HDFC HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED

THIRTIETH ANNUAL REPORT 2006-07

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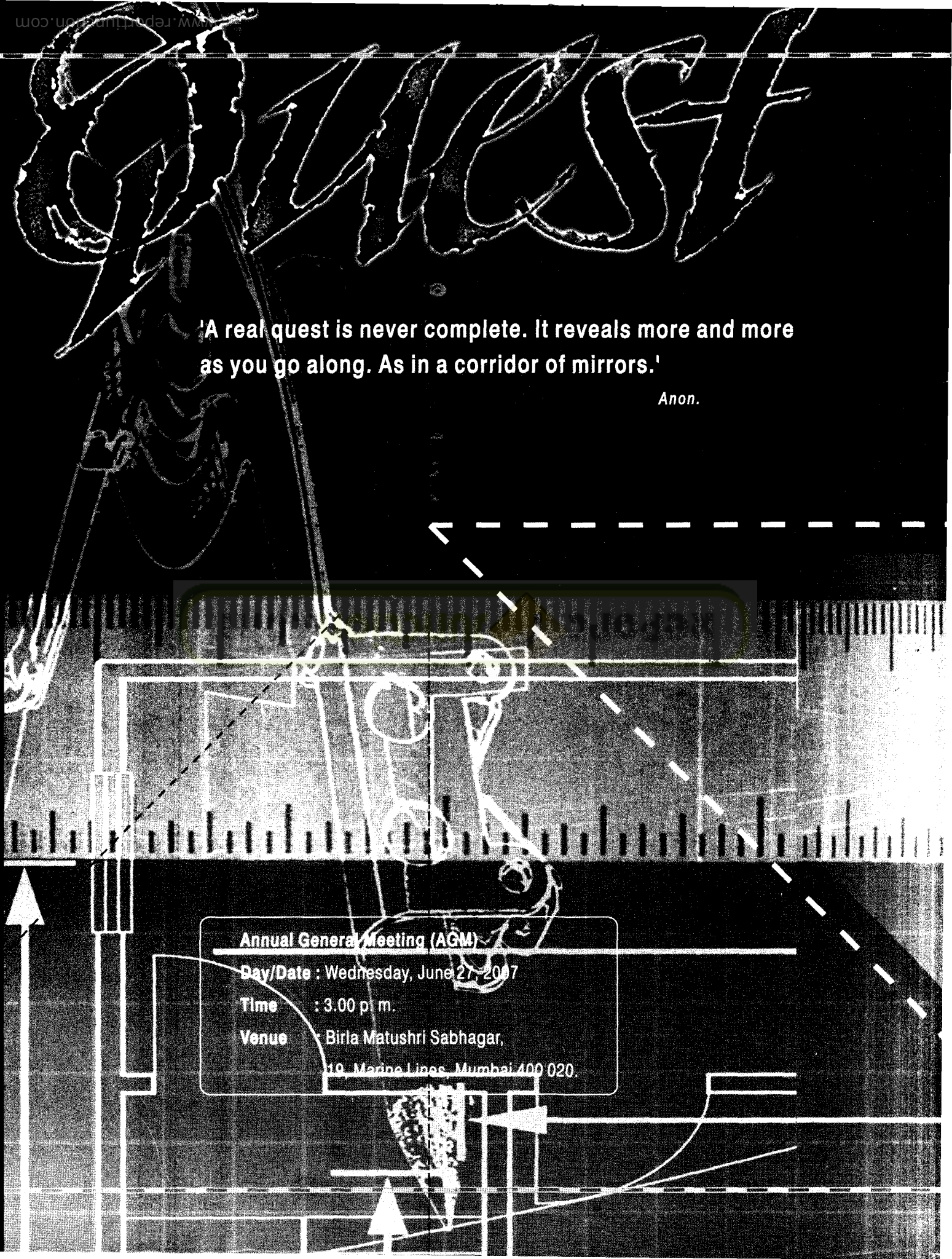
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Quest

'A real quest is never complete. It reveals more and more as you go along. As in a corridor of mirrors.'

Anon.



Annual General Meeting (AGM)

Day/Date : Wednesday, June 27, 2007

Time : 3.00 p.m.

Venue : Birla Matushri Sabhagar,
19, Marine Lines, Mumbai 400 020.

Central to every aspect of our search has been a continuing dedication to the values of integrity, transparency and trust, values that have been HDFC's since inception. The solid core of all our activities, one that creates its own, far-reaching ripple effect. From the very beginning HDFC has always placed the customer first inspite of enjoying a monopoly in the early days, the quest for customer satisfaction has been a vital focus area.

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OPERATIONAL HIGHLIGHTS

(Rs. in crores)

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	Cumulative
Approvals	3,251.27	4,071.76	5,305.15	6,879.77	9,041.25	11,731.57	15,215.56	19,715.33	25,633.67	33,331.93	145,763.55
Disbursements	2,753.61	3,424.27	4,492.74	5,803.01	7,616.56	9,950.87	12,696.82	16,206.75	20,679.20	26,177.99	119,281.45
Cumulative Investment made possible in the housing sector	32,710.05	40,540.36	50,742.57	64,502.11	82,584.61	103,734.78	134,165.90	173,595.90	224,863.24	291,527.10	

1 Crore = 10 Million
1 Lac = 100,000

FINANCIAL HIGHLIGHTS

(Rs. in crores)

	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Gross Income	1,444.68	1,752.73	2,015.56	2,382.35	2,700.15	2,975.62	3,077.85	3,410.44	4,278.39	5,896.26
Profit After Tax	293.36	333.90	401.81	473.65	580.01	690.29	851.78	1,036.59	1,257.30	1,570.38
Shareholders' Funds	1,777.24	1,971.84	2,095.97	2,371.94	2,702.84	3,043.86	3,393.79	3,883.10	4,468.33	5,551.40
Share Capital - Equity	119.11	119.11	119.11	120.08	121.71	244.41@	246.61	249.12	249.56	253.01
Reserves and Surplus	1,658.13	1,852.73	1,976.86	2,251.86	2,581.13	2,799.45	3,147.18	3,633.98	4,218.77	5,298.39
Term Borrowings	3,724.66	4,571.18	6,764.69	8,219.95	10,264.67	14,130.73	19,346.39	28,807.31	37,979.93	46,808.61
Deposits	4,423.79	5,252.40	6,223.85	7,249.83	8,491.02	9,121.55	9,337.65	7,840.09	8,741.42	10,384.42
Loans Outstanding	6,944.07	8,219.26	10,063.00	13,224.66	17,207.68	21,749.91	27,974.27	36,011.50	44,990.12	57,193.03
Dividend (%)	75*	85	190**	125	250***	110@	135	170	200	220
Book Value per Share (Rs.)#	75	83	88	99	111	125	138	156	179	219
Earnings per Share (Rs.)#	12	14	17	20	24	28	35	42	50	63

* Includes one time special dividend of 20% to mark the completion of HDFC's 20th Anniversary.
** Includes one time special millennium (interim) dividend of 100%.
*** Includes one time special Silver Jubilee dividend of 100%.
@ The Corporation allotted bonus shares in the ratio of 1:1 in December, 2002. Dividend is for the full year on the enhanced capital post the issue of bonus shares.
# Adjusted for bonus

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We salute...

...the spirit of the man whose search in an entirely new direction, and whose vision brought HDFC into existence, 30 years ago: the late Mr. H. T. Parekh;

as we salute...

...the innumerable well-wishers, friends and fellow-workers, within and outside the organisation,and proudly acknowledge and honour the comradeship and guidance we have received from them.

Through three decades of sharing, which was inspiring. Our quest continues...

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Three decades ago, our first, and most significant quest began: to find a way of helping more and more people find their own homes.

In time HDFC grew, and is today, a household word, the most steadfast support in housing finance.

Today, it points to new directions, new dimensions, new explorations: a reaffirmation, a dynamic renewal.

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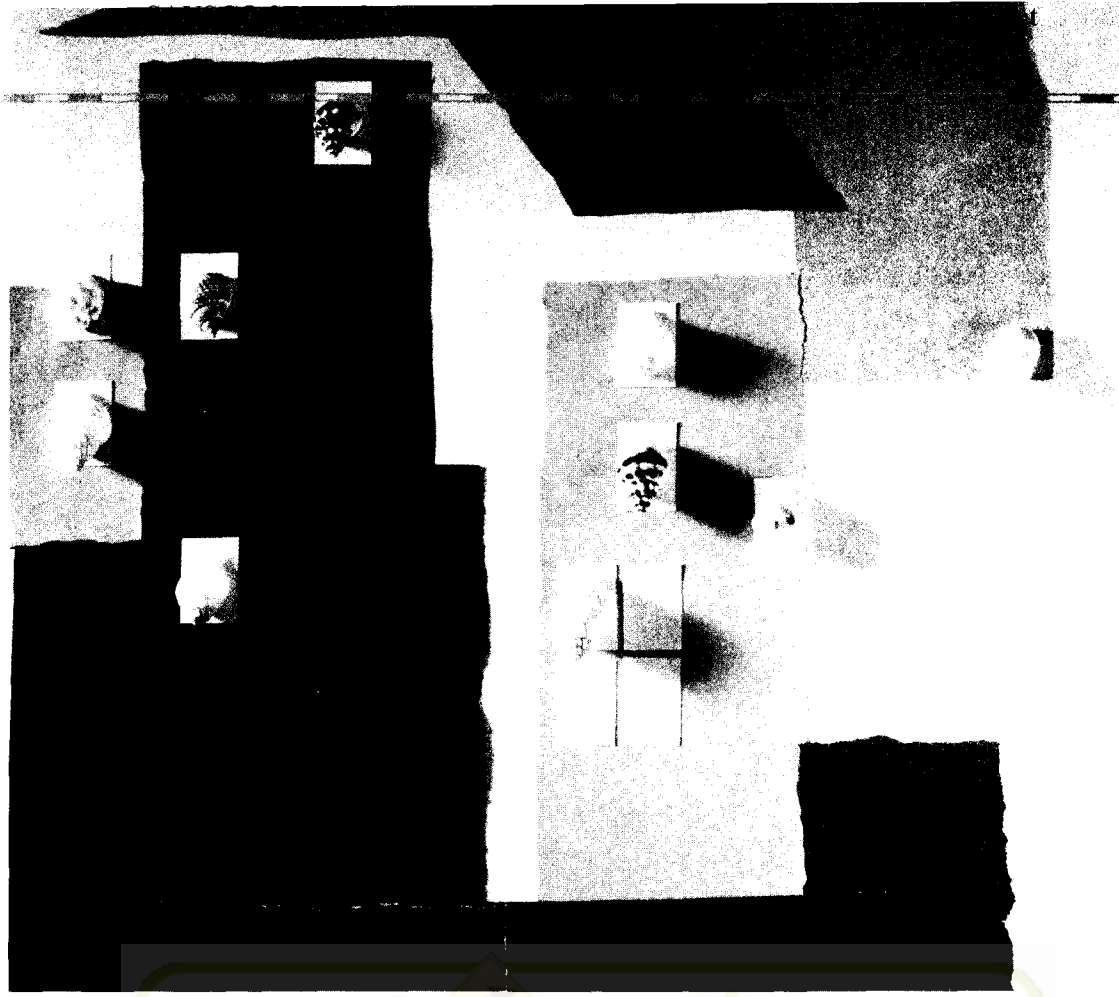
Every quest begins by looking outwards. For us, at HDFC, it means looking through our customers' eyes–to focus on all that is significant in the selection of the right home.



It spurs us on to help ease the complexities of investment; to pay keen and continuing attention to the nuances of changing lifestyles, different needs, and most importantly, to raising the efficiency of our services.

As a multi-product, multiple services group, with a network of institutions, all autonomous, all under the HDFC banner, all in a spectrum of financial related services, horizons expand towards a lively and mutually rewarding relationship with a wider clientele. So do our responsibilities to every individual who places faith in us: loan and deposit customers, shareholders, key-partners and other stakeholders. For, our quest continues...

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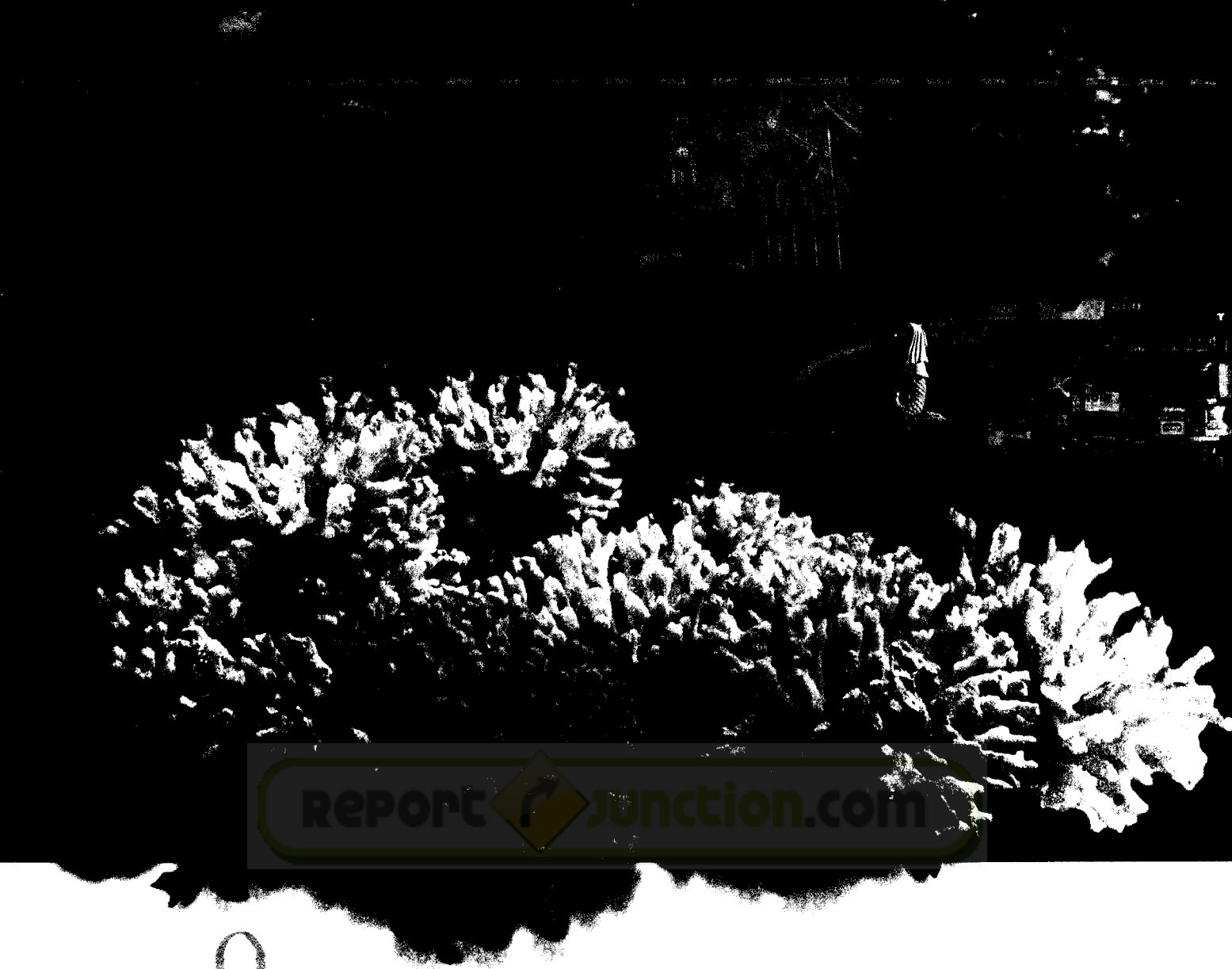


Consider our customers. The homemakers. Each looking for a home that's special. Different. It is our business to provide it. And our pleasure. So, we launch our search, with flexibility and imagination: to apply research effectively to understand our customers: their aspirations, their eco-friendly concerns, their individual preferences of environment and locale.

Apart from readily providing technical help, legal assistance and a whole slew of property-related queries, we believe in involving the entire family, through business events, property fairs for the home seekers and with cartoon characters, painting contests, creativity workshops for their children-embracing our customers and their little ones.

This leads us further in our quest: to work jointly with developers, in offering better facilities, such as club house, swimming pools, rock gardens, alternative energy sources, or applying the latest technology for security measures, be it to open doors, watering your home garden or even your household chores.

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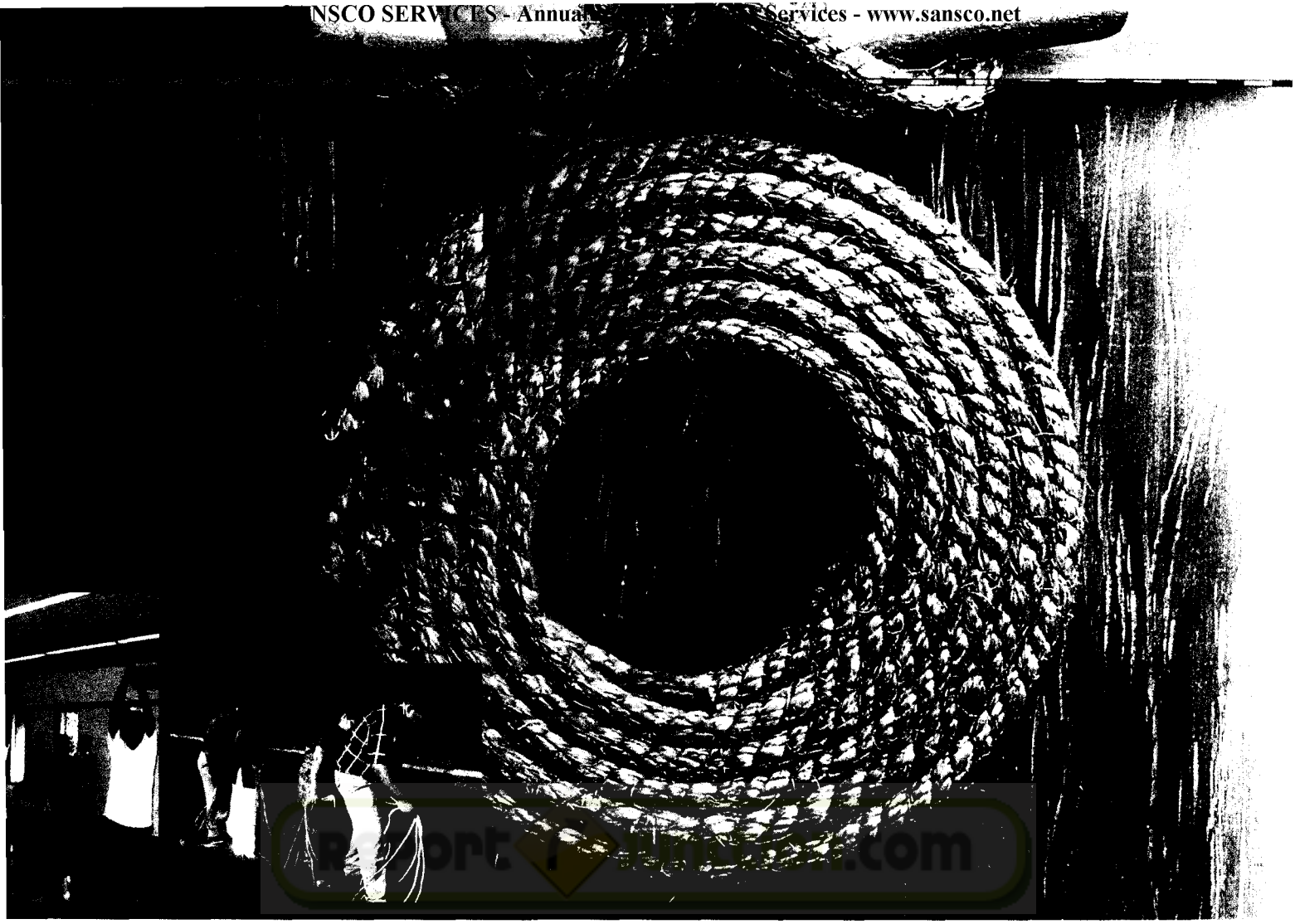


Our network branches out, as we seek to reach our clientele, countrywide and abroad, faster-and more effectively-than ever before, providing all the relevant information, from locations-schools and hospitals and shopping space-to property services.

On markets, new trends, new features that developers offer to improve living conditions. Future plans include a 'road map' for helping customers who can interact completely on the net.

Property fairs, promotional efforts held countrywide, now reaches out to the Middle-East, Hongkong, the US, London and Singapore All this helps us to promise potential home seekers a complete picture-from identifying a home to financing it. Our website, www.hdfc.com strives to answer queries the cyber savvy customer seeks. But that is not enough. So, our quest continues...

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Concern. Care. Competence. Strands, strongly interwoven into our view of customer service, they form part of the learning process, which starts from Day One.

At HDFC, the process is continuous. Our customers being the focus of our training programmes, it is important to find ways to improve products and systems, to reduce delays and simplify procedures. Much of this is learnt at our Centre for Housing Finance at Lonavla, where all of us go for specialised training and personal development.

Regularly held customer relations workshops, formal sessions for servicing techniques, and the 'HDFC School', conducted primarily for our frontline folk, all help to upgrade knowledge and skills-especially the softer skills of genuine concern and affection.

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Take a look within HDFC. Observe our crew. Coming from many backgrounds, bringing many interests and many talents to HDFC. All unified by the single-minded view that the customer comes first. A crew to be proud of.

Much more has ensued from this. A genuine informality in functioning, an 'open door' policy, with the freedom, always, to voice a concern and have it addressed. Transparency in performance appraisals, a confidence in fair dealings. A free sharing of information through regular and active communication programmes. They all add to the awareness that HDFC belongs to us, as we belong to HDFC - a place full of action and fun, where the spirit of teamwork reigns supreme. Clearly, it points to where our future lies: in our people. And, with their support, our quest continues.

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