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# Insights

**Annual General Meeting (AGM)**

**Day/Date :** Wednesday, July 16, 2008

**Time :** 3.00 p.m.

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



It all began with an uncharted area, thirty years ago. The prospect and the potential of housing finance. A new space to carve out. A new venture. A gleam in the eye and a fire in the belly. All there. And the time was right - as we at HDFC, now looking back, can reaffirm.

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Much of what happened with us in the years that immediately followed is history. Few know how it has always been with us. Learning something fresh - all the time. Learning by seeing; by doing. Learning on our feet - and continuing to do so. And gaining new, invaluable, insights in the process...

# OPERATIONAL HIGHLIGHTS

(Rs. in crores)

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	Cumulative
Approvals	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	42,520.00	188,283.55
Disbursements	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	32,874.99	152,156.44
Cumulative Investment made possible in the housing sector	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	376,568.00	

1 Crore = 10 Million

1 Lac = 100,000

# FINANCIAL HIGHLIGHTS

(Rs. in crores)

	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Gross Income	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	8,196.07
Profit After Tax	333.90	401.81	473.65	580.01	690.29	851.78	1,036.59	1,257.30	1,570.38	2,435.07
Shareholders' Funds	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	11,111.11
Share Capital - Equity	119.11	119.11	120.08	121.71	244.41@	246.61	249.12	249.56	253.01	11,111.11
Reserves and Surplus	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	11,663.00
Term Borrowings	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	57,854.00
Deposits	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	11,296.00
Loans Outstanding	8,219.26	10,063.00	13,224.66	17,207.68	21,749.91	27,974.27	36,011.50	44,990.12	56,512.36	72,997.00
Dividend (%)	85	190*	125	250**	110@	135	170	200	220	250
Book Value per Share (Rs.)#	83	88	99	111	125	138	156	179	219	4
Earnings per Share (Rs.)#	14	17	20	24	28	35	42	50	63	

\* 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.

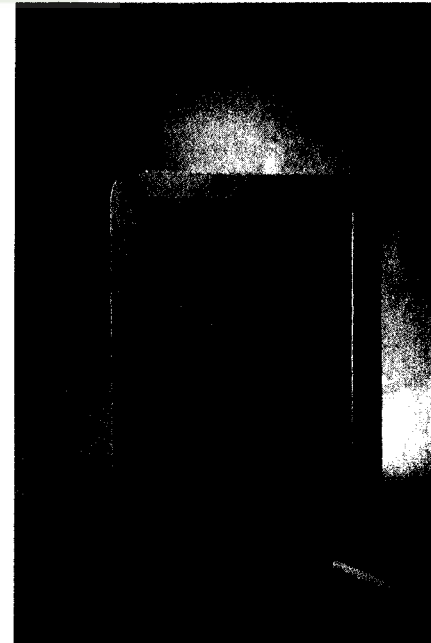
HIGHLIGHTS

## A clean slate...

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is what we began with. Plus an inquiring mind and a squeaky if determined, slate pencil - which is our metaphor for a willingness to try every possibility. There was no one to ask, or to follow. We had to find out for ourselves. For instance: about understanding our customers, their views and their priorities. Putting ourselves in their places, and going on from there.

Three decades ago although no one else in the country was in Housing Finance, the importance of caring for our customers in the right way was the first lesson. It took priority. For we have always had much to learn from them - and continue to do so, now, more than thirty years and three million home financing projects later.



# Homework...

for us, has always been uppermost in mind. The different kinds of work concerning homes. That has been our focus all along. True, we were in those days, very aware of the simple arithmetic which says one satisfied client today can multiply into five eager ones tomorrow. But to believe how persuasive the word of mouth can be, one had to see it happen - as we did.



It taught us how vital it is to anticipate our customers' needs. To work out ways by which affordable homes of their own could be a reality, not a dream. Just one instance of several such creative schemes was the Step Up Repayment Facility (SURF) directed towards helping young professionals with relatively low incomes, but with high potential. Consequently, larger loans than normal eligibility considerations would allow, became a reality. All of this came from strong foundations of transparency and trust, foundations which have constantly educated us to experiment further, to make our mistakes - and learn from them.

# Graduation,

over the years, has been achieved in different ways, marked by steady, if gradual, growth - until HDFC became the household word it is today - and punctuated by new initiatives, valuable experience and fresh experiments. Branches, outreach programmes, and service centers have been, each in its time, a source of growth and a means of learning by doing.

It has been a continual exercise of keen observation: being aware of and keeping a step ahead of the rapid changes we constantly encounter, particularly in the business environment:

Thinking out of the box teaches us to take nothing for granted; to reinvent ourselves on the basis of what we continually learn. Example: the fun things which HDFC property fairs provide for kids while prospective homemakers look at possible housing. So that whether we come up with ideas for a robotically managed urban apartment, or find equally challenging ways helping a small town grocer with his home loan, we realize anew that awesome academic degrees have to yield to resourcefulness. And our people know the value of thinking on one's feet.





TRAIN THE TRAINERS

# Learning,

at HDFC is a discipline like no other - as our people can testify. It begins with sound corporate values: values, based on a principle-centred approach, built from day one, on fairness, kindness, efficiency and effectiveness. And it continues, through the years. Making communication and an open, creative environment a thriving reality. Making us increasingly sensitive to the needs of our less fortunate fellow citizens.

And so, while we grow as an organisation, with young entrants, young ideas and a fresh outlook, our corporate social responsibility grows with us, impelling us to reach out, to help. And to realize, as achievements bring awards and spur us on to greater effort, the intrinsic truth of the words, that 'the gift is to the giver and comes back most to him.'



## Board of Directors

Mr. Deepak S. Parekh .....Chairman

Mr. Keshub Mahindra .....Vice Chairman

Mr. Shirish B. Patel

Mr. B. S. Mehta

Mr. D. M. Sukthankar

Mr. D. N. Ghosh

Dr. S. A. Dave

Mr. S. Venkitaramanan

Dr. Ram S. Tarneja

Mr. N. M. Munjee

Dr. Bimal Jalan (Appointed w.e.f. April 30, 2008)

Dr. Vijay L. Kelkar (Resigned w.e.f. December 31, 2007)

Dr. J. J. Irani (Appointed w.e.f. January 18, 2008)

Mr. D. M. Satwalekar

Ms. Renu Sud Karnad .....Joint Managing Director

Mr. Keki M. Mistry ..... Vice Chairman & 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 whole-time director of the Corporation in 1985 and was appointed 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 the Wharton School of the University of Pennsylvania, U.S.A. He is a renowned industrialist and is the chairman of the Mahindra & Mahindra Group of companies. He is a director on the boards of several prominent companies in India. He has been a director of the Corporation since its inception. He is also the Chairman of the Compensation Committee of Directors.

**Mr. Shirish B. Patel** holds a Master's degree in arts from the University of Cambridge. He founded and is now the chairman-emeritus of 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 Navi Mumbai. He has been a director of the Corporation since its 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 an accountant in practice dealing with taxation, accountancy and valuation of mergers and acquisitions. He is a director on the boards of several prominent companies in India. He has been a director of the Corporation since 1988. He is also a member of the Compensation Committee 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 was the former chairman of the State Bank of India. He is currently the chairman of ICRA Limited and a director of many prominent companies in India. He has been a director of the Corporation since 1989. He is also a member of the Audit Committee of Directors.

**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 the Centre for Monitoring Indian Economy and a director on the boards of many prominent companies in India. 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 Carnegie Mellon, 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 a director on the boards of many prominent companies in India. He has been a director of the Corporation since 1994.

**Dr. Ram S. Tarneja** holds a Doctorate in human resources from Cornell University. He also has a M. A. both from the University of Delhi and University of Virginia and a B. A. Honors from University