



We help you build homes
(A subsidiary of HDFC Ltd.)

To dream and do To aspire and achieve To seek new horizons and find fulfillment

For us at GRUH it's all part of an experience called *Life*



Living the dream

India is at the proverbial point of inflexion where many small dreams are creating big waves of change.

The country has more than 60% of its population in the age group of 15 years and above. This is an indicator that India has a large population of youth and adults who will be instrumental in building a brighter future and transforming India into a superpower.

While youthful India dares to dream, GRUH strives to make many of these dreams come true. Through customized products and customer friendly services, GRUH caters to that section of India that needs housing the most.

Ploughing a new furrow through familiar roads and unfamiliar terrain, GRUH has developed a bank of insights and unique models for participative housing loan delivery. Here are a few images which provide a visual walk-through of what GRUH teams see every day: real people with stars in their eyes and commitment coming straight from the heart.



GRUH FINANCE LIMITED

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

**PROXY FORM**

Folio No. DP ID 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 Twenty Second Annual General Meeting of the Company, to be held on Friday, July 25, 2008 at 10.30 a.m. and
at any adjournment thereof.

Affix
15 paise
Revenue
Stamp

Signed this day 2008. Signature

NOTE : The proxy form duly completed and signed must be deposited at 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.

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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)

22nd Annual General Meeting - July 25, 2008

I hereby record my presence at the TWENTY SECOND ANNUAL GENERAL MEETING of the Company at H. T. Parekh Convention Centre, Ahmedabd Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 on Friday, July 25, 2008 at 10.30 a.m.

Full name of the member (In BLOCK LETTERS) :

Folio No. DP ID No. Client ID No.

No. of Shares held

Full name of proxy (In BLOCK LETTERS) :

Member's/Proxy's Signature :

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF GRUH FINANCE LIMITED WILL BE HELD AT H.T. PAREKH CONVENTION CENTRE, AHMEDABAD MANAGEMENT ASSOCIATION (AMA), ATIRA CAMPUS, DR. VIKRAM SARABHAI MARG, AHMEDABAD 380 015 ON FRIDAY, THE 25TH DAY OF JULY, 2008 AT 10.30 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, 2008, 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. S M Palia, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rohit C Mehta, 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 pursuant to 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 1, 2008, for the remainder of the tenure of his contract, i.e upto March 31, 2010, 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 (hereinafter referred to as the 'board') be and is hereby authorised to vary and/or modify the terms and conditions of the Supplemental Agreement that may be entered as set out in the said draft including remuneration payable to Mr. Sudhin Choksey, in such manner as may be agreed to between the board and Mr. Sudhin Choksey and within the limits prescribed in Schedule XIII to the Companies Act, 1956 including any amendment, modification, variation or re-enactment thereof."

RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits of the Company in any financial year, during the term of office of Mr. Sudhin Choksey, the remuneration mentioned in the above referred draft agreement shall be paid to Mr. Sudhin Choksey as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule XIII to the Companies Act, 1956."

RESOLVED FURTHER THAT any revision in the remuneration payable to Mr. Sudhin Choksey shall be within the overall limits as approved by the members in terms of this resolution and as recommended by the Compensation Committee to the board for its approval, from time to time."

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."

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

"RESOLVED THAT in supersession of the earlier resolution passed at the 20th Annual General Meeting of the members of the Company held on 7th July, 2006, the consent of the Company be and is hereby accorded under the provisions of Section 293(1)(d) of the Companies Act, 1956, to the Board of Directors of the Company to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose; provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of Rs.3000 crores (Rupees three thousand crores)."

April 11, 2008

By Order of the Board

Registered Office:

"GRUH"

Netaji Marg,

Nr. Mithakhali Six Roads,

Ellisbridge, Ahmedabad 380 006

• Marcus Lobo

Company Secretary

ANNEXURE TO THE NOTICE**Explanatory Statement pursuant to Section 173(2) 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 April 1, 2005, and the said appointment was approved by the members of the Company at the 19TH Annual General Meeting held on June 14, 2005.

Mr. Sudhin Choksey was entitled as Managing Director of the Company for a remuneration comprising of salary, in the range of Rs.80,000/- to Rs.1,60,000/- p.m. as may be decided by the Board of Directors of the Company or the Committee thereof, perquisites, ex-gratia 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 growth that the Company has made under his astute stewardship, the Board of Directors of the Company at its meeting held on April 11, 2008 on receiving the recommendations of the Remuneration Committee of the Board of Directors 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.1,60,000 /- to Rs.2,50,000/- 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 April 1, 2005.

All other terms and conditions except the rateable increase in perquisites, ex-gratia 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.

Your Directors commend the Resolution as set out at Item No.6 for approval of the members.

Item No. 7

In accordance with the resolution passed by the members of the Company at the 20TH annual general meeting held on July 7, 2006, the amount outstanding consequent to loans borrowed by the Board of Directors on behalf of the Company cannot exceed Rs.2000 crores at any point of time. As on March 31, 2008, the total borrowings of the Company amounted to Rs.1773.04 crores. In view of growth in business of the Company, it may be necessary for the Company to

borrow monies from various sources consequent to which the amount outstanding could exceed the present limit of Rs.2000 crores.

Your Directors accordingly commend the new limit to the extent as set out in the resolution at Item No. 7 for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Notes:

- (A) **A MEMBER ENTITLED TO ATTEND AND VOTE 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 duly completed and signed, 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(2) of the Companies Act, 1956, in respect of the special business under item Nos. 6 and 7 above is annexed hereto.
- (C) The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, July 15, 2008 to Friday, July 25, 2008 (both days inclusive).
- (D) Subject to the provisions of section 206A of the Companies Act, 1956, dividend as recommended by the Board of Directors, if declared at the meeting, will be dispatched / remitted commencing from the day after the annual general meeting to those Members whose names appear in the register of members of the Company / statement of beneficial ownership maintained by the depositories as on close of business on July 14, 2008.
- (E) 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. up to the date of the annual general meeting.
- (F) In terms of the provisions of Section 205A of the Companies Act, 1956, dividends not en-cashed or claimed within seven years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Government. Accordingly, unclaimed dividend in respect of financial year 2000-2001 is due for transfer to the said Fund in August 2008. In terms of the provisions of Section 205C of the Companies Act, 1956, no claim shall lie against the Company or the said Fund after the said transfer.
- (G) Members who have either not received or have not encashed their dividend warrant(s) for the financial years 2000-2001 to 2006-2007 are requested to write to the company mentioning the relevant Folio No(s) or the depository account number(s), for issuance of duplicate/ revalidated dividend warrant(s).

- (H) 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).
- (I) Equity shares of the Company are under compulsory demat trading by all investors. Considering the advantage of scripless trading, members are encouraged to consider dematerialisation of their shareholding so as to avoid inconvenience in future.

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INFORMATION AS REQUIRED UNDER CLAUSE 49 (IV) (G) (i) OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING RE-APPOINTED/APPOINTED:

Mr. S.M. Palia

Mr. S.M. Palia, is a development banker. He holds a degree in Commerce, Law and Banking [CAIIB, CAIB (London)] and has 25 years working experience in Industrial Development Bank of India (IDBI) in various capacities. He retired as Executive Director of IDBI in 1989. He is on the board of reputed companies like Tata Steel Ltd. The ACC Limited, Tata Motors Limited, The Bombay Dyeing & Mfg. Co. Ltd., Kalyanpur Cements Limited and AL Champdany Industries Limited. He has been on the board of GRUH since 1993. He was Vice Chairman of the Company from 1993 to 2000 and Chairman of the Company for one year from January 2001. He is Chairman of the Audit, Compensation and Shareholders'/ Investors' Grievance Committees of GRUH. As on March 31, 2008, Mr. S M Palia holds 6,480 Equity shares of the Company and 15,000 Stock Options granted under ESOS -2007.

Mr. Rohit C. Mehta

Mr. Rohit C. Mehta, is a prominent and successful industrialist possessing a wide and varied experience in the management of business and industry. He is a Law Graduate from the

Bombay University. He was International President of Lions Clubs International. He has also been the President of Federation of Indian Chambers of Commerce & Industry. He is the Chairman of Torrent Cables Ltd.. He is a director of Cama Hotels Ltd. and Gujarat Hotels Ltd. He has been on the board of GRUH since 1987 and was the Chairman of the Company from 1987 to 1998. He is a member of the Audit Committee of GRUH. As on March 31, 2008, Mr. Rohit C Mehta holds 5,905 Equity shares of the Company and 15,000 Stock Options granted under ESOS -2007.

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. He was appointed as the CEO of the Company in 1998 and the Managing Director in 2000. He has 30 years working experience of handling functional areas of finance, commercial and general management both in India and abroad. He is a director of Gujarat State Financial Services Ltd., Deepak Nitrite Ltd. and alternate director of Hunnar Shaala Foundation for Building Technology and Innovations. He is a member of the Shareholders'/ Investors' Grievance Committee of GRUH. As on March 31, 2008, Mr. Sudhin Choksey holds 31,831 Equity shares of the Company and 50,000 Stock Options granted under ESOS -2007.

April 11, 2008

By Order of the Board

Registered Office:

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

Marcus Lobo
 Company Secretary

HIGHLIGHTS

(Rs. in crores)

Financial Highlights	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03
Loan Disbursement	632	474	360	300	218	202
Net Interest Income	75	52	36	28	21	20
Fees & Other Income	6	6	6	5	6	5
Operating Cost	18	14	12	9	9	9
Operating Profit	63	44	30	23	19	18
Provisions & Write Offs (net)	4	7	4	3	4	5
Profit Before Tax	59	37	26	20	15	13
Profit After Tax	42	30	22	17	13	11
Stockholder's Equity	190	164	87	73	63	59
Borrowed Funds	1773	1305	1080	806	572	555
Loan Assets	1770	1377	1069	817	582	556
Investments	17	17	23	22	19	21

Key Financial Ratios

Capital Adequacy Ratio (%)	18.15	16.31	14.24	15.71	19.26	18.26
Debt Equity Ratio (times)	9	8	12	11	9	9
Loans to Total Assets (%)	90	94	92	93	91	90
Gross NPA to Loan Assets (%)	1.12	1.36	1.48	1.95	1.68	1.87
Net NPA to Loans (%)	0	0	0.23	0.66	0.30	0.81
Net Interest Margin to Average Assets (%)	4.37	3.98	3.50	3.72	3.35	3.47
Non-Interest Expenses to Average Assets (%)	1.05	1.05	1.12	1.25	1.36	1.46
Cost to Income Ratio	22	24	28	29	32	34
PAT to Average Assets (%)	2.47	2.25	2.12	2.20	2.12	1.76
Return on Average Network (%)	24	24	27	24	22	18

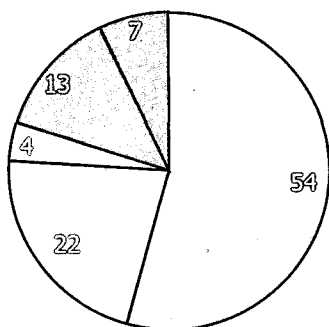
Measuring Shareholders Wealth

Earning Per Share (Rs.)	12.22	9.40	8.18	6.31	5.03	3.84
Dividend Rate (%)	40	30	25	21	18	15
Dividend Payout Ratio (%)	38	41	35	38	40	44
Book Value Per Share as at March 31 (Rs.)	54.91	47.42	32.79	27.72	23.91	22.34
Market Price Per Share as at March 31 (Rs.)	154.35	135.94	93.30	45.05	29.70	15.90
Price to Value Ratio (times)	2.81	2.87	2.85	1.63	1.24	0.71
Price to Earning Ratio (times)	13	14	11	7	6	4
Market Capitalisation	534	471	247	119	79	42

Profile of GRUH's Customers

Cumulative Disbursements in Individual Segment

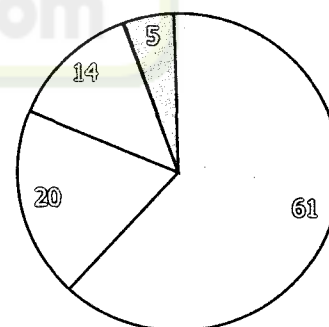
Properties Financed - Location wise Distribution



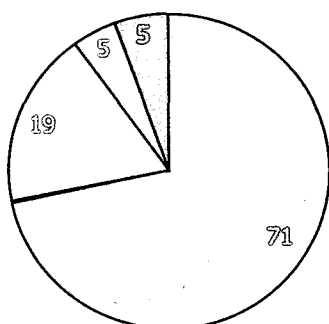
Population at location	No.	%	
< 50,000	69156	54	<input type="checkbox"/>
> 50,000 but < 2,00,000	28944	22	<input type="checkbox"/>
> 2,00,000 but < 5,00,000	5428	4	<input type="checkbox"/>
> 5,00,000 but < 25,00,000	17083	13	<input type="checkbox"/>
> 25,00,000	9268	7	<input type="checkbox"/>
Total	129879	100	

Properties Financed - Family Income wise Distribution

Monthly Income of Family (Rs.)	No.	%	
< 10,000	92512	61	<input type="checkbox"/>
> 10,001 but < 15,000	24685	20	<input type="checkbox"/>
> 15,001 but < 20,000	6595	14	<input type="checkbox"/>
> 20,000	6087	5	<input type="checkbox"/>
Total	129879	100	



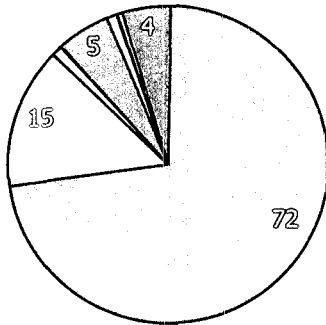
Properties Financed - Loan Amount Wise Distribution



Loan Amount (Rs.)	No.	%	
< 2,00,000	79347	71	<input type="checkbox"/>
> 2,00,000 but < 3,00,000	25834	19	<input type="checkbox"/>
> 3,00,000 but < 5,00,000	17624	5	<input type="checkbox"/>
> 5,00,000	7074	5	<input type="checkbox"/>
Total	129879	100	

GRUH's Outstanding Loans

Productwise Portfolio



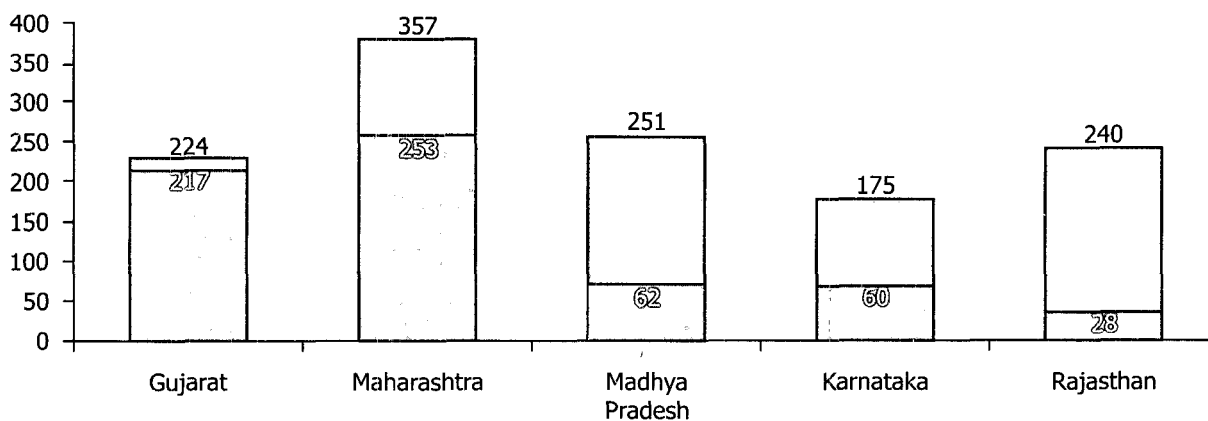
(Rs. in Crores)

Individual Housing	Amount	%	
Suraksha	1281.71	72	<input type="checkbox"/>
Suvidha	264.70	15	<input type="checkbox"/>
Sajavat	25.85	2	<input type="checkbox"/>
Individual Non Residential			
Samrudhi	88.51	5	<input type="checkbox"/>
Subhlabh	33.08	2	<input type="checkbox"/>
Sahyog	0.55		<input type="checkbox"/>
Developer Loans	75.21	4	<input type="checkbox"/>
Total	1769.61	100	



GRUH's Rural Focus

Customers Served in Talukas



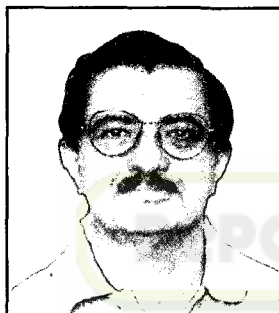
☐ Total Talukas in State

☐ Talukas Served by GRUH

BOARD OF DIRECTORS



Mr. K. M. Mistry
Chairman



Mr. S. M. Palia



Mr. Rohit C. Mehta



Mr. Prafull Anubhai



Ms. Renu S. Karnad



Mr. K. G. Krishnamurthy



Mr. Sudhin Choksey
Managing Director