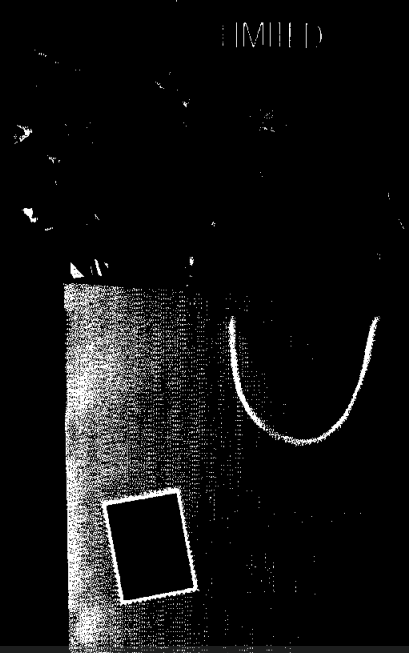




HOUSING
DEVELOPMENT
FINANCE
CORPORATION
LIMITED



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R e f l e c t i o n

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The act of reflecting; the change of direction when a ray of light etc., strikes upon a surface and is thrown back; the state of being reflected; that which is reflected; the action of the mind by which it is conscious of its own operation; attentive consideration; contemplation.

Chamber's dictionary

HIGHLIGHTS

Operational Highlights

	(Rs. in crores)									
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02 Cumulative
Approvals	859.14	1,024.77	1494.55	2,071.46	2,521.70	3,251.27	4,071.76	5,305.15	6,879.77	9,041.25 40,135.81
Disbursements	719.89	889.07	1,211.66	1,683.55	2,100.78	2,753.61	3,424.27	4,492.74	5,803.01	7,616.56 33,569.57
Cumulative Investment made possible in the housing sector	9,053.21	11,275.47	15,137.77	19,928.88	26,207.51	32,710.05	40,540.36	50,742.57	64,502.11	82,584.61

1 Crore = 10 Million

1 Lac = 100,000

Financial Highlights

	(Rs. in crores)									
	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
Gross Income	473.50	608.15	780.33	982.18	1,265.33	1,444.68	1,752.73	2,015.56	2,382.35	2,700.15
Profit After Tax	55.55	105.36	146.15	195.69	247.89	293.36	333.90	401.81	473.65	580.01
Shareholders' Funds	325.58	500.28	874.85	1,501.82	1,662.75	1,777.24	1,971.84	2,095.97	2,371.94	2,702.85
Share Capital - Equity	68.62	92.24	101.24	119.11	119.11	119.11	119.11	119.11	120.08	121.71
- Preference	—	—	—	50.00	50.00	—	—	—	—	—
Reserves and Surplus	256.96	408.04	773.61	1,332.71	1,493.64	1,658.13	1,852.73	1,976.86	2,251.86	2,581.14
Long Term Borrowings	2,008.75	2,101.56	2,583.10	2,552.34	3,035.47	3,724.66	4,571.18	6,764.69	8,219.95	10,264.67
Deposits	1,029.32	1,458.18	1,853.24	2,512.69	3,502.19	4,423.79	5,252.40	6,223.85	7,249.83	8,491.02
Loans Outstanding	2,561.71	3,071.19	3,747.55	4,740.68	5,709.32	6,944.07	8,219.26	10,063.00	13,224.66	17,169.21
Dividend (%)	25	28	32	37	45	75*	85	190**	125	250***
Book Value per Share (Rs.)	47	54	86	122	135	149	166	176	198	222
Earnings per Share (Rs.)	8	11	14	16	20	24	28	34	40	48

* 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 a one time special Silver Jubilee dividend of 100%.

Today Takes in account the work of yesterday

Robert Browning

Today also gives us at HDFC the opportunity to look ahead, as we pause to reflect upon our yesterdays. To consider, as we complete twenty-five years, this period which has spanned both advancement and adversity — and has added up to a learning experience of immeasurable value, taking into account the various aspects of our growth as a corporate entity. Which is why it seems entirely appropriate that the theme for our annual report this year should be: Reflections.

It also seems entirely appropriate that today the HDFC banner should have connections with several different emerging and imaginative financial services aimed to make life more comfortable for the people they serve. Especially since our first steps were taken in the direction of helping more people find affordable homes. This was in the days when housing finance was a new concept in the country and we were new entrants in the field. Inevitably, much of what we learnt was learnt by doing.



The power of principled thinking

We were singularly fortunate in that HDFC had, in Mr. H. T. Parekh, a helmsman whose vision and guidance have been invaluable. This is evident today in many aspects of our functioning. Twenty-five years on, the essential corporate values with which HDFC began, still endure, strong as ever. Trust. Transparency. Integrity. Accountability. They are not mere words. To us, they are part of the business of every day working. To reflect and introspect; to be willing to learn from our mistakes, of which there has been a sizeable share; to cogitate and plan, with clear objectives and a disciplined approach; to sustain the vigour and the drive to move on; all these have consistently been part of our corporate thinking. And as consistently, from our early beginnings — although in those days it may not have been defined as such — at HDFC we have been practising the principles of effective corporate governance. To us, corporate governance has never been a remote objective. Based upon core values of care and concern, efficiency and effectiveness it renders us accountable, year in and year out, to the entire spectrum — which includes our shareholders, customers, employees, regulators, providers of finance, society and the environment.

Giving shape to our plans has always been a challenge. More so, today, when this involves a wider geographical sweep across the subcontinent, to reach out to customers in other parts of the world. But even in the early years, when the need was to consolidate and increase our network within a much smaller region, to extend HDFC's reach, our focus has been one person: our customer. The single, simple core of our activities has been to plan ways in which to enhance his comfort. And it has been immeasurably heartwarming. When customers of earlier times tell us how HDFC addressed their problems and treated them with affection, we know our efforts continue to bear the right kind of fruit.

A time to respond, a time to reflect...

Report

... and a time to pause. To look at HDFC's growth, through twenty-five years.

Among the significant factors that have been part of HDFC's intrinsic worth, is the dedication of the people who serve and the responsiveness of the customers who are served, and the reciprocal loyalty thereby evoked. They make us what we are today.

Given the past and in view of the present, we look too, at what opens up for the future. In a rapidly developing financial environment, where progress and innovation are the key words, where faster communication and quicker results



are the order of the day, it has been important to provide services in areas which are relevant to our customers' needs and are what he perceives as reliable. True, a home is an individual's deepest concern, and ours is to see he gets it. This has been so with us right from the start, a quarter century ago.

And continues to be.

Beyond this, however, is a whole gamut of support services, with which we aim to help him improve the quality of life. Banking with a worldwide reach, the security of insurance, professional real estate services, a mutual fund to depend on, stockmarket related services, a credit information bureau and more recently general insurance... And going a step further, we now offer, within the HDFC group, an interrelated set of benefits linked to our home loans, benefits which generate synergistic advantages to both. Whether these include, among others, *an attractively priced optional life insurance cover, a free international credit card, or lower interest rates for other loans taken from the group's HDFC Bank*

— the aim is to provide our customers with the opportunity to make life easier and more joyous, and avail themselves of carefree quality time. For this is how vistas keep opening and horizons widen. It is time now to rededicate ourselves.

BOARD OF DIRECTORS

Mr. Deepak S. Parekh Chairman

Mr. Keshub Mahindra Vice Chairman

Mr. S. B. Patel

Mr. B. S. Mehta

Mr. D. M. Sukthankar

Mr. D. N. Ghosh

Mr. M. Narasimham

Dr. S. A. Dave

Mr. S. Venkitaramanan

Dr. Ram S. Tarneja

Mr. N. M. Munjee

Mr. D. M. Satwalekar

Mr. R. V. S. Rao Executive Director

Ms. Renu S. Karnad Executive Director

Mr. K. M. Mistry Managing Director



BRIEF PROFILE OF THE DIRECTORS OF THE CORPORATION

Mr. Deepak S. Parekh is the executive chairman of the corporation. He is a Fellow of the Institute of Chartered Accountants (England & Wales). Mr. Parekh joined the corporation in a senior management position in 1978. He was inducted as a wholetime director of the corporation in 1985 and was appointed as the chairman in 1993. He is the chief executive officer of the corporation.

Mr. Keshub Mahindra is the vice-chairman of the corporation. He is a graduate of Wharton-University of Pennsylvania, (U.S.A.). He is a renowned industrialist and is the chairman of the Mahindra and Mahindra Group of companies. He has been a director of the corporation since inception. He is also the chairman of the compensation committee of directors.

Mr. S. B. Patel holds a Master's degree in arts from the University of Cambridge. He heads a firm of consulting civil engineers with expertise in prefabrication, mass housing, tall buildings, factories, bridges and marine works. He was one of the three original authors of the idea of New Bombay. He has been a director of the corporation since inception and is a member of the compensation committee of directors.

Mr. B. S. Mehta is a graduate in commerce and a Fellow of the Institute of Chartered Accountants of India. Mr. Mehta is a renowned accountant in practice and is an expert on taxation, accountancy matters and mergers and acquisitions valuation. He is a director on the boards of several prominent companies in India and has been a director of the corporation since 1988 and is a member of the compensation and audit committee of directors.

Mr. D. M. Sukthankar was an officer of the Indian Administrative Services and was secretary, Ministry of Urban Development, Government of India and later chief secretary to the Government of Maharashtra. Mr. Sukthankar is recognised as an expert urban developer and has been associated with the housing sector for a number of years. He has been a director of the corporation since 1989.

Mr. D. N. Ghosh holds a Master's degree in economics. He is a former chairman of the State Bank of India. He is currently the chairman of ICRA Limited. He has been a director of the corporation since 1989 and is a member of the audit committee of directors.

Mr. M. Narasimham holds a Master's degree in economics from the University of Cambridge. Mr. Narasimham is a former governor of the Reserve Bank of India and was the chairman of the Committee on Financial System and the Committee on Banking Sector Reforms set up by the Government of India. He is currently the chairman of Court of Governors of the Administrative Staff College of India. He has been a director of the corporation since 1990.

Dr. S. A. Dave is a Doctorate of economics and holds a Master's degree in economics from the University of Rochester. Dr. Dave was the former chairman of the Securities and Exchange Board of India and the Unit Trust of India. Dr. Dave is currently the chairman of Centre for Monitoring Indian Economy. He has been a director of the corporation since 1990. He is also the chairman of the audit committee of directors.

Mr. S. Venkitaramanan holds a Master's degree in industrial administration from the University of Pittsburgh and a Master's degree in physics from the University of Kerala. Mr. Venkitaramanan is a former governor of the Reserve Bank of India. He is the chairman of Ashok Leyland Limited and a director of many prominent companies. He has been a director of the corporation since 1994.

Dr. Ram S. Tarneja holds a Master's degree in arts from the University of Delhi and from the University of Virginia. He holds a doctorate in management from Cornell University. He was the former managing director of Bennett, Coleman & Company Limited. He has been a director of the corporation since 1994. He is also the chairman of the investors' grievance committee of directors.

Mr. N. M. Munjee holds a Master's degree in economics from the London School of Economics. He is currently the managing director of Infrastructure Development Finance Company Limited. He was earlier the executive director of the corporation and had been working with the corporation from 1978 to 1998.

Mr. D. M. Satwalekar holds a Bachelors degree in technology from the Indian Institute of Technology, Mumbai, and Master's degree in business administration from the American University, USA. He is currently the managing director and chief executive officer of HDFC Standard Life Insurance Company Limited. He was earlier the managing director of the corporation and had been working with the corporation from 1979 to 2000. He is also a member of the investors' grievance committee of directors.

Mr. R. V. S. Rao, the executive director of the corporation, is a graduate in commerce and law. He is a Certified Associate of the Indian Institute of Bankers. He has been employed with the corporation since 1983 and was appointed as the executive director of the corporation in 1999. He is in charge of overall business activities of the corporation in the southern region. He is also responsible for marketing of loans to NRIs and for supervising the activities of HDFC's Dubai office and service associates in the Gulf region.

Ms. Renu S. Karnad, the executive director of the corporation, is a graduate in law and holds a Master's degree in economics from the Delhi School of Economics. She has been employed with the corporation since 1978 and was appointed as the executive director of the corporation in 2000. She is in charge of overall business activities of the corporation in the northern region and the state of Gujarat. She is also responsible for overseeing all aspects of lending operations on an all India basis.

Mr. K. M. Mistry, the managing director of the corporation, is a Fellow of the Institute of Chartered Accountants of India and is a member of the Michigan Association of Certified Public Accountants. He has been employed with the corporation since 1981 and was the executive director of the corporation since 1993. He was appointed as the deputy managing director of the corporation in 1999 and the managing director in 2000. He is also a member of the investors' grievance committee of directors.