

Chairman's message



Dear Shareholders,

It gives me immense pleasure to welcome you all to the 37th Annual General Meeting of 'Can Fin Homes Limited'. On behalf of the Board of Directors, I would like to thank you for your continued support to your Company through the last fiscal year.

With a legacy spanning over 35 years, Can Fin Homes has been the trusted companion for numerous Indians, helping them turn their homeownership aspirations into reality. As a leading housing finance Company, we have made it our mission to empower the low and middle-income groups through accessible home loans. Throughout our journey, we have remained devoted to our credo, allowing the consumer's voice to guide us every step of the way.

The Board's Report and Audited Financial Statements for the fiscal year ended March 31, 2024 are already with you and with your kind permission, I take them as read.

Looking back at the economy

You may be aware that in the fiscal year 2023-2024, the Indian economy experienced significant growth despite uncertainties in the global landscape, from 7.0% in FY2023 to 8.2% in FY2024. Further, the domestic inflation level was 5.4% in the reported year. The effective policies implemented by the Indian Government and the Reserve Bank of India (RBI) transformed the business environment, attracting USD 71.0 billion in Foreign Direct Investment (FDI).

As we venture forth, it is crucial to maintain this remarkable momentum and capitalise on the favourable trends that have emerged. Consistent investment in infrastructure, complemented by supportive government policies, is anticipated to further support economic growth, leading to a future replete with promise and prosperity.

India's housing finance sector is experiencing a significant boost, propelled by a combination of favourable macroeconomic factors. To the country's population, with a substantial 58% under the age of 35, homeownership has become a highly sought-after milestone, often regarded as reflection of individual success. Additionally, the government's initiatives, such as Pradhan Mantri Awas Yojana (PMAY) are making housing more accessible to middle and lower-income groups. With the option to avail home loans at subsidised rates, the dream of homeownership is now steadily becoming a reality.

In the year under review, we nurtured our vision of long-term stability and growth. Although we encountered temporary challenges with disbursements mid-year, we achieved

an increase in disbursements in the final quarter.

Financial Performance

I am pleased to inform you that during FY 2023-24, the Company earned a total income of Rs 3,525 crore with an increase of 28% in total revenue and Profit After Tax of Rs 751 crore. Our financial ratios remain vibrant, with a return on assets (ROA) of 2.28%, return on equity (ROE) of 17.28% and a healthy debt-on-equity ratio of 7.34. With these improvements in place, we are well-positioned to achieve a 15% growth in Assets Under Management (AUM) in the next fiscal year.

Business achievements

I am happy to share that during FY 2023-24; the loan book position of the Company has reached to remarkable figure of Rs 34,999 Crore with clientele base of 02.53 lakh marking 11% of YoY growth. We have opened 14 new branches in FY 2023-24 making a total count of 219 branches with 15 clusters.

Our NIM has witnessed a consistent upward trend during the year under review. This was driven by the annual repricing of our portfolio. We have moved on to quarterly resets for the new loan portfolios with effect from January 2024 onwards. In the coming years, we expect to strategically manage situations of increase or decrease in the borrowing cost and thereby strengthen our ALM position. Notably, our financial ratios have significantly improved, compared to the previous year.

With over three decades of experience in the housing finance sector, we have established a legacy of homeownership across our customer-centric practices.

Through customer-centric service and friendship finance, we remain focused on growth, asset quality, profitability and liquidity. Our experienced team strives to tailor our services to meet evolving customer preferences, prioritising their needs and providing customised financial solutions. We ensure convenience at every step of the process through quick approvals and disbursements.

Proceeding with care and consideration

Recognising our symbiotic relationship with the environment, we are committed to responsible stewardship of natural resources. We have adopted a comprehensive strategy aimed at reducing our environmental impact. We use devices that consume less energy and are gradually shifting towards green energy sources, installing solar rooftop panels and lighting systems to support India's aim to become a low-carbon economy. Waste management, recycling and lake revitalisation are some of our key initiatives, ensuring a sustainable future for generations to come.

In addition to our business goals, we recognise our responsibility towards our community. Our Corporate Social Responsibility (CSR) initiatives focus on healthcare, education, livelihood and women's empowerment, contributing to the socio-economic development of communities and inspiring a brighter future.

Corporate Governance

Your Company always strives to attain the highest level of Corporate Governance practices. Strong and ethical governance is essential for ensuring accountability, stakeholder trust and ethical decision-making. Our Board of Directors, comprising experienced business leaders, guides the Company through our operations. Your Company has implemented

comprehensive policies and continuously modifies them to ensure adherence to applicable laws and regulations. Additionally, we regularly engage with our stakeholders to identify their concerns and gain their insight for smooth business operation.

Unleashing the power of digital transformation

Embracing digitalisation has streamlined our internal processes and enhanced customer service. Expediting the loan process and document verification has helped safeguard sensitive customer data.

The Company has taken steps to introduce new core banking solutions by integrating modern digitisation techniques and collaborating with FinTech companies. This provides them with opportunities to enhance customer experience, optimise processes and promote expansion.

Safeguarding your Company's future

Your Company takes a cautious approach to risk management to ensure financial stability and security. We keep a close eye on loan repayment trends and potential slippages from restructured loans. Within the home loans vertical, we have effectively reduced risk exposure by imposing limitations on disbursements for loans against property (LAP), yielding a strong loan portfolio and enhanced CIBIL scores.

Plans for the future

As we gaze into the future, your Company is set to scale new heights. With strong efforts through various networks, the Company wishes to showcase a better performance in the current year. As technology plays a pivotal role in our progress, we plan to persist in upgrading our IT infrastructure to enhance our overall performance. Further, we aim to achieve 15% growth in AUM for FY25.

Going forward, your Company looks to expand 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 customers will get upscaled.

Acknowledgement

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, Financial Institutions and other lenders 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 working collaboratively, to reach new heights of success.

Warm Regards,

Shri K Satyanarayana Raju
Chairman

Place: Bengaluru
Date: August 7, 2024