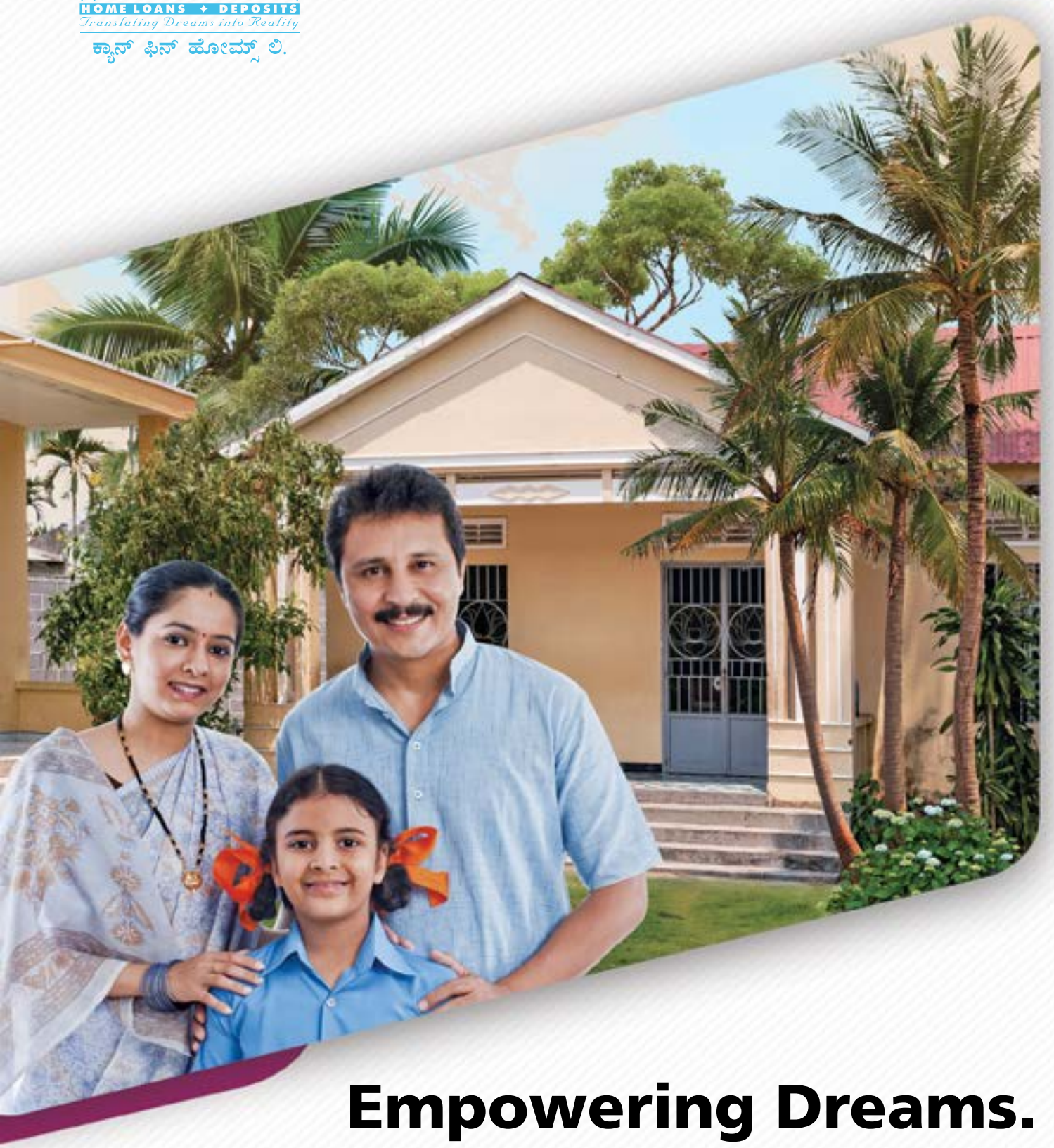
Can Fin Homes Ltd
(Sponsor : CANARA BANK)
HOME LOANS ✦ DEPOSITS
Translating Dreams into Reality
ಕ್ಯಾನ್ ಫಿನ್ ಹೋಮ್ಸ್ ಲಿ.





# Empowering Dreams. Ensuring Affordability.

**The allure of stability.**

**The promise of comfort.**

# The ability to celebrate little joys.



## The confidence to nurture dreams – remains intertwined with the cherished aspiration of home ownership.

Can Fin understands the hopes and emotions of a large section of the Indian population who strive to secure an abode where dreams become a tangible reality. In its endeavour to empower people the means to own homes, Can Fin reiterates its commitment to affordable housing.

In a country like India, the demand for affordable housing continues to rise substantially. Favourable government policies have helped revive the interest of home-buyers, particularly among the Indian middle class and economically weaker sections, who remain motivated to fulfil their home-ownership dreams.

Over the years, Can Fin has persistently secured its position as a conscious choice of thousands across the country. Instilling a sense of security and stability, the company continues to reach out to customers across the country, empowering dreams and ensuring affordability.

# Inside Report


## Corporate overview

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**In our 33rd year of existence, we are still striving relentlessly to fulfil the one unifying dream of millions of Indian families, which is to own a home of their own. In this endeavour, the three factors of affordability, reliability and convenience are pivotal.**

**As we have stepped into a new decade of the 21st century, it is an opportune time to not only encapsulate the performance highlights in the last FY 2019-20, but to also reflect on the work done and our achievements in the decade gone by. The introspection will further steer our progressive march in the field of housing finance during the current decade too.**

To know more about us in digital mode, scan this QR code in your QR mobile application.

or

Visit https://www.canfinhomes.com

# Corporate Information

## Can Fin Homes Limited

### Registered Office

#29/1, 1st Floor, Sir M N Krishna Rao Road
Near Lalbagh West Gate, Basavanagudi, Bengaluru 560004
Tel : 080-26564259; Fax : 080-26565746
Email : investor.relationship@canfinhomes.com
Web: www.canfinhomes.com

### Statutory Auditors

M/s Varma & Varma
# 424, 4th C Main
6th Cross, OMBR Layout Banaswadi, Bengaluru 560043

### Secretarial Auditors

M/s. S Kedarnath & Associates
004 Ojus Apartments, 4th Main Road Malleshwaram,
Bengaluru 560003

### Principal Banker

**Canara Bank,** Prime Corp. Branch, MG Road, Bengaluru

### Other Bankers

• State Bank of India • HDFC Bank Ltd. • Federal Bank
• Lakshmi Vilas Bank • Corporation Bank

## Registrar & Transfer Agent

### 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 - 560003
Tel : 080-23469661, Email : canbankrta@ccsl.co.in
Website: www.ccsl.co.in
CIN : U85110KA1994PLC016174

## Debenture Trustee

### SBICAP Trustee Company Limited

6th Floor, Apeejay House, 3, Dinshaw Wachha Road,
Churchgate, Mumbai 400020
Tel : 022-43025555, Fax : 022-43025500
Email : corporate@sbicaptrustee.com
Website : www.sbicaptrustee.com
CIN: U65991MH2005PLC158386

## Corporate Identity Number

L85110KA1987PLC008699

## Legal Entity Identifier(LEI) Number

335800EJ9Y3XDP5ZDH81

## Senior Management Personnel

### KMPs

Smt Shamila M, GM
Smt Veena Kamath, AGM & CS
Shri Prashanth Joishy, AGM & CFO

### Registered Office

Shri B M Sudhakar, DGM
Shri Prakash Shanbhogue, DGM
Shri Sikhin Tanu Shaw, AGM
Shri H R Narendra, AGM & Chief Risk Officer
Shri S Mohan Krishnan, Chief Manager
Shri Pramodchandra, Chief Manager

### Cluster Heads

Shri Ajay Kumar G Shettar, DGM
Shri N Babu, DGM
Shri Prashanth Shenoy, DGM
Shri Jagadeesha Acharya, AGM
Shri Santosh Prakash Srivastava, AGM
Shri Mallya P S, AGM
Shri Uthaya Kumar, AGM
Shri K Srinivas, AGM
Shri Arun Kumar V, AGM
Shri R Madhu Kumar, AGM
Shri P V Mohan Krishna, Chief Manager
Shri Arunkumar Shastri, Chief Manager

## Listing of Equity Shares

### National Stock Exchange of India Ltd.

(NSE Symbol: CANFINHOME)
Exchange Plaza, Plot No. C/1, G-Block,
Bandra Kurla Complex, Bandra (East), Mumbai 400051

### BSE Limited

(BSE Scrip Code: 511196)
Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Fort,
Mumbai 400001

## Depository for equity shares

### National Securities Depository Limited

Trade World, 'A' Wing, 4th Floor
Kamala Mills Compound Senapati Bapat Marg,
Lower Parel, Mumbai 400 013
Tel : 91 22 2499 4200 Fax : 91 22 2497 6351

### Central Depository Services (India) Limited

Marathon Futurex, A Wlng, 25th floor, N M Joshi Marg
Lower Parel (East), Mumbai 400013
Tel : 91 22 2302 3333 Fax : 91 22 2300 2335

## Board of Directors

**Smt Bharati Rao**
(DIN: 01892516)
Chairperson (Independent Non-Executive)

**Shri Girish Kousgi**
(DIN: 08524205)
Managing Director & CEO
(w.e.f 05.09.2019)

**Shri Lingam Venkata Prabhakar**
(DIN: 08110715)
Additional Director (Promoter Non-Executive)

**Shri Debashish Mukherjee**
(DIN: 08193978)
Director (Promoter Non-Executive)

**Shri G Naganathan**
(DIN: 00423686)
Director (Independent Non-Executive)

**Shri Shreekant M Bhandiwad**
(DIN: 08120906)
Dy. Managing Director (Promoter)

**Dr. Yeluri Vijayanand**
(DIN: 00594503)
Director (Independent Non-Executive)

**Shri Sarada Kumar Hota**
(DIN: 07491088)
Managing Director (Promoter)
(Resigned on 27.06.2019)

**Shri S Subramanian**
(DIN: 07901414)
Director (Promoter Non-Executive)
(Resigned on 04.06.2020)

**Shri Satish Kumar Kalra**
(DIN: 01952165)
Additional Director (Independent Non-Executive)

**Smt Shubhalakshmi Aamod Panse**
(DIN: 02509310)
Additional Director (Independent Non-Executive)

## Board Committees

### Audit Committee
Shri G Naganathan - Chairperson
Smt Bharati Rao - Member
Dr. Yeluri Vijayanand - Member

### Stakeholders Relationship Committee
Dr. Yeluri Vijayanand - Chairperson
Shri Girish Kousgi - Member
Shri G Naganathan - Member
Smt Bharati Rao - Member

### Corporate Social Responsibility Committee
Smt Bharati Rao - Chairperson
Shri Girish Kousgi - Member
Shri G Naganathan - Member
Shri Shreekant M Bhandiwad - Member

### Nomination Remuneration & HR Committee
Dr. Yeluri Vijayanand - Chairperson
Smt Bharati Rao - Member
Shri G Naganathan - Member
Shri Debashish Mukherjee - Member

### Risk Management Committee
Shri Debashish Mukherjee - Chairperson
Smt Bharati Rao - Member
Shri Shreekant M Bhandiwad - Member
Smt Shamila M (General Manager) - Member
Shri H R Narendra - Member

### Management Committee
Shri Girish Kousgi - Member
Smt Bharati Rao - Member
Shri Shreekant M Bhandiwad - Member

### IT Strategy Committee
Shri G Naganathan - Chairperson
Shri Shreekant M Bhandiwad - Member
Smt Shamila M (General Manager) - Member
Shri Sikhin Tanu Shaw (AGM-IT) - Member

## 33rd Annual General Meeting

Wednesday, August 26, 2020 at 11:00 AM through Video-Conference

Deemed venue for meeting:
Can Fin Homes Limited
Registered Office: No. 29/1, Sir M N Krishna Rao Road, Basavanagudi, Bengaluru 560004

# About Can Fin Homes

## As one of the leading housing finance companies, Can Fin Homes Limited (CFHL) is proud to be of help to thousands of Indians to afford a shelter for their families.

Since our inception in 1987, we continue to promote home ownership across the country with the motto of friendship finance and good service. We have been progressively working towards our vision of sustaining high asset quality, business growth and favourable profit margins.



## Our value creation philosophy for past 10 years

### Number of Branches

41 FY 2010 → 198 FY 2020 | 383% Growth

### Revenue (in Rs. crore)

216 FY 2010 → 2030 FY 2020 | 840% Growth

### Customers served

1,03,150 FY 2010 → 4,43,750 FY 2020 | 330% Growth

### Disbursement (in Rs. crore)

547 FY 2010 → 5,481 FY 2020 | 902% Growth

### Number of Employees

205 FY 2010 → 838 FY 2020 | 314% Growth

### Net Worth (in Rs. crore)

275 FY 2010 → 2,150 FY 2020 | 682% Growth

### Loan Book management (in Rs. crore)

2,106 FY 2010 → 20,706 FY 2020 | 883% Growth

### PBT (in Rs. crore)

55 FY 2010 → 518 FY 2020 | 845% Growth

### Net Interest Income (in Rs. crore)

63 FY 2010 → 655 FY 2020 | 940% Growth

### PAT (in Rs. crore)

39 FY 2010 → 374 FY 2020 | 860% Growth

### EPS (in Rs.)

19.13 FY 2010 → 28.25 FY 2020 | 48% Growth

# Financial and Operational Highlights

## Financial Performance

**Loan Book** (Rs. in Crore)




**16%**

3-year CAGR

**Net Interest Income** (Rs. in Crore)




**17%**

3-year CAGR

**Net Profit** (Rs. in Crore)




**17%**

3-year CAGR

**Book value per share** (Rs.)




**EPS** (Rs.)




**Average business per branch** (Rs. in Crore)




## Key Ratios

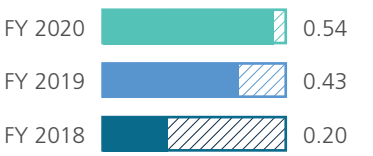
**Cost to income ratio** (%)




**GNPA** (%)




**Net NPA** (%)




**Net Interest Margin** (%)




**ROE** (%)




**ROA** (%)



## Non-Financial Performance

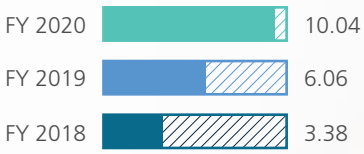
**Branches**



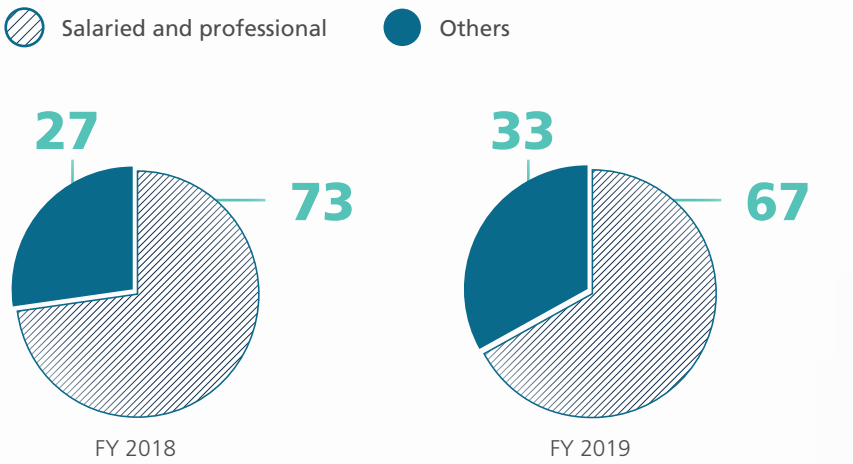

**Satellite Offices**



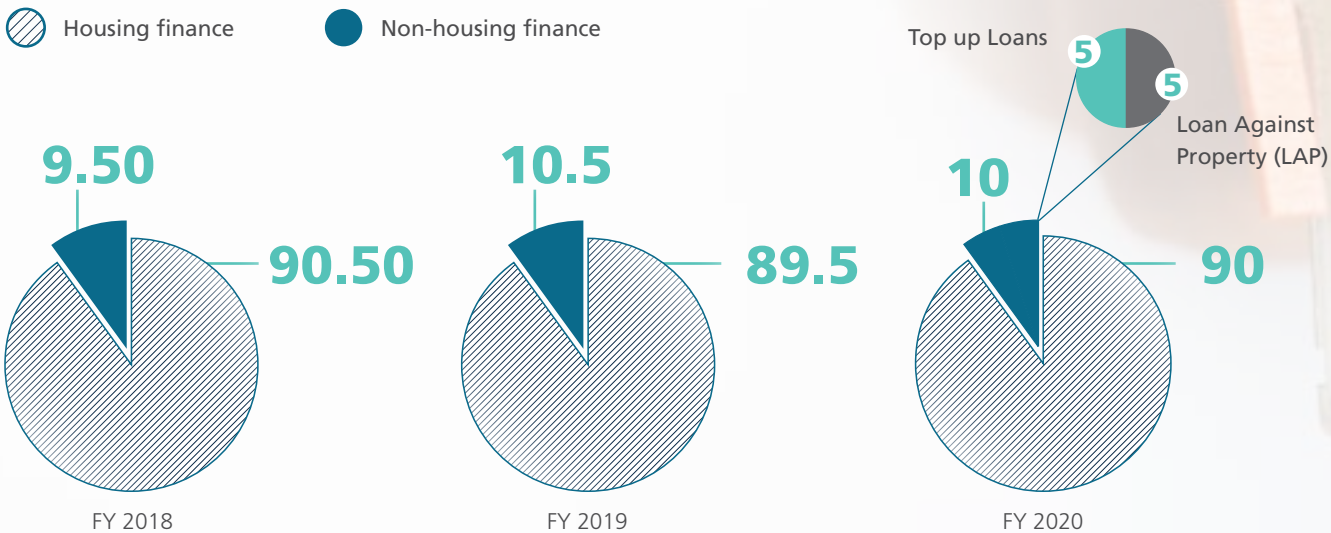

**CSR Spend** (Rs. in Crore)




**Loan book profile** (%)




**Loan book portfolio** (%)



# Message from the Managing Director



## Dear Shareholders,

**In a dynamic, continuously evolving world where change is the only constant, the bulwark of any institution is its reliability, resourcefulness and resilience.**

The reputation of Can Fin Homes as a trustworthy and dependable organisation has grown over the years. 2020 marks the 33rd year of our noteworthy journey, during the course of which, we have won many accolades.

Backed by a strong parent, 33 years ago, we started our journey with the twin objectives of promoting home ownership and increasing housing stock in the country and the Company decided to do the right things. Millions dream of an affordable home, their very own shelter to lead their lives with freedom and dignity. The satisfaction of owning a house is an important foundation for a successful life.

Making housing affordable means lending a sense of security to the citizens of the country and thereby in essence, building a stronger nation. Therefore, focus on individual housing loans to ensure a roof over every head was the agenda which the Company has stuck to, since inception.

Earning the trust of our customers has been our maxim. Having adopted the credo of friendship finance, we have traversed so far on the chosen path of retail lending and it is by design that we have always stuck to our core competency. We strive to give the maximum thrust to affordable housing. Our affordable housing loan centres started in the year 2017, is a prime example of this. Our initiative to open branches in Tier 2, 3 and 4 cities is also a further step in this direction.

The well thought out policies of the Government, particularly its mission and vision of Housing for All by 2022 are concrete and constructive tools that help HFC's like ours to function effectively and grant loans for home ownership, especially for first time home buyers. The Pradhan Mantri Awas Yojana-Credit Linked Subsidy Scheme was launched in 2015, with the objective of providing shelter to the urban poor, mainly the Low Income Group (LIG) & Economically Weaker Section (EWS). Thereafter, the CLSS was extended for the Middle Income Group (MIG I & II ) as well to cover a wider cross-section of beneficiaries.

In order to combat both the housing shortage and the affordability factor, lending under the Pradhan Mantri Awas Yojana (PMAY) - Credit Linked Subsidy Schemes (CLSS) has intensified. Since the scheme is operational for 2 more years, we anticipate that it will be successful in bringing maximum number of urban home buyers under its fold, thereby vindicating its objective and launch.

Robust systems and well defined processes, backed by committed manpower, have ensured fairness in dealings with our borrowers and clients. Our multiple service branches numbering 200 at present in 21 states, help us stay connected with customers across the country.

Inspite of numerous challenges, we had a fairly good financial year, 2019-20. The year saw new loan approvals of Rs.5,897 crore, disbursements of Rs.5,481 crore and ended with a loan book of

## We remain steadfast in our resolve to focus on four pillars- Growth, Asset Quality, Profitability and Liquidity.

Rs.20,706 crore. Surmounting hurdles, growth momentum was consistent, more so in the 2nd, 3rd and 4th quarter.

We remain steadfast in our resolve to focus on four pillars- Growth, Asset Quality, Profitability and Liquidity. Stringent lending practices continued to be followed, with strict adherence to the loan to value ratio, in consonance with regulatory guidelines. The focus on Asset Quality remained our first priority and CFHL commendably held its gross and net NPA levels at 0.76% and 0.54% respectively.

Our CSR activities continued unfettered in the arena of education with particular focus on female literacy. Additionally, health-care, nutrition, women's empowerment, ecological conservation and aid for natural disasters were also in the ambit of our CSR funding, with a total of Rs.10 crore spent during the year. We contributed Rs.1.50 crore to the Prime Minister's Relief Fund and Rs. 1 crore to the Karnataka State Disaster Management Authority for COVID-19 Relief Measures.

The PAT improved by 27% to Rs.376.12 crore from Rs.296.76 crore. The Net Interest Income increased by 24% to Rs.675 crore as against Rs.530.45 crore in FY 19. NIM rose from 3.14% to 3.52%. The ROE and RoAA stood at 17.44% and 1.93% respectively. The cost to income ratio decreased to 15.68% from 16.30% in FY 19. The Capital Adequacy Ratio for FY 20 was 22.26% as against 16.44% in FY 19

Home loan share has been maintained at 90% and 99.80% of lending is to individuals, mostly first time home buyers. Affordable housing being the mainstay, with ticket size of 18 lakhs and focus on tier 2, 3 and 4 cities, funding cost has also reduced substantially.

The company has had the best decade 2010-2020 and our shareholders too have been rewarded 29 times the share price in this period.

The aim of the Company has been to grow a good, healthy and profitable book. The consistency of CFHL hinges on various factors such as operations in affordable spaces, choosing the right profile of borrowers with 71% of its lending exclusively to the Salaried class, selection of geographies where purchasing power exists and competition is less, offering the right product and relying on evidenced income only for grant of loans. In smaller towns, door step service is provided with better TAT and advice to customers on the property in legal and technical matters.

The Covid-19 Pandemic has exposed the fragility of health systems, disrupted daily living, livelihood, businesses and economies the world over, orchestrating an uncertain situation on account of lockdown of cities and countries. It has underlined the requirement of bare essentials, of which housing is vital. Home is the best security and people require dwelling houses more than anything else. CFHL has done yeoman service in financing first time home buyers.

We are all living in extraordinary, uncertain times with the Corona virus wreaking havoc and claiming lakhs of lives in India and globally. Our healthcare workers and frontline warriors in the form of civic authorities and others including bankers rendering essential services to ensure that life goes on, have been risking their lives and carrying on relentlessly in their war against a highly contagious pandemic. I am terribly pained to see that so many families have lost their loved ones. However, life hinges on hope and we must always remember that every cloud has a silver lining and a vaccine cure may not be far away.

We have extended the Moratorium benefit to all our borrowers who have sought the benefit. Intensifying our on-going efforts for Collections will continue to be a priority for us, in order to safeguard and maintain good asset quality, which has been our consistent USP over the years.

I am privileged to have had many fruitful interactions, both directly and remotely with our investors. Their valuable inputs are appreciated and inspire us to aspire for enhancing their returns.

The unstinting support and guidance of National Housing Bank Reserve Bank of India (RBI), our regulator, Canara Bank, our parent institution, the Board of Directors, customers, stakeholders, lenders, Advocates, Valuers, Direct Selling Agents, Auditors and Rating Agencies have been instrumental in our pursuit of growth with quality. Our dedicated work force also deserve kudos for their unwavering efforts

CFHL will surge forward with the trust placed by all of you and our esteemed customers in us. With your conviction about our ability in place, I am confident that we will be able to grow stronger and perform more effectively in the coming days and ensuing years.



**Girish Kousgi**

# Empowering Dreams

**A growing economy with a growing aspirational population base like India is creating more and more opportunities for us. Initiatives and schemes announced by the government is offering significant impetus to affordable housing and with rapidly changing industry dynamics, the prospects for home buyers continue to expand. The following initiatives have been undertaken by the government to make affordable housing a reality for millions of Indians.**



## Housing for All by 2022

The government's flagship initiative, 'Housing for All by 2022', has given a fillip to the pursuit of home buyers. Since its announcement in 2015, ~1.03 crore units have been sanctioned, 60 lakh units are being constructed and 32 lakh units have been completed and delivered till December 2019, under the Pradhan Mantri Awas Yojana (PMAY).

## Smart cities

The Ministry of Housing and Urban Affairs is pursuing the Smart City mission aggressively to support the government's objective to drive economic growth and improve the standard of life for a large majority of the Indian population. As per the objectives of Smart City mission 2.0, the government aims to develop 4000 smart cities across the country to ensure 'Housing for All', improve the existing infrastructure of cities and develop open spaces that provide an opportunity to rejuvenate the body as well as the mind.

## PMAY Credit-Linked Subsidy Scheme (CLSS)

The PMAY credit linked subsidy scheme was launched with the objective of 'Housing for All', wherein eligible borrowers could avail home loans from banks and housing finance companies at subsidised rates. The scheme is aimed at benefiting the lower strata of middle-class families. Since the announcement of the scheme, ~3.3 lakh families have benefitted and nearly 2.5 lakh families are expected to enroll for CLSS .

## Diverse loan portfolio

We provide a comprehensive range of loans to our customers including housing loans, composite loans, non-housing loans, mortgage loans, site loans and loans for commercial properties.

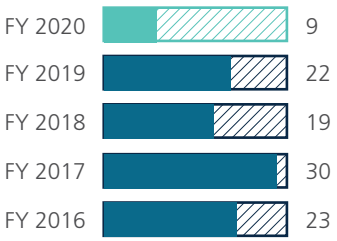
**24**
Types of loans offered to our customers

**152%**
Loan Book Growth over the past 5 years

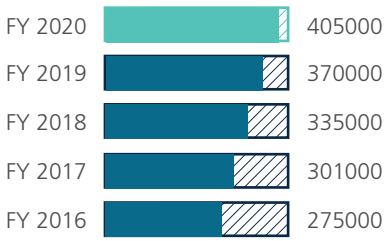
## Reaching out to more customers

We, at Can Fin, continue to expand our reach by opening new branches year after year, across the length and breadth of the country. Our endeavour is to empower the maximum number of people with financial means to fulfil their home ownership dreams. With every new branch we open, our focus remains on delivering a more consistent service as we strive to emerge as the most preferred and trusted home loan provider in the country.

### New Branches added




### Number of customers



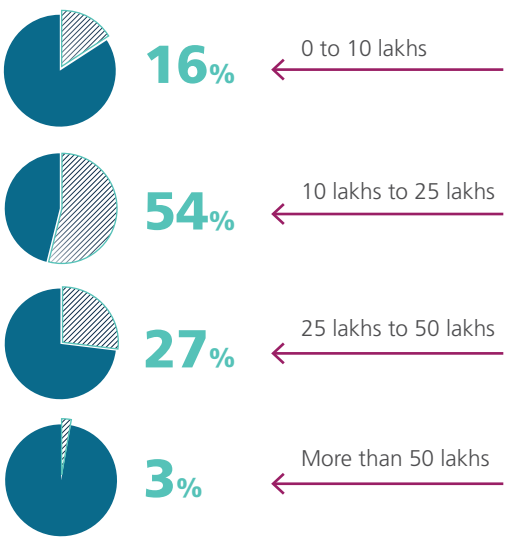

## Average Ticket size

We have been focusing on retail lending with an average ticket size of Rs. 18 lakhs for Housing loans and Rs. 9 lakhs for non-housing loans.



### Total disbursements

### Average Ticket size




## Income Tax benefits

**The government offers income tax deduction on interest paid towards loans for affordable housing. The deduction limit has been increased from Rs. 2 lakh to Rs. 3.5 lakh per annum for self-occupied property valued under Rs. 45 Lakh. This is expected to not only fulfil the government's goal of 'Housing for All' but, will increase the demand for affordable housing loans in the near-term.**

**For years, Can Fin has resolutely worked towards offering a roof over every Indian's head, empowering people to experience the joy of home ownership. We have tried to reach out to offering affordable loans and financial solutions to fulfil people's life-long aspirations. In the process, we have built lasting relationships with our customers and have consistently improved our abilities to serve a diverse set of customers.**

# Ensuring Affordability

**We, at Can Fin, are doing our bit to fulfil the government's vision of 'Housing for All' by providing affordable housing loans to a large section of the Indian population. The initiatives by the government, reinforce our market positioning as a leading housing financial company with a robust track record.**

**21**

Affordable Housing Loan Centres (AHLCs)

Affordable housing centres in Tier 1, Tier 2 and Tier 3 cities. We are the first housing finance company to have introduced Affordable Housing Loan Centres (AHLCs) after the government's announcement of 'Affordable Housing for All'.





### Constant

Growth in disbursement is a testimony to our ability to provide loan at affordable rates



### Competitive interest rates

Offered to customers along with enhanced customer service to meet and exceed customer expectations



### Best-in-class

Asset quality with GNPA of 0.76% as on 31st March 2020, owing to sound underwriting standards, better appraisal norms and stringent risk monitoring mechanisms



### Diversified funding portfolio

With an appropriate mix of short-term and long-term debt enabling us to derive maximum benefit of competitive interest rates



### One of the lowest

Cost to income ratio among HFCs in India



### Prudent underwriting

Practices to ascertain individual creditworthiness, thereby reducing risks by default



### Stable credit ratings

Our consistent performance and good asset quality continue to be trusted by leading credit rating institutions.



### Cost optimisation

Approach help us to maintain margins and profitability. Low cost of borrowings allow Can Fin to offer competitive lending rates.



### Consistent profitability

We continue to deliver profitability with robust margins and among the lowest NPAs in the sector.

# Strengthening our Presence

**Over the years, we have significantly improved our reach to extend our network in metros as well as small towns and cities. As we strive to reach out to clients across the length and breadth of the country, we consciously aim to cater to the needs of our patrons. Here's a glimpse of our network across India.**




**Headquartered in Bengaluru**

**9 new**

Branches added in FY 19-20

# The Year at a Glance



CFHL Family at Kovalam during the Training Session



Training Session



Shri Girish Kousgi, MD With Finance Minister on 27.09.2019 at Delhi



Can Fin Homes Ltd donated Rs. 25 lacs to Chief Minister's Relief Fund, in aid of flood victims of North Karnataka



Inauguration of Hoskote Branch on 27.01.2020 by N Nisar ahamad, City Municipal Commissioner



Inauguration of Pollachi branch by Shri R Sivakumar, GM, Sakthi Sugars Ltd




Can Fin's Contribution for COVID-19 Relief Measures



A New Beginning - Foray into General Insurance



Applauding the partnership



Inauguration of Mancherial Branch by K Laxminarayana General Manager, The Singareni Colleries Company Ltd.



Inauguration of Ballari Branch by Shri K B Sanjeev Prasad, President ACCEA, Ballari



Inauguration of Srikakulam Branch by Shri Gurugubelli Raju, President, CREDAI, Srikakulam




Opening bell celebration at CNBC TV18 on completion of 20 years, by the channel.



MD addressing the trainees



Achiever's Meet - Winning Cluster




Renewed commitment to pursue Excellence



Inauguration of Baroda Branch New Premises in the presence of ex-MD, Shri S K Hota



Participants of Achiever's Meet

# Corporate Social Responsibility (CSR)

> **Philanthropy is not about money – its about feeling the pain of others and caring enough about their needs to help.**



CFHL Cares - Anganwadis for a better tomorrow.



CFHL has contributed Rs.35 lakh for the development of more number of Anganwadis.




CSR - C-arm Image Intensifier Provided to Sanjay Gandhi Hospital, Bengaluru



An Endearing, Enduring Legacy



Advanced Medicare - Intricacies being explained



C-arm Image Intensifier being inaugurated by MD Shri Girish Kousgi in the presence of Dr. H S Chandrasekar - Director, Sanjay Gandhi Institute of Trauma and Orthopaedics.




Championing a noble cause.

# Operational and Financial Highlights

## I – Statistics on Business

| Sl No | Parameters | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|---|---|---|
| 1 | Loan Approvals (₹ in cr) | 2907 | 3670 | 4418 | 5451 | 5760 | 5952 | 5897 |
| 2 | Loan disbursements (₹ in cr) | 2548 | 3346 | 3923 | 4792 | 5207 | 5479 | 5481 |
| 3 | Total Loan outstanding (₹ in cr) | 5844 | 8231 | 10643 | 13313 | 15743 | 18381 | 20706 |
| 4 | Out of 3 above, | | | | | | | |
| | i. Housing Loans (₹ in cr) | 5350.27 | 7325.49 | 9381.32 | 11783.59 | 14,089.08 | 16,442.98 | 18,676.95 |
| | ii. Non Housing Loans (₹ in cr) | 493.73 | 905.8 | 1261.81 | 1529.47 | 1,653.91 | 1,938.98 | 2,028.65 |
| 5 | Borrowings (₹ in cr) | 5268.53 | 7374.51 | 9,443.96 | 11,871.95 | 16,694.44 | 16880.09 | 18748.44 |
| 6 | NPA | | | | | | | |
| | i. Gross NPA (₹ in cr) | 12.10 | 14.35 | 19.76 | 27.91 | 67.49 | 113.51 | 157.13 |
| | ii. Gross NPA % | 0.21% | 0.17% | 0.19% | 0.21% | 0.43% | 0.62% | 0.76% |
| | iii. Net NPA % | NIL | NIL | NIL | NIL | 0.20% | 0.43% | 0.54% |
| 7 | Average Assets (₹ in cr) | | | | | | | |
| | i. Housing loan | 4626.88 | 6261.2 | 8213.96 | 10,496.27 | 12,839.20 | 15,188.30 | 17,568.90 |
| | ii. Non Housing loan | 320.32 | 708.62 | 1063.91 | 1,387.61 | 1,554.97 | 1,662.82 | 1,918.53 |
| | iii. Investments | 20.31 | 20.18 | 24.36 | 32.46 | 39.79 | 35.07 | 46.60 |
| | iv. Securitised Assets | 0 | 0 | 0 | - | - | - | - |
| | Total Average Assets (₹ in cr) | 4967.51 | 6990.00 | 9302.23 | 11916.34 | 14433.96 | 16886.19 | 19534.03 |
| 8 | Average Borrowings (₹ in cr) | 4298.98 | 6388.39 | 8401.58 | 10,588.06 | 12,714.23 | 14,807.89 | 17,267.97 |
| 9 | No. of Branches / Offices | | | | | | | |
| | i. Branches | 83 | 107 | 110 | 134 | 153 | 175 | 186 |
| | ii. Satellite Offices | 0 | 10 | 30 | 36 | 20 | 14 | 14 |
| | Total No. of Branches / Offices | 83 | 117 | 140 | 170 | 173 | 189 | 200 |
| 10 | No. of Employees | 387 | 491 | 553 | 626 | 648 | 792 | 838 |

## II - Statistics on Income & Expenditure

| Sl No | Parameters | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|---|---|---|
| 11 | Interest Collected (₹ in cr) | | | | | | | |
| | i. Housing Loan | 511.61 | 690.76 | 896.10 | 1,111.31 | 1,277.03 | 1,482.89 | 1,766.50 |
| | ii. Non Housing Loan | 44.03 | 95.76 | 146.67 | 192.61 | 211.40 | 214.59 | 229.25 |
| | iii. Investment | 1.41 | 1.37 | 1.64 | 2.15 | 2.14 | 2.26 | 3.32 |
| | Total Interest Collected (₹ in cr) | 557.05 | 787.89 | 1,044.41 | 1,306.08 | 1,490.58 | 1,699.74 | 1,999.07 |
| 12 | Processing Charges (₹ in cr) | 20.69 | 28.41 | 38.52 | 45.99 | 27.07 | 26.42 | 29.10 |
| 13 | Other Income (₹ in cr) | 0.26 | 0.73 | 0.61 | 1.06 | 4.34 | 5.19 | 2.28 |
| 14 | Total Income (₹ in cr) | 578.00 | 817.03 | 1083.54 | 1353.12 | 1521.98 | 1731.35 | 2030.45 |
| 15 | Interest Paid (₹ in cr) | 422.76 | 610.29 | 743.48 | 884.03 | 981.02 | 1,169.27 | 1,344.21 |
| 16 | Net Interest Income (NII) (₹ in cr) | 134.29 | 177.60 | 300.93 | 422.05 | 509.55 | 530.47 | 654.86 |
| 17 | Staff Cost (₹ in cr) | 17.90 | 24.75 | 33.06 | 39.36 | 44.82 | 41.40 | 54.21 |
| 18 | Other Expenses (₹ in cr) | | | | | | | |
| | i. Establishment | 7.15 | 8.38 | 9.77 | 12.32 | 12.49 | 14.29 | 5.82 |
| | ii. DSA Commission | 6.33 | 7.56 | 7.78 | 9.91 | 9.16 | 10.36 | 11.74 |
| | iii. Professional fees – IBS | 1.93 | 2.39 | 2.78 | 2.99 | 3.29 | 3.55 | 1.98 |
| | iv. Others incl CSR | 5.38 | 6.13 | 6.66 | 11.55 | 14.93 | 18.91 | 24.42 |
| 19 | Depreciation (₹ in cr) | 2.01 | 3.73 | 3.46 | 3.73 | 3.09 | 2.97 | 9.47 |
| 20 | Bad Debts written off (₹ in cr) | 3.22 | 2.10 | 3.29 | 0.85 | - | - | |
| 21 | Operating Cost (₹ in cr) | 40.70 | 52.94 | 63.50 | 79.86 | 87.77 | 91.47 | 107.64 |
| 22 | Total Cost (₹ in cr) | 466.68 | 665.33 | 810.27 | 964.74 | 1,068.80 | 1,260.74 | 1,451.85 |
| 23 | Operating Profit (₹ in cr) | 111.32 | 151.70 | 273.27 | 388.38 | 453.19 | 470.60 | 578.60 |

| Sl No | Parameters | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|---|---|---|---|---|---|---|---|
| 24 | Provisions & Taxes (₹ in cr) | | | | | | | |
| | i. Standard Assets | 8.00 | 12.00 | 14.00 | 10.65 | 2.10 | 0.40 | 44.46 |
| | ii. Non Performing Assets | -3.56 | 2.25 | 5.41 | 8.15 | 20.00 | 0.69 | 15.85 |
| | iii. Income Tax | 30.93 | 43.23 | 80.00 | 115.13 | 157.41 | 173.55 | 150.19 |
| | iv. Deferred Tax Liability/(Asset) | 0.01 | 7.98 | 16.75 | 19.78 | -12.52 | -0.79 | -8.02 |
| | v. Prior Period Adjustment | 0.23 | 0.00 | 0.00 | -0.59 | 0.00 | 0.00 | 0.00 |
| | vi. Other Comprehensive income (₹ in cr) | 0.00 | 0.00 | 0.00 | 0.00 | -0.42 | -0.03 | 1.71 |
| 25 | Net Profit (₹ in cr) | 75.71 | 86.24 | 157.11 | 235.26 | 286.62 | 296.77 | 374.41 |
| 26 | Share Capital (₹ in cr) | 20.49 | 26.62 | 26.62 | 26.62 | 26.63 | 26.63 | 26.63 |
| 27 | Reserves (₹ in cr) | 431.81 | 744.87 | 851.42 | 1,049.68 | 1,460.35 | 1,755.55 | 2,123.44 |
| 28 | Deferred Tax Liability DTL /(Assets DTA) (₹ in cr) | -4.86 | 21.61 | 56.87 | 113.65 | -23.24 | -24.01 | -33.89 |
| 29 | Shareholder's Funds – Tier I (₹ in cr) | 447.44 | 771.49 | 878.04 | 1,076.30 | 1,486.98 | 1,782.18 | 2,150.07 |
| 30 | Number of Shares (in cr) | 2.05 | 2.66 | 2.66 | 2.66 | 13.31 | 13.31 | 13.31 |
| | Tier II Capital (₹ in cr) | | | | | | | |
| 31 | - SA Provision | 26.00 | 38.00 | 52.00 | 62.65 | 64.75 | 65.15 | 109.61 |
| | - Tier II Bonds | 0.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| | Total Tier II Capital (₹ in cr) | 26.00 | 138.00 | 152.00 | 162.65 | 164.75 | 165.15 | 209.61 |
| 32 | Dividend | | | | | | | |
| | i. Percentage | 65 | 70 | 100 | 100 | 100 | 100 | 100 |
| | ii. Amount (₹ in cr) | 13.32 | 18.64 | 26.63 | 26.63 | 26.63 | 26.63 | 26.63 |
| | iii. Payout Ratio excl tax % | 17.59% | 21.61% | 16.95% | 11.32% | 9.29% | 8.97% | 7.11% |
| | iv. Dividend yield % | 3.41% | 1.15% | 0.87% | 0.47% | 0.41% | 0.57% | 0.72% |
| 33 | Book Value (BV) (FV of share ₹ 2) | 220.63 | 290.03 | 329.84 | 404.32 | 111.72 | 133.90 | 161.54 |
| 34 | Earnings per Share (EPS)(₹) | 36.93 | 32.42 | 59.02 | 88.38 | 21.49 | 22.29 | 28.25 |
| 35 | Return on Average Equity (ROE) % | 18.14% | 17.75% | 19.05% | 24.08% | 21.30% | 18.16% | 17.44% |
| 36 | Return on Average Asset (ROA) % | 1.52% | 1.23% | 1.69% | 1.97% | 1.98% | 1.76% | 1.93% |
| 37 | Closing Stock Price (CMP/NSE) (₹) | 190.70 | 607.40 | 1154.35 | 2121.45 | 484.50 | 348.85 | 279.05 |
| 38 | Market Cap (MC) (₹ in cr) | 390.94 | 1615.68 | 3070.57 | 5643.06 | 6451.32 | 4645.08 | 3715.67 |
| 39 | CMP/ Earnings (P/E Ratio) | 5.16 | 18.73 | 19.56 | 24.00 | 22.50 | 15.65 | 9.88 |
| 40 | CMP/ Book Value (P/B Ratio) | 0.86 | 2.09 | 3.50 | 5.25 | 4.34 | 2.61 | 1.73 |
| 41 | Risk Weighted Assets (₹ in cr) | 3421.11 | 4945.71 | 4979.64 | 6521.71 | 7751.27 | 9180.41 | 9670.48 |
| 42 | Capital Adequacy Ratio (CAR) | 13.84% | 18.39% | 20.69% | 18.50% | 19.08% | 16.44% | 22.26% |
| 43 | Net Interest Margin (NIM) | | | | | | | |
| | a) Conventional | 2.71% | 2.54% | 3.24% | 3.54% | 3.53% | 3.14% | 3.35% |
| | b) Including PC | 3.12% | 2.95% | 3.65% | 3.93% | 3.71% | 3.29% | 3.51% |
| 44 | Cost to Income Ratio | 26.22% | 25.61% | 18.67% | 17.02% | 16.23% | 16.30% | 15.68% |
| 45 | Average Business Per Branch (₹ in cr) | 61.65 | 67.15 | 86.71 | 97.88 | 106.58 | 111.86 | 105.06 |
| 46 | Average Business Per Employee (BPE) (₹ in cr) | 13.90 | 15.90 | 18.52 | 20.68 | 23.92 | 25.99 | 25.07 |
| 47 | Average Yield on Assets | 11.22% | 11.27% | 11.24% | 10.96% | 10.33% | 10.06% | 10.23% |
| 48 | Average Cost of Borrowings | 9.83% | 9.55% | 8.75% | 8.35% | 7.70% | 7.90% | 7.78% |
| 49 | Interest Spread | 1.39% | 1.72% | 2.49% | 2.61% | 2.63% | 2.16% | 2.45% |
| 50 | Gearing Ratio | 11.78 | 9.57 | 10.76 | 11.03 | 9.36 | 9.47 | 8.72 |

Notes:

1. Sl no.24(i) and 31 Standard Asset provision includes general provision made as per RBI regulatory package.
2. Sl no. 27, 29 and 33 is without considering the appropriations for Dividend and Dividend Tax.
3. Sl no. 30, 37 and 39 -Equity shares of Rs.10 were subdivided into equity shares of Rs.2 each w.e.f 13/10/2017..
4. Sl no. 32 for FY 2019-20 is subject to approval of Members at the AGM to be held on 26/08/2020.
5. Sl no.35 is calculated on average net worth.
6. Sl no. 42 for FY 2018-19 - CAR is after considering the Dividend cost in the Net owned funds. Further, CAR for 18-19 has reduced due to Term deposit amounting to Rs.257.00 crore(matured on 10/04/2019) held with Canara Bank and the same is reduced in the computation of Net Owned funds. The CAR without considering the aforesaid term deposit would have been 19.24%.

# Board of Directors



**Smt Bharati Rao**
Chairperson



**Shri Girish Kousgi**
Managing Director & CEO



**Shri Lingam Venkata Prabhakar**
Additional Director (Promoter)



**Shri Debashish Mukherjee**
Director (Promoter)



**Shri G Naganathan**
Director (Independent)



**Shri Shreekant M Bhandiwad**
Deputy Managing Director (Promoter)



**Dr. Yeluri Vijayanand**
Director (Independent)



**Shri S Subramanian**
Director (Promoter)



**Shri Satish Kumar Kalra**
Additional Director (Independent)



**Smt Shubhalakshmi Amod Panse**
Additional Director (Independent)

# Profile of Board of Directors

## Smt Bharati Rao
Chairperson

Smt Bharati Rao was appointed by the Board of Directors on September 05, 2017 as an Additional Director (Independent) and she has been appointed by the members as an Independent Director at the 31st Annual General Meeting held on July 18, 2018. She is an Independent and Non-Executive Chairperson of the Company.

She is a post graduate degree holder in Economics (M.A.) and Certified Associate of Indian Institute of Bankers (CAIIB). She has more than 43 years of experience in the banking industry, has held both domestic and international positions and was in charge of areas such as Project Finance, Credit & Risk Management, International Banking, Human Resources, Mergers and Acquisitions. Served as the Deputy Managing Director of SBI and she had held concurrent charge of SBI's 7 Associate Banks and 7 Non-Banking Subsidiaries.

Smt Bharati Rao is currently a member on the Boards of three listed Companies viz. Neuland Laboratories Limited, Suprajit Engineering Ltd. and Can Fin Homes Limited (as on March 31, 2020) and five unlisted Companies viz. Delphi TVS Diesel Systems Ltd., SBI Global Factors Ltd., SBICap Securities Limited, Tata Teleservices Ltd., SBI Capital Markets Limited. She is also an Advisor to Brickworks Ratings India Pvt. Ltd.

## Shri Girish Kousgi
Managing Director & CEO

Shri Girish Kousgi has been appointed as the Managing Director & CEO of Company w.e.f September 05, 2019. The proposal for his appointment as the Managing Director and CEO of the Company forms part of the Notice of the ensuing Annual General Meeting, for a tenure of five years subject to further extension of tenure as per his terms of appointment.

Shri Girish Kousgi is a graduate in Commerce (B.Com.) and Post graduate in Business Administration (MBA). Shri Girish Kousgi is a Banking professional with 25+ years of experience. He has an extensive experience of managing assets and liabilities and has gained expertise in mortgage, retail lending, SME and Agri business.

During his career so far, he has worked in HDFC Ltd., ICICI Bank, IDFC Bank and Tata Capital. He has dealt with a variety of loan products like home loans, business loans, LAP, personal loans, mortgages, deposits, retail and rural products, etc. and gained wide experience in handling sales, product, credit underwriting, risk and operations.

He has significant experience of retail banking for over 16 years in Bengaluru, Hyderabad and Kerala apart from an experience of about 11 years in credit risk including risk-based verification strategies for loan products, measure credit expansion opportunities in the lending market and validate and implement credit risk models.

## Shri Lingam Venkata Prabhakar
Director (Promoter)
Managing Director & CEO, Canara Bank

Shri L V Prabhakar holds a Master's Degree in Agriculture and a Certified Associate of Indian Institute of Bankers (CAIIB).

Shri L V Prabhakar has assumed the office of MD & CEO of Canara Bank on 01/02/2020. He has worked as Executive Director of Punjab National Bank from 01/03/2018 to 31/01/2020. He has also worked with Allahabad Bank and served in various capacities at Industrial Finance Branch, Mumbai, Lead District Office and various Zonal Offices. At Corporate Office, he has worked as Head of various important verticals viz. Information Technology, Retail Banking, Priority Sector Credit, MSME Credit, Financial Inclusion, Human Resource Development and Integrated Risk Management. He was also on the Board of AUPGB.

## Shri Debashish Mukherjee
Director

Shri Debashish Mukherjee was appointed as an Additional Director (Non-executive Promoter) w.e.f March 12, 2019 on the Board of the Company and he has been appointed by the members as a Director at the 32nd Annual General Meeting held on July 17, 2019. He is a Promoter and Non-Executive Director of the Company.

Shri Mukherjee is a post graduate in Business Administration (MBA - Finance) from the University of Kolkata. He started his career with Punjab National Bank as a Financial Analyst in scale II in 1994. He joined United Bank of India as an Asst. General Manager (Credit) in the year 2006. He worked in various capacities at Regional Offices, headed Corporate Finance Branch at Kolkata and was Regional Manager of Bihar Region. He has vast experience in Corporate Credit, Credit Monitoring and Recovery. He is an avid reader and has travelled extensively.

Shri Debashish Mukherjee has taken charge as Executive Director of Canara Bank on February 19, 2018. He is overseeing the functions of Risk Management (including Capital planning), Financial Management and subsidiaries, MSME, Credit Administration & Monitoring, stressed Assets Management and Recovery, Inspection, Treasury, International Operations & Corporate Customer Relations. He is currently a member on the Boards of two listed entities viz., Can Fin Homes limited and Canara Bank is also a member on the Boards of the subsidiaries and/or Joint venture Companies viz., Canara Robeco Asset Management Company, Canara HSBC OBC Life Insurance Company, Canara Bank Securities Limited, Canbank Venture Capital Ltd. and a non-profit organization viz., Higher Education Financing Agency.

## Shri G Naganathan

Director (Independent)

The Board of Directors have appointed Shri G Naganathan, FCA, as a director of the Company on September 07, 2016. His tenure as an Independent Director in the Company for a further tenure of 3 years was extended by the members in its 32nd meeting held on July 17, 2019. He is an Independent Non-Executive Director of the Company.

Shri G Naganathan is a rank holder in Chartered Accountancy and Cost Accountancy. He has completed the Diploma in Information Systems Audit, Courses in Certified Information Systems Auditor and also Valuation Certificate. Presently, he is the Managing Partner in M/s. MSKC & Associates, Chartered Accountants (Formerly M/s R K Kumar & Co.). He has put in a practice of 36 years in M/s. MSKC & Associates, Chartered Accountants (Formerly M/s R K Kumar & Co.). His areas of practice and expertise include statutory and related attestation services, consultancy in direct taxes and FEMA and management advisory services. Shri G Naganathan is involved in the audit of banking and Insurance companies, representation before various adjudicating authorities for the last three decades. He also has been involved in monitoring of large sick companies on behalf of consortium of banks.

## Shri Shreekant M Bhandiwad

Deputy Managing Director

Shri Shreekant M Bhandiwad has been appointed as the Deputy Managing Director of Can Fin Homes Ltd. w.e.f. April 28, 2018. He was re-appointed as the Deputy Managing Director of the Company at the 32nd Annual General Meeting of the Company held on July 17, 2019.

He is a Post Graduate in Agricultural Science viz., M.Sc.(Agri) and a CAIIB. Shri Shreekant Mohanrao Bhandiwad started his career as an Officer in Canara Bank in the year 1994. During his service in the Bank he has headed different branches, Circle Offices and various departments at the Circle and Corporate level. Shri Bhandiwad is a senior banker with 26 years of commercial banking experience having served across the States of Haryana, Rajasthan and Karnataka.

Before his posting to the Company, he was heading the Rajasthan operations of Canara Bank as Head of Jaipur Circle of the Bank. Prior to this, he had worked in Jaipur Regional Office, Bengaluru Cantonment and Yediyur Branches. He had also worked in Bengaluru Langford Town, Davanagere Regional Office and also in Head Office, Bengaluru. Apart from his successful tenure in various places as above, Shri Bhandiwad carries with him, considerable experience in the Managing Director's Secretariat of the Bank.

## Dr. Yeluri Vijayanand

Director (Independent)

Dr. Yeluri Vijayanand was appointed as an Additional Director (Non-executive independent) on the Board of the Company w.e.f. August 29, 2018. He was appointed by the members as an Independent Director at the 32nd Annual General Meeting held on July 17, 2019. He is an Independent and Non-Executive Director of the Company.

Dr. Yeluri Vijayanand is PhD in Economics (2011) from University of Mysore, M.A in Economics (1967) from Bangalore University, Bachelor of Laws (1969) from Bangalore University and CAIIB (1978) from Indian Institute of Bankers. Dr Vijayanand retired from State Bank of India as Deputy Managing Director on August 31, 2007 after serving for more than 37 years. As DMD and Group Executive of Associates and Subsidiaries, he was the nominee director of SBI in all Associate Banks, and non-banking subsidiaries, as also in ARCIL, Thomas Cook India, and CIBIL. He was also on the boards of three overseas subsidiaries/joint ventures of SBI. The other prominent positions held by him were Managing Director of State Bank of Mysore, President and COO of SBICAP, Chief General Manager, Corporate Accounts Group, General Manager (Commercial), Chennai and Vice President, SBI New York. Post retirement from SBI, he worked as a Corporate Advisor in Nagarjuna Fertilizers and Chemicals Limited, Hyderabad for nine years. He was a non-executive director in three group companies. He was also an independent director in SBI Global Factors Limited, and Caparo Financial Solutions Limited.

He is a visiting faculty at State Bank Staff College and Academy, JNIDB, Institute of Public Enterprise, NALSAR - IIRM, BITS Pilani - Hyderabad Campus, Osmania University, Bangalore University and University of Mysore. He was awarded a PHD in Economics by the University of Mysore in 2011 for his thesis on 'Impact of Banking Regulations on Indian Commercial Banks: A study of current and emerging issues'. He also contributed articles to academic and professional journals, and took part in several conferences and seminars.

## Shri S Subramanian

Director (Promoter)

Shri Shankara Narayanan Subramanian (S Subramanian) has been appointed as an Additional Director (Non-executive Promoter) w.e.f. October 6, 2018. He was appointed by the members as a Director at the 32nd Annual General Meeting held on July 17, 2019. He is a Promoter and Non-Executive Director of the Company. He attained superannuation as Chief General Manager of Canara Bank, w.e.f. May 31, 2020 and consequently resigned as the Director of the Company.

Shri S Subramanian is a graduate in Science (B.Sc.), a Diploma holder in Company Law and a Certified Associate of Indian Institute of Bankers (CAIIB).

Shri S Subramanian started his career in Canara Bank in the year 1981 and has more than 37 years of commercial banking experience. During his service in the Bank he has handled various duties at various branches. He has worked in the Credit Administration & Monitoring Wing (Head Office Bengaluru), Chandigarh Circle Office, Prime Corporate Branch, Bengaluru, Coimbatore Circle Office (Core Credit Group), Perundurai SME Branch, Overseas Business cell (Madurai Circle Office), Kolkata Overseas branch, and various other places. He was also a Nominee Director in Canbank Venture Capital Ltd.

## Shri Satish Kumar Kalra
Director

Shri Satish Kumar Kalra has been appointed as an Additional Director (Non-executive independent) on the Board of the Company w.e.f. June 15, 2020.

Shri Satish Kumar Kalra is a Post Graduate in Science (M.Sc.), a CAIIB and PGDM in Finance.

Shri Satish Kumar Kalra has been a Member on Advisory Board for Banking and Financial Frauds since March 2020. He has served as the Managing Director & CEO (Additional-charge) in Andhra Bank for 6 months (he was the Whole Time Director/ Executive Director in Andhra Bank from Oct 2012 to Aug 2017). He was General Manager (Treasury) in Allahabad Bank. He was a Director on Board on India First Life Insurance Company Limited.

Presently, he is on the Boards of PNB GILTS and the Lakshmi Vilas Bank Ltd as Independent Director.

Shri Satish Kumar Kalra has provided strategic guidance to the Bank in Key areas of NPA, Credit, International Banking Treasury Management, HR, etc. He has a vide experience in the areas of Treasury Management, Risk management, Corporate Planning, Inspection & Audit, Merchant Banking, Board Secretariat, Credit Monitoring & Review, Recovery Management and Legal, Retail & MSME lending. He has an experience of about 38 years in the banking industry.

He has attended CAFRAL Training Programme at USA Washington and New York. Also attended SIBOS Program at Dubai and training for EDs at Kozhikode.

## Smt Shubhalakshmi Amod Panse
Director

Smt Shubhalakshmi Amod Panse has been appointed as an Additional Director (Non-executive independent) on the Board of the Company w.e.f. June 15, 2020.

Smt Shubhalakshmi Panse, is a Post Graduate in Science (M.Sc.), Diploma in Business Management (DBM), Masters in Management Sciences with Specialization in Financial Management (MMS), Masters in Business Administration with specialization in Bank Management (USA) and CAIIB.

Smt Shubhalakshmi Panse has been a Member of External Advisory Committee set up by RBI for vetting the applications received for setting up Payment Banks. She was a member of P J Nayak Committee set up by the Government of India for Corporate Governance in PSBs. She was also a member of Appointments Committee for selection of CMDs & EDs of public sector banks.

Presently, she is on the Boards of Sudarshan Chemicals Industries Ltd., Atul Ltd., KPIT Technologies Ltd. and PNB Housing Finance Company Ltd. as Independent Director.

Smt Shubhalakshmi Panse was appointed as Chairperson & Managing Director, Allahabad Bank from 01/10/2012 to 31/01/2014. (Prior to that she was an Executive Director of Vijaya Bank from 20/11/2009 to 30/09/2012). She was also the Chairman of ALLBANK Finance Ltd., a subsidiary of Allahabad Bank and Director on the Board of Universal Sompo Insurance Company, a joint venture company of Allahabad Bank, Indian Overseas Bank, Karnataka Bank, Sompo of Japan & Dabar Company.

Smt Shubhalakshmi Panse joined as Probationary Officer in Bank of Maharashtra in 1976 and served upto the level of General Manager in Bank of Maharashtra.

She has a vide experience in the areas of Balance Sheet Management, Funds Management, Treasury Management, Corporate Credit Appraisal, Credit Monitoring & restructuring and NPA Management, expertise in Project Appraisal and Monitoring and Implementation, Business Planning, Conceptualising and Planning the road map of Information & Technology, establishing and putting in place systems and procedures for new business outlets and running them efficiently and effectively, Human Resource Development & Management strategies. She has an experience of about 39 years in the banking industry.

# Key Managerial Personnel



**Shri Girish Kousgi**
Managing Director & CEO



**Shri Shreekant M Bhandiwad**
Deputy Managing Director



**Smt Shamila M**
General Manager



**Smt Veena G Kamath**
AGM & Company Secretary



**Shri Prashanth Joishy**
AGM & CFO

## Shri Girish Kousgi
Managing Director & CEO

Holding a Post Graduate degree in Business Administration is a banking professional with a rich experience of over 25 years in various organisations like HDFC Ltd., ICICI Bank, IDFC Bank and Tata Capital. He took over as the Managing Director & CEO of Company w.e.f September 05, 2019.

In his career spanning over 25 years, retail banking experience of 16 years coupled with 11 years' experience in credit risk and his consequent expertise in sales, mortgage, retail lending, SME and Agri business have helped him hone his capabilities for effective leadership in the new domain.

## Shri Shreekant M Bhandiwad
Deputy Managing Director

Is a Post Graduate in Agricultural Science and a CAIIB. He joined Canara Bank in 1994 as an officer and has achieved his high office by virtue of 26 years of commercial banking experiences in the states of Haryana, Rajasthan and Karnataka.

Before his posting to the Company, he was successfully heading the Rajasthan operations of Canara Bank as Head of Jaipur Circle of the Bank. He has worked in Jaipur Regional Office, Bengaluru Cantonment, Langford Town and Yediyur branches and Davanagere Regional Office. He also worked in the Managing Director's Secretariat in Canara Bank's head office at Bengaluru.

## Smt Shamila M
General Manager (KMP)

Holds a MBA degree and is one of the initial staff members of the Company, having joined it in February 1988 as a management trainee, a few months after inception.

She has served the Company in various capacities and has had a wide exposure and experience in operations. She has successfully headed several branches of the company over the years and has also effectively handled Credit, Accounts, Human Resources Management (HRM), Recovery, Planning & Development departments in the Registered Office during her lengthy tenure of around 32 years. Presently, she oversees the overall functioning of the Company, in her capacity as General Manager.

## Smt Veena G Kamath
AGM & Company Secretary (KMP)

Holds a degree in Business Management and Law. She is a member of the Institute of Company Secretaries of India (ICSI) too.

Having joined Can Fin Homes Ltd. as the Legal Officer during October 1998, she currently heads the Centralized Legal Department and has been holding the office of the Company Secretary since 01/04/2015.

She also heads Board Secretariat & Taxation Dept and apart from being the Chief Compliance Officer of the Company, she is the Nodal Officer for IEPF and Investor Compliances.

## Shri Prashanth Joishy
AGM & CFO (KMP)

Assistant General Manager of F & A Department of the Company is a Commerce graduate. Having joined the Company in 1989, he is a senior employee with 31 years of service. In this period, he has a wide exposure in operations and has headed branches in the states of Karnataka, Maharashtra, Odisha. Additionally he also headed the Maharashtra cluster. He has also worked for about 11 years in Finance & Accounts Department of the Company and has donned the mantle of the Chief Financial Officer (CFO) and Key Managerial Personnel of the Company w.e.f. November 4, 2019.

# Management Discussion & Analysis

## Indian Economic Review

The Government of India (GoI) announced several policies and measures to revive the economy in FY 2019-20. These measures are expected to ensure stability in the economy. Measures such as reduction in corporate tax rate, infusion of ₹ 25000 crore in the real estate sector to boost demand, infusion of ₹ 70,000 crore in public sector banks and reduction in repo rates to provide liquidity in the markets are expected to revive the economy. The Indian economy is currently the 5th largest in the world, with a GDP of US$ 2.9 trillion.

The Indian economy, its businesses and industries have been severely affected by the Corona virus outbreak. Fortunately, in India, Central Government acted very decisively in implementing the National Lockdown early. These early steps proved fruitful as the number of cases and mortality rate are low in comparison with other countries, the world over. Having controlled spread of the virus, Indian Government relaxed Lockdown in a phased manner and immediately announced a plethora of initiatives to ward off the economic ramifications of Lockdown. In doing so the Government balances the considerations of lives and livelihood with utmost care.

Centre's announcement of a massive "20 Lakh Crore Package", focus on Tax Breaks for Small Businesses, as well as incentives for Manufacturers and Agriculturists, including 8.01 lakh Crore of liquidity measures, Collateral free Automatic Loans worth ₹ 3 Lakh Crore to small businesses, ₹ 30000 Crore Special Liquidity Scheme for NBFC, HFCs and MGIS etc., will provide stimulus for growth.

The government and the Reserve Bank of India are working jointly to revive the economy with favourable fiscal policies and a monetary stimulus package. The concerted efforts are likely to bring the economy back on track, to register a GDP growth of 7.4% in FY 2021-22.

Enhanced liquidity for NBFCs and HFCs will boost lending. With mergers and improved NPA figures and larger balance sheets, PSBs are better equipped to relax lending norms to several sectors. Reduced ROI and subsidies will stimulate demand, contributing to accelerated growth and development.

## Indian Housing Scenario

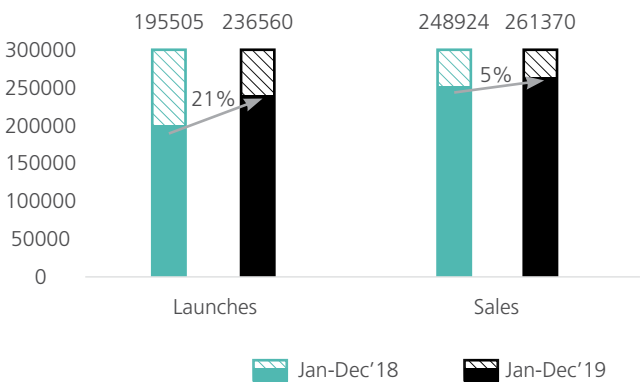
Housing, Retail, Hospitality and Commercial Sectors are four pillars of the Real Estate Sector. Growth in this Sector means growth in corporate environment, demand for office space as well as Urban and Semi Urban accommodation. The construction industry is a leading Sector for direct and indirect induced catalyst effect on various Sectors of the Economy. Bengaluru is expected to be the most favoured investment option followed by Ahmedabad, Pune, Delhi and Dehradun.

The Demand for Housing continues to grow, given rapid urbanization, increase in income levels and emergence of nuclear families. The Increase in number of cities with 10 lakh plus population from 35 in 2001 to 53 in 2011 is a clear indication of growth of urbanization. Such an unprecedented expansion of cities has created immense demand for Housing in the country.

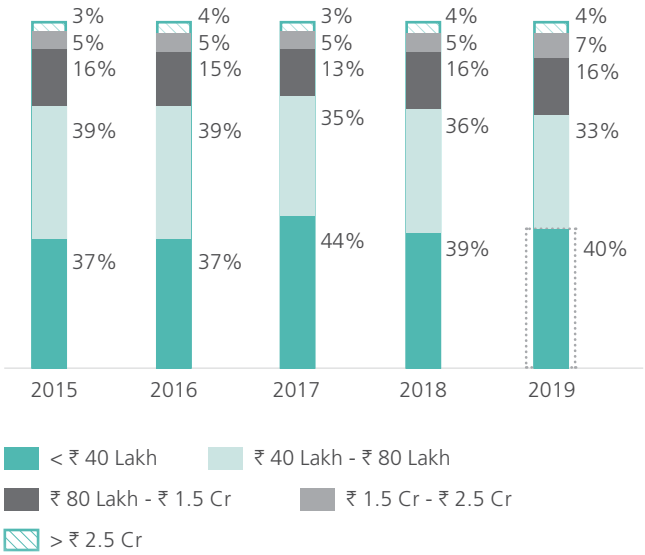
The Real Estate sector occupies a prominent position in the economy and is connected with multiple industries. It has gone through transformational changes due to the implementation of Goods and Services Tax (GST), Real Estate Regulation and Development Act (RERA) and demonetization. To meet the housing demand of all sections of society, builders and developers are also being encouraged to undertake affordable housing projects. Reduction in GST rates to 1% for affordable housing and 5% for other projects have also created a positive impact on home buyers.

Driven by strong demand for affordable and mid-segment housing, the top 7 cities witnessed a substantial increase of 21%, in residential launches, on a yearly basis. Developers in Bengaluru, Mumbai, Chennai, Pune, and Kolkata focused on launching new projects with greater vigour. A total of 2.61 lakh new units were launched in the current year and nearly 40% of them were in the affordable segment, followed by 33% in the mid segment.

**Indian Residential Market (Housing Units)**



**New Launch Supply Trend**




**Budget segmentation: Affordable:** < ₹ 40 Lakh; **Mid-end:** ₹ 40 Lakh – ₹ 80 Lakh; **High-end:** ₹ 80 Lakh – ₹ 1.5Cr; **Luxury:** ₹ 105 Cr – ₹ 2.5 Cr; **Ultra-luxury:** > ₹ 2.5 Cr

*(Source: Anarock research report)*

**Growth Drivers for Housing**

**Rapid increase in Population:**

India is home to approx. 1.3 billion people. Population growth is a major underlying factor for housing demand and without new supply of housing units, it results in price escalation for both rented and new house purchases. The Government's objective to build Smart cities and its initiative to ensure Housing for All, provides the much needed impetus to the affordable housing needs of a growing Indian population.

**Rapid Urbanization:**

Increasing population and swift migration of people from rural to urban areas have led to rapid urbanization of Indian metros. The number of Indians living in urban areas is expected to reach 543 million by 2025. This will result in massive demand for residential properties in urban areas, in the coming years. By 2030, India needs an additional 25 million affordable housing units to cater to its growing urban population. Internationally, India remains among the top 10 countries to register significant price appreciation in the housing markets.

**Rise of nuclear families:**

Traditionally in India, joint families were the norm, defining the familial system for most people residing in the country. However, radical changes have taken place in the Indian family system and nuclear families have become the new norm. This trend has been largely influenced by a growing proportion of women in the workforce. The preference for buying homes that are either close to workplaces or offer good connectivity, remains a major consideration for home buyers. In such circumstances, immediate family members tend to move in together, leaving the larger joint family.

**Housing for Senior citizens:**

The growth of nuclear families is forcing senior citizens to look for new homes. This has given rise to several townships that specially cater to the needs of elderly people. A number of senior citizen housing projects have been planned and the segment is expected to grow significantly in future. According to a study conducted by the Ministry of Commerce and Industry, this segment has potential to reach US$ 7.7 billion by 2030.

**Push for Affordable Housing by Central Govt.:**

Government's thrust for Affordable Housing is giving a tremendous boost for investment in housing as Developers are also showing interest in Low-Cost Housing Schemes. Government's mission objective of "Housing for All by 2022" and initiatives in this direction will create huge demand for affordable housing.

**Availability of abundant Land and Labour in India:**

Reasonable rates for land and labour in Tier II and Tier III Cities and Towns have encouraged builders and investors to embrace development of Housing in these Centres in a major way.

**Increase in Transport and Infrastructure:**

Central Govt. initiatives to improve infrastructure at Tier II and Tier III Cities and Towns have encouraged housing projects in these regions. Migration and reverse migration noticed in the recent past reveal a possible change in the demographic architecture of the country in the future.

**Social Status and Sense of Security:**

Owning a House has always given a sense of self-worth and a sense of security for the family, which is a great encouragement for an individual to buy residential property.

### Easy availability of finance:

With the rise of NBFCs, availability of finance for buying new property is no longer a hurdle. The declining interest rates on housing loans have also encouraged buyers to purchase homes, thereby fuelling growth for the housing sector. Moreover, RBI's latest directive to banks and NBFCs to link their interest rates with the repo rate will effectively help customers avail direct benefits of lower rates, as and when the rates are altered.

### Rental Housing:

Another segment which offers growth potential in residential housing is Rental Housing. Rental Housing despite being the object of considerable attention and support in developed economies, has largely remained on paper/untouched as a critical component of any housing policy in India. It can act as an alternative solution to ownership housing in India where there is a large population that cannot afford to buy a home, may not qualify for a mortgage or may not want to own a home.

### Government Initiatives:

Development of Housing Sector plays a key role generation besides contributing significantly for GDP growth in the Country. Housing has gained true attention and focus in Indian economy as it has profound direct inter-linkages with other industries. In view of its significance, Housing has been a major thrust and a key focus area for Central Government which has responded by taking up a slew of initiatives to boost Housing.

GoI continues to provide necessary impetus to the Real Estate industry, taking into consideration its linkage to other sectors and the huge employment opportunity that it offers. Below are some of the key policies and measures adopted by the Government of India (GoI) to uplift the housing sector:

- **Introduction of Alternate Investment Fund (AIF):** The government's decision to set up the Alternate Investment Fund for the housing sector is a boon for real estate developers. It aims to provide debt financing to developers, which would help the sector recover despite a large unsold inventory. The GoI has allocated ₹ 25,000 crore for last-mile funding of stalled affordable and middle-income housing projects across the country.

- **Tax Benefits:** The income tax deduction limit on interest paid on loans taken for affordable housing was increased from ₹ 2 lakh to ₹ 3.5 lakh per annum for self-occupied property valued under ₹ 45 lakh. This deduction is available on loans taken by first-time homebuyers, before the end of the FY 2020-21.

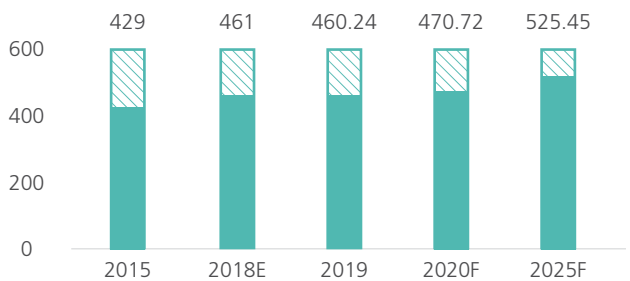
- **Lowering of Goods and Service Tax (GST):** GST for affordable housing was reduced from 8% to 1% without Input Tax Credit (ITC) (valued up to ₹ 45 lakh with carpet area under 90 sq. m. in non-metropolitan cities/towns and 60 sq. m. in metropolitan cities). For other projects, GST has been reduced from 12% to 5% and it has increased the confidence of consumers to avail affordable houses at competitive rates.

- **Housing for All by 2022:** With a growing population, the demand for housing is rising steadily and it is expected to increase further. Earlier, the focus was largely on luxury and mid segment housing, but it is now shifting towards affordable housing. Government Initiatives like Pradhan Mantri Awas Yojana (PMAY) intend to provide affordable housing for all. The Government estimated the housing demand at 1.12 crore units for urban areas. At present, 1.03 crore units have been sanctioned, 60 lakh units are being constructed and 32 lakh units have been completed and delivered till Dec-2019. (Source: Economy Survey FY 19-20)

- **Smart Cities Mission 2.0:** To promote sustainable and inclusive cities that provide core infrastructure and offer improved standards of living, GoI proposed to launch its smart cities project. Under the Ministry of Housing and Urban affairs, the Government previously proposed to build 100 smart cities. But, with the launch of Smart Cities Mission 2.0, the coverage area has been expanded to 4000 cities. The mission is expected to ensure housing for all, build better infrastructure and develop open spaces among other things. The project cost is estimated to be ₹ 2.05 lakh crore and the mission is slated to start from 2020.

- **Government Support:** The Government's Housing For All policy has shown healthy progress with incentives to push demand through Credit Subsidy Schemes for EWS, Low Income Group (LIG), and first-time homebuyers in the Middle Income Group (MIG) categories. However, gaps exist in local state level enforcements to push the agenda for making land accessible and aiding public-private partnerships to ensure greater success for fulfilling this objective. The Government is encouraging affordable housing by providing tax breaks, lower GST and infrastructure status. The other benefits included an amount of ₹ 50,000 Cr provided to NHB, CLSS extended up to 31-03-2021, modifications to Partial Credit Guarantee Schemes to cover NBFCs, HFIs and MFIs, enabling raising Funds, Refinancing Limits enhanced by NHB for eligible HFIs etc..

**Urban Population in India (million)**




*(Source: IBEF and United Nations World Urbanization Prospects 2018, CBRE)*

## Housing Finance Sector Overview

The real estate industry is on the verge of transformation and the past decade has played a crucial role in shaping the sector. The real estate industry has grown from brick and mortar to a service-driven product offering and the growth of the sector will be largely driven by technological transformations, ever-evolving customer requirements and a favourable policy environment. The sector is expected to reach a market size of US$1 trillion by 2030 and contribute 13% of the country's GDP by 2025.

In the days ahead, the industry is anticipated to go through a short-term slowdown due to the lockdown imposed on account of the Coronavirus outbreak. The demand slowdown in the residential segment will result in curtailed housing sales, delayed project launches and price corrections in India's residential sector. The revised price will enable potential buyers to purchase residential houses, resulting in a demand uptick in the sector. Further reduction in GST and tax benefits will also augur well for consumers and the housing sector.

Housing Finance Companies or HFCs are the most important avenues of housing finance, after banks. At present, 101 HFCs are registered with the NHB, of which 18 accept deposits. Government initiatives like Affordable Housing, credit linked subsidy scheme, and smart cities mission have led to significant growth of HFC and NBFCs. The affordable housing finance segment remains a major driver of growth as it faces moderate competition from banks and lenders in this segment, due to its ability to lend to informal borrowers as well.

The growth outlook for the sector remains challenging for FY 20-21, due to the Covid-19 outbreak. The RBI has issued a notice to banks and HFCs for moratorium of loans for 3 months, starting from March 2020 to May 2020, and then extended it from June 2020 to August 2020. Looking at the strength of the NBFC and HFC sector and with banks holding sufficient liquidity, the RBI is confident of tackling this situation and it is expected to have a partial impact on the working of HFCs . Going forward, housing finance credit is expected to pick up due to reduction in interest rates and other benefits aimed at attracting buyers.

## Company Overview

Can Fin Homes Ltd. (CFHL), is one of the leading companies in the housing finance sector, promoted by Canara Bank, a public sector bank. CFHL offers housing loans for individual homes and affordable housing along with composite, and top-up loans. It also offers non-housing loans including mortgage loans, site loans, loans for commercial properties, personal loans, and education loans. Can Fin also accepts Fixed and Cumulative Deposits, as per the rules of the National Housing Bank (NHB).

Can Fin Homes Ltd., has a pan India presence with 165 Branches, 21 Affordable Housing Loan Centres and 14 Satellite Offices spread over 21 States and Union Territories. CFHL is a key player in Housing Finance Sector in India and one of the few institutions permitted by the Regulator NHB to accept Public Deposits. The

**The sector is expected to reach a market size of US$1 trillion by 2030 and contribute 13% of the country's GDP by 2025.**

Company is extending Housing Loans and Mortgage Loans at competitive interest rates both to Salaried and SENP category of borrowers, designed to cater to their individual needs.

The Company's focus has mainly been on Housing Loans to individuals with 90 % of loan book comprising Housing Loans and 10 % for Non-Housing. Average Age of incremental borrowers is around 40 years and are by and large first-time home buyers.

Can Fin Homes Ltd is the first housing finance company to have exclusive Affordable Housing Loan Centres to lend in the peripheral areas of Tier 1, Tier 2 and Tier 3 Cities. Land and Property prices being comparatively less, these areas are conducive for Affordable Housing Loans, Urban and Rural Schemes of CLSS under PMAY. Currently CFHL has 21 AHLCs.

The Objective of CFHL, as it was envisaged when it was instituted 32 year ago, was to promote home ownership and increase housing stock in the country. The noble cause continues. The average ticket size of the loan has remained at 18 lakhs, since affordability level determines the ticket size.

With the objective of providing a house for each and every citizen of India, the Company aims to leverage its reach, scale and varied financing options to reach out to people across the country. Therefore, the company's focus is on Middle Income Groups (MIG) – MIG I and II under the Pradhan Mantri Awas Yojna (PMAY) – Credit Linked Subsidy Scheme (CLSS) which is anticipated to improve affordability for a wider segment of home buyers.

**Core Competencies**

- **Diversified solutions:** The Company started operation with housing finance loans and today, offers around 24 different types of loans in its product portfolio, with a focus on varied customer demands. It not only serves the Housing segment, but also its service offerings in the non-housing category aims to attract more customers with competitive interest rates.
- **Wide Geographic Presence:** With a pan India presence, the company has expanded its operations to major cities and towns in India. It further plans to expand its reach in Tier 2 and Tier 3 cities to tap unexplored opportunities. The Company is confident about leveraging its existing network and experience, to drive business growth.
- **Experienced management team:** The Company's Board and senior management includes professionals with immense experience in all areas of banking and housing finance. CFHL senior management is supported by a capable and talented

pool of trained personnel in each branch office. The company believes that this will enable them to solicit better quality loan proposals, improve credit appraisal, manage risks better, and provide better quality service to customers.

- **Strong governance and speedy operations:** CFHL focusses on a strong governance framework and efficient operating procedures. The company strives to provide faster turnaround time (TAT) to its customers with personalized service and guidance to customers. With transparent processes and post loan sanction services, the company satisfies customer requirements and helps to attract new customers to enable rapid growth.
- **Technology:** CFHL believes that its dependence on latest technology will enable it to deliver enhanced customer experiences while facilitating better customer management. To improve operational efficiencies, its systems are linked to a core-banking platform (Integrated Business Suite) under the Application Service Provider (ASP) Model. Further, it aims to implement MPLS links to improve uptime and process documents faster.
- **Best in class Asset Quality:** CFHL has relentlessly focused on improving and maintaining a strong asset quality. It has a direct impact on the Company's provisioning, profitability, net worth and CRAR. The Company engages strong credit underwriting practices and an efficient system to constantly monitor branch operations and evaluate risk build up, if any. In addition, CFHL's time-tested risk management systems and procedures have helped to maintain good asset quality.

## SWOT Analysis

### Strengths

- Geographically well distributed business with 200 Offices spread across 21 States and Union Territories. Besides increasing Geographical reach, this has reduced risk of concentration of loans in any particular region.
- Diversified loan portfolio under Housing and Non-Housing Loans
- Well segmented loan portfolio catering to requirements of middle and lower middle-income group
- Faster Turn Around Time for loan approvals.
- Parentage of a Strong and Popular PSB with established track record and good Governance
- Low risk Loan Portfolio dominated by Salaried class and Good Asset Quality
- Well Established presence in Tier 2 and Tier 3 Cities where huge amount of investment in infrastructure development is taking place, enabling lending opportunities to residential projects in these areas.

### Weaknesses

- The rates of interest offered are slightly higher than Commercial Banks
- Provides financial assistance only based on evidenced income.

### Opportunities

- Increasing demand in Sub-Urban and Tier II and Tier III Cities
- Increasing population in Cities
- Thrust given by Govt in developing Smart City Concept
- Central Govt "Housing for all Push for CLSS under PMAY
- Recent Branch Expansion in Non-Southern States enabling opportunities to be exploited.

### Threats

- Stiff competition from public and private banks.
- Uncertainties in Real Estate Sector
- Subdued Market due to the impact of Covid-19
- In some cases, Incomes of borrowers affected by lockdown due to Covid-19 may affect borrowers repayment capacity for a while.

## Business Segment Overview

Powered by a wide network of branches across the length and breadth of the Country coupled with a dedicated work force, Can Fin Homes Ltd., performed well in major Business Dimensions. The Company is well equipped with portfolio consisting of wide range of Loan Products, under Housing and Non-Housing Loans, tailor made to meet requirements of every customer of the segment it caters to.

Guided by its main objective of improving home ownership in the country, CFHL continued to remain focused purely on retail home loans in LIG and MIG space. By year end under review, Housing Loans constituted 89.73% of the total loan book (89.5% at previous year end) and the segment grew by around 13.13 percentage to reach ₹ 18601.82 Crore, Non Housing Loans at ₹ 2126.79 Crore growing at 9.68 percentage.

Housing Loans and Other loans sanctioned (loan approval) were to the extent of ₹ 5896.83 Crore as against previous years ₹ 5952 Crore, slightly subdued due to impact in the last fortnight of the financial year, on account of Covid-19 Pandemic Lockdowns throughout the Country.

The Loan Portfolio as at March 31, 2020 stood at ₹ 20706 Crore as against ₹ 18381 Crore in the previous year, registering a growth of 13 % YOY. The total Lockdowns countrywide due to Pandemic have pulled down the YOY growth.

**The Company crossed milestone mark of 20000 Crore in Loan book size during the year 2019-20.**

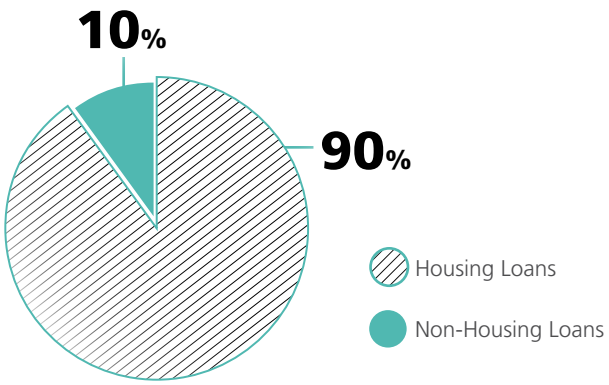
To capture the growth opportunities the Company has increased its outlets from 189 as at previous year end to 198 at the year end, with increase of 9 Branches during the year. Loan Book of Metros is 63.23% and that of Non-Metros is 36.77%.

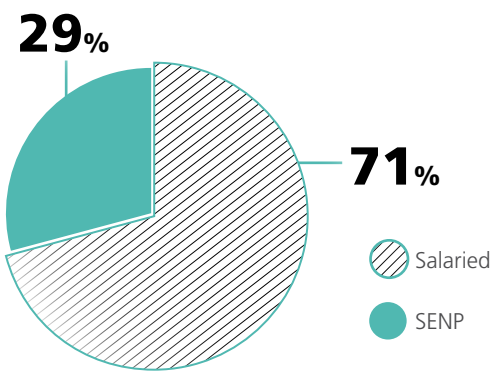
The customer profile continues to be dominated by Salaried Class and Professional Category. The average ticket size of incremental Housing Loans and Non-Housing Loans are 18 Lakhs and 9 Lakhs respectively.

### Loan Products

CFHL's Product Basket comprises Housing Loan for Construction, Purchase of ready built house, Flats and Apartments Under Construction and Finished ones, Repair, Renovation and Upgradation including Extension of the existing units, Site Loans, Composite Loan for Purchase of Site and Construction there on, Loans for Urban and Rural Housing, Affordable Housing Loan Urban, Affordable Housing Loans Rural, Loans for purchase/construction/repairs of individual houses/flats upto 10 lakhs to borrowers who are getting salary by cash – IHL (Cash Salary) Scheme etc., and Non Housing Loans like mortgage loans, personal loans to existing customers, loans for commercial property, loans for rent receivables, I-Secured Loans for CFHL Customers (funding insurance premium covering Housing Loans/Non Housing loans) etc.,

### Lending Mix as on March 31st 2020




### Deposit Schemes

CFHL is one of very few HFCs with License from NHB to accept Public Deposits. CFHL accepts two types of deposits viz; Fixed and Cumulative Deposits. These schemes are designed by CFHL to cater to the needs of the common man. Senior Citizens are offered 0.5% higher ROI than the Card Rate for Deposits. Minimum Deposit amount for Fixed Deposit Scheme is ₹ 2 Lakh with option for drawing interest Quarterly, Half Yearly and Yearly Periods and ₹ 10 Lakh for Monthly Interest Payment. The minimum Deposit Amount under Cumulative Deposit continues to be ₹ 20000/-.

### Marketing and Distribution

Can Fin Homes Ltd., has been continuously strengthening its Marketing and Distribution networks. During the year, CFHL has added 9 outlets at following places: Ballari, Mancherial, Pollachi, Thanjavur, Srikakulam, Theni, Hoskote, Haveri and Solapur.

The Affordable Housing Loan Centres operating at various places have been attracting more business in the Sub-Urban parts of the cities. During the Current Fiscal, CFHL envisages opening 12 number of outlets to further augment its network.

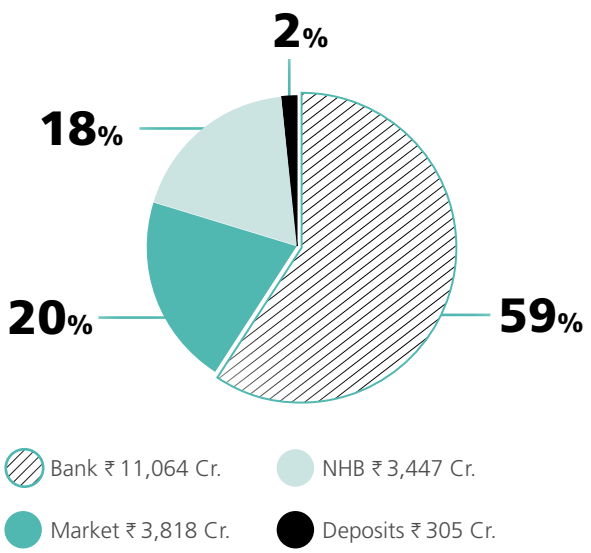
On-line Application Platform has made it convenient for loan aspirants to easily approach us with their requirements. CFHL on-line Customer Portal has made it convenient for Existing Customers to avail Selected Services without having to visit Branches.

CFHL has a large network of DSAs totalling to 1002 numbers spread throughout the country mobilizing business for CFHL. The Business mobilized by DSAs during FY19-20 is 58% of the total Sanctions.

**Funding Mix**

CFHL raises its resources for its lending activities by way of term loans, credit lines from Banks, refinance from National Housing Bank, Money market instruments like Non-convertible debentures(NCDs), Commercial Papers (CPs) and Deposits from retail market. As on 31st March 2020 the borrowing of the company stood at ₹ 18634 Crore.

**Funding Mix as on March 31st 2020**




**Ratings**

A. For Deposits: MAAA with a stable outlook, highest credit-quality rating assigned by ICRA

B. For Borrowing From Banks: ICRA AA + Outlook Stable

C. For Debentures: (i) Secured NCD : ICRA AA+ (Outlook Stable) CARE AAA IND AA Stable

D. For Commercial Paper : (ICRA) A1+, CARE A1+, IND A1+

**Risks and Concerns**

There is no business without inherent Risks. Risk is an integral part of any business. CFHL manages various risks with proper systems and procedures in place. These risks include Credit Risk, Market Risk & Interest Rate Risk, Operational Risk and Liquidity Risk

**Credit Risk:**

Credit Risk is inherent in any lending activity. Default risk arising when the borrower is not able to make contractual payments.

Mitigation:

CFHL managed Credit Risk through stringent credit norms backed by sound and strategic credit policy. All fresh proposals are subjected to Credit Appraisal Process which includes a comprehensive Credit Risk assessment procedure, standardized for analysing related subjective and objective information of each borrower, in order to optimally ascertain their individual creditworthiness. The services of various credit assessment agencies like the Credit Information Bureau of India Limited (CIBIL), Experian etc., and the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) are utilized by the Company to evaluate the potential risk of a New Borrower.

Besides at the entry point, CFHL has a Risk Management Policy where creditworthiness of the existing borrowers is periodically assessed at the time of annual resetting of interest rates and the internal evaluation and monitoring mechanisms set up like Offsite Transaction Monitoring Systems (OTMS) provides required inputs and information for timely remedial action.

SMA Accounts are meticulously reviewed for enabling prudent handling of default accounts since there is need for continued vigil on the asset quality as well as a need to keep the levels at check.

**Market Risk and Interest Rate Risk:**

Market Risk is a risk arising from external factors such as inflation, deflation, demand, supply dynamics which are beyond Company's control. Due to adverse movements in market prices, these factors give rise to risks like funding risk, liquidity risk and interest rate risk.

Mitigation:

Strategic optimisation of short term and long term debt is a key aspect of our borrowing policy along with fixed and floating rate instruments. Interest rate fluctuations are taken care by the rate sensitive assets which can be re-priced. Moreover all loans granted after April 01, 2017 are subject to annual reset of interest rates.

**Liquidity Risk:**

Liquidity Risk is a risk of not having sufficient funds to meet the liabilities. It arises mainly in situations where borrowings are dependent on the market liquidity conditions and the Company may not get the required funds.

Mitigation:

CFHL follows prudent fund mobilization methods by strictly watching asset-liability management tolerance levels. CFHL raises funds from different sources like NHB, Banks, NCDs, CPs and Deposits. This approach has helped CFHL to get funds at lowest possible rates besides enabling robust liquidity management. ALCO committee at RO follows a prudent practice of reviewing its funds regularly. CFHL has remained largely unaffected by the recent liquidity crisis in NBFC and HFC Sector.

**Covid – 19 Lockdown:**

The Economic Crisis induced by Covid-19 has far reaching consequences for the entire World and the pandemic has taken a terrible toll on human life and the livelihoods of millions the world over. It has affected employment, distribution network, transport system and thereby income levels of a large section of population.

In India, though the mortality rate is lower on account of early lockdown and preventive measures, as compared to other countries, given the widespread and highly contagious nature of the epidemic, a scenario exists where many parts of the country may not return to normalcy even by 2nd or 3rd Quarter of 2020. Lending and Collections are badly affected for all lenders in the market.

Mitigation:

First and foremost, CFHL has demonstrated commitment to the safety of employees and concern for their well-being by strictly following work from home practice during lockdown, running branches and offices with minimum staff for essential functions, restricting visits for verifications and collections and adhering to all the safety measures that have been advocated.

On the lending front, CFHL is constantly working to adopt the best course of action, including tactical and strategic business moves like identifying regions hard hit by pandemic where lending should be minimized / ceased totally or increased in order to maintain the balance required and reduce the adverse impact in the present circumstances.

On the liquidity front, CFHL has abundant, unutilized limits sanctioned from lenders which will help tide over the issue in case of any need.

On the collections front, CFHL duly complied with the moratorium guidelines issued by RBI. Company is constantly communicating with borrowers through SMS and Emails to know their individual positions and their choice regarding the moratorium option. About 72% of the Borrowers have opted to continue with the payment of EMI without seeking Moratorium. CFHL is constantly adapting its strategy as the situation evolves, to minimize the negative impact of the Pandemic.

**Asset Liability Management**

The ALM Committee of Executives at RO (ALCO) functions as the operational unit for managing the balance sheet and asset liability mismatches. The ALCO analyses the cash flows in different time buckets based on future likely behaviour of assets and liabilities and off-balance sheet items. ALCO prevents any mismatch between uses and sources of funds. ALCO ensures effective functioning with prudential limits set for liquidity mismatch and interest rate sensitivity, review mechanisms within the set limits by National Housing Bank. All the borrowing decisions of the Company are taken at appropriate levels as per the Board approved Policy on Borrowings.

Additionally, the financial risks of the Company are periodically reviewed by the Risk Management Committee, Audit Committee and the Board of Directors.

**Internal Audit**

The Internal Audit process ensures Internal Control in operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies

Various audit reports provided by the Risk Based Internal Audit (RBIA) inspection, NHB, Sponsor Bank as well as the internal and external Auditors of branches are placed before the Audit Committee of the Board for review. The reports of standalone "Application audit of IT systems" by the IT auditors and special audit for evaluating 'efficiency' of existing internal control systems are being reviewed from time to time by Audit Committee. The Audit Committee reviews the operation and performance of the audit department.

The Risk profile of the Company, KYC/AML compliances, legal compliance report, ALM at quarterly intervals and compliance of fair practice code, customer complaints at half yearly intervals as per the regulatory guidelines are scrutinized and reviewed by the Board of Directors. The critical analysis of the various policies of the Company is done by the Risk Management Committee prior to review and approval of the Board.

**Asset Quality**

Asset Quality is one of the most critical areas in determining the overall financial health of an organisation.

At CFHL, the management spends significant time, energy and resources in administering its Assets especially the Loan Assets. CFHL is most diligent and focused when reviewing a loan portfolio

**CFHL has demonstrated commitment to the safety of employees and concern for their well-being by strictly following work from home practice during lockdown.**

in respect of borrower default under contractual agreements of payments. The factors of default are reviewed within the context of any local and regional conditions that might impact the Company performance. The adequacy of loan appraisal standards, soundness of credit policies and practices, risk identification practices, reasons resulting in NPAs, existence of asset concentration, timely identification and collections of delinquent assets, adequacy of internal controls and MIS, the nature of credit documentation are all meticulously checked at different levels and appropriate timely actions are initiated.

The Company has a robust recovery mechanism to contain NPAs, supported by legislations such as SARFAESI Act. Also, recovery campaigns and setting up special recovery hubs in metros, manned by dedicated staff exclusively handling recovery of SMAs and NPAs, have helped the Company in controlling default accounts.

As on March 31, 2020, the Gross NPA Stood at ₹ 157 Crore (0.76%) as against ₹ 113.51 Crore (0.62%) during the previous year.

## Financial Performance

(Figures in ₹ crores)

| | FY 2019-20 | FY 2018-19 | Change |
|---|---|---|---|
| Revenue | 2030.45 | 1731.35 | 17.28% |
| EBITDA | 1871.97 | 1641.74 | 14.02% |
| EBIT | 1862.50 | 1638.63 | 13.66% |
| PAT | 376.12 | 296.74 | 26.75% |
| EPS (in ₹) | 28.25 | 22.29 | 26.74% |

**Financial Ratios**

(Figures in ₹ crores)

| Ratio | FY 2019-20 | FY 2018-19 | Change |
|---|---|---|---|
| Interest Coverage Ratio | 1.39 | 1.40 | -0.01 |
| Debt Equity Ratio | 8.72 | 9.37 | -0.65 |
| Operating Profit Margin (%) | 28.20 | 27.18 | 1.32 |
| Net Profit Margin | 18.44 | 17.14 | 1.30 |

## Human Capital

CFHL's management, employees and workers are an integral part of the Company's workforce and their combined experience and competence enhances the Company's performance. Its human resource policy lays immense emphasis on continuous learning and it is progressively geared to meet the aspirations of employees. To enhance efficiency, competence and motivation, the Company organized several training programmes. It not only helped in effective retention of employees, it also improved loyalty towards the Company. To attract and retain the best available talent, the Company is committed to provide equal employment opportunities and the best working conditions. The Company recruits people with the right skill sets and attitude, a pre-requisite in a customer-centric industry. As of March 31, 2020, the total employee strength of the company stood at 838.

## IT and Security

The operations of all the branches and the Registered Office are linked through a core-banking platform (Integrated Business Suite) under the Application Service Provider (ASP) Model.

The Company is in the process of completing the implementation of the MPLS links in all branches for a higher bandwidth and dedicated uptime.

The Company has a good set of IT professionals hired from reputed institutions / firms to increase the operation efficiency in the Information Technology area.

## Segment-wise Reporting

Segment has been identified in line with the Accounting Standard on segment reporting, considering the organization structure as well as the differential risk and returns of these segments. The Company is exclusively engaged in the Housing Finance business and revenues are mainly derived from this activity.

## Related Party Transactions

CFHL maintains an arm's length relationship with related parties. The Company's detailed policy on related party transactions is uploaded in the Company's website for the information of all the stakeholders. The related party transactions with details are furnished in the Note forming part of the accounts. All related party transactions are approved by the Audit Committee or Board or members at a general meeting, as applicable.

## Corporate Social Responsibility

Can Fin continued to discharge its CSR enthusiastically and various measures were undertaken primarily focused on education, health and other social welfare measures. An amount of ₹ 2 crore was spent for providing patient care, medical equipment and facilities such as C-arm image Intensifier, medical van with racks, Ventilator, Patient Transport vehicle and eye testing equipment. The company came forward to empower the underprivileged children of the society through the powerful medium of education by providing desks, benches, chairs, tables, lights, fans, notebooks and other required accessories in schools, water purifiers for safe and clean drinking water contributing an amount of ₹ 5.60 cr towards this initiative.

The Novel Corona Virus (COVID -19) Pandemic has had a devastating effect on the human population and has spread rapidly across the country posing a serious health threat. It has also affected the economic condition of people due to the lockdown and temporary shut-down of offices, industries and all activities.

For the relief and rehabilitation of the regions, villages and the families that have been adversely and severely affected, Can Fin has contributed an amount of ₹ 1.50 crore by way of contribution to PM-CARES and ₹ 1 crore to the Karnataka State Disaster Management Fund.

During the year under review, a total of ₹ 10 crores has been spent towards CSR activities undertaken by the company and ₹ 3 crores has been sanctioned and will be disbursed during the next Financial Year.

## Cautionary Statement

The statements made in this report describing the company's objectives, estimations, expectations or projections, outlooks constitute forward looking statements within the meaning of applicable securities, laws and regulations. Actual results may differ from such expectations, projections, among others whether express or implied. The statements are based on certain assumptions and future events over which the company has no direct control. The company assumes no responsibility to publicly amend, modify and revise any of the statements based on any subsequent developments, information or events.

For and on behalf of the Board of Directors

Sd/-
**Bharati Rao**
Chairperson

Place: Bengaluru
Date : July 30, 2020

# Report of Directors

## 1. FINANCIAL RESULTS

The financial performance for the FY19-20 is summarised here below:

(₹ in lakhs)

| Particulars | Year ending March 31, 2020 | Year ending March 31, 2019 |
|---|---|---|
| Profit before Tax & Provisions | 57,860.22 | 47,059.70 |
| Less: Impairment on financial instruments | 6,031.57 | 109.22 |
| **Profit before Tax** | **51,828.65** | **46,950.48** |
| Less: Tax expenses: | | |
| (a) Provision for Tax - Current Year | 14,556.71 | 17,203.91 |
| - Previous Year | 461.81 | 151.54 |
| (b) Deferred Taxation | (802.22) | (78.67) |
| **Profit after Tax** | **37,612.35** | **29,673.70** |
| Add: Other Comprehensive Income | | |
| A. Items that will not be reclassified to profit or loss | | |
| (i) Actuarial (Gain )/ loss | 228.55 | (4.21) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | (57.52) | 1.47 |
| B. Items that will be reclassified to profit or loss | | |
| (i) Income tax relating to items that will be reclassified to profit or loss | 0.00 | 0.00 |
| Other Comprehensive Income | 171.03 | (2.74) |
| **Total Comprehensive Income for the period** | **37,441.32** | **29,676.44** |
| Balance brought forward from previous year | 5,937.64 | 81.71 |
| | **43,378.96** | **29,758.15** |
| Appropriations: | | |
| Impact on adoption of Ind AS 116 | 382.80 | - |
| Transfer to Special Reserve u/s.36(1)(viii) of the Income Tax Act, 1961 | 11,682.55 | 8,739.45 |
| Transfer to General Reserve | 7,488.26 | 5,935.29 |
| Additional Reserve (u/s.29C of the NHB Act) | 7,488.26 | 5,935.29 |
| Proposed Dividend | 2,663.08 | 2,663.08 |
| Tax on Distributed Profits | 547.45 | 547.40 |
| Balance carried forward to balance sheet | 13,126.55 | 5,937.64 |
| | **43,378.96** | **29,758.15** |

Note: Figures have been regrouped wherever necessary while preparing the statements as per IND-AS requirements.

Note: The proposed dividend of Rs.2/- per equity share is not recognised as liability in the annual accounts as at March 31, 2020 (in compliance with IND AS 10 events occurring after the Balance sheet date). The same will be considered as liability on approval of shareholders at the 33rd Annual General Meeting.

## 2. SHAREHOLDERS' WEALTH

(₹ in lakhs)

| Particulars | Year ending March 31, 2020 | Year ending March 31, 2019 |
|---|---|---|
| Earnings Per Share (EPS) (Rs.) | 28.25 | 22.29 |
| Dividend Rate | 100% | 100% |
| Market Price of shares (Rs.) | 279.05 | 348.85 |
| Market Capitalisation (Rs. in Crore) | 3715.67 | 4645.08 |

## 3. BUSINESS PERFORMANCE HIGHLIGHTS

### a) Sanctions

During the year, the Company has sanctioned loans amounting to Rs.5,897 Crore as compared to Rs. 5,952 Crore in the previous year.

During the year, as in the previous year, thrust was given to retail (housing and non-housing) loan segment. 90% of fresh loan approvals during the year were for housing, 5% for Top-up Loans and 5% for Loans Against Property (LAP). The cumulative loan sanctions since inception of your Company stood at Rs. 43,971 Crore at the end of the FY20. Average ticket size of incremental housing loans and non-housing loans are Rs.18 Lakh and Rs. 9 Lakh, respectively.

### b) Disbursements

During the year, the Company has disbursed loans amounting to Rs. 5,481 Crore as compared to Rs. 5,479 Crore in the previous year. The cumulative loan disbursements from inception to the end of the FY20 was Rs. 39,250 Crore.

### c) Loans outstanding (Loan Book)

Your Directors are pleased to report that the total loan outstanding as at March 31, 2020 was Rs. 20,708 Crore, recording a growth of around 13% over last year (previous year Rs. 18,381 Crore). During the year, non-housing loan portfolio stood at around Rs. 2,127 Crore.

### d) Non-Performing Asset (NPA)

The Gross NPA of your Company as on March 31, 2020 was Rs.157.13 Crore (previous year Rs.113.51 Crore). The net NPA as on date was Rs.111.82 Crore, with the NPA provision Coverage Ratio at 37% during the year. The gross NPA percentage as on March 31, 2020 stood at 0.76% compared to 0.62% as on March 31, 2019.

### e) Profits

Your Directors are happy to inform that during the year under review, your Company recorded an Operating Profit of Rs.578.60 Crore (previous year Rs.470.60 Crore), Profit Before Tax (PBT) of Rs.518.29 Crore (previous year Rs.469.50 Crore) and Profit After Tax (PAT) of Rs.376.12 Crore (previous year Rs.296.76 Crore) registering a Year-on-Year increase of 26.75%, respectively. During the year Company has made provisions for standard assets amounting to Rs.7.92 Crore (previous year Rs.0.40 Crore), provisions for Non-performing assets amounting to Rs.15.85 Crore (previous year Rs.0.69 Crore), general provision made as per RBI circular on Covid-19 regulatory package dated April 17, 2020 of Rs.36.54 Crore, provisions for Taxation and Deferred Tax Asset amounting to Rs.142.16 Crore (previous year Rs.172.77 Crore).

### f) Reserves

For reserves during the year please refer statement of changes in equity for the period ended March 31, 2020 forming part of Financial Statements, 2020.

### g) Dividend

Your Company has been paying dividends continuously. Your directors, after giving due consideration to Capital Adequacy requirements, deferred tax liability, uncertainty on account of Covid-19 and its impact on the global economy, financial markets and the resultant impact on the Company and the dividend policy, are happy to recommend a dividend of Rs.2/- per equity share (100%), for the financial year ended March 31, 2020 for the 5th successive year. The amount of dividend recommended for payment for the year under review is Rs.26.63 Crore. Consequent to amendment made in the budget 2020, DDT u/s 115-O has been abolished, dividend paid on or after 1st April 2020 attracts TDS under section 194 at the rate of 10% if the aggregate of the amounts of such dividend distributed or paid during the year exceeds Rs.5,000/- to a shareholder being an individual, for all other cases no threshold limit. The Dividend Distribution Policy as required under regulation 43A of SEBI (LODR) Regulations, 2015, has been provided at the end of this Annual Report and is also made available on the website of the Company (web link https://www.canfinhomes.com/pdf/Dividend-Distribution-Policy-31012020.pdf)

#### Impact of COVID on performance:

**Covid-19**: The COVID-19 pandemic, which has spread rapidly throughout the world has had an impact on almost all entities either directly or indirectly. WHO has declared Covid-19 as a pandemic in March 2020.

#### Impact on business:

The Company's main business is providing loans for construction/ purchase of houses/flats against the security of immovable property.

Due to the lockdown since March 25, 2020, the operations of the Company were restricted. Loan disbursements were not made during April 2020. Business resumed in many Centres during last week of May 2020. The administrative work of the Company was carried out through the work from home mode.

The demand for houses/flats will be impacted in the short run. With beneficial schemes offered by Central and/ or State Governments like PMAY, CLSS, reduction in stamp duty on registration of properties etc., there may not be much impact on the business of the Company in the long run.

Since most of the properties of our borrowers are self-occupied and the tenure of housing loans are long, ranging from 10 to 30 years, the reduction of value of the collateral security, if any, due to the COVID impact now, may not have any material impact.

**On operations**: The Company is fully operational from April 20th with necessary precautions for the safety of employees and customers. It has neither downsized its employee strength nor effected pay cuts.

**On Capital & Financial Resources**: The Company is well capitalised and there is no impact on the Company's capital and financial resources.

**On Moratorium**: Collection of EMIs in about 28% of the accounts have been postponed due to moratorium offered to borrowers as per RBI guidelines.

**On Profitability**: From 24th March till third week of May, lending was impacted. However, impact on revenues has been minimum.

The Company is continuously following up stressed assets and there have been good collections in such accounts. We do not foresee any major impact in the long run.

**On Liquidity and debt servicing**: Company's liquidity position is good with sufficient un-availed sanction limits lined up from Banks and has not opted for moratorium offered by its lending institutions. Future obligations will continue to be serviced.

**Impact on internal financial reporting and control**: The Company has a proper internal financial control and reporting system and the same is reviewed by the internal auditors periodically and reviewed by the Audit Committee on a quarterly basis.

The Company has apprised the Board of Directors on the operations during the Lockdown period and the measures taken to ensure the safety of the customers and the staff.

**CSR activity**: The Company has contributed Rs 1.50 cr to Prime Minister's Citizen Assistance & Relief in Emergency Situations Fund (PM – CARES) and Rs 1 cr to Karnataka State Disaster Management Authority – Covid 19.

## 4. EXPANSION OF BRANCH NETWORK

Your Company has been continuously expanding its network of branches. Though our presence in Southern states is predominant, new branches have been opened in various parts of the country after examining the potential on the basis of surveys conducted.

During FY20, 9 new branches were opened. As at the end of FY20, your Company has an expanded network of 198 outlets spread across 21 states comprising 163 branches, 21 AHLCs and 14 Satellite Offices.

During the FY21, your Company has plans to open 12 more branches / AHLCs, taking the total number of outlets to 210. The Branches of your Company as well as the Registered Office function in spacious premises situated in good and accessible localities with the objective of providing a pleasant environment and amenities to our customers.

## 5. TECHNOLOGY INITIATIVES

All the branches and the Registered Office are connected through a core-banking platform (Integrated Business Suite) with Cloud compute services under the Application Service Provider (ASP) Model. The Company is in advanced phase for implementation of MPLS links for a higher bandwidth and dedicated uptime.

In order to improve operational efficiency, your Company has embarked on technology initiatives like implementation of web based Application software for Inspection & Audit. Your Company has launched new website to make it interactive and more user friendly. Online Grievance Redressal portal has been deployed in the new website.

Your Company has introduced digital meetings platform for Board and Committee meetings which is paperless, secure, efficient and cost effective, further the Company has also introduced digital platform for the tracking of Unpublished Price Sensitive Information (UPSI).

Your Company has also introduced Video Conferencing facility to conduct meeting virtually.

Your Company has introduced online Application Module in its website and a customer portal to access account statements/ certificates and online money transfer. The Company has set up an in-house team of IT professionals drawn from reputed institutions / firms to enhance IT capabilities.

## 6. CUSTOMER-FRIENDLY INITIATIVES

The Company continues to follow transparent, fair and impartial practices encompassing all customers across branches. Information related to our Company, products, schemes and charges are made available in the website of

the Company. As per NHB directions, the Fair Practices Code (FPC) and Most Important Terms and Conditions (MITC) are regularly updated and uploaded in the Company's website for disseminating the information to our customers, clients and general public.

The customer portal enables customers to access certificates and online money transfer. As an environment friendly initiative, we have provided cotton cloth bags to our customers across the country through our branches, to discourage the use of plastic.

## 7. FINANCIAL RESOURCES

**a) Refinance from National Housing Bank (NHB) and borrowings from Banks**

During the year, your Company had availed fresh refinance amounting to Rs.1,500 Crore (previous year Rs.1,000 Crore) under the NHB refinance scheme. The cumulative NHB borrowings as on March 31, 2020 were Rs. 3,446.88 Crore (previous year Rs.1,971.22 Crore), with the overall cost of borrowing (including the loans under Rural Housing and Urban Housing Schemes) of 6.92% p.a.

### Borrowings from Bank

During the year, borrowings were diversified through a combination of short-term and long-term loans considering the asset liability management position to derive the maximum benefit of competitive interest rates. The lenders included State Bank of India, Federal Bank, HDFC Bank and Corporation Bank apart from Canara Bank, the principal bankers to the Company. The aggregate bank borrowings (term loans plus overdraft) at the end of the financial year stood at Rs. 11,084.01 Crore; the overall borrowings are within regulatory ceiling of 14 times of net owned funds.

The overall cost of borrowings from banks was 8.07%p.a. as on March 31, 2020. During the year, the long-term 'rating' of the Company for term loans was [ICRA] AA+ (Pronounced as ICRA Double A Plus) outlook stable, signifying high degree of safety regarding timely servicing of financial obligations.

**b) Debentures**

### (i) Secured Non-Convertible Debentures

The Company has issued Secured Redeemable Non-Convertible Non-Cumulative Taxable Debentures (SRNCD) during the year of Rs.250 Crores (previous year was NIL). The debentures were secured by way of a floating charge on the assets i.e., loan receivables specifically earmarked for the purpose in favour of the Debenture Trustees. Most of the investors in these debentures comprised major insurance companies, public sector banks, corporates, PF Trusts & Funds and investors of repute, indicating their safety perception in your Company's fundamentals and prospects.

The tenure of the outstanding debentures is range bound for two to five years. The interest on these debentures was serviced regularly. The aggregate borrowings by way of Secured NCDs as on March 31, 2020 was Rs. 2,562.12 Crore (previous year Rs. 3,478.57 Crore) while the overall cost was 7.76% p.a. The debentures are rated 'IND AA' (Outlook Stable) by India Ratings and Research Pvt. Ltd. (FITCH), 'CARE AAA' by CARE Limited and '[ICRA] AA+' by ICRA Limited.

The ratings by India Ratings and Research Pvt. Ltd (FITCH) has been revised to 'IND AA' (Outlook Stable). The rationale for downgrade in credit rating given by FITCH is because of the reason Canara Bank had indicated its intention of selling its stake in the Company as part of mobilising capital in light of government's direction.

These debentures were listed on the Wholesale Debt Market (WDM) segment of the National Stock Exchange of India Limited. Your Company plans to raise Non- Convertible Debentures up to a maximum of Rs. 4,000 Crore subject to cost benefit and asset liability management requirements and with the approval of members at ensuing Annual General Meeting.

### (ii) Unsecured Non-Convertible Debentures

During FY14-15, your Company had issued 8.94% Unsecured Non-Convertible Debentures in the nature of Tier II Bonds aggregating Rs. 100 Crore for a tenure of 10 years. These debentures are subordinated to present and future senior indebtedness of the Company and qualify as Tier II Capital under the National Housing Bank (NHB) guidelines for assessing Capital Adequacy Requirements. These Tier II Bonds were rated 'IND AA' (Outlook Stable) long-term rating by India Rating & Research Private Limited (FITCH), 'CARE AAA' by CARE Limited and '[ICRA] AA+' by ICRA Ltd.

The rating has been revised by India Rating & Research Pvt Limited (FITCH) as 'IND AA' (outlook stable). Your Company has serviced the interest on the above debentures on the due date.

The rationale for downgrade in credit rating given by FITCH is because of the reason Canara Bank had indicated its intention of selling its stake in the Company as part of mobilising capital in light of government's direction.

**c) Commercial Paper**

Your Company mobilises funds through commercial paper (CP) also. The outstanding at the end of the March 2020 was Rs. 1,247.43 Crore (previous year Rs. 2,156.10 Crore). The effective cost of funds raised through CP was 7.30% p.a. The CP issued by your Company was rated at the maximum [ICRA] A1+ rating by ICRA Ltd., and CARE A1+' by CARE Limited, IND A1+ by FITCH indicating, 'Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations'.

**d) Deposits**

During the year your Company accepted deposits of Rs.195.23 Crore (Previous year Rs.142.56 Crore). The outstanding balance of deposits (including interest accrued, but not due) as of March 31, 2020 was Rs. 305.08 Crore (previous year Rs. 261.09 Crore). The rate of interest on public deposits ranged from 6.75% to 8.10%, while the overall cost (average) of deposits was 8.04% p.a. as on March 31, 2020.

As on March 31, 2020, a sum of Rs. 13.91 Crore relating to 879 accounts of public deposits (Rs. 19.94 Crore as on March 31, 2019 relating to 891 accounts) remained unclaimed/ overdue. Of this amount, a sum of Rs.11.39 Crore relating to 252 accounts (previous year Rs. 5.75 Crore relating to 373 accounts) were claimed and renewed/settled up to June 30th, 2020. Your Company has not defaulted in repayment of deposits or interest during the year. The Company has complied with the requirements under Chapter V of the Companies Act, 2013 to the extent applicable.

During the year, the deposit schemes of your Company have been rated 'MAAA' (pronounced as M Triple A) with an outlook revised to stable from negative, by ICRA Ltd., indicating 'highest credit- quality' and that the rated deposit programme carried the lowest credit risk. Your Company, being a Housing Finance Company registered with National Housing Bank (NHB), has complied with the Directions/Guidelines issued by the NHB with regard to deposit acceptance and renewal. Your Company is exempted from the applicability of the Companies (Acceptance of Deposits) Rules 2014.

**e) Mortgage-backed securities**

Your Company did not opt for securitisation during the year under review. There were no securitised assets outstanding as on March 31, 2020.

## 8. REGULATORY COMPLIANCES

**a) Compliance with Directions/ Guidelines of National Housing Bank (NHB) and other statutes**

The Government has issued notification communicating transfer of regulation of HFCs from National Housing Bank to Reserve Bank of India (RBI) w.e.f. 09/08/2019. Reserve Bank has issued a Press Release dated 13/08/2019 stating that RBI will carry out a review of the extant regulatory framework applicable to HFCs and come out with revised regulations in due course and till such time HFCs shall continue to comply with the directions and instructions issued by NHB.

Your Company has complied with the Housing Finance Companies (NHB) Directions, 2010 and other directions/ guidelines prescribed by NHB and as amended from time to time. Your Company has adhered to the prudential guidelines/norms for non- performing assets (NPAs) and directions issued by NHB on withdrawal of pre-closure charges for all loans, asset classification of credit/ investments, credit rating, acceptance of deposits, Fair Practices Code (FPC), Most Important Terms and Conditions (MITC), Customer Complaints Redressal Mechanism, Know Your Customer (KYC), Anti-Money Laundering (AML) Guidelines, Asset Liability Management, Capital Adequacy Ratio (CAR) norms, Information Technology frameworks, CERSAI, Implementation of Indian Accounting Standards (Ind AS), Guidelines on Reporting and Monitoring of Frauds in Housing Finance Companies, INGRAM software, constitution of IT Strategy Committee, Guidelines on reporting and monitoring of Frauds in Housing Finance Companies and other related instructions issued by the National Housing Bank (NHB) were implemented in letter and spirit with an explicit notification on the website of your Company, to the extent applicable.

During the year NHB has issued the following policies, circulars, guidelines etc. for Housing Finance Companies:

1. Policy-Circular-No.95 dated 29/05/2019: NHB has directed all HFCs with asset size of more than Rs. 5,000 Crore, to appoint Chief Risk officer. The Company has appointed Mr. H R Narendra as the Chief Risk Officer of the Company w.e.f. 22/05/2019.

2. NHB Circular NHB/ND/DRS/ Policy Circular No.96/2019-20 dated July 19, 2019 was issued on "Disbursement of housing loan to individuals linked to the stages of construction" the Company has been following the procedure even prior to the policy Circular.

In terms of the Housing Finance Companies – Corporate Governance (NHB) Directions, 2016, the Company has

attached the Related Party Transactions Policy at the end of this Annual Report.

Your Company has complied with requirements as per Para 29 of the Housing Finance Companies (NHB) Directions 2010.

During the year, the NHB conducted regular inspection of your Company during October 2019, for the position as at March 2019. The compliance on the observations were submitted within the prescribed time to NHB, which were reviewed by the Audit Committee and the Board.

Your Company has complied with other related statutory Guidelines/Directions/Policies as applicable to the Company from time to time. Compliance of all Regulatory guidelines of NHB/RBI other statutes are periodically reviewed by the Audit Committee and the Board.

Your Company has complied with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules, 2016 as applicable read with Section 133 of the Companies Act, 2013 and guidelines issued by National Housing Bank.

**b) IRDAI Compliance**

The Company is registered with IRDAI for carrying on the Insurance Agency Business and has complied with the applicable compliances under Insurance Regulatory and Development Act, 1999 and IRDAI (Registration of Corporate Agent) Regulations 2015, as amended from time to time.

**c) Other Compliances**

(i) The Company, on 04/04/2018, had obtained the Legal Entity Identifier No.335800EJ9Y3XDP5ZDH81 as required under the RBI Circular -No.RBI/2017-18/82 - DBR. No.BP.92/21.04.048/2017-18 dated November 02, 2017 and as advised by NHB. Since the same is required to be renewed on an annual basis on or before 4th April every year, we got it renewed for the year 2020 on February 17, 2020. The next renewal due date for the year 2021 is April 04, 2021.

(ii) As required under Section 215 of the Insolvency and Bankruptcy Code, 2016, the Company has registered itself with National e-governance Services Limited (NeSL) authorized by IBBI obtained registration No.9160743937431514312. Further, we have executed an agreement with NeSL on February 28, 2019. We are authenticating the request by our creditors on NeSL on regular basis.

(iii) The Company has got itself registered on TReDS Platform through Receivables Exchange of India Limited (RXIL) vide registration No.CA0000876.

(iv) As per RBI/2015-16/96 Master Circular No.15/2015-16 i.e. Master Circular on Foreign Investment in India and as per RBI/2017-18/194 A.P (DIR Series) Circular No.30 dated June 07, 2018 i.e. Foreign Investment in India, all types of Companies which have foreign investment are required to report through FIRMS - Reporting in Single Master Form. For the purpose the Company has completed the registration process for Entity User and for Business User.

## 9. COMPLIANCE UNDER THE COMPANIES ACT, 2013

Your Company has complied with the requirements of the applicable provisions of the Companies Act, 2013 and related Rules during the FY 19-20. In accordance with Sec 134 (3) (a) of the said Act, amended provision, the provisional Annual Return in the prescribed format has been made available on the website of the Company at https://www.canfinhomes.com/pdf/MGT7.pdf. An extract of Annual Return (MGT-9) is placed as Annexure-1. For more details regarding Compliances, please refer the Secretarial Audit Report enclosed to this Report as Annexure-2.

## 10. CAPITAL ADEQUACY

The Capital Adequacy Ratio (CAR) of your Company as at March 31, 2020 was 22.26% (previous year 16.44%). As against the Regulatory benchmark of 13% prescribed by the National Housing Bank (NHB).

## 11. DEPRECIATION

Depreciation was calculated on the Written Down Value Method based on useful life, in the manner prescribed in Schedule II to the Companies Act, 2013.

## 12. LEASES

The Company has adopted Ind AS 116 "Leases", with effect from April 1, 2019 and applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 have not been retrospectively adjusted. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of Rs. 32.12 Crore and a lease liability of Rs. 37.24 Crore after difference being set off against rent equalisation reserve existing as on April 1, 2019. The cumulative effect of applying the standard resulted in Rs. 3.83 Crore net of taxes being debited to retained earnings.

## 13. DEFERRED TAX ASSET (DTA)

During the year, Deferred Tax Asset (net) of Rs 8.02 Crore (previous year Rs 0.78 Crore) was considered to the Statement of Profit & Loss, on account of various components of asset & liabilities. The DTA outstanding at the end of the March 2020 was Rs.33.89 Crore (previous year Rs.24 Crore).

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

During the year, your Company initiated action against 402 defaulting borrowers under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest ("SARFAESI ") Act, 2002 and recovered Rs.49.74 Crore (previous year Rs. 36.69 Crore) from borrowers of Non-Performing accounts. Of this Rs.11.66 Crore (previous year Rs. 9.27 Crore) was recovered by way of sale of assets under SARFAESI. This apart Rs.2.35 Crore was recovered in Written off accounts (Previous year Rs. 2.59 Crore).

## 15. LISTING OF SECURITIES:

The equity shares of the Company continues to be listed on the BSE Limited (BSE), Mumbai, and the National Stock Exchange of India Ltd. (NSE), Mumbai.

The non-convertible debentures issued on private placement are listed on National Stock Exchange of India Ltd.

Also as per SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, captioned "Framework for listing of Commercial Paper" the Company has listed its Commercial Papers (CPs) on BSE Limited (BSE) and National Stock Exchange of India Ltd. (NSE).

## 16. HUMAN RESOURCES DEVELOPMENT

The total number of employees of the Company was 838 (652 regular and 186 on contract) as on March 31, 2020 as against 792 (592 regular and 200 on contract) as at the end of the previous year.

To upgrade knowledge/skill of the employees, select employees were deputed for training programmes/ seminars organised by the National Housing Bank and other reputed institutions. During the year, training in credit, information technology, human relations, customer service, Grievance redressal, finance, taxation, marketing, fraud prevention, KYC & AML and other topics of importance was imparted to employees and executives. Your Company has put in place a series of HR measures including promotions and appropriate reward schemes. Industrial relations in your Company continued to be cordial during the year.

**Particulars of Employees:**

During FY 19-20, the Board of Directors has appointed the Managing Director with a remuneration of Rs.12.50 Lakh per month and no other employees were employed for a part of the year with a remuneration of Rs.8.5 Lakh or more per month. The ratio of remuneration of each Director to the median of employee's remuneration and such other details as required under Sec 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, and 2016 are furnished below:

### (i) Ratio of remuneration of each director to the median employees' remuneration for FY 2020

The ratio of the remuneration of Managing Director to the median remuneration of the employees (regular employees) of the Company for the FY2019-20 was 17.35 : 1

The ratio of the remuneration of Dy. Managing Director to the median remuneration of the employees (regular employees) of the Company for the FY2019-20 was 3.09 : 1

Non-executive Directors and Independent Directors are eligible for sitting fee only. The details of sitting fee paid to the Directors for the meetings of Board and Committees are given in the `Report of Directors on Corporate Governance'.

### (ii) Percentage increase in the remuneration of each Director and Key Managerial Personnel in FY 2020

The percentage increase in remuneration in the financial year for the Managing Director & CEO was 233% and that of the Deputy Managing Director was 9.79%. The other Key managerial personnel of the Company are the General Manager, the Chief Financial Officer and the Company Secretary and the percentage increase in their remuneration was 17%, 11.53% and 10.77%, respectively.

### (iii) Percentage increase in the median remuneration of employees in FY 2020

The total number of permanent employees of the Company were 652 as on March 31, 2020. Apart from the permanent employees, there were 186 employees on contract as on March 31, 2020.

The percentage increase in the median remuneration of employees in the financial year was 18%.

(iv) Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in managerial remuneration.

Average% increase in remuneration of the employees other than managerial personnel in the last financial year was 3.72% and that of Managerial remuneration was 5.89% during the period under review.

The average increase in the remuneration of both, the managerial and non-managerial personnel was determined based on the Annual Performance Evaluation and also based on the remuneration policy as recommended by the Nomination Remuneration & HR Committee of Directors and approved by the Board of Directors. There were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company. The Company affirms that the remuneration is as per the remuneration policy of the Company.

(v) Prevention of Sexual Harassment of Women at the Workplace

The Company has a Policy on 'Prevention of Sexual Harassment of Women at Workplace' and matters connected therewith or incidental thereto covering all the aspects as contained under the Sexual Harassment of Women at Workplace (Prohibition, Prevention and Redressal) Act, 2013. During FY19-20 no cases of sexual harassment were reported.

The Company has in place "**Equal Opportunity Policy**" as per Section 21(1) of Rights of the Persons with Disabilities Act, 2018.

The Company has laid down a Code of Conduct for Prevention of Insider Trading, in accordance with the requirements under the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations, 2015 and Companies Act, 2013, with a view to regulate trading in Securities of the Company by its directors, designated persons and employees. The same is made available on the website of the Company. For related link, please refer Annexure 7.

## 17. TRANSFER OF UNCLAIMED AND UNPAID DIVIDEND/ DEPOSIT AMOUNTS TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

In terms of section 124 and 125 of the Companies Act, 2013, the amounts (dividend, deposits etc., with interest) that remained unclaimed and unpaid for more than 7 years from the date they first became due for payment, should be transferred to IEPF. As an investor-friendly measure, your Company has been intimating the respective shareholders / depositors / investors to encash their dividend warrant/renew matured deposits or lodge their claim for payment of due, if any, from time to time and claims made are settled. As per the statutory requirements, the details of such amounts are made available on the website of MCA-IEPF as well as on the Company's website. In order to receive prompt payment of dividend, the members/ investors are requested to demat the shares held in physical mode, register bank account particulars, opt for ECS facility, register nomination and intimate change of address, if any, to the Company/ Depository Participants promptly.

**a) Unclaimed dividends**

As at March 31, 2020, dividends aggregating to Rs.173.02 Lakh (previous year Rs.163.76 Lakh) relating to dividends declared for the years FY12-13 to FY18-19 (of which Rs.26.88 Lakh related to dividend for the year 2019), had not been claimed by shareholders. As an investor friendly measure, your Company has intimated shareholders to lodge their claims and related particulars were provided in the annual reports each year as well as on the website of your Company. The dividend pertaining to 2011-12, which remained unclaimed/unpaid amounting to Rs. 9.40 Lakh (in respect of 2,021 shareholders), was transferred to IEPF on September 07, 2019, after the settlement of claims by members received in response to the individual reminder letters sent by your Company to the respective members. The dividend pertaining to 2012-13 remaining unclaimed and unpaid, amounting to Rs.14.18 Lakh (in respect of 2,338 shareholders) as on March 31, 2020, would be transferred to IEPF during August 2020 after settlement of the claims received up to the date of completion of seven years i.e. on August 06, 2020.

**b) Transfer of shares to IEPF Demat account**

Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and refund) Amendment Rules, 2017 was notified by the Ministry of Corporate Affairs (MCA) on October 13, 2017. As per Rule 6 of the said Rules, the shares, in respect of which dividend amounts have not been paid or claimed for 7 consecutive years, are required to be transferred to 'IEPF demat Account' of IEPF Authority. On verification of records of unclaimed dividend amounts from 2006 to 2012, which have already been transferred to IEPF on lapse of 7 years (during 2013 to 2019 respectively), 7 shareholders had not claimed dividend for consecutive 7 years and their shares 4,000 Nos. have been transferred to IEPF demat account within the prescribed period and the details are provided on the website of the Company. For more details, please refer 'General Information to shareholders' in this report.

In terms of the above Rules, reminder letters were sent by the Company to all the shareholders who had not claimed their dividends for a consecutive period of 7 years, informing that their shares will be transferred to IEPF suspense account on the due date, August 07, 2020, if they do not place their claim for unclaimed dividend amounts before the Company. Your Company has provided the related details on its website (Investors page).

**c) Unclaimed deposits**

As required under Section 125 of the Companies Act, 2013, the unclaimed and unpaid deposits together with interest for the year 2011-12 amounting to Rs.60,000/- (previous year Rs.5.19 Lakh) that remained unclaimed and unpaid for a period of 7 years were transferred to IEPF during the year under review.

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

During the year, your Company did not earn any income or incur any expenditure in foreign currency/exchange other than payment of Dividend 2019 to NRIs on repatriation basis to an extent of Rs.26.34 Lakh through authorised dealers.

Since your Company is a Housing Finance Company and does not own any manufacturing facility, the requirement relating to providing the particulars relating to conservation of energy and technology absorption as per Sec 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules 2014, are not applicable. Also the Company does not use energy intensively. However the Company as its responsibility towards the society, has taken measures towards optimum energy utilisation and conservation, like, installation of Solar Power systems including Solar UPS and power saving lamps in some of its branches, use of LED lights instead of conventional CFL & Fluorescent lamps.

As a part of Save Green efforts and leverage of technology, a lot of paper work at branches and the Registered Office has been reduced (also refer para 5).

As a green initiative, the Company has started availing the services of "Dess Digital Software for sharing the soft copies of agenda papers pertaining to all the Board and Committee meetings, with the Directors and executives.

## 19. DIRECTORS & KEY MANAGERIAL PERSONNEL APPOINTMENTS / RE- APPOINTMENTS:

The Board of Directors made the following appointments/ re-appointments based on the recommendations of the Nomination, Remuneration & HR Committee on fit and proper criteria and performance evaluation of the Directors:

(1) Dr. Yeluri Vijayanand was appointed as an Independent Director at the Annual General Meeting held on July 17, 2019 for a tenure of 3 years up to the conclusion of the Annual General Meeting of the Company for the financial year 2020-21.

(2) Shri Shankara Narayanan Subramanian (S Subramanian), General Manager of Canara Bank, was appointed at the Annual General Meeting held on July 17, 2019 as a Director (Non-executive Promoter) liable to retire by rotation.

(3) Shri Debashish Mukherjee, Executive Director of Canara Bank was appointed at the Annual General Meeting held on July 17, 2019 as a Director (Non-executive Promoter) liable to retire by rotation.

(4) Shri G Naganathan, Independent Director was re-appointed at the Annual General Meeting of the Company held on July 17, 2019, for a further period of three years i.e., up to the conclusion of the Annual General Meeting of the Company for the financial year 2021-22.

(5) Shri Girish Kousgi has been appointed by the Board as the Managing Director and CEO of the Company w.e.f. September 05, 2019 for a tenure of 5 years. The brief profile and all other particulars relating to Shri Girish Kousgi, the terms and conditions of appointment, including remuneration, are provided in detail in the Notice of the ensuing Annual General Meeting of the Company for approval of members and all the relevant information in this regard are provided in the explanatory statement. Shri Girish Kousgi has also been designated as the Key Managerial Personnel.

(6) Shri Satish Kumar Kalra has been appointed as an Additional Director (Non-executive Independent) by the Board of Directors of the Company on June 15, 2020.

(7) Smt Shubhalakshmi Panse has been appointed as an Additional Director (Non-executive Independent) by the Board of Directors of the Company on June 15, 2020.

(8) Shri Lingam Venkata Prabhakar has been appointed as an additional Director (Non-executive Promoter) by the Board of Directors of the Company on July 30, 2020.

The agenda relating to appointment of Shri Satish Kumar Kalra and Smt. Shubhalakshmi Panse, as Independent Directors and and Shri Lingam Venkata Prabhakar as a Director liable to retire by rotation, are included in the Notice of the ensuing Annual General Meeting and complete particulars of the Directors are provided in the Explanatory Statements forming part of the said Notice.

The directors had filed their consent(s) and declaration(s) that they are not disqualified to become directors in terms of the provisions of Companies Act, 2013 and related Rules. The directors have intimated to the Company that they are not

holding any shares or taken any loan(s) from the Company. The agenda relating to appointments / re-appointments of Directors are provided in the Notice of the 33rd Annual General Meeting of the Company seeking approval from the members. The particulars relating to the Directors and all other relevant information are provided in the explanatory statement(s) forming part of the said Notice for the information of members.

Brief profile of all the Directors are provided in page Nos. 22 to 25 of this Annual Report.

**Key Managerial Personnel:**

Shri Prashanth Joishy, Assistant General Manager of F & A Department of the Company, who has an experience of 31 years in the Company and about 11 years in Finance & Accounts Department of the Company has been designated as the Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. November 04, 2019, in the place of Shri Atanu Bagchi, Chief Financial Officer, who attained superannuation w.e.f. May 31, 2019.

**Resignation/Vacation of Office:**

1. Shri. S K Hota, Managing Director resigned on June 27, 2019, on his repatriation to Canara Bank consequent to his appointment as the Managing Director & CEO of National Housing Bank [vide Government of India (MOF-DFS) Gazette Notification F. No. 24/10/2018-IF.II dated June 27, 2019].

2. Shri. S Subramanian (Chief General Manager, Canara Bank) has laid down his Office w.e.f. May 31, 2020 on attainment of superannuation. Consequently, he has tendered his resignation as Director (Non-executive Promoter Director) of the Company and hence ceased to be the director of the Company w.e.f. June 04, 2020.

**Retirement by rotation and re-appointment:**

In terms of Section 152 and all other applicable provisions of the Companies Act, 2013, and the Articles of Association of the Company, Shri Debashish Mukherjee, Director (Non-executive and Promoter), retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The agenda relating to re-appointment of Shri Debashish Mukherjee, Director forms part of the notice convening the ensuing Annual General Meeting and all other relevant information as per SEBI Regulations are provided in the explanatory statement.

All the appointments and re-appointments of Directors are made by the Board of Directors on the recommendations of the Nomination Remuneration & HR Committee on fit and proper criteria and also based on the performance evaluation of the Directors.

All the appointments and re-appointments mentioned above, which form part of the Notice of the ensuing Annual General Meeting of the Company, are recommended by your Directors to the members for appointment/re-appointment/approval..

## 20. MEETINGS OF THE BOARD

During the Financial year 2019-20, seven meetings of the Board of Directors were held and the related details, including that of various committees constituted by the Board, are made available in the Report of Directors on Corporate Governance forming part of this annual report placed before the members. Your Company has complied with all the requirements as applicable under Companies Act, 2013 and related rules, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also HFCs Corporate Governance (NHB) Directions, 2016, in relation to the Board of Directors and the Committees of the Board.

**Committees of the Board:**

Currently the Board has seven Committees viz. the Audit Committee, the Nomination, Remuneration & HR Committee, the Corporate Social Responsibility Committee, the Stakeholders Relationship Committee, the Risk Management Committee, the Management Committee and the IT Strategy Committee.

A detailed note on the composition of the Board and its Committees and other related particulars are provided in the Report of Directors on Corporate Governance forming part of this Annual Report.

## 21. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of section 134(3)(c) read with Section 134(5) of the Companies Act, 2013 and based on the information provided by the management and review of the draft statement by the Audit Committee, the Board of Directors report that-

(a) in the preparation of the annual accounts for the year ended on March 31, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;

(b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the financial year ended on March 31, 2020 and of the profit and loss of the Company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) this being a listed Company, the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**Declaration by Independent Directors:**

The Independent Directors have given declarations to the Company in terms of Section 149(7) and 149(8) of the Companies Act, 2013 and Regulation 25(8) of SEBI (LODR) Regulations, 2015 that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (LODR), 2015.

All the Independent Directors of the Company are persons of integrity, expertise and experience and have completed online proficiency self assessment tests and obtained certificates from the Institute notified under Section 150(1) of the Act.

**Code of Conduct:**

In terms of Regulation 26(3) of the SEBI (LODR) Regulations, 2015, all the members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the FY19-20. As required under Schedule V (D) of the said Regulations, a declaration signed by the Managing Director & Chief Executive Officer of the Company stating that the members of the Board and the Senior Management Personnel have affirmed compliance of their respective Codes of Conduct, is an annexure to Corporate Governance Report.

## 22. NOMINATION REMUNERATION AND HR (NRC) POLICY

Your Company has constituted a `Nomination Remuneration and HR Committee (NRC)' of the Board in terms of Section 178 of the Act, Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and Para 3(II) of NHB Corporate Governance (National Housing Bank) Directions, 2016. This Committee identifies persons who are qualified to become Directors of the Company. The appointment, renewal, reappointment, re-categorisation and/ or removal of the Directors so identified, including extension or continuation of the term of appointment, will be recommended by the NRC to the Board. This Committee has also laid down the criteria to identify persons who may be appointed to the senior management of the Company. The NRC has formulated the criteria for determining qualifications, positive attributes and independence of a Director, carrying out evaluation of every Director's performance, performance of the Board and that of the Committees. The NRC Policy of the Company covering all the above aspects is made available on the official website of the Company at https://www.canfinhomes.com/pdf/Nomination-Remuneration-and-HR-Policy-120419.pdf, in terms of Section 134(3) of the Companies Act, 2013. The Board ensures the annual evaluation of the performance of the Board, its Committees and of its individual directors through the meeting of independent directors, the NRC and evaluation by each of the directors independently.

## 23. CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Your Company has constituted a Corporate Social Responsibility (CSR) Committee of the Board as prescribed under Section 135 of the Companies Act 2013 and has put the CSR policy in place. The Company has focussed in promoting education including special education, setting up hostels for tribal children, Construction of class room blocks for schools, Scholarships for under privileged, renovation of schools and anganawadis, Sponsorship of child education. The Company also focuses on healthcare by donating advanced medical equipment's to various hospitals. To promote eradicating hunger, Company has contributed for mid-day meals at schools through Akshaya Patra Foundation. The Company has donated Relief materials to Cyclone and Flood affected areas. To promote Environmental Sustainability, donation of tree saplings, contribution towards "Cauvery Calling", a campaign to revitalize the southern Indian river Cauvery by planting trees in the river basin was undertaken. Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES), Karnataka State Disaster Management Authority, CM Relief Fund, Karnataka during COVID-19 pandemic, also forms part of its CSR activities.

As a well thought out strategy, all CSR projects of the Company are executed through our own branches with a view to inculcate a sense of social responsibility amongst the staff. The total amount/ budget under CSR for the FY 2019-20 was Rs.1,321 Lakhs, (including previous years Rs.456 lakhs), out of which total amount spent under the CSR activities is Rs.1004 lakhs. The unspent amount of Rs.317 Lakhs is carried forward as per provisions of Companies Act, 2013 with the aim to go in for granular details/ appropriate projects before spending in FY 20-21. A summary of CSR details as on 31/03/2020 is given below:

| Sl. No. | Activities undertaken | No. of Projects | Rupees in Lakh |
|---|---|---|---|
| 1 | Construction/ repair & renovation of Schools/ Hostels/Hospitals | 10 | 369.42 |
| 2 | Desks & Benches/ Tables/ Almirah/ Green Board/ Chairs/Bags/Books etc. | 1 | 9.82 |
| 3 | Drinking water facility/ supply of other articles of necessity etc. | 4 | 2.06 |
| 4 | Scholarship | 7 | 2.42 |
| 5 | Medical Equipment to Hospitals | 5 | 105.13 |
| 6 | Equipment to old age home/Rehabilitation centers | 2 | 15.36 |
| 7 | Eradicating Hunger | 2 | 86.80 |
| 8 | Disaster Management | 5 | 276.38 |
| 9 | Environmental Sustainability | 1 | 15.12 |
| 10 | Setting up of blood bank | 1 | 47.00 |
| 11 | Tree planting under environmental protection/ sustainability/ saplings with tree guards/ pots to the customers. | 2 | 0.09 |
| 12 | Medical Vans to Hospitals | 2 | 28.17 |
| 13 | Sponsorship of child education | 1 | 21.60 |
| 14 | Ecological Balance | 1 | 13.56 |
| 15 | Promoting Tribal Sports | 2 | 11.06 |
| | **Total** | **46** | **1004.02** |

The Annual Report on CSR activities including brief contents are provided as Annexure-3 to this report

## 24. RISK MANAGEMENT POLICY

Your Company has constituted a Risk Management Committee with three directors, Chief Risk Officer (CRO) and a senior executive of the Company. In terms of Section 134(3)(n) of the Act, your directors wish to state that your Company has adhered to the Risk Management Policy. The above policy was reviewed during the year. For web link please refer Annexure 7.

## 25. AUDIT AND INTERNAL CONTROL

Your Company strengthened existing internal control systems for loan reviews at periodical intervals and introduced measures for minimising operational risks commensurate with the nature of its business and size of operations. Further, your Company has reviewed delegation of authorities and streamlined standard operating procedures for all areas of its business/ operations/ functions, strengthened the Offsite Transaction Monitoring System (OTMS) to track transactions/ early-warning signals across all branches by introducing innovative monitoring tools. The National Housing Bank conducts inspection of your Company on an annual basis. During the year, the NHB conducted regular inspection of your Company in October 2019 for the position as at March 31, 2019. The compliance on the observations were submitted within the prescribed time to the NHB, which were reviewed by the Audit Committee and the Board.

Your Company has also put in place a well- defined policy on Risk Based Internal Audit (RBIA) and as per the said policy, 159 branches were audited in the FY19-20. Apart from the RBIA, considering the volume of business, branches are also subjected to quarterly/ half yearly internal audit by empanelled audit firms. During the year two loan accounts amounting to ₹ 55 lakhs have been suspected to be fraudulent and have been reported to the authorities/regulators. The Audit Committee reviewed the audit reports/remarks/ observations and replies/ compliances including the compliance of KYC norms. Management Audit by Canara Bank was conducted during January, 2019 for the period, January 2017 to December 2018.

## 26. SECRETARIAL AUDIT & SECRETARIAL COMPLIANCE

As required under section 204 of the Companies Act, 2013 and Rules thereof, the Board appointed M/s Kedarnath & Associates, Practising Company Secretaries, for conducting the 'Secretarial Audit' of the Company and for submission of the Annual Compliance Report for the financial year 2019-20. The Secretarial Audit for FY19-20 was conducted as required u/s.204 of the Companies Act 2013, Regulation 24A of SEBI(LODR) Regulation 2015 and SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019, by Shri S. Kedarnath, FCS, Practising Company Secretary and his team. The report does not contain any qualification, reservation or adverse remark. The Secretarial Audit Report issued by the Practising Company Secretaries is enclosed to the Report of Directors (Annexure 2) in terms of Section 134(3) (f) read with Section 204(1) of the Act.

In addition to the Secretarial Audit Report, Secretarial Compliance Report has also been issued by the PCS as per the SEBI Circular

No. CIR/CFD/CMD1/27/2019 dated February 02, 2019, and the said report has been submitted to the Stock Exchanges.

**Secretarial Standards**

The Company complies with the mandatory Secretarial Standards i.e. SS-1 and SS-2 issued by the Institute of Company Secretaries of India and has referred to Secretarial Standards SS-3 and SS-4 for good governance.

**Loans, Guarantees or Investments:**

There are no particulars of loans, guarantees or investments made during the year in terms of Section 186(1) and 186(2) of the Act requiring disclosure to be made in the report of Directors as required under Section 134(3)(g) of the Act. In terms of Section 186(11) (a) the requirement relating to the disclosure is not applicable to a loan made, guarantee given or security provided by a Housing Finance Company.

**Related Party Transactions:**

The particulars of contracts or arrangements with the 'Related Parties' referred to in sub-section (1) of Section 188 of the Act are furnished in Note No.42 of the Notes forming part of the financial statements for FY19-20, forming a part of the Annual Report. The particulars of Related Party Transactions as required u/s sec 134(3)(h) in the prescribed format (AOC-2) is attached to this Report as Annexure-4.

## 27. STATUTORY AUDITORS

Pursuant to the provisions of Section 139, 142 and all other applicable provisions of the Companies Act, 2013 and rules made thereunder, M/s. Varma & Varma, Chartered Accountants (Firm Reg.No.004532S) were appointed by the members as the Statutory Auditors of the Company to hold office from the conclusion of this 30th Annual General Meeting until the conclusion of the 35th Annual General Meeting, subject to ratification by members every year, as applicable, at such remuneration and out-of-pocket expenses, as may be decided by the Board of Directors of the Company. Pursuant to the provisions of Section 143(8) of the Companies Act, 2013 and rules made thereunder, the Members had authorised the Board of Directors to appoint any person(s) qualified for appointment as auditor(s) of the Company under Section 141 and all other applicable provisions of the Companies Act, 2013 as Branch Auditors for audit of any of the Branch of the Company, present and future, from the conclusion of this Annual General Meeting until the conclusion of the 35th Annual General Meeting, subject to ratification by members every year, as applicable, on such terms and conditions, including remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company. The requirement for the annual ratification of auditors' appointment at the AGM has been omitted pursuant to Companies (Amendment) Act, 2017 notified on May 7, 2018.

In view of the above, M/s Varma & Varma, Chartered Accountants (Firm Reg.No.004532S) appointed by the members at the 30th Annual General Meeting for a tenure up to the conclusion of the 35th Annual General Meeting will continue as the Statutory Auditors of the Company, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.

The Statutory Auditors' Report for the FY2019-20 does not contain any qualification, reservation or adverse remark.

## 28. COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

## 29. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In terms of Regulation 34(2) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Management Discussion and Analysis Report forms part of this Annual Report.

## 30. CORPORATE GOVERNANCE

As required under the Companies Act, 2013, Regulation 34 read with Schedule V of the SEBI (LODR) Regulations, 2015 and Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the 'Report of Directors on Corporate Governance' for the year FY19-20 is placed in this Annual Report.

The said Report covers in detail the Corporate Governance Philosophy of the Company, Board Diversity, Directors appointment and remuneration, declaration by Independent Directors, Board evaluation, familiarisation programme, vigil mechanism etc. The Auditors Certificate on Corporate Governance is provided with this report as Annexure-5.

**Business Responsibility Report:**

The SEBI (LODR) Regulations, 2015, mandates inclusion of Business Responsibility Report (BRR) in the prescribed format, as a part of the Annual Report for top 500 listed entities

based on the market capitalisation. In compliance with the said Regulations, the BRR is provided as a part of this Report as Annexure 6.

**Board Evaluation:**

In terms of Regulation 17(10) of the SEBI (LODR) Regulations, 2015 read with the SEBI Circular No. SEBI/HO/CFD/ CMD/ CIR/P/2017/004 dated January 05, 2017, your Company has put in place the 'Board and Director's Evaluation Policy' laying down a framework for evaluation of the Board, its Committees and of the individual directors with defined attributes for evaluation. The Board has evaluated the performance of the independent directors including their independence criteria as specified in the said regulations and their independence from the management. The directors who were subject to evaluation did not participate in their own evaluation. The results of the evaluation exercise were shared with the Board in subsequent Board Meeting(s).

## 31. SAVE GREEN EFFORTS & RESPONSIBILITY TOWARDS SOCIETY

In recognition and support to the green initiative taken by the Ministry of Corporate Affairs (MCA), Government of India, your Company is sending AGM notices, annual reports, correspondence with the stakeholders etc. to the respective e-mail IDs of stakeholders. To facilitate paperless banking, initiatives taken by your Company include ECS / NACH facility for repayment of loans, streamlining the systems and procedures for reporting by the branches and at the Registered Office through Integrated Business Suite (IBS), networking of branches with the Registered Office, harnessing solar energy for lighting and computer operations in 16 branches. The digital storage of data is being increasingly adopted and therefore, the usage of paper is curtailed to the minimum.

As in the previous years, we continue to publish only the statutory disclosures in the print version of the Annual Report. Electronic copies of the Annual Report, Annual General Meeting Notices, and such other notices are being sent to all members whose e-mail addresses are registered with the Company/ Depository participants. Further as per MCA circular dated 13/04/2020 notices for the General meeting may be given only through e-mails registered with the Company/DP/RTA. As per SEBI Circular SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated 12/05/2020, the requirements of Reg.36 (1)(b) and (c) and Reg.58 (1)(b) &(c) of the LODR are dispensed with for listed entities who conduct their AGMs during the calendar year 2020 (i.e. till 31/12/2020).

[Regulation 36 (1)(b) and (c) of the LODR prescribes that a listed entity shall send a hard copy of the statement containing salient features of all the documents, as prescribed in Section 136 of the Companies Act, 2013 to the shareholders who have not registered their email addresses and hard copies of full annual reports to those shareholders, who request for the same, respectively. Regulation 58 (1)(b) &(c) of the LODR extend similar requirements to entities which have listed their NCDs and CPs]

Through our CSR activities in the field of health care, education and empowerment of the downtrodden, we have strived to improve the lives of lakhs of our country men, women and children. We have sanctioned Rs. 12.38 Crore and spent Rs. 10.04 Crore towards various activities which have been detailed in point no. 23 of this report.

## 32. OUTLOOK FOR 2020-21

In the aftermath of COVID-19, the various schemes and packages provided by the Union Government will be instrumental for revival of the economy and for giving a fillip to the real estate market. Your Company will continue to lend prudently and concentrate on the Affordable Housing Loan Segment.

Our market expansion in potential locations will continue and we propose to open about 10 new branches during the current FY 2020-21. Thrust is given on distribution of general insurance products through corporate agencies to provide insurance products to secure the health and assets of our customers.

Our focus on Lending to the salaried class will be unabated. However, on account of the market conditions in the current scenario, there will be some pressure on performance. Your Company would continue its pursuit of qualitative growth. Your Company is committed to uphold and retain the high standards which have been followed from inception despite the various challenges encountered in the discharge of its functions.

## 33. ACKNOWLEDGEMENTS

Your Directors would like to thank Canara Bank, the promoter, for their continuous support.

Your Directors would like to acknowledge the role of all its stakeholders viz., shareholders, debenture holders, CP holders, depositors, bankers, lenders, borrowers, merchant bankers, insurance partners, Statutory and Branch Auditors, Secretarial Auditors, panel advocates, panel valuers, agents

and all others for their continuous support to your Company and the confidence and faith that they have always reposed in your Company.

Your Directors acknowledge and appreciate the guidance and support extended by all the Regulatory authorities including National Housing Bank (NHB), Reserve Bank of India (RBI), Insurance Regulatory and Development Authority of India (IRDAI), Securities Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA), Registrar of Companies, Karnataka, Stock Exchanges, NSDL and CDSL.

Your Directors thank the Rating Agencies, viz. ICRA, CARE, India Ratings & Research Ltd., (FITCH), the Registrars & Share Transfer Agents, Debenture Trustees and Trustees of public deposits of your Company, Government(s), local/ statutory authorities, and all others for their whole-hearted support during the year and look forward to their continued support in the years ahead.

Your Directors value the professionalism of all the employees who have proved themselves in a challenging environment and whose efforts have stood the Company in good stead and taken it to present level.

For and on behalf of the Board of Directors

Sd/-
**Bharati Rao**
Chairperson

Place: Bengaluru
Date : July 30, 2020

# Annexure 1

## EXTRACT OF ANNUAL RETURN

**(Form No. MGT - 9)**

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| i. | CIN | L85110KA1987PLC008699 |
| ii. | Registration Date | 29/10/1987 |
| iii. | Name of the Company | CAN FIN HOMES LTD |
| iv. | Category/Sub-Category of the Company | Financial Institution – Housing Finance |
| v. | Address of the Registered office and contact details | No.29/1, 1st Floor, Sir M N Krishna Rao Road, Near Lalbagh West Gate, Basavanagudi, Bengaluru – 560 004, Karnataka |
| vi. | Whether listed Company | Yes |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | Canbank Computer Services Ltd.<br>Unit: Can Fin Homes Ltd., R&T Centre No.218, J P Royale, 1st Floor, 2nd Main, Sampige Road, (Near 14th Cross), Malleshwaram, Bengaluru – 560 003.<br>Contact Person: Shri Ravi. K, Senior Manager<br>Tel:080-23469661/662/664/665<br>e-mail: ravi@ccsl.co.in |

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

| Sl. No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the Company |
|---|---|---|---|
| 1. | Housing Loans | 64192 | 90.00% |
| 2. | Non housing Loans | --- | 10.00% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sl. No. | Name And Address of the Company | CIN/GLN | Holding/ Subsidiary /Associate | %of shares held | Applicable Section |
|---|---|---|---|---|---|
| | | | NIL | | |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i) Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year – March 31, 2019 | | | | No. of Shares held at the end of the year – March 31, 2020 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoter** | | | | | | | | | |
| **1) Indian** | | | | | | | | | |
| a) Individual/ HUF | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| b) Central Govt | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| c) State Govt(s) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| d) Bodies Corp | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| e) Banks / FI | 39930365 | -- | 39930365 | 29.99 | 39930365 | -- | 39930365 | 29.99 | -- |
| f) Any Other (Promoter Group) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Sub-total(A)(1):-** | **39930365** | **--** | **39930365** | **29.99** | **39930365** | **--** | **39930365** | **29.99** | **--** |
| **2) Foreign** | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| a) NRIs-Individuals | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| b) Other-Individuals | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| c) Bodies Corp. | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| d) Banks / FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| e) Any Other…. | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Sub-total(A)(2):-** | **--** | **--** | **--** | **--** | **--** | **--** | **--** | **--** | **--** |
| **Total Shareholding of Promoter (A) = (A)(1)+(A)(2)** | **39930365** | **--** | **39930365** | **29.99** | **39930365** | **--** | **39930365** | **29.99** | **--** |
| **B. Public Shareholding** | | | | | | | | | |
| **1. Institutions** | | | | | | | | | |
| a) Mutual Funds | 3785280 | 1000 | 3786280 | 2.85 | 14800380 | 1000 | 14801380 | 11.12 | 8.27 |
| b) Banks / FI | 1023579 | -- | 1023579 | 0.77 | 862383 | -- | 862383 | 0.65 | (0.12) |
| c) Central Govt | -- | -- | -- | -- | -- | -- | -- | -- | |
| d) State Govt(s) | -- | -- | -- | -- | -- | -- | -- | -- | |
| e) Venture Capital | -- | -- | -- | -- | -- | -- | -- | -- | |
| f) Insurance Companies | 191278 | -- | 191278 | 0.14 | 613873 | -- | 613873 | 0.46 | 0.32 |
| g) FIIs | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| h) Foreign Venture Capital Funds | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| i) Others (specify) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| (i) Foreign Financial Institutions | -- | 2000 | 2000 | 0.00 | -- | 2000 | 2000 | 0.00 | -- |
| **Sub-total(B)(1)** | **5000137** | **3000** | **5003137** | **3.76** | **16276636** | **3000** | **16279636** | **12.23** | **8.47** |
| **2. Non Institutions** | | | | | | | | | |
| a) Bodies Corp. i) Indian ii) Overseas | 19408810 | 44500 | 19453310 | 14.61 | 16892120 | 44750 | 16936870 | 12.72 | (1.89) |
| b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs.2 Lakh | 29648221 | 2331296 | 31979517 | 24.00 | 24000230 | 2068835 | 26069065 | 19.57 | (4.43) |
| (ii) Individual shareholders holding nominal share capital in excess of ₹2 Lakh | 7930323 | -- | 7930323 | 5.96 | 6722288 | -- | 6722288 | 5.05 | (0.91) |
| c) Qualified Foreign Investor | -- | -- | -- | -- | -- | -- | -- | -- | -- |

| Category of Shareholders | No. of Shares held at the beginning of the year – March 31, 2019 | | | | No. of Shares held at the end of the year – March 31, 2020 | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| d) Others(Specify) | | | | | | | | | |
| i) Non-Resident Indians | 1658806 | -- | 1658806 | 1.25 | 1319811 | -- | 1319811 | 0.99 | (0.26) |
| ii) Clearing Members | 882652 | -- | 882652 | 0.66 | 146004 | -- | 146004 | 0.11 | (0.55) |
| iii) Hindu Undivided Families | 728657 | -- | 728657 | 0.55 | 596077 | -- | 596077 | 0.45 | (0.10) |
| iv) Employee Shareholders | 13360 | 8330 | 21690 | 0.02 | 16165 | 6830 | 22995 | 0.02 | -- |
| v) Director & their relatives | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| vi) Custodian | - | -- | -- | -- | -- | -- | -- | -- | |
| vii) Trusts | 24841 | -- | 24841 | 0.02 | 17333 | -- | 17333 | 0.01 | (0.01) |
| viii) Foreign Corporate Bodies | 25288027 | -- | 25288027 | 18.99 | 24860701 | -- | 24860701 | 18.67 | (0.32) |
| ix) Foreign National/ Individual | -- | -- | -- | -- | 430 | -- | 430 | -- | -- |
| x) IEPF Authority | 252800 | -- | 252800 | 0.19 | 252550 | -- | 252550 | 0.19 | -- |
| **Sub-total(B)(2)** | **85836497** | **2384126** | **88220623** | **66.25** | **74823709** | **2120415** | **76944124** | **57.78** | **(8.47)** |
| **Total Public Shareholding (B)=(B)(1)+(B) (2)** | **90836634** | **2387126** | **93223760** | **70.01** | **91100345** | **2123415** | **93223760** | **70.01** | |
| C. Shares held by Custodian for GDRs&ADRs | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Grand Total (A+B+C)** | **130766999** | **2387126** | **133154125** | **100.00** | **131030710** | **2123415** | **133154125** | **100.00** | |

### ii. Shareholding of Promoters

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged / encumbered to total shares | |
| 1. | Canara Bank | 39930365 | 29.99 | -- | 39930365 | 29.99 | -- | -- |
| | **Total** | **39930365** | **29.99** | **--** | **39930365** | **29.99** | **--** | **--** |

### iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| | At the beginning of the year | 39930365 | 29.99 | -- | -- |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): No Change | -- | -- | 39930365 | 29.99 |
| | At the End of the year | | | 39930365 | 29.99 |

**iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters, Holders of GDRs and ADRs)**

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 1 | CALADIUM INVESTMENT PTE LTD. | | | | |
| | At the beginning of the year | 17904245 | 13.45 | | |
| | Date wise Increase / Decrease in Shareholding during the year: Sale from April 01, 2019 to March 31, 2020 | (1265493) | (0.95) | 16638752 | 12.50 |
| | At the End of the year | | | 16638752 | 12.50 |
| 2 | CHHATTISGARH INVESTMENTS LIMITED | | | | |
| | At the beginning of the year | 11979411 | 9.00 | | |
| | Date wise Increase / Decrease in Shareholding during the year: Sale from April 01, 2019 to March 31, 2020 | (1329890) | (1.01) | 10649521 | 7.99 |
| | At the End of the year | | | 10649521 | 7.99 |
| 3 | AXIS MUTUAL FUND TRUSTEE LIMITED A/C AXIS MUTUAL FUND A/C AXIS SMALL CAP FUND | | | | |
| | At the beginning of the year | 169674 | 0.13 | | |
| | Date wise Increase / Decrease in Shareholding during the year: Purchase From April 01, 2019 to March 31, 2020 | 2522839 | 1.89 | 2692513 | 2.02 |
| | At the End of the year | | | 2692513 | 2.02 |
| 4 | NITIN RAOJIBHAI DESAI | | | | |
| | At the beginning of the year | 2156600 | 1.62 | | |
| | Date wise Increase / Decrease in Shareholding during the year: No Change From April 01, 2019 to March 31, 2020 | -- | -- | 2156600 | 1.62 |
| | At the End of the year | | | 2156600 | 1.62 |
| 5 | RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA SMALL CAP FUND | | | | |
| | At the beginning of the year | -- | -- | | |
| | Date wise Increase / Decrease in Shareholding during the year: Purchase From April 01, 2019 to March 31, 2020 | 1601174 | 1.20 | 1601174 | 1.20 |
| | At the End of the year | | | 1601174 | 1.20 |
| 6 | SARDA ENERGY AND MINERALS LIMITED | | | | |
| | At the beginning of the year | 1500000 | 1.13 | | |
| | Date wise Increase / Decrease in Shareholding during the year: No Change From April 01, 2019 to March 31, 2020 | -- | -- | 1500000 | 1.13 |
| | At the End of the year | | | 1500000 | 1.13 |
| 7 | AADI FINANCIAL ADVISORS LLP | | | | |
| | At the beginning of the year | 1302195 | 0.98 | | |
| | Date wise Increase / Decrease in Shareholding during the year: No change From April 01, 2019 to March 31, 2020 | -- | -- | 1302195 | 0.98 |
| | At the End of the year | | | 1302195 | 0.98 |
| 8 | PINEBRIDGE GLOBAL FUNDS - PINEBRIDGE INDIA EQUITY FUND | | | | |
| | At the beginning of the year | -- | -- | | |
| | Date wise Increase / Decrease in Shareholding during the year: Purchase From April 01, 2019 to March 31, 2020 | 1233475 | 0.93 | 1233475 | 0.93 |
| | At the End of the year | | | 1233475 | 0.93 |
| 9 | AKASH MANEK BHANSHALI | | | | |
| | At the beginning of the year | 1193392 | 0.89 | | |
| | Date wise Increase / Decrease in Shareholding during the year: No change From April 01, 2019 to March 31, 2020 | -- | -- | 1193392 | 0.89 |
| | At the End of the year | | | 1193392 | 0.89 |

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| 10 | **SBI SMALL CAP FUND** | | | | |
| | At the beginning of the year | -- | -- | | |
| | Date wise Increase / Decrease in Shareholding during the year: Purchase From April 01, 2019 to March 31, 2020 | 1169720 | 0.88 | 1169720 | 0.88 |
| | At the End of the year | | | 1169720 | 0.88 |

P.S: The percentage of shareholding is calculated on the paid-up share capital.

## V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

| Sl. No. | Shareholder's Name | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | No. of Shares | % of total Shares of the company |
| | NIL | | | | |

## VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in Rupees)

| | Secured loans excluding deposits | Unsecured loans excluding deposits | Deposits | Total |
|---|---|---|---|---|
| Opening Balance | | | | |
| Principal | 129,867,113,221 | 34,466,307,274 | 2,610,947,847 | 166,944,368,342 |
| interest due but not paid | - | - | - | - |
| Interest accrued but not due for payment | 1,827,339,342 | 29,146,586 | - | 1,856,485,928 |
| **Total** | **131,694,452,563** | **34,495,453,860** | **2,610,947,847** | **168,800,854,270** |
| Change in indebtedness | - | - | - | - |
| Addition | 51,950,000,000 | 13,600,000,000 | 1,888,430,406 | 67,438,430,406 |
| Reduction | 24,847,118,584 | 22,459,153,588 | 1,448,573,276 | 48,754,845,448 |
| **Net Change** | **27,102,881,416** | **(8,859,153,588)** | **439,857,130** | **18,683,584,958** |
| Closing Balance | | | | |
| Principal | 157,682,169,628 | 25,606,316,373 | 3,050,804,977 | 186,339,290,978 |
| interest due but not paid | - | - | - | - |
| Interest accrued but not due for payment | 1,115,164,351 | 29,983,899 | - | 1,145,148,250 |
| **Total** | **158,797,333,979** | **25,636,300,272** | **3,050,804,977** | **187,484,439,228** |

## VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director/Whole Time Director/General Manager

(Amount in Rupees)

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager | | | Total Amount |
|---|---|---|---|---|---|
| | | S.K.Hota Managing Director | Shri Girish Kousgi Managing Director | Shri Shreekant M Bhandiwad Dy. Managing Director | |
| 1 | Gross Salary | 4,71,019.35 | 57,22,219.00 | 17,86,842.64 | 79,80,080.99 |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | | | | |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | -- | -- | -- | -- |
| | (c) Profits in lieu of salary under section 17(3) of Income Tax Act,1961 | -- | -- | -- | -- |
| 2 | Stock Option | -- | -- | -- | -- |
| 3 | Sweat Equity | -- | -- | -- | -- |
| 4 | Commission | | | | |
| | -as% of profit | -- | -- | -- | -- |
| | -others, Incentive | -- | -- | -- | -- |
| 5 | Others (Company's contribution to PF) | 25,500 | -- | 93,638 | 1,19,138 |
| | Gratuity---- | 2,55,000 | -- | -- | 2,55,000 |
| | Leave Salary | 4,38,441.46 | -- | -- | 4,38,441.46 |
| | **Total (A)*** | **11,89,960.81** | **57,22,219.00** | **18,80,479.64** | **87,92,659.45** |
| | Ceiling as per the Act | | | 37,61,23,477 | -- |

P.S.: Re-imbursement of salary to Canara Bank for the year ended March 31, 2020.
*excluding incentive pertaining to financial year 2018-19.

### B. Remuneration to other Directors

(Amount in Rupees)

| Sl. No. | Particulars of Remuneration | Name of the Directors | | | Total Amount |
|---|---|---|---|---|---|
| | Independent Directors | Shri G Naganathan | Smt Bharati Rao | Dr. Yeluri Vijayanand | |
| | Fee for attending board and committee meetings | 5,55,000 | 5,85,000 | 4,95,000 | 16,35,000 |
| | Commission | -- | -- | -- | -- |
| | Others, please specify | -- | -- | -- | -- |
| | **Total (1)** | **5,55,000** | **5,85,000** | **4,95,000** | **16,35,000** |
| | **Other Non-Executive Directors** | **S Subramanian** | **Shri Debashish Mukherjee** | -- | |
| | Fee for attending board and committee meetings | 1,50,000 | 2,15,000 | | 3,65,000 |
| | Commission | -- | -- | -- | -- |
| | Others, please specify | -- | -- | -- | -- |
| | **Total (2)** | **1,50,000** | **2,15,000** | | **3,65,000** |
| | **Total (B)=(1+2)** | | | | **20,00,000** |
| | **Total Managerial Remuneration** | **--** | **--** | **--** | **20,00,000** |
| | Overall Ceiling as per the Act | -- | -- | -- | |

**C. Remuneration to Key Managerial Personnel other than Managing Director, Whole-time Director and/or Manager**

(Amount in Rupees)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | | | Total |
|---|---|---|---|---|---|---|
| | | Shamila M | Atanu Bagchi | Prashanth Joishy | Veena G Kamath | |
| 1 | Gross Salary | | | | | |
| | (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 1765892 | 448761 | 1494788 | 1451921 | 5161362 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | | | | | |
| | (c) Profits in lieu of salary under section 17(3) of Income Tax Act, 1961 | | | | | |
| 2 | Stock Option | | | | | |
| 3 | Sweat Equity | | | | | |
| 4 | Commission<br>-as% of profit<br>-others, Incentive/LFC | 60000 | 124995 | 50000 | 60000 | 294995 |
| 5 | Others (Company's contribution to PF) | 192705 | 23384 | 191464 | 129557 | 537110 |
| | Leave Salary | | 540669 | | | 540669 |
| | **Total (A)** | **2018597** | **1137809** | **1736252** | **1641478** | **6534136** |
| | Ceiling as per the Act | | | | | |

## VIII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishments/compounding of offences for the year ending March 31, 2020

Place: Bengaluru
Date: July 23, 2020

Sd/-
**Veena G Kamath**
Company Secretary

Sd/-
**Girish Kousgi**
Managing Director & CEO

Sd/-
**Bharati Rao**
Chairperson

# Annexure 2

## SECRETARIAL AUDIT REPORT

**(FORM NO. MR-3)**

(FOR THE FINANCIAL YEAR ENDED 31st MARCH 2020)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**CAN FIN HOMES LIMITED,**
Bengaluru-560004

We have conducted the Secretarial Audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **CAN FIN HOMES LIMITED (CIN: L85110KA1987PLC008699)** (hereinafter called 'the Company') having its Registered Office at No 29/1, Sir M N Krishna Rao Road, Near Lalbagh West Gate, Basavanagudi, Bengaluru 560004.

Secretarial Audit was conducted in a manner that provided us the reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion the Company has, during the audit period covering the Financial year ended on 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31st March 2020, according to the provisions of:

I. The Companies Act, 2013 (the Act) and the Rules made there under;

II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

IV. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investments and External Commercial Borrowing.

V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2015;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015. (LODR Regulations) including the requirements with regard to the disclosure of information on Company's website and other disclosure and reporting requirements to the Stock Exchanges during the Financial Year

d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended till date;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended till date;

f) The Depositories Act, 1996 and the regulations and Byelaws framed thereunder

There were no occasions during the financial year requiring specific compliance under the provisions of the following Regulations and Guidelines:-

g) The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014, as amended till date;

h) The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009; and

i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended till date;

j) The SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

k) The SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

VI. We further report that based on the information and explanations received including the Industry Specific Laws as applicable to the Company and also based on the records maintained, the Company has, in our opinion, complied with the provisions of:

**I. Industry Specific Laws**

1. The National Housing Bank Act, 1987
2. The Housing Finance Companies (NHB) Directions, 2010 as amended from time to time.
3. Housing Finance Companies issuance of non-convertible Debentures on private placement basis (NHB), Directions 2014,
4. Housing Finance Companies –Auditor's Report (National Housing Bank) Directions, 2016.
5. Housing Finance Companies –Approval of Acquisition or Transfer of Control (National Housing Bank) Directions, 2016
6. Housing Finance Companies-Corporate Governance (National Housing Bank), Directions, 2016.
7. Guidelines and circulars issued under the National Housing Bank Act, 1987 from time to time.
8. FIMMDA operational Guidelines (RBI) for Commercial Papers.
9. Guidelines on Fair Practices Code for HFCs issued by NHB

**II. General Laws**

1. Industrial and Labour laws as applicable to the Company
2. The Factories Act, 1948
3. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
4. Trade marks and Patent
5. Transfer of Property Act, 1882
6. The Indian Stamp Act, 1899

We also report that the Company has developed and implemented adequate systems and processes which are in place to monitor and ensure compliances with the General Laws mentioned above and the same is commensurate with its size and extent of operations, to effectively ensure compliance with applicable laws, rules, regulations and guidelines.

VII. We have also examined compliance with respect to:

(i) The Secretarial Standards SS-1 and SS-2 issued by the ICSI and as notified by the Ministry of Corporate Affairs and report that the Company has generally complied with the said Standards.

(ii) The Listing Agreement/s entered into by the Company with the BSE Limited and the National Stock Exchange of India Limited (NSE) and report that the Company has complied with the same.

VIII. We further report that during the said Financial Year, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned in the foregoing paragraphs

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the Composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all the Directors to schedule the Board/committee Meetings, agenda and detailed notes on agenda was sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Sub committees of Board were reconstituted during the financial year by following necessary provisions governing the same. Majority decisions were carried through by the Board at its meetings and minutes of meetings are self-explanatory with regard to dissenting member's views, if any.

There are also processes and adequate procedures in place for minimizing exposure to risks which may threaten the very existence of the Company. The Company has generally complied with the requirements of the provisions governing Corporate Social Responsibility.

We further report that during the Financial Year there were significant events/actions, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards and the same are as follows:

- The Company has issued 2500 (Two Thousand Five Hundred only) Non Convertible Debentures of Rs. 10,00,000 (Rupees Ten Lakhs) each aggregating to Rs. 250,00,00,000 (Rupees Two hundred and fifty crores only) by Private Placement.

For **S. KEDARNATH & ASSOCIATES**

Sd/-
**S.Kedarnath**
Company Secretary
FCS No. 3031, CP No. 4422
UDIN No. F003031B000335761

Place: Bengaluru
Date: 11th June, 2020

Note: This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report

# ANNEXURE-A

To,
The Members,
**CAN FIN HOMES LIMITED,**
Bengaluru-560004

Our report (2019-20) of even date is to be read along with this letter.

1. Secretarial Audit was conducted using Information Technology tools and on a random test check basis which was necessitated in view of the prevailing COVID-19 circumstances and in compliance of directions of the State Government and as per Para 3 of the ICSI Guidance dated 4th May 2020.

2. Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.

3. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.

4. I have not verified the correctness and appropriateness of any of the financial records and Books of Accounts of the Company including the records pertaining to Goods and Service Taxes, Income Tax, Customs and other related enactments applicable to the Company.

5. Wherever required, I have obtained Management Representation about the compliance of laws, rules and regulations and happening of events etc.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For **S. KEDARNATH & ASSOCIATES**

Sd/-
**S.Kedarnath**
Company Secretary
FCS No. 3031, CP No. 4422
UDIN No. F003031B000335761

Place: Bengaluru
Date: June 11, 2020

# SECRETARIAL COMPLIANCE REPORT

OF CAN FIN HOMES LIMITED FOR THE YEAR ENDED MARCH 31, 2020

I, S. Kedarnath, Company Secretary (CP- 4422) have examined:

I. All documents and records made available to us and explanations provided by M/s CAN FIN HOMES LIMITED (CIN: L85110KA1987PLC008699) ("the listed entity"),

(a) the filings/ submissions made by the listed entity to the stock exchanges,

(b) website of the listed entity,

(c) any other document/filing, as may be relevant , which has been relied upon to make this certification-

- for the year ended 31st March, 2020 in respect of compliance with the provisions of :

(a) the Securities and Exchange Board of India Act, 1992 ("SEB I Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), Rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

II. The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)Regulations,2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;

(d) Securities and Exchange Board of India (Buyback of Securities) Regulations,2018;

(e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations,2013;

(h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

1. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 2006;

2. The Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2015 as amended till date;

Based on the above examination, I hereby report that, during the Review Period:

(a) As may be applicable during the financial year, the listed entity, has complied with the provisions of the above Regulations and circulars/guidelines issued thereunder, except in respect of matters specified below:-

| Sl. No. | Compliance requirement (Regulations/ circulars I guidelines including specific clause) | Deviations | Observations/ Remarks of the Practicing Company Secretary |
|---|---|---|---|
| 1. | None | | |

(b) The listed entity has maintained proper records under the applicable provisions of the above Regulations and circulars/guidelines issued there under in so far as it appears from my examination of those records.

(c) The following are the details of actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and circulars/ guidelines issued there under:

| Sl. No. | Action taken by | Details of violation | Details of action taken E.g. fines, warning letter, debarment etc. | Observations/ remarks of the Practicing Company Secretary, if any. |
|---|---|---|---|---|
| 1. | None | | | |

(d) The listed entity has taken the following actions to comply with the observations made in previous reports:

| Sl. No. | Observations of the Practicing Company Secretary in the previous reports | Observations made in the secretarial compliance report for the year ended (2019-20) | Actions taken by the listed entity, if any | Comments of the Practicing Company Secretary on the actions taken by the listed entity |
|---|---|---|---|---|
| 1. | | | None | |

For **S. KEDARNATH & ASSOCIATES**

Sd/-
**S.Kedarnath**
Company Secretary
FCS No. 3031, CP No. 4422
UDIN No. F003031B000335781

Place: Bengaluru
Date: June 11, 2020

# Annexure 3

## ANNUAL REPORT ON CSR ACTIVITIES

Our Company's CSR Policy is broadly based on the Principles of National voluntary guidelines on social, environmental and economic responsibilities of business released by the Ministry of Corporate Affairs, SEBI guidelines on Business Responsibility Reporting, the Companies Act, 2013 and ethos of our Sponsor-Canara Bank.

The contents of the CSR Policy of the Company, as approved by the Board, are displayed in the Company's official website. Our Company has also chosen,', 'Health care sector', 'Education', 'Disaster Management' and 'Environmental Sustainability', as its thrust areas towards implementation of CSR activities.

The CSR Committee comprised of:

Smt Bharati Rao – Independent Director, Chairperson

Shri Girish Kousgi – Managing Director & CEO, Member

Shri Shreekant M Bhandiwad – Dy. Managing Director, Member

Shri G Naganathan – Independent Director, Member

The average net profit of the Company for the last three years is:

| Financial Year | Rs in Crores |
|---|---|
| a) Net profit Before Tax FY 2018-19 | 469.50 |
| b) Net profit Before Tax FY 2017-18 | 458.06 |
| c) Net profit Before Tax FY 2016-17 | 370.17 |
| d) Total | 1297.73 |
| e) Average net profit (before tax)for 3 years | 432.58 |
| f) Budgeted CSR amount 2% of (e) above | 8.65 |
| g) Unspent amount of FY 2018-19 | 4.56 |
| h) **Total Budget for CSR activities for FY 2019-20 (f+g)** | **13.21** |

Details of budgeted CSR spent during the financial year:

a) Total amount to be spent for the financial year 2019-20: Rs.13.21 Crore: Out of which an amount of Rs.10.04 Crore has been spent during the year.

b) Unspent amount of FY 19-20 – Rs.3.17 Crore: Out of unspent amount of Rs.3.17 Crore, Rs.2.34 Crore has already been sanctioned during the year, however, disbursement will be based on progress in the respective projects.

c) Manner in which the amount spent during the financial year: As per Annexure.

The implementation and monitoring of the CSR Policy is in compliance with CSR objectives and Policy of the Company.

| Sd/- | Sd/- | Sd/- | Sd/- |
|---|---|---|---|
| **Shreekant M Bhandiwad** | **Girish Kousgi** | **G Naganathan** | **Bharati Rao** |
| Dy. Managing Director | MD & CEO | Director | Chairperson |

Date: July 23, 2020
Place: Bengaluru

**Annexure 1 Details of Disbursements/amount spent towards CSR activities as on March 31, 2020**

| Sl. No. | CSR Project or activity Identified | Sector in which project is covered | District/State where projects was undertaken | Amount outlay (budget) project or program wise | Amount spent on the projects or programs | Cumulative expenditure upto the reporting period | Amount spent : Direct or through agency |
|---|---|---|---|---|---|---|---|
| 1 | Canara Bank Relief & Welfare Society,Bengaluru. | Welfare Measures | Bengaluru, Karnataka | 6,33,664 | 6,33,664 | 6,33,664 | Direct |
| 2 | Ramakrishna Mission,Coimbatore. | Promoting Education | Coimbatore, Tamil Nadu | 67,00,000 | 67,00,000 | 67,00,000 | Direct |
| 3 | Parivar Education Society, Sandalpur, MP. | Promoting Education | Sandalpur, Madhya pradesh | 85,00,000 | 85,00,000 | 85,00,000 | Direct |
| 4 | Shri Sathya Sai sanjeevini hospital, Raipur. | Healthcare | Raipur, Chhattisgarh | 47,00,000 | 47,00,000 | 47,00,000 | Direct |
| 5 | Ramakrishna Mission, Shivanahalli. | Promoting Education | Bengaluru, Karnataka | 66,00,000 | 66,00,000 | 66,00,000 | Direct |
| 6 | Akshaya Patra foundation, Bengaluru. | Eradicating Hunger | Bengaluru, Karnataka | 5,55,000 | 5,55,000 | 5,55,000 | Direct |
| 7 | Kidwai Memorial Institute of Oncology. | Healthcare | Bengaluru, Karnataka | 35,85,510 | 35,85,510 | 35,85,510 | Direct |
| 8 | Just Jute Products, Bengaluru. | Ecological Balance | Bengaluru, Karnataka | 80,339 | 80,339 | 80,339 | Direct |
| 9 | Rotary Indiranagar, Bengaluru. | Promoting Education | Bengaluru, Karnataka | 12,46,989 | 12,46,989 | 12,46,989 | Direct |
| 10 | Ramakrishna Mission,Ramanathapuram. | Healthcare | Ramanathapuram, Tamil Nadu | 18,17,480 | 18,17,480 | 18,17,480 | Direct |
| 11 | Rotary, Orchards, Bengaluru. | Promoting Education | Bengaluru, Karnataka | 6,00,000 | 6,00,000 | 6,00,000 | Direct |
| 12 | Govt Middle School, Tiparpur, Dehradun. | Promoting Education | Dehradun, Uttarakhand | 1,40,501 | 1,40,501 | 1,40,501 | Direct |
| 13 | Seva Bharathi, Mangalore. | Welfare Measures | Dakshina Kannada, Karnataka | 10,00,000 | 10,00,000 | 10,00,000 | Direct |
| 14 | Thuli Collection Center. | Promoting Education | Chennai, Tamil Nadu | 2,17,120 | 2,17,120 | 2,17,120 | Direct |
| 15 | Rotary, Indiranagar, Bengaluru. | Promoting Education | Bengaluru, Karnataka | 15,22,900 | 15,22,900 | 15,22,900 | Direct |
| 16 | Khoraj Adarsh School. | Promoting Education | Gandhinagar, Gujarat | 44,800 | 44,800 | 44,800 | Direct |
| 17 | People of Cyclone hit areas of Odisha. | Disaster Management | Odisha | 85,000 | 85,000 | 85,000 | Direct |
| 18 | Akshaya Patra Foundation, Bengaluru. | Eradicating Hunger | Bengaluru, Karnataka | 81,25,000 | 81,25,000 | 81,25,000 | Direct |
| 19 | Canara Bank Relief and Welfare society. | Healthcare | Bengaluru, Karnataka | 28,18,506 | 28,18,506 | 71,84,842 | Direct |
| 20 | Ramakrishna math, Ramanathapuram. | Welfare Measures | Ramanathapuram, Tamil Nadu | 1,05,00,000 | 1,05,00,000 | 1,05,00,000 | Direct |
| 21 | SOS Childrens villages of India, Bengaluru. | Promoting Education | Bengaluru, Karnataka | 21,60,000 | 21,60,000 | 21,60,000 | Direct |
| 22 | Government Eye Hospital, Visakhapatnam. | Healthcare | Visakhapatnam, Andhra pradesh | 4,94,050 | 4,94,050 | 4,94,050 | Direct |
| 23 | Flood Affected People of North karnataka region. | Disaster Management | North-karnataka regions, Karnataka | 53,930 | 53,930 | 53,930 | Direct |
| 24 | Lady Goschen Hospital, Mangalore. | Healthcare | Dakshina Kannada, Karnataka | 12,00,000 | 12,00,000 | 12,00,000 | Direct |
| 25 | Isha Foundation. | Environmental Sustainability | Coimbatore, Tamil Nadu | 15,12,000 | 15,12,000 | 15,12,000 | Direct |
| 26 | Karnataka State Disaster Management Authority(KSDMA). | Disaster Management | Bengaluru, Karnataka | 25,00,000 | 25,00,000 | 25,00,000 | Direct |
| 27 | Just Jute Products, Bengaluru. | Ecological balance | Bengaluru, Karnataka | 12,75,219 | 12,75,219 | 12,75,219 | Direct |
| 28 | Scholarship. | Scholarship | Across India | 2,42,069 | 2,42,069 | 2,42,069 | Direct |

| Sl. No. | CSR Project or activity Identified | Sector in which project is covered | District/State where projects was undertaken | Amount outlay (budget) project or program wise | Amount spent on the projects or programs | Cumulative expenditure upto the reporting period | Amount spent : Direct or through agency |
|---|---|---|---|---|---|---|---|
| 29 | Bridges of Sports Foundation, Bengaluru. | Sports | Bengaluru, Karnataka | 11,06,500 | 11,06,500 | 11,06,500 | Direct |
| 30 | Govt Primary School, Kattemalavadi Village, Hunsur taluk, Mysore. | Promoting Education | Mysore, Karnataka | 6,14,445 | 6,14,445 | 6,14,445 | Direct |
| 31 | Taranga School of Deaf and Dumb, Shimoga. | Promoting Education | Shimoga, Karnataka | 4,98,352 | 4,98,352 | 9,90,652 | Direct |
| 32 | BBMP Girls PU College, Nagarbhavi, Bengaluru. | Promoting Education | Bengaluru, Karnataka | 95,000 | 95,000 | 95,000 | Direct |
| 33 | Jayapriya Eye Hospital, Hubli. | Healthcare | Hubli, karnataka | 10,00,000 | 10,00,000 | 10,00,000 | Direct |
| 34 | Sanjay Gandhi Institute of Trauma and Orthopaedics,Bengaluru. | Healthcare | Bengaluru, Karnataka | 24,15,644 | 24,15,644 | 24,15,644 | Direct |
| 35 | United Orphanage for Disabled, Coimbatore. | Welfare Measures | Coimbatore, Tamil Nadu | 21,500 | 21,500 | 21,500 | Direct |
| 36 | Navajeevana Rehabilitation Center for Disabled, Ballari. | Welfare Measures | Ballari, karnataka | 5,36,490 | 5,36,490 | 5,36,490 | Direct |
| 37 | Kukad Narmada Vasahat Primary School, Baroda. | Promoting Education | Ahmedabad, Gujarat | 44,800 | 44,800 | 44,800 | Direct |
| 38 | Provided saplings with pots/tree guards to the customers. | Environmental Sustainability | Branches across India | 9,095 | 9,095 | 53,335 | Direct |
| 39 | Canara Bank jubilee education fund, Bengaluru. | Promoting Education | Bengaluru, Karnataka | 1,50,000 | 1,50,000 | 2,35,000 | Direct |
| 40 | Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund(PM CARES Fund). | Disaster Management | Across India | 1,50,00,000 | 1,50,00,000 | 1,50,00,000 | Direct |
| 41 | Karnataka State disaster management authority Fund | Disaster Management | Bengaluru, Karnataka | 1,00,00,000 | 1,00,00,000 | 1,00,00,000 | Direct |
| | | | | **10,04,01,903** | **10,04,01,903** | | |

Sd/-
**Shreekant M Bhandiwad**
Dy Managing Director

Sd/-
**Girish Kousgi**
Managing Director & CEO

Sd/-
**G Naganathan**
Director

Sd/-
**Bharati Rao**
Chairperson

(Members of CSR Committee)

Date: July 23, 2020
Place: Bengaluru

**Annexure 2 Details of CSR activities sanctioned during FY 2018-19 and FY 2019-20 and pending for disbursement**

| Sl. No. | CSR Project or activity Identified | Sector in which project is covered | District/State where projects was undertaken | Amount outlay (budget) project or program wise | Amount Pending For disbursements | Amount spent : Direct or through agency |
|---|---|---|---|---|---|---|
| 1 | Canara bank Relief and welfare society. | Healthcare | Bengaluru, Karnataka | 54,67,000 | 26,48,494 | Direct |
| 2 | Ramakrishna Math, Ramanathapuram. | Welfare Measures | Ramanathapuram, Tamil Nadu | 1,38,00,000 | 33,00,000 | Direct |
| 3 | Just Jute Products, Bengaluru. | Ecological Balance | Bengaluru, Karnataka | 13,00,000 | 24,781 | Direct |
| 4 | Swami Vivekanand Youth Movement, Mysore. | Sports | Mysore, Karnataka | 30,00,000 | 30,00,000 | Direct |
| 5 | Government Primary School, Beneganahalli, Bengaluru. | Promoting Education | Bengaluru, Karnataka | 30,00,000 | 30,00,000 | Direct |
| 6 | Government Higher Primary School, Badabettu, Udupi. | Promoting Education | Udupi, Karnataka | 3,58,268 | 3,58,268 | Direct |
| 7 | Government Primary School, Lashkar, Gwalior. | Promoting Education | Gwalior, Madhya Pradesh | 65,000 | 65,000 | Direct |
| 8 | Government Model Primary School, Hulimavu, Bengaluru. | Promoting Education | Bengaluru, Karnataka | 4,89,700 | 4,89,700 | Direct |
| 9 | Government Lower Primary School, Doddakammanahalli, Bengaluru. | Promoting Education | Bengaluru, Karnataka | 2,57,948 | 2,57,948 | Direct |
| 10 | JMJ Old Age Home. | Welfare Measures | Bengaluru, Karnataka | 9,01,874 | 9,01,874 | Direct |
| 11 | Parivaar Education Society, Sandalpur, MP. | Promoting Education | Sandalpur, Madhya Pradesh | 1,50,00,000 | 5,00,000 | Direct |
| 12 | Ramakrishna Mission, Shivanahalli. | Promoting Education | Shivanahalli, Bengaluru | 1,15,04,000 | 49,04,000 | Direct |
| 13 | Kidwai Memorial Institute of Oncology, Bengaluru. | Healthcare | Bengaluru, Karnataka | 75,30,000 | 39,44,490 | Direct |
| | | | | **6,26,73,790** | **2,33,94,555** | |

Sd/-
**Shreekant M Bhandiwad**
Dy Managing Director

Sd/-
**Girish Kousgi**
Managing Director & CEO

Sd/-
**G Naganathan**
Director

Sd/-
**Bharati Rao**
Chairperson

(Members of CSR Committee)

Date: July 23, 2020
Place: Bengaluru

# Annexure 4

## FORM AOC 2

### Particulars of contracts/arrangements made with related parties

[Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013, and Rule 8(2) of the Companies (Accounts) Rules, 2014-AOC-2]

This Form pertains to the disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in Sub-section(1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2020, which were not in arm's length basis.

Details of material contracts or arrangements or transactions at arm's length basis

The details of material contracts or arrangements or transactions at arm's length basis for the year ended March 31, 2020 are as follows:

| Nature of Contract | Nature of relationship | Date of Sanction | Tenure (years) | Salient Terms * | Outstanding Amount (in ₹ crore) | Interest Paid |
|---|---|---|---|---|---|---|
| 1) Loans from Canara Bank | | | | | | |
| Term Loan 143 | Sponsor Bank | 21/08/17 | 10 | TL at MCLR | 1350.00 | 115.56 |
| Term Loan 150 | Sponsor Bank | 27/02/18 | 10 | TL at MCLR | 180.00 | 14.77 |
| Term Loan 153 | Sponsor Bank | 27/02/18 | 10 | TL at MCLR | 180.00 | 14.82 |
| Term Loan 157 | Sponsor Bank | 27/02/18 | 10 | TL at MCLR | 90.00 | 7.43 |
| Term Loan 161 | Sponsor Bank | 02/11/18 | 10 | TL at MCLR | 405.00 | 35.43 |
| Term Loan 162 | Sponsor Bank | 02/11/18 | 10 | TL at MCLR | 45.00 | 3.94 |
| 2) Working Capital from Canara Bank | Sponsor Bank | 27/02/18 | 1 | Over Draft facility | 516.30 | 17.62 |
| TOTAL | | | | | **2766.30** | **209.57** |

*(other terms & conditions as per respective agreement)

| Nature of Contract | Nature of relationship | Date of Deposit | Tenure (years) | Salient Terms | Outstanding Amount (in ₹ crore) |
|---|---|---|---|---|---|
| 1) Deposit with Canara Bank | | | | | |
| 2673302000149/15 | Sponsor Bank | 31-12-2019 | 1 | Fixed Deposit at 6.40% | 0.50 |
| 2673302000149/16 | Sponsor Bank | 31-12-2019 | 1 | Fixed Deposit at 6.40% | 0.50 |
| 2673302000149/17 | Sponsor Bank | 28-01-2020 | 1 | Fixed Deposit at 6.30% | 0.70 |
| 0684302000216/106 | Sponsor Bank | 25-02-2020 | 1 | Fixed Deposit at 6.30% | 0.55 |
| 0684302000216/107 | Sponsor Bank | 31-03-2020 | 1 | Fixed Deposit at 6.15% | 0.75 |
| 0684302000216/92 | Sponsor Bank | 28-06-2019 | 1 | Fixed Deposit at 6.75% | 0.20 |
| 0684302000216/93 | Sponsor Bank | 03-07-2019 | 1 | Fixed Deposit at 6.75% | 0.50 |
| 0684302000216/94 | Sponsor Bank | 03-07-2019 | 1 | Fixed Deposit at 6.75% | 0.50 |
| 0684302000216/95 | Sponsor Bank | 21-08-2019 | 1 | Fixed Deposit at 6.50% | 0.50 |
| 0684302000216/96 | Sponsor Bank | 21-08-2019 | 1 | Fixed Deposit at 6.50% | 0.50 |
| 0684302000216/97 | Sponsor Bank | 30-09-2019 | 1 | Fixed Deposit at 6.00% | 0.50 |
| 0684302000216/98 | Sponsor Bank | 30-09-2019 | 1 | Fixed Deposit at 6.00% | 0.90 |
| 0684302000216/99 | Sponsor Bank | 30-09-2019 | 1 | Fixed Deposit at 6.00% | 0.90 |
| 0684302000216/100 | Sponsor Bank | 30-09-2019 | 1 | Fixed Deposit at 6.00% | 0.90 |
| 0684302000216/101 | Sponsor Bank | 30-09-2019 | 1 | Fixed Deposit at 6.00% | 0.90 |
| 0684302000216/102 | Sponsor Bank | 30-09-2019 | 1 | Fixed Deposit at 6.00% | 0.90 |

| Nature of Contract | Nature of relationship | Date of Deposit | Tenure (years) | Salient Terms | Outstanding Amount (in ₹ crore) |
|---|---|---|---|---|---|
| 0684302000216/103 | Sponsor Bank | 30-09-2019 | 1 | Fixed Deposit at 6.00% | 0.50 |
| 0684302000216/104 | Sponsor Bank | 30-09-2019 | 1 | Fixed Deposit at 6.50% | 0.70 |
| 0684302000216/105 | Sponsor Bank | 30-09-2019 | 1 | Fixed Deposit at 6.50% | 0.75 |
| 0684302000307/1 | Sponsor Bank | 28-11-2019 | 1 | Fixed Deposit at 6.40% | 0.50 |
| 0684302000308/1 | Sponsor Bank | 28-11-2019 | 1 | Fixed Deposit at 6.40% | 0.50 |
| 0684401002868/28 | Sponsor Bank | 28-08-2019 | 1 | Fixed Deposit at 6.50% | 0.56 |
| 0684401002868/29 | Sponsor Bank | 28-08-2019 | 1 | Fixed Deposit at 6.50% | 0.56 |
| 0684401002868/30 | Sponsor Bank | 10-02-2020 | 1 | Fixed Deposit at 6.30% | 1.18 |
| 0684401002868/31 | Sponsor Bank | 28-03-2020 | 1 | Fixed Deposit at 6.15% | 0.48 |
| 0684401002868/32 | Sponsor Bank | 31-03-2020 | 1 | Fixed Deposit at 6.15% | 0.90 |
| 0684401002868/33 | Sponsor Bank | 31-03-2020 | 1 | Fixed Deposit at 6.15% | 0.90 |
| 0684401002868/34 | Sponsor Bank | 31-03-2020 | 1 | Fixed Deposit at 6.15% | 0.60 |
| TOTAL | | | | | **18.34** |
| 2) Total Interest earned on Canara Bank Deposit | | | | | **1.69** |

| Nature of Contract | Nature of relationship | Duration of Contract | Salient terms | Amount |
|---|---|---|---|---|
| Rent paid to Canara Bank | Sponsor Bank | On going | Rent for Premises of Branches at Noida, Chennai, New Delhi and Mangalore | 0.72 |
| Bank charges paid to Canara Bank | Sponsor Bank | On going | As per norms | 0.68 |
| Salary of Managing Director/s paid to Canara Bank | Sponsor Bank | On going | As per norms | 0.31 |
| Sitting Fees of Directors paid to Canara Bank | Sponsor Bank | On going | As per norms | 0.04 |
| Commission received | Sponsor Bank | One time | | 0.00 |
| Rent received from Canara Bank | Sponsor Bank | On going | Flat at Pune given on Rent to Canara Bank | 0.00 |
| Registrar & Transfer Agency charges paid to Canbank Computer Services Ltd | Subsidiary of Sponsor Bank | 3 years | As per the R&T agreement | 0.13 |
| Secured Redeemable Non Convertible Taxable Debentures invested by Canara Bank Employee Pension Fund | Pension Fund of Sponsor Bank | One time | As per the terms and conditions of the NCD issue. | 10.00<br>Interest 0.76 |
| Secured Redeemable Non Convertible Taxable Debentures invested by Canara Bank staff Provident Fund | Pension Fund of Sponsor Bank | One time | As per the terms and conditions of the NCD issue. | 40.00<br>Interest 3.07 |
| Secured Redeemable Non Convertible Taxable Debentures invested by Canara Bank Employee Provident Fund | Pension Fund of Sponsor Bank | One time | As per the terms and conditions of the NCD issue. | Interest 0.77 |
| Secured Redeemable Non Convertible Taxable Debentures invested by Canara Bank Employee Gratuity Fund | Pension Fund of Sponsor Bank | One time | As per the terms and conditions of the NCD issue. | 10.00<br>Interest 0.76 |
| Commission Received from Canara HSBC OBC Insurance Co. Ltd | Joint venture of Sponsor Bank | One time | As per the terms and conditions | 1.16 |
| Secured Redeemable Non Convertible Taxable Debentures invested by Canara HSBC OBC Insurance Co. Ltd | Joint venture of Sponsor Bank | One time | As per the terms and conditions of the NCD issue. | 5.00<br>Interest 0.39 |

Appropriate approvals have been taken for related party transactions u/s 188 of Companies Act, 2013 at the 32nd AGM of the Company held on July 17, 2019 & approvals of Audit committee & Board of Directors as required under listing agreements/SEBI (LODR) regulations 2015 & Companies Act 2013. Advances paid have been adjusted against billings wherever applicable.

Place: Bengaluru
Date: June 15, 2020

Sd/-
**Prashanth Joishy**
AGM & CFO

Sd/-
**Girish Kousgi**
Managing Director & CEO

Sd/-
**Bharati Rao**
Chairperson

# Annexure 5

## INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
**The Members of Can Fin Homes Ltd.,**

1. We, Varma and Varma, Chartered Accountants, the Statutory Auditors of Can Fin Homes Limited ('the Company'), have examined the compliance of the conditions of Corporate Governance by M/s Can Fin Homes Limited for the year ended March 31, 2020 as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred in Regulation 15(2) of the Listing Regulations.

**Management's Responsibility**

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance of the conditions of the corporate governance stipulated in the Listing Regulations.

**Auditor's Responsibility**

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the company for ensuring the compliance with the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

4. We have examined the books of account and other relevant records and documents maintained by the company for the purpose of providing reasonable assurance on the compliance with the corporate governance requirements by the company.

5. We conducted our examination of the relevant records of the company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India (the ICAI), the standards on auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

**Opinion**

7. Based on our examination of relevant records 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 Regulations during the year ended March 31, 2020.

8. We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Varma & Varma**
Chartered Accountants
Firm Reg. No. 004532S

Sd/-
**R Kesavadas**
Partner
Membership No. 23862
UDIN: 20023862AAAABM6068

Place: Bengaluru
Date: July 23, 2020

# Annexure 6

## BUSINESS RESPONSIBILITY REPORT

Business Responsibility Report is a disclosure mandated by the Securities and Exchange Board of India (SEBI) for the top 500 listed companies [Reg.34(2)(f)]. It covers initiatives taken from an environment, social and governance perspective.

### SECTION A- GENERAL INFORMATION ABOUT THE COMPANY

| | |
|---|---|
| 1. Corporate Identity Number (CIN) of the Company | L85110KA1987PLC008699 |
| 2. Name of the Company | CAN FIN HOMES LIMITED |
| 3. Registered Address | No.29/1, 1st Floor,<br>Sir M N Krishna Rao Road, Basavanagudi, Bengaluru 560004<br>Tel: 080 26564259/ 26567655<br>FAX: 080 26565746 |
| 4. Website | www.canfinhomes.com |
| 5. Email id | compsec@canfinhomes.com<br>development@canfinhomes.Com |
| 6. Financial Year reported | 2019-20 |
| 7. Sector(s) that the Company is engaged in (industrial activity code-wise) | Housing Finance- 64192<br>Insurance – 65110<br>(Industrial Group as per National Industrial Classification Ministry of Statistics and Programme Implementation) |
| 8. List three key products / services that the Company Manufactures / provides (as in balance sheet) | (i) Housing loan to individuals<br>(ii) Housing loan to Builders/developers and<br>(iii) Loan against Property. |
| 9. Total number of locations where business activity is undertaken by the Company | |
| a. Number of International Locations (Provide details of major 5) | NA (No overseas presence as on date). |
| b. Number of National Locations | As on date CFHL is spread across Country with 165 branches, 21 Affordable Housing Loan Centres and 14 Satellite offices in 21 States/Union Territories. |
| 10. Markets served by the Company - Local / State / National / International | India |

## SECTION B - FINANCIAL DETAILS OF THE COMPANY

| | | |
|---|---|---|
| 1. | Paid up capital | 2,663.31 (Rs. in Lakh) |
| 2. | Total turnover | 2,03,045.08 (Rs. in Lakh) (FY2019-20) |
| 3. | Total profit after taxes | 37,312.35 (Rs. in Lakh) (FY2019-20) |
| 4. | Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%) | 2.69% |
| 5. | List of activities in which expenditure in four above has been incurred: | Activites promoting education including special education, setting up hostels for tribal children, Construction of class room blocks for schools, Scholarships for under privileged, renovation of schools and anganawadis, Sponsorship of child education. The Company also focuses on healthcare by donating advanced medical equipment's to various hospitals. To promote eradication of hunger, Company has contributed for mid-day meals at schools through Akshaya Patra Foundation. The Company has donated Relief materials to Cyclone and Flood affected areas. To promote Environmental Sustainability, donation of tree saplings, contribution towards "Cauvery Calling", a campaign to revitalize the southern Indian river Cauvery by planting trees in the river basin was undertaken. Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES), Karnataka State Disaster management Authority, CM Relief Fund, Karnataka during COVID-19 pandemic, also forms part of its CSR activities. |

## SECTION C - OTHER DETAILS

**1. Does the Company have any Subsidiary Company/Companies?**

CFHL does not have any subsidiary.

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s).**

Not applicable.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, more than 60%]**

Not applicable.

## SECTION D - BUSINESS RESPONSIBILITY INFORMATION

**1. Details of Director / Directors responsible for BR:**

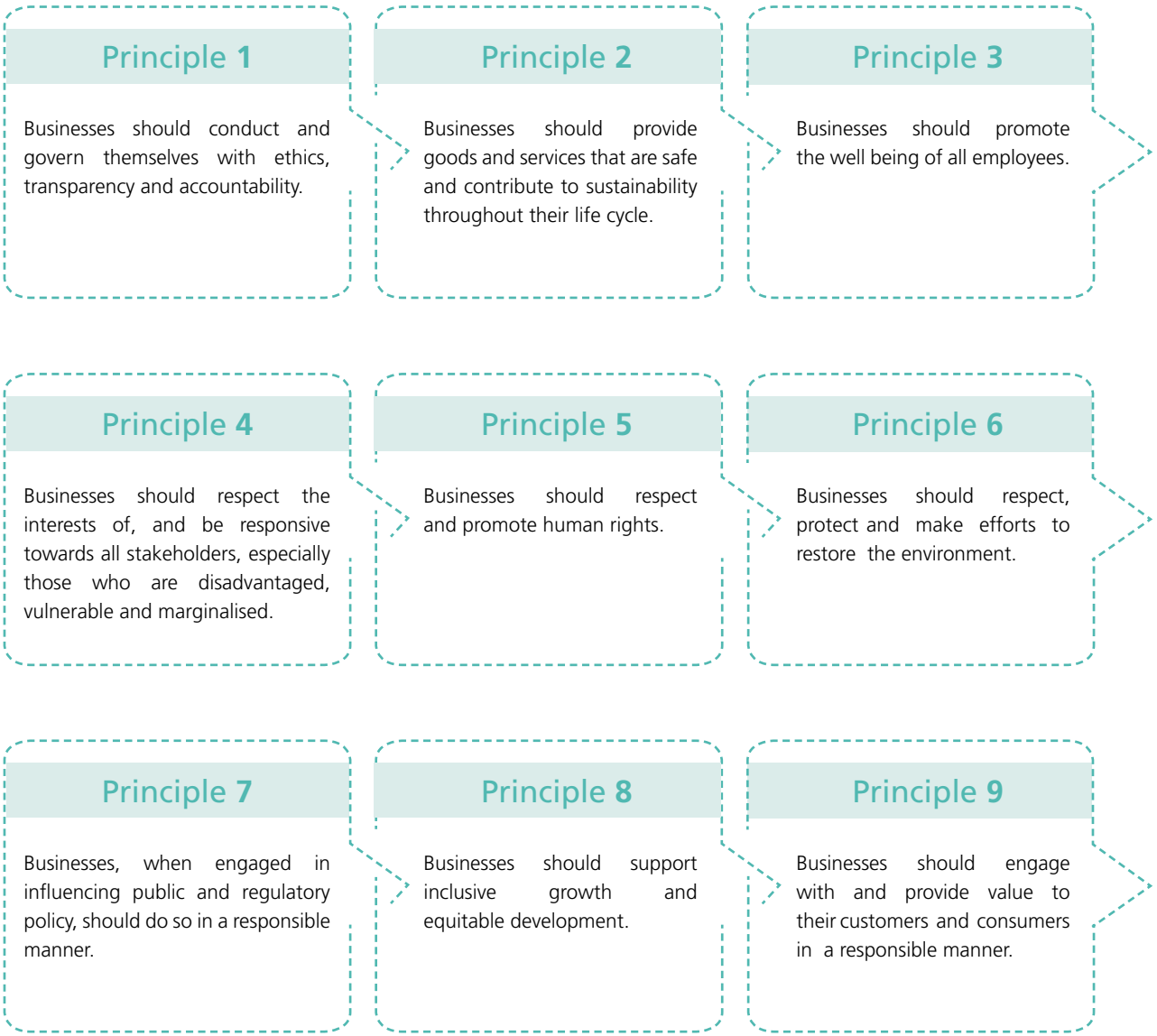
a. Details of the Director / Directors responsible for IMPLEMENTATION of the BR policy/ policies:

The Board of the COMPANY is collectively responsible for the IMPLEMENTATION of the BR policies of the COMPANY.

b. Details of the BR head:

| Sl. No. | Particulars | Details |
|---|---|---|
| 1. | DIN (if applicable) | 08524205 |
| 2. | Name | Shri Girish Kousgi |
| 3. | Designation | Managing Director and CEO |
| 4. | Telephone no. | 080-26568687 |
| 5. | E-Mail id | girish.kousgi@canfinhomes.com |

**2. Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N)**



(a) Details of Compliance (Reply in Yes 'Y' or No 'N')

| Sl. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Do you have a policy / policies for: | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 2. | Has the policy been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 3. | Does the policy conform to any national / international standards? If Yes, specify? (50 words) | All the policies have been developed as a result of detailed consultation, experience and research on the best practices adopted in the Industry. | | | | | | | | |
| 4. | Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 5. | Does the company have a specified committee of the Board/Director / Official to oversee the Implementation of the policy? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 6. | Indicate the link for the policy to be viewed online? | www.CANFINHOMES.COM/Policies-Codes.aspx | | | | | | | | |
| 7. | Has the policy been formally communicated to all relevant internal and external stakeholders? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 8. | Does the company have in-house structure to implement the policy/ policies? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 9. | Does the company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies? | Y | Y | Y | Y | Y | Y | N | Y | Y |
| 10. | Has the company carried out independent audit / evaluation policy by an internal or external agency? | All the policies of the Company are reviewed/ evaluated internally. | | | | | | | | |

(b) If answer to the question at serial NUMBER 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| Sl. No. | Questions | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | The company has not understood the principles. | Not Applicable | | | | | | * | Not Applicable | |
| 2. | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles. | | | | | | | | | |
| 3. | The company does not have financial or manpower resources available for the task. | | | | | | | | | |
| 4. | It is planned to be done within next 6 months. | | | | | | | | | |
| 5. | It is planned to be done within the next 1 year. | | | | | | | | | |
| 6. | Any other reason (please specify). | | | | | | | | | |

*The company presently is not a member of any trade and chamber or association.

**3. Governance related to BR:**

(a) Indicate the frequency with which the Board of Directors, committee of the Board or CEO meets to assess the BR performance of the company - within 3 months, 3-6 months, annually, more than 1 year.

3-6 months.

(b) Does the company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The company publishes the BR Report in the Annual Report, on the website of the company (www.canfinhomes. com) and files the same online on NSE & BSE websites.

## Section e – Principle-Wise Performance

**Principle 1 – Business should conduct and govern themselves with ethics, transparency and accountability.**

1. Does the Policy relating to ethics, bribery and corruption cover only the Company?

Yes. Can Fin Homes Ltd., is committed to setting up, utmost standards for transparency and accountability in all its affairs. Can Fin Homes Ltd., strives in attaining its mission through compliance of high legal and ethical standards. The Company has set out the responsibilities of CFHL and its employees in observing and upholding Company's commitment to Ethical Practices in all its endeavors.

The Company believes in empowerment and has delegated decision-making powers to appropriate levels in the organizational hierarchy. Each executive and employee is similarly accountable for the functions and responsibilities entrusted to him. The Company believes that Transparency increases accountability and scrutiny. Every employee of the Company shall conduct himself/herself professionally and deal on behalf of the Company with honesty and integrity while conforming to high ethical standards.

The Board attaches the utmost importance to transparency and applies a "zero tolerance" approach to acts of bribery and corruption by any of its employees. Any breach is regarded as a serious matter and is likely to result in serious disciplinary action which could ultimately lead to dismissal.

2. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

Not Applicable.

3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

1356 complaints were received/attended during the financial year 2019-20, from various stake-holders (housing loan applicants, borrowers, depositors, shareholders and debenture holders). 1356 complaints (inclusive of pending cases of last year), working out to 100% percentage were satisfactorily resolved.

During the year, the Company had received One complaint (SEBI SCORES) from investors and One complaint has been resolved satisfactorily. Therefore Number of complaints (SEBI SCORES) pending as on 31-03-2020 is NIL.

**Principle 2 – Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.**

CFHL emphasizes that Company Businesses should design products and services in a manner that creates value to customers. The Company believes in doing Business with moral values and principles and the Company has integrated its business and values to meet the expectations of its customers, employees, investors, stakeholders and society at large. The Company provides and maintains clean, healthy and safe working environment and strives to enhance standards of service delivery to customers. The main objective of the Company is by itself a big social responsibility of helping people to have a home of their own by providing loans for construction and purchase of dwelling units at competitive ROI.

1. List upto 3 products or services whose design has incorporated social or environmental concerns, risks and /or opportunities.

a. Concessional ROI for Housing loans to Women applicants who will be sole/joint owners of the property they acquire or build to bring about empowerment of women.

b. 21 Affordable Housing Loan Centers (AHLC) to cater to Credit Linked Subsidy Scheme loans under (PMAY) offering Loans at competitive Rate of Interest for beneficiaries belonging to EWS,LIG, MIG, Women, SC, ST, BC, Minorities, Persons with disabilities and Transgender.

c. ROI concession for Housing Loans to alleviate economic difficulties due to impact of Covid-19 Pandemic.

2. For each product, provide the following details in respect of resource use (energy, water, raw material etc.,) per unit of product (optional)?

The Company does not involve in manufacturing activity therefore reporting resource use of energy, water and raw

material per unit of product may not be applicable. However, it may be pertinent to mention here that the Company minimizes the consumption of electrical energy and natural resources and under its green initiative, has installed solar power in 16 branches and has been ensuring usage of paper to the minimum.

3. Does the Company have procedures in-place for sustainable sourcing (including transportation), if yes, what percentage of your inputs was sourced sustainably?

The Company is not as such involved in manufacturing activity therefore the reporting on sustainable sourcing is not applicable.

4. Has the Company taken steps to procure any goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

Local and Small Service Providers play an important role in the competitiveness of Indian Service Industry. They are integral parts of the supply chain in the financing services industry. The Role of Regional Component of Service Providers is adopted in Company's operations to ensure the development of a cohesive system of assistance in the geographical areas represented by CFHL. The Company has, to the best possible extent tried to improve the quality, quantity, capacity, capability of local and small vendors/service providers to get different services rendered by them for its day to day Administration and Business Operations. They include a whole chain of small service providers like Technical Valuers, Advocates & Legal firms, External Verification Agencies, AMC providers for its computer systems and electrical equipment, Documents Courier Service providers, Event managers and Suppliers and Vendors of Electrical items, stationery items, Owners of Branch Premises, Security Service Providers etc.,

5. Does the Company has a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste (separately as below 5%, 5-10% and above 10%. Also, provide details thereof, in about 50 words or so.

The Company is not involved in manufacturing activity therefore reporting on recycle mechanism is not applicable. The Company minimizes the consumption of electrical energy and natural resources and shall strive to prevent pollution of air, water and land.

**Principle 3 – Businesses should promote the wellbeing of all employees.**

1. Please indicate the total number of employees.

Total number of employees as on March 31, 2020 was 838

2. Please indicate the total number of employees hired on temporary/contractual/casual basis

186 employees are hired on a contractual basis.

3. Please indicate the number of permanent women employees.

167 permanent women employees are working in the Company as on March 31 2020, which constitute 25.61 percent of the total employee strength of the Company

4. Please indicate the number of permanent employees with disabilities.

3 employees.

5. Do you have employee association that is recognized by management?

There is no employee association. However, mechanisms are in place for employees to represent their issues, if any.

6. What percentage of your permanent employees are members of this recognized employee association?

Not Applicable

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as at the end of the financial year.

| Sl. No. | Category pending as on | No. of complaints filed during the financial year | No. of complaints pending at the end of the financial year |
|---|---|---|---|
| 1. | Child Labour/Forced Labour/ Involuntary labour | CFHL does not hire child labour, forced labour or involuntary labour – No cases reported. | Not applicable |
| 2. | Sexual harassment | None | Not applicable |
| 3. | Discriminatory employment | None | Not applicable |

8. What safety and skill upgradation training was provided in the last year?

The Company constantly strives to provide internal and external training to its employees at all levels. Company provides (a) On-the-job Training involving employees training at the place of work, (b) Class-Room Training involving skilled and experienced instructor with subject expertise, above and beyond, (c) Employees are subjected to external training sessions by participation in Seminars and Workshops conducted by professional Training Institutes. Training was given last year to enhance skills and knowledge level of different categories of employees viz., permanent employees, (including women and employees with disabilities) and contract employees.

**Principle - 4 : Business should respect the interest of, and be responsive towards all stake holders, especially those who are disadvantaged, vulnerable and marginalized.**

1. Has the Company mapped its internal and external stakeholders?

The Company's key stakeholders comprises of Promoters, Employees, Customers, Business Associates, Recovery Agents, Investors, Direct Selling Agents, Suppliers and Regulatory Agencies. Our investors include Share Holders (comprising Individual investors, Corporate Bodies, Foreign Institutional Investors, Indian Institutional Investors, foreign bodies, NRIs etc.,)

CFHL and its employees strive to provide value based services to the stake holders. The Company is in constant touch with its various stakeholders to understand their concerns and assess their requirements and respond to their needs in an effective manner.

2. Out of the above, has Company identified the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so

The Company through its schemes for Affordable home loans helps customers with income in the lower brackets/under privileged lower strata of the Society.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so provide details thereof, in about 50 words or so.

CFHL, through its CSR initiatives participated in Socio-Economic Development of marginalized and disadvantaged segments of the Society by funding Projects involving (a) Free Formal Education to Underprivileged Children of Rural areas,(b) Vocational Training aimed at skilling of unemployed youth, (c) Sponsoring Building Construction of schools for blind, (d) Sponsoring water and sanitary facilities for Government Primary Schools, (e) Sponsoring requirements of Rural Schools like Chairs, Tables, Almirah's, free books (f) Providing Lab and Medical equipment to Hospitals run by Charitable Institutions offering free treatment to poor and improving access for poor to health care in rural areas etc.,

Formal and Informal consultations/meetings are held with the different stakeholders at different management levels to obtain their ideas, views and opinions for better handling of their interests.

If the customers have any grievances, they can make a complaint by letter or by email addressed to the concerned Branch Manager and later if redressal becomes pending beyond 7 days escalate it to Registered Office.

**Principle 5 – businesses should respect and promote human rights.**

1. Does the policy of the company on human rights cover only the Company or extend to the Group/Joint Venture/ Suppliers/Contractors/NGO

The Company conducts its business in a manner that respects the rights and dignity of all the people, complying with all the legal requirements. In conduct of its day to day business with individuals, CFHL respects and adheres to all the human rights laws framed under the Constitution of India. CFHL treats every stakeholder with dignity and respect. All individuals or institutions impacted by the Company's business are provided access to grievance redressal mechanisms.

2. How many stake holders complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

For Stakeholder complaints, kindly refer Principle 1 under Section E of this BR Report.

**Principle 6 – Business should respect and protect and make efforts to restore the environment.**

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint-ventures/ Suppliers/Contractors/NGOs/Others?

The Company follows electronic mode of communication with all Stake Holders to promote green environment and avoid usage of paper. CFHL complies with all legal and regulatory requirements in respect of environment protection. Besides running 16 of its branches on solar power, CFHL, as a part of its CSR activities, extended financial support for installation of solar plants, funded tree saplings along with guards to borrowers under environmental sustainability.

2. Does Company have strategies/initiatives to address global environmental issues such as climate change, global warming etc.,?

CFHL has in the past sponsored programs for popularizing Low-Cost Housing Technologies which promotes several environmental friendly raw-materials correcting the impact of so called modern industries on climate change and global warming. In its day to day functioning also, CFHL has reduced usage of paper by making optimum use of computer technology for records, communication and is gradually moving towards a paperless environment. CFHL takes pride in recording that it has installed solar energy powered lighting and computer operation in 16 branches. Energy consuming old Computers, Printers, ACs, Xerox Machines are constantly replaced with energy efficient new equipment making best use of latest advanced technological developments in these areas.

3. Does the Company identify and assess potential environmental risks?

Yes. The Company takes note of the direct and indirect environmental impact of its business and considers them carefully in its decision making. CFHL supports Builder/ Developer Projects which are environmentally safe and secure by insisting adherence to Project Permission Guidelines and Construction Permissions issued by competent authorities and insisting compliance with bylaws of Apartment Acts is respective States. CFHL being in the business of granting housing loans ensures housing projects which are environmentally safe and secure, by taking opinion from experts, i.e., from panel valuers.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filled?

Not Applicable.

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable enrgy, etc., Y/N. If yes, please give hyperlink for web page etc.,

Nil

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Not Applicable

7. Number of Show Cause/Legal Notices received from CPCB/SPCB which are pending (i.e., not resolved to satisfaction) as on end of Financial Year.

NIL.

**Principle 7- Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.**

1. Is your Company a member of any trade and chamber of association?

The Company presently is not a member of any trade and chamber of association.

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

Not Applicable.

**Principle 8 – Business should support inclusive growth and equitable development**

1. Does the Company have specified programs/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.

CFHL has taken up in letter and spirit it's support to inclusive growth and equitable development in our Country. Guided by its objective the Company strives to promote home ownership and increasing housing stock in the Country across all segments of the Society more so particularly the Low income group and Middle income group families. CFHL takes pride in recording that the Company is first to respond to PMAY Schemes by opening 21 Affordable Housing Loan Centers across the Country to cater to CLSS Schemes of funding EWS/LIG/MIG. These Centers are apart from 179 Branches/Satellite Office spread across 21 States in the Country to cater to vast population to helping them to have a home of their own. These include many non-metro branches catering to housing needs in Tier 2 and Tier 3 Cities which enable lending to peripheral developing semi urban and rural areas. In this way, CFHL is actively participating in inclusive growth and equitable development.

Besides these efforts, through CSR activities CFHL has chosen to help Government institutions, NGOs, Charitable Institutions which are helping poor, handicapped, needy and marginalized sections of the society to have better dwelling units, education, hygiene, water and power connections and medical facilities. During the year CFHL helped 13 number of Govt Schools to improve their infrastructure besides helping Charitable Hospitals to procure Medical Equipment and distributed School Bags and Accessories to poor children.

2. Are the programs/projects undertaken through in-house team/own foundation/external NGO/Government structures/any other organization?

   The Company as a part of its Corporate Social Responsibility (CSR) initiative (for current year) has identified and funded 13 Schools for infrastructure and basic amenities that were lacking, through its in-house teams.

3. Have you done any impact assessment of your initiative?

   All CSR activities of CFHL are conducted with direct involvement of Company officials and the impact of the initiative are measured by follow-up visits. We are contacting the beneficiaries of our CSR initiatives to ascertain/quantify the impact on the society.

4. What is your Company's direct contribution to community development projects – amount in INR and the details of the projects undertaken?

   Apart from contributions towards CSR activities to the extent of Rs.10.04 Crore, the Company has made small contributions towards other activities viz., Sponsored Social Events like Marathon Runs with end-use going to donations to education to rural poor and under privileged children for community development.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

   CFHL is constantly contacting the beneficiaries of its CSR initiatives to ascertain/quantify the impact on the Society.

   CFHL participated in a big way by donating Rs.1.5 Crore to Prime Minister Cares Fund during the critical lock down period while the country was battling the devastating economic toll impacted by Covid-19 Pandemic.

   CFHL donated Rs.1 Crore to Karnataka State Disaster Management Authority Fund for strengthening Govt., fight against the Covid-19 Pandemic.

   CFHL donated Rs.25 Lakhs towards Flood Relief to Karnataka CM Flood Relief Fund during Floods in North Karnataka.

   Contribution of Rs.24.15 Lakhs to Sanjay Gandhi Institute of Trauma and Orthopedics towards Medical Equipment.

   Contribution of Rs.21.60 Lakhs to SOS Children's Villages of India, Bengaluru, promoting Education.

   Contributed Rs.15.12 Lakhs to Isha Foundation, Coimbatore, Tamil Nadu., towards Environmental Sustainability Project.

   Donated Rs.12 Lakhs to Lady Goschen Hospital, Mangalore, Karnataka for procurement of Ventilator.

   Donated Rs.10 Lakhs to Jayapriya Eye Hospital towards Health Care Medical Van.

**Principle 9 – Business should engage with and provide value to their customers and consumers in a responsible manner.**

1. What percentage of customer complaints/consumer cases are pending as on the end of the financial year?

   Percentage of customer complaints pending as on March 31, 2020 – Zero percent (NIL pending cases out of 1292 received/ attended during the year, inclusive of last year's pending cases 34).

2. Does the Company display product information on the product label, over and above what is mandated as per laws?

   CFHL is a housing finance company hence not applicable.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible, advertising, and/or anti-competitive behavior during the last five years and pending as at end of financial year. If so, provide details thereof, in about 50 words or so.

   There is no such instance.

4. Did your Company carry out any consumer survey consumer satisfaction trends?

   The Company has not carried out any formal consumer survey/ consumer satisfaction trends. However, the Company collects customer feedback through mailers and gathers feedback on an ongoing basis through its customer portal hosted on the website of the Company.

Place: Bengaluru
Date: July 23, 2020

Sd/-
**Girish Kousgi**
Managing Director & CEO

Sd/-
**Bharati Rao**
Chairperson

# Annexure 7

## CORPORATE POLICIES

We seek to promote and follow the highest level of ethical standards in all our business transactions guided by our value system. Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 our Company has formulated certain policies and such policies are available on our website viz., https://www.canfinhomes.com/. The policies are reviewed periodically by the Committees of the Board and modifications, if any, based on need and change in applicable laws, are approved by the Board. The list of such policies with their web links is as follows:

| Name of the policy | Brief description & Web link |
|---|---|
| Nomination & Remuneration Policy | This policy formulates for selection and to identify persons who are qualified to become Directors of the Company and also the criteria for determining the remuneration of the directors, key managerial personnel and other employees.<br>https://www.canfinhomes.com/pdf/Nomination-Remuneration-and-HR-Policy-120419.pdf |
| Dividend Distribution Policy | The policy provides the framework of the Company in relation to the calculation, declaration and settlement of the dividends and the determination of the form and time periods within which Dividends are paid.<br>https://www.canfinhomes.com/pdf/Dividend-Distribution-Policy-2019-20.pdf |
| Related Party Transactions Policy | The policy regulates all the transactions between the Company and its related parties.<br>https://www.canfinhomes.com/pdf/Related-Party-Transactions-Policy-2020-21.pdf |
| Whistle Blower Policy | The Company has adopted a whistle-blower mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of the Company's code of conduct and ethics.<br>https://www.canfinhomes.com/pdf/Whistle-Blower-Policy-120419.pdf |
| CSR Policy | The policy outlines the Company's strategy to bring about a positive impact on society through programs relating to socio economic development in rural areas, improve education, eradicate extreme hunger and poverty, promote gender equality and empowering women, reducing child mortality and improving maternal health, health care and sanitization, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, promoting and protecting natural heritage and culture and such other matters of common good.<br>https://www.canfinhomes.com/pdf/CSR-Policy-120419.pdf |
| Policy for determining Materiality for Disclosures | This policy provides for the material events requiring disclosures, mandatory as well as based on the decision as to the materiality for disclosure to stock exchanges as well as on the website of the Company in terms of Reg.30 of SEBI (LODR) Regulations,2015.<br>https://www.canfinhomes.com/pdf/Disclosure-of-material-events-or-information-120419.pdf |
| Familiarisation Policy | This policy is aimed at familiarising the Independent Directors with the Company, their roles, rights, responsibilities, nature of the Industry in which the Company operates, business model of the Company, apprise them of the change in the applicable laws and regulations from time to time etc. through various familiarisation programs, presentations and informatory notes.<br>https://www.canfinhomes.com/pdf/Familiarisation-Policy-120419.pdf |
| Archival Policy | The provisions of Archival policy defines the time period for which material events / information shall continue to be hosted on the website of the Company & the status thereafter.<br>https://www.canfinhomes.com/pdf/Archival-Policy-120419.pdf |
| Code of Conduct for Directors, Independent Directors and Senior Management | The Company has adopted the Code of Conduct and ethics for Directors, Independent Directors and Senior Management Personnel.<br>https://www.canfinhomes.com/pdf/Code-Of-Conduct-for-Directors-120419.pdf<br>https://www.canfinhomes.com/pdf/Code-Of-Conduct-for-Independent-Directors-120419.pdf<br>https://www.canfinhomes.com/pdf/Code-Of-Conduct-for-Senior-Management-Personnel-120419.pdf |
| Code of Fair Disclosure | The purpose of this Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information is to clearly outline the procedures and practical guidelines that would be followed by the Company for transparent, regular, consistent and timely public disclosure and dissemination of unpublished price sensitive information.<br>https://www.canfinhomes.com/pdf/Code-of-PIT-and-Disclosure-120419.pdf |

# Report of Directors on Corporate Governance

Corporate Governance is a set of systems and practices ensuring commitment to values, compliance of statutory regulations, political and economic environments, ethical conduct of business, accountability, transparency, voluntary practices, disclosures and acceptance by management of the inalienable rights of shareholders as the true owners of the Company. It involves relationships between the management, the Board of directors and all its stakeholders.

Good Corporate Governance is ensured by taking fair and ethical business decisions and also conducting business taking into account the stakeholders' interests. Corporate Governance is the key to the integrity of corporations, financial institutions and markets.

The corporate governance arrangements are those through which an organisation directs and controls itself and the people associated with it by establishing standards and codes of conduct. Good Corporate Governance is a way of life that necessitates taking into account the stakeholders interests in every business decision.

## 1. Company's Philosophy on Code of Governance

The Company, the Board, the promoters and the employees have embraced statutory and regulatory changes towards strengthening corporate governance. The Company's corporate governance philosophy encompasses enhancement of value for all stakeholders. The Company's Board follows ethical standards of Corporate Governance and adheres to the norms and disclosure requirements mentioned under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (hereinafter collectively referred to as "the Listing Regulations") as applicable and looks at corporate governance as a part of its business. It also adheres to the applicable provisions under the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

The Company has a strong commitment to the principles that underline the effective corporate Governance. The Company's Board oversees how the management serves and protects the long-term interests of the stakeholders. Over more than three decades, the Company has put in place the best practices for the timely, adequate, explicit and accurate disclosure of information on Company's financials, performance, governance and other related matters.

Your Company has been responsive to its stakeholders and striving to provide equal, timely and cost efficient access to relevant information to all, with whom it has business relations.

The Board has a set policy on Corporate Governance to help fulfil Company's corporate responsibility towards its stakeholders. The Board, at the discretion, may change the policy or guidelines periodically to achieve our stated objectives. Further, these guidelines allow the Board to make decisions that are independent of the management. The policy is available on the website of the Company at the link https://www.canfinhomes.com/pdf/Corporate-Governance-Policy-120419.pdf

Your Company has built confidence amongst the stakeholders all these years by adherence to the standards and principles of corporate governance, compliance with statutory and regulatory directions/guidelines, and by its determination to achieve higher levels of excellence in the areas of meeting stakeholder expectations, customer satisfaction, employee welfare and its obligations towards the society.

Your Company strives to achieve the objectives of the principles to protect and facilitate the exercise of the rights of its shareholders like right to be informed of the changes, effective participation & vote in general meetings, adequate mechanism to address the grievances of the shareholders, stakeholders, etc., and provide timely and adequate information to shareholders, equitable treatment, etc. Your Company respects the rights of its stakeholders.

The directors are pleased to present this report on the Corporate Governance practices followed in your Company.

## 2. Board of Directors

As at the end of the financial year 2019-20, the Board consisted of seven members with an optimum combination of executive, non-executive directors and independent directors including a woman director. Out of them, 2 are Executive Directors and 5 are Non-Executive Directors, including 3 Independent Directors. The Chairperson of the Board is a Non -Executive Independent Woman Director. The Board has appointed Shri Satish Kumar Kalra and Smt. Shubhalakshmi Panse as Additional Directors (Non-Executive Independent Director) w.e.f. June 15, 2020 and Shri Lingam Venkata Prabhakar as as Additional Director (Non-Executive Promoter) w.e.f. July 30, 2020. The Directors of your Company are persons of integrity and bring to the Board a wide range of knowledge, experience, diversity of thought and skills. The Directors are professionals in their niche areas and persons of eminence with vast experience in the fields of banking, housing finance, audit, management, HR, risk management, resources, law and other relevant areas.

The Board Diversity Policy forms part of the Nomination Remuneration and HR Policy of the Company, which is available on the website of the Company at the link https://www.canfinhomes.com/pdf/Nomination-Remuneration-and-HR-Policy-120419.pdf

**(i) Role of the Board of Directors**

The Board effectively carries out its responsibilities like providing strategic guidance to the Company, code of conduct for the executives, disclosure of information about their concerns and interests, adherence to the Code of Conduct etc. The Board applies high ethical standards and acts with due diligence and care in the best interest of the Company and its stakeholders. The primary role of the Board is that of trusteeship to protect and enhance shareholders' value through strategic direction to the Company.

As trustees, the Board has fiduciary responsibility to ensure that the Company has clear goals aligned to shareholders' value and its growth.

The Board fulfils its other key functions like reviewing the corporate strategy, major plans of action, risk policy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance and overseeing major capital expenditures, etc. The Board also monitors and reviews the effectiveness of the Company's governance practices, succession plan, ensuring integrity of the Company's accounting and financial reporting systems, independent audits, systems of risk management, financial and operational control, compliance with the law and relevant standards and such other responsibilities as expected by the regulatory authorities.

**(ii) Composition of the Board and Category of Directors**

| Sr. No. | Name of the Director | Age | DIN | Promoter, Executive, Non-Executive, Independent Non-Executive, Nominee etc. | No. of shares held by the Directors as at March 31, 2020 |
|---|---|---|---|---|---|
| 1 | Smt Bharati Rao, Chairperson | 72 | 01892516 | Non-Executive Independent | Nil |
| 2 | Shri Girish Kousgi, MD & CEO | 49 | 08524205 | Executive | Nil |
| 3 | Shri Debashish Mukherjee | 55 | 08193978 | Non-Executive & Promoter | Nil |
| 4 | Shri G Naganathan, FCA | 58 | 00423686 | Non-Executive Independent | Nil |
| 5 | Shri Shreekant M Bhandiwad | 51 | 08120906 | Executive & Promoter | Nil |
| 6 | Dr. Yeluri Vijayanand | 73 | 00594503 | Non-Executive Independent | Nil |
| 7 | Shri S Subramanian | 60 | 07901414 | Non-Executive & Promoter | Nil |
| 8 | Shri Satish Kumar Kalra | 63 | 01952165 | Non-Executive Independent | Nil |
| 9 | Smt Shubhalakshmi Panse | 65 | 02599310 | Non-Executive Independent | Nil |
| 10 | Shri Lingam Venkata Prabhakar | 57 | 08110715 | Non-Executive & Promoter | Nil |

- Shri Girish Kousgi has been appointed as the Managing Director and CEO of the Company w.e.f September 05, 2019.
- Shri S Subramanian has laid down his Office on attainment of superannuation on May 31, 2020 (Intimation received on June 04, 2020).
- Shri Satish Kumar Kalra has been appointed as an Additional Director on June 15, 2020.
- Smt Shubhalakshmi Panse has been appointed as an Additional Director on June 15, 2020.
- Shri Lingam Venkata Prabhakar has been appointed as an Additional Director on July 30, 2020.

The Chairperson of the Board Smt Bharati Rao is an Independent Non-Executive Chairperson. Shri Girish Kousgi is the Managing Director (Executive Director) and CEO of the Company since September 05, 2019. Shri Shreekant M Bhandiwad is the Dy. Managing Director (Executive & Promoter Director) of the Company since April 28, 2018. Shri Lingam Venkata Prabhakar, Shri Debashish Mukherjee and Shri S Subramanian are Non-Executive Promoter Directors. Shri G Naganathan, Dr. Yeluri Vijayanand, Shri Satish Kumar Kalra and Smt Shubhalakshmi Panse are Independent Non-Executive Directors on the Board.

The appointments, re-appointments, resignations etc., of the directors are covered separately in this report.

The composition of the Board is as specified in Regulation 17(1), 17(1A) & 17(1B) of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 and also as required under Chapter XI of the Companies Act, 2013, as amanded from time to time.

The Non-Executive Directors are eligible for sitting fees for attending the meetings of the Board and Committees, within the limits prescribed under the Companies Act, 2013.

**(iii) Disclosure of relationships between directors inter-se;**

None of the Board of Directors are related inter-se. However, Shri Lingam Venkata Prabhakar is the MD and CEO of Canara Bank, Shri Debashish Mukherjee is an Executive Director of Canara Bank, Shri S Subhramanian was Chief General Manager in Canara Bank and Shri Shreekant M Bhandiwad is the Dy. General Manager in Canara Bank, the promoter of the Company.

**(iv) Skills / Expertise / Competencies of the Board of Directors**

The Board of our Company comprises of qualified members who bring along a plethora of required skills, competence and expertise to make effective contributions to the Board and its committees. The Board members are committed to ensure that the Company's Board is in compliance with the highest standards of corporate governance.

The Nomination Remuneration & HR Committee takes into consideration the following key competencies, skills and attributes while nominating Directors to serve on the Board. The key areas of expertise, as required in the context of its business and sector for the Company to function effectively, that are looked into include knowledge of housing finance business and about the Company, financial skills, credit management, knowledge of audit in banking and insurance companies, business operations, consumer behaviour, business strategy, sales and marketing, corporate governance, risk management, leadership, HR Management, knowledge of IT and IT security, diversity, etc.

The skills, expertise, competence of each of the Directors are provided below:

| Name of Director | Areas of skills, expertise and competence |
|---|---|
| Smt Bharati Rao | Smt Bharati Rao is a post graduate degree holder in Economics (M.A.) and Certified Associate of Indian Institute of Bankers (CAIIB).<br>She has more than 43 years of experience in the banking industry, has held both domestic and international positions and was in charge of areas such as Project Finance, Credit & Risk Management, International Banking, Human Resources, Mergers and Acquisitions.<br>She has served as the Deputy Managing Director of SBI and she had held concurrent charge of SBI's 7 Associate Banks and 7 Non-Banking Subsidiaries. |
| Shri Girish Kousgi | Shri Girish Kousgi is a graduate in Commerce (B.Com.) and Post graduate in Business Administration (MBA). Shri Girish Kousgi is a Banking professional with 25+ years of experience. He has an extensive experience of managing assets and liabilities and has gained expertise in mortgage, retail lending, SME and Agri business.<br>During his career so far, he has worked in HDFC Ltd., ICICI Bank, IDFC Bank and Tata Capital. He has dealt with a variety of loan products like home loans, business loans, LAP, personal loans, mortgages, deposits, retail and rural products, etc. and gained wide experience in handling sales, product, credit underwriting, risk and operations.<br>He has significant experience of retail banking for over 16 years in Bangalore, Hyderabad and Kerala apart from an experience of about 11 years in credit risk including risk-based verification strategies for loan products, measure credit expansion opportunities in the lending market and validate and implement credit risk models. |
| Shri Lingam Venkata Prabhakar | Shri L V Prabhakar holds a Master's Degree in Agriculture and a Certified Associate of Indian Institute of Bankers (CAIIB).<br>Shri L V Prabhakar has assumed the office of MD & CEO of Canara Bank on February 01, 2020. He has worked as Executive Director of Punjab National Bank from March 01, 2018 to January 31, 2020. He has also worked with Allahabad Bank and served in various capacities at Industrial Finance Branch, Mumbai, Lead District Office and various Zonal Offices. At Corporate Office, he has worked as Head of various important verticals viz. Information Technology, Retail Banking, Priority Sector Credit, MSME Credit, Financial Inclusion, Human Resource Development and Integrated Risk Management. He was also on the Board of AUPGB. |

| Name of Director | Areas of skills, expertise and competence |
|---|---|
| Shri Debashish Mukherjee | Shri Mukherjee is a post graduate in Business Administration (MBA - Finance) from the University of Kolkata.<br>He started his career with Punjab National Bank as a Financial Analyst. He joined United Bank of India as an Asst. General Manager (Credit) in the year 2006. He worked in various capacities at Regional Offices, headed Corporate Finance Branch at Kolkata and was Regional Manager of Bihar Region. He has vast experience in Corporate Credit, Credit Monitoring and Recovery. He is an avid reader and has travelled extensively.<br>Shri Debashish Mukherjee has taken charge as Executive Director of Canara Bank on February 19, 2018. He is overseeing the functions of Risk Management (including Capital planning), Financial Management and subsidiaries, MSME, Credit Administration & Monitoring, stressed Assets Management and Recovery, Inspection, Treasury, International Operations & Corporate Customer Relations. |
| Shri G Naganathan | Shri G Naganathan is a rank holder in Chartered Accountancy and Cost Accountancy. He has completed the Diploma in Information Systems Audit, Courses in Certified Information Systems Auditor and also Valuation Certificate.<br>Presently, he is the Managing Partner in M/s. MSKC & Associates, Chartered Accountants (Formerly M/s R K Kumar & Co.). He has put in a practice of 36 years in M/s. MSKC & Associates, Chartered Accountants (Formerly M/s R K Kumar & Co.). His areas of practice and expertise include statutory and related attestation services, consultancy in direct taxes and FEMA and management advisory services.<br>Shri G Naganathan is involved in the audit of banking and Insurance companies, representation before various adjudicating authorities for the last three decades. He also has been involved in monitoring of large sick companies on behalf of consortium of banks. |
| Shri Shreekant M Bhandiwad | Shri Shreekant M Bhandiwad is a Post Graduate in Agricultural Science viz., M.Sc.(Agri) and a CAIIB.<br>Shri Shreekant M Bhandiwad during his service in the Bank he has headed different branches, Circle Offices and various departments at the Circle and Corporate level. Shri Bhandiwad is a senior banker with 26 years of commercial banking experience having served across the States of Haryana, Rajasthan and Karnataka.<br>Before his posting to the Company, he was heading the Rajasthan operations of Canara Bank as Head of Jaipur Circle of the Bank. Prior to this, he had worked in Jaipur Regional Office, Bengaluru Cantonment and Yediyur Branches. He had also worked in Bengaluru Langford Town, Davanagere Regional Office and also in Head Office, Bengaluru. Apart from his successful tenure in various places as above, Shri Bhandiwad carries with him, considerable experience in the Managing Director's Secretariat of the Bank. |
| Dr. Yeluri Vijayanand | Dr Yeluri V Vijayanand is PhD in Economics (2011) from University of Mysore, M.A in Economics (1967) from Bangalore University, Bachelor of Laws (1969) from Bangalore University and CAIIB (1978) from Indian Institute of Bankers.<br>Dr Vijayanand retired from State Bank of India as Deputy Managing Director on August 31, 2007 after serving for more than 37 years. As DMD and Group Executive of Associates and Subsidiaries, he was the nominee director of SBI in all Associate Banks, and non-banking subsidiaries, as also in ARCIL, Thomas Cook India, and CIBIL.<br>The other prominent positions held by him were Managing Director of State Bank of Mysore, President and COO of SBICAP, Chief General Manager, Corporate Accounts Group, General Manager (Commercial), Chennai and Vice President, SBI New York.<br>He is a visiting faculty at State Bank Staff College and Academy, JNIDB, Institute of Public Enterprise, NALSAR - IIRM, BITS Pilani - Hyderabad Campus, Osmania University, Bangalore University and University of Mysore. He was awarded a PHD in Economics by the University of Mysore in 2011 for his thesis on 'Impact of Banking Regulations on Indian Commercial Banks: A study of current and emerging issues'. He also contributed articles to academic and professional journals, and took part in several conferences and seminars. |
| Shri S Subramanian | Shri S Subramanian is a graduate in Science (B.Sc.), a Diploma holder in Company Law and a Certified Associate of Indian Institute of Bankers (CAIIB).<br>Shri S Subramanian has more than 37 years of commercial banking experience. During his service in the Bank he has handled various duties at various branches. He has worked in the Credit Administration & Monitoring Wing (Head Office Bengaluru), Chandigarh Circle Office, Prime Corporate Branch, Bengaluru, Coimbatore Circle Office (Core Credit Group), Perundurai SME Branch, Overseas Business cell (Madurai Circle Office), Kolkata Overseas branch, and various other places. |

| Name of Director | Areas of skills, expertise and competence |
|---|---|
| Shri Satish Kumar Kalra | Shri Satish Kumar Kalra is a Post Graduate in Science (M.Sc.), a CAIIB and PGDM in Finance.<br>Shri Satish Kumar Kalra has been a Member on Advisory Board for Banking and Financial Frauds since March 2020. He has served as the Managing Director & CEO (Additional-charge) in Andhra Bank for 6 months (he was the Whole Time Director/Executive Director in Andhra Bank from October 2012 to August 2017). He was General Manager (Treasury) in Allahabad Bank.<br>Shri Satish Kumar Kalra has provided strategic guidance to the Bank in Key areas of NPA, Credit, International Banking Treasury Management, HR, etc. He has a vide experience in the areas of Treasury Management, Risk management, Corporate Planning, Inspection & Audit, Merchant Banking, Board Secretariat, Credit Monitoring & Review, Recovery Management and Legal, Retail & MSME lending. He has an experience of about 38 years in the banking industry.<br>He has attended CAFRAL Training Programme at USA Washington and New York. Also attended SIBOS Program at Dubai and training for EDs at Kozhikode. |
| Smt Shubha Lakshmi Panse | Smt Shubhalakshmi Panse, is a Post Graduate in Science (M.Sc.), Diploma in Business Management (DBM), Masters in Management Sciences with Specialization in Financial Management (MMS), Masters in Business Administration with specialization in Bank Management (USA) and CAIIB.<br>Smt Shubhalakshmi Panse has been a Member of External Advisory Committee set up by RBI for vetting the applications received for setting up Payment Banks. She was a member of P J Nayak Committee set up by the Government of India for Corporate Governance in PSBs. She was also a member of Appointments Committee for selection of CMDs & EDs of public sector banks.<br>Smt Shubhalakshmi Panse was appointed as Chairperson & Managing Director, Allahabad Bank from October 01, 2012 to January 01, 2014. (Prior to that she was an Executive Director of Vijaya Bank from November 20, 2009 to September 30, 2012). She was also the Chairman of ALLBANK Finance Ltd., a subsidiary of Allahabad Bank. Prior to this, she was a General Manager in Bank of Maharashtra.<br>She has a vide experience in the areas of Balance Sheet Management, Funds Management, Treasury Management, Corporate Credit Appraisal, Credit Monitoring & restructuring and NPA Management, expertise in Project Appraisal and Monitoring and Implementation, Business Planning, Conceptualising and Planning the road map of Information & Technology, establishing and putting in place systems and procedures for new business outlets and running them efficiently and effectively, Human Resource Development & Management strategies. She has an experience of about 39 years in the banking industry. |

**(v) Number of Directorships and Memberships in Committees etc. as on March 31, 2020.**

None of the Directors hold office in more than ten Public Companies in terms of Sec.165 of Companies Act, 2013. All the Directors are also in compliance with the limit of Independent Directorships of listed companies as prescribed under Regulation 17A of the Listing Regulations. None of the Directors on the Board is a member of more than ten Committees or Chairperson of five Committees (Committees being Audit Committee and Stakeholders Relationship Committee) across all the listed entities in which he/she is a Director [Reg.26 of the said regulations]. Necessary disclosures regarding their Committee positions have been made by all the Directors.

The details of the Board of Directors in terms of their directorships held in listed companies, category of directorship and their memberships/ chairmanships in Audit Committee (AC) and Stakeholders Relationship Committee (SRC) are as under:

| Name of the Director | Total Directorships in Listed Companies (including CFHL) | Name of the Listed Companies | Category of Directorship | *Membership of AC & SRC in public limited companies (including CFHL) | Chairperson of AC & SRC Committees in public companies |
|---|---|---|---|---|---|
| Smt Bharati Rao, Chairperson (Independent) | 3 | Can Fin Homes Limited | Non- Executive Independent | 3 | 3 |
| | | Suprajit Engineering Limited | Non- Executive Independent | | |
| | | Neuland Laboratories Ltd. | Non- Executive Independent | | |
| Shri Girish Kousgi, | 1 | Can Fin Homes Limited | Managing Director & CEO | 1 | Nil |
| Shri Debashish Mukherjee | 2 | Can Fin Homes Limited | Non-Executive & Promoter | Nil | Nil |
| | | Canara Bank | Executive Director | 2 | 1 |
| Shri G Naganathan, FCA | 1 | Can Fin Homes Limited | Non- Executive Independent | 2 | 1 |
| Shri Shreekant M Bhandiwad* | 1 | Can Fin Homes Limited | Dy. Managing Director-Promoter | 2 | 1 |
| Dr. Yeluri Vijayanand | 1 | Can Fin Homes Limited | Non- Executive Independent | 1 | Nil |
| Shri S Subramanian | 1 | Can Fin Homes Limited | Non-Executive & Promoter | 1 | Nil |
| Shri Satish Kumar Kalra | 3 | Can Fin Homes Limited | Non- Executive Independent | 4 | Nil |
| | | Lakshmi Vilas Bank Limited | Non- Executive Independent | | |
| | | PNB Gilts Limited | Non- Executive Independent | | |
| Smt Shubhalakshmi Panse | 6 | Can Fin Homes Limited | Non- Executive Independent | 4 | 4 |
| | | Federal Bank Limited | Non- Executive Independent | | |
| | | Sudarshan Chemicals Industries Ltd. | Non- Executive Independent | | |
| | | Atul Ltd. | Non- Executive Independent | | |
| | | K P I T Technologies Ltd. | Non- Executive Independent | | |
| | | PNB Housing Finance Company Limited | Non- Executive Independent | | |
| Shri Lingam Venkata Prabhakar | 2 | Can Fin Homes Limited | Non-Executive Promoter | Nil | Nil |
| | | Canara Bank | | | |

*Shri Shreekant M Bhandiwad is a Whole-time Director of the Company, designated as Deputy Managing Director.

**(vi) Number of meetings of Board of Directors**

The Board meets at least once in a quarter to review the quarterly performance and financial results of the Company. Apart from the scheduled Board Meetings, additional Board Meetings are also convened to ensure smooth operations of the Company. The meetings are normally held at the Board Room at the Registered Office of the Company. Since April 2020, the meetings are being held on Video Conference as per the relaxations under various circulars issued by Ministry of Corporate Affairs and Securities Exchange Board of India, due to COVID-19 pandemic.

The Company Secretary, in consultation with the Chairperson and Executive Directors prepares a detailed agenda for the meetings. All the relevant information as detailed in the Listing Regulations and such other matter requiring the attention of the Board are placed periodically before the Board. The agenda, Board notes, including explanatory notes are circulated to all the directors well in advance, in a digital form. Depending upon the need, executives of the Company and senior management are invited to the meetings of the Board to provide additional inputs/ clarifications on the subject being discussed by the Board.

The minutes of the Board and Committees are recorded and bound in the Minutes Book. The decisions taken on the agenda are promptly communicated to the concerned departments. The Action Taken Reports (ATRs) on the decisions of the previous meetings are placed at the succeeding meetings of the Board for review/noting. A similar procedure is followed for each of the meetings of the Board committees.

The Company ensures minimum gap between the review of financial results by the Audit Committee and approval of the same by the Board, as required under the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Board of Directors of your Company met 7 times during the FY 19-20: April 30, 2019, May 22, 2019, July 22, 2019, September 05, 2019, November 04, 2019, December 11, 2019 and January 20, 2020. The Board met on June 15, 2020 to approve the annual audited financial results of the Company for the year ended March 31, 2020.

**Attendance of each Director etc.**

| Name of the Director | Board Meetings Attended/held during their tenure in CFHL | Sitting Fee Paid (₹) | Attendance at the last Annual General Meeting held on July 17, 2019 |
|---|---|---|---|
| Smt Bharati Rao, Chairperson | 7/7 | 2,45,000 | Attended |
| Shri Girish Kousgi, MD & CEO[@] | 4/4 | NA | NA |
| Shri S K Hota, Managing Director* | 2/2 | NA | NA |
| Shri G Naganathan, FCA | 7/7 | 2,10,000 | Attended |
| Shri Shreekant M Bhandiwad, DMD | 7/7 | NA | Attended |
| Dr Yeluri Vijayanand | 7/7 | 2,10,000 | Attended |
| Shri S Subramanian | 3/7 | 90,000[#] | Attended |
| Shri Debashish Mukherjee | 5/7 | 1,50,000[#] | Attended |
| Shri Satish Kumar Kalra[$] | NA | NA | NA |
| Smt Shubhalakshmi Panse[$] | NA | NA | NA |
| Shri Lingam Venkata Prabhakar[&] | NA | NA | NA |

NA – Not Applicable [@] Appointed w.e.f September 05, 2019. * Resigned w.e.f June 27, 2019. [#] Sitting fees paid to Canara Bank.

[$] Appointed w.e.f. June 15, 2020. [&] Appointed w.e.f. July 30, 2020.

Leave of absence was granted to the Directors as requested.

**(vii) Board and Directors Evaluation and Criteria for Evaluation**

During the year, the Board carried out an annual evaluation of its own performance and the performance of individual Directors as well as evaluation of Committees of the Board. Your Company has framed the evaluation formats considering the 'Guidance Note on Board Evaluation' prescribed by SEBI.

The Nomination, Remuneration and HR Committee (NRC) has defined the evaluation criteria, procedure and time schedule for the Performance Evaluation process for the Board, its Committees and Directors. The criteria for Board Evaluation include inter-alia, structure of the Board, qualifications, experience and competence of Directors, diversity in Board and process of appointment; meetings of the Board, including regularity and frequency, agenda, discussion and dissent, recording of minutes and dissemination of information; functions of the Board, including strategy and performance evaluation, corporate culture and values, governance and compliance, evaluation of risks, grievance redressal of investors, stakeholder value and responsibility, conflict of interest, review of Board evaluation and facilitating Independent Directors to perform their role effectively; evaluation of management's performance and feedback, independence of management from the Board, access of Board and management to each other, succession plan and professional development; degree of fulfilment of key responsibilities, establishment and delineation of responsibilities to Committees, effectiveness of Board processes, information and functioning and quality of relationship between the Board and Management.

Criteria for evaluation of individual Directors include aspects such as professional qualifications, prior experience, especially experience relevant to the Company, sufficient knowledge, skills and competency, fulfilment of functions, ability to function as a team, initiative, availability and attendance, commitment, contribution, integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.), independence, guidance and support to management. In addition, the Chairperson is also evaluated on key aspects of his/her role, including effectiveness of leadership, professionalism and ability to steer meetings, impartiality, ability to keep shareholders' interests in mind and effectiveness as Chairperson.

Criteria for evaluation of the Committees of the Board include mandate of the Committee, structure and composition; effectiveness of the Committee; regularity and frequency of meetings, agenda, discussion and dissent, recording of minutes and dissemination

of information; independence of the Committee from the Board; contribution to decisions of the Board; effectiveness of meetings and quality of relationship of the Committee with the Board and KMP's.

**(viii) Independent Directors**

Independent Directors play a key role in the decision-making process of the Board. They are committed to act in what they believe are in the best interests of the Company and oversee the performance of the management periodically. The Company and its Board benefits immensely from the in-depth knowledge, experience and expertise of its Independent Directors in achieving its desired level of business performance and good corporate governance.

The terms & conditions of their appointment are disclosed on the Company's website.

The Independent Directors have given declarations to the Company as on March 31, 2020 confirming adherence to the code of conduct/ criteria of independence, directorships, etc. The Company has in place the evaluation criteria for performance evaluation of Independent Directors wherein their preparation, deliberations, effective participation, skills and knowledge to discharge their duties as Independent Directors, performance, criteria of independence, etc. are rated by all the Directors (excluding the Director being evaluated).

Based on the disclosures received from all independent directors, the Board of Directors confirm that the independent directors have fulfilled the conditions specified in the Companies Act, 2013, the Listing Regulations and HFC's Corporate Governance (NHB) Directions, 2016 and are independent of the Management.

As per Regulations 25(10) of SEBI (LODR) Amendments Regulations, 2018, the Company has undertaken Directors and Officers Insurance (D&O insurance) for all Directors including independent directors of such quantum and for such risks as was determined by its Board of Directors.

Meeting of Independent Directors:

Separate meeting of Independent Directors of the Company, without the presence of the Executive Directors and the management representatives, was held on March 20, 2020, as required under Schedule IV to the Act (Code for Independent Directors) and Regulation 25(3) of the listing regulations. Smt Bharati Rao was the Lead Independent Director in the Meeting.

The Independent Directors at their meeting have reviewed, inter-alia, the performance of the Board as a whole, the Committees, the Managing Director & Dy. Managing Director, the non-independent directors and the Chairperson. They also assess the quality, quantity and timeliness of the flow of information from the Management to the Board. The evaluation formats of the Board, Committees and directors are prepared considering the guidance note on Board Evaluation vide SEBI Circular No.SEBI/ HO/CFD/ CMD/P/2017/004 dated January 05, 2017.

**(ix) Appointment/ re-appointment/ resignation of Directors**

Complete particulars of appointments, re-appointments and resignations of the Directors during the relevant period of this Report are provided in Para 19 of the Report of Directors forming part of this Annual Report.

All the Directors have submitted their consents and declarations as required under the provisions of Companies Act, 2013, SEBI (LODR) Regulations, 2015 and HFCs Corporate Governance (NHB) Directions, 2016. The Nomination Remuneration & HR Committee has determined the candidate(s) as fit and proper based on the areas of expertise and experience relevant for the business of the Company and such other criteria as per the Nomination Remuneration & HR Policy of the Company and recommended to the Board for approval and the Board of Directors has appointed such Directors under such terms and conditions, subject to the approvals of the members at the ensuing Annual General Meeting.

Brief profile of all the Directors are provided in page 22 to 25 of this Annual Report. The agenda relating to appointments / re-appointments of Directors are provided in the Notice of the 33rd Annual General Meeting of the Company seeking approval from the members.

The particulars relating to the Directors and all other relevant information are provided in the explanatory statement(s) forming part of the said Notice for the information of members.

**(x) Responsibilities of the Board**

The Board discharges its duties and responsibilities as required under various statutes applicable to the Company viz., the Companies Act, 2013, Guidelines/Regulations/Directions issued by the Securities Exchange Board of India (SEBI), National Housing Bank (NHB), Insurance Regulatory & Development Authority of India (IRDAI), Reserve Bank of India (RBI) and such other Statutory and Regulatory Authorities, including reporting and disclosures to be made to the shareholders.

The Board reviews the legal compliance reports on a quarterly basis to ensure statutory/ regulatory compliances and also the steps taken for rectifying the instances of delayed compliances or non-compliances, if any.

The Board mainly oversees the Company's strategic direction, annual operating plans and budgets, capital budgets, financial results, minutes of the meetings of the committees, materially important notices, if any, compliance of regulatory and statutory requirements, performance review, assessment of the adequacy of risk- management and possible steps for mitigation of risks, assets and liabilities management, liquidity monitoring strategic investments and safeguarding the interests of all stakeholders.

The Board performs all its key functions and discharges its duties and responsibilities, as required under the SEBI regulations, Companies Act, NHB Directions and such other laws as applicable. The Board has laid down the code of conduct for all its members, including Independent Directors and Senior Management personnel of the Company. It also evaluates the Independent Directors including the performance and fulfillment of criteria of independence.

The Board has empowered the senior management to implement its broad policies and guidelines including the succession plan for senior management and has set up adequate review mechanisms and processes.

The Board has approved various policies for the Company and the Risk Management Committee reviews all the policies every year. The Nomination Remuneration and HR Policy, Related Party Transaction Policy, Code of Fair Disclosure, Familiarisation Policy, Corporate Governance Policy, Whistle blower Policy, Code of conduct for Directors/ Independent Directors, Policy on Disclosure of material events, Policy on prohibition of Insider Trading, Archival Policy, Dividend Distribution Policy, as approved by the Board and all other information and documents which are required to be displayed on the Company's official website as per Reg. 46 of the Listing Regulations are complied with and are made available on the website of the Company in `Policies & Codes' page.

**(xi) Familiarisation Programme**

The Company has in place a system of conducting the familiarization programme for Independent Directors, as per which the Independent Directors were familiarised with their roles, rights, responsibilities, nature and the business model of the Company, etc. The said policy and the details of the familiarization programmes conducted during FY 19-20 are placed on the website of the Company at https://www.canfinhomes.com/pdf/CFHL_Familiarisation-Programme-FY2019-20-160420.pdf

All Directors, including Independent Directors, on induction will be apprised of the nature of industry and business model of the Company and the roles, rights, responsibilities in terms of Companies Act and related rules, SEBI LODR Regulations etc. Presentations on risk profile and risk management of the Company, internal and external audit plans, business and financial performance, updates on compliances, regulatory scenario and regulatory/ statutory changes which affect/concern the Company, Company policies, internal controls, investor relations etc. were made at the various Committee/ Board Meetings of the Company.

Further, the Company also makes periodic presentations at the Board and Committee meetings on various aspects of the Company's operations, performance updates of the Company, Changes in the applicable regulatory and statutory directions, guidelines, Industry scenario, business strategy, internal control, risks involved, mitigation plan, etc.

**(xii) Code of Conduct**

For the year under review, all the Directors and Senior Management Personnel have affirmed compliance with the provisions of their Code of Conduct. A declaration from the Managing Director & CEO of the Company is placed as Annexure-1 to this Report.

In terms of the Code of Conduct of Independent Directors as per Schedule IV of the Companies Act, 2013, the Board has adopted the said Code and all the Independent Directors have affirmed that they shall abide by the said Code. The Code of Conduct of Board of Directors, Independent Directors and Senior Management Personnel are made available in the Company's official website.

In terms of the HFCs Corporate Governance (NHB) Directions, 2016, all the Directors have executed the Declarations-cum-undertakings as well as the Deed of Covenants with the Company.

## 3. Committees of the Board

The Board has constituted seven Committees as of date viz. Audit Committee, Nomination Remuneration & HR Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee, Risk Management Committee, Management Committee and IT Strategy Committee. In order to have a more focused attention, the Board has delegated certain matters to the committees constituted by the Board with an outlined role, responsibility and with appropriate authority. The minutes of the meetings of all the committees are placed before the subsequent meeting of the Board for information.

**(i) Audit Committee (AC)**

The Audit Committee has been constituted by the Board in compliance with the requirements of Section 177 of the Act and Regulation 18 of the SEBI (LODR) Regulations. The qualified and independent Audit Committee of the Board has been exercising its powers and responsibilities judiciously. The Committee had four experienced and learned members of which three members including the Chairperson of the Committee, are Independent Directors. One of the members (non-executive promoter director), who was the Chief General Manager of Canara Bank has resigned consequent to attaining superannuation on May 31, 2020.

(a) Brief description of terms of reference

The terms of reference of the Audit Committee inter-alia include:

Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible; recommendation for appointment, remuneration and terms of appointment of auditors of the Company; recommendations for fixation of fee to statutory auditors for their services; reviews, with the management, the quarterly and annual financial statements

and limited review/ auditor's report thereon including report on adequacy of internal financial control before submission to the Board for approval, reviews and monitors the auditor's independence and performance and effectiveness of audit process.

The Audit Committee also reviews the matters required to be included in the Directors' Responsibility Statement, to be included in the Board's report in terms of section 134(3)(c) of the Companies Act, 2013; Changes, if any, in accounting policies and practices and reasons for the same; Major accounting entries involving estimates based on the exercise of judgement by management; Adjustments, if any, made in the financial statements arising out of audit findings; Statement of uses/application of funds raised to ensure that the funds are utilized for purposes stated in the offer document; It also reviews the compliances with listing and other legal requirements relating to financial statements; Disclosure of any related party transactions; Opinion(s) in the draft audit report, if any; Scrutiny of inter-corporate loans and investments; Valuation of undertakings or assets of the Company wherever it is necessary; Evaluation of Internal Financial Controls and Risk Management systems; Reviewing, with the management, performance of Statutory and Internal auditors, adequacy of the Internal Control Systems; Reviewing the adequacy of Internal Audit function; Discussion with the Internal Auditors of any significant findings and follow up thereon; Review the functioning of the Whistle Blower Mechanism; Review the annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice, certified by the statutory auditors of the Company, till such time the full money raised through the issue has been fully utilized; Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(b) Internal Audit

The Company has adequate internal control and Internal Audit System commensurate with the size and nature of its business. The internal audit plan is approved by the Audit Committee and the Internal Audit Report is presented to the Audit Committee for their consideration.

(c) Composition of the Audit Committee and other details:

During the year the Audit Committee met 5 times - on April 29, 2019, July 22, 2019, November 02, 2019, November 04, 2019 and January 20, 2020. The maximum interval between two meetings did not exceed 120 days as prescribed under Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations, 2015. During the year, all recommendations of the Audit Committee have been accepted by the Board of Directors.

The particulars of members of the Committee, number of meetings attended/held during the tenure of a particular director, attendance and the sitting fee paid are mentioned hereunder:

Composition of the Audit Committee and other details:

| Members | Number of meetings attended/ held during the year | Sitting Fees Paid (₹) |
|---|---|---|
| Shri G Naganathan, FCA, Chairman (Non-Executive Independent) | 5/5 | 1,00,000 |
| Smt Bharati Rao, Member (Non-Executive Independent) | 5/5 | 75,000 |
| Dr. Yeluri Vijayanand, Member (Non-Executive Independent) | 5/5 | 75,000 |
| Shri S Subramanian, Member (Non-Executive Promoter)* | 4/5 | 60,000# |

* Resigned June 04, 2020.

# Sitting fees paid to Canara Bank.

Leave of absence was granted to the member as requested.

The Company Secretary is the Secretary to the Audit Committee.

Shri G Naganathan, FCA, Chairperson of the Committee was present at the 32nd Annual General Meeting of the Company and answered shareholders' queries.

**(ii) Nomination Remuneration and HR Committee (NRC)**

(a) Brief description of terms of reference:

The Nomination, Remuneration & HR Committee constituted by the Board in compliance with the requirements of Section 178 of the Companies Act and Regulation 19 of the SEBI (LODR) Regulations, comprise four Non-Executive Directors, of which three, including the Chairperson, are Independent Directors. The Board has authorised the Committee with clear roles and responsibilities in terms of the provisions of the Companies Act and rules made thereunder and also with those set out in the SEBI (LODR) Regulations, 2015 and HFCs Corporate Governance (NHB) Directions, 2016, as amended from time to time. The Nomination Remuneration and HR policy of the Company, duly approved by the Board, covers the criteria for determining qualifications, positive attributes and independence of a Director, evaluation of Independent Directors and the Board, authorisation to identify

persons who are qualified to become Directors, and who may be appointed in senior management, recommending to the Board their appointment/removal, all remuneration, in whatever form, payable to senior management and also the remuneration policy.

The NRC also reviews the HR matters. The NRC reviews the information, declarations and undertakings given by the existing and proposed Director(s) giving additional information in the prescribed format in terms of `Housing Finance Companies–Corporate Governance (National Housing Bank) Directions, 2016'. The NRC also ensures that the deeds of covenants are signed by the Directors in the format prescribed.

The Nomination Remuneration and HR Policy of the Company is available on the website of the Company https://www.canfinhomes.com/pdf/Nomination-Remuneration-and-HR-Policy-120419.pdf

### Nomination policy, among other things, includes:

i) Laying down the criteria which shall form the basis for enabling the Nomination Remuneration and HR Committee to identify persons who are qualified to become Directors of the Company, including Board Diversity. As per the Policy, the formulation of such criteria shall be aimed at determining qualifications, expertise, track record, integrity, positive attributes, independence of a Director and other `fit and proper' criteria at the time of appointment and on a continuing basis.

ii) Laying down the criteria which shall form the basis for enabling the Nomination Remuneration and HR committee to identify persons who may be appointed in the Senior Management of the Company.

iii) Evaluation of every Director's performance by NRC.

### The Remuneration policy, among other things, covers:

I. Remuneration for the Directors, Key Managerial Personnel and other employees of the Company.

II. The Remuneration to the employees of CFHL including the Senior Management Personnel in the form of incentives, performance- based incentives, viz. cash incentive, employee stock option scheme, ex-gratia, etc. either fixed or variable in nature, subject to statutory guidelines and Staff Service Regulations/ HR policies approved by the Board.

### (b) Composition of the NRC Committee and other details:

The particulars of members of the Committee, number of meetings attended/ held during the tenure of a particular director attendance of the members at the meetings and the sitting fee paid are mentioned here under;

| Members | Number of meetings attended/held during the tenure of the member | Sitting Fees Paid (₹) |
|---|---|---|
| Dr. Yeluri Vijayanand, Chairman (Independent Non-Executive) | 5/5 | 1,00,000 |
| Smt Bharati Rao, Member (Independent Non-Executive) | 5/5 | 75,000 |
| Shri G Naganathan, Member (Independent Non-Executive) | 5/5 | 75,000 |
| Shri Debashish Mukherjee, Member (Promoter Non-Executive)# | 3/5 | 45,000# |

# Sitting fee paid to Canara Bank.

Leave of absence was granted as requested.

During the year the NRC Committee met 5 times on May 22, 2019, July 22, 2019, November 02, 2019, November 27, 2019 and January 20, 2020.

The Chairperson of the committee was present at the 32nd AGM to answer shareholders' queries.

### (c) Performance evaluation criteria for Independent Directors:

The criteria for performance evaluation cover the areas relevant to the functioning as Independent Directors such as preparation, participation, conduct and effectiveness. The performance evaluation of Independent Directors was done by the entire Board and in the evaluation process, the Directors who are subject to evaluation had not participated.

The Company Secretary is the Secretary to the Nomination Remuneration and HR Committee.

### Remuneration of Directors

For the financial year ended March 31, 2020, except for the Managing Director and Dy. Managing Director, there were no other Executive Directors on the Board of the Company. The remuneration paid to the Managing Director & CEO is subject to approval by the members at the ensuing Annual General Meeting of the Company and the remuneration paid to the Dy. Managing Director was as approved by the members at the Annual General Meeting of the Company held in 2018 and the same were as per the Staff Service Regulations of Canara Bank as amended from time to time, within the limits prescribed under Schedule V of Companies Act, 2013.

The non-executive directors are eligible to receive sitting fee for attending the meetings and reimbursement of any out-of pocket expenses towards boarding, lodging and transport/ conveyance etc. incurred, if any, for attending the meeting(s). None of the Non-Executive Directors has any other material pecuniary relationship or transactions with the Company, its Promoters or its Directors or its Senior Management.

Disclosures with respect to remuneration of executive Directors [In terms of Schedule V of SEBI (LODR) Regulations, 2015]:

(i) All elements of remuneration package of individual directors are summarized under major groups, such as salary, benefits, bonus, pension., etc.

(ii) Managing Director - Shri S K Hota till (June 27, 2019): The remuneration package for FY20 included; Salary ₹ 4,71,019/-; Provident Fund - ₹ 25,500/- and Gratuity - ₹ 2,55,000/- and Leave Salary - ₹ 4,38,441/-

Managing Director & CEO - Shri Girish Kousgi w.e.f. (September 05, 2019): The remuneration package for FY20 includes; Salary ₹ 56,72,219/-

Dy. Managing Director - Shri Shreekant M Bhandiwad: The remuneration package for FY20 includes; Salary - ₹ 17,86,843/-; Provident Fund - ₹ 93,638/-

(iii) Details of fixed component and performance linked incentives, along with the performance criteria: The performance linked incentive given to the executive directors for FY20 was ₹ 12,95,875/-. The criteria includes qualitative and quantitative parameters.

**Quantitative:** Fresh approvals, Disbursements, growth in loan book, NHL and Deposits, Gross NPAs, PAT, NIM, ROA & ROE.

**Qualitative:** Leadership & brand building, HR, IT initiatives, Customer Centricity, Adherence to KYC/AML guidelines, Prevention/ Detection of frauds, Quality of compliance of Inspection and Audit Reports.

(iv) Service contracts, notice period, severance fee: Service contract has been executed with Shri Girish Kousgi, Managing Director & CEO, for a tenure of 5 years with a Notice period of 3 months. The terms and conditions of appointment including remuneration are placed before the members at the ensuing Annual General Meeting for approval.

(v) Stock option details, if any, and whether issued at a discount as well as the period over which accrued and over which exercisable: Not applicable

### (d) Remuneration of Non- Executive Directors

The Non-Executive Directors of the Company were paid only the sitting fee of ₹ 15,000/- for Committees and ₹ 30,000/- for Board and Chairing fee of ₹ 5,000/- to the Chairperson of the Board or Committee. No other remuneration is being paid to them. They are eligible for re-imbursement of boarding, lodging and travelling expenses for attending the meetings of Board and Committees.

The Non-Executive Independent Directors of the Company have declared that they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013 and that they will abide by the provisions specified in Schedule IV of the said Act.

## (iii) Stakeholders' Relationship Committee (SRC)

### (a) Brief description of terms of reference:

The terms of reference of the committee inter alia include review mechanism adopted by the Company for redressing the shareholders' complaints and review of the status of complaints of the stakeholders, if any.

The Stakeholders Relationship Committee has been constituted by the Board in compliance with the requirements of section 178(5) of the Act and Regulation 20 of the SEBI (LODR) Regulations.

This Committee reviews/approves processes, standard operating procedures and initiatives undertaken by the Company relating to investor service, compliances with requirements related to SEBI (LODR) Regulations, 2015 and Corporate Governance, shareholding pattern, periodical transfers/ transmissions of shares, de-materialisation and re-materialisation of shares, issue of duplicate certificates of the securities issued by the Company, review of the status of redressal of complaints, if any, lodged with authorities including SEBI, Registrar of Companies, IEPF Authorities etc. resolving the grievances of the stakeholders, including complaints, if any, related to non-receipt of dividends, Annual Reports, etc., steps taken by the Company for settlement of grievances, Compliance with the applicable provisions of the Companies Act, 2013 and various other statutes.

The Committee is apprised of measures taken for effective exercise of voting rights by shareholders, adherence to the service standards adopted in respect of various services being rendered by the Registrar & Share Transfer Agent, measures and initiatives taken for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/ statutory notices by the shareholders of the company, if any.

It has been noted that the shareholding in dematerialized mode as on March 31, 2020 was 98.41% (98.21% as of March 31, 2019).

### (b) Composition of the Stakeholders' Relationship Committee and other details:

During the year, the Stakeholders' Relationship Committee met 4 times, viz. April 29, 2019, July 22, 2019, November 02, 2019 and January 20, 2020.

The Chairman of the committee was present at the 32nd AGM to answer shareholders' queries.

The particulars of members of the Committee, number of meetings attended/held during the tenure of a particular director, attendance of the members at the meetings and the sitting fee paid are mentioned hereunder:

| Members | Number of meetings attended/held during the tenure of the member | Sitting Fees Paid (₹) |
|---|---|---|
| Dr. Yeluri Vijayanand, Chairman (Independent Non-Executive) | 4/4 | 80,000 |
| Shri S K Hota, Member (Managing Director)* | 1/1 | NA |
| Shri Girish Kousgi, Member (Managing Director) & CEO** | 2/2 | NA |
| Shri G Naganathan, FCA, Member (Independent Non-Executive) | 4/4 | 60,000 |
| Smt Bharati Rao, Member (Independent Non-Executive) | 4/4 | 60,000 |

* Shri S K Hota (DIN:07491088) was the member of the Committee till June 27,2019 as he resigned from the directorship of the Company on his repatriation to Canara Bank, consequent to his appointment as the Managing Director (MD) of National Housing Bank.

** Shri Girish Kousgi has been appointed as the Managing Director & CEO of the Company w.e.f. September 05, 2019

The Company Secretary is the Secretary to the Committee.

There were no complaints pending at SEBI SCORES as at the beginning of the financial year and during the year only one complaint was received and the same stands resolved as at the end of the financial year ended March 31, 2020.

Shareholders Grievances/ Representations Statistics

| | |
|---|---|
| Complaints/ Representations received related to non-receipt of Annual Reports/ dividend/ Split share certificate etc. | 65 |
| Complaints not solved to the satisfaction of shareholders | Nil |
| Pending Complaints | Nil |

### (iv) Corporate Social Responsibility Committee

The Corporate Social Responsibility (CSR) Committee has been constituted by the Board in compliance with the requirements of Section 135 of the Companies Act.

During the year, the Corporate Social Responsibility (CSR) Committee met 4 times on April 29, 2019, July 22, 2019, September 05, 2019 and November 27, 2019.

The particulars of members of the Committee, number of meetings attended/held during the tenure of a particular Director, attendance of the members at the meetings and the sitting fee paid are mentioned hereunder:

| Members | Number of meetings attended/held during the tenure of the member | Sitting Fees Paid (₹) |
|---|---|---|
| Smt Bharati Rao, Chairperson (Independent Non-Executive) | 4/4 | 80,000 |
| Shri S K Hota, Member (Managing Director) * | 1/1 | NA |
| Shri Girish Kousgi, Member (Managing Director & CEO)** | 1/1 | NA |
| Shri G Naganathan, FCA, Member (Independent Non-Executive) | 4/4 | 60,000 |
| Shri Shreekant M Bhandiwad, Member (Dy. Managing Director) | 4/4 | NA |

* Shri S K Hota (DIN:07491088) was the member of the Committee till June 27,2019 as he resigned from the directorship of the Company on his repatriation to Canara Bank, consequent to his appointment as the Managing Director (MD) & CEO of National Housing Bank.

** Shri Girish Kousgi has been appointed as the Managing Director & CEO of the Company w.e.f. September 05, 2019

The Company Secretary is the Secretary to the Committee.

The Company has given importance to promoting education including special education and employment in enhancing vocation skills especially among children. The other areas of focus are healthcare sector, conservation of Solar energy and ecological balance providing food and nutrition to children etc. During the year the Company also worked in the environmental sustainability by planting trees/ saplings and distribution of cotton bags.

Other information relating to the particulars on spending in terms of the Corporate Social Responsibility Policy and reasons for not spending/carrying forward the balance amount, if any, during the current year are disclosed in a separate report annexed to the Report of Directors, forming part of this Annual Report.

**(v) Risk Management Committee (RMC)**

The Risk Management Committee(RMC) of the Company is constituted in line with the provisions of Regulation 21 of the SEBI (LODR) Regulations. The Risk Management Committee comprise five members; three Directors and two senior management executives. The Risk Management Policy defines the role and responsibilities of the Committee and delegation of appropriate authority.

The terms of reference to the Committee include overall responsibility to monitor and manage enterprise-wide risk i.e., overall risk in the Company. The Committee reviews and monitors the overall risk management framework for management of credit risk, market risk, operational risk, asset liability management, compliance risk, etc. The Committee will also review all the policies of the Company and risk profile of the Company at periodical intervals. Thereafter, the same will be recommended to the Board for review/ approval.

The Committee meets at periodical intervals and reviews the key risks associated with the business of the Company, causes and efficacy of the measures taken to mitigate the same and apprises the Board of Directors.

Further, the Audit Committee and the Board of Directors review the key risks associated with the business of the Company, the procedures are in place to assess the risks and the mitigation mechanisms.

During the year the Risk Management Committee met on March 04, 2020.

During the year, the Company appointed Shri. H R Narendra, Asst. General Manager as the Chief Risk Officer (CRO) who is inter alia responsible for identifying, monitoring and overseeing risks, including potential risks to the Company and reporting to the Managing Director. Necessary measures have been put in place by the board to safeguard the independence of the CRO. The CRO will meet the members of the Risk management Committee/ Board at least once in a quarter in accordance with the norms set out by NHB. Further, the CRO has vetted the credit products (retail and wholesale) offered by the Company from the perspective of inherent and control risks.

The CRO did not have any reporting relationship with business verticals of the Company or business targets.

The particulars of members of the Committee, number of meetings attended/held during the tenure of a particular director, attendance of the members at the meetings and the sitting fee paid are mentioned hereunder:

| Members | Number of meetings attended/held during the tenure of the member | Sitting Fees Paid (₹) |
|---|---|---|
| Shri Debashish Mukherjee, Chairperson (Non-Executive Promoter)# | 1/1 | 20,000 |
| Smt Bharati Rao, Member (Non-Executive Independent) | 1/1 | 15,000 |
| Shri Shreekant M Bhandiwad, Member(Dy. Managing Director) | 1/1 | NA |
| Smt Shamila M, Member(General Manager) | 1/1 | NA |
| Shri H R Narendra Member (Assistant General Manager & CRO)^ | 1/1 | NA |

# Sitting fee paid to Canara Bank.

^ Shri H R Narendra, AGM & Chief Risk Officer, was appointed as the Member of the Committee with effect from May 22, 2019.

The Company Secretary is the Secretary to the Committee.

**(vi) Management Committee(MC)**

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

During the year there were no loan proposals falling under the delegated powers of the Management Committee and hence there was no need for the Committee to meet.

The particulars of members of the Committee: Shri S K Hota, Managing Director of the Company was the Chairperson till the date of his resignation (June 27, 2020), Shri Shreekant M Bhandiwad, Dy. Managing Director (Member), Smt Bharati Rao, Independent Director (Member) and Shri S Subramanian, Non- executive & promoter Director (Member). Shri Girish Kousgi, Managing Director & CEO, became the Chairperson of the Committee subsequent to his appointment (September 05, 2020).

The Company Secretary is the Secretary to the Management Committee.

**(vii) IT Strategy Committee**

The Board has constituted IT Strategy Committee as per NHB guidelines NHB(ND)/DRS/Policy Circular No.90/ 2017-18. The Committee conducts gap analysis between their current IT framework and stipulations as laid out in the specified circular and to review and amend/ frame IT strategies as and when required. During the year the IT Strategy Committee met on November 02, 2019.

The particulars of members of the Committee, number of meetings attended by them/held during their tenure of membership and the sitting fee paid are mentioned hereunder:

| Members | Number of meetings attended/held during the tenure of the member | Sitting Fees Paid (₹) |
|---|---|---|
| Shri G Naganathan, FCA, Chairperson (Independent Non-Executive) | 1/1 | 20,000 |
| Shri Girish Kousgi, Member (Managing Director) & CEO | 1/1 | NA |
| Shri Shreekant M Bhandiwad, Member (Dy. Managing Director) | 1/1 | NA |
| Smt Shamila M, General Manager | 1/1 | NA |
| Shri B M Sudhakar, Dy. General Manager | 1/1 | NA |
| Shri Sikhin Tanu Shaw, AGM IT | 1/1 | NA |

The Audit Committee, the Nomination & Remuneration Committee, the Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and IT Strategy Committee are chaired by Independent Directors.

The Independent Directors are not paid any fee/remuneration apart from sitting fee 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 such other professionals with relevant expertise, to attend the meetings and provide clarifications on certain specific issues, if any.

The dates of meetings of the above Committees are decided in consultation with the Chairperson 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 by digital mode.

## 4. General body meetings/ postal ballots

**The details of annual general meetings held during the last three years are as follows:**

| Year ended | Date and Time | Venue |
|---|---|---|
| March 31, 2019 | Wednesday, July 17, 2019 at 11:00AM | NIMHANS Convention Centre, Opp. Lakkasandra Bus Stop, Hosur Road, Bengaluru, Karnataka, 560029 |
| March 31, 2018 | Wednesday, July 18, 2018 at 11:00 AM | Same as above |
| March 31, 2017 | Wednesday, June 28, 2017 at 11:00 AM | J.S.S. Shivarathreeswara Centre Auditorium, 1st Main, 8th Block, Jayanagar, Bengaluru, Karnataka, 560082 |

**Special Resolutions passed at the previous three Annual General Meetings:**

| | |
|---|---|
| 2019 | 1. Re-appointment of Shri G Naganathan, FCA, as an Independent Director.<br>2. Authorisations to borrow amounts not exceeding ₹ 23,000 Crore.<br>3. Approval for Offer or invitation for subscription of Non-Convertible Debentures (NCD) or bonds, secured or unsecured, of any nature upto an amount of ₹ 6000 Crore on private placement.<br>4. Further issue of securities through QIP and/or preferential issue of an amount not exceeding ₹ 1000 Crore.<br>5. Alteration of Articles of Association - Deletion of clauses relating to 'Common Seal'. |
| 2018 | 1. To borrow amounts not exceeding ₹ 20,000 Crore.<br>2. Offer or invitation for subscription of Non-Convertible Debentures (NCD) or bonds, secured or unsecured, of any nature upto an amount of ₹ 6000 Crore on private placement.<br>3. Further issue of shares/ specified securities. |
| 2017 | 1. Re-appointment of Shri Thallapaka Venkateswara Rao (T V Rao), Independent Director<br>2. Re-appointment of Shri Kokkarne Natarajan Prithviraj (K N Prithviraj), Independent Director<br>3. Increasing the borrowing powers of the Board of Directors of the Company from ₹ 16,000 Crore to ₹ 20,000 Crore.<br>4. Offer or invitation for subscription of Non-Convertible Debentures (NCD) aggregating to ₹ 6,000 Crore on private placement. |

**Postal ballot**

1. Details of Special Resolutions passed through Postal Ballot in the last year: NA

2. Person who conducted the postal ballot exercise: NA

3. Whether any Special Resolution is proposed to be conducted through postal ballot: No resolution is proposed to be conducted through Postal Ballot as on the date of AGM.

4. Procedure for Postal Ballot: Your Company follows the provisions of the Companies Act, 2013 and Listing Regulations 2015 for Postal Ballot, if any.

**5. Means of Communication to the shareholders**

The Company has about 72,201 shareholders all over India as on March 31, 2020 as against 88,692 as on March 31, 2019.

The means of communication to the shareholders includes;

**(a) Quarterly Results -** The Company, immediately after conclusion of the meetings of the Board of Directors, within the prescribed time, uploads the quarterly/annual financial results on the website "NEAPS" of National Stock Exchange of India Limited and "Listing Centre" of BSE Limited and simultaneously uploads the same on the Company's website https://www.canfinhomes.com/

The Company also publishes the abridged version of unaudited/audited financial results on a quarterly/ annual basis, in the prescribed format, in leading newspapers in English and in the regional language viz., Kannada, within the prescribed period.

**(b) Newspapers wherein results normally published -** The Company normally publishes the abridged version of audited/ unaudited financial results in leading newspapers in English viz., Financial Express and/or Business Line and/or Business Standard and in the Regional Language i.e., Kannada in the newspapers viz., Kannada Prabha and/or Samyuktha Karnataka.

**(c) Any website, where displayed -** The Company displays all the reports/ statements/ notices and such other documents as required/ applicable under the statutory and regulatory requirements on the official website of the Company https://www.canfinhomes.com/. The Company has revamped its website w.e.f April 13, 2019. The Company also uploads all such documents online on http://www. connect2nse. com/listing/ and on http://www. listing.bseindia.com/ for dissemination by National Stock Exchange of India Limited and BSE Limited.

**(d) Official News releases -** Dissemination of information through television/press: The Managing Director provides brief information on quarterly/annual results and corporate actions

on TV channels and in print media, within the permissible disclosure norms. The intimations of such press releases/ television interviews are informed to the stock exchange in terms of regulation 30 of the SEBI regulations and similar information is made available on the Company's website.

**(e) Presentations made to Institutional Investors or to the Analysts -** The Managing Director, Deputy Managing Director and the Chief Financial Officer generally interact with the analysts/investors and provide clarifications on the issues covered in the presentation, which is made available on the Company's official website within the permissible disclosure norms. The Managing Director, Dy. Managing Director, General Manager and the Chief Financial Officer participate in the Conference calls arranged by reputed Institutional Investors. Investors' page on the website of the Company - The 'Investor Page' (https://www.canfinhomes.com/investorpresentation.aspx) provides quarterly results and presentation made by the Company covering pictorial representation of the statistical data, annual performance compared, key ratios etc. The page also discloses the un- audited results on a quarterly basis together with the limited review reports and the audited annual financial results, annual reports, the shareholding pattern, unclaimed/unpaid dividend/deposits, Fair Practice Code, KYC guidelines, nomination by members, ECS mandate, dematerialization of shares, SEBI circulars insisting for payments to members through electronic mode etc., complete details about the Registrar and Transfer agents, details of the Compliance Officer, FAQ on tax deductible at source (TDS) on dividend etc. with select download facilities, for the information and utility of the shareholders of the Company. The intimations relating to Institutional Investors or Analysts meet are informed to the stock exchange in terms of regulation 30 of the SEBI regulations and similar information is made available on the Company's website within the prescribed time as and when applicable.

**(f) Annual Report –** The Annual Report encompasses the operational and financial highlights for the current year in comparison with previous years, Report of Directors, Report of the Directors on Corporate Governance, Management Discussion and Analysis report and Audited Financial Statements together with the Auditors Report. The annual report also contains a section on `General Information to Shareholders' which inter-alia provides information relating to the date, time and venue of the annual general meeting, shareholding pattern, distribution of shareholding, voting rights and the monthly high and low market price of equity shares during the year and other information as required under the listing agreement(s) and other related matters.

**(g) Stock Exchanges –** The Company uploads/discloses all material information online about the Company, including shareholding pattern, report on corporate governance, reconciliation of share capital audit, status of investor's complaints, certificates from RTA, disclosure on related party transactions, annual secretarial compliance report, Debentures Trustees and intimations/disclosure of material events, certification on utilization of the proceeds of Non-convertible debentures and Commercial papers for the purpose for which the same are raised, Large corporate disclosures, etc. periodically to the National Stock Exchange of India Ltd. and BSE Limited.

**(h) Investor grievance redressal mechanism:** The Company has provided a separate e-mail ID for shareholders services viz., investor.relationship@canfinhomes.com and the Investor grievance redressal mechanism is in place. A Grievance Redressal Portal has been enabled in the website of the Company.

**(i) Meetings:** The principal forum for interaction/ discussion with shareholders, be it individuals, corporates or foreign investors is the annual general meeting of the Company.

**(j) Other information:** The details relating to the director(s) proposed to be appointed/re-appointed at the ensuing Annual General Meeting are provided as an annexure to the notice convening the said meeting.

In recognition of the initiative taken by the Ministry of Corporate Affairs (MCA), Government of India and as a contribution towards a greener environment the Company has been sending all documents like General Meeting Notices (including AGM), Audited Financial Statements, Report of Directors, Auditors Report, etc. to a significant number of shareholders to their registered e-mail address made available to the Company by the Depositories or by the members themselves to the Company or its Registrar & Transfer agents. The above documents would also be available on the website of the Company https://www.canfinhomes.com/investor-presentation.aspx for the shareholders.

The Annual Report of the Company for the financial year 2019-20 will be e-mailed to the members as stated above and in compliance with the guidelines issued by MCA vide its various notifications and circulars since March 2020, relaxing various requirements during the present scenario of COVID-19 pandemic. If any member wishes to get a hard copy of the Annual Report, the Company will send the same, free of cost, upon receipt of request from the member and upon normalisation of postal services.

## 6. Other disclosures

### (a) Materially significant related party transactions

The Company has a policy in place on the Related Party Transactions. The policy defines clearly the transactions which

require approval from Audit Committee, the Board of Directors and members at the Annual General Meeting, provision for prior approval, periodical review, omnibus approval, transactions in the ordinary course of business or otherwise, transactions within arm's length basis or otherwise, materiality of the transactions as defined under Regulation 23 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, as applicable, and threshold limits as defined and in conformity with the provisions of the Companies Act, 2013, the related rules and the requirements under said regulations, as amended from time to time. The Company has been entering into contracts and arrangements with the promoter and sponsor bank viz., Canara Bank since incorporation, in the ordinary course of business.

The Company has been maintaining current accounts for business transactions, availing Term Loans, Overdraft facilities, making payment of interest, placing short term/long term deposits to meet the statutory liquidity limits (SLR purpose) and collecting/ recovering interest thereon, leasing out business or residential premises, if any, of the Company to the Bank on rent or occupy any business or residential premises of the Bank on rent, paying bank charges to the Bank, borrow by way of Commercial Papers, Non-convertible Debentures, term loans, etc. The Company has also been availing the services of Canbank Computer Services Ltd., a subsidiary of the Sponsor Bank, as the Registrar & Share Transfer Agents of the Company (RTA). Further, the Company has registered itself with the Insurance Regulatory & Development Board of India w.e.f. December 01, 2017 and has entered into Distribution Agreement and Service Level Agreement with Canara HSBC OBC Insurance Company Ltd., (CHOICe), a joint venture Company of Canara Bank for carrying out Insurance agency business and has been earning commission income for the same from CHOICe.

The Company has obtained prior approval/ratification of the shareholders for the material related party transactions which would be entered into or already entered into by the Company with Canara Bank and/or its subsidiaries for an amount not exceeding ₹ 6,000 Crore (Rupees Six Thousand Crore) only, by way of Ordinary resolution at the 32nd Annual General Meeting of the Company held on July 17, 2019.

As on March 31, 2020 the overall related party transactions of the Company outstanding with Canara Bank and/or its subsidiaries was ₹ 2810.95 Crore.

The Company has been disclosing all the transactions with related parties on a quarterly basis to the stock exchanges along with the compliance report on corporate governance in terms of Regulation 27 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The disclosure in compliance with the Accounting Standard on 'Related Party Disclosures' as required under Regulations 34(3) and 53(f) read with `Part A Schedule V' of SEBI (Listing Obligations & Disclosure Requirements), Regulations, 2015, are disclosed by the Company in the Notes forming part of the financial statements (Note No. 42 at page No. 146 of the Annual Report) and the particulars of such contracts/ arrangements are provided as an annexure to this Report of Directors. This is also in compliance of the HFCs Corporate Governance (NHB) Directions, 2016.

In compliance with the Regulation 23(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has submitted to the stock exchanges a note on Related Party Transactions, to the extent applicable, drawn in accordance with applicable accounting standards for the half year ended March 31, 2020.

The Company's Related Party Transactions Policy mainly covers the objectives, scope, transactions that are considered as related party transactions, identification of potential related party transactions, approval of related party transactions, procedure for seeking approval, review, disclosures etc. The Company's Related Party Transactions Policy is on the website of the Company placed at https://www.canfinhomes.com/pdf/Related-Party-Transactions-Policy-of-the-Company-120419.pdf and also placed at the end of this Annual Report.

**(b) Details of non-compliance by listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the Board or any statutory authority, on any matter related to capital markets, during the last three years;**

(i) During 2017-18, the Company has complied with requirements as per Para 29 of the Housing Finance Companies (NHB) Directions 2010 except for one instance detailed below:

National Housing Bank (NHB) in its regulatory Audit conducted during the financial year FY 2016-17, for FY 2014-15 and FY 2015-16, had raised an issue on the procedure followed by the Company since inception, on valuation of Government Securities under HTM category invested for SLR purpose. NHB vide its letter NHB(ND)/ DRS/SUP/9349/2017 dated September 19, 2017 has imposed an aggregate penalty of ₹ 28,62,708/- under the Provisions of Section 29 of the National Housing Bank Act, 1987 and the same was paid.

(ii) During 2018-19, NHB vide its letter NHB(ND)/DRS/ APPEAL-1/17/A-744/2019 dated January 17, 2019 has imposed a penalty of ₹ 5,900 (inclusive of GST@18%) for alleged contravention of section 32 of the NHB Act, 1987 and the Fair Practice Code issued by NHB, for which the Company had sent a reply and remitted the amount under protest.

(iii) During 2019-20, no penalties or strictures have been imposed on the Company by regulators or any stock exchange, SEBI or any other statutory authority on any matter relating to the capital markets.

**(c) Details of establishment of vigil mechanism / whistle blower policy**

The Company has adopted a Whistle Blower Policy/ vigil mechanism for the Directors, employees and other stakeholders to enable them to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. Under this mechanism, the improper practice, if any, in the Company, can be directly reported to the Audit Committee. A communication in this regard has been sent to all the employees of the Company and reiterated during the Branch Managers' Conference, training programmes and in Circulars. The Company affirms that the mechanism provides adequate safeguards against victimisation of Director(s)/ employee(s) who use the mechanism, provides for direct access to the Chairperson of the Audit Committee and also affirms that no personnel have been denied access to the Audit Committee.

The details of establishment of the mechanism has been placed by the Company on its website at https://www.canfinhomes.com/pdf/Whistle-Blower-Policy-120419.pdf

**(d) Policy on Prevention, Prohibition and Redressal of Sexual Harassment at Work place:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. The Policy aims to provide protection to employees at workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where employees feel secure. The Company has revisited the Internal Complaints Committee members and emphasized on the roles and responsibilities expected from the members.

Disclosures under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013:

| | |
|---|---|
| Number of Complaints filed during the financial year 2019-20 | Nil |
| Number of Complaints disposed off during the Financial year 2019-20 | Nil |
| Number of Complaints pending as on end of the financial year 2019-20 | Nil |

**(e) Details of compliance with mandatory requirements:**

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and all the applicable clauses of Regulation 46(2) (b) to (i) of the Listing Regulations.

This Corporate Governance Report of the Company for the FY19-20 and as on March 31, 2020 are in compliance with the requirements of Corporate Governance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A certificate on compliance of Corporate Governance requirements, issued by the Statutory Auditors for the financial year ended March 31, 2020 is annexed to the Report of Directors in this Annual Report.

**(f) Subsidiaries**

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

**(g) Commodity risks faced by the Company during the year and commodity hedging activities:** Not applicable.

**(h)** Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32(7A): Not applicable for the year.

**(i) Certification from Company Secretary in Practice:**

Shri S Kedarnath, M/s. S. Kedarnath & Associates, Practicing Company Secretaries, has conducted Secretarial Audit and his Audit Report is annexed to the Report of the Directors and will be submitted to the stock exchanges and the Ministry of Corporate Affairs along with the Annual Report. He has also issued a certificate as required under the Listing Regulations, confirming that none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority. He has also issued a Certificate under Secretarial Compliance as required under Regulation 24A of the Listing Regulations. All the above certificates are enclosed with the Report of Directors as Annexure-2.

**(j)** There have been no instances during the year where recommendations of the any Committee of the Board were not accepted by the Board.

**(k)** Total fees for all services paid by the Company on a consolidated basis, to the Statutory Auditors, is given below:

| Auditors Remuneration | ₹ in Lakhs |
|---|---|
| Audit Fees (Including Branch Statutory Auditors fees and Tax audit) | 58.63 |
| Tax Matters | 0.40 |
| Other Services (Certifications etc.) | 3.35 |
| Out of Pocket Expenses | 8.31 |
| **Total** | **70.69** |

**(l) Compliance with Accounting Standards**

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standard) Amendment Rules,

2016 as applicable read with Section 133 of the Companies Act, 2013 and guidelines issued by National Housing Bank.

**(m) Shareholding of Non- Executive Directors**

None of the Non-Executive Directors of the Company hold any equity shares of the Company.

**(n) Management Discussion and Analysis Report**

The Management Discussion and Analysis Report forms part of the Report of the Directors, which includes discussion on industry structure, opportunities and threats, segment/product-wise performance, outlook, risks and concerns, internal control systems and their adequacy, financial performance with respect to operational performance, developments, if any, in Human Resources/Industrial Relations front, including number of people employed, details of significant changes in key financial ratios etc.

The Senior Management personnel have made disclosures to the Board relating to all material transactions, where they have personal interest, which has a potential conflict of interest, if any, with the Company at large. The Company has disclosed the Code of Conduct for the Board and senior management, on the website of the Company.

**(o) Insider Trading Regulations**

The Company has adopted the Code of Conduct for Prevention of Insider Trading and Fair Disclosure of Unpublished Price Sensitive Information. This Code of Conduct is applicable to all the Directors and such designated persons who are expected to have access to unpublished price sensitive information relating to the Company. The amended policy is available on our website at https://www.canfinhomes.com/pdf/Code-of-Conduct-Prevention-of-Insider-Trading-Fair-Disclosure-120419.pdf

The Company has a software for tracking the movement/ exchange of unpublished price sensitive information and also a digital database of the designated persons for the purpose.

## 7. Compliance with discretionary requirements

The status of adoption of the non- mandatory requirements as specified in Regulation 27(1) of the SEBI (LODR) Regulations, 2015, are as follows:

**(i) The Board:** The Chairperson of the Company is Non- Executive Chairperson;

**(ii) Shareholder Rights:** Half-yearly and other quarterly financial statements are published in newspapers, uploaded on Company's website https://www.canfinhomes.com/, submitted to Stock exchanges on which Equity shares/ Non-convertible debentures of the Company are listed viz., the National Stock Exchange of India Ltd., and the BSE Limited; The Company protects and facilitates the exercise of the rights of the shareholders.

**(iii) Modified opinion(s) in audit report:** There were no qualifications/modified opinion(s) on financial statements by the Auditors.

**(iv) Reporting of Internal Auditor:** The Internal Auditor(s) of the Company may report directly to the Audit Committee without restrictions. The Internal Auditors, as stakeholders, have direct access to the Chairperson of the Audit Committee under the Whistle Blower Policy of the Company, which is made available on the website at https://www.canfinhomes.com/pdf/Whistle-Blower-Policy-120419.pdf

## 8. Compliance with the Code of Conduct

The Company has adopted the "Code of Conduct for Directors & Independent Directors" and "Code of Conduct for Senior Management of Can Fin Homes Ltd". The Codes are available on the website of the Company at https://www.canfinhomes.com/policies-codes.aspx.

The Managing Director and CEO of the Company has given a declaration that the members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of conduct of Board of Directors and Senior Management during the FY20. The said declaration has been placed as an Annexure 1 to this Report.

## 9. CEO and CFO Certification

In terms of Regulation 17(8) and Part B of Schedule II of SEBI (Listing Obligations and Disclosure requirements) Regulation, 2015, a certificate from the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company confirming, amongst other aspects, the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee, were taken on record at the Board meeting held on June 15, 2020 convened for approval of the audited financial results of the Company for the year under review. The said certification has been placed as an Annexure 2 to this report.

## 10. Disclosures with respect to demat suspense account/ unclaimed suspense account

The details of shares in the demat suspense account or unclaimed suspense account, as applicable are given below:

(a) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: 2275 shares of shares of ₹ 2/- each pertaining to 7 number of shareholders;

(b) Number of shareholders who approached listed entity for transfer of shares from suspense account during the year; Nil;

(c) Number of shareholders to whom shares were transferred from suspense account during the year: Nil;

(d) Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: 2275 shares of shares of ₹ 2/- each pertaining to 7 number of shareholders.

That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

## 11. Report on Corporate Governance

The Company has complied with the mandatory requirements as stipulated under Regulation 27 and Part C(11) of Schedule V of SEBI (Listing Obligations and Disclosure requirements) Regulation, 2015. The quarterly compliance reports on corporate governance together with a statement on related party transactions are submitted by the Company to the stock exchanges within the prescribed time limit, duly signed by the Compliance Officer of the Company. The Corporate Governance reports are uploaded in the Company's website for the information of all stakeholders.

For and on behalf of the Board of Directors

Sd/-
**Bharati Rao**
Chairperson

Place: Bengaluru
Date : July 30, 2020

# Annexure 1

## DECLARATION BY THE CEO - CODE OF CONDUCT

[Schedule V(D) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

The Board of Directors,
Can Fin Homes Ltd.
Bengaluru

Dear members of the Board,

**Sub: Compliance with Code of conduct by the Board of Directors and Senior Management.**

I, Shri Girish Kousgi, Managing Director & Chief Executive Officer of Can Fin Homes Ltd., hereby declare that all the members of the Board and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of Board of Directors and Senior Management for the financial year ended March 31, 2020.

Place: Bengaluru
Date: May 28, 2020

Sd/-
**Girish Kousgi**
Managing Director & CEO

# Annexure 2

## CERTIFICATE

[Pursuant to Clause 10 of Part C of Schedule V of SEBI (LODR) Regulations, 2015]

To,
To the Members
**Can Fin Homes Limited,**
Bengaluru-560004

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015; in respect of Can Fin Homes Limited (CIN: L85110KA1987PLC008699), it is hereby certified that:

On the basis of the written representations/declarations received from the directors and taken on record by the Board of Directors, as on March 31, 2020, none of the directors on the board of the company has been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Corporate Affairs or any such statutory authority.

For **S. KEDARNATH & ASSOCIATES**

Sd/-
**S.Kedarnath**
Company Secretary
FCS No. 3031, CP No. 4422
UDIN No. F003031B000335761

Place: Bengaluru
Date: June 19, 2020

# Annexure 3

## CEO/CFO CERTIFICATION FOR THE YEAR ENDED MARCH 31, 2020

With reference to the certification as per Regulation 17(8) Part B of the SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015, we certify that:

a) We have reviewed financial statements and the Cash Flow statement for the year ended March 31st 2020 and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

d) We have indicated to the auditors and the Audit Committee

   i. Significant changes in Internal control over financial reporting during the year;

   ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place: Bengaluru
Date: June 15, 2020

Sd/-
**Prashanth Joishy**
Asst. General Manager & CFO

Sd/-
**Girish Kousgi**
Managing Director & CEO

# General Information to Shareholder

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 regulation 34(3) read with Schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, hereinafter referred to as `SEBI regulations'.

## 33RD ANNUAL GENERAL MEETING (AGM)

Wednesday, August 26, 2020 at 11:00 a.m. through Video Conferencing

[Deemed venue for the meeting: Registered Office, No.29/1, Sir M N Krishna Rao Road, Basavanagudi, Bengaluru–560004]

**Financial year is from April 01, 2020 to March 31, 2021**

Calendar 2020-21: The probable schedule for holding meetings of the Audit Committee/Board of Directors is as under:

| Nature of Meeting | Purpose | Probable date |
|---|---|---|
| Audit Committee/ Board Meeting | To review, approve and take on record the financial results for the quarter ending June 30, 2020 | During First/Second week of August 2020 |
| Audit Committee/ Board Meeting | To review, approve and take on record the financial results for the quarter ending September 30, 2020. | During First/Second week of November 2020 |
| Audit Committee/ Board Meeting | To review, approve and take on record the financial results for the quarter ending December 31, 2020. | During First/Second week of February 2021 |
| Audit Committee/ Board Meeting | To review, approve and take on record the financial results (Audited) for the quarter and the financial year ending March 31, 2021. | During First/Second week of May 2021 |

## DATE OF BOOK CLOSURE:

August 20, 2020 Thursday to August 26, 2020 Wednesday (both days inclusive).

## DIVIDEND PAYMENT:

The Board of Directors of the Company have recommended a dividend of Rs.2/- per equity share of face value of Rs.2/- each (100%) for the financial year ended March 31, 2020, subject to approval of the shareholders at the ensuing annual general meeting and if declared, will be paid within 5 days to the shareholders who have furnished bank account details to the Company/ its Registrar. Physical warrants shall be dispatched to the shareholders, who have not registered their ECS mandates, upon normalisation of postal services. Dividend amount payable will be subject to deduction of tax at source (TDS) at applicable rates. For more information, please refere FAQs on Tax on Dividend under Investors' page on the website of the Company.

**Entitlement for Dividend:**

i. For the shares held in physical form: To the shareholders whose names appear on the register of members as at the close of business hours on August 19, 2020.

ii. For shares held in electronic form: To the Beneficial owners whose name appear in the statements of beneficial position furnished by the National Securities Depository Ltd.(NSDL) and Central Depository Services (India) Ltd. (CDSL) as at the close of business hours on August 19, 2020.

## LISTING OF EQUITY SHARES

| BSE Limited | National Stock Exchange of India Ltd. |
|---|---|
| P J Towers, Dalal Street, Mumbai 400001. | Exchange Plaza", Bandra-Kurla complex, Bandra(E), Mumbai 400051. |

## LISTING OF DEBT SECURITIES

The Non Convertible Debentures (NCDs) issued by the companies on private placement are listed on WDM segment of National Stock Exchange of India Limited.

| | |
|---|---|
| Debenture Trustees | SBICAP Trustees Company Limited<br>6th Floor, Apeejay House, 3, Dinshaw Wachha Road, Churchgate, Mumbai, 400020<br>Tel : 022-43025555, Fax : 022-43025500 |

## LISTING OF COMMERCIAL PAPERS

Also as per SEBI Circular SEBI/HO/DDHS/DDHS/CIR/P/2019/115 dated October 22, 2019, captioned "Framework for listing of Commercial Paper" the Company has listed its Commercial papers (CPs) on BSE Limited (BSE) and/or National Stock Exchange of India Ltd.

## LISTING FEE

The listing fees for the year 2019-20 have been paid to the above Stock Exchanges where the securities of the Company are listed within the prescribed time.

The Annual Custodial Fees for 2019-20 has been paid within the due date to CDSL and NSDL.

## STOCK CODE

The Scrip Name and Scrip Code at the stock exchanges viz., BSE Limited, Mumbai and National Stock Exchange of India Ltd, Mumbai, are as under:

NSE Symbol: CANFINHOME

BSE Scrip Code: 511196

The ISIN allotted to the Equity Shares of the Company is INE477A01020.

List of outstanding NCDs as on 31/03/2020:

| SN | ISIN | Tenor | Coupon | Amount issued (Rs. in Crore) | Allotment Date | Redemption Date | Secured/ Unsecured |
|---|---|---|---|---|---|---|---|
| 1. | INE477A08025 | 10 Years | 8.94% | 100 | 03-12-2014 | 03-12-2024 | Unsecured |
| 2. | INE477A07100 | 5 Years | 8.69% | 100 | 10-09-2015 | 10-09-2020 | Secured |
| 3. | INE477A07217 | 60 months | 7.77% | 122 | 15-11-2016 | 15-11-2021 | Secured |
| 4. | INE477A07225 | 39 months | 7.57% | 400 | 12-01-2017 | 12-04-2020 | Secured |
| 5. | INE477A07233 | 39 months | 7.68% | 200 | 27-02-2017 | 27-05-2020 | Secured |
| 6. | INE477A07241 | 60 months | 7.89% | 600 | 18-05-2017 | 18-05-2022 | Secured |
| 7. | INE477A07258 | 39 months | 7.32% | 400 | 26-07-2017 | 26-10-2020 | Secured |
| 8. | INE477A07266 | 39 months | 7.44% | 200 | 17-10-2017 | 17-10-2021 | Secured |
| 9. | INE477A07274 | 39 months | 7.64% | 200 | 29-11-2017 | 28-02-2021 | Secured |
| 10. | INE477A07282 | 39 months | 7.85% | 250 | 27-02-2020 | 27-05-2023 | Secured |

P.S.: Debentures are secured against the floating charge on book debts of the Company.

List of outstanding CPs as on 31/03/2020:

| SN | ISIN | Tenor | Coupon | Amount issued (Rs. in Crore) | Allotment Date | Redemption Date | Secured/ Unsecured |
|---|---|---|---|---|---|---|---|
| 1. | INE477A14AK4 | 363 days | 7.81 | 225 Cr | 04-06-2019 | 01-06-2020 | Unsecured |
| 2. | INE477A14AK4 | 363 days | 7.75 | 100 Cr | 04-06-2019 | 01-06-2020 | Unsecured |
| 3. | INE477A14AL2 | 350 days | 7.65 | 300 Cr | 19-07-2019 | 03-07-2020 | Unsecured |
| 4. | INE477A14AP3 | 336 days | 7.05 | 100 Cr | 16-10-2019 | 16-09-2020 | Unsecured |
| 5. | INE477A14AQ1 | 365 days | 6.79 | 100 Cr | 19-11-2019 | 18-11-2020 | Unsecured |
| 6. | INE477A14AR9 | 174 days | 6.25 | 300 Cr | 03-12-2019 | 25-05-2020 | Unsecured |
| 7. | INE477A14AS7 | 365 days | 6.50 | 150 Cr | 03-03-2020 | 03-03-2021 | Unsecured |

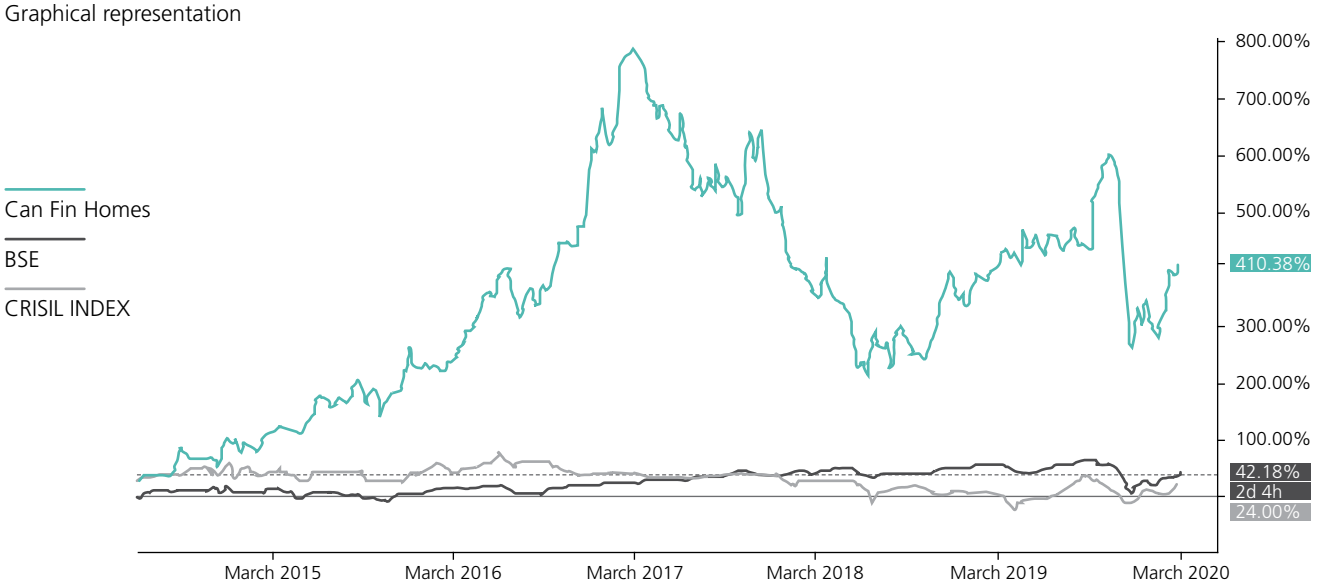
## MARKET PRICE DATA – HIGH/LOW DURING EACH MONTH IN THE LAST FINANCIAL YEAR

| Month and Year | National Stock Exchange of India Ltd. (NSE), Mumbai (Rs.) | | Bombay Stock Exchange Ltd. (BSE), Mumbai (Rs.) | |
|---|---|---|---|---|
| | High | Low | High | Low |
| April, 2019 | 368.70 | 311.05 | 368.35 | 311.25 |
| May, 2019 | 370.00 | 304.25 | 369.90 | 304.40 |
| June, 2019 | 372.45 | 334.50 | 371.70 | 335.00 |
| July, 2019 | 417.70 | 354.00 | 420.00 | 354.00 |
| August, 2019 | 417.00 | 356.40 | 416.90 | 360.60 |
| September, 2019 | 424.70 | 371.60 | 424.10 | 371.90 |
| October, 2019 | 410.30 | 368.50 | 410.00 | 365.00 |
| November, 2019 | 433.70 | 376.25 | 433.00 | 376.35 |
| December, 2019 | 424.60 | 385.25 | 424.55 | 384.80 |
| January, 2020 | 505.00 | 368.00 | 504.90 | 368.25 |
| February, 2020 | 519.00 | 461.65 | 519.00 | 462.15 |
| March, 2020 | 502.00 | 264.10 | 501.85 | 265.00 |

*The securities were not suspended from trading, any time during FY20.

## PERFORMANCE IN COMPARISON TO BROAD-BASED INDICES SUCH AS BSE & CRISIL INDEX :- 2015-2020

Graphical representation

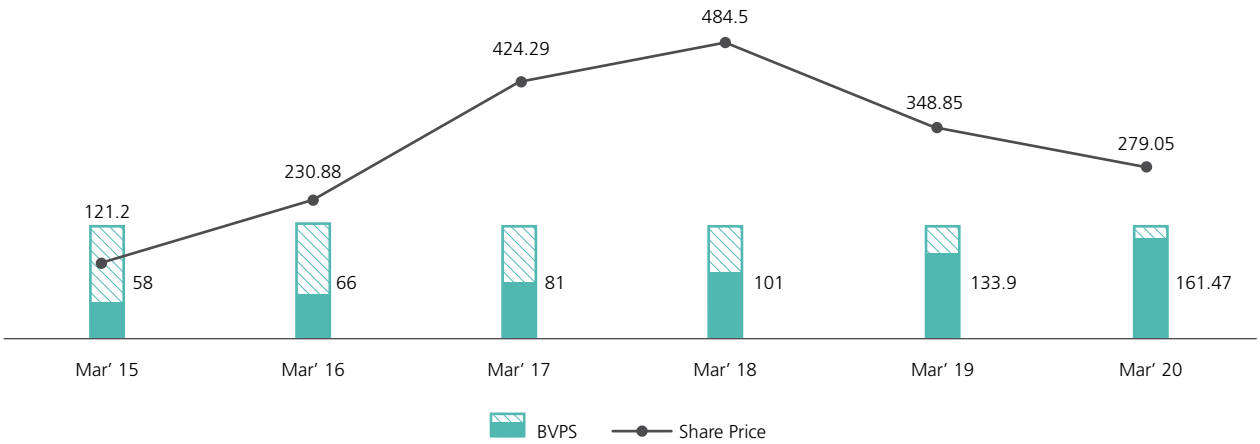


## STOCK PRICE AND BOOK VALUE – YEAR TO YEAR – 2015-2020

Book Value per share as on March 31, 2020 = Rs.161.47/- per equity share of face value of Rs 2/- per share.

Market Value per share as on March 31, 2020 (High) = Rs 301.00 (NSE), Rs 295.00 (BSE).

Graphical representation




P.S.: Face value of share is Rs 2/- per share, since Oct'17. Hence, for the sake of better presentation the face value has been converted to Rs 2/- for Mar'15 to Mar'17.

## REGISTRAR AND SHARE TRANSFER AGENTS (RTA)

Canbank Computer Services Ltd., Unit: Can Fin Homes Ltd.,

R&T Centre, No.218, J P Royale, I Floor,

2nd Main, Sampige Road, (Near 14th Cross), Malleshwaram, Bengaluru 560003

Tel: 080-23469661/62, 23469664/65 Fax: 080-23469667;

e-mail: ravi@ccsl.co.in and naidu@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 Company Secretary and one of the Asst. General Managers at the Registered Office of the Company and such requests are processed once in ten days. However, in cases of disputes over title to shares pending before Courts or otherwise and/or stop transfer instructions are registered by owners, the transfers take place on resolution of disputes between the parties and/or in terms of the applicable provisions of law.

## DEMATERIALISATION OF SHARES AND LIQUIDITY

The equity share of the Company are in the list of scripts specified by SEBI to the compulsorily traded in the electronic form. About 98.41% of paid up capital is held in dematerialised form and the remaining 1.59% are held in physical form. The securities of the Company are admitted as the 'Eligible Securities' into the Depository system by NSDL and CDSL. The shares of the Company are listed and traded actively on the stock exchanges and hence the liquidity for the shares of the Company is high.

## ADDRESS FOR CORRESPONDENCE

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

Investor Relationship Dept., Can Fin Homes Ltd., Registered Office, 29/1, Sir M N Krishna Rao Road, Basavanagudi, Bengaluru–560004.(Tel:080 26564259; Fax: 080 26565746); E-mail: investor.relationship@canfinhomes.com

## DISTRIBUTION OF SHAREHOLDING AS OF MARCH 31, 2020

| Amount (Rs.) | Members | | Shares | |
|---|---|---|---|---|
| | Number | % | Amount (Rs.) | % |
| Upto - 5000 | 61,517 | 85.20 | 1,60,90,618 | 6.04 |
| 5001 - 10000 | 5,254 | 7.28 | 80,20,568 | 3.01 |
| 10001 - 20000 | 3,092 | 4.28 | 89,73,612 | 3.37 |
| 20001 - 30000 | 904 | 1.25 | 46,04,108 | 1.73 |
| 30001 - 40000 | 391 | 0.54 | 27,60,790 | 1.04 |
| 40001 - 50000 | 248 | 0.34 | 23,12,116 | 0.87 |
| 50001 - 100000 | 419 | 0.58 | 58,21,526 | 2.19 |
| 100001 and above | 376 | 0.53 | 21,77,24,912 | 81.76 |
| **Total** | **72,201** | **100.00** | **26,63,08,250** | **100.00** |

## SHAREHOLDING PATTERN OF THE COMPANY AS OF MARCH 31, 2020

| Sl. No | Particulars/ Category of Shareholder | No. of Shareholders | Total number of shares | Total shareholding as % of total No. of equity share holdings (%) | No. of equity shares in de-mat form | Total demat shareholding as % of total No. of equity share holdings (%) |
|---|---|---|---|---|---|---|
| 1 | Promoter and Promoter Group | 1 | 39930365 | 29.99 | 39930365 | 29.99 |
| 2 | Mutual Funds/UTI | 58 | 14801380 | 11.12 | 14801380 | 11.12 |
| 3 | Financial Institutions/ Banks | 5 | 862383 | 0.65 | 862383 | 0.65 |
| 4 | Insurance companies | 10 | 613873 | 0.46 | 613873 | 0.46 |
| 5 | Foreign Institutional Investors | 0 | 0 | 0.00 | 0 | 0.00 |
| 6 | Bodies Corporate | 936 | 16936870 | 12.72 | 16892120 | 12.69 |
| 7 | Individuals | 67323 | 32791353 | 24.63 | 30722518 | 23.07 |
| 8 | Trust | 5 | 17333 | 0.01 | 17333 | 0.01 |
| 9 | Director & their relatives | 0 | 0 | 0.00 | 0 | 0.00 |
| 10 | Non Resident Indians | 2383 | 1319811 | 0.99 | 1319811 | 0.99 |
| 11 | Clearing members | 126 | 146004 | 0.11 | 146004 | 0.11 |
| 12 | Hindu Undivided Families | 1249 | 596077 | 0.45 | 596077 | 0.45 |
| 13 | Employee shareholders | 15 | 22995 | 0.02 | 16165 | 0.01 |
| 14 | Limited Liability Partnership/ Qualified Foreign Investor | 0 | 0 | 0.00 | 0 | 0.00 |
| 15 | Foreign Financial Institution | 1 | 2000 | 0.00 | 0 | 0.00 |
| 16 | Foreign Corporate Bodies | 87 | 24860701 | 18.67 | 24860701 | 18.67 |
| 17 | Foreign Nationals | 1 | 430 | 0.00 | 430 | 0.00 |
| 18 | IEPF Authority | 1 | 252550 | 0.19 | 252550 | 0.19 |
| | **GRAND TOTAL** | **72,201** | **133154125** | **100.00** | **131030710** | **98.41** |

## SHAREHOLDERS HOLDING MORE THAN 1% OF THE SHARES

| Sl. No | Name of the shareholder | No. of shares | % |
|---|---|---|---|
| 1 | Canara Bank | 39930365 | 29.99 |
| 2 | Caladium Investment Pte Ltd | 16638752 | 12.50 |
| 3 | Chhattisgarh Investments Limited | 10649521 | 7.99 |
| 4 | Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Small Cap Fund | 2692513 | 2.02 |
| 5 | Reliance Capital Trustee Co Ltd-A/C Nippon India Small Cap Fund | 1601174 | 1.20 |
| 6 | Sarda Energy And Minerals Limited | 1500000 | 1.13 |

## CREDIT RATINGS

| Credit Rating Agency | Instrument | Ratings | Revisions, if any | Revision Rational |
|---|---|---|---|---|
| India Ratings and Research Pvt. Ltd. (FITCH) | Debentures | IND AAA (Negative) | IND AA (Stable) | Since Canara Bank had indicated its intention of selling its stake in the Company as part of mobilising capital in light of government's direction. |
| | Tier II Bonds | IND AAA (Negative) | IND AA (Stable) | Since Canara Bank had indicated its intention of selling its stake in the Company as part of mobilising capital in light of government's direction. |
| CARE Limited | Debentures | CARE AAA (Stable) | None | NA |
| | Tier II Bonds | CARE AAA (Stable) | None | NA |
| | Commercial Papers | CARE A1+ | None | NA |
| ICRA Limited | Debentures | [ICRA]AA+ (Stable) | None | NA |
| | Tier II Bonds | [ICRA]AA+ (Stable) | None | NA |
| | Commercial Papers | [ICRA]A1+ | None | NA |
| | Deposits | MAAA(Stable) | None | NA |

## OTHER INFORMATION

**ADR/GDRs:**

The Company has not issued any Global Depository Receipts (GDRs) or American Depository Receipts (ADRs).

Plant Location:

Details of all the branches of the Company are provided at the end of the report.

## UNCLAIMED DIVIDEND

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, any money transferred to the unpaid Dividend Account of the Company, which remains unpaid for a period of 7 years, shall be transferred to IEPF.

In terms of the said provisions, the due date for transfer of unclaimed dividend amount to IEPF is as under:

| Dividend - relevant years | Dividend Per Share (Face value of Rs 10 upto FY16-17 & Rs 2/- from FY17-18) | Balance in unpaid dividend account as on March 31, 2020 (Rs.) | Unclaimed dividend as a % of total amount of dividend declared | Declared at the AGM held on | Due date for transfer to Protection Fund (IEPF)* |
|---|---|---|---|---|---|
| 2012-13 | 4.00 | 14,18,780.00 | 1.33 | 07.08.2013 | 07.08.2020 |
| 2013-14 | 6.50 | 20,95,710.50 | 1.21 | 31.07.2014 | 31.07.2021 |
| 2014-15 | 7.00 | 21,94,192.00 | 1.18 | 08.07.2015 | 08.07.2022 |
| 2015-16 | 10.00 | 29,32,290.00 | 1.10 | 20.07.2016 | 20.07.2023 |
| 2016-17 | 10.00 | 31,10,600.00 | 1.17 | 28.06.2017 | 28.06.2024 |
| 2017-18 | 2.00 | 28,62,482.00 | 1.07 | 18.07.2018 | 18.07.2025 |
| 2018-19 | 2.00 | 26,87,600.00 | 1.01 | 17.07.2019 | 17.07.2026 |

P.S.: Members of the Company can claim the unpaid dividend, if any, from the Company before the respective due dates of transfer to IEPF as mentioned above. As per Section 124(4) of the Companies Act, 2013 any person claiming to be entitled to any money transferred to IEPF may apply to the IEPF Authority for the payment of money claimed.

## TRANSFER OF SHARES TO IEPF DEMAT ACCOUNT

In terms of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and refund) Rules, 2016 (notified on September 05, 2016) and the related Amended rules, 2017 (notified on October 16, 2017) our Company is required to transfer all the shares, in respect of which dividend amounts have not been paid or claimed for 7 consecutive years, to 'IEPF Demat Account' opened with the Depository for the purpose by the Company.

In terms of the above Rules, reminder letters were sent to shareholders who have not claimed their dividends for a consecutive period of 7 years, informing that their shares will be transferred to IEPF suspense account on the prescribed due dates, if they do not place their claim for unclaimed dividend amounts before the Company. During FY 2019-20 your Company has transferred 4,000 Nos. of equity shares pertaining to 7 shareholders to IEPF. Your Company has provided the IEPF Rules, the paper notifications issued and lists of shareholders, whose shares have been transferred to IEPF in the Investor Page of the website of the Company. Any shareholder can claim back his shares by filing the claim in the prescribed form (E-form IEPF-5).

## ISSUE OF DUPLICATE DIVIDEND WARRANTS

A duplicate dividend warrant can be issued after the expiry of the validity period of the original warrant after complying with the simple prescribed procedural formalities. Shareholders who have lost their warrants/where the warrants are stale (older than 3 months) may write to RTA for revalidation/payment of dividend amount directly into their Bank accounts by way of NEFT, RTGS, NACH, etc.

## BANK ACCOUNT PARTICULARS

SEBI has issued a Circular CIR/MRD/ DP/10/2013 dated March 21, 2013 [in the light of developments in the field of electronic payment system by various modes viz., National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS) etc.,] whereby it has been made mandatory for the Companies to maintain requisite bank details of their investors. And also as per MCA General Circular No.20/2020 dated 05/05/2020, dividend amount will be credited directly into the Bank accounts by way of NEFT, RTGS, etc. of the shareholders who have furnished bank account details to the Company / its Registrar. Physical warrants shall be dispatched to the shareholders, who have not registered their ECS mandates / bank particulars, upon normalisation of postal services.

In terms of the said circular, the Company has been making remittances, if any, to members through electronic mode into the bank account as per details sought from NSDL/ CDSL (demat accounts) and to the account particulars furnished to the Company/RTA by the physical holders.

## NOMINATION

Pursuant to Section 72 of the Companies Act, 2013 and Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, individual/joint members of the Company may at any time, nominate in Form No.SH-13, any person as his/ her nominee in whom the security shall vest in the event of his/her death. Only individual shareholder(s) applying for/holding shares on his/ her behalf can make a nomination. If the shares are held jointly, all the holders shall together nominate an individual person as their nominee. Nomination stands automatically rescinded on transfer/ dematerialisation of shares.

The said form is made available on the website of the Company in 'Investor page'. Shareholders holding shares in dematerialised form are requested to contact their respective depository participants. Shareholders holding shares in physical form are requested to submit the Form to the RTA.

## FOLIO CONSOLIDATION

Shareholders holding shares under more than one folio may write to the Company or its RTA to consolidate their folios. In case of joint holdings, even if the order of names is different, shareholders can have them transposed without payment of stamp duty by sending a letter duly signed by all the shareholders. This will facilitate safekeeping and save cost at the time of dematerialisation. The above would be subject to verification of the signature(s) of the concerned shareholders.

## COMPLIANCE OFFICER

### Smt. Veena G Kamath

AGM & Company Secretary
Can Fin Homes Ltd.,
Sir M N Krishna Rao Road, Basavanagudi, Bengaluru 560004.
Phone:080-26564259, Fax:080-26565746
Email: investor.relationship@canfinhomes.com,
compsec@canfinhomes.com

# Independent Auditors' Report

To,
The Members,
Can Fin Homes Limited

## Report on the Audit of Ind AS Financial Statements

### Opinion

We have audited the accompanying Ind AS financial statements of Can Fin Homes Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date including summary of the significant accounting policies and other explanatory information in which are included the Returns for the year ended on that date audited by the branch auditors of the Company's 165 branches located at various locations across India (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion:

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Emphasis of Matter

We draw your attention to Note 45 to the financial statements which describes the impact of the COVID-19 pandemic on the Company's operations and financial position including the Company's estimates of the possible increase in impairment losses and the continuing uncertainties which may require changes in such estimates in the future.

Our opinion is not modified in respect of this matter.

### Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

| Sr. No. | Key Audit Matter | Auditor's response |
|---|---|---|
| 1. | **Expected credit loss allowances:**<br>Ind-AS accounting framework was implemented on April 1st, 2018. Accordingly Ind-AS 109 is a new and complex standard that requires the Company to recognise Expected Credit Loss (ECL) on financial instruments. This is a significant departure from the earlier rule based provisioning. Expected credit loss allowances relating to loans and advances are determined on a portfolio basis, with the use of impairment models. These models are based on historical loss experience and use a number | We evaluated management's process and tested key controls around the determination of expected credit loss allowances, including controls relating to:<br>• The identification of events leading to a significant increase in risk and credit impairment events; and<br>• The review, challenge and approval of the expected credit loss allowances, including the impairment model outputs and key management judgements applied. |

| Sr. No. | Key Audit Matter | Auditor's response |
|---|---|---|
| | of key assumptions including probability of default, loss given default (including propensity for possession and forced sale discounts for mortgages) and valuation of recoveries. Our work therefore focused on the appropriateness of modelling methodologies adopted and the significant judgements required.<br><br>Refer to Note 2(i) to the financial statements accounting policy on accounting for the impairment of financial assets and Note 40(i) to the financial statements for credit risk disclosures and for Credit impairment charges and other provisions. | We found that these key controls were designed, implemented and operated effectively, and therefore determined that we could place reliance on these key controls for the purposes of our audit.<br><br>We understood and assessed the appropriateness of the impairment models developed and used by the management at the entity level. This included assessing and challenging the appropriateness of key modelling judgements (e.g. the transfer criteria used to determine significant increase in credit risk). We tested the formula applied within the calculation files, the completeness and accuracy of key data inputs, sourced from underlying systems that are applied in the calculation. We also tested the reconciliation of loans and advances between underlying source systems and the expected credit loss models. |
| 2. | **Recognition, Measurement, Presentation and Disclosure of leases under Ind AS 116:**<br><br>Ind AS 116 replaces the existing standard Ind AS 17 and specifies how an entity will recognize, measure, present and discloses leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The management of the Company has adopted Ind AS 116 'Leases' with effect from April 1, 2019 and applied to the lease contract existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings as per the guidelines provided in Ind AS 116. The implementation of Ind AS 116 is considered a key audit matter due to first time adoption of the standard and the related judgments needed in establishing the underlying key assumptions.<br><br>Refer to Note 2(h) to the financial statements for the accounting policy and Note 43 on transition to Ind AS 116. | We have evaluated the application of Ind AS 116 and tested the resulting impact on the Ind AS financial statements.<br><br>We have verified the lease agreements and assessed various terms and conditions of the lease arrangements including factors such as non-cancellable lease period, discount rate and other measurement principles.<br><br>Also we have considered the management's judgement of reasonable certainty to exercise the option to extend or terminate the lease arrangement to ensure whether the lease is consistent with the definitions of Ind AS 116.<br><br>Furthermore, we have assessed the modified retrospective application and verified whether this is consistent with the definition and expedients of Ind AS 116. |
| 3. | **Information Technology ('IT') systems and controls:**<br><br>The Company's key financial accounting and reporting processes are highly dependent on information systems including automated controls in information systems, such that there exists a risk that, gaps in the IT control environment could result in the financial accounting and reporting records being misstated.<br><br>We have identified 'IT systems and controls' as key audit matter because of significant use of IT system and the scale and complexity of the IT architecture. | Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the IT system by verifying the reports and other financial and non-financial information generated from the system on a test check basis. Our audit procedures included:<br><br>• We have evaluated the design and tested the operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting including the completeness and accuracy of data feeds, and automated calculations.<br><br>• Ensuring that deficiencies noticed in our verification were informed to the management for corrective action, which is already been done;<br><br>• Carrying out independent alternative audit procedures like substantive testing in areas where deficiencies were noticed; |

| Sr. No. | Key Audit Matter | Auditor's response |
|---|---|---|
| | | We have considered the report given by IT audit specialists appointed by the management on design and operating effectiveness of the General IT Controls and assessed its impact on the key financial accounting and reporting systems;<br><br>Our audit procedures also included the consideration of the observations noted by the branch statutory auditors on the assessment of IT controls over the monitoring of loans, and reviewing the logic and assumptions used in the operating systems and other related IT system controls. |

## Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report and the Report of Directors including Annexures to Directors Report, Corporate Governance and Information to Shareholders which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the reports which we are expected to be made available to us after the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. In case of uncorrected material misstatements, we are required to communicate to other stakeholders as appropriate as well as to take action under the applicable laws and regulations, if any.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Other Matter

1. We did not audit the financial statements of 165 branches included in the financial statements of the Company whose financial statements reflect total assets of ₹ 14,90,523 lacs as at 31st March 2020 and total revenues of ₹ 1,43,595 lacs for the year ended on that date, as considered in the financial statements. The financial statements of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

2. Statutory auditors of 25 branches whose financial statements reflect total assets of ₹ 2,02,834.40 lacs as at 31st March 2020 and total revenues of ₹ 18,288.57 lacs for the year ended on that date, as considered in the financial statements, could not visit the branches to perform the audit due to the restrictions imposed by the COVID 19 outbreak. As informed they have relied on scanned copies of accounting records and documents including loan agreements and valuation reports for carrying out their audit. They also could not perform physical cash verification and fixed assets verification at those branches.

Our opinion is not modified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("The order") issued by the Central Government of India in terms of sub-section 11 of section 143 of the Act, we give in the Annexure (Annexure A) a statement on the matters specified in Paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our 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 purposes of our audit have been received from branches not visited by us.

   c) The report on the accounts of 165 branch offices audited under section 143 by a person other than the Company's principal auditor have been forwarded to us as required by sub-section (8) of section 143 and have been properly dealt with in preparing our report in the manner considered necessary by us;

   d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account;

   e) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

   f) On the basis of written representations received from the directors as on 31st March 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020, from being appointed as a director in terms of Section 164(2) of the Act;

   g) With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such control, refer to our separate report in "Annexure B";

   h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is within the limit laid down under the provisions of section 197 of the Act.

   i) With respect to the other matters to be included in the Auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed pending litigations as contingent liabilities in Note 36 to the financial statements, the impact if any on the final settlement of the litigations is not ascertainable at this stage.

      ii. The Company has not entered into any long-term contracts including derivative contracts which require provision for foreseeable losses as per law or applicable accounting standards and

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company. Refer Note 16.2 to the Financial Statements.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

**R Kesavadas**
Partner
M.No.23862
UDIN: 20023862AAAABC2998

Place: Bengaluru
Date :15/06/2020

# Annexure – A to the Auditors' Report

**Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Independent Auditors Report of even date on the Financial Statement of M/s Can Fin Homes Limited for the year ended 31st March 2020.**

i. In respect of Fixed Assets:

   a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets. In our opinion, the records require further improvement with respect to situation of fixed assets.

   b. We are informed that the fixed assets of the located at the 184 branches including the Centralised Processing Centre and the Head Office have been physically verified after the year end due to the economic lockdown imposed by government on account of COVID 19 outbreak but before the date of our report by the persons in-charge except in the case of seven branches and no major discrepancies were noticed on such verifications. In our opinion the frequency of verification of fixed assets of the company is adequate.

   c. The title deeds of the immovable property of the Company are held in its name.

ii. The nature of the Company's business is such that it is not required to hold any inventories and, hence, reporting under paragraph 3 (ii) of the order is not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Hence, reporting under paragraph 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not given Loans, guarantees, investments or securities which fall under the purview of Sections 185 & 186 of the Companies Act, 2013.

v. As per the Ministry of Corporate Affairs notification dated 31st March 2014, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company and, hence, reporting under Clause 3(v) of the Order is not applicable.

vi. As per the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, 2013 for any of the services rendered by the Company.

vii. In respect of statutory dues:

   a. According to the information and explanation given to us and as per our verification of the records of the Company, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, cess and any other statutory dues with the appropriate authorities and no material statutory dues have been outstanding for more than six months from the due date as at the year end.

   b. According to the information and explanation given to us and as per our verification of the records of the Company, the following are the disputed amounts of tax/ duty along with the details of amounts that have been deposited with appropriate authorities as at 31st March 2020:

| Statute | Nature of dues | Amount (In Lacs) | Amount paid (in Lacs) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 3.55 | 3.55* | AY 2003-2004 | Commissioner of Income Tax -Appeals |
| Income Tax Act, 1961 | Income Tax | 15.61 | Nil | AY 2004-2005 | Deputy Commissioner Income Tax |
| Income Tax Act, 1961 | Income Tax | 568.55 | 568.55* | AY 2006-2007 | High Court of Karnataka |
| Income Tax Act, 1961 | Income Tax | 446.27 | 446.27* | AY 2007-2008 | High Court of Karnataka |
| Income Tax Act, 1961 | Dividend Distribution Tax-u/s 115-O | 16.44 | Nil | AY 2011-2012 | Commissioner of Income Tax –Appeals |
| Income Tax Act, 1961 | Income Tax | 36.94 | 7.39* | AY 2017-2018 | Commissioner of Income Tax –Appeals |

* Includes amount paid under protest and amounts adjusted against refunds due to the Company.

viii. According to information and explanation given to us and as per our verification of the records of the Company, the Company has not defaulted in repayment of its dues to bank/ financial institution/government/debenture holders during the year.

ix. The Company has not raised moneys by way of Initial Public offer or further public offer. The term loans raised have been applied for the purposes for which they were raised. The Company has also raised working capital loans with no repayment schedule and being working capital loans the reporting requirements of utilization is not commented upon.

x. According to the information and explanations given to us and as per our verification of the records of the Company, no fraud either on or by the Company has been noticed or reported by its officers or employees during the year.

xi. According to the information and explanations given to us, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

**R Kesavadas**
Partner
M.No.23862
UDIN: 20023862AAAABC2998

Place: Bengaluru
Date :15/06/2020

# Annexure – B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of M/s Can Fin Homes Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial

reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

## Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 165 branches is based on the corresponding auditors' reports of the auditors of such branches.

For **VARMA & VARMA**
Chartered Accountants
FRN 004532S

**R Kesavadas**
Partner
M.No.23862
UDIN: 20023862AAAABC2998

Place: Bengaluru
Date :15/06/2020

# Balance Sheet as at March 31, 2020

(₹ in lakhs)

| Sl. No. | Particulars | Note No. | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|---|
| | **ASSETS** | | | |
| I | **Financial Assets** | | | |
| | a) Cash and Cash equivalents | 3(a) | 37,231.93 | 40,153.45 |
| | b) Bank Balances other than (a) | 3(b) | 2,012.06 | 1,871.94 |
| | c) Derivative Financial Instruments | | - | - |
| | d) Receivables | 4 | | |
| | (i) Trade Receivables | | 25.55 | 13.91 |
| | (ii) Other Receivables | | - | - |
| | e) Loans | 5 | 20,52,569.25 | 18,23,417.57 |
| | f) Investments | 6 | 2,430.50 | 1,629.59 |
| | g) Other Financial Assets | 7 | 302.63 | 266.64 |
| II | **Non-Financial Assets** | | | |
| | a) Current Tax Assets (Net) | 8.1 | 2,403.93 | 2,062.39 |
| | b) Deferred Tax Assets (Net) | 8.2 | 3,389.25 | 2,400.76 |
| | c) Property, Plant and Equipment | 9 | 3,789.74 | 985.15 |
| | d) Other non-financial assets | 10 | 203.76 | 147.84 |
| | **TOTAL** | | 21,04,358.61 | **18,72,949.24** |
| | **LIABILITIES AND EQUITY** | | | |
| | **LIABILITIES** | | | |
| I | **Financial Liabilities** | | | |
| | a) Derivative Financial Instruments | | - | - |
| | b) Payables | 11 | | |
| | Trade Payables | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | | - | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 400.35 | 332.19 |
| | Other Payables | | | |
| | (i) total outstanding dues of micro enterprises and small enterprises | | - | - |
| | (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | | 23.60 | 14.38 |
| | c) Debt Securities | 12 | 3,80,955.13 | 5,63,468.56 |
| | d) Borrowings (Other than debt securities) | 13 | 14,53,089.75 | 10,88,139.04 |
| | e) Deposits | 14 | 30,508.05 | 26,109.48 |
| | f) Subordinated Liabilities | 15 | 10,291.47 | 10,291.47 |
| | g) Other Financial Liabilities | 16 | 5,871.82 | 2,232.06 |
| II | **Non-Financial Liabilities** | | | |
| | a) Current tax liabilities (Net) | | - | - |
| | b) Provisions | 17 | 6,623.03 | 2,663.65 |
| | c) Deferred tax liabilities (Net) | | - | - |
| | d) Other non-financial liabilities | 18 | 1,588.57 | 1,479.81 |
| III | **EQUITY** | | | |
| | a) Equity Share capital | 19 | 2,663.31 | 2,663.31 |
| | b) Other Equity | 20 | 2,12,343.54 | 1,75,555.29 |
| | **TOTAL** | | 21,04,358.61 | **18,72,949.24** |

Significant Accounting Policies 1 & 2

See accompanying notes forming part of the financial statements
As per our report of even date attached

For and on behalf of the Board

For **Varma & Varma,**
Chartered Accountants
FRN:- 004532S

**R. Kesavadas**
Partner
Membership No: 23862

Place: Bengaluru
Date:15.06.2020

**Bharati Rao**
Chairperson
DIN: 01892516

**G Naganathan**
Director
DIN: 00423686

**Shamila Mangalore**
General Manager

**Girish Kousgi**
Managing Director & CEO
DIN: 08524205

**Dr. Y Vijayanand**
Director
DIN:00594503

**Prashanth Joishy**
Chief Financial Officer

**Shreekant M Bhandiwad**
Wholetime Director
DIN: 08120906

**Debashish Mukherjee**
Director
DIN:08193978

**Veena G Kamath**
Company Secretary

# Statement of Profit and Loss for the period ended March 31, 2020

(₹ in lakhs)

| Sl. No. | Particulars | Note No. | Year ending March 31, 2020 | Year ending March 31, 2019 |
|---|---|---|---|---|
| | **Revenue from Operations** | | | |
| | i) Interest Income | 21 | 2,01,890.59 | 1,71,340.68 |
| | ii) Fees and Commission Income | 22 | 1,150.72 | 1,354.43 |
| **I** | **Total Revenue from Operations** | | **2,03,041.31** | **1,72,695.11** |
| II | Other Income | 23 | 3.77 | 439.45 |
| **III** | **Total Income (I+II)** | | **2,03,045.08** | **1,73,134.56** |
| | **Expenses** | | | |
| | i) Finance Costs | 24 | 1,34,420.98 | 1,16,927.38 |
| | ii) Fees and Commission Expense | 25 | 1,231.46 | 1,085.10 |
| | iii) Impairment on financial instruments | 26 | 6,031.57 | 109.22 |
| | iv) Employee Benefit Expenses | 27 | 5,420.57 | 4,139.92 |
| | v) Depreciation, Amortisation and Impairment | 28 | 947.13 | 296.88 |
| | vi) Other expenses | 29 | 3,164.73 | 3,625.58 |
| **IV** | **Total Expenses** | | **1,51,216.43** | **1,26,184.08** |
| **V** | **Profit(loss) before exceptional items and tax** | | 51,828.65 | 46,950.48 |
| VI | Exceptional items | | - | - |
| **VII** | **Profit(loss) before tax** | | **51,828.65** | **46,950.48** |
| VIII | Tax Expense | | | |
| | a) Current Tax | | 14,556.71 | 17,203.91 |
| | b) Tax expense of earlier years | | 461.81 | 151.54 |
| | c) Deferred Tax | | (802.22) | (78.67) |
| **IX** | **Profit(Loss) for the period from continuing operations** | | **37,612.35** | **29,673.69** |
| X | Profit(Loss) from discontinued operations | | - | - |
| XI | Tax expense of discontinued operations | | - | - |
| XII | Profit(Loss) from discontinued operations (after tax) | | - | - |
| **XIII** | **Profit(Loss) for the period** | | **37,612.35** | **29,673.69** |
| **XIV** | **Other Comprehensive income** | 39 | | |
| | A. Items that will not be reclassified to profit or loss | | | |
| | (i) Actuarial (Gain)/ loss | | 228.55 | (4.21) |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | (57.52) | 1.47 |
| | B. Items that will be reclassified to profit or loss | | | |
| | (i) Items that will be reclassified to profit or loss | | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| | **Other Comprehensive income** | | **171.03** | **(2.74)** |
| **XV** | **Total Comprehensive Income for the period** | | **37,441.32** | **29,676.43** |
| **XVI** | **Earnings per equity share (for continuing and discontinued operations)** | 38 | | |
| | Basic (₹) | | 28.25 | 22.29 |
| | Diluted (₹) | | 28.25 | 22.29 |

Significant Accounting Policies 1 & 2

See accompanying notes forming part of the financial statements
As per our report of even date attached

For Varma & Varma,
Chartered Accountants
FRN:- 004532S

R. Kesavadas
Partner
Membership No: 23862

Place: Bengaluru
Date:15.06.2020

For and on behalf of the Board

Bharati Rao
Chairperson
DIN: 01892516

G Naganathan
Director
DIN: 00423686

Shamila Mangalore
General Manager

Girish Kousgi
Managing Director & CEO
DIN: 08524205

Dr. Y Vijayanand
Director
DIN:00594503

Prashanth Joishy
Chief Financial Officer

Shreekant M Bhandiwad
Wholetime Director
DIN: 08120906

Debashish Mukherjee
Director
DIN:08193978

Veena G Kamath
Company Secretary

# Cash Flow Statement for the period ended March 31, 2020

(₹ in lakhs)

| Sl. No. | Particulars | Year ending March 31, 2020 | Year ending March 31, 2019 |
|---|---|---|---|
| A) | **Cash Flow from Operating Activities** | | |
| | Net Profit Before Tax and Exceptional Items | 51,828.65 | 46,950.48 |
| | **Add:** | | |
| | **i) Adjustment For:** | | |
| | Depreciation and Amortization | 947.13 | 296.88 |
| | Loss/(Profit) on Sale of Assets [net] | 1.85 | (4.58) |
| | Provision no longer required written back | - | (2.15) |
| | Interest on lease liability | 314.40 | - |
| | Interest expense accrued but not paid | 11,451.48 | 18,564.86 |
| | Interest income accrued but not received | (7.14) | (12.79) |
| | Impairment of financial instruments | 6,031.57 | 109.22 |
| | Fair Value adjustments on Debentures | 107.62 | 187.63 |
| | Fair Value adjustments on Investments | 2.57 | (0.25) |
| | **Operating Profit before Working Capital Changes** | **70,678.13** | **66,089.29** |
| | **ii) Adjustment For Working Capital:** | | |
| | (Increase)/Decrease in Trade Receivables | (11.64) | 7.13 |
| | Increase/(Decrease) in Trade Payables | 77.38 | (653.72) |
| | (Increase)/Decrease in Other Financial Assets | (28.85) | (45.53) |
| | (Increase)/Decrease in Loans | (2,35,183.25) | (2,64,161.01) |
| | Increase/(Decrease) in Provisions | 3,730.82 | (692.82) |
| | (Increase)/Decrease in Other non-financial assets | (55.93) | (10.57) |
| | Increase/(Decrease) in Other financial liabilities | (11,388.57) | (21,673.15) |
| | Increase/(Decrease) in Other non-financial liabilities | 390.17 | 2,630.70 |
| | | **(2,42,469.86)** | **(2,84,598.97)** |
| | **Cash Generated from Operations** | **(1,71,791.73)** | **(2,18,509.67)** |
| | Less: Income Tax Paid | 12,419.80 | 14,983.07 |
| | **Net Cash Flow from Operating Activities** | **(1,84,211.54)** | **(2,33,492.74)** |
| B) | **Cash Flow from Investing Activities** | | |
| | Purchase of Property, Plant and Equipment | (374.31) | (332.70) |
| | Sale of Property, Plant and Equipment | 3.74 | 12.25 |
| | Investment in Government Securities | (803.48) | (6.50) |
| | (Increase)/Decrease in Other Bank balances | (140.12) | (43.75) |
| | **Net Cash Flow from Investing Activities** | **(1,314.17)** | **(370.70)** |
| C) | **Cash Flow from Financing Activities** | | |
| | Short term borrowings (net) | (19,610.19) | 50,522.04 |
| | Long Term Borrowings taken | 5,03,000.00 | 5,00,500.00 |
| | Long Term Borrowings repaid | (1,18,439.10) | (1,32,147.55) |
| | Proceeds from deposits accepted (net) | 4,398.57 | 3,279.50 |
| | Debt Securities ( net) | (1,82,621.04) | (1,45,000.00) |
| | Payment of lease liability | (913.51) | 0.00 |
| | Dividend and dividend distribution tax paid | (3,210.53) | (3,210.48) |
| | **Net Cash Flow from Financing Activities** | **1,82,604.19** | **2,73,943.51** |

# Cash Flow Statement for the period ended March 31, 2020

(₹ in lakhs)

| Sl. No. | Particulars | Year ending March 31, 2020 | Year ending March 31, 2019 |
|---|---|---|---|
| | **Increase/ (Decrease) in Cash & Cash Equivalents** | (2,921.52) | 40,080.05 |
| | Cash & Cash Equivalents at the Beginning of the Year | 40,153.45 | 73.42 |
| | **Cash & Cash Equivalents at the end of the Year [refer note 3(a)]** | **37,231.93** | **40,153.45** |
| | **Other Notes:** | | |
| | Cash and Cash equivalents include: | | |
| | Cash on hand | 41.32 | 65.07 |
| | Cheques on hand | - | 68.41 |
| | Balance with Banks | | |
| | - Current Accounts | 190.61 | 19.97 |
| | - Fixed Deposits | 37,000.00 | 40,000.00 |
| | **Total** | **37,231.93** | **40,153.45** |

Note : During the year company has spent ₹1,004.02 lakhs (PY 606.24 lakhs) on eligible corporate social responsibility activities (refer Note 46).

See accompanying notes forming part of the financial statements

For and on behalf of the Board

**Bharati Rao**
Chairperson
DIN: 01892516

**Girish Kousgi**
Managing Director & CEO
DIN: 08524205

**Shreekant M Bhandiwad**
Wholetime Director
DIN: 08120906

**G Naganathan**
Director
DIN: 00423686

**Dr. Y Vijayanand**
Director
DIN:00594503

**Debashish Mukherjee**
Director
DIN:08193978

**Shamila Mangalore**
General Manager

**Prashanth Joishy**
Chief Financial Officer

**Veena G Kamath**
Company Secretary

We have examined the above Cash Flow Statement of Can Fin Homes Limited for the period ended March 31, 2020. The statement has been prepared by the Company in accordance with the requirements of the listing agreements with the respective stock exchange and is based on and in agreement with the corresponding Profit and Loss account and Balance sheet of the Company

As per our report of even date attached

**For Varma & Varma,**
Chartered Accountants
FRN:- 004532S

**R. Kesavadas**
Partner
Membership No: 23862

Place: Bengaluru
Date: 15.06.2020

# Statement of Changes in Equity for the period ended March 31, 2020

(₹ in lakhs)

| Particulars | Equity Share Capital | Other Equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Share application money pending allotment | Reserves and Surplus | | | | | Other items of OCI | Total |
| | | | Statutory Reserves | General Reserve | Securities Premium | Retained Earnings | Special Reserve | | |
| **Balance as at 1st April 2019** | **2,663.31** | **-** | **24,535.29** | **55,483.09** | **27,297.54** | **5,890.94** | **62,301.74** | **46.69** | **1,75,555.29** |
| **Changes in equity for the year ended March 31, 2020:** | | | | | | | | | |
| Equity shares issued during the year | - | - | - | - | - | - | - | - | - |
| Equity Shares forfeited | - | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | - | 37,612.35 | - | | 37,612.35 |
| Changes in accounting policy/prior period errors (Refer note 43) | - | - | - | - | - | (382.80) | - | - | (382.80) |
| Comprehensive Income for the year | - | - | - | - | - | - | - | (171.03) | (171.03) |
| Dividends | - | - | - | - | - | - | - | - | - |
| Transfer to /from retained earnings | - | - | 7,488.26 | 7,488.26 | - | (26,659.07) | 14,622.81 | - | 2,940.26 |
| Dividends (including tax thereon) | - | - | - | - | - | (3,210.53) | - | - | (3,210.53) |
| Others | - | - | - | - | - | - | - | - | - |
| **Balance as at March 31, 2020** | **2,663.31** | **-** | **32,023.55** | **62,971.35** | **27,297.54** | **13,250.89** | **76,924.55** | **(124.34)** | **2,12,343.54** |

(₹ in lakhs)

| Particulars | Equity Share Capital | Other Equity | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Share application money pending allotment | Reserves and Surplus | | | | | Other items of OCI | Total |
| | | | Statutory Reserves | General Reserve | Securities Premium | Retained Earnings | Special Reserve | | |
| **Balance as at 1st April 2018** | **2,663.31** | **-** | **18,600.00** | **49,547.80** | **27,297.54** | **37.76** | **50,508.38** | **43.95** | **1,46,035.43** |
| **Changes in equity for the year ended March 31, 2019:** | | | | | | | | | |
| Equity shares issued during the year | - | - | - | - | - | - | - | - | - |
| Equity Shares forfeited | | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | - | - | 29,673.69 | - | - | 29,673.69 |
| Comprehensive Income for the year | - | - | - | - | - | - | - | 2.74 | 2.74 |
| Dividends | - | - | - | - | - | - | - | - | - |
| Transfer to /from retained earnings | - | - | 5,935.29 | 5,935.29 | - | (20,610.02) | 11,793.37 | - | 3,053.91 |
| Dividends (including tax thereon) | - | - | - | - | - | (3,210.48) | - | - | (3,210.48) |
| Others | - | - | - | - | - | - | - | - | - |
| **Balance as at March 31, 2019** | **2,663.31** | **-** | **24,535.29** | **55,483.09** | **27,297.54** | **5,890.94** | **62,301.74** | **46.69** | **1,75,555.29** |

See accompanying notes forming part of the financial statements

For and on behalf of the Board

For **Varma & Varma,**
Chartered Accountants
FRN:- 004532S

**R. Kesavadas**
Partner
Membership No: 23862

Place: Bengaluru
Date:15.06.2020

**Bharati Rao**
Chairperson
DIN: 01892516

**G Naganathan**
Director
DIN: 00423686

**Shamila Mangalore**
General Manager

**Girish Kousgi**
Managing Director & CEO
DIN: 08524205

**Dr. Y Vijayanand**
Director
DIN:00594503

**Prashanth Joishy**
Chief Financial Officer

**Shreekant M Bhandiwad**
Wholetime Director
DIN: 08120906

**Debashish Mukherjee**
Director
DIN:08193978

**Veena G Kamath**
Company Secretary

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## 1. Company Overview

Can Fin Homes Ltd (The Company)., set up under the sponsorship of Canara Bank, was incorporated in the year 1987, The Company is a housing finance institution approved by National Housing Bank (NHB), the apex authority of housing in the country. It is a listed company and its shares are traded in all the major stock exchanges in the country. The company has its head office in Bengaluru, Karnataka.

## 2. Summary of Significant Accounting Policies:

### a) Statement of compliance:

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as applicable read with Section 133 of the Companies act, 2013 (the "Act") and guidelines issued by National Housing Bank.

Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

### b) Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for the following material items that have been measured at fair value as required by relevant Ind AS:

i. Certain financial assets and liabilities measured at fair value (refer accounting policy on financial instruments);

ii. Defined benefit and other long-term employee benefits

### c) Use of estimates and judgment

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, and disclosure of Contingent liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements are as below:

1. Measurement of Expected Credit Loss
2. Measurement of useful life of Property, Plant & Equipment
3. Estimation of Taxes on Income
4. Estimation of Employee Benefit Expense

### d) Financial instruments

#### Initial recognition and measurement:

All financial instruments are recognised initially at fair value. Transaction costs that are directly attributable to the acquisition of the financial asset are recognised in determining the carrying amount, if it is not classified as at fair value through profit or loss.

Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. Loans, borrowings and payables are recognised net of directly attributable transaction costs. Subsequently, financial instruments are measured according to the category in which they are classified.

#### Subsequent measurement:

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non- derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non-derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

a) Non-derivative financial assets

(i) Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets. Cash and cash equivalents are highly liquid instruments that are readily convertible into cash and which are subject to an insignificant risk of changes in value and comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

(ii) Debt instruments at FVTOCI

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets and

(b) the asset's contractual cash flow represents SPPI

Debt instruments included within FVTOCI category are measured initially as well as at each reporting period at fair value plus transaction costs. Fair value movements are recognised in other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain/(loss) in statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit and loss. Interest earned is recognised under the effective interest rate (EIR) model.

(iii) Debt Instruments at FVTPL

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

b) Non-derivative financial liabilities

(i) Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by debt securities, subordinated liabilities, deposits, borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

**e) Statement of Cash Flows:**

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

Cash flows are reported using the indirect method whereby profit or loss is adjusted for the effects of the transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expense associated with investing or financing cash flows.

**f) Property, plant and equipment**

i) Recognition and measurement:

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Costs include directly attributable expenditure incurred up to the date the asset is ready for its intended use.

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital advances and capital work- in-progress respectively. Depreciation is not recorded on capital work-in-progress until installation is complete and the asset is ready for its intended use.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

ii) Depreciation:

Depreciation on tangible assets is provided on the Written Down Value method over the estimated useful life of the assets as prescribed in Schedule II of the Companies Act, 2013, except in case of servers, where the useful life is estimated to be 3 years considering its nature, estimated usage, operating conditions, anticipated technological changes, manufacturers warranties and maintenance support.

Depreciation methods, useful life and residual values are reviewed atleast at each year end. Changes in expected useful life are treated as change in accounting estimate.

When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (major components) of property, plant and equipment.

**g) Intangible Assets**

Intangible assets are stated at cost less accumulated amortization and impairments. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors.

The estimated useful lives of intangible assets for the current and comparative period are as follows:

| Asset | Estimated useful life |
|---|---|
| Software | 5 Years |

**h) Lease**

The Company recognises assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

The Company measures right-of-use assets similarly to other non-financial assets (such as property, plant and equipment) and lease liabilities similarly to other financial liabilities. As a consequence, the Company recognises depreciation on the right-of-use asset and interest on the lease liability. The depreciation would usually be on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the Company is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.

**i) Impairment**

i) Financial assets

Ind AS 109 establishes a credit risk impairment model based on expected losses. This model will apply to loans and debt instruments measured at amortised cost or at fair value through shareholders' equity (on a separate line), to loan commitments and financial guarantees not recognised at fair value, as well as to lease receivables. The impairment model under Ind AS 109 requires accounting for 12-month expected credit losses (that result from the risk of default in the next 12 months) on the financial instruments issued or acquired, as of the date of initial recognition on the balance sheet. Expected credit losses at maturity (that result from the risk of default over the life of the financial instrument) will be recognised if the credit risk has increased significantly since initial recognition (Stage 2) or have become credit impaired (Stage 3).

Under the standard, there is also a rebuttable presumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. Based on past experience, the company has developed the ECL model rebutting this presumption and uses 30 days past due as the trigger for confirming a significant increase in credit risk. The structure of the ECL model developed by the company is:

| Stage | Assets |
|---|---|
| 1 | Standard Assets/SMA 0* assets: Over due for 30 days |
| 2 | SMA 1 and SMA 2 Assets: Over due morethan 30 days to 90 days |
| 3 | Sub-standard, Doubtful and Loss Assets (all NPAs) – Overdue for morethan 90 days |

*SMA- Special Mention Accounts.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

The Company assesses periodically and at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment allowances represent management's best estimate of the losses incurred within the loan portfolios at the balance sheet date. They are calculated on a collective basis for portfolios of loans of a similar nature and on an individual basis for significant loans. The calculation of both collective and specific impairment allowances is inherently judgmental. Collective impairment allowances are calculated using models which approximate the impact of current economic and credit conditions on large portfolios of loans. The inputs to these models are based on historical loss experience with judgement applied to determine the assumptions (for example the value of collateral) used to calculate impairment. The amount of provision for loan losses is calculated by multiplying the exposure at default (EAD), Probability of Default (PD) and Loss Given Default (LGD).

EAD is the amount of outstanding in the account and the interest accrued. PD has been arrived at on the basis of the average of defaults over the past four years in the category to which the asset belongs. LGD is the amount of default expected to occur after considering the value of the security offered as collateral.

Being a housing finance company, the company has to follow the guidelines given by the National Housing Bank (NHB) on Prudential Norms on Asset Classification and provisioning requirement. The Prudential norms prescribed by NHB do not consider the value of security for standard and sub-standard assets. The company provides for impairment of financial assets on the basis of the Expected Credit Loss Model or the Prudential norms of NHB whichever is higher.

ii) Non-financial assets

The Company assesses at each Balance sheet date whether there is any objective evidence that a non-financial asset or a group of non-financial assets maybe impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in the statement of profit and loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the statement of profit and loss.

**j) Employee Benefits**

The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

a) Employee State Insurance

The Company's contribution to state plans namely Employee's State Insurance Scheme is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which the employee renders services.

b) Employee Pension Scheme

The Company's contribution to state plans namely Employee's Pension Scheme is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which the employee renders services.

c) Employee Provident Fund.

Liability in respect of contribution to Employee Provident fund is estimated on the basis of valuation in a manner similar to gratuity liability and is recognised in the balance sheet net of the fair value of the plan assets.

d) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump-sum payment to

# Notes forming part of Financial Statements

for the period ended March 31, 2020

employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days of last drawn salary for every completed year of service. Vesting occurs upon completion of five years of service. The Company make annual contributions to gratuity funds established as trusts and accounts for the liability for Gratuity benefits payable in the future based on actuarial valuation.

Actuarial gains or losses are recognized in other comprehensive income. Further, the statement of profit and loss does not include an expected return on plan assets. Instead net interest recognized in statement of profit and loss is calculated by applying the discount rate used to measure the defined benefit obligation to the net defined benefit liability or asset. The actual return on the plan assets above or below the discount rate is recognized as part of re-measurement of net defined liability or asset through other comprehensive income.

Re-measurements comprising actuarial gains or losses and return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are not reclassified to statement of profit and loss in subsequent periods.

e) Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilised accumulating compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss.

f) Leave Travel Concessions:

All confirmed employees are entitled to leave travel concession once in two years, the liability in this respect is recognised in the year the related service is rendered at the undiscounted amount of the benefit expected to be paid in exchange for that service.

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

**k) Revenue recognition**

Revenue is measured at fair value of consideration received or receivable. Revenues are recognised when collectability of the resulting receivables is reasonably assured.

i) Interest

Interest income and expense are recognised in the statement of profit or loss using the effective interest (EIR) method. The effective interest method is a method

# Notes forming part of Financial Statements

for the period ended March 31, 2020

of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses.

Fees that are integral part of EIR are recognised as interest income.

ii) Fees and Commission

Fees and commission income include fees other than those that are an integral part of EIR. The company recognises such fee and commission income in accordance with terms of the relevant contracts / agreements with the customers.

iii) Insurance Commission

Commission on sale of insurance policies are recognised on an accrual basis in accordance with the agreed rates with the Insurer.

iv) Income from Investments

Interest Income on Investments in government securities is recognized as it accrues in the statement of profit and loss, using the effective interest method and interest on other investments is recognised on accrual basis.

v) Dividend Income

Dividend income is recognized in the statement of profit and loss on the date that the Company's right to receive payment is established.

vi) Other income

Other Income represents income earned from the activities incidental to the business of the Company and is recognised when the right to receive the income is established as per the terms of the contracts.

**l) Finance expense**

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method.

**m) Foreign Currency**

i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company.

ii) Transactions and Translations

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Foreign currency denominated monetary assets and liabilities are re-measured into the functional currency at the exchange rate prevailing on the balance sheet date. Exchange differences arising on settlement of transactions are recognised in the statement of profit and loss.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

**n) Income tax**

Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income in which case is also recognised outside the statement of profit and loss.

a) Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are

# Notes forming part of Financial Statements

for the period ended March 31, 2020

enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

b) Deferred taxes

Deferred tax is recognized using the balance sheet approach. Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilised business loss and depreciation carry forwards and tax credits.

Deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

**o) Earnings per share (EPS)**

Basic earnings per share is computed by dividing net profit after tax by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

**p) Segment**

The Company is engaged mainly in the business of Housing finance. The Company is also involved in the corporate insurance agency business activity, however it is not a separate reportable segment as per the Ind AS 108 "Operating Segments", specified under Section 133 of the Companies Act, 2013. This in the context of Ind AS 108 – operating segments reporting are considered to constitute one reportable segment.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 3 (a) Cash and Cash Equivalents

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Cash on hand | 41.32 | 65.07 |
| (ii) | Balances with Banks | 189.05 | 18.49 |
| (iii) | Fixed deposits with less than 3 months maturity | 37,000.00 | 40,000.00 |
| (iv) | Cheques, drafts on hand | - | 68.41 |
| (v) | Others | 1.56 | 1.48 |
| | **Total** | **37,231.93** | **40,153.45** |

## (b) Balances with Banks other than in (a) above

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Unclaimed Dividend (earmarked) | 173.02 | 163.76 |
| (ii) | Share Application Money Pending Allotment (earmarked) | 0.11 | 0.11 |
| (iii) | Balances with Bank held for SLR [refer Note 3.1 below] | 1,838.94 | 1,708.06 |
| | **Total** | **2,012.06** | **1,871.94** |

**3.1** The above deposits are held to comply with the Statutory Liquidity Assets required to be maintained under NHB Act. These carry a floating charge created in favour of trustees of depositors.

## Note 4 Trade Receivables

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Unsecured (considered good)- Insurance commission receivable | 25.55 | 13.91 |
| (ii) | Receivables Secured (considered good) | - | - |
| (iii) | Receivables which have significant increase in Credit Risk | - | - |
| (iv) | Receivables - credit impaired | - | - |
| | **Total** | **25.55** | **13.91** |
| | Less: Allowance for impairment loss | - | - |
| | **Net Total** | **25.55** | **13.91** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 5 Loans

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Amortised Cost | At Fair Value | | | Sub total | Total |
| | | | Through OCI | At FVTPL | Designated at FVTPL | | |
| A | **Loans** | | | | | | |
| | (i) Term Loans (refer note 5.1 below) | 20,64,407.00 | - | - | - | - | 20,64,407.00 |
| | (ii) Others | - | - | - | - | - | - |
| | **Total** | **20,64,407.00** | **-** | **-** | **-** | **-** | **20,64,407.00** |
| | Less: Impairment Loss Allowance (refer note 5.4 below) | 11,837.75 | - | - | - | - | 11,837.75 |
| | **Total** | **20,52,569.25** | **-** | **-** | **-** | **-** | **20,52,569.25** |
| B. | | | | | | | |
| | (i) Secured by tangible assets (refer note 5.2 below) | 20,64,241.38 | - | - | - | - | 20,64,241.38 |
| | (ii) Secured by intangible assets | - | - | - | - | - | - |
| | (iii) Covered by Bank/Government Guarantees | - | - | - | - | - | - |
| | (iv) Unsecured | 165.62 | - | - | - | - | 165.62 |
| | **Total** | **20,64,407.00** | **-** | **-** | **-** | **-** | **20,64,407.00** |
| | Less: Impairment Loss Allowance (refer note 5.4 below) | 11,837.75 | - | - | - | - | 11,837.75 |
| | **Total** | **20,52,569.25** | **-** | **-** | **-** | **-** | **20,52,569.25** |
| C. | | | | | | | |
| | **Loans in India** | | | | | | |
| | (i) Public Sector | - | - | - | - | - | - |
| | (ii) Others: | | | | | | |
| | a) Individual | 20,63,785.32 | | | | | 20,63,785.32 |
| | b) Corporate | 621.68 | | | | | 621.68 |
| | **Total** | **20,64,407.00** | **-** | **-** | **-** | **-** | **20,64,407.00** |
| | Less: Impairment Loss Allowance (refer note 5.4 below) | 11,837.75 | - | - | - | - | 11,837.75 |
| | **Total** | **20,52,569.25** | **-** | **-** | **-** | **-** | **20,52,569.25** |
| D. | **Loans outside India** | - | - | - | - | - | - |
| | Less: Impairment Loss Allowance | - | - | - | - | - | - |
| | **Total** | **-** | **-** | **-** | **-** | **-** | **-** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 5 Loans (Contd..)

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2019 | | | | | |
|---|---|---|---|---|---|---|---|
| | | Amortised Cost | At Fair Value | | | Sub total | Total |
| | | | Through OCI | At FVTPL | Designated at FVTPL | | |
| A | **Loans** | | | | | | |
| | (i) Loans repayable on Demand | - | - | - | - | - | - |
| | (ii) Term Loans (refer note 5.1 below) | 18,33,337.19 | - | - | - | - | 18,33,337.19 |
| | (iii) Others | - | - | - | - | - | - |
| | **Total** | **18,33,337.19** | **-** | **-** | **-** | **-** | **18,33,337.19** |
| | Less: Impairment Loss Allowance (refer note 5.4 below) | 9,919.62 | - | - | - | - | 9,919.62 |
| | **Total** | **18,23,417.57** | **-** | **-** | **-** | **-** | **18,23,417.57** |
| B. | | | | | | | |
| | (i) Secured by tangible assets (refer note 5.2 below) | 18,33,181.17 | - | - | - | - | 18,33,181.17 |
| | (ii) Secured by intangible assets | - | - | - | - | - | - |
| | (iii) Covered by Bank/Government Guarantees | - | - | - | - | - | - |
| | (iv) Unsecured | 156.02 | - | - | - | - | 156.02 |
| | **Total** | **18,33,337.19** | **-** | **-** | **-** | **-** | **18,33,337.19** |
| | Less: Impairment Loss Allowance (refer note 5.4 below) | 9,919.62 | - | - | - | - | 9,919.62 |
| | **Total** | **18,23,417.57** | **-** | **-** | **-** | **-** | **18,23,417.57** |
| C. | | | | | | | |
| | **Loans in India** | | | | | | |
| | (i) Public Sector | - | - | - | - | - | - |
| | (ii) Others | | - | - | - | - | - |
| | a) Individual | 18,31,578.22 | | | | | 18,31,578.22 |
| | b) Corporate | 1,758.98 | | | | | 1,758.98 |
| | **Total** | **18,33,337.19** | **-** | **-** | **-** | **-** | **18,33,337.19** |
| | Less: Impairment Loss Allowance (refer note 5.4 below) | 9,919.62 | - | - | - | - | 9,919.62 |
| | **Total** | **18,23,417.57** | **-** | **-** | **-** | **-** | **18,23,417.57** |
| D. | **Loans outside India** | - | - | - | - | - | - |
| | Less: Impairment Loss Allowance | - | - | - | - | - | - |
| | **Total** | **-** | **-** | **-** | **-** | **-** | **-** |

**5.1** Loans outstanding is net of processing fee which is recognised as interest income using EIR method of ₹ 6,348.71 lakhs (PY ₹ 5,034.72 lakhs)

**5.2 Loans and instalments due from borrowers are secured, partly secured or otherwise by:**

(a) Registered mortgage of property and/or

(b) Other securities, assignment of life insurance policies and/or

(c) Bank guarantees, company guarantees or personal Guarantees and/or

(d) Negative lien and/or

(e) Undertaking to create a security.

(f) Vehicles Loan given to employees are secured by hypothication of vehicles

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**Note 5.3**

The Company has acquired certain assets under SARFAESI Act which are retained for the purpose of sale under the rules and regulations of SARFAESI Act involving market value of ₹ 2394.64 lakhs (PY 2018-19: ₹ 1,123.88 lakhs), which are part of NPA portfolio aggregating to ₹ 1635.88 lakhs (PY 2018-19: ₹ 810.94 lakhs) for which necessary provisions have already been made. These assets are accounted as and when they are realised.

**Note 5.4 Break up of Loans & Advances and Provisions thereon**

(₹ in lakhs)

| Particulars | | Housing loans (including instalments due from borrowers) | | Non Housing Loans | Total Loans | Provisions required as per NHB Norms | | | Additional Provisions | | | Total Provisions (also refer Note 40) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Individuals | Corporate bodies | | | HL Individuals | Corporate bodies | Non housing loans | HL-Individuals | Corporate Bodies | Non housing | |
| As on 31st March 2020 | Standard | 17,05,944.57 | 621.68 | 3,48,283.30 | 20,54,849.55 | 4,264.68 | 4.66 | 3,037.61 | | | | 7,306.96 |
| | Sub-standard | 5,946.79 | - | 1,786.98 | 7,733.77 | 938.01 | - | 275.71 | | | | 1,213.72 |
| | Doubtful 1 | 2,990.23 | - | 752.73 | 3,742.96 | 785.44 | - | 189.28 | | | | 974.71 |
| | Doubtful 2 | 2,387.82 | - | 832.96 | 3,220.78 | 992.19 | - | 334.28 | | | | 1,326.47 |
| | Doubtful 3 | 60.36 | - | - | 60.36 | 60.36 | - | - | | | | 60.36 |
| | Loss | 939.38 | - | 16.15 | 955.53 | 939.38 | - | 16.15 | | | | 955.53 |
| | Total | 17,18,269.14 | 621.68 | 3,51,672.13 | 20,70,562.95 | 7,980.05 | 4.66 | 3,853.04 | - | - | - | 11,837.75 |
| **As on 31st March 2019** | Standard | 15,17,601.35 | 1,135.24 | 3,08,108.60 | 8,26,845.19 | 3,792.13 | 8.51 | 2,707.97 | 6.38 | - | - | 6,515.00 |
| | Sub-standard | 5,067.00 | 271.80 | 858.18 | 6,196.98 | 760.05 | 40.77 | 128.73 | 32.59 | - | - | 962.14 |
| | Doubtful 1 | 2,393.27 | 312.18 | 508.90 | 3,214.34 | 598.32 | 78.05 | 127.22 | 26.83 | - | 8.73 | 839.14 |
| | Doubtful 2 | 463.32 | - | 101.60 | 564.92 | 185.33 | - | 40.64 | 2.38 | - | - | 228.35 |
| | Doubtful 3 | 14.01 | - | 0.00 | 14.01 | 14.01 | - | 0.00 | - | - | - | 14.01 |
| | Loss | 1,271.80 | 39.76 | 49.44 | 1,360.99 | 1,271.80 | 39.76 | 49.44 | - | - | - | 1,360.99 |
| | **Total** | **15,26,810.74** | **1,758.98** | **3,09,626.71** | **18,38,196.43** | **6,621.63** | **167.09** | **3,054.00** | **68.18** | **-** | **8.73** | **9,919.62** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**Note 5.5**

(i) The above classification of loans and provisions to be held are as per the guidelines as on March 31st 2020 on prudential norms issued by NHB.

(ii) Provision for Non-performing assets required to be maintained as per NHB guidelines on prudential norms is to the extent of ₹ 4,530.79 lakhs (Previous year ₹ 3,334.10 lakhs). The company, has made provision for the same.

The Company holds 28.83 % (Previous Year 29.99%) provision against the Non-Performing Assets.

(iii) General provision required to be maintained in respect of accounts in default but standard and asset classification benefit extended, as per RBI Circular on 'COVID-19 Regulatory Package dated 17th April' 2020 is ₹ 1,054.72 lakhs. Against this, the Company holds a provision of ₹ 3,654.45 lakhs. This provision amount is disclosed as Special Provisioning for RBI regulatory package under Note 17: "Provisions" (also refer Note 45).

**5.6** As per the National Housing Bank Circulars NHB.HFC.DIR.4/CMD/2012 dated January 19, 2012 & NHB.HFC.DIR.9 /CMD/2013 dated September 6, 2013, and vide notification no. NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017, all housing finance companies are required to carry a general provision (i) at the rate of 1% of Standard Assets in respect of Commercial Real Estates other than Residential Housing, (ii) at the rate of 0.75% of Standard Assets in respect of Commercial Real Estate – Residential Housing and (iii) at the rate of 0.25% of the total outstanding amount of loans which are Standard Assets other than (i) and (ii) above. Loans to individuals for 3rd dwelling units onwards shall be treated as Commercial Real Estate (CRE) exposure. National Housing Bank (NHB) vide notification no. NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017 reduced the provisioning requirement on Standard Individual Housing Loans from 0.40% to 0.25%. In terms of the said notification, as of March 31, 2020, the Company carries a cumulative provision of ₹ 7,306.96 lakhs (PY 2018-19: 6,515.00 lakhs). For the previous year provision is higher than the revised regulatory requirement of minimum of ₹ 6,508.62 Lakhs. Accordingly the Company has made provision for Standard assets as detailed below.

(₹ in lakhs)

| Particulars | 2019-20 | | 2018-19 | |
|---|---|---|---|---|
| | Outstanding | Provisions | Outstanding | Provisions |
| (i).Standard Assets – Commercial Real Estate | 2,74,057.92 | 2,740.58 | 2,45,423.36 | 2,454.23 |
| (ii).Standard Assets – Commercial Real Estate – Residential Housing | 621.68 | 4.66 | 1,135.24 | 8.51 |
| (iii).Standard Assets – Other than (i) & (ii) above | 17,80,169.96 | 4,561.72 | 15,80,286.59 | 4,045.87 |
| **Total Standard Assets & Provisions required** | **20,54,849.55** | **7,306.96** | **18,26,845.19** | **6,508.62** |
| **Total Provision held for Standard Assets** | | **7,306.96** | | **6,515.00** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**Note 5.7 Asset Liability Management (Maturity Pattern of Certain items of Assets & Liabilities) as on March 31, 2020**

(₹ in lakhs)

| Particulars | In Days | | | In Months | | | In Years | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1-14 days | 15 – 30 | 30-60 | >2M = 3M | >3M =6M | >6M =12M | >1Y =3Y | >3Y =5Y | >5y =7Y | >7Y =10Y | >10Y | |
| **Liabilities** | | | | | | | | | | | | |
| Borrowings from Banks | 93,553.78 | 38,125.72 | 2,788.53 | 12,210.17 | 37,462.22 | 83,602.31 | 2,51,697.72 | 2,45,766.12 | 1,88,126.10 | 1,53,060.10 | | 11,06,392.78 |
| Borrowings from NHB | 9,031.89 | - | - | - | 12,781.89 | 25,093.97 | 91,862.58 | 89,223.68 | 52,365.97 | 43,289.95 | 21,038.33 | 3,44,688.26 |
| **Market Borrowings-** | | | | | | | | | | | | |
| Deposits | 2,037.35 | 896.86 | 2,375.77 | 1,049.41 | 3,410.73 | 11,330.92 | 7,619.67 | 1,615.42 | 171.93 | - | - | 30,508.05 |
| NCD and CP* | 40,000.00 | - | 50,000.00 | 32,500.00 | 50,000.00 | 45,000.00 | 1,32,200.00 | 35,000.00 | - | - | | 3,84,700.00 |
| Foreign Currency Liabilities | - | - | - | - | - | - | - | - | - | - | - | - |
| **Assets** | | | | | | | | | | | | |
| Advances | 5,705.68 | - | 5,729.11 | 7,755.39 | 25,855.40 | 67,757.33 | 2,77,763.87 | 2,80,054.47 | 2,92,733.23 | 3,86,472.80 | 7,20,955.42 | 20,70,782.71 |
| Investments (Includes SLR deposits) | - | - | - | 20.00 | 461.73 | 1,357.31 | - | 100.00 | - | 2,250.00 | - | 4,189.04 |
| Foreign Currency Assets | - | - | - | | - | - | - | | - | - | - | - |

* NCD and CP taken at face value.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 6 Investments

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Amortised Cost | At Fair Value | | | Sub total | Others | Total |
| | | | Through OCI | At FVTPL | Designated at FVTPL | | | |
| (i) | Mutual Funds | - | - | - | - | - | - | - |
| (ii) | Government Securities (refer note 6.1 below) | 2,430.50 | - | - | - | - | - | 2,430.50 |
| (iii) | Other Approved Securities | - | - | - | - | - | - | - |
| (iv) | Others | - | - | - | - | - | - | - |
| **(A)** | **Total** | **2,430.50** | **-** | **-** | **-** | **-** | **-** | **2,430.50** |
| **(i)** | Investments outside India | - | - | - | - | - | - | - |
| (ii) | Investments in India | 2,430.50 | - | - | - | - | - | 2,430.50 |
| **(B)** | **Total** | **2,430.50** | **-** | **-** | **-** | **-** | **-** | **2,430.50** |
| | (A)-(B) | - | - | - | - | - | - | - |
| | Less: Impairment Loss Allowance | - | - | - | - | - | - | - |
| | **Total** | **2,430.50** | **-** | **-** | **-** | **-** | **-** | **2,430.50** |

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2019 | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | Amortised Cost | At Fair Value | | | Sub total | Others | Total |
| | | | Through OCI | At FVTPL | Designated at FVTPL | | | |
| (i) | Mutual Funds | - | - | - | - | - | - | - |
| (ii) | Government Securities (refer note 6.1 below) | 1,629.59 | - | - | - | - | - | 1,629.59 |
| (iii) | Other Approved Securities | - | - | - | - | - | - | - |
| (iv) | Others | - | - | - | - | - | - | - |
| **(A)** | **Total** | **1,629.59** | **-** | **-** | **-** | **-** | **-** | **1,629.59** |
| **(i)** | Investments outside India | - | - | - | - | - | - | - |
| (ii) | Investments in India | 1,629.59 | - | - | - | - | - | 1,629.59 |
| **(B)** | **Total** | **1,629.59** | **-** | **-** | **-** | **-** | **-** | **1,629.59** |
| | (A)-(B) | - | - | - | - | - | - | - |
| | Less: Impairment Loss Allowance | - | - | - | - | - | - | - |
| | **Total** | **1,629.59** | **-** | **-** | **-** | **-** | **-** | **1,629.59** |

**Note 6.1: Details of investment held in Government Securities.**

(₹ in lakhs)

| Sl. No. | Government securities | at cost | |
|---|---|---|---|
| | | As at March 31, 2020 | As at March 31, 2019 |
| 1 | 6.01% Government of India bonds | 500.00 | 500.00 |
| 2 | 8.26% Maharashtra SDL bonds | 500.00 | 500.00 |
| 3 | 9.19% Kerala SDL bonds | 109.34 | 109.34 |
| 4 | 8.05% Gujarat SDL bonds | 511.60 | - |
| 5 | 8.16% Gujarat SDL bonds | 213.08 | - |
| 6 | 7.17% Karnataka SDL bonds | 497.40 | - |
| 7 | 7.17% Karnataka SDL bonds | 50.17 | - |
| 8 | 6.05% Government of India bonds | - | 500.00 |
| | **Total** | **2,381.59** | **1,609.34** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**6.2** The above investments are made to comply with the Statutory Liquidity Assets to be maintained under NHB Act. These carry a floating charge created in favour of trustees of depositors. The total investments under Statutory Liquidity Assets include ₹ 2,430.50 lakhs (PY 2018-19 ₹ 1,629.59 lakhs) [valued at amortised cost] in Government securities and ₹ 1,838.94 lakhs (PY 2018-19 ₹ 1,708.06 lakhs) in deposits with Nationalised Bank.

**6.3 Presentation of Investments as per Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank.**

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Value of Investments | | |
| i) Gross Value of investments (valued at amortised cost) | | |
| a) In India | 2,430.50 | 1,629.59 |
| b) Outside India | - | - |
| ii) Provisions for Depreciation | | |
| a) In India | - | - |
| b) Outside India | - | - |
| iii) Net value of Investments (valued at amortised cost) | | |
| a) In India | 2,430.50 | 1,629.59 |
| b) Outside India | - | - |
| Movement of provisions held towards depreciation on investments | | |
| i) Opening Balance | - | - |
| ii) Add Provisions made during the year | - | - |
| iii) Less Write-off / Write-back of excess provisions during the year | - | - |
| iv) Closing Balance | - | - |

## Note 7 Other Financial Assets

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Security deposits | 247.69 | 216.03 |
| (ii) | Interest income accrued but not due on deposits with banks | 7.14 | 12.79 |
| (iii) | Staff advance | 47.80 | 37.81 |
| | **Total** | **302.63** | **266.64** |

## Note 8

**8.1 Current Tax Assets ( Net)**

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Advance Income tax (net of provision)* | 2,403.93 | 2,062.39 |
| | **Total** | **2,403.93** | **2,062.39** |

* Includes amounts paid/adjusted under dispute.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

### 8.2 Deferred Tax Assets (Net)

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| | **Deferred Tax Assets on:** | | |
| (i) | Property, plant and equipment | 118.02 | - |
| (ii) | Expected Credit Loss Provision | 193.23 | 407.26 |
| (iii) | Provision for employee benefits | 393.75 | 298.54 |
| (iv) | Financial assets/liabilities carried at amortised cost | 1,764.50 | 1,753.66 |
| (v) | Special Provisioning for RBI regultory package | 919.75 | - |
| | **Total (A)** | **3,389.25** | **2,459.46** |
| | **Deferred Tax Liabilities on:** | | |
| (i) | Property, plant and equipment | - | 58.70 |
| (ii) | Financial assets/liabilities carried at amortised cost | - | - |
| | **Total (B)** | **-** | **58.70** |
| | **Total (A) - (B)** | **3,389.25** | **2,400.76** |

## Note 9 Property, Plant and Equipment

(₹ in lakhs)

| Particulars | Tangible Assets | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Land - Free Hold | Buildings | | Furniture and Fixtures | Computers | Office equipment | Electrical equipments | Vehicles - cars | Vehicles - Two wheelers | Total |
| | | Owned | Right of use asset (Refer Note 43) | | | | | | | |
| **Gross Carrying Value** | | | | | | | | | | |
| **As at April 01, 2019** | 98.69 | 207.45 | - | 1,116.00 | 676.82 | 72.92 | 739.73 | 92.37 | 115.38 | 3,119.37 |
| Additions | - | - | 3,383.00 | 96.99 | 191.01 | 2.29 | 73.13 | - | 10.88 | 3,757.31 |
| Disposals/Adjustments | - | - | - | 10.21 | 4.38 | 0.75 | 18.00 | 4.79 | 2.50 | 40.63 |
| **As at March 31, 2020** | **98.69** | **207.45** | **3,383.00** | **1,202.79** | **863.45** | **74.46** | **794.87** | **87.58** | **123.76** | **6,836.04** |
| **Accumulated Depreciation** | | | | | | | | | | |
| **As at April 01, 2019** | - | 129.57 | - | 730.78 | 620.91 | 61.04 | 455.32 | 64.56 | 72.04 | 2,134.22 |
| Charge for the period | - | 4.69 | 619.57 | 113.86 | 97.29 | 5.96 | 84.42 | 8.63 | 12.72 | 947.13 |
| Disposals/Adjustments | - | - | - | 9.26 | 4.36 | 0.69 | 14.33 | 4.37 | 2.03 | 35.04 |
| **As at March 31, 2020** | **-** | **134.26** | **619.57** | **835.37** | **713.84** | **66.30** | **525.41** | **68.82** | **82.73** | **3,046.30** |
| **Net Carrying Value as at March 31, 2020** | **98.69** | **73.19** | **2,763.43** | **367.42** | **149.61** | **8.16** | **269.46** | **18.76** | **41.03** | **3,789.74** |
| **Gross Carrying Value** | | | | | | | | | | |
| **As at April 01, 2018** | 98.69 | 207.45 | - | 998.28 | 629.89 | 69.04 | 649.02 | 81.47 | 102.41 | 2,836.25 |
| Additions | - | - | - | 125.61 | 59.69 | 4.70 | 111.42 | 15.05 | 16.25 | 332.70 |
| Disposals/Adjustments | - | - | - | 7.88 | 12.76 | 0.82 | 20.71 | 4.15 | 3.28 | 49.59 |
| **As at March 31, 2019** | **98.69** | **207.45** | **-** | **1,116.00** | **676.82** | **72.92** | **739.73** | **92.37** | **115.38** | **3,119.37** |
| **Accumulated Depreciation** | | | | | | | | | | |
| **As at April 01, 2018** | - | 124.58 | - | 615.63 | 580.73 | 53.45 | 385.42 | 57.63 | 61.82 | 1,879.25 |
| Charge for the period | - | 4.98 | - | 120.38 | 52.89 | 8.37 | 86.37 | 10.72 | 13.18 | 296.88 |
| Disposals/Adjustments | - | - | - | 5.23 | 12.71 | 0.78 | 16.46 | 3.78 | 2.96 | 41.92 |
| **As at March 31, 2019** | **-** | **129.57** | **-** | **730.78** | **620.91** | **61.04** | **455.32** | **64.56** | **72.04** | **2,134.22** |
| **Net Carrying Value as at March 31, 2019** | **98.69** | **77.88** | **-** | **385.23** | **55.91** | **11.88** | **284.41** | **27.81** | **43.35** | **985.15** |

1. Freehold land includes value of undivided share in the land in case of certain properties.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 10 Other Non-financial Assets

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Advance to employees | 1.59 | 2.98 |
| (ii) | Advance to capital vendors | 6.23 | 6.00 |
| (iii) | GST Input Credit | 10.48 | 35.29 |
| (iv) | Surplus in Gratuity Fund (net of provision) | 77.68 | - |
| (v) | Others | 107.78 | 103.56 |
| | **Total** | **203.76** | **147.84** |

## Note 11 Payables

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| | **Trade Payables:** | | |
| (i) | total outstanding dues of micro enterprises and small enterprises | - | - |
| (ii) | total outstanding dues of creditors other than micro enterprises and small enterprises | 400.35 | 332.19 |
| | **Other Payables** | | |
| (i) | total outstanding dues of micro enterprises and small enterprises | - | - |
| (ii) | total outstanding dues of creditors other than micro enterprises and small enterprises | 23.60 | 14.38 |
| | **Total** | **423.95** | **346.57** |

**11.1** Trade payables include ₹ Nil (Previous Year ₹ Nil) payable to "Suppliers" registered under The Micro, Small & Medium Enterprises Development Act 2006. No interest has been paid by the company during the year to the "suppliers" covered under The Micro, Small & Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to enquiries made by the company for this purpose.

## Note 12 Debt Securities

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | | | | As at March 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | At Amortised Cost | At FVTPL | Designated at FVTPL | Total | At Amortised Cost | At FVTPL | Designated at FVTPL | Total |
| **(i)** | Liability component of compound financial instruments | - | - | - | - | - | - | - | - |
| **(ii)** | **Others: Secured** | | | | | | | | |
| | Redeemable Non Convertible Non-Cumulative Debentures (refer Note 12.1& 12.2 below) | 2,56,211.93 | - | - | 2,56,211.93 | 3,47,857.85 | - | - | 3,47,857.85 |
| **(iii)** | **Others: Unsecured** | | | | | | | | |
| | Commercial Paper (Refer Note 12.3 below) | 1,24,743.20 | - | - | 1,24,743.20 | 2,15,610.71 | - | - | 2,15,610.71 |
| **(A)** | **Total** | **3,80,955.13** | | | **3,80,955.13** | **5,63,468.56** | **-** | **-** | **5,63,468.56** |
| | Debt securities in India | 3,80,955.13 | | | 3,80,955.13 | 5,63,468.56 | | | 5,63,468.56 |
| | Debt securities outside India | - | - | - | - | - | - | - | - |
| **(B)** | **Total** | **3,80,955.13** | **-** | **-** | **3,80,955.13** | **5,63,468.56** | **-** | **-** | **5,63,468.56** |
| | **(A) - (B)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**12.1** During the year the Company has issued 7.85% CFHL SRNCD 2019 Series - 1 at Face Value of ₹ 25,000 lakhs Secured Redeemable Non-Convertible Non-Cumulative Taxable Debentures (previous year ₹ Nil ). These debentures are secured by way of floating charge on the assets i.e., loan receivables specifically earmarked for this purpose.

**The details of the Secured Redeemable Non Convertible Taxable Debentures as on March 31, 2020 are as follows:**

| Debentures | Date of Issue | Date of Redemption | Rate of Interest | ₹ In lakhs (Face Value) |
|---|---|---|---|---|
| 7.57% SRNCD 2016 Series - 4 | 12-Jan-17 | 12-Apr-20 | 7.57% | 40,000.00 |
| 7.68% SRNCD 2016 Series - 5 | 27-Feb-17 | 27-May-20 | 7.68% | 20,000.00 |
| 8.69% SRNCD 2015 Series - 2 | 10-Sep-15 | 10-Sep-20 | 8.69% | 10,000.00 |
| 7.32% SRNCD 2017 Series - 1 | 26-Jul-17 | 26-Oct-20 | 7.32% | 40,000.00 |
| 7.44% SRNCD 2017 Series - 2 | 17-Oct-17 | 17-Jan-21 | 7.44% | 20,000.00 |
| 7.64% SRNCD 2017 Series - 3 | 29-Nov-17 | 28-Feb-21 | 7.64% | 20,000.00 |
| 7.77% SRNCD 2016 Series - 3 | 15-Nov-16 | 15-Nov-21 | 7.77% | 12,200.00 |
| 7.89% SRNCD 2016 Series - 6 | 18-May-17 | 18-May-22 | 7.89% | 60,000.00 |
| 7.85% CFHL SRNCD 2019 Series - 1 | 27-Feb-20 | 27-May-23 | 7.85% | 25,000.00 |
| Total | | | | **2,47,200.00** |

**12.2 Nature of security and terms of repayment**

Secured by first and exclusive floating charge on specified assets by hypothecation of book debts and loan receivables. Interest will be paid annually and principal amount will be paid on maturity.

**12.3 Commercial Paper of the Company have a maturity value of ₹1,27,500.00 lakhs (previous year ₹ 2,25,000.00 lakhs), the details of the same are as follows:**

| Sl. No. | Issue date | No. of units | Due Date | Period in days | Discount Rate | Face value in lakhs |
|---|---|---|---|---|---|---|
| 1 | 03-12-2019 | 6,000 | 25-05-2020 | 174 | 6.25% | 30,000.00 |
| 2 | 04-06-2019 | 4,500 | 01-06-2020 | 363 | 7.81% | 22,500.00 |
| 3 | 04-06-2019 | 2,000 | 01-06-2020 | 363 | 7.75% | 10,000.00 |
| 4 | 19-07-2019 | 6,000 | 03-07-2020 | 350 | 7.65% | 30,000.00 |
| 5 | 16-10-2019 | 2,000 | 16-09-2020 | 336 | 7.05% | 10,000.00 |
| 6 | 19-11-2019 | 2,000 | 18-11-2020 | 365 | 6.79% | 10,000.00 |
| 7 | 03-03-2020 | 3,000 | 03-03-2021 | 365 | 6.50% | 15,000.00 |
| | Total | | | | | **1,27,500.00** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 13 Borrowings (other than debt Securities)

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | | | | As at March 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | At Amortised Cost | At FVTPL | Designated at FVTPL | Total | At Amortised Cost | At FVTPL | Designated at FVTPL | Total |
| (a) | **Term Loans** | | | | | | | | |
| | **Secured** | | | | | | | | |
| | (i) from Banks [1] & [2] | 10,43,900.28 | - | - | 10,43,900.28 | 6,34,853.31 | - | - | 6,34,853.31 |
| | (ii) from other parties | - | - | - | - | - | - | - | - |
| | **Unsecured** | | | | - | | | | - |
| | (i) from Banks | 43,602.57 | - | - | 43,602.57 | 42,855.85 | - | - | 42,855.85 |
| | (ii) from others | - | - | - | - | - | - | - | - |
| (b) | Loans from related parties | | | | | | | | |
| | - From Canara Bank | | | | | | | | |
| | - Term Loans (Secured) | 2,26,094.05 | - | - | 2,26,094.05 | 2,51,326.85 | - | - | 2,51,326.85 |
| | - Loans repayable on demand (Secured) | 51,713.29 | - | - | 51,713.29 | 82,906.53 | - | - | 82,906.53 |
| (c) | Finance lease obligations | - | - | - | - | - | - | - | - |
| (d) | Liability component of compound financial instruments | - | - | - | - | - | - | - | - |
| (e) | Loans repayable on demand | | | | - | | | | - |
| | **Secured** | | | | - | | | | - |
| | (i) from Banks [1] | 10,053.78 | - | - | 10,053.78 | - | - | - | - |
| | (ii) from other parties | - | - | - | - | - | - | - | - |
| | **Unsecured** | | | | | | | | - |
| | (i) from Banks [1] | 77,725.77 | - | - | 77,725.77 | 76,196.50 | - | - | 76,196.50 |
| (f) | Other loans | - | - | - | - | - | - | - | - |
| | **(A) Total** | **14,53,089.75** | **-** | **-** | **14,53,089.75** | **10,88,139.04** | **-** | **-** | **10,88,139.04** |
| | Borrowings in India | 14,53,089.75 | - | - | 14,53,089.75 | 10,88,139.04 | - | - | 10,88,139.04 |
| | Borrowings outside India | - | - | - | - | - | - | - | - |
| | **(B) Total** | **14,53,089.75** | **-** | **-** | **14,53,089.75** | **10,88,139.04** | **-** | **-** | **10,88,139.04** |
| | **(A) - (B)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

[1] Borrowings from Banks which are also related parties are shown separately under Loan from related parties in Sl No. (b ) above

[2] Includes borrowings outstanding aggregating to ₹ 3,44,688.26 lakhs (PY 1,97,122.70 lakhs) from National Housing Bank.

**13.1** Secured loans includes borrowings from National Housing Bank, Canara Bank, HDFC Bank, and State Bank of India etc., are secured by way of specific charge on book debts, outstanding, receivables, etc.,/ promissory notes and / or a negative lien on assets of the Company. The tenure of the Long term borrowings are more than one year and upto 15 years and that of short term borrowings is less than 1 year.

**13.2** There is no amount of continuing default as on the Balance Sheet date in terms of repayment of loans & interest on Borrowings of the Company.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**13.3** Details of Rate of Interest and Terms of Repayment in case of term loans:

| Sl. No. | Name of the Bank | Facility | Sanction (₹ in lakhs) | Date of Sanction | Interest Rate CY (PY) | Terms of Repayment |
|---|---|---|---|---|---|---|
| 1 | Canara Bank | Term loan | 50,000 | 02-Nov-18 | 7.65% (8.35%) | Each Tranche Repayable in 10 equal yearly instalments after a moratorium/repayment holiday period of 12 months from the date of first disbursement |
| 2 | Canara Bank | Term loan | 50,000 | 27-Feb-18 | 7.65% (8.35%) | Each Tranche Repayable in 10 equal yearly installments after a moratorium/repayment holiday period of 12 months from the date of first disbursement |
| 3 | Canara Bank | Term loan | 1,50,000 | 21-Aug-17 | 7.65% (8.35%) | Each Tranche Repayable in 10 equal yearly installments after a moratorium/repayment holiday period of 12 months from the date of first disbursement |
| 4 | State Bank of India | Term loan | 50,000 | 12-Apr-16 | 7.7% (8.25%) | Repayable in 40 quarterly instalments of ₹12.50 crores |
| 5 | State Bank of India | Term loan | 1,00,000 | 23-Apr-18 | 7.8% (8.25%) | Repayable in 40 quarterly instalments of ₹25.00 crores |
| 6 | State Bank of India | Term loan | 50,000 | 29-Jan-18 | 7.8% (8.25%) | Repayable in 40 quarterly instalments of ₹12.50 crores |
| 7 | State Bank of India | Term loan | 18,000 | 29-Jan-18 | 7.7% (8.25%) | Repayable in 40 quarterly instalments of ₹4.50 crores |
| 8 | State Bank of India | Term loan | 1,00,000 | 31-Dec-18 | 7.7% (8.35%) | Repayable in 40 quarterly instalments of ₹25.00 crores |
| 9 | State Bank of India | Term loan | 1,00,000 | 13-Sep-19 | 7.8%(NA) | Repayable in 40 quarterly instalments of ₹25.00 crores |
| 10 | HDFC Bank | Term loan | 30,000 | 20-Jan-18 | 5.65% (6.95%) | 28 Equal Quarterly Installments |
| 11 | HDFC Bank | Term loan | 25,500 | 16-May-18 | 6.88% (7.80%) | 28 Equal Quarterly Installments |
| 12 | HDFC Bank | Term loan | 50,000 | 22-Mar-19 | 7.85% (8.40%) | Equal Monthly Principal Installments |
| 13 | HDFC Bank | Term loan | 1,00,000 | 29-Nov-19 | 7.7% (NA) | Equal Monthly Principal Installments |
| 14 | Corporation Bank | Term loan | 25,000 | 27-Mar-19 | 8% (8.50%) | 10 Equal Annual installment of ₹25 crores |
| 15 | Federal Bank | Term loan | 25,000 | 08-Feb-18 | 7.65% (7.90%) | 28 Equal Quarterly Installments |
| 16 | Federal Bank | Term loan | 25,000 | 08-Feb-18 | 7.65% (7.90%) | 28 Equal Quarterly Installments |
| 17 | Federal Bank | Term loan | 25,000 | 11-Jun-19 | 7.65% (NA) | 28 Equal Quarterly Installments |
| 18 | Federal Bank | Term loan | 8,500 | 20-Jul-19 | 7.95% (NA) | 28 Equal Quarterly Installments |
| 19 | Federal Bank | Term loan | 10,000 | 27-Dec-19 | 7.65% (NA) | 28 Equal Quarterly Installments |
| 20 | Syndicate Bank | Term loan | 1,00,000 | 15-Jun-19 | 7.6% (NA) | Repayable in 40 quarterly instalments |
| 21 | Axis Bank | Term loan | 20,000 | 24-Jul-19 | 7.8% (NA) | 25 Equal Quarterly Installments |
| 22 | Bank of India | Term loan | 1,00,000 | 27-Sep-19 | 7.5% (NA) | Each Tranche Repayable in 10 equal yearly installments after a moratorium/repayment holiday period of 12 months from the date of first disbursement |
| 23 | Allahabad Bank | Term loan | 50,000 | 17-Sep-19 | 8.1% (NA) | Each Tranche Repayable in 10 equal yearly installments after a moratorium/repayment holiday period of 12 months from the date of first disbursement |
| 24 | Bank of Maharashtra | Term loan | 40,000 | 11-Dec-19 | 7.75% (NA) | Repayable in 40 quarterly instalments |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 14 Deposits

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | | | | As at March 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | At Amortised Cost | At FVTPL | Designated at FVTPL | Total | At Amortised Cost | At FVTPL | Designated at FVTPL | Total |
| | Deposits | | | | | | | | |
| (i) | Public Deposits [refer note 14.1 & 14.2 below] | 26,780.47 | - | - | 26,780.47 | 22,108.14 | - | - | 22,108.14 |
| (ii) | From Banks | - | - | - | - | - | - | - | - |
| (iii) | From Others: | | | | | | | | |
| | Exempted Deposits | 3,727.58 | - | - | 3,727.58 | 4,001.34 | - | - | 4,001.34 |
| | **Total** | **30,508.05** | **-** | **-** | **30,508.05** | **26,109.48** | **-** | **-** | **26,109.48** |

**14.1** As per the directions of the National Housing Bank, the Company has created floating charge on Statutory Liquid Assets (Investments in Govt. Securities (including other approved securities) and Deposits in Commercial Banks) in favour of the Trustees of the depositors in a manner prescribed by the National Housing Bank in terms of sub-sections (1) & (2) of section 29B of the NHB Act, 1987 [ Refer Note 3.1 and 6.1].

**14.2** The Company has not received any money from the Directors during the current financial year and previous financial year.

## Note 15 Subordinated Liabilities

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | | | | As at March 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | At Amortised Cost | At FVTPL | Designated at FVTPL | Total | At Amortised Cost | At FVTPL | Designated at FVTPL | Total |
| 1 | Unsecured Redeemable Non Convertible Debenture (refer Note 15.1 below) | 10,291.47 | - | - | 10,291.47 | 10,291.47 | - | - | 10,291.47 |
| | Borrowings in India | 10,291.47 | - | - | 10,291.47 | 10,291.47 | - | - | 10,291.47 |
| | Borrowings outside India | - | - | - | - | - | - | - | - |
| **(B)** | **Total** | **10,291.47** | **-** | **-** | **10,291.47** | **10,291.47** | **-** | **-** | **10,291.47** |

**15.1 The details of the Unsecured Non Convertible Debentures in the nature Tier II capital as on March 31, 2020 are as follows:**

| Particulars | Date of Issue | Date of Redemption | Rate of Interest | Amount in lakhs (Face value) |
|---|---|---|---|---|
| 8.94% CFHL UNCD 2014 | 03-Dec-14 | 03-Dec-24 | 8.94% | 10,000.00 |

Further, the Company has issued Unsecured Debentures in the nature of Tier II capital worth ₹ 10,000 lakhs in the financial year 2014-15 for a term of 10 years through private placement. These Debentures are subordinated to present and future senior indebtedness of the Company and qualify as Tier II Capital under the National Housing Bank (NHB) guidelines for assessing capital adequacy. Based on the balance term to maturity as at March 31, 2020, 80% of the book value of the subordinated debt is considered as Tier II Capital for the purpose of Capital Adequacy computation.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 16 Other Financial Liabilities

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Unclaimed matured deposits and interest accrued thereon [refer Note 16.1 below] | 1,999.37 | 1,981.94 |
| (ii) | Unclaimed Dividend (refer 16.2 below) | 173.02 | 163.76 |
| (iii) | Due to customers/borrowers | 122.59 | 86.35 |
| (iv) | Lease Liability (refer Note 43) | 3,576.85 | - |
| | **Total** | **5,871.82** | **2,232.06** |

**16.1** As required under Section 125 of the Companies Act, 2013, the Company has transferred ₹ 9.99 lakhs (Previous Year ₹5.19 lakhs) to Investor Education and Protection Fund (IEPF) during the year as of March 31, 2020, except to the extent of ₹60.49 lakhs (previous year ₹ 59.34 lakhs) in respect of claims that are disputed. As of March 31, 2020, no amount was due for transfer to the IEPF.

**16.2** There are no dividends which are pending to be transferred to Investor Education and Protection Fund as per Sec 125 of the Companies Act, 2013 as at year end.

## Note 17 Provisions

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Provision for Income Tax (net of advance tax) | 155.65 | 154.24 |
| (ii) | Provision for Employee Benefit (Refer Note 37) | 1,761.96 | 1,608.45 |
| (iii) | Special provisioning for RBI regulatory package (Refer note 5.5 and 45) | 3,654.45 | - |
| (iv) | Provision for contingencies (taxes) | 1,050.97 | 900.97 |
| | **Total** | **6,623.03** | **2,663.65** |

## Note 18 Other Non Financial Liabilities

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Revenue received in advance | 561.73 | 484.11 |
| (ii) | Statutory Dues | 304.13 | 195.63 |
| (iii) | Other Payables: | | |
| | (i) Cheques pending presentation | - | 68.41 |
| | (ii) Cheques pending realisation | 0.11 | 38.00 |
| | (iii) Time barred cheques | 79.45 | 115.44 |
| | (iv) Other monies received in advance | 287.29 | 119.17 |
| | (v) Others | 355.85 | 459.03 |
| | **Total** | **1,588.57** | **1,479.81** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 19 Equity Share Capital

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | **Authorised:** | | |
| | 35,00,00,000 Equity Shares of ₹ 2 each (PY 2018-19: 35,00,00,000 Equity Shares of ₹ 2 each) | 7,000.00 | 7,000.00 |
| (ii) | **Issued and Subscribed:** | | |
| | 13,32,27,875 Equity Shares of ₹ 2 each (PY 2018-19: 13,32,27,875 Equity Shares of ₹ 2 each ) | 2,664.56 | 2,664.56 |
| (iii) | **Paid up:** | | |
| | 13,31,54,125 Equity shares of ₹ 2 each (PY 2018-19: 13,31,54,125 Equity shares of ₹ 2 each) | 2,663.08 | 2,663.08 |
| | Add : Forfeited Shares | 0.23 | 0.23 |
| | **Total** | **2,663.31** | **2,663.31** |

### 19.1 Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year

(₹ in lakhs)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No. of shares | ₹ in lakhs | No. of shares | ₹ in lakhs |
| Equity Shares outstanding as at the beginning of the year | 13,31,54,125 | 2,663.31 | 13,31,54,125 | 2,663.31 |
| Add: Equity shares issued during the year | - | - | - | - |
| **Equity Shares outstanding as at the end of the year** | **13,31,54,125** | **2,663.31** | **13,31,54,125** | **2,663.31** |

### 19.2 Details of shareholding more than 5% of equity shares in the company

(₹ in lakhs)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | No. of shares | % of shares held to total shares | No. of shares | % of shares held to total shares |
| Canara Bank (sponsor bank) | 3,99,30,365 | 29.99 | 3,99,30,365 | 29.99 |
| Chhattisgarh Investments Ltd | 1,06,49,521 | 8.00 | 1,19,79,411 | 9.00 |
| Caladium Investment Pte Ltd | 1,66,38,752 | 12.50 | 1,79,04,245 | 13.45 |

**19.3** Terms and rights attached to Equity Shares: The Company has one class of Equity shares having a face value of ₹ 2/- per share and each shareholder is eligible for one vote per share held. In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount in proportion to their shareholdings

**19.4** For the period of five years immediately preceding the FY 2019-20

(A) Aggregate number and class of shares allotted as fully paid-up pursuant to contract(s) without payment being received in cash is NIL

(B) Aggregate number and class of shares allotted as fully paid-up by way of bonus shares is NIL

(C) Aggregate number and class of shares bought back is NIL

**19.5** The Company has not:

A) Issued any securities convertible into equity/preference shares.

B) Issued any shares where calls are unpaid.

C) Forfeited any shares.

D) Issued any shares reserved for issue under options and contracts or commitments for sale of shares or divestment.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 20 Other Equity

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | **Special Reserve (created as per requirement of Income Tax Act - Section 36(1)(viii)):** | | |
| | Balance at the beginning of the year | 54,160.45 | 45,421.00 |
| | Transferred from statement of profit and loss (refer Note 20.1 below) | 11,682.55 | 8,739.45 |
| | **Balance at the end of the year (A)** | **65,843.00** | **54,160.45** |
| | Cumulative Tax effect on special reserve at the beginning of the year | 8,141.29 | 5,087.38 |
| | Tax effect for the year | 2,940.26 | 3,053.91 |
| | **Cumulative Tax effect at the end of the year (B)** | **11,081.55** | **8,141.29** |
| | **Total (A)+(B)** | **76,924.55** | **62,301.74** |
| (ii) | **General Reserve** | | |
| | Balance at the beginning of the year | 55,483.09 | 49,547.80 |
| | Add: Transferred from statement of profit and loss | 7,488.26 | 5,935.29 |
| | **Balance at the end of the year** | **62,971.35** | **55,483.09** |
| (iii) | **Statutory Reserve (created as per the requirement of Section 29C of the NHB Act, 1987)** | | |
| | Balance at the beginning of the year | 24,535.29 | 18,600.00 |
| | Add: Transferred from statement of profit and loss (refer Note 20.1 below) | 7,488.26 | 5,935.29 |
| | **Balance at the end of the year** | **32,023.55** | **24,535.29** |
| (iv) | **Securities Premium Reserve** | | |
| | Balance at the beginning of the year | 27,297.54 | 27,297.54 |
| | Add: Received during the year | - | - |
| | **Balance at the end of the year** | **27,297.54** | **27,297.54** |
| (v) | **Profit and loss account (Including Other Comprehensive Income)** | | |
| | Balance at the beginning of the year | 5,937.64 | 81.71 |
| | Add: Profit for the year | 37,441.32 | 29,676.43 |
| | Add/ (Less):- Impact on adoption of Ind AS 116 (refer Note 43) | (382.80) | - |
| | Add/ (Less):- Transferred to Special Reserve (refer Note 20.1 below) | (11,682.55) | (8,739.45) |
| | Add/ (Less):- Transferred to Statutory Reserve (refer Note 20.1 below) | (7,488.26) | (5,935.29) |
| | Add/ (Less):- Transferred to General Reserve | (7,488.26) | (5,935.29) |
| | Add/ (Less):- Dividend (refer Note 20.2 & 20.3 below) | (2,663.08) | (2,663.08) |
| | Add/ (Less):- Corporate Dividend Tax thereon | (547.45) | (547.40) |
| | **Balance at the end of the year** | **13,126.55** | **5,937.64** |
| (vii) | **Share application money pending allotment** | | |
| | Balance at the beginning of the year | - | - |
| | Less: Allotted during the year | - | - |
| | **Balance at the end of the year** | **-** | **-** |
| | **Total** | **2,12,343.54** | **1,75,555.29** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**20.1** As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose, any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer u/s 29C of the NHB Act, 1987 also. The Company has transferred a sum of ₹ 11,682.55 lakhs (Previous year ₹8,739.45 lakhs) to Special Reserve which is in terms of Section 36(1)(viii) of the Income Tax Act, 1961 and ₹7,488.26 lakhs (Previous year ₹ 5,935.29 lakhs ) to Additional Reserve u/s 29C of the NHB Act, 1987 during the FY 2019-20.

**20.2** The Company has paid dividend of ₹ 2/- per share on the equity shares of face value of ₹ 2/- each pertaining to FY 2018-19, post approval by the members in the 32nd AGM held on 17th July, 2019.

**20.3** The Board of Directors, have recommended final dividend of ₹ 2/- per equity share, this dividend will be paid after the approval of the members at the ensuing AGM. According to the requirements of Ind AS 10- Events occurring after Balance sheet date, the dividend declared and tax thereon shall only be recognised as a liability in the books of account in the year in which the dividends are declared on approval by members. The total estimated dividend on equity shares to be paid is ₹2,663.08 lakhs.

**20.4** Presentation of Reserve Fund as per NHB's policy circular reference NHB(ND)/ DRS/ Pol.Circular.61/ 2013-14 dated April 7, 2014 and Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by National Housing Bank.

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **Statutory Reserve (As per section 29C of the National Housing Bank Act, 1987)** | | |
| Opening Balance | 24,535.29 | **18,600.00** |
| Additions during the year | 7,488.26 | 5,935.29 |
| Appropriations during the year | - | - |
| Closing Balance | 32,023.55 | **24,535.29** |

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Balance at the beginning of the year | | |
| a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987 | 24,535.29 | 18,600.00 |
| b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987 (excluding tax effect) | 54,160.45 | 45,421.00 |
| **Addition/ Appropriation / Withdrawal during the year** | | |
| Add: | | |
| a) Amount transferred u/s 29C of the NHB Act, 1987 | 7,488.26 | 5,935.29 |
| b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the NHB Act, 1987. | 11,682.55 | 8,739.45 |
| Less: | | |
| a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | - | - |
| b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987. | - | - |
| Balance at the end of the year | | |
| a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987 | 32,023.55 | **24,535.29** |
| b) Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into Account for the purpose of Statutory Reserve u/s 29C of the NHB Act, 1987. | 65,843.00 | **54,160.45** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 21 Interest Income

(₹ in lakhs)

| Sl. No. | Particulars | Year ended March 31, 2020 | | | Year ended March 31, 2019 | | |
|---|---|---|---|---|---|---|---|
| | | On Financial assets measured | | | On Financial assets measured | | |
| | | At FVTOCI | At Amortised Cost | At FVTPL | At FVTOCI | At Amortised Cost | At FVTPL |
| (i) | Interest on Loans | - | 2,01,536.57 | - | - | 1,71,095.23 | - |
| (ii) | Interest income from investments | - | 141.09 | - | - | 100.90 | - |
| (iii) | Interest on deposits with Banks | - | 190.84 | - | - | 125.60 | - |
| (iv) | Other Interest income | - | 22.08 | - | - | 18.96 | - |
| | **Total** | **-** | **2,01,890.59** | **-** | **-** | **1,71,340.68** | **-** |

## Note 22 Fee and Commission Income

(₹ in lakhs)

| Sl. No. | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| (i) | Processing and other fee | 948.09 | 1,274.75 |
| (ii) | Insurance commission income | 202.63 | 79.68 |
| | **Total** | **1,150.72** | **1,354.43** |

## Note 23 Other Income

(₹ in lakhs)

| Sl. No. | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| (i) | Profit on sale of property plant and equipment | - | 4.58 |
| (ii) | Provision no longer required written back | - | 2.15 |
| (iii) | Dividend Income from Investment in Mutual funds | - | - |
| (iv) | Bad debts recovered | 3.77 | 432.71 |
| | **Total** | **3.77** | **439.45** |

## Note 24 Finance Costs

(₹ in lakhs)

| Sl. No. | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| | Financial Instruments recognised at Amortised cost: | | |
| (i) | Interest on deposits | 2,344.03 | 1,813.65 |
| (ii) | Interest on borrowings | 1,08,265.67 | 80,587.15 |
| (iii) | Interest on debt securities | 22,337.38 | 33,306.67 |
| (iv) | Interest on Subordinated liabilities | 894.00 | 894.00 |
| (v) | Interest on lease liability | 314.40 | - |
| (vi) | Other charges | 265.49 | 325.90 |
| | **Total** | **1,34,420.98** | **1,16,927.38** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 25 Fees and Commission Expense

(₹ in lakhs)

| Sl. No. | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| (i) | Direct Selling Agents' Commission | 1,174.18 | 1,035.87 |
| (ii) | CIBIL and other Fee | 57.27 | 49.23 |
| | **Total** | **1,231.46** | **1,085.10** |

## Note 26 Impairment of Financial Instruments

(₹ in lakhs)

| Sl. No. | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| (i) | Loans* | 6,031.57 | 109.22 |
| | **Total** | **6,031.57** | **109.22** |

* includes special provisioning for RBI regulatory package of ₹ 3,654.45 lakhs) (PY: Not Applicable)

## Note 27 Employee Benefits Expenses

(₹ in lakhs)

| Sl. No. | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| (i) | Salaries and wages | 4,844.76 | 3,613.88 |
| (ii) | Contribution to provident and other funds (refer note 37) | 506.56 | 486.01 |
| (iii) | Staff welfare expenses | 50.61 | 27.60 |
| (iv) | Others | 18.65 | 12.43 |
| | **Total** | **5,420.57** | **4,139.92** |

## Note 28 Depreciation Expense

(₹ in lakhs)

| Sl. No. | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| (i) | Depreciation on plant, property and equipment (refer Note 9) | 947.13 | 296.88 |
| | **Total** | **947.13** | **296.88** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 29 Other Expenses

(₹ in lakhs)

| Sl. No. | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| (i) | Rent, taxes and energy costs | 475.50 | 1,330.72 |
| (ii) | Repairs and maintenance | 106.13 | 97.88 |
| (iii) | Communication costs | 121.36 | 121.01 |
| (iv) | Printing and stationery | 48.38 | 55.90 |
| (v) | Advertisement and publicity | 113.53 | 117.42 |
| (vi) | Director's sitting fees | 20.00 | 22.70 |
| (vii) | Auditor's fees and expenses (refer Note 29.1 below) | 70.69 | 57.86 |
| (viii) | Legal and professional charges (refer Note 29.2 below) | 449.86 | 571.97 |
| (ix) | Corporate Social Responsibility Expenses (refer Note 46) | 1,004.02 | 606.24 |
| (x) | Insurance charges | 89.99 | 53.18 |
| (xi) | Travelling and conveyance | 268.83 | 223.37 |
| (xii) | Bank charges | 67.86 | 22.14 |
| (xiii) | General expenses | 36.12 | 38.92 |
| (xiv) | Rates and tax | 137.28 | 157.71 |
| (xv) | Loss on sale of property, plant and equipment | 1.85 | - |
| (xvi) | Miscellaneous expenses | 153.33 | 148.56 |
| | **Total** | **3,164.73** | **3,625.58** |

### 29.1 Auditor's remuneration (net of GST)

(₹ in lakhs)

| Sl. No. | Particulars | Year ended March 31, 2020 | Year ended March 31, 2019 |
|---|---|---|---|
| (i) | Audit Fees (Including Branch Statutory Auditors fees and Tax audit) | 58.63 | 48.16 |
| (ii) | Tax Matters | 0.40 | 0.30 |
| (iii) | Other Services (Certification etc.,) | 3.35 | 2.50 |
| (iv) | Out of Pocket Expenses | 8.31 | 6.90 |
| | **Total** | **70.69** | **57.86** |

**29.2** The Company has entered into lease cum licence agreement with M/s Encore Theme Technologies Pvt. Ltd., for implementation of Integrated Business Suit (IBS) software. The expenditure incurred in this regard amounting to ₹ 198.38 lakhs (Previous Year ₹354.60 lakhs) is charged to the P & L account under Legal and Professional charges.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 30 Financial Instruments: Financial Assets (at amortised cost)

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Cash and Cash Equivalents | 39,243.99 | 42,025.39 |
| (ii) | Trade Receivables | 25.55 | 13.91 |
| (iii) | Loans | | |
| | Term Loans | 20,64,407.00 | 18,33,337.19 |
| | Less: Impairment Loss Allowance [refer Note 40(i)] | 11,837.75 | 9,919.62 |
| | **Sub Total** | **20,52,569.25** | **18,23,417.57** |
| (iv) | Investments | 2,430.50 | 1,629.59 |
| (v) | Other Financial Assets | 302.63 | 266.64 |
| | **Total** | **20,94,571.92** | **18,67,353.11** |

## Note 31 Financial Instruments: Financial Liabilities (at amortised cost)

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Trade Payables | 423.95 | 346.57 |
| (ii) | Debt Securities | 3,91,246.60 | 5,73,760.03 |
| (iii) | Borrowings | 14,53,089.75 | 10,88,139.04 |
| (iv) | Deposits | 30,508.05 | 26,109.48 |
| (v) | Subordinated liabilities | 10,291.47 | 10,291.47 |
| (vi) | Other Financial Liabilities | 5,871.82 | 2,232.06 |
| | **Total** | **18,91,431.63** | **17,00,878.64** |

## Note 32 Provisions

(₹ in lakhs)

| Sl. No. | Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| (i) | Provision for Expected Credit Loss (refer Note 5.4 & 32.1) | 11,837.75 | 9,919.62 |
| (ii) | Provision for Employee Benefits (refer Note 32.2 below) | 1,761.96 | 1,608.45 |
| (iii) | Provision for contingencies (taxes) (refer Note 32.3 below) | 1,050.97 | 900.97 |
| (iv) | Special Provisioning on RBI regulatory package (refer Note 45) | 3,654.45 | - |
| | **Total** | **14,650.68** | **12,429.04** |

**The disclosure of provisons movement as required under IND AS 37- Provision, Contingent Liabilities and Contingent Assets is as follows.**

**32.1 Provision for Expected Credit Loss (refer note 5.4)**

(₹ in lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Balance at the beginning of the year | 9,919.61 | 10,061.83 |
| Provisions made during the year | 2,377.12 | 109.22 |
| Utilisations during the year | - | - |
| Released during the year | 458.98 | 251.43 |
| **Provision at the end of the year** | **11,837.75** | **9,919.61** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

### 32.2 Provision for Employee Benefits

(₹ in lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Balance at the beginning of the year | 12,429.04 | 2,117.45 |
| Provisions made during the year | 2,777.51 | 10,990.91 |
| Utilisations during the year | (555.87) | (679.32) |
| Released during the year | - | - |
| **Provision at the end of the year** | **14,650.68** | **12,429.04** |

### 32.3 Provision for Contingencies (taxes)

(₹ in lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Balance at the beginning of the year | 900.97 | 900.97 |
| Provisions made during the year | 150.00 | - |
| Utilisations during the year | - | - |
| Released during the year | - | - |
| **Provision at the end of the year** | **1,050.97** | **900.97** |

## Note 33 Income Tax

### 33.1 Income Tax Expense in statement of profit and loss

(₹ in lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| **Current income tax:** | | |
| In respect of the current year | 14,556.71 | 17,203.91 |
| In respect of earlier years | 461.81 | 151.54 |
| **Deferred tax:** | | |
| In respect of the current year | (802.22) | (78.67) |
| **Income tax expense recognised in the statement of profit or loss** | **14,216.31** | **17,276.79** |
| **Income tax recognised in other comprehensive income** | | |
| (i) Current tax arising on income and expense recognised in other comprehensive income | - | - |
| Net loss / (gain) on remeasurement of defined benefit plan | - | - |
| (ii) Deferred tax arising on income and expense recognised in other comprehensive income | (57.52) | 1.47 |
| **Total** | **(57.52)** | **1.47** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**33.2 Reconciliation between provision of Income Tax of the company and amounts computed by applying the Indian Statutory Income tax rate to profit before taxes:**

(₹ in lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Profit Before Tax | 51,828.65 | 46,950.48 |
| Enacted Income Tax Rate in India (%) | 25.17 | 34.94 |
| Computed Tax Expense | 13,044.24 | 16,406.38 |
| **Effect of :** | | |
| Income tax pertaining to earlier years | 461.81 | 151.54 |
| Ind AS adjustments (Net) | 397.74 | 1,085.78 |
| Allowances/exemptions under income tax | (489.98) | (528.98) |
| Non-deductible expenses for tax purposes | 300.98 | 322.32 |
| Due to change in tax rate | 671.64 | - |
| Others | (170.12) | (160.26) |
| **Income tax expense recognised in the statement of profit and loss** | **14,216.31** | **17,276.79** |

The tax rates under Indian Income Tax Act, for the year ended March 31, 2020 and March 31, 2019 is 25.168% and 34.94% respectively.

Pursuant to Taxation Laws (Amendment) Ordinance 2019, dated September 20, 2019, the Company intends to exercise the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute Income tax at the rate (i.e., 25.168%) from the current financial year. The tax expense for the quarter and year ended March 31, 2020 is after considering the impact of revised tax rates. On account of re-measurement of deferred tax asset at the revised tax it is lower by ₹ 875.22 Lakhs.

## Note 34 Deferred Tax assets/(liabilities) as at 31 March 2020 in relation to:

(₹ in lakhs)

| Particulars | As at April 1, 2019 | Recognised in profit and loss | Recognised in OCI | As at March 31, 2020 |
|---|---|---|---|---|
| Property,plant and Equipment | (58.70) | 176.72 | - | 118.02 |
| Expected Credit Loss | 407.26 | (214.03) | - | 193.23 |
| Provision for employee benefits | 298.54 | 37.68 | 57.52 | 393.75 |
| Financial assets carried at amortised cost | 1,753.67 | 10.83 | - | 1,764.50 |
| Ind AS 116 Transition (Adjusted to Retained Earnings) | 128.74 | (128.74) | - | - |
| Special Provisioning on RBI Regulatory package (please refer Note no 32) | - | 919.75 | - | 919.75 |
| **Total** | **2,529.51** | **802.22** | **57.52** | **3,389.25** |

**Deferred Tax assets/(liabilities) as at 31 March 2019 in relation to:**

(₹ in lakhs)

| Particulars | As at April 1, 2018 | Recognised in profit and loss | Recognised in OCI | As at March 31, 2019 |
|---|---|---|---|---|
| Property,plant and Equipment | 88.62 | (147.32) | - | (58.70) |
| Provision for Doubtful Debts | 496.93 | (89.68) | - | 407.26 |
| Provision for compensated absence | 952.54 | (652.53) | (1.47) | 298.54 |
| Deferred tax relating to Ind AS Adjustment | 785.46 | 968.21 | - | 1,753.67 |
| **Total** | **2,323.56** | **78.68** | **(1.47)** | **2,400.76** |

**The company has not created deferred tax assets on the following :**

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Nil | | |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 35

During the previous financial year ended 31st March 2019, due to differences in treatment of deferred tax on special reserves between AS 22 and Ind AS 12, the company reversed deferred tax liabilities on special reserve amounting to ₹ 12,539.59 lakhs directly in Reserves and an amount of ₹ 3,122.66 lakhs in the profit or loss account.

## Note 36 Contingent Liabilities and commitments (to the extent not provided for)

**(i) Contingent Liabilities (to the extent not provided for)**

(₹ in lakhs)

| Nature of claims | Risk involved | As of March 31, 2020 | As of March 31, 2019 |
|---|---|---|---|
| Disputed Income Tax matters under appeal: | 1. The Income Tax Appeals filed by the Department for the Asst. Years 1996-97 to 1999-2000 have been dismissed by the Hon'ble High Court of Karnataka and allowed in favour of the Company. The Department has filed two separate appeals before the Hon'ble Supreme Court of India for the Asst. Year 1996-97 which has since been dismissed. Hence no longer considered as disputed tax/ contingent liability. Further, provision created for the said purpose for an amount of ₹300.96 lakhs as on 31st March 2018 has been utilised for AY 2006-07 and AY 2007-08 disputed tax.<br>2. The appeals filed by the Company for the Asst. Year 2006-07 and 2007-08 were dismissed by the 2nd appellate authority and the Company has preferred appeals before the Hon'ble High Court of Karnataka which are admitted and yet to be heard. The alleged demand for the Asst. Year 2006-07 (under appeal) has been recovered by the Department to the extent of ₹ 535 lakhs out of the refunds determined to the Company. The alleged demand for the Asst. Year 2007-08 (under appeal) amounting to ₹ 448.13 lakhs towards the alleged Income Tax and interest, is also adjusted by the department. Further, ₹ 375.80 lakhs has been paid by the company under protest. Provision created in the books of account for the said purpose and balance as on 31st March 2018 is ₹ 600.00 lakhs and the excess provision as per point 1 above to the extent of ₹ 300.96 lakhs has been utilised for provision against disputed tax of AY 2006-07 & 2007-08. The short provision to the extent of, ₹113.85 continued to be shown as such under disputed Tax. | | 113.85 |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

(₹ in lakhs)

| Nature of claims | Risk involved | As of March 31, 2020 | As of March 31, 2019 |
|---|---|---|---|
| | 3. An amount of ₹ 3.55 lakhs demanded for the Asst. Year 2003-04. However as per Company there is no tax due for the said Asst.Year. Company is yet to receive rectification order. Hence shown under disputed tax. | - | 3.55 |
| | 4. An amount of ₹ 15.61 lakhs demanded for the Asst. Year 2004-05. However as per Company there is no tax due for the said Asst.Year. Company is yet to receive rectification order. Hence shown under disputed tax. | - | 15.61 |
| | 5. An amount of ₹ 16.44 lakhs demanded for the Asst. Year 2011-12 continues to be shown under disputed tax, pending receipt of rectification orders against which the Company has determined a liability of ₹ 1.97 lakhs to be adjusted against the refund due to the Company. | - | 16.44 |
| | 6. The Company has filed an appeal before to CIT (Appeals) during the current year against the demand notice (forAY 2017-18) from the department of ₹ 36.94 lakhs. | 36.94 | - |
| Claims made by borrowers of the company before various Consumer Forums. | There are 3 cases pending before State Consumer redressal Forum and High Court where compensation is sought against the Company. | 18.51 | 98.97 |

Based on the professional advice no material liabilities are expected, and hence no provision is made in the financial statements for the same.

| | | |
|---|---|---|
| **(ii) Commitments (not provided for)** | | |
| Value of contracts remaining to be executed on capital account | 4.81 | 2.57 |
| Disbursements – Undrawn lines (customers) | 94,765.93 | 45,025.60 |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 37 Employee Benefit Expenses

**Defined Benefit Plans:**

1. Gratuity is an Employee Benefit payable on retirement / superannuation / resignation on completion of 5 years of service.
2. Privilege Leave is an employee benefit wherein confirmed Officer/Employee is entitled to 30 days of PL every year, which can be accumulated upto a maximum of 240 days.
3. Provident Fund is a statutory employee benefit wherein contributions are made by the employee and employer in prescribed proportion.
4. Sick Leave is a Benefit, which an Officer/Employee is entitled to 15 days in a year, which can be accumulated upto a maximum of 270 days.
5. Leave Fare Concession is an employee benefit wherein all confirmed Employees/Officers are entitled once in two years.

**I. Reconciliation of present value of Projected Benefit Obligation:**

(₹ in lakhs)

| Particulars | Gratuity | | Exempt PF | |
|---|---|---|---|---|
| | For the year ended | | For the year ended | |
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Present value of Projected Benefit obligation | 1,465.87 | 1,460.91 | 4,204.13 | 3,398.57 |
| Current Service Cost | 105.43 | 106.22 | 749.93 | 627.24 |
| Past Service Cost | - | - | - | - |
| Net interest on net defined liability/ (asset) | 109.90 | 106.13 | 385.07 | 312.81 |
| Benefits paid and charges deducted | (47.14) | (172.24) | (389.66) | (436.98) |
| Re-measurement - actuarial (gain)/ loss recognised | 185.18 | (35.15) | - | 302.49 |
| **Net Present value of Projected Benefit obligation** | **1,819.24** | **1,465.87** | **4,949.47** | **4,204.13** |

(₹ in lakhs)

| Particulars | Long Term Compensated Absence | | Sick Leave | |
|---|---|---|---|---|
| | For the year ended | | For the year ended | |
| | March 31, 2020 | March 31, 2019 | March 31, 2020 | March 31, 2019 |
| Present value of Projected Benefit obligation | 967.99 | 873.82 | 92.96 | 83.11 |
| Current Service Cost | 51.58 | 53.63 | 12.26 | 11.65 |
| Past Service Cost | - | - | - | - |
| Net interest on net defined liability/ (asset) | 69.22 | 64.75 | 7.09 | 6.42 |
| Benefits paid and charges deducted | (119.07) | (70.10) | - | - |
| Re-measurement - actuarial (gain)/ loss recognised | 347.67 | 45.88 | (4.87) | (8.22) |
| **Net Present value of Projected Benefit obligation** | **1,317.39** | **967.99** | **107.44** | **92.96** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**II. Expenses recognised in the statement of Profit and Loss account under the head "Employee Benefits Expenses" for the year ended March 31,2020**

(₹ in lakhs)

| Particulars | Gratuity | | Exempt PF | |
|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Current Service Cost | 105.43 | 106.22 | 749.92 | 627.24 |
| Past Service Cost | - | - | - | - |
| Interest Cost | (9.77) | 51.54 | 385.07 | 312.81 |
| Benefits Settled | - | - | - | - |
| **Obligations at end of the year** | **95.66** | **157.77** | **1,134.99** | **940.05** |

(₹ in lakhs)

| Particulars | Sick Leave | | Long Term Compensated Absence | |
|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Current Service Cost | 12.26 | 11.65 | 51.59 | 53.63 |
| Past Service Cost | - | - | - | - |
| Interest Cost | 7.08 | 6.42 | 69.22 | 64.75 |
| Benefits Settled | - | - | - | - |
| **Obligations at end of the year** | **19.34** | **18.07** | **120.81** | **118.38** |

**III. Reconciliation of Opening balances and Closing balances of Plan Assets**

(₹ in lakhs)

| Particulars | Gratuity | | Exempt PF | |
|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Plan assets at the beginning of the year, at fair value | 1,320.47 | 117.50 | 4,108.23 | 3,581.46 |
| Re-measurement - actuarial gain/ (loss) | (43.38) | (30.94) | (697.66) | 3.93 |
| Expected return on plan assets | 119.67 | 54.59 | 298.26 | 332.58 |
| Contributions from Employees | 547.31 | 1,351.56 | 749.93 | 627.24 |
| Benefits Settled | (47.14) | (172.24) | 389.66 | (436.98) |
| **Plan assets at the end of the year at fair value** | **1,896.93** | **1,320.47** | **4,848.42** | **4,108.23** |

(₹ in lakhs)

| Particulars | Sick Leave | | Long Term Compensated Absence | |
|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Plan assets at the beginning of the year, at fair value | - | - | - | - |
| Interest income on plan assets | - | - | - | - |
| Re-measurement - actuarial gain/ (loss) | - | - | - | - |
| Return on plan assets greater/ (lesser) than discount rate | - | - | - | - |
| Contributions from Employees | - | - | 119.08 | 70.10 |
| Benefits Settled | - | - | (119.08) | (70.10) |
| **Plan assets at the end of the year at fair value** | **-** | **-** | **-** | **-** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## IV Amount recognised in Other Cmprehensive Income (OCI)

(₹ in lakhs)

| Description | Gratuity For the year ended | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Actuarial (gain)/loss on plan obligation | 185.18 | (35.15) |
| Return or loss on plan asset | 43.37 | 30.94 |
| **Net amount recognised in OCI** | **228.55** | **(4.21)** |

### Acturial Assumptions

(₹ in lakhs)

| Description | As on March 31, 2020 | As on March 31, 2019 |
|---|---|---|
| Discount rate per annum | 6.66% | 7.62% |
| Expected rate of return on Plan Assets | Gratuity-6.66% Exempted PF-6.66% | Gratuity-7.62% Exempted PF-8.65% |
| The estimates of future salary increases considered in actuarial valuation, take into account escalation, inflation, seniority, Promotion and other relevant factors | 7.00% | 7.00% |

### Investment pattern (in %)

(₹ in lakhs)

| Particulars | As on March 31, 2020 | As on March 31, 2019 |
|---|---|---|
| **Gratuity - Funded** | | |
| Funds managed by Insurer | 100% | 100% |
| **Total** | **100%** | **100%** |
| **Exempt PF- Funded** | | |
| Government of India Securities | 6.70% | 7.76% |
| State Government Securities | 46.11% | 40.64% |
| High Quality Corporate Bonds | 36.61% | 38.96% |
| Special Deposits Scheme | 2.06% | 2.39% |
| Mutual Funds | 6.47% | 6.91% |
| Bank Deposits | 2.05% | 3.35% |
| **Total** | **100%** | **100%** |

### Amounts recognised in Balance Sheet

Gratuity

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Present value of defined benefit obligation | (1,819.24) | (1,465.87) |
| Fair value of plan assets | 1,896.93 | 1,320.47 |
| **Asset/ (liability) recognized** | **77.69** | **(145.40)** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

### Exempt PF

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Present value of defined benefit obligation | (4,949.46) | (4,204.13) |
| Fair value of plan assets | 4,848.41 | 4,108.23 |
| **Asset/ (liability) recognized** | **(101.05)** | **(95.90)** |

### Sick Leave

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Present value of defined benefit obligation | (107.43) | (92.96) |
| Fair value of plan assets | - | - |
| **Asset/ (liability) recognized** | **(107.43)** | **(92.96)** |

### Long Term Compensated Absence

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Present value of defined benefit obligation | (1,317.39) | (967.99) |
| Fair value of plan assets | - | - |
| **Asset/ (liability) recognized** | **(1,317.39)** | **(967.99)** |

### Maturity profile of defined benefit obligation

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Average duration of the define benefit obligation (in years): | | |
| - Gratuity | 10.1 | 8.8 |
| - Long Term Compensated Absence | 11.9 | 9.9 |

**Sensitivity Analysis**

The sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting year, which is same as that applied in calculating the defined benefit obligation liability recognized in the balance sheet.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

## Gratuity

(₹ in lakhs)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Basis points | 50 bps | 50 bps | 50 bps | 50 bps |
| **-Discount rate** | | | | |
| Impact on Defined benefit obligation | 1,738.08 | 1,907.37 | 56.49 | (60.55) |
| Impact on Current Service cost | 128.52 | 152.83 | 7.53 | (6.71) |
| **-Salary Growth** | | | | |
| Impact on Defined benefit obligation | 1,873.14 | 1,765.50 | (39.91) | 39.12 |
| Impact on Current Service cost | 147.33 | 132.65 | (3.61) | 6.02 |

## Long Term Compensated Absence

(₹ in lakhs)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Basis points | 50 bps | 50 bps | 50 bps | 50 bps |
| **-Discount rate** | | | | |
| Impact on Defined benefit obligation | 1,248.65 | 1,392.89 | 41.63 | (45.09) |
| Impact on Current Service cost | 71.70 | 82.16 | 4.77 | (0.96) |
| **-Salary Growth** | | | | |
| Impact on Defined benefit obligation | 1,392.27 | 1,248.55 | 133.19 | 51.89 |
| Impact on Current Service cost | 82.11 | 71.69 | 3.12 | (3.45) |

## Sick Leave

(₹ in lakhs)

| Particulars | As at March 31, 2020 | | As at March 31, 2019 | |
|---|---|---|---|---|
| | Increase | Decrease | Increase | Decrease |
| Basis points | 50 bps | 50 bps | 50 bps | 50 bps |
| **-Discount rate** | | | | |
| Impact on Defined benefit obligation | 104.16 | (110.95) | 2.43 | (2.58) |
| Impact on Current Service cost | 14.35 | (15.63) | (0.17) | (1.09) |
| **-Salary Growth** | | | | |
| Impact on Defined benefit obligation | 110.92 | (104.15) | (2.58) | 2.45 |
| Impact on Current Service cost | 15.62 | (14.35) | (1.09) | (0.17) |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**Maturity profile of defined benefit obligation:**

(₹ in lakhs)

| Particulars | Gratuity | | Long Term Compensated Absence | |
|---|---|---|---|---|
| | As at March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Year 1 | 113.05 | 70.92 | 46.77 | 33.84 |
| Year 2 | 104.83 | 136.33 | 43.12 | 57.60 |
| Year 3 | 147.57 | 111.90 | 64.31 | 46.44 |
| Year 4 | 189.22 | 152.87 | 81.57 | 62.61 |
| Year 5 | 209.31 | 186.65 | 94.85 | 75.81 |
| Next 5 years | 923.36 | 945.14 | 424.11 | 407.46 |

Note: Maturity profile of defined benefit obligation is not applicable to Sick Leave and Exempted PF.

## Note 38 Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share

(₹ in lakhs)

| Particulars | For the year ended | | | |
|---|---|---|---|---|
| | March 31, 2020 | | March 31, 2019 | |
| | Basic EPS | Diluted EPS | Basic EPS | Diluted EPS |
| Weighted average number of equity shares outstanding during the year | 1,331.54 | 1,331.54 | 1,331.54 | 1,331.54 |
| Equity shares issued during the year | - | - | - | - |
| Weighted average number of equity shares for calculation of earnings per share | 1,331.54 | 1,331.54 | 1,331.54 | 1,331.54 |
| Profit for the year, as per Profit & Loss Statement (excluding Other Comprehensive income ) | 37,612.35 | 37,612.35 | 29,673.69 | 29,673.69 |
| Earning per share [Basic EPS/Dilutive EPS] | 28.25 | 28.25 | 22.29 | 22.29 |

## Note 39 Components of Other Comprehensive Income

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

(₹ in lakhs)

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| (a) Items that will not be reclassified to profit and loss | | |
| (i) Actuarial (Gain )/ loss | 228.55 | (4.21) |
| (ii) Income Tax relating to items that will not be reclassified to profit and loss | (57.52) | 1.47 |
| Total | 171.03 | **(2.74)** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 40 Financial Risk Management

### i) Credit Risk

It is defined as the inability or unwillingness of the counterparty to meet the commitment in relation to lending, trading, hedging, settlement and other financial transactions. Also it is defined as the possibility of losses associated with diminution in the credit quality of borrowers or counter parties. The Credit policy articulates credit risk strategy to effectively communicate it throughout the company and all relevant personnel to understand company's approach to grant of credit. The Policy covers products/borrower category, frame work for appraisal process, guidelines for takeover of accounts, entry level matrix (credit scoring system) and flexibility in pricing, dispensation of credit, monitoring and review mechanism, limit structure/prudential exposure levels, reporting frame work. The Company has put in place a proper Loan Review Mechanism with responsibilities assigned in various areas such as, evaluating the effectiveness of loan administration, maintaining the integrity of credit grading process, assessing the loan loss provision, portfolio quality, etc. Credit grading involves assessment of credit quality, identification of problem loans, and assignment of risk ratings. Monitoring is being done through guidelines to branches; follow up by overseeing executives and other regular follow up.

**Analysis of stages of loans and provision of expected credit loss is as follows [Refer Note 2 (i) for "Significant Accounting Policies"].**

(₹ in lakhs)

| Particulars | As at March 31, 2020 | | | | As at March 31, 2019 | | | |
|---|---|---|---|---|---|---|---|---|
| | Stage 1 | Stage 2 | Stage 3 | Total | Stage 1 | Stage 2 | Stage 3 | Total |
| Gross carrying amount of loans (A) | 19,08,674.69 | 1,23,369.20 | 36,807.88 | 20,68,851.77 | 17,37,877.13 | 88,968.05 | 11,351.24 | 18,38,196.42 |
| Provision as per ECL Model (B) | 803.56 | 925.34 | 5,846.71 | 7,575.61 | 1,047.84 | 430.58 | 3,123.02 | 4,601.44 |
| Provision for Standard and NPA Assets* (C) [Refer Note 5.4] | 6,961.92 | 345.32 | 4,530.79 | 11,838.03 | 6,124.92 | 390.08 | 3,404.62 | 9,919.62 |
| % of Provision held =(D)= (C)/(A) | 0.36% | 0.28% | 12.31% | 0.57% | 0.35% | 0.44% | 29.99% | 0.54% |
| **Net Carrying Amount of Loans (E ) = (A)-(C)** | **19,01,712.77** | **1,23,023.88** | **32,277.09** | **20,57,013.74** | **17,31,752.21** | **88,577.97** | **7,946.62** | **18,28,276.80** |

* As per IRAC norms of NHB.

1. The provision estimated as per ECL model on an aggregate basis is lower than the overall provision required under IRAC norms of the NHB. The Management on a conservative approach has decided to maintain the higher provision.
2. As at balance sheet date, the Company does not have significant concentration of credit risk (Refer Note 44.10(ii)).

### ii) Financial Risk

The market risk is the possibility of loss to the Company prices of security due to changes in the market factors, mainly the changes in interest rates, and competition. It is the risk to the Company's earnings and capital due to the changes in the market interest rates. Market Risk also includes company's ability to meet its obligations as and when due. The limited avenues at the disposal of the Company for raising low cost/cost effective resources and our operating on thin spreads make market risk management all the more significant. The Company has an Investment Policy/ Borrowing Policy in place which addresses the Market Risk which defines safety and liquidity will have preference over returns. Our majority of investment is by way of Bank Deposits and Govt. securities for the purpose of maintenance of SLR as prescribed by NHB. All these deposits are held to maturity. There is an ALM Committee of Executives at RO (ALCO), which functions as the operational unit for managing the balance sheet and asset liability mismatches. All the borrowing decisions and raising short term funds in the form of Non Convertible Debentures, Commercial Papers, Securitization and such other modes, are taken at appropriate level as per the Board approved policy on borrowings. Refer Note 5.7 for Asset Liability Management.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31,2020, March 31, 2019.**

(₹ in lakhs)

| Particulars | As at March 31, 2020 | | | Total |
|---|---|---|---|---|
| | < 1 year | 1-3 years | > 3 Years | |
| Trade Payables | 423.95 | - | - | 423.95 |
| Borrowings from Banks | 2,67,742.74 | 2,51,697.72 | 5,86,952.32 | 11,06,392.78 |
| Borrowings from NHB | 49,841.86 | 98,745.13 | 1,96,101.27 | 3,44,688.26 |
| Deposits | 21,101.03 | 7,619.67 | 1,787.35 | 30,508.05 |
| Debentures and Commercial Papers (face value) | 2,17,500.00 | 1,32,200.00 | 25,000.00 | 3,74,700.00 |
| Subordinated Liabilities (face value) | - | - | 10,000.00 | 10,000.00 |
| Others (excluding lease liability) | 2,294.97 | - | - | 2,294.97 |

(₹ in lakhs)

| Particulars | As at March 31, 2019 | | | Total |
|---|---|---|---|---|
| | < 1 year | 1-3 years | > 3 Years | |
| Trade Payables | 346.57 | - | - | 346.57 |
| Borrowings from Banks | 2,39,153.77 | 1,65,409.52 | 4,81,022.45 | 8,85,585.75 |
| Borrowings from NHB | 29,583.52 | 50,532.95 | 1,17,006.23 | 1,97,122.70 |
| Deposits | 15,321.04 | 9,970.34 | 818.10 | 26,109.48 |
| Debentures and Commercial Papers (face value) | 3,38,000.00 | 1,22,200.00 | 1,00,000.00 | 5,60,200.00 |
| Subordinated Liabilities (face value) | - | - | 10,000.00 | 10,000.00 |
| Others (excluding lease liability) | 2,232.06 | - | - | 2,232.06 |

### iii) Liquidity Risk

Probability of loss arising from a situation where (1) there will not be enough cash and/or cash equivalents to meet the needs of depositors and borrowers, (2) sale of liquid assets will yield less than their fair value, or (3) liquid assets will not be sold at the desired time due to lack of buyers. ALM Policy is in place which has set prudential limits for structural liquidity and interest rate risk. The ALCO committee of the Company analyzes the ALM position of the Company as at the end of each quarter and appraises the Board the ALM position of the respective quarters along with the proposed measure to improve the ALM position.

### iv) Interest rate risk

Earnings risk is the danger that income may fluctuate due to changes in economic conditions or other factors. It is also the potential negative impact on the net interest income. The risk refers to vulnerability to movement in interest rates. Changes in interest rates effects earning, value of asset and cash flow. Asset Liability Management Committee (ALCO) meets at periodical intervals and assesses the earning risk and gives proper directions to the management to improve the NIM. Company shall monitor the income earned by way of interest and other income at quarterly intervals and place suitable notes to Board while placing notes on quarterly/ half yearly/annual financial results of the Company. The limited avenues at the disposal of the Company for raising low cost/cost effective resources and our operating on thin spreads make market risk management all the more significant. The credit rating of our borrowings also have a significant impact on our net interest margin. Refer Note 44.4 for credit rating details.

(₹ in lakhs)

| Sensitivity Analysis on Net Interest: | 2019-20 | | 2018-19 | |
|---|---|---|---|---|
| Particulars | Increase by 25bps | Decrease by 25bps | Increase by 25bps | Decrease by 25bps |
| Impact on profit before tax- Gain/ (Loss) | 4,844.98 | (4,844.98) | 4,241.07 | (4,241.07) |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 41: Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Company monitors the capital structure on the basis of total debt to equity ratio and maturity profile of the overall debt portfolio of the Company.

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total Capital | 20,89,851.24 | 18,66,227.15 |
| Total Equity attributable to the Equity Shareholders of the Company | 2,15,006.85 | 1,78,218.60 |
| As percentage of Total Capital | 10.29% | 9.55% |
| Total Borrowings (including deposits and debt securities) | 18,74,844.39 | 16,88,008.55 |
| As percentage of Total Capital | 89.71% | 90.45% |
| **Total Capital ( Equity and Borrowings)** | **20,89,851.24** | **18,66,227.15** |

## Note 42

**A. Related Party**

| Name of Related Party | Nature of Relationship |
|---|---|
| Canara Bank | Sponsor Bank |
| 1. Canbank Factors Ltd. | |
| 2. Canbank Computer Services Ltd | |
| 3. Canbank Financial Services Ltd. | Subsidiaries of Canara Bank |
| 4. Canbank Venture Capital Fund | |
| 5. Canara Bank Securities Ltd | |
| 1. Canara HSBC Oriental Bank of Commerce Life Insurance Company Ltd. | Joint Venture with Canara Bank |
| 2. Canara Robeco Asset Management Company Ltd. | |
| **Key Managerial Personnel:** | |
| 1. Shri S K Hota | Managing Director (till 27/06/2019) |
| 2. Shri Girish Kousgi | Managing Director (w.e.f 05/09/2019) |
| 3. Shri Shreekant M Bhandiwad | Whole Time Director |
| 4. Shri Atanu Bagchi | Chief Financial Officer (till 31/05/2019) |
| 5. Smt Veena G Kamath | Company Secretary |
| 6. Smt Shamila Mangalore | General Manager |
| 7. Shri Prashanth Joishy | Chief Financial Officer (w.e.f 04/11/2019) |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**B. Transactions with the above Related Party during the year**

(₹ in lakhs)

| Name of Related Party | Nature of Transaction | For the period 2019-20 | 2018-19 |
|---|---|---|---|
| Veena G Kamath | Remuneration | 15.11 | 13.71 |
| Atanu Bagchi | Remuneration | 4.98 | 14.19 |
| Shamila Mangalore | Remuneration | 18.25 | 15.57 |
| Shri Girish Kousgi (w.e.f 05/09/2019) | Remuneration | 57.22 | - |
| Prashanth Joishy (w.e.f 04/11/2019) | Remuneration | 7.05 | - |
| Canara Bank | Term Loans & other credit facilities outstanding at the year end | 2,76,630.05 | 3,32,751.97 |
| | Interest paid for the year | 20,957.05 | 19,976.11 |
| | Deposits matured during the year | 1,708.06 | 1,680.10 |
| | Deposits made with Bank (including renewals) | 1,838.94 | 41,708.06 |
| | Interest earned for the year | 169.27 | 125.35 |
| | Rent paid for the year | 72.15 | 61.95 |
| | Bank charges for the year | 67.54 | 21.98 |
| | Sitting Fees to Directors | 3.65 | 5.40 |
| | Salary & other benefits of Managing Director (till 26/06/2019) and Whole Time Director | 30.69 | 45.19 |
| | Other Payments for the year | - | 5.38 |
| | Current A/c Balances | 175.51 | 168.90 |
| Canbank Computer Services Ltd | Registrar & Transfer Agency charges for the year | 12.68 | 13.88 |
| Canara Bank- ( Employee Pension Fund,Provident Fund & Gratuity Fund) | Borrowings by way of SRNCD | 6,000.00 | 6,000.00 |
| | Interest paid on SRNCD | 459.10 | 535.70 |
| Canara Robeco Asset Management Company Ltd. | Interest paid on SRNCD | 21.58 | - |
| | Borrowings by way of SRNCD | 500.00 | - |
| Canara HSBC OBC Insurance Co. Ltd | Interest paid on SRNCD | 39.45 | - |
| | Commission earned for the year | 116.08 | 79.68 |
| **Total** | | **3,08,904.41** | **4,03,223.12** |

**C. Balances Payable to Related Parties are as follows**

(₹ in lakhs)

| Name of Related Party | Nature of Balances | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| Canara Bank | Term Loan and Credit Facilities | 2,76,630.05 | 3,32,751.97 |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**D. Balances Receivable from Related Parties are as follows**

(₹ in lakhs)

| Name of Related Party | Nature of Balances | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|---|
| Canara Bank | Fixed Deposits | 1,708.06 | 1,680.10 |
| Atanu Bagchi- Deputy General Manager | Employee Loan | - | 2.67 |
| Shamila Mangalore - General Manager | Employee Loans & Advances | 0.43 | 2.02 |
| Veena G Kamath - Company Secretary | Employee Advances | 0.21 | 0.00 |
| Prashanth Joishy - CFO | Employee Loans | 29.12 | 0.00 |

**E. Compensation to Key Managerial Personnel**

(₹ in lakhs)

| Particulars | For the year ended | |
|---|---|---|
| | March 31, 2020 | March 31, 2019 |
| Short term employee benefit | 133.30 | 88.66 |
| Post-employment benefits* | - | - |
| **Total Compensation paid to Key Managerial Personnel** | **133.30** | **88.66** |

* The post employment benefits namely provision for gratuity and compensated absences cannot be determined employee wise since the provision is based on the actuarial valuation of the company as a whole.

## Note 43: Ind AS 116-Leases

**a) Impact on transition to Ind AS 116**

The Company has adopted Ind AS 116 "Leases", with effect from April 1, 2019 and applied to all lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings as per the guidelines provided in Paragraph C7 and Paragraph C8 c(i) of Ind AS 116, on the date of initial application. Accordingly, comparatives for the year ended March 31, 2019 has not been retrospectively adjusted.

On transition to Ind AS 116, the Company recognised Right-of- use assets and lease liabilities, after difference being set off against existing rent eqalisation reserve as on 1st April, 2019. The cumulative effect of applying the standard, amounting to ₹ 382.80 lakhs was debited to retained earnings, net of taxes.

(₹ in lakhs)

| Particulars | As at March 31, 2020 |
|---|---|
| Right-of-use assets - Property, Plant and Equipment | 3,212.28 |
| Deferred tax asset | 128.74 |
| Lease liabilities | 4,005.24 |
| Rent equalisation adjusted against lease liablities | 281.42 |
| **Retained earnings (Reduced by)** | **(382.80)** |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

The Company leases office premises facilities. The leases typically run for a period of 1 to 10 years, with an option to renew the lease after that date. For certain leases, the Company is restricted from entering into any sub-lease arrangements. Information about leases for which the Company is a lessee is presented below.

**I. Right-of-use assets- Buildings**

| Particulars | Amount in lakhs |
|---|---|
| Balance as at April 1, 2019 (on adoption of Ind AS 116) | 3,212.28 |
| Additions to right of use asset | 170.72 |
| Depreciation charge for the year | 619.57 |
| Derecognition of right of use assets | - |
| **Balance as at March 31, 2020** | **2,763.43** |

**II. Maturity analysis of lease liabilities**

(₹ in lakhs)

| Particulars | March 31, 2020 | March 31, 2019 |
|---|---|---|
| Upto one year | 645.58 | |
| From one to 5 years | 2,768.12 | NA |
| More than 5 Years | 163.15 | |

b) Interest on lease liabilities is ₹ 314.40 Lakhs for the year ended on March 31, 2020.

c) The Company incurred ₹ Nil and ₹ Nil for the year ended 31 March 2020 towards expenses relating to lease of low-value assets and short termed leases respectively.

d) The total cash outflow for leases is ₹ 913.51 Lakhs for the year ended March 31, 2020. The company does not have any low- value lease assets and short term leases.

## Note 44 : Disclosures required as per Housing Finance Companies – Corporate Governance (NHB) Directions, 2016 issued by National Housing Bank (NHB)

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

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| i) CRAR (%) [1] | 22.26% | 16.44% |
| ii) CRAR – Tier I Capital (%)[1] | 20.46% | 14.64% |
| iii) CRAR – Tier II Capital (%) [2] | 1.80% | 1.80% |
| iv) Amount of subordinated debt raised as Tier – II Capital (₹ in lakhs) | 8,000 | 10,000 |
| v) Amount raised by issue of Perpetual Debt Instruments (₹in lakhs) | - | - |

Note 1: During the previous year, term deposit amounting to ₹25,700.42 Lakhs (matured on 10th April'2019) held with Canara Bank is reduced in the computation of Net owned funds. The CRAR without considering the aforesaid term deposit would have been 19.24% (Tier I Capital of 17.44%).

Note 2: Tier II capital includes Provision for Standard Assets.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

**Note 44.2**

## A. Exposure to Real Estate Sector

(₹ in lakhs)

| Category | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| **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 & up to ₹15 lakhs. | 7,10,046.11 | 6,34,665.86 |
| - Individual loans above ₹15 lakhs. | 11,90,021.57 | 10,54,512.09 |
| **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: | 1,71,091.03 | 1,48,542.85 |
| **iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures -** | | |
| a) Residential | Nil | Nil |
| b) Commercial Real Estate | Nil | Nil |
| **Indirect Exposure** | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance companies (HFCs) | Nil | Nil |

## B. Exposure to Capital Market : NIL

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt; | | |
| (ii) advances against shares / bonds /debentures or other securities or on clean basis to individuals for investment in shares (including IPOs /ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds; | | |
| (iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security; | | |
| (iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances; | NIL | NIL |
| (v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers; | | |
| (vi) loans sanctioned to corporates against the security of shares / bonds /debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources; | | |
| (vii) bridge loans to companies against expected equity flows / issues; | | |
| (viii) All exposures to Venture Capital Funds (both registered and unregistered) | | |
| **Total Exposure to Capital Market** | | |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

C. Details of financing of parent company products : **NIL**

D. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC : **NIL**

E. Advances against intangible collateral:

(₹ in lakhs)

| Particulars | Outstanding amount | Value of Intangible security |
|---|---|---|
| Loans against deposits (Fixed Deposits Receipts) | 118.89 | 231.73 |

F. Disclosures of penalties imposed by NHB and other Regulators

During the financial year 2019-20 there were no penalties imposed by NHB or any other Regulator.

**44.3 Registration obtained from other financial sector regulators during the year:**

(i) Renewal of registration of the Company as LEI (Legal Entity Identifier) as required by RBI.

(ii) Registration of Company on TReDS (Trade Receivables Discounting System) platform trough RXIL (Receivables Exchange of India Limited) as required by MCA (Ministry of Corporate Affairs).

(iii) Registration of the Company as Business user for filing of returns in FIRMS (Foreign Investment Reporting and Management System).

(iv) Registration of Company as convergence partner with NCH (National Consumer Helpline) through software "INGRAM" as directed by NHB

**44.4 Rating assigned by Credit Rating Agencies and migration of rating during the year:**

| Credit Rating agency | Type | Credit Rating | |
|---|---|---|---|
| | | FY 2019-20 | FY 2018-19 |
| ICRA | Public Deposits | ICRA MAAA | ICRA MAAA (Negative) |
| ICRA | Commercial Papers | A1+ | A1+ |
| ICRA | Long Term Bank Loans | ICRA AA+ | ICRA AAA |
| ICRA | Short Term Bank Loans | A1+ | A1+ |
| ICRA | Non Convertible Debentures | ICRA AA+ | ICRA AAA (Outlook Negative) |
| CARE | Non Convertible Debentures | CARE AAA (Outlook Stable) | CARE AAA (Outlook stable) |
| CARE | Commercial Papers | A1+ | A1+ |
| FITCH | Non Convertible Debentures | IND AA (outlook stable) | IND AAA (Outlook Negative) |
| FITCH | Commercial Papers | IND A1+ | IND A1+ |

**44.5 Revenue Recognition: No revenue recognition has been postponed pending the resolution of significant uncertainties.**

**Note 44.6**

a) During the year, no transaction was accounted which was related to prior period (Previous year ₹ Nil).

b) There is no change in the accounting policies except as required by the applicable statute

**44.7 Indian Accounting Standard 110 – Consolidated Financial Statements**

The subject Standard is not applicable for the Company.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

### 44.8 Provisions and Contingencies

(₹ in lakhs)

| Break up of Provisions and Contingencies | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Provision for depreciation on Investment | - | - |
| Provision made towards Income Tax (net ) | 155.65 | 154.24 |
| Provision towards NPA | 4,530.79 | 3,404.62 |
| Provisions for Standard Assets (for details like teaser loan, CRE. CRE-RH etc) -refer Note 5.6 | 7,306.96 | 6,515.00 |
| Other Provisions & Contingencies | 1,050.97 | 900.97 |

### 44.9 Draw Down from Reserves

There was no draw down from reserves during the year.

### 44.10 Concentration of Public Deposits, Advances, Exposures and NPAs

i) Concentration of Public Deposits (for Public Deposit taking/holding HFCs)

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total Deposits of twenty largest depositors | 7,554.09 | 8,774.44 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC | 24.40% | 33.61% |

ii) Concentration of Loans & Advances

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total Loans & Advances to twenty largest borrowers | 3,947.41 | 4,694.00 |
| Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC | 0.19% | 0.26% |

iii) Concentration of all Exposure (including off-balance sheet exposure)

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total Exposure to Twenty largest borrowers / customers | 3,947.41 | 4,694.00 |
| Percentage of exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers | 0.19% | 0.26% |

iv) Concentration of NPAs

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| Total Exposure to Top ten NPA accounts | 669.95 | 675.11 |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

v) Sector-wise NPAs

| Sector | Percentage of NPAs to Total Advances in that sector |
|---|---|
| **A Housing Loan** | - |
| 1 Individuals | 0.72% |
| 2 Builders / Project Loans | - |
| 3 Corporates | - |
| 4 Others ( specify) | - |
| **B Non – Housing Loans** | - |
| 1 Individuals | 0.96% |
| 2 Builders / Project Loans | - |
| 3 Corporates | - |
| 4 Others ( specify) | - |

vi) Movement of NPAs

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| 1 Net NPAs to Net Advances (%) | 0.54% | 0.43% |
| 2 Movement of NPAs (Gross) | | |
| a Opening balance | 11,351.25 | 6,748.51 |
| b Additions during the year | 7,507.71 | 6,751.97 |
| c Reductions during the year | 3,145.56 | 2,149.23 |
| **d Closing balance** | **15,713.40** | **11,351.25** |
| 3 Movement of Net NPAs | | |
| a Opening balance | 7,946.62 | 3,161.68 |
| b Additions during the year | 5,377.61 | 5,009.16 |
| c Reductions during the year | 2,141.62 | 224.22 |
| **d Closing balance** | **11,182.60** | **7,946.62** |
| 4 Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| a Opening balance | 3,404.63 | 3,586.83 |
| b Provisions made during the year | 2,130.10 | 69.22 |
| c Write-off / Write-back of excess provisions | 1,003.94 | 251.42 |
| **d Closing balance** | **4,530.79** | **3,404.63** |

vii) Overseas Assets

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| NIL | | |

viii) Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)

Name of the SPV sponsored

(₹ in lakhs)

| Domestic | Overseas |
|---|---|
| NIL | NIL |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

ix) Disclosure of Complaints

Customer Complaints

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| 1) No. of Complaints pending at the beginning of the year | 34 | 20 |
| 2) No. of Complaints received during the year | 1,258 | 3,142 |
| 3) No. of Complaints redressed during the year | 1,292 | 3,128 |
| 4) No. of Complaints pending at the end of the year | - | 34 |

**44.11 Disclosure under paragraph 29 of the Housing Finance Companies (NHB) Directions, 2010.**

The Company has complied with requirements as per Para 29 of the Housing Finance Companies (NHB) Directions 2010 except for the netting off the provisions (Impairment Loss Allowance) made as per Para 28 against the value of assets as per the requirement of Indian Accounting Standards.

**44.12 Derivatives**

The following additional disclosures have been given in terms of the Notification No. NHB(ND)/DRS/REG/MC-07/2018 dated July 2, 2018 issued by the National Housing bank.

a) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS): No exposure

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (i) The notional principal of swap agreements<br>(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements<br>(iii) Collateral required by the HFC upon entering into swaps<br>(iv) Concentration of credit risk arising from the swaps[$]<br>(v) The fair value of the swap book | NIL | NIL |

b) Exchange Traded Interest Rate (IR) Derivative: No exposure

| Particulars | Amount |
|---|---|
| (i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrumentwise)<br>(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March (instrument-wise)<br>(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)<br>(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise) | NIL |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

c) Disclosures on Risk Exposure in Derivatives : Not applicable

A. Qualitative Disclousre

Since the Company has not involved in derivatives transactions, risk management policy of the Company does not cover any such disclsoure

B. Quantitative Disclosure

(₹ in lakhs)

| Particulars | Currency Derivatives | Interest Rate Derivatives |
|---|---|---|
| (i) Derivatives (Notional Principal Amount) | | |
| (ii) Marked to Market Positions [1] | | |
| (a) Assets (+) | NIL | NIL |
| (b) Liability (-) | | |
| (iii) Credit Exposure [2] | | |
| (iv) Unhedged Exposures | | |

**44.13 Securitisation**

The following additional disclosures have been given in terms of the Notification No. NHB(ND)/DRS/REG/MC-07/2018 dated July 2, 2018 issued by the National Housing bank.

| Particulars | No./ Amount |
|---|---|
| (1) No of SPVs sponsored by the HFC for securitisation transactions | |
| (2) Total amount of securitised assets as per books of the SPVs sponsored | |
| (3) Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet | |
| (I) Off-balance sheet exposures towards Credit Enhancements | |
| (II) On-balance sheet exposures towards Credit Enhancements | |
| (4) Amount of exposures to securitisation transactions other than MRR | NIL |
| (I) Off-balance sheet exposures towards Credit Enhancements | |
| (a) Exposure to own securitizations | |
| (b) Exposure to third party securitisations | |
| (II) On-balance sheet exposures towards Credit Enhancements | |
| (a) Exposure to own securitisations | |
| (b) Exposure to third party securitisations | |

Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (i) No. of accounts | | |
| (ii) Aggregate value (net of provisions) of accounts sold to SC / RC | | |
| (iii) Aggregate consideration | NIL | NIL |
| (iv) Additional consideration realized in respect of accounts transferred in earlier years | | |
| (v) Aggregate gain / loss over net book value | | |

# Notes forming part of Financial Statements

for the period ended March 31, 2020

### Details of Assignment transactions undertaken

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (i) No. of accounts | | |
| (ii) Aggregate value (net of provisions) of accounts assigned | | |
| (iii) Aggregate consideration | NIL | NIL |
| (iv) Additional consideration realized in respect of accounts transferred in earlier years | | |
| (v) Aggregate gain / loss over net book value | | |

### Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| (a) No. of accounts purchased during the year | | |
| (b) Aggregate outstanding | NIL | NIL |
| (a) Of these, number of accounts restructured during the year | | |
| (b) Aggregate outstanding | | |

B. Details of Non-performing Financial Assets sold:

(₹ in lakhs)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---|---|---|
| 1. No. of accounts sold | | |
| 2. Aggregate outstanding | NIL | NIL |
| 3. Aggregate consideration received | | |

**44.14 Gold Loan**

The Company has not provided any loans on collateral of Gold and Gold jewelleries.

**44.15** The Company is a large Corporate as per the applicability criteria given under the SEBI Circular SEBI/HO/DDHS/CIR/P/ 2018/144 dated November 26, 2018.

| Particulars | Details |
|---|---|
| Name of the Company | Can Fin Homes Limited |
| CIN | L85110KA1987PLC008699 |
| Outstanding Borrowings of the Company as on 31st March'2020, as applicable (in ₹ Crores) | 15,985.23 |
| Highest Credit Rating during the Previous Year along with name of the Credit Rating Agency | ICRA AA+ |
| Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowings under the framework | NSE |

*Outstanding borrowings of the company having original maturity of more than one year and excluding external commercial borrowings but including public deposits with maturity more than 1 year.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 45 COVID19 Regulatory Package - Asset Classification and Provisioning

The world witnessed the outbreak of the novel Corona Virus (Covid-19), an infectious disease which World Health Organisation declared as a global pandemic. The disease engulfed the entire globe, leading to loss of human lives in millions and economic losses in trillions. India responded to this crisis with a nationwide lockdown with effect from 24 March 2020 which continues in major cities across the country.

The extent to which this pandemic will impact the business and financial results of the Company, at this point of time, depends on future developments which are, highly uncertain.

The RBI on March 27, 2020, April 17, 2020, May 06, 2020 and May 23, 2020 announced 'COVID-19 Regulatory Package' on asset classification and provisioning. In terms of the guidelines given in the aforesaid RBI circulars, the company has offered a moratorium option to its borrowers whose accounts are standard as on February 29, 2020, from payments of installments falling due between March 01, 2020 to 31 August 2020. As such, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, has been excluded from the number of days past-due for the purpose of asset classification under Regulatory Income Recognition and Asset Classification norms (IRAC) as of March 31, 2020.

General provision required to be maintained in respect of accounts in default but standard and asset classification benefit extended, as per RBI Circular on 'COVID-19 Regulatory Package dated April 17, 2020 is 10% which amounts to ₹ 2,109.45 lakhs. Against this, the Company holds a provision of ₹ 3,654.45 lakhs. This provision amount is diclosed as Special Provisioning for RBI regulatory package under Note 17: "Provisions". Company has not opted for the dispensation of spreading the provisions over two quarters.

(₹ in lakhs)

| Particulars | As at March 31, 2020 |
|---|---|
| 1. Amounts in SMA/overdue categories, where the moratorium/deferment was extended | 1,44,463.68 |
| 2. Amount where asset classification benefits is extended | 21,094.48 |
| 3. Provisions made during the Q4 FY2020 | 3,654.45 |
| 4. Provisions adjusted during the respective accounting periods against slippages and the residual provisions | - |

## Note 46 Corporate Social Responsibility (CSR)

Our Company constituted a Corporate Social Responsibility (CSR) Committee of the Board as prescribed under Section 135 of the Companies Act 2013 and has put the CSR policy in place. The Company has focussed in promoting education including special education ,setting up hostels for tribal children, Construction of class room blocks for schools, Scholarships for under privileged ,renovation of schools and anganawadis, Sponsorship of child education. The Company also focuses on healthcare by donating advanced medical equipment's to various hospitals. To promote eradicating hunger, Company has contributed for mid day meals at schools through Akshaya Patra Foundation. The company donated Relief materials to Cyclone and Flood affected areas. To promote Environmental Sustainability, donation of tree saplings, Contribution towards "Cauvery Calling", a campaign to revitalize the southern Indian river Cauvery by planting trees in the river basin was undertaken. Contribution to Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES),Karnataka State Disaster management Authority, CM Relief Fund, Karnataka during COVID-19 pandemic, also forms part of its CSR activities.

# Notes forming part of Financial Statements

for the period ended March 31, 2020

## Note 46 Corporate Social Responsibility (CSR) (Contd..)

The activities undertaken by the Company under CSR is Pan India basis and the projects are executed by Registered Office and our branches in those areas. The total amount/ budget under CSR for the FY 2019-20 was ₹1,321 lakhs, (including previous year 456 lakhs ), out of which total amount spent under the CSR activities is ₹ 1,004.02 lakhs. The unspent amount of ₹317 lakhs is carried forward as per provisions of Companies Act with the aim to go in for granular details/ appropriate projects before spending in FY 20-21. A summary of CSR details as on March 31, 2020 is given below.

(₹ in lakhs)

| Activities undertaken | for the year ending March 31, 2020 | | for the year ending March 31, 2019 | |
|---|---|---|---|---|
| | No. of Beneficiaries | Amount Spent | No. of Beneficiaries | Amount Spent |
| Construction/ repair & renovation of Schools/ Hostels | 10 | 369.42 | 7 | 167.99 |
| Desks & benches/ Tables/ Almirah/ Green Board/ Chairs etc. | 1 | 9.82 | 32 | 88.56 |
| Drinking water facility/ supply of other articles of necessity etc. | 4 | 2.06 | 10 | 9.56 |
| Nali kali round tables/ chairs/ desk & benches/ drinking water facility | - | - | 13 | 52.61 |
| Electrical & Electronic Items | - | - | 1 | 0.72 |
| Toilet Facility in Schools | - | - | 1 | 1.18 |
| Scholarship to students and sponsorship of child education | 8 | 24.02 | 3 | 5.80 |
| Equipments to School | - | - | 3 | 5.61 |
| Equipments/Medical vans to Hospitals | 7 | 133.31 | 7 | 148.67 |
| Equipments to old age homes | 2 | 15.36 | 4 | 11.07 |
| Eradicating Hunger | 2 | 86.80 | 3 | 71.53 |
| Solar lighting system | - | - | 3 | 24.88 |
| Environmental Sustainability | 1 | 15.12 | 1 | 11.92 |
| Tree planting under environmental protection/ sustainability/ saplings with tree guards/ pots to the customers/Ecological Balance | 3 | 13.65 | 2 | 6.14 |
| Disaster Management | 5 | 276.39 | - | - |
| Setting up Blood Bank | 1 | 47.00 | - | - |
| Promoting Tribal Sports | 2 | 11.07 | - | - |
| **Total** | **46** | **1,004.02** | **90** | **606.24** |

**Note 47** Previous years figures have been re-arranged/ regrouped wherever necessary to correspond with the current year's classification/ disclosure.

As per our report of even date attached

For **Varma & Varma,**
Chartered Accountants
FRN:- 004532S

**R. Kesavadas**
Partner
Membership No: 23862

Place: Bengaluru
Date:15.06.2020

For and on behalf of the Board

**Bharati Rao**
Chairperson
DIN: 01892516

**G Naganathan**
Director
DIN: 00423686

**Shamila Mangalore**
General Manager

**Girish Kousgi**
Managing Director & CEO
DIN: 08524205

**Dr. Y Vijayanand**
Director
DIN:00594503

**Prashanth Joishy**
Chief Financial Officer

**Shreekant M Bhandiwad**
Wholetime Director
DIN: 08120906

**Debashish Mukherjee**
Director
DIN:08193978

**Veena G Kamath**
Company Secretary

# Related Party Transactions Policy

[Disclosure as required under Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016]

## 1. Brief Background

Security Exchange Board of India (SEBI) vide its circular No.CIR/CFD/POLICY CELL/2/2014 dated 17 April 2014, read with circular No.CIR/CFD/POLICY CELL/7/2014 dated 15 September 2014 has amended clause 35B and 49 of the listing agreement and SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015. In terms of the said circular and as per Reg.23 of SEBI (LODR) Regulation, 2015, it is mandatory for the listed entities to formulate a policy on materiality of related party transactions and also on dealing with Related Party Transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly.

Can Fin Homes Limited is a public limited company incorporated on 29/10/1987 under the Companies Act, 1956 (Corporate Identity Number L85110KA1987PLC008699). The equity shares of the Company are listed on BSE Limited and the National Stock Exchange of India Limited and as such the provisions of the listing agreements entered into by the Company with the said stock exchanges (hereinafter collectively referred to as the 'Listing Agreements') for equity shares, are applicable and binding on it. In addition to the above SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and amendments thereto is also applicable to the Company.

## 2. Objective of the Policy

The policy is framed as per requirements of Regulation 23 of SEBI(LODR) Regulations, 2015 and intended to ensure proper approval and reporting of transactions between the Company and its Related Parties. Such transactions shall be appropriate only, if they are in the best interest of the Company and its shareholders.

## 3. Scope of the Policy

During the course of its business, the Company enters into transactions with various entities. Some of the transactions were deemed to be 'Related Party Transactions' as per the Accounting Standard on Related Party Disclosures (AS 18), as notified by the Companies (Accounting Standards) Rules, 2006 and Indian Accounting Standard on Related Party Disclosures (IND AS 24), as notified by the Companies (Indian Accounting Standards) Rules, 2015. Such transactions were duly disclosed in the Annual Reports of the Company. The policy shall be applicable to the transactions made with:

a) Board of Directors and their relatives;

b) Key management Personnel (KMP) of the Company and their relatives; and

c) Related parties, as defined under section 2 (76) of the Companies Act 2013 and as amended from time to time and the Regulation 2(1)(zb) of SEBI(LODR) Regulations, 2015.

The parties are considered to be related, if, one party has ability to control the other party or exercise significant influence over the other party, directly or indirectly, in making financial and/or operating decisions. The description of the related parties is furnished in "Appendix-1 – Definitions of various terms used in the policy".

## 4. Transactions are considered as related party transactions:

Following types of the transactions considered as related party as per section 188 of Companies Act 2013:

(a) Sale, purchase or supply of any goods or materials;

(b) selling or otherwise disposing of, or buying, property of any kind;

(c) leasing of property of any kind;

(d) availing or rendering of any services;

(e) appointment of any agent for purchase or sale of goods, materials, services or property;

(f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

(g) underwriting the subscription of any securities or derivatives thereof, of the company.

Types of the transactions considered as related party as per Reg.2(1)(zc) of SEBI(LODR) Regulations, 2015 and IND AS-24, of the Companies (Indian Accounting Standards) Rules, 2015.

Transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged, whether single transaction or group of transactions in a contract.

Types of the transactions considered as related party as per AS-18, Accounting Standard- 18 of 2006:

(a) Purchases or sales of goods (finished or unfinished);

(b) Purchases or sales of fixed assets;

(c) Rendering or receiving of services;

(d) Agency arrangements;

(e) Leasing or hire purchase arrangements;

(f) Transfer of research and development;

(g) License agreements;

(h) Finance (including loans and equity contributions in cash or in kind);

(i) Guarantees and Collaterals; and

(j) Management contracts including for deputation of employees.

In addition to the above, following transactions between the related parties shall also be considered as related party transactions:

(a) Borrowings
(b) Deposit
(c) Placement of deposits
(d) Advances
(e) Investments
(f) Non-funded commitments
(g) Leasing/HP arrangements availed
(h) Leasing/HP arrangements provided
(i) Purchase of fixed assets
(j) Sale of fixed assets
(k) Interest paid
(l) Interest received

## 5. Identification of potential related party transactions

Each Director and Key Managerial Personnel is responsible for providing notice to the Board or the Audit Committee, any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/ Audit Committee may reasonably request. The Audit Committee will determine whether the transaction does, in fact, constitute a Related Party Transaction requiring compliance with this policy.

The notice of any such potential Related Party Transaction should be given to the Board/Audit Committee well in advance so that the Audit Committee has adequate time to obtain and review information about the proposed transaction.

## 6. Process for ascertaining related party

The Accounts Dept. shall prepare a list of related party on the basis of information collected from the related parties as on 31st of March every year and as and when any person or entity becomes related party, in terms of this policy and declarations received. The related party list shall be updated whenever necessary and shall be reviewed at periodical intervals.

The internal Auditors/Statutory Auditor are required to verify the process of ascertaining the related parties and their correct recording/ listing in register of Contracts/ arrangement etc. as well as their classification regarding whether they are on arm's length basis.

The list of the related parties shall be circulated among the branches and any transactions with the related parties shall be carried out as per the Related Party Transaction policy.

## 7. Approval of Related Party Transaction:

**Approval of Related party transactions by Audit Committee of the Board:** All related Party Transactions proposed to be entered into by the Company shall require prior approval of Audit Committee except those transactions exempted by the committee through omnibus specific approval. All "Material" related party transactions shall require approval of the shareholders through special resolution and no related party shall vote to approve such resolutions. However, this shall not be applicable in the following cases. Transactions entered into between two government companies;

(a) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

**Approval of the Board of Directors:** All the contracts/ arrangements prescribed under Section 188(1) of the Companies Act, 2013 and within the threshold limits, which are not in the ordinary course of business of the Company or on an arm's length basis shall along with the approval of the Audit Committee also require approval of the Board of Directors of the Company.

**Approval of Shareholder:** All the Material Related Party Transactions (as per Reg.23 of SEBI(LODR) Regulations, 2015) and Related Party Transactions exceeding the threshold limits, whether or not in the ordinary course of business of the Company or on an arm's length basis, shall require

prior approval of the Audit Committee, the Board and the shareholders of the Company by way of Special Resolution and no related party shall vote to approve such resolution. The shareholders' approval shall not be required in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

In the following cases the prior approval of the Company by a resolution is required whenever a company is entering into a transaction, and such transaction is contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 of the Companies Act, 2013:

i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the company as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;

ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the company as mentioned in clause (b) and clause (e) respectively of sub- section (1) of section 188;

iii) Leasing of property of any kind amounting to 10% or more of turnover as mentioned in clause (c) of sub-section (1) of section 188;

iv) Availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the company as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188.

**Omnibus approval by the Audit Committee:**

In case of certain frequent/ repetitive/ regular transactions with Related Parties which are in the ordinary course of business of the Company (including transactions for support services/sharing of services with Subsidiary/ Associate Companies), the Audit Committee may consider grant of an omnibus approval for such Related Party Transactions proposed to be entered into by the Company, subject to the following conditions:

a. The Audit Committee shall lay down the criteria for granting such omnibus approval in line with this Policy and such approval shall be applicable in respect of transactions which are repetitive in nature.

b. The Audit Committee shall satisfy itself that the need for such omnibus approval and that such approval is in the business interest of the Company.

c. Such omnibus approval shall specify (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price or current contracted price and the formula for variation in the price, if any and (iii) such other conditions as the Audit Committee may deem fit;

Where the need for Related Party Transaction cannot be foreseen and the aforesaid details are not available, the Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore (Rupees One Crore only) per transaction.

The audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity pursuant to each of the omnibus approvals given.

Such omnibus approval shall be valid for a period not exceeding 1 (one) year and shall require fresh approval after the expiry of 1 (one) year from the date of the original approval granted by the Audit Committee, from time to time.

In terms of Schedule II Part C Para B point 2 of SEBI(LODR) Regulations, 2015, the Audit Committee shall review the statement containing significant Related Party Transactions. The threshold limit for determining significant Related Party Transactions will be the same as applicable for Material Related Party Transactions under Explanation to Reg.23(1) of SEBI(LODR) Regulations, 2015, as amended from time to time.

## 8. Procedure of seeking approval of Related Party Transaction

As and when any transaction is contemplated with any Related Party, the concerned office entertaining the request shall submit to the Accounts Dept. RO, the details of proposed transaction with details/draft contract/ draft agreement or other supporting documents justifying that the transactions are on arms' length basis in an ordinary course of business at prevailing market rate. The Accounts Department at RO shall appropriately take it up for necessary prior approvals from the Audit Committee at its next scheduled meeting and convey back the decision to the originator.

If the proposed transaction is not in ordinary course of business

but at arm's length basis, then the branch/office shall give a detailed note with justification to Accounts Department RO, for entering such transaction along with details of proposed transaction with draft agreement/MoU/other supporting documents. Based on the note the Accounts Department at RO, shall escalate the matter for necessary approvals of the Audit Committee/Board/Share Holders as may be applicable.

The Accounts Department at RO, shall present to the Audit Committee the following information, to the extent relevant, with respect to actual or potential related Party Transaction.

a) A General Description of the transactions

b) The name of the related party and the basis on which such party is a related party.

c) The related party interest in the transaction(s)

d) The approximate rupee value

e) In case of lease or other transaction providing for periodic payments or installments, the aggregate amount of all period payments of installments expected to be made.

f) In the case of indebtedness, the aggregate amount of principal to be outstanding and the rate or amount of interest to be payable on such indebtedness.

g) Any other material information regarding the transaction(s) or the related party's interest in the transactions.

## 9. Review and Approval of Related Party Transactions

Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee who has a potential interest in any Related Party Transaction will recluse himself or herself and abstain from discussion and shall not vote to approve the relevant transaction.

To review a Related Party Transaction, the Committee will be provided with all, relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters.

If the Committee determines that a Related Party Transaction should be brought before the Board, or if the Board in any case decides to review any such matter or it is mandatory under any law for Board to approve the Related Party Transaction, then the considerations set forth above shall apply to the Board's review and approval of the matter, with such modification as may be necessary or appropriate under the circumstances.

Notwithstanding the foregoing, the following Related Party Transactions shall not require approval of Audit Committee or Shareholders:

a. Any transaction that involves providing of compensation to a director or Key Managerial Personnel in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

b. Any transaction in which the Related Party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party.

## 10. Related Party Transactions without the prior approval under this Policy

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee. The Committee shall consider all the relevant facts and circumstances regarding the Related Party Transaction and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party

In any case, where the Committee determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction.

In connection with any review of a Related Party Transaction, the Audit Committee has the final authority to modify or waive any procedural requirements of this Policy.

## 11. Disclosures

The Company shall keep a register in the prescribed form (Annexure 3) giving the full particulars of contracts or arrangements in respect of all RPTs approved by the Audit Committee and the gist of such contracts/RPTs shall be placed before the Board periodically.

Necessary disclosures shall be made in the Annual Financial Statements as required under AS 18 and IND AS-24 and RBI guidelines (Annexure 2). Further, as required under Para A of Schedule V of SEBI(LODR) Regulations, 2015 necessary details of all materially significant related party transactions which may have potential conflict with the interests of the Company

at large, shall also be also given in Report on Corporate Governance section in Annual Report.

As per Point 2A of Para A of Schedule V of SEBI (LODR) regulations, 2015 disclosures of transactions of the Company with any person or entity belonging to the promoter/promoter group which hold(s) 10% or more shareholding in the Company, in the format prescribed in the relevant accounting standards for annual results.

Details of all material transactions with related parties shall be disclosed quarterly along with the compliance report on Corporate Governance.

The Company shall disclose the policy on dealing with related party transactions on its website and a web link thereto shall be provided in the Annual Report.

The Company shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

## 12. Records relating to Related Party/Supporting documents

All disclosures, supporting documents shall be preserved for a period of eight years from the end of the financial year to which it relates and shall be kept in the custody of the Accounts Dept. and any other person authorized by the Board for the purpose.

Agreement or other supporting documents along with proper justification of the transaction being on arm's length basis in the ordinary course of business at a prevailing market rate shall also be preserved for a period of 8 years from the end of the financial year to which it relates and shall be kept in the custody of the Board and/or any other person authorized by the Board for the Purpose.

## 13. Interpretation

In any circumstances where the terms of these policies and procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedure until such time as these policies and procedures are changed to confirm to the law, rule, regulation or standard.

## 14. Secrecy Provisions

In terms of paragraph 5 of Accounting Standard 18, the disclosure requirements do not apply in circumstances when providing such disclosures would conflict with the reporting enterprise's duties of confidentiality as specifically required in terms of statute, by regulator or similar competent authority. In terms of Paragraph 6 of Accounting Standard 18, in case a statute or SEBI prohibits the Company from disclosing certain information which is required to be disclosed, non-disclosure of such information would not be deemed as non-compliance with the requirements of Accounting Standard 18. It is clear from the above that on account of the judicially recognized common law duty of the Company to maintain the confidentiality of the customer details, they need not make such disclosures. In view of the above, where the disclosures under the Accounting Standards are not aggregated disclosures in respect of any category of related party i.e., where there is only one entity in any category of related party, Company need not disclose any details pertaining to that related party other than the relationship with that related party.

## 15. Review of Related Party Transaction Policy.

The Related Party Transaction Policy is a part of Corporate Governance Policy. Therefore, the same has to be reviewed at periodical intervals by the Board as per the Transactions.

# Annexure 1 – Definitions

## a. Arm's Length Transaction

Explanation Section 188(1)(b) of the Companies Act, 2013 defines an "arm's length transaction" to mean a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

## b. Associate Company

**A. Companies Act, 2013:**

In terms of Section 2(6) of the Companies Act, 2013 "Associate Company" in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

"significant influence" means control of at least twenty per cent of total share capital, or of business decisions under an agreement.

"joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

**B. Listing Agreement SEBI(LODR) Regulations, 2015:**

As per Reg.2(1)(b) of SEBI(LODR) Regulations, 2015 "associate" shall mean any entity which is an associate under sub-section (6) of section 2 of the Companies Act, 2013 or under the applicable accounting standards.

## c. Audit Committee

The term "Audit Committee" means the committee of Board of Directors the Company constituted in accordance with the provisions of Reg. 18 of SEBI(LODR) Regulations, 2015, Companies Act, 2013 and Rules made thereunder.

## d. Material Related Party Transaction

In terms of Explanation to Reg.23(1) of SEBI(LODR) Regulations,2015, a transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company.

In terms Reg.23(1A) of SEBI(LODR) Regulations,2015 notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

## e. Related Party

**A. Companies Act, 2013:**

The term Related Party has been defined under Section 2(76) of the Companies Act, 2013 as follows-

Related Party with reference to a company means –

(i) a Director or his relative;

(ii) a Key Managerial Personnel or his relative;

(iii) a firm, in which a Director, Manager or his relative is a partner;

(iv) a private company in which a Director or Manager is a member or director;

(v) a public company in which a Director or Manager is a Director and holds along with his relatives, more than 2% of its paid-up share capital;

(vi) any body corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager;

(vii) any person on whose advice, directions or instructions a Director or Manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) any company which is —

(A) a holding, subsidiary or an associate company of such company; or

(B) a subsidiary of a holding company to which it is also a subsidiary;

(C) an investing company or the venture of the Company

Explanation- For the purpose of this clause, "the investing company or the venture of a Company" means a body corporate whose investment in the Company would result in the Company becoming an associate company of the body corporate.

(ix) such other person as may be prescribed;

Rule 3 of the Companies (Specification of definitions details) Rules, 2014, provides that a Director or Key Managerial Personnel of the holding company or his relative with reference to a company shall also be deemed to be a related party.

**B. SEBI(LODR) Regulations,2015**

The term Related Party has been defined under Regulation 2(1)(zb) of SEBI(LODR) Regulations, 2015 as follows:

"related party" means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards:

Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the listed entity shall be deemed to be a related party.

**C. Accounting Standard:**

As per Standard 10.1 of Accounting Standard 18 (AS 18) pertaining to Related Party Disclosures notified by the Companies (Accounting Standards) Rules, 2006, a Related Party is defined as follows -

Parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party in making financial and/or operating decisions.

In view of the above definition, AS 18 further defines the terms 'control' and 'significant influence' as follows -

## f. Control –

a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or

b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or

c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

Significant Influence –Participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies.

As per Accounting Standard 'AS-24' a "related Party" is a person or entity that is related to the entity that is preparing its financial statements (in this standard reffered to as the 'reporting entity')

## g. Related Party Transaction

Reg.2(1)(zc) of SEBI(LODR) Regulations, 2015 Clause 49(VII) (A) of the Listing Agreements defines a "Related Party Transaction" means to be a transfer of resources, services or obligations between a company and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

## h. Relative

In terms of Section 2(77) of the Companies Act, 2013 read with the Companies (Specification of definitions details) Rules, 2014 a person is said to be a relative of another, if -

a. They are members of a Hindu undivided family;
b. They are husband and wife;
c. Father (including step-father);
d. Mother (including step-mother);
e. Son (including step-son);
f. Son's wife;
g. Daughter;
h. Daughter's husband;
i. Brother (including step-brother); or
j. Sister (including step-sister).

# Dividend Distribution Policy

[Disclosure as per reg.43A of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

## 1. PREAMBLE ANDBACKGROUND

1.1. Dividend is profits earned by the company and divided amongst the shareholders in proportion to the amount of paid up shares held by them. Simply stated it is a return on investment made by theshareholders.

1.2. The term 'dividend' has been defined under Section 2(35) of the Companies Act, 2013. The term "Dividend" includes any interim dividend. It is an inclusive and not an exhaustive definition. According to the generally accepted definition, "dividend" means the profit of a company, which is not retained in the business and is distributed among the shareholders in proportion to the amount paid-up on the shares held bythem.

1.3. A dividend is not regarded as expenditure; rather, it is considered a distribution of assets among shareholders. A company can retain its profit for the purpose of re-investment in the business operations (known as retained earnings), or it can distribute the profit among its shareholders in the form ofdividends.

1.4. Dividends are usually payable for a financial year after the final accounts are ready and the amount of distributable profits is available. Dividend for a financial year of the company (which is called 'final dividend') are payable only if it is declared by the company at its Annual General Meeting on the recommendation of the Board of directors. Sometimes dividends are also paid by the Board of directors between two Annual General Meetings without declaring them at an Annual General Meeting (which is called 'interim dividend') if so authorized by its Articles ofassociation.

1.5. Generally, dividend is paid by a company to its shareholders on a particular date (book closure date) either out of profits or out of reserves / accumulatedprofits.

1.6. As Can Fin Homes Limited (hereinafter referred to as "Company") is a company incorporated and registered in India under the Companies Act, 1956 and is listed with BSE Limited (formerly Bombay Stock Exchange Limited) and National Stock Exchange Limited, is registered with National Housing Bank as a Housing Finance Company and hence is governed by the rules and regulations related to declaration and payment ofdividend.

1.7. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 under regulation 43A has specified the formulation of a dividend distribution policy for the top 500 listed entities based on market capitalization which shall be disclosed in their Annual Reports and on their websites. In view of that it is recommended on part of company to formulate the Dividend Distribution Policy of the Company hereinafter referred to as "Can Fin Homes Ltd Dividend Distribution Policy" ("CFHLDDP").

## 2. Objectives

2.1. To define the policy and procedures of the Company in relation to the calculation, declaration and settlement of Dividends and the determination of the form and time periods within which Dividends arepaid.

2.2. To ensure that the Company has sufficient distributable profits and/or general reserves, as determined by a review of the Company's audited financial statements, prior to any declaration and/or payment ofDividends.

2.3. To create a transparent and methodological Dividend policy, adherence to which will be required before declaringdividends.

2.4. The Company will review this Policy annually and make necessary changes if deemed necessary or as and when there is regulatory changes, new regulations, directions, guidelines issued by the regulatory/government authorities from time totime.

## 3. SCOPE, LAW AND REGULATION OFDIVIDEND

3.1. The declaration and payment of dividend are governed by various provisions of the Companies Act, 2013 and most importantly chapter - VIII from section 123 to 127 deals with "Declaration and payment of dividend"; The Companies (Declaration and Payment of Dividend) Rules, 2014 ; Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001; SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; section 27 of Security Contract Regulation Act, 1956; Income Tax Act, 1961; Secretarial Standards on Dividend (SS-3); NHB Guidelines/ Circulars/ Notifications, FEMA 1999, SEBI Guidelines/Circulars etc. as amended from time to time and to the extentapplicable.

3.2. The Company will adhere to the provisions of Law as per Clause 3.1 above, as amended from time to time and to the extentapplicable.

3.3. The policy set out herein relate to Equity Shares only and not applicable to preference shares. However, Board reserves the right to modify this policy to accommodate the preference shares or make a separate policy for preference shares in accordance with applicable provisions of Law as per 3.1 above as and when it deems fit andnecessary.

3.4. The policy set out herein generally relates to final Dividend, certain principles also apply to Interim Dividend declared by the Board of Directors, as statedhereinafter.

3.5. **Trading Window:** In terms of regulation 2(1) (n) of SEBI (Prohibition of Insider Trading), 2015, declaration of dividends (interim or final) shall be treated as "Unpublished Price Sensitive Information" hence company shall comply with norms / compliances of trading window read with company's insider Trading Policy viz. Code of Conduct for Regulating, Monitoring and Reporting of Trading by Insiders pursuant to regulation 9 of SEBI (Prohibition of Insider Trading),2015.

3.6. **Secretarial Standards:** The Company will comply with Secretarial Standards as and when the secretarial standards are notified enforced by the Ministry of CorporateAffairs.

3.7. **Right / Title to dividends**: It shall be governed by section 27 of Security Contract Regulation Act, 1956 and other applicable laws, rules and regulation as amended and enforced from time totime.

3.8. The management will discuss and recommend to the Board of Directors on dividend considering the circumstances or factors but not limited to thefollowing:

a) Future expansionplans

b) Profit earned during the current financialyear

c) Overall financialconditions

d) Cost of raising funds from alternativesources

e) Applicable taxes [including dividend distribution tax / tax deductible at source on dividend (TDS) as the case may be.]

f) Money market conditions

g) Macro-economic situations,etc.

## 4. GENERALTERMS

4.1. **Basis of recommending dividend:** The dividends are declared at the Annual General Meeting of the Company, based on recommendations of the Board of Directors(Board).

4.2. **Free Reserves:** The word "Free reserves" has been defined by Section 2(43) of Companies Act, 2013 to mean such reserves which, as per the latest audited balance sheet of a company, are available for distribution as dividend. However the following shall not be treated as free reserves: any amount representing unrealized gains, notional gains or revaluation of assets, whether shown as a reserve or otherwise, or any change in carrying amount of an asset or of a liability recognized in equity, including surplus in profit and loss account on measurement of the asset or the liability at fair value, shall not be treated as free reserves.

Clause 2(1)(l) of the NHB Directions 2010 defines "Free reserves" to include the balance in the share premium account, capital and debenture redemption reserves and any other reserve shown or published in the balance sheet of the company and created through an allocation of profits, not being (1) a reserve created for repayment of any future liability or for depreciation in assets or for bad debt or (2) a reserve created by revaluation of the assets of the company;

4.3. **Bonus Shares:** The Bonus shares shall not be issued in lieu of dividend in terms of section 63(3) of the Companies Act,2013.

4.4. **Payment of dividend proportionately:** In terms of section 51 companies are permitted to pay dividends in proportion to the amount paid-up on each share when all shares are not uniformly paid up, i.e. pro rata (in proportion or proportionately, according to a certain rate). The Board of Directors of a company may decide to pay dividends on pro-rata basis if all the equity shares of the company are not equally paid-up. The permission given by this section is, however, conditional upon the company's articles of association expressly authorizing the company in thisregard.

4.5. **Interim dividend:** The Board of Directors of a company may declare interim dividend during any financial year out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared. In case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the Company during the immediately preceding three financial years in terms of section 123 (3) of Companies Act,2013.

4.6. **Final Dividend:** It is declared by members at an Annual General Meeting as "Ordinary Business" in terms of section 102(2)(ii) of the Companies Act, 2013 only if recommended by the Board of Directors and at a rate not more than what is recommended by the directors in accordance with the articles of association of acompany.

4.7. **Powers to SEBI:** As our company is listed, Section 24 of the Companies Act, 2013 confers on SEBI, the power of administration of the provisions pertaining to non-payment

of dividend. In any other case, the powers remain vested in CentralGovernment.

4.8. **No buy back if default in payment of dividend:** In accordance with Section 70, a company cannot buy its own shares if apart from other things provided in the section; it makes default in payment of dividend to anyshareholder.

4.9. **Debenture Redemption Reserve:** Where debentures are issued by a company, the company shall create a debenture redemption reserve account out of the profits of the company available for payment of dividend and the amount credited to such accountshall not be utilized by the company except for the redemption of debentures in terms of section 71 (4) of the Companies Act, 2013. Since the Company is a Housing Finance Company registered with National Housing Bank, there is no requirement of creation of DRR for issues under private placement. However, the DRR shall be created for public issue of Debentures.

4.10 **Dividend Payout Ratio:** The dividend payout ratio measures the percentage of Net Profit (PAT) that is distributed to shareholders in the form of dividends during the year. In other words, this ratio shows the portion of profits, the company decides to keep to fund operations and the portion of profits that is given to its shareholders. It is calculated by dividing the proposed dividend (excluding taxes on dividend) by the Profit after tax and depreciation.

## 5. PARAMETERS FOR DECLARATION OFDIVIDEND

5.1. **Depreciation must be provided:** No dividend shall be declared or paid by the Company for any financial year unless it ispaid

- Out of profits for that year arrived at after providing depreciation in accordance with provisions of Section123(2) of the Companies Actor
- Out of accumulated profits of the company for any previous financial year or years arrived at after providing depreciation and remaining undistributedor
- Out of both aboveor
- Out of money provided by the central government or a state government for payment of dividend in pursuance of a guarantee given by thatgovernment

5.2. **Depreciation as per schedule-II:** Depreciation, as required under Section 123(1) of the Companies Act has to be provided in accordance with the provisions of Schedule II to the Act.

5.3. **Transfer to Reserves:** A company may, before declaration of any dividend transfer such percentage of its profits for that financial year as it may consider appropriate to reserves in terms of the first proviso of Section 123(1)(b). The Board of directors is given freedom to decide the percentage of transfer of profits to reserves which includes Special Reserve, Additional Reserve, General Reserve etc. before declaring adividend.

5.4. **Dividend from Free Reserves:** In terms of third proviso of Section 123(1)(b) of the Companies Act, 2013 no dividend shall be declared or paid by a company from its reserves other than freereserves.

**5.5. Maximum Amount of Dividend:**

The management upon compliance of the above clause no. 5.1 to 5.4 may recommend to the Board of Directors the dividend at a rate (inclusive of the dividend distribution tax/ tax deductible at source on Dividend, as the case may be as per the applicable Finance Act) of any of the following:

a) Maximum of Dividend payout ratio of 20%.

b) Minimum of 20% of the paid up Equity sharecapital.

While recommending such dividend the management will also take into account dividends declared during the preceding 3 years.

Not with-standing the above, the Board reserves the right not to declare dividend or decide any rate of dividend, for a particular year owing to certain regulatory restrictions if any, during the year, capital conservation prudence, or other exigencies which shall be stated by theBoard.

5.6. **Retained Earnings Utilization:** The retained earnings i.e., profit after tax, transfer to the free reserves and dividend (inclusive of tax), will be utilized by the Company for future expansion plans, deployment for advances, Capital adequacy, etc.

5.7. **Classes of Shares:** the Company has presently only Equity Shares and the Dividend distribution policy is specifically formed for this class ofshares.

## 6. PAYMENT OF DIVIDEND

6.1. **Time limit for deposit of dividend:** The amount of the dividend, including interim dividend, must be deposited in a scheduled bank in a separate account within five (5) days from the date of declaration of such dividend. Dividend once declared by the shareholders becomes a debt and payable unlike in the case of interim dividend. But the restriction to deposit within five (5) days of declaration even the interim also ensures that the Board cannot go back on the commitment made by its declaration in terms of section123(4).

6.2. **Time limit for payment of dividend:** The dividend has to be paid within 30 days from the date of declaration or such other period as is applicable by law. The dividend settlement date will be decided by the Managing Director/whole-timeDirector.

6.3. **Requirement related to declaration and payment of Dividend under SEBI (LODR) Regulations, 2015:** As our company's securities are listed on BSE and NSE, an intimation of at least 2 working days (excluding the date of the intimation and date of the meeting of the Board) is required to be given to aforesaid stock exchange(s) in terms of Regulations 29(1) and (2) of SEBI LODR, prior to the meeting of the Board at which the recommendation of final dividend is to be considered. In terms of Regulation 30, the outcome of the meeting shall be intimated, online, immediately to the above Stock Exchanges within 30 minutes of the closure of the boardmeeting.

In terms of Regulation 43(1) of the SEBI LODR, the Company shall declare and disclose the dividend on per share basis only.

In terms of Regulation 42(3) of the SEBI LODR, the Company shall recommend or declare all dividend at least five working days (excluding the date of intimation and the record date) before the record date fixed for the purpose.

6.4. **Dividend to be paid to Registered Shareholders:** In terms of Section 123(5) of the Companies Act, no dividend shall be paid by a company in respect of any share therein except to the registered shareholder of such share or to his order or to his banker and shall not be payable except in cash. Provided that nothing in this sub-section shall be deemed to prohibit the capitalization of profits or reserves of a company for the purpose of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of thecompany.

6.5. **Mode of payment of dividend:** Any dividend payable in cash shall be paid by using any of the electronic mode of payment facility approved by the Reserve Bank of India. Provided that where it is not possible to use electronic mode of payment, 'payable-at-par' warrants or cheques may be issued and the dividend amount exceeds Rs.1500/-, the 'payable-at-par' warrants or cheques shall be sent by speedpost.

For the above purpose, the Company, through its Registrar & Share Transfer Agent (RTA) shall maintain bank details of their investors [(a) for investors holding securities in dematerialized mode, by seeking the same from the depositories. (b) for investors holding securities in physical mode, by updating bank details of the investors at their end]. The Company/ RTA shall mandatorily print the bank account details of the investors on such payment instruments and in cases where the bank details of investors are not available, the listed entity shall mandatorily print the address of the investor on such payment instructions.

6.6. **Payment of Dividend Distribution Tax (DDT)/ Tax deductible at source on dividend):** Dividend distribution tax/ TDS on dividend will be paid as per the applicable laws, as amended from time to time.

6.7. **Prohibition on declaration and payment of dividend:** A company which fails to comply with the provisions of sections 73 (Prohibition on acceptance of deposits from public) and Section 74 (Repayment of deposits, etc., accepted before commencement of this Act) of the Companies Act, 2013 shall not, so long as such failure/default continues, declare any dividend on its equity shares in terms of Section123(6).

6.8. **Right of dividend** to be held in abeyance pending registration of transfer shares shall be governed in terms of section 126(a) as amended from time totime.

6.9. **Determine record date / book closure:** The Company shall determine the date of closure of the register of members and the share transfer register of the company as per requirements of Section 91 of the Companies Act, 2013 read with Regulation 42 of the SEBI LODR. The Company shall give notice in advance of atleast seven working days (excluding the date of intimation and the record date) to stock exchange(s) of record date specifying the purpose of the record date. The date of commencement of closure of the transfer books should not be on a day following a holiday. The dates so fixed should also not clash with the clearance programme in the stock exchanges.

6.10. Publishing of Book Closure Notice: The Company shall give atleast a 7 days prior notice by advertisement, stating the dates of closure of its transfer books/record date, at least once in a vernacular newspaper in the vernacular language having a vide circulation in the district in which the registered office of the company is situated and at least once in English language in an English newspaper circulating in the district and has wide circulation in the place where the registered office is located and publish the Notice on the website of the Company in terms of Rule 10 of the Companies (Management and Administration) Rules, 2014.

6.11. **Time gap between two book closures:** The time gap between two book closure and record date would be at least 30 days in terms of Regulation 42(4) of SEBILODR.

6.12. **Initial validity of the Dividend warrant should be for three months:** A cheque or warrant for payment of Dividend should be valid for three months from the date thereof and, where such cheque or warrant remains unpaid after this initial period of validity, it should be revalidated for not more than three months or a fresh instrument should be issued which should have a validity of threemonths.

6.13. **Revalidation within what period:** The Company should revalidate the Dividend warrant or issue a fresh Dividend

warrant or a demand draft or pay order or electronic transfer of funds, in lieu thereof, within 30 days of the receipt of a request forrevalidation.

6.14. **Duplicate Dividend warrant:** A duplicate Dividend warrant should be issued only after the expiry of the validity of the Dividend warrant and the reconciliation of the paid amounts thereof. In case the original instrument is not tendered to the company, a duplicate warrant should be issued only after obtaining requisite indemnity/ declaration from the Shareholder. Where the amount of dividend warrant exceeds a sum of Rs.5000/- the indemnity/ declaration shall be obtained from the shareholder on a non-judicial stamp paper of Rs.100/-.

6.15. **Re-issue of Dividend Warrant:** In the case of defaced, torn or decrepit or error crept-in while printing, if any, on the Dividend warrants, a duplicate warrant may be issued before the expiry of the validity period of the Dividend warrant on surrender to the company of such defaced, torn, decrepit warrant or the warrant with printing error.

6.16. **Register of Duplicate Dividend Warrants:** Particulars of every Dividend warrant issued as aforesaid should be entered in a Register of Duplicate Dividend Warrants, indicating the name of the person to whom the Dividend warrant is issued, the number and amount of the Dividend warrant in lieu of which the duplicate warrant is issued and the date of issue of such duplicate warrant.

6.17. **Revocation of Dividend:** Dividend, once declared, becomes a debt and should not be revoked.

## 7. DECLARATION OF DIVIDEND IN THE EVENT OF INADEQUACY OR ABSENCE OF PROFITS IN ANY YEAR

7.1. **Declaration of dividend out of accumulated profits:** In terms of second proviso of 123 (1) of the Companies Act, 2013 where, owing to inadequacy or absence of profits in any financial year, any company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by the company to the reserves, such declaration of dividend shall not be made except in accordance with the Companies (Declaration and Payment of Dividend) Rules, 2014.

7.2. In terms of Rule 3 of the Companies (Declaration and Payment of Dividend) Rules, 2014 as amended from time to time, in the event of inadequacy or absence of profits in any year, the company may declare dividend out of free reserves subject to the fulfillment of the following conditions, namely:—

(1) The rate of dividend declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year:

Provided that this sub-rule shall not apply to a company, which has not declared any dividend in each of the three preceding financial year.

(2) The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement.

(3) The amount so drawn shall first be utilised to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared.

(4) The balance of reserves after such withdrawal shall not fall below fifteen per cent of its paid up share capital as appearing in the latest audited financial statement.

(5) No company shall declare dividend unless carried over previous losses and depreciation not provided in previous year are set off against profit of the company of the current year the loss or depreciation, whichever is less, in previous years is set off against the profit of the company for the year for which dividend is declared or paid.

## 8. TRANSFER OF UNPAID OR UNCLAIMED DIVIDEND TO SPECIAL ACCOUNT

8.1. **Transfer of unpaid dividend to Special Account:** If dividend has not been paid or claimed within the 30 days from the date of its declaration, the company is required to transfer the total amount of dividend which remains unpaid or unclaimed, to a special account to be opened by the company in a scheduled bank to be called "Unpaid Dividend Account". Such transfer shall be made within 7 days from the date of expiry of the said period of 30 days in terms of section 124 of the Act.

8.2. **Failure to transfer attracts interest:** If the company fails to transfer dividend to special account, it shall be liable to pay interest @12% and such interest has to be passed for the benefit of shareholders in proportion to the amount remaining unpaid in terms of section 124(3) of Act.

8.3. **Display of details in the web site:** In terms of section 124(2) of the Act, the Company shall upload the details of unpaid and unclaimed dividend in the company website in PDF format, yearwise, with searchfacility must be easily accessible free of charge and facilitate easy printing. The process of uploading on the website shall be completed within 90 days from the date of transfer of the amount to special account as per Clause 8.1 above.

8.4. **Claimant can apply:** In case of any unclaimed/ unpaid dividends in respect of the financial years mentioned in the website, the claimant may apply for payment in terms of section 124(4) of Act to the Company or its Registrar and Share Transfer Agent.

## 9. UNPAID OR UNCLAIMED DIVIDEND TO BE TRANSFERRED TO INVESTOR EDUCATION PROTECTION FUND(IEPF)

9.1. **Transfer to IEPF after 7 years:** Any money transferred to the unpaid dividend account of a company in pursuance of section 124 which remains unpaid or unclaimed for a period of seven years from the date of such transfer shall be transferred by the company to the Investor Education and Protection Fund established (IEPF) u/s 125(1) of Act and the company shall file a statement in "Form DIV-5" to the Authority constituted under the Act to administer the fund and such authority shall issue a receipt to the company as evidence of such transfer. [Section124(5)]

9.2. **Shares shall also be transferred to IEPF:** In terms of section 124(6) of the Act, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred in the name of IEPF alongwith a statement containing such details as may be prescribed. If any person who has a claim on such shares can lodge his claim with Investor Education Protection Fund in such manner as may beprescribed.

9.3. Manner in which unclaimed dividend to be transferred to IEPF: The Company shall deposit the unclaimed dividend amount after lapse of 7 years to IEPF within the prescribed period in the prescribed mode maintain the particulars of unpaid dividend transferred to IEPF for a period of 8 years from the date of suchtransfer.

In terms of Regulation 43(2) of SEBI LODR, the listed entity shall not forfeit unclaimed dividends before the claim becomes barred by law and such forfeiture, if effected, shall be annulled in appropriate cases.

9.4. **Display of details in the web site:** The Company shall upload the details of unpaid and unclaimed dividend transferred to IEPF in the company's website in PDF format, yearwise.

9.5. **ROC filing after 7 years:** The Company shall file with the ROC one copy of the Challan evidencing deposit of the amount to the Fund in Form -1 in terms of Rule 3 (ii) (b) of Investor Education and Protection Fund (awareness and protection of investors) Rules, 2001, as amended from time totime.

## 10. DISCLOSURE

10.1. The Balance Sheet of the company should disclose under the head 'current liabilities and provisions', the amount lying in the Unpaid Dividend Account together with interest accrued thereon, ifany.

10.2. The Annual Report of the company should disclose the total amount lying in the Unpaid Dividend Account of the company in respect of the last seven years. The amount of Dividend, if any, transferred by the company to the Investor Education and Protection Fund during the year should also bedisclosed.

10.3. The amounts lying in the Unpaid Dividend Account and the amounts transferred to the Investor Education and Protection Fund should be disclosed in the Directors'Report.

In terms of SEBI LODR (Regulation 33 relating to disclosure in financial results) the Company shall disclose the following in respect of dividends paid or recommended for the year, including interimdividends:

(i) amount of dividend distributed or proposed for distribution per share; the amounts in respect of different classes of shares shall be distinguished and the nominal values of shares shall also beindicated;

(ii) where dividend is paid or proposed to be paid pro-rata for shares allotted during the year, the date of allotment and number of shares allotted, pro-rata amount of dividend per share and the aggregate amount of dividend paid or proposed to be paid on pro-ratabasis.

## 11. SUMMARY:

11.1 The management upon compliance to all the rules, guidelines and regulations as detailed above in this policy may recommend to the Board of Directors the dividend at a rate (exclusive of the dividend distribution tax/ including Tax deductible at source on Dividend, as the case may be as per the Finance Act from time to time) of any of thefollowing:

a) Maximum of Dividend payout ratio of 20%

b) Minimum of 20% of the paid up Equity sharecapital.

11.2While recommending such dividend the management will also take into account dividends declared during the preceding 3years.

11.3Notwithstanding the above, the Board reserves the right not to declare dividend or decide any rate of dividend, for a particular year owing to certain regulatory restrictions if any, during the year, capital conservation prudence, or other exigencies which shall be stated by theBoard.

# List of Branches, AHLCs & SOs

## I. Branches

**1. Agra**
CAN FIN HOMES LTD
No.7/9, 1st Floor, Sector 9, Awas Vikas Colony, Near Kargil Petrol Pump, Sikandra Bodla Road, Agra 282007 Uttar Pradesh,
Ph:0562 -4008500
E-mail id: agra@canfinhomes.com

**2. Ahmedabad**
CAN FIN HOMES LTD
No.203, Samedh Building,
Second Floor, C G Road,Near Associated Petrol Pump, Ahmedabad-380006
Ph:079-26405312/26560759
E-mail id: ahmedabad@canfinhomes.com

**3. Ajmer**
CAN FIN HOMES LTD
Shop No. 10, First Floor, Bhadana Complex, Nasirabad Road, Opp. Balupura Road, Adarsh Nagar,
Ajmer – 305001 Ph: 0145-2680249
E-mail id: ajmer@canfinhomes.com

**4. Ambala**
CAN FIN HOMES LTD
Showroom No.4, First Floor, Prem Nagar,
Old Delhi Road, Ambala
Ph: 0171-2550560
E-mail id: ambala@canfinhomes.com

**6. Baroda**
CAN FIN HOMES LTD
No.235, Second Floor,
Kanha Capital, Opp.Express Hotel,
R C Dutt Road, Alkapuri Vadodara-390007
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**7. Belgaum**
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**8. Bhopal**
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M P NagarBhopal-462011
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**9.Bhubaneswar**
CAN FIN HOMES LTD
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Bhubaneswar – 751001
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Email id: bhubaneswar@canfinhomes.com

**10. BLR**
Basavanagudi
CAN FIN HOMES LTD
No.93/04, 1st Floor
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South End Circle, Basavanagudi
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**11. BLR – Begur**
CAN FIN HOMES LTD
No. 2 & 4, Shanti Priya Layout,
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Email id: begur@canfinhomes.com

**12. BLR – Bidadi**
CAN FIN HOMES LTD
Sri Annapoorneshwari Complex,
1st Floor (above Canara Bank), BGS Road,
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E-mail id: bidadi@canfinhomes.com

**13. BLR-Cunningham Road**
CAN FIN HOMES LTD
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Bengaluru-560052
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Email id: cunninghamroad@canfinhomes.com

**14. BLR-Devanahalli**
CAN FIN HOMES LTD
No.19/18/2598/2431/2105,1st Floor,
Raja Rao Complex,Opp, SBI, Tippu Sultan RoadDevanahalli, angalore–562110
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Email id: devanahalli@canfinhomes.com

**15. BLR – Electronic City**
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"VIJAY ICON" Sr.No.61/11,
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**16. BLR-Hesaraghatta road**
CAN FIN HOMES LTD
No 765, 1st Floor, MEI Layout,
60 feet Road, Bagalagunte,
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**17. BLR – HRBR Layout**
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**18. BLR-Jayanagar**
CAN FIN HOMES LTD
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**19. BLR – K R Puram**
CAN FIN HOMES LTD
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**20.BLR – Kanakapura Road**
CAN FIN HOMES LTD
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**21.BLR-Kengeri**
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Email id: kengeri@canfinhomes.com

**22.BLR-Koramangala**
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Bengaluru-560095
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**23.BLR-Marathahalli**
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**24.BLR-Nelamangala**
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**25.BLR-Sahakarnagar**
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**26.BLR - Sarjapur Road**
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**27.BLR-Uttarahalli**
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**31.CBE-P N Palyam**
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**36.CHN-Perungudi**
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**56.HYD – LB Nagar**
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**58.HYD – Ramachandrapuram**
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**59.HYD-Tarnaka**
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**60.Indore**
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**61.Jaipur**
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**62.Jodhpur**
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Jodhpur, Rajasthan.
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**63.Kakinada**
CAN FIN HOMES LTD
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**64.Karimnagar**
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**65.Karnal**
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**66.Kalyan**
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**67.Kanpur**
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**68.Karur**
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**69.Khammam**
CAN FIN HOMES LTD
D. No. 11 – 5 – 12/6, First Floor, Wyra
Road, Z.P. Centre, Near KVM High School,
Khammam
Ph: 08742-238161
E-mail id: khammam@canfinhomes.com

**70.Kota**
CAN FIN HOMES LTD
1-C-18, SFS, Front Side, First Floor, Sheela
Choudhary Road, Talwandi, Kota-324005.
Ph:0744-2426600
Email id:kota@canfinhomes.com

**71.Kumbakonam**
CAN FIN HOMES LTD
No. 137, First Floor, Gandhi Adigal Salai,
Kumbakonam - 612001
Ph: 0435-2400021
E-mail id: Kumbakonam@canfinhomes.com

**72.Kurnool**
CAN FIN HOMES LTD
Shop No. 18 & 19, First Floor, T. J.
Shopping Mall, SBI Circle, R. S. Road,
Kurnool – 518004
Ph: 08518-222335
E-mail id: kurnool@canfinhomes.com

**73.Lucknow**
CAN FIN HOMES LTD
#3,Shahnajaf Road, Ist Floor,
SPEED BUILDING, Heazrat Ganj
Lucknow-226001
Ph: 0522-4065123/2230331
E-mail id: lucknow@canfinhomes.com

**74.Madurai**
CAN FIN HOMES LTD
564/1,Ground Floor, Sakthi Towers
12th East Cross Street,
Behind Naveen Bakery
Anna Nagar, Madurai-625020
Ph:0452-2524400/2539799
E-mail id: madurai@canfinhomes.com

**75.Mandya**
CAN FIN HOMES LTD
No.1689, 1st Floor, 100 Feet Road
(Double Road),Vidyanagar,
Mandya – 571401
Ph: 0823 – 2222454
E-mail id: mandya@canfinhomes.com

**76.Mangalore**
CAN FIN HOMES LTD
Ground Floor, Canara Bank Building
Balmatta Road,Mangalore-575001
Ph:0824-2440193/2442593
E-mail id: mangalore@canfinhomes.com

**77.Meerut**
CAN FIN HOMES LTD
#5,Pinnacle Tower First, Floor
Vaishali Corner,Ghar Road
Meerut-250002
Ph:0121-4060006
E-mail id: meerut@canfinhomes.com

**78.MUM-Borivali**
CAN FIN HOMES LTD
No.101, First Floor,
'Ganjawalla Elegance". Opp State Bank of
Patiala,Ganjanwalla Lane, Borivali West,
Mumbai-400 092
Ph:022-28924369/28925385/
E-mail id: mumbai@canfinhomes.com

**79.MUM- Panvel**
CAN FIN HOMES LTD
No.101, 1st Floor , Junction 406/1B, Takka
Road, New Panvel - 410206 Maharashtra
Ph: 022-27459355
E-mail id: panvel@canfinhomes.com

**80.MUM-Vashi**
CAN FIN HOMES LTD
"GIRIRAJ", I Floor,SS-4/210 & 212
(Opp Meghraj Multiplex), Sector-2,
Vashi, Navi Mumbai-400703
Ph:022-27820168/27820169
E-mail id: navimumbai@canfinhomes.com

**81.Mysore**
CAN FIN HOMES LTD
No. 16, 1st Floor, Sita Vilas Road,
Near Marimallappa School, Chamaraja
Mohalla, Mysore-570024
Ph:0821-2429699/2422377
Email id: mysore@canfinhomes.com

**81.Mysore**
CAN FIN HOMES LTD
No. 16, 1st Floor, Sita Vilas Road,
Near Marimallappa School, Chamaraja
Mohalla, Mysore-570024
Ph:0821-2429699/2422377
Email id: mysore@canfinhomes.com

**82.Nagpur**
CAN FIN HOMES LTD
Plot No.M-3, First Floor, West Side WHC Main Road,
Near Aath Raasta Square, Scientific Layout, Laxminagar, Nagpur 440022
Ph:0712-2233898-
E-mail id: nagpur@canfinhomes.com

**83.Namakkal**
CAN FIN HOMES LTD
No.387/1, Aarthi Complex, 1st Floor,
Salem Road,Namakkal – 637001
Ph: 04286-274252
E-mail id: namakkal@canfinhomes.com

**84.Nashik**
CAN FIN HOMES LTD
No.F-12, First Floor, Suyojit Sankul
Above Bafna Jewellers, Sharanpur,
Nashik – 422002
Ph:0253 2318305
E-mail id: nashik@canfinhomes.com

**85.NCR-Faridabad**
CAN FIN HOMES LTD
# 59-60, I Floor, Neelam Bata Road,
NIT, Opp. RG Stone Hospital,
Faridabad - 121001
Tel : 0129 – 2436596/2436527
E-mail id: faridabad@canfinhomes.com

**86.NCR-Gurgaon**
CAN FIN HOMES LTD
SCO No. 34 & 35, I Floor,
Sector 10-A, (Above Canara BANK)
Gurgaon-122002
Ph:0124-2370760
E-mail id: gurgaon@canfinhomes.com

**87.NCR-New Delhi**
CAN FIN HOMES LTD
1ST Floor, DDA BUILDING,
Near Paras Cinema, Nehru Place,
New Delhi-110019
Ph:011-26435815/26430236
Email id: delhi@canfinhomes.com

**88.NCR-Noida**
CAN FIN HOMES LTD
Plot No. C-3, 1st Floor (Above Canara Bank)
Sector – 1, Noida – 201301
Tel : 0120-2970164 / 65 / 67
Email id: noida@canfinhomes.com

**89.NCR-Pitampura**
CAN FIN HOMES LTD
DP-11,1st flr,Local Shopping Complex,Above CB E-lounge
Pitampura, New Delhi-110034
Ph:011-27315619
E-mail id: pitampura@canfinhomes.com

**90.NCR-Rohtak**
CAN FIN HOMES LTD
1st Floor, Anand Plaza, Shop No.104,Near Chottu Ram Chowk,
Rohtak – 124001
Ph: 01262-257852
E-mail id: rohtak@canfinhomes.com

**91.NCR-Sonepat**
CAN FIN HOMES LTD
SCO-3, First Floor , Main Market,Sector – 14, Sonepat – 131 001
Ph: 0130-2235101
E-mail id: sonepat@canfinhomes.com

**92.NCR - Greater Noida**
CAN FIN HOMES LTD
Shop. No – 4, 4th Floor, Plot No – 3,
S L Towers, Alpha – I, Opp. Golf Course,Greater Noida – 201308
Ph: 0120 - 4569974
E-mail id: greaternoida@canfinhomes.com

**93.Nellore**
CAN FIN HOMES LTD
Plot No. 14, First Floor, Sree Krishna Building,
Aditya Nagar, Above Josh Bakery
Children's Park Road,
Nellore – 524002,
Andhra Pradesh
Ph: 0861-2334781
E-mail id: nellore@canfinhomes.com

**94.Ongole**
CAN FN HOMES LTD
D no.7-331(4), 1st Floor, above State Bank of Mysore Mangamooru Donka,
Ongole – 523002
Ph:08592-282023
E-mail id: ongole@canfinhomes.com

**95.Patna**
CAN FIN HOMES LTD
"Deep House", 2nd Floor
Nala Road (Near Shiva Mandir)
Patna – 800004 Ph: 0612-2721046,2721047
Email id: patna@canfinhomes.com

**96.Pondicherry**
CAN FIN HOMES LTD
Door No.115, 1st Floor
Vysial Street, Pondicherry - 605001
Tamil Nadu
Ph:0413-2338447/2222118
E-mail id: pondicherry@canfinhomes.com

**97.Pune**
CAN FIN HOMES LTD
101, UMA Apartment, CTS-2027,
Tilak Road,Near S P College, 1st Floor,
SadashivpetPune-411030
Ph:020-24321030/24321031
Email id: pune@canfinhomes.com

**98.Raipur**
CAN FIN HOMES LTD
Sai Towers Building, I floor
Besides Azad Chowk Police Station,
Amapara,G E Road ,Raipur-492001
Ph:0771-2531100/4097077
Email id:raipur@canfinhomes.com

**99.Rajahmundry**
CAN FIN HOMES LTD
D No:75-6-38, 1st floor, BVR Complex
Prakash Nagar, Rajahmundry - 533103
Andhra Pradesh
Ph: 0883-2474781
Email id: rajahmundry@canfinhomes.com

**100.Salem**
CAN FIN HOMES LTD
#1,Johnson pet Road, Hastampatty,
Salem-636007Ph:0427-2420017
Email id: salem@canfinhomes.com

**101.Shimoga**
CAN FIN HOMES LTD
No.599, 1st Floor, Maruthi, 60 Feet Main Road,Police Chowki Circle, Vinobanagar,
Shimoga-577 204
Ph:08182-254110
E-mail id: shimoga@canfinhomes.com

**102.Thoothukudi**
CAN FIN HOMES LTD
No. 69D/4, Diya Corner, First Floor, Second Street, Thoothukudi – 628003
Ph: 0461 2333636
E-mail id: Thoothukudi@canfinhomes.com

**103.Tiruchengode**
CAN FIN HOMES LTD
No.86/17, Royal Towers,
Sankari Main road,
Seetarampalayam (Post)
Tiruchengode – 637209
Ph: 04288-255057
E-mail id: tiruchengode@canfinhomes.com

**104.Tirunelveli**
CAN FIN HOMES LTD
Thiripura Arcade, III Floor, No.75-A,
Trivandrum High Road,
PalayamkottaiTirunelveli – 627002
Ph: 0462 – 2578567
E-mail id: tirunelveli@canfinhomes.com

105.Tirupathi
CAN FIN HOMES LTD
D No.19-8-169, SBI Colony,
Near Vijaya Bharathi TVS Show
RoomTirupathi – 517501
Ph: 0877-2242692
E-mail : tirupathi@canfinhomes.com

**106.Tirupur**
CAN FIN HOMES LTD
No.302/3, First Floor, Above Canara Bank,
Palladam Road, Tirupur 641604, Tamil
NaduPh:0421 - 2215977
E-mail: tirupur@canfinhomes.com

**107.Trichur**
CAN FIN HOMES LTD
1ST Floor, MARVA ARCADE,
Machingal Lane, M G ROAD,
Trichur-680001
Ph:0487-2332421/2331952
Email id: trichur@canfinhomes.com

**108.Trichy**
CAN FIN HOMES LTD
B-11,2nd floor, star Towers
Thillai Nagar
Trichy-620018
Ph: 0431-2744100/2744200
Email id: trichy@canfinhomes.com

**109.Trivandrum**
CAN FIN HOMES LTD
No.28/2452, Ground Floor, M G Road
Trivandrum-695001
Ph:0471-2477446/2461446
Email id: trivandrum@canfinhomes.com

**110.Tumkur**
CAN FIN HOMES LTD
I Floor, Sri Seetharama Temple Bldg.
Someshwarapura Main Road
Tumkur-572102
Ph:0816-2251514
Email id: tumkur@canfinhomes.com

**111.Udaipur**
CAN FIN HOMES LTD.
No-101, First Floor,
Plot No-643, Subhash Villa Hiranmagri Sec
13, Udaipur-313001
Ph:0294-2485770
E-mail id: Udaipur@canfinhomes.com

**112.Udupi**
CAN FIN HOMES LTD
"Shri Malshi" 1st Floor , Court Back Road
Udupi – 576101
Ph: 0820 – 2520644
E-mail id: udupi@canfinhomes.com

**113.Varanasi**
CAN FIN HOMES LTD
D-58/12, A-2, Second Floor,
"Jasmaa' Complex, Above Ksheer
Sagar,Gandhinagar, Sigra,
Varanasi – 221010
Ph: 0542 2220221
E-mail id: varanasi@canfinhomes.com

**115.Vijayawada**
CAN FIN HOMES LTD
1st Floor, D No.40-5-19/17,
Near Siddhartha College Bus Stop,
Mogalrajpuram, Vijayawada-520 010
Ph:0866-2474781/2481731
Email id: canfinvja@sify.com

**116.Virudhunagar**
CAN FIN HOMES LTD
Door No.7/3 B, First Floor, A P V
Complex,Pullukaoorani Road,
Virudhunagar – 626001
Ph: 04562-246566
E-mail id: virudhunagar@canfinhomes.com

**117.Visakhapatnam**
CANFIN HOMES LTD
Gnd floor, DN: 48-8-4,Behind
Titan Showroom,Chaitanya
College Lane,Dwarakanagar,
Visakhapatnam-530016 Phone: 0891-
2746736, 2591167
E-mail id: visakhapatnam@canfinhomes.com

**118.Vizag Steel Plant**
CAN FIN HOMES LTD
D.No.31- 27 -56/7, 1st Floor, Opp.
Annapurna Theatre, urmannapalem,
Visakhapatnam – 530046.
Ph: 0891 -2747599
E-mail id: vizagsteelplant@canfinhomes.
com

**119.Vizianagaram**
CAN FIN HOMES LTD
Plot No. 8 D.No.8-12-5, Ground Floor,
Opp. CTO Office, Siddharthanagar,
Vizianagaram – 535002
Ph: 08922 237599
E-mail id: Vizianagaram@canfinhomes.com

**120.Warangal**
CAN FIN HOMES LTD
Kandakatla's Gateway, H No.15-11-503 &
504K U Road, Naimnagar, Hanamkonda
Warangal – 506001
Ph: 0870-2442166
E-mail id: warangal@canfinhomes.com

**121.Ghaziabad**
CAN FIN HOMES LTD
C-18, First Floor, RDC, Rajnagar
Ghaziabad, NCR-Ghaziabad - 201002
Uttar Pradesh
Ph: 0120 – 2825555
E-mail id: ghaziabad@canfinhomes.com

**122.Gollapudi**
CAN FIN HOMES LTD
D No.76-14-95/11, 1st Floor, APSRTC
Workshop Road, Bhavanipuram
Gollapudi, Vijayawada - 520012
Andhra Pradesh
Tel 0866 - 6888668
E-mail id: gollapudi@canfinhomes.com

**123.Mansarovar**
CAN FIN HOMES LTD
23/49, I Floor, Near Cricket Stadium,
Madhyam Marg, Mansarovar
Mansarovar, Jaipur - 302020
RajasthanTel :0141-2399862
E-mail id: mansarovar@canfinhomes.com

**124.Yelahanka**
CAN FIN HOMES LTD
No.1099, 1st Floor, 1st B Main Road,16th
B Cross, Yelahanka
Bengaluru-560064 Ph:080-28564502
E-mail id: yelahanka@canfinhomes.com

**125. Hassan**
CAN FIN HOMES LTD
EWS-321, 1st Flr,SLR Complex, 9th cross, Opp Mini Vidhanasoudha, 1st Stage, Kuvempunagar Extension, Hassan-573201, Karnataka
Ph no.08172-263326
Email Id: hassan@canfinhomes.com

**126. Jabalpur**
CAN FIN HOMES LTD
78, 1st Flr, J R Sama Complex, Naramada Road, Jabalpur-482001 Madhya Pradesh
Ph. No.: 0761-2411886
Email Id: jabalpur@canfinhomes.com

**127. Bilaspur**
CAN FIN HOMES LTD
1st Floor B L Plaza, Khata No 1538/3, Vikas Nagar, Mungeli Road, Mangala Chowk, Bilaspur-495001, Chattisgarh
Ph.: 07752-404571
Email Id: bilaspur@canfinhomes.com

**128.Berhampur**
CAN FIN HOMES LTD
Plot No 1168/2422, Gnd Flr, Hilipatna, Near Nehru Park, Station Road, Behrampur-760005, Odisha
Ph.: 0680-2221888
Email Id: berhampur@canfinhomes.com

**129. Eluru**
CAN FIN HOMES LTD
D No 25-13-4/1, N R Plaza, Narasimharaopet, More Super Market Road,Eluru-534006, W.G.Dist Andhra Pradesh
Ph.: 08812-245245
Email Id: eluru@canfinhomes,com

**130.Boisar**
CAN FIN HOMES LTD
1st Flr, Yash Siddi Residency, Palghar Road, Navapur Naka, Boisor-401501, Maharastra
Ph: 0844 6664000
Email Id: boisar@canfinhomes.com

**131. Surat**
CAN FIN HOMES LTD
U-16, 1st Floor, Atlanta Shoping Mall, Near VIP Road, Bhimrad Canal Road, Althan, Surat – 395017
Tel : 8000976250
E-mail id: surat@canfinhomes.com

**132. Mangalagiri**
CAN FIN HOMES LTD
F: 427-428, Ankamma's Plaza, First Floor, Middle Centre, Tenali Road
Mangalagiri, Guntur - 522 503 Andhra Pradesh
Ph: 08645 234589
E-mail id: mangalagiri@canfinhomes.com

**133 Bhilai**
CAN FIN HOMES LTD
Shop No.255-258, First Floor, Above HDFC Bank, Chouhan Estate. G.E.Road, Supela Bhilai, Bhilai - 490023
Chhattisgarh
Ph:0788-4902391
EmailId: bhilai@canfinhomes.com

**134 Bhimavaram**
CAN FIN HOMES LTD
Flat No. 04, Ground Floor, Door No. 2-1-50, SVR Towers
J P Road, Bhimavaram - 534202
Andhra Pradesh
Ph:08816-297744
Email id: bhimavaram@canfinhomes.com

**135 Kadapa**
CAN FIN HOMES LTD
Sri Vasavee Towers, D No. 42/1454-1, First Floor
Sankarapuram, Kadapa - 516002
Andhra Pradesh
Ph: 08562 247589
Email Id: kadapa@canfinhomes.com

**136 Siddipet**
CAN FIN HOMES LTD
Office No. 101, D No. 18-54, First Floor, Prajay Srinilayam, Beside New Bus Stand
Siddipet, Siddipet - 502103
Telengana
Ph: 08457 230122
Email Id: siddipet@canfinhomes.com

**137 Nizamabad**
CAN FIN HOMES LTD
H NO 5-6-370, FIRST FLOOR, ROAD NO 3, HYDERABAD ROAD, LAND MARK - OPP LANE TO MORE SUPER MARKET, ANDHRA BANK
Saraswathi Nagar, Nizamabad – 503001, Telangana
Ph: 08462 223244
Email Id: nizamabad@canfinhomes.com

**138 Rajkot**
CAN FIN HOMES LTD
No.202, Corporate Levels, Second Floor, 150 feet Ring Road
Near Ayodhya Chowk, Rajkot - 360005
Gujarat
Ph: 7625013258
Email Id: rajkot@canfinhomes.com

**139 Jamnagar**
CAN FIN HOMES LTD
Office No. 239-240, Second Floor, Madhav Plaza, Near Lal Bunglow
Opp SBI, Jamnagar - 361001 Gujarat
Ph: 0288 2554151
Email Id: jamnagar@canfinhomes.com

**140 Haridwar**
CAN FIN HOMES LTD
First Floor, Above Ujjivan Bank, Arya Nagar, Opp. Subharambh Wedding Point
Jwalapur Main Road, Haridwar - 249407
Uttarakhand
Ph: 01334 250030
Email Id: haridwar@canfinhomes.com

**141 Sagar**
CAN FIN HOMES LTD
First Floor, Central Bank Building
Gopal Ganj, Sagar - 470001
Madhya Pradesh
Ph: 07582-220456
Email Id: sagar@canfinhomes.com

**142 Aurangabad**
CAN FIN HOMES LTD
Office No. 101, First Floor, Anand Business Center, C.T.S No. 17303, Opp. Sant Eknath Rang Mandir
New Usmanpura, Aurangabad – 431005, Maharashtra
Ph: 7625013263
Email Id: aurangabad@canfinhomes.com

**143 Chakan**
CAN FIN HOMES LTD
Office No - 171, Dnyanda City, Dnyanda Builders, Dnyanda / Jadhav Commercial Center, Near Chakan ST Stand
Chakan Shikrapur Road, Chakan – 410501, Maharashtra
Ph: 02135-249230
Email Id: chakan@canfinhomes.com

**144 Kolhapur**
CAN FIN HOMES LTD
No. 560,E, First Floor, Mahavir Bhavan
Shahapuri Vyapari Peth, Kolhapur - 416001
Maharashtra
Ph: 0231 2666478
Email Id: Kolhapur@canfinhomes.com

**145 Alwar**
CAN FIN HOMES LTD
Plot No. 6, Second Floor
Lajpat Nagar, Alwar - 301001
Rajasthan
Ph: 0144-2704055
Email Id: alwar@canfinhomes.com

**146 Jhansi**
CAN FIN HOMES LTDFirst Floor, SBI Main Branch Building, Opp.Dhyanchand Stadium, Chitra-BKD Road
Civil Lines, Jhansi - 28400
Uttar PradeshPh: 0510-2332676
Email Id: jhansi@canfinhomes.com

**147 Jalandhar**
CAN FIN HOMES LTD
SCO-13, First Floor, Puda Complex, (opp. Tehsil Complex)
Ladowali Road, Jalandhar - 144001
Punjab
Ph: 0181-2242900
Email Id: jalandhar@canfinhomes.com

**148 Rewa**
CAN FIN HOMES LTD
Hall No. 5A 2/4 Block A, Second Floor
Shilpi Plaza, Rewa - 486001
Madhya Pradesh
Ph: 07662 2252930
Email Id: rewa@canfinhomes.com

**149 Bannerghatta Road**
CAN FIN HOMES LTD
No. 1 & 2, 2nd Floor, 1st Cross, Ramakrishnappa Layout, Bannerghatta Road
Gottigere Village,
Bengaluru – 560083
Ph: 080-25780611
Email Id: bannerghatta@canfinhomes.com

**150 Bhavnagar**
CAN FIN HOMES LTD
Flat No. 202, Second Floor, Corporate House, Opp.HDFC Bank
Waghawadi Road, Bhavnagar - 364002
Gujarat
Ph: 0278-2562056
Email Id: bhavnagar@canfinhomes.com

**151 Hinjewadi**
CAN FIN HOMES LTD
1st Floor, Phadatare Heights, Above ICICI Bank Ltd, Near D'Mart
Hinjewadi, Pune - 411012
Maharashtra
Ph: 7625013272
Email Id: hinjewadi@canfinhomes.com

**152 Durgapur**
CAN FIN HOMES LTD
UCP-001, Ground Floor
Bengal-Ambuja City Centre, Durgapur - 713216
West Bengal
Ph:0343 2546404
Email Id: durgapur@canfinhomes.com

**153. Jharsuguda**
CAN FIN HOMES LTD.
B K Building, Second Floor, Opposite Canara Bank SME Branch
Sarbahal Road, Jharsuguda
Ph: 06645-271467
Email Id: jharsuguda@canfinhomes.com

**154 Jagatpura**
CAN FIN HOMES LTD
1st Floor, Rajawat Tower, Plot No.200, Lajpat Nagar
Near 7 No. Choraha, Maha Road, Jagatpura, Jaipur
Ph: 7625013274
Email Id: jagatpura@canfinhomes.com

**155. Pollachi**
CAN FIN HOMES LTD
No.179-180, Golden Tower, 1st Floor, Palladam Road,
Pollachi-642001
Ph: 04259-296900
Email Id: pollachi@canfinhomes.com

**156.Thanjavur**
CAN FIN HOMES LTD
New TS No.2093/2A1, 1st Floor, Vandikara Street, Nagai Main Road,
Near Santhapillai Gate Bus Stop,
Thanjavur-613007
Ph: 04362 290354
Email Id: thanjavur@canfinhomes.com

157. Mancherial
CAN FIN HOMES LTD.
Plot No.52, 1st Floor, Road No.4,
Hi-Tech City,
Mancherial – 504208, Telengana
Ph: 0873-6295577
Email Id: mancherial@canfinhomes.com

**158 Srikakulam**
CAN FIN HOMES LTD
D.No.2-2-64 & 65, 1st Floor, Krishna Nivas
Near Rythu Bazar, Illisipuram Road,
Srikakulam - 532 001
Ph: 08942-279599
Email Id: srikakulam@canfinhomes.com

**159. Ballari**
CAN FIN HOMES LTD
No.33M, 1st Floor, Jyothi Plaza,
Above Raymonds Show Room , Near S P Circle, Club Road, Devi Nagar,
Ballari - 583103
Ph: 08392-294056
Email Id: ballari@canfinhomes.com

**160.Theni**
CAN FIN HOMES LTD
Door No.1555/3, First Floor, Nehruji Road, Periyakulam Highway, Allinagaram,
Theni - 625531
Ph: 04546-290782
Email Id: theni@canfinhomes.com

**161. Hoskote**
CAN FIN HOMES LTD.
No.86/14, First Floor, Near Govt. Taluk Hospital
Malur Main Road, Hoskote Town
Bengaluru Rural - 562114
Ph: 080-29500091
Email Id: hoskote@canfinhomes.com

**162. Haveri**
CAN FIN HOMES LTD.
Plot No. 20/A & 20/B,
Sy No. 157/B/1B/1C,
Sri Renuka Arcade, Hanagal Road, Opp. New APMC,
Haveri – 581110, Karnataka
Ph: 78921 74454
Email Id: haveri@canfinhomes.com

**163. Solapur**
CAN FIN HOMES LTD.
Office No 3 & 4, Plot No 12-15, "Melody Business Centre", Sy No 124/A-5,
Opp. Indian Model School, Jule Solapur,
Solapur - 413 004, Maharashtra
Ph: 97314 02789
Email Id: solapur@canfinhomes.com

***164. Kalaburagi**
CAN FIN HOMES LTD.
Shop No. 11 & 12, 1st floor, Krishneshwar complex,
Opp: Chitari Saw Mill, New Jewargi Road,
Kalaburagi - 585102, Karnataka
Ph: 96111 56299
Email Id: kalaburagi@canfinhomes.com

***165. Bhilwara**
CAN FIN HOMES LTD.
#9, S-13-14, First Floor, Basant Vihar,
Bhilwara 311001,
Rajasthan
Ph: 96723 88187
Email Id: bhilwara@canfinhomes.com

*Kalaburagi & Bhilwara branches have been opened in FY 2020-21.

## II. Affordable Housing Loan Centres (AHLCs):

**1.Shoranur**
CAN FIN HOMES LTD
Malutty Shopping Corner, Post Office Road, Shoranur
Palakkad
Ph:0466 2224440
Email Id: shoranur@canfinhomes.com

**2.Tenali**
CAN FIN HOMES LTD
H.No.7-2-41/B, Ground Floor,,
Opp.Sri Chaitanya School,
Bhavanam Vari Street,
Ganganammappa, Tenali - 522 201
Andhra Pradesh
Ph: 08644 225838
Email Id: tenali@canfinhomes.com

**3.Palwal**
CAN FIN HOMES LTD
First Floor, Ashirwad Plaza, Opp Nishant Public School Rasolpur Road, Palwal
Ph: 0127-5240033
Email Id: palwal@canfinhomes.com

**4.Pithampur**
CAN FIN HOMES LTD
"G-1, FIRST FLOOR, JEEVAN COMPLEX
MHOW-NEEMUCH ROAD
Pithampur attached to Indore branch,
Dhar -
Madhya Pradesh
Ph: 07292 – 298273
Email Id: pithampur@canfinhomes.com

**5.Doddaballapura**
CAN FIN HOMES LTD
Shop No.1,Ground Floor,
Ganeshappa Complex, (Near Canara Bank),
Palanajogihalli, Gowribidanur Road,
Mallathhalli Doddaballapur -561203
Ph:080-27622134
doddaballapur@canfinhomes.com

**6.Ghatkesar**
CAN FIN HOMES LTD
Shop No 1& 2, H NO 5-122
1st Floor, Canara Nagar,
Opp: Anutex
Adjacent to Vijaya Hospital Arch,
Bodupal - 500039
Telengana ghatkesar@canfinhomes.com

**7.Gobichettypalayam**
CAN FIN HOMES LTD Block C, Room No.23A/3, 1st Floor, Senthan Kanthan Complex, Opp TNSTC Depo, Erode Road Gobichettipalayam Erode - 638 476Tamil Nadu
Ph: 04285 222446
gobichettipalayam@canfinhomes.com

**8.Mandideep**
CAN FIN HOMES LTD
B-202, First Floor, Indra Nagar,
Mandideep,
Bhopal – 462046
Ph: 07480-233922
Email id: mandideep@canfinhomes.com

**9.Manesar**
CAN FIN HOMES LTD
Raheja Square, First Floor,
Shop No. F - 14, Manesar - 122051.
Haryana
Tel : 0124 2290152
manesar@canfinhomes.com

**10.Ramnagaram**
CAN FIN HOMES LTD
Sadvi Complex,
# 3 1106/624/1, 1st Vivekananda Nagar,
B. M. Road, Ramanagara - 562159 0097
ramanagara@canfinhomes.com

**11.Rewari**
CAN FIN HOMES LTD
No.1652/57/1, First Floor,
Near Main Post Office,
Circular Road,
Rewari - 123401 Haryana
Ph: 01274 - 223015
Email Id: rewari@canfinhomes.com

**12.Sanga Reddy**
CAN FIN HOMES LTD
H No. 58 MIG, First Floor, Phase-2, Site-1,
Pothireddypally, Bypass Road,
Sangareddy – 502295, Telangana
Ph: 08455 277550
Email Id: sangareddy@canfinhomes.com

**13.Attibele**
(Electronic City)
CAN FIN HOMES LTD
Site no.1, D-1014, First Floor, Opp
Syndicate Bank,Attibele Circle, Sarjapur
Road, Attibele,
Bengaluru – 562107
Ph: 080-27844440
Email Id: attibele@canfinhomes.com

**14.Thanisandra**
(HRBR)
CAN FIN HOMES LTD
No. 48,Ground Floor, 5th Main Road,
Central Excise Layout, Shivaram Karanth
Nagar
Thanisandra (attached to HRBR Layout
branch), Bengaluru - 560 077 Karnataka
Email Id: thanisandra@canfinhomes.com

**15.Whitefield )**
CAN FIN HOMES LTD
No. 3 & 4, First Floor, Immadihalli Main
Road
Vinayaka Layout, Whitefield,
Bengaluru - 560 066
Ph: 080 28454501
Email Id: whitefield@canfinhomes.com

**16.TAR AS Rao Nagar**
CAN FIN HOMES LTD
1st Floor, D No.1-8-4/2, North
Kamalanagar, E.C.I.L.(Post),
A S Rao Nagar, Hyderabad - 500062
Telengana
Ph: 040-27148161
Email Id: asraonagar@canfinhomes.com

**17.MDU Thirumangalam (Madurai)**
CAN FIN HOMES LTD
D.No.46/1, HDFC Bank Building, (Opp.)
Mepco Schlenk Primary School, Madurai
Main Road
Thirumangalam (attached to Madurai
branch), Madurai - 625706
Tamil Nadu
Ph: 04549 282499
Email Id: thirumangalam@canfinhomes.
com

**18 HUB Dharwad (Hubli)**
CAN FIN HOMES LTD
Municipal No.11731/76/1,
First Floor, Opp.BRTS Bus Terminal, NTTF,
P B Road
Dharwad - 580001
Ph: 0836 - 2443507
Email Id: dharwad@canfinhomes.com

**19 DGL Batlagundu (Dindigul)**
CAN FIN HOMES LTD
# 5 - 1, Anu Towers, First Floor, Madurai
Main Road, Opp. SBI
Near Kaliamman Temple (Attached to
Dindigul), Batlagundu - 624202
Tamil Nadu
Ph: 04543 245057
Email Id: batlagundu@canfinhomes.com

**20 MANR Jhothwar**
CAN FIN HOMES LTD
S-61 & 62, Laxman Rekha Scheme No.17,
Nangal Jaisa Bohra
Jhotwara, Jaipur - 302012
Rajasthan
Ph:
Email Id: jhotwara@canfinhomes.com

**21 Neyyatinkara( Trivandrum)**
CAN FIN HOMES LTD
# XII / 504 - E, First Floor, Asif Centre,
Alummoodu
Neyyattinkara (Attached to Trivandrum),
Trivandrum - 695121
Kerala
Ph: 0471 220117
Email Id: neyattinkara@canfinhomes.com

## III. Satellite Offices:

**1 .Aluva Satellite Office (Cochin)**
CAN FIN HOMES LTD
D.No.352/2, 1st Floor, Alookaran Complex,Market Road, Aluva – 683101,
Email Id:

**2.Cox Town Satellite Office (Cunningham)**
CAN FIN HOMES LTD
# 47, Ground Floor, Wheeler Road, Coxtown, Bengaluru – 560005
Email Id:
Coxtown@canfinhomes.com

**3.Cuddalore Satellite Office (Pondicherry)**
CAN FIN HOMES LTD
# 106, First Floor, Nethaji Road, Manjakuppam, Cuddalore – 607001
Email Id:
Cuddalore@canfinhomes.com

**4.Vidyaranyapura Satellite Office**
(Sahakarnagar)
CAN FIN HOMES LTD
# 101, Ground Floor, II Main, III Cross, AMS Layout, Vidyaranyapura, Bengaluru – 560097
Email Id: Vidyaranyapura@canfinhomes.com

**5.Kangeyam Satellite Office (Tirupur)**
CAN FIN HOMES LTD
# 5G, First Floor, Rajaji Street, Above Indian Bank, Kangeyam Tirupur Dist
Email Id:
Kangeyam@canfinhomes.com

**6.Kazhakuttom Satellite Office**
(Trivandrum)
CAN FIN HOMES LTD
No.2, Ground Floor., SS Complex, Near Police Station
Kazhakuttom, Trivandrum – 695001
E-mail id: kazhakuttom@canfinhomes.com

**7.Peelameedu Satellite Office**
(Coimbatore-Gandhipuram)
CAN FIN HOMES LTD
No.88, 'D', First Floor, E S Corner, Avinashi Road, Hope College,Coimbatore 641004
Email Id: peelameedu@canfinhomes.com

**8.Velur Satellite Office**
(Karur)
CAN FIN HOMES LTD
No.13(1), First Floor,
Old Byepass Road, Paramithi, Velur – 638182
E-mail id: velur@canfinhomes.com

**9.Oddanchatram Satellite Office (Dindigul)**
CAN FIN HOMES LTD
# 276/1 - 9, Sri Sri Sakthi Complex, First Floor, Opp: Bus Stand, Oddanchatram – 624619
Email Id: oddanchatram@canfinhomes.com

**10. MYS-Vijayanagar SO**
Can Fin Homes Ltd.
#4999,1st Floor, Vijayanagara 2nd Phase, 4th StageDevaraja Mohalla, Mysuru-570017
Email Id:
mysvijayanagar@canfinhomes.com

**11. Patia SO**
Can Fin Homes Ltd.
Plot No HIG-191, L-1153/97, P S Chandrashekarpur, Kanan Vihar, Patia, Bhubaneshwar-751024
Email Id:
patia@canfinhomes.com

**12.Thiruvembur Satellite Office**
(Trichy)
CAN FIN HOMES LTD
No.9 & 10, Riyaz Complex, 1st Floor,Erumbeeswarar Nagar, Trichy - 620013
Email Id: thiruvembur@canfinhomes.com

**13. Rajarajeshwari Nagar SO Can Fin**
Homes Ltd.
Shop NO 9,Site No 20,CMC Khata No 26, Ideal Homes Township, R R Nagar, Bengaluru-560098
Email Id:
rajarajeshwarinagar@canfinhomes.com

**14 Yeshwanthpur So**
Can Fin Homes Ltd
Shop No.7, No.580, Ground Floor, Ramachandra complex, 9th Cross, 1st main
Yeshwanthpur (attached to Cunningham Road branch), Bengaluru - 560 022
Karnataka
Email Id: yeshwanthpur@canfinhomes.com

## Disclaimer

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral – that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.




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