GRUH FINANCE LIMITED

*We help you build homes*

SEC: 2018:
May 30, 2018

The BSE Ltd.
Phiroze Jeejeebhoy Towers,
26th Floor, Dalal Street
Mumbai – 400 001

**BSE Security Code No: 511288**

Kind Attn. Mr. S. Subramanian -DCS-CRD

The National Stock Exchange of India Ltd
"Exchange Plaza",
Bandra-Kurla Complex,
Bandra (E ), Mumbai 400 051

**Symbol : GRUH**

Kind Atten: Mr K Hari – Head - Listing

Dear Sir,

**Sub : Annual Report 2017-18 & Notice of 32nd AGM of the Company:**

This is to inform you that the 32nd Annual General Meeting of Members of GRUH Finance Limited was held on Wednesday, May 30, 2018 at 10.30 a.m. at H.T. Parekh Convention Centre, Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, wherein all resolutions were approved by the Members by requisite majority.

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Notice and Annual Report of the Company for FY 2017-18.

Kindly note the same and notify your constituents accordingly.

Thanking you,

Yours sincerely,
For **GRUH FINANCE LIMITED**

**MARCUS LOBO**
**Company Secretary**

Encl: a/a

**GRUH FINANCE LIMITED**
Regd. Office: "GRUH", Netaji Marg, Nr. Mithakhali Six Roads,
Ellisbridge, Ahmedabad 380 006 • Phone : 079 2642 1671-75, Fax : 079 2656 9215
E-mail : investorcare@gruh.com • www.gruh.com
CIN : L65923GJ1986PLC008809

GRUH FINANCE LIMITED
*We help you build homes*

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF GRUH FINANCE LIMITED WILL BE HELD AT 10.30 A.M., ON WEDNESDAY, THE 30th DAY OF MAY, 2018 AT H.T. PAREKH CONVENTION CENTRE, AHMEDABAD MANAGEMENT ASSOCIATION (AMA), ATIRA CAMPUS, DR. VIKRAM SARABHAI MARG, AHMEDABAD 380 015 TO TRANSACT THE FOLLOWING BUSINESSES:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statement of the Company for the year ended March 31, 2018 and the Reports of the Board of Directors and the Auditors thereon.

2. To declare dividend on equity shares.

3. To appoint a Director in place of Mr. K. G. Krishnamurthy, (DIN 00012579), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.

4. To ratify the appointment of Auditors and to fix their remuneration and in this regards pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No.117366W/W-100018), Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 33rd Annual General Meeting be and is hereby ratified and their appointment be at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable GST and reimbursement of travelling and out of pocket expenses incurred by them for the purpose of audit."

### SPECIAL BUSINESS

5. Appointment of Ms. Bhavna Doshi (DIN 00400508) as an Independent Director of the Company:

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, consent of the members be and is hereby given to the appointment of Ms. Bhavna Doshi (DIN 00400508), appointed as Additional Director with effect from January 20, 2018 and holds office upto the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and being qualified for appointment as Independent Director and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Independent Director to hold office for five consecutive years for a term from January 20, 2018 up to January 19, 2023."

   "RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Bhavna Doshi be paid such fees and remuneration and profit related commission as the Company may decide from time to time and within the limits prescribed or as may be prescribed from time to time."

6. Re-appointment of Mr. Biswamohan Mahapatra (06990345) as an Independent Director of the Company

   To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Biswamohan Mahapatra (DIN 06990345), who was appointed as Additional Director w.e.f. March 19, 2018 and holds office upto the ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and who is eligible for re appointment under the provisions of the Companies Act, 2013, and Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, the consent of the members be and is hereby given to his re-appointment as an Independent Director with effect from March 19, 2018 for a period of five years upto March 18, 2023, for the second term."

   "RESOLVED FURTHER THAT pursuant to the provisions of sections 149, 197 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Biswamohan Mahapatra be paid such fees and remuneration and profit related commission as the Company may decide from time to time and within the limits prescribed or as may be prescribed from time to time."

7. Appointment of Ms. Renu S. Karnad (DIN 00008064) as a Director of the Company:

   To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the relevant rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the members be and is hereby given to the appointment of Ms. Renu S Karnad (DIN 00008064), who was appointed as an Additional Director w.e.f. February 1, 2018 and who holds office as such upto the date of ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

8. Approval for increase in Authorised Share Capital and consequent amendment to the Memorandum of Association of the Company:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the provisions of Sections 13 and 61 and all other applicable provisions, if any, of the Companies Act, 2013, the existing Authorised Share Capital of ₹ 100,00,00,000/- (Rupees One Hundred Crore only) divided into 50,00,00,000 (Fifty Crore) Equity Shares of ₹ 2/- (Rupees Two) each be increased to ₹ 200,00,00,000/- (Rupees Two Hundred Crore only) divided into 100,00,00,000 (One Hundred Crore) Equity Shares of ₹ 2/- (Rupees Two) each by creation of 50,00,00,000 (Fifty Crore) Equity Shares of ₹ 2/- (Rupees Two) each, additional Shares ranking pari-passu with the existing Shares in all respects."

RESOLVED FURTHER THAT the Memorandum of Association of the Company be altered in the following manner i.e existing Clause V of the Memorandum of Association be deleted and the same be substituted with the following new clause as Clause V :

V. The Authorised Share Capital of the Company is ₹ 200,00,00,000 (Rupees Two Hundred Crore only) divided into 100,00,00,000 (One Hundred Crore) Equity Shares of ₹ 2/- (Rupees Two) each.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred to as "Board" which term shall include a Committee thereof authorized for the purpose) be and is hereby authorized to take all such steps and actions and give such directions as may be in its absolute discretion deemed necessary and to settle any question that may arise in this regard, without being required to seek any further consent or approval of the shareholders or otherwise and that the shareholders shall be deemed to have given their approval thereto expressly by the authority of this resolution."

9. Approval of Issue of Bonus shares:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 2013 including the provisions of section 63(2)(b) or any amendment or re-enactment thereof, and Article 183(a) of the Articles of Association of the Company and subject to the regulations issued by Securities and Exchange Board of India (SEBI) in this behalf and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, consent be and is hereby accorded to the Board of Directors of the Company, (hereinafter referred to as the "Board" which expression shall also include a Committee thereof) for capitalization of a sum not exceeding ₹ 73,14,40,022/- (Rupees Seventy three crores, fourteen lakhs, forty thousand, Twenty two only) from the Securities Premium Account, of the Company for the purpose of issue of 36,57,20,011 Equity shares of ₹ 2/- each as Bonus Shares, credited as fully paid-up to the holders of the Equity shares of the Company whose names shall appear on the Register of Members on the 'Record Date' determined by the Board or Committee thereof for the purpose, in the proportion of 1 (One) Bonus Equity Share of ₹ 2/- for every 1 (One) fully paid-up Equity Shares of ₹ 2/- each held by them and the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the paid up Capital of the Company held by each such Member, and not as income;

"RESOLVED FURTHER THAT the Board be and is hereby authorised to make appropriate adjustments due to the issue of bonus shares as aforesaid, to the stock options which have been granted to employees of the Company under its Employee Stock Option Schemes pursuant to the Securities and Exchange Board of India (Employee Stock Options and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and any amendments thereto from time to time, such that the exercise price for all employee stock options which are outstanding as on the Record Date (vested and unvested options including lapsed options, options available for reissue and options that are available for grant) shall be proportionately adjusted and the number of stock options which are available for grant and those already granted but not exercised as on Record Date shall be appropriately adjusted."

RESOLVED FURTHER THAT the Bonus Shares so allotted shall rank pari-passu in all respects with fully paid-up Equity Shares of the Company as existing on the Record Date.

RESOLVED FURTHER THAT the Bonus Shares so allotted always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company.

RESOLVED FURTHER THAT no Letter of Allotment shall be issued in respect of the Bonus Shares and in case of Members who hold Shares or opt to receive the Shares in dematerialized form, the Bonus Shares shall be credited to the respective beneficiary accounts of the Members with their respective Depository Participants and in case of Members who hold Equity Shares in certificate form, the share certificates in respect of the Bonus Shares shall be dispatched, within such time as prescribed by law and the relevant authorities.

RESOLVED FURTHER THAT Board be and is hereby authorized to take necessary steps for listing of such shares on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Regulations with the concerned Stock Exchanges and other applicable guidelines, rule and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient, and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding."

10. Approval for increasing the Borrowing Powers under Section 180(1)(c) of the Companies Act, 2013 upto ₹ 21,000 crores.

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT in supersession of the earlier resolution passed at the 30th Annual General Meeting of the members of the Company held on 22nd June 2016, the consent of the members be and is hereby accorded under the provisions of Section 180(1)(c) of the Companies Act, 2013, to the Board of Directors to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose;

Provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of ₹ 21,000 crores (Rupees Twenty one thousand crores only) and such borrowings shall always be within the ceiling of borrowings as stipulated in the NHB Directions/Regulations from time to time."

11. Approval for creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under section 180(1)(a) of the Companies Act, 2013:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modifications or amendments thereof) and Rules made thereunder, consent of the members be and is hereby accorded to the Board of Directors and/or its Committee(s), to create security or to encumber on all or any of the immovable and movable properties of the Company, where so ever situated, present and future, and/or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of any Bank(s) or Financial Institution(s) situated within or outside India (hereinafter referred to as "the Lenders") to secure repayment of rupee term loans, non convertible debentures (NCDs) or foreign currency loans, NCDs or a combination of both, lend, advanced or agreed to lend and advanced by the lender(s) to the Company either jointly or severally or in any other combination thereof, as the case may be, in terms of the loan agreement(s), arrangement, entered into / to be entered into by the Company with each of the lenders for the purpose of carrying out the Company's business."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable."

12. Approval for Issuance of Redeemable Non Convertible Debentures (NCDs) and Issuance of Unsecured Redeemable Subordinated Debt –Tier II NCDs:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and SEBI (Issue and Listing of Debt Securities) Regulations, 2008, including any amendment, modification, variation or re-enactment thereof, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof), for onshore and/or offshore issuance of Redeemable Non-Convertible Debentures (NCDs) denominated in Indian Rupees and/or any Foreign Currency, for cash, either at par or premium or at a discount to face value, to issue Redeemable NCDs upto an amount not exceeding ₹ 5,000 crores (Rupees five thousand crores only) and to issue Unsecured Redeemable Subordinated Debt –Tier II NCDs upto an amount of ₹ 100 crores (Rupees one hundred crores only), to augment long-term resources to finance the housing finance operations and other activities of the Company, both aggregating to ₹ 5,100 crores (Rupees five thousand one hundred crores only), under one or more information memorandum / shelf disclosure document, during a period of one year commencing from the date of the 32nd Annual General Meeting hereof, on a private placement basis on such terms and conditions as the Board may deem fit and appropriate for each series as the case may be."

"RESOLVED FURTHER THAT these borrowings will be within the overall limits of ₹ 21,000 crores as proposed to be approved by the members at the 32nd AGM scheduled to be held on 30th May, 2018 and also subject to the NHB prescribed ceiling of borrowings as stipulated in the NHB Directions/Regulations from time to time.

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the board be and is hereby authorized to do all such acts, deeds, matters and things and execute all such deeds, documents, instruments and writings as it may in its sole and absolute discretion deem necessary in relation thereto."

"RESOLVED FURTHER THAT the board be and is hereby authorized to delegate all or any of the powers herein conferred to any director(s) and/or officer(s) of the Company, to give effect to the resolution."

By Order of the Board

Marcus Lobo
Company Secretary
FCS : 4256

Mumbai
April 14, 2018

**NOTES:**

**(A) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

**The proxy form, to be valid and effective, should be lodged at the registered office of the Company, duly completed and signed, not less than forty-eight hours before the commencement of the AGM.**

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carry voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

(B) The relative Explanatory Statement, pursuant to Section 102(2) of the Companies Act, 2013 in respect of the special business under item No. 5 to 12 are annexed hereto.

(C) Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, April 25, 2018 to Friday, April 27, 2018, (both days inclusive) for determining the entitlement of the shareholders to the payment of dividend.

(D) Subject to the provisions of Section 126 of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the AGM, will be dispatched/remitted commencing on or after May 30, 2018.

(E) All documents referred to in the notice and the explanatory statement requiring the approval of the Members at the AGM and other statutory registers shall be available for inspection by the Members at the registered office of the Company during office hours on all working days between 11.00 a.m. and 1.00 p.m. on all working days of the Company from the date hereof up to the date of ensuing annual general meeting.

(F) In terms of the provisions of Section 124 of the Companies Act, 2013, the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Government. Accordingly, the unclaimed dividend in respect of financial year 2010-11 is due for transfer to the said Fund in August, 2018.

(G) Members who have neither received nor encashed their dividend warrant(s)for the financial years 2010-11 upto 2016-17, are requested to write to the Company, mentioning the relevant Folio number or DP ID and Client ID, for issuance of duplicate/ revalidated dividend warrant(s).

(H) Members holding shares in physical form are requested to promptly notify in writing any changes in their address/bank account details to the Secretarial Department of the Company at "GRUH", Netaji Marg, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad – 380 006. Members holding shares in electronic form are requested to notify the changes in the above particulars, if any, directly to their Depository Participants (DP).

(I) In accordance with the provisions of Section 101 of the Companies Act, 2013 read with Rule 18 of the Companies (Management and Administration) Rules, 2014 and Regulation 36 of the SEBI (LODR) Regulations, 2015, this Notice and the Annual Report of the Company for the financial year 2017-18 are being sent by e-mail to those Members who have registered their e-mail address with the Company (in respect of shares held in physical form) or with their DP (in respect of shares held in electronic form and made available to the Company by the Depositories.

The Company requests those Members who have not yet registered their e-mail address, to register the same directly with their DP, in case shares are held in electronic form and to the Company, in case shares are held in physical form.

(J) The Annual Report 2017-18 of the Company is also available on the Company's website at *www.gruh.com* and also on the website of the respective Stock Exchanges at *www.bseindia.com* and *www.nseindia.com.*

(K) In terms of the provisions of the provisions of Section 107 of the Companies Act, 2013, since the resolutions set out in this Notice are being conducted through e-voting, the said resolutions will not be decided on show of hands at the AGM.

(L) Equity shares of the Company are under compulsory demat trading by all investors. Considering the advantage of scripless trading, members are requested to consider dematerialisation of their shareholding so as to avoid inconvenience in future.

(M) For Security reasons and for proper conduct of AGM, entry to the place of the AGM will be regulated by the Attendance Slip, which is annexed to this Notice. Members/ Proxies are requested to bring their Attendance Slip in all respects and signed at the place provided there at and hand it over at the entrance of the venue. The route map of the AGM venue is also annexed to this Notice.

(N) Voting through electronic means:

I. In compliance with provisions of Regulation 44 of SEBI (LODR) Regulations, 2015, Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, the Company is pleased to provide its members facility to exercise their right to vote on resolutions proposed to be considered at the 32nd Annual General Meeting (AGM) by electronic means (e-voting) and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

II. The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

III. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

IV. The remote e-voting period commences on May 26, 2018 (9:00 am) and ends on May 29, 2018 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of May 23, 2018, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. The details of the process and manner for remote e-Voting are explained herein below:

Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2 : Cast your vote electronically on NSDL e-Voting system.

**Details on Step 1 is mentioned below:**

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   *Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below :

   Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical

   a) For Members who hold shares in demat account with NSDL.

   b) For Members who hold shares in demat account with CDSL.

   c) For Members holding shares in Physical Form.

   Your User ID is:

   a) 8 Character DP ID followed by 8 Digit Client IDFor example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******.

   b) 16 Digit Beneficiary ID For example, if your Beneficiary ID is 12********** then your user ID is 12**********

   c) EVEN Number followed by Folio Number registered with the company. For example, if folio number is 001*** and EVEN is 108337 then user ID is 108337001***

5. Your password details are given below:

   a) If you are already registered for e-Voting, then you can user your existing password to login and cast your vote.

   b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.

   c) How to retrieve your 'initial password'?

   (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

   (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

   a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

   b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 is given below:**

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to gruhscrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or contact Ms. Pallavi Mhatre, Assistant Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email address: pallavid@nsdl.co.in/ evoting@nsdl.co.in or at telephone no. +91 22 2499 4545 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the email address: investorcare@gruh.com or contact at telephone no. 079-26421671-75.

VI. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of May 23, 2018.

VII. Any person, who acquires shares of the Company and become a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. May 23, 2018, may obtain the User ID and password by sending a request at evoting@nsdl.co.in or investorcare@gruh.com.

However, if you are already registered with NSDL for remote e-voting then you can use your existing User ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.

VIII. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.

IX. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper.

X. Mr. M.C. Gupta, of M/s. M. C. Gupta & Co., Company Secretaries, (Membership No. FCS : 2047) (Address : 703, Mauryansh Elanza, Near Parekh's Hospital, Shyamal Cross Roads, Satellite, Ahmedabad – 380015) has been appointed for as the Scrutinizer *inter alia* for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

XI. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XII. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or to a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

XIII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.gruh.com and on the website of NSDL immediately after the declaration of results by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Ltd., Mumbai.

MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM, AND PROXIES THEREOF, ARE REQUESTED TO BRING THEIR DP ID AND CLIENT ID FOR IDENTIFICATION.

INFORMATION AS REQUIRED UNDER REGULATION 36(3) SEBI (LODR) REGULATIONS, 2015 IN RESPECT OF DIRECTORS BEING RE-APPOINTED/APPOINTED:

Re-appointment of Mr. K.G. Krishnamurthy (Item No. 3)

**Mr. K.G. Krishnamurthy** is the Managing Director & CEO of HDFC Property Ventures Limited (HPVL). Prior to that, he was employed with HDFC as Senior General Manager – Technical Services. He has played a key role in the successful closure of International and domestic real estate funds having an aggregate corpus of INR 71 billion. He is a graduate from IIT Kharagpur with a management degree from Jamnalal Bajaj Institute of Management, Mumbai. He has vast experience of over two decades in real estate and has been widely consulted by the industry on real estate matters. He has offered his services to the Asian Development Bank - to develop a housing package for Project Affected Persons under Karnataka Urban Infrastructure Project and to the US AID to build-up a mortgage market in Sri Lanka. Besides his responsibilities within the HDFC group, he is on the board of several companies including HDFC Venture Capital Limited, HDFC Sales Pvt. Limited, HDFC Investments Limited, Vascon Engineers Limited, New Consolidated Construction Co. Ltd., etc. He has been appointed on the board of GRUH since 2004. He is a member of Stakeholders Relationship Committee of GRUH. Mr. K.G. Krishnamurthy holds 4,66,650 shares of the Company. Mr. K.G. Krishnamurthy is not related to any other directors of the Company.

**ANNEXURE TO THE NOTICE**

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts.

As required under Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 5 to 12 of the Notice.

**Item No. 5**

Ms. Bhavna Doshi, aged 64 years, was appointed as Additional Director of the Company in the category of Non-Executive Independent Director w.e.f January 20, 2018.

Ms. Bhavna Doshi, is a fellow member of the Institute of Chartered Accountants of India and holds Masters Degree in Commerce from Mumbai University. She has rich experience of over three decades providing advisory services in the fields of taxation, accounting, corporate and regulatory matters. She is former partner of Bharat S Raut & Co (full member firm of KPMG in India). She has served as elected member of the Council of Chartered Accountants of India for 4 terms of 3 years each. She has contributed significantly to the development of accounting standards, taxation and research projects. She has served on the Compliance Advisory Panel of International Federation of Accountants headquartered at New York. She was President of the IMC Chamber of Commerce and Industry. She is a director in companies like Torrent Power Ltd., Everest Industries Ltd., Sun Pharma Advanced Research Company Ltd., Peninsula Land Ltd., Walchandnagar Industries Ltd., etc. She is on the Board of GRUH since January 2018. She is a member of Audit Committee and Stakeholders Relationship Committee of GRUH. Ms. Bhavna Doshi does not hold any equity share of the Company. Ms. Bhavna Doshi is not related to any other directors of the Company.

Ms. Bhavna Doshi was appointed as an Additional Independent Director w.e.f. January 20, 2018. Her appointment is proposed to be regularized at the ensuing annual general meeting of the Company for a period of five consecutive years i.e. upto January 19, 2023. Since she was appointed a director w.e.f January 20, 2018, no board meeting was attended by him during 2017-18.

In the opinion of the Board, Ms. Bhavna Doshi fulfils the conditions specified in Section 149 (6) read with Schedule IV of the Companies Act, 2013 and rules made thereunder for her appointment as an Independent Director of the Company and is independent of the management. The copy of the letter of appointment of Ms. Bhavna Doshi as an Independent Director setting out the terms and conditions would be available for inspection by a member at the Registered Office of the Company during normal business hours on any working day to the Company.

The Board considers that her association would be of immense benefit to the Company and it is desirable to avail services of Ms. Bhavna Doshi as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Ms. Bhavna Doshi as an Independent Director, for the approval by the shareholders of the Company.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives except Ms. Bhavna Doshi are concerned or interested, financial or otherwise, in the resolution set out at Item No.5. This Explanatory Statement may also be regarded as a disclosure under SEBI (LODR) Regulations, 2015.

**Item No. 6**

Mr. Biswamohan Mahapatra, aged 63 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on March 19, 2015. Under the provisions of the Companies Act 2013, Mr. Biswamohan Mahapatra was appointed as an Independent Director for a fixed term of three years from March 19, 2015 upto March 18, 2018. Mr. Biswamohan Mahapatra, completed his term on March 18, 2018. The Board of directors had, on the recommendations of the NRC and based on the evaluation report and subject to the approval of the members in the ensuing AGM, considered the re-appointment of Mr. Biswamohan Mahapatra as Independent Director for a second term w.e.f. March 19, 2018 for a period of five years upto March 18, 2023.

Mr. Biswamohan Mahapatra was a Central Banker with his career spanning over 33 years in Reserve Bank of India (RBI) mostly in the areas of banking regulation, policy and supervision. He retired as Executive Director of RBI in 2014. Post his retirement, he was on full

time contract basis for six months as an Advisor to RBI on new bank licensing. He was also associated with various working groups and committees of RBI. He holds a Master of Science in Management (MSM) from USA, Master of Business Administration (MBA), Master of Arts (MA) and Banking (CAIIB). He is a Senior Advisor to Ernst & Young LLP. He is a director on the board of Edelweiss Financial Services Ltd., Edelweiss General Insurance Co. Ltd., ECL Finance Ltd. HDFC Credila Financial Services Pvt. Ltd., Ujjivan Small Finance Bank Ltd. and Indian Institute of Insolvency Professionals of ICAI (IIIPI) etc. He is on the Board of GRUH since March 2015. He is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of GRUH.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Biswamohan Mahapatra,being eligible for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto March 18, 2023. He has attended five board meetings during the financial year 2017-18.

In the opinion of the Board, Mr. Biswamohan Mahapatra fulfils the conditions specified in Section 149(6) read with Schedule IV of the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. The copy of the letter of appointment of Mr. Biswamohan Mahapatra as an Independent Director setting out the terms and conditions would be available for inspection by a member at the Registered Office of the Company during normal business hours on any working day to the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Biswamohan Mahapatra as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Biswamohan Mahapatra as an Independent Director, for the approval by the shareholders of the Company.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives except Mr. Biswamohan Mahapatra are concerned or interested, financial or otherwise, in the resolution set out at Item No.6. This Explanatory Statement may also be regarded as a disclosure under SEBI (LODR) Regulations, 2015.

**Item No. 7**

Ms. Renu S. Karnad, aged 65 years, is a Non-Executive Non-Independent Director of the Company. She has been on the Board of GRUH since 2000. She had briefly stepped down from the Board in October 2017 due to limitations on the number of board positions, and joined the Board again in February 2018.The Board of directors had, on the recommendations of the NRC and based on the evaluation report and subject to the approval of the members in the ensuing AGM, considered the appointment of Ms. Renu S. Karnad as an Additional Non Executive Non Independent Director who shall be liable to retire by rotation, in terms of the relevant provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company.

Ms. Renu S. Karnad, the Managing Director of HDFC, holds a Master's degree in Economics from the University of Delhi and is a Law Graduate from Mumbai University. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, U.S.A. She has been employed with HDFC since 1978. She has been spearheading HDFC's operations and expansion. She is a director in companies like HDFC Asset Management Company Ltd., HDFC Standard Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, Indraprastha Medical Corporation Limited, Maruti Suzuki India Ltd., Bosch Ltd, Bangalore International Airport Ltd, HIREF International Fund Pte Ltd., HIREF International Fund II Pte Ltd., etc. She has been on the Board of GRUH since 2000. She had briefly stepped down from the Board in October 2017 due to limitations on the number of board positions, and joined the Board again in February 2018. She is a member of the Nomination and Remuneration Committee of GRUH. Ms. Renu S. Karnad holds 4,67,230 equity shares of the Company. Ms. Renu S. Karnad is not related to any other directors of the Company.

In the opinion of the Board, Ms. Renu S. Karnad fulfils the conditions specified in relevant provisions of the Companies Act, 2013 and rules made thereunder for his appointment as an Additional Non-Executive Director of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Renu S. Karnad as Non-Executive Non Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Ms. Renu S. Karnad as Non-Executive Non Independent Director, for the approval by the shareholders of the Company.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives except Ms. Renu S. Karnad are concerned or interested, financial or otherwise, in the resolution set out at Item No.7. This Explanatory Statement may also be regarded as a disclosure under SEBI (LODR) Regulations, 2015.

**Item No. 8**

The Board of Directors, at its meeting held on 14th April, 2018 and subject to approval of members in ensuing annual general meeting, has recommended issue of Bonus Shares in the proportion of 1:1 i.e. one new fully paid up Equity Share Capital of ₹ 2/- each for 1 (one) fully paid-up Equity Share Capital of ₹ 2/- each.

The present Authorized Share Capital of the Company is ₹ 100,00,00,000/- (Rupees One Hundred Crore only) which is not adequate to accommodate the issue of proposed Bonus shares in the proportion of 1:1 i.e. one new fully paid up Equity Share of ₹ 2/- each for 1 (one) fully paid-up Equity Share of ₹ 2/- each. It is therefore proposed to increase the same from ₹ 100,00,00,000/- (Rupees One Hundred Crore) divided into 50,00,00,000 (Fifty Crore) Equity Shares of ₹ 2/- each to ₹ 200,00,00,000/- (Rupees Two Hundred Crore) divided into 100,00,00,000 (One Hundred Crore) Equity Shares of ₹ 2/- each by creation of 50,00,00,000 (Fifty Crore) Equity Shares of ₹ 2/- each ranking pari-passu with the existing Equity Shares.

As per the provisions of the Companies Act, 2013, for Increase in Authorized Share Capital, Change in Clause of Memorandum of Association requires approval of members.

Your Board, accordingly, recommends passing of the resolution as set out at Item No. 8 of this Notice, for the approval of the Members.

Save and except for the equity shares of the Company held by them, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

**Item No. 9**

GRUH Finance Limited was incorporated in the year 1986. Under the able leadership and management, the Company has grown from strength to strength. As on March 31, 2018, the paid-up share capital of the Company is ₹ 73,14,40,022/- and reserves and surplus stood at more than ₹ 1,307 crores. The Company is a regular dividend paying Company. The equity shares of ₹ 2/- each is quoted approx around ₹ 600 in the stock market. There has been demand from shareholders to issue bonus shares.

With a view to bring the share capital to a level commensurate with the total networth in the Company and rewarding business operation and considering accumulated reserves of more than ₹ 1,307 crores, the Board of Directors at its meeting held on 14th April, 2018 has recommended issue of Bonus Shares in the proportion of 1:1 i.e. one new fully paid-up Equity Share of ₹ 2/- each for every 1 (one) fully paid-up Equity share of ₹ 2/- each, to the eligible shareholders of the Company as on the Record Date to be fixed by the Board or a Committee thereof authorized for this purpose. The present paid-up Equity Share Capital of the Company is ₹ 73,14,40,022/- consisting of 36,57,20,011 Equity Shares of ₹ 2/- each. In accordance with the enabling provisions that sums not exceeding ₹ 73,14,40,022/- be drawn from the Securities Premium account of the Company and capitalised and transferred to Share Capital Account towards issue and allotment of Equity Shares not exceeding 36,57,20,011 Equity Shares of ₹ 2 each as Bonus Shares, credited as fully paid-up, to the members holding Equity Shares as on the Record Date to be specified in this behalf. The Bonus Shares will be issued in the proportion of 1 (one) new Equity Share(s) for every 1 (one) Equity Share held on record date. The said Bonus Shares shall rank pari-passu with the then existing Equity Shares.

The approval of this resolution would be pursuant to the provisions of section 63(1)(b) of the Companies Act, 2013 and other applicable provisions.

The issue of Bonus Shares to non-residents shareholders is subject to provision of the Foreign Exchange Management Act, 1999.

The Board recommends the resolution for approval of the shareholders.

None of the Directors, Key Managerial Personnel (KMP) of the Company or their relatives are deemed to be concerned or interested in the resolutions set out at Item No.9 except to the extent of their entitlement of Bonus shares on the record date and also adjustment on ESOS entitlement yet to be exercised.

**Item No. 10**

In terms of the resolution passed by the members of the Company at the 30th annual general meeting held on June 22, 2016, the amount consequent to loans borrowed by the Board of Directors on behalf of the Company cannot exceed ₹ 15,000 crores at any point of time.

As on March 31, 2018, the total borrowings of the Company amounted to ₹ 14,046 crores. In view of expected growth in business of the Company, it may be necessary for the Company to borrow monies from various sources consequent to which the amount outstanding could exceed the present limit of ₹ 15,000 crores. Further under law, it is now required that such a resolution be by way of a special resolution. This resolution will also include the sub limit of ₹ 5,100 crores for the proposed borrowing of debentures.

Your Directors accordingly commend increase in the borrowing powers from ₹ 15,000 crores to ₹ 21,000 crores as set out in the resolution at Item No. 10 for approval of the members.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 10.

**Item No. 11**

According to the provisions of Section 180(1)(a) of Companies Act, 2013, the Board of Directors can exercise its powers to create/renew charges, mortgages, hypothecations and floating charges on immovable or movable properties of the Company to secure its borrowings, only with the consent of the shareholders obtained by way of Special Resolution.

Therefore, the Board of Directors of the Company seeks the consent of the shareholders by way of Special Resolution under Section 180(1)(a) of Companies Act, 2013, to empower the Board to create/ renew charges, mortgages, hypothecations and floating charges including on negative lien basis on the immovable and movable properties of the Company to secure the borrowings of the Company.

The Board of Directors recommends the Special Resolution set out in Item No. 11 of the accompanying notice for approval of the members.

None of the Directors or Key Managerial Personnel of the Company or their relatives is/are concerned or interested, in any manner in the passing of proposed Resolution set out at Item No. 11 of the Notice.

**Item No. 12**

For the purpose of the business of the company, to augment long-term resources to finance the housing finance operations and other activities of the Company, the board of directors of your Company is required to borrow funds, within the limits approved by the members, *inter-alia*, by issue of Non-Convertible Debentures (NCDs) in accordance with the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities Regulations, 2008) as amended.

In terms of Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make a private placement of its securities including NCDs subject to prior approval of the

shareholders by way of special resolution. The Rules further provides that the said special resolution shall be passed in respect of all offers / invitations for such debentures made during the year. As per the Rules, such an approval from the members to borrow funds by way of NCDs is valid for one year.

At the 31st AGM held on June 15, 2017, the members had approved borrowings by way of NCDs upto an amount not exceeding of ₹ 5,000 crores and unsecured redeemable subordinated debt upto and amount of ₹ 100 crores, both aggregating to ₹ 5,100 crores, on a private placement basis. GRUH has during the year 2017-18, raised NCDs aggregating to ₹ 2,060 crores, through private placement.

As at March 31, 2018, the total borrowings of the Company of ₹ 14,046 crores, are inclusive of Non-Convertible Debentures of ₹ 4,097 crores and unsecured redeemable subordinated debt Tier II NCD of ₹ 35 crores. These borrowings are within the overall limits of ₹ 15,000 crores as approved by the members at the 30th AGM held on June 22, 2016 and also subject to the NHB prescribed ceiling of borrowings as stipulated in the NHB Directions/Regulations from time to time.

The NCDs proposed to be issued for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions, shall be within the overall borrowing limits of ₹ 15,000 crores as approved by the members at the 30th AGM held on June 22, 2016 and the overall borrowing limits of ₹ 21,000 crores as proposed to be enhanced on approval by the members at the 32nd AGM scheduled to be held on May 30, 2018, and also subject to the NHB prescribed ceiling of borrowings as stipulated in the NHB Directions/ Regulations from time to time.

Accordingly the approval of the members is being sought by way of special resolution as set out at Item No.12 for issue of Non-Convertible Debentures on a private placement basis during the period of one year from the date of this meeting, under one or more information memorandum / shelf disclosure document in one or more series or trenches.

Your Directors recommend the passing of the special resolution proposed at Item No.12 of the Notice.

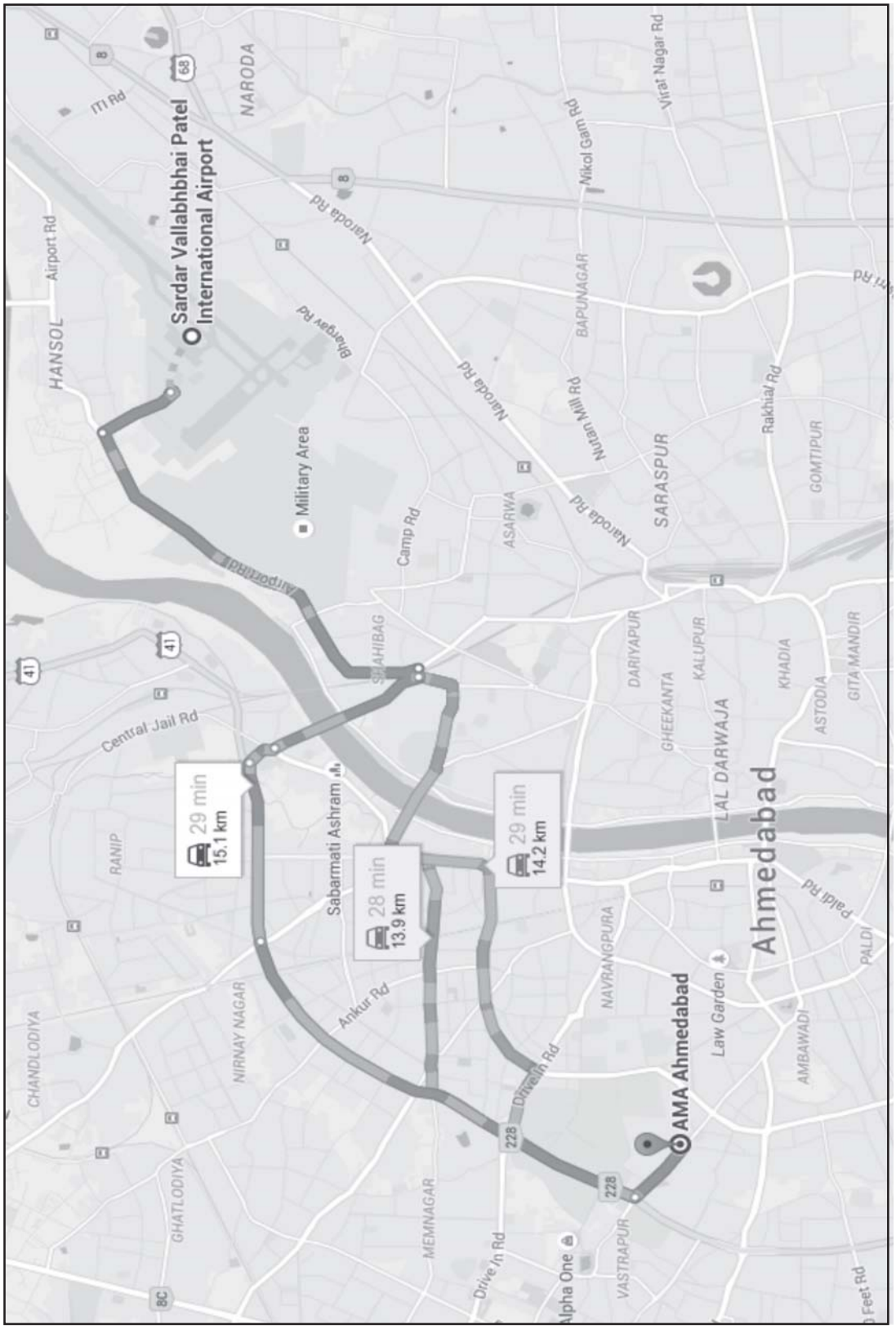
None of the directors or Key Managerial Personnel (KMP) of the company or their relatives, are in any way, financially or otherwise, concerned or interested in the said resolution.

By Order of the Board

Marcus Lobo
Company Secretary
FCS : 4256

Mumbai
April 14, 2018

Route Map to the AGM Venue



**GRUH FINANCE LIMITED**
Regd. Office: "GRUH", Netaji Marg, Nr. Mithakhali Six Roads,
Ellisbridge, Ahmedabad 380 006 • Phone : 079 2642 1671-75, Fax : 079 2656 9215
E-mail : investorcare@gruh.com • www.gruh.com
CIN : L65923GJ1986PLC008809

GRUH FINANCE LIMITED
*We help you build homes*

# PROXY FORM

Name of the member (s): .....

Registered Address: .....

..... E-mail ID: .....

Folio No. / Client Id: ..... DP ID: .....

I/We, being the member (s) holding ..... equity shares of ₹ 2/ each of GRUH Finance Limited, hereby appoint:

1. Name : ..... Address : .....
   Email Id : ..... Signature : ....., or failing him;
2. Name : ..... Address : .....
   Email Id : ..... Signature : ....., or failing him;
3. Name : ..... Address : .....
   Email Id : ..... Signature : .....

And whose signature(s) are appended below, as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company, to be held on Wednesday, May 30, 2018 at 10:30 a.m. at H.T. Parekh Convention Centre, Ahmedabd Management Association (AMA), Atira Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Sr. No. | Brief details of the Resolution | Optional* | | |
|---|---|---|---|---|
| | | For | Against | Abstain |
| 1 | Adoption of the Audited Financial Statement and Reports of the Board of Directors and the Auditors thereon for the year ended March 31, 2018. | | | |
| 2 | Declaration of Dividend on Equity Shares. | | | |
| 3 | Appointment of Mr. K. G. Krishnamurthy, (DIN 00012579), who retires by rotation and being eligible, offers himself for re-appointment. | | | |
| 4 | Ratification of Appointment of M/s. Deloitte Haskins & Sells LLP, (Firm Registration No. 117366W/W-100018) as Auditors and fixing their remuneration. | | | |
| 5 | Appointment of Ms. Bhavna Doshi (DIN 00400508) as an Independent Director of the Company for a period of five years w.e.f. January 20, 2018 upto January 19, 2023. | | | |
| 6 | Special Resolution for Re-appointment of Mr. Biswamohan Mahpatra (DIN 06990345) as an Independent Director of the Company for a period of five years w.e.f. March 19, 2018 upto March 18, 2023. | | | |
| 7 | Appointment of Ms. Renu S Karnad (DIN 00008064) as a Director of the Company. | | | |
| 8 | Approval of increase in Authorised Share Capital of the Company from ₹ 100 crores to ₹ 200 crores. | | | |
| 9 | Approval of issue of 36,57,20,011 equity shares as Bonus shares in the ratio of 1:1 to the Shareholders. | | | |
| 10 | Special Resolution for Approving increase in the borrowing powers under Section 180(1)(c) of the Companies Act, 2013 upto ₹ 21,000 crores | | | |
| 11 | Special Resolution for Approval for creation of security or to encumber immovable and movable properties of the Company under section 180(1)(a) of the Companies Act, 2013. | | | |
| 12 | Special Resolution for Approval for issuance of Redeemable Non Convertible Debentures (NCDs) upto an amount not exceeding ₹ 5000 crores and issuance of Unsecured Redeemable Subordinated Debt – Tier II NCDs upto an amount of ₹ 100 crores (both aggregating to ₹5100 crores) on private placement. | | | |

Signed this _____ day of _____ 2018.

(Affix Revenue Stamp)

Signature of Member(s) : _____

Signature of the Proxy holder(s) : _____

**Note :**

**1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**

**2) A proxy need not be a member of the Company.**

3)* For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 32nd Annual General Meeting.
It is optional to put a "✓" in the appropriate column against the Resolutions indicated in the box. If you leave the "For", "Against" or "Abstain" column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/ she thinks appropriate.

GRUH FINANCE LIMITED

*We help you build homes*

## GRUH FINANCE LIMITED

Regd. Office: "GRUH", Netaji Marg, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad- 380006
CIN: L65923GJ1986PLC008809, Website: www.gruh.com, E-mail: investorcare@gruh.com
Phone: 079 – 2642 1671-75, Fax: 079 – 2656 9215

### ATTENDANCE SLIP – 32nd AGM

(To be handed over at the entrance of Meeting Hall)

**Sr. No. ……..**

| | |
|---|---|
| Regd. Folio /DP ID & Client ID | |
| Name and Address of the Shareholder(s) | |
| Joint Holder 1<br>Joint Holder 2 | |
| No. of Shares | |

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the THIRTY SECOND ANNUAL GENERAL MEETING of the Company at H.T. Parekh Convention Centre, Ahmedabad Management Association (AMA), Atira Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 on Wednesday, May 30, 2018 at 10:30 a.m.

| | |
|---|---|
| Full name of the Member/Proxy attending the Meeting | |
| Member's/Proxy's Signature | |

Note: Please fill in this attendance slip and hand it over at the ENTRANCE OF THE HALL.
Share holders attending the meeting are requested to bring their copies of the Annual Report with them.

---

### ELECTRONIC VOTING PARTICULARS

| EVEN<br>(Electronic Voting Event Number) | User ID | Password |
|---|---|---|
| | | |

Note: The Voting period starts from May 26, 2018 (9:00 a.m.) to May 29, 2018 (5:00 p.m.). The voting module shall be disabled by NSDL for voting thereafter.

Please read the instructions given under point no. (N) of the notice of 32nd Annual General Meeting of the Members of the Company carefully before exercising your vote electronically.

GRUH FINANCE LIMITED

*We help you build homes*

(A subsidiary of HDFC Ltd)

*With shades of 'blue'*
*our resolve we renew*

# 32nd ANNUAL REPORT
2017 - 2018

The last few years and especially the last decade have been a testing time, with many, many ups and downs. Some of these disruptions have perhaps been challenges disguised as opportunities. GRUH's response has always been pro-active and pro-customer. The cumulative outcome is visible not only in the financial performance over the years but also in the many awards and recognitions which we have received.

In the world of finance and business, the color 'blue' is often used in the phrase 'blue chip' to describe companies which have a substantial bank of assets which you may not readily see. Assets like brand value, trade goodwill, Intellectual Property, vendor relationships, customer loyalty and such other intangible assets which are recognized by the market over and above the assets capitalized in the balance sheets.

The term 'blue chip' apart, there is also a lot more that is very striking about the color blue. 'Blue' is the color of trust, loyalty and confidence. 'Blue' is the color of faith and truth; it is calming and peaceful, the color of the ocean and the sky. Hence the management phrase 'blue sky thinking' which implies being creative beyond current practices, unfettered by the past. The term 'blue ocean strategies' has similarly been used to describe value innovation ie powerful leaps in value for both the firm and its customers, rendering competition irrelevant and constantly tapping into new demand.

In choosing the color 'blue' for this year's annual report, we seem to be in good company: worldwide, blue ribbons are used to recognize equality and human rights. Blue ribbons are used to distinguish people and even schools which favor the less privileged. Many of us have heard of the 'blue phase' in fine art which produced some of the most priceless works of art including masterpieces from the likes of Leonardo Da Vinci and Pablo Picasso. When we started work on this report, Ultra violet, a highlighter blue hue, was declared the color for 2018 by the fashion world. Blue was chosen because it signals originality, ingenuity and visionary thinking. For us it symbolizes the determination to pursue a world beyond seeming limitations and performance which has been repeatedly awarded and recognised by our institutional peers.

GRUH FINANCE LIMITED
We help you build homes

## HIGHLIGHTS

(₹ in crores)

| Financial Highlights | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|---|---|---|---|---|---|---|---|---|---|
| Loan Disbursements | 5,259 | 4,125 | 3,857 | 3,121 | 2,577 | 2,174 | 1,487 | 1,211 | 780 | 655 |
| Net Interest Margin | 651 | 526 | 421 | 344 | 271 | 218 | 179 | 143 | 115 | 85 |
| Fees & Other Income | 54 | 41 | 47 | 39 | 31 | 26 | 19 | 15 | 13 | 8 |
| Operating Cost | 100 | 90 | 82 | 64 | 56 | 46 | 39 | 31 | 25 | 21 |
| Operating Profit | 605 | 477 | 386 | 318 | 246 | 197 | 159 | 127 | 103 | 72 |
| Provisions & Write Offs (Net) | 38 | 32 | 22 | 17 | 2 | 1 | (4) | 1 | 8 | 3 |
| Profit Before Tax | 562 | 442 | 362 | 301 | 244 | 197 | 163 | 126 | 94 | 70 |
| Profit After Tax | 363[1] | 297[1] | 244[1] | 204[1] | 177 | 146 | 120 | 92 | 69 | 50 |
| Stockholders' Equity | 1,381 | 1,113 | 835 | 711 | 607 | 491 | 386 | 318 | 265 | 221 |
| Borrowed Funds | 14,046 | 12,018 | 10,244 | 8,216 | 6,447 | 4,915 | 3,833 | 2,966 | 2,323 | 2,245 |
| Loan Assets | 15,568 | 13,244 | 11,115 | 8,926 | 7,020 | 5,447 | 4,077 | 3,176 | 2,453 | 2,091 |

### Key Financial Ratios

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Capital Adequacy Ratio (%) | 18.90 | 18.32 | 17.82 | 15.36 | 16.36 | 14.56 | 13.95 | 13.32 | 16.55 | 16.21 |
| Debt Equity Ratio (times) | 10 | 11 | 12 | 12 | 11 | 10 | 10 | 9 | 9 | 10 |
| Loans to Total Assets (%) | 97 | 97 | 97 | 97 | 97 | 97 | 94 | 94 | 92 | 83 |
| Gross NPAs to Loan Assets (%) | 0.45 | 0.31 | 0.32 | 0.28 | 0.27 | 0.32 | 0.52 | 0.82 | 1.11 | 0.94 |
| Net NPAs to Loan Assets (%) | 0 | 0 | 0.09 | 0 | 0 | 0.05 | 0 | 0 | 0 | 0 |
| Net Interest Margin to Average Assets (%) | 4.40 | 4.20 | 4.08 | 4.18 | 4.21 | 4.38 | 4.64 | 4.73 | 4.42 | 3.73 |
| Non-Interest Expenses to Average Assets (%) | 0.68 | 0.72 | 0.79 | 0.78 | 0.87 | 0.93 | 1.00 | 1.02 | 0.97 | 0.91 |
| Cost to Income Ratio (%) | 14 | 16 | 17 | 17 | 18 | 19 | 20 | 20 | 20 | 22 |
| PAT to Average Assets (%) | 2.45 | 2.37 | 2.36 | 2.48 | 2.76 | 2.94 | 3.12 | 3.02 | 2.65 | 2.21 |
| Return on Average Networth (%) | 29 | 30 | 31 | 31 | 32 | 33 | 34 | 31 | 28 | 24 |

### Measuring Shareholders' Wealth

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Earnings Per Share (₹) [3] | 9.93 | 8.15 | 6.70 | 5.57 | 4.93 | 4.11 | 3.41 | 2.62 | 1.99 | 1.45 |
| Dividend Rate (%) | 165[3] | 140[3] | 115[3] | 100[3] | 150 | 125 | 115 | 110[2] | 65 | 48 |
| Dividend Payout Ratio (%) | 40 | 41 | 41 | 43 | 36 | 36 | 39 | 49 | 38 | 39 |
| Book Value Per Share as at March 31 (₹) [3] | 37.80 | 30.59 | 22.97 | 19.64 | 16.92 | 13.82 | 10.94 | 9.10 | 7.62 | 6.37 |
| Market Price Per Share as at March 31 (₹) [3] | 575.25 | 395.90 | 239.25 | 244.00 | 147.65 | 105.15 | 63.70 | 36.02 | 21.78 | 9.37 |
| Price to Value Ratio (times) | 15 | 13 | 10 | 12 | 9 | 8 | 6 | 4 | 3 | 1 |
| Price to Earnings Ratio (times) | 58 | 49 | 36 | 44 | 30 | 26 | 19 | 14 | 11 | 6 |
| Market Capitalisation (in crores) | 21,038 | 14,433 | 8,701 | 8,867 | 5,319 | 3,753 | 2,249 | 1,266 | 756 | 325 |

1 Profit After Tax is arrived after providing Deferred Tax Liability of ₹ 37 crores for FY 17-18, ₹ 29 crores for FY 16-17, ₹ 24 crores for FY 15-16 and ₹ 19 crores for FY 14-15 on Sepcial Reserve which was required to be created from FY 14-15.

2 Includes one-time Special Silver Jubilee Year Dividend of 25%.

3 During FY 12-13, w.e.f. July 26, 2012, face value of equity share of GRUH was sub-divided to ₹ 2 per equity share from ₹ 10 per equity share. GRUH allotted Bonus shares in ratio of 1:1 during June'2014. Dividend is for the full year on the enhanced capital post sub division and issue of bonus shares.

4 Previous year figures have been regrouped and reclassified, where necessary to make them comparable with current year figures.

## BOARD OF DIRECTORS AND THEIR BRIEF PROFILE

Mr. Keki M. Mistry
(Chairman)
(DIN : 00008886)

**Mr. Keki M. Mistry**, the non-executive Chairman of the Company is the Vice Chairman & Chief Executive Officer of Housing Development Finance Corporation Limited. He is a Fellow of the Institute of Chartered Accountants of India. Mr. Mistry is also Chairman of CII National Council on Corporate Governance. Mr. Mistry serves as a director on the board of several companies including HDFC Bank Limited, HDFC Standard Life Insurance Co. Ltd., HDFC ERGO General Insurance Company Limited, HDFC Asset Management Company Ltd., Greatship (India) Ltd., Sun Pharmaceutical Industries Ltd., Torrent Power Ltd., HCL Technologies Ltd., Griha Pte Ltd., Singapore, CDC Group, London, Griha Investments, Mauritius, etc. He has been on the board of GRUH since 2000 and has been Chairman of the Company since 2002. He is a member of the Audit Committee and Nomination and Remuneration Committee of GRUH.

Ms. Renu S. Karnad
(DIN : 00008064)

**Ms. Renu S. Karnad**, the Managing Director of HDFC, holds a Master's degree in Economics from the University of Delhi and is a Law Graduate from Mumbai University. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, U.S.A. She has been employed with HDFC since 1978. She has been spearheading HDFC's operations and expansion. She is a director in companies like HDFC Asset Management Company Ltd., HDFC Standard Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, Indraprastha Medical Corporation Limited, Maruti Suzuki India Ltd., Bosch Ltd, Bangalore International Airport Ltd, HIREF International Fund Pte Ltd., HIREF International Fund II Pte Ltd., etc. She has been on the Board of GRUH since 2000. She had briefly stepped down from the Board in October 2017 due to limitations on the number of board positions, and joined the Board again in February 2018. She is a member of the Nomination and Remuneration Committee of GRUH.

Mr. K. G. Krishnamurthy
(DIN : 00012579)

**Mr. K.G. Krishnamurthy** is the Managing Director & CEO of HDFC Property Ventures Limited (HPVL). Prior to that, he was employed with HDFC as Senior General Manager – Technical Services. He has played a key role in the successful closure of International and domestic real estate funds having an aggregate corpus of INR 71 billion. He is a graduate from IIT Kharagpur with a management degree from Jamnalal Bajaj Institute of Management, Mumbai. He has vast experience of over two decades in real estate and has been widely consulted by the industry on real estate matters. He has offered his services to the Asian Development Bank - to develop a housing package for Project Affected Persons under Karnataka Urban Infrastructure Project and to the US AID to build-up a mortgage market in Sri Lanka. Besides his responsibilities within the HDFC group, he is on the board of several companies including HDFC Venture Capital Limited, HDFC Sales Pvt. Ltd., HDFC Investments Ltd., Vascon Engineers Limited, New Consolidated Construction Co. Ltd., etc. He has been appointed on the board of GRUH since 2004. He is a member of Stakeholders Relationship Committee of GRUH.

Mr. Prafull Anubhai
(DIN : 00040837)

**Mr. Prafull Anubhai**, is a Corporate Advisor. He is associated with educational and research institutions like Indian Institute of Management (IIMA), Ahmedabad Education Society (AES), Ahmedabad University, CSTEP (Centre for Science Technology and Policy), ATIRA etc. He is the former Chairman of the Board of Management of the Ahmedabad University. He is the member of the Governing Board of Ahmedabad Education Society. He is also the Hon. Director of Saptak Archives, an institution dedicated to the preservation and dissemination of Indian Classical Music. He is the author of the book " IIMA story - DNA of an Institution". He has done his B.Sc. (Econ.) from the London School of Economics and attended PMD at Harvard Business School. He has 30 years of experience as a Chief Executive of Textile Manufacturing Operations and presently he is a Director in companies like Unichem Laboratories Ltd., Vardhman Textiles Ltd., Vardhman Special Steels Ltd., Aditya Birla Sun Life Trustee Co. Pvt. Ltd., etc. He has been on the board of GRUH since 1987. He is Chairman of the Corporate Social Responsibility (CSR) Committee and a member of the Audit Committee of GRUH.

Mr. S. G. Mankad
(DIN : 00086077)

**Mr. S.G. Mankad**, IAS (retd), holds Masters in History from University of Delhi. He served in various capacities both in Government of India and the State of Gujarat. His last assignment was as Chief Secretary, Govt. of Gujarat. Presently, he serves as a Government Nominee director on the board of Reserve Bank of India (RBI). He is Chairman of Gujarat Institute of Desert Ecology (GUIDE) and is associated with several educational institutions and NGOs. He is the Chairman of Gujarat International Finance Tec- City Co. Ltd. and Swaraj Engines Limited., and Director in IL&FS Education & Technology Services Ltd., IL&FS Skills Development Corporation Ltd., Deepak Nitrite Ltd., Navin Fluorine International Ltd. and Mahindra Intertrade Ltd. He is on the Board of GRUH since 2010. He is Chairman of the Nomination and Remuneration Committee and a member of the Corporate Social Responsibility (CSR) Committee of GRUH.

Mr. Biswamohan Mahapatra
(DIN : 06990345)

**Mr. Biswamohan Mahapatra** was a Central Banker with his career spanning over 33 years in Reserve Bank of India (RBI) mostly in the areas of banking regulation, policy and supervision. He retired as Executive Director of RBI in 2014. Post his retirement, he was on full time contract basis for six months as an Advisor to RBI on new bank licensing. He was also associated with various working groups and committees of RBI. He holds a Master of Science in Management (MSM) from USA, Master of Business Administration (MBA), Master of Arts (MA) and Banking (CAIIB). He is a Senior Advisor to Ernst & Young LLP. He is a Non Executive Chairman of the National Payments Corporation of India and he is a director on the board of Edelweiss Financial Services Ltd., Edelweiss General Insurance Co. Ltd., ECL Finance Ltd. and HDFC Credila Financial Services Pvt. Ltd., Ujjivan Small Finance Bank Ltd. and Indian Institute of Insolvency Professionals of ICAI (IIIPI) etc. He is on the Board of GRUH since March 2015. He is Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of GRUH.

## BOARD OF DIRECTORS AND THEIR BRIEF PROFILE

Mr. Pankaj Patel
(DIN : 00131852)

**Mr. Pankaj Patel**, the Chairman and Managing Director of Cadila Healthcare Ltd., is an M. Pharm in Pharmaceutical Technology, and spearheads Zydus Group of Companies, an innovation-driven, global healthcare provider headquartered in India and having operations in more than 50 countries worldwide. Mr. Patel is an Immediate Past President of Federation of Indian Chamber of Commerce & Industry (FICCI). FICCI has also nominated him as a member in reconstituted Court of the Indian Institute of Science.He is associated with various educational institutions and is on the advisory committees and academic councils of several educational institutions. He is a Member of the Board of Governors of the Indian Institute of Management (IIM), Ahmedabad. He is also the Chairman of the Board of Governors and Society, IIM, Udaipur. He is the Chairperson of the Board of Governors of IIT, Bhubaneswar. Mr. Patel is currently on the Governing Board of The Ahmedabad University and the Chairman of School of Life Sciences, Ahmedabad University. He is also a Member of the Board of Management of the NMIMS, Member of the Governing Board of Anant National University and a Member on the Governing Board of the Gujarat Law Society and Nirma University. He is the Executive Chairman, Vice President and Trustee of the Gujarat Cancer Society and Chairman of the Gujarat Cancer and Research Institute. He officiates as the Chairman of the Deaf and Mute School, Ahmedabad. Mr. Pankaj Patel also serves as a Director on the Board of companies like Nirma Ltd., Torrent Power Ltd., Bayer Cropscience Ltd., etc. He is on the Board of GRUH since March 2017 and is a member of the Nomination and Remuneration Committee and the Corporate Social Responsibility Committee (CSR) of GRUH.

Mr. Rajesh Gupta
(DIN : 00229040)

**Mr. Rajesh Narain Gupta**, is the Managing Partner at SNG & Partners, Advocates & Solicitors, a full service law firm with its presence in Singapore and Qatar apart from offices in India. He holds Bachelor of Laws degree from M.D. University. He has vast experience in corporate and transactional matters including Litigation and his area of specialization includes Banking Laws and Practices, Commercial Laws, Real Estate and Private Client practice. He has been a pioneer in India in Succession & Estate Planning. He is an advisor to a number of foreign and Indian Banks, Financial Institutions, Corporate and Industrial Houses, Real Estate players. He was retained by Banking Industry to advice on implementation on the procedural part of the Securitization & Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. He was also a special invitee by the Indian Bankers Association and the Reserve Bank of India in connection with the amendment of Banking Regulation Act 1949. He has been ranked in the India Business Law Journal's top 100 lawyers in India 'A List' 2017 & 2018. Chambers High Net Worth 2018 has listed him amongst "leaders in the field" of Private Wealth Law Practice. He is a director on the board of L&T Mutual Fund Trustee Ltd., Crystal Crop Protection Ltd., etc. He is on the Board of GRUH since April 2017. He is Chairman of the Stakeholders Relationship Committee and a member of the Audit Committee of GRUH.

Ms. Bhavna Doshi
(DIN : 00400508)

**Ms. Bhavna Doshi**, is a fellow member of the Institute of Chartered Accountants of India and holds Masters Degree in Commerce from Mumbai University. She has rich experience of over three decades advisory services in the fields of taxation, accounting, corporate and regulatory matters. She is former partner of Bharat S Raut& Co (full member firm of KPMG in India). She has served as elected member of the Council of Chartered Accountants of India for 4 terms of 3 years each. She has contributed significantly to the development of accounting standards, taxation and research projects. She has served on the Compliance Advisory Panel of International Federation of Accountants headquartered at New York. She was President of the IMC Chamber of Commerce and Industry. She is a director in companies like Torrent Power Ltd., Everest Industries Ltd., Sun Pharma Advanced Research Company Ltd., Peninsula Land Ltd., Walchandnagar Industries Ltd., etc. She is on the Board of GRUH since January 2018. She is a member of Audit Committee and Stakeholders Relationship Committee of GRUH.

Mr. Kamlesh Shah
(Executive Director)
(DIN : 03092230)

**Mr. Kamlesh Shah**, the Executive Director of GRUH, is a Fellow member of the Institute of Chartered Accountants of India. He has been employed with GRUH since 1990. He has the working experience of handling functional areas of operations, finance, human resources and administration. He is on the Board of GRUH since 2010. He is a member of the Stakeholders Relationship Committee of GRUH.

Mr. Sudhin Choksey
(Managing Director)
(DIN : 00036085)

**Mr. Sudhin Choksey**, the Managing Director of GRUH, is a Fellow Member of the Institute of Chartered Accountants of India. He was appointed as the CEO of the Company in 1998 and the Managing Director in 2000. He has been on the Board of GRUH since May 1996. He has the working experience of handling functional areas of finance, commercial and general management both in India and abroad. He is a director on the board of Deepak Nitrite Ltd., Gujarat Ambuja Exports Ltd., HDFC Credila Financial Services Pvt. Ltd., and Light Microfinance Pvt. Ltd. He is a member of the Corporate Social Responsibility (CSR) Committee of GRUH.

GRUH FINANCE LIMITED
*We help you build homes*

## SENIOR MANAGEMENT TEAM

Suresh Iyer
Manish Gandhi
Avinash Srivastava
Dharmesh Bhavsar
Nilesh Mehta
Umesh Agrawal
Rakesh Hardiya
Rakesh Choudhary
Amit Chokshi
Harish Sharma
Jayesh Gangwani
Ajay Kumar
Venu Menon
Rupali Shelar
Subramanian K

**Company Secretary** Marcus Lobo

**Chief Financial Officer** Hitesh Agrawal

## REGISTERED OFFICE

"GRUH", Netaji Marg, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380 006. Gujarat, INDIA.
Phone : 91-79-2642 1671 to 75, Fax : 91-79-2656 9215

CIN : L65923GJ1986PLC008809

NHB Registration No. : 01.0015.01 dated July 31, 2001

LEI Number : 335800EIUY334N91OA87

Email : investorcare@gruh.com

Website : www.gruh.com

Toll Free :
Loans : 1800 233 5300

Deposits : 1800 233 7923

## AUDITORS

M/s DELOITTE HASKINS & SELLS LLP
Chartered Accountants

## ADVOCATES & NOTARY

M/s SINGHI & Co.,
Advocates & Notary

## DEBENTURE TRUSTEES

IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.

## BANKERS

Allahabad Bank * Axis Bank Ltd. * Bank of Baroda * Bank of India * Bank of Maharashtra * Bank of Nova Scotia * Central Bank of India Canara Bank * Corporation Bank * Dena Bank * Development Credit Bank Ltd. * Deutsche Bank A.G. * HDFC Bank Ltd. * ICICI Bank Ltd. IDBI Bank Ltd. * IDFC Bank Ltd. * Indian Overseas Bank * IndusInd Bank Ltd. * Kotak Mahindra Bank Ltd. * Oriental Bank of Commerce Punjab & Sind Bank * Ratnakar Bank Ltd. * The Hongkong and Shanghai Banking Corporation Ltd. * The Jammu and Kashmir Bank Ltd. State Bank of India * Syndicate Bank * UCO Bank * Union Bank of India * Vijaya Bank

## Index


| | |
|---|---|
| Board of Directors and their brief profile | 2 |
| Directors' Report | 7 |
| Management Discussion and Analysis Report | 35 |
| Report of the Directors on Corporate Governance | 41 |
| Information for Shareholders | 50 |
| Accounts & Auditor's Report | 56 |

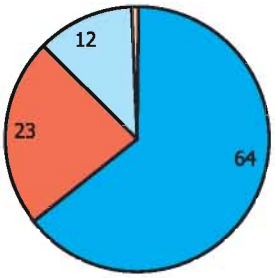
# Profile of GRUH's Customers

GRUH FINANCE LIMITED
We help you build homes

## CUMULATIVE AS ON MARCH 31, 2018

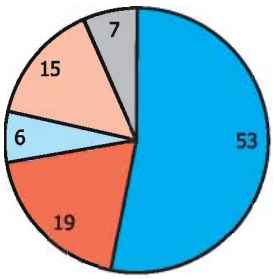
Properties Financed - Loan to Value Ratio (LTV) wise Distribution

| LTV in % | No. | % | |
|---|---|---|---|
| Up to 75 | 2,69,703 | 64 | |
| 76 to 80 | 96,174 | 23 | |
| 81 to 85 | 50,344 | 12 | |
| > 85 | 6,710 | 1 | |
| | **4,22,931** | **100** | |



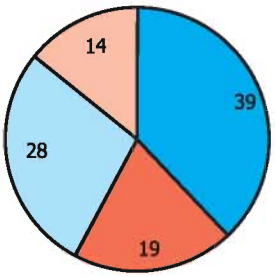

Properties Financed - Location wise Distribution

| Population at Location | No. | % | |
|---|---|---|---|
| Up to 50,000 | 2,24,380 | 53 | |
| > 50,000 to 2,00,000 | 81,593 | 19 | |
| > 2,00,000 to 5,00,000 | 25,838 | 6 | |
| > 5,00,000 to 25,00,000 | 62,589 | 15 | |
| > 25,00,000 | 28,531 | 7 | |
| | **4,22,931** | **100** | |



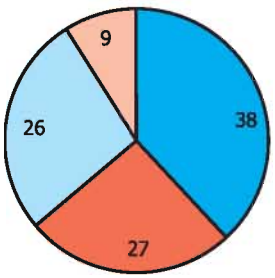

Properties Financed - Loan Amount Wise Distribution

| Loan Amount (₹) | No. | % | |
|---|---|---|---|
| Up to 3,00,000 | 1,62,488 | 39 | |
| > 3,00,000 to 5,00,000 | 81,830 | 19 | |
| > 5,00,000 to 10,00,000 | 1,17,647 | 28 | |
| > 10,00,000 | 60,966 | 14 | |
| | **4,22,931** | **100** | |




Property Financed - Family Income Wise Distribution

| Family Income (₹) | No. | % | |
|---|---|---|---|
| Up to 15,000 | 1,61,327 | 38 | |
| > 15,000 to 25,000 | 1,13,641 | 27 | |
| > 25,000 to 50,000 | 1,09,178 | 26 | |
| > 50,000 | 38,785 | 9 | |
| | **4,22,931** | **100** | |



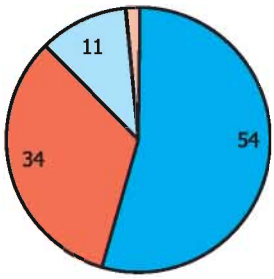
# Profile of GRUH's Customers

GRUH FINANCE LIMITED
We help you build homes

## FOR THE YEAR 2017-18

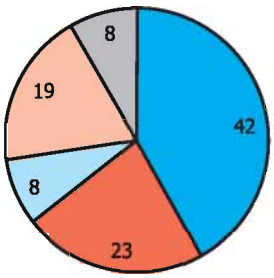
Properties Financed - Loan to Value Ratio (LTV) wise Distribution

| LTV in % | No. | % | |
|---|---|---|---|
| Up to 75 | 27,002 | 54 | |
| 76 to 80 | 17,170 | 34 | |
| 81 to 85 | 5,312 | 11 | |
| > 85 | 680 | 1 | |
| | **50,164** | **100** | |



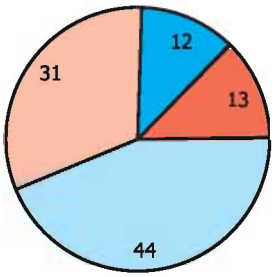

Properties Financed - Location wise Distribution

| Population at Location | No. | % | |
|---|---|---|---|
| Up to 50,000 | 21,145 | 42 | |
| > 50,000 to 2,00,000 | 11,389 | 23 | |
| > 2,00,000 to 5,00,000 | 3,980 | 8 | |
| > 5,00,000 to 25,00,000 | 9,430 | 19 | |
| > 25,00,000 | 4,220 | 8 | |
| | **50,164** | **100** | |



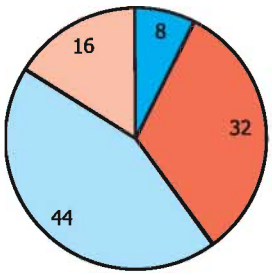

Properties Financed - Loan Amount Wise Distribution

| Loan Amount (₹) | No. | % | |
|---|---|---|---|
| Up to 3,00,000 | 6,021 | 12 | |
| > 3,00,000 to 5,00,000 | 6,324 | 13 | |
| > 5,00,000 to 10,00,000 | 22,163 | 44 | |
| > 10,00,000 | 15,656 | 31 | |
| | **50,164** | **100** | |




Property Financed - Family Income Wise Distribution

| Family Income (₹) | No. | % | |
|---|---|---|---|
| Up to 15,000 | 3,767 | 8 | |
| > 15,000 to 25,000 | 16,092 | 32 | |
| > 25,000 to 50,000 | 21,990 | 44 | |
| > 50,000 | 8,315 | 16 | |
| | **50,164** | **100** | |



# DIRECTORS' REPORT

TO THE MEMBERS,

Your directors are pleased to present the 32nd Annual Report of your Company with the audited accounts for the year ended March 31, 2018.

FINANCIAL RESULTS (₹ in crores)

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| Profit Before Tax | 562.07 | 442.00 |
| Provision for Tax (Net of deferred tax) | 199.39 | 145.35 |
| Profit After Tax | 362.68 | 296.65 |
| Add: | | |
| Balance brought forward from last year | 331.79 | 184.14 |
| Amount available for appropriation | 694.47 | 480.79 |
| Appropriations: | | |
| Statutory Reserve u/s 29C of NHB Act & u/s 36(1)(viii) of I.T. Act | 106.25 | 84.00 |
| General Reserve | 80.00 | 65.00 |
| Dividend including tax thereon pertaining to previous year paid during the year | 123.00 | - |
| Balance carried to Balance Sheet | 385.22 | 331.79 |
| | 694.47 | 480.79 |

## Dividend

Your directors recommend payment of dividend of ₹ 3.30 per equity share of face value of ₹ 2 each for the year ended March 31, 2018 as against a dividend of ₹ 2.80 per share of face value of ₹ 2 each for the previous year. The dividend payout ratio for the year inclusive of additional tax on dividend will be 40%. The dividend declared/ recommended is in accordance with the principles and criteria as set out in the Dividend Distribution Policy which has been approved by the board of directors. The policy is provided as 'Annexure A' to this Report.

## Bonus Issue

Your directors recommend an issue of bonus shares in the ratio of one equity share of ₹ 2 each for every one existing equity share of ₹ 2 each of the Company held by the members on a date to be fixed by the board, by capitalising a part of the Securities Premium Account. The proposed issue of bonus shares is subject to the consent of shareholders at the forthcoming AGM. The bonus shares shall rank *pari passu* in all respects with the existing fully paid up equity shares of the Company, including any dividend that may be declared for the financial year in which the bonus shares are allotted. The dividend declared for the year ended March 31, 2018 shall not be applicable on the Bonus Shares.

## Changes in Share Capital

In order to facilitate the capitalisation of the Securities Premium Account to the extent of issue of bonus shares, the authorised share capital of the Company is being increased from ₹ 100 crores to ₹ 200 crores by creation of 50 crores equity shares of ₹ 2 each.

During the year, the paid up equity share capital increased as a result of allotment of 11,55,527 equity shares of the face value of ₹ 2/- each upon exercise of stock options under ESOS-2015. As at March 31, 2018, the equity share capital stood at ₹ 73,14,40,022 divided into 36,57,20,011 equity shares of ₹ 2/- each.

## Disbursements

Loan disbursements during the year were ₹ 5,259 crores as against ₹ 4,125 crores in the previous year. GRUH continued to focus mainly on the retail segment and disbursed ₹ 4,645 crores to 50,137 families. Cumulative disbursements as at March 31, 2018 were ₹ 28,456 crores.

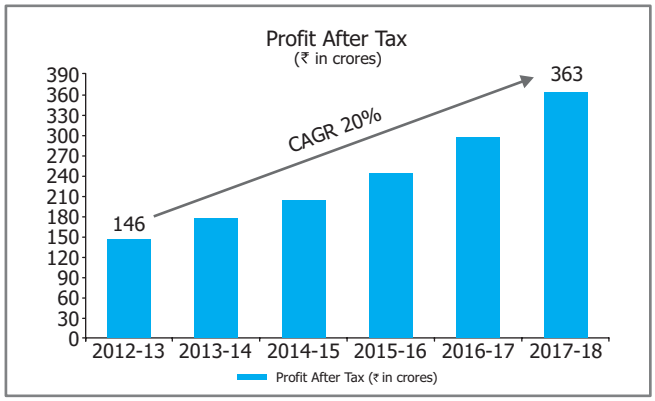
### Rural Housing

During the year, GRUH disbursed ₹ 1,994 crores in respect of 21,145 loans in the rural areas. Cumulative disbursement under the rural housing has been ₹ 11,892 crores in respect of 2,11,375 loans.

### Affordable Housing

GRUH has signed the MOU with the Government of India for the Credit Linked Subsidy Scheme (CLSS) under the Pradhan Mantri Awas Yojana for EWS, LIG and MIG segments. GRUH has been an active contributor to the scheme and has disbursed ₹ 1,632 crores during the year in respect of 18,556 loans wherein the customers were eligible for Credit Subsidy. The growth in loans under the CLSS has been 104% in terms of loan amount and has been the major contributor for the growth in disbursements of the company.

During the year, GRUH submitted claims aggregating subsidy of ₹ 335.65 crores in respect of 14,234 loans aggregating loan amount of ₹ 1,304.42 crores. Of the above, GRUH received claims of ₹ 196.58 crores in respect of 8,508 loan accounts aggregating loan amount of ₹ 767.74 crores. The subsidy received is credited to the respective customers' loan account by way of prepayment and the instalment amount is reduced keeping the balance tenure constant. Claims in respect of 5,726 loans are awaiting sanction from NHB in respect of Loan amount of ₹ 536.68 crores.



Since inception of the scheme, GRUH has disbursed 32,783 loans wherein customers are eligible for CLSS subsidy in respect of loan amount of ₹ 2,739 crores of which GRUH has received claim of ₹ 319.16 crores in respect of 14,667 loans.

The majority of the claims submitted are in respect of the EWS and LIG customers.

### Loan Assets

As at March 31, 2018, the loan assets increased to ₹ 15,568 crores recording a growth of 17.55%. Loan assets in respect of the retail home loans grew by 17.80% and stood at ₹ 14,900 crores.

### Non-Performing Loans

As per the prudential norms of National Housing Bank (NHB), GRUH's gross non-performing loans stood at ₹ 70.09 crores as at March 31, 2018, constituting 0.45% of the total outstanding loans of ₹ 15,568 crores. The gross non-performing loans as at March 31, 2017 were ₹ 40.58 crores constituting 0.31% of the total outstanding loans of ₹ 13,244 crores.

During the year, NHB vide notification No. NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017 reduced the provisioning requirement on Standard Individual Housing Loans from 0.40% to 0.25%.

GRUH carries a provision of ₹ 56.35 crores on standard individual home loans of ₹ 14,465 crores and a provision of ₹ 9.53 crores on standard loans other than individual home loans of ₹ 1,033 crores as at March 31, 2018. GRUH also carries provision of ₹ 0.21 crore on Instalments Due from Borrowers of ₹ 50 crores and ₹ 0.01 crore on Loan Against Deposit and interest accrued thereon of ₹ 1.26 crore. GRUH has made the required provisions and carries a total provision of ₹ 66.10 crores in respect of standard assets. As per revised norms, as on March 31, 2018, GRUH carries Standard Assets provision which is ₹ 20.25 crores higher than the revised regulatory requirement of minimum 0.25%.

GRUH is required to carry a provision of ₹ 17.89 crores towards non-performing loans as per NHB norms. However, as a measure of prudence, your directors have decided to carry provision of ₹ 53.47 crores towards NPAs. GRUH also carries provision of ₹ 16.63 crores as contingencies. GRUH therefore carries a total provision of ₹ 136.20 crores on its total assets including standard assets and non-performing loans. Net Non-Performing Loans were Nil on outstanding loans of ₹ 15,568 crores.

During the year, GRUH has written off ₹ 1.08 crore in respect of individual loans where the recovery was difficult in the near future. However, GRUH continued the recovery efforts in respect of written off loans of earlier years and could effect recoveries of ₹ 0.29 crore during the year in respect of such written off loans. GRUH also took possession of properties of the defaulting borrowers under the SARFAESI Act and has sold few of such acquired properties.

### Borrowings

NHB Refinance

GRUH did not avail any refinance during the year. The refinance outstanding as at March 31, 2018 was ₹ 2,048.19 crores.

### Bank Term Loans

GRUH received fresh sanctions from banks amounting to ₹ 1,380 crores and the same was availed during the year. The outstanding bank term loans as at March 31, 2018 were ₹ 5,638 crores.

### Subordinated Debt

As at March 31, 2018, GRUH's outstanding subordinated debt stood at ₹ 35 crores. The debt is subordinated to present and future senior indebtedness of the company and has been assigned rating of "ICRA AAA" and "CRISIL AAA" indicating highest degree of safety regarding timely payment of financial obligations. Based on the balance term to maturity, as at March 31, 2018, ₹ 28 crores of the book value of subordinated debt is considered as Tier – II capital under the guidelines issued by NHB for the purpose of computation of Capital Adequacy Ratio.

### Non-Convertible Debentures (NCDs)

During the year, GRUH raised NCDs amounting to ₹ 2,060 crores on a private placement basis. The outstanding NCDs as at March 31, 2018 stood at ₹ 4,097 crores. NCDs are rated "ICRA AAA" and "CRISIL AAA" indicating highest degree of safety regarding timely payment of financial obligations.

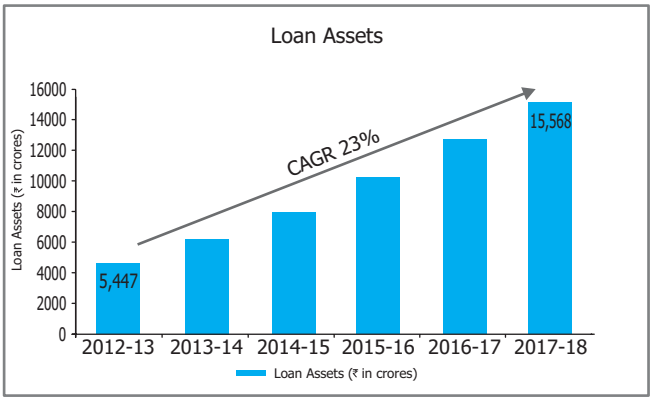
### Commercial Paper

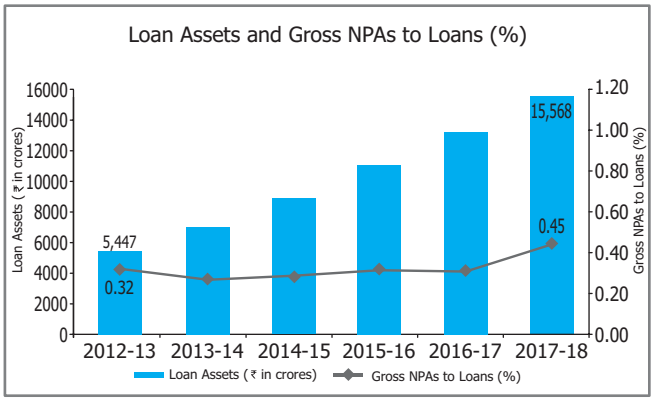
GRUH's commercial paper is rated "ICRA A1+" and "CRISIL A1+" indicating very strong degree of safety regarding timely payment of financial obligations. As at March 31, 2018, outstanding commercial paper was ₹ 770 crores.

### Deposits

GRUH mobilised deposits of ₹ 477 crores and experienced a renewal ratio of 50.71% during the year. The outstanding balance of deposits as at March 31, 2018 was ₹ 1,458 crores.

GRUH's Deposit programme is rated "MAAA" by ICRA and "FAAA" by CRISIL. These ratings indicate very strong degree of safety as regards timely repayment of principal and interest.



There has been no default in repayment of deposits or payment of interest during the year. All the deposits accepted by the Company are in compliance with the requirements of NHB guidelines and Chapter V of the Companies Act, 2013.

### Investments

GRUH continues to maintain its Statutory Liquidity Ratio (SLR) as stipulated by NHB. Accordingly, GRUH carried investments in approved securities aggregating to ₹ 214.48 crores as at March 31, 2018 to meet the requirement of the SLR. GRUH has classified its investments as long-term and valued them at cost. Adequate provision, towards loss, if any, to be experienced on redemption of investments on maturity has been made.

### Unclaimed Deposits and Unclaimed NCDs

As at March 31, 2018, deposits amounting to ₹ 9.52 crores had not been claimed by 2,257 depositors. Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits and subsequent reminders have been sent.

As per the provisions of section 125 of the Companies Act, 2013, deposits, NCDs and/or interest thereon, remaining unclaimed and unpaid for a period of seven years from the date they became due for payment are required to be credited to Investor Education and Protection Fund (IEPF) established by the Government of India.

Accordingly, an amount of ₹ 4.75 lacs in respect of unclaimed deposits and interest thereon was transferred to the IEPF during the year.

As at March 31, 2018, there was no NCDs amount or interest thereon, remaining unclaimed and unpaid.

### Unclaimed Dividends and Unclaimed Shares

As at March 31, 2018, dividend amounting to ₹ 1.86 crore had not been claimed by shareholders of the Company. The Company takes various initiatives to reduce the quantum of unclaimed dividend and has been periodically intimating the concerned shareholders, requesting them to encash their dividend before it becomes due for transfer to the Investor Education and Protection Fund (IEPF).

Unclaimed dividend amounting to ₹ 9.52 lacs for FY 2009-10 was transferred to the IEPF on August 3, 2017. In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Company transferred the corresponding shares to IEPF, where the dividends for the last seven consecutive years have not been claimed by the concerned shareholders.

Further, the unclaimed dividend in respect of FY 2010-11 must be claimed by shareholders on or before August 11, 2018, failing which the Company will be transferring the unclaimed dividend and the corresponding shares to the IEPF within a period of 30 days from the said date. The concerned shareholders, however, may claim the dividend and shares from IEPF, the procedure for which is detailed in the Shareholders' Information section.

In terms of the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, GRUH has made the relevant disclosures to the Ministry of Corporate Affairs (MCA) regarding unclaimed dividends and unclaimed matured deposits along with interest accrued thereon. GRUH has uploaded the prescribed information on *www.iepf.gov.in* and *www.gruh.com*.

### Risk Management Framework

GRUH has a Risk Management framework approved by the board of directors. GRUH's Risk Management framework provides the mechanism for risk assessment and mitigation. The board has delegated responsibility of overseeing Risk Management framework to the Audit Committee. The Risk Management Committee (RMC) of GRUH comprises the Managing Director and members of Senior Management.

During the year, the RMC reviewed the risks associated with the business of GRUH, its root causes and the efficacy of the measures taken to mitigate the same. Thereafter, the Audit Committee and the board of directors also reviewed the key risks associated with the business of the Company, the procedures adopted to assess the risks, efficacy and mitigation measures.

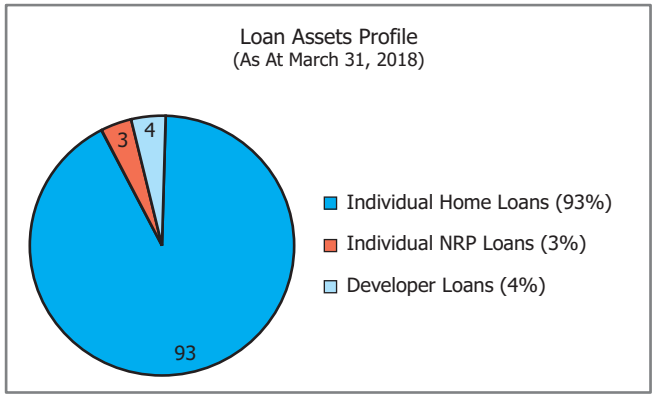
GRUH has an Asset Liability Management (ALM) policy approved by the board. The task of overseeing the ALM has been entrusted to the Audit Committee which overseas and reviews the ALM position every quarter. The ALM Committee (ALCO) comprises of the Managing Director and members of Senior Management.

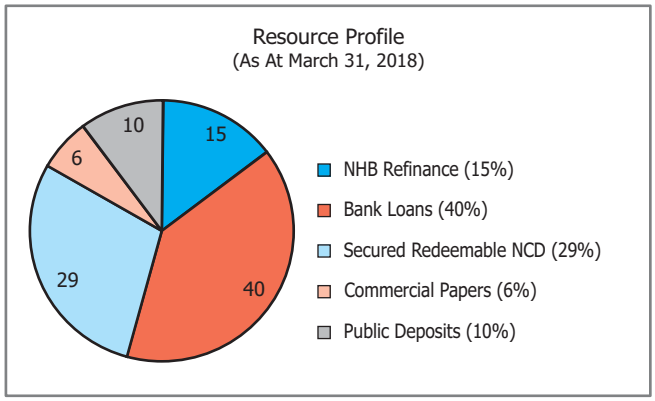
During the year, the ALCO reviewed the risk arising from the gaps in the liquidity and interest rate sensitivity statements and took decisions in mitigating the risk by ensuring adequate liquidity and profitability through maturity profile of assets and liabilities.

The observations of the Audit Committee if any, on the ALM are reported to the board.

### Regulatory Guidelines

GRUH continues to comply with the guidelines issued by NHB regarding accounting guidelines, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit,



credit rating, Know Your Customer(KYC) guidelines and Anti Money Laundering (AML) standards, fair practices code and real estate and capital market exposures. The details of compliances are outlined in the Management Discussion and Analysis Report.

GRUH's Capital Adequacy Ratio stood at 18.90% as against the minimum requirement of 12%. Tier – I capital was 17.68% against the minimum requirement of 6%.

The Government of India has set up the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) under section 21 of the SARFAESI Act, 2002 to have a central database of all mortgages created by lending institutions. The object of this registry is to compile and maintain data relating to all transactions secured by mortgages. Accordingly, GRUH is registered with CERSAI and has been submitting data in respect of its loans.

## Human Resource Development

At GRUH, human resource development is considered vital for effective implementation of business plans. Constant endeavours are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees. During the current year, in-house training programmes were provided to employees, *inter alia* in lending operations, recoveries, KYC, IT system & security and accounts. Employees were also nominated for training programmes conducted by NHB and other institutions. 36 employees underwent different training programmes.

GRUH's staff strength as at March 31, 2018 was 692.

Particulars of Employees

GRUH had 2 employees as at March 31, 2018 employed throughout the year who were in receipt of remuneration of ₹ 1.02 crores or more per annum or more per annum or ₹ 8.50 lacs or more per month if employed for part of the year.

In accordance with the provisions of section 197 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, the name and other particulars of such employees are set out in the annex to the Directors' Report. However, as per the provisions of section 136 of the Companies Act, 2013, the Directors' Report is being sent to all shareholders of the Company excluding the annex. The annex is available for inspection by the members at the registered office of the Company during business hours on working days up to the date of ensuing Annual General Meeting. Any shareholder interested in obtaining a copy of the said annex may write to the company secretary at the registered office of the Company.

Employees Stock Option Scheme

The stock options granted to directors and employees operate under the scheme ESOS-2015. There has been no material variations in the terms of the options granted under the scheme and the scheme is in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The disclosures as required under Regulation 14 of the said regulations have been placed on the website of the Company.

Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace

The Company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. As required under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has implemented a policy on Prevention of Sexual Harassment of Women at Workplace. An Internal Complaints Committee has been set up to receive complaints, investigate the matter and report to the management.

During the year, no complaint was received by the committee.

## Awards and Recognitions

During the year, GRUH was the recipient of the following awards:

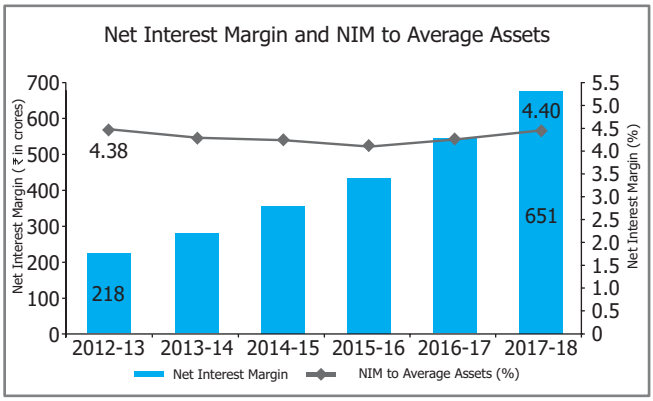
- Best Performing Primary Lending Institution under CLSS for EWS and LIG segment and Award for Maximum number of loans to EWS segment under CLSS for EWS and LIG. from the Ministry of Housing and Urban Poverty Alleviation, Government of India.
- Best Performing Primary Lending Institution under the CLSS scheme in the EWS and LIG category from the National Housing Bank at a conference sponsored by My Liveable City.
- Winner in the Affordable Housing Finance Category at the Outlook Money Awards 2017.

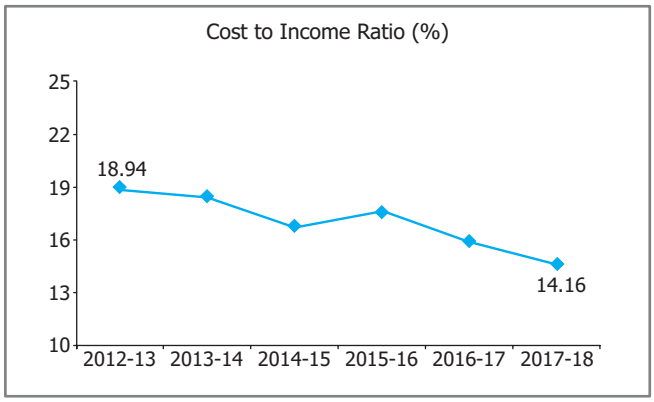
## Auditors

### Statutory Auditors

At the 31st Annual General Meeting held on June 15, 2017, the members had appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as Statutory Auditors for a term of five years beginning from the conclusion of the 31st AGM till the conclusion of the 36th AGM, subject to them ratifying the said appointment at every AGM.

The company has received a confirmation from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, to the effect that their



appointment, if made, at the ensuing AGM would be in terms of Sections 139 and 141 of the Companies Act, 2013 and rules made thereunder. The board proposes to the members to ratify the said appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants.

The Statutory Auditors have not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report.

### Secretarial Audit

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, GRUH has appointed Mr. M. C. Gupta of M/s M. C. Gupta & Co., a firm of Company Secretaries in practice to undertake the Secretarial Audit of the company. The Report of the Secretarial Audit is annexed herewith as 'Annexure B' to this report.

The Secretarial Auditor has not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report.

### Directors and Key Managerial Personnel

In accordance with Articles 134 and 135 of the Articles of Association of the Company and the provisions of the Companies Act, 2013, Mr. K. G. Krishnamurthy, Director of the Company, is liable to retire by rotation at the ensuing AGM and is eligible for re-appointment.

Ms. Renu S. Karnad, Non-executive Director of the Company, had briefly stepped down from the Board w.e.f. October 16, 2017 due to limitations on the number of board positions. The board of directors on the recommendations of the Nomination and Remuneration Committee (NRC), and subject to the approval of the members in the ensuing AGM, had appointed Ms. Renu S. Karnad as an Additional Director w.e.f. February 1, 2018.

During the year, the board of directors, on the recommendations of the NRC, had appointed Ms. Bhavna Doshi as an Additional Independent Director w.e.f. January 20, 2018 for a period of five years upto January 19, 2023 subject to the approval of the members in the ensuing AGM.

Mr. Biswamohan Mahapatra, Independent Director of the Company, completed his term on March 18, 2018. The Board of Directors had, on the recommendations of the NRC and subject to the approval of the members in the ensuing AGM, re-appointed Mr. Biswamohan Mahapatra as Independent Director for a second term w.e.f. March 19, 2018 for a period of five years upto March 18, 2023.

Necessary resolutions for the appointment / re-appointment of the aforesaid directors and their detailed profiles have been included in the notice convening the ensuing AGM and details of the proposal for appointment / reappointment are mentioned in the explanatory statement of the notice.

Your directors commend their appointment / re-appointment.

All the directors of the Company have confirmed that they are not disqualified from being appointed as directors in terms of section 164 of the Companies Act, 2013.

There was no change in the Key Managerial Personnel during the year.

Details of managerial remuneration as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given as per 'Annexure C' to this report.

### Directors' Responsibility Statement

In accordance with the provisions of section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

i. In the preparation of annual accounts, the applicable accounting standards have been followed;

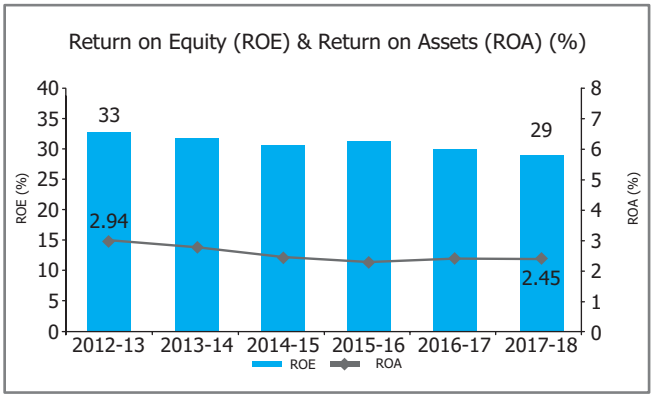
ii. Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2018 and of the profit of the Company for the year ended on that date;

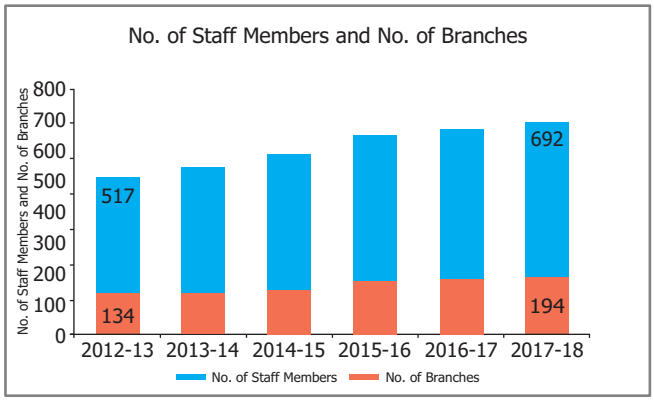
iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

iv. The annual accounts of the Company have been prepared on a going concern basis;

v. Internal financial controls have been laid down to be followed by the Company and such internal financial controls were adequate and were operating effectively;

vi. Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.



## Corporate Social Responsibility Initiatives

In accordance with the provisions of section 135 of the Companies Act, 2013 and the rules framed thereunder, the Company has a Corporate Social Responsibility Committee of directors comprising Mr. Prafull Anubhai - Chairman, Mr. S. G. Mankad, Mr. Pankaj Patel and Mr. Sudhin Choksey and has *inter alia* also formulated a CSR Policy.

The role of the CSR Committee is to review the CSR policy, indicate activities to be undertaken by the Company towards CSR activities and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR activities.

GRUH was required to spend ₹ 7.36 crores towards CSR activities during the year. GRUH has approved CSR proposals aggregating to ₹ 5.57 crores and incurred CSR expenditure of ₹ 4.37 crores during the year. Cumulatively, GRUH has incurred CSR expenditure of ₹ 11.92 crores.

GRUH has approved CSR proposals in the field of providing education, promoting health care, sanitation, education for differently abled children, promoting vocational skills, empowerment of women and gender equality and protection of national heritage, art and culture.

The Annual Report on CSR Activities, which forms part of the Directors' Report, is annexed as 'Annexure D' to this report.

## Business Responsibility Reporting

As required under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015, Business Responsibility Report forms part of the Directors' Report and is annexed as 'Annexure E' to this report.

## Extract of Annual Return [Form MGT-9]

The details forming part of the extract of the Annual Return in Form MGT 9 is provided as 'Annexure F' to this report.

## Particulars

Particulars of loans, guarantees or investments made :

Since the Company is a housing finance company, provisions of section 186 of the Companies Act 2013 relating to loans made, guarantees given or securities provided are not applicable to the company.

As regards investments made by the Company, the details of the same are provided under Note to Accounts forming part of the annual accounts of the Company for the year ended March 31, 2018.

Particulars of Contracts or arrangements entered into with related parties:

In accordance with the provisions of section 188 of the Companies Act, 2013 and rules made thereunder, the transactions entered into with related parties are in the ordinary course of business and on an arm's length pricing basis, the details of which are included in the notes forming part of the financial statements. There are no material related party transactions entered during the year. Accordingly, information in form AOC - 2 is not annexed. As required by NHB notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017, a policy on Transactions with Related Parties is given as 'Annexure G' to this report.

Material Changes, details of Subsidiaries, Litigations

There has been no material changes and commitments, affecting the financial position of the company which has occurred between the end of the financial year to which the financial statements relate and the date of the report.

The Company does not have any subsidiary. There has been no change in the nature of business of the Company.

No significant or material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the company and / or the company's operations in future.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Expenditure

Particulars relating to conservation of energy and technology absorption stipulated in the Companies (Accounts) Rules, 2014 are not applicable. GRUH does not have any foreign exchange earnings. GRUH has paid dividend of ₹ 0.35 crore in foreign currency.

## Management Discussion and Analysis Report and Report of the Directors on Corporate Governance

In accordance with the SEBI (LODR) Regulations, 2015 and NHB Directions, the Management Discussion and Analysis Report and the Report of the Directors on Corporate Governance form part of this report.

## Acknowledgements

Your directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to GRUH. The employees have worked based on principles of honesty, integrity and fair play and this has helped GRUH in maintaining its growth. The directors also wish to place on record their appreciation to shareholders, depositors, referral associates, NHB, financial institutions and banks for their continued support.

On behalf of the Board of Directors

Mumbai
April 14, 2018

Keki M. Mistry
Chairman
DIN : 00008886

## ANNEXURE - A TO THE DIRECTORS' REPORT - DIVIDEND DISTRIBUTION POLICY

### OBJECTIVE

The objective of this policy is to establish the principles and criteria to be considered by the Board of Directors prior to recommending dividend to the equity shareholders of GRUH Finance Limited.

The policy is framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has a consistent dividend policy and has endeavoured to judiciously balance rewarding shareholders through dividends, whilst supporting future growth and long-term interests of the Company and its stakeholders.

### PARAMETERS TO BE CONSIDERED BEFORE RECOMMEDING DIVIDEND

The Board of Directors shall *inter alia* consider the following parameters before recommending dividend:

#### Statutory and Regulatory Parameters

The Company shall declare dividend only after ensuring compliance with requisite regulations and directives as stipulated by the National Housing Bank, provisions of the Companies Act, 2013 and rules made there under, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended and any other regulations as may be applicable from time to time.

The Board will consider various parameters as mentioned below before arriving at a decision on declaration of dividend:

#### Financial Parameters

- Growth in the loan portfolio;
- Leverage ratios;
- Accumulated reserves
- Funding and liquidity considerations;
- Profits earned during the financial year;
- Profitability outlook for the next two/three years
- Expected future capital/liquidity requirements covering future risk and contingency planning
- Compliance with covenants contained in any agreement entered into by the Company with its lenders/debenture trustees, if any;
- Other factors and/or material events which the Board may consider.

#### External Factors

- Shareholder expectations, including individual shareholders;
- Taxation provisions;
- Macro-economic conditions;
- Government policies.

### UTILISATION OF RETAINED EARNINGS

Retained earnings shall be utilised in accordance with prevailing regulatory requirements, creating reserves for specific objectives, fortifying the balance sheet against contingencies, generating higher returns for shareholders through reinvestment of profits for future growth and expansion and any other specific purpose as approved by the Board. The Company shall endeavour to utilise retained earnings in a manner that shall be beneficial to both, the interests of the Company and its stakeholders.

### DIVIDEND AND CLASSES OF SHARES

The Board may declare interim or recommend final and/or special dividend as may be permitted under the Companies Act, 2013 or any amendment, modification, variation or re-enactment thereof.

Currently, the Company does not have any other class of shares (including shares with differential voting rights) other than equity shares.

### DIVIDEND PAYOUT RATIO

The Company has followed a stable dividend policy in the past and strives to maintain a consistent dividend payout ratio.

### CONFLICT IN POLICY

In the event of a conflict between this policy and the then existing regulations, the regulations shall prevail.

### AMENDMENTS

To the extent any change/amendment is required in terms of applicable law or change in regulations, the regulations would prevail over the policy and the provisions in the policy would be suitably modified to make it consistent with the law. Such amended policy shall be placed before the Board for noting and necessary ratification.

### REVIEW OF POLICY

The Board shall review the Dividend Distribution Policy of the Company periodically.

### DISCLOSURE OF POLICY

The Dividend Distribution Policy shall be disclosed in the Annual Report of the Company and placed on the Company's website, www.gruh.com.

## ANNEXURE B TO THE DIRECTORS' REPORT – SECRETARIAL AUDIT REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnal) Rules, 2014]

To,
The Members,
GRUH Finance Limited,
"GRUH", Netaji Marg,
Near Mithakhali Six Roads,
Ellis Bridge, Ahmedabad – 380 006

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by GRUH Finance Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the GRUH Finance Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by GRUH Finance Limited (CIN: L65923GJ1986PLC008809) ("the Company") having its Registered Office at "GRUH", Netaji Marg, Near Mithakhali Six Roads, Ellis Bridge, Ahmedabad – 380 006 for the financial year ended on 31st March, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the Audit Period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period)

(vi) The Company has complied with the following specifically other applicable laws to the Company:

- (a) National Housing Bank (NHB) Act, 1987;
- (b) Housing Finance Companies (NHB) Directions, 2010;
- (c) Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 and
- (d) Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act , 2002

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above.

We further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were usually sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

There were no dissenting views on any matter.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc

For M C Gupta & Co,
Company Secretaries
UCN : S1986GJ003400

Ahmedabad
April 14, 2018

Mahesh C Gupta
Proprietor
FCS: 2047 (CP: 1028)

Note: This Report is to be read with Our Letter of even date which is annexed and forms an integral part of this report.

---

Annexure

To,
The Members,
GRUH Finance Limited,
"GRUH", Netaji Marg,
Near Mithakhali Six Roads,
Ellis Bridge, Ahmedabad – 380 006

Our Report of even date is to be read along with this Letter;

1. Maintenance of Secretarial Record is the responsibility of the management of the company. Our responsibility is to express an opinion on Secretarial Records based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibly of the management. Our examination was limited to the verification of the procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For M C Gupta & Co,
Company Secretaries
UCN : S1986GJ003400

Ahmedabad
April 14, 2018

Mahesh C Gupta
Proprietor
FCS: 2047 (CP: 1028)

## ANNEXURE C TO THE DIRECTORS' REPORT - DISCLOSURES ON MANAGERIAL REMUNERATION

Details of remuneration as required under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided below:

a : No. of permanent employees on the rolls of the Company : 674

b : The percentage increase in the median remuneration of employees in FY 2017-18 stood at 38.37%.

c : Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in managerial remuneration:

The average increase in the remuneration of all employees was 15.95% for the FY 2016-17. The average increase in remuneration of the Key managerial personnel was 14.75%.

The average increase in the remuneration of both, the managerial and non-managerial personnel was determined based on the overall performance of the Company. Further, the criteria for remuneration of non-managerial personnel is based on an internal evaluation of key performance areas (KPAs), while the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination and Remuneration Committee and approved by the board of directors.

There were no exceptional circumstances which warranted an increase in managerial remuneration which was not justified by the overall performance of the Company.

d : Percentage increase in the remuneration of each director and key managerial personnel during 2017-18 is given below. Further details are given in MGT - 9.

| Names | Designation | Increase in Remuneration (%) |
|---|---|---|
| Mr. Keki M. Mistry - Chairman | Non-Executive | (22.11) |
| Ms. Renu S. Karnad | Non-Executive | (59.15) |
| Mr. K. G. Krishnamurthy | Non-Executive | (37.93) |
| Mr. Prafull Anubhai | Independent | 2.60 |
| Mr. S. G. Mankad | Independent | (4.13) |
| Mr. Biswamohan Mahapatra | Independent | 7.96 |
| Mr. Pankaj Patel (w.e.f. March 16, 2017) | Independent | 100.00 |
| Mr. Rajesh Gupta (w.e.f. April 17, 2017) | Independent | - |
| Ms. Bhavna Doshi (w.e.f. Jan 20, 2018) | Independent | - |
| Mr. Kamlesh Shah | Executive Director | 17.75 |
| Mr. Sudhin Choksey | Managing Director | 14.36 |
| Mr. Marcus Lobo | Company Secretary | 7.91 |
| Mr. Hitesh Agrawal | CFO | 19.68 |

e : Ratio of remuneration of each director to the median employees' remuneration (times) for FY 2018 :

| Name of Director | Designation | Remuneration of Directors' to median employees' remuneration (times) |
|---|---|---|
| Mr. Keki M. Mistry – Chairman | Non-Executive | 0.68 |
| Ms. Renu S. Karnad | Non-Executive | 0.27 |
| Mr. K.G. Krishnamurthy | Non-Executive | 0.67 |
| Mr. Prafull Anubhai | Independent | 4.37 |
| Mr. S.G. Mankad | Independent | 3.65 |
| Mr. Biswamohan Mahapatra | Independent | 3.38 |
| Mr. Pankaj Patel | Independent | 0.91 |
| Mr. Rajesh Gupta (w.e.f. April 17, 2017) | Independent | 0.55 |
| Ms. Bhavna Doshi (w.e.f. Jan. 20, 2018) | Independent | 0.04 |
| Mr. Kamlesh Shah | Executive Director | 26.06 |
| Mr. Sudhin Choksey | Managing Director | 74.25 |

f : The remuneration is as per the Remuneration Policy of the Company.

## ANNEXURE D TO THE DIRECTORS' REPORT – ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITES

1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.

   Corporate Social Responsibility is a company's sense of responsibility towards the community and environment in which it operates. It is the continuing commitment by business to behave ethically and contribute to economic development of the society at large. GRUH's CSR Policy is available on the weblink: www.gruh.com/policies/CSR-Policy.pdf

   GRUH is committed to remaining a responsible corporate entity mindful of its social responsibilities and to make a positive impact in the society. As a responsible corporate entity, GRUH will consistently strive for opportunities to meet the expectation of its stakeholders by pursuing the concept of sustainable development with focus on the following:

   - ✓ To take up programmes that benefit the communities where it operates in enhancing the quality of life & economic well-being of the local populace.
   - ✓ To serve the socially and economically weak, disadvantaged, underprivileged, & destitute sections of the society regardless of age, class, colour, culture, disability, ethnicity, family structure, gender, marital status, nationality origin, race or religion with intention to make the group or individual self dependent and live life more meaningfully.
   - ✓ To extend humanitarian services in the community to further enhance the quality of life like health facilities, education and basic infrastructure facilities to areas that have so far not been attended to.
   - ✓ To generate, through its CSR initiatives, a community goodwill for GRUH and help reinforce a positive and socially responsible image of GRUH as a corporate entity.

   During FY 2017-18, GRUH has undertaken various activities in the sectors of:

   (i) Promoting Preventive Health Care and Sanitation by (a) providing Nutrition support to poor and school children; (b) making available safe drinking water to poor children and tribal people through construction of Rain Roof Water Harvesting structures and Spring Water Management Structure; ( c ) providing support for making available ophthalmic treatment for poor and needy patients; operationalising Mobile Medicare Units; ( d ) providing health care facilities to under-privileged population; (e) supporting Community Health Care Outcomes; (f) supporting Community-based Sanitation programme; and (g) supporting construction of Sanitation Units in Government Schools;

   (ii) Promoting education by (a) providing education to differently abled children; (b) providing education to young children; (c) providing education to slum children; (d) conservation and renovation of school buildings and classrooms differently; (e) supporting construction of class room for HIV+ orphans; and (f) providing employment enhancing vocational skills;

   (iii) Empowering women by (a) supporting construction of Girls' hostel building at Tribal Ashram School; and (b) providing skill training to women in five trades so as to enable their economic self-reliance;

   (iv) Protection of national heritage, art and culture by (a) supporting photo exhibition on stepped wells and reservoirs; and (b) supporting 22nd Sangeet Sankalp Saptah, an Indian Classical Music Festival;

   (v) GRUH has made direct contribution to PM National Relief Fund.

   (vi) GRUH has initiated /carried out CSR activities in the states of Gujarat Maharashtra, Madhya Pradesh, Karnataka, Rajasthan, Chhattisgarh and Delhi through various implementing agencies / NGOs as under:

   (vii) 1. Samerth Charitable Trust, Ahmedabad, 2. Yuva Unstoppable, Ahmedabad, 3. Ambuja Cement Foundation, Mumbai, 4. Blind People's Association, Ahmedabad, 5 GVK EMRI, Secunderabad, 6. Sanjivani Health & Relief Committee, Ahmedabad, 7. HelpAge India, New Delhi, 8. Aga Khan Rural Support Programme (India), Ahmedabad, 9. Education Support Organisation, Ahmedabad, 10. National Association for the Blind, Ahmedabad, 11. Sense International India, Ahmedabad, 12. Extension for Community Health Care Outcomes, New Delhi, 13. Vikram A. Sarabhai Community Science Centre, Ahmedabad, 14. Mahesh Foundation, Belagavi, 15. American Institute of Indian Studies, New Delhi, 16. Saptak, Ahmedabad, 17. Majoor Kalyan Trust, Siddhpur, 18. Light of Life Trust, Mumbai, 19. Habitat for Humanity India, Mumbai.

2. Composition of CSR Committee: The CSR Committee comprises of the following directors:

   Mr. Prafull Anubhai – Chairman, Mr. S. G. Mankad, Mr. Pankaj Patel and Mr. Sudhin Choksey.

3. Average profit of the Company for last three financial years: ₹ 368.18 crores.

4. Prescribed CSR expenditure: The Company was required to spend ₹ 736.36 lacs towards CSR.

5. Details of CSR spend for the financial year:

   a. CSR proposals approved but not funded as on 31.03.2017: ₹ 248.87 lacs.

   b. CSR proposals approved during 2017-18: ₹ 556.55 lacs.

   c. CSR funding during 2017-18: ₹ 436.71 lacs.

   d. CSR proposals approved but yet to be funded as on 31.03.2018: ₹ 368.71 lacs.

   e. Manner in which the amount spent during the financial year is as per Annexure.

6. Reason for not spending the amount at 5 (d):

   The CSR Committee examined various proposals for CSR activities. However, GRUH could consider only those proposals which could meet the objectives of GRUH's CSR policy. While GRUH endeavoured to spend the required amount in respect of the proposals sanctioned, the funding was provided to the implementing agencies based on internal norms, procedures and progress of the project.

   We state that the implementation and monitoring of the CSR policy is in compliance with CSR objectives and Policy of the Company.

   Managing Director | Chairman of CSR Committee

ANNEXURE : MANNER IN WHICH AMOUNT SPENT DURING 2017-18 IS DETAILED BELOW:

(₹ in lacs)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| Sr. No. | Projects or Project is covered | Amount Outlay Programs with location | Amount Outlay (Budget) Project or Program-wise - 15-16 & 16-17 | Amount spent (Budget) Project or Program-wise - 17-18 | Cumulative on the projects or programs - 17-18 | Amount spent Expense up to the reporting date | Direct or through implementing agency |
| **1.** | **CSR Project / Activity: Eradicating hunger, poverty and malnutrition; Promoting preventive health care & sanitation; Making available safe drinking water** | | | | | | |
| 1.1 | Making available safe drinking water of five RRWHS | Provision of safe drinking water through construction Marwahi, Lormi, Pandariya & Bodla blocks of Chhattisgarh state. | 1.98 | 0.00 | 1.98 | 1.98 | Through Implementing Agency |
| 1.2 | Making available safe drinking water | Provision of safe drinking water through construction of three RRWHS and two Spring Management Structures in Kawardha district of Chhattisgarh state. | 0.00 | 12.00 | 2.50 | 4.48 | Through Implementing Agency |
| 1.3 | Promoting Sanitation | Provide Funding for Community-based sanitation Programme being run at Chandrapur district, Maharashtra state. | 5.00 | 0.00 | 5.00 | 9.48 | Through Implementing Agency |
| 1.4 | Promoting preventive health care | Provide Funding for Maintenance & Expansion of Eye Hospital at Bareja, Ahmedabad district, Gujarat state. | 36.00 | 0.00 | 13.50 | 22.98 | Through Implementing Agency |
| 1.5 | Promoting preventive health care | Provide Funding for operating a Mobile Medicare Unit in the villages of Indore district, M. P. state. | 12.00 | 39.60 | 38.40 | 61.38 | Through Implementing Agency |
| 1.6 | Promoting preventive health care | Provide Funding for provision of Sanitary Napkins to women of Ahmedabad, Gandhinagar & Kheda districts of Gujarat state. | 0.00 | 16.24 | 0.82 | 62.20 | Through Implementing Agency |
| 1.7 | Promoting preventive health care | Provide Funding for running Mobile Health Unit at various locations in Ahmedabad city, Gujarat state. | 38.68 | 0.00 | 25.44 | 87.64 | Through Implementing Agency |
| 1.8 | Promoting preventive health care | Provide Funding for running Mobile Health Unit at various locations in Jaipur city, Rajasthan state. | 0.00 | 68.21 | 5.74 | 93.38 | Through Implementing Agency |
| 1.9 | Promoting Sanitation | Provide Funding for construction of Sanitation Units in two Government schools of Khandwa district of M.P. state. | 9.74 | 0.00 | 9.74 | 103.12 | Through Implementing Agency |
| 1.10 | Making available safe drinking water | Provision of safe drinking water through construction of Mini Water Plants in three tribal villages of Burhanpur & Khandwa districts of MP state. | 0.00 | 23.60 | 7.08 | 110.20 | Through Implementing Agency |
| 1.11 | Promoting preventive health care | Funding for Extension for Community Health Care Outcomes, New Delhi | 3.54 | 0.00 | 3.54 | **113.74** | Through Implementing Agency |

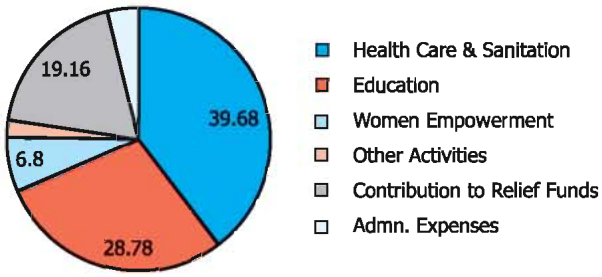
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| Sr. No. | Projects or Project is covered | Amount Outlay Programs with location | Amount Outlay (Budget) Project or Program-wise - 15-16 & 16-17 | Amount spent (Budget) Project or Program-wise - 17-18 | Cumulative on the projects or programs - 17-18 | Amount spent Expense up to the reporting date | Direct or through implementing agency |
| **2.** | **CSR Project / Activity : Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects** | | | | | | |
| 2.1 | Providing education to poor children | Funding towards annual recurring expenses for running Early Childhood Education (ECE) Centres for poor children - Ahmedabad, Gujarat | 1.31 | 5.03 | 4.95 | 4.95 | Through Implementing Agency |
| 2.2 | Providing education to differently abled children | Funding for running day-care Centre for one year for differently abled children at Ahmedabad, Gujarat state. | 5.63 | 10.95 | 8.49 | 13.44 | Through Implementing Agency |
| 2.3 | Conservation & Renovation of school buildings and classrooms | Transforming Sanitation of four municipal schools at Thane & Navi Mumbai, Maharashtra. | 5.14 | 0.00 | 5.14 | 18.58 | Through Implementing Agency |
| 2.4 | Conservation & Renovation of school buildings and classrooms | Transforming Sanitation of five municipal schools at Pune, Maharashtra. | 0.00 | 30.88 | 19.00 | 37.58 | Through Implementing Agency |
| 2.5 | Providing employment enhancing vocation skills | Improving employability of youth through funding of Skill Initiative Project at Chandrapur district, Maharashtra state. | 25.58 | 1.55 | 21.66 | 59.24 | Through Implementing Agency |
| 2.6 | Providing employment enhancing vocation skills | Improving employability of youth through funding of Skill Initiative Project at Baloda Bazar, Chhattisgarh state. | 0.00 | 33.11 | 6.28 | 65.52 | Through Implementing Agency |
| 2.7 | Providing employment enhancing vocation skills | Improving employability of youth through funding of Skill Initiative Project at Chhindwara, MP state. | 0.00 | 32.75 | 9.15 | 74.67 | Through Implementing Agency |
| 2.8 | Providing education to poor children | Funding for providing mid-day snack for children of primary school at Ahmedabad. | 1.22 | 14.00 | 3.53 | 78.20 | Through Implementing Agency |
| 2.9 | Providing education to slum children | Provide Funding for running exclusive school for slum children of Ahmedabad city, Gujarat state. | 72.51 | 0.00 | 46.29 | 124.49 | Through Implementing Agency |
| 2.10 | Providing education to differently abled and poor children | Provide Funding for running Savinay Sammilit Pathshala offering education to differently abled as also poor children at Bavla, Ahmedabad district, Gujarat state | 0.00 | 24.27 | 7.72 | 132.21 | Through Implementing Agency |
| 2.11 | Providing education to differently abled children | Provide Funding for Education and Rehabilitation of deaf & blind children at Ujjain, M.P. state. | 25.05 | 0.00 | 12.05 | 144.26 | Through Implementing Agency |

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
|---|---|---|---|---|---|---|---|
| Sr. No. | Projects or Project is covered | Amount Outlay Programs with location | Amount Outlay (Budget) Project or Program-wise - 15-16 & 16-17 | Amount spent (Budget) Project or Program-wise - 17-18 | Cumulative on the projects or programs - 17-18 | Amount spent Expense up to the reporting date | Direct or through implementing agency |
| 2.12 | Provide better education to children through Training of Teachers | Provide Funding for Training of 250 teachers of Govt. schools of Ahmedabad district, Gujarat state on hands-on approaches in Science & Mathematics Education. | 0.00 | 8.17 | 8.17 | 152.43 | Through Implementing Agency |
| 2.13 | Conservation & Renovation of school buildings and classrooms | Provide Funding for construction of classroom in school for HIV+ orphans at Belagavi, Karnataka state. | 0.00 | 7.89 | 7.89 | 160.32 | Through Implementing Agency |
| 2.14 | Conservation & Renovation of school buildings and classrooms | Provide Funding for School sanitation & Hygiene Education in Tribal Residential Schools of Palghar district Of Maharashtra state. | 0.00 | 37.85 | 9.00 | **169.32** | Through Implementing Agency |
| **3.** | **CSR Project / Activity : Promoting gender equality, empowering women, reducing inequalities faced by socially and economically backward groups** | | | | | | |
| 3.1 | Promoting gender equality | Provide Funding for construction of Girls' Hostel Building at School at Ambaji, Gujarat state. | 0.00 | 29.62 | 24.50 | 24.50 | Through Implementing Agency |
| 3.2 | Promoting gender equality | Provide Funding for Women's empowerment Centre for training of 400 women in five trades at Kashele, Karjat, Raigarh district, Maharashtra state. | 0.00 | 10.81 | 2.70 | **27.20** | Through Implementing Agency |
| **4.** | **CSR Project / Activity : Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion & development of traditional arts & handicrafts** | | | | | | |
| 4.1 | Promoting restoration of sites of historical importance | Provide Funding for organising Photo Exhibitions on Stepped Wells & Reservoirs in six cities of Gujarat state. | 0.00 | 28.60 | 5.03 | 5.03 | Through Implementing Agency |
| 4.2 | Protection of national heritage, art and culture | Provide Funding for organising 22nd Sangeet Sankalp Saptah aimed towards promoting Indian Classical & Traditional Music at Ahmedabad, Gujarat state. | 0.00 | 7.00 | 7.00 | **12.03** | Through Implementing Agency |
| **5.** | **Contribution to PM National Relief Fund** | | | | | | |
| | **PM National Relief Fund** | Contribution to PM National Relief Fund | | 100.00 | 100.00 | **100.00** | Direct |
| **6.** | **Contribution to Indian Cancer Society** | | | | | **4.80** | |
| **7.** | **CSR Administrative Expenses** | | | | | **9.62** | |
| CSR EXPENSE INCURRED DURING FY 2017-18 (1.11 + 2.14 + 3.2 + 4.2 + 5 + 6 + 7) | | | | | | 436.71 | |

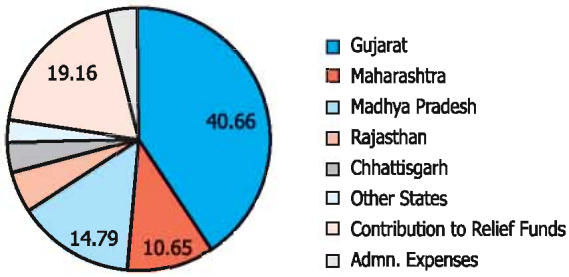
# GRUH's CSR Initiatives

GRUH FINANCE LIMITED
We help you build homes

Activity wise CSR funding as on 31.03.2018 (%)




State wise CSR funding as on 31.03.2018 (%)



Mobile Medical Unit at Jaipur, Rajasthan

Science Teachers' Training Workshop at Ahmedabad, Gujarat

Trainees of Nursing at Chandrapur, Maharashtra

Midday Snacks at a Primary School at Ahmedabad, Gujarat

School Sanitation facilities at Z. P. School Daradmala, Pune, Maharashtra

Before

After

## ANNEXURE E TO THE DIRECTORS' REPORT - BUSINESS RESPONSIBILITY REPORT 2017-18

### SECTION A, B, C – Details of the Company

GRUH Finance Limited (GRUH) is a Housing Finance Company established in July 1986 and recognised by National Housing Bank (NHB). GRUH's registered office is situated in Ahmedabad. GRUH has been primarily established to provide long term home loans (activity code 65923) for purchase / construction / renovation of houses. GRUH operates in 11 states through its 194 branches. GRUH also accepts deposits from public.

GRUH's paid up capital as on March 31, 2018 was ₹ 73.14 crores and total net owned funds were ₹ 1,381 crores. Total Disbursements during the year were ₹ 5,259 crores. GRUH posted a profit after tax of ₹ 363 crores for the year ended March 31, 2018.

The details of CSR activities of the company and the amount spent on CSR are provided as a part of Directors' report.

GRUH does not have a subsidiary.

### SECTION D: BUSINESS RESPONSIBILITY INFORMATION

The board of directors is primarily responsible for overall business at GRUH. GRUH has a strong set of values drawn from its promoter and parent – HDFC Ltd. Though there is no formal Business Responsibility Policy, GRUH has, since its inception, adopted the principles of transparency, integrity, accountability and responsibility at all levels. GRUH's board has always maintained the true spirit of trusteeship and has inspired the management team to practice professional ethics in all its dealings with GRUH's stakeholders.

GRUH's board adopted the principles of good corporate governance by setting up an audit committee, stakeholders' relationship committee and nomination and remuneration committee since 1997 – prior to the time when it was statutorily made mandatory.

With such values in place and practices being followed, GRUH endeavours to become a responsible corporate citizen.

SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

GRUH has *inter alia* adopted the following Policies:

a. Code of conduct for directors &senior management

b. Code of conduct for employees

c. Fair Practice Code

d. Customer Grievance Policy

e. KYC and AML Policy

f. Dividend Distribution Policy

g. Code of conduct for DSAs

h. Share Dealing Code on prevention of insider trading

i. Policy on sexual harassment as required under Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013

j. Policy on Related Party Transactions

k. Whistle Blower Policy

l. Valuation Policy

m. Recovery Policy

There was no case of violation of the Company's Code of Conduct in 2017-18. No case was reported under the Company's whistle blower policy or under the sexual harassment policy during the year.

### Principle 2: Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

GRUH is a Housing Finance Company (HFC) providing loans for purchase / construction / renovation of residential units. While carrying out the Legal appraisal of property documents and during technical inspection of property, it is verified that local laws / by-laws are fully complied. The guidelines provided by National Housing bank (NHB) from time to time are also adhered to while sanctioning / disbursing loans.

In an endeavour for quick and paperless services, GRUH promotes the use of electronic means of communication with its depositors, customers, associates and shareholders by sending electronic communication for confirmation of payments and such other purposes. GRUH also encourages the use of electronic mode of payment to and from all its stakeholders. Soft copies of the annual report 2016-17 along with the notice convening the 31st Annual General Meeting and the dividend e-payment advice were sent to over 32,000 shareholders so as to minimise the usage of paper.

### Principle 3: Businesses should promote the wellbeing of all employees

GRUH had staff strength of 692 as on March 31, 2018 out of 18 staff members were hired on contractual basis, 49 were permanent women employees and 4 staff with disabilities. There is no employees' association.

GRUH extends benefits under group Mediclaim insurance policy for its staff and their family members. GRUH has also carried out insurance cover for accidental consequences for its staff members.

As a welfare measure, GRUH provides loan at a concessional rate to its staff for purchase / construction / renovation of residential units, for purchase of vehicle or purchase of furniture.

During the year, no complain was received relating to child labour, forced labour, involuntary labour or Sexual harassment.

GRUH generally hires staff on permanent employment. As a part of initial induction, new joinees are put through a training by internal faculties on company's loan products, credit assessment, legal and technical appraisal, recovery mechanism etc. GRUH also identifies staff who could be imparted further training on marketing, regulatory guidelines, soft skills etc. and nominates them for external training programmes as well.

### Principle 4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable, and marginalised

GRUH believes in the principle of being fair and just to all its stakeholders irrespective of any caste, creed, religion or gender. The staff is also trained to treat every stakeholder equally in the best interest of the company.

### Principle 5 Businesses should respect and promote human rights

GRUH treats all its stakeholders and customers with dignity, respect and due understanding. GRUH takes care to be just, patient and understanding while dealing with all stakeholders. Any aggrieved stakeholder has an access to the highest level to put his grievance and the same is resolved in the best possible manner in the shortest possible time.

As a law abiding corporate citizen, GRUH follows all applicable laws and rules announced by the authorities from time to time.

### Principle 6 Businesses should respect, protect and make efforts to restore the environment

GRUH recognises the need to make efforts to protect and restore the environment and supports NGOs who undertake such activities. GRUH has funded NGOs who undertake projects like :

- providing clean and hygienic toilets in schools and / or for communities;
- providing solar pumps for marginal salt producers;
- participated in tree plantation programme;
- closed files of loan customers are sent for recycling.

### Principle 7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner:

While GRUH is not a member of any trade and chamber or association, matters / issues relating to housing finance are taken up / escalated to the appropriate forum provided by the regulator.

### Principle 8 Businesses should support inclusive growth and equitable development

GRUH is an HFC providing loans for purchase / construction / renovation of residential units. GRUH had visualised a need to cater to the families in the informal sector of the society and has already developed a customised loan product – GRUH Suvidha to enable such families to have a home of their own.

GRUH also operates at deeper geographical locations. GRUH extended approx. 50% of its loans at rural locations where the population is less than 50000. Average Loan size as at March 31, 2018 was ₹ 7.83 lacs.

GRUH has been a major contributor under Pradhan Mantri Aawas Yojana (PMAY) wherein loans are given to the EWS and LIG segments for purchase/construction of dwelling units.

Besides this business activity, GRUH actively supports NGOs which are pursuing the activities of inclusive growth, development of tribal people, weaker sections of the society and minorities.

While the activity of providing home loans and loans in the informal sector is being undertaken by GRUH's own teams, CSR funding is done through partnering organisations / NGOs. The utilization of funds provided by GRUH to the NGOs is being checked through the utilization certificate received from the NGOs. In addition, personal visits by GRUH's staff are also being carried out.

### Principle 9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

During the year, GRUH received 4,009 customer grievances / service requests and had 211 additional grievances / service requests pending at the beginning of the year. During the year, 4,199 such customer grievances / service requests were resolved and 21 were pending for resolution. The product information is displayed on each branch notice board. No case has been filed against GRUH regarding unfair trade practices, irresponsible advertising, and/or anti-competitive behaviour. GRUH collects customer feed backs on-line through a customer portal hosted on its website.

## ANNEXURE F TO THE DIRECTORS' REPORT - FORM MGT-9 - EXTRACT OF ANNUAL RETURN as on the financial year ended on March 31, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| 1. | CIN | L65923GJ1986PLC008809 |
| 2. | Registration Date | July 21, 1986 |
| 3. | Name of the Company | GRUH Finance Limited |
| 4. | Category / Sub-Category of the Company | Public Company limited by shares |
| 5. | Address of the Registered office and contact details: | "GRUH", Netaji Marg, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380006<br>Tel : +91-79-2642 1671-75 Fax : +91-79-2656 9215<br>Website : www.gruh.com Email : investorcare@gruh.com |
| 6. | Whether listed Company | Yes |
| 7. | Name, Address and Contact details of Registrar and Transfer Agent, if any: | Link Intime India Pvt. Limited<br>506-508, 5th Floor, Amarnath Business Centre-I, Beside Gala Business Centre, Nr. St.Xavier's College Corener, Off. C.G. Road, Navrangpura, Ahmedabad - 380 009.<br>Tel : +91-79-2646 5179 Fax No.: +91-79-2646 5179<br>Email : ahmedabad@linkintime.co.in |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product / service | % to total turnover of the Company |
|---|---|---|---|
| 1 | Housing Finance | 65923 | 100% |

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of the Company | CIN/GIN | Holding/ Subsidiary of the Company | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Housing Development Finance Corporation Ltd.<br>Ramon House,<br>H. T. Parekh Marg,<br>169, Backbay Reclamation,<br>Churchgate, Mumbai - 400 020. | L70100MH1977PLC019916 | Holding | 57.93% | 2(46) |

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | % Change during the year |
| A. Promoters | | | | | | | | | |
| 1 Indian | | | | | | | | | |
| a. Individual/HUF | - | - | - | - | - | - | - | - | - |
| b. Central Govt. | - | - | - | - | - | - | - | - | - |
| c. State Govt. | - | - | - | - | - | - | - | - | - |
| d. Bodies Corp. | 213077850 | - | 213077850 | 58.45 | 211877850 | - | 211877850 | 57.93 | (0.52) |
| e. Bank/ FI | - | - | - | - | - | - | - | - | - |
| f. Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (1) | 213077850 | - | 213077850 | 58.45 | 211877850 | - | 211877850 | 57.93 | (0.52) |
| 2 Foreign | | | | | | | | | |
| a. NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b. Other – Individuals | - | - | - | - | - | - | - | - | - |
| c. Bodies Corp. | - | - | - | - | - | - | - | - | - |
| d. Banks / FI | - | - | - | - | - | - | - | - | - |
| e. Any Others | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (2) | - | - | - | - | - | - | - | - | - |
| Total Share Holding of Promoters A (1+2) | 213077850 | - | 213077850 | 58.45 | 211877850 | - | 211877850 | 57.93 | (0.52) |
| B. Public Shareholding | | | | | | | | | |
| 1 Institution | | | | | | | | | |
| a. Mutual Funds | 29636761 | - | 29636761 | 8.13 | 34316649 | - | 34316649 | 9.38 | 1.25 |
| a. Bank/ FI | 484711 | 14000 | 498711 | 0.13 | 1371817 | 14000 | 1385817 | 0.38 | 0.25 |
| b. Cent. Govt. | - | - | - | - | - | - | - | - | - |
| c. State Govt.(s) | 1000000 | - | 1000000 | 0.27 | 1000000 | - | 1000000 | 0.27 | - |
| d. Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| e. Insurance Companies | - | - | - | - | - | - | - | - | - |
| g. FIIs | 40076313 | 1250000 | 41326313 | 11.34 | 38375025 | 1250000 | 39625025 | 10.83 | (0.51) |
| h. Foreign Venture Cap. Fund | - | - | - | - | - | - | - | - | - |
| i. Alternate Investment Fund | - | - | - | - | 1695324 | - | 1695324 | 0.46 | 0.46 |
| j. Others | - | - | - | - | - | - | - | - | - |
| Sub-Total B (1) | 71197785 | 1264000 | 72461785 | 19.87 | 76758815 | 1264000 | 78022815 | 21.33 | 1.46 |
| 2. Non-Institution | | | | | | | | | |
| a. Bodies Corporate | 6731839 | 39630 | 6771469 | 1.86 | 6912636 | 23350 | 6935986 | 1.90 | (0.04) |
| b. individuals | | | | | | | | | |
| ii. individual shareholders holding nominal share capital upto ₹ 1 lakh | 35953212 | 4259925 | 40213147 | 11.03 | 35656475 | 2962780 | 38619255 | 10.56 | (0.47) |
| ii. individual shareholders holding nominal share capital excess of ₹ 1 lakh | 20337931 | - | 20337931 | 5.58 | 19043690 | - | 19043690 | 5.21 | (0.37) |
| c. Others | | | | | | | | | |
| i. NRI | 9673934 | 6000 | 9679934 | 2.65 | 8486421 | - | 8486421 | 2.32 | (0.33) |
| ii. OCB | - | 2000 | 2000 | 0.00 | - | - | - | - | - |
| iii. Trust | 108573 | - | 108573 | 0.03 | 98275 | - | 98275 | 0.03 | - |
| vi. HUF | 1467487 | 14300 | 1481787 | 0.41 | 1388647 | 7300 | 1395947 | 0.38 | (0.03) |
| vii. Clearing Member | 430008 | - | 430008 | 0.12 | 278542 | - | 278542 | 0.08 | (0.04) |
| viii. IEPF | - | - | - | - | 579980 | - | 579980 | 0.16 | 0.16 |
| ix. Unclaimed Shares | - | - | - | - | 381250 | - | 381250 | 0.10 | 0.10 |
| Sub-Total-B (2) | 74702984 | 4321855 | 79024849 | 21.68 | 72825916 | 2993430 | 75819346 | 20.73 | (0.95) |
| Net Total B (1+2) | 145900769 | 5585855 | 151486634 | 41.55 | 149584731 | 4257430 | 158342161 | 42.07 | 0.52 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Promoter and Promoter Group | - | - | - | - | - | - | - | - | - |
| Public | - | - | - | - | - | - | - | - | - |
| Grand Total(A+B+C) | 358978619 | 5585865 | 364564484 | 100.00 | 361462581 | 4257430 | 365720011 | 100.00 | - |

ii. Shareholding of Promoters

| Sr. No. | Shareholders' Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No.of shares | % of total shares of the Company | % of shares pledged/ encumbered to total shares | No.of shares | % of total shares of the Company | % of shares pledged / encumbered to total shares | |
| 1. | Housing Development Finance Corporation Ltd. | 213077850 | 58.45 | - | 211877850 | 57.93 | - | (0.52) |

iii. Change in Promoter's Shareholding (Please specify, if there is no change)

During the year, HDFC Limited has sold 1200000 equity shares after the requisite approval received from NHB. Additionally, the percentage of the shareholding has changed due to various allotments of equity shares made during the year under the ESOS Scheme of the Company.

iv. Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | Top 10 Shareholders | Shareholding at the beginning of the year (April 1, 2017) | | Shareholding at the end of the year (March 31, 2018) | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | Axis Mutual Fund Trustees Ltd. * | 12078611 | 3.30 | 18389796 | 5.03 |
| 2 | SBI Magnum Balanced Fund * | 14745077 | 4.03 | 11324000 | 3.10 |
| 3 | SmallCap World Fund, INC * | 6900000 | 1.89 | 8560000 | 2.34 |
| 4 | UTI – Equity Fund # | 1633010 | 0.45 | 3496494 | 0.96 |
| 5 | Matthews India Fund * | 4397110 | 1.20 | 3081950 | 0.84 |
| 6 | Platinum Jubilee Investments Ltd * | 2135440 | 0.58 | 2135440 | 0.58 |
| 7 | Rachna Amin # | 1885000 | 0.52 | 1807600 | 0.49 |
| 8 | Arjun Sahgal # | 1410000 | 0.39 | 1410000 | 0.39 |
| 9 | Ishana Capital Master Fund# | 0 | 0.00 | 1403629 | 0.38 |
| 10 | Vanguard Emerging Markets Stock Index Fund# | 1134783 | 0.31 | 1302298 | 0.36 |
| 11 | Dr. Sanjeev Arora * | 1735570 | 0.48 | 1279197 | 0.35 |
| 12 | India Emerging Opportunities Fund Limited * | 2146702 | 0.59 | 1153708 | 0.32 |
| 13 | JP Morgan Indian Investment Company (Mauritius) Limited @ | 1975048 | 0.54 | 832899 | 0.23 |

1. The shares of the Company are substantially held in dematerialised form and are traded on a daily basis and hence, the date wise increase / decrease in shareholding is not indicated.
2. * Common top 10 shareholders as on April 1, 2017 and March 31, 2018

   @ Top 10 shareholders only as on April 1, 2017

   # Top 10 shareholders only as on March 31, 2018

v. Shareholding of Directors and Key Managerial Personnel:

| Sr. No. | Name of the Director/KMP | Shareholding at the beginning of the year on April 1, 2017 | | No. of shares purchased (allotted pursuant to exercise of ESOS) | No of shares sold / transferred during the year | Shareholding at the end of the year on March 31, 2018 | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | | | No. of shares | % of total shares of the company |
| 1 | Mr. Keki M. Mistry | 332900 | 0.09 | - | - | 332900 | 0.09 |
| 2 | Mr. Prafull Anubhai | 148000 | 0.04 | - | 140000 | 8000 | 0.00 |
| 3 | Ms. Renu S. Karnad | 467230 | 0.13 | - | - | 467230 | 0.13 |
| 4 | Mr. K.G. Krishnamurthy | 466650 | 0.13 | - | - | 466650 | 0.13 |
| 5 | Mr. S.G. Mankad | 130000 | 0.04 | - | - | 130000 | 0.04 |
| 6 | Mr. Biswamohan Mahapatra | - | - | - | - | 0 | 0.00 |
| 7 | Mr. Pankaj Patel | - | - | - | - | 0 | 0.00 |
| 8 | Mr. Rajesh Gupta | - | - | - | - | 0 | 0.00 |
| 9 | Ms. Bhavna Doshi | - | - | - | - | 0 | 0.00 |
| 10 | Mr. Kamlesh Shah | 337346 | 0.09 | - | 16980 | 320366 | 0.09 |
| 11 | Mr. Sudhin Choksey | 441352 | 0.12 | 123000 | 224536 | 339816 | 0.09 |
| 12 | Mr. Marcus Lobo | 312500 | 0.09 | 28250 | 24300 | 316450 | 0.09 |
| 13 | Mr. Hitesh Agrawal | 63150 | 0.02 | - | - | 63150 | 0.02 |

* Date wise increase / decrease in shareholding of directors and the KMPs is available on the website of the National Stock Exchange of India Limited and the BSE Limited.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

(₹ in crores)

| | Particulars | Secured Loans excluding Public Deposits | Unsecured Loans | Public Deposits | Total Indebtedness |
|---|---|---|---|---|---|
| | Indebtedness at the beginning of the financial year | | | | |
| 1) | Principal Amount | 10,478.24 | 35.00 | 1,504.91 | 12,018.15 |
| 2) | Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| 3) | Interest accrued but not due | 61.54 | 0.07 | 67.17 | 128.78 |
| | Total (1+2+3) | 10,539.78 | 35.07 | 1,572.08 | 12,146.93 |
| | Change in Indebtedness during the financial year | | | | |
| 1) | Addition | 1,380.00 | 770.00 | 0.00 | 2,150.00 |
| 2) | Reduction | 79.48 | 0.00 | 64.34 | 143.82 |
| | Net Change | 1,300.52 | 770.00 | (64.34) | 2,006.18 |
| | Indebtedness at the end of the financial year | | | | |
| 1) | Principal Amount | 11,782.69 | 805.00 | 1,458.31 | 14,046.00 |
| 2) | Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| 3) | Interest accrued but not due | 57.61 | 0.07 | 49.43 | 107.11 |
| | Total (1+2+3) | 11,840.30 | 805.07 | 1,507.74 | 14,153.11 |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director and Whole-Time Directors : (₹ in lacs)

| Sr. No. | Particulars of Remuneration | Name of MD/WTD Mr. Sudhin Choksey | Mr. Kamlesh Shah | Total |
|---|---|---|---|---|
| 1 | Gross Salary | | | |
| (a) | Salary as per provisions contained in section 17(1) of the Income Tax Act | 207.00 | 74.88 | 281.88 |
| (b) | Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (*) | 12.00 | 4.50 | 16.50 |
| (c) | Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | - As % of Profit | - | - | - |
| | - Others, specify | - | - | - |
| 5 | Others, please specify | | | |
| | Contribution to Provident Fund | 12.42 | 5.52 | 17.94 |
| | Ex-gratia | 170.00 | 56.00 | 226.00 |
| | Total (A) | 401.42 | 140.90 | 542.32 |
| | Ceiling as per the Act | | | 5,682.92 |

* Excludes value of perquisite on exercise of stock options.

B. Remuneration of other directors : (₹ in lacs)

| Name of Directors | Particulars of Remuneration: Fees for attending board / committee meetings | Commission paid(*) | Others, please specify | Total |
|---|---|---|---|---|
| Mr. Keki M. Mistry - Chairman | 3.70 | - | - | 3.70 |
| Mr. S. M. Palia (up to March 31, 2017) | - | 14.00 | - | 14.00 |
| Mr. Rohit Mehta (up to March 31, 2017) | - | 14.00 | - | 14.00 |
| Mr. Prafull Anubhai | 9.65 | 14.00 | - | 23.65 |
| Ms. Renu S. Karnad | 1.45 | - | - | 1.45 |
| Mr. K. G. Krishnamurthy | 3.60 | - | - | 3.60 |
| Mr. S. G. Mankad | 5.75 | 14.00 | - | 19.75 |
| Mr. Biswamohan Mahapatra | 4.30 | 14.00 | - | 18.30 |
| Mr. Pankaj Patel | 1.90 | 3.00 | - | 4.90 |
| Mr. Rajesh Gupta | 3.00 | - | - | 3.00 |
| Ms. Bhavna Doshi (w.e.f. Jan 20, 2018) | 0.20 | - | - | 0.20 |
| Total (B) | 33.55 | 73.00 | - | 106.55 |
| Ceiling as per the Act: | | | | 568.22 |
| (*) Commission for the year 2016-17 was paid during the year 2017-18. | | | | |

| | |
|---|---|
| Total (A+B) | 648.87 |

C. Remuneration to Key Managerial Personnel Other than MD/WTD

(₹ in lacs)

| Sr. No. | Particulars of Remuneration | Name of KMP | | Total |
|---|---|---|---|---|
| | | Mr. Marcus Lobo | Mr. Hitesh Agrawal | |
| 1 | Gross Salary | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 36.45 | 18.98 | 55.43 |
| | b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (*) | 1.11 | 1.51 | 2.62 |
| | c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | - As % of Profit | - | - | - |
| | - Others, specify | - | - | - |
| 5 | Others, please specify | | | |
| | Contribution to Provident Fund | 2.32 | 0.91 | 3.23 |
| | Performance Bonus | 12.00 | 4.32 | 16.32 |
| | Total | 51.88 | 25.72 | 77.60 |

* Excludes value of perquisite on exercise of stock options.

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

During the year under review, GRUH or any of its Directors were not liable for any penalty, punishment or any compounding offences under the Companies Act, 2013.

---

## ANNEXURE G TO THE DIRECTORS' REPORT - POLICY ON TRANSACTIONS WITH RELATED PARTIES

### 1. Policy

As a policy, GRUH (the "Company") discourages Transactions with Related Parties unless they are determined to be in the Company's best interests and they have been approved in accordance with the terms and conditions of this Policy. The Board of Directors (the "Board") further recognises that related party transactions could present conflicts of interest and/or improper valuation (or the perception or appearance thereof) and therefore has adopted this Related Party Transaction Policy (this "Policy") to be followed in connection with all related party transactions involving the Company. The Board recognises that transactions between related parties and the Company may occur in the ordinary course of business and on arm's length basis. All Related Party Transactions, as the term is defined in this policy, shall be subject to review and approval in accordance with the procedures set forth below.

### 2. Definitions

2.1. "Applicable Laws" includes (a) the Companies Act, 2013 ('the Act') and rules made thereunder; (b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (c) Accounting Standards (d) National Housing Bank (NHB) Act, NHB Housing Finance Companies Directions, 2010 and Notifications issued by NHB from time to time and (e) any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.

2.2. "Audit Committee" means the committee of Board of Directors of the Company constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder.

2.3. "Related Party Transaction" as per regulation 2(1)(zc) of SEBI (LODR), 2015 mean a transfer of resources, services or obligations between listed entity and a related party, regardless of whether a price is charged. As per section 188(1) of Companies Act, 2013 related party transaction will include following specific transactions :

a) sale, purchase or supply of any goods or materials;

b) selling or otherwise disposing of, or buying, property of any kind;

c) leasing of property of any kind;

d) availing or rendering of any services;

e) appointment of any agent for purchase or sale of goods, materials, services or property;

f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and

g) underwriting the subscription of any securities or derivatives thereof, of the company.

provided that nothing in section 188(1) shall apply to any transaction entered into by the Company in its ordinary course of business other than transactions which are not at arm's length basis.

2.4. "Related Party"

As per regulation 2(1)(zb) of SEBI (LODR), 2015 related party means a related party as defined under section 2(76) of the Companies Act, 2013 or under the applicable accounting standards.

As per the Accounting Standard - 18, parties are considered to be related if at any time during the reporting period one party has the ability to control the other party or exercise significant influence over the other party, in making financial and/or operating decisions.

As per section 2(76) of Companies Act, Related Party means :

(i) a director or his relative;

(ii) a key managerial personnel or his relative;

(iii) a firm, in which a director, manager or his relative is a partner;

(iv) a private company in which a director or manager or his relative is a member or director;

(v) a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;

(vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;

(vii) any person on whose advice, directions or instructions, a director or manager is accustomed to act:

(viii) any company which is -

(a) a holding, subsidiary or an associate company of such company; or

(b) a subsidiary of a holding company to which it is also a subsidiary;

(ix) such other person as may be prescribed.

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity.

Rule 3 of the Companies (Specification of Definitions Details) Rules, 2014, provides that a director (excluding independent directors) or key managerial personnel of the holding company or his relative with reference to a company shall also be deemed to be a related party.

In terms of AS 18, the following are deemed not to be related parties:

a) two companies simply because they have a director in common, notwithstanding paragraph 3(d) or (e), (unless the director is able to affect the policies of both companies in their mutual dealings);

b) a single customer, supplier, franchiser, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence; and

c) the parties listed below, in the course of their normal dealings with an enterprise by virtue only of those dealings (although they may circumscribe the freedom of action of the enterprise or participate in its decision-making process) :

(i) providers of finance;

(ii) trade unions;

(iii) public utilities;

(iv) government departments and government agencies including government sponsored bodies.

In view of the above definition, AS 18 further defines the terms 'control' and 'significant influence' as follows -

Control

a) ownership, directly or indirectly, of more than one half of voting power of an enterprise, or

b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or

c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

Significant Influence

Participation in the financial and/or operating policy decisions of an enterprise, but not control of those policies.

Relative

In terms of Section 2(77) of the Companies Act, 2013 read with the Companies (Specification of Definitions Details) Rules, 2014 a person is said to be a relative of another, if -

a. They are members of a Hindu undivided family; b. They are husband and wife; c. Father (including step-father); d. Mother (including step-mother); e. Son (including step-son); f. Son's wife; g. Daughter; h. Daughter's husband; i. Brother (including step-brother); or j. Sister (including step-sister).

Material Related Party Transaction (Regulation 23(1) and 23(4) of SEBI (LODR), 2015)

mean such Related Party Transactions where the aggregate value of transactions entered, or likely to be entered into, with a related party; during the current financial year, is likely to exceed 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company.

All material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

Arm's length transaction (Section 188(1)(b) of Companies Act, 2013)

meana transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

Omnibus approval (Regulation 23(3) of SEBI (LODR), 2015)

In case of certain frequent/ repetitive/ regular transactions with Related Parties which are in the ordinary course of business of the Company, the Audit Committee may grant an omnibus approval for such Related Party Transactions proposed to be entered into by GRUH, subject to the following conditions, namely -

(a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;

(b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;

(c) the omnibus approval shall specify:

  (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,

  (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and

  (iii) such other conditions as the audit committee may deem fit: Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

  (iv) such other conditions as may be specified by the law from time to time.

(d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by GRUH pursuant to each of the omnibus approvals given.

(e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

3. Procedures

3.1. Board of Directors

3.1.1. All related parties with whom the Company intends to enter into transaction will require prior approval of the Board of Directors.

3.1.2. All related party transactions, otherwise done at arm's length distance, falling within the limits of section 188(1) will require prior approval of the Board of Directors at its meeting. The Board of Directors shall review and recommend all transactions in terms of section 188(1) requiring shareholders' prior approval.

3.1.3. As per Regulation 23 (4) of SEBI (LODR), 2015 all material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.

3.1.4. The Board of Directors shall annually review, the details of all Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and to the relevant Related Party.

3.1.5. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

3.1.6. As per guideline issued by Fixed Income Money Market and Derivatives Association of India (FIMMDA) dated October 5, 2017, Company shall not invest in Commercial paper of any other Company within HDFC group either in primary or secondary market.

### 3.2. Audit Committee

3.2.1. Each of GRUH's directors and executive officers are instructed to inform the Company Secretary of any potential Related Party Transactions. All such transactions will be analysed by the Audit Committee in consultation with management to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. The Committee will be provided with the following details of each new, existing or proposed Related Party Transaction :

i. The Name of the Related Party and nature of relationship;

ii. The nature, duration and particulars of the contract or arrangement;

iii. The material terms of the contract or arrangement including the value, if any;

iv. Any advance paid or received for the contract or arrangement, if any;

v. The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;

vi. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and

vii. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

3.2.2. Transactions with approved parties will require a prior approval of the Audit Committee.

3.2.3. The Related Party Transactions which are not in the ordinary course of business and not at arm's length will be reviewed by the Audit Committee and then recommended to the Board of Directors.

3.2.4. If a Related Party Transaction is ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party.

3.2.5. The Committee will review the material facts of all Related Party Transactions and may approve or disapprove of the entry into the Related Party Transaction.

3.2.6. The Committee may also disapprove of a previously entered Related Party Transaction and may require that management of the Company take all reasonable efforts to terminate, unwind, cancel or annul the Related Party Transaction.

3.2.7. A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.

3.2.8. The Committee may decide to get advice, certification, study report, rely upon certification issued as per the requirement of other laws etc. from a professional (includes statutory / internal Auditors) or technical person including price discovery process, to review transactions with Related Party.

3.2.9. Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction. However, the Chairperson of the Committee may allow participation of such member in some or all of the Committee's discussions of the Related Party Transaction.

3.2.10. Annually, the Audit Committee shall review any previously approved or ratified Related Party Transaction that is continuing and determine based on then-existing facts and circumstances, including the Company's existing contractual or other obligations, if it is in the best interests of the Company to continue, modify or terminate the transaction.

## 4. Approval of Shareholders

4.1. The contracts or agreements with any Related Party which are not in the ordinary course of business and not at arm's length in respect of transactions specified in section 188(1) of the Companies Act, 2013, will require prior approval of the shareholders by a resolution.

4.2. All material related party transactions will require shareholders' approval.

4.3. The explanatory statement to be annexed to the notice of general meeting in this regards will contain following particulars:

i. name of the related party;

ii. name of the director or key managerial personnel who is related, if any;

iii. nature of relationship;

iv. nature, material terms, monetary value and particulars of the contract or arrangement;

v. any other information relevant or important for the members to take a decision on the proposed resolution.

## 5. Disclosure

5.1. Each director who is, directly or indirectly, concerned or interested in any way in any transaction with the Related Party shall disclose all material information and the nature of his interest in the transaction to the Committee or Board of Directors.

5.2. All Related Party Transactions that are required to be disclosed in the Company's filings with the Stock Exchanges, as required by the Listing Regulations.

## 6. Review of Policy

The Audit Committee will periodically review this Policy and may recommend amendments to this Policy as it deems appropriate.

## 7. Exceptions - Transactions that need not be reported to the Audit Committee

7.1. Employment of Executive Officers and their compensation as approved by Nomination & Remuneration Committee.

7.2. Managerial remuneration recommended by Nomination and Remuneration Committee and approved by the Board of Directors of the Company.

7.3. Reimbursement or advances of business travel and expenses incurred or to be incurred directly by a director or executive officer of the Company in connection with the performance of his or her duties.

7.4. Transactions where all shareholders receive proportional benefits :

Any transactions, arrangements or relationships where the Related Party's interest arises solely from the ownership of the Company's Shares and all holders of the Company's Shares received the same benefit on a pro-rata basis (e.g., dividends, sub-division or bonus shares).

7.5. Certain banking-related services :

Any transactions, arrangements or relationships with a Related Party involving services as a bank viz. current account, depositary of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.

7.6. Regulated transactions :

Any transactions, arrangements or relationships with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.

7.7. Other Transactions :

Such other transactions as may be determined by the Committee or Board of Directors from time to time.

## 8. Administrative Measures

Management shall institute appropriate administrative measures to provide that all Related Party Transactions are not in violation of, and are reviewed in accordance with, these Policies and Procedures.

## 9. Interpretation

In any circumstance where the terms of these Policies and Procedures differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the law, rule, regulation or standard will take precedence over these policies and procedures until such time as these Policies and Procedures are changed to confirm to the law, rule, regulation or standard.

## 10. Dissemination of Information

GRUH shall upload this Policy on its website i.e., www.gruh.com and a weblink of the same will be provided in the Annual Report. Disclosures regarding Material Related Party Transactions, if any, shall be disclosed to the stock exchanges quarterly along with the GRUH's Compliance Report on Corporate Governance, in accordance with the Listing Regulations. GRUH shall also make relevant disclosures in its Annual Report and maintain such registers as required under the provisions of the Companies Act, 2013, Rules made thereunder and Listing Regulations.

## 11. Implementation

The policy will be implemented by the management of the Company from the date it is approved by the Board. All Related Party Transaction entered prior to the date of approval of this Policy and Procedures shall be subject to review by the Audit Committee.

GRUH FINANCE LIMITED
We help you build homes

# Properties financed by GRUH under Pradhan Mantri Awas Yojana (PMAY) having women ownership.

Town : Deesa
District : Banaskantha, Gujarat
Owner : Mrs. Jyotsnaben Chauhan
Property Cost : ₹ 8,01,000/-
Loan Amount : ₹ 6,00,000/-

Town : Bilaspur
District : Bilaspur, Chhattisgarh
Owner : Mrs. Pushpaben Adiley
Property Cost : ₹ 23,00,000/-
Loan Amount : ₹ 18,50,000/-

Town : Hingoli
District : Hingoli, Maharastra
Owner : Mrs. Annapurna
Property Cost : ₹ 16,50,000/-
Loan Amount : ₹ 14,00,000/-

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## Industry Overview

The wheels of change continued to roll in the country with the launch of the Goods and Services Tax (GST) and the Real Estate Development and Regulation Act (RERA).While the GST would be a long-term positive for the economy, it had its initial implementation issues and the overall economy bore the brunt of the changes with traders and Medium and Small Scale Enterprises (MSME) getting adversely affected. The government as a result, had to revise the GDP growth estimates downward twice during the year from 7.40% to 6.60%.

The Reserve Bank of India (RBI) continued to keep an eye on the inflation and therefore did not lower the benchmark rates during the year. However, on account of the weak credit offtake, banks continued to aggressively price their lending products, putting pressure on incremental spreads for the lenders.

While the last quarter of the financial year under review witnessed some positive signs in terms of production, export growth and lower inflation, the rising Non Performing Assets (NPAs) levels and large scale financial scams in the banking sector dampened sentiments.

The government reviewed the urban housing shortage numbers and reduced the shortage projections from the earlier 18.76 million units to 10 million dwelling units. While the government has been promoting housing and has offered various sops for the industry to meet the shortage, the sluggish offtake of housing and low supply numbers could still impact the achievement of the target of Housing for All by 2022.

The real estate market also witnessed the implementation of the RERA. While the implementation of RERA has been slow in many states, the provisions enshrined in the Act are definitely going to alter the landscape for real estate developers. RERA, however, would require higher disclosure and procedural requirements and could affect the viability of small scale developers. The immediate effects were witnessed in the industry with new project launches declining and demand continuing to remain sluggish. Even the drop in property prices in few pockets could not enthuse customers to make their purchase decision and unsold inventory levels continued to remain high.

The RBI in its recent policy has projected GDP growth to strengthen from 6.6 per cent during 2017-18 to 7.3 – 7.4 per cent in the first half and 7.3 – 7.6 per cent in the second half of FY18-19. It has kept the repo rate at 6.00 per cent, with inflation expected to be in the region of 4.4 per cent with- a variation band of 0.1 – 0.3 per cent.

## Market Scenario

The Pradhan Mantri Awas Yojana (PMAY) and particularly the Credit Linked Subsidy Scheme (CLSS) besides the incentives offered to developers is expected to usher in the supply of affordable homes for the low income segment. However the slow pace of activity across all major cities clearly indicates that the desired supply in the low income segment has not come into the market. As a result, the growth in outstanding mortgages continues to be tepid. ICRA also estimated the growth in outstanding mortgages to have declined from 19% to 16%.

While the Banks and Housing Finance Companies (HFCs) continued their aggressive pricing on home loans, the rising NPA levels in the market reflected the distress in the MSME and self-employed segments. The combined impact of compressed spreads and rising NPA could hurt the profitability of HFCs in the long run.

The lower demand for housing and pressure to grow the assets under management has also compelled lenders to opt for loan takeovers resulting in higher prepayments. The smaller HFCs have been more impacted by the prepayments further putting pressure on their viability and challenging their ability to sustain the price war.

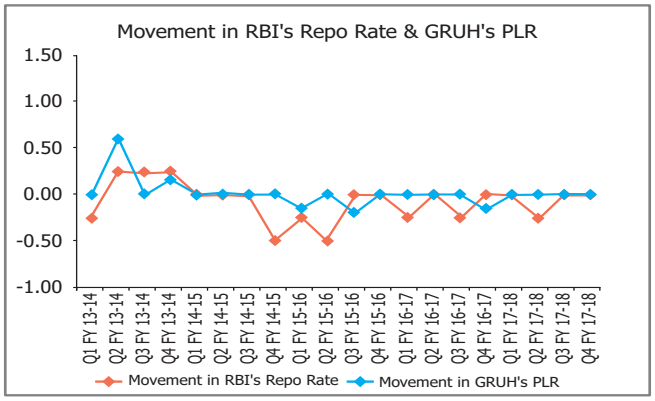
Many of the lenders have opted for a change in the product mix and are offering higher yielding products such as Loan Against Property and inventory financing. However, the risks associated with such products are higher and the balance sheet strength would largely determine the ability of the lenders to take such risk.

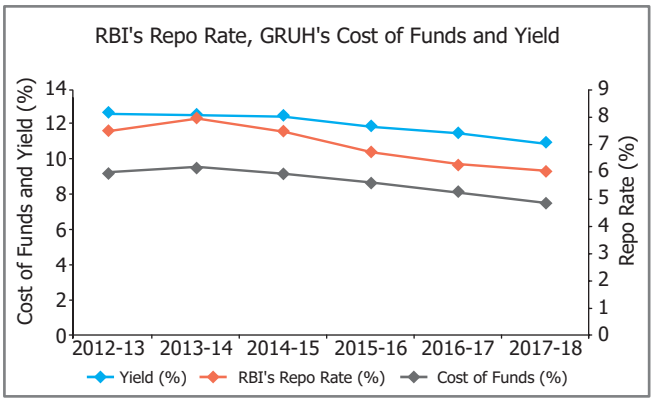
While the industry has witnessed the entry of many new players, the rising NPAs and the inability to upscale has raised many challenges so far. Newer players would have to therefore factor in these challenges before entering this competitive landscape.

Overall, the year ahead looks challenging with the industry having to face the pressures of lower incremental spreads, higher prepayments and higher NPA levels. The continuing effects of GST on the MSME and self-employed segment is also a factor to be considered which could affect delinquencies. However, there is hope of the demand as well as the supply improving in the market going forward which should benefit the stronger and efficient players.

## Loan Products

GRUH's major focus has been to provide home loans to individuals and families for purchase, construction and extension. GRUH also



provides loans for repair and renovation of houses and home loans to families in the self-employed category where formal income proofs are not easily available. The repayment capacity of such families are appraised based on their cash flows. Apart from extending home loans, GRUH offers loans for purchase and construction of non-residential properties (NRP) and also offers mortgage loans against existing residential and commercial properties. GRUH offers developer loans on a selective basis.

Home loan products are being offered at variable and fixed rates, giving customers an option to decide on the type of interest rate risk.

GRUH has also signed an MOU with National Housing Bank (NHB) which is the Central Nodal Agency under the Pradhan Mantri Awas Yojana (PMAY) for the Credit Linked Subsidy Scheme (CLSS) for EWS, LIG and MIG categories. The subsidy received from the government through the Central Nodal Agency under this scheme, is being passed on to the beneficiaries by way of prepayment with a reduction in their instalments.

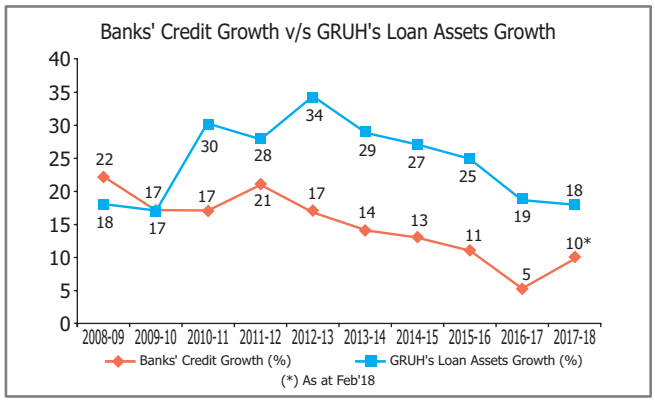
With a view to enable uniform processing of credit risk assessment, GRUH has adopted a credit score methodology. The pricing of each loan is linked to the credit score. This methodology enables GRUH to offer finer interest rates to deserving families, where credit risk is low and charge a higher rate of interest where credit risk is high. The credit score parameters and risk weightage are reviewed on regular basis and modified in line with the changing risk profile. The rate of interest bands are also reviewed on regular basis and aligned with the prevailing rates in the market.

### Marketing Efforts

To ensure a deeper geographic reach, GRUH has been sourcing retail business through third party channels by appointment of GRUH Referral Associates (GRAs). GRAs only source loans while GRUH retains control over the credit, legal and technical appraisals. Business sourced through GRAs was 71% of total disbursements made during the year and GRUH paid referral fees of ₹ 17.80 crores to GRAs for sourcing business.

GRUH is operating in eleven states - Gujarat, Maharashtra, Karnataka, Rajasthan, Madhya Pradesh, Chhattisgarh, Tamilnadu, Uttar Pradesh, Bihar, Jharkhand, West Bengal and Dadra Nagar Haveli. GRUH established 9 new offices during the year. GRUH now has 194 retail offices across these eleven states. GRUH's staff strength as at March 31, 2018 was 692.

GRUH conducts outreach programmes from its retail offices to potential taluka places. The outreach marketing programme also serves as collection centre for collecting instalments besides providing services of enquiry handling, file opening and effecting disbursements.




### Disbursements

GRUH disbursed ₹ 5,259 crores during the year as against ₹ 4,125 crores in the previous year registering a growth of 27%. GRUH disbursed loans of ₹ 4,016 crores (previous year ₹ 3,121 crores) for home purchase, repair and renovation and registered a growth of 29% in the retail home loan segment.

GRUH disbursed home loans to 43,473 families (previous year 36,453 families) and the average home loan to individuals was increased to ₹ 9.40 lacs from ₹ 8.86 lacs in previous year.

Disbursements under the Loan Against Property (LAP) segment were ₹ 557 crores (previous year ₹ 462 crores).

GRUH disbursed loans of ₹ 60 crores (previous year ₹ 71 crores) for purchase of NRP and ₹ 614 crores (previous year ₹ 471 crores) to developers.

Cumulative disbursements as at March 31, 2018 stood at ₹ 28,456 crores with a Compound Annual Growth Rate (CAGR) of 19% over the past 3 years period.

### Insurance Products

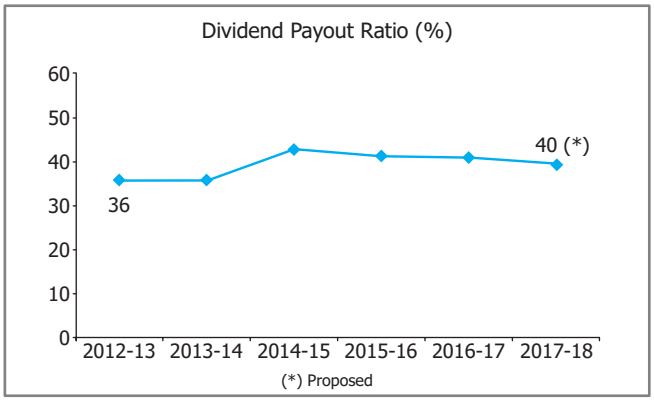
GRUH has an arrangement with The Oriental Insurance Company Limited for providing property insurance of the property mortgaged. During the year, GRUH referred 48,525 customers under this arrangement in respect of property cover of ₹ 4,655 crores.

GRUH has an arrangement with three Life Insurance service providers viz HDFC Life Insurance Co. Ltd., Bharti AXA Life Insurance Co. Ltd. and Kotak Mahindra Life Insurance Co. Ltd. GRUH continued to persuade its customers to take insurance cover on the life of the principal income earner as the collateral for its loans. The policies are assigned in favour of GRUH. During the year, 23,664 customers have taken the life cover from these insurance companies in respect of life cover of ₹ 1,887 crores.

### Loans

The loan approval process at GRUH is decentralised with varying approval limits. Approvals of lending proposals are carried out by retail sanctioning committees up to the limits delegated. Approvals beyond certain limits are referred to the Committee of Management. Larger proposals, as appropriate, are referred to the committee of directors, set up by the board.

During the year, GRUH's total outstanding loans increased to ₹ 15,568 crores from ₹ 13,244 crores and registered a growth of 18%. CAGR over the past 3 years period has been 20%.



The total outstanding loans at variable rates stood at ₹ 14,431 crores (previous year ₹ 11,892 crores), which was 92% (previous year 90%) of the total outstanding loans. Loans to total assets stood at 97.48% as at March 31, 2018.

GRUH's outstanding home loans to individuals of ₹ 12,851 crores constitute 82.55% of the total outstanding loans. Loan Against Properties of ₹ 1,681 crores and other loans to individuals for non-residential premises (NRP)of ₹ 368 crores constituted 10.80% and 2.36% respectively of the total outstanding loans. GRUH experienced a prepayment ratio of 13.87% (previous year 11.17%) in respect of individual loans. The outstanding loans to developers of ₹ 668 crores constituted 4.29% of the total outstanding loans.

The average yield realised on the loan assets during the year was 11.10% (previous year 11.66%).

CAGR (%) As At March 31, 2018

| Particulars | 3 Years | 5 Years | 7 Years | 10 Years |
|---|---|---|---|---|
| Disbursements | 19 | 19 | 23 | 24 |
| Loan Assets | 20 | 23 | 25 | 24 |
| NIM | 24 | 24 | 24 | 24 |
| PAT | 21 | 20 | 22 | 24 |

## Provision for Standard Assets, NPAs and Contingencies

As per the prudential norms prescribed by NHB for Standard Loan Assets, HFCs are required to carry a provision of 0.25% on individual Home Loans, 1% on individual NRP Loans, 0.75% on developer loans for residential projects and 1% on developers loan for commercial projects. During the year, NHB vide notification No. NHB.HFC.DIR.18/MD&CEO/ 2017 dated August 2, 2017 reduced the provisioning requirement on Standard Individual Housing Loans from 0.40% to 0.25%.

GRUH carries provision of ₹ 66.10 crores towards Standard Loan Assets comprising individual home loans, individual NRP Loans and developer loans aggregating to ₹ 15,498 crores. This provision includes provision of ₹ 0.21 crore towards standard assets in respect of instalments due from borrowers of ₹ 50 crores and a provision of ₹ 0.01 crore in respect of standard assets on loan against GRUH's fixed deposits and interest accrued thereon of ₹ 1.26 crore. As on March 31, 2018, GRUH carries Standard Assets provision which is ₹ 20.25 crores higher than the revised regulatory requirement of minimum 0.25%.

As per the prudential norms of NHB, GRUH has identified Non Performing Assets (NPAs) and made required provisions on such NPAs besides not recognising income in respect of such NPAs. An asset is NPA if the interest or principal instalment is overdue for 90 days.

GRUH's NPAs as at March 31, 2018 were ₹ 66.52 crores in respect of home loans and ₹ 3.57 crores in respect of individual NRP loans. There were no NPAs under developer loans. GRUH is required to carry a provision of ₹ 17.89 crores towards non-performing loans as per NHB norms. However, as a measure of prudence, your directors have decided to carry a provision of ₹ 53.47 crores. GRUH also carries provision of ₹ 16.63 crores as contingencies. GRUH therefore carries a total provision of ₹ 136.20 crores on its total assets including standard assets and non-performing loans. Net Non Performing Loans were Nil on outstanding loans of ₹ 15,568 crores.

During the year, GRUH has written off an amount of ₹ 1.08 crore in respect of individual loans where the recovery was difficult in the near future. However, GRUH continued the recovery efforts in respect of written off loans of earlier years and could effect recoveries of ₹ 0.29 crore in respect of written off loans.

GRUH carried 237 properties acquired in settlement of dues at the beginning of the year. During the year, GRUH acquired 76 properties and disposed off 20 properties. GRUH carried 293 properties as at March 31, 2018.

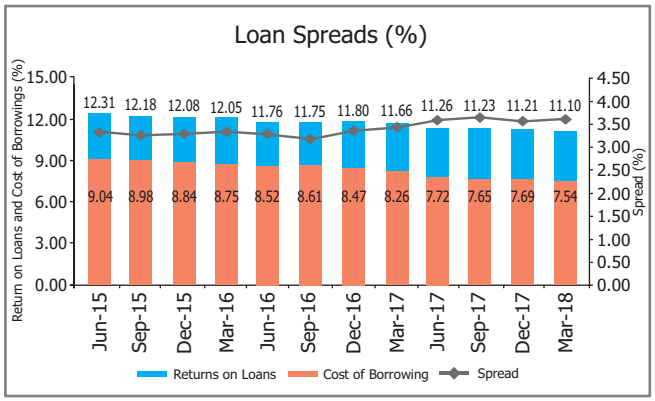
## Investments

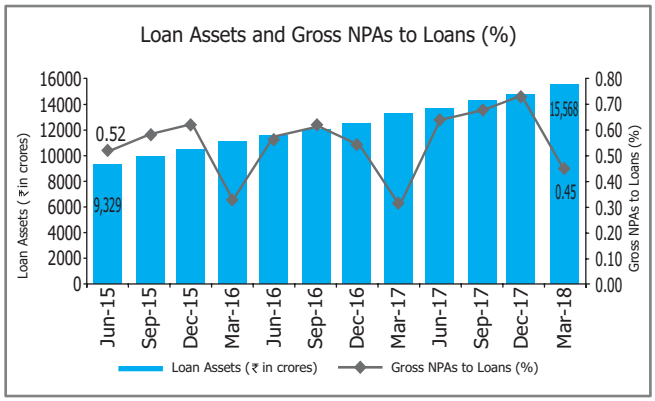
The Investment Committee constituted by the board of directors is responsible for approving investments in line with limits as set out by the board. The decisions to buy and sell upto the approved limit delegated by the board are taken by the Managing Director, who is assisted by two senior managers. The investment function is carried out primarily to support the core business of housing finance to ensure adequate levels of liquidity and to maintain investment in approved securities in respect of public deposits raised as per the norms of NHB.

Considering the time lag between raising of resources and its deployment, the surplus funds are generally being parked with liquid fund schemes of mutual funds and short-term deposits with banks. During the year, GRUH earned ₹ 9.75 crores as surplus from cash management schemes of mutual funds and ₹ 4.34 crores by way of interest on deposits placed with banks. At the end of the year, GRUH maintained ₹ 53.79 crores by way of deposits with banks.

As per NHB guidelines, HFCs are required to maintain Statutory Liquid Ratio (SLR) in respect of public deposits. Currently, the SLR requirement is 12.50% of the public deposits. As at March 31, 2018, GRUH has invested ₹ 214.48 crores in approved securities comprising government securities, government guaranteed bonds and deposits with scheduled banks, which is higher than the limits prescribed by NHB.

GRUH has classified its investments in SLR securities as long-term investments and valued them at cost. GRUH carries a provision of



₹ 9.57 crores towards losses, if any, that would arise on redemption of investments on maturity.

### Borrowed Funds

GRUH has been raising funds for its lending activities from NHB by way of refinance, from banks by way of term loans, by private placement of non-convertible debentures (NCDs), by issuance of commercial paper and mobilisation of public deposits.

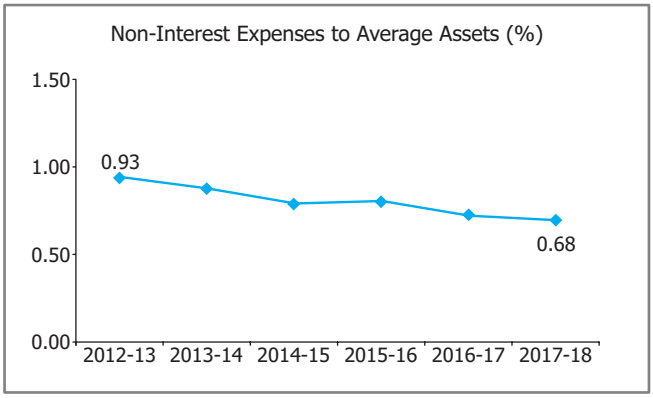
Endeavours at GRUH have been to maintain a prudent mix of fixed rate borrowings and variable rate borrowings with a view to minimise the weighted average cost of borrowings and maintain a healthy spread on its lending activities. GRUH has also been funding its operations through short-term borrowings in the form of commercial paper and short tenure loans from banks. While such a mix enables GRUH to sustain a healthy net interest margin, it raises the risks of asset liability mismatch. To minimise the risk arising on account of such mismatch, GRUH has set internal norms on the quantum of short-term borrowings so that a prudent balance is maintained in keeping the cost of funds low to an extent that the risk arising from the mismatch could be managed.

The borrowings which are maturing within twelve months from the end of the year, constituted 52.54% (previous year 12.70%) of the total borrowings of ₹ 14,046 crores (previous year ₹ 12,018 crores). The outstanding borrowings at fixed rate stood at ₹ 8,086 crores (previous year ₹ 6,492 crores), which was 57.57% (previous year 54.02%) of the total outstanding borrowings.

GRUH continued to borrow for both long and short-term from the banking sector at competitive rates. GRUH raised fresh loans from banks aggregating to ₹ 1,380 crores during the year and repaid loans aggregating to ₹ 79.48 crores. Term loans from banks are secured by a negative lien on all assets of the Company excluding the specific immovable property mortgaged in favour of the Debenture Trustees for issuance of NCDs and Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against Public Deposits. Outstanding balance of bank loans was ₹ 5,637.50 crores as at March 31, 2018.

GRUH repaid refinance of ₹ 1,723 crores to NHB. Outstanding refinance from NHB as at March 31, 2018, of ₹ 2,048 crores is secured by a negative lien on all assets of the Company excluding the specific immovable property mortgaged in favour of the Debenture Trustees for issuance of NCDs and Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against Public Deposits.

GRUH raised ₹ 2,060 crores through issuance of NCDs during the year. The outstanding balance of NCDs as at March 31, 2018 was ₹ 4,097 crores. The NCDs are secured by mortgage of a specific immovable property and negative lien on all assets of the Company excluding the Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against Public Deposits. GRUH's NCDs are rated "ICRA AAA" and "CRISIL AAA" indicating highest degree of safety regarding timely payment of financial obligations.




The outstanding subordinated debt as at March 31, 2018 stood at ₹ 35 crores. The debt is subordinated to present and future senior indebtedness of the Company and is rated "ICRA AAA" and "CRISIL AAA" indicating highest degree of safety regarding timely payment of financial obligations. Based on the balance term to maturity, as at March 31, 2018, ₹ 28 crores of the book value of subordinated debt is considered as Tier II capital as per the guidelines issued by NHB for the purpose of computation of Capital Adequacy Ratio (CAR).

GRUH's short term borrowings including commercial paper and short term NCDs are rated "ICRA A1+" and "CRISIL A1+", indicating very strong degree of safety regarding timely payment of financial obligations. The outstanding balance of commercial paper as at March 31, 2018 was ₹ 770 crores.

During the year, GRUH received fresh deposits of ₹ 477 crores and repaid deposits of ₹ 524 crores. The renewal ratio (the ratio of deposits renewed to the deposits maturing during the year) experienced by GRUH was 50.71%. The outstanding deposits have decreased from ₹ 1,505 crores at the beginning of the year to ₹ 1458 crores by the end of the year. The outstanding balance of public deposits constituted 10.38% of the total outstanding borrowings as at March 31, 2018.

GRUH's Deposit programme is rated "MAAA" by ICRA and "FAAA" by CRISIL. These ratings indicate very strong degree of safety as regards timely repayment of principal and interest.

GRUH has been offering brokerage to its deposit referral associates. The brokerage structure is linked to the term of deposits mobilised. GRUH has been amortising the brokerage paid over the tenure of deposits mobilised.

The average cost of total borrowings experienced during the year was 7.54% per annum (previous year 8.26%).

### NHB Guidelines and Prudential Norms

GRUH has complied with the guidelines issued by NHB regarding accounting guidelines, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, Know Your Customer (KYC) guidelines and Anti Money Laundering (AML) Standards, Fair Practices Code, grievance redressal mechanism, recovery of dues, channel partners and real estate and capital market exposures.

GRUH had no investment in excess of the limits prescribed by NHB with any one company or any single group of companies. GRUH has not made investment in any of the promoter group companies or in the stock markets.

GRUH's total borrowings as at March 31, 2018 of ₹ 14,046 crores were within the permissible limit of 16 times of the net owned funds. Of this, the public deposits of ₹ 1,458 crores were also within the limit of 5 times of the net owned funds as prescribed by NHB. GRUH has complied with the guidelines issued by NHB regarding the ceiling on interest rates offered on deposits and brokerage paid to the deposit referral associates.

GRUH's CAR as at March 31, 2018 was 18.90% as against NHB's prescribed limit of12%. The Capital Adequacy on account of Tier I Capital was 17.68% while the Capital Adequacy on account of the Tier II Capital was 1.22%.

### Central Registry

The Government of India has set up the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) under section 21 of the SARFAESI Act, 2002 to have a central database of all mortgages created by lending institutions. The object of this registry is to compile and maintain data relating to all transactions secured by mortgages. All Banks & Housing Finance Companies (HFCs) which fall under the purview of SARFAESI Act are required to register with CERSAI and submit the data in respect of all properties mortgaged in its favour. The lending institutions are required to pay fees for uploading the data of mortgage.

GRUH is registered with CERSAI. GRUH has uploaded 43,530 records in respect of loans disbursed during the year. GRUH has paid fees of ₹ 0.52 crore to Central Registry towards uploading the data of mortgages.

### Risk Management

GRUH has formulated a risk management framework which lays the procedure for risk assessment and mitigation. The Risk Management Committee (RMC) comprises the Managing Director as the chairman and the members include senior managers holding key positions in the Company. The RMC apprises the Audit Committee of the key risks associated with the business of the Company and the measures to mitigate them.

The Audit Committee has been periodically reviewing the risk profile of the Company and evaluating the adherence by the branches / functions of the systems and processes in place for monitoring, evaluation, assessment and mitigation of risk through a systematic and effective audit programme. The observations of Audit Committee, if any, on the risk management are reported to the board.

GRUH manages various risks like financial risk, operational risk, marketing risk, external risk and regulatory risks associated with the mortgage business. The critical risks which can significantly impact profitability and financial strength are credit risk, interest rate risk and liquidity risk. GRUH manages credit risk through internal credit norms. Liquidity risk and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profile.

### Internal Audit and Control

GRUH has an adequate system of internal control in place which has been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting. GRUH has documented procedures covering all financial and operating functions.

GRUH has robust internal audit programme, where the internal auditors, an independent firm of chartered accountants, conduct a risk-based audit with a view to not only test adherence to laid down policies and procedures but also to suggest improvements in processes and systems. Their audit program is agreed upon by the Audit Committee. Internal audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations.

### IT Audit and Security

Information systems is the backbone of GRUH's business. GRUH has implemented an application software which is being maintained and has been enhanced and modified by the in-house IT software development group. The software is integrated to record and process lending and deposit mobilization and accounting transactions of GRUH across its branches.

The Information System at GRUH operates under centralized IT environment and all the branches are connected through MPLS VPN connectivity. The centralized IT environment enables prompt communication between its retail offices and head office and also provides an interface for easy and quick MIS and preparation of various monthly reports.

Considering the significant dependence of GRUH's operations on its IT system, GRUH also takes initiative in maintaining adequate control for data integrity and its confidentiality. The Application Software and IT System at GRUH are upgraded from time to time. GRUH is having its entire IT infrastructure on a Cloud based model at Tier 4 Data Center. GRUH has also arranged for a Cold Disaster Recovery site at a different geographical location than the primary Data Center.

GRUH carries out audit of its IT system from external agency at regular intervals. The external agency's suggestions and recommendations are reported to Audit Committee and implemented where found necessary.

### Statement of Profit and Loss

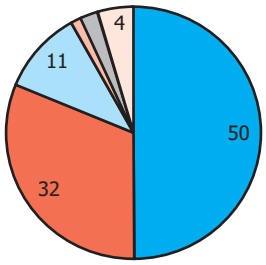
Key elements of the statement of profit and loss for the year ended March 31, 2018 are:

- Profit before tax grew by 27.16% as against 22.20% in the previous year.
- Profit after tax grew by 22.26% as against 21.79% in the previous year.
- Current year income tax provision amounted to ₹ 166 crores as compared to ₹ 120 crores in the previous year. The effective income tax rate for the year was 29% as against 27% during the previous year.
- Pre-tax return on average assets was 3.80% in the current year as against 3.53% in the previous year. Post-tax return on average assets was 2.45% as against 2.37% in the previous year.
- Return on average net worth for the year was 29.08% as against 30.45% in the previous year.
- Ratio of net interest margin to average assets was 4.40% for the current year as against 4.20% in the previous year.
- Cost to income ratio was 14.16% for the year as against 15.87% in the previous year.
- The Earnings Per Share (Basic) was ₹ 9.93 for the current year as against ₹ 8.15 for the previous year.

### Human Resource

The enthusiasm of staff members continued to be high in sustaining positive growth of disbursements and in maintaining healthy recoveries. With the high level of commitment and loyalty by staff members, GRUH is confident to face the challenges of the tougher market conditions.

GRUH's Outstanding Loans




| Individual Housing | (₹ in crores) | % | |
|---|---|---|---|
| Suraksha | 7,725 | 50 | |
| Suvidha | 4,948 | 32 | |
| Mortgage | 1,680 | 11 | |
| Sajavat | 181 | 1 | |
| Individual Non-Residential | | | |
| Samrudhi | 356 | 2 | |
| Shubh Labh | 10 | - | |
| Developer Loans | 668 | 4 | |
| | **15,568** | **100** | |

# Properties financed by GRUH

GRUH FINANCE LIMITED
We help you build homes

Town : Kadi
District : Kadi, Gujarat
Property Cost : ₹ 6,08,330/-
Loan Amount : ₹ 5,30,000/-

Town : Jintar
District : Parbhani, Maharashtra
Property Cost : ₹ 11,40,000/-
Loan Amount : ₹ 9,00,000/-

Town : Karamadai
District : Coimbatore, Tamilnadu
Property Cost : ₹ 13,00,000/-
Loan Amount : ₹ 10,00,000/-

Town : Faizabad
District : Faizabad, U.P.
Property Cost : ₹ 12,92,000/-
Loan Amount : ₹ 6,00,000/-

## REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

Corporate Governance is, essentially, a philosophy. It encompasses not only the regulatory and legal requirements, but also the voluntary practices developed by the company to protect the best interests of all stakeholders. However, in the harsh realities of day to day economic stress and competitive growth, corporate governance can only deliver on an avowed philosophy if there is a strong and sustainable framework. It is this framework which fosters a high level of business ethics with effective supervision, transparency and accountability at all levels. A good corporate governance framework incorporates a system of robust checks and balances between Key players; namely, the Board, the management, auditors and various stakeholders. The role and responsibilities of each entity must be clearly understood and transparency must be enforced at each level and at all times.

### Spin-offs from good Corporate Governance

Investors worldwide are looking for new areas and avenues to invest their funds but the emphasis is on safety of their funds rather than high returns. These investors value companies which show commitment to customer satisfaction; companies which nurture long-term stakeholder value. In the ultimate analysis, strong governance is, therefore, indispensable for the development of a resilient and vibrant capital market. It is an important instrument for investor protection.

### Company's philosophy on Corporate Governance

GRUH has been fortunate to have a strong set of values drawn from its promoter and parent company, Housing Development Finance Corporation Limited (HDFC).

At GRUH, we have assigned the highest importance to elements of good corporate governance like transparency, accountability and responsibility in every sphere of management practice be it with customers, shareholders, regulators, government, bankers, vendors or staff members. We have strived to introduce a high level of professionalism in carrying out the business with a strong belief that the organisation exists to serve the customer in a manner that can yield the best possible return to a shareholder. The Board of Directors at GRUH has always maintained the true spirit of being "Trustees" in directing the management team and also persisted in demanding a similar approach from the management team. The board has also inspired the management team to practice professional ethics in all its dealings.

With emphasis on transparency, integrity and accountability, the Board of Directors adopted the principles of good corporate governance by setting up an Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committee since 1997. GRUH has developed systems that allow sufficient freedom to the board and the management to take decisions which promote growth while remaining within the framework of effective accountability. Given below is the report of the directors on corporate governance in accordance with the provisions of the SEBI (LODR) Regulations, 2015.

### Board of Directors

### Composition

The Board of Directors comprises of eleven directors, all professionals in their own right who bring in a wide range of skills and experience to the board. All the directors of the Company, except the Managing Director and the Executive Director are non-executive directors. Out of the nine non-executive directors, six are independent directors. The independent directors have confirmed that they satisfy the criteria prescribed for an independent director as stipulated in the provisions of the Section 149(6) of the Companies Act, 2013. None of the Directors have any pecuniary relationships or transactions vis-à-vis the Company. None of the directors of the Company are related to each other. All directors are appointed by the members of the Company.

The directors bring to the board a wide range of experience and skills. Brief profiles of the directors, are set out elsewhere in the annual report. The composition of the board is in conformity with SEBI (LODR) Regulations, 2015. As per the SEBI (LODR) Regulations, 2015, no director can be a member in more than 10 committees or act as chairman of more than 5 committees across all public companies in which he is a director.

Details of the Board of Directors in terms of their directorships/memberships in committees of public companies are as under:

| Sr. No. | Directors | DIN | No. of Directorships | No. of Committees Member | Chairman | Category of Director |
|---|---|---|---|---|---|---|
| 1 | Mr. Keki M. Mistry - Chairman | 00008886 | 10 | 4 | 5 | Non-Executive |
| 2 | Ms. Renu S. Karnad ^ | 00008064 | 10 | 5 | 3 | Non-Executive |
| 3 | Mr. K.G. Krishnamurthy | 00012579 | 6 | 4 | 1 | Non-Executive |
| 4 | Mr. Prafull Anubhai | 00040837 | 3 | 2 | 2 | Independent Non-Executive |
| 5 | Mr. S.G. Mankad | 00086077 | 8 | 4 | 1 | Independent Non-Executive |
| 6 | Mr. Biswamohan Mahapatra | 06990345 | 6 | 4 | 1 | Independent Non-Executive |
| 7 | Mr. Pankaj Patel | 00131852 | 5 | 1 | 1 | Independent Non-Executive |
| 8 | Mr. Rajesh Narain Gupta | 00229040 | 5 | 4 | 2 | Independent Non-Executive |
| 9 | Ms. Bhavna Doshi * | 00400508 | 10 | 4 | 4 | Independent Non-Executive |
| 10 | Mr. Kamlesh Shah (Executive Director) | 03092230 | 1 | 1 | - | Executive |
| 11 | Mr. Sudhin Choksey (Managing Director) | 00036085 | 4 | - | 3 | Executive |

Directors at sr. Nos. 10 and 11 are executive directors. All other directors are non-executive directors.

Directors at sr. Nos. 4 to 9 are independent directors.

^ Ms. Renu S. Karnad had briefly stepped down from the Board w.e.f. October 16, 2017 due to limitations on the number of board positions and joined the Board again on February 1, 2018.

* Ms. Bhavna Doshi was appointed as an Independent Director on the Board w.e.f. January 20, 2018.

### Responsibilities

The board of directors represents the interest of the company's shareholders, in optimising long-term value by providing the management with guidance and strategic direction on the shareholders' behalf. The board has a formal schedule of matters reserved for its consideration and decision, which includes reviewing corporate performance, ensuring adequate availability of financial resources, regulatory compliance, safeguard interest of shareholders and reporting to shareholders.

### Role of Independent directors

Independent directors play an important role in deliberations at the board meetings and bring to the Company their wide experience in the fields of finance, housing, accountancy, law and public policy. This wide knowledge of both, their field of expertise and boardroom practices helps foster varied, unbiased, independent and experienced perspectives. The Company benefits immensely from their inputs in achieving its strategic direction.

The Audit Committee, the Nomination and Remuneration Committee, the Stakeholders Relationship Committee and the CSR Committee have a majority of independent directors. These committees function within the defined terms of reference in accordance with the Companies Act, 2013, the SEBI (LODR) Regulations, 2015, the Corporate Governance Directions issued by NHB and as approved by the board, from time to time.

Board members ensure that their work in other capacities do not impinge on their fiduciary responsibilities as directors of the Company.

### Appointment of Independent Directors

The Company has 6 Independent Directors on its Board. Amongst them, Mr. Biswamohan Mahapatra, Independent Director of the Company, completed his first term as an Independent Director on March 18, 2018. The Board of directors had, on the recommendations of the Nomination and Remuneration Committee and subject to the approval of the members in the ensuing annual general meeting, re-appointed Mr. Biswamohan Mahapatra as Independent Director for a second term for a period of five years from March 19, 2018 upto March 18, 2023.

Ms. Renu S. Karnad, Non-executive Director of the Company, had briefly stepped down from the Board w.e.f. October 16, 2017 due to limitations on the number of board positions. The Board of Directors on the recommendations of the NRC, and subject to the approval of the members in the ensuing AGM, appointed Ms. Renu S. Karnad as an Additional Director w.e.f. February 1, 2018.

During the year, the Board of directors, on the recommendations of the Nomination and Remuneration Committee (NRC), had appointed Ms. Bhavna Doshi as an Additional Independent director w.e.f. January 20, 2018 for a period of five years upto January 19, 2023 subject to the approval of the members in the ensuing AGM.

The current Independent Directors on the Board are : Mr Prafull Anubhai, Mr S. G. Mankad, Mr Biswamohan Mahapatra, Mr Pankaj Patel, Mr Rajesh Gupta and Ms. Bhavna Doshi. All Independent Directors are not liable to retire by rotation.

Formal letters of appointment were issued to the Independent Directors in terms of the provisions of the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. A copy of the letter detailing the terms and conditions of appointment of the independent directors is placed on the Company's website.

All Independent Directors of the Company, at the time of their first appointment to the Board and thereafter at the first meeting of the Board in every financial year, give a declaration that they meet with the criteria of independence as provided under Section 149 of the Companies Act, 2013.

In the opinion of the Board, each Independent Director possesses appropriate balance of skills, experience and knowledge, as required.

### Familiarisation Programme

The objective of a familiarisation programme is to ensure that the non-executive directors are updated on the business environment and overall operations of the Company. This enables the non-executive directors to make better informed decisions in the interest of the Company and its stakeholders.

In compliance with the requirements of SEBI Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their role, rights and responsibility as Directors, the working of the Company, nature of the industry in which the Company operates, business model etc.

A familiarisation programme was conducted for non-executive directors on areas such as the core functions of the Company, overview of the industry, financials and the performance of the Company. An overview of the familiarisation programme is placed on the Company's website.

### Evaluation of Directors and the Board

With the objective of enhancing the effectiveness of the board, the Nomination and Remuneration Committee formulated the methodology and criteria to evaluate the performance of the board and each director.

The evaluation of the performance of the board is based on the approved criteria such as the board composition, strategic planning, role of the Chairman, non-executive directors and other senior management, assessment of the timeliness and quality of the flow of information by the Company to the board and adherence to compliance and other regulatory issues.

The independent directors also held a separate meeting to review the performance of the non-executive directors, the Chairman of the Company and the overall performance of the board.

### Board Meetings

The meetings of the Board of Directors are generally held at the Registered Office of HDFC, the parent company. Meetings are generally scheduled well in advance. The board meets at least once a quarter to review the quarterly performance and the financial results of the Company.

The company secretary, in consultation with the Managing Director, prepares the detailed agenda for the meetings. The board papers are circulated to the directors in advance. The members of the board have access to all information of the Company and are free to recommend inclusion of any matter in the agenda for discussion. Senior management is invited to attend the board meetings and provide clarifications as and when required.

During the year, the board met 5 times. The meetings were held on April 17, 2017, June 15, 2017, July 15, 2017, October 14, 2017 and January 20, 2018. The attendance of each director at the board meetings and at the last annual general meeting is as under:

| Directors | No. of Board meetings attended | Attendance at the 31st AGM |
|---|---|---|
| Mr. Keki M. Mistry – Chairman | 4 | No |
| Mr. Prafull Anubhai | 5 | Yes |
| Ms. Renu S. Karnad # | 3 | Yes |
| Mr. K.G. Krishnamurthy | 5 | Yes |
| Mr. S.G. Mankad | 5 | Yes |
| Mr. Biswamohan Mahapatra | 5 | Yes |
| Mr. Pankaj Patel | 1 | No |
| Mr. Rajesh Narain Gupta | 4 | Yes |
| Ms. Bhavna Doshi * | - | - |
| Mr. Kamlesh Shah (Executive Director) | 5 | Yes |
| Mr. Sudhin Choksey (Managing Director) | 5 | Yes |

# Ms. Renu S. Karnad had briefly stepped down from the Board w.e.f. October 16, 2017 due to limitations on the number of board positions and joined the Board again on February 1, 2018.

* Ms. Bhavna Doshi was appointed as an Independent Director on the Board w.e.f. January 20, 2018.

Leave of absence was granted to the Directors who could not attend the respective meetings.

### Board Committees

To enable better and more focused attention on the affairs of the Company, the board delegates particular matters to committees of the directors set up for the purpose. These specialist committees prepare the groundwork for decision-making and report at the subsequent board meeting.

The board is assisted by various committees – Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility (CSR) Committee, Committee of Directors, Committee of Directors (Allotment) - all chaired by an independent director.

### Audit Committee

The Audit Committee is constituted in accordance with the provisions of Regulation 18 of the SEBI (LODR) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Audit Committee comprises of Mr. Biswamohan Mahapatra (Chairman), Mr. Keki M. Mistry, Mr. Prafull Anubhai, Mr. Rajesh Gupta and Ms. Bhavna Doshi. The Audit Committee is chaired by an independent director. All the members of the committee are financially literate and have accounting and financial management expertise.

Meetings of the Audit Committee are scheduled well in advance. The Audit Committee met four times during the year under review on April 17, 2017, July 15, 2017, October 14, 2017 and January 20, 2018. The committee reviewed the quarterly/annual financial statements before submission to the Board for approval.

The committee reviews the reports of the internal auditors and statutory auditors along with the comments and corrective action taken by the management. The committee also reviews the asset-liability management system. The Audit Committee also invites senior executives, as it considers appropriate, to be present at the meetings of the committee.

The Board has delegated responsibility of overseeing Risk Management framework to the Audit Committee. The Audit Committee reviews the key risks associated with the business of the Company, the procedures adopted to assess the risks, efficacy and mitigation measures. The Audit Committee oversees the vigil mechanism.

The details of attendance at the Audit Committee meetings are as under:

| Directors | No. of meetings attended |
|---|---|
| Mr Biswamohan Mahapatra – Chairman | 4 |
| Mr. Keki M. Mistry | 4 |
| Mr. Prafull Anubhai | 4 |
| Mr. Rajesh Narain Gupta * | 3 |
| Ms. Bhavna Doshi ^ | - |

* Mr. Rajesh Narain Gupta was inducted on the Audit Committtee w.e.f. April 17, 2017.

^ Ms. Bhavna Doshi was inducted on the Audit Committee w.e.f. March 1, 2018.

All members were present at the Audit Committee meeting.

### Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee comprises of Mr. S.G. Mankad (Chairman), Mr. Keki M. Mistry, Ms. Renu S. Karnad, Mr. Biswamohan Mahapatra and Mr. Pankaj Patel. The committee considers and approves salaries and other terms of the compensation package for the Managing Director and the Executive Director. The annual compensation of the Managing Director and the Executive Director is recommended by the committee, approved by the board and is within the limits set by the members at the annual general meetings.

The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under SEBI (LODR) Regulations, 2015, Section 178 of the Companies Act, 2013 and Rules made thereunder and SEBI (Share Based Employee Benefits) Regulations, 2014, besides other terms as may be referred by the board including matters stipulated by NHB.

The role of the Nomination and Remuneration Committee *inter alia*, includes formulation of criteria for determining qualifications, positive attributes and independence of a director and recommendation to the Board of the remuneration policy; formulation of criteria for evaluation of Independent Directors and the Board; devising a policy on Board diversity; and identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

During the year, the Nomination and Remuneration Committee met two times during the year under review on April 17, 2017 and January 20, 2018. The details of attendance at the Nomination and Remuneration Committee meeting are as under:

| Directors | No. of meetings attended |
|---|---|
| Mr. S.G. Mankad – Chairman | 2 |
| Mr. Keki.M. Mistry | 2 |
| Ms. Renu S. Karnad # | 1 |
| Mr. Biswamohan Mahapatra | 2 |
| Mr. Pankaj Patel | 1 |

# Ms. Renu S. Karnad had briefly stepped down from the Board w.e.f. October 16, 2017 due to limitations on the number of board positions and joined the Board again on February 1, 2018.

Leave of absence was granted to the Directors who could not attend the respective meetings.

### Stakeholders Relationship Committee (SRC)

As on March 31, 2018, the Stakeholders Relationship Committee (SRC) comprised of Mr. Rajesh Gupta (Chairman), Ms. Bhavna Doshi, Mr. K. G. Krishnamurthy and Mr. Kamlesh Shah. The committee looks into redressal of shareholders, investors, depositors and customer complaints. The Stakeholders Relationship Committee met four times during the year on April 17, 2017, July 15, 2017, October 14, 2017 and January 20, 2018. The details of attendance at the committee meetings are as under:

| Directors | No. of meetings attended |
|---|---|
| Mr. Prafull Anubhai - Chairman @ | 4 |
| Mr. S G Mankad @ | 4 |
| Mr. K G Krishnamurthy | 4 |
| Mr. Rajesh Gupta * | - |
| Ms. Bhavna Doshi ^ | - |
| Mr. Sudhin Choksey $ | 4 |
| Mr. Kamlesh Shah ^ | - |

@ Mr. Prafull Anubhai ceased to be a Chairman and Mr. S G Mankad ceased to be a member of the SRC w.e.f. March 1, 2018.

* Mr. Rajesh Gupta was inducted on the SRC and also appointed as Chairman of the SRC w.e.f. March 1, 2018.

^ Ms. Bhavna Doshi and Mr. Kamlesh Shah were inducted on the SRC w.e.f. March 1, 2018.

$ Mr. Sudhin Choksey ceased to be a member of the SRC w.e.f. March 1, 2018

All members were present at the Stakeholders Relationship Committee meeting.

In order to expedite the process of share transfer, the board has delegated the authority to approve share transfers to Mr. Kamlesh Shah (Executive Director) and Mr. Marcus Lobo (Company Secretary/Compliance Officer). Share transfer formalities are normally attended to three times in a month. The details of share transfers are reported to the Board of Directors.

During the year, 7 complaints were received from shareholders / depositors, out of which all complaints have been attended / resolved. There are no pending share transfers.

There is no non-compliance by the Company on any matter related to the capital markets during the last three years. Similarly, there are no penalties, strictures imposed by the Stock Exchanges, SEBI or any statutory authority on any matter related to capital market.

### Corporate Social Responsibility (CSR) Committee

The CSR Committee comprises of 4 Members, viz. Mr. Prafull Anubhai (Chairman), Mr. S.G. Mankad, Mr. Pankaj Patel and Mr. Sudhin Choksey. The Committee is primarily responsible for formulating and recommending to the Board of Directors, a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR Projects.

The Committee met once during the year on June 21, 2017. The details of attendance at the CSR Committee meeting are as under:

| Directors | No. of meeting attended |
|---|---|
| Mr. Prafull Anubhai – Chairman | 1 |
| Mr. S.G. Mankad | 1 |
| Mr. Sudhin Choksey | 1 |
| Mr. Pankaj Patel | 1 |

All members were present at the CSR Committee meeting.

### Separate Meeting of the Independent Directors

During the year, as per the requirement of Schedule IV of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, a separate meeting of the independent directors of the Company was held on March 14, 2018 without the attendance of non-independent directors and members of the management. All 6 independent directors were present at the meeting, wherein they had inter alia reviewed the performance of non-independent directors and the Board as a whole; reviewed the performance of the Chairman of the Company, taking into account the views of the executive directors and the non executive directors; and assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

### Remuneration Policy

The remuneration policy, including the criteria for remunerating non-executive directors is recommended by the Nomination and Remuneration Committee and approved by the board. The key objective of the remuneration policy is to ensure that it is aligned to the overall performance of the Company. The policy ensures that it is fair and reasonable to attract and retain necessary talent, is linked to attaining performance benchmarks and involves a judicious balance of fixed and variable components. The remuneration policy is placed on the website of the Company. The remuneration paid to the directors is in line with the remuneration policy of the Company.

### Remuneration to Directors

### Non-Executive Directors

The remuneration for non-executive directors consists of sitting fees and commission. The payment of the annual commission to the non-executive directors is based on the performance of the Company. The commission payable to the Independent directors / non-executive directors is approved by the board and is within the overall limits as approved by the shareholders of the Company. No other payment is made to the non-executive directors.

Details of the remuneration, shareholding and stock options granted to non-executive directors are provided in Form MGT 9 given elsewhere in the Annual Report.

Information on the total sitting fees paid to each non-executive director during FY 2017-18 for attending Meetings of the Board and its Committees is set out in the following table:

| Directors | Sitting fees paid (₹) | Commission# (₹) | Total |
|---|---|---|---|
| Mr. Keki M. Mistry | 3,70,000 | - | 3,70,000 |
| Mr. Prafull Anubhai | 9,65,000 | 14,00,000 | 23,65,000 |
| Ms. Renu S. Karnad | 1,45,000 | - | 1,45,000 |
| Mr. K.G. Krishnamurthy | 3,60,000 | - | 3,60,000 |
| Mr. S.G. Mankad | 5,75,000 | 14,00,000 | 19,75,000 |
| Mr. Biswamohan Mahapatra | 4,30,000 | 14,00,000 | 18,30,000 |
| Mr. Pankaj Patel | 1,90,000 | 3,00,000 | 4,90,000 |

| | | | |
|---|---|---|---|
| Mr. Rajesh Narain Gupta * | 3,00,000 | - | 3,00,000 |
| Ms. Bhavna Doshi ^ | 20,000 | - | 20,000 |

* Mr. Rajesh Narain Gupta was appointed as an Independent Director on the Board w.e.f. April 17, 2017.

^ Ms. Bhavna Doshi was appointed as an Independent Director on the Board w.e.f. January 20, 2018.

# Commission for the year 2016-17 was paid in the year 2017-18.

### Executive Directors

The executive directors of the Company have been appointed on a contractual basis, in terms of the resolutions passed by the shareholders at the annual general meetings. Elements of the remuneration package comprise of salary, perquisites and other benefits including ex-gratia as approved by the members at the annual general meeting. Details of the remuneration paid to the executive directors during the year under review are provided in Form MGT 9 given elsewhere in the Annual Report.

### Employee Stock Option Scheme (ESOS)

The disclosure as required under Regulation 14 of the SEBI (Share Based Employee Benefits) Regulations, 2014, have been placed on the website of the Company.

### Proceeds from Private Placement Issues

During the year under review, the Company issued non-convertible debentures. Details of these issues are provided in the Directors' Report. As specified in the respective offer documents, the funds were utilised for the purpose of on lending for housing finance. Details thereof were provided to the Audit Committee and Board of Directors.

### Transactions with Non-executive Directors

The non-executive directors of the Company do not have any material pecuniary relationship or transactions vis-à-vis Company.

### Shareholding of Directors

The shareholding details of the directors as at March 31, 2018 are included in Form MGT-9 forming part of the Directors' Report.

### Prevention of Insider Trading

The Company has formulated and adopted a Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) and Share Dealing Code for Prevention of Insider Trading.

The code ensures that the employees deal in the shares of the Company only at a time when any price sensitive information that could be known to the employee is also known to the public at large. This code is applicable to every employee and director of the Company.

### Code of Conduct

The Board of Directors has laid down a Code of Conduct for all the Board members and all the employees in the management grade of the Company. In the year 2014, the said Code was amended by the Board of Directors to bring it in line with listing agreements. The Code of Conduct is posted on the website of the Company. For the year under review, all directors and members of senior management have affirmed their adherence to the provisions of the Code.

### Vigil Mechanism / Whistle Blower Policy

GRUH believes to conduct its affairs in a fair and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behaviour. The Company is committed to developing a culture where it is safe for all employees to raise concerns about any wrongful conduct.

The Board of Directors has approved the vigil mechanism/whistle blower policy of the Company which provides a framework to promote a responsible and secure whistle blowing. It protects employees wishing to raise a concern about serious irregularities within the Company. It provides for a vigil mechanism to channelize reporting of such instances/ complaints/ grievances to ensure proper governance. The Audit Committee oversees the vigil mechanism. No employee has been denied access to the Audit Committee. The policy is placed on the website of the Company.

### Disclosures

### Related party transactions

The policy on Related Party Transactions as approved by the Board of Directors is available on the Company's website. There were no material transactions with related parties that may have potential conflict with the interest of the Company. Details of related party transactions entered into by the Company in the ordinary course of its business and at arm's length price are included in the notes forming part of the financial statements. There were no financial or commercial transactions by the senior management with the Company where they have personal interests that may have a potential conflict with the interests of the Company at large.

### Accounting Standards / Treatment

The Company has complied with the applicable Accounting Standards specified u/s 133 of the Companies Act, 2013. The financial statements for the year have been prepared in accordance with and in compliance of Schedule III notified by the Ministry of Corporate Affairs (MCA).

### Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Directors' Report.

### Annual General Meetings

The Annual General Meetings for the last 3 years were held on June 26, 2015, June 22, 2016 and June 15, 2017. The AGMs were held at 10.30 a.m. at H.T. Parekh Convention Centre, Ahmedabad Management Association (AMA), ATIRA Campus, Ahmedabad. Six special resolutions were passed at the previous three Annual General Meetings. No resolution was passed using postal ballots. No resolution is proposed to be passed at this 32nd AGM using postal ballot.

### Dematerialisation of shares

GRUH's shares are available for trading with National Securities Depository Ltd. (NSDL) w.e.f. July 15, 2000 and with Central Depository Services (India) Limited (CDSL) w.e.f December 22, 2001. The ISIN allotted to GRUH's equity shares is INE580B01029.

As at March 31, 2018, 98.84% of equity shares of GRUH have been dematerialised by members through NSDL and CDSL.

### Listing of Equity Shares:

GRUH's shares are listed on the BSE Ltd. and National Stock Exchange of India Ltd.

The Stock Code Nos. are: BSE: 511288; NSE: GRUH

The Company has arranged for the payment of the listing fees for the year 2018-19 as per the listing agreement with the respective stock exchanges.

### Shareholder Relations

GRUH has over 48600 shareholders. The main source of information for the shareholders is the Annual Report that includes inter alia, the Directors' Report, the shareholders' information and the audited financial results. GRUH recognizes the importance of regular dialogue with its shareholders to ensure that the Company's strategy is clearly understood. Since the year 2002, the Annual Report has also included the Report of Directors on Corporate Governance and Management Discussion and Analysis Report. Shareholders are intimated through the press, email and GRUH's website, www.gruh.com of the quarterly performance and financial results of the Company. Shareholders have an opportunity to attend the Annual General Meeting at which the business outlook is presented and relevant aspects of the Company's operations are discussed. In addition, the Corporate Office as well as the Registrar's Office (RTA), serves as a contact point for shareholders on issues such as share transfers, dividends and announcements.

Along with the financial results, other information as per the listing guidelines such as Annual Report and Shareholding Pattern, are being uploaded on BSE website under "BSE Listing Centre" and on NSE website under "NSE Electronic Application Processing System (NEAPS)". On regular basis, the presentation on quarterly results & performance of the Company is placed on the website of the Company and furnished to stock exchanges for the benefit of the investors. The Company generally does not make any presentation to analysts or to institutional investors.

The quarterly, half yearly and annual financial results of the Company are published in leading newspapers and are communicated to the stock exchanges as per the provisions of SEBI (LODR) Regulations, 2015 and uploaded on Company's website.

The Ministry of Corporate Affairs (MCA) and the Companies Act, 2013, has taken a "Green Initiative" in corporate governance by allowing paperless compliances by the Companies through electronic mode. The listing agreement with the stock exchanges and the Companies Act, 2013 permits companies to send soft copies of the annual report to all those shareholders who have registered their e-mail addresses with the Company/ Depository participant. In every Annual Report, the Company has been requesting the shareholders holding shares both in physical / demat form to register / update their e-mail addresses to the Company/depository participants. Accordingly, the annual report for 2017-18, notice for AGM etc., are being sent in electronic mode to shareholders who have registered their e-mail addresses with the Company/ depository participants. For those shareholders who have not opted for the above, the same are being sent in physical form.

The annual report also contains a section on 'Shareholders' Information' which inter alia provides information relating to the AGM date, time and venue, shareholding pattern, distribution of shareholding, top shareholders, the monthly high and low quotations of the equity share during the year and other corporate governance information as required under SEBI (LODR) Regulations, 2015.

### Certification of Financial Reporting and Internal Controls / (CEO/CFO certificate)

In accordance with Regulation 18(3) of SEBI (LODR) Regulations, 2015, Mr. Sudhin Choksey, the Managing Director and CEO and Mr. Hitesh Agrawal, the CFO of the Company, have inter alia, certified and confirmed to the Board about the correctness of the financial statements, adequacy of internal control measures and matters to be reported to the Audit Committee.

### Non-mandatory requirements

The Company is moving towards a regime of unqualified financial statements. The Company shall endeavour to adopt the non-mandatory requirements, as and when necessary.

### Compliance

The Company has complied with the mandatory requirements as stipulated under Regulation 34(3) and 53 of SEBI (LODR) Regulations, 2015. The Company has submitted the quarterly compliance status report to the stock exchanges within the prescribed time limit.

### Risk Management

The Company has formulated a risk management framework, which lays the procedures for risk assessment and mitigation. The Board has delegated responsibility of overseeing Risk Management framework to the Audit Committee. The Risk Management Committee (RMC) comprises of the Managing Director as the chairman and the members include senior managers holding key positions in the Company. The RMC apprises the Audit Committee of the key risks associated with the business of the Company and the measures to mitigate them.

The Audit Committee has been periodically reviewing the risk profile of the Company and evaluating the adherence by the branches / functions of the systems and processes in place for monitoring, evaluation, assessment and mitigation of risk through a systematic and effective audit programme.

GRUH has an Asset Liability Mangement (ALM) policy approved by the board. The task of overseeing the ALM has been entrrusted to the Audit Committee which overseas and reviews the ALM position every quarter. The ALM Committee (ALCO) comprises of the Mangaing Director and members of Senior Management.

During the year, the ALCO reviewed the risk arising from the gaps in the liquidity and interest rate sensitivity statements and took decisions in mitigating the risk by ensuring adequate liquidity and profitability through maturity profile of assets and liabilities.

The observations of Audit Committee, if any, on the Risk Management and ALM are reported to the Board.

### Going Concern

The directors are satisfied that the Company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing the financial statements.

On behalf of the Board of Directors

Mumbai
April 14, 2018

Keki M. Mistry
Chairman
DIN : 00008886

---

## Declaration

This is to confirm that for the year 2017-18, all Board members and senior management personnel have affirmed compliance with the Code of Conduct of GRUH.

Mumbai
April 14, 2018

Marcus Lobo
Company Secretary
FCS : 4256

Sudhin Choksey
Managing Director
DIN : 00036085

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of GRUH Finance Limited

1. This certificate is issued in accordance with the terms of our Management letter dated June 30, 2017.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors ofGRUH Finance Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2018, asstipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para Cand D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) ofregulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2018.

9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management hasconducted the affairs of the Company.

For Deloitte Haskins & Sells LLP
Firm Registration No. 117366W/W-100018
Chartered Accountants

Gaurav J Shah
Partner
Membership No. 35701

Mumbai
April 14, 2018

## INFORMATION FOR SHAREHOLDERS

This section inter alia provides information pertaining of the Company, its shareholding pattern, means of dissemination of information, service standards, share price movements and such other information, in terms of point no. C (9) of Schedule V to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 relating to Corporate Governance.

### Shareholders / Investors Services:

GRUH has its in-house secretarial department under the overall supervision of Mr. Marcus Lobo – Company Secretary / Compliance Officer. For any assistance regarding share transfers, transmissions, change of address, non receipt of dividend, duplicate / missing share certificates and other matters pertaining to your shares, please write to the following address:

| Secretarial Department : | Registrar & Transfer Agent : |
|---|---|
| GRUH Finance Ltd. | Link Intime India Pvt. Ltd. |
| "GRUH" | Unit : "GRUH" |
| Netaji Marg, | 506-508, 5th Floor, |
| Nr. Mithakhali Six Roads, | Amarnath Business Centre-I, |
| Ellisbridge, | Off. C.G.Road, Navrangpura, |
| Ahmedabad 380 006 | Ahmedabad- 380 009 |
| Tel : 079–26421671-75 | Tel : 079–2646 5179 |
| Website : www.gruh.com | Fax : 079-2646 5179 |
| Email : investorcare@gruh.com | Email : ahmedabad@linkintime.co.in |

CIN : L65923GJ1986PLC008809

### Listing of Equity Shares :

GRUH's shares are listed on the BSE Ltd. and National Stock Exchange of India Ltd.

The Stock Code Nos. are : BSE: 511288; NSE: GRUH

The Company has arranged for the payment of the listing fees for the year 2018-19 as per the listing agreement with the respective stock exchanges.

| BSE Limited | National Stock Exchange of India Limited |
|---|---|
| Phiroze Jeejeebhoy Towers, | Exchange Plaza, Plot No. C-1, Block G, |
| Dalal Street, | Bandra Kurla Complex, |
| Mumbai 400 001. | Bandra (E), Mumbai 400 051. |
| Tel. Nos. : +91 22-2272 1233/34 | Tel. Nos. : +91 22-2659 8100-114 |
| Fax No. : +91 22-2272 1919 | Fax No. : +91 22-2659 8120 |
| E-mail : corp.comm@bseindia.com | E-mail : nseiscmum@nse.co.in |
| Website : www.bseindia.com | Website : www.nseindia.com |

### Listing of Debt Securities:

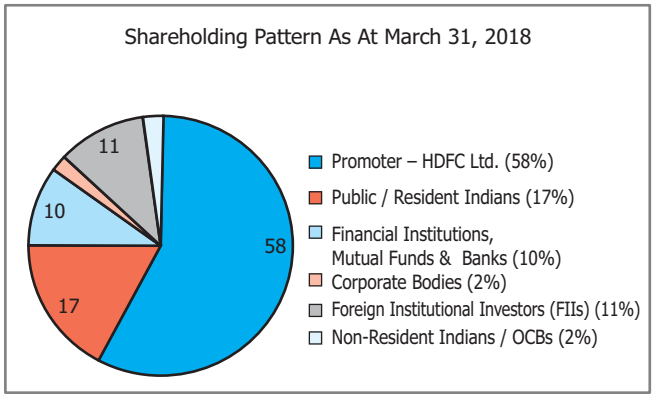
GRUH's NCDs (Series - SD-001 and SD-002 aggregating to ₹ 35 crores) are listed on the Wholesale Debt Market (WDM) segment of the National Stock Exchange of India Limited (NSE).

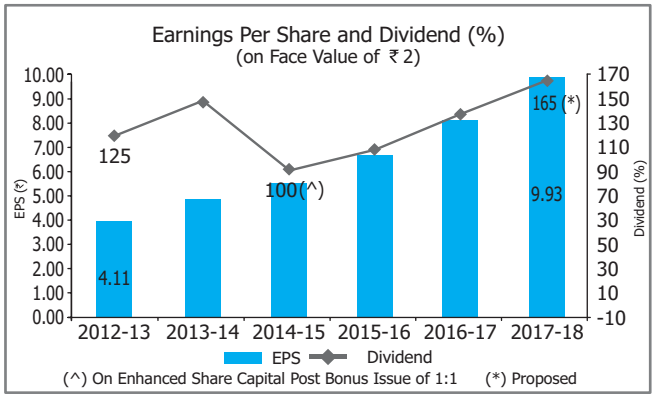
### Debenture Trustees:

IDBI Trusteeship Services Limited, Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.

### Shareholding Pattern as at March 31, 2018:

| Category | No. of Share-holders | Total No. of Shares Held | % to Capital |
|---|---|---|---|
| Promoter – HDFC Ltd. | 1 | 211877850 | 57.93 |
| Public /Resident Indians | 46099 | 62711013 | 17.16 |
| Financial Institutions, Mutual Funds & Banks | 39 | 35702466 | 9.76 |
| Corporate Bodies | 729 | 7317236 | 2.00 |
| Foreign Institutional Investors (FIIs) | 130 | 39625025 | 10.83 |
| Non-Resident Indians / OCBs | 1700 | 8486421 | 2.32 |
| Total >>> | 48698 | 365720011 | 100.00 |



## Distribution of Shareholding as at March 31, 2018

| No. of Shares held | Folios | | Shares | |
|---|---|---|---|---|
| | Numbers | % | Numbers | % |
| Upto 500 | 36012 | 73.95 | 4604474 | 1.26 |
| 501 to 1000 | 4716 | 9.68 | 3805177 | 1.04 |
| 1001 to 2000 | 2936 | 6.03 | 4471588 | 1.22 |
| 2001 to 3000 | 1581 | 3.25 | 4068864 | 1.11 |
| 3001 to 4000 | 1024 | 2.10 | 3616702 | 0.99 |
| 4001 to 5000 | 543 | 1.12 | 2544632 | 0.70 |
| 5001 to 10000 | 954 | 1.96 | 6872591 | 1.88 |
| 10001 and above | 932 | 1.91 | 335735983 | 91.80 |
| Total >>> | 48698 | 100.00 | 365720011 | 100.00 |

## Dematerialisation of Shares:

As at March 31, 2018, 98.84 % of equity shares of GRUH have been dematerialised by shareholders through National Securities Depository Limited and Central Depository Services (India) Limited.

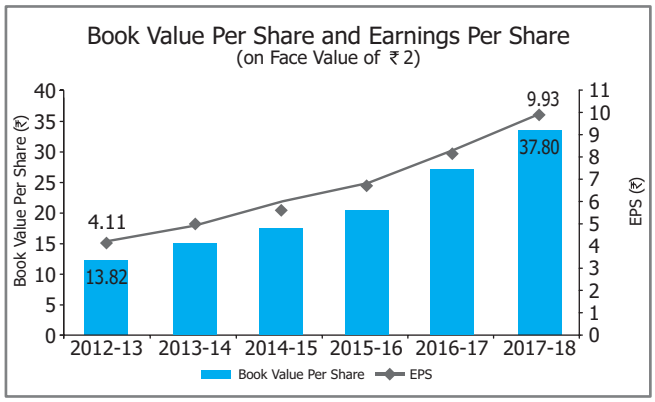
ISIN for NSDL & CDSL : INE580B01029

The status of shares which have been dematerialised and shares which are held in physical form as at March 31, 2018 are as under:

| Particulars | No. of shares | (%) |
|---|---|---|
| Shares held in physical form | 4257430 | 1.16 |
| Shares held in electronic form | 361462581 | 98.84 |
| Total Shares | 365720011 | 100.00 |

## Share Transfer System

In terms of Regulation 40 of the SEBI (LODR) Regulations, 2015, the Board of Directors has delegated the authority to approve share transfers to Mr. Kamlesh Shah (Executive Director) and Mr. Marcus Lobo (Company Secretary/Compliance Officer). Share transfer formalities are normally attended to three times in a month. The details of share transfers are reported to the Board of Directors.




## Details regarding dividend paid during the last 7 years :

| Year | Rate (%) | Book Closure Date | AGM Date | Payment Date |
|---|---|---|---|---|
| 2010-11 | 110 | July 5, 2011 to July 14, 2011 | July 14, 2011 | July 18, 2011 |
| 2011-12 | 115 | June 8, 2012 to June 18, 2012 | June 18, 2012 | June 18, 2012 |
| 2012-13 | 125 | June 28, 2013 to July 8, 2013 | July 8, 2013 | July 10, 2013 |
| 2013-14 | 150 | May 7, 2014 | May 28, 2014 | May 28, 2014 |
| 2014-15 | 100 | June 18, 2015 to June 26, 2015 | June 26, 2015 | June 29, 2015 |
| 2015-16 | 115 | June 14, 2016 to June 22, 2016 | June 22, 2016 | June 22, 2016 |
| 2016-17 | 140 | June 7, 2017 to June 15, 2017 | June 15, 2017 | June 16, 2018 |

NB: Shareholders who have not received the dividends may kindly contact the secretarial department.

## Unclaimed Dividend

The Company has transferred all unclaimed/unpaid dividends up to the financial year 2009-10 to the Investor Education and Protection Fund, as applicable. The Company has transferred matured deposits and interest thereon for the year 2009-10 remaining unclaimed / unpaid, to the Investor Education and Protection Fund, in accordance with the current regulations.

Members who have either not received or have not encashed their dividend warrant(s) for the financial years 2010-11 to 2016-17 are requested to claim the unpaid dividend from the Company before transfer to the above mentioned fund. After transfer of unpaid/ unclaimed dividend amount to the Investor Education and Protection Fund, the same cannot be claimed subsequently.

Dividends that have not been claimed by the shareholders for the financial year 2010-11 will have to be transferred to the Investor Education and Protection Fund in August 2018 in accordance with the provisions of the Companies Act.

The details of the unclaimed dividend and the last date for claiming the same, prior to its transfer to the IEPF, are as under:

| Financial year | No. of Members who have not claimed their dividend | Unclaimed dividend as on March 31, 2018 (₹) | Unclaimed dividend as % to total dividend | Date of declaration | Last date for claiming the dividend prior to its transfer to IEPF |
|---|---|---|---|---|---|
| 10-11 | 921 | 14,01,686 | 0.36 | July 14, '11 | Aug 11, '18 |
| 11-12 | 1069 | 16,65,285 | 0.41 | June 18, '12 | July 17, '19 |
| 12-13 | 1100 | 17,54,175 | 0.39 | July 8, '13 | Aug 5, '20 |
| 13-14 | 1176 | 22,26,867 | 0.41 | May 28, '14 | June 26, '21 |
| 14-15 | 1315 | 33,93,474 | 0.47 | June 26, '15 | July 24, '22 |
| 15-16 | 1214 | 34,11,247.3 | 0.41 | June 22, '16 | July 21, '23 |
| 16-17 | 1252 | 46,99,650 | 0.46 | June 15, '17 | July 13, '24 |

## Unclaimed Shares:

As per Listing Regulations :

Regulation 39(4) of the Listing Regulations *inter alia* requires every listed company to comply with certain procedures in respect of shares issued by it in physical form pursuant to a public issue or any other issue and which remained unclaimed for any reason whatsoever.

In compliance with the provisions of the said Regulation, the Company has sent three reminders under Registered Post to the Shareholders whose share certificates were returned undelivered and are lying unclaimed. In case your shares are lying unclaimed with the Company, you are requested to claim the same by writing a letter to the Company.

The unclaimed 3,81,250 equity shares of ₹ 2 each of the Company in respect of 303 folios were dematerialized and credited to GRUH Finance Limited - Unclaimed Suspense Account maintained with HDFC Bank Limited, on March 28, 2018, in compliance with the said Regulation.

Summary of the unclaimed shares transferred to the said Unclaimed Suspense Account, in terms of the said Regulation, as on March 31, 2018, is detailed as under:

| Sr. No. | Particulars | No. of share holders | No. of equity shares of ₹ 2 each |
|---|---|---|---|
| 1 | Aggregate number of shareholders and the outstanding equity shares lying in the Unclaimed Suspense Account as on March 28, 2018. | 303 | 3,81,250 |
| 2 | Number of shareholders who approached the Company for transfer of equity shares from the said Unclaimed Suspense Account during the year ended March 31, 2018. | NIL | NIL |
| 3 | Number of shareholders to whom equity shares were transferred from the Unclaimed Suspense Account during the year ended March 31, 2018. | NIL | NIL |
| 4 | Aggregate number of shareholders and the outstanding equity shares lying in the Unclaimed Suspense Account as on March 31, 2018. | 303 | 3,81,250 |

In terms of the said Regulation, voting rights on the equity shares lying in the said Unclaimed Suspense Account shall remain frozen till the rightful owner claims such shares. Further, all corporate benefits in terms of securities accruing on the said unclaimed shares viz. bonus shares, split, etc., if any, shall also be credited to the said Unclaimed Suspense Account.

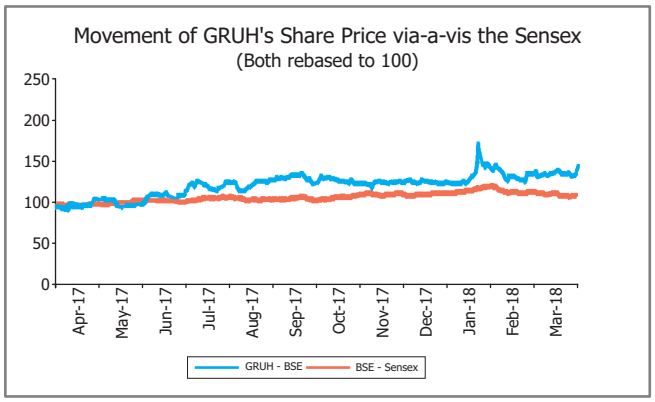
As per Companies Act, 2013 :

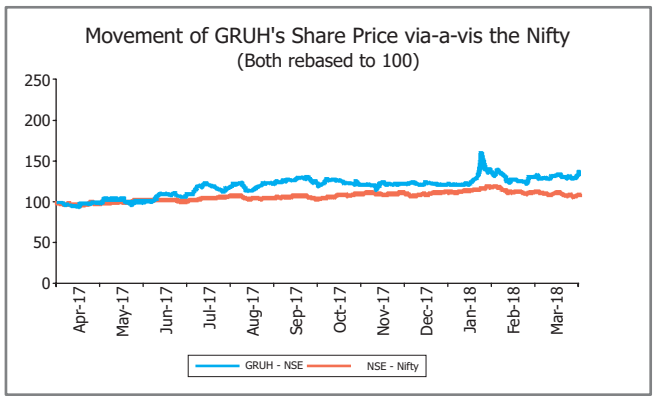
As per Section 124 of the Companies Act, 2013, all shares in respect of which dividend has not been paid or claimed for seven consecutive years or more shall be transferred by the company in the name of IEPF. However, the concerned shareholder(s) can claim the dividend and/or shares that have been transferred to IEPF after complying with the procedure prescribed by the Ministry of Corporate Affairs, Government of India. The details of shares required to be transferred by the Company to IEPF is available on its website.

A brief outline of the procedure for claiming the dividend/shares from the IEPF Authority is listed for the benefit of the concerned shareholder(s):

- Download Form IEPF-5 from www.iepf.gov.in.
- Submit the duly filled form online at www.mca.gov.in. On successful upload, download the acknowledgement that gets generated automatically.
- Take a printout of the duly filled Form IEPF-5 and the acknowledgement. Submit the same to the Nodal Officer (IEPF) of the Company at its registered office in an envelope marked as "Claim for refund from IEPF Authority" along with the following documents:
  - indemnity in original with claimant's signature
  - advance stamped receipt (in original)
  - copy of Aadhaar Card (for Indian citizens)
  - copy of Passport, OCI and PI card (for foreigners and NRI)
  - proof of entitlement (share certificate/dividend warrant etc.)
  - cancelled cheque leaf and
  - Other required documents
- The Company on receipt of the complete set of documents will submit its verification report to the IEPF Authority.
- Upon submission of the verification report by the Company, the corresponding action shall solely be at the discretion of the IEPF Authority.

For more details, the concerned shareholders are requested to refer to the "Refund" section of www.iepf.gov.in.



### Nomination Facility:

Where shares are held in single name, in case of an unfortunate death of the shareholder, the process of transmission is cumbersome as it requires submission of succession certificate / letter of probate / will, etc. Shareholders holding shares in single name and in physical form are requested to submit the prescribed Form SH-13 (in duplicate) to the secretarial department to avail of the nomination facility. Shareholders may contact the secretarial department for the said form. Shareholders holding shares in demat form are requested to contact their depository participants for availing the nomination facility.

### Financial year:

The Company follows financial year starting from April 1 to March 31 each year.

### Outstanding GDRs / ADRs / warrants:

The Company does not have any GDRs/ ADRs / Warrants or any convertible instruments.

### Book Closure:

Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014, the register of members and share transfer books of the Company will remain closed from April 25, 2018 to April 27, 2018 (both days inclusive) for the purpose of AGM/Dividend for the financial year 2017-18.

### Dividend Payment:

The Board of Directors of GRUH has recommended a dividend of 165 % (₹ 3.30 per share) for the financial year ended March 31, 2018 for approval of the shareholders at the annual general meeting.

### Dividend entitlement is as follows:

(i) For shares held in physical form: shareholders whose names appear on the register of members of the Company as on Tuesday, April 24, 2018.

(ii) For shares held in electronic form: beneficial owners whose names appear in the statement of beneficial position downloaded by NSDL and CDSL as at the relevant book close date.

Dividend, if declared by the members shall be paid on or after May 30, 2018 but within the statutory time limit.

### 32nd Annual General Meeting

Date : May 30, 2018

Day : Wednesday

Time : 10.30 a.m.

Venue : H.T. Parekh Convention Centre,
Ahmedabad Management Association (AMA),
ATIRA Campus, Dr. Vikram Sarabhai Marg,
Vastrapur, Ahmedabad 380 015

### Service Standards

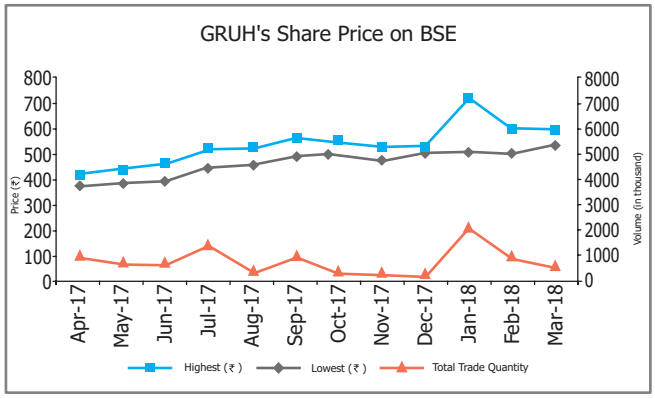
GRUH is committed to providing effective and prompt service to its investors. The Secretarial Department has been entrusted with the responsibility of ensuring that the investors of the Company are serviced in accordance with the service standards. Listed below are the service standards adopted by the Company in respect of various services being rendered by the Secretarial Department.

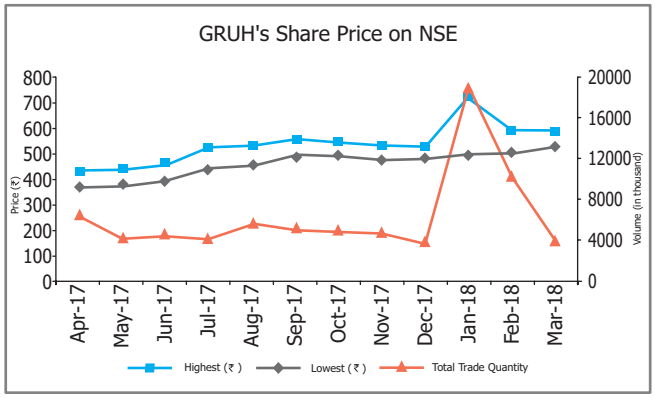
| Nature of Service | Time Taken* |
|---|---|
| Transfer of shares | 10 working days |
| Issue of duplicate/re-validation of dividend warrant(s) | 7 working days |
| Change of address/ECS/Bank details | 7 working days |
| Registration of Nomination | 4 working days |
| Transmission of shares/Deletion of name | 10 working days |
| Split/Replacement/Consolidation of share certificate(s) | 10 working days |

* Subject to receipt and verification of valid documents and requisite approvals.

The investors are requested to contact the Secretarial Department for availing any of the said services. The Company has designated an exclusive e-mail address viz. investorcare@gruh.com, which would enable investors to post their grievance.

A status report on adherence to the said service standards is reviewed by the Company secretary on a monthly basis and a detailed report is presented at the meetings of the Stakeholders Relationship Committee, for its review and noting.



## Stock Market Data :

Monthly high and low quotations as well as the volume of shares traded at the BSE Limited and the NSE for 2017-18 along with the BSE Sensex and NIFTY are as follows:

### BSE 2017-18 :

| Month | Highest (₹) | Lowest (₹) | Volume of Shares traded | BSE Sensex (monthly close) |
|---|---|---|---|---|
| April 2017 | 412.80 | 367.70 | 984204 | 29918 |
| May 2017 | 431.60 | 377.45 | 706495 | 31146 |
| June 2017 | 459.00 | 387.00 | 741796 | 30922 |
| July 2017 | 515.60 | 436.15 | 1398823 | 32515 |
| August 2017 | 523.50 | 452.00 | 416928 | 31730 |
| September 2017 | 551.00 | 486.00 | 988145 | 31284 |
| October 2017 | 549.40 | 488.10 | 385870 | 33213 |
| November 2017 | 520.00 | 470.90 | 347872 | 33149 |
| December 2017 | 519.90 | 494.00 | 280707 | 34057 |
| January 2018 | 713.55 | 492.00 | 2066285 | 35965 |
| February 2018 | 590.35 | 500.50 | 1000857 | 34184 |
| March 2018 | 585.00 | 525.00 | 563384 | 32969 |

### NSE 2017-18 :

| Month | Highest (₹) | Lowest (₹) | Volume of Shares traded | NIFTY (monthly close) |
|---|---|---|---|---|
| April 2017 | 435.20 | 367.50 | 6485545 | 9304 |
| May 2017 | 432.85 | 377.00 | 4371630 | 9621 |
| June 2017 | 459.50 | 391.10 | 4715892 | 9521 |
| July 2017 | 517.25 | 436.50 | 4403131 | 10077 |
| August 2017 | 525.95 | 451.00 | 5735821 | 9918 |
| September 2017 | 553.00 | 485.00 | 5286998 | 9789 |
| October 2017 | 543.00 | 488.00 | 4994502 | 10335 |
| November 2017 | 521.90 | 470.00 | 4973282 | 10227 |
| December 2017 | 521.00 | 491.20 | 4118198 | 10531 |
| January 2018 | 717.70 | 492.55 | 18867364 | 11028 |
| February 2018 | 590.00 | 500.00 | 10287904 | 10493 |
| March 2018 | 581.00 | 519.55 | 4215942 | 10114 |

## OTHER INFORMATION :

### Equity History :

| Particulars | No. of shares issued (of ₹ 2 each) | Year |
|---|---|---|
| Subscription by Institutions | 1,00,00,000 | 1987 |
| Rights Issue | 50,00,000 | 1992 |
| Public Issue | 1,07,50,000 | 1992 |
| Reserved for allotment in Rights Issue (conversion of Part "A" of FCDs issued to GRUH Employees Welfare Trust) | 6,25,000 | 1994 |
| Rights Issue (conversion of Part "A" of FCDs issued to Shareholder(s) | 1,28,75,000 | 1995 |
| Reserved for allotment in Rights issue (conversion of Part "B" of FCDs issued to GRUH Employees Welfare Trust) | 12,50,000 | 1995 |
| Rights Issue (conversion of Part "B" of FCDs issued to Shareholder(s) | 2,57,50,000 | 1995 |
| Rights Issue (conversion of FCDs issued to Shareholder(s) | 6,62,50,000 | 1999 |
| Rights Issue | 3,97,50,000 | 2006 |
| Allotment under ESOS | 9,25,990 | 2006-07 |
| Allotment under ESOS | 62,505 | 2007-08 |
| Allotment under ESOS | 21,305 | 2008-09 |
| Allotment under ESOS | 3,65,950 | 2009-10 |
| Allotment under ESOS | 21,62,415 | 2010-11 |
| Allotment under ESOS | 7,25,025 | 2011-12 |
| Allotment under ESOS | 19,63,485 | 2012-13 |
| Allotment under ESOS | 16,54,475 | 2013-14 |
| Bonus Issue (1:1) | 18,01,31,150 | June 10 '14 |
| Allotment under ESOS | 31,22,280 | 2014-15 |
| Allotment under ESOS | 2,97,160 | 2015-16 |
| Allotment under ESOS | 8,82,744 | 2016-17 |
| Allotment under ESOS | 11,55,527 | 2017-18 |
| Total : (as on March 31, 2018) | 36,57,20,011 | |

Note: The nominal face value of the equity shares of the Company was sub-divided from ₹ 10 per equity share to ₹ 2 per equity share, with effect from July 26, 2012. Thereafter, at the 28th Annual General Meeting (AGM) of the Company held on May 28, 2014, the members of the Company had approved the issue of Bonus Shares in the proportion of 1:1 (i.e. one new fully paid up Equity Share of ₹ 2/- each for every 1 (one) fully paid-up Equity Share of ₹ 2/- each held. Accordingly, for ease of comparison, all issues have been represented by equity shares of ₹ 2 each.

## Measuring Shareholders' Value :

At GRUH, we beliveve in maximizing the wealth of its shareholders and our endeavours are in the direction of providing maximum value to our shareholders either in the form of dividend or capital appreciation. The value of shareholders' return is measured as follows :

### A. Total Shareholders' Return :

Total Shareholders' return includes the dividend paid by the Company as well as the capital appreciation of the shares of the Company in the stock markets. During the past five years return to shareholders has been as follows :

(₹ in crores)

| Particulars | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|---|---|---|---|---|---|
| Closing Market Capitalisation | 21,038.04 | 14,433.11 | 8,701.09 | 8,866.58 | 5,319.27 |
| Opening Market Capitalisation | 14,433.11 | 8,701.09 | 8,866.58 | 5,319.27 | 3,753.36 |
| Money raised during the year from Shareholders | 31.00 | 22.57 | 1.01 | 10.56 | 10.52 |
| Net Capital Appreciation | 6,573.94 | 5,709.45 | (166.50 ) | 3,536.75 | 1,555.39 |
| Dividend including Dividend Tax | 145.50 | 123 | 100.68 | 87.48 | 63.49 |
| Total Gain | 6,719.44 | 5,832.45 | (65.82) | 3,624.23 | 1,618.88 |
| Gain to Opening Market Capitalisation (%) | 46.56 | 67.03 | (0.74) | 68.13 | 43.13 |

### B. Enterprise Value :

Enterprise Value (EV) measures the value of a Company as on a particular date. It is calculated by making adjustments to the market capitalisation of a Company. The formula for measuring Enterprise Value is :

Enterprise Value (EV) = Market Capitalisation + Total Debt – Cash Balance

With the Enterprise Value as a measure, the companies can be compared easily irrespective of their capital structure. Moreover, Enterprise value is used to calculate the ratio of EV to EBIDTA multiple.

EBIDTA stands for Earnings before Interest, Depreciation, Tax and other appropriations. Hence, it can be calculated by adding back the figures of interest, depreciation and other appropriations to the amount of Profit Before Tax (PBT). It indicates that the value of enterprise is equal to number of times of the Company's earnings. As the figures of Interest, depreciation and tax are added back, it makes the comparison between two enterprises easier by eliminating all the accounting and tax differences.

The above measure for GRUH for a period of five years is as follows : -

(₹ in crores)

| Particulars As At March 31, | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|
| Number of Equity Shares of ₹ 2 each (crores)* | 36.57 | 36.46 | 36.37 | 36.34 | 36.03 |
| Market Price per share on face value of ₹ 2 each* | 575.25 | 395.9 | 239.25 | 244.00 | 147.65 |
| Market Capitalisation | 21,038.04 | 14,433.11 | 8,701.09 | 8,866.59 | 5,319.27 |
| Total Debt | 14046 | 12,018.15 | 10,244.4 | 8,215.58 | 6,447.50 |
| Cash | 19.33 | 12.56 | 27.45 | 8.30 | 15.67 |
| Enterprise Value(EV) | 35,064.71 | 26,438.70 | 18,918.04 | 17,073.87 | 11,751.10 |
| EBIDTA | 1,547.61 | 1,364.48 | 1,172.14 | 979.86 | 790.54 |
| EV/ EBIDTA (times) | 22.66 | 19.38 | 16.14 | 17.43 | 14.86 |
| Total Income | 1,687.19 | 1,487.39 | 1,275.4 | 1,060.32 | 846.16 |
| EV / Total Income (times) | 20.78 | 17.78 | 14.83 | 16.10 | 13.89 |

* During 2014-15, Company has allotted bonus shares in the ratio of 1:1. Number of shares and share price per share of previous years are adjusted to give effect of Bonus shares. Market price on the stock exchange where maximum numbers of shares have been traded is considered.

Web links:

As required under the various provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the web link of some of the important documents placed on the website of the Company is provided below:

| | | |
|---|---|---|
| 1 | Code of Conduct for directors and senior management | http://www.gruh.com/policies/Code-of-Conduct.pdf |
| 2 | Corporate Social Responsibility Policy | http://www.gruh.com/policies/CSR-Policy.pdf |
| 3 | Whistle Blower Policy | http://www.gruh.com/policies/Whistle-Blower-Policy.pdf |
| 4 | Policy on Transactions with Related Parties | http://www.gruh.com/policies/RPT-Policy.pdf |
| 5 | Familiarization Programme | http://www.gruh.com/policies/Familiarization-Programme.pdf |
| 6 | Policy on Remuneration of Directors, Senior Management, KMPs and other employees | http://www.gruh.com/policies/Remuneration-Policy.pdf |
| 7 | Policy on Determination of Materiality | http://www.gruh.com/policies/Determination-on-Materiality.pdf |
| 8 | Archival Policy | http://www.gruh.com/policies/Archival-Policy.pdf |
| 9. | Code of Practices & Procedures for Fair Disclosures of UPSI | http://www.gruh.com/policies/Fair-Disclosure-Code-UPSI.pdf |
| 10 | Disclosure under Regulation 14 of SEBI (SBEB) Regulations 2014 | http://www.gruh.com/ESOS-Disclosure.pdf |
| 11. | Dividend Distribution Policy | http://www.gruh.com/pdf/dividend-distribution-policy.pdf |

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GRUH FINANCE LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of GRUH FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards"), and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Standards and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended,in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Gaurav J. Shah
Partner
Membership No. 35701

Mumbai
April 14, 2018

---

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of GRUH Finance Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Gaurav J. Shah
Partner
Membership No. 35701

Mumbai
April 14, 2018

---

## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable property of land whose title deed has been pledged as security for non-convertible debentures is held in the name of the Company based on the confirmation directly received by us from Debenture Trustees.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) As per the Ministry of Corporate Affairs notification dated March 31, 2014 the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company.

(vi) To the best of our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, in respect of the services rendered by the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax,Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the Amount relates | Amount Involved (₹ in crore) | Amount Unpaid (₹ in crore) |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Tax, Penalty and Interest | Income Tax Appellate Tribunal | 2010-11 | 0.87 | 0.87 |
| Income Tax Act, 1961 | Tax, Penalty and Interest | Income Tax Appellate Tribunal | 2014-15 | 0.01 | 0.01 |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders. The Company has not taken loans or borrowings from government.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised other than temporary deployment pending application of proceeds. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xvi) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvii) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Gaurav J. Shah
Partner
Membership No. 35701

Mumbai
April 14, 2018

## BALANCE SHEET AS AT MARCH 31, 2018

(₹ in crores)

| | Notes | | March 31, 2018 | March 31, 2017 |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| Share Holders' Funds | | | | |
| Share Capital | 2 | 73.14 | | 72.91 |
| Reserves and Surplus | 3 | 1,307.78 | | 1,040.30 |
| | | | 1,380.92 | 1,113.21 |
| Non-Current Liabilities | | | | |
| Long-Term Borrowings | 4 | 6,665.54 | | 10,491.96 |
| Deferred Tax Liability (Net) | 13 | 156.38 | | 122.99 |
| Other Long-Term Liabilities | 5 | 16.09 | | 65.43 |
| Long-Term Provisions | 6 | 139.64 | | 106.85 |
| | | | 6,977.65 | 10,787.23 |
| Current Liabilities | | | | |
| Short-Term Borrowings | 7 | 5,493.35 | | 22.99 |
| Trade Payables | 8 | 2.60 | | 4.83 |
| Other Current Liabilities | 9 | 2,113.36 | | 1,654.55 |
| Short-Term Provisions | 6 | 3.09 | | 3.13 |
| | | | 7,612.40 | 1,685.50 |
| | | | 15,970.97 | 13,585.94 |
| **ASSETS** | | | | |
| Non-Current Assets | | | | |
| Property, Plant and Equipment | 10 | 14.12 | | 13.12 |
| Intangible Assets | 11 | 1.30 | | 0.58 |
| Non-Current Investments | 12 | 83.03 | | 158.09 |
| Long-Term Loans and Advances | | | | |
| Loans | 14.1 | 14,651.10 | | 12,431.44 |
| Others | 14.5 | 40.20 | | 39.47 |
| Other Non-Current Assets | 17 | 0.00 | | 33.00 |
| | | | 14,789.75 | 12,675.70 |
| Current Assets | | | | |
| Current Investments | 12 | 70.09 | | 0.00 |
| Cash and Bank Balances | 15 | 73.12 | | 38.65 |
| Short-Term Loans and Advances | | | | |
| Loans | 16.1 | 917.29 | | 812.88 |
| Others | 16.2 | 111.98 | | 50.97 |
| Other Current Assets | 17 | 8.74 | | 7.74 |
| | | | 1,181.22 | 910.24 |
| | | | 15,970.97 | 13,585.94 |
| Significant Accounting Policies | 1 | | | |

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

Directors

For **Deloitte Haskins & Sells LLP**
Firm Registration No. 117366W/W-100018
Chartered Accountants

**Gaurav J Shah**
Partner
Membership No. 35701

Mumbai
April 14, 2018

**Keki M. Mistry**
Chairman
(DIN : 00008886)

**Sudhin Choksey**
Managing Director
(DIN : 00036085)

**Hitesh Agrawal**
Chief Financial Officer
(FCA : 124222)

**Prafull Anubhai**
(DIN : 00040837)

**K. G. Krishnamurthy**
(DIN : 00012579)

**Biswamohan Mahapatra**
(DIN : 06990345)

**Bhavna Doshi**
(DIN : 00400508)

**Marcus Lobo**
Company Secretary
(FCS : 4256)

**S. G. Mankad**
(DIN : 00086077)

**Rajesh Gupta**
(DIN : 00229040)

**Kamlesh Shah**
(DIN : 03092230)

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

(₹ in crores)

| | Notes | | Current Year | Previous Year |
|---|---|---|---|---|
| **INCOME** | | | | |
| Revenue from Operations | 18 | | 1,687.19 | 1,487.39 |
| | | | 1,687.19 | 1,487.39 |
| **EXPENSES** | | | | |
| Finance Cost | 19 | | 982.45 | 919.62 |
| Employee Benefit Expenses | 20 | | 54.51 | 48.61 |
| Establishment Expenses | 21 | | 11.44 | 10.88 |
| Other Expenses | 22 | | 73.63 | 63.42 |
| Depreciation and Amortisation | 23 | | 3.09 | 2.86 |
| | | | 1,125.12 | 1,045.39 |
| PROFIT BEFORE TAX | | | 562.07 | 442.00 |
| Tax Expense | | | | |
| Current Tax | | 166.00 | | 120.00 |
| Deferred Tax (Net) | 13 | 33.39 | | 25.35 |
| | | | 199.39 | 145.35 |
| PROFIT AFTER TAX FOR THE YEAR | | | 362.68 | 296.65 |
| Earnings per Equity Share : | 32 | | | |
| (Face value of ₹ 2 per Share) | | | | |
| Basic | | | 9.93 | 8.15 |
| Diluted | | | 9.91 | 8.15 |
| Significant Accounting Policies | 1 | | | |

The accompanying notes are an integral part of the financial statements.
As per our report of even date attached

For **Deloitte Haskins & Sells LLP**
Firm Registration No. 117366W/W-100018
Chartered Accountants

**Gaurav J Shah**
Partner
Membership No. 35701

Mumbai
April 14, 2018

Directors

**Keki M. Mistry**
Chairman
(DIN : 00008886)

**Sudhin Choksey**
Managing Director
(DIN : 00036085)

**Hitesh Agrawal**
Chief Financial Officer
(FCA : 124222)

**Prafull Anubhai**
(DIN : 00040837)

**K. G. Krishnamurthy**
(DIN : 00012579)

**Biswamohan Mahapatra**
(DIN : 06990345)

**Bhavna Doshi**
(DIN : 00400508)

**Marcus Lobo**
Company Secretary
(FCS : 4256)

**S. G. Mankad**
(DIN : 00086077)

**Rajesh Gupta**
(DIN : 00229040)

**Kamlesh Shah**
(DIN : 03092230)

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

(₹ in crores)

| | Current Year | Previous Year |
|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit Before Tax | 562.07 | 442.00 |
| Adjustments for : | | |
| Depreciation and Amortisation | 3.09 | 2.86 |
| Provisions and Contingencies | 37.46 | 31.73 |
| Interest Expenses | 970.00 | 907.53 |
| Bad Debts Written off | 1.08 | 0.51 |
| Interest Income | (1,623.38) | (1,440.35) |
| Surplus from cash management schemes of Mutual Funds | (9.75) | (5.41) |
| | (621.50) | (503.13) |
| Operating Profit Before working Capital Changes | (59.43) | (61.13) |
| Adjustment for : | | |
| Non-Current and Current Assets | (55.73) | (13.82) |
| Non-Current and Current Liabilities | 44.95 | 61.36 |
| Net Investments | 0.00 | (19.80) |
| | (10.78) | 27.74 |
| Cash Generated from Operations | (70.21) | (33.39) |
| Interest received | 1,622.38 | 1,439.94 |
| Interest paid | (991.46) | (868.28) |
| Taxes Paid | (165.13) | (118.75) |
| Net Cash from Operations | 395.58 | 419.52 |
| Loans Disbursed (Net) | (2,325.15) | (2,130.28) |
| Net Cash used in Operating Activities | (1,929.57) | (1,710.76) |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of Fixed Assets | (4.81) | (2.02) |
| Sale of Fixed Assets | 0.00 | 0.02 |
| Investment in Cash Management scheme of Mutual Fund | (5,139.73) | (2,733.00) |
| Sale proceed of Investment in cash management scheme of Mutual Fund | 5,149.46 | 2,738.41 |
| Net Cash used in Investing Activities | 4.92 | 3.41 |

C. CASH FLOW FROM FINANCING ACTIVITIES

| | | |
|---|---|---|
| Proceeds from Allotment of shares under Employee Stock Option Scheme | 0.23 | 0.17 |
| Securities Premium | 30.77 | 22.40 |
| Proceeds of Long-Term Borrowings | 3,263.70 | 12,121.32 |
| Repayment of Long-Term Borrowings | (6,710.95) | (10,350.07) |
| Availment/(Repayment) of Short-Term Borrowings (Net) | 5,470.36 | (0.90) |
| Dividends Paid | (101.89) | (83.43) |
| Tax on Dividend | (20.80) | (17.03) |
| Net Cash from Financing Activities | 1,931.42 | 1,692.46 |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | 6.77 | (14.89) |
| Cash and Cash Equivalents at the beginning of the year | 12.56 | 27.45 |
| Cash and Cash Equivalents at the end of the year (Note (a)) | 19.33 | 12.56 |

Note (a) :

| | | |
|---|---|---|
| Cash and Cash Equivalents comprises of : | | |
| Cash on Hand | 0.03 | 0.04 |
| Cheques on Hand | 5.49 | 5.13 |
| Balances with Banks : | | |
| Current Accounts | 11.95 | 5.84 |
| Unclaimed Dividend Accounts | 1.86 | 1.55 |
| | 19.33 | 12.56 |

See accompanying notes forming part of the financial statements.
As per our report attached

For **Deloitte Haskins & Sells LLP**
Firm Registration No. 117366W/W-100018
Chartered Accountants

**Gaurav J Shah**
Partner
Membership No. 35701

Mumbai
April 14, 2018

**Keki M. Mistry**
Chairman
(DIN : 00008886)

**Sudhin Choksey**
Managing Director
(DIN : 00036085)

**Hitesh Agrawal**
Chief Financial Officer
(FCA : 124222)

Directors

**Prafull Anubhai**
(DIN : 00040837)

**K. G. Krishnamurthy**
(DIN : 00012579)

**Biswamohan Mahapatra**
(DIN : 06990345)

**Bhavna Doshi**
(DIN : 00400508)

**Marcus Lobo**
Company Secretary
(FCS : 4256)

**S. G. Mankad**
(DIN : 00086077)

**Rajesh Gupta**
(DIN : 00229040)

**Kamlesh Shah**
(DIN : 03092230)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Accounting Convention

The Financial Statements of GRUH Finance Limited (GRUH) have been prepared in accordance with historical cost convention, the accounting principles generally accepted in India including the applicable Accounting Standards specified u/s 133 of the Companies Act, 2013 and relevant provisions of the Companies Act, 2013 and guidelines issued by the National Housing Bank (NHB) to the extent applicable.

Accounting policies applied have been consistent with previous year except where different treatment is required as per new pronouncements made by the regulatory authorities. The management evaluates all recently issued or revised accounting pronouncements on an ongoing basis.

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

All assets and liabilities have been classified as current or non-current as per GRUH's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of its activities, GRUH has determined its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### 1.2 System of Accounting

GRUH adopts the accrual concept in the preparation of the accounts. The Balance Sheet and Statement of Profit and Loss of GRUH are prepared in accordance with the provisions contained in the Companies Act, 2013, read with Schedule III thereto.

#### 1.3 Inflation

Assets and Liabilities are recorded at historical cost to GRUH. These costs are not adjusted to reflect the changing value in the purchasing power of money.

#### 1.4 Cash and Cash Equivalent (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 1.5 Interest on Loans

Repayments of loans are by way of Equated Monthly Instalments (EMIs) comprising principal and interest. Interest on loans is computed either on an annual rest, on a monthly rest or on a daily rest basis depending upon loan product. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is payable every month.

Interest income accrued as earned with the passage of time. Interest on loan assets classified as "Non-Performing" is recognised only on actual receipt.

#### 1.6 Income from Investment

Interest Income from investment is accounted on an accrual basis. The gain/loss on account of discount/premium on investments made in debentures/bonds and government securities is recognised over the life of the security on a pro-rata basis.

#### 1.7 Borrowing and Borrowing Costs

GRUH borrows funds that carry a fixed rate or floating rate of interest. Borrowing costs include interest, amortised brokerage and incentive on deposits and other borrowing costs incurred in connection with the borrowing of funds.

#### 1.8 Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases.

Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

### 1.9 Investments

Investments are capitalised at cost inclusive of related expenses and are classified into two categories, viz. Current or Long-Term. Long-Term Investments are carried individually at cost less provision for diminution, other than temporary in the value of such investments. Current Investments are carried individually, at the lower of cost and fair value. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investment' (AS 13).

### 1.10 Brokerage and Incentive on Deposit

Brokerage and incentive on deposits is amortised over the period of the deposit.

### 1.11 Properties Acquired under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

Stock of acquired properties is valued at realisable value or outstanding dues, whichever is less.

### 1.12 Taxes on Income

The accounting treatment for the Income Tax in respect of GRUH's income is based on the Accounting Standard on 'Accounting for Taxes on Income' (AS 22). The provision made for Income Tax in Accounts comprises both, the current tax and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 (the "Income Tax Act").

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and GRUH has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability. Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

### 1.13 Property, Plant and Equipment

Property, Plant and Equipment are carried at cost inclusive of legal and/or installation expenses.

#### Depreciation

Depreciation is provided on all assets on a pro-rata basis on the "Straight Line Method" over the useful lives and in the manner prescribed under schedule II to the Companies Act, 2013 except for Computers where based on a technical evaluation, useful life is estimated at four years in order to reflect the actual usage of the assets.

### 1.14 Intangible Assets

Intangible Assets comprising of Application Software are stated at cost of acquisition, including any cost attributable for bringing the same in its working condition less accumulated amortisation. Any expenses on such software for support and maintenance payable annually are charged to revenue.

#### Amortisation

Application software is amortised over a period of four years.

### 1.15 Impairment of Assets

GRUH assesses at each balance sheet date whether there is any indication that an asset may be impaired. Impairment loss, if any, is provided in the Statement of Profit and Loss to the extent carrying amount of asset exceeds their estimated recoverable amount.

### 1.16 Provision for Standard Assets, Non-Performing Assets (NPAs) and Contingencies

GRUH's policy is to carry adequate amounts towards Provision for Standard Assets, Non-Performing Assets (NPAs) and other contingencies. All loans and other credit exposures where the instalments are overdue for ninety days and more are classified as NPAs in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provisioning policy of GRUH covers the minimum provisioning required as per the NHB guidelines.

Provisions are established on a collective basis against loan assets classified as "Standard" to absorb credit losses on the aggregate exposures in each of the GRUH's loan portfolios based on the NHB Directions. A higher non-performing asset provision may be made based upon an analysis of past performance, level of allowance already in place and Management's judgement. This estimate includes consideration of economic and business conditions. The amount of the allowance for credit losses is the amount that is required to establish a balance in the Provision for Non-Performing Assets Account that GRUH's management considers adequate, after consideration of the prescribed minimum requirement under the NHB Directions, to absorb credit related losses in its portfolio of loan items after individual allowances or write offs.

### 1.17 Employee Benefits

Employee Stock Option Scheme ('ESOS')

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of GRUH to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period.

GRUH follows the intrinsic value method to account for its stock-based employee compensation plans. Compensation cost is measured by the excess, if any, of the market price of the underlying stock over the exercise price as determined under the option plan. The market price is the closing price on the stock exchange where there is highest trading volume on the working day immediately preceding the date of grant. Compensation cost, if any, is amortised over the vesting period.

GRUH has Defined Contribution Plans for post employment benefits namely Provident Fund and Superannuation Fund which are recognised by the Income Tax Authorities. These funds are administered through trustees and GRUH's contributions thereto are charged to revenue every year. GRUH's Contribution to State Plans namely Employee's Pension Scheme is charged to revenue every year.

GRUH has defined benefit plans namely leave encashment / compensated absences and gratuity for all the employees, the liability for which is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes. Gratuity scheme is administered through trust recognised by the Income Tax Authorities.

### 1.18 Provisions, Contingent Liabilities and Assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding employee benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

### 1.19 Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### 1.20 Goods and Service tax / Service Tax input credit

Goods and Service tax / Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

### 1.21 Share and Debenture Issue Expenses

Expenses in connection with issue of Shares and Debentures are being adjusted against Security Premium as permitted by section 52 of the Companies Act, 2013.

(₹ in crores)

## 2 SHARE CAPITAL

| | | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|---|
| **Authorised** | | | |
| 50,00,00,000 | Equity Shares of ₹ 2 each (Previous Year 50,00,00,000 Shares of ₹ 2 each) | 100.00 | 100.00 |
| | | 100.00 | 100.00 |
| **Issued, Subscribed and Fully Paid up** | | | |
| 36,57,20,011 | Equity Shares of ₹ 2 each (Previous Year 36,45,64,484 Shares of ₹ 2 each) | 73.14 | 72.91 |
| | | 73.14 | 72.91 |

### 2.1 (a) Reconciliation of Number of Equity Shares outstanding at the beginning and at the end of the reporting period :

| Particulars | As At March 31, 2018 | | As At March 31, 2017 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in crores | No. of Shares | ₹ in crores |
| Shares outstanding at the beginning of the year | 36,45,64,484 | 72.91 | 36,36,81,740 | 72.74 |
| Add : Shares allotted pursuant to exercise of stock options | 11,55,527 | 0.23 | 8,82,744 | 0.17 |
| Shares outstanding at the end of the year | 36,57,20,011 | 73.14 | 36,45,64,484 | 72.91 |

### (b) Aggregate number of shares allotted as fully paid-up by way of Bonus Shares (During 5 years immediately preceding March 31, 2018) :

During the year 2014-15, pursuant to approval of share holders at the 28th Annual General Meeting (AGM) of GRUH held on May 28, 2014, GRUH allotted 18,01,31,150 Bonus Equity Shares of ₹ 2 each as fully paid-up shares in the proportion of 1:1.

### 2.2 Terms/Rights attached to Equity Shares :

GRUH has one class of share referred to as equity shares having a face value of ₹ 2 each. Each shareholder is entitled to one vote per share held and dividends, if any, proposed by the Board of Directors subject to the approval of the shareholders at the ensuing Annual General Meeting.

### 2.3 Number of Shares held by Holding Company :

| Particulars | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|
| Holding Company - HDFC Limited | 21,18,77,850 | 21,30,77,850 |

2.4 Number of Shares held by Shareholders holding more than 5% of the aggregate shares in GRUH :

| Particulars | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|
| Holding Company - HDFC Limited | 21,18,77,850 | 21,30,77,850 |
| % of Shareholding | 57.93 | 58.45 |
| Axis Mutual Fund (Various Schemes) | 1,82,93,948 | 1,20,78,611 |
| % of Shareholding | 5.03 | 3.31 |

2.5 Shares reserved for issue under option :

(a) During the year, GRUH has issued 11,55,527 (Previous Year 8,82,744) shares on exercise of options granted to its employees and Directors under ESOS Schemes.

(b) As at March 31, 2018, GRUH has following Employee Stock Option Scheme, the features of the same are as follows :

| Scheme | ESOS - 2015 |
|---|---|
| Date of grant | January 30, 2015 |
| Number of options granted | 45,00,000 |
| Exercise price per option | ₹ 268.20 |
| Date of vesting | The vesting will be as under :<br>30% on January 30, 2016<br>35% on January 30, 2017<br>35% on January 30, 2018 |
| Exercise Period | Within 3 years from the date of respective vesting. |
| Method of settlement | Through allotment of one Equity Share for each option granted. |

(c) Intrinsic Value Method has been used to account for the compensation cost of stock options to employees of GRUH. The intrinsic value is the amount by which the quoted market price of the underlying share exceeds the exercise price of the option. Since the options under ESOS - 2015 were granted at the market price, the intrinsic value of the option is ₹ Nil. Consequently the accounting value of the option (compensation cost) is ₹ Nil.

(d) Further details of the stock option plan are as follows :

| Particulars | ESOS - 2015 |
|---|---|
| Options Outstanding at start of the year | 16,39,441 |
| Options granted during the year | Nil |
| Options not vested at the start of the year | 13,43,145 |
| Options Lapsed during the year | 1,50,745 |
| Options Exercised during the year | 11,55,527 |
| Options vested but not exercised at end of the year | 16,76,314 |
| Options not vested at end of the year | Nil |
| Weighted Average Exercise Price per Option | ₹ 268.20 |

(e) The Black-Scholes Model have been used to derive the estimated value of stock option granted, if the fair value method to account for the employee share based payment plans were to be used. The estimated value of each stock options and the parameters used for deriving the estimated value of Stock Option granted under Black-Scholes Model is as follows :

| Particulars | ESOS - 2015 | | |
|---|---|---|---|
| | Vesting on January 30, | | |
| | 2016 | 2017 | 2018 |
| Estimated Value of Stock Option (₹) | 35.00 | 51.00 | 64.00 |
| Share Price at Grant Date (₹) | 268.20 | 268.20 | 268.20 |
| Exercise Price (₹) | 268.20 | 268.20 | 268.20 |
| Expected Volatility of Share Price (%) | 20.00 | 20.00 | 20.00 |
| Dividend Yield Rate (%) | 0.80 | 1.00 | 1.10 |
| Expected Life of Options (in days) | 455 | 821 | 1,186 |
| Risk Free Rate of Interest (%) | 7.77 | 7.74 | 7.73 |

(f) Had the compensation cost for the stock options granted under ESOS - 2015 been determined on fair value approach, GRUH's Profit After Tax and earnings per share would have been as pro-forma amounts indicated below :

(₹ in crores)

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Profit After Tax as reported | 362.68 | 296.65 |
| Less : Amortisation of Compensation Cost (pro-forma) | 2.55 | 6.23 |
| Profit considered for computing EPS (pro-forma) | 360.13 | 290.42 |
| Earnings Per Share - Basic | | |
| - as reported (Note 32) | 9.93 | 8.15 |
| - pro-forma | 9.86 | 7.98 |
| Earnings Per Share - Diluted | | |
| - as reported (Note 32) | 9.91 | 8.15 |
| - pro-forma | 9.84 | 7.98 |

## 2.6 Proposed Dividend

The final dividend proposed for the year is as follows :

| Particulars | 2017-18* | 2016-17 |
|---|---|---|
| On Equity Shares of ₹ 2 each | | |
| Dividend Per Equity Share (₹) | 3.30 | 2.80 |
| Dividend Proposed (%) | 165.00 | 140.00 |

* Subject to approval of shareholders at ensuing AGM.

(₹ in crores)

| 3 RESERVES AND SURPLUS | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|
| **Statutory Reserve (Note 3.1 and 25.2)** | | |
| (As per section 29C of the NHB Act, 1987 and section 36(1)(viii) of Income Tax Act, 1961) | | |
| Opening Balance | 439.93 | 355.93 |
| Add : Transfer from Statement of Profit and Loss | 106.25 | 84.00 |
| Less : Appropriation during the year | 0.00 | 0.00 |
| | 546.18 | 439.93 |
| **General Reserve** | | |
| Opening Balance | 154.95 | 129.04 |
| Add : Transfer from Statement of Profit and Loss | 80.00 | 65.00 |
| Less : Utilised for Deferred Tax Liability on Statutory Reserve | 0.00 | 39.09 |
| | 234.95 | 154.95 |
| **Additional Reserve (Note 25.2)** | | |
| (created in addition to minimum required u/s 29C of the NHB Act, 1987) | | |
| Opening Balance | 27.74 | 27.74 |
| Add : Transfer from Statement of Profit and Loss | 0.00 | 0.00 |
| Less : Appropriation during the year | 0.00 | 0.00 |
| | 27.74 | 27.74 |
| **Securities Premium** | | |
| Opening Balance | 85.89 | 65.71 |
| Add : Received during the year | 30.77 | 22.40 |
| Less : Utilised during the year for NCD Issue Expenses | 2.97 | 2.22 |
| [Net of tax of ₹ 1.57 crores (Previous Year ₹ 1.17 crore)] | | |
| | 113.69 | 85.89 |
| **Surplus in Statement of Profit and Loss** | | |
| Opening Balance | 331.79 | 184.14 |
| Add : Profit for the year | 362.68 | 296.65 |
| Amount Available for Appropriations | 694.47 | 480.79 |
| **Appropriations :** | | |
| Statutory Reserve (As per section 29C of the NHB Act, 1987 and section 36(1)(viii) of Income Tax Act, 1961) | 106.25 | 84.00 |
| General Reserve | 80.00 | 65.00 |
| Dividend pertaining to previous year paid during the year | 102.20 | (₹ 40,583) |
| Tax on Proposed Dividend | 20.80 | 0.00 |
| Balance carried forward to Balance Sheet | 385.22 | 331.79 |
| | 1,307.78 | 1,040.30 |

3.1 As per section 29C of the National Housing Bank Act, 1987, GRUH is required to transfer at least 20% of its net profit every year to reserve before any dividend is declared. For this purpose, any Special Reserve created by GRUH under section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. GRUH has transferred an amount of ₹ 106.25 crores (Previous Year ₹ 84.00 crores) to Statutory Reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961. GRUH doesn't anticipate any withdrawal from Statutory Reserve in foreseeable future.

## 4 LONG-TERM BORROWINGS (Note 25.6 & 31.1)

(₹ in crores)

| | Non-Current | | Current | |
|---|---|---|---|---|
| | As At March 31, 2018 | As At March 31, 2017 | As At March 31, 2018 | As At March 31, 2017 |
| **Secured Borrowings** | | | | |
| Redeemable Non-Convertible Debentures | 3,075.00 | 2,037.00 | 1,022.00 | 350.00 |
| **Term Loans** | | | | |
| National Housing Bank | 1,753.30 | 3,179.96 | 294.89 | 591.28 |
| Banks | 825.00 | 4,257.50 | 162.50 | 62.50 |
| | 5,653.30 | 9,474.46 | 1,479.39 | 1,003.78 |
| **Unsecured Borrowings** | | | | |
| Redeemable Non-Convertible Subordinated Debentures | | | | |
| From Related Party | 12.00 | 12.00 | 0.00 | 0.00 |
| From Others | 23.00 | 23.00 | 0.00 | 0.00 |
| Public Deposits | 977.24 | 982.50 | 398.20 | 473.03 |
| | 1,012.24 | 1,017.50 | 398.20 | 473.03 |
| Amount disclosed under the head "Other Current Liabilities" (Note 9) | 0.00 | 0.00 | (1,877.59) | (1,476.81) |
| | 6,665.54 | 10,491.96 | 0.00 | 0.00 |

### 4.1 Refinance from National Housing Bank (NHB) and Term Loans from Banks :

#### (a) Nature of Security

Refinance from National Housing Bank (NHB) and Term Loans from Banks are secured against negative lien on all the assets of GRUH excluding specific immovable property mortgaged in favour of Debenture Trustees against the Secured Redeemable Non-Convertible Debentures and the charge created in favour of its depositors pursuant to the regulatory requirements under section 29B of the National Housing Bank Act, 1987.

#### (b) Maturity Profile of Term Loans from National Housing Bank :

Previous Year figures are in (bracket)

(₹ in crores)

| Maturities | ≤ 1 year | 1 - 3 years | 3 - 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Rate of interest | | | | | |
| 6.00% - 8.00% | 188.43<br>(197.41) | 303.31<br>(294.82) | 284.19<br>(236.75) | 465.60<br>(466.59) | 1,241.53<br>(1,195.57) |
| 8.01% - 9.00% | 105.27<br>(275.35) | 210.54<br>(321.72) | 175.05<br>(321.71) | 308.98<br>(808.61) | 799.84<br>(1,727.39) |
| 9.01% - 9.25% | 1.19<br>(118.52) | 2.39<br>(193.48) | 1.81<br>(162.80) | 1.43<br>(373.48) | 6.82<br>(848.28) |

(c) Maturity Profile of Term Loans from Banks :

Previous Year figures are in (bracket)

(₹ in crores)

| Maturities | ≤ 1 year | 1 - 3 years | 3 - 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Rate of interest | | | | | |
| Variable linked to Bank MCLR | 162.50 | 325.00 | 200.00 | 300.00 | 987.50 |
| | (62.50) | (125.00) | (62.50) | (4,070.00) | (4,320.00) |

4.2 Redeemable Non-Convertible Debentures :

(a) Nature of Security

Redeemable Non-Convertible Debentures are secured by the mortgage of specific immovable property created in favour of Debenture Trustees and by a negative lien on all the assets of GRUH excluding the charge created in favour of its depositors pursuant to the regulatory requirements under section 29B of the National Housing Bank Act, 1987.

(b) Maturity Profile

Previous Year figures are in (bracket)

(₹ in crores)

| Maturities | ≤ 1 year | 1 - 3 years | 3 - 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Rate of interest | | | | | |
| 7.40% - 9.00% | 722.00 | 2,597.00 | 478.00 | 0.00 | 3,797.00 |
| | (250.00) | (1,737.00) | (0.00) | (0.00) | (1,987.00) |
| 9.01% - 9.15% | 300.00 | 0.00 | 0.00 | 0.00 | 300.00 |
| | (100.00) | (300.00) | (0.00) | (0.00) | (400.00) |

4.3 Unsecured Non-Convertible Subordinated Debentures :

Redeemable Non-Convertible Subordinated Debentures, for value aggregating to ₹ 35 crores are subordinated debt to present and future senior indebtedness of GRUH and qualify as Tier II Capital under National Housing Bank's (NHB) guidelines for assessing capital adequacy. These NCDs carry interest rate of 9.75% and are redeemable at par on March 22, 2023 (₹ 10 crores) and on March 25, 2023 (₹ 25 crores).

4.4 Public Deposits :

Public deposits as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987.

## 5 OTHER LONG-TERM LIABILITIES

(₹ in crores)

| | Non-Current | | Current | |
|---|---|---|---|---|
| | As At March 31, 2018 | As At March 31, 2017 | As At March 31, 2018 | As At March 31, 2017 |
| Security Deposits | 0.40 | 0.03 | 0.00 | 0.35 |
| Interest Accrued but not Due on Borrowings | 15.69 | 65.40 | 91.42 | 63.38 |
| | 16.09 | 65.43 | 91.42 | 63.73 |
| Amount disclosed under the head "Other Current Liabilities" (Note 9) | 0.00 | 0.00 | (91.42) | (63.73) |
| | 16.09 | 65.43 | 0.00 | 0.00 |

## 6 PROVISIONS

(₹ in crores)

| | Long-Term | | Short-Term | |
|---|---|---|---|---|
| | As At March 31, 2018 | As At March 31, 2017 | As At March 31, 2018 | As At March 31, 2017 |
| Provision for Employee Benefits | 3.44 | 3.14 | 3.09 | 3.13 |
| Provision for Standard Assets (Note 6.1) | 66.10 | 63.12 | 0.00 | 0.00 |
| Provision for Non-Performing Assets (NPAs) | 53.47 | 23.96 | 0.00 | 0.00 |
| Provision for Contingencies | 16.63 | 16.63 | 0.00 | 0.00 |
| | 139.64 | 106.85 | 3.09 | 3.13 |

6.1 NHB vide notification No. NHB.HFC.DIR.18/MD&CEO/2017 dated August 2, 2017 reduced the provisioning requirement on Standard Individual Home Loans from 0.40% to 0.25%. In terms of the said notification, as of March 31, 2018, GRUH carries provision of ₹ 20.25 crores towards Standard Housing Assets which is higher than the revised regulatory requirement of minimum 0.25%.

6.2 The movement in Provision for Loan Assets during the year is as under : (Note 25.15)

Current Year

(₹ in crores)

| Particulars | Standard Assets | NPAs | Prov. for Contingencies | Total |
|---|---|---|---|---|
| Opening Balance | 63.12 | 23.96 | 16.63 | 103.71 |
| Reversed During the year | (63.12) | (23.96) | 0.00 | (87.08) |
| Charged during the year | 66.10 | 53.47 | 0.00 | 119.57 |
| Net Charged During the Year | 2.98 | 29.51 | 0.00 | 32.49 |
| Closing Balance | 66.10 | 53.47 | 16.63 | 136.20 |

Previous Year

(₹ in crores)

| Particulars | Standard Assets | NPAs | Prov. for Contingencies | Total |
|---|---|---|---|---|
| Opening Balance | 51.44 | 8.54 | 16.63 | 76.61 |
| Reversed During the year | (51.44) | (8.54) | 0.00 | (59.98) |
| Charged during the year | 63.12 | 23.96 | 0.00 | 87.08 |
| Net Charged During the Year | 11.68 | 15.42 | 0.00 | 27.10 |
| Closing Balance | 63.12 | 23.96 | 16.63 | 103.71 |

## 7 SHORT TERM BORROWINGS (Note 25.6 & 31.1)

(₹ in crores)

| | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|
| Secured Borrowings | | |
| Banks (Note 7.1) | 4,650.00 | 0.00 |
| Unsecured Borrowings | | |
| Commercial Papers | 770.00 | 0.00 |
| Public Deposits (Note 4.4) | 73.35 | 22.99 |
| | 5,493.35 | 22.99 |

7.1 Nature of Security

Borrowings from Banks are secured against negative lien on all the assets of GRUH excluding specific immovable property mortgaged in favour of Debenture Trustees against the Secured Redeemable Non-Convertible Debentures and the charge created in favour of its depositors pursuant to the regulatory requirements under section 29B of the National Housing Bank Act, 1987.

## 8 TRADE PAYABLES

Trade Payables of ₹ 2.60 crores (Previous Year ₹ 4.83 crores) include ₹ Nil (Previous Year ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006 which has been determined to the extent such parties have been identified on the basis of information available with the GRUH. No interest has been paid / payable by GRUH during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprises Development Act, 2006.

## 9 OTHER CURRENT LIABILITIES

(₹ in crores)

| | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|
| Current Maturities of Long-Term Borrowings (Note 4 & 31.1) | 1,877.59 | 1,476.81 |
| Current Portion of Other Long-Term Liabilities (Note 5) | 91.42 | 63.73 |
| Instalments Received in Advance | 18.01 | 16.66 |
| Unclaimed Matured Deposits and Interest accrued thereon (Note 31.1) | 9.52 | 26.39 |
| Unclaimed Dividends | 1.86 | 1.55 |
| Book Overdraft | 37.37 | 38.02 |
| Statutory Remittances | 14.46 | 8.16 |
| Other Liabilities | 63.13 | 23.23 |
| | 2,113.36 | 1,654.55 |

9.1 There are no amounts due for payment to the Investor Eduction and Protection Fund under section 125 of the Companies Act, 2013 as at the year end in respect of Unclaimed Matured Deposits and Unclaimed Dividends.

## 10 PROPERTY, PLANT & EQUIPMENT

Previous Year figures are in (bracket)

(₹ in crores)

| Particulars | Gross Block (At Cost) | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As At 1.4.2017 | Additions | Deductions | As At 31.3.2018 | As At 1.4.2017 | For the year | Deductions | As At 31.3.2018 | As At 31.3.2018 | As At 31.3.2017 |
| Own Assets<br>Freehold Land | 0.97<br>(0.97) | 0.00<br>(0.00) | 0.00<br>(0.00) | 0.97<br>(0.97) | 0.00<br>(0.00) | 0.00<br>(0.00) | 0.00<br>(0.00) | 0.00<br>(0.00) | 0.97<br>(0.97) | 0.97<br>(0.97) |
| Office Building | 4.86<br>(4.86) | 0.00<br>(0.00) | 0.00<br>(0.00) | 4.86<br>(4.86) | 1.56<br>(1.48) | 0.08<br>(0.08) | 0.00<br>(0.00) | 1.64<br>(1.56) | 3.22<br>(3.30) | 3.30<br>(3.38) |
| Furniture and Fixtures | 11.42<br>(10.31) | 1.47<br>(1.12) | 0.01<br>(0.01) | 12.88<br>(11.42) | 6.54<br>(5.79) | 0.81<br>(0.75) | 0.01<br>(₹ 17,091) | 7.34<br>(6.54) | 5.54<br>(4.88) | 4.88<br>(4.52) |
| Office Equipments | 5.57<br>(5.23) | 1.20<br>(0.43) | 0.20<br>(0.09) | 6.57<br>(5.57) | 3.98<br>(3.24) | 0.74<br>(0.82) | 0.20<br>(0.08) | 4.52<br>(3.98) | 2.05<br>(1.59) | 1.59<br>(1.99) |
| Electrical Installation | 1.64<br>(1.60) | 0.30<br>(0.04) | 0.00<br>(0.00) | 1.94<br>(1.64) | 0.80<br>(0.61) | 0.20<br>(0.19) | 0.00<br>(0.00) | 1.00<br>(0.80) | 0.94<br>(0.84) | 0.84<br>(0.99) |
| Computers | 8.95<br>(8.70) | 0.66<br>(0.30) | 0.12<br>(0.05) | 9.49<br>(8.95) | 7.63<br>(6.97) | 0.75<br>(0.71) | 0.12<br>(0.05) | 8.26<br>(7.63) | 1.23<br>(1.32) | 1.32<br>(1.73) |
| Vehicles | 0.28<br>(0.28) | 0.00<br>(0.00) | 0.00<br>(0.00) | 0.28<br>(0.28) | 0.06<br>(0.03) | 0.05<br>(0.03) | 0.00<br>(0.00) | 0.11<br>(0.06) | 0.17<br>(0.22) | 0.22<br>(0.25) |
| | 33.69 | 3.63 | 0.33 | 36.99 | 20.57 | 2.63 | 0.33 | 22.87 | 14.12 | 13.12 |
| Previous Year | (31.95) | (1.89) | (0.15) | (33.69) | (18.12) | (2.58) | (0.13) | (20.57) | (13.12) | (13.83) |

## 11 INTANGIBLE ASSETS

Previous Year figures are in (bracket) (₹ in crores)

| Particulars | Gross Block (At Cost) | | | | Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As At 1.4.2017 | Additions | Deductions | As At 31.3.2018 | As At 1.4.2017 | For the year | Deductions | As At 31.3.2018 | As At 31.3.2018 | As At 31.3.2017 |
| Own Assets | | | | | | | | | | |
| Application Software | 1.57 | 1.18 | 0.00 | 2.75 | 0.99 | 0.46 | 0.00 | 1.45 | 1.30 | 0.58 |
| | (1.44) | (0.13) | (0.00) | (1.57) | (0.71) | (0.28) | (0.00) | (0.99) | (0.58) | (0.73) |
| | 1.57 | 1.18 | 0.00 | 2.75 | 0.99 | 0.46 | 0.00 | 1.45 | 1.30 | 0.58 |
| Previous Year | (1.44) | (0.13) | (0.00) | (1.57) | (0.71) | (0.28) | (0.00) | (0.99) | (0.58) | (0.73) |

## 12 INVESTMENTS (Note 12.1, 12.2 & 25.3)

Long-Term (At Cost)

(₹ in crores)

| A. Investment in Government Securities (Quoted) | | Non-Current As At March 31, 2018 | Non-Current As At March 31, 2017 | Current As At March 31, 2018 | Current As At March 31, 2017 |
|---|---|---|---|---|---|
| 12.60 % | Government of India 2018 | 0.00 | 76.35 | 76.35 | 0.00 |
| 11.60 % | Government of India 2020 | 1.84 | 1.84 | 0.00 | 0.00 |
| 10.70 % | Government of India 2020 | 7.84 | 7.84 | 0.00 | 0.00 |
| 10.25 % | Government of India 2021 | 39.83 | 39.83 | 0.00 | 0.00 |
| 10.18 % | Government of India 2026 | 12.44 | 12.44 | 0.00 | 0.00 |
| 10.03 % | Government of India 2019 | 19.28 | 19.28 | 0.00 | 0.00 |
| 9.94 % | West Bengal State Development 2023 | 0.54 | 0.54 | 0.00 | 0.00 |
| 9.79 % | Maharashtra State Development 2023 | 0.38 | 0.38 | 0.00 | 0.00 |
| 9.71 % | Andhra Pradesh State Development 2024 | 2.19 | 2.19 | 0.00 | 0.00 |
| | | 84.34 | 160.69 | 76.35 | 0.00 |
| Less : | Provision for Loss to arise on redemption of Investments | 3.31 | 4.60 | 6.26 | 0.00 |
| | | 81.03 | 156.09 | 70.09 | 0.00 |
| B. Investment in Mutual Funds (Unquoted) | | 2.00 | 2.00 | 0.00 | 0.00 |
| | | 83.03 | 158.09 | 70.09 | 0.00 |
| Aggregate of Quoted Investments | | | | | |
| Book Value | | 81.03 | 156.09 | 70.09 | 0.00 |
| Market Value | | 81.70 | 159.10 | 70.48 | 0.00 |
| Aggregate Book Value of Unquoted Investments | | 2.00 | 2.00 | 0.00 | 0.00 |

12.1 The above Investments includes Investments of ₹ 151.12 crores (Previous year ₹ 156.09 crores) made as Statutory Liquid Assets in accordance with the norms prescribed by the National Housing Bank.

12.2 In case of quoted investments, where quotes are not available, book value has been considered as market value.

## 13 DEFERRED TAX LIABILITY / (ASSET)

The Break up of Deferred Tax Liability / (Asset) is as follows : (₹ in crores)

| | Particulars | | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|---|---|
| (a) | Deferred Tax Asset | | | |
| | Provision for NPAs, Standard Assets and Contingencies | 33.41 | | 30.56 |
| | Others | 1.66 | | 1.49 |
| | | | 35.07 | 32.05 |
| (b) | Deferred Tax Liability | | | |
| | Statutory Reserve (As per section 29C of the NHB Act, 1987 and section 36(1)(viii) of the Income Tax Act, 1961) | 187.88 | | 151.11 |
| | Depreciation | 0.32 | | 0.57 |
| | Others | 3.25 | | 3.36 |
| | | | 191.45 | 155.04 |
| | Net Deferred Tax Liability | | 156.38 | 122.99 |

## 14 LONG-TERM LOANS AND ADVANCES

### 14.1 Loans (Note 25.10, 25.15 & 31.2) (₹ in crores)

| | Non-Current | | Current | |
|---|---|---|---|---|
| | As At March 31, 2018 | As At March 31, 2017 | As At March 31, 2018 | As At March 31, 2017 |
| Home Loans | | | | |
| Individuals | 13,910.03 | 11,688.81 | 621.98 | 554.64 |
| Others | 143.93 | 206.37 | 176.19 | 184.31 |
| | 14,053.96 | 11,895.18 | 798.17 | 738.95 |
| Other Loans | | | | |
| Individuals | 353.01 | 387.24 | 15.33 | 17.99 |
| Others | 244.13 | 149.02 | 103.79 | 55.94 |
| | 597.14 | 536.26 | 119.12 | 73.93 |
| Amount disclosed under the head "Short-Term Loans & Advances" (Note 16.1) | 0.00 | 0.00 | (917.29) | (812.88) |
| | 14,651.10 | 12,431.44 | 0.00 | 0.00 |

14.2 Loans granted by GRUH are secured or partly secured by one or combination of following securities :

a) Equitable mortgage of property and / or
b) Pledge of shares, Units, Other Securities, assignments of Life Insurance policies and / or
c) Hypothecation of assets and / or
d) Bank guarantees, Company guarantees or Personal guarantees and / or
e) Undertaking to create a security.

14.3 Loans includes ₹ 36.70 crores (Previous Year ₹ 28.56 crores) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

14.4 Loans includes ₹ 0.25 crore (Previous Year ₹ 0.27 crore) given to the related parties of GRUH under the Staff Loan Scheme.

14.5 Others
(Unsecured and Considered good)

(₹ in crores)

| Particulars | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|
| Rent Deposits | 1.95 | 1.86 |
| Other Deposits | | |
| To Related Party | 0.05 | 0.05 |
| To Others | 2.19 | 1.43 |
| Advance Tax [Net of Provision for Taxation of ₹ 754.18 crores (Previous Year ₹ 589.76 crores)] | 30.40 | 29.69 |
| Advance recoverable in cash or in kind or for value to be received | 4.74 | 5.45 |
| Capital Advances | 0.87 | 0.99 |
| | 40.20 | 39.47 |

## 15 CASH AND BANK BALANCES

(₹ in crores)

| Particulars | Non-Current | | Current | |
|---|---|---|---|---|
| | As At March 31, 2018 | As At March 31, 2017 | As At March 31, 2018 | As At March 31, 2017 |
| 15.1 Cash & Cash Equivalents | | | | |
| (a) Balances with Banks : | | | | |
| In Current Accounts | 0.00 | 0.00 | 11.95 | 5.84 |
| In Unpaid Dividend Accounts | 0.00 | 0.00 | 1.86 | 1.55 |
| (b) Cheques on Hand | 0.00 | 0.00 | 5.49 | 5.13 |
| (c) Cash on Hand | 0.00 | 0.00 | 0.03 | 0.04 |
| | 0.00 | 0.00 | 19.33 | 12.56 |

15.2 Other Bank Balances

(₹ in crores)

| Particulars | Non-Current As At March 31, 2018 | Non-Current As At March 31, 2017 | Current As At March 31, 2018 | Current As At March 31, 2017 |
|---|---|---|---|---|
| Deposits with original maturity of more than three months up to twelve months | 0.00 | 0.00 | 53.79 | 26.09 |
| Fixed Deposits with original maturity of more than twelve months | 0.00 | 33.00 | 0.00 | 0.00 |
| | 0.00 | 33.00 | 53.79 | 26.09 |
| Amount disclosed under the head "Other Non-Current Assets" (Note 17) | 0.00 | (33.00) | 0.00 | 0.00 |
| | 0.00 | 0.00 | 73.12 | 38.65 |

## 16 SHORT-TERM LOANS AND ADVANCES

(Unsecured and Considered good unless otherwise stated)

(₹ in crores)

| Particulars | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|
| 16.1 Loans (Secured, Considered Good) | | |
| Current Maturities of Long-term Loans (Note 14.1) | 917.29 | 812.88 |
| | 917.29 | 812.88 |
| 16.2 Others | | |
| Instalments due from Borrowers (Secured, considered good) | 50.24 | 40.24 |
| Loan Against Deposit (Secured, considered good) | 1.26 | 1.57 |
| Advance recoverable in cash or kind or for value to be received | 60.48 | 9.16 |
| | 111.98 | 50.97 |

16.3 Instalments due from borrowers includes ₹ 19.41 crores (Previous Year ₹ 15.90 crores) which are accrued but not due.

## 17 OTHER ASSETS

(₹ in crores)

| Particulars | Non-Current As At March 31, 2018 | Non-Current As At March 31, 2017 | Current As At March 31, 2018 | Current As At March 31, 2017 |
|---|---|---|---|---|
| Deposits with maturity of more than twelve months from reporting date (Note 15.2) | 0.00 | 33.00 | 0.00 | 0.00 |
| Interest Accrued on Investments | 0.00 | 0.00 | 5.01 | 5.01 |
| Interest Accrued on Bank Deposits | 0.00 | 0.00 | 3.73 | 2.73 |
| | 0.00 | 33.00 | 8.74 | 7.74 |

(₹ in crores)

| 18 REVENUE FROM OPERATIONS | Current Year | Previous Year |
|---|---|---|
| Interest Income | | |
| Interest on Loans | 1,602.77 | 1,420.28 |
| Other Interest (Note 18.1) | 20.61 | 20.07 |
| Fees and Other Income (Note 18.2) | 53.77 | 41.32 |
| Bad Debts Recovered | 0.29 | 0.31 |
| Surplus from deployment in Cash Management Schemes of Mutual Funds (Note 18.3) | 9.75 | 5.41 |
| | 1,687.19 | 1,487.39 |

18.1 Other Interest includes Interest on Long-Term SLR Investments ₹ 16.27 crores (Previous Year ₹ 15.30 crores) and Interest on Bank Deposits amounting to ₹ 4.34 crores (Previous Year ₹ 4.77 crores).

18.2 Fees and Other Income is net of Loan Referral Charges of ₹ 17.80 crores (Previous Year ₹ 14.22 crores).

18.3 Surplus from deployment in Cash Management Schemes of Mutual Funds is in respect of Investments held as Current Investments.

(₹ in crores)

| 19 FINANCE COST | Current Year | Previous Year |
|---|---|---|
| Interest On | | |
| Loans | 296.73 | 414.68 |
| Non-Convertible Debentures | 298.94 | 89.12 |
| Commercial Papers | 248.22 | 266.48 |
| Public Deposits | 126.11 | 137.25 |
| Other Charges | | |
| Brokerage on Deposits | 5.01 | 5.00 |
| Bank Charges | 0.99 | 0.72 |
| Other Borrowing Cost | 6.45 | 6.37 |
| | 982.45 | 919.62 |

(₹ in crores)

| 20 EMPLOYEE BENEFIT EXPENSES (Note 26) | Current Year | Previous Year |
|---|---|---|
| Salaries and Bonus | 49.45 | 43.52 |
| Contribution to Provident Fund and other funds | 3.19 | 3.56 |
| Staff Welfare Expenses | 1.50 | 1.27 |
| Staff Training Expenses | 0.37 | 0.26 |
| | 54.51 | 48.61 |

(₹ in crores)

| 21 ESTABLISHMENT EXPENSES | Current Year | Previous Year |
|---|---|---|
| Rent (Note 24) | 6.50 | 6.01 |
| Rates and Taxes | 0.21 | 0.25 |
| Electricity Charges | 1.38 | 1.22 |
| Repairs and Maintenance - Building | 0.01 | 0.01 |
| Office Maintenance | 3.18 | 3.24 |
| Insurance Charges | 0.16 | 0.15 |
| | 11.44 | 10.88 |

(₹ in crores)

| 22 OTHER EXPENSES | | Current Year | Previous Year |
|---|---|---|---|
| Travelling and Conveyance | | 2.19 | 1.96 |
| Printing and Stationery | | 2.07 | 1.87 |
| Postage, Telephone and Fax | | 1.56 | 1.64 |
| Data Centre and Data Communication Expenses | | 2.76 | 4.21 |
| Advertising and Business Promotion | | 4.87 | 4.12 |
| Legal and Professional Charges | | 9.18 | 7.55 |
| Repairs and Maintenance - Others | | 1.41 | 1.16 |
| Staff Recruitment Expenses | | 0.16 | 0.11 |
| Bad Debts written off | | 1.08 | 0.51 |
| Expenses for Recovery | | 1.05 | 1.00 |
| Directors' Fees and Commission (Note 25.11) | | 1.07 | 1.12 |
| Auditor's Remuneration : | | | |
| Audit Fees | 0.14 | | 0.13 |
| Tax Audit Fees | 0.04 | | 0.04 |
| Other Certification Work* | 0.23 | | 0.14 |
| Reimbursement of Expenses | 0.02 | | 0.03 |
| | | 0.43 | 0.34 |
| Provision for Loan Assets (Note 6.2 & 25.15) | | 32.49 | 27.10 |
| Provision for Loss to arise on redemption of SLR Investments | | 4.97 | 4.63 |
| Miscellaneous Expenses (Note 29) | | 8.34 | 6.10 |
| | | 73.63 | 63.42 |

* Includes fees for Limited Reviews ₹ 0.08 crore (previous year ₹ 0.06 crore) and fees paid to previous auditor ₹ 0.03 crore.

(₹ in crores)

| 23 DEPRECIATION AND AMORTISATION | Current Year | Previous Year |
|---|---|---|
| Depreciation on Property, Plant & Equipment (Note 10) | 2.63 | 2.58 |
| Amortisation of Intangible Assets (Note 11) | 0.46 | 0.28 |
| | 3.09 | 2.86 |

**24 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosure in respect of operating leases are made :**

GRUH has taken office premises under operating lease for a period ranging from 11 months to 180 months. These are cancellable and have no specific obligation for renewal. The total lease payments for current year amounts to ₹ 6.50 crores (Previous year ₹ 6.01 crores) which is recognised in the Statement of Profit and Loss under 'Rent Expenses' under Note 21.

**25 Disclosure as required by National Housing Bank :**

The following disclosures have been given in terms of National Housing Bank's notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 and in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 :

25.1 Capital

| Sr. No. | Particulars | Current Year | Previous Year |
|---|---|---|---|
| (i) | CRAR (%) | 18.90 | 18.32 |
| (ii) | CRAR – Tier I Capital (%) | 17.68 | 16.82 |
| (iii) | CRAR – Tier II Capital (%) | 1.22 | 1.50 |
| (iv) | Amount of subordinated debt as Tier- II Capital (₹ in crores)* | 35.00 | 35.00 |
| (v) | Amount raised by issue of Perpetual Debt Instruments (₹ in crores) | 0.00 | 0.00 |

* As per NHB master Directions, 2010, based on balance term to maturity as at March 31, 2018, ₹ 28 crores (previous year ₹ 35 crores) of the book value of subordinated debt is considered as Tier II capital for computation of Capital Adequacy Ratio.

## 25.2 Reserve Fund u/s 29C of National Housing Bank Act, 1987

(₹ in crores)

| Sr. No. | Particulars | Current Year | Previous Year |
|---|---|---|---|
| | Balance at the beginning of the year | | |
| (a) | Statutory Reserve u/s 29C of the National Housing Bank Act, 1987 | 27.74 | 27.74 |
| (b) | Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987 | 439.93 | 355.93 |
| | | 467.67 | 383.67 |
| | Addition / Appropriation / Withdrawal during the year | | |
| | Add : | | |
| (a) | Amount transferred u/s 29C of the NHB Act, 1987 | 0.00 | 0.00 |
| (b) | Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987 | 106.25 | 84.00 |
| | Less : | | |
| (a) | Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | 0.00 | 0.00 |
| (b) | Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987 | 0.00 | 0.00 |
| | Balance at the end of the year | 573.92 | 467.67 |
| (a) | Statutory Reserve u/s 29C of the NHB Act, 1987 | 27.74 | 27.74 |
| (b) | Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987 | 546.18 | 439.93 |
| | | 573.92 | 467.67 |

## 25.3 Investments

(₹ in crores)

| Sr. No. | Particulars | Current Year | Previous Year |
|---|---|---|---|
| | Value of Investments | | |
| (i) | Gross value of Investments* | | |
| | (a) In India | 153.12 | 158.09 |
| | (b) Outside India | 0.00 | 0.00 |
| (ii) | Provisions for Depreciation | | |
| | (a) In India | 0.00 | 0.00 |
| | (b) Outside India | 0.00 | 0.00 |
| (iii) | Net value of Investments | | |
| | (a) In India | 153.12 | 158.09 |
| | (b) Outside India | 0.00 | 0.00 |

*Net of Provision for Loss to arise on redemption of Investments.

(₹ in crore)

| Sr. No. | Movement of provisions held towards depreciation on investments | Current Year | Previous Year |
|---|---|---|---|
| (i) | Opening balance | 0.00 | 0.00 |
| (ii) | Add : Provisions made during the year | 0.00 | 0.00 |
| (iii) | Less : Provision written back for investment matured/redeemed during the year | 0.00 | 0.00 |
| (iv) | Closing balance | 0.00 | 0.00 |

No provision for diminution, other than temporary, in the value of investments is required.

25.4 During the year, GRUH has not entered into any (a) derivative transaction, (b) securitisation, assets reconstruction and assignment transaction, (c) purchase/sale of Non-performing financial assets, (d) Capital market transaction and exposure, (e) financing of Parent Company product, (f) finance of any unsecured advances i.e. advances against intangible securities such as rights, licenses, authorisations etc. as collateral security and (g) transaction in foreign currency apart from dividend payment to Non-resident shareholder as per note 33.

25.5 GRUH has not exceeded limit prescribed by National Housing Bank for Single Borrower Limit (SBL) and Group Borrower Limit (GBL).

25.6 Assets liability Management

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank.

Maturity pattern of certain items of Assets and Liabilities As At March 31, 2018 :

(₹ in crores)

| Maturity Buckets | Liabilities | | | | Assets | | |
|---|---|---|---|---|---|---|---|
| | Deposits | Borrowings from Banks | Market Borrowings | Foreign currency Liability | Advances | Investments | Foreign currency Asset |
| 1 day to 30 days (one month) | 52.88 | 400.00 | 150.00 | 0.00 | 78.99 | 0.00 | 0.00 |
| Over one month up to 2 months | 20.87 | 0.00 | 0.00 | 0.00 | 79.32 | 0.00 | 0.00 |
| Over 2 months up to 3 months | 27.61 | 94.28 | 150.00 | 0.00 | 79.54 | 0.00 | 0.00 |
| Over 3 months up to 6 months | 59.45 | 91.56 | 0.00 | 0.00 | 231.19 | 0.00 | 0.00 |
| Over 6 months up to 1 year | 320.26 | 4,521.55 | 1,492.00 | 0.00 | 448.25 | 70.09 | 0.00 |
| Over 1 year up to 3 years | 783.22 | 841.24 | 2,597.00 | 0.00 | 1,715.04 | 29.68 | 0.00 |
| Over 3 years up to 5 years | 160.49 | 661.05 | 513.00 | 0.00 | 1,628.91 | 38.22 | 0.00 |
| Over 5 years up to 7 years | 20.58 | 695.83 | 0.00 | 0.00 | 1,758.93 | 3.02 | 0.00 |
| Over 7 years up to 10 years | 12.95 | 318.85 | 0.00 | 0.00 | 2,758.40 | 12.11 | 0.00 |
| Over 10 years | 0.00 | 61.33 | 0.00 | 0.00 | 6,789.82 | 0.00 | 0.00 |
| | 1,458.31 | 7,685.69 | 4,902.00 | 0.00 | 15,568.39 | 153.12 | 0.00 |

Maturity pattern of certain items of Assets and Liabilities as at March 31, 2017 :

(₹ in crores)

| Maturity Buckets | Liabilities | | | | Assets | | |
|---|---|---|---|---|---|---|---|
| | Deposits | Borrowings from Banks | Market Borrowings | Foreign currency Liability | Advances | Investments | Foreign currency Asset |
| 1 day to 30 days (one month) | 79.60 | 0.00 | 0.00 | 0.00 | 66.37 | 0.00 | 0.00 |
| Over one month up to 2 months | 34.50 | 0.00 | 0.00 | 0.00 | 66.68 | 0.00 | 0.00 |
| Over 2 months up to 3 months | 60.49 | 163.44 | 0.00 | 0.00 | 66.88 | 0.00 | 0.00 |
| Over 3 months up to 6 months | 161.18 | 163.45 | 0.00 | 0.00 | 202.26 | 0.00 | 0.00 |
| Over 6 months up to 1 year | 186.64 | 326.89 | 350.00 | 0.00 | 410.69 | 0.00 | 0.00 |
| Over 1 year up to 3 years | 765.10 | 935.02 | 2,037.00 | 0.00 | 1,549.02 | 75.38 | 0.00 |
| Over 3 years up to 5 years | 182.51 | 783.76 | 0.00 | 0.00 | 1,443.52 | 67.30 | 0.00 |
| Over 5 years up to 7 years | 22.44 | 582.55 | 35.00 | 0.00 | 1,527.61 | 3.05 | 0.00 |
| Over 7 years up to 10 years | 12.45 | 708.79 | 0.00 | 0.00 | 2,389.81 | 12.36 | 0.00 |
| Over 10 years | 0.00 | 4,427.34 | 0.00 | 0.00 | 5,521.48 | 0.00 | 0.00 |
| | 1,504.91 | 8,091.24 | 2,422.00 | 0.00 | 13,244.32 | 158.09 | 0.00 |

25.7 Exposure to Real Estate Sector :

| Sr. No. | Category | Current Year | Previous Year |
|---|---|---|---|
| 1. | Direct Exposure | | |
| | (a) Residential Mortgages :<br>Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented : (Individual Housing loans up to ₹ 15 lacs shown separately). | i) Loans ≤ ₹ 15 Lacs : ₹ 11,471.52 crores<br>(ii) Loans > ₹ 15 Lacs : ₹ 3,060.49 crores<br>(iii) Total : ₹ 14,532.01 crores | i) Loans ≤ ₹ 15 Lacs : ₹ 9,794.97 crores<br>(ii) Loans > ₹ 15 Lacs: ₹ 2,448.48 crores<br>(iii) Total : ₹ 12,243.45 crores |
| | (b) Commercial Real Estate :<br>Lending secured by mortgages on commercial real estates. (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction etc.) Exposure would also include non-fund based (NFB) limits. | ₹ 1,036.38 crores | ₹ 1,000.87 crores |
| | (c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures :<br>(i) Residential<br>(ii) Commercial Real Estate | Nil | Nil |
| 2. | Indirect Exposure | | |
| | Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | Nil | Nil |

25.8 GRUH has not obtained registration from any other financial sector regulator.

25.9 National Housing Bank (NHB) has not raised any stricture or direction in their inspection carried out during the year. NHB has not imposed any penalty on GRUH during the year.

25.10 As per the Accounting Standard on 'Related Party Disclosures' (AS 18), the related parties of GRUH with whom GRUH had carried out transactions are as follows. There were no material transaction with related parties and all these transactions were carried out in ordinary course of business and were at arm's length price.

(a) Holding Company

Housing Development Finance Corporation Limited (HDFC)

(b) Fellow Subsidiary Companies

(i) HDFC Standard Life Insurance Co. Limited
(ii) HDFC ERGO General Insurance Co. Limited

(c) Key Management Personnel

(i) Mr. Sudhin Choksey, Managing Director
(ii) Mr. Kamlesh Shah, Executive Director
(iii) Mr. Marcus Lobo, Company Secretary
(iv) Mr. Hitesh Agrawal, Chief Financial Officer

(d) Entity in which Director exercise significant influence

(i) M/s SNG & Partners, Advocates & Solicitors

(e) Entity in which Key Management Personnel exercise significant influence

(i) GRUH Foundation

The nature and volume of transactions with the above related parties during the year were as follows :

(₹ in crores)

| Name of Entity | Nature of transaction | Transactions for the year ended March 31, 2018 | Receivable/ (Payable) as at March 31, 2018 | Transactions for the year ended March 31, 2017 | Receivable/ (Payable) as at March 31, 2017 |
|---|---|---|---|---|---|
| HDFC Limited | Dividend paid | 59.66 | Nil | 49.01 | Nil |
| | Repayment of borrowing | Nil | Nil | 10.16 | Nil |
| | Interest on borrowing | Nil | Nil | 0.89 | Nil |
| | Borrowing | Nil | Nil | Nil | Nil |
| HDFC Standard Life Insurance Co. Limited | Security Deposit | Nil | 0.05 | Nil | 0.05 |
| HDFC ERGO General Insurance Co. Limited | Insurance premium paid | 0.04 | Nil | 0.04 | Nil |
| | Interest on borrowing | 1.17 | (0.02) | 1.17 | (0.02) |
| | Borrowing | Nil | (12.00) | Nil | (12.00) |
| Key Management Personnel | | | | | |
| Managerial remuneration | Mr. Sudhin Choksey | 4.05 | Nil | 3.54 | Nil |
| | Mr. Kamlesh Shah | 1.43 | Nil | 1.21 | Nil |
| | Mr. Marcus Lobo | 0.54 | Nil | 0.47 | Nil |
| | Mr. Hitesh Agrawal | 0.25 | Nil | 0.20 | Nil |
| Exercise of stock option | Mr. Sudhin Choksey | 3.30 | Nil | 1.93 | Nil |
| | Mr. Kamlesh Shah | Nil | Nil | 0.80 | Nil |
| | Mr. Marcus Lobo | 0.76 | Nil | 0.55 | Nil |
| | Mr. Hitesh Agrawal | Nil | Nil | 0.89 | Nil |
| Repayment of loan | Mr. Marcus Lobo | Nil | Nil | 0.11 | Nil |
| | Mr. Hitesh Agrawal | 0.02 | Nil | 0.06 | Nil |
| Interest income | Mr. Marcus Lobo | Nil | Nil | (₹ 7,932) | Nil |
| | Mr. Hitesh Agrawal | 0.01 | Nil | 0.01 | Nil |
| Loan | Mr. Marcus Lobo | Nil | Nil | Nil | Nil |
| | Mr. Hitesh Agrawal | Nil | 0.25 | Nil | 0.27 |
| M/s SNG & Partners, Advocates & Solicitors | Professional Service | 0.04 | Nil | Nil | Nil |
| GRUH Foundation | Interest on Borrowing | Nil | Nil | (₹ 7,302) | Nil |
| | Repayment of Borrowing | Nil | Nil | 0.05 | Nil |
| | Public Deposit | Nil | Nil | Nil | Nil |

25.11 There are no transactions other than sitting fees and commission paid to non-executive directors. During the year, ₹ 1.07 crore (Previous year ₹ 1.12 crore) was paid to non-executive directors towards sitting fee and commission. Details are as under :

(₹ in crore)

| Name of Directors | Current Year | | | Previous Year | | |
|---|---|---|---|---|---|---|
| | Sitting fees | Commission | Total | Sitting fees | Commission | Total |
| Mr. Keki M. Mistry | 0.04 | 0.00 | 0.04 | 0.05 | 0.00 | 0.05 |
| Mr. S. M. Palia (up to March 31, 2017) | 0.00 | 0.14 | 0.14 | 0.05 | 0.12 | 0.17 |
| Mr. Rohit C. Mehta (up to March 31, 2017) | 0.00 | 0.14 | 0.14 | 0.08 | 0.12 | 0.20 |
| Mr. Prafull Anubhai | 0.10 | 0.14 | 0.24 | 0.11 | 0.12 | 0.23 |
| Ms. Renu S. Karnad (up to October 16, 2017 and reappointed w.e.f. February 1, 2018) | 0.01 | 0.00 | 0.01 | 0.03 | 0.00 | 0.03 |
| Mr. K. G. Krishnamurthy | 0.04 | 0.00 | 0.04 | 0.06 | 0.00 | 0.06 |
| Mr. S. G. Mankad | 0.06 | 0.14 | 0.20 | 0.09 | 0.12 | 0.21 |
| Mr. Biswamohan Mahapatra | 0.04 | 0.14 | 0.18 | 0.05 | 0.12 | 0.17 |
| Mr. Pankaj Patel | 0.02 | 0.03 | 0.05 | 0.00 | 0.00 | 0.00 |
| Mr. Rajesh Gupta (w.e.f. April 17, 2017) | 0.03 | 0.00 | 0.03 | 0.00 | 0.00 | 0.00 |
| Ms. Bhavna Doshi (w.e.f. January 20, 2018) | (₹ 20,000) | 0.00 | (₹ 20,000) | 0.00 | 0.00 | 0.00 |
| | 0.34 | 0.73 | 1.07 | 0.52 | 0.60 | 1.12 |

25.12 GRUH carries following ratings from ICRA and CRISIL :

| Instrument | ICRA | CRISIL |
|---|---|---|
| Long-term | AAA Stable | AAA Stable |
| Short-term | A1 (+) | A1 (+) |
| Fixed Deposits | MAAA Stable | FAAA Stable |

25.13 During the year, (a) no prior period items occurred which has impact on profit and loss account, (b) no change in any accounting policy, (c) there were no circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties and (d) there is no withdrawal from Reserve fund.

25.14 GRUH has no subsidiary company. Hence, requirement of consolidated financial statements is not applicable to GRUH.

25.15 Provisions and Contingencies charged during the year under the head expenditure in Statement of Profit and Loss :

(₹ in crores)

| Sr. No. | Particulars | Current Year | Previous Year |
|---|---|---|---|
| 1 | Provision for Depreciation on Investment | 0.00 | 0.00 |
| 2 | Provision made towards Income tax | 166.00 | 120.00 |
| | Provision for Loan Assets (Note 6.2 & 22) | | |
| 3 | Provision towards NPAs | 29.51 | 15.41 |
| 4 | Provision for Standard Assets | 2.98 | 11.69 |
| 5 | Other Provision and Contingencies | 0.00 | 0.00 |

Break up of Loans & Advances and Provisions thereon :

(₹ in crores)

| Sr. No. | Particulars | Housing | | Non-Housing | |
|---|---|---|---|---|---|
| | | Current Year | Previous Year | Current Year | Previous Year |
| | Standard Assets | | | | |
| a) | Total Outstanding Amount* | 14,832.18 | 12,625.34 | 717.62 | 620.21 |
| b) | Provisions made | 58.92 | 56.92 | 7.18 | 6.20 |
| | Sub-Standard Assets | | | | |
| a) | Total Outstanding Amount | 40.04 | 22.53 | 2.48 | 0.41 |
| b) | Provisions made | 6.01 | 3.38 | 0.37 | 0.06 |
| | Doubtful Assets - Category - I | | | | |
| a) | Total Outstanding Amount | 14.11 | 7.68 | 0.18 | 0.18 |
| b) | Provisions made | 3.53 | 1.92 | 0.04 | 0.05 |
| | Doubtful Assets - Category-II | | | | |
| a) | Total Outstanding Amount | 8.05 | 5.45 | 0.85 | 0.70 |
| b) | Provisions made | 3.22 | 2.18 | 0.34 | 0.28 |
| | Doubtful Assets - Category-III | | | | |
| a) | Total Outstanding Amount | 4.31 | 3.07 | 0.07 | 0.56 |
| b) | Provisions made | 4.31 | 3.07 | 0.07 | 0.56 |
| | Loss Assets | | | | |
| a) | Total Outstanding Amount | 0.00 | 0.00 | 0.00 | 0.00 |
| b) | Provisions made | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | |
| a) | Total Outstanding Amount | 14,898.69 | 12,664.07 | 721.20 | 622.06 |
| b) | Provisions made | 75.99 | 67.47 | 8.00 | 7.15 |

* Standard Assets and total outstanding amount includes instalment due from borrowers and Loan Against Deposit alongwith interest accrued but not due and provision thereon.

## 25.16 Concentration of Public Deposits :

(₹ in crores)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Total Deposits of twenty largest depositors | 460.45 | 488.24 |
| Percentage of Deposits of twenty largest depositors to Total Deposits of GRUH | 31.57 | 32.44 |

## 25.17 Concentration of Loans & Advances :

(₹ in crores)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Total Loans & Advances to twenty largest borrowers | 710.81 | 690.59 |
| Percentage of Loans & Advances to twenty largest borrowers to Total Advances of GRUH | 4.57 | 5.21 |

## 25.18 Concentration of all exposure (including off-balance sheet exposure) :

(₹ in crores)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Total Loans & Advances to twenty largest borrowers/customers | 913.89 | 833.90 |
| Percentage of exposures to twenty largest borrowers/customers to Total exposure of GRUH | 5.58 | 6.30 |

## 25.19 Concentration of Non-Performing Assets (NPAs) :

(₹ in crores)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Total Exposure to top ten NPA Accounts | 9.55 | 6.89 |

## 25.20 Sector-wise NPAs - Percentage of NPAs to total Advances in that sector :

| Sr. No. | Sector | Current Year | | Previous Year | |
|---|---|---|---|---|---|
| | | ₹ in crores | % | ₹ in crores | % |
| A | Housing Loans : | | | | |
| 1 | Individuals | 66.52 | 0.46 | 38.73 | 0.32 |
| 2 | Builders/Project Loans | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | Corporates | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | Others | 0.00 | 0.00 | 0.00 | 0.00 |
| B | Non-Housing Loans : | | | | |
| 1 | Individuals | 3.57 | 0.97 | 1.85 | 0.46 |
| 2 | Builders/Project Loans | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | Corporates | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | Others | 0.00 | 0.00 | 0.00 | 0.00 |
| | | 70.09 | 0.45 | 40.58 | 0.31 |

## 25.21 Movement of Non-Performing Assets :

(₹ in crores)

| Sr. No. | Sector | Current Year | Previous Year |
|---|---|---|---|
| I | Net NPAs to Net Advances (%) | 0.00 | 0.00 |
| II | Movement of NPAs (Gross) | | |
| | a) Opening balance | 40.58 | 35.55 |
| | b) Additions during the year | 44.72 | 23.58 |
| | c) Reductions during the year | 15.21 | 18.55 |
| | d) Closing balance | 70.09 | 40.58 |
| III | Movement of Net NPAs | | |
| | a) Opening balance | 0.00 | 10.38 |
| | b) Additions during the year | 0.00 | 0.00 |
| | c) Reductions during the year | 0.00 | 10.38 |
| | d) Closing balance | 0.00 | 0.00 |
| IV | Movement of provisions for NPAs and Contingencies (excluding provisions on standard assets) | | |
| | a) Opening balance | 40.58 | 25.17 |
| | b) Additions during the year | 70.10 | 40.58 |
| | c) Write-back of provisions | 40.58 | 25.17 |
| | d) Closing balance | 70.10 | 40.58 |

25.22 GRUH does not have any overseas assets and any off balance sheet Special Purpose Vehicle (SPV) which requires to be consolidated as per accounting norms.

25.23 Customer complaints :

| Sr. No. | Particulars | Current Year | Previous Year |
|---|---|---|---|
| 1 | No. of complaints pending at the beginning of the year | 211 | 41 |
| 2 | No. of complaints received during the year | 4,009 | 3,383 |
| 3 | No. of complaints redressed during the year | 4,199 | 3,213 |
| 4 | No. of complaints pending at the end of the year | 21 | 211 |

26 In compliance with the Accounting Standard on 'Employee Benefits' (AS 15), following disclosures have been made :

26.1 Defined Contribution Plans

GRUH has recognised the following amounts in Statement of Profit and Loss which are included under Contribution to Provident Fund and Other Funds :

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Provident Fund | 0.86 | 0.79 |
| Superannuation Fund | 0.89 | 0.82 |

The Rules of GRUH's Provident Fund administered by a Trust require that if the Board of the Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by GRUH. Having regard to the assets of the fund and the return on the investments, GRUH does not expect any deficiency in the foreseeable future.

26.2 State Plans

GRUH has recognised expenses of ₹ 0.55 crore (Previous Year ₹ 0.51 crore) in Statement of Profit and Loss for Contribution to State Plan namely Employees' Pension Scheme.

26.3 Defined Benefit Plans

(a) Leave Encashment / Compensated Absences :

Salaries and Bonus includes ₹ 1.05 crore (Previous Year ₹ 1.28 crore) towards provision made as per actuarial valuation in respect of accumulated leave salary encashable on retirement.

(b) Contribution to Gratuity Fund :

The details of GRUH's post-retirement benefit plans for its employees are given below which is certified by the actuary and relied upon by the auditors :

(₹ in crores)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Change in the Benefit Obligations | | |
| Liability at the beginning of the year | 9.23 | 7.47 |
| Current Service Cost | 0.47 | 0.40 |
| Interest Cost | 0.69 | 0.60 |
| Benefits Paid | (0.48) | (0.25) |
| Actuarial Loss/(Gain) | 0.66 | 1.01 |
| Liability at the end of the year | 10.57 | 9.23 |
| Fair Value of Plan Assets | | |
| Fair Value of Plan Assets at the beginning of the year | 7.79 | 6.41 |
| Expected Return on Plan Assets | 0.59 | 0.52 |
| Contributions | 1.44 | 1.06 |
| Benefits Paid | (0.48) | (0.25) |
| Actuarial (Loss)/Gain on Plan Assets | 0.36 | 0.05 |

| | | |
|---|---|---|
| Fair Value of Plan Assets at the end of the year | 9.69 | 7.79 |
| Total Actuarial Loss/(Gain) to be recognised | 0.30 | 0.96 |
| Actual Return on Plan Assets | | |
| Expected Return on Plan Assets | 0.59 | 0.52 |
| Actuarial (Loss)/Gain on Plan Assets | 0.36 | 0.05 |
| Actuarial Return on Plan Assets | 0.94 | 0.57 |
| Amount Recognised in the Balance Sheet | | |
| Liability at the end of the year | 10.57 | 9.23 |
| Fair Value of Plan Assets at the end of the year | 9.69 | 7.79 |
| Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" | 0.88 | 1.44 |
| Expense Recognised in Statement of Profit and Loss | | |
| Current Service Cost | 0.47 | 0.40 |
| Interest Cost | 0.69 | 0.60 |
| Expected Return on Plan Assets | 0.59 | (0.52) |
| Net Actuarial Loss/(Gain) to be recognised | 0.30 | 0.96 |
| Expense recognised in Statement of Profit and Loss under "Employee Benefit Expenses" | 0.88 | 1.44 |
| Reconciliation of the Liability Recognised in the Balance Sheet | | |
| Opening Net Liability | 1.44 | 1.06 |
| Expense Recognised | 0.88 | 1.44 |
| Contribution by GRUH | (1.44) | (1.06) |
| Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" | 0.88 | 1.44 |

Investment Pattern in (%) :

| Particulars | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|
| Central Government Securities | 18.94 | 25.07 |
| State Government Securities / Securities guaranteed by State / Central Government | 33.71 | 25.17 |
| Public Sector / Financial Institutional Bonds | 7.32 | 21.03 |
| Private Sector Bonds | 23.01 | 18.06 |
| Special Deposit Scheme | 0.12 | 0.15 |
| Investment in Insurance Company Scheme | 9.71 | 5.78 |
| Equity Fund | 3.77 | 3.02 |
| Others (including bank balances) | 3.42 | 1.72 |
| | 100.00 | 100.00 |

Based on the above allocation and the prevailing yields on these assets, the long-term estimate of the expected rate of return on fund assets has been arrived at.

Principal actuarial assumptions at the Balance Sheet Date (expressed as weighted averages) :

| Particulars | March 31, 2018 | March 31, 2017 |
|---|---|---|
| Discount Rate (%) | 7.86 | 7.52 |
| Expected Return on Plan Assets (%) | 7.86 | 7.52 |
| Attrition Rate (%) | 2.00 | 2.00 |
| Annual increase in Salary Cost (%) | 3.00 | 3.00 |

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

Amount for the current and previous periods are as follows :

(₹ in crores)

| Particulars | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 |
|---|---|---|---|---|---|
| Present value of Defined Benefit Obligation | 10.57 | 9.23 | 7.47 | 6.22 | 5.75 |
| Fair Value of Plan Assets | 9.69 | 7.79 | 6.41 | 6.09 | 5.17 |
| Surplus/(Deficit) in the Plan | (0.88) | (1.44) | (1.06) | (0.13) | (0.58) |
| Experience adjustments on plan Liabilities (loss)/Gain | (0.82) | (0.78) | (0.79) | (0.45) | (0.47) |
| Experience adjustments on plan assets (loss)/Gain | 0.36 | 0.05 | 0.06 | 0.01 | (0.05) |

27 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 0.69 crore (Previous Year ₹ 0.61 crore).

28 Contingent liability in respect of Income-tax demands net of amounts provided for and disputed by GRUH amounts to ₹ 7.87 crores (Previous year ₹ 11.16 crores). The said amount has been paid/adjusted and will be received as refund, if the matters are decided in favour of GRUH.

29 Disclosure on Corporate Social Responsibility (CSR) activities u/s 135 of the Companies Act, 2013 is as under :

(a) Gross amount required to be spent by GRUH during the year : ₹ 7.36 crores (Previous year ₹ 6.04 crores)

(b) Amount spent, utilised and charged during the year on :

(₹ in crores)

| Sr. No. | Particulars | Current Year | | | Previous Year | | |
|---|---|---|---|---|---|---|---|
| | | In Cash | Yet to be paid in Cash | Total | In Cash | Yet to be paid in Cash | Total |
| (i) | Construction / acquisition of any asset | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (ii) | On purposes other than (i) above : | | | | | | |
| | a) Contribution to various Trusts/NGOs/ Societies/Agencies and utilisation thereon | 4.27 | 0.00 | 4.27 | 3.25 | 0.00 | 3.25 |
| | b) Expenditure on Administrative Overheads for CSR | 0.10 | 0.00 | 0.10 | 0.11 | 0.00 | 0.11 |
| | | 4.37 | 0.00 | 4.37 | 3.36 | 0.00 | 3.36 |

30 GRUH's main business is to provide loans for purchase or construction of residential houses in India. All other activities of GRUH revolve around the main business. As such, there are no separate reportable segments, as per the Accounting Standard on Segment Reporting (AS 17), specified under section 133 of the Companies Act, 2013.

## 31 CATEGORY-WISE SUMMARY OF BORROWINGS & LOANS

### 31.1 Borrowings

(₹ in crores)

| Particulars | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|
| Bonds and Debentures | 4,132.00 | 2,422.00 |
| Commercial Paper | 770.00 | 0.00 |
| Bank Borrowings | 7,685.69 | 8,091.24 |
| Public Deposits | 1,458.31 | 1,504.91 |
| | 14,046.00 | 12,018.15 |

31.2 Loans

(₹ in crores)

| Particular | As At March 31, 2018 | As At March 31, 2017 |
|---|---|---|
| Individual Home Loans | 14,532.01 | 12,243.45 |
| Individual NRP Loans | 368.34 | 405.23 |
| Developer Loans | 668.04 | 595.64 |
| | 15,568.39 | 13,244.32 |

32 In accordance with the Accounting Standard on 'Earnings Per Share' (AS 20), the Earnings Per Share is as follows :

32.1 The Earnings Per Share (EPS) is calculated as follows :

| | Particulars | 2017-18 | 2016-17 |
|---|---|---|---|
| (i) | Net Profit attributable to Equity Share Holders (₹ in crores) | 362.68 | 296.65 |
| (ii) | Weighted Average number of shares for computation of Basic Earnings Per Share | 36,53,05,932 | 36,38,64,296 |
| (iii) | Nominal Value of Equity Share | 2 | 2 |
| (iv) | EPS - Basic | 9.93 | 8.15 |
| (v) | EPS - Diluted | 9.91 | 8.15 |

32.2 The Basic Earnings Per Share have been computed by dividing the Profit After Tax by the weighted average number of equity shares for the respective periods. The weighted average number of shares have been derived as follows :

| | Particulars | No. of Shares | |
|---|---|---|---|
| | | 2017-18 | 2016-17 |
| (i) | Equity Shares of ₹ 2 each at the beginning of the year | 36,45,64,484 | 36,36,81,740 |
| (ii) | Allotment of Shares under ESOS - 11,55,527 shares (Previous year 8,82,744 shares) | 7,41,448 | 1,82,556 |
| (iii) | Weighted Average number of shares for computation of Basic Earnings Per Share | 36,53,05,932 | 36,38,64,296 |

32.3 The Diluted Earnings Per Share have been computed by dividing the Profit After Tax by the weighted average number of equity shares, after giving dilute effect of outstanding Stock Options for the respective periods. The relevant details are as follows:

| | Particulars | 2017-18 | 2016-17 |
|---|---|---|---|
| (i) | Weighted Average number of shares for computation of Basic Earnings Per Share | 36,53,05,932 | 36,38,64,296 |
| (ii) | Dilute effect of outstanding Stock Options | 7,65,001 | 1,56,635 |
| (iii) | Weighted Average number of shares for computation of Diluted Earnings Per Share | 36,60,70,933 | 36,40,20,931 |

33 Amount remitted during the year in foreign currency on account of dividend

| | Particulars | 2017-18 | 2016-17 |
|---|---|---|---|
| i) | Number of Non-resident Shareholder | 1 | 1 |
| ii) | Number of shares held of ₹ 2 each | 12,50,000 | 12,50,000 |
| iii) | Year to which dividend relates | 2016-17 | 2015-16 |
| iv) | Amount remitted (₹ in crore) | 0.35 | 0.29 |

34 There are no indications which reflects that any of the assets of GRUH had got impaired from its potential use and therefore no impairment loss was required to be accounted in the current year as per Accounting Standard on 'Impairment of Assets' (AS 28).

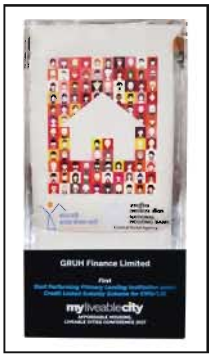
35 Figures less than ₹ 50,000 which are required to be shown separately, have been shown as actual in brackets.

36 Previous year's figures which were audited by the predecessor auditors have been re-grouped / re-classified wherever necessary to correspond with current year's classification disclosure.

# Memorable Moments - Awards and Recognitions

Shri Sudhin Choksey, Managing Director receiving Award from Shri Rao Indrajit Singh (IAS), the then Minister of State (Finance) (Independent Charge) for (1) Best Performing Primary Lending Institution under CLSS for EWS/LIG segment and (2) Highest number of loans to EWS segment under Credit Linked Subsidy Scheme for EWS/ LIG, at the function held at Vigyan Bhavan, New Delhi on 23rd June, 2017

GRUH received the award as the "Winner in Affordable Housing Finance Category" at the Outlook Money Awards 2017. Mr. Kamlesh Shah, Executive Director and Mr. Suresh Iyer received on behalf of GRUH from Mr. Bibek Debroy, Chairman - Economic Advisory Council to the Prime Minister and Member of Planning Commission.




Ms. Rupali Shelar - Territory Manager, receiving the award at the hands of Mr. Jockin Arputham, Founder President of National Slum Dwellers Association, for contribution in Affordable Housing Segment.

# 'People' and 'Customer service' are sacred to us at GRUH

*'We are what we repeatedly do. Excellence then is not an action but a habit'* ***Aristotle***

*'Your work is to discover your work and then with all your heart give yourself to it'*
***Gautama Buddha***

*'If you work hard, assert yourself and use your mind and imagination, you can shape the world '.*
***Malcolm Gladwell***

*'To win in the marketplace, you must first win in the workplace'.*
***Doug Conant, CEO, Consumer giant, Campbell Soup***


**GRUH FINANCE LIMITED**

***We help you build homes***

(A subsidiary of HDFC Ltd)

Registered Office: "GRUH", Netaji Marg, Near Mithakhali Six Roads,
Ellisbridge, Ahmedabad - 380 006.
CIN : L65923GJ1986PL008809
Phone: 91-79-2642 1671 to 75
www.gruh.com