

GRUH FINANCE LIMITED

- The Company was established in July 1986 as Gujarat Rural Housing Finance Corporation Limited with its Registered Office in Ahmedabad.
- Vision as articulated by GRUH's Founder – Shri H.T. Parekh

"Appropriate institutional structure for rural housing in villages and small towns backed by an autonomous specialised and professionally managed financial viable agency at a regional level."

BRIEF HISTORY

- The Company was originally promoted by HDFC and Aga Khan Fund for Economic Development (AKFED), who, along with others, subscribed to the initial capital of the Company. The initial capital was Rs.2.00 crores.
- Government of Gujarat also provided a soft loan in the nature of Quasi Equity of Rs.2.00 Crore. The loan was eventually repaid during 2001-02. 2 Nominee Directors of Government of Gujarat were on GRUH's Board till 2002.
- In the Rights FCD Issue of February 1998, Gujarat Ambuja Cements Ltd. (GACL) and HDFC had agreed to subscribe to the unsubscribed portion of FCD, if any. Accordingly, after such subscription, GACL's holding increased from 9.74% to 26%, while HDFC's shareholding increased from 14.37% to 28.49%.
- National Housing Bank (NHB) had also subscribed to GRUH's Equity Capital and 1 Director from NHB was nominated on GRUH's Board till 2007. NHB has eventually sold the shares.
- Gujarat Ambuja Cements sold its stake in GRUH to HDFC in June 2000 and GRUH became HDFC's subsidiary. As on December 31, 2014, HDFC holds 58.64% of GRUH's shares.
- Disbursement of Loans commenced from January 1988.
- NHB, a wholly owned subsidiary of Reserve Bank of India (RBI), is the regulator for all Housing Finance Companies (HFC) including GRUH. GRUH is a recognized HFC by NHB and is eligible to obtain refinance from NHB since 1989. GRUH is also recognized by NHB for accepting Public Deposits.
- The name of the Company was changed to GRUH Finance Limited w.e.f. August 1995.
- GRUH has its offices in 8 States, namely Gujarat, Maharashtra, Karnataka, Madhya Pradesh, Rajasthan, Chhattisgarh, Tamil Nadu and Uttar Pradesh. As on December 31,

2014, GRUH operates from 153 branches across these 8 States with a total staff of 562.

BUSINESS MODEL

- Since GRUH's primary objective is to promote housing in deeper geographical locations, where density of population is thin, GRUH has designed its branch with a small team of 2 – 4 staff headed by Retail Office In – Charge.
- A cluster of 4 – 5 Branches form an Area. The operations of the entire Area would be overlooked by an Area Manager (AM).
- A cluster of 4 – 5 Areas form a Region, overlooked by a Regional Manager (RM).
- The sanctioning and disbursement process is decentralized. Loan sanctioning powers are delegated upto the level of ROIC.
- The Head Office functions as the provider of services to branches. It formulates policies and procedures, exercises control functions and monitors branch performance.
- As on December 31, 2014, GRUH operates through 8 Regions, 35 Areas and 153 Branches across 8 states.

BUSINESS STRATEGY

- To pursue its objective of penetration into deeper geographical locations, GRUH sets up its retail office at the District headquarter. A retail office at District headquarter enables to scan the district and assess potential of Talukas for home loans.
- GRUH undertakes marketing of home loans primarily through its own staff at potential Talukas. GRUH also appoints Referral Associates to penetrate the Talukas which can not be reached / combed by GRUH's staff.
- As the customer base increases at the Taluka level and if GRUH perceives the continuity of a larger demand, then GRUH sets up an office at Taluka level also.
- GRUH carries out credit Assessment of the applicants for home loans through its own staff. GRUH offers home loans based on risk based pricing through its in-house developed Credit Score Methodology. GRUH's Credit Score Methodology was reviewed by CRISIL before it was launched in 2002.
- GRUH offers following Loan products to its customers :
 - GRUH Suraksha (Loan based on Formal Income Proof)
 - GRUH Suvidha (Loan based on inadequate formal income proof)

- GRUH Shubh Labh (Loan for Professionals)
 - GRUH Sajavat (Loan for repair / renovation of home)
 - GRUH Samruddhi (Loan for non-residential property)
 - GRUH ShubhLaxmi (Loan for women borrowers)
- GRUH carries out the Legal Assessment as to the title of the property and valuation through panel of Advocates and Valuers.
 - GRUH undertakes the recovery through its own staff. GRUH is recognised as a Financial Institution under the SARFAESI Act w.e.f. 2004.
 - GRUH loans are secured by mortgage of the property financed. Each mortgage is also registered with the Central Registry (CERSAI).

OPERATIONAL HIGHLIGHTS

- In pursuit of its mission, GRUH endeavours to cater to customers in semi-urban and rural areas. As on March 31, 2014, 50% of GRUH's loans are disbursed at locations where the population is less than 50000.
- The cost of property in rural areas would be comparatively low and, therefore, the requirement of loans would also be low. As on March 31, 2014, 55% of loans disbursed by GRUH are less than Rs.3,00,000/-.
- GRUH's cumulative disbursement as on December 31, 2014 was Rs.14,343 crores. GRUH assisted in creating a housing stock of over Rs. 21,400 crores.
- GRUH's outstanding loan Assets as on December 31, 2014 were Rs.8382 crores with more than 1,45,000 loan accounts.
- GRUH's gross NPAs were Rs. 48.16 crores as on December 31, 2014 which is 0.57% of the total Loan Assets.
- GRUH has a Public Deposits base of Rs. 1281 crores with more than 57,000 depositors. GRUH's deposit programme is rated "FAAA" by CRISIL and "MAAA" by ICRA.
- GRUH's CAGR as on March 31, 2014 on its important parameters are as follows :

Particulars	CAGR (%) as at March 31, 2014			
	3 years	5 years	7 years	10 years
Loan Assets	30	27	26	28
NIM	24	26	27	29
PAT	24	29	29	30