

Chairman's Message



Dear Shareholders,

As we welcome another fiscal, we remain focused on promoting our prime objective of making home ownership a reality for millions of Indians. While the last year was particularly challenging for people all over the world, our resilient approach enabled us to tide through the crisis.

Over the years, we have earned the trust of people as a reliable and resourceful organisation that is committed to promote home ownership in the country. We have played an instrumental role in fulfilling the dream of an affordable home that lends a sense of security and provides the freedom to lead a dignified life. As we complete 34 years in the industry, we are determined to contribute to nation building through our concerted efforts to provide a roof over every head. Along the way, we have established our credibility

as a dependable lender and continue to expand our retail lending portfolio across the country.

The year 2020 was a bit challenging. We are living in an era of extraordinary change and the unprecedented events of 2020 tested the internal strength of the institutions world over. Despite difficulties, your Company demonstrated flexibility to adapt to the changed circumstances, which reflected in our performance during the year.

Economic Outlook

The GDP of the Indian economy contracted by 7.3% during the fiscal 2020-21 due to the Covid-19 pandemic and the attendant economic crisis. During the year, industry and service sector output of the Indian economy witnessed a steep decline due to massive disruptions in the global supply chain, following the countrywide lockdowns. Agriculture was the only sector that witnessed growth during this period. Nevertheless, the GDP growth reversed in the latter half of the fiscal, mainly driven by pent up demand.

The expansionary policy adopted by the Government of India and the Reserve Bank of India to infuse liquidity, lower the cost of borrowing and

stimulate demand in the economy, helped cushion the effects of the crisis. Some of the notable policy interventions included moratorium on loans, extended Emergency Credit Line Guarantee scheme and emphasis on Aatmanirbhar Bharat. A significant corpus was also allotted for Pradhan Mantri Awas Yojana -Urban (PMAY-U) and the Affordable Housing Rental Complexes (ARHC) to stimulate growth in the housing sector.

Indian Housing Finance Industry

The Indian housing sector is witnessing continuous transformation since the turn of the century. A slew of systematic structural reforms and policy changes led to the elimination of weaker players, consolidation of the sector and entry of large corporate houses. The industry is now much more organised, demonstrates accountability and transparency in its dealings. Increasing population, rapid urbanisation, migration to urban areas and greater purchasing power have contributed to the demand for affordable housing in India. The Affordable Housing Rental Complexes (AHRC) have also been designed to accomplish the objective of Housing for All, taking into consideration the needs of the urban poor and the aim to provide means for dignified living to a

larger section of the Indian population. The demand for housing in urban areas has also increased due to the growing norm of working from home, after the pandemic. This was aided by the availability of cheaper home loans, facilitated by the RBI during the year to infuse liquidity in the system.

The Budget for FY22 further supported the housing sector, through the extension of the Affordable Housing scheme, additional income tax deductions, announcement of tax holiday for developers and reduction of customs duty on steel and iron. These are anticipated to positively influence first-time home buyers and people from low and middle income households to purchase new property.

The government's attempt to boost infrastructure in the country will also help to create jobs over the next few years, which in turn is likely to foster the demand for affordable homes. The cumulative effect of these factors is expected to act as an impetus for the affordable housing sector, improve supply and reduce housing shortage to a great extent.

Operational Highlights

During the period under review, your company focused on maintaining asset quality and stability. People from middle and lower income categories continued to be our primary lending segment as we focused on offering affordable housing loans to individuals.

Can Fin has successfully established a pan India presence with 165 branches, 21 AHLCs and 14 Satellite Offices across 21 states and Union Territories in India.

Despite operational challenges in the year gone by, your company registered a remarkable performance. Your Company's loan book reached

₹ 22,105 crore in FY21, increasing 7% year on year. The new approvals for loans stood at ₹ 4,631 crore and we registered disbursements of ₹ 4,332 crore during the period under review.

While 90% of our loan book pertained to housing loans, salaried people and professionals accounted for 73% of the loan book, as on 31st March 2021. Top-up loans accounted for 4% and LAP covered 6% of our non housing loans in FY21.

Your Company recorded a 21.25% increase in Profit After Tax (PAT) at INR 456.06 crore during the fiscal 2020-21, in comparison to INR 376.12 crore in the previous fiscal. The Return on Average Assets (RoAA) stood at 2.18 % by the end of the fiscal with Return on Equity (ROE) at 17.47% in the same period.

The moratorium on loans has been extended to all borrowers who have sought this benefit. Your Company is also determined to consistently improve collections and safeguard its reputation as one of the best HFCs, in terms of Asset Quality.

Can Fin is committed to fulfil its responsibility towards the society and continues to participate in activities that make a difference and improve the lives. Your Company also contributed ₹ 4 crore to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM-CARES) and ₹ 1 crore to Karnataka State Disaster Management Authority-Covid 19 during the fiscal 2020-21.

Future Outlook

The residential sector is showing marked signs of improvement. The enhanced role of Reserve Bank of India (RBI) in the housing sector provide a better regulated environment for home loan buyers. The policy rates

held by the Central Bank are kept low for the purpose of economic recovery, which help increase consumption and growth. As a result, mortgage rates are low, while prices are stagnant. These twin factors make it an appropriate time to acquire a home. Under the ambit of RERA, only credible developers capable of timely execution of quality products, will be able to subsist in the period ahead.

With the government's mission of providing Housing for All by 2022, we see an opportune landscape before us. Going forward, we remain enthused to promote a judicious mix of housing as well as non-housing loans for both salaried and self-employed individuals with an aim to further expand our portfolio of offerings.

Acknowledgements

At the end of another successful year, I would like to express my gratitude towards the members of the Board, the Regulators, National Housing Bank and Reserve Bank of India, Canara Bank and the Auditors, M/s Varma & Varma for their guidance, support and co-operation.

I would also like to appreciate our shareholders, customers and employees for the faith and trust bestowed in our abilities. Together, we are prepared to scale new peaks of success in the days ahead.

Warm Regards,

Lingam Venkata Prabhakar
Chairman

Bengaluru
Date: 8th September, 2021