



Looking Ahead

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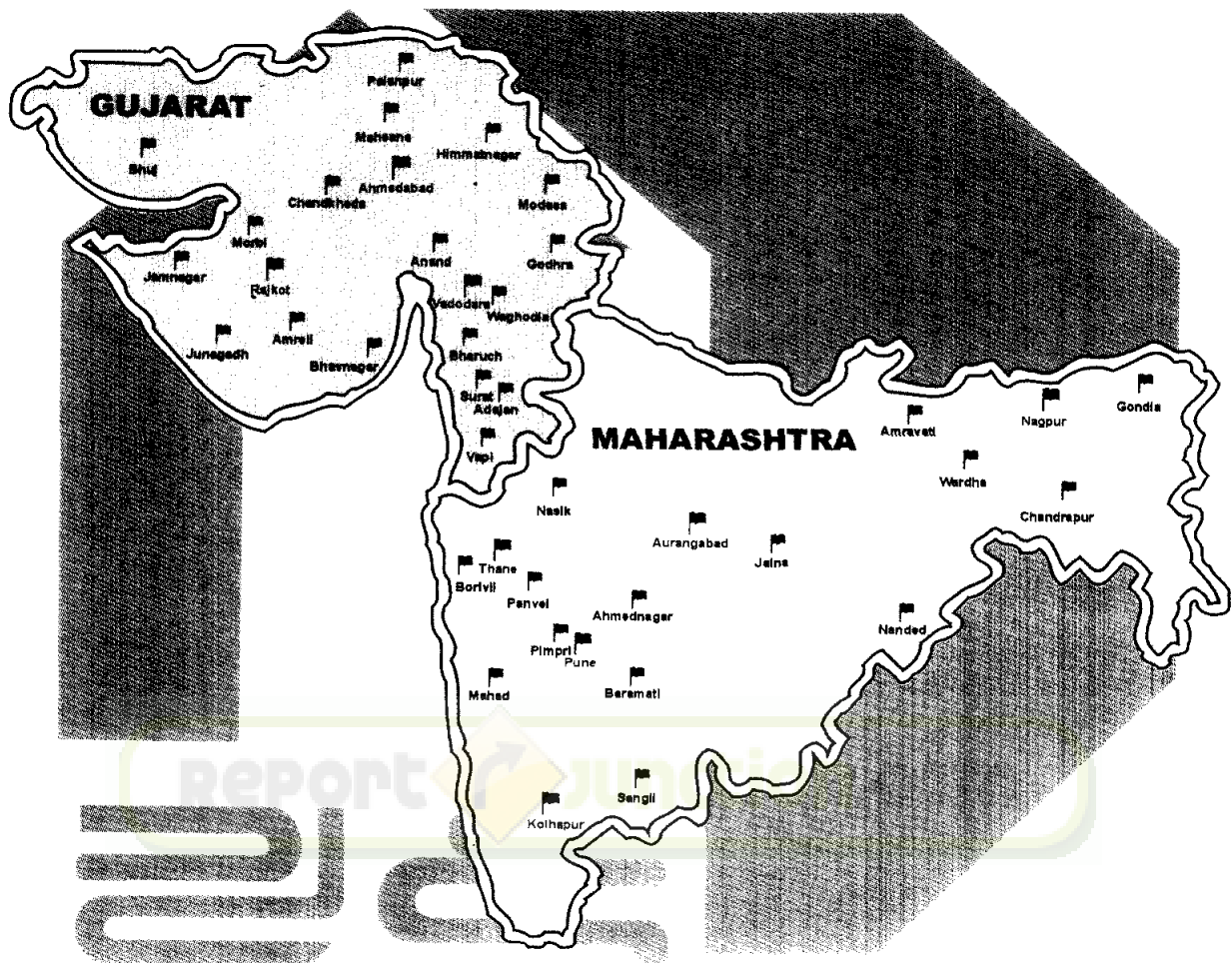


(A subsidiary of HDFC Ltd.)

1 5 T H A N N U A L - R E P O R T 2 0 0 0 - 2 0 0 1



GRUH's Service Network



We help you build homes



Vision

Vision is not just the ability to see. In management practice it is **the power to envision.**

Is there a difference? The Gruh family will tell you that there is a big difference. Because envisioning is all about the power of perceiving by clear thinking and imagination. It is about dreaming and then focusing all resources and corporate energy into making these dreams take shape.

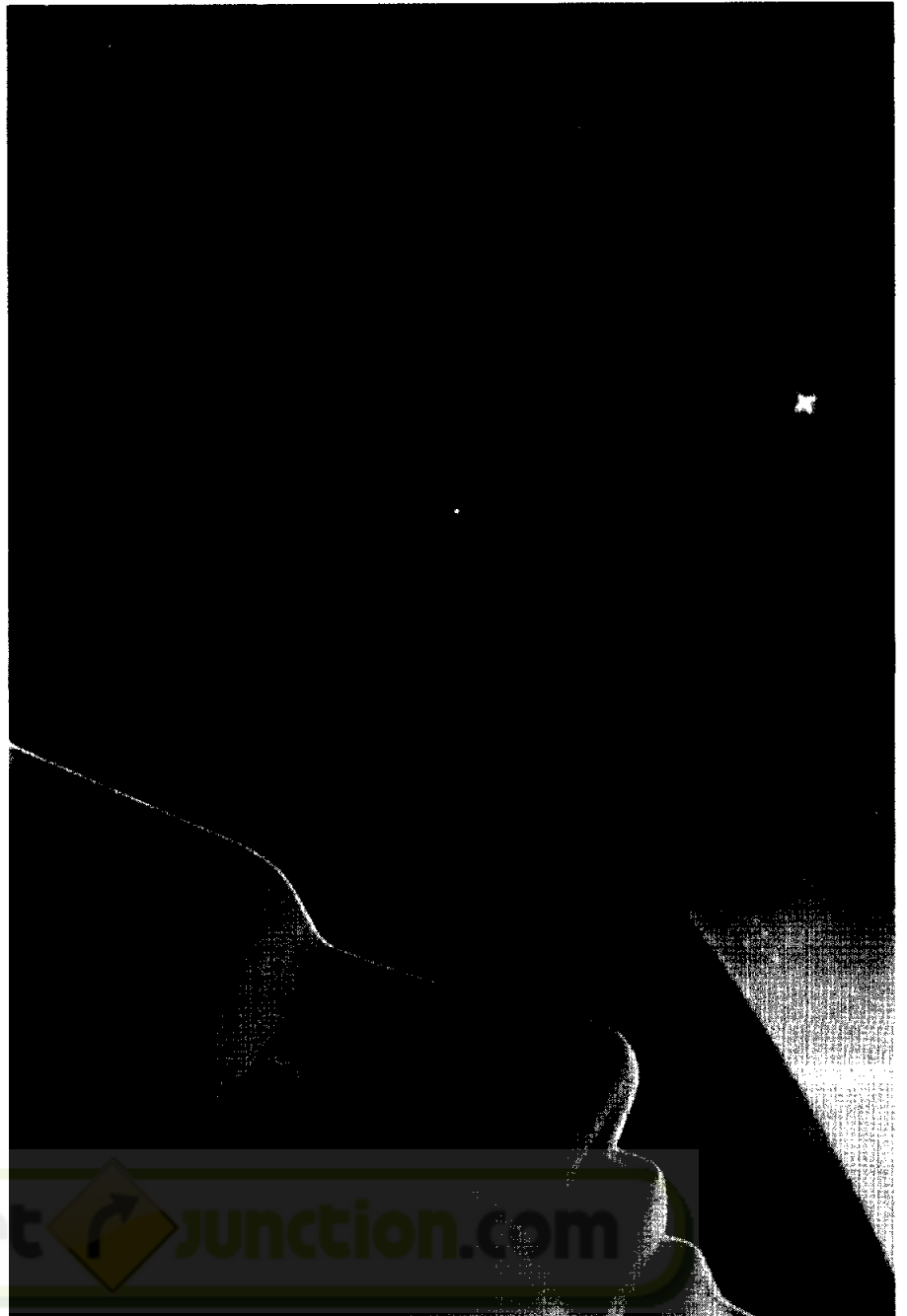
The Gruh family has had its fair share of challenge and adversity. The results today are the progressive outcome of painstaking application of mind and dedicated striving.

Gruh has now repositioned itself as '**a low cost originator of home loans**'. To effectively deliver on this promise, Gruh has successfully trimmed its proverbial sails. It has cut its non-interest expense ratio by over 40% during the last 3 years, reduced the cost of borrowed funds and doubled the productivity of its staff. It is also pertinent to mention that Gruh has achieved very high market penetration. Gruh's dominant presence with 35 retail offices in just 2 states (Gujarat and Maharashtra) provides some idea of the intensive reach which the Gruh brand now commands. However, inspite of operating in just 2 states, Gruh ranks 5th among all the 29 approved housing finance companies, most of whom have a national presence. Gruh has now embarked on a Rs. 1200 crore target for disbursements within a 5 year span and is well on its way to meeting this goal with disbursements having touched Rs. 478 crores in the last 3 years. The power of vision? The synergy of working like a family? The spin-offs from empowerment and ownership which GRUH staff feel in their work life? Management practitioners tell us that it has to be a bit of all these. And the Gruh family pledges to keep up the good work.

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A new vision...
a new positioning



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GRUH

*A low cost originator of
home loans*



BOARD OF DIRECTORS

Mr. S. M. Palia	Chairman
Mr. Narotam Sekhsaria	(Upto July 28, 2000)
Mr. Rohit C. Mehta	
Mr. Nasser M. Munjee	
Mr. Prafull Anubhai	
Mr. Satish Mehta	
Mr. Anil Singhvi	(Upto July 28, 2000)
Mr. Keki M. Mistry	(From July 28, 2000)
Ms. Renu S. Karnad	(From July 28, 2000)
Mr. B. Hanumantha Rao	
(Nominee of National Housing Bank)	(Upto October 5, 2000)
Mr. R. S. Garg	
(Nominee of National Housing Bank)	(From October 5, 2000)
Mr. T. C. A. Rangadurai, IAS	
(Nominee of Govt. of Gujarat)	(Upto July 28, 2000)
Mr. Hasmukh Adhia, IAS	
(Nominee of Govt. of Gujarat)	(Upto July 28, 2000)
Mr. N. V. Modi , IAS	
(Nominee of Govt. of Gujarat)	(From July 28, 2000)
Mr. S. G. Mankad, IAS	
(Nominee of Govt. of Gujarat)	(From October 5, 2000)
Mr. Sudhin Choksey	Managing Director

BOARD COMMITTEES

Audit Committee

Mr. S.M. Palia - Chairman
 Mr. Prafull Anubhai
 Mr. Satish Mehta
 Mr. Keki M. Mistry

Compensation Committee

Mr. S.M. Palia - Chairman
 Mr. Nasser Munjee
 Ms. Renu S. Karnad

Investment Committee

Mr. S.M. Palia - Chairman
 Mr. Satish Mehta
 Mr. Keki M. Mistry
 Ms. Renu S. Karnad
 Mr. Sudhin Choksey

Shareholders'/ Investors' Grievance Committee

Mr. S.M. Palia - Chairman
 Mr. Prafull Anubhai
 Mr. Sudhin Choksey



SENIOR EXECUTIVES

Mr. Kamlesh Shah	General Manager (Corporate Office)
Ms. Harismita Trivedi	Dy. General Manager (HRD)
Mr. Rishi Kapil	Senior Manager (Resource and Accounts)
Mr. Utpal Kapadia	Senior Manager (Information Systems)
Mr. Suresh Iyer	Manager (Business Development)
Mr. Avinash Srivastava	Chief Manager, (Saurashtra and South Gujarat)
Mr. S. Kalyanaraman Iyer	Chief Manager, (Western and Central Maharashtra)
Mr. Amit Chokshi	Area Manager, (Ahmedabad and North Gujarat)
Ms. Neelam George	Area Manager, (Eastern Maharashtra)
Mr. Umesh Agrawal	Area In – charge (Northern Maharashtra)
Mr. Amit Rashiwadekar	Area In – charge (Southern Maharashtra)
Mr. Marcus Lobo	Company Secretary

RETAIL OUTLETS

Gujarat*Ahmedabad &**North Gujarat*

: Ahmedabad * Chandkheda * Himatnagar * Mehsana * Modasa * Palanpur.

Saurashtra

: Amreli * Bhavnagar * Bhuj * Jamnagar * Junagadh * Morbi * Rajkot

South Gujarat

: Adajan * Anand * Bharuch * Godhara * Surat * Vadodara * Vapi * Waghodia

Maharashtra*Central Maharashtra*

: Ahmednagar * Baramati * Pimpri * Pune

Eastern Maharashtra

: Amravati * Chandrapur * Gondia * Nagpur * Wardha

Northern Maharashtra

: Aurangabad * Jalna * Nanded

Southern Maharashtra

: Kolhapur * Sangli

Western Maharashtra

: Borivli * Mahad * Nasik * Panvel * Thane

REGISTERED OFFICE

"GRUH", Netaji Marg, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad – 380 006.

Phone: 91-79-6421671 to 75 Fax: 91-79-6560649

AUDITORS

SORAB S. ENGINEER & CO.

Chartered Accountants

SOLICITORS & ADVOCATES

M/s. SINGHI & CO.,

Advocates , Solicitors and Notary.

BANKERS

- Bank of Baroda • Bank of India • Central Bank of India • Centurion Bank Ltd. • Dena Bank
- Development Credit Bank Ltd. • Global Trust Bank Ltd. • ICICI Bank Ltd. • Indian Overseas Bank
- Jammu and Kashmir Bank Ltd. • State Bank of India • State Bank of Patiala • State Bank of Saurashtra
- Syndicate Bank • Union Bank of India • UTI Bank Ltd.



HIGHLIGHTS

Operational Highlights

(Rs. in Crores)

	1996-97	1997-98	1998-99	1999-00	2000-01
Loan Disbursements	79.01	89.29	127.92	166.63	183.58
Cumulative disbursements					833.71
Average compounded growth rate					20.19
Cumulative Investment made possible in the Housing Sector					1405.94

Financial Indicators

(Rs. in Crores)

	1996-97	1997-98	1998-99	1999-00	2000-01
Gross Income	48.67	54.62	57.65	69.08	80.11
Profit After Tax	4.07	1.03	1.08	4.29	6.04
Share Capital	13.25	13.25	13.25	26.50	26.50
Net worth	31.49	30.36	28.93	48.12	56.45
Long Term Borrowings	174.98	182.24	239.65	308.83	286.38
Deposits	116.04	103.89	105.57	134.94	163.62
Outstanding Loans	218.92	264.89	338.54	419.84	451.95
Loans to Total Assets (%)	67.86	83.62	87.36	85.31	89.16
Individual home Loans to outstanding loans (%)	61.04	76.24	88.81	92.16	94.01
Capital Adequacy Ratio (%)	10.78	9.61	10.86	10.15	11.47
PAT to Average Total Assets (ATA)(%)	1.49	0.32	0.31	0.98	1.21
PAT to Average Net Worth (%)	13.00	3.31	3.65	11.14	11.55
Non Interest Expenses to ATA (%)	1.81	1.71	1.42	1.15	1.14
Book Value (Rs. per share)	23.77	22.92	21.83	18.16	21.30
Earnings Per Share (Rs.)	3.07	0.77	0.82	1.62	2.28



*Clear perception and
focussed strategy*



GRUH

*Retail lending and
deeper penetration*



DIRECTORS' REPORT

To The Members

Your directors have pleasure in presenting the Fifteenth Annual Report of your company with the audited accounts for the year ended March 31, 2001.

FINANCIAL RESULTS

(Rs. in lacs)

	For the year ended March 31, 2001	For the year ended March 31, 2000
Profit Before Tax	660.99	489.03
Provision for Tax	57.00	60.00
Profit After Tax	603.99	429.03
Add :		
Excess Provision of Income Tax for earlier years	34.42	0.00
Transfer from Habitat Development Fund	0.00	30.00
Balance Brought Forward From Last Year	113.17	8.87
Amount available For appropriations	751.58	467.90
Appropriations :		
Special Reserve	240.00	210.00
General Reserve	46.03	30.00
Proposed Dividend (at 8%)	212.00	103.36
Additional Tax On Proposed Dividend	21.63	11.37
Balance Carried to Balance Sheet	231.92	113.17
	751.58	467.90

DIVIDEND

Your directors are pleased to recommend a dividend of 8% for the year ended March 31, 2001.

INCREASE IN SHAREHOLDING BY HDFC

Housing Development Finance Corporation Limited (HDFC), the largest shareholder of your company acquired 68,90,000 equity shares from Gujarat Ambuja Cements Limited (GACL) in July 2000. As a result, HDFC's shareholding in your company - GRUH - currently stands at 54.49%. GRUH, therefore, is a subsidiary of HDFC.

EARTHQUAKE OF JANUARY 26, 2001

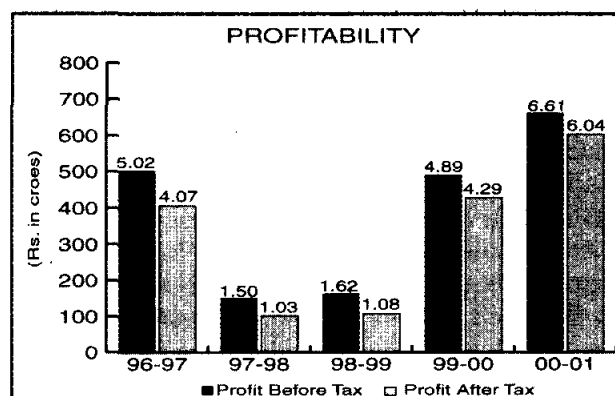
Gujarat has witnessed the most devastating earthquake that caused large-scale destruction and damage to residential properties of people in Gujarat. As a result of the earthquake, growth in the volume of business and recovery of home loans are likely to be impaired in the ensuing months. Having assessed and surveyed the extent of damages, it is estimated that less than 1% of GRUH's outstanding loan portfolio is likely to be effected. Some customers have requested for re-scheduling of repayment of the loans and your company is examining these loans on a case-to-case basis.

GRUH has also taken an active lead in endeavouring to mitigate the difficulties of not only its customers, but also other individuals and families affected by the earthquake by extending fresh loans for reconstruction and repairs of their dwelling units. National Housing Bank (NHB), the apex body of Housing Finance Companies has launched a Special Dispensation Scheme for the earthquake affected victims of Gujarat. Under this scheme, NHB has made available Rs. 1,000 crores at a concessional rate of interest of 8% for the beneficiaries. GRUH is determined to extend wholehearted support to this scheme.

REVIEW OF BUSINESS OPERATIONS

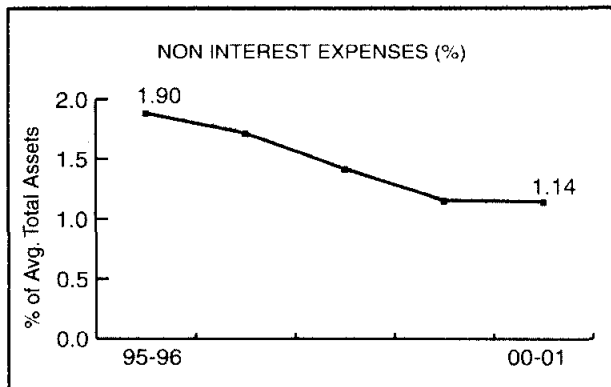
Financial Results

GRUH has registered a Profit After Tax of Rs. 6.04 crores for the year ended March 31, 2001. The rise in profits is attributed to a 10% growth in disbursements, reduction in the cost of borrowed funds and lower administrative expenses.





During the year, GRUH sold individual home loans aggregating to Rs. 81.09 crores as compared to Rs. 30.69 crores in the previous year. The surplus aggregating to Rs. 5.07 crores arising out of the sale of the portfolio has been recognised as income during the year. This has enabled GRUH to write off Rs. 4.15 crores, apart from making the required provision of Rs. 1.00 crore for non performing assets (NPAs).



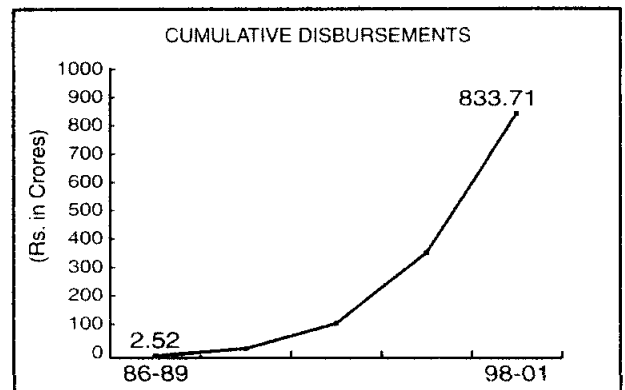
Lending

Total disbursements during the year were Rs. 183.58 crores as against Rs. 166.63 crores in the previous year. Cumulative disbursements as at March 31, 2001 stood at Rs. 833.71 crores. GRUH has recorded an average compounded growth rate of 27% in respect of disbursements over the last 3 years.

GRUH disbursed Rs. 179.29 crores to individuals as against Rs. 160.84 crores in the previous year, registering a growth of 11.47%. GRUH has financed over 9,500 dwelling units during the current year with an average loan size of Rs. 1.93 lacs. The loan to cost ratio was 70%.

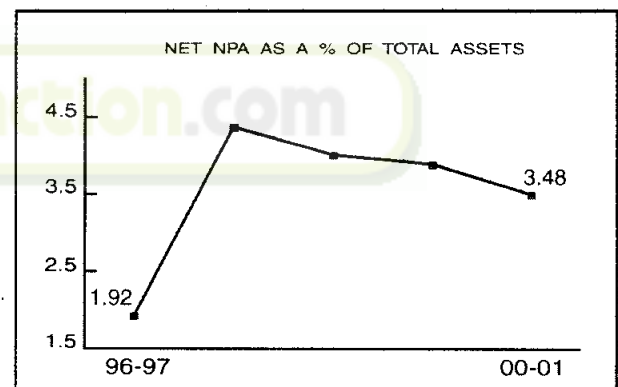
Under the Golden Jubilee Rural Housing Finance Scheme of the Government of India, GRUH has financed 4,891 dwelling units during the current year as against 3,625 dwelling units in the previous year registering a growth of 35%. Disbursements made under the scheme during the year was Rs. 66.56 crores as against Rs. 56.15 crores in the previous year. GRUH has disbursed Rs. 169.34 crores and financed more than 13,600 dwelling units under this scheme, which commenced in August 1997.

GRUH's loan portfolio increased from Rs. 419.84 crores as on March 31, 2000 to Rs. 451.95 crores as on March 31, 2001. After considering the loans that have been sold, GRUH services a total portfolio of Rs. 555.21 crores.



Recoveries

Recoveries under the individual home loan portfolio continues to be satisfactory. The principal outstanding in respect of individual home loans, where installments were in arrears for over 6 months constituted 0.89% of the individual home loan portfolio of Rs. 424.87 crores. The principal amount affected by non performing assets (NPAs) under the individual home loan category stood at Rs. 3.79 crores.



GRUH continues to experience some delayed payments in the recovery of loans from the corporate and builder segments. Your company has acquired properties in settlement of dues and has also restructured some of