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HDFC

HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

HDFC 20TH ANNUAL REPORT 1999 - 2000



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COVER THEME

Origami: the forms which visualise our theme

"The transformation of an ordinary piece of paper into a pleasing origami design is a kind of alchemy, perhaps even more so, in today's increasingly push-button, computer-controlled, battery-operated culture, than ever before."

[*The Ultimate Papercraft and Origami Book, by Paul Jackson and Angela A'Court with Marion Elliot.*]

The history of origami is obscure; clearly, it cannot predate the invention of paper in China 2000 years ago. The secret of papermaking travelled with the Chinese invasion of Japan in 610 AD. It seems to have been assimilated at once into Japanese culture and its uses ranged from the ceremonial to the practical in various aspects of daily life in Japan.

Origami designs were originally created for symbolic or ritual purposes. Consider the source of the word; ori = to fold. kami = paper; God. Pronounced as origami, a word used worldwide today out of respect for the place, where this art of papercraft originated.

Origami forms express simplicity: the use of a common medium in uncommon ways, thereby creating an entirely different approach in employing innovative skills. Herein lies the challenge.

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HIGHLIGHTS

HDFC

OPERATIONAL HIGHLIGHTS

	1995-96	1996-97	1997-98	1998-99	1999 (E) Cumulative
Approvals (Rs. in crores)	2,071.46	2,521.70	3,251.27	4,071.76	24,214.79
Disbursements (Rs. in crores)	1,683.55	2,100.78	2,753.61	3,424.27	20,150.00
Cumulative Investment made possible in the housing sector (Rs. in crores)	19,928.89	26,207.51	32,710.05	40,540.36	

1 Crore = 10 Million
1 Lac = 100,000

FINANCIAL HIGHLIGHTS

(Rs. in crores)

	1995-96	1996-97	1997-98	1998-99	1999-00
Gross Income	982.18	1,265.33	1,444.68	1,752.73	2,015.56
Profit After Tax	195.69	247.89	293.36	333.90	401.81
Shareholders' Funds	1,501.82	1,662.75	1,777.24	1,971.84	2,095.93
Share Capital - Equity	119.11	119.11	119.11	119.11	119.11
- Preference	50.00	50.00	—	—	—
Reserves and Surplus	1,332.71	1,493.64	1,658.13	1,852.73	1,976.80
Long Term Borrowings	2,552.34	3,035.47	3,724.66	4,571.18	6,764.69
Deposits	2,512.69	3,502.19	4,493.79	5,259.40	6,223.85
Loans Outstanding	4,740.68	5,709.32	6,944.07	8,279.26	10,063.08
Dividend per share (Rs.)	37	45	75*	85	19**
Book Value per Share (Rs.)	1,259	1,354	1,492	1,655	176**
Earnings per Share (Rs.)	161	203	243	280	34**

*Includes special dividend of Rs.20 per share to mark the completion of HDFC's 20th anniversary
**(Based on face value of Rs. 10 per equity share)

Contents

Board of Directors 10

Brief Profile of the Directors of the Corporation 11

Chairman's Statement 15

Directors' Report 21

Report of the Directors on Corporate Governance 28

Review of the Chairman of the Audit Committee of Directors 33

Review of the Chairman of the Compensation Committee of Directors 33

Operational and Financial Review 34

Accounts with Auditors' Report- HDFC Limited 40

Accounts of Subsidiary Companies :

HDFC Developers Limited 71

HDFC Investments Limited 83

HDFC Holdings Limited 93

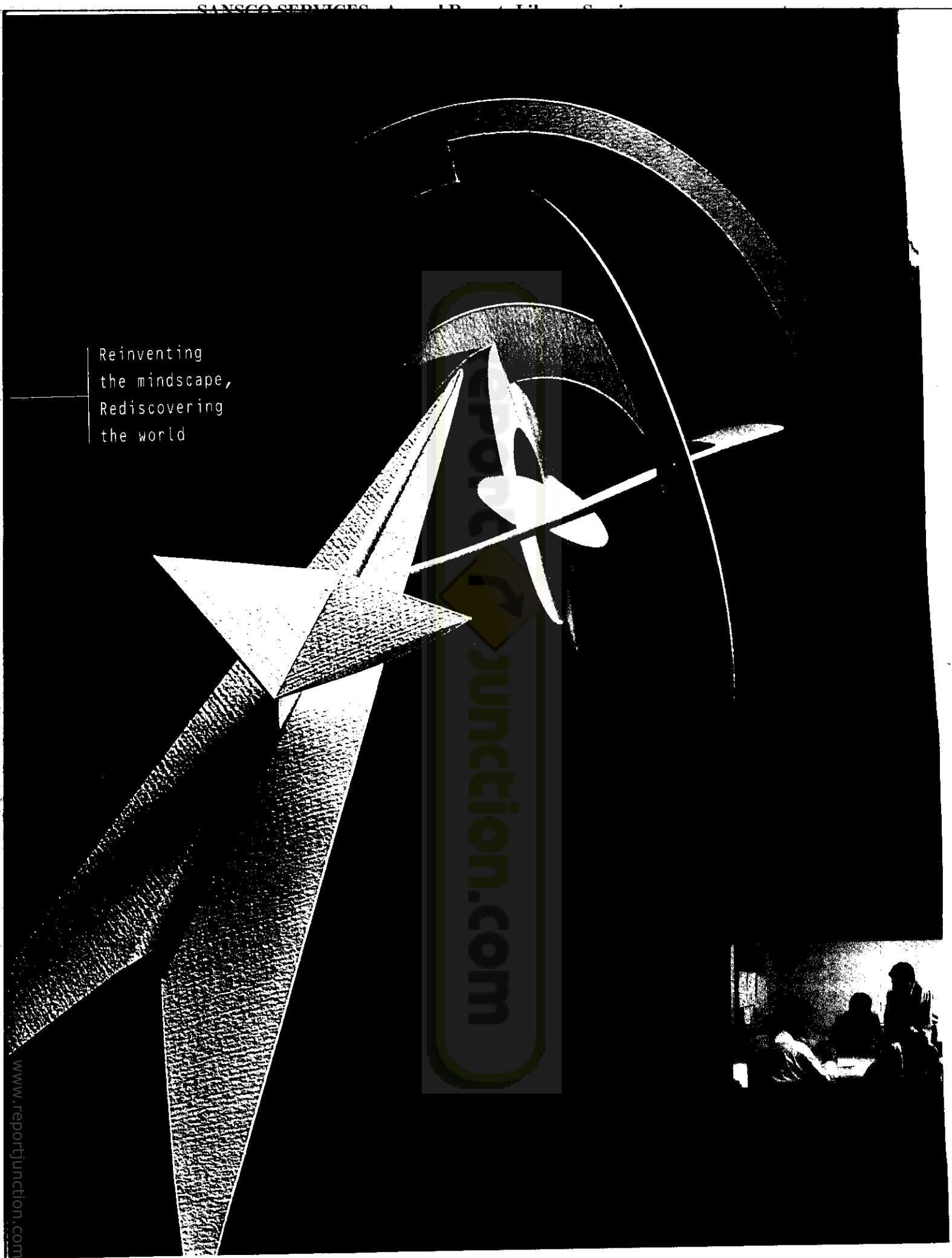
HDFC Asset Management Company Limited 102

HDFC Trustee Company Limited 110

Consolidated Group Accounts with Special Auditors' Report 119

Information to Shareholders 125

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year equates a century, knowledge compresses time: the information technology revolution sweeps the world, gathering momentum with each new application, soaring towards fresh goals, rapidly opening vistas hitherto unknown. Here we are, in the twenty-first century

as we compiete our twenty-second year. For an organization in tne housing finance industry, this is a vitally important year, **a year that catapults us towards new challenges at every stage of endeavour.** It gives us good reason for aiming high - our theme for the annual report, and one which underscores our efforts in several areas.

Ideas soar from a core of integrity

Multi-faceted demands are both a part and a product of today's economic environment - globally-oriented, speed-driven, competitive. For one's sights to be set high and imagination set free, it is essential that principle-centredness be ingrained from the very beginning in every aspect of corporate thinking. It is equally essential that good corporate governance be scrupulously practised: **an organization that aims high** must needs be firmly rooted in the core values that have enabled it to survive - and grow.

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Fair



The scope extends
with clarity
and mutual trust

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Trust and transparency have always been built into our way of working. Invaluable, because they not only cement relationships, strengthen communication and foster open and participative management, they are also proven assets in harnessing the new technology and its extraordinary tool, the computer. Exciting fields of venture open up, overcoming the physical impediments of time and distance, enlarging range and accessibility. Who, for instance when HDFC first began, would have thought it possible that by the turn of the century, a potential customer thousands of miles away could be offered all the information and help he needs in looking for, and deciding on, a residence in his home town in India? Yet that is precisely what our very recent joint venture, designed to provide **a whole range of real estate services,** www.propertymartindia.com is set to do: a vertical portal, it will also converge with human interface and personalized service.

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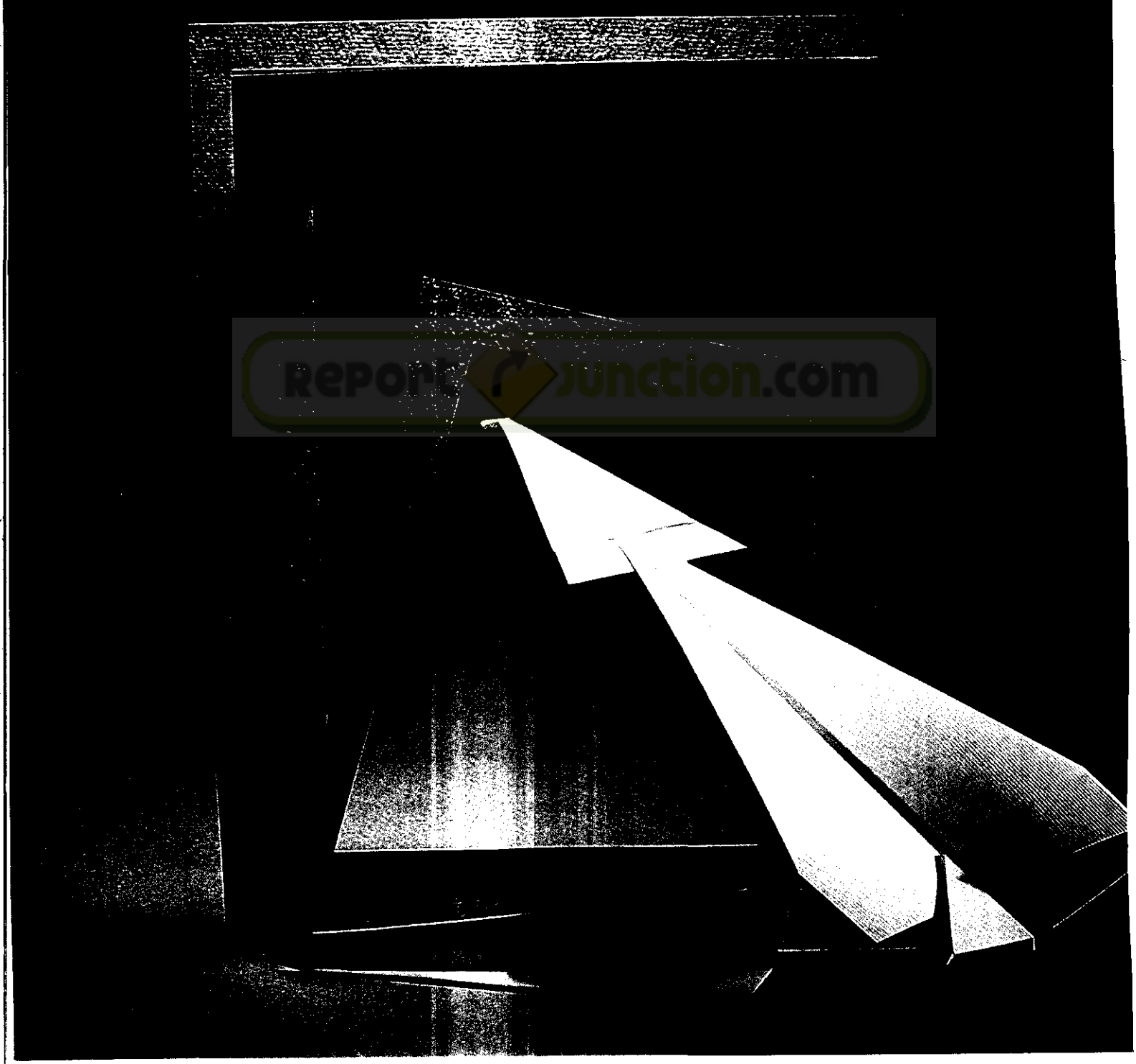
An expanding vision

Right from the start, it has been important for us as an organization *to be genuine in purpose, straightforward in execution - and learn not to* repeat our mistakes. It has meant being true to our beliefs, and constantly teaches us the value of understanding our constituents: primarily our shareholders, our employees, our investors, our depositors and our borrowers. It builds enduring bonds which are of a quality that develops and augments brand loyalty in an otherwise capricious and highly charged environment.

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Widening outlook,
a crossing
of barriers



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Equally important for us is the **continuing priority of service,** for which there is no substitute in a competitive world. Service, **efficient and thoughtful,** predicates everything we do. It delineates our products, our delivery processes, our systems - and how we interact: within the company, or without; face to face, or across cyberspace. With an upswing in the demand for speed and quality, service management has also meant a widening outlook, a crossing of barriers. Considering we have been **proactive on service** since day one, it defines not just what we do, but how we do it.

Radical concepts, recharged energies

The creative challenges we confront are significant. They call for the evolution of a whole new mind-set. We had started by fighting to bring alive the housing finance industry at a time when hardly any ground rules for it existed - and many still do not. Today, we are looking at, learning from and becoming part of the world experience. In the process, we explore fresh avenues. **In this era of mergers, the importance of being broad based, both in intrinsic terms and in offering a wider range of products and services,** acquires deeper connotations.

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The thrust
and challenge of
new options



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