PUBLIC ANNOUNCEMENT TO THE SHAREHOLDERS OF

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**

This public announcement ("PA") is being issued by Indbank Merchant Banking Services Limited (the "Manager to the Offer") for and on behalf of Canara Bank (A Government of India Undertaking) pursuant to and in compliance with, among others, regulation 11(1) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time (the "Regulations") issued by the Securities and Exchange Board of India ("SEBI").

The Offer

1. This voluntary open offer (this "Offer") is being made by Canara Bank ("the Acquirer"), a Government of India Undertaking constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, and having its Head Office at 112, J.C.Road, P.B.No.6648 Bangalore-560 002. There are no persons acting in concert with the Acquirer.

2. The Acquirer is the promoter/ sponsor of CanFin Homes Ltd (the "target company") holding 61,33,232 fully paid up equity shares forming 29.94% of the Shares and voting rights of the Target Company as on the date of this PA. There will be no change in control pursuant to this offer.

3. Pursuant to this Offer, the Acquirer proposes to acquire upto 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. 58 (Rupees Fifty Eight only) for each Share of the Target Company (such price, the "Offer Price"), to be paid in cash in accordance with the Regulations.

4. This Offer is not subject to any minimum level of acceptance.

5. 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.

6. The Manager to the Offer does not hold any shares in the Target Company, as on the date of this 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 Manager to the Offer till the expiry of 15 days from the closure of the offer

7. a. The Shares of the Target Company are listed on the Bangalore Stock Exchange (BgSE), the Stock Exchange, Mumbai ("BSE") and the National Stock Exchange of India Limited ("NSE"). The annualised trading turnover in the Shares of the Target Company during the previous six months (Feb – July 2007) is app. 27.75% on the NSE, app. 13.85% on the BSE and NIL on the BgSE (source: Websites of NSE and BSE and letter from BgSE). Accordingly, the Shares of the Target Company are frequently traded on the NSE and BSE and infrequently traded on the BgSE.

   b. This Offer is being made at a price of Rs.58 (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 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

The offer price is also justified in terms of Regulation 20(5) of the Regulations on other parameters (as per the audited results for year ended 31.03.2007) like Return on Net worth – 15.22%, Book Value per Share – Rs. 96.55, Earning per share – Rs. 14.70, Price/ Earning Multiple on the offer price – 3.95, Industry (Finance- Housing) Average P/E – 27.7 (Source: Capital Market Vol XXII/11 Jul 30 –Aug12,2007)

8. The Acquirer, as on the date hereof, does not hold any Shares of the Target Company, except as described in paragraph 2 herein.

9. This is not a competitive bid.

10. 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.

11. The Acquirer is permitted to revise this Offer upward 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.

Information about the Acquirer

12. 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-560 002. 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." 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.

13. The brief financial details of the Acquirer (based on audited accounts for the year ended 31.03.07) are as follows:

As on 31.03.2007	Rs in Crore
Total Income	12815.51
Net profit	1420.81
Equity Capital	410.00
Net Worth (excl. Revaluation Reserves)	8111.12
EPS (Rs.)	34.65
Book Value (Rs.)	197.83
Return on Net Worth	17.52%
Price Earning Multiple	6.48*

(* - Based on closing price on NSE on 24.08.07)

14. The equity shares of the acquirer are listed on the BgSE, BSE and NSE.

15. 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 Nominee and Shareholder Nominees. The Directors on the Board as on the date of this PA are : Shri M B N Rao (Chairman & Managing Director), Shri D L Rawal (Executive Director), Shri Amitabh Verma (Director representing Govt. of India), Srimati Vani J Sharma (Director representing Reserve Bank of India), Shri S K Kohli (Director representing other than workmen employees), Shri Ajay Mathur (Part-time non-official director), Shri S Shabbeer Pasha (Part-time non-official director), Shri Pankaj Gopalji Thakker (Part-time non-official director), Shri P V Maiya (Shareholder Director), and Shri B B Tandon (Shareholder Director).

16. 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).

17. 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.

Information about the Target Company

(The disclosures mentioned under this section have been sourced from publicly available sources. Further information about CanFin Homes Ltd (CFHL) is available at its website www.canfinhomes.com)

18. The Target Company having its registered office at No. 29/1, I Floor, Sir M N Krishna Rao Road, Basavangudi, Bangalore – 560004 was promoted in 1987, by Canara Bank in association with financial institutions including HDFC and UTI. Canara Bank is now the dominant equity shareholder in the company with a stake of 29.94%.

19. 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 42 branches. 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 home /housing loans to individuals, corporate bodies and others.

20. 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/-. As on the date of this PA, there are no partly paid up shares or outstanding convertible instruments of CFHL.

21. The brief financial details of the Target Company (based on audited accounts for the year ended 31.03.07) are as follows:

As on 31.03.2007	Rs in Crore
Total Income	190.01
Net profit	30.10
Equity Capital	20.49
Net Worth (excl. Revaluation Reserves)	197.78
EPS (Rs.)	14.70
Book Value (Rs.)	96.55
Return on Net Worth	15.22%
Price Earning Multiple	3.46 *

(* - Based on closing price on NSE on 24.08.07) *

22. The Shares of the Target Company are listed on BgSE, BSE and NSE.

Reasons for the Acquisition and Future plan about Target Company

23. 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.

24. 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.

25. 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.

26. Pursuant to this Offer, the public shareholding will not reduce to 25% or less of the voting equity capital of the Target Company.

Statutory and Other Approvals required for this Offer

27. 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. 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.

28. 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.

29. 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.

Financial Arrangements

30. The total financial resources required for this Offer, assuming full acceptance will be Rs. 25,02,26,268/- (Rupees Twenty Five Crores Two lakhs Twenty Six Thousand Two Hundred and Sixty Eight only) ("Maximum Consideration"). In accordance with Regulation 28 of the Regulations, an escrow account has been 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), being more than 25% of the total 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.

31. 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 funds requirement will be met from own sources/ Net Worth and no borrowings from FIs/ Banks or foreign sources such as NRIs or otherwise is envisaged.

32. The Manager to the Offer confirms that adequate funds (liquid resources) are available with the Acquirer through verifiable means to implement this Offer in full.

Other terms of this Offer

33. A letter of offer (the "Letter of Offer") specifying the detailed terms and conditions of this Offer along with the Form of Acceptance cum Acknowledgement (the "Form of Acceptance") will be mailed to all the shareholders, except the Acquirer, of the Target Company whose names appear on the register of members of the Target Company at the close of business hours on **September 21, 2007** (the "Specified Date"). A copy of the Letter of Offer (including Form of Acceptance) 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.

34. **The Offer Programme is as under:**

Activity Date	Day
Specified Date	September 21, 2007, Friday
Last date for dispatch of Letter of Offer to the shareholders of the Target Company	October 4, 2007, Thursday
Offer Opens on	**October 19, 2007, Friday**
Offer Closes on	**November 7, 2007, Wednesday**
Last date for a competitive bid, if any	September 17, 2007, Monday
Last date for revising the Offer Price / Offer Size	October 29, 2007, Monday
Last date for withdrawing acceptance of the Offer	November 2, 2007, Friday
Last date for communicating acceptance (in full or part) and rejection of applications and payment of consideration for applications accepted	November 22, 2007, Thursday

35. The shareholders of the Target Company who wish to tender their Shares pursuant to this Offer will be required to communicate their acceptance in the form and manner specified in the Letter of Offer together with their share certificate(s), transfer deed or a photocopy of the delivery instruction to the Depository Participant and such other documents as may be specified in the Letter of Offer and the Form of Acceptance to the Registrar to the Offer :

Canbank Computer Services Limited,
R&T Centre : 4th Floor, Naveen Complex, No 14, M.G. Road, Bangalore-560 001
Tel No.25320541 to 543, Fax:25320544 E-mail id: canbank_computer@dataone.in
Contact person: Sri.S Jayashanker, Asst.Vice President

in accordance with the instructions contained in the Letter of Offer and Form of Acceptance. In case of non-receipt of the Letter of Offer, shareholder may download the same from the SEBI website or obtain a copy of the same from the Manager to the Offer or Registrar to the Offer on providing suitable documentary evidence of acquisition of the said Shares.

36. In case the shareholders of the Target Company hold the Shares in dematerialized form, those desirous of participating in this Offer may send their application to the Registrar to the Offer, such that the applications are received by the Registrar to the Offer, on or before the closing date of this Offer, stating the name, address, number of Shares held, number of Shares offered, Depository Participant ("DP") name, DP ID number, beneficiary account number along with a photocopy of the Delivery instruction in "off-market" mode, duly acknowledged by the DP, in favour of "CCSL Escrow Account – CFHL Open Offer" filled in as per instructions given under:

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 November 7, 2007

Shareholders should ensure credit of their shares in favour of the depository account above before the closure of the Offer.

37. Persons who have acquired Shares of the Target Company (irrespective of the date of purchase) but whose names do not appear in the register of members of the Target Company on the Specified Date or those who have not received the Letter of Offer (LOF), may also participate in this Offer by submitting an application on a plain paper giving details regarding their shareholding and confirming their agreement to participate in this Offer as per the terms and conditions of this Offer. This is to be sent to Canbank Computer Services Limited, acting as the "Registrar to the Offer" together with the relevant share certificate(s) and transfer deeds if the Shares are held in physical form, photocopy of the DP Instruction slip duly acknowledged by the DP in case of Shares held in dematerialized form, the original contract note issued by a registered share broker of a recognized stock exchange through whom such Shares were acquired and/or such other documents as may be specified. No indemnity would be required from unregistered shareholders.

38 .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.

39. 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.

40. Shareholders who are holding equity shares in physical form and wish to tender their equity shares will be required to send the Form of Acceptance-cum-Acknowledgement, original Share Certificate(s) and transfer form(s) duly signed & witnessed to Canbank Computer Services Limited, at their address mentioned in paragraph 35 herein, who are acting as the Registrar to the Offer, in accordance with the instructions specified in the Letter of Offer and the Form of Acceptance so that the same are received on or before the close of the Offer, i.e. **November 7, 2007**. In case the registered shareholders do not send the aforesaid documents, but send the original share certificate(s) and transfer form(s) duly signed, which then are duly received by the Registrar to the Offer, the offer shall be deemed to be accepted.

41. The payment of consideration for accepted applications will be made by the Acquirer in cash through account payee cheques, drafts, warrants, etc. sent by registered post for amount exceeding Rs. 1,500 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 the bank details furnished in the demat account for shareholders tendering the shares in demat form, and as per bank details furnished in the acceptance form to the shareholders tendering the shares in physical form . The acquirer is required to deduct tax at source as may be applicable.

42. 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 received from their depository participant.

General

43. 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 **Friday, November 2, 2007**. 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

44. As per the Regulations, the Acquirer can revise the Offer Price upwards up to 7 working days prior to the closure of this Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where this PA has appeared and the revised price would be paid to all shareholders who tender their Shares in this Offer.

45. **If there is competitive bid:**

    (i) The public offers under all the subsisting bids shall close on the same date.

    (ii) As the offer price can not be revised during 7 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.

46. The Acquirer or its Directors and the Target Company or its Directors have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992.

47. This PA is expected to be available on the SEBI website at http://www.sebi.gov.in

48. Pursuant to Regulation 13 of the Regulations, the Acquirer has appointed Indbank Merchant Banking Services Limited as the Manager to the Offer. The Acquirer has appointed Canbank Computer Services Limited as the Registrar to the Offer.,

    Canbank Computer Services Limited,
    R&T Centre : 4th Floor, Naveen Complex, No.14, M.G. Road, Bangalore-560 001
    Tel No.25320541 to 543, Fax:25320544 E-mail id:canbank_computer@dataone.in
    Contact person: Sri.S Jayashanker, Asst.Vice President

49. Canara Bank, the Acquirer, and each of its Directors, jointly and severally accept full responsibility for the information contained in this PA and also accept responsibility for the obligations of acquirer laid down in the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 1997 and subsequent amendments thereof.

Issued by the Manager to the Offer

For and on behalf of the Acquirer

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

1st Floor, Khivraj Complex I, 480, Anna Salai, Nandanam, Chennai – 600 035
Tel. No.: (044) 24313094 – 97 Fax No: (044) 224313093 Email: cfhloffer@indbankonline.com

Dated: August 27, 2007 Contact Person: Mr. Sanjay Varghese
Place: Bangalore Vice President