



**CAN FIN HOMES LTD.**  
**Bengaluru**

**28th ANNUAL GENERAL MEETING**  
**Address by Chairman, Shri K N Prithviraj**

*Ladies and gentlemen,*

It gives me great pleasure to welcome you all to the 28th Annual General Meeting of your company. I trust every one of you has read our annual report for the year ended 31st March 2015. With your consent, I take it as read and understood.

At the outset, I wish to thank all the members of the Company for making our Rights issue a great success which helped our Company to mobilise ₹276 cr in March 2015.

The year 2014-15 was another milestone in our journey towards achieving our long-term goals. I am pleased to inform that our business growth was on expected lines during the year despite various challenges posed by the macro-economic environment of the economy.

### **Economic scenario**

India is at the tipping point of a new era of growth and opportunity, led by increasing economic activity, the exciting 'Make in India' initiatives, a demographically well-placed aspirational society and legislative reforms initiated by the centre.

The country's GDP is gradually returning to its high-growth path with the provisional estimated GDP for 2014-15 of 7.3%, up from 6.9% in the preceding fiscal and also reporting one of its highest quarterly growth rates at 7.5% during the last quarter of 2014-15. This performance comes in the context of lower fiscal and current account deficits, falling inflation, moderating interest rates with cautious flexibility adopted by the RBI on inflation targeting, benign commodity prices and structural reforms that aim to ease the ability of doing business in the country.

The Economic Survey of Govt of India has projected real GDP growth for the year 2015-16 at 8 – 8.5% in the wake of lower oil prices, easing monetary policy and the expectations of a higher-than-expected monsoons, fostering rural consumption and growth.

### **Indian housing finance industry**

The country's home loan market has reported 18% annualized growth during 2014-15 and has crossed the ₹10.60 lakh crore mark in March 2015. Pivoted on the factors of brightening prospects of economic growth, favourable demographics, much better confidence and optimism about the long-term growth of employment and household incomes, the country's housing finance book is expected to double over the next five years. This apart, the monetary policy announcements indicate softening of interest rates.

With the perpetual housing shortage estimated at about 22 million units, growth in the demand for dwelling units on account of the thrust given on infrastructure development and the ambitious programme of the government in developing 100 smart cities at a total outlay of over ₹7,000-crore, we are optimistic about 2015-16 and also over the long-term prospects of the housing finance industry.

### **Key developments at Can Fin in 2014-15**

Sanctions of the Company rose from ₹2907 crore to ₹3670 crore, on an increase of 26%. Disbursements increased from ₹2548 crore to ₹3346 crore, on an increase of 31%. The loan book outstanding increased to ₹8231 crore from the previous year's ₹5844 crore, showing an increase of 41% YOY and a CAGR of 31.44% for 5 years.

At Can Fin Homes, our core anchors comprise of robust systems-driven creditworthiness checks, transparent credit processes, swift disbursement cycles, an institutionalized follow-up practice and personalised customer service. Gross NPA percentage declined from 0.21% to 0.17% as on March 31, 2015, even as our loan book has increased significantly to ₹8231 crore. We are confident of sustaining our business growth with quality and our brand value in the coming years.

During the year, the ratings of our deposit schemes and NCDs were upgraded from AA+ to AAA, and our CPs were rated as A1+, all indicating the highest rating, by three different agencies.

Our ability to diversify our borrowing basket as well as lending basket has enabled us to achieve an increase of net interest income of ₹177.60 crore at a growth rate of 32.26% during the year under report. Moreover, a tight control on operating and overhead costs driven by growing employee productivity and increasing automation led to a 13.91% increase in net profit to ₹86.24 crore in 2014-15, enhancing our capacity to declare a higher dividend of 70% for 2014-15, up from 65% for 2013-14.

During the year, we increased our branch network by opening 24 branches and 10 satellite offices, increasing the total count to 117 offices.

The Rights issue that was launched in March 2015 enabled us to mobilize ₹276 crore and helped increase our capital adequacy ratio to 18.39% which is well above the statutory requirement.

### **Roadmap for 2015-16**

During 2015-16, we have planned to achieve loan book size of about ₹11,000 crore through our existing branch network and also with the addition of 23 new branches/ satellite offices planned for the current fiscal. We will continue to focus on credit quality and also avert significant slippages to NPAs. We also plan to increase non-housing loan portfolio to around ₹2,000 crore from existing level of ₹953 crore that will help us drive yields significantly and paired with our thrust on broad-basing and further optimizing our borrowing costs, we intend to improve margins. Total exposure to this segment will however be restricted to 18% as per business plan for the current year.

Along with this we also expect substantial improvement in our productivity and profitability parameters over the medium term. We have also initiated concrete steps to strengthen risk management system and also HR climate in the Organisation.

As we think about what the future holds, with the team we have and the enterprise that we have built, there is good reason to be optimistic and excited about the future.

### **Corporate social responsibility**

As a responsible corporate citizen, we serve the society through engaging in education, social welfare and infrastructure development, among other activities. A total sum of ₹0.03 crore was invested in CSR in 2014-15, which will be scaled-up to draw down on the total corpus of ₹1.62 crore earmarked for 2015-16.

### **Acknowledgements**

I would like to thank all my colleagues across the country for their unflinching dedication, commitment, professionalism, honesty, customer-centricity and contribution to strengthening our enterprise. We are looking forward to continue on our mission of generating sustained value for our shareholders and all those who invest in us, work with us and depend upon us.

I would also like to place on record my sincere appreciation to the Board of Directors for their direction, leadership and guidance. I would like to express my gratitude to our sponsor and promoter, M/s Canara Bank, M/s.K.P.Rao & Co., Chartered Accountants and statutory auditors of the company, for their excellent cooperation and professional support and all our stakeholders for their continuing faith in Can Fin Homes. We are grateful to have you continue to share this journey with us.

With my best wishes,

**K N Prithviraj**  
Chairman

Bengaluru  
July 08, 2015