GRUH FINANCE LIMITED

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RATING

ICRA has assigned the 'LAA+' (pronounced L double A plus) rating with 'stable' outlook to the Rs. 1.15 billion, subordinate debt programme and the Rs. 5 billion, non-convertible debenture programme of GRUH Finance Limited [GRUH][†]. ICRA has reaffirmed the ratings of 'LAA+' with 'stable' outlook assigned earlier to the non-convertible debenture programmes aggregating to Rs. 10 billion of GRUH Finance Limited [GRUH][†]. ICRA has also reaffirmed the 'MAA+' (pronounced M double A plus) rating assigned earlier to the fixed deposit programme of GRUH[†].

The ratings factor in GRUH's strong parentage (GRUH is a subsidiary of HDFC rated at LAAA, MAAA and A1+ for its various debt instruments by ICRA) and its well-established franchise in the western parts (primarily Gujarat and Maharashtra) of the country. The ratings also take into account the ability of the company to maintain its superior earnings and control over its asset quality while growing its loan book by expanding its geographical reach. GRUH's portfolio typically consists of 'small ticket[1]' mortgage loans spread across the rural and semi-urban regions of western India, where the yields are relatively higher than the higher ticket loans. The Gross NPA% of GRUH continues to remain at a low level of 1.11% as on March 31, 2010 (against 0.94% as on March 31, 2009). Nevertheless, ICRA however has taken note of a temporary rise in delinquencies, which was subsequently brought under control during FY 2010 on account of change in the local teams at two of the company's branches. ICRA also notes that it is crucial for GRUH to maintain its asset quality, as it attempts to expand its coverage in states such as Madhya Pradesh, Rajasthan and Karnataka. ICRA has taken note of the increase in the proportion of loans extended based on the assessed income (25% of the total portfolio as on March 31, 2010 as against 20% for the previous year); the inherent risks associated with these segments are higher than loans based on reported income. Nevertheless, GRUH's good understanding of the segment, completely in-house appraisal and recovery, and well-established systems mitigate the risk to some extent. Incremental lending spreads of GRUH are likely to come under pressure on account of competitive pressures on lending rates from banks and result in some compression in the company's portfolio spreads. Nevertheless, ICRA expects the company to continue to maintain a favourable earnings profile. The rating also draws comfort from the adequate capitalisation levels of the company (Tier 1 capital of 15.57% and net worth in relation to assets at 9.95% as on March 31, 2010) and good internal capital generation and sufficient headroom available to raise Tier II capital to fund its future growth. As for liquidity, GRUH's ALM as on March 31, 2010 exhibits some mismatches in the medium term. Nevertheless, ICRA expects the liquidity of GRUH to remain comfortable in the short to medium term on the back of its access to diverse funding sources.

Refer to Annexure 1 for rating history

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† For complete rating scale and definitions, please refer to ICRA's website www.icra.in other ICRA Rating Publications.

1 GRUH's average ticket size was Rs. 0.67 million as on March 31, 2010

Company Background

GRUH is an established housing finance company [HFC] with a loan portfolio of Rs. 24.54 billion as on March 31, 2010. HDFC is the largest shareholder in GRUH with a stake of 61.36% as on March 31, 2010. While GRUH continues to operate as an independent entity, the high parental shareholding translates into strong management and strategic inputs from HDFC. Moreover, HDFC's top management has a significant presence on GRUH's Board of Directors. The company's corporate office is located in Ahmedabad and the company has a distribution network of 95 retail offices across seven states. In the financial year ended March 31, 2010, GRUH reported a PAT2 of Rs. 690 million over an asset base of Rs. 26,583 million against a PAT of Rs. 503 million on an asset base of Rs. 25,294 million during the corresponding period in the previous financial year. GRUH reported gross NPA% and net NPA% of 1.11% and 0%, respectively, as on March 31, 2010 as compared to 0.94 % and 0%, respectively, as on March 31, 2009.

Table 1: Key Financial Indicators

	Mar-10	Mar-09	Mar-08
Equity Capital	347	347	346
Net Worth (Reported)	2,646	2,209	1,903
Net Loans	24,537*	20,85614	17,696
Total Assets	26,583	25,294	20,181
Total Income[3]	3,083	2,942	2,018
Net Interest Income	1,171	791	695
PBT (reported)	944	696	593
PAT (reported)	690	503	423
Interest income / ATA [4]	11.46%	12.33%	10.78%
Cost of average interest bearing funds	7.84%	9.93%	7.79%
Total Operating Income net of interest expenses/ ATA	4.9%	4.09%	4.57%
Expenses/ATA (%)	0.98%	0.91%	1.01%
Prov. & Charge offs / ATA [5]	0.32%	0.12%	0.20%
PAT / ATA	2.66%	2.21%	2.39%
PAT / Average Net Worth	28.41%	24.46%	23.89%
Cost to Income Ratio	20%	22%	22%
Dividend (including tax on dividend)/PAT (reported) (%)	38%	39%	38%
Dividend rate (%)	65%	48%	40%
Total Debt/Net Worth (reported)times	8.78	10.17	9.32
Capital / Risk weighted Assets	16.55%	16.21%	18.15%
Tier I capital	15.57%	14.57%	15.46%

*Note: Amount in Rs. Million; *: This figure includes stock of repossessed properties; reported figures earlier excluded the same*
Source: GRUH and ICRA Research

[2] *PAT: Profit After Tax*
[3] *Total income does not include recovery from written off accounts*
[4] *Calculated as (Total assets excluding current liabilities for current year + Total Assets excluding current liabilities for previous year)/2*
[5] *Provisions and Contingencies are net off recovery from written off accounts*

Summary Rating Rationale

	Parameters	Overall Comments
A	**Business Risk**	
1	Business Model	The portfolio of GRUH is typically characterised by small ticket size loans in the rural and semi urban regions of western India. The company has been in business for over two decades and has a demonstrated track record of maintaining superior earnings and controlling its asset quality while growing its loan book by expanding its geographical reach. In terms of geographical diversification, the portfolio of GRUH is concentrated in the states of Gujarat and Maharashtra; however, the company is planning on increasing its share of disbursements in the states of Karnataka, Rajasthan and Madhya Pradesh. Over the past few years, GRUH has been increasing its share of incremental volumes in the relatively higher yielding assessed income based lending to self-employed customer segments. GRUH is expected to continue to expand in this segment. The credit risk associated with these segments is relatively higher; nevertheless, the company's strong internal processes and recovery mechanisms mitigate the risks to some extent.
2	Management and Systems	The Board of Directors of GRUH is constituted by a total of nine directors -- three of whom are from its promoter, HDFC. The senior management of the company is fairly experienced and its attrition rate has been low. GRUH is responsive to market changes, and adjusts its lending norms in line with the operating environment. CIBIL checks are done for all cases.
3	Operating Environment	The current improvement in systemic economic indicators has improved the outlook on property prices and the demand for housing finance. Incremental disbursements of GRUH, however, could get affected by competitive pressures arising from attractive lending rates offered by public sector banks. There has not been any significant deterioration in asset quality across housing finance companies. The legal impediments are not significant. However, it may not be easy to vacate the occupied properties (self-occupied / rented). GRUH is covered under SARFAESI Act, which is likely to help GRUH in recovering the dues and minimising the loss on default.

B	Financial Risk	
1	Profitability	Earnings profile in FY 2010 was supported by an improvement in gross interest spreads. As a result, core earnings improved to 3.96% against 3.18% in the previous financial year. The return on average net worth of GRUH was around 28%. Incrementally, GRUH is expected to report a profitability of around 1.75% at the net profit levels on account of competitive pressures.
2	Liquidity	GRUH has a comfortable liquidity profile with no short-term asset liability mismatches (after taking into account the prepayments). Although there are gaps in the medium term, the liquidity position of GRUH is likely to be supported by its low refinancing risk, considering its strong financial flexibility and access to diverse funding sources.
3	Capitalisation	GRUH has an adequate capitalisation level with reported capital adequacy of 16.55% and net worth in relation to total assets of 9.95% as on March 31, 2010. The company reported a gearing of 8.78 times as on March 31, 2010. The good Tier I capital (15.57% as on March 31, 2010) and adequate internal capital generation gives GRUH sufficient scope to raise Tier II capital. The capital is not expected to be a constraining factor for GRUH to fund its future growth plans.
4	Asset Quality	GRUH reported a gross NPA of 1.11% as on March 2010.GRUH continues to maintain excess provisions resulting in zero net NPA position for the company as on March 31, 20010. In light of the increase in the assessed income book, where income streams of borrowers are more vulnerable to economic cycles, the vulnerability of GRUH's portfolio could increase. However, the strong monitoring and recovery systems of the company are expected to mitigate the risk to some extent.

Strengths/Challenges

Strengths

- Availability of funding and liquidity support from strong promoter HDFC besides inputs for formulation of overall strategy
- Sound franchise and brand image in rural parts of western India (Gujarat and Maharashtra), which help to mobilise deposits and expand the home loan portfolio
- Demonstrated track record of growing profitably while maintaining a good control on asset quality despite a riskier borrower profile

Challenges

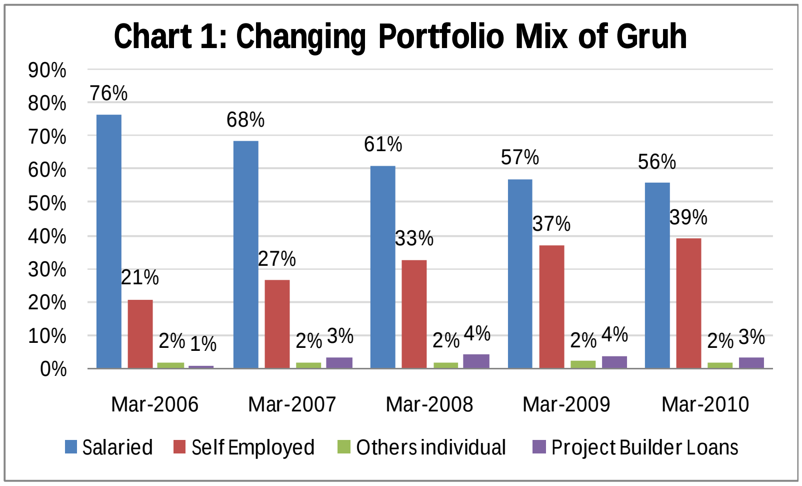
- Ability to grow the portfolio in light of high prepayment rates
- Ability to protect the spreads and hence the profitability, given the pressure on yields as a result of competition from public sector banks offering home loans at lower rates of interest
- Ability to maintain the asset quality in light of the growing assessed income portfolio and builder loans
- Ability to hire and retain skilled manpower as it expands in newer geographic areas
- Ability to manage the higher concentration risk, given the concentration of portfolio in Gujarat (42% of total portfolio as on March 31, 2010) and Maharashtra (34% of portfolio as on March 31, 2010)

Stable shareholding pattern with strong parental support from HDFC

ICRA derives significant comfort from GRUH's status as a subsidiary of HDFC, which holds an equity stake of 61.36% in it (as of March 31, 2010). While the company operates as an independent entity, it continues to receive management as well as funding support from HDFC. Further, with HDFC as parent, GRUH has been able to access funds at competitive rates from banks as well as the debt market (through issue of debentures and commercial paper).

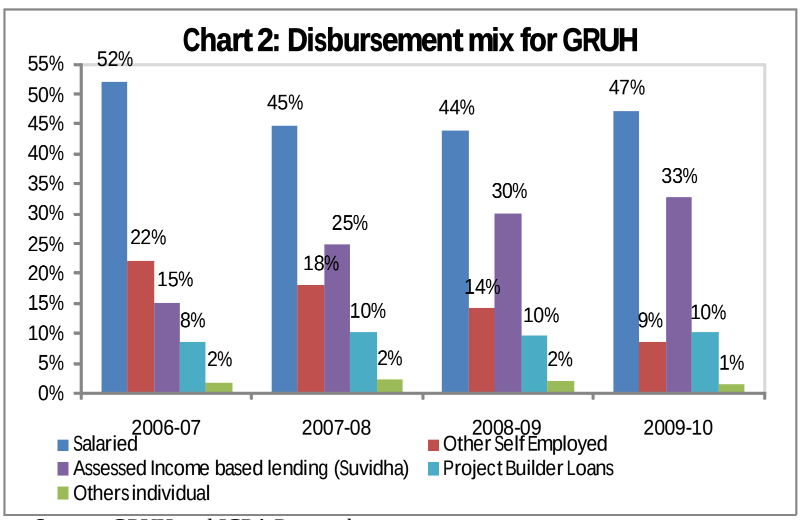
Moderate portfolio growth in 2009-10; incremental demand improves, however, competitive pressures from public sector banks persist

The disbursements of GRUH registered a growth of 19% to Rs. 7.80 billion in 2009-10 from Rs. 6.56 billion in 2008-09. However, with prepayment rates rising to around 13% in 2009-10 (against 12% for 2008-09 and 10% for 2007-08) on account of shift in borrowers towards public sector banks offering home loans at low rates of interest, GRUH's portfolio registered a growth of 18% to Rs. 24.54 billion as on March 31, 2010 from Rs. 20.86 billion as on March 31, 2009. Going forward, the ability of the company to expand its portfolio would be linked to its ability to leverage the rise in demand for home loans and stabilise the level of prepayments.



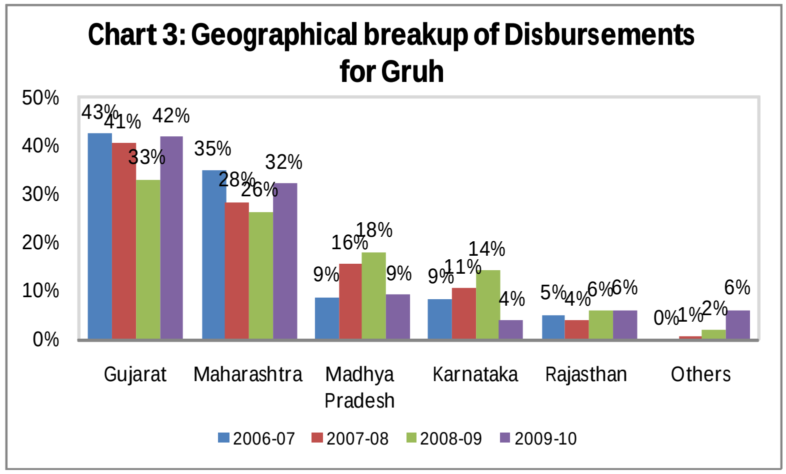
Source: GRUH and ICRA Research

GRUH's loan exposure is characterised by middle income borrowers, relatively low-ticket size, and comfortable LCR [Loan to Cost Ratio]. The portfolio mix between salaried and self-employed segments has remained stable, accounting for 56% and 39%, respectively, as on March 31, 2010 against 57% and 37%, respectively, as on March 31, 2009. Within the self-employed segment, the company also considers the borrowing capacity of the borrower based on the assessed income. The proportion of such assessed income based book has gone up to 25% as on March 31, 2010 from 20% of total loan book as on March 31, 2009.The lending based on assessed income was started by the company in 2002. Since then, there has not been any significant asset quality related issues with this book. Nevertheless, the income stream of such borrowers could be relatively more vulnerable to economic cycles. The builder loan portfolio of the company declined by 3% to Rs. 0.76 billion as on March 31, 2010 from Rs. 0.79 billion as on March 31, 2009, constituting about 3% of the company's total portfolio. The company has no plans to target any significant expansion in the segment, where the inherent risks are higher and the portfolio is more concentrated. The cautious approach adopted by GRUH is however likely to mitigate the risks from such larger ticket loans.



Source: GRUH and ICRA Research

In terms of the geographical profile, GRUH is primarily concentrated in Gujarat (42% of the total portfolio as on March 31, 2010) and Maharashtra (33%). However, these contributed to 74% of disbursements incrementally in 2009-10 as against 60% in 2008-09, with the balance coming from other states like Madhya Pradesh, Karnataka, Rajasthan, Tamil Nadu and Chhattisgarh. These states contributed to 26% of disbursements in 2009-10 as against 40% in the previous year. Going forward GRUH plans to expand its presence in such states through an increase in the number of branches in the regions. GRUH currently has around 95 branches out of which six were opened in FY 2009-10. As the socio-economic patterns in these states and in the states that GRUH currently operates in are largely similar, the expansion risks are tempered to some extent. Incrementally, the growth for the company is expected to come from the relatively higher yielding assessed income book. GRUH's ability to maintain strict control over the asset quality in these segments would remain critical. Completely in-house appraisal and recovery, and well established systems are expected to help the company in controlling its asset quality.



GRUH sources retail business through third-party channels by appointment of GRUH Referral Associates (GRA). The business sourced through GRAs accounted for 57% of GRUH's disbursements in FY 2010. GRAs only source loans while GRUH retains control over the credit, legal and technical appraisals. Incrementally, the growth for the company is expected to come from the relatively higher yielding assessed income book. The ability of GRUH to maintain strict control over the asset quality in these segments would remain critical. The completely in-house appraisal and recovery and well-established systems are expected to help the company control its asset quality. GRUH has a largely semi-urban branch network as a result of which it continues to maintain lending rates that are higher than those offered by leading HFCs in metropolitan cities. Although competitive pressures from public sector banks are likely to remain, disbursements volumes of GRUH are likely to be supported for the rising demand for home loans along with its increase in focus towards self-employed segments.

Table 3: Portfolio Characteristics

	Mar-10	Mar-09	Mar-08	Mar-07
Average Ticket Size (portfolio basis) Rs million	0.67	0.62	0.56	0.51
Proportion of floating rate loans	97%	95%	93%	89%
% portfolio at more than 80% LCR	21%	27%	32%	36%
% portfolio at greater than 20 years residual maturity	13%	12%	3%	NA
% portfolio at Instalment to Income ratio of more than 40%	22%	28%	24%	31%
Prepayments %	12.57%	11.68%	9.56%	7.89%

Source: GRUH and ICRA Research

Asset Quality under control; some deterioration in 2009-10

Table 4: Asset quality of GRUH

	Mar-10	Mar-09	Mar-08	Mar-07
Gross NPA	271	197	197	188
Provisions required as per NHB norms	50	45	39	37
Excess Provisions	229	178	159	151
Total NPA provisions carried on books	279	223	198	188
Net NPA	0	0	0	0
Gross NPA %	1.11%	0.94%	1.12%	1.36%
Net NPA %	0%	0%	0%	0%
Net NPA/ Net worth	0%	0%	0%	0%

Note: Amount in Rs. Million
Source: GRUH and ICRA Research

The Gross NPA% for the company rose to 1.11% as on March 31, 2010 from 0.94% as on March 31, 2009. The marginal increase in Gross NPA% is on account of NPAs rise in Q1 2010 on account of change in the local teams at two of the company's branches. The company has taken corrective action in these branches and compliance to the company's procedures could lead to a reduction in NPAs in these states. GRUH continues to maintain provisions in excess of the regulatory requirement and the company continues to maintain a zero net NPA position as on March 31, 2010. Nevertheless, with the changing product profile of the company and increasing focus on self-employed and assessed income segment, the credit risk for GRUH could go up and any slippages in these segments could result in deterioration in the asset quality indicators of the company. Nevertheless, GRUH's strong monitoring and recovery systems are expected to mitigate the risk to some extent.

Adequate capitalisation levels

Capital Adequacy levels of GRUH continue to remain at a comfortable level of 16.55% (Tier I – 15.57%) as on March 31, 2010. Net worth in relation to the total assets of the company was also comfortable at 9.95% as on March 31, 2010 against 8.73% as on March 31, 2009 while gearing declined to 8.78 times as on March 31, 2010 against 10.17 times as on March 31, 2009. The company's gearing as on March 31, 2009 was higher on account of higher cash levels maintained. The strong Tier I capital and adequate internal capital generation gives GRUH sufficient scope to raise Tier II capital. ICRA does not envisage capital to be a constraining factor for GRUH to fund its growth plans.

Table 5: Capital Adequacy of GRUH

	Mar-10	Mar-09	Mar-08	Mar-07
Loans & Advances	24537.0	20856.1	17696.1	13765.9
% growth	18%	18%	29%	29%
Total RWA	16323	14642	11887.8	12212.98
% growth	11%	23%	-3%	35%
Tier I	15.57%	14.57%	15.46%	13.03%
Tier II	0.98%	1.64%	2.69%	3.28%
CRAR	16.55%	16.21%	18.15%	16.31%
Net worth as % of total assets	9.95%	8.73%	9.43%	10.8%

Note: Amount in Rs. Million
Source: GRUH and ICRA Research

Liquidity expected to remain comfortable; interest rate risk remains relatively low

As in the case of all housing finance companies, GRUH has funded relatively long-term assets through medium-term borrowings, resulting in asset liability mismatches in the medium term. However, any liquidity risk is mitigated by its low refinancing risk, given the company's financial flexibility and access to diverse funding sources. As for interest rate risk, the liabilities of GRUH will get re-priced faster than assets, exposing its earnings in a rising interest rate scenario. However, a substantial proportion of variable rate assets (97% of total loans) and the track record of the company in increasing its lending yields partially mitigate the risks from loss of earnings on this account. Although the capacity of the company to pass on any further hikes in interest rates to the end customers may get constrained if the customers are unable to pay increased EMIs as a result of such interest rate hikes.

Diverse borrowing profile

Table 6: Borrowing Mix of GRUH

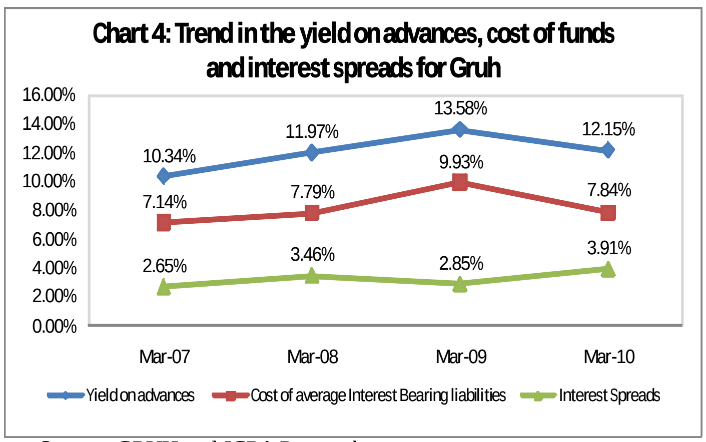
	Mar-10	%share	Mar-09	%share	Mar-08	%share	Mar-07	% share
Bank borrowings	9000	39%	7575	33%	8,967	50%	6850	53%
NCD	1350	6%	1250	6%	1,600	9%	2250	17%
Subordinated NCD	400	2%	400	2%	400	2%	500	4%
NHB Refinancing	9688	42%	10725	48%	1,899	11%	2273	17%
Fixed deposits	2793	12%	2502	11%	1,865	11%	1179	9%
Commercial Paper	0	0%	0	0%	3,000	17%	0	0%
Total	23231		22452	100%	17,730	100%	13052	100%
Average cost of funds	7.84%		9.93%		7.79%		7.14%	

Note: Amount in Rs. Million
Source: GRUH and ICRA Research

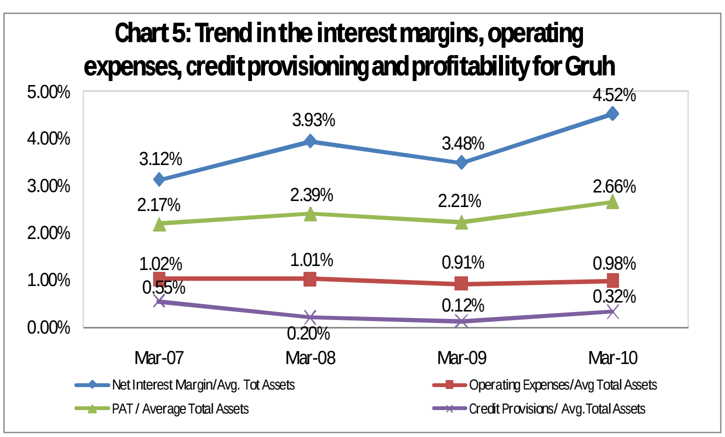
With the systemic decline in interest rates in 2009-10, the cost of funds for the company declined to 7.84% for the year 2009-10 from 9.93% in 2008-09. Based on GRUH's borrowing mix as on March 31, 2010, borrowings through NHB refinance were the largest and accounted for 42% of total borrowings, followed by bank borrowings at 39% of total borrowings. The borrowings through NCDs and subordinate debt accounted for 8% of total borrowings while the balance was accounted for by fixed deposits.

Superior earnings could decline from current levels over the medium term on account of pressure on spreads

In the financial year ended March 31, 2010, GRUH reported a PAT of Rs. 690 million over an asset base of Rs. 26,583 million against a PAT of Rs. 503 million on an asset base of Rs. 25,294 million during the corresponding period in the previous financial year. In 2009-10, GRUH passed on some of the reduction in its cost of funds to its borrowers (existing as well as new) as a result of which the yield on advances for GRUH declined by over 140 bps to 12.17% as on March 31, 2010 from 13.58% as on March 31, 2009 while the cost of funds declined by over 200 bps, leading to improvement in gross interest spreads to 3.92% from 2.85% in the period under review. As a result, profitability (profit after tax as % of average assets deployed) increased to 2.66% in 2009-10 from 2.21% in 2008-09. Although the profitability of GRUH continued to be supported by low operating expenses of 0.98% in 2009-10, credit provisions (as % of average assets deployed) for the company increased to 0.32% in 2009-10 from 0.12% in 2008-09, following the rise in Gross NPA% during the period. In ICRA's view, it is crucial for GRUH to maintain control over its asset quality, as its business mix shifts towards self employed segments. This ability would be important in order to preserve its profitability, which may come under pressure with a reduction in incremental interest spreads (around 200 bps) on account of



Source: GRUH and ICRA Research



Source: GRUH and ICRA Research

competition from public sector banks.

Company Profile: GRUH Finance Limited

Company Profile	
Constitution	Listed Company
Status	Housing Finance Company
Registered Office	GRUH" Netaji Marg, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad 380 006
Share Capital (Mar-10)	Rs. 347.3 million
Net worth(Mar-10)	Rs 2646.3 million
Balance Sheet size (Mar-10)	Rs 26583 million
Chairman	Mr. K.M Mistry
Managing Director	Mr. Sudhin Choksey
Auditors	M/s Sorab S. Engineer & Co.

Source: GRUH Annual Report

Shareholding Pattern as of March 31, 2010

	As of Mar-10
Promoters (HDFC Ltd)	61.36%
Public/ Indian Residents	18.64%
FI, MF & Banks	3.46%
Corporate Bodies	2.19%
FII	10.69%
NRI/ OCBs	3.66%
Total	100%

Source: Gruh Annual Report

Public Shareholding greater than 1 % as on March 31, 2010

	% As of Mar-10
Acacia Partners LP	3.18%
Ward Ferry Management Ltd	1.20%
Dr Sanjeev Arora	1.95%
DSP Blackrock Small & Midcap Fund	1.57%
DSP Blackrock Equity Fund	1.47%
Royal Bank of Scotland (as depository of First State Asia Pacific Sustainability Fund)	1.44%
Acacia Institutional Partners LP	1.35%

Source: NSE

Board of Directors

Mr. K.M Mistry	Chairman (Non Executive) [Vice Chairman and CEO, HDFC Limited]
Mr. S.M Palia	Independent Director
Mr. Rohit C. Mehta	Independent Director
Mr. Prafull Anubhai	Independent Director
Ms. Renu S Karnad	HDFC representative
Mr. K.G Krishnamurthy	HDFC representative
Mr. Sudhin Choksey	Managing Director
Mr. S. G Mankad	Independent Director
Mr. Kamlesh Shah	Executive Director

Source: GRUH Annual Report

Portfolio Mix

	Mar-10	%	Mar-09	%	Mar-08	%	Mar-07	%
Individuals								
Salaried	13714	56%	11906	57%	10810	61%	9403	68%
Self Employed	9588	39%	7736	37%	5775	33%	3651	27%
Others individual	474	2%	427	2%	359	2%	256	2%
Non - individuals								
Project Builder Loans	761	3%	788	4%	752	4%	456	3%
Total	**24537**		**20856**		**17696**		**13766**	

Note: Amount in Rs. million
Source Company:

Geographic Distribution of Portfolio as on March 31, 2010

	Portfolio	% of Total Portfolio
Gujarat	10240	42%
Maharashtra	8070	33%
Madhya Pradesh	2650	11%
Karnataka	1759	7%
Rajasthan	1150	5%
Tamil Nadu	525	2%
Chattisgarh	144	1%
Total Portfolio	**24537**	

Note: Amount in Rs. million
Source: Company

Capital Adequacy

	Mar-10	Mar-09	Mar-08	Mar-07
Tier 1 Capital	2541	2133	1837	1592
Tier 2 Capital	160	240	320	400
Total Capital	**2701**	**2373**	**2157**	**1992**
Total RWA	**16323**	**14642**	**11888**	**12213**
Tier I	15.57%	14.57%	15.46%	13.03%
Tier II	0.98%	1.64%	2.69%	3.28%
CRAR	**16.55%**	**16.21%**	**18.15%**	**16.31%**

Note: Amount in Rs. million
Source: Company

Annexure 1: Rating History

	Amount Outstanding [as on 31.03.2010] (in Rs. million)	Maturity Date	Rating Outstanding	Previous Ratings	
			June 2010	August 2009	September 2008
Rs.1.15 billion, subordinate debt programme	Yet to be placed	-	LAA+ (stable)		
Rs. 5 billion, debenture programme	Yet to be placed	-	LAA+ (stable)		
Rs. 3 billion, debenture programme	1.35	Nov-Dec 2014	LAA+ (stable)	LAA+ (stable)	LAA+ (stable)
Rs. 3 billion, debenture programme	NIL	-	LAA+ (stable)	LAA+ (stable)	LAA+ (stable)
Rs. 2 billion, debenture programme	NIL	-	LAA+ (stable)	LAA+ (stable)	LAA+ (stable)
Rs. 2 billion, debenture programme	400	February 2013	LAA+ (stable)	LAA+ (stable)	LAA+ (stable)
Fixed deposit programme	2790	-	MAA+	MAA+	MAA+

Annexure 2: Past Financials

	Mar-10	Mar-09	Mar-08	Mar-07
Interest Income	2,973	2,803	1,906	1,284
Interest Expenses	1,802	2,012	1,211	860
Net Interest Income	1,171	791	695	423
Fee Based income	110	139	112	159
Total Net Income	1,281	930	808	583
Operating expenses	254	207	179	139
Operating Profits	1,027	723	629	444
Provisions / write offs	83	27	36	75
Operating profits (post provisions)	944	696	593	370
Profit From Securitization transaction	-	-	-	-
Subvention money / sale from investments	-	-	-	-
PBT	944	696	593	370
Tax	297	203	182	89
deferred tax	(42)	(10)	(13)	(15)
PAT	690	503	423	295
Dividend	263	195	162	121
Liabilities				
Equity	347	347	346	346
Net Reserves	2,299	1,862	1,556	1,296
Net Worth	2,646	2,209	1,903	1,642
Borrowings (including interest accrued but not due)	23,363	22,635	17,869	13,218
Other Liabilities	574	450	409	330
Total Liabilities	26,583	25,294	20,181	15,191
Assets				
Home Loans- self employed	9,588	7,736	5,775	3,651
Home loans to Salaried	113,714	11,906	10,810	9,403
Loans against Property	474	427	359	256
Loans to Corporates	761	788	752	456
Other Loans	-	-	-	-
Investments	327	128	166	175
Current assets	1,719	4,310	2,319	1,250
Total Assets	26,583	25,294	20,181	15,191

Note: Amounts in Rs. Million
Source: GRUH

	Mar-10	Mar-09	Mar-08	Mar-07
% increase				
Interest Income	6%	47%	48%	37%
Interest Expenses	-10%	66%	41%	40%
Net Interest Income	48%	14%	64%	32%
Fee Based income	-21%	24%	-29%	67%
Total Income	38%	15%	39%	40%
Operating expenses	22%	16%	29%	23%
Operating Profits	42%	15%	42%	47%
Provisions / write offs	206%	-24%	-52%	67%
Operating profits (post provisions)	36%	17%	60%	43%
PBT	36%	17%	60%	43%
Tax	46%	11%	104%	41%
Deferred tax	334%	-26%	-13%	-28%
PAT	37%	19%	43%	36%
Dividend	35%	20%	33%	61%
Liabilities				
Equity	0%	0%	0%	31%
Net Reserves	23%	20%	20%	115%
Net Worth	20%	16%	16%	89%
Borrowings (including interest accrued but not due)	3%	27%	35%	21%
Other Liabilities	28%	10%	24%	37%
Total Liabilities	5%	25%	33%	27%
Assets				
Home loans	19%	18%	27%	26%
Other Loans	2%	9%	56%	144%
Investments	156%	-23%	-5%	-24%
Current assets	-60%	86%	85%	16%
Total Assets	5%	25%	33%	27%

Note: Amounts in Rs. Million
Source: GRUH and ICRA Research

	Mar-10	Mar-09	Mar-08	Mar-07
Interest Bearing Assets	25,992	24,594	19,249	14,654
Interest Bearing Liabilities	23,363	22,635	17,869	13,218
Average Total Assets	25,939	22,738	17,686	13,595
Yield on advances	12.17%	13.58%	11.97%	10.34%
Yield on average Interest Bearing assets	11.76%	12.79%	11.24%	9.78%
Cost of average Interest Bearing liabilities	7.84%	9.93%	7.79%	7.14%
Interest Spreads	3.92%	2.85%	3.46%	2.65%
Interest Earned / Avg. Total Assets	11.46%	12.33%	10.78%	9.44%
Interest Paid / Avg. Total Assets	6.95%	8.85%	6.85%	6.33%
Net Interest Margin/Avg. Tot Assets	4.52%	3.48%	3.93%	3.12%
Non Interest Income/Avg. Tot Assets	0.42%	0.61%	0.64%	1.17%
Operating Expenses/Avg Total Assets	0.98%	0.91%	1.01%	1.02%
Operating profits /Avg. Total Assets	3.96%	3.18%	3.55%	3.27%
Provisions& Charge-off / Avg. Total Assets	0.32%	0.12%	0.20%	0.55%
Operating Profit / Avg Total Assets	3.64%	3.06%	3.35%	2.72%
PBT / Average Total Assets	3.64%	3.06%	3.35%	2.72%
Tax / PBT	26.97%	27.74%	28.55%	20.08%
PAT / Average Total Assets	2.66%	2.21%	2.39%	2.17%
(PAT - dividend) / Average Total Assets	1.64%	1.36%	1.48%	1.28%
PAT/ Average Networth	28.41%	24.46%	23.89%	23.52%
Dividend Payouts	38.17%	38.71%	38.22%	41.13%
Cost to income ratio	20%	22%	22%	24%

	Mar-10	Mar-09	Mar-08	Mar-07
Gross NPA	271	197	197	188
Provisions	279	223	197	189
Net NPA	0	0	0	0
Gross Advances	24586	20,856	17,696	13,766
Net Advances	24258	20,633	17,499	13,576
Gross NPA%	1.11%	0.94%	1.12%	1.36%
Net NPA%	0.00%	0.00%	0.00%	0.00%
Net NPA/Net-worth	0.00%	0.00%	0%	0%

Risk -weighted assets	16323	14642	11888	12213
Tier 1 capital	2541	2133	1837	1592
Tier II capital	160	240	320	400
Total capital	2701	2373	2157	1992
Tier 1 %	15.57%	14.57%	15.45%	13.03%
Tier II %	0.98%	1.64%	2.69%	3.28%
CRAR	16.55%	16.21%	18.15%	16.31%

Note: Amounts in Rs. Million
Source: GRUH and ICRA Research

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