

CAN FIN HOMES LTD
REGISTERED OFFICE, No.29/1, I FLOOR
SIR M.N.KRISHNA RAO ROAD, BASAVANAGUDI
BANGALORE-560 004

Minutes of the Twenty-Fifth Annual General Meeting of the members of Can Fin Homes Ltd., held on Wednesday, August 08, 2012, at 11.00 a.m at the J.S.S. Mahavidya Peetha, Shivarathreeswara Centre Auditorium, 1st main, 8th block, Jayanagar, Bangalore-560 082.

PRESENT

- (a). Mr.S.R.Iyer Chairman
(b). Mr.C.Ilango Managing Director
(c). Mr.A.K.Nayyar
(d). Mr.K.S.Madhavamurthy
(e). Mr.K.R.Vijayendra,
(f). Mr.P.B.Santhanakrishnan
(g). 442 members in person and 38 persons by Proxy.

IN ATTENDANCE

Mr. K.S.Sathyaprakash, Asst. General Manager & Company Secretary.

ON INVITATION:

- 1.Mr.Vinaya Simha and Mr.T.B.Kumaraswamy, Chartered Accountants, representing M/s.K.P.Rao & Co., Bangalore, Statutory Auditors of the Company.
- 2.Mr.B.N.Pai, ACA, Service Tax Consultant.

Mr.K.S.Sathyaprakash, AGM & Company Secretary welcomed all the members present in person and by proxy, the Chairman, the Managing Director, Directors of the Company, authorised Institutional Representatives, including from the sponsor Bank, Statutory Auditors, Executives from Canara Bank, all the dignitaries and invitees present at the Meeting. Quorum being present, requested Mr.S.R.Iyer, Chairman, to preside over the Meeting and commence the proceedings of the Day.

Mr.S.R.Iyer, Chairman of the Board of Directors of the Company, presided over the Meeting.

- 1.Quorum being present, the Chairman called the Meeting to Order.
- 2.Mr.S.R.Iyer, Chairman, welcomed all the members present in person and by proxy, Directors of the Company, authorised institutional representatives and executives from the sponsor bank, dignitaries and all the invitees present at the Meeting. The Chairman introduced the Directors to the Members.
- 3.Mr.S.R.Iyer, Chairman, presented the Chairman's Statement.
- 4.With the permission of the Members present at the Meeting, the Notice of the Twenty-fifth Annual General Meeting of the Company dated June 12, 2012 together with the related explanatory statement(s), were taken as read.

Handwritten signature



5. As directed by the Chairman, Mr.K.S.Sathyaprakash, AGM & Company Secretary, read the Auditors' Report dated April 18, 2012 for the financial year 2011-12 issued by M/s.K.P.Rao & Co., Bangalore, Chartered Accountants and Statutory Auditors of the Company. As desired by the members, with the permission of the Chairman and the permission of the members present at the Meeting, the annexure to the Auditors' Report was taken as read.

6.The Agenda items were taken-up for consideration in the order set-out in the Notice of Annual General Meeting dated June, 12, 2012.

Agenda No.1

To receive, consider and adopt the audited Balance Sheet as at March 31, 2012 and the Profit and Loss account for the year ended that date together with the Report of the Directors and Auditors.

The Chairman announced that any member(s) interested to speak on the subject, raise questions/seek clarifications on the subject was most welcome and the details of the discussion(s) and the replies thereon given by the Chairman are given here below:

Mr.Sundaresan S (ID NSO 1394 IN 300239/11717047)

Mr.Sundaresan S congratulated and greeted the Board of Directors, the Management, entire staff of Canfin Homes Ltd., (CFHL) and the shareholders of the Company on the occasion of the Silver Jubilee Year and 25th Annual General Meeting of the Company.

He said that the Company, inspite of the difficult micro-economic conditions where many hurdles affecting the Industry prevailed, the Company continued to strive hard and had done its best. He once again congratulated the Board, management and its entire team.

Mr.Sundaresan S, while drawing attention to the contents of page no.3 of the annual report 2011-12, said that the Company had shown an excellent performance in terms of loan approvals which had increased from Rs.545.53 Crore in 2010-11 to Rs.1,105.41 Crore in 2011-12 which was more than double and growth under disbursements was from Rs.472.78 Crore in 2010-11 to Rs.859.07 Crore in 2011-12 recording an increase of about 81.70%. He said that both the above figures showed how people right from the Registered Office upto the grass-root level had done their job very well and complimented all of them.

He said that during the year the availment of refinance from NHB by the Company had increased and desired that the Company could maximise borrowings from NHB at a lower rate.

He further said that the revenue during the year had increased by about 24% and the reduction in NPA level was material in the sense that it had gone

WLS



down from Rs.23.47 Crore to Rs.19.01 Crore and complimented the Board and the Management.

Mr.Sundaresan S, made a few observations on the negative side and sought clarification(s) on the following:

Profit After Tax

He said that though the loan approvals and disbursements during the year were very good, there was only a marginal growth in Profit After Tax (PAT) from Rs.42.01 Crore to Rs.43.76 Crore. He desired to know whether the cost burden had gone up or there had been an excess provisioning in the books of account resulting in lower profits.

Non-Performing Assets (NPAs)

He said that though the NPAs had reduced from Rs.23.47 Crore to Rs.19.01 Crore, the closing NPA figures were significant and given the economic conditions, the default rate might go-up. He desired to know the additional steps, if any, taken by the Management to control the NPAs.

Deposits

While referring to the position of deposits, he said that deposit(s) was one of the sources of funding and the deposits of the Company had decreased from Rs.149.76 Crore in 2010-11 to Rs.143.89 Crore by the end of the financial year 2011-12. He suggested that the Company should try to mobilise more deposits and consider paying higher rate of interest by 0.25%-0.50% on deposits received from the employees and shareholders.

Mortgage Backed Securities (MBS)

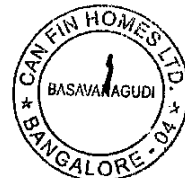
Mr.Sundaresan S said that by participating in MBS issues, the Company could get funds at competitive rates which would also enable the Company to spread risks. He desired to know why the Company had re-paid the entire MBS amount of Rs.3.92 Crore during the year.

Borrowings

He said that borrowings from banks during the year had gone up substantially which however was in line with growth in business and he desired for a clarification as to why such borrowings were made from a bank instead of raising funds by way of deposits, availing refinance from NHB, as the cost of funds from such would have been lower than rates charged on borrowings from banks.

With regard to borrowings from the Sponsor Bank, he said that current deposits were with the sponsor bank and borrowings were mainly from the Bank and desired know the terms and conditions under which the Bank had been lending to the Company. He said the short-term borrowings had

2/1



increased from Rs.864.10 Lakh during the previous year to Rs.1663.23 Lakh as at the end of 2011-12.

Capital Adequacy Ratio (CAR)

Mr.Sundaresan S said that the CAR of the Company had reduced from 19.14% at the end of 2010-11 to 17.44% by the end of 2011-12, which was above the mandatory requirement of 12%. He desired to know how the Company would gear up to meet the enhanced requirement of CAR if any, in the event of regulatory authorities increasing CAR.

He mentioned that the requirement of CAR was likely to go up with the substantial increase in business levels of the Company unless steps are initiated to either further issue of shares, rights issue or by raising Tier-II capital and desired the steps likely to be initiated by the Company in such a situation. He also said that the Company should be made big with its brand image.

Green initiatives

He appreciated the steps taken by the Company with regard to implementation of green initiatives.

Mr.J.K.Kempa Honnaiah (Client ID 20175854)

He said that in the Silver Jubilee year the performance of the Company was very good as seen by the Report of Directors and Auditors' Report furnished to the shareholders. He said that the CAR was about 45% more than prescribed level of CAR.

He said that the Board had recommended a dividend of Rs.3.00 and being the Silver Jubilee Year and considering the performance of the Company during the year 2011-12, being very good, a dividend at Rs.5.00 per share be paid, which would be considered as a positive measure by all the shareholders and the corporate world.

Mr.Srinivasa Murthy (Folio No.S03132)

While congratulating the Board of Directors, Management and the shareholders of the Company on the occasion of 25th year of the Company, suggested that the Company could consider issue of bonus shares, which would further increase the confidence of the shareholders.

Mr.R.M.Radhakrishna (Folio No.H02739)

Mr.R.M.Radhakrishna thanked all the members of the Board and management for the performance of the Company during the year under review. He said that he was the shareholder of the Company for the last 17 years and the Company had improved in all respects year after year, including recommendation of a higher percentage of dividend during the year.

W



He said that right from several years the arrangements for the annual general meetings were excellent and the officials of the Company had been very kind and answering to the queries of the shareholders very nicely, which was more appreciable. He said that he would pray to The Almighty that the Company should reach greater heights, increase dividend payments and issue bonus shares to its shareholders.

Mr. Balasubramaniam (Client ID IN 301356 20001572)

He said that he was a shareholder from the beginning of the Company and the performance of CFHL had been consistently good. He said that during the year under review the NPAs had reduced by about 20% and the Profit Before Tax (PBT) had increased by about Rs.2.50 Crore. He further said that during the year the number of branches of the Company had increased from 41 to 60 and the percentage of dividend recommended by the Board was 30% against 25% declared during the previous year(s). However, the shareholders were interested either in receiving a higher percentage of dividend or issue of bonus shares by the Company.

With regard to certain negative aspects mentioned by a few members at the Meeting he said that after seeing performance of other housing finance companies during 2011-12, barring a few giant housing finance companies, the performance of CFHL had been appreciable, which would not only sustain but also grow further in the years ahead.

Replies by the Chairman

The Chairman said that a lot of positive aspects relating to the annual accounts and performance of the Company had been mentioned by many shareholders who told about what they thought on the annual accounts of the Company for the year under review and thanked for their positive feedback.

The Chairman clarified to the shareholders on various issues raised by them ~~the shareholders~~ as follows:

The Chairman mentioned that the members present had gone through the annual accounts of the Company for the year 2011-12 and it could be clearly seen that a large chunk of profits to the extent of Rs.11 Crore had been provided at the instance of the National Housing Bank, the Regulators of Housing Finance Companies in the Country, who had mandated that the housing finance companies need to provide 0.40% of the outstanding standard assets and that was one of reasons for showing lesser profits. He further mentioned that the above provision made in the books was an one time measure and the amount provided was higher since the provision had to be made on the loan outstandings which were built-up over years and in the next year onwards only the incremental provision needs to be provided in the books of account and the shareholders would see a distinct improvement as far as the profitability was concerned.

WU



Non-Performing Assets(NPAs)

With regard to Non-Performing Assets (NPAs), the Chairman replied that the Board of Directors and the Management had recognised the fact that the NPAs should be kept under very tight control. He said that for any Company in the business of housing or financing business, certain amount of risk was inevitable and unless that risk was taken, business entities would not see any reward. However, corporates should have prudential risk management systems.

He said that CFHL had taken more than adequate measures as far as monitoring of the accounts are concerned. He said that at the grass root level, a focused monitoring on a consistent basis was being done and at the corporate level, executives stationed at the registered office were monitoring the NPA accounts at regular intervals and they are able to guide the branches about the remedial action to be taken. He said that for the Company, NPA level was fairly low at this juncture and hopefully the NPA level would further be brought down by the end of the year 2012-13. Pre-emptive timely action was being contemplated all the time to control the level of NPAs and the Board and the Management were very much seized of the issue.

Deposits

With regard to the reduction in the quantum of deposits with the Company, the Chairman said that the Company was keen on increasing the retail deposit base and deposits were being looked at as a part of the liability management. He further mentioned that the ALM Committee at the registered office of the Company would constantly look at the various options available to the Company in terms of liability management which could be loan from banks, CPs, deposits and the like. He mentioned that the members be re-assured that good deposits coming to the Company were not declined for acceptance by the branches of the Company.

The Chairman said that it was not un-usual that housing finance companies would take a call as and when required for increasing the level of deposits and the Company had to look at the cost of retail deposits vis-à-vis the cost of borrowings from the banks. The Chairman said that the CFHL was seized of the responsibility of effective liability management and would do whatever is required to bring-down the cost of funds. He informed the members that as of date the deposit base of the Company had increased from Rs.143.89 Crore as on March 31, 2012 to Rs.155 Crore which was appreciated by the members.

With regard to payment of higher rate of interest on deposits from shareholders, the Chairman clarified that the prescribed statutory and regulatory guidelines did not permit offering increased rate of interest to the deposits by shareholders and such requests could be considered when such regulations were lifted.

EC



Mortgage Backed Securites (MBS)

On the subject, the Chairman informed the members that the Company had done securitisation in the past as and when an effective opportunity was presented which was cost effective; the Company would certainly go back and look at securitisation depending upon the requirement. He clarified that Rs.3.92 Crore paid during the year to the investors in PTCs was as per the terms of issue of the said securities.

Bank borrowings

With regard to the observations made on the increased quantum of bank borrowings, the Chairman replied that the same was commensurate with the increased level of business of the Company during the year.

With regard to the borrowings made only from Canara Bank, the Chairman replied that Canara Bank being the sponsor bank, had been lending to the Company at their base rate and getting such a facility at similar competitive rates from other banks might not be easy. He further informed that the Company was receiving various non-financial support services from Canara Bank in its role as the sponsor bank.

Capital Adequacy Ratio (CAR)

With regard to a clarification sought as to what the Company proposes to do incase the regulators substantially increase the percentage of CAR, the Chairman mentioned that the Board and the Management would look at the option to come to the shareholders to subscribe more money to CFHL, which many shareholders would be willing to do. He also clarified that there may not be a need to increase the CAR in the near future.

The Chairman further stated that for the present, the Board of Directors had not felt the need to increase the CAR, as the said ratio was well above the regulatory requirements and at a stage when the CAR of the Company is coming very close to the regulatory requirements, various options available to the Company to keep the CAR much above the regulatory requirements would certainly be looked into.

Green Initiatives

On a clarification sought on Green Initiative the Chairman replied that the Board of Directors and the entire Company was very much conscious of the Green Initiative. He said that the Company had taken steps to send information to its shareholders through the electronic media and communication through electronic media had been sent to the respective shareholders who had provided their registered e-mail Ids. He requested for the whole-hearted support by the shareholders of the Company in implementing the green initiatives.

h



Increasing the rate of dividend

On the questions relating to increasing the percentage of dividend recommended by the Board, the Chairman replied that the Company has to decide what dividend would be the best for the shareholders. He said that the financial strength of the Company was important and ploughing back a good portion of the profits would be in the long term business interests of the Company and its shareholders.

Issue of bonus shares

The Chairman replied that as far as issue of bonus shares by the Company was concerned, the net wealth of the share holder is not likely to increase in the near term, as the share prices as also the quantum of dividend tend to fall in such situations. Nevertheless, it is conceded that liquidity in the shares is likely to increase.

The Chairman further said that out of the reserves, about 56% of it comprised the amount set-apart as Special Reserve U/s.36(1)(viii) of the Income Tax Act, 1961 for availing the tax benefit. The reserves, other than the Special Reserve had to be built up to a respectable level at which time the Company could consider rewarding the shareholders by issue of bonus shares or in any other appropriate way and the best interest of the share holders was always kept in mind by the Board.

Business Performance

On the topic, the Chairman clarified that in terms of growth of business, he said that the Company had grown aggressively in the previous year with the support of the registered office and all its branches, which would reach to 70 branches by March, 2013. He said that the Company had been techno-savvy and with the technological support the Company was going to be more and more customer friendly and the Company would be able to increase its business levels very substantially in the coming years.

Enhancing the brand image

With regard to further enhancing the brand image of the Company, the Chairman replied that the Company had initiated several steps including release of advertisements, publicity and participation in exhibitions. He said that the Board and the Management were confident of the fact that 'Canfin Homes' brand by itself on a stand-alone basis would be well regarded, seen and accepted by the public at large and the Company was constantly looking to improve the brand image.

Memento on the occasion of the 25th year of the Company

On the above request, the Chairman replied that the shareholders were aware that giving any gifts or mementos of any kind was not permissible except extending certain hospitalities to the shareholders on the occasion of the annual general meetings and requested the shareholders to bear with the

M



Company, as the spirit of guidelines issued on not giving gifts should not be violated.

Share quotations and book value

On questions relating to quoting of lesser price at the stock exchanges compared with the book value of shares, the Chairman replied that share quotations operate on market sentiments and the Company has no control over it.

There being no further questions on the subject, the Chairman said that a detailed discussion on the adoption of the Balance Sheet as at March 31, 2012 and the Profit and Loss account for the year ended that date, Report on Corporate Governance, Auditors report thereon and the Report of Directors had taken place and declared the discussion on the subject as closed and moved the following Motion as an Ordinary Resolution:

Ordinary Business

Agenda No.1 – Adoption of accounts

"RESOLVED that the audited Balance Sheet of the Company as at March 31, 2012, the Profit and Loss Account for the year ended that date together with all the statements/annexure enclosed therewith, together with the Auditors Report thereon, Report of Directors, Report of Directors on Corporate Governance with the Auditors Certificate on Corporate Governance, be and the same are hereby received, considered and adopted".

Proposed by Mr.Sundaresan S (Client ID No. NS01394 IN 30023911717047) and Seconded by Mr.G.Mohan, Institutional Representative from Canara Bank (Client ID No.IN 301356 10001195), the Resolution was put to vote by show of hands.

With none opposing the resolution, the Chairman declared that the resolution was passed unanimously.

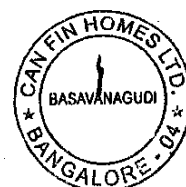
Agenda No.2 - Declaration of dividend

Declaration of dividend for the financial year ended March 31, 2012.

Chairman moved the following Motion as an Ordinary Resolution:

"RESOLVED that pursuant to the recommendations made by the Board of Directors (at the 142nd Meeting held on April 18, 2012), a dividend @ Rs.3.00 per share on the Equity Shares of the Company for the year ended March 31, 2012 be and is hereby declared out of the current profits of the Company and the same be paid to those shareholders whose name appeared in the Register of Members of the Company as on July 25, 2012 and pursuant to Section 207 and all other applicable provisions, if any, of the Companies Act, 1956, the dividend warrants be posted/arrangements for payment through ECS, as applicable, be made, within 30 days from the date of declaration to those shareholders who are entitled to receive the same".

2/8



Proposed by Mr.G.Mohan, Institutional Representative from Canara Bank (Client ID No. Client ID No.IN 301356 10001195) and Seconded by Mr. Sunil Kumar Mittal (Folio No.S04173), the Resolution was put to vote by show of hands.

With none opposing the resolution, the Chairman declared that the resolution was passed unanimously.

Agenda No.3 - Re-appointment of Mr.Anil Kumar Nayyar, as a Director

Re-appointment of Mr.Anil Kumar Nayyar, Director, retiring by rotation at the annual general meeting.

The Chairman informed the members that Mr.Anil Kumar Nayyar was a degree holder in Science, a graduate in Law and a CAIIB and he started his career as an Officer in Canara Bank in the year 1972. He informed that during his service in the Bank for a period of over 39 years, Mr.Anil Kumar Nayyar had served in different parts of the Country and headed the Circle Office at Jalandhar. He further informed that Mr.Anil Kumar Nayyar has varied and rich experience of commercial banking. He is presently the General Manager, Corporate Credit Wing, Canara Bank, Head Office, Bangalore).

The Chairman further informed that the directors of the Company had recommended the re-appointment of Mr.Anilkumar Nayyar as a Director of the Company, liable to retire by rotation and the related details on the subject had been provided in page no.24 of the annual report for 2011-12.

The Chairman moved the following Motion as an Ordinary Resolution:

"RESOLVED that Mr.Anil Kumar Nayyar, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation".

Proposed by Mrs. Rekha Mallia (Folio No.R02268) and Seconded by Mr. Srinivasan B.C. (Folio No.S02019) the Resolution was put to vote by show of hands.

With none opposing the resolution, the Chairman declared that the resolution was passed unanimously.

Agenda No.4 – Appointment of Auditors

SPECIAL RESOLUTION(S)

The Chairman informed that the Motion was to appoint M/s.K.P.Rao & Co., Bangalore as Statutory Auditors from the conclusion of this meeting until the conclusion of the next Annual General Meeting and for authorization to the Board of Directors to appoint branch auditors and to fix remuneration, as detailed in Agenda No.4 of the Notice of the Annual General Meeting.

The Chairman moved the following Motions as Special Resolutions:

2/1



"RESOLVED that pursuant to the provisions of Section 224A and all other applicable provisions, if any, of the Companies Act, 1956, M/s.K.P.Rao & Co., Chartered Accountants, be and are hereby re-appointed as statutory auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting, at such remuneration as may be fixed by the Board of Directors, in addition to reimbursement of out-of-pocket expenses incurred by them for the purpose of conducting audit of the accounts of the Company.

RESOLVED FURTHER that pursuant to the provisions of Section 228 and all other applicable provisions, if any, of the Companies Act, 1956, the Board of Directors of the Company be and is hereby authorised to appoint any person(s) qualified for appointment as auditor of the Company under Section 226, as Branch Auditors for audit of any of the Branches of the Company, present and future, until the conclusion of the next Annual General Meeting on such terms and conditions, in consultation with the auditors of the Company and fix their remuneration in addition to reimbursement of out-of-pocket expenses incurred by them for the purpose of conducting the audit of any branch office(s)".

Proposed by Mr. Balasubramaniam (Client ID IN301356 20001572) and Seconded by Mr.Nagaraja Rao G K (Folio No.N01382), the Resolution was put to vote by show of hands.

With none opposing the resolutions, the Chairman declared that the resolution was passed unanimously.

SPECIAL BUSINESS- (AS AN ORDINARY RESOLUTION)

Agenda No.5 - Appointment of Mr.P.B.Santhanakrishnan as a Director, liable to retire by rotation.

The Chairman informed the members that the Board of Directors of the Company appointed Mr.P.B.Santhanakrishnan, FCA, as an Additional Director of the Company with effect from February 16, 2012 and pursuant to Article 22 of the Articles of Association of the Company ("Articles"), read with Section 260 of the Companies Act, 1956 "the Act" Mr.P.B.Santhanakrishnan would hold office only upto the date of this Annual General Meeting.

The Chairman moved the following Motion as an Ordinary Resolution:

"RESOLVED that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr.P.B.Santhanakrishnan, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 22 of the Articles of Association of the Company, be and is hereby appointed as a Director of the company liable to retire by rotation".

2/3



Proposed by Mr.M.K.Ramachandra (NS04534/N301135 26676995) and
Seconded by Mrs.Shamila M (NS05544 IN301356 20196308) the Resolution
was put to vote by show of hands.

With none opposing the resolution, the Chairman declared that the resolution
was passed unanimously.

Mr.Sundaresan S, a shareholder of the Company, proposed the vote of
thanks.

The Chairman declared the Meeting as closed.

Place: Bangalore
Date: August 22, 2012


S.R.IYER
CHAIRMAN

CERTIFIED COPY

For CAN FIN HOMES LTD.


K.S. SATHYAPRAKASH
AGM & COMPANY SECRETARY

