LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer (LOO) is sent to you as shareholder(s) of Canfin Homes Ltd. If you require any clarifications about the action to be taken, you may consult your Stock Broker or Investment Consultant or Merchant Banker (Indbank Merchant Banking Services Limited) or Registrar (Canbank Computer Services Limited) to the Offer. In case you have recently sold your shares of Canfin Homes Ltd., please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the Member of Stock Exchange through whom the said sale was affected.

Canara Bank (as the Acquirer)

Regd Office: Canara Bank Buildings,112 J C Road P B No 6648,Bangalore - 560002

Tel. (080)2221581/2221582/2220490 Fax. (080)2222704 E-mail: canbank@blr.vsnl.net.in

MAKES A CASH OFFER AT Rs. 63.00 PER EQUITY SHARE TO ACQUIRE

Up to 43,14,246 fully paid up Equity Shares representing 21.06% of the Share and Voting Capital of the Target Company

CANFIN HOMES LIMITED

Regd. Office: No.29/1, I Floor, Sir M N Krishna Rao Road, Basavangudi, Bangalore –560004

Tel No.: 91-80-26564259,26565747 Fax No: 26565746 E-mail:personnel@canfinhomes.com

Notes:

- This voluntary Offer is being made pursuant to, and in compliance with, among others, sub-regulations 1 of Regulation 11 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof.
- It is an unconditional offer.
- It is not a competitive bid.
- No statutory approval is required to complete the Offer except the approval from the Reserve Bank of India ("RBI") under Foreign Exchange Management Act, 1999 ("FEMA") to acquire the shares from non-resident shareholders. The acquirer has obtained approval dated 19.06.2006 from RBI under DBOD\FSD.NO.10470\24.01.001\2005-06 for acquiring upto 45,06,000 shares in the Target Company for a total consideration of Rs. 22 Crores. The Acquirer has obtained approval no. FNo./7/182/2006-BOA dt. 29.12.2006 from the Ministry of Finance, Department of Economic Affairs to increase it's stake in the Target Company to 51%.The Acquirer has since intimated RBI vide its letter dated 08.02.2007 about the expected increase in fund outlay beyond Rs. 22 Crore due to rise in share price of the Target Company. As on the date hereof there are no other statutory approvals required to implement this offer.
- Shareholders who accept the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of closure of the Offer (i.e. January 2,2008, Wednesday)
- The Acquirer can revise the Offer Price upwards up to 7 (seven) working days prior to the date of closure of the Offer (i.e. December 27, 2007, Thursday). If there is any upward revision in the Offer Price by the Acquirer or if the Offer is withdrawn, the same would be communicated by a public announcement in the same newspapers where the original Public Announcement appeared. The Acquirer would pay such revised price for all the Shares validly tendered any time during the Offer and accepted under the Offer.
- If there is a competitive bid(s):
  (i) The public offers under all the subsisting bids shall close on the same date;
  (ii) As the Offer Price cannot be revised during 7 (seven) working days prior to the closing date of the offers/ bids, it would, therefore, be in the interest of Shareholders to wait till the commencement of that period to know the final offer price of each bid and tender their acceptance accordingly.
- There has been no competitive bid.
- A copy of the Public Announcement, corrigendum to the Public Announcement and the Letter of Offer (including the Form of Acceptance cum Acknowledgment and Form of Withdrawal) is available on SEBI's website (www.sebi.gov.in).

Merchant Banker to the Offer

Indbank Merchant Banking Services Ltd
(A Subsidiary of Indian Bank)

1st Floor, Khivraj Complex I
480, Anna Salai, Nandanam
Chennai 600 035
Ph. No.: (044) 24313094 – 97
Fax No: (044) 224313093
E-mail : cfhloffer@indbankonline.com
SEBI Regn. No: INM000001394
Contact Person: Mr. Sanjay Varghese
Vice President

Registrar to the Offer

CANBANK COMPUTER SERVICES LIMITED

R&T Centre : 4th floor,
Naveen complex, No 14,M.G.Road,
Bangalore-560001
Tel No.25320541 to 543,
Fax:25320544
E-mail: canbank_computer@dataone.in
SEBI Regn. No: INR000003621
Contact Person: Sri.S Jayashanker,
Asst.Vice President

A schedule of some of the major activities pertaining to the offer is given below:

Activity	Original Schedule	Revised Schedule
Public Announcement (PA) Date	August 27, 2007, Monday	August 27, 2007, Monday
Specified Date	September 21, 2007, Friday	September 21, 2007, Friday
Last date for a competitive bid, if any	September 17, 2007, Monday	September 17, 2007, Monday
Date by which Letter of Offer will be dispatched to the shareholders of the Target Company	October 4, 2007, Thursday	December 14, 2007, Friday
Offer Opens on	October 19, 2007, Friday	December 19, 2007, Wednesday
Last date for revising the Offer Price / Offer Size	October 29, 2007, Monday	December 27, 2007, Thursday
Last Date for Withdrawal of acceptance by the shareholders	November 2, 2007, Friday	January 2, 2008, Wednesday
Offer Closes on	November 7, 2007, Wednesday	January 7, 2008, Monday
Last date for communicating rejection/ acceptance (in part or full) and mailing of consideration for applications accepted	November 22, 2007, Thursday	January 22, 2008, Tuesday

Risk Factors relating to the transaction, the proposed Offer and probable risks involved in associating with the Acquirer

1. This offer is made for the purpose of consolidation of holdings and will not result in a change of control of the Target Company. The Acquirer makes no assurance with respect to the financial performance of the Target Company after consolidation of holdings.

2. Housing finance is the sole area of business for the Target Company and one of the areas of business for the Acquirer. The Acquirer and the Target Company compete with each other in the area of Housing Finance. The Acquirer maintains an arm's length policy in all its dealings with the Target Company. The Acquirer and the Target Company will continue to compete with each other in the activity of housing finance after the consolidation of holdings through this offer, and the Acquirer will continue to maintain an arm's length policy in all its dealings with the Target Company.

3. Shareholders accepting this Offer will be tendering their Equity Shares before getting payment of consideration. Further, they will not be able to take advantage of any favorable price movements.

4. As on date of this Letter of Offer, no statutory approvals are required to acquire the Equity Shares that are tendered pursuant to the Offer except the approval from the Reserve Bank of India ("RBI") under Foreign Exchange Management Act, 1999 ("FEMA") to acquire the shares from non-resident shareholders. However, the Offer would be subject to all statutory approvals that may become applicable at a later date. The dispatch of consideration can be delayed beyond 15 days, in case any statutory approval, which becomes so applicable on a later date, is not received. In terms of Regulation 22 (12) of the Regulations, in the case of non-receipt of statutory approvals, SEBI has the power to grant extension of time for the purpose of making payment subject to, the Acquirer agreeing to pay interest to the Shareholders for delay beyond 15 days.

TABLE OF CONTENTS

DEFINITIONS

Acquirer	Canara Bank
Act	The Companies Act, 1956
BgSE	Bangalore Stock Exchange Limited
BSE	Bombay Stock Exchange Limited
Eligible Persons	All owners of shares, registered or unregistered, (other than the Acquirer) and also persons who own the shares at any time prior to the closure of the offer.
Escrow Account	Escrow Account in accordance with Regulation 28 of the Regulations, created by the Acquirer with Indian Bank, M.G Road Branch, Bangalore in the form of Deposits of Rs 626.00 Lakhs (Rs. Six Crores and Twenty Six Lakhs only), subsequently increased to Rs. 679.50 Lakhs (Rupees Six Crores Seventy Nine Lakhs Fifty Thousand Only) after upward revision in offer price from Rs. 58/- per share to Rs. 63/- per share
Form of Acceptance	Form of Acceptance-cum-Acknowledgement
Merchant Banker	Manager to the Offer, Indbank Merchant Banking Services Limited
NHB	National Housing Bank
NRIs	Non-Resident Indians
NSE	National Stock Exchange of India Ltd.
Offer	Offer for up to 43,14,246 Fully paid-up Equity shares of face value of Rs.10/- each of Canfin Homes Limited representing 21.06% of the voting equity share capital at a price of Rs.63.00 per share payable in cash
Offer Period	From August 27, 2007 to January 22, 2008
Offer Price	Rs. 63/- (Rupees Sixty Three Only)
PA	Public Announcement of the Offer, as per Regulation 15 of the Regulations, made by the Acquirer on August 27, 2007
RBI	Reserve Bank Of India
Registrar	Canbank Computer Services Limited,
SEBI	Securities and Exchange Board of India.
Specified Date	September 21, 2007, Friday
Target Company	Canfin Homes Ltd or CFHL
The Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF CANFIN HOMES LTD TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF THE ACQUIRER, PACs OR THE COMPANY WHOSE SHARES/ CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT ACQUIRER DULY DISCHARGES HIS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, INDBANK MERCHANT BANKING SERVICES LIMITED, HAS SUBMITTED A DUE-DILIGENCE CERTIFICATE DATED 07.09.2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVERS) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT (S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER.

2 Details of the Offer

2.1 Background of the offer

2.1.1 This open offer (this “Offer”) is being made by Canara Bank (“the Acquirer”), having its Head Office at 112, J.C.Road, P.B.No.6648 Bangalore-560 002., pursuant to and in compliance with sub-regulation 1 of Regulation 11 of the SEBI (SAST) Regulations, 1997 and subsequent amendments thereto. This offer is made for substantial acquisition of shares for consolidation of holdings.

2.1.2 The Acquirer is the promoter/ sponsor of the Canfin Homes and currently holds 61,33,232 fully paid up equity shares forming 29.94% of the Shares and voting rights of the Target Company. On acquisition of shares under this voluntary offer, assuming full acceptance, the Acquirer will hold 51% of the voting equity capital of the Target Company. This offer will not result in change of control of the Target Company.

2.1.3 Other than the Acquirer, there are no other entities forming part of the Promoter Group of the Target Company. There are no persons/ entities acting in concert with the Acquirer for this offer.

2.1.4 The Acquirer and the Target Company have not been prohibited by SEBI from dealing in securities in terms of directions issued u/s 11B of the SEBI Act or under any of the regulations made under the SEBI Act.

2.1.5 Shri K Subba Rao and Shri J S Vasan, Directors of the Target Company represent the Acquirer. There is no other person on the Board of the Target Company representing the Acquirer. The Acquirer does not intend to make any changes in the Board of Directors of the Target Company on completion of the offer.

2.2 Details of the proposed Acquisition/ Offer

2.2.1 The Public Announcement (PA), in accordance with Regulation 15 of the SEBI (SAST) Regulations, 1997, was published on 27.08.2007 in all the editions of the following newspapers:

Newspaper	Language	Editions
Financial Express	English	Mumbai, Pune , Delhi , Kolkatta, Chennai, Chandigarh, Kochi , Bangalore , Hyderabad , Ahmedabad
Jansatta	Hindi	Delhi and Kolkatta
Loksatta	Marathi	Mumbai, Pune, Nagpur, Ahmednagar, Aurangabad, Delhi
Kannada Prabha	Kannada	Bangalore, Belgaum, Shimoga , Mangalore

The PA and the corrigendum to the PA are also available on the SEBI website at www.sebi.gov.in

2.2.2 Pursuant to and subject to the terms and conditions of this Letter of Offer, the Acquirer proposes to acquire up to 43,14,246 fully paid up equity shares (“Shares”) of the Target Company (the “Offer Size”) representing 21.06% of the voting equity capital of the Target Company at a price of Rs.63.00 (Rupees Sixty Three only) for each fully paid-up equity share of the Target Company (such price, the “Offer Price”), to be paid in cash in accordance with the Regulations. The offer price has been revised upwards from the original offer of Rs. 58.00 (Rupees Fifty Eight Only) made vide PA dated 27.08.2007.

2.2.3 The offer is in accordance with Regulation 21(2) of the Regulations, and the public shareholding on completion of the offer will not fall below 25% of the listed equity capital of the target company.

2.2.4 The Target Company has no partly paid up shares or any outstanding convertible instruments. The offer is not subject to any minimum level of acceptance and is an unconditional offer.

2.2.5 This is not a Competitive Bid.

2.2.6 There has been no competitive bid as on the date of this letter of offer.

2.2.7 The Acquirer has acquired 98641 shares of the target company through secondary market purchases on the BSE and the NSE between 31.07.07 and 16.08.07. These purchases have been made at an average rate of Rs. 55.32 with a highest rate of Rs. 55.50. Other than these purchases the Acquirer has not acquired or been allotted any Shares of the Target Company in the last 12 months. The Acquirer has not acquired any equity shares of the Target Company, since the date of Public Announcement and up to the date of this Letter Of Offer.

2.2.8 The Merchant Banker to the Offer does not hold any shares in the Target Company, as on the date of the PA. They declare and undertake that they shall not deal in the shares of the Target Company during the period commencing from the date of their appointment as Merchant Banker to the Offer till the expiry of 15 days from the closure of the offer

2.2.9 To the extent of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer. There is no agreement by the Acquirer with any other person in connection with the offer and no other person/ entity proposes to take part in the acquisition.

2.2.10 The Acquirer is permitted to revise this Offer upwards up to seven working days prior to the date of closure of the Offer. In the event of such revision, an announcement will be made in the same newspapers where the PA has appeared and the revised offer price would be paid for all the equity shares tendered anytime during the Offer.

2.3 Object and Purpose of the Acquisition and Future plan about Target Company

2.3.1 The Acquirer wishes to increase its stake in the target company from the current level of 29.94% to 51% and convert the target company into a subsidiary of the bank so as to have greater controlling rights, and add value to the image of the target company. Hence, this Offer is pursuant to Regulation 11(1) and other applicable provisions of the Regulations involving substantial acquisition of shares or voting rights without change in control or management.

2.3.2 Housing finance is the sole area of business for the Target Company and one of the areas of business for the Acquirer. The Acquirer and the Target Company compete with each other in the area of Housing Finance. The Acquirer and the Target Company will continue the activity of housing finance after the consolidation of holdings through this offer, and no change in business strategies or positioning of either entity in the area of housing finance is proposed, after the consolidation of holdings through this offer.

3 Background of the Acquirer

3.1 The Acquirer, Canara Bank, has been constituted as a corresponding New Bank in relation to the then Canara Bank Ltd, under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970. The Bank has its Head Office at 112, J.C.Road, P.B.No.6648 Bangalore-560002 Tel. (080)2221581/ 2221582/ 2220490 Fax. (080)2222704 E-mail: canbank@blr.vsnl.net.in. The Acquirer commenced operations in 1906 as the Canara Hindu Permanent Fund and was later reconstituted as the Canara Bank Ltd in 1910.

3.2 The main objects of the Bank at the time of the nationalisation, in July 1969, as laid down in the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970, are as under: "To control the heights of economy and to meet progressively, and serve better, the needs of development of the economy in conformity with national policies and objectives and for matters connected with or incidental thereto."

3.3 Canara Bank, in the course of its business as a commercial bank, accepts funds at the primary level, to be placed into various kinds of deposit accounts and to be lent to various categories of borrowers. It also extends banking services under various market segments, namely, personal banking, corporate banking, agricultural banking, international banking, merchant banking, investment banking, credit card business, leasing & hire purchase etc.

3.4 The Acquirer is one of the largest Public Sector Banks in the country with a business size (deposits + advances) in excess of Rs. 2,00,000 crores and 2604 branches spread across the country and 2 foreign branches

3.5 The Acquirer made an Initial Public Offer (IPO) in November, 2002 and the equity shares of the acquirer are listed on the BgSE, BSE and NSE.

3.6 The Acquirer competes with the target company in the area of housing finance, which is the main area of business of the target company, and will continue to do so after the consolidation of holdings through this offer.

3.7 The Government of India holds a majority stake of 73.17% in the Acquirer. The Bank is managed by a Board of Directors comprising of Government & RBI nominees, Officer Nominee, Workmen Nominees and Shareholder Nominees.

3.8 Details regarding the Board of Directors of the Acquirer as on date of the PA ie. 27.08.2007 are as follows:

Name & Age	Residential Address	Educational Qualifications	Experience	Date of Appointment
Shri M B N Rao (Chairman & Managing Director), 59 Years	Canara House, No.6, I Cross, I Block, Jayanagar, Bangalore – 560011	B.Sc. (Agri), Associate of Chartered Institute of Bankers London, Fellow Member of Indian Institute of Bankers, Member Singapore Institute of Management, Diploma in Computer Studies from University of Cambridge and National Computing Centre, London and Certificate in Industrial Finance	37 Years, Banking	09.06.2005
Shri D L Rawal (Executive Director), 55 Years	Canvilla, No. 115A, West of Chord Road, Basaveswarnagar, Bangalore- 560079	B.Sc (Hons), CAIIB	35 Years, Banking	06.06.2007
Shri Amitabh Verma (Director representing Govt. of India), 47 Years	C-1/1, M S Flats, Sector 13, R K Puram, New Delhi – 110022	MA (Economics), MA (Political Science)	24 Years, Government Service	31.10.2006
Srimati Vani J Sharma (Director representing Reserve Bank of India), 60 Years	383, Siddhi, RBI Layout, 7th Main, J P Nagar, 7th Phase, Bangalore- 560078	B Sc, CAIIB	36 Years, Banking	27.02.2007

Name & Age	Residential Address	Educational Qualifications	Experience	Date of Appointment
Shri S K Kohli (Director representing other than workmen employees), 53 Years	A-1-154, Janakpuri, New Delhi – 110058	M. Com	26 Years, Banking	08.03.2007
Shri Ajay Mathur (Part-time non-official director), 48 Years	168, Golf Links, New Delhi – 110003	B.Com (Hons), FCA	25 Years, Chartered Accountant	13.10.2006
Shri S Shabbeer Pasha (Part-time non-official director), 44 Years	No. 96/8, Al-Ameen Apartments, First Cross, Southend Road, Bangalore – 560004	B.Com., CAIIB, Grad CWA, FCA	21 Years, Chartered Accountant	16.09.2005
Shri Pankaj Gopalji Thakker (Part-time non-official director), 50 Years	SAX-135, Adipur, Kutch (Gujarat)	B.E. (Civil)	25 Years, Civil Contractor	16.09.2005
Shri P V Maiya (Shareholder Director), 69 Years	106, Sowmya Springs, 5/2, Dewan Madhav Rao Road, Basavanagudi, Bangalore – 560004	MA, CAIIB	32 Years, Banking	26.07.2007
Shri B B Tandon (Shareholder Director), 66 Years	J-238, First Floor, Saket, New Delhi – 110017	MA, LLB, CAIIB	41 Years 1965-2001 – Government Service 2001-2006 – Election Commissioner	26.07.2007

Subsequent to the date of the PA, Shri G S Vedi has joined the Board of Directors of the Acquirer as Executive Director on 07.11.2007, Shri Sunil Gupta and Dr. Yogendra Pati Tripathi have joined the Board of Directors of the Acquirer as part-time non-official directors on 23.11.2007. None of the Directors of the Acquirer are on the Board of the Target Company as on the date of the PA.

3.9 Shri K Subba Rao and Shri J S Vasan, Directors of the Target Company represent the Acquirer. They shall recuse themselves and not participate in any matter(s) concerning or 'relating' to the offer including any preparatory steps leading to the offer. There is no other person on the Board of the Target Company representing the Acquirer.

3.10 The target company is a sponsored entity of the Acquirer. This Offer is undertaken to consolidate the holdings of the Acquirer in the Target Company. Pursuant to this offer, assuming full acceptance, the target company shall become a subsidiary of the Acquirer.

3.11 Other than the target company the other subsidiaries, sponsored entities and joint ventures of the acquirer are as follows: Commercial Bank of India LLC, Moscow (joint venture with State Bank of India), Canbank Venture Capital Fund Limited, Canbank Investment Management Services Limited (Asset Management Company of Canbank Mutual Fund), Canbank Factors Limited, Canbank Computer Services Limited, Gilt Securities Trading Corporation Limited, Canbank Financial Services Limited, Regional Rural Banks (one in the state of Karnataka, one in Uttar Pradesh and one in Kerala).

3.12 Other than the Acquirer and the Target Company, there are no listed companies forming part of the Canara Bank Group. None of the subsidiaries/ sponsored entities/ joint ventures as listed under 3.11 above are listed.

3.13 The details of the financial performance of the Acquirer are as follows:

3.13.1 Profit and Loss Statement (Rs. in Lakhs)

Particulars for Year Ending	31.03.05 (Audited)	31.03.06 (Audited)	31.03.2007 (Audited)
Income from operations	757196.88	871151.23	1136455.62
Other Income	154382.73	131556.91	145094.97
Total Income	911579.61	1002708.14	1281550.59
Interest expended	442149.93	513000.69	733773.05
Operating Expenses	210897.16	234713.54	256530.54
Provisions & Contingencies	147582.07	120671.91	149166.00
Total Expenditure	800629.16	868386.14	1139469.59
Profit/ (Loss) After Tax	110950.45	134322.00	142081.00

3.13.2 Balance Sheet Statement (Rs. in Lakhs)

Particulars as on	31.03.2005 (Audited)	31.03.2006 (Audited)	31.03.2007 (Audited)
Sources of funds			
Equity Share Capital	41000.00	41000.00	41000.00
Reserve & Surplus (excl. Revaluation Reserves)	569895.72	672223.58	994398.61
Revaluation Reserves	11691.93	11337.76	224287.23
Net worth [1]	599203.79	701885.82	811111.38
Deposits	9679591.86	11680323.19	14238145.19
Borrowings	11416.42	2582.40	157435.17
Other Liabilities & provisions	728613.33	886056.70	1165125.30
Total	11030517.33	13282185.87	16596104.27
Uses of Funds			
Investments	3805388.36	3697418.30	4522553.84
Advances	6042140.39	7942569.98	9850568.70
Fixed Assets	67281.43	68847.17	286135.35
Current Assets	1115707.00	1573350.00	1936846.00
Total	11030517.18	13282185.45	16596103.89

3.13.3 Other Financial Data

Particulars	31.03.2005 (Audited)	31.03.2006 (Audited)	31.03.2007 (Audited)
Dividend (%)	55%	66%	70%
Earnings Per Share (Rs.) – Fully Diluted *	27.06	32.76	34.65
Return on Net Worth – Fully Diluted *	18.52%	19.14%	17.52%
Book Value Per Share (Rs.) *	146.15	171.19	197.83

[1] Net Worth = Equity Capital + Reserves & Surplus (excl. revaluation reserves) – Miscellaneous Expenses Not Written Off

* Earning per share = Profit After Tax / Number of equity shares issued & subscribed

Book Value per Share =Net Worth / Number of equity shares issued & subscribed

Return on Net Worth = Profit After Tax / Net Worth

3.13.4 The Acquirer's total income has grown by 10.68% in FY 2006 and by 27.02% in FY 2007. The improvement in PAT stood at 21.06% in FY2006 and 5.78% in FY 2007. In a rising interest rate scenario net interest margin (NIM) has declined from 3.41 in FY 2005 to 3.36 in FY 2006 and further to 3.15 in FY 2007. Non-interest income registered a growth of 10.3% in FY 2007 as compared with a decline of 14.8% in the previous year. Aggregate business, comprising deposits and advances, recorded a year on year growth of 22.76% to move up from 19622893.17 lakhs as on 31.03.2006 to 24088713.89 lakhs as on 31.03.2007.

3.13.5 The contingent liabilities of the acquirer as on 31.03.2007 stand at Rs. 6161113.76 Lakhs

3.13.6 The significant accounting policies followed are as follows:

i. The gain or loss on evaluation of outstanding Forward exchange contracts is taken to revenue

ii. Investments are classified under three categories - Held to maturity, Available for sale and held for trading, and valued as per RBI guidelines. Cost such as brokerage, commissions, etc incurred at the time of purchase is charged to revenue

iii. Advances are classified as performing and non-performing assets, and provisions are made in accordance with prudential norms prescribed by RBI

iv. Derivatives (Interest rate swaps and currency derivatives) used for trading are marked to market and net appreciation/ depreciation is recognized. Derivatives used for hedging are marked to market in case where the underlying assets/ liabilities are marked to market, else accounted on accrual basis.

v. In respect of “Loans Past Due“ accounts, recoveries are appropriated towards principal.

vi. Provision for pension fund, contribution to Gratuity Fund and provision for encashment of accumulated leave are made based on actuarial valuation at the year-end

3.14.1 The provisions of Corporate Governance and provisions under Clause 49 of the Listing Agreement are complied with by Canara Bank. The details of compliance are given hereunder:

	Particulars	Clause of Listing agreement	Compliance Status Yes / No	Remarks
I	Board of Directors (A) Composition of Board (B) Non-executive Directors' compensation & disclosures (C) Other provisions as to Board and Committees (D) Code of Conduct	49(1) 49 (IA) 49 (IB) 49 (IC) 49 (ID)	 Yes Yes Yes Yes	Constitution of Board of Directors, Audit Committee, Remuneration of Directors, Board Procedures and management in respect of our Bank are governed under the provisions of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, Banking Regulation Act, 1949, Nationalised Banks (Management and Miscellaneous Provisions) Scheme 1970 and RBI/ GOI Directives in this regard
II	Audit Committee (A) Qualified & Independent Audit Committee (B) Meeting of Audit Committee (C) Powers of Audit Committee (D) Role of Audit Committee (E) Review of Information by Audit Committee	49 (II) 49 (IIA) 49 (IIB) 49 (IIC) 49 (IID) 49 (IIE)	 Yes Yes Yes Yes Yes	
III	Subsidiary Companies	49 (III)	Yes	
IV.	Disclosures (A) Basis of related party transactions (B) Disclosure of Accounting treatment (C) Board Disclosures (D) Proceeds from public issues, rights issues, preferential issues etc (E) Remuneration of Directors (F) Management (G) Shareholders	49 (IV) 49 (IV A) 49 (IV B) 49 (IV C) 49 (IV D) 49 (IV E) 49 (IV F) 49 (IV G)	 Yes Yes Yes Yes Yes Yes Yes	
V	CEO/CFO Certification	49 (V)	Yes	
VI	Report on Corporate Governance	49 (VI)	Yes	
VII	Compliance	49 (VII)	Yes	

3.14.2 Outstanding Litigations : As on 30.06.07 there are 33728 cases filed by the Acquirer for recovery of more than Rs. 273939 Lakhs. As on 31.03.07 there are 690 cases filed against the Acquirer with a monetary implication of Rs. 9976 lakhs. As on 30.06.07 there 89 cases filed by the Bank against employees/ ex-employees and 497 cases filed by employees/ ex-employees against the Bank.

3.14.3 Shri S R Krishnan is the Compliance Officer of the Acquirer, and he is available at the Head Office of the Acquirer Canara Bank Buildings,112 J C Road P B No 6648,Bangalore – 560002 Tel. (080)2221581/2221582/2220490 Fax. (080)2222704

3.14.4 There has been no merger/ demerger, spin off during the last three years involving the Acquirer.

3.14.5 Shareholding pattern of the Acquirer as on 24.08.2007 is as follows :

Category	Holding	% to Equity
Promoter - President of India	300000000	73.17
Mutual Funds & UTI	8118221	1.98
Banks & Financial Institutions	4954818	1.21
Foreign Institutional Investors (FIIs)	71279164	17.39
Others	25647797	6.26
Total	410000000	100.00

3.15 The Acquirer has filed requisite disclosures within the respective due dates as per the provisions of Chapter 2 of the Regulations, except for a delay of 6 days for the filing under 8(2) due on 24.08.2000. SEBI may take action against the Acquirer for non-compliance of Regulation 8(2).

3.16 Declaration under Regulation 16 (ix)

3.16.1 As of date of this PA, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company, and except to the extent required for the purpose of restructuring and/ or rationalization, reorganization, arrangements of operations, assets, investments, liabilities or otherwise of the Target Company. Notwithstanding the immediately preceding sentence, the Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of business and in line with the opportunities from time to time.

3.16.2 Other than in the ordinary course of business, the Acquirer undertakes that they shall not sell, dispose of or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company.

3.17 Housing finance is the sole area of business for the Target Company and one of the areas of business for the Acquirer. The Acquirer and the Target Company compete with each other in the area of Housing Finance. The Acquirer and the Target Company will continue the activity of housing finance after the consolidation of holdings through this offer, and no change in business strategies or positioning of either entity in the area of housing finance is proposed, after the consolidation of holdings through this offer.

4. Declaration in terms of Regulation 21(2)

The Offer is as per the provisions of Regulation 21 (2) of the Regulations. Pursuant to this Offer, the public shareholding will not reduce to less than 25% of the voting equity capital of the Target Company.

5. Background of Canfin Homes Ltd (" Target Company")

5.1 The Target Company was incorporated as a Public Limited Company under the Companies Act on October 29, 1987 and is holding a certificate of registration issued by the National Housing Bank (NHB) for carrying on the business of Housing Finance. The company has its registered office at No. 29/1, I Floor, Sir M N Krishna Rao Road, Basavanagudi, Bangalore – 560004. Tel No.: 91-80-26564259,26565747 Fax No: 91-80-26565746 E-mail:personnel@canfinhomes.com

5.2 The Target Company was promoted/ sponsored by Canara Bank in association with HDFC Ltd, UTI, Canbank Financial Services Ltd (Canfina) and ICICI with an initial capital of Rs. 3.45 Crores. The company came out with an IPO in 1989 and a Rights Issue of Partly

Convertible Debentures in 1992. The associate promoters (UTI, HDFC, Canfina and ICICI) have subsequently disposed off their shareholding in the Target Company, and Canara Bank is now the dominant equity shareholder and sole promoter in the company with a stake of 29.94%.

5.3 CFHL is the first and the biggest bank sponsored Housing Finance Company (HFC) in the country. CFHL has an all India presence with a network of 39 branches and one representative office (as on the date of this Letter of Offer). CFHL raises financial resources in the form of public deposits, refinance from National Housing Bank, Mortgage Backed Securities, Debentures and Term Loans and uses these funds to provide housing finance to individuals and bodies corporate for construction, purchase, repair and up gradation of houses. The company is rated MAA+ by ICRA Limited (formerly Investment Information and Credit Rating Agency of India Limited), indicating high safety, for raising public deposits. Since inception, the Company has financed 138795 dwelling units with gross loan sanctions amounting to Rs.4898.63 crores.

5.4 Share Capital Structure of Target Company ("Canfin Homes Ltd")

Paid up Equity Shares of Target Company	No. Of Shares/ Voting rights	% of Shares/ Voting Rights
Fully Paid Up Equity Shares	20485250	100%
Partly Paid Up Shares	Nil	Nil
Total Paid Up Equity Shares	20485250	100%
Total Voting Rights in Target Company	20485250	100%

As on date the total equity capital of CFHL is Rs. 20,48,75,450/- consisting of 2,04,85,250 fully paid up equity shares of Rs. 10/- each totaling Rs. 20,48,52,500/- and forfeited shares totaling Rs. 22,950/-.

5.5 As on the date of this PA, there are no partly paid up shares or outstanding convertible instruments of CFHL. The Target Company as on the date of this public offer does not have any partly paid up equity shares and hence voting right in case of partly paid up equity shares is Nil.

5.6 Equity Share Capital History of Canfin Homes Ltd.

Date of Allotment	No and % of shares allotted	Cumulative paid up share capital (No. of Shares)	Mode of allotment	Identity of allottees (promoters/ ex-promoters/others)			Status of regulatory compliance with SEBI (SAST) Regulations and other relevant provisions where applicable.
				Promoter	Ex-promoters	Others	
1987	3450070 (100%)	3450070	Subscription to Memorandum and initial promoters' capital	1500030	1950040	Nil	Requirements as per Companies' Act, Comptroller of Capital Issues and Listing requirements have been complied with. The debentures were issued on a rights basis in 1991-92
28.03.1989	6549930 (65.50%)	10000000	IPO	1499970	1449960	3600000	
30.09.1992	10500000 (51.22%)	20500000	Conversion of debentures	3000000	3400000	4100000	
28.03.2001	(14750)	20485250	Forfeiture			(14750)	Forfeiture for non-payment of calls in arrears as per provisions of the Act
Total	20485250			6000000	6800000	7685250	

5.7 Status of compliance with Chapter II of the Regulations by the Target Company

The Target company has filed requisite disclosures with the Stock Exchanges within the respective due dates as per the provisions of the Listing Agreement and Chapter 2 of the Regulations, except for a delay in the following :

(i) Filing under regulations 6(2) and 6(4) in 1997 – Delayed by 206 days

(ii) Filing under regulation 8(3) in 2000 – Delayed by 79 days

(iii) Filing under regulation 8(3) in 2002 – Delayed by 3 days

SEBI may take action against the Target Company for non-compliance with provisions of the Regulations as given above.

5.8 Compliance with listing requirements of Stock Exchanges

5.8.1 The Equity shares of the Canfin Homes Ltd ("Target Company") are listed on

(i) The Bangalore Stock Exchange Limited (BgSE)

(ii) The National Stock Exchange of India Ltd (NSE)

(iii) The Bombay Stock Exchange Ltd (BSE).

5.8.2 The Target Company has complied with the listing requirements and no punitive action has been initiated against Canfin Homes Ltd by any of the Stock Exchanges where its shares are listed.

5.8.3 The provisions of Corporate Governance and provisions under Clause 49 of the Listing Agreement are complied with by Canfin Homes Ltd. The details of compliance are given hereunder:

	Particulars	Clause of Listing agreement	Compliance Status Yes / No	Remarks
I	Board of Directors (E) Composition of Board (F) Non-executive Directors' compensation & disclosures (G) Other provisions as to Board and Committees (H) Code of Conduct	49(1) 49 (IA) 49 (IB) 49 (IC) 49 (ID)	 Yes NA Yes Yes	 Included in Annual Report
II	Audit Committee (A) Qualified & Independent Audit Committee (B) Meeting of Audit Committee (C) Powers of Audit Committee (D) Role of Audit Committee (E) Review of Information by Audit Committee	49 (II) 49 (IIA) 49 (IIB) 49 (IIC) 49 (IID) 49 (IIE)	 Yes Yes Yes Yes Yes	
III	Subsidiary Companies	49 (III)	NA	
IV.	Disclosures (A) Basis of related party transactions (B) Board Disclosures (C) Proceeds from public issues, rights issues, preferential issues etc (D) Remuneration of Directors (E) Management (F) Shareholders	49 (IV) 49 (IV A) 49 (IV B) 49 (IV C) 49 (IV D) 49 (IV E) 49 (IV F)	 Yes Yes NA NA Yes Yes	Included in Annual report
V	CEO/CFO Certification	49 (V)	Yes	Complied
VI	Report on Corporate Governance	49 (VI)	Yes	
VII	Compliance	49 (VII)	Yes	Included in Annual Report

5.9 The Board of Directors of as on the date of Public Announcement i.e. 27.08.2007 is as under.

Name & Age	Qualifications	Experience	Date of Appointment
Mr. S. Doreswamy Chairman, 69 Years	B. Sc, B.L.	35 years Banking	19.09.2003
Mr. Lalit Kumar, Nominee Director-NHB, 50 Years	MA (Economics)	25 years Banking	27.11.2006
Mr. B. Balakrishna Shetty, 71 Years	MA (Economics)	30 Years Banking	23.02.2006
Mr. J. S. Vasan, 56 Years	B. Com	35 Years Banking	12.05.2006
Mr. P. Santosh Kumar, 63 Years	B.Com , FCA (England & Wales)	38 Years Chartered Accountant	24.05.2007
Mr. K. Subba Rao, Wholetime Director, 55 Years	MA, CAIIB	35 Years, Banking	30.08.2006

Since the date of the Public Announcement Shri Ashok K Mittal has joined the Board of Directors of the Target company as an Independent Director on 03.09.2007.

Shri K Subba Rao and Shri J S Vasan, Directors of the Target Company, represent the Acquirer. There is no other person on the Board of the Target Company representing the Acquirer. The Acquirer does not intend to make any changes in the Board of Directors of the Target Company on completion of the offer.

5.10 The Compliance Officer of the Target Company is Mr. K S Sathyaprakash, Company Secretary, who will be available at the address of the Registered Office of CFHL : No.29/1, I Floor, Sir M N Krishna Rao Road, Basavangudi, Bangalore –560004. Tel No.: 91-80-26564259,26565747 Fax No: 91-80-26565746

5.11 There has been no merger/ demerger, spin off involving the Target company in the last 3 years, and no change of name since incorporation .

5.12 The Financial details of Canfin Homes Ltd are as follows:

5.12.1 Profit and Loss Statement (Rs. in Lakhs)

Particulars for year ending	31.03.2005 (Audited)	31.03.2006 (Audited)	31.03.2007 (Audited)
Income from operations	12695.37	14804.28	19000.98
Other Income	37.67	17.15	
Total Income	12733.04	14821.43	19000.98
Total Expenditure	1200.27	1215.70	1152.65
Profit before Depreciation, Interest, Provisions & Tax	11532.77	13605.74	17848.33
Provisions For Doubtful Debts	352.47	361.37	597.74
Depreciation	48.53	44.51	40.53
Interest	8359.39	9688.97	13191.06
Profit/ (Loss) Before Tax	2772.37	3510.88	4019.01
Provision for Tax (incl. FBT)	695.00	810.00	977.70
Deferred Tax	- 35.00	6.00	31.00
Profit/ (Loss) after Tax	2112.37	2694.88	3010.31

5.12.2 Balance Sheet Statement (Rs. in Lakhs)

Particulars	31.03.2005 (Audited)	31.03.2006 (Audited)	31.03.2007 (Audited)
Sources of funds			
Equity Share Capital	2048.75	2048.75	2048.75
Reserve & Surplus (excl. Revaluation Reserves)	13207.52	15318.44	17729.58
Net Worth [1]	15256.27	17367.20	19778.34
Secured Loans	87875.40	129686.65	155443.80
Unsecured Loans	33493.04	30683.47	19790.68
Total	136624.72	177737.32	195012.82
Uses of Funds			
Net Fixed Assets	357.92	340.66	321.80
Investments	3330.86	3299.86	3147.89
Loans	127842.52	169928.03	188814.22
Securitized Assets	3207.35	2811.24	2485.66
Net Current Assets	1620.08	1097.53	14.25
Deffered Tax Asset	266.00	260.00	229.00
Total	136624.72	177737.32	195012.82

5.12.3 Other Financial Data

Particulars	31.03.2005 (Audited)	31.03.2006 (Audited)	31.03.2007 (Audited)
Dividend (%)	25%	25%	25%
Earnings Per Share (Rs.) – Fully Diluted *	10.31	13.15	14.69
Return on Net Worth – Fully Diluted *	13.85%	15.52%	15.22%
Book Value Per Share (Rs.) *	74.47	84.77	96.54

[1] Net Worth = Equity Capital + Reserves – Misc. Exp not Written Off
* Earning per share = Profit After Tax / Number of equity shares issued & subscribed
Book Value per Share = Net worth/ Number of equity shares issued & subscribed
Return on Net Worth = Profit After Tax / Net Worth

5.12.4 The Target Company's total income has grown by 16.40% in FY 2006 and by 28.20% in FY 2007. The improvement in PAT stood at 27.59% in FY2006 and 11.72% in FY 2007. In a rising interest rate scenario, interest costs as a percentage of operating income has increased from 65.45% in FY 2006 to 69.42% in FY 2007. Loan disbursements in FY 2007 have declined to Rs. 45337 lakhs as against Rs. 65395 lakhs in FY2006 and Rs. 45661 lakhs in FY 2005. Outstanding housing/ other loans have grown to Rs. 194153 lakhs as on 31.03.2007 compared to Rs. 177345 lakhs as on 31.03.2006 and Rs. 137895 lakhs as on 31.03.2005

5.12.5 The Contingent liabilities for the year ended 31st March 2007 were as follows:
Claims against the company not recognized as debt

i. Disputed tax matters under appeal – Income tax Rs. 469.75 Lakhs, Interest Tax – Rs. 54.46 Lakhs
ii. Claims made by borrowers before consumer forums – Rs. 2.37 Lakhs
iii. Claims made by ex-employees before the company – Rs. 7.16 Lakhs

5.12.6 The significant accounting policies of the Target Company are as follows:

i. The company follows NHB's prudential norms for recognition of income and provision for Non-performing assets.
ii. Loans to the extent, the installments have not become due as at the year-end and suit filed accounts are being shown as housing loans. Loans to the extent the installments have become due on or before the year end are shown under Loans & Advances
iii. Investments are long term in nature and capitalized at cost inclusive of brokerage and stamp charges. Weighted average cost is taken for determining profit on sale of investments
iv. Provision for leave encashment is made as per actuarial valuation

5.13 The Pre and Post-offer Equity Shareholding pattern of Canfin Homes Ltd.

Shareholders' Category	Shareholding & Voting rights prior to the agreement/ the acquisition and offer		Shares & voting rights agreed to be acquired / (sold) which triggered off the Regulations		Shares/ Voting rights to be acquired/ (sold) in the offer (assuming full acceptance)		Share holding/ voting rights after the acquisition and offer i.e.	
	(A)		(B)		(C)		(A)+(B)+(C) = (D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter group								
(a) Parties to the agreement	NA	NA	NA	NA	NA	NA	NA	NA
(b) Acquirer	6133232	29.94	Nil	Nil	4314246	21.06	10447478	51.00
(c) PACs	NA	NA	NA	NA	NA	NA	NA	NA
(d) Promoters other than (a), (b), (c) above	NA	NA	NA	NA	NA	NA	NA	NA
Total 1 (a+b+c+d)	6133232	29.94	Nil	Nil	4314246	21.06	10447478	51.00
(2) Parties to the agreement other than 1	NA	NA	NA	NA	NA	NA	NA	NA
(3) Public (Other than parties to agreement, Acquirer & PACs)								
(a) Institutional Investors i. Mutual Funds & UTI ii. Banks/ FIs iii. FIIs	 200 603487							
Total 3 (a)	603687		Nil	Nil				
(b) Others	13748331		Nil	Nil				
Total (Public)	14352018	70.06	NA	NA	(4314246)	(21.06)	10037772	49.00
Grand Total	20485250	100					20485250	100

5.14 The total number of shareholders in the Public category as on 24.08.07 is 17816.

5.15 Details of change in shareholding of the Acquirer (who is the sole promoter) in the Target Company & Status of compliance with the Regulations

Date of Purchase/ Sale	Mode of Purchase/ Sale	Shares Purchased/ (Sold)		Cumulative Shareholding		Status of compliance with SEBI SAST Regulations 1997 and amendments thereto
		Number	% of share and voting capital	Number	% of share and voting capital	
1987	Subscription to Memorandum and Initial Capital contribution	1500030	43.48%	1500030	43.48%	Not Applicable
28.03.1989	Firm allotment in IPO	1499970	15.00%	3000000	30.00%	Not Applicable
30.09.1992	Conversion of partly convertible debentures issued on rights basis in 1991-92	3000000	14.63%	6000000	29.27%	Not applicable
1996-97	Shares pledged as security by borrower transferred to the Acquirer on non-payment	5350	0.03%	6005350	29.29%	Not Applicable
2006-07	Secondary market purchases on BSE and NSE	29241	0.14%	6034591	29.46%	Within prescribed limits under the Regulations
31.07.07 to 16.08.07	Secondary market purchases on BSE and NSE	98641	0.48%	6133232	29.94%	Within prescribed limits under the regulations

Notes (also refer para 5.2) :

i. HDFC Ltd, ex- associate promoter of the Target Company, has disposed off its holdings of 24,99,980 equity shares (12.20% of voting equity capital) in the years 2004-05 (2,15,282 shares) and 2005-06 (22,84,698 shares)

ii. UTI, ex-associate promoter of the Target Company, has disposed off its holdings of 39,90,100 equity shares (19.48% of voting equity capital) in the years 1999-2000 (1,47,600 shares), 2001-02 (78,686 shares), 2003-04 (7,62,580 shares), 2004-05 (18,49,716 shares) and 2005-06 (11,51,518 shares)

iii. Canbank Financial Services Ltd, ex-associate promoter of the Target Company, has disposed off its holdings of 8,00,000 equity shares (3.91% of voting equity capital) in the year 2004-05.

5.16 Outstanding Litigations

5.16.1 There is no pending case or restraint order of any Court against this Open offer.

5.16.2 The Target Company has filed 10 cases in various High Courts (as on 30.06.2007) for recovery on money to the tune of Rs. 515.26 lakhs

5.16.3 The Target Company has filed 194 cases before various civil courts (as on 30.06.2007) for recovery of money to the tune of Rs. 672.83 lakhs

5.16.4 The Target Company has filed 28 criminal cases (as on 30.06.2007) against defaulters. The total monetary implication of these criminal cases is Rs. 108.89 lakhs

5.16.5 There are 22 cases filed against the company (High Court – 3, Civil Court –12, Consumer Forum – 4, DRT- 2, Criminal Court –1). The total monetary implication of these cases is estimated by the Target Company at Rs. 1.75 lakhs.

6. Offer Price and Financial Arrangements

6.1 Justification of offer Price

6.1.1 The equity shares of Canfin Homes Ltd are listed on Bangalore Stock Exchange Limited (BgSE), the National Stock Exchange of India Ltd. (NSE) and the Bombay Stock Exchange Ltd. (BSE). The annualized trading turnover during six calendar months preceding the month in which the public announcement has been made in each of the stock exchange is detailed below:

Name of the Stock Exchange	Total no. of shares traded from Feb 2007 – July 2007	Total no. of shares listed	Annualised trading turnover
BgSE	Nil	2,04,85,250	Nil
NSE	2842595	2,04,85,250	27.75%
BSE	1418188	2,04,85,250	13.85%

Source: Websites www.bseindia.com and www.nseindia.com and Letter from the Bangalore Stock Exchange Limited.

6.1.2 The Shares of the Target Company are frequently traded on the NSE and the BSE. This Offer is being made at a price of Rs 63.00 (Rupees Sixty Three only) per Share, (as revised upwards from the original offer price of Rs. 58.00 (Rupees Fifty Eight only) per share) being the price in terms of the applicable provisions of the Regulations. The Offer Price is justified in terms of Regulation 20(4) of the Regulations as it is higher than the highest of the following:

i. Negotiated price: If the Acquirer /PAC has entered into any agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights exceeding the prescribed percentage	NA
ii. Highest price paid by the Acquirer /PAC for any acquisition including by way of allotment in a public or rights or preferential issue during the 26-week period prior to the date of this PA	Rs. 55.50
iii. Higher of (A) or (B) below	
(a) The average of the daily high and low prices for Shares of the Target Company on NSE (being the Stock Exchange on which the Shares of the Company are most frequently traded) for the two weeks period preceding the date of this Public Announcement	Rs. 52.82/-
(b) The average of the weekly high and low of the closing prices of the Shares of the Target Company as quoted on NSE (being the Stock Exchange where the Shares of the Target Company are most frequently traded) during the twenty six weeks preceding the date of the Public Announcement	Rs. 57.87/-

6.1.3 The price and volume data on the NSE used for calculating the prices under (iii) (a) above are as follows:

2 week daily high/ low

Day No	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	13-Aug-07	56.65	55.15	55.90	1822
2	14-Aug-07	55.65	55.30	55.48	4138
3	16-Aug-07	55.30	54.10	54.70	8535
4	17-Aug-07	55.10	53.05	54.08	1822
5	20-Aug-07	54.00	53.25	53.63	7982
6	21-Aug-07	53.75	48.00	50.88	82252
7	22-Aug-07	52.75	48.00	50.38	51865
8	23-Aug-07	50.55	49.35	49.95	7947
9	24-Aug-07	50.95	49.80	50.38	6047
Average				52.82	

Source : Website www. nseindia.com

6.1.4 The price and volume data on the NSE used for calculating the prices under (iii) (b) above are as follows:

26 weeks weekly high/ low of closing prices

Week No.	Date (week ending)	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume
1	02-Mar-07	64.50	63.25	63.88	85646
2	09-Mar-07	60.10	56.65	58.38	76231
3	16-Mar-07	59.90	57.50	58.70	38699
4	23-Mar-07	61.80	57.30	59.55	21945
5	30-Mar-07	61.20	58.30	59.75	128641
6	05-Apr-07	58.60	57.55	58.08	20558
7	13-Apr-07	60.80	59.75	60.28	23519
8	20-Apr-07	60.75	59.50	60.13	51861
9	27-Apr-07	62.35	60.05	61.20	62171
10	04-May-07	58.75	58.30	58.53	107412
11	11-May-07	59.45	58.05	58.75	88912
12	18-May-07	60.65	59.50	60.08	59238
13	25-May-07	60.15	60.00	60.08	116693
14	01-Jun-07	60.35	57.60	58.98	173271
15	08-Jun-07	58.00	55.60	56.80	88403
16	15-Jun-07	54.95	54.00	54.48	45544
17	22-Jun-07	55.75	53.30	54.53	60638
18	29-Jun-07	57.10	54.95	56.03	121574
19	06-Jul-07	58.05	56.60	57.33	160954
20	13-Jul-07	58.75	57.50	58.13	154800
21	20-Jul-07	58.80	56.70	57.75	256993
22	27-Jul-07	56.00	55.50	55.75	552575
23	03-Aug-07	55.85	55.00	55.43	181074
24	10-Aug-07	56.65	55.30	55.98	99598
25	17-Aug-07	55.55	53.15	54.35	16317
26	24-Aug-07	53.45	50.00	51.73	156093
Average				57.87	

Source : website www.nseindia.com

6.1.5 The Equity Shares of the Target Company are infrequently traded on the BgSE within the meaning of Regulation 20, Sub-regulation (5), of the Regulations. The offer price of Rs. 63.00 (Rupees SIxty Three only) (as revised upwards from the original offer price of Rs. 58.00 per share) is payable in cash in terms of Regulation 20(2). The offer price is determined by the acquirer in consultation with the Merchant Banker in terms of Regulation 20(5) taking into account the following factors:

6.1.5.1 Other Parameters

i. Negotiated price: If the Acquirer /PAC has entered into any agreement for acquisition of shares or voting rights or deciding to acquire shares or voting rights exceeding the prescribed percentage	NA
ii. Highest price paid by the Acquirer /PAC for any acquisition including by way of allotment in a public or rights or preferential issue during the 26-week period prior to the date of this PA	Rs. 55.50
iii.Other Parameters(As per Audited results for year ended 31.03.2007)	
Return on net Worth	15.22%
Book Value Per Share (Rs.)	96.55
Earning Per Share (Rs.) – Fully Diluted	14.70
Price Earning Multiple on the Offer Price Industry (Finance - Housing) Average P/E (Source: Capital Market Vol XXII/11 Jul 30 –Aug12,2007)	4.29 27.7

6.1.5.2 M/s Abarna & Ananthan, Chartered Accountants, #643, 1st Main, 7th Block, II Phase, BSK III Stage, Bangalore - 560085 have vide their certificate dated 30.10.2007 certified the fair value per share of the target company before adjusting dividend as Rs. 62.96 and after adjusting dividend as Rs. 61.79. The same has been arrived at by the Chartered Accountant as per principles of valuation upheld by the Hon'ble Supreme Court in the Hindustan Lever Employee Union Vs Hindustan Lever Limited, 1995 ("HLL case"), for amalgamation of companies , using a combination of Book Value (Net Asset Value), Yield (Earning capacity) and Market Price. On application of valuation technique as in HLL case, the valuation of the Target Company's shares is determined as under:

(i)	Net Asset Value (NAV)	
	Year ended 31.03.07 (Rs. in Lakhs)	
	Total Assets as per audited financials	199,175
	Less : Liabilities	179,626
	Net Worth	19,549
	Value per share (Rs.)	95.42
(ii)	Profit Earning Capacity Value (PECV)	
	Average Profit Before Tax for previous 3 Financial years (2004-05, 2005-06 and 2006-07)	3416
	Tax	1079
	FBT	9
	PAT	2328
	EPS	11.36
	Capitalisation rate	20%
	PECV (EPS/ Capitalisation rate)	56.82

The capitalization rate of 20% as recommended in the erstwhile Comptroller of Capital Issues (CCI) Guidelines has been adopted since both the NAV and PECV are more than the Market price. The tax impact has been calculated based on the change in tax laws allowing transfer to Special reserve at a rate of 20% as applicable from the current Financial Year and the current tax rate has been used.

(iii) Market Value
Two week average of high and low (13.08.07 to 24.08.07) 52.88

(iv) Fair Value

Particulars	Weights	Values	Weighted Value
NAV	1	95.42	95.42
PECV	2	56.82	113.63
Market Price	2	52.88	105.75
Total	5		314.80
Weighted Average			62.96

M/s Abarna & Ananthan have also estimated the fair value after adjustment of one year dividend of Rs. 2.92 per share (including dividend tax) from the NAV and PECV (as recommended as a prudent measure in the CCI guidelines, as a cushion against future uncertainties) as Rs. 61.79 per share

6.1.6 The Offer Price of Rs. 63.00 (Rupees Sixty Three Only) is justified in terms of Regulation 20(4) and Regulation 20(5) of the Regulations based on the above parameters.

6.1.7 There are no partly paid shares in the target company

6.1.8 Non Compete Fee – There is no non-compete agreement

6.1.9 If the Acquirer/ PACs acquire any shares in the target company in the open market or through negotiation or otherwise, after the date of public announcement till seven working days prior to closure of the offer (i.e till December 27,2007) at a price higher than the offer price, then, the highest price paid for such acquisition shall be payable for all acceptances received under the offer. No such acquisition will be made by the acquirer during the last seven working days prior to the closure of the offer (i.e. after December 27, 2007).

6.2 Financial Arrangement for the Offer

6.2.1 The total financial resources required for this Offer, assuming full acceptance will be Rs. 27,17,97,498/- (Rupees Twenty Seven Crores Seventeen lakhs Ninety Seven Thousand Four Hundred and Ninety Eight only) ("Maximum Consideration").

6.2.2 In accordance with Regulation 28 of the Regulations, an escrow account was created with Indian Bank, M G Road, Bangalore in the form of cash deposit of Rs. 6,26,00,000/- (Rs.Six Crores Twenty Six Lakhs only), before the PA on 27.08.07, being more than 25% of the total consideration payable under the Offer at the original offer price of Rs. 58.00 (Rupees Fifty Eight only) per share. Consequent to the revision in offer price upwards to Rs. 63.00 (Rupees Sixty Three only) per share an additional amount of Rs. 53.50 Lakhs in cash has been deposited in escrow with Indian Bank, M G Road, Bangalore. The amount deposited in the escrow account now stands increased to Rs. 6,79,50,000/- (Rs.Six Crores Seventy Nine Lakhs Fifty Thousand only), being 25% of the total revised consideration payable under the Offer. The Acquirer has arranged a lien on the cash deposit in favour of the Manager to the Offer. The Manager to the Offer is authorised to realise the value of the escrow in terms of the Regulations.

6.2.3 The Net Worth of the Acquirer as per the audited Balance Sheet dated 31.03.2007 is Rs. 8111.12 crores and thus the Acquirer has sufficient financial resources to meet the financial requirements of the offer. The financial obligation for the offer including the acquisition of shares under the offer will be met from domestic sources (own funds/ Net Worth) and no borrowing, including borrowings from FIs/ Banks or foreign sources such as NRIs or otherwise, is envisaged.

6.2.4 Sathyanarayana & Co, Chartered Accountants (Seshagiri Rao, Partner, Membership No .18523) 5-5-85/5 Amar Mansion, Ranigunj, Secunderabad – 500003, Statutory Auditors of the Acquirer, have certified vide their certificate dated 06.12.2007 that the Acquirer has sufficient liquid financial resources to meet the financial requirements of the offer and firm arrangement for financial resources required to implement the offer are already in place. The Merchant Banker to the Offer confirms that adequate funds (liquid resources) are available with the Acquirer through verifiable means to implement this Offer in full.

7. Terms and conditions of the Offer

7.1.1 This Offer will open on Wednesday ,December 19, 2007 and will close on Monday, January 7, 2008, . The Equity Shares offered under this Offer should be free from all liens, charges, equitable interests, encumbrances and are to be offered together with, if any, all rights of dividends, bonuses or rights from now on and hereafter.

7.1.2 This is not a conditional Offer and is not subject to any minimum level of acceptance.

7.1.3 To the extent of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer.

7.1.4 The acceptance of this Offer by the Equity Shareholders of the Target Company must be absolute and unqualified. Any acceptance to this Offer, which is conditional or incomplete in any respect, will be rejected without assigning any reason whatsoever.

7.1.5 The acceptance of this Offer is entirely at the discretion of the Equity Shareholders of the Target Company.

7.1.6 The instructions, authorizations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute part of the terms of the Offer.

7.2 Locked-in Shares: There are no locked-in shares in the Target Company. None of the shareholders eligible to participate in this offer are holding locked-in shares.

7.3 Eligibility for accepting the Offer

7.3.1 The Letter of Offer shall be mailed to all Equity Shareholders/ Beneficial Owners holding Shares in dematerialized form whose names appear in the register of the Target Company as on Friday, September 21, 2007, the Specified Date.

7.3.2 This Offer is also open to persons who own Equity Shares in the Target Company any time before the closure of the offer but are not registered Shareholders (or beneficial owners holding Shares in dematerialized form as on the Specified date).

7.3.3 Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way. A copy of the Letter of Offer (including Form of Acceptance and Form of Withdrawal) is expected to be available on SEBI's website (http://www.sebi.gov.in) during the period the Offer is open and may be downloaded from the site.

7.4 Statutory and Other Approvals required for this Offer

7.4.1 The offer is subject to the receipt of approval from Reserve Bank of India (RBI) under Foreign Exchange Management Act 1999(FEMA) for acquisition of equity shares by the acquirer from Non-resident persons under the offer.

7.4.2 The acquirer has obtained approval dated 19.06.2006 from RBI under DBOD\FSD.NO.10470\24.01.001\2005-06 for acquiring upto 45,06,000 shares in the Target Company for a total consideration of Rs. 22 Crores. The Acquirer has obtained approval no. FNo./7/182/2006-BOA dt. 29.12.2006 from the Ministry of Finance, Department of Economic Affairs to increase it's stake in the Target Company to 51%.The Acquirer has since intimated RBI vide its letter dated 08.02.2007 about the expected increase in fund outlay beyond Rs. 22 Crores due to rise in share price of the Target Company.

7.4.3 To the best of knowledge and belief of the Acquirer, as of the date of this PA, there are no other statutory approvals required to acquire the equity shares tendered pursuant to this Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to the receipt of such other statutory approvals. The Acquirer will not proceed with the Offer in the event that such statutory approvals that are required are refused in terms of Regulation 27 of the Regulations. No approvals are required from FIs/ Banks for the Offer.

7.4.4 The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the date of closure of the Offer. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12), SEBI may, if satisfied that the non receipt of approvals was not due to willful default or negligence on part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, at such rates as may be specified by SEBI. Further, if the delay occurs due to willful default of the Acquirer in obtaining the requisite approvals, Regulation 22 (13) of the Regulations will become applicable.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

8.1 ACCEPTANCE OF THE OFFER

8.1.1 Name and Address of the persons (Registrars to the Offer) to whom the Equity Shares along with documents required to be submitted therewith, should be sent

Registrars to the Offer	Working days and timings	Mode of delivery
Canbank Computer Services Limited, R&T Centre : 4th floor, Naveen complex, No 14,M.G.Road,Bangalore-560001 Tel No.25320541 to 543, Fax:25320544 E-mail id: canbank_computer@dataone.in Contact person: Sri.S Jayashanker, Asst.Vice President	Monday to Friday 10:00 AM to 5:00 PM Saturday 10:00 AM to 1:00 PM	By Post/ Registered Post/ Courier/ Hand delivery

8.1.2 Share holders holding Equity Shares in physical form and wishing to tender their Equity Shares will be required to send their form of acceptance, original Share certificates and transfer deeds to the Registrar to the Offer either by hand delivery or by Registered Post, to reach them on or before the closure of the Offer, i.e. Monday January 7, 2008 in accordance with the instructions specified in this Letter of Offer and in the Form of Acceptance. Where the Transfer Deeds are signed by a constituted Attorney, a certified copy of the Power of Attorney shall also be lodged. In the case of body corporate/limited Companies, certified copy of the Memorandum & Articles of Association and copy of the Board Resolution authorizing the signatory, shall also be sent along.

8.1.3 Beneficial owners (holders of Equity Shares in Dematerialized Form) who wish to tender their Equity Shares will be required to send their Form of Acceptance-cum-acknowledgement along with a photocopy of the delivery instructions in "Off –market" mode or counterfoil of the delivery instruction in "Off –market" mode, duly acknowledged by the Depository Participant (DP) in favor of the Special Depository Account opened by the Registrar to the Offer, "Canbank Computer Services Limited–Canfin Homes Open Offer", in accordance with instructions specified in this Letter of Offer and in the Form of Acceptance. The details of the Special Depository Account is given below:

DP Name	Stock Holding Corporation of India Ltd
DP ID Number	IN301135
Beneficiary Account Number	26705650
ISIN	INE477A01012
Market	Off-market
Execution Date	On or before January 7 2008

8.1.4 The Acceptance Form along with Share Certificates/ copy of delivery instruction to DP and other relevant documents should be sent to the Registrars only. The same should not be sent to the Acquirer/ PACs, the Target Company or Merchant Banker to the Offer.

8.2 Procedure for acceptance of the Offer by unregistered Shareholders, owners of Shares who have sent them for transfer or those who did not receive the Letter of Offer

8.2.1 A copy of the Letter of Offer (including Form of Acceptance and Form of Withdrawal) is expected to be available on SEBI's website (http://www.sebi.gov.in) during the period the Offer is open and may also be downloaded from the site.

8.2.2 In case of non-receipt of the letter of Offer, the eligible person(s), holding Equity Shares of the Target Company in physical form, may send his/ her/ their consent on plain paper stating the name, address, number of Shares held, distinctive numbers, certificate numbers and the number of Equity Shares Offered along with the Share certificates, duly signed transfer forms and other required documents to the Registrar to the Offer so as to reach them on or before the closure of the Offer.

8.2.3 In case of non receipt of the Letter of Offer, beneficial owners holding Equity Shares in dematerialized form, may send their applications in writing to The Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number and photocopy of the delivery instruction in "Off-market", or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP, in favor of the special depository account, so as to reach the Registrar to the Offer on or before the closure of the Offer.

8.2.4 In case the Share Certificate(s) and Transfer Deeds are lodged with the Target Company /its Share Transfer Agent for transfer and have not been received back, then the acceptance shall be accompanied by (i) The Share Transfer Deed(s) (ii) The acknowledgement of the lodgment with, or receipt issued by the Target Company/its transfer agents for the Share Certificate(s) so lodged, and (iii) other documents, as applicable, as specified in clause 8.1.2

8.2.5 Unregistered owners holding Equity Shares in physical Form should enclose (i) Form of Acceptance-cum-acknowledgement duly completed (or else on plain paper with relevant details as per clause 8.2.1 above) and signed in accordance with instructions contained therein (ii) Original Share Certificates. (iii) Original broker contract note of a registered broker of a recognized Stock Exchange (iv) Valid Share transfer form as received from the market. The details of the buyer should be left blank. If the details of buyer are filled in, the tender will not be valid under the Offer. All other requirements for valid transfer will be pre-conditions for valid acceptance.

8.2.6 Unregistered Equity Shareholders and those who apply in plain paper will not be required to provide any Indemnity.

8.3 If the Shares tendered in this Offer by the shareholders of the Target Company are more than the Shares to be acquired under this Offer, the acquisition of Shares from each shareholder will be on a proportionate basis as per provisions of the Regulation 21(6) of the Regulations such that the acquisition from each shareholder shall not be less than the minimum marketable lot or the entire holding, if it is less than the marketable lot.

8.4 The Acquirer shall complete all procedures relating to the Offer within a period of 15 days from the date of closure of the Offer. In case of delay, due to non-receipt of statutory approvals, as per Regulation 22(12), SEBI may, if satisfied that the non receipt of approvals was not due to willful default or negligence on part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, at such rates as may be specified by SEBI.

8.5 The unaccepted share certificates, transfer forms and other documents, if any, would be returned by registered post at the shareholders' sole risk. Unaccepted Shares (to the extent unaccepted) held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depository participant as per details furnished in the Form of Acceptance.

8.6 The Registrar will hold in trust the Acceptance Form, Shares, share certificates, transfer deed(s) and/or other documents on behalf of the shareholders of the Target Company who have accepted this Offer, till the cheques/drafts for the consideration are dispatched and unaccepted share certificates/ Shares, if any, are dispatched/ returned to the relevant shareholders.

8.7 The payment of consideration for accepted applications will be made by the Acquirer by through account payee cheques/ drafts sent by registered post for amount exceeding and otherwise by UCP in accordance with the Regulations. The Acquirer may also choose to credit the payment for the consideration to the shareholder's bank account through ECS, as per bank details furnished in the acceptance form. The acquirer is required to deduct tax at source as may be applicable.

8.8 Shareholders who have accepted this Offer by tendering the requisite documents, in terms of the PA / Letter of Offer, can withdraw the same up to 3 (three) working days prior to the date of the closure of this Offer, in terms of regulation 22(5A). The withdrawal option can be exercised by submitting the form of withdrawal attached to the Letter of Offer duly filled in, with relevant particulars, so as to reach the Registrars to the Offer on or before Monday, January 7, 2008. The withdrawal option can also be exercised by making an application in plain paper with the following details:

If held in physical form – Name, Address, Distinctive numbers, Folio Nos., No of shares tendered/ withdrawn

If held in dematerialized form – Name, Address, DP Name, DP ID, Client ID No. of the account from where the shares were tendered, No of shares tendered/ withdrawn, photocopy of the delivery instruction in " Off Market Mode" duly acknowledged by the DP in favor of the Special Depository Account in the name of Registrar

8.9 The marketable lot of the target company's shares is 1 (one only)

9. Documents for Inspection

9.1 The following documents will be available for inspection to the shareholders of Canfin Homes Limited on all working days between 10:00AM and 5:00PM (except Saturdays between 10:00 AM and 1:00 PM) from the date of this offer letter till the closure of the Offer (i.e. January 7, 2008) at the office of the Acquirer at the following address: Subsidiaries Division, Retail Banking & Subsidiaries Wing, Head Office, 112, J C Road, Bangalore 560002

9.1.1 Copies of Annual Reports of Canara Bank. for 2004-05, 2005-06 and 2006-07.

9.1.2 Copies of Annual Reports of Canfin Homes Ltd for 2004-05, 2005-06 and 2006-07.

9.1.3 Letter from Indian Bank, M G Road Branch, Bangalore dated 25.08.07 confirming creation of Escrow account by the Acquirer for Rs. 626.00 Lakhs, and marking of lien in favour of the Manager to the Offer and letter dated 21.11.07 confirming deposit of additional amount of Rs. 53.50 Lakhs in the escrow account and marking of lien in favour of the Acquirer.

9.1.4 Published copy of the Public Announcement as it appeared in the Newspapers on 27.08.07.

9.1.5 Copy of Account Opening Form and Agreement for special depository account opened by Registrar to the Offer.

9.1.6 Certificate dated 30.10.2007 issued by M/s Abarna & Ananthan, Chartered Accountants certifying the fair value of the equity share of the Target Company

9.1.7 Certificate dated 06.12.2007 issued by Sathyanarayana & Co, Chartered Accountants, certifying that the Acquirer has adequate financial resources to meet its obligations under the offer.

9.1.8 SEBI Observation Letter No. CFD/DCR/TO/SA/109632/07 dt. November 29,2007

9.1.9 Due Diligence Certificate dt. 07.09.07 submitted to SEBI by the Manager to the Offer

10. DECLARATION

10.1 The directors of the Acquirer jointly and severally accept full responsibility for the information contained in this Letter of Offer and Form of Acceptance and also for the obligations of the Acquirer laid down in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof. All information contained in this document is as on the date of the Public Announcement, unless stated otherwise.

Signed By
For Canara Bank (The Acquirer)

M B N Rao
Chairman & Managing Director

Place: Bangalore
Date : 07.12.2007

FORM OF ACCEPTANCE-CUM ACKNOWLEDGEMENT

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this Form with enclosures to the Registrars to the Offer at their address given below)

From
(Name & Full address of Sole/ First Holder)

Offer Opens On: 19.12.2007
Offer Closes On: 07.01.2008

To
Canbank Computer Services Limited,
R&T Centre : 4th floor, Naveen complex,
No 14,M.G.Road
Bangalore-5600001

Dear Sirs,

SUB: Open Offer for purchase of 43,14,246 Equity Shares of Canfin Homes Limited representing 21.06% of its voting capital at an Offer Price of Rs.63.00 per fully paid up equity share by Canara Bank (Acquirer)

I/we refer to the Letter of Offer dated 07.12.2007 for acquiring the equity shares held by me/us in Canfin Homes Limited

I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

For Shares in Physical Form

I/We accept the offer and enclose the original share certificate(s) and duly signed transfer deeds in respect of my/our shares as detailed below:

Sr. No.	Ledger Folio No.	Certificate No.	Distinctive nos.		Number of shares
			From	To	
Total No. of Shares					

(Please attach an additional sheet of paper and authenticate the same, if the above space is insufficient)

For Shares held in Demat Form

I/We hold the following Equity Shares of Canfin Homes Limited in Dematerialized Form and accept the Offer and enclose a photocopy of the Depository Delivery instruction(s) duly acknowledged by the DP in respect of my/our Equity Shares, details of which are given below:

DP Name	
DP ID	
Client ID	
No. of shares	
Name of Beneficiary	

--Tear along this line---

App No. **Acknowledgement slip** (To be filled in by the shareholder)

Folio No: For Shares tendered against open offer made by Canara Bank

Received from Mr./Ms./M/s____________

Address ____________________________

Folio No.: ___________________________

No. of Share certificates enclosed _______ Certificate No.___________

Total number of Share(s) enclosed _______________________________

Copy of delivery instruction slip received from DP ID___________ Client ID _______________

Stamp of Registrar Date of receipt Signature of Officer

Note: All future correspondence, if any, should be addressed to Registrars to the Offer.

I/We have done an Off-market transaction for crediting the Shares to the Special Depository Account, "CCSL Escrow Account – CFHL Open Offer " whose particulars are DP Name: Stock Holding Corporation of India Ltd, DP ID IN301135, Client ID 26705650
I/We confirm that the equity shares of Canfin Homes Limited., which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/ We note and understand that the share holders who have accepted the offer by tendering the requisite documents, in terms of the Public announcement/Letter of Offer, shall have the option to withdraw acceptance tendered by them up to three working days prior to the date of closure of the offer i.e. 02.01.2008 (Wednesday)by submitting an application in the Form of Withdrawal or on plain paper along with relevant details.

I/ We note and understand that the original share certificate(s) and valid share transfer deed(s)/ shares transferred to Special Depository Account will be held in trust for me/us by Registrar to the Offer until the time the Acquirer gives the purchase consideration as mentioned in the Letter of Offer. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures.

I/ We authorize the Acquirer to accept the shares so offered which they may decide to accept in consultation with the Merchant Banker and in terms of the Letter of Offer and I/We further authorize the Acquirer to return to me/us, the equity share certificate(s)/ shares in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof.

I/ We authorize the Acquirer to send by registered post/ Under Certificate of Posting the cheque/ demand draft/pay order, in settlement of the amount to the sole/first holder at the address mentioned above or to credit the proceeds through ECS to our bank account, details of which are mentioned below

So as to avoid fraudulent encashment in transit, the applicants are requested to provide details of Bank account of the sole/first Shareholder and the consideration Cheque will be drawn accordingly.

Name of the Bank	
Full address of the Branch	
Nature of Account	
Account Number	
9 digit MICR Code	

The Permanent Account No. (PAN) Allotted under the Income Tax Act 1961 is as under

Holder	PAN / GIR No.
Sole/ First	
Second	
Third	

Yours Faithfully

Signed & Delivered

Holder	Full Name	Holder's Signature
Sole/ First		
Second		
Third		

Note: In case of joint holdings all holders must sign. .

Place: Date:

FORM OF WITHDRAWAL

PLEASE USE THIS FORM ONLY IF YOU HAVE TENDERED THE SHARES AND WISH TO WITHDRAW YOUR APPLICATION

You have an "Option to Withdraw" the acceptance tendered in response to the offer any time up to three working days prior to the date of closure i.e. on or before 02.01.2008. In case you wish to withdraw your acceptance, please use this form

OFFER SCHEDULE

OFFER OPENS ON	:	19.12.2007
LAST DATE FOR WITHDRAWAL	:	02.01.2008
OFFER CLOSES ON	:	07.01.2008

From
(Name & Full Address of Sole/ First Holder)

To
Canbank Computer Services Limited,
R&T Centre: 4th floor, Naveen complex,
No 14,M.G.Road
Bangalore-5600001

Dear Sir,

SUB: Open Offer for purchase of 43,14,246 Equity Shares of Canfin Homes Limited representing 21.06% of its voting capital at an Offer Price of Rs.63.00 per fully paid up equity share by Canara Bank (Acquirer)

I/we refer to the Letter of Offer dated 07.12.2007 for acquiring the equity shares held by me/us in Canfin Homes Limited

I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

I/ We wish to withdraw our acceptance tendered in response to the said offer. We had deposited/ sent our Form of Acceptance to you on _________ along with original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares/xerox copy of delivery instruction slip as detailed below:

(Please enclose the Xerox copy of Acknowledgement received for 'Form of Acceptance')

For Shares in Physical Form

Ledger Folio No ______________________

Sr. No.	Certificate No.	Distinctive nos.		Number of shares
		From	To	
Total no. of Shares				

(Please attach an additional sheet of paper and authenticate the same, if the above space is insufficient)

For Shares in Demat Form

DP Name	
DP ID	
Client ID	
No. of shares	
Name of Beneficiary	

I/We note and understand the terms of withdrawal of acceptance and request you to return the original share certificate(s) and valid share transfer deed/ credit the shares to my DP Account and authorise you not to remit the consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirer to reject the shares so offered which it may decide in consultation with Merchant Banker and in terms of the Letter of Offer and,

I/We authorise the Acquirer or the Registrar to the Offer to send by registered post the original share certificate(s), transfer deed(s) and other documents tendered by me/us to the sole/first holder at the address mentioned above or credit the shares in demat form to my/ our DP Account as mentioned above

Yours faithfully,

Signed

	FULL NAME (S)	SIGNATURE (S)
First/ Sole Holder		
Second Holder		
Third Holder		

Place: Date:

Note: In case of joint holdings, all holders must sign.

---TEAR HERE ---

(Acknowledgment Slip)

Folio No.: Sl. No.:

Date of receipt to the offer _____________

Received from Mr./Ms./M/s ____ __________

Address ____

Form of Withdrawal in respect of

________ Number of share certificates Representing ____________ number of shares of Canfin Homes Ltd

Copy of instruction slip from DP ID _____________Client ID_______________ number of shares_____________

Stamp of Registrar Date Signature of Official

This Page has been left Blank intentionally