



**GRUH
FINANCE
LIMITED**

We help you build homes

SEC: 2019

January 7, 2019

BSE Limited
P.J. Towers
Dalal Street
Mumbai 400 001

National Stock Exchange of India Limited
Exchange Plaza, Plot No. C-1, Block G
Bandra-Kurla Complex, Bandra (East)
Mumbai 400 051

Security Code: 511288

Symbol: GRUH

Dear Sir,

Sub: Outcome of board meeting held on January 7, 2019

Ref: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("Listing Regulations") read with the Securities and Exchange Board of India ("SEBI") circular bearing no. CIR/CFD/CMD/4/2015 dated September 9, 2015 ("Disclosure Circular").

The Board of Directors of GRUH Finance Limited ("**Board**"), at its meeting held today (i.e. January 7, 2019) in Mumbai, after considering the report of the Audit Committee of Directors of GRUH Finance Limited, has considered and approved a scheme of amalgamation between GRUH Finance Limited ("**Transferor Company**") and Bandhan Bank Limited ("**Transferee Company**") ("**Scheme**") under Sections 230 to 232 and other applicable provisions of the Companies Act, 2013, Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other rules and regulations framed thereunder, which *inter alia* envisages amalgamation of the Transferor Company into and with the Transferee Company and dissolution of Transferor Company without being wound up. (Transferor Company and Transferee Company collectively referred to as the "**Amalgamating Companies**")

The Scheme is subject to the receipt of approval from the Reserve Bank of India ("**RBI**") under the Banking Regulation Act, 1949/ RBI Guidelines for Licensing of New Banks in the Private Sector, 2013, RBI (Prior Approval for Acquisition of Shares or Voting Rights in Private Sector Banks) Directions, 2015, and the RBI (Ownership in Private Sector Banks) Directions, 2016, and such other directions, regulations issued by the RBI, National Housing Bank and SEBI, as may be applicable, and other statutory and regulatory approvals, including approvals from the Competition Commission of India, the Hon'ble National Company Law Tribunal, Ahmedabad Bench and Kolkata Bench, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and such other approvals, permissions and sanctions of regulatory and other authorities, as may be necessary.

A subsidiary of HDFC Ltd

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Registered Office: "GRUH", Netaji Marg, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006.

Tel. : (91) (79) 2642 1671-75, 2656 0649

CIN : L65923GJ1986PLC008809 - Website : www.gruh.com

The Appointed Date for the Scheme shall be January 1, 2019, or such other date as may be mutually agreed between the Amalgamating Companies and is the date with effect from which the Scheme shall be operative.

The Scheme will be filed with the stock exchanges as per the applicable provisions of Regulation 37 of the Listing Regulations read with the SEBI circular dated March 10, 2017, bearing reference no. CFD/DIL3/CIR/2017/21, as amended by any other circulars issued from time to time.

At its aforesaid meeting, the Board also approved the execution of a merger co-operation agreement between the Transferor Company and the Transferee Company ("**Merger Co-operation Agreement**"). The Merger Co-operation Agreement sets out the manner of effecting the proposed amalgamation contemplated under the Scheme, the representations and warranties being given by each party and the rights and obligations of the respective parties.

The information required to be furnished pursuant to Regulation 30 of the Listing Regulations read with the Disclosure Circular is set out herein below.

1. **Name of the entities forming part of the amalgamation/ merger, details in brief such as size, turnover etc.**

Transferor Company: GRUH Finance Limited

The Transferor Company has total assets of Rs. 15,970.97 crore, turnover of Rs. 1,687.19 crore and net worth of Rs. 1,380.92 crore as on March 31, 2018. Equity shares of the Transferor Company are listed on BSE Limited and National Stock Exchange of India Limited.

Transferee Company: Bandhan Bank Limited

The Transferee Company has total assets of Rs. 44,310.06 crore, turnover of Rs. 5,508.48 crore (includes other income) and net worth of Rs. 9,382 crore, as on March 31, 2018. Equity shares of the Transferee Company are listed on BSE Limited and National Stock Exchange of India Limited.

2. **Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arms length"**

Since the Transferor Company and the Transferee Company are not related parties, the amalgamation of the Transferor Company and the Transferee Company will not fall within the related party transactions.

In any event, the transactions contemplated in the Scheme are being undertaken at arms' length.

3. **Area of business of the entity(ies)**





The Transferor Company is a public listed deposit taking housing finance company that has obtained certificate of registration from NHB in this behalf. The Transferor Company is engaged in the business of providing home loans, with a retail network of 195 branches across 11 states and 1 union territory with almost 50% of the existing loan assets in the rural areas. The objects clause of the memorandum of association of the Transferor Company authorises the Transferor Company to carry on the business of housing finance.

The Transferee Company is a public listed company engaged in the business of providing banking services and is licensed as a banking company under the provisions of the Banking Regulation Act, 1949. It has pan India presence in 34 States and Union Territories with 978 branches. The objects clause of the memorandum of association of the Transferee Company authorises the Transferee Company to carry on the business of banking.

4. **Rationale for amalgamation/ merger**

The proposed amalgamation would be in the best interest of the Amalgamating Companies and their respective shareholders, employees, creditors and other stakeholders as the proposed amalgamation will yield advantages as set out *inter alia* below:

- (a) the Transferee Company and the Transferor Company have developed exceptional skills in banking business and housing finance business respectively. The Transferor Company has a wide range of home loan products with a specific rural focus. With a retail network of 195 (one hundred ninety five) branches, it has a presence in 11 States and 1 Union Territory in India with almost 50% (fifty percent) of the existing loan assets advanced in rural areas. The Transferee Company received a banking license in 2015 from the RBI. Its focus has been to meet the financial needs of people who are overlooked by the formal banking system. The Transferor Company and the Transferee Company therefore have significant complementarities and the consolidation of the two businesses carried on by them is strategic in nature and will generate significant business synergies. The amalgamation will result in enhancement of shareholders' value accruing from synergy of operations, new product development, integration of technology and information technology platforms, and also enable the Amalgamating Companies to further their socio-economic objectives. Thus, a combination of the Transferor Company and the Transferee Company will enhance the value propositions of the combined entity which would be able to leverage the complementarities of the Amalgamating Companies;
- (b) the amalgamation of the Transferor Company with the Transferee Company will enable the Transferee Company to build and strengthen its housing loan portfolio, and establish a strong customer base of affordable housing customers. The Transferee Company would benefit from the loan assets of the Transferor Company as the strong loan book of the Transferor Company will stand merged into the Transferee Company pursuant to the amalgamation. In addition, the

amalgamation will not dilute the position of the Transferor Company generating predominantly Priority Sector Lending (“PSL”) loans as majority portfolio of Transferee Company is PSL eligible;

- (c) pooling of resources, creating better synergies, optimal utilisation of resources and greater economies of scale;
- (d) better administration and cost reduction (including reduction in administrative and other common costs);
- (e) while the Transferee Company has pan India presence in 34 States and Union Territories with a strong presence in east and north east part of India, the proposed amalgamation will enhance reach and distribution and help expand the geographic coverage for the combined entities;
- (f) greater efficiency in cash management and unfettered access to cash flow generated by the combined business, which can be deployed more efficiently, to maximise shareholder value;
- (g) create value for stakeholders including respective shareholders, customers, lenders and employees as the combined business would benefit from increased scale, product diversification and expanded reach with increased ability to growth opportunities, higher cross selling opportunities to a larger base of customers, improvement in productivity and operational efficiencies amongst others;
- (h) provide material realisable cost and revenue synergies for the benefit of the Amalgamating Companies; and
- (i) optimal utilisation of resources and economies of scale resulting in improved efficiencies; it will help the Transferee Company to establish a strong customer base of affordable housing and scale up rural lending.

5. In case of cash consideration – amount or otherwise share exchange ratio

The share exchange ratio for the amalgamation of the Transferor Company with the Transferee Company shall be 568 equity shares (credited as fully paid up) of face value of Rs. 10 (Rupees ten) each of the Transferee Company for every 1,000 fully paid up equity shares of face value of Rs. 2 (Rupees two) each of the Transferor Company.

The share exchange ratio has been arrived at based on the joint valuation report dated January 7, 2019 submitted by M/s. Desai Haribhakti & Co. and M/s. SRB & Associates, independent Chartered Accountants, supported by a fairness opinion dated January 7, 2019 submitted by M/s. JM Financial Limited, an Independent SEBI Registered merchant banker.

6. Brief details of change in shareholding pattern of listed entity





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Upon the Scheme becoming effective, the Transferee Company will issue equity shares as mentioned in point (5) above to the equity shareholders of the Transferor Company as on the record date and all the equity shares of the Transferor Company shall stand extinguished.

The Board Meeting started at 3:30 p.m. and concluded at 5:05 p.m.

Request you to take the same on record.

Yours faithfully,
For **GRUH FINANCE LIMITED**

MARCUS LOBO
COMPANY SECRETARY
FCS: 4256