

Chairman's Message



Dear Shareholders,

I am delighted to welcome you all on behalf of the esteemed members of the Board to the 35th Annual General Meeting of 'Can Fin Homes Limited' for the financial year 2021-22.

Though we continue to navigate through several macro-economic challenges, I

am addressing you all at a time when things are looking up and there is a wave of optimism and confidence after a difficult period of 2 years. Proactive vaccination drives and progressive reforms covering a majority of the country's population have put India in the forefront of economic growth.

As a premier housing finance institution which has helped lakhs of our countrymen acquire their dream homes, over the course of the last 35 years, your Company has earned a good reputation for consistency and is considered as a credible lender. Our vision and mission of increasing housing stock in the country and helping many more to own homes, remains undiluted.

The Board's Report and audited financial statements for the fiscal year ended March 31, 2022 are already with you and with your kind permission, I take them as read.

Economic review and outlook

The economy opened up after removal of all major restrictions. Escalation of global tension on account of geo-political confrontation resulted in higher commodity and fuel prices and increased inflation thereby. Despite these challenges, the country recorded an impressive GDP rate of 8.70% for the year, among the highest in advanced and emerging economies. The progressive government spending on subsidies, higher deposit growth and positive shift in demand towards contact-intensive services have helped sustain healthy economic growth. Going forward, recent moderation in commodity prices is expected to ease inflationary pressures and translate into improved demand

for some goods and services which is expected to moderate industrial growth. These factors will help the country record an impressive recovery in GDP rate for the coming fiscal year.

The country holds its uniqueness in its diversity, and hence has adapted itself to international changes with poise and comfort. While the economy has welcomed international companies to invest in it with open arms since liberalisation in the 1990s, Indians have been prudent and proactive in adopting global approaches and skills.

The country is attracting many global majors for strategic investments owing to the presence of a vast range of industries, investment avenues and a supportive Government. A huge population, mostly comprising the youth, is a strong driver for demand and an ample source of manpower.

Indian housing finance industry

The real estate industry showed resilience and demand for homes has improved. The second quarter of fiscal 2021-22 saw a significant uptick in the residential market, which continued to increase steadily throughout the year. The third quarter's holiday season gave the sector an additional boost. Despite the Omicron variant's prevalence in the fourth quarter, the residential market remained robust, with sales touching higher levels.

The positive trend in the residential market was also reflected in the housing finance sector. While demand in the first quarter was muted, a revival was evident from the second quarter onwards. As a result of measures taken by the government and the general public to mitigate the adverse effects of the Pandemic, the economy began to recover earlier than anticipated.

The outlook for affordable housing finance looks impressive. ICRA has predicted that the loan books of affordable housing finance would increase by 17-20% in FY23. This trend is mainly attributed to various aspects, including a sizably untapped market, a positive demographic profile, government confidence in housing, and

a favourable regulatory and tax regime. It is also forecast that the market for house loans will double in size during the next five years.

Operational highlights

In FY22, we placed a significant emphasis on client retention while maintaining the four pillars of growth, asset quality, profitability and liquidity. The middle and lower-income categories continued to be our primary lending segment in the affordable housing loan arena.

We have a Pan-India presence in over 21 states and union territories. As of March 31 2022, 167 branches, 21 Affordable Housing Loan Centres and 12 satellite offices were operational.

We have delivered a stellar performance last year despite several challenges. The Company's Loan Book Portfolio was Rs 26,711 Cr in FY22 compared to Rs 22,105 Cr in FY21, with a healthy growth of 20.83%. The loans approved increased by 92% and stood at Rs 8,896 Cr compared to the previous year's total of Rs 4,631 Cr, while the disbursements of Rs.8,278 Cr touched an all time high.

Our loan book comprises 90% housing and 10% non-housing loans, with 75% of the loans going to salaried borrowers and 25% to self-employed borrowers.

We recorded a net profit of Rs. 470.23 crores during FY22, in comparison to Rs. 456.03 crores in the previous fiscal. Our asset quality has improved tremendously and the gross non-performing asset has come down from 0.91% in FY21 to 0.64% whereas the net non-performing asset has come down from 0.61% to 0.30% in FY22. In absolute terms, NPA has reduced from Rs.201 crore to Rs.171 crore.

Corporate Governance

The Company believes in high standards of Corporate Governance and continues to strive for excellence in business operations through transparency and accountability. Compliance has been given the highest priority in the organizational framework to meet stakeholder aspirations as well as regulators' expectations.

We at Can Fin Homes are fully aware of our social responsibilities and consciously as well as consistently strive to give back to society through our CSR initiatives. In FY22, we spent Rs 10.70 Crore on various socio-economic development initiatives which focussed mainly on healthcare, education, woman empowerment, upliftment of the downtrodden etc.

Future outlook

The demand for housing finance is increasing with rising preferences for larger homes and competitive pricing complemented by increasing affordability. The government's emphasis on promoting infrastructure changes and a pro-infrastructure budget for FY22-23 will ensure growth of the real estate sector, further driven by an increased demand for quantity and high quality homes. Rapid urbanisation, increasing work-from-home culture and diverging focus on affordable housing in tier 1, tier 2 and tier 3 cities will give an additional impetus to the housing sector, which definitely augurs well for the housing finance industry.

Acknowledgement

I would like to thank all the board members, the regulators, National Housing Bank, Reserve Bank of India, Canara Bank, all other bankers and the auditors, M/s Varma & Varma, M/s B Srinivasa Rao & Co. & M/s B K Ramadhyani & Co., for their advice, support, encouragement and cooperation after another excellent year.

I also want to thank our shareholders, customers, staff members and other stakeholders for their confidence in our capabilities. In the days to come, we are ready to work together to reach new peaks of success.

Warm Regards,

L.V. Prabhakar
Chairman

Bengaluru
Date: 7th September, 2022