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'Do what you can, with what you have,
right where you are'

Theodore Roosevelt

1 7 t h A N N U A L R E P O R T 2 0 0 2 - 2 0 0 3

Nature's Show

Like a great poet, Nature knows how to produce
the greatest effects with the most limited means.
Nature is what we know - yet have not heart to say -
so impotent our wisdom is to her simplicity.

In fact, monotony is the law of Nature.
Look at the monotonous manner in which the sun rises!
And if ignorant man marvels at the exceptional;
the wise man marvels at the common;
and the greatest wonder of all is the regularity and
consistency of Nature's performance.
Yes, the poetry of earth is never dead . . .
the poetry of earth is ceasing never.

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GRUH FINANCE LIMITED

Regd. Office: "GRUH", Netaji Marg, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad 380 006

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)

17TH Annual General Meeting - July 4, 2003

I hereby record my presence at the SEVENTEENTH ANNUAL GENERAL MEETING of the Company at Gujarat Chamber of Commerce & Industry Hall, Ashram Road, Ahmedabad 380 009 at 10.00 a.m. on Friday, July 4, 2003.

Full name of the member (In BLOCK LETTERS) :

Folio No./ Client ID No. : No. of Shares held :

Full name of proxy (In BLOCK LETTERS) :

Member's/Proxy's Signature :

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GRUH FINANCE LIMITED

Regd. Office: "GRUH", Netaji Marg, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad 380 006



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PROXY FORM

Reg. Folio No./ Client ID No. No. of Shares held

I/ We
 of
 being a Member/Members of GRUH Finance Limited, hereby appoint
 of or failing him
 of as my / our Proxy to attend and vote for me / us on my / our behalf at the
 Seventeenth Annual General Meeting of the Company, to be held at 10.00 a. m. on Friday, July 4, 2003 and at any
 adjournment thereof.

Signed this day 2003.

Signature

Affix
30 paise
Revenue
Stamp

NOTE: The proxy form duly completed and signed must be returned so as to reach the Registered Office of the Company, at "GRUH", Netaji Marg, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad 380 006 not less than FORTY-EIGHT HOURS before the meeting.

GRUH FINANCE LIMITED

Regd. Office: "GRUH", Netaji Marg, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad 380 006



Dear Shareholder,

Sub: Payment of Dividend through Electronic Clearing Services (ECS)

The facility of payment of dividend through ECS is available to those shareholders having accounts with bank branches located at such places specified from time to time by the Reserve Bank of India. In case you wish to avail of this ECS facility, kindly furnish the information in the form given below and return before June 27, 2003 together with a photocopy of cheque or cancelled blank cheque of the relevant bank a/c.

In case you have dematerialised your shares, we request you to submit your request for ECS to your Depository Participant.

Yours faithfully,

For **GRUH FINANCE LIMITED**

Marcus Lobo

Company Secretary

..... Tear here

Shareholders' Name :

To,

Date :

The Company Secretary

GRUH Finance Limited

'GRUH", Netaji Marg,

Nr. Mithakhali Six Roads,

Ellisbridge, Ahmedabad – 380 006.

Sub : **Payment of Dividend through ECS** : (Folio No. _____)

Dear Sir,

I hereby given the company my mandate to credit my dividend on the shares held by me under the aforesaid folio directly to my bank account through the Electronic Clearing Service. The details of the bank account is given below :

- A. Bank Name :
- B. Branch Name :
- C. 9 Digit Code number of bank & branch as appearing on Cheque :
- D. Account Type (Saving/Current) :
- E. Account No.as appearing on the cheque book :
- F. STD Code & Telephone No. :

We understand that this arrangement is subject to RBI guidelines from time to time. We shall not hold the company responsible if the ECS could not be implemented or the company discontinue(s) the ECS for any reason.

Yours faithfully,

(Signature of the first / sole shareholder)

Folio No.:

Note :

- Please attach the photocopy of a cheque or a blank cancelled cheque issued by your Bank relating to your above account for verifying the accuracy of the 9 digit code number.**
- In case you are holding shares in demat form, kindly advise your Depository Participant to take note of your Bank account particulars /ECS mandate.**



NOTICE

NOTICE IS HEREBY GIVEN THAT THE SEVENTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF GRUH FINANCE LIMITED WILL BE HELD AT GUJARAT CHAMBER OF COMMERCE AND INDUSTRY, ASHRAM ROAD, AHMEDABAD 380 009 ON FRIDAY, THE 4TH JULY, 2003 AT 10.00 A.M. TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2003, the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a Director in place of Mr. Satish Mehta, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Prafull Anubhai who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

"RESOLVED THAT in partial modification of Resolution No.7 passed at the 14th Annual General Meeting of the Company held on June 23, 2000 and in accordance with the provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby accords its approval to the increase in the remuneration payable to Mr. Sudhin Choksey, the Managing Director of the Company, with effect from April 29, 2003, for the remainder of the tenure of his contract, as set out in the draft supplemental agreement submitted to this meeting duly initialed by the Chairman for the purpose of identification.

RESOLVED FURTHER THAT the Board of Directors of the Company or the Committee thereof, be and is hereby authorised to settle all matters pertaining to the increase in the remuneration payable to the Managing Director and to do all such acts, deeds, things and matters as may be requisite in this regards."

April 29, 2003

By Order of the Board

Registered Office :

"GRUH"
Netaji Marg,
Nr. Mithakhali Six Roads,
Ellisbridge,
AHMEDABAD 380 006

Marcus Lobo
Company Secretary

Notes :

- (A) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The proxy form should be lodged with the Company at its registered office at least 48 hours before the time of the meeting.
- (B) The relative Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item No. 6 above is annexed hereto.
- (C) The Register of Members and Share Transfer Books of the Company will remain closed from June 27, 2003 to July 4, 2003 (both days inclusive).
- (D) Copies of all documents referred to in the Notice and the Explanatory Statement are open for inspection at the registered office of the Company during office hours on all working days between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
- (E) Member Companies / Organisations are requested to send a copy of the resolution of their Governing Body authorising their representatives to attend and vote at this Annual General Meeting.
- (F) Pursuant to Section 205 of the Companies Act, 1956, all unclaimed/unpaid dividend upto the financial year 1994-95 has been transferred to the General Revenue Account of the Central Government.
Consequent upon introduction of Section 205C by the Companies(Amendment) Act, 1999 and the rules framed thereunder, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account of the Company is required to be transferred to the Investor Education and Protection Fund set up by the Government of India and no claims shall lie against the Company or the said Fund after the said transfer.
- (G) Please note that unclaimed dividend in respect of financial year 1995-96 are due for transfer to the said Fund in September 2003 and no claims shall lie against the Company or the said Fund after the said transfer.
- (H) Members who have not either not received or have not encashed their dividend warrant(s) for the financial years 1995-96, 1996-97, 1997-98, 1999-2000, 2000-2001 or 2001-2002 are requested to claim the unpaid dividend from the Company before transfer to the above mentioned Fund.
- (I) Members holding shares in physical form are requested to promptly notify any change in their address / bank account details to the Company. Members holding shares in the dematerialised form are requested to notify the aforesaid changes to their depository participant(s).

**ANNEXUE TO THE NOTICE****Explanatory Statement pursuant to Section 173 of the Companies Act, 1956.****Item No. 6**

Mr. Sudhin Choksey was appointed as Managing Director of the Company for a period of five years effective May 5, 2000, and his appointment was approved at the 14TH Annual General Meeting held on June 23, 2000.

Mr. Sudhin Choksey was entitled as Managing Director of the Company for a remuneration comprising of salary, in the range of Rs.40,000/- to Rs.60,000/- p.m. as may be decided by the Board of Directors of the Company or the Committee thereof, commission, perquisites and other benefits. In the present salary range, the Managing Director would soon be reaching the upper band before the expiry of his present term of office. Considering the nature and extent of responsibilities being handled by him and the tremendous growth that the Company has made under his astute stewardship, the Board of Directors of the Company at its meeting held on April 29, 2003 and subject to the approval of the members of the Company in the general meeting, had proposed to revise his remuneration by way of increase in salary band to a monthly salary within the range of Rs.57,000/- to Rs.75,000/- for the remainder of the tenure of his contract. The present term of contract of the Managing Director is for a period of five years effective May 5, 2000.

All other terms and conditions except the rateable increase in commission, perquisites and other benefits in the agreement will remain unchanged as is set out in the draft supplemental agreement which is available for inspection by the member during the business hours on any working day, at the Registered Office of the Company upto the date of the meeting.

None of the Directors except Mr. Sudhin Choksey is, in any way, concerned or interested in the said resolution.

The explanation together with the accompanying notice is to be regarded as an abstract of terms and Memorandum of Interest under Section 302 of the Companies Act, 1956.

The Directors recommended the Resolution set out at Item No.6 of the accompanying notice for your approval.

INFORMATION AS REQUIRED UNDER CLAUSE 49 (VI)(A) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING RE-APPOINTED, ETC.**Mr. Satish Mehta**

Mr. Satish Mehta is the Managing Director of Credit Information Bureau (India) Ltd.(CIBIL). He is a Chartered Accountant from the Institute of Chartered Accountants of India. He was earlier the General Manager (Business Development) of HDFC upto 2001. He has been on the board of GRUH since 1998. He is a member of the Audit Committee of GRUH.

Mr. Satish Mehta is also a director on the board of NDB Housing Bank Ltd., HDFC Realty Ltd. and Gujarat Venture Finance Ltd. He is a Chairman of the Audit Committee of NDB Housing Bank Ltd.

Mr. Prafull Anubhai

Mr. Prafull Anubhai, is a management consultant and is associated with educational institutions like Indian Institute of Management (IIMA), AES (Ahmedabad Education Society), etc. He has done his B.Sc.(Econ.) from the London School of Economics and attended PMD at Harvard Business School. He has been a visiting faculty at IIMA. He has 30 years of experience as a Chief Executive of Textile Manufacturing Operations. He has been on the board of GRUH since 1987. He is a member of the Audit Committee and the Shareholders'/ Investors' Grievance Committee of GRUH.

Mr. Prafull Anubhai is a Director on the board of Torrent Cables Ltd., Unichem Laboratories Ltd., The EMSAF – Mauritius (The Emerging Markets South Asian Fund), Mahavir Spinning Ltd. (Vardhman Group), Hi-Rel Electronics Ltd., Dinesh Polyber Ltd., H.K. Finechem Ltd. and Birla Sun Life Trustee Co. Pvt Ltd. Mr. Prafull Anubhai is member of the Audit Committee and Shareholders'/Investors' Grievance Committee of Torrent Cable Ltd., member of Audit and Remuneration Committees of H.K. Finechem Ltd. and Unichem Laboratories Ltd. and member of Audit Committee of Birla Sun Life Trustee Co. Pvt. Ltd.

Mr. Sudhin Choksey

Mr. Sudhin Choksey, the Managing Director of GRUH is a Chartered Accountant from the Institute of Chartered Accountants of India. He has been employed with GRUH since 1993 and was the Executive Director of the company since 1996. He was appointed as the CEO of the company in 1998 and the Managing Director in 2000. He has the working experience of handling functional areas of finance, commercial and general management both in India and abroad. He is a member of the Shareholders'/ Investors' Grievance Committee of GRUH.

Mr. Sudhin Choksey is a director of Gujarat State Financial Services Ltd. and is a member of its Audit Committee.

April 29, 2003

By Order of the Board

Registered Office :

"GRUH"
Netaji Marg,
Nr. Mithakali Six Roads,
Ellisbridge,
AHMEDABAD 380 006

Marcus Lobo
Company Secretary

The sun is beginning to rise up, above the proverbial clouds, for the stakeholders at GRUH.

Long neglected by policy makers and planners, the housing sector has in the last few decades provided a vital impetus to the development of the economy. However, for the visionaries who have pioneered and created this sector, the travails of the journey have been quite daunting. GRUH is a case in point. Entrusted with the mandate to focus exclusively on the non-urban housing sector, GRUH faced its own share of challenges.

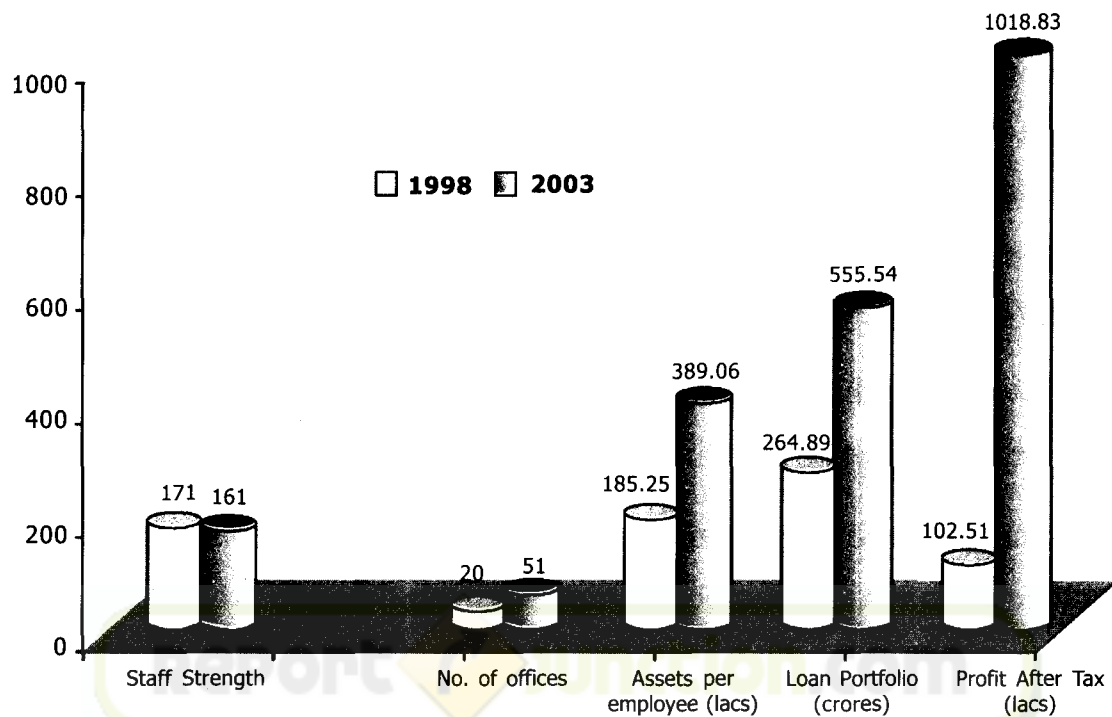
The forward march of the initial years and the search for an accelerated revenue and growth model brought in a stormy phase.

Convulsed by the aftermath, GRUH had to do what Nature often teaches us: get back to a position of strength through a determined process of internal healing. It is a process which requires patience and a 'can-do' spirit. You have to take life as Nature does: one day at a time.

The GRUH team has endeavoured to do what it can, with the resources at its disposal and within the playing field allotted for its institutional initiative. The clouds are receding... and the sun is showing up. Net NPAs as a % of Net Loans have come down from 4.28% in 98-99 to 0.82% this year, indicating a return to a healthier institutional status. The Net result: a ranking of 19th on the MVA. With a team that has learnt its lessons well and feels totally empowered, GRUH is confident of doing its patient stakeholders proud. The annual dividend which was skipped in the year 1998-99 has gone up to 15% this year, is only one fleeting signal of the commitment to consolidate and fuel enhanced performance in the years ahead.



THE JOURNEY TRAVELLED (1998-2003)



The strength of character

Character cannot be developed in ease and quiet
Only through experiences of trial and suffering can the soul be strengthened,
vision cleared, ambition inspired and success achieved.

Helen Keller



HIGHLIGHTS

Operational Highlights

(Rs. in Crores)

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
Loan disbursements	89.29	127.92	166.63	183.58	188.80	202.16
Cumulative disbursements						1224.69
Average compounded growth rate						17.75
Cumulative investment made possible in the Housing sector						1982.01

Financial Highlights

(Rs. in Crores)

	1998-99	1999-00	2000-01	2001-02	2002-03
Interest Income	54.59	64.96	75.17	78.86	77.97
Interest Expenses	46.27	53.34	60.48	60.08	57.87
Net Interest Income	8.32	11.62	14.69	18.78	20.10
Other Income	2.97	3.66	4.51	4.97	5.76
Net Revenues	11.29	15.28	19.19	23.75	25.86
Operating Cost	5.00	5.04	5.71	6.98	7.35
Operating Result	6.29	10.24	13.48	16.77	18.52
Depreciation	3.77	2.39	1.72	1.75	1.28
Amount Written Off	0.90	2.16	4.15	5.12	2.97
Provision for Contingencies	0.00	0.80	1.00	0.75	2.25
Profit before tax	1.62	4.89	6.61	9.14	12.02
Provision for taxation	0.54	0.60	0.57	1.14	1.83
Profit after tax	1.08	4.29	6.04	8.01	10.19
Funds					
Deposits	105.57	134.94	163.62	176.90	185.36
Subordinate Debt	0.00	0.00	0.00	10.00	10.00
Stockholders' Equity	28.93	48.12	56.45	66.64	70.99
Loans	338.54	419.84	451.95	480.33	555.54
Investments	14.26	11.11	12.29	15.50	20.63
Key Ratios					
Profit After Tax to Average Total Assets (%)	0.31	0.98	1.21	1.51	1.73
Net Interest Margin to Average Total Assets (%)	1.94	1.90	1.93	1.96	2.50
Loans to Average Total Assets (%)	96.38	95.67	90.58	90.58	94.15
Capital Adequacy Ratio (%)	10.86	10.15	11.47	17.65	18.26
Return on Average Network (%)	3.65	11.65	12.93	15.66	18.08
Earning Per Share (Rs.)	0.82	1.62	2.28	3.02	3.84
Dividend per Share (Rs.)	0.00	0.50	0.80	1.20	1.50
Dividend Payout Ratio (%)	0.00	30.86	35.09	39.74	39.06

BOARD OF DIRECTORS



Mr. K. M. Mistry
Chairman



Mr. S. M. Palia



Mr. Rohit C. Mehta



Mr. Prafull Anubhai



Mr. R. S. Garg



Mr. Satish Mehta



Ms. Renu S. Karnad



Mr. Sudhin Choksey
Managing Director