

Chairman's message



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Dear Shareholders,

I am pleased to extend a warm welcome to all of you on behalf of the esteemed members of the Board to the Annual General Meeting of 'Can Fin Homes Limited' for the financial year 2022-23. This year has been a period of significant progress for your Company, as it has successfully recorded the highest sanctions, disbursements and net profit in the history of the Company.

With a legacy spanning 35 years, Can Fin Homes Limited has established itself as a leading housing finance institution, empowering countless individuals to achieve their dream of homeownership. The Company's vision and mission continue to be centered around increasing the housing stock in the country and enabling more individuals to experience the joy of owning a home. The dedication to empowering communities and driving socio-economic growth through various housing finance schemes and initiatives, remains steadfast.

The Board's Report and audited financial statements for the fiscal year ended March 31, 2023 are already with you and with your kind permission, I take them as read.

Looking back at the economy

India's economy has shown remarkable growth in the fiscal year 2022-23, with the GDP accelerating to 7.3%. The expansion can be attributed to the robust domestic demand and a significant surge in construction activities. The construction sector has played a crucial role in driving this growth, supported by substantial infrastructure investments by both the Central and State Governments. These investments have not only bolstered economic development but have also created numerous employment opportunities on a large scale.

The strong performance of the Indian economy in the past fiscal year reflects

the resilience and potential of the country. As we move forward, it is imperative to sustain this momentum and capitalize on the positive trends. Continued investments in infrastructure, coupled with favorable government policies, will further stimulate economic growth and pave the way for a brighter future for all.

Foreign direct investment (FDI) has played a significant role in accelerating economic development by creating job opportunities, fostering innovation and improving productivity. It has facilitated the establishment of new industries, expansion of existing businesses and the transfer of knowledge and skills. The presence of multinational corporations has stimulated competition, encouraged domestic companies to enhance their capabilities and contributed to the overall growth of our economy.

Why the housing sector is on the rise?

The Indian housing industry is witnessing significant growth due to factors such as a young and growing population, rapid urbanization and favorable government initiatives.

The demand for housing is driven by urban migration, increased disposable income and the need for affordable and quality housing. Various housing programs of the government aim to provide affordable housing for all, further boosting the sector. With a favorable interest rate environment and easier loan approval processes, individuals have greater access to housing finance, which has fueled the rise of the housing finance industry. Customized loan products and government support in the form of subsidies and tax incentives have made home loans more affordable and accessible for a wider range of buyers.

Can Fin – riding on industry opportunities

In the fiscal year 2022-23, your Company has achieved positive performance across various parameters. There is an impressive 18% increase in Assets Under Management (AUM). The loan book portfolio stood at Rs.31,563 crore in FY23 compared to Rs.26,711 crore in FY22.

Notably, the NPA levels have decreased, with gross NPA reducing from 0.64% to 0.55% and net NPA decreasing from 0.30% to 0.26%. Diligent collections and recovery efforts have yielded fruitful results, leading to a significant reduction in NPA figures. Conservative provisioning approach has also strengthened the Provision Coverage Ratio.

Although interest rates have increased, their impact on the asset side is yet to be fully reflected in the books. As a result, a marginal improvement in the interest spread is anticipated in the upcoming quarters, as the impact of the rate hike

unfolds. In order to deliver consistent performance, it is important to address potential risks to sustain the Company's growth trajectory and protect its prized asset quality. The risk of slippage from the restructured book is an area of concern that is being closely monitored and actively mitigated to ensure the stability and resilience of Can Fin's business operations.

Your Company has a market presence in 21 states and union territories. As on March 31, 2023, there are 205 offices spread across the country

Strengthening ESG endeavours

The Company is enthusiastically expanding its ESG (Environmental, Social, and Governance) footprint as part of its commitment to sustainability and responsible business practices. Waste reduction and recycling initiatives are prioritized across operations and strategies are implemented to minimize the environmental impact and promote a circular economy. These efforts will contribute to a cleaner and greener future.

At Can Fin Homes, strong corporate governance to ensure trust, transparency, and accountability is practised. Ethical practices are upheld and transparency in operations is maintained. The Company has a well-defined organizational structure that promotes accountability at all levels. Its commitment to these principles fosters confidence among the stakeholders and enables it to navigate challenges while creating sustainable value for the customers and shareholders.

During the year, your Company's contribution to multiple CSR activities in the fields of education, healthcare, community development etc., was Rs. 11.81 crore. By espousing social causes and investing in social well-being, Can Fin strives to create a positive and inclusive environment for its employees and the society, in general

Way forward

Going forward, your Company looks forward to expanding its operational footprints in key geographies across India, while demonstrating continued growth in the southern part of the country. With the establishment of new branches, Can Fin will target a wider customer base, to cater to their evolving needs, more effectively.

Furthermore, as operations are enhanced, your Company is committed to increasing efficiencies, streamlining its processes and compliance culture. By leveraging technology and implementing innovative solutions, the overall banking experience for the customers will get upscaled.

I extend my sincere gratitude to the esteemed members of the Board, the regulators of the Company, the National Housing Bank and the Reserve Bank of India, as well as the Sponsor, Canara Bank and the auditors. Their advice, support, encouragement and cooperation have been instrumental in Can Fin's ongoing journey.

I would also like to express my appreciation to the shareholders, customers and dedicated employees for their continued faith in your Company's capabilities. It is through their trust and support that Can Fin has been able to achieve remarkable milestones over three decades.

Looking ahead, Can Fin is committed to work collaboratively, for reaching new heights of success.

Warm Regards,

Shri K Satyanarayana Raju
Chairman

Place: Bengaluru
Date: July 19, 2023