T Centre, Unit: Can Fin Homes Ltd., Naveen Complex, 4th Floor, No.14, M G Road, Bangalore - 560 001 immediately.
6. The company has transferred unclaimed dividend upto Dividend 1996 to the General Revenue a/c of the Central Government in terms of Section 205A of the Companies Act, 1956. Those who have not encashed the dividend warrants for the said period may claim their dividend from the Registrar of Companies in Karnataka, Office of the Registrar of Companies, II Floor, E Wing, Kendriya Sadana, Koramangala, Bangalore - 560 034.
7. Members who have not encashed their dividend warrants for the years from 1997-98 upto 2003-04, Debenture Interest (XIII & XIV) and Debenture Redemption Warrants (redeemed in 1999) are requested to approach the company or the Registrars and Share Transfer Agents of the company for revalidating the warrants or obtaining cheques in lieu of warrants. Pursuant to the provisions of Section 205A & 205C of the Companies Act, 1956, the amount of dividend declared for 1998 & Debenture Interest XIII & XIV would be transferred to the Investor Education & Protection Fund (IEPF) during 2005-06 since such amounts that remained unpaid for a period of 7 years from the date on which they become first due are to be transferred to the IEPF. Members may please note that no claim should lie against the IEPF or the company in respect of the individual amounts which were unclaimed and unpaid for a period of 7 years from the date they first became due for payment and no payment(s) would be made against such claims.
8. The Shareholders holding shares in more than one folio are requested to consolidate their folios by sending a request letter to the company or to the R&T Agents of the company.

Can Fin Homes Ltd

9. Members are requested to note the change in address of R&T Agents of the company as follows :

**M/s Canbank Computer Services Ltd.,
R&T Centre, Naveen Complex, 4th Floor
No.14, M G Road, Bangalore – 560 001
Phone : 25320541, 542, 543
Fax :25320544, E-mail :ccslmt@vsnl.com**

10. The shareholders desirous of obtaining any information with regard to the audited annual accounts of the company for the financial year 2004-05 or any other related matters are requested to write to the company at least 15 days before the date fixed for the annual general meeting, so that the information required could be kept ready.

11. Nomination facility: Consequent to the introduction of Section 109A of the Companies Act, 1956 and as has been already brought to the notice of all the Members, individual Members are entitled to make a nomination in respect of the shares held by them. The Members, who have not yet sent the said nominations, are requested to send the Nomination in Form-2B (in duplicate) to the Registrars and Share Transfer Agents of the company for registering the nominations, if any.

12. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by the National Securities Depository Ltd., & Central Depository Services (India) Ltd., and 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 Centre as notified by the RBI. Members holding shares in electronic form may please note that their bank details as furnished by the respective Depositories to the company will be printed on their dividend warrants as per the applicable regulations of the Depositories Act 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 in electronic form. Members may therefore give instructions regarding their bank accounts in which they wish to receive dividend, to their Depository Participants immediately.

13. In respect of shares held in physical form, the shareholders desirous of availing ECS facility are requested to provide the bank details in the proforma annexed to this annual report.

14. Members attending the Annual General Meeting are requested to bring the following with them (as applicable):

- (a) Members holding shares in dematerialised form, their DP & Client ID Number(s).
- (b) Members holding shares in physical form, their folio number,
- (c) Copy of the Annual Report & Notice (2004-05).
- (d) The Attendance Slip duly completed & signed in terms of specimen signature lodged with the company.
- (e) Member companies/institutions are requested to send a copy of the resolution of their Board/Governing Body, authorising their representative to attend and vote at the Annual General Meeting.

The company would accept only the Attendance Slip from a Member actually attending the Meeting; or from the person attending as a Proxy under a valid Proxy Form registered with the company not less than 48 hours prior to the Meeting. Attendance Slips of Members/valid Proxies, not personally present at the Meeting, or relating to Proxies which are invalid, will not be accepted from any other Member/Person(s).

ANNEXURE TO THE NOTICE

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

In respect of Item No.5

The Board of Directors of the company at their Meeting held on December 20, 2004, appointed Mr. K Venkataramaiah, General Manager, Canara Bank as a Director and then as the Managing Director of the company with effect from December 20, 2004, for a period of 3 years at the remuneration he is entitled to as per the Service Regulations of Canara Bank and any modifications, revisions thereof that may take place from time to time and payable by way of reimbursement to Canara Bank and subject to the ceiling limits prescribed by Schedule XIII to the Companies Act, 1956 ("the Act"). Pursuant to Article 22 of the Articles of Association of the company ("Articles"), read with Section 260 of the Act, Mr.K Venkataramaiah holds office only up to the date of the ensuing Annual General Meeting. 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.K Venkataramaiah as a Director of the company.

Mr K Venkataramaiah started his carrier as an Officer in Canara Bank from 22.06.1972. He is a B Sc., (Agl.) graduate with Part-I CAIIB. During his service in the Bank over a period of 33 years, he has worked in various branches/offices of the Bank in both Northern & Southern parts of India in various capacities. He had the opportunity to work in Aligarh Gramin Bank as its Chairman for 3 ½ years. As a Divisional Manager he headed R.O. Gulbarga and As an Asst. General Manager he headed R.O. Jalandhar. As a DGM he worked in the Corporate Service Branch, New Delhi and Circle Office, Bangalore. Mr.K Venkataramaiah has consented for being appointed as a Director of the company. Presently, he is in the cadre of General Manager of Canara Bank. In compliance with the applicable provisions of the Act, approval of the members to the appointment of Mr.K Venkataramaiah as a Director and Managing Director for the period mentioned above and also for such extension in the period of his service, if any, by Canara Bank, at the remuneration payable as mentioned above, is now being sought.

The shareholding of Mr.K Venkataramaiah (both own or held by/for other persons on a beneficial basis) in the Can Fin Homes Ltd., is nil.

Your Directors feel that the appointment of Mr. K Venkataramaiah 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.

This explanatory statement may be treated as an abstract of the terms and conditions governing the appointment of Mr.K Venkataramaiah pursuant to Section 302 of the Companies Act, 1956.

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

BY ORDER OF THE BOARD OF DIRECTORS

Bangalore
May 05, 2005

K S SATHYAPRAKASH
Company Secretary

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

Can Fin Homes Ltd**REPORT OF THE DIRECTORS****TO THE MEMBERS**

Your Directors have pleasure in presenting the 18th Annual Report of your company with the Audited Accounts for the year ended March 31, 2005.

FINANCIAL RESULTS

The following are the working results:

	For the year ended March 31, 2005 (Rs.lakhs)	For the year ended March 31, 2004 (Rs.lakhs)
Profit before Tax	2772.38	2612.83
Less Provision for Tax	(695.00)	(560.00)
Deferred Taxation	35.00	17.00
Profit after Tax	2112.38	2069.83
Tax for earlier years	(13.35)	13.29
Transferred from General Reserve-II.	—	(300.00)
Balance brought forward from Previous year	89.44	189.07
	2188.47	1972.19
Appropriations:		
Transfer to Special Reserve u/s.36(1)(viii) of the Income Tax Act, 1961	1230.00	1095.00
Transfer to General Reserve-I	220.00	210.00
Transfer to General Reserve-II	—	—
Proposed Dividend	512.13	512.13
Tax on Distributed Profits	71.82	65.62
Balance carried forward	154.52	89.44
	2188.47	1972.19

PERFORMANCE HIGHLIGHTS**LENDING OPERATIONS**

The company's cumulative loan approvals at the end of the year 2004-05 were Rs.3656.66 crore against the previous year's figure of Rs.3125.24 crore. During the year, housing loan sanctions had been to the extent of Rs.531.42 crore against Rs.467.42 crore sanctioned during the previous year, recording an increase of 14%.

DISBURSEMENTS

The cumulative loan disbursements at the end of the year stood at Rs.3127.04 crore against the previous year's figure of Rs.2670.43 crore. The loan disbursements during the year aggregated to Rs.456.61 crore against Rs.394.86 crore in the previous year recording an increase of about 16%.

The loans outstanding, (including the loan under "Securitized Assets"), at the end of the year was Rs.1362.49 crore against Rs.1185.26 crore at the end of the previous year.