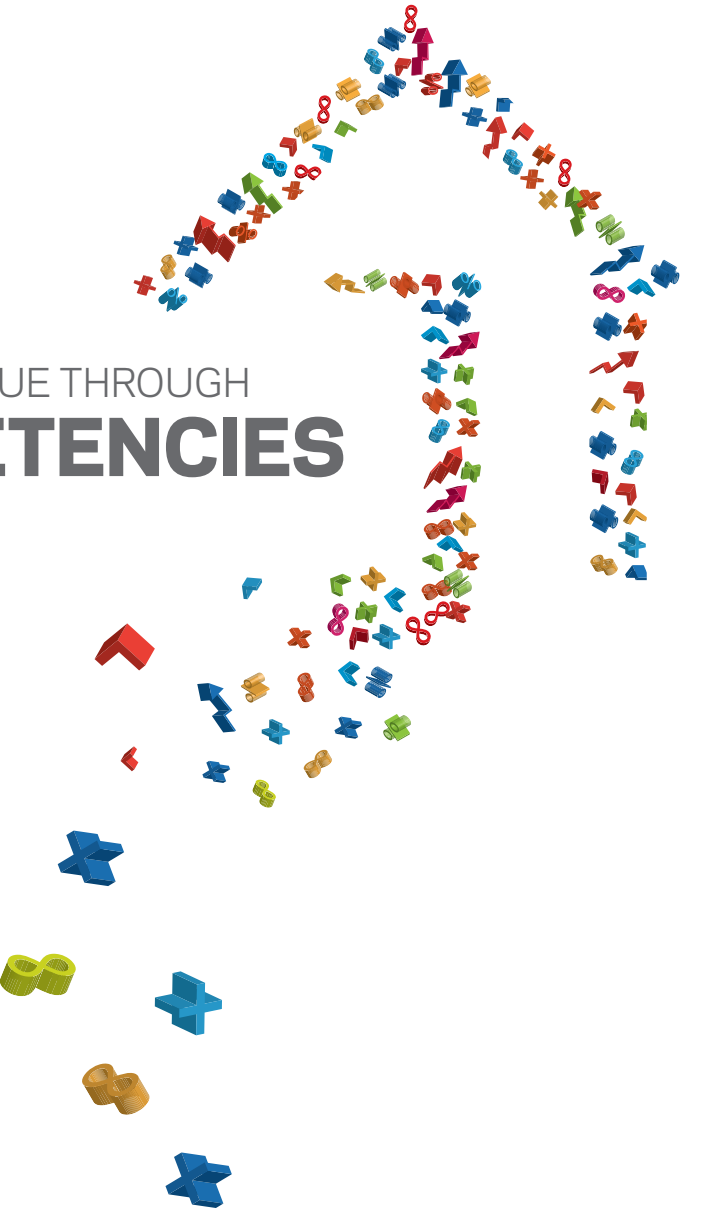
Can Fin Homes Ltd
(Sponsor : CANARA BANK)
HOME LOANS + DEPOSITS
Translating Dreams into Reality
ಕ್ಯಾನ್ ಫಿನ್ ಹೋಮ್ಸ್ ಲಿ.

CREATING LONG-TERM VALUE THROUGH

CORE COMPETENCIES



Can Fin Homes Limited

29th Annual Report 2015-16

Corporate INFORMATION

Can Fin Homes Limited

Registered Office
#29/1, 1st Floor, Sir M N Krishna Rao Road
Near Lalbagh West Gate, Basavanagudi
Bengaluru 560 004
Tel : 080-26564259, 080-41261144
Fax : 080-26565746
Email : investor.relationship@canfinhomes.com
Web : www.canfinhomes.com

Corporate Identity Number

L85110KA1987PLC008699

Senior Management Personnel

Smt. Shamila M ,DGM, New Delhi
Shri. K S Sathyaprakash (Compliance Officer), DGM RO
Shri. Rm.Veerappan, DGM, Annasalai
Shri. P.Vijaya Sekhara Raju, DGM, Cunnigham Road
Shri. Ajay Kumar G Shettar, DGM, Koramangala
Shri. Atanu Bagchi, DGM & CFO (KMP), RO
Shri. Sudhakar B M, AGM, Vijayanagar
Shri. N.Babu, AGM Kukatpally
Shri. G.K.Nagaraja Rao, AGM, Jayanagar
Shri. Prashanth Shenoy, AGM, RO
Shri. A.Madhukar, AGM, Gachibowli
Shri. V.Durga Rao, AGM, RO
Shri. R.Murugan, AGM, Annasalai
Shri. Prakash Shanbogue B, AGM, Sahakarnagar
Shri. Jagadeesha Acharya, AGM, Uttarahalli
Shri. M.Sundar Raman, AGM, Tambaram
Shri. Sanjay Kumar J, AGM, Noida
Shri. H.R. Narendra, CM, Hesaraghatta
Shri. Prashanth Joishy, CM, Mum-Borivali
Shri. Srinivas Malladi, CM, HYD-Nampalli
Shri. Mallya P S, CM, Kengeri
Shri. A.Uthaya Kumar, CM, Gandhipuram
Shri. Srinivas K, CM, NCR-Faridabad
Shri. D.R.Prabhu, CM, Marathalli
Shri. R.Madhu Kumar, CM, Bhopal
Shri. Arun Kumar V, CM, Basavanagudi
Smt. Veena G Kamath, CM & CS (KMP), RO
Shri. Jayakumar N, CM, Hosur
Shri. S N Venkatesh, CM, Sarjapur
Shri. P Badri Srinivas, CM, Vijayawada
Shri. R Hariharasubramanian, CM, Madurai
Shri. M Naveen Prabhu, CM, Begur
Shri. N Sivasankaran, CM, Trichy
Shri. T T Achuthanand, CM, Vishakapatnam
Shri. Vinayaka Rao M, CM, Electroniccity
Smt. Reshma Mallya, CM, RO
Smt. J Meenakshi, CM, RO
Shri. Santosh Prakash Srivastav, CM, Jaipur
Smt. Chitra Srinath, CM, RO
Smt. Mallika Shetty, CM, Kanakapura Road

Auditors

K P Rao & Co.,
Chartered Accountants
'Poornima', 2nd floor, 25, State Bank Road,
Bangalore - 560-001

Principal Banker

Canara Bank
Prime Corp. Branch
MG Road
Bangalore

Other Bankers

Bank of Baroda
Deutsche Bank
Federal Bank
HDFC Bank Ltd.
Kotak Mahindra Bank Ltd.
Oriental Bank of Commerce
State Bank of India

Registrar & Transfer Agents

Canbank Computer Services Limited
Unit: Can Fin Homes Ltd.,
R&T Center, #218, JP ROYALE, 1st Floor,
Sampige Road, 2nd Main, Near 14th Cross,
Malleshwaram, Bengaluru 560 003
Tel : 080-23469661, Email : canbankrta@ccsl.co.in
CIN : U85110KA1994PLC016174

Debentures Trustees

SBICAP Trustee Company Limited
6th Floor, Apeejay House, 3, DinshawWachha Road,
Churchgate, Mumbai 400 020
Tel :022-43025555, Fax : 022-43025500
Email : murali.v@sbicaptrustee.com
Website : www.sbicaptrustee.com
CIN : U65991MH2005PLC158386

29th Annual General Meeting

Wednesday, 20th July, 2016 at 11.00 AM
At J.S.S. Mahavidya Peetha, Shivarathreeswara Centre Auditorium,
1st Main, 8th Block, Jayanagar, Bengaluru 560 082

This Report is also available online on www.canfinhomes.com

Board of Directors

Shri K.N. Prithviraj (DIN:00115317) - Chairman (Independent Non-Executive Director)

Shri C. Ilango (DIN:03498879) - Managing Director (Upto May 18, 2016)

Shri Sarada Kumar Hota (DIN: 07491088) - Managing Director (w.e.f May 19, 2016)

Shri P.B. Santhanakrishnan (DIN:03213653) - Independent Non-Executive Director

Shri S.A. Kadur (DIN:06426095) - Promoter Non-Executive Director

Shri T.V. Rao (DIN:05273533) - Independent Non-Executive Director

Smt P.V. Bharathi (DIN:06519925) - Promoter Non-Executive Director

Board Committees

AUDIT COMMITTEE

Shri P.B. Santhanakrishnan - Chairman

Shri S.A. Kadur - Member

Shri T.V. Rao - Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Shri T.V. Rao - Chairman

Shri C. Ilango - Member (Upto May 18, 2016)

Shri P.B. Santhanakrishnan - Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Shri K.N. Prithviraj - Chairman

Shri C. Ilango - Member (Upto May 18, 2016)

Shri P.B. Santhanakrishnan - Member

NOMINATION AND REMUNERATION COMMITTEE

Shri T.V. Rao - Chairman

Shri P.B. Santhanakrishnan - Member

Smt P.V. Bharathi - Member

RISK MANAGEMENT COMMITTEE

Smt P.V. Bharathi - Chairperson

Shri T.V. Rao - Member

Smt M. Shamila - Member

MANAGEMENT COMMITTEE

Shri C. Ilango - Chairman (Upto May 18, 2016)

Shri T.V. Rao - Member

Shri S.A. Kadur - Member

LISTING OF EQUITY SHARES

CANFINHOME - (Scrip Code : 511196)

National Stock Exchange of India Ltd.,
Exchange Plaza, Plot No. C/1,G-Block,
Bandra Kurla Complex, Bandra East, Mumbai – 400 051

BSE Limited
Floor 25, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai - 400 001

Inside this REPORT

I **CORPORATE OVERVIEW** 04-22

Operational & financial highlights 04
We are Can Fin Homes Limited 06
Our Company's journey so far 08
Message for our Shareholders 10
A Glance at our financial highlights 12
Sneak peek at our big numbers 14
Advantages that set us apart 16
Our high value network 18
Profile of the Board of Directors 20
Our efforts towards a better world 22

II **STATUTORY REPORTS** 24-100

Management Discussion & Analysis 24
Report of Directors 40
Report of the Directors on Corporate Governance 69
General Information to Shareholders 83
Business Responsibility Report 92

III **FINANCIAL STATEMENTS** 102-131

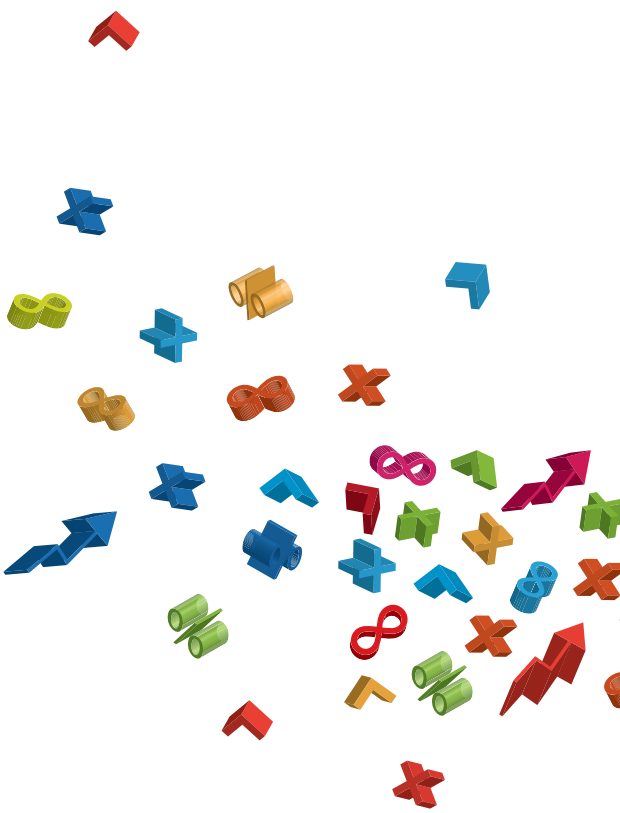
Independent Auditor's Report 102
Balance Sheet 108
Statement of Profit & Loss 109
Cash Flow Statement 110
Notes forming part of Financial Statements 112

List of Branches 132
List of Satellite Offices 137

It's easy to stand out in the short run – when the circumstances are unchanged and the results arrive quicker. Making a difference in the long run demands sound strategy, roots of resilience and an authentic competency at the core of it all. When the competencies are rock solid, they act as the foundations for building the high pillars of futuristic plans and actions. They help to mitigate every unforeseen circumstance and survive even the roughest of economies. Most of all, they help gain unshakeable trust by giving the most important result of all – true value. Hence we stride ahead, with the grand vision of changing lives by making dreams accessible and creating a value that transcends across decades -

WITH SOLELY OUR CORE COMPETENCIES

PAVING THE WAY!



Performance in Focus
OPERATIONAL & FINANCIAL HIGHLIGHTS

I - Statistics on Business

Sl No	Parameters	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
1	Loan Approvals (₹ in Cr)	653	546	1105	2093	2907	3670	4418
2	Loan disbursements (₹ in Cr)	547	473	859	1814	2548	3346	3922
3	Total Loan outstanding (₹ in Cr)	2094	2199	2674	4016	5844	8231	10643
4	Out of 3 above,							
	i. Housing Loans (₹ in Cr)	2065.29	2168.90	2608.62	3808.38	5350.27	7325.49	9381.32
	ii. Non Housing Loans (₹ in Cr)	29.01	30.00	65.77	207.77	493.73	905.80	1261.81
5	Borrowings (₹ in Cr)	1865.32	1903.79	2300.30	3538.89	5268.53	7374.51	9477.67
6	NPA							
	i. Gross NPA (₹ in Cr)	22.46	23.47	19.01	15.66	12.10	14.35	19.76
	ii. Gross NPA %	1.07%	1.06%	0.71%	0.39%	0.21%	0.17%	0.19%
	iii. Net NPA %	NIL	NIL	NIL	NIL	NIL	NIL	NIL
7	Average Assets (₹ in Cr)							
	i. Housing loan	1941.61	2119.40	2305.95	3146.86	4626.88	6261.2	8213.96
	ii. Non Housing loan	27.37	31.06	40.47	103.09	320.32	708.62	1063.91
	iii. Investments	43.47	42.04	38.54	20.82	20.31	20.18	24.36
	iv. Securitised Assets	88.84	43.19	2.55	0	0	0	0
	Total Average Assets (₹ in Cr)	2101.29	2235.69	2387.51	3270.77	4967.51	6990.00	9302.23
8	Average Borrowings (₹ in Cr)	1966.75	1852.60	1993.63	2797.64	4298.98	6388.39	8401.58
9	No. of Branches / Offices							
	i. Branches	40	41	52	69	83	107	110
	ii. Satellite Offices	0	0	0	0	0	10	30
	Total no. of Branches / Offices	40	41	52	69	83	117	140
10	No. of Employees	205	223	251	319	387	491	553

II - Statistics on Income & Expenditure

SL No	Parameters	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
11	Interest Collected (₹ in Cr)							
	i. Housing Loan	201.21	218.94	270.49	359.35	511.61	690.76	896.10
	ii. Non Housing Loan	3.34	3.92	5.82	18.28	44.03	95.76	146.67
	iii. Investment	3.30	3.39	2.94	1.08	1.41	1.37	1.64
	Total Interest Collected (₹ in Cr)	207.85	226.25	279.25	378.71	557.05	787.89	1044.41
12	Processing Charges (₹ in Cr)	5.86	4.96	6.93	13.78	20.69	28.41	38.52
13	Other Income (₹ in Cr)	2.73	0.08	0.65	0.21	0.26	0.73	0.61
14	Total Income (₹ in Cr) (11+12+13)	216.44	231.29	286.83	392.70	578.00	817.03	1083.54
15	Interest Paid (₹ in Cr)	145.00	154.13	195.53	283.01	422.76	610.29	743.48
16	Net Interest Income (NII) (₹ in Cr) (11-15)	62.85	72.12	83.71	95.69	134.29	177.60	300.93
17	Staff Cost (₹ in Cr)	8.27	10.93	11.01	15.73	17.90	24.75	33.06
18	Other Expenses (₹ in Cr)							
	i. Establishment	3.34	3.76	4.53	6.05	7.15	8.38	9.77
	ii. DSA Commission	0.15	0.09	0.94	4.33	6.33	7.56	7.78
	iii. Professional fees - IBS	0.00	0.00	0.00	1.00	1.93	2.39	2.78
	iv. Others incl CSR	4.78	2.07	3.10	4.42	5.38	6.13	6.66
19	Depreciation (₹ in Cr)	0.28	0.34	0.55	1.16	2.01	3.73	3.46
20	Bad Debts written off (₹ in Cr)	0.62	0.00	2.81	3.29	3.22	2.10	3.29
21	Operating Cost (₹ in Cr) (17+18+19)	16.82	17.19	20.13	32.69	40.70	52.94	63.50
22	Total Cost (₹ in Cr) (15+20+21)	162.44	171.32	218.47	318.99	466.68	665.33	810.27
23	Operating Profit (₹ in Cr) (14-22)	54.00	59.97	68.36	73.71	111.32	151.70	273.27

SL No	Parameters	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
24	Provisions & Taxes (₹ in Cr)							
	i. Standard Assets	0.00	0.15	11.00	6.85	8.00	12.00	14.00
	ii. Non Performing Assets	(0.83)	1.31	(3.61)	(8.24)	(3.56)	2.25	5.41
	iii. Income Tax	16.24	17.25	17.80	20.20	30.93	43.23	80.00
	iv. Deferred Tax Liability/(Asset)	(0.60)	(0.75)	(0.58)	0.78	0.24	7.98	16.75
25	Net Profit (₹ in Cr) (23-24)	39.19	42.02	43.76	54.12	75.71	86.24	157.11
26	Share Capital (₹ in Cr)	20.49	20.49	20.49	20.49	20.49	26.62	26.62
27	Reserves (₹ in Cr)	254.40	290.47	327.09	371.68	431.81	744.87	851.42
28	Deferred Tax Liability DTL /(AssetsDTA)	(4.32)	(5.07)	(5.66)	(4.87)	(4.86)	21.61	56.87
29	Shareholder's Funds – Tier I (₹ in Cr) (26+27-DTA)	270.57	305.89	341.92	387.3	447.44	771.49	878.04
30	Number of Shares (₹ in Cr)	2.05	2.05	2.05	2.05	2.05	2.66	2.66
31	Tier II Capital (₹ in Cr)							
	- SA Provision	0.15	0.15	11.15	18.00	26.00	38.00	52.00
	- Tier II Bonds	0.00	0.00	0.00	0.00	0.00	100.00	100.00
	Total Tier II Capital (₹ in Cr)	0.15	0.15	11.15	18.00	26.00	138.00	152.00
32	Dividend							
	i. Percentage	20	25	30	40	65	70	100 [1]
	ii. Amount (₹ in Cr)	4.10	5.12	6.15	8.20	13.32	18.64	26.63
	iii. Payout Ratio excl tax %	10.45%	12.19%	14.05%	15.15%	17.59%	21.61%	16.95%
	iv. Payout Ratio incl tax %	12.23%	14.16%	16.34%	17.61%	20.58%	25.36%	20.40%
	v. Dividend yield %	2.50%	2.33%	2.67%	2.94%	3.41%	1.15%	0.87%
33	Book Value (BV) (FV of share ₹10) ((26+27)/30)	134.09	151.69	169.63	191.40	220.80	290.03	330.09
34	Earnings per Share (EPS)(25/30) (₹)	19.13	20.50	21.36	26.42	36.93	32.42	59.02
35	Return on Equity (ROE) % (25 / (26+27))	14.26%	13.51%	12.59%	13.80%	16.74%	11.18%	17.89%
36	Return on Average Asset (ROA) % (25 / 7)	1.87%	1.88%	1.83%	1.65%	1.52%	1.23%	1.69%
37	Closing Stock Price (CMP/NSE) (₹ as on 30th March)	80.00	107.15	112.45	135.90	190.70	607.40	1154.35
38	Market Cap (MC) (37 x 30) (₹ in Cr)	164.00	219.66	230.52	278.60	390.94	1615.68	3070.57
39	CMP/ Earnings (P/E Ratio) (37 / 34)	4.18	5.22	5.26	5.14	5.16	18.73	19.56
40	CMP / Book Value (P/B Ratio) (37/33)	0.60	0.71	0.66	0.71	0.86	2.09	3.50
41	Risk Weighted Assets (₹ in Cr)	1581.60	1598.20	1961.04	2631.41	3421.11	4945.71	4979.64
42	Capital Adequacy Ratio (CAR) % ((29+31)/41)	17.11%	19.14%	18.00%	15.40%	13.84%	18.39%	20.69%
43	Net Interest Margin (NIM) % pa							
	a) Without PC -(16 / 7)	2.99%	3.23%	3.51%	2.93%	2.71%	2.54%	3.24%
	b) Including PC [(16+12)/7)]	3.27%	3.45%	3.80%	3.35%	3.12%	2.95%	3.65%
44	Cost to Income Ratio % [(21 / (16+12+13)]	23.55%	22.28%	22.04%	29.80%	26.22%	25.61%	18.67%
45	Average Business Per Branch (₹ in Cr)	57.35	56.71	47.94	49.38	61.65	67.15	86.71
46	Average Business Per Employee (BPE) (₹ in Cr)	11.19	11.68	10.88	11.43	13.90	15.90	18.52
47	Average Yield on Assets % pa (11/7)	9.89%	10.12%	11.70%	11.58%	11.22%	11.27%	11.24%
48	Average Cost of Borrowings % pa (15/8)	8.37%	8.32%	9.81%	10.11%	9.83%	9.55%	8.75%
49	Interest Spread % pa (47 -48)	1.52%	1.80%	1.89%	1.47%	1.39%	1.72%	2.49%
50	Debt Equity Ratio (5/29)	6.79	6.22	6.73	9.14	11.78	9.57	10.79

Note:

1. SL no. 32 for FY 15-16 is subject to declaration at the AGM to be held on July 20, 2016.

2. SL no. 34, 35, 39 if computed based upon average equity (since Rights Issue Capital was received / accounted on March 13, 2015 only) then EPS will be ₹ 41.45, ROE will be 18.20% and P/E ratio will be 14.65% for FY 14-15.

First Impressions
WE ARE CAN FIN HOMES LIMITED

DRIVEN BY THE VISION...

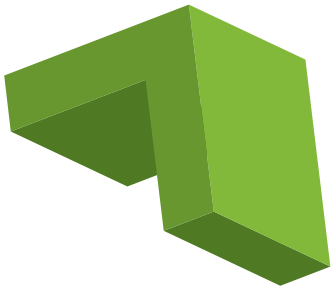
...of promoting home ownership, increasing the housing stock in the country and transforming the lives of Indian households by enabling access to home ownership.

BUILT AS A COMPANY...

...that provides impeccable financial assistance to people's housing requirements. Can Fin Homes Limited (CFHL), was established in the year 1987, headquartered at Bengaluru. Canara Bank,one of the premier public sector banks is the sponsor for our organisation. In fact, our organisation is the first Indian housing finance company to be promoted by a nationalised bank.

MAKING PRODUCTS...

...that are diverse enough to address the different needs of different customers, though housing finance still remains our prime specialisation. Our housing loan products include individual home loans, and many schemes related to the construction or purchasing of properties. We are not just limited to housing loans, but also offer non-housing loans such as mortgage loans, loans against commercial property, site loans, personal loans, flexi-lap and commercial housing loans, among others.

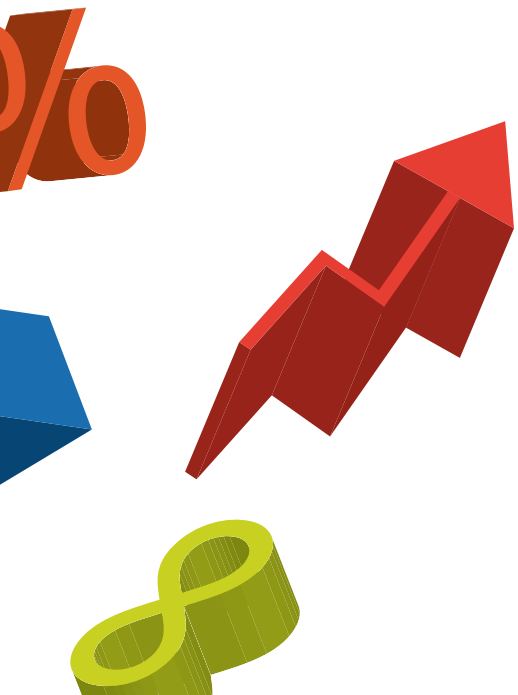


WITH PRESENCE AT BRANCHES...

...which had mainly been concentrated in the Southern part, we are now steadily spreading in other parts of the country. At present, in terms of geographic distribution, 76% of our branch network is present in South, while the remaining are distributed across the country.

STRICTLY FOLLOWING GOVERNANCES...

...which certify us as among the top rung ones in the industry. Since beginning of our journey almost three decades back, today we rank sixth among the largest housing finance companies in India.



Milestones of Triumph
OUR COMPANY'S JOURNEY SO FAR

In our 29 year long presence, we have gone through transformations that has not only secured the expansive future of our company, but has enhanced our credibility well too.

1987
Inaugurated our first branch at Jayanagar, Bengaluru on December 26, 1987

1988
Opened our first branch outside South India at Delhi

1989
We started providing loans to the Non-Resident Indians (NRIs)

1991
Our loan book size crossed ₹100 Crore

2012
- Our disbursements crossed ₹1,000 Crore
- Our 50th branch was inaugurated at NCR-Pitampura
- We completed 25 years of existence