

## GRUH Finance expands its reach

GRUH Finance Limited, a housing finance company and a subsidiary of HDFC Ltd, has expanded its reach to two more states and is aiming to achieve disbursement of Rs.10 billion by 2009-2010.

The company's current disbursement is Rs.6.7 billion.

GRUH managing director Sudhin Choksey told IANS that the projected expansion of business is based on the fact that the company has forayed into two new states - Chhattisgarh and Tamil Nadu - taking the total to seven states with 87 offices.

Headquartered at Ahmedabad, GRUH's operations were confined to Gujarat and Maharashtra. After it became a subsidiary of HDFC Ltd, GRUH expanded its operations to Rajasthan, Madhya Pradesh and Karnataka.

To overcome the challenge of competition, GRUH launched a scheme called GRUH Suvidha under which home loans are provided to self-employed people like masons or carpenters, who do not have salary receipts or are not income-tax assesses. The scheme has evoked good response, said Choksey. 'Of the total outstanding of Rs.17 billion, the Suvidha scheme accounts for 16 percent.'

Another distinct feature of GRUH's operations is that home loans are not sanctioned at a uniform interest rate as other institutions do. 'We have put in place a credit score methodology by which we make an assessment of the saving propensity of the borrowers and then determine the interest rate,' Choksey said. This is applicable to borrowers who desire to avail of home loans.

Elaborating, he said, there could be borrowers with identical incomes but their saving potential could be different. By this method the company assesses the exact 'credit risk' that is involved in disbursing a loan.

The rate of interest for such borrowers varies from 10 to 13 percent, Choksey said.

'The borrower oriented more to savings can get loan at a lesser interest than one whose saving potential is less.'

The company's turnover according to a statement filed before the National Stock Exchange on Friday has totalled over Rs.2 billion and the net profit available for appropriation is Rs.423 million. In 2006-07, GRUH's turnover amounted to Rs.1.443 billion on which it made a net profit of Rs.296 million.

( © IANS / India eNews)