

## 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  
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CIN : L65923GJ1986PLC008809



### NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIRST ANNUAL GENERAL MEETING OF THE MEMBERS OF GRUH FINANCE LIMITED WILL BE HELD AT 10.30 A.M., ON THURSDAY, THE 15<sup>th</sup> DAY OF JUNE, 2017 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, 2017 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. Kamlesh Shah, (DIN 03092230), 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 consider and approve appointment of Auditors and to fix their remuneration and in this regards, pass with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142, 143(8) and other applicable provisions, if any, of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and other applicable provisions if any, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm Registration No. 117366W/W-100018), be and are hereby appointed as Statutory Auditors of the Company in place of M/s. Sorab S. Engineer & Co., Chartered Accountants, (Firm Registration No. 110417W) the retiring Auditors, on completion of their term under Section 139(2) of the Companies Act, 2013 and to hold office for the term of five years, from the conclusion of 31<sup>st</sup> Annual General Meeting till the conclusion of 36<sup>th</sup> Annual General Meeting of the Company to be held in the year 2022 (subject to ratification of the appointment by the Members at every subsequent Annual General Meeting or as may be prescribed), at such remuneration to be decided by the Board of Directors in consultation with the said Auditors plus applicable service taxes and re-imbursment of travelling and out of pocket expenses incurred by them for the purpose of audit."

#### SPECIAL BUSINESS

5. Appointment of Mr. Pankaj Ramanbhai Patel (DIN 00131852) 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, Mr. Pankaj Ramanbhai Patel (DIN 00131852), who was appointed as Additional Director with effect from March 16, 2017 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 his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to March 15, 2022."

"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. Pankaj Patel 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. Appointment of Mr. Rajesh Narain Gupta (DIN 00229040) 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, Mr. Rajesh Narain Gupta (DIN 00229040), who was appointed as Additional Director with effect from April 17, 2017 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 his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to April 16, 2022."

"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. Rajesh Narain Gupta 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. Re-appointment of Mr. Prafull Anubhai (DIN 00040837) 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. Prafull Anubhai (DIN 00040837), who was appointed as Additional Director w.e.f. April 1, 2017 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 for a second term 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, be and is hereby re-appointed as an Independent Director of the Company with effect from April 1, 2017 for a period of two years upto March 31, 2019, 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. Prafull Anubhai 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."

8. Re-appointment of Mr. S.G. Mankad (DIN 00086077) 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. S.G. Mankad (DIN 00086077), who was appointed as Additional Director w.e.f. April 1, 2017 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 for a second term 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, be and is hereby re-appointed as an Independent Director of the Company with effect from April 1, 2017 for a period of five years upto March 31, 2022 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. S.G. Mankad 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."

9. Re-appointment of Mr. Sudhin Choksey (DIN 00036085) as a Whole time Director, designated as a Managing 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 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to the reappointment of Mr. Sudhin Choksey (DIN 00036085) as a Whole time Director, designated as a Managing Director of the Company for a period of three years with effect from April 1, 2017 upto March 31, 2020, upon terms and conditions including remuneration as set out in the draft agreement to be entered into by the Company with Mr. Sudhin Choksey and placed before this meeting, duly initialed by the Chairman for the purpose of identification and which draft is hereby specifically approved."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'board') be and is hereby authorized to vary and/or modify the terms and conditions of the Agreement that may be entered as set out in the said draft agreement including remuneration payable to Mr. Sudhin Choksey in such manner as may be agreed between the board and Mr. Sudhin Choksey and within the limits as prescribed in Schedule V of the Companies Act, 2013 including any amendment, modification, variation or re-enactment thereof."

"RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the term of office of Mr. Sudhin Choksey, the remuneration mentioned in the above referred draft agreement shall be paid to Mr. Sudhin Choksey as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013."

"RESOLVED FURTHER THAT any revision in the remuneration payable to Mr. Sudhin Choksey shall be within the overall limits as approved by the members in terms of this resolution and as recommended by the Nomination and Remuneration Committee to the board for its approval, from time to time."

"RESOLVED FURTHER THAT the board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any committee of directors to give effect to the aforesaid resolution."

10. Re-appointment of Mr. Kamlesh Shah (DIN 03092230) as a Whole time Director, designated as a Executive 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 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to the re-appointment of Mr. Kamlesh Shah (DIN 03092230) as a Whole time Director, designated as an Executive Director of the Company for a period of three years with effect from April 1, 2017 upto March 31, 2020, upon terms and conditions including remuneration as set out in the draft agreement to be entered into by the Company with Mr. Kamlesh Shah and placed before this meeting, duly initialed by the Chairman for the purpose of identification and which draft is hereby specifically approved."

"RESOLVED FURTHER THAT the Board of Directors of the Company (hereinafter referred to as 'board') be and is hereby authorized to vary and/or modify the terms and conditions of the Agreement that may be entered as set out in the said draft agreement including remuneration payable to Mr. Kamlesh Shah in such manner as may be agreed between the board and Mr. Kamlesh Shah and within the limits as prescribed in Schedule V of the Companies Act, 2013 including any amendment, modification, variation or re-enactment thereof."

"RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of the profits of the Company in any financial year, during the term of office of Mr. Kamlesh Shah, the remuneration mentioned in the above referred draft agreement shall be paid to Mr. Kamlesh Shah as minimum remuneration and the same shall be subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013."

“RESOLVED FURTHER THAT any revision in the remuneration payable to Mr. Kamlesh Shah shall be within the overall limits as approved by the members in terms of this resolution and as recommended by the Nomination and Remuneration Committee to the board for its approval, from time to time.”

“RESOLVED FURTHER THAT the board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any committee of directors to give effect to the aforesaid resolution.”

11. 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 Debt 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 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 31<sup>st</sup> 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 ₹ 15,000 crores as approved by the members at the 30<sup>th</sup> 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.

“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 17, 2017

**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 11 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, June 7, 2017 to Thursday, June 15, 2017, (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 June 15, 2017.

(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 2009-10 is due for transfer to the said Fund in August 2017.

(G) Members who have neither received nor encashed their dividend warrant(s) for the financial years 2009-10 upto 2015-16, 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 2016-17 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 2016-17 of the Company is also available on the Company's website at [www.gruh.com](http://www.gruh.com) and also on the website of the respective Stock Exchanges at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://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 members facility to exercise their right to vote on resolutions proposed to be considered at the 31<sup>st</sup> 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 June 12, 2017 (9:00 am) and ends on June 14, 2017 (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 June 8, 2017, 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 process and manner for remote e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :

- (i) Open email and open PDF file viz; "GRUH remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
- (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsd.com/>
- (iii) Click on Shareholders - Login
- (iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
- (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "GRUH FINANCE LIMITED".
- (viii) Now you are ready for remote e-voting as Cast Vote page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who is / are authorized to vote, to the Scrutinizer through e-mail to [gruhscrutinizer@gmail.com](mailto:gruhscrutinizer@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) by quoting the Client ID or Folio No.

- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :

- (i) Initial password is provided as below/at the bottom of the Attendance Slip for the 31<sup>st</sup> AGM :  
EVEN (Remote e-voting Event Number)  
USER ID                      PASSWORD/PIN

- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.
- VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.
- VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- IX. 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 June 8, 2017.
- X. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. June 8, 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [investorcare@gruh.com](mailto: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](http://www.evoting.nsdl.com) or contact NSDL at the following toll free no.: 1800-222-990.
- XI. 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.
- XII. 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.
- XIII. 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.
- XIV. 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.
- XV. 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.
- XVI. The Results declared alongwith the report of the Scrutinizer shall be placed on the website of the Company [www.gruh.com](http://www.gruh.com) and on the website of NSDL immediately after the declaration of

result 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.

## 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 11 of the Notice.

#### Item No. 5

Mr. Pankaj Patel, age 64 years, was appointed as Additional Director of the Company in the category of Non-Executive Independent Director w.e.f March 16, 2017.

Mr. Pankaj Patel, M. Pharm and Pharmaceutical Technology spearheads ZydusCadila Group of Companies, one of India's leading pharmaceutical groups and a global healthcare company with operations in more than 50 countries worldwide. ZydusCadila is the only Indian Pharma company to launch its own patented NCE – Lipaglyn, the world's first drug to be approved for the treatment of diabetic dyslipidemia. The ZydusCadila group was one amongst the top five companies worldwide at the FT Arcelor Mittal Boldness in Business Awards 2014 in the Developing Markets category. Mr. Patel is also actively involved in various educational institutions and is on the advisory committees and academic councils of several educational institutions. Mr. Patel is the Chairperson of the Board of Governors of the Indian Institute of Science Education and Research, IISER, Kolkata. He is a Member of the Board of Governors of Indian Institute of Management, 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. He is also currently a member of the Governing Board of the Ahmedabad University and Chairman of School of Life Sciences, Ahmedabad University. He is also a Member of the Board of Management of the Narsee Monjee Institute of Management Studies and a Member on the Governing Board of Gujarat Law Society and Nirma University. Mr. Patel is the Chairman of the Federation of Indian Chamber of Commerce & Industry (FICCI) for 2017 and he is Executive Chairman, Vice President and Trustee of the Gujarat Cancer Society and Chairman of the Gujarat Cancer and Research Institute. He is a member of the Nomination and Remuneration Committee and a member of the Corporate Social Responsibility of GRUH.

Mr. Pankaj Patel does not hold any equity share of the Company. Mr. Pankaj Patel is not related to any other directors of the Company.

Mr. Pankaj Patel was appointed as an Additional Independent Director w.e.f March 16, 2017. His 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 March 15, 2022. Since he was appointed a director w.e.f March 16, 2017, no board meeting was attended by him during 2016-17. A notice has been received from a member proposing Mr. Pankaj Patel as a candidate for the office of Director of the Company as Independent Director.

In the opinion of the Board, Mr. Pankaj Patel 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. Pankaj Patel 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 association would be of immense benefit to the Company and it is desirable to avail services of Mr. Pankaj Patel as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Pankaj Patel as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Pankaj Patel, being an appointee, none of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives 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. Rajesh Narain Gupta, age 52 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on April 17, 2017 as an Additional Independent director.

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 of 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' 2016. He is a director on the board of Orbis Financial Corporation Ltd., Merveille Advisory Services Private Limited, Warmond Trustees & Executors Pvt. Ltd., etc. He is on the Board of GRUH since April 17, 2017. He is a member of the Audit Committee of GRUH.

Mr. Rajesh Gupta does not hold any share of the Company. Mr. Rajesh Gupta is not related to any other directors of the Company.

Mr. Rajesh Gupta was appointed as an Additional Independent Director w.e.f. April 17, 2017 for a period of five consecutive years i.e. upto April 16, 2022. As he was appointed a director w.e.f. April 17, 2017, no board meeting was attended by him during 2016-17. A notice has been received from a member proposing Mr. Rajesh Gupta as a candidate for the office of Director of the Company as Independent Director.

In the opinion of the Board, Mr. Rajesh Gupta, 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. Rajesh Gupta 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 avail services of Mr. Rajesh Gupta as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Rajesh Gupta 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. Rajesh Gupta 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**

Mr. Prafull Anubhai, age 79 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on March 17, 1987. Under the provisions of the Companies Act 2013, Mr. Prafull Anubhai was appointed as an Independent Director for a fixed term of three years from April 1, 2014 upto March 31, 2017. Mr. Prafull Anubhai, completed his term on March 31, 2017. 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. Prafull Anubhai as Independent Director for a second term w.e.f. April 1, 2017 for a period of two years upto March 31, 2019.

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 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., Birla Sun Life Trustee Co. Pvt. Ltd, Botil Oil Tools (India) Pvt. Ltd., etc. He has been on the board of GRUH since 1987. He is Chairman of the Stakeholders Relationship Committee and the Corporate Social Responsibility (CSR) Committee and a member of the Audit Committee of GRUH. Mr. Prafull Anubhai holds 1,48,000 equity shares of the Company. Mr. Prafull Anubhai is not related to any other directors of the Company.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Prafull Anubhai being eligible for appointment, is proposed to be appointed as an Independent Director for two consecutive years for a term upto 31st March, 2019. A notice has been received from a member proposing Mr. Prafull Anubhai as a candidate for the office of Director of the Company. He has attended six board meetings during the financial year 2016-17.

In the opinion of the Board, Mr. Prafull Anubhai 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. Prafull Anubhai 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. Prafull Anubhai as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Prafull Anubhai 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. Prafull Anubhai 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**

Mr. S. G. Mankad, age 69 years, is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on January 14, 2010. Under the provisions of the Companies Act 2013, Mr. S. G. Mankad was appointed as an independent director for a fixed term of three years from April 1, 2014 upto March 31, 2017. Mr S. G. Mankad, completed his term on March 31, 2017. 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. S. G. Mankad as Independent Director for a second term w.e.f. April 1, 2017 for a period of five years upto March 31, 2022.

Mr. S.G. Mankad, IAS (retd), holds Masters degree in History from University of Delhi. He has served in various capacities both in Government of India and the State of Gujarat. His last assignment was as Chief Secretary, Govt. of Gujarat. He has served as a Director/Chairman on Board of several cement, power, fertilizer and finance companies. 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, National Securities Depository Limited and Mahindra Intrade Ltd. He is on the Board of GRUH since 2010. He is a member of Stakeholders Relationship Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility (CSR) Committee of GRUH. Mr. S.G. Mankad holds 1,30,000 equity shares of the Company. Mr. S.G. Mankad is not related to any other directors of the Company.

In terms of section 149 and other applicable provisions of the Companies Act, 2013, Mr. S. G. Mankad being eligible for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto March 31, 2022. A notice has been received from a member proposing Mr. S. G. Mankad as a candidate for the office of Director of the Company. He has attended six board meetings during the financial year 2016-17.

In the opinion of the Board, Mr. S. G. Mankad 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. S. G. Mankad 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. S.G. Mankad as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. S.G. Mankad 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. S. G. Mankad are concerned or interested, financial or otherwise, in the resolution set out at Item No.8. This Explanatory Statement may also be regarded as a disclosure under SEBI (LODR) Regulations, 2015.

#### **Item No. 9**

Mr. Sudhin Choksey, age 63 years, 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 3, 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 Stakeholders Relationship Committee and the Corporate Social Responsibility (CSR) Committee of GRUH. He has attended six board meetings during the financial year 2016-17. He holds 4,41,352 equity shares of the Company. Mr. Sudhin Choksey is not related to any other directors of the Company.

The members of the Company had, vide their resolution passed at the 28<sup>th</sup> Annual General Meeting (AGM) of the Company held on May 28, 2014 re-appointed Mr. Sudhin Choksey as Managing Director of the Company for a period of three years with effect from April 1, 2014 upto March 31, 2017.

The term of office of Mr. Sudhin Choksey as Managing Director was upto March 31, 2017. The Board of Directors at its meeting held on March 16, 2017 re-appointed Mr. Sudhin Choksey as the Managing Director of the Company for a period of three years from April 1, 2017 upto March 31, 2020, subject to the approval of the members in the ensuing annual general meeting. Further, the Board of Directors at its meeting held on April 17, 2017 approved the terms of remuneration of Mr. Sudhin Choksey as the Managing Director. The re-appointment has been recommended by the Nomination and Remuneration Committee in its meeting held on March 16, 2017 and the terms of remuneration have been recommended by the said Committee in its meeting held on April 17, 2017.

The main terms and conditions of re-appointment including remuneration of Mr. Sudhin Choksey as the Managing Director as set out in the draft agreement, subject to the limits prescribed in Part II of Schedule V of the Companies Act, 2013, placed before the Meeting are as follows:

- I. Salary: Monthly salary within the range of ₹ 5,00,000/- to ₹ 15,00,000/- as may be decided by the Board of Directors or Nomination and Remuneration Committee from time to time.
- II. Perquisites: Perquisites including allowances in such form and to such extent as may be decided by the Board of Directors or the Nomination and Remuneration Committee subject to a ceiling of annual salary.
- III. Ex-Gratia: As may be decided by the Board of Directors or Nomination and Remuneration Committee subject to the ceiling of twice the annual salary.
- IV. Other Benefits: Other benefits to the Mr. Sudhin Choksey shall include use of car (with driver) and telephone for the Company's business at residence (the expenses whereof, excepting car for private use and personal long distance calls, would be borne and paid by the Company), contribution to Provident Fund and Superannuation Fund as may be decided by the Board of Directors or Nomination and Remuneration Committee, and all other

benefits as are applicable to senior employees of the Company (including but not limited to gratuity, leave entitlement, encashment of leave, entitlement to housing and other loans in accordance with schemes of the Company).

- V. **Minimum Remuneration:** In the event of any loss, absence or inadequacy of profits of the Company in any financial year during the term of office of Mr. Sudhin Choksey, the remuneration as above shall be paid to him as minimum remuneration subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013.

In accordance with the resolution, within the aforesaid limits, the amount of salary, ex-gratia and perquisites payable to Mr. Sudhin Choksey (including the types and amount of each type of perquisite) will be decided by the Board of Directors or Nomination and Remuneration Committee from time to time as it may deem fit in its absolute discretion. Further, Mr. Sudhin Choksey shall be entitled to benefits as provided to senior employees, in accordance with schemes made by the Company from time to time. The valuation of perquisites will be as per the Income - Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

- VI. **Other Terms:** Apart from the above terms & conditions governing remuneration, the terms of appointment provide for the term of office, the reimbursement of expenses incurred for the business of the Company, provision for earlier determination of the appointment by either party by giving six months' notice in writing etc. The agreement also provides for variation in the terms of appointment / agreement in accordance with the Companies Act, 2013, in force from time to time. The term of office of Mr. Sudhin Choksey shall not be liable to determination of retirement of directors by rotation.

Your directors commend passing of the resolution proposed at Item No. 9.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives except Mr. Sudhin Choksey are concerned or interested, financial or otherwise, in the resolution set out at Item No.9. Mr. Sudhin Choksey is not related to any other directors of the Company. This Explanatory Statement may also be regarded as a disclosure under SEBI (LODR) Regulations, 2015.

#### **Item No. 10**

Mr. Kamlesh Shah, age 61 years, the Executive Director of GRUH, is a Fellow member of the Institute of Chartered Accountants of India. He is associated with GRUH since 1990. He has the working experience of handling functional areas of operations, finance, human resources and administration. He has been on the Board of GRUH since April 16, 2010. He holds 3,37,346 shares of the Company. Mr. Kamlesh Shah is not related to any other directors of the Company. He has attended six board meetings during the financial year 2016-17.

The members of the Company at the 29<sup>th</sup> Annual General Meeting (AGM) of the Company held on June 26, 2015 had re-appointed Mr. Kamlesh Shah as a whole time director designated as an Executive Director of the Company for a period from April 16, 2015 upto March 31, 2017.

The term of office of Mr. Kamlesh Shah as Executive Director was upto March 31, 2017. The Board of Directors at its meeting held on March 16, 2017 re-appointed Mr. Kamlesh Shah as the Executive Director of the Company for a period of three years from April 1, 2017 upto March 31, 2020, subject to the approval of the members

in the ensuing annual general meeting. Further, the Board of Directors at its meeting held on April 17, 2017 approved the terms of remuneration of Mr. Kamlesh Shah as the Executive Director. The re-appointment has been recommended by the Nomination and Remuneration Committee in its meeting held on March 16, 2017 and the terms of remuneration have been recommended by the said Committee in its meeting held on April 17, 2017.

The main terms and conditions of re-appointment including remuneration of Mr. Kamlesh Shah as the Executive Director as set out in the draft agreement, subject to the limits prescribed in Part II of Schedule V of the Companies Act, 2013, placed before the Meeting are as follows:

- I. **Salary:** Monthly salary within the range of ₹ 2,50,000/- to ₹ 7,00,000/- as may be decided by the Board of Directors or Nomination and Remuneration Committee from time to time.
- II. **Perquisites:** Perquisites including allowances in such form and to such extent as may be decided by the Board of Directors or the Nomination and Remuneration Committee subject to a ceiling of 60% of the annual salary.
- III. **Ex-Gratia:** As may be decided by the Board of Directors or Nomination and Remuneration Committee subject to the ceiling of twice the annual salary.
- IV. **Other Benefits:** Other benefits to Mr. Kamlesh Shah shall include use of car (with driver) and telephone for the Company's business at residence (the expenses whereof, excepting car for private use and personal long distance calls, would be borne and paid by the Company), contribution to Provident Fund and Superannuation Fund as may be decided by the Board of Directors or Nomination and Remuneration Committee, and all other benefits as are applicable to senior employees of the Company (including but not limited to gratuity, leave entitlement, encashment of leave, entitlement to housing and other loans in accordance with schemes of the Company).
- V. **Minimum Remuneration:** In the event of any loss, absence or inadequacy of profits of the Company in any financial year during the term of office of Mr. Kamlesh Shah, the remuneration as above shall be paid to him as minimum remuneration subject to the limits as set out in Section II of Part II of Schedule V of the Companies Act, 2013.

In accordance with the resolution, within the aforesaid limits, the amount of salary, ex-gratia and perquisites payable to Mr. Kamlesh Shah (including the types and amount of each type of perquisite) will be decided by the Board of Directors or Nomination and Remuneration Committee from time to time as it may deem fit in its absolute discretion. Further, Mr. Kamlesh Shah shall be entitled to benefits as provided to senior employees, in accordance with schemes made by the Company from time to time. The valuation of perquisites will be as per the Income - Tax Rules, 1962, in cases where the same is otherwise not possible to be valued.

- VI. **Other Terms:** Apart from the above terms & conditions governing remuneration, the terms of appointment provide for the term of office, the reimbursement of expenses incurred for the business of the Company, provision for earlier determination of the appointment by either party by giving six months' notice in writing etc. The agreement also provides for variation in the terms of appointment / agreement in accordance with the Companies Act, 2013, in force from time to time.



Your directors commend passing of the resolution proposed at Item No. 10 of the accompanying notice.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives except Mr. Kamlesh Shah is concerned or interested, financial or otherwise, in the resolution set out at Item No. 10. Mr. Kamlesh Shah is not related to any other directors of the Company. This Explanatory Statement may also be regarded as a disclosure under SEBI (LODR) Regulations, 2015.

#### Item No 11

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 30<sup>th</sup> AGM held on June 22, 2016, the members had approved borrowing by way of NCDs upto an amount not exceeding of ₹ 3,500 crores and unsecured redeemable subordinated debt upto an amount

of ₹ 115 crores, both aggregating to ₹ 3,615 crores, on a private placement basis. GRUH has during the year 2016-17, raised NCDs aggregating to ₹ 1,940 crores, through private placement.

As at March 31, 2017, the total borrowings of the Company of ₹ 12,018.15 crores, are inclusive of Non-Convertible Debentures of ₹ 2,387 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 30<sup>th</sup> 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.

Accordingly the approval of the members is being sought by way of special resolution as set out at Item No.11 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 tranches.

Your Directors recommend the passing of the special resolution proposed at Item No.11 of the Notice.

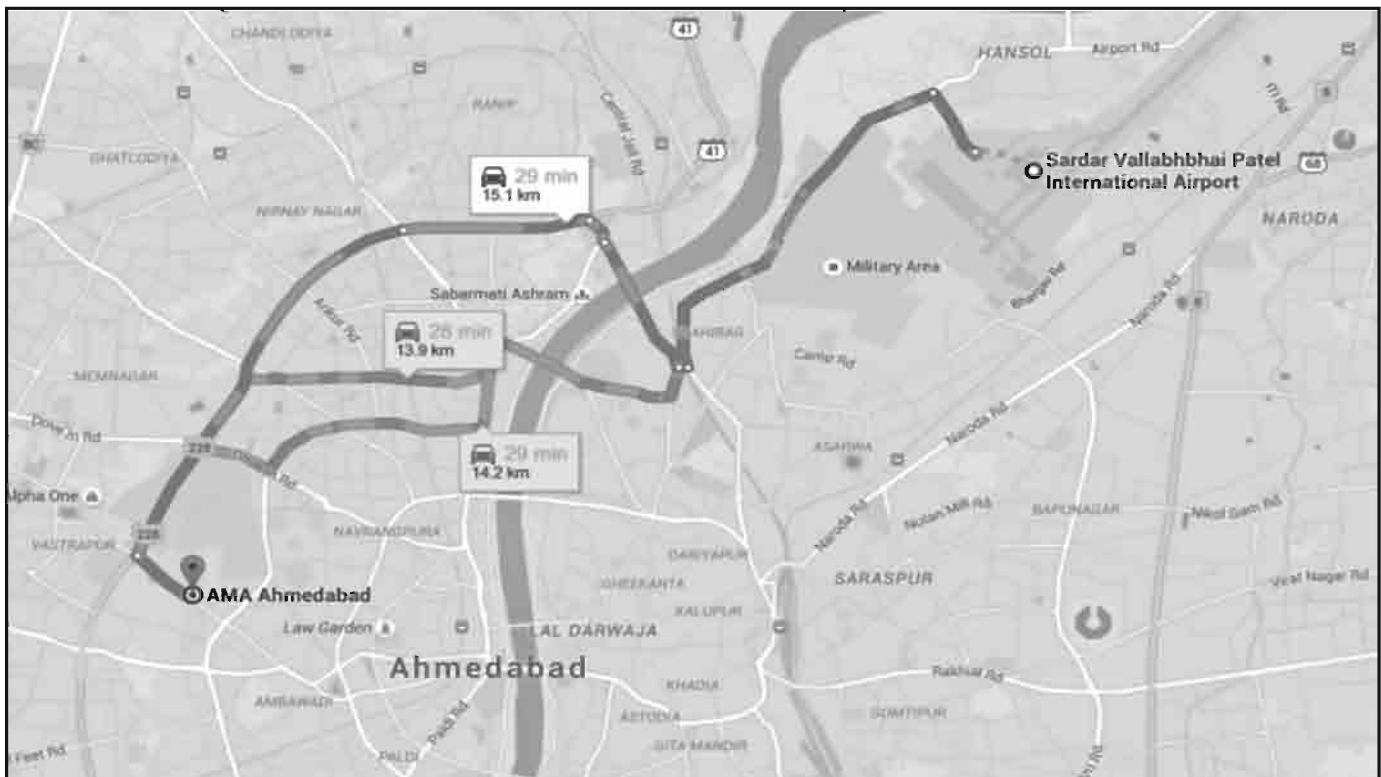
None of the directors or Key Managerial Personnel (KMP) of the company or their relatives, are in any way, financially or otherwise, concerned or interested in the said resolution.

By Order of the Board

Mumbai  
April 17, 2017

Marcus Lobo  
Company Secretary  
FCS : 4256

Route Map to the AGM Venue



Details of Directors seeking appointment/ re-appointment at the Annual General Meeting scheduled to be held on June 15, 2017 (Pursuant, *inter alia*, to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements), Regulations 2015 and other requirements:

Name of the Director	Mr. Pankaj Patel	Mr. Rajesh Narain Gupta	Mr. Prafull Anubhai	Mr. S. G. Mankad	Mr. Kamlesh Shah	Mr. Sudhin Choksey
DIN	00131852	00229040	00040837	00086077	03092230	00036085
Age	64 years	52 years	79 years	69 years	61 years	63 years
Qualification	M. Pharm in Pharmaceutical Technology	Bachelor of Laws degree from M.D. University	B.Sc. (Econ.) from London School of Economics	Masters in History from University of Delhi	Chartered Accountant	Chartered Accountant
Expertise in specific functional area	Functional areas of research, healthcare, education, management, etc	Legal expertise including Banking Laws and Practices, Commercial Laws, Real Estate, etc.	Corporate Advisor & areas of education, management, etc.	Served in various capacities both in Govt. of India and the State of Gujarat. Last assignment was as Chief Secretary, Govt. of Gujarat.	Functional areas of operations, finance, human resources and administration	Functional areas of finance, commercial and general management both in India and abroad
Relationship with Directors and Key Managerial Personnel	None	None	None	None	None	None
No. of equity shares held	Nil	Nil	1,48,000	1,30,000	3,37,346	4,41,352
Terms and conditions of appointment / re-appointment	The terms and conditions of appointment / re-appointment are forming part of the explanatory statement to the notice.					
Remuneration to be paid	Sitting fees for attending the Directors' meetings and Commission	Sitting fees for attending the Directors' meetings and Commission	Sitting fees for attending the Directors' meetings and Commission	Sitting fees for attending the Directors' meetings and Commission	Please refer explanatory statement to the notice	Please refer explanatory statement to the notice
Directorship of other listed companies as of date	Cadila Healthcare Ltd. Bayer Croscience Ltd Torrent Power Ltd.	Nil	Unichem Laboratories Ltd. Vardhman Textiles Ltd. Vardhman Special Steels Ltd.	Swaraj Engines Ltd Navin Fluorine International Ltd. Deepak Nitrite Ltd.	Nil	Gujarat Ambuja Exports Ltd Deepak Nitrite Ltd
Chairmanship/ Membership of the Committee of other companies as of date						
a) Audit Committee	-	-	Unichem Laboratories Ltd. Vardhman Textiles Ltd. Vardhman Special Steels Ltd.	Deepak Nitrite Ltd	-	Gujarat Ambuja Exports Ltd Deepak Nitrite Ltd
b) Stakeholders' Relationship Committee	Cadila Healthcare Ltd. Torrent Power Ltd.	-	Unichem Laboratories Ltd	-	-	-
c) Nomination and Remuneration Committee	-	-	Vardhman Special Steels Ltd.	Swaraj Engines Ltd Deepak Nitrite Ltd	-	Deepak Nitrite Ltd
d) Corporate Social Responsibility Committee	-	-	Unichem Laboratories Ltd	Swaraj Engines Ltd Navin Fluorine International Ltd. Deepak Nitrite Ltd.	-	-

**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

**PROXY FORM**

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

Registered Address: .....

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

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

I/We, being the member (s) of ..... shares of the 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 31<sup>st</sup> Annual General Meeting of the Company, to be held on Thursday, June 15, 2017 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:

I wish my above Proxy to vote in the manner as indicated in the box below:

Sr. No.	Resolutions	Optional*	
		For	Against
1	Adoption of the Audited Financial Statement and Reports of the Board of Directors and the Auditors thereon for the year ended March 31, 2017.		
2	Declaration of Dividend on Equity Shares		
3	Appointment of Mr. Kamlesh Shah, (DIN 03092230), who retires by rotation and being eligible, offers himself for re-appointment.		
4	Appointment of M/s. Deloitte Haskins & Sells LLP, (Firm Registration No. 117366W/W-100018) as Auditors and fixing their remuneration.		
5	Appointment of Mr. Pankaj Ramanbhai Patel (DIN 00131852) as an Independent Director of the Company		
6	Appointment of Mr. Rajesh Narain Gupta (DIN 00229040) as an Independent Director of the Company		
7	Special Resolution for Re-appointment of Mr. Prafull Anubhai (DIN 00040837) as an Independent Director of the Company		
8	Special Resolution for Re-appointment of Mr. S.G. Mankad (DIN 00086077) as an Independent Director of the Company		
9	Re-appointment of Mr. Sudhin Choksey (DIN 00036085) as a Whole time Director, designated as a Managing Director of the Company		
10	Re-appointment of Mr. Kamlesh Shah (DIN 03092230) as a Whole time Director, designated as a Executive Director of the Company		
11	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 \_\_\_\_\_ 2017.



Signature of Shareholder: \_\_\_\_\_

(Affix Revenue Stamp)

**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 31<sup>st</sup> Annual General Meeting.  
 It is optional to put a "V" in the appropriate column against the Resolutions indicated in the box. If you leave the "For" or "Against" column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/ she thinks appropriate.





**RESILIENCE**  
The strength to look up and see the light

*Seeking the Light. Following the sun  
Resilience with each new day begun*



**R**ecapture for a moment an image of the beautiful sunflower (Surajmukhi). It is a hardy species dating as far back as 1000 BC. It symbolizes longevity and unfailing energy because it is blessed with the unique quality of 'phototropism' – the natural attraction to follow the sun.

This metaphorical association is especially relevant for us this year when the housing and housing finance industry has experienced many ups and downs. At GRUH we tell ourselves that challenges are not new. We have in the past faced and weathered challenges like market stagnation and recession; floods and earthquakes; unexpected policy changes and aggressive competitive pressures. So we take stock and remind our teams that this is the time to dig our feet into the ground realities.

A time to accept finite disappointment but never lose infinite hope. The future is full of promise and the many facets of R E S I L I E N C E are sequenced through the animated alphabets across the pages of this year's report.

Like the sunflower our teams have woken up each morning with renewed vigor. This resolve is beautifully expressed by the well known poet Khalil Gibran who said in his poem: 'Song of the flower':

*I am a kind word uttered and repeated by the voice of Nature...  
At dawn I unite with the breeze to announce the coming of light  
At eventide I join the birds in bidding the light farewell  
I look up high to see only the light and never look down to see my shadow  
This is wisdom which man must learn*

## HIGHLIGHTS

(₹ in crores)

Financial Highlights	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Loan Disbursements	4,125	3,857	3,121	2,577	2,174	1,487	1,211	780	655	632
Net Interest Margin	526	421	344	271	218	179	143	115	85	74
Fees & Other Income	41	47	39	31	26	19	15	13	8	7
Operating Cost	90	82	64	56	46	39	31	25	21	18
Operating Profit	477	386	318	246	197	159	127	103	72	63
Provisions & Write Offs (Net)	32	22	17	2	1	(4)	1	8	3	4
Profit Before Tax	442	362	301	244	197	163	126	94	70	59
Profit After Tax	297 <sup>1</sup>	244 <sup>1</sup>	204 <sup>1</sup>	177	146	120	92	69	50	42
Stockholders' Equity	1,113	835	711	607	491	386	318	265	221	190
Borrowed Funds	12,018	10,244	8,216	6,447	4,915	3,833	2,966	2,323	2,245	1,773
Loan Assets	13,244	11,115	8,926	7,020	5,447	4,077	3,176	2,453	2,091	1,773

### Key Financial Ratios

Capital Adequacy Ratio (%)	18.32	17.82	15.36	16.36	14.56	13.95	13.32	16.55	16.21	18.15
Debt Equity Ratio (times)	11	12	12	11	10	10	9	9	10	9
Loans to Total Assets (%)	97	97	97	97	97	94	94	92	83	88
Gross NPAs to Loan Assets (%)	0.31	0.32	0.28	0.27	0.32	0.52	0.82	1.11	0.94	1.12
Net NPAs to Loan Assets (%)	0	0.09	0	0	0.05	0	0	0	0	0
Net Interest Margin to Average Assets (%)	4.20	4.08	4.18	4.21	4.38	4.64	4.73	4.42	3.73	4.18
Non-Interest Expenses to Average Assets (%)	0.72	0.79	0.78	0.87	0.93	1.00	1.02	0.97	0.91	1.01
Cost to Income Ratio (%)	16	17	17	18	19	20	20	20	22	22
PAT to Average Assets (%)	2.37	2.36	2.48	2.76	2.94	3.12	3.02	2.65	2.21	2.39
Return on Average Network (%)	30	31	31	32	33	34	31	28	24	24

### Measuring Shareholders' Wealth

Earnings Per Share (₹) <sup>3</sup>	8.15	6.70	5.57	4.93	4.11	3.41	2.62	1.99	1.45	1.22
Dividend Rate (%)	140 <sup>3</sup>	115 <sup>3</sup>	100 <sup>3</sup>	150	125	115	110 <sup>2</sup>	65	48	40
Dividend Payout Ratio (%)	41	41	43	36	36	39	49	38	39	38
Book Value Per Share as at March 31 (₹) <sup>3</sup>	30.59	22.97	19.64	16.92	13.82	10.94	9.10	7.62	6.37	5.49
Market Price Per Share as at March 31 (₹) <sup>3</sup>	395.90	239.25	244.00	147.65	105.15	63.70	36.02	21.78	9.37	15.44
Price to Value Ratio (times)	13	10	12	9	8	6	4	3	1	3
Price to Earnings Ratio (times)	49	36	44	30	26	19	14	11	6	13
Market Capitalisation (in crores)	14,433	8,701	8,867	5,319	3,753	2,249	1,266	756	325	535

1 Profit After Tax is arrived after providing Deferred Tax Liability of ₹ 29.07 crores for FY 16-17, ₹ 24.17 crores for FY 15-16 and ₹ 19.33 crores for FY 14-15 on Special 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 (HDFC). 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 Pharmaceuticals 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.



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 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., Birla Sun Life Trustee Co. Pvt. Ltd., etc. He has been on the board of GRUH since 1987. He is Chairman of the Stakeholders Relationship Committee and the Corporate Social Responsibility (CSR) Committee and a member of the Audit 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. 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 is responsible for the lending operations of HDFC. She is a director in companies like HDFC Bank Ltd., HDFC Asset Management Company Ltd., HDFC Standard Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, Indraprastha Medical Corporation Limited, EIH Ltd., Bosch Ltd., HIREF International Fund Pte Ltd., HIREF International Fund II Pte Ltd., etc. She has been on the board of GRUH since 2000. 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 Jammalal 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, 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. S. G. Mankad  
(DIN : 00086077)

**Mr. S.G. Mankad**, IAS (retd), holds Masters in History from University of Delhi. He has served in various capacities both in Government of India and the State of Gujarat. His last assignment was as Chief Secretary, Govt. of Gujarat. He has served as a Director/Chairman on Board of several cement, power, fertilizer and finance companies. 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, National Securities Depository Limited and Mahindra Intrade Ltd. He is on the Board of GRUH since 2010. He is Chairman of the Nomination and Remuneration Committee and a member of Stakeholders Relationship Committee and the Corporate Social Responsibility (CSR) Committee of GRUH.



## BOARD OF DIRECTORS AND THEIR BRIEF PROFILE



**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 director on the board of Edelweiss Financial Services Ltd. and HDFC Credila Financial Services Pvt. Ltd., Ujjivan Small Finance Bank and Indian Institute of Insolvency Professionals of ICAI (IIPI). 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.



**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. He is the President of the Federation of Indian Chamber of Commerce & Industry (FICCI) for 2017 and 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. 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 advise on implementation of 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' 2016. He is a director on the board of Orbis Financial Corporation Ltd., Merville Advisory Services Private Limited, Warmond Trustees & Executors Pvt. Ltd., etc. He is on the Board of GRUH since April 2017. He is a member of the Audit 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.



**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 Stakeholders Relationship Committee and the Corporate Social Responsibility (CSR) Committee of GRUH.

## SENIOR MANAGEMENT TEAM

Suresh Iyer	Amit Chokshi
Manish Gandhi	Harish Sharma
Narendra Rao	Avinash Srivastava
Jayesh Gangwani	Dharmesh Bhavsar
Ajay Kumar	Venu Menon
Umesh Agrawal	Rupali Shelar
Rakesh Hardiya	Subramanian K.
Rakesh Choudhary	Saikat Mukherjee

**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

Email : [investorcare@gruh.com](mailto:investorcare@gruh.com)

Website : [www.gruh.com](http://www.gruh.com)

Toll Free :

Loans : 1800 233 5300

Deposits : 1800 233 7923

## AUDITORS

M/s SORAB S. ENGINEER & Co.,  
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. \* 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

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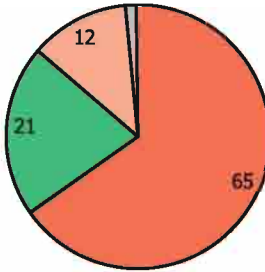
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PROFILE OF GRUH'S CUSTOMERS

CUMULATIVE AS ON MARCH 31, 2017

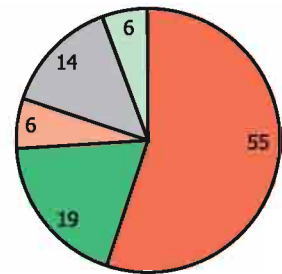
Properties Financed - Loan to Value Ratio (LTV) wise Distribution

LTV in %	No.	%	
Up to 75	2,42,701	65	■
76 to 80	79,004	21	■
81 to 85	45,032	12	■
> 85	6,030	2	■
	<b>3,72,767</b>	<b>100</b>	



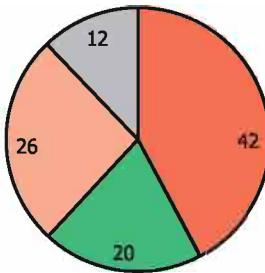
Properties Financed - Location wise Distribution

Population at Location	No.	%	
Up to 50,000	2,03,235	55	■
> 50,000 to 2,00,000	70,204	19	■
> 2,00,000 to 5,00,000	21,858	6	■
> 5,00,000 to 25,00,000	53,159	14	■
> 25,00,000	24,311	6	■
	<b>3,72,767</b>	<b>100</b>	



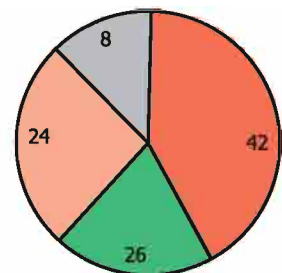
Properties Financed - Loan Amount Wise Distribution

Loan Amount (₹)	No.	%	
Up to 3,00,000	1,56,467	42	■
> 3,00,000 to 5,00,000	75,506	20	■
> 5,00,000 to 10,00,000	95,484	26	■
> 10,00,000	45,310	12	■
	<b>3,72,767</b>	<b>100</b>	



Property Financed - Family Income Wise Distribution

Family Income (₹)	No.	%	
Up to 15,000	1,57,560	42	■
> 15,000 to 25,000	97,549	26	■
> 25,000 to 50,000	87,188	24	■
> 50,000	30,470	8	■
	<b>3,72,767</b>	<b>100</b>	

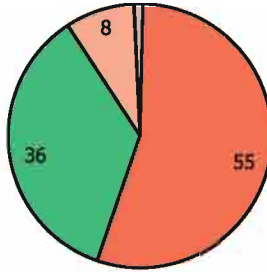


## PROFILE OF GRUH'S CUSTOMERS

### FOR THE YEAR 2016-17

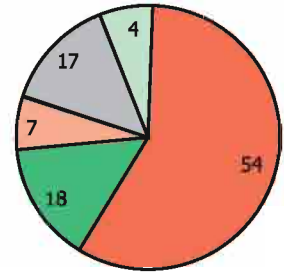
#### Properties Financed - Loan to Value Ratio (LTV) wise Distribution

LTV in %	No.	%	
Up to 75	23,179	55	
76 to 80	15,526	36	
81 to 85	3,481	8	
> 85	339	1	
	<b>42,525</b>	<b>100</b>	



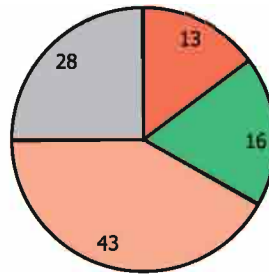
#### Properties Financed - Location wise Distribution

Population at Location	No.	%	
Up to 50,000	22,853	54	
> 50,000 to 2,00,000	7,596	18	
> 2,00,000 to 5,00,000	2,799	7	
> 5,00,000 to 25,00,000	7,382	17	
> 25,00,000	1,895	4	
	<b>42,525</b>	<b>100</b>	



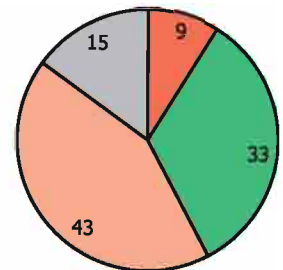
#### Properties Financed - Loan Amount Wise Distribution

Loan Amount (₹)	No.	%	
Up to 3,00,000	5,664	13	
> 3,00,000 to 5,00,000	6,654	16	
> 5,00,000 to 10,00,000	18,362	43	
> 10,00,000	11,845	28	
	<b>42,525</b>	<b>100</b>	



#### Property Financed - Family Income Wise Distribution

Family Income (₹)	No.	%	
Up to 15,000	3,779	9	
> 15,000 to 25,000	14,220	33	
> 25,000 to 50,000	18,205	43	
> 50,000	6,321	15	
	<b>42,525</b>	<b>100</b>	



## DIRECTORS' REPORT

TO THE MEMBERS,

Your directors are pleased to present the Thirty first Annual Report of your Company with the audited accounts for the year ended March 31, 2017.

### FINANCIAL RESULTS

(₹ in crores)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit Before Tax	442.00	361.70
Provision for Tax (Net of deferred tax )	145.35	118.12
Profit After Tax	296.65	243.58
Add:		
Balance brought forward from last year	184.14	161.11
Amount available for appropriation	<u>480.79</u>	<u>404.69</u>
<b>Appropriations:</b>		
Statutory Reserve u/s 29C of NHB Act & u/s 36(1)(viii) of I.T. Act	84.00	69.85
General Reserve	65.00	50.00
Proposed Dividend	-	83.65
Additional Tax on Proposed Dividend	-	17.03
Dividend pertaining to previous year paid during the year	-	0.02
Balance carried to Balance Sheet	<u>331.79</u>	<u>184.14</u>
	<u>480.79</u>	<u>404.69</u>

### Dividend

The Board of Directors had approved the Dividend Distribution Policy in line with the SEBI Listing Regulations. The Policy is provided as 'Annexure A' to this report.

In line with the said Policy, your directors recommend payment of dividend of ₹ 2.80 per equity share of face value of ₹ 2 each amounting to ₹ 122.86 crores (including tax thereon of ₹ 20.78 crores) for the year ended March 31, 2017 as against a dividend of ₹ 2.30 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 remain at 41%. As per Companies (Accounting Standards) Amendment Rules, 2016, dividend and tax thereon will be recognised as liability on approval of shareholders at the ensuing Annual General Meeting (AGM).

### Changes in Share Capital

During the year, the paid up equity share capital increased as a result of allotment of 8,82,744 equity shares of the face value of ₹ 2/- each

upon exercise of stock options under ESOS-2011 and ESOS-2015. As at March 31, 2017, the equity share capital stood at ₹ 72,91,28,968 divided into 36,45,64,484 equity shares of ₹ 2/- each.

### Disbursements

Loan disbursements during the year were ₹ 4,125 crores as against ₹ 3,857 crores in the previous year. GRUH continued to focus mainly on the retail segment and disbursed ₹ 3,654 crores to 42,525 families. Cumulative disbursements as at March 31, 2017 were ₹ 23,197 crores.

### Rural Housing

During the year, GRUH disbursed ₹ 1,979 crores in respect of 22,854 loans in the rural areas. Cumulative disbursement under the rural housing has been ₹ 10,671 crores in respect of 2,02,221 loans. Rural area as defined by the National Housing Bank (NHB) is a location where population is less than 50,000 as per the 1991 census. Under the Rural Housing Fund scheme of NHB, GRUH branded a special loan product - Shubh Lakshmi aimed at financing women applicants and disbursed ₹ 458 crores in respect of 4,751 loans during the year.

### Affordable Housing

The Ministry of Housing and Urban Poverty Alleviation (MHUPA) - The Government of India under "Housing For All by 2022" mission announced the Pradhan Mantri Awas Yojana (PMAY) which has 4 components aimed at addressing the housing requirement of the Affordable Housing segment. One of the components viz. the Credit Linked Subsidy Scheme (CLSS), under the PMAY offers interest subsidy for the EWS/LIG and MIG segments for families having annual family income upto ₹ 18.00 lacs p.a. A maximum subsidy upto ₹ 2.67 lacs can be claimed under the scheme depending on the segment and loan amount.

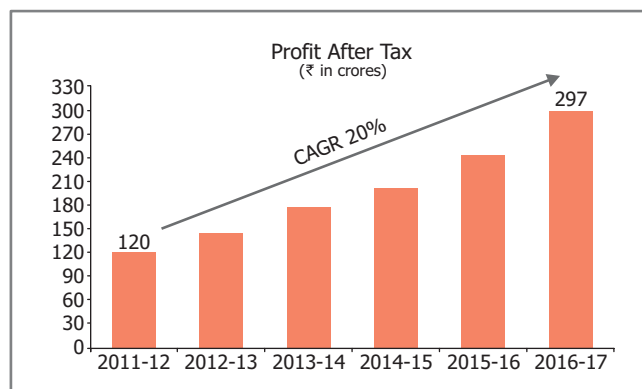
GRUH signed MOU with NHB to promote the CLSS scheme and received interest subsidy aggregating ₹ 123 crores in respect of 6,149 beneficiaries so far and credited the subsidy to the respective customers' loan accounts.

### Loan Assets

As at March 31, 2017, the loan assets increased to ₹ 13,244 crores recording a growth of 19%. Loan assets in respect of the retail segment grew by 18% and stood at ₹ 12,649 crores.

### Non-Performing Loans

As per the prudential norms of NHB, GRUH's gross non-performing loans stood at ₹ 40.58 crores as at March 31, 2017, constituting 0.31%



of the total outstanding loans of ₹ 13,244 crores. The gross non-performing loans as at March 31, 2016 were ₹ 35.55 crores constituting 0.32% of the total outstanding loans of ₹ 11,115 crores.

GRUH is required to carry a provision of ₹ 53.87 crores on standard individual home loans of ₹ 12,205 crores and a provision of ₹ 9.02 crores on standard loans other than individual home loans of ₹ 999 crores as at March 31, 2017. GRUH also carries provision of ₹ 0.22 crore on Instalments Due from Borrowers of ₹ 40 crores and ₹ 0.02 crore on Loan Against Deposit and interest accrued thereon of ₹ 1.57 crores. GRUH has made the required provisions and carries a total provision of ₹ 63.13 crores in respect of standard assets.

GRUH is required to carry a provision of ₹ 11.50 crores towards non-performing loans as per NHB norms. However, as a measure of prudence, your directors have decided to carry provision of ₹ 23.95 crores towards NPAs. GRUH also carries provision of ₹ 16.63 crores as contingencies. GRUH therefore carries a total provision of ₹ 103.71 crores on its total assets including standard assets and non-performing loans. Net Non-Performing Loans were Nil on outstanding loans of ₹ 13,244 crores.

During the year, GRUH has written off ₹ 0.51 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 ₹ 0.31 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 availed refinance aggregating to ₹ 515 crores during the year. The entire refinance was drawn under the Rural Housing Fund (RHF) Scheme. The refinance outstanding as at March 31, 2017 was ₹ 3,771 crores.

#### Bank Term Loans

GRUH received fresh sanctions from banks amounting to ₹ 1,800 crores of which GRUH availed loans aggregating to ₹ 1,423 crores. The outstanding bank term loans as at March 31, 2017 were ₹ 4,320 crores.

#### Subordinated Debt

As at March 31, 2017, 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, 2017, ₹ 35 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 ₹ 1,940 crores on a private placement basis. The outstanding NCDs as at March 31, 2017 stood at ₹ 2,387 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, 2017, outstanding commercial paper was Nil.

#### Deposits

GRUH mobilised deposits of ₹ 521 crores and experienced a renewal ratio of 42.89% during the year. The outstanding balance of deposits as at March 31, 2017 was ₹ 1,505 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.

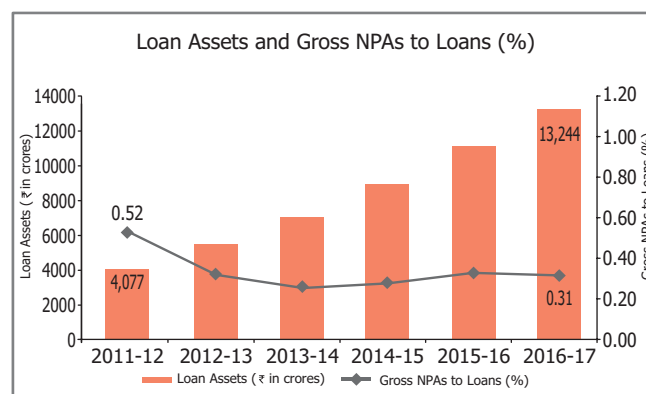
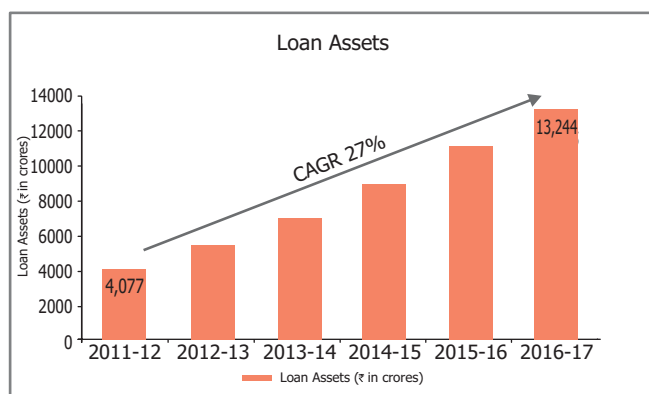
#### Investments

GRUH continues to maintain its Statutory Liquidity Ratio (SLR) as stipulated by NHB. Accordingly, GRUH carried investments in approved securities aggregating to ₹ 220 crores as at March 31, 2017 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, 2017, deposits amounting to ₹ 26 crores had not been claimed by 2,423 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 ₹ 4.79 lacs in respect of unclaimed deposits and interest thereon was transferred to the IEPF during the year.

As at March 31, 2017, there was no NCDs amount or interest thereon, remaining unclaimed and unpaid.

#### Unclaimed Dividends

As at March 31, 2017, dividend amounting to ₹ 1.55 crores has not been claimed by shareholders. GRUH has been intimating the shareholders to lodge their claim for dividend from time to time.

As per the provisions of section 125 of the Companies Act, 2013, dividends remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend account are required to be credited to the IEPF. Accordingly, unclaimed dividend amount of ₹ 7.43 lacs in respect of the financial year 2008-09 was transferred to IEPF during the year. Unclaimed dividend amounting to ₹ 9.71 lacs in respect of the financial year 2009-10 is due for transfer to IEPF in August 2017.

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](http://www.iepf.gov.in) and [www.gruh.com](http://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, the Executive 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 oversees 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 competitive pricing of loan and deposit products.

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 18.32% as against the minimum requirement of 12%. Tier – I capital was 16.82% 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

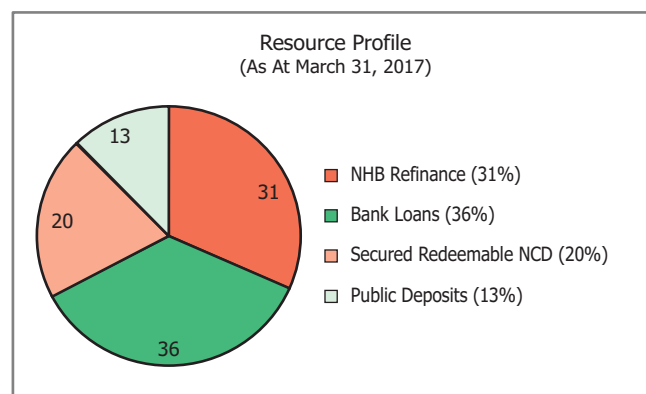
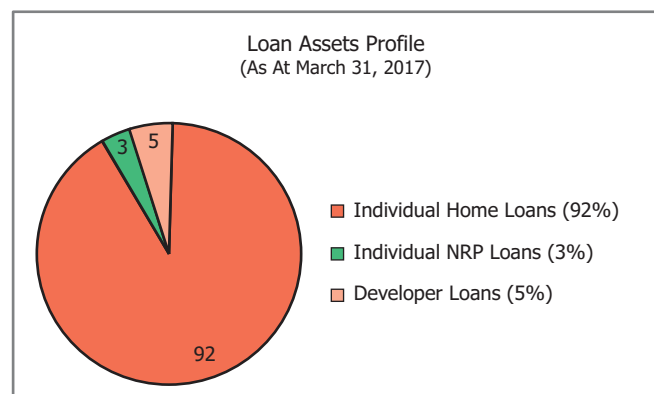
At GRUH, human resource development is considered vital for effective implementation of business plans. Constant endeavours are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees. During the current year, in-house training programmes were 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. 222 employees underwent different training programmes.

GRUH's staff strength as at March 31, 2017 was 664.

#### Particulars of Employees

GRUH had 2 employees as at March 31, 2017 employed throughout the year who were in receipt of remuneration of ₹ 1.02 crore or more per annum or ₹ 8.50 lakh 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 Schemes

The stock options granted to directors and employees operate under the schemes ESOS-2011 and ESOS-2015. There has been no material variations in the terms of the options granted under any of the schemes and all the schemes are 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

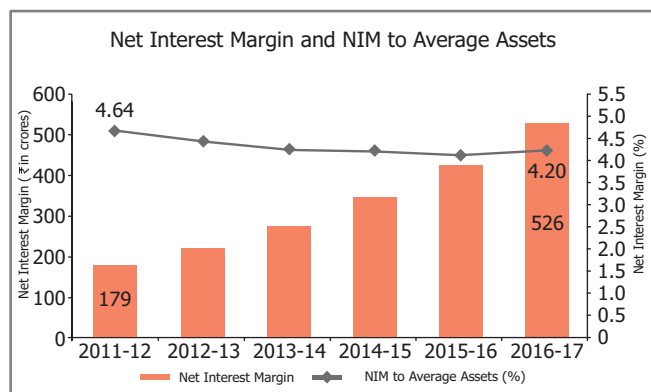
GRUH has won the Silver Trophy of The Financial Express CFO of the Year Award 2017 in the Large Enterprises – Services Category.

#### Auditors

##### Statutory Auditors

In accordance with the requirement of the Companies Act, 2013, the current Statutory Auditors, M/s. Sorab S. Engineer & Co., Chartered Accountants (Firm Registration No. 110417W), hold office up to the conclusion of the ensuing AGM. As per the provisions of section 139 of the Companies Act, 2013, M/s. Sorab S. Engineer & Co., Chartered Accountants are not eligible for re-appointment for a fresh term.

The Board of Directors places on record its appreciation for the services rendered by M/s. Sorab S. Engineer & Co., as the Statutory Auditors of the Company.



The Board of Directors of the Company, on the recommendation of the Audit Committee, has considered and recommended the appointment of 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 31<sup>st</sup> AGM till the conclusion of the 36<sup>th</sup> AGM subject to approval of members at the ensuing AGM.

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.

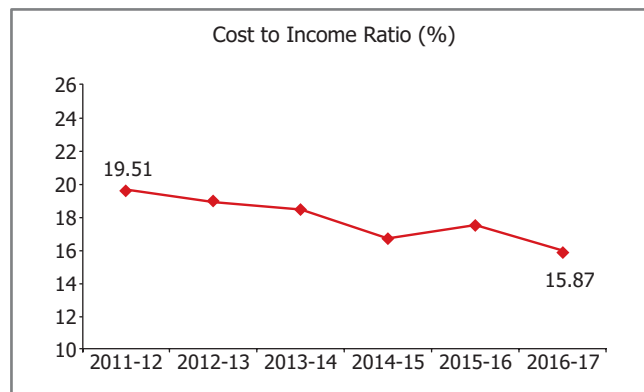
#### Directors and Key Managerial Personnel

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

Mr. Rohit C. Mehta and Mr. S. M. Palia, Independent Directors of the Company, have completed their term on March 31, 2017 and they have stepped down from the Board of the Company thereafter on completion of their term. The Board of directors places on record its appreciation for the valuable advice given and contributions made by Mr. Rohit C. Mehta and Mr. S. M. Palia during their association with the Company.

During the year, the Board of directors, on the recommendations of the Nomination and Remuneration Committee (NRC), had appointed Mr. Pankaj Patel as an Additional Independent director w.e.f. March 16, 2017 for a period of five years upto March 15, 2022 subject to the approval of the members in the ensuing AGM. The Board of directors, on the recommendations of the NRC, had appointed Mr. Rajesh N Gupta as an Additional Independent director w.e.f. April 17, 2017 for a period of five years upto April 16, 2022 subject to the approval of the members in the ensuing AGM.

Mr. Prafull Anubhai and Mr S. G. Mankad, Independent Directors of the Company, have completed their term on March 31, 2017. 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. Prafull Anubhai as Independent Director for a second term w.e.f. April 1, 2017 for a period of two years upto March 31, 2019 and Mr S. G. Mankad as Independent Director for a second term w.e.f. April 1, 2017 for a period of five years upto March 31, 2022.

The existing tenure of Mr. Sudhin Choksey as Managing Director and Mr. Kamlesh Shah as Executive Director came to an end on March 31, 2017. 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. Sudhin Choksey as a whole-time director, designated as Managing Director and Mr. Kamlesh Shah as a whole-time director, designated as Executive Director w.e.f. April 1, 2017 for a period of three years upto March 31, 2020 as per the terms specified in the draft agreement to be placed before the ensuing AGM.

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 other 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:

- In the preparation of annual accounts, the applicable accounting standards have been followed;
- 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, 2017 and of the profit of the Company for the year ended on that date;
- 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;

- The annual accounts of the Company have been prepared on a going concern basis;
- Internal financial controls have been laid down to be followed by the Company and such internal financial controls are adequate and operating effectively;
- Systems to ensure compliance with the provisions of all applicable laws are in place 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 ₹ 6.04 crores towards CSR activities during the year. GRUH has approved CSR proposals aggregating to ₹ 2.71 crores and incurred CSR expenditure of ₹ 3.36 crores during the year. Cumulatively, GRUH has incurred CSR expenditure of ₹ 7.55 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 promotion of sports.

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

#### Business Responsibility Reporting

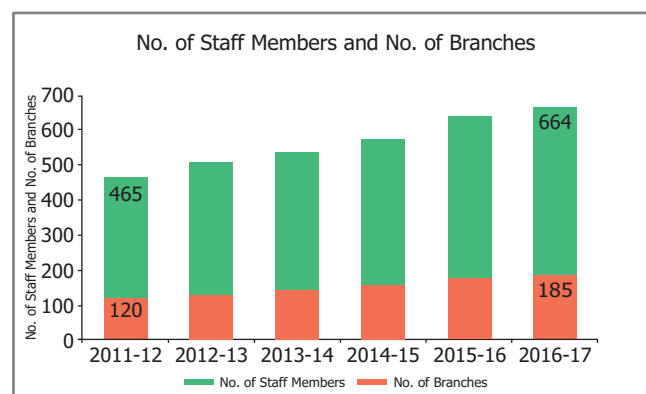
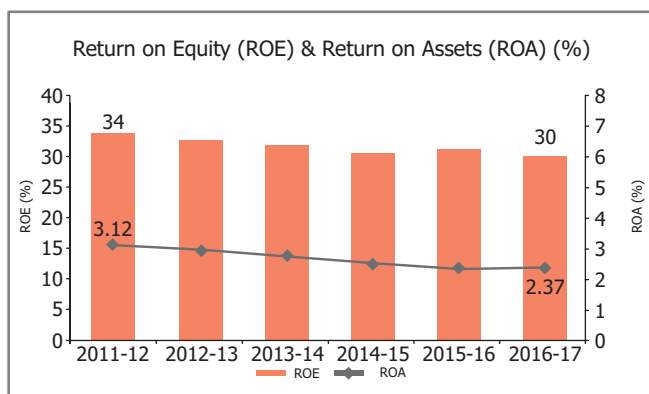
As required under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015, Business Responsibility Report forms part of the Directors' Report and is annexed as 'Annexure E' to this report.

#### Extract of Annual Return [Form No. 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, 2017.

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 ₹ 0.29 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 dated February 9, 2017, 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 17, 2017

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 RECOMMENDING 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;
- Funding and liquidity considerations;
- Leverage ratios;
- Profits earned during the financial year;
- Accumulated reserves
- 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;
- Macro-economic conditions;
- Taxation provisions;
- 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 of Directors of the Company. 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](http://www.gruh.com).

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

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) 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, 2017 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, 2017 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 17, 2017

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 17, 2017

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

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## 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 : 664
- b : The percentage increase in the median remuneration of employees in FY 2016-17 stood at 18.84%.
- 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 14.68% for the FY 2015-16. The average increase in remuneration of the Key managerial personnel was 11.60%.

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 (KPA's), while the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination & 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 2016-17 is given below. Further details are given in MGT - 9.

Names	Designation	Increase in Remuneration (%)
Mr. Keki M. Mistry - Chairman	Non Executive	5.56
Ms. Renu S. Karnad	Non Executive	42.00
Mr. K. G. Krishnamurthy	Non Executive	84.13
Mr. S. M. Palia	Independent	13.16
Mr. Rohit C. Mehta	Independent	27.76
Mr. Prafull Anubhai	Independent	28.41
Mr. S. G. Mankad	Independent	32.48
Mr. Biswamohan Mahapatra	Independent	192.24
Mr. Pankaj Patel (*)	Independent	-
Mr. Rajesh Gupta (**)	Independent	-
Mr. Kamlesh Shah	Executive Director	13.46
Mr. Sudhin Choksey	Managing Director	10.69
Mr. Marcus Lobo	Company Secretary	13.72
Mr. Hitesh Agrawal	CFO	11.78

(\*) Joined the Board on March 16, 2017. (\*\*) Joined the Board on April 17, 2017.

- e : Ratio of remuneration of each director to the median employees' remuneration (times) for FY 2017 :

Name of Director	Designation	Remuneration of Directors' to median employees' remuneration (times)
Mr. Keki M. Mistry - Chairman	Non Executive	0.99
Ms. Renu S. Karnad	Non Executive	0.74
Mr. K. G. Krishnamurthy	Non Executive	1.21
Mr. S. M. Palia	Independent	3.58
Mr. Rohit C. Mehta	Independent	4.22
Mr. Prafull Anubhai	Independent	4.80
Mr. S. G. Mankad	Independent	4.29
Mr. Biswamohan Mahapatra	Independent	3.53
Mr. Pankaj Patel (w.e.f. Mar 16, 2017)	Independent	-
Mr. Rajesh Gupta (w.e.f. April 17, 2017)	Independent	-
Mr. Kamlesh Shah	Executive Director	24.93
Mr. Sudhin Choksey	Managing Director	73.14

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

#### ANNEXURE D TO DIRECTORS' REPORT - ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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](http://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 & socially responsible image of GRUH as a corporate entity.

During FY 2016-17, 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; and (e) providing employment enhancing vocational skills;
- (iii) Empowering women by (a) alleviating their poverty by creating income generation alternatives for women living in urban slums;
- (iv) Ensuring environmental sustainability by supporting Tree Plantation;
- (v) Promoting Olympic Sports by providing Equipment Support and Medical Support;
- (vi) GRUH has made direct Contribution to PM National Relief Fund.
- (vii) GRUH has initiated/carried out CSR activities in the states of Gujarat, Maharashtra, Rajasthan, Tamilnadu, Chhattisgarh and Madhya Pradesh through various implementing agencies / NGOs as under :

1. Samerth Charitable Trust, Ahmedabad, 2. YUVA Unstoppable, Ahmedabad, 3. Sanchetana Community Health & Research Centre, Ahmedabad, 4. Ambuja Cement Foundation, Mumbai, 5. Blind People's Association, Ahmedabad, 6. GVK EMRI, Secunderabad, 7. Sanjivani Health & Relief Committee, Ahmedabad, 8. Vishwagram Trust, Basna, Tal. Visnagar, Dist. Mehsana, 9. HelpAge India, New Delhi, 10. Aga Khan Rural Support Programme (India), Ahmedabad, 11. Ravishankar Dharmada Davakhanu, Ahmedabad, 12. Saath Charitable Trust, Ahmedabad, 13. Education Support Organisation, Ahmedabad, 14. National Association for the Blind, Ahmedabad, 15. Swa. Sawarkar Education Trust, Pune, 16. Sense International India, Ahmedabad, 17. Extension for Community Health Care Outcomes, New Delhi, 18. Shri Sattavis Sabarkantha Audichya Brahmodaya Samaj Trust, Mumbai, 19. Nesam Educational & Social Welfare Trust, Coimbatore, 20. Ma Foi Foundation, Chennai, 21. Drashti Netralaya, Dahod, 22. Foundation for Promotion of Sports & Games, Mumbai.

2. Composition of the 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 net profit of the Company for last three financial years: ₹ 30219.65 lacs.

4. Prescribed CSR expenditure: The company was required to spend ₹ 604.39 lacs towards CSR.

5. Details of CSR spend for the financial year:

- a. CSR proposals approved but not funded as on 31.03.2016: ₹ 335.57 lacs.
- b. CSR proposals approved during 2016-17: ₹ 270.94 lacs.
- c. CSR proposals funded during 2016-17: ₹ 335.77 lacs.
- d. Cumulative CSR proposals approved but yet to be funded as on 31.03.2017: ₹ 270.74 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



GRUH Sponsored Mobile Medical Unit in Ahmedabad, Gujarat.



GRUH provided funding for construction of Sanitation Units at Dist. Surendranagar, Gujarat.

**ANNEXURE : MANNER IN WHICH THE AMOUNT SPENT DURING FY 2016-17 IS DETAILED BELOW:**

(₹ in lacs)

1	2	3	4	5	6	7	8
Sr. No.	Sector in which Project is covered	Projects or Programs with location	Amount Outlay (Budget) Project or Program-wise 15-16	Amount Outlay (Budget) Project Program-wise 16-17	Amount spent on the projects or programs 16-17	Cumulative Expense up to the reporting date	Amount spent direct or through implementing agency
<b>1</b>	<b>CSR Project / Activity : Eradicating hunger, poverty &amp; malnutrition; Promoting preventive health care &amp; sanitation; Making available safe drinking water;</b>						
1.1	Providing Nutrition	Provision of Nutrition Support for poor children in Bal Mitra Kendras & Support Classes — Kota, Marwahi, Gorela, Lormi & Bodla blocks of Chhattisgarh state.	3.47	0.00	3.47	3.47	Through Implementing Agency
1.2	Making available safe drinking water	Provision of safe drinking water through construction of five RRWHS in Marwahi, Lormi, Pandariya & Bodla blocks of Chhattisgarh state.	10.47	0.00	8.49	11.96	Through Implementing Agency
1.3	Making available safe drinking water	Provision of safe drinking water through construction of one Spring Water Management Structure at Sarodhadadar village, Kawardha district, Chhattisgarh state.	1.76	0.00	1.76	13.72	Through Implementing Agency
1.4	Promoting Sanitation	Provide Funding for Community-based sanitation Programme being run at Chandrapur district, Maharashtra state.	20.00	0.00	5.00	18.72	Through Implementing Agency
1.5	Promoting preventive health care	Provide Funding for Maintenance & Expansion of Eye Hospital at Bareja, Ahmedabad district, Gujarat state.	54.00	0.00	13.50	32.22	Through Implementing Agency
1.6	Promoting preventive health care	Provide Funding for operating a Mobile Medicare Unit in the villages of Indore district, safe drinking water; M. P. state.	57.52	36.00	35.48	67.70	Through Implementing Agency
1.7	Promoting preventive health care	Provide Funding for Health Care Project being run in villages of Kaira & Gandhinagar districts of Gujarat state.	10.50	0.00	7.50	75.20	Through Implementing Agency
1.8	Promoting preventive health care	Provide Funding for running Mobile Health Unit at various locations in Ahmedabad city, Gujarat state.	72.98	0.00	23.18	98.38	Through Implementing Agency
1.9	Promoting Sanitation	Provide Funding for construction of Sanitation Units in two Government schools of Surendranagar district of Gujarat state.	13.60	0.00	3.60	101.98	Through Implementing Agency
1.10	Promoting Sanitation	Provide Funding for construction of Sanitation Units in two Government schools of Khandwa district of M.P. state.	0.00	14.87	5.00	106.98	Through Implementing Agency
1.11	Promoting preventive health care	Funding for providing Health Care facilities to underprivileged population of Raikhad & surrounding area of Ahmedabad city, Gujarat state.	6.51	0.00	4.51	111.49	Through Implementing Agency



1	2	3	4	5	6	7	8
Sr. No.	Sector in which Project is covered	Projects or Programs with location	Amount Outlay (Budget) Project or Program-wise 15-16	Amount Outlay (Budget) Project Program-wise 16-17	Amount spent on the projects or programs 16-17	Cumulative Expense up to the reporting date	Amount spent direct or through implementing agency
1.12	Providing Nutrition	Funding for providing three meals per day to children of residential school at Dahanu, Palghar district, Maharashtra state	21.60	0.00	5.15	116.64	Through Implementing Agency
1.13	Promoting preventive health care	Funding for Extension for Community Health Care Outcomes, New Delhi	0.00	20.00	16.46	133.10	Through Implementing Agency
1.14	Promoting preventive health care	Funding for Equipments, Furniture and Fixture for New Operation Theatre Complex of an Eye Hospital at Dahod, Gujarat state.	0.00	50.00	50.00	<b>183.10</b>	Through Implementing Agency
<b>2</b>	<b>CSR Project / Activity : Promoting education, including special education &amp; employment enhancing vocationskills especially among children, women, elderly &amp; the differently abled &amp; livelihood enhancement projects.</b>						
2.1	Providing education to differently abled children	Funding for running day-care Centre for one year for differently abled children at Ahmedabad, Gujarat state.	4.49	7.36	3.86	3.86	Through Agency
2.2	Providing education to differently abled children	Funding towards annual recurring expenses for running five Early Childhood Education (ECE) Centres for poor children Ahmedabad, Gujarat	7.26	0.00	3.95	7.81	Through Implementing Agency
2.3	Conservation & Renovation of school buildings and classrooms	Transforming Sanitation of four municipal schools at Thane & Navi Mumbai, Maharashtra.	20.42	0.00	10.28	18.09	Through Implementing Agency
2.4	Providing employment enhancing vocation skills	Improving employability of youth through funding of Skill Initiative Project at Chandrapur district, Maharashtra state.	0.00	28.58	3.00	21.09	Through Implementing Agency
2.5	Providing funding for education to children & running expense of school	Funding for running Primary School at Ahmedabad, Gujarat state.	8.00	14.80	10.09	31.18	Through Implementing Agency
2.6	Providing Funding for shelter in a day school for orphan children	Funding for shelter for orphan children in day school being run at Basna village, Mehsana district, Gujarat state.	11.46	0.00	5.96	37.14	Through Implementing Agency
2.7	Providing employment enhancing vocation skills	Provide Funding for running Construction Workers Training Centre at Kalol, Dist. Gandhinagar, state. Gujarat	10.09	0.00	8.09	45.23	Through Implementing Agency
2.8	Providing employment enhancing vocation skills	Provide Funding for running Youth Livelihood Centre at Kalyan, Mumbai, Maharashtra state.	6.93	0.00	2.93	48.16	Through Implementing Agency
2.9	Providing education to slum children	Provide Fundinmg for running exclusive school for slum children of Ahmedabad city, Gujarat state	100.00	0.00	21.49	69.65	Through Implementing Agency

1	2	3	4	5	6	7	8
Sr. No.	Sector in which Project is covered	Projects or Programs with location	Amount Outlay (Budget) Project or Program-wise 15-16	Amount Outlay (Budget) Project Program-wise 16-17	Amount spent on the projects or programs 16-17	Cumulative Expense up to the reporting date	Amount spent direct or through implementing agency
2.10	Providing education to differently abled and poor children	Provide Funding for running Savinay Sammlit Pathshala offering education to differently abled as also poor children at Bavla, Ahmedabad district, Gujarat state	9.06	0.00	7.06	76.71	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.	0.00	37.02	10.29	87.00	Through Implementing Agency
2.12	Providing education to differently abled children	Provide Funding for uniforms of differently abled children of an Orphanage at Coimbatore, TamilNadu state.	0.00	1.15	1.15	88.15	Through Implementing Agency
2.13	Providing education to differently abled children	Provide Funding for running coaching classes for academically & economically weak children at Chennai, TamilNadu state.	0.00	7.49	2.00	<b>90.15</b>	Through Implementing Agency
<b>3</b>	<b>CSR Project / Activity : Promoting gender equality and empowering women, reducing inequalities faced by socially and economically bakward groups</b>						
	Promoting gender equality	Alleviating poverty by creating Income Generation Alternatives for women of slums of Ahmedabad	19.50	4.88	14.38	<b>14.38</b>	Through Implementing Agency
<b>4</b>	<b>CSR Project / Activity : Ensuring environmental sustainability, ecological balance, protection of flora &amp; fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga</b>						
	Ensuring environmental sustainability, ecological balance	Funding for Tree Plantation in Sabarkantha and Mehsana districts of Gujarat state.	0.00	1.75	1.75	<b>1.75</b>	Through Implementing Agency
<b>5</b>	<b>CSR Project / Activity : Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports</b>						
	Promoting Olympic Sports	Funding for Equipment Support and Medical Support for promotion of Olympic Sports	0.00	10.00	10.00	<b>10.00</b>	Through Implementing Agency
<b>6</b>	<b>CSR Project / Activity : Contribution to PM National Contribution to to PM National Relief Fund</b>						
	PM National Relief Fund	Contribution to PM National Relief Fund	25.00	25.00	25.00	<b>25.00</b>	Direct
<b>7</b>	<b>CSR Administrative Expense</b>		<b>0.00</b>	<b>12.04</b>	<b>12.04</b>	<b>11.31</b>	
<b>CSR EXPENSE INCURRED DURING FY 2016-17: (1.14+2.13+3+4+5+6+7)</b>						<b>335.77</b>	



GRUH Funded as well as participated in the Tree Plantation initiative at Himmatnagar, Gujarat.

## ANNEXURE E TO DIRECTORS' REPORT - BUSINESS RESPONSIBILITY REPORT 2016-17

### 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 for providing long term home loans (activity code 65923) for purchase / construction / renovation of houses. GRUH operates in 11 states through its 185 branches. GRUH also accepts deposits from public.

GRUH's paid up capital as on March 31, 2017 was ₹ 72.91 crores and total net owned funds were ₹ 1,113 crores. Total Disbursements during the year were ₹ 4,125 crores. GRUH posted a profit after tax of ₹ 297 crores for the year ended March 31, 2017.

The details of CSR activities of the company and the amount spent on CSR are provided as part of Director's 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 required.

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 practices and procedures for fair disclosures of UPSI
- c. Fair Practice Code
- d. Customer Grievance Policy
- e. KYC and AML Policy
- f. Code of conduct for DSAs
- g. Share Dealing Code
- h. Policy on prevention of sexual harassment of Women at workplace
- i. Whistle Blower Policy

There was no case of violation of the Company's Code of Conduct in 2016-17. 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 2015-16 along with the notice convening the 30<sup>TH</sup> Annual General Meeting and the dividend e-payment advice were sent to over 30,000 shareholders so as to minimise the usage of paper.

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

GRUH had staff strength of 664 as on March 31, 2017 out of which, 8 staff members were hired on contractual basis, 49 were permanent women employees and 2 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, the new joiners 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

**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, 2017 was ₹ 6.38 lacs.

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 3,383 customer grievances / service requests and had 41 additional grievances / service requests pending at the beginning of the year. During the year, 3,213 such customer grievances / service requests were resolved and 211 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 DIRECTORS' REPORT - "FORM MGT-9" - EXTRACT OF ANNUAL RETURN**  
as on the financial year ended on March 31, 2017

[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 Tel : +91-79-2642 1671-75 Fax : +91-79-2656 9215 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 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. Tel : +91-79-2646 5179 Fax No.: +91-79-2646 5179 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. Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020.	L70100MH1977PLC019916	Holding	58.45%	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				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	213077850	-	213077850	58.59	213077850	-	213077850	58.45	(0.14)
e. Bank/ FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1)	213077850	-	213077850	58.59	213077850	-	213077850	58.45	(0.14)
<b>(2) Foreign</b>									
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	58.59	213077850	-	213077850	58.45	(0.14)
<b>B. Public Shareholding</b>									
<b>(1) Institution</b>									
a. Mutual Funds	15093530	-	15093530	4.15	29636761	-	29636761	8.13	3.98
a. Bank/ FI	451724	14000	465724	0.13	484711	14000	498711	0.13	0.00
b. Cent. Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.(s)	1000000	-	1000000	0.28	1000000	-	1000000	0.27	(0.01)
d. Venture Capital Funds	-	-	-	-	-	-	-	-	-
e. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIIs	45698625	1250000	46948625	12.91	40076313	1250000	41326313	11.34	(1.57)
h. Foreign Venture Cap. Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total B (1)	62243879	1264000	63507879	17.47	71197785	1264000	72461785	19.87	2.40
<b>(2) Non-Institution</b>									
a. Bodies Corporate	8062593	39630	8102223	2.23	6731839	39630	6771469	1.86	(0.37)
b. individuals									
ii. individual shareholders holding nominal share capital upto Rs.1 lakh	37953677	4541575	42495252	11.69	35953212	4259925	40213147	11.03	(0.66)
ii. individual shareholders holding nominal share capital excess of Rs.1 lakh	22620546	-	22620546	6.22	20337931	-	20337931	5.58	(0.64)
<b>c. Others</b>									
i. NRI	11124594	6000	11130594	3.06	9673934	6000	9679934	2.65	(0.41)
ii. OCB	-	2000	2000	0.00	-	2000	2000	0.00	0.00
iii. Trust	113121	-	113121	0.03	108573	-	108573	0.03	0.00
iv HUF	2238772	14300	2253072	0.62	1467487	14300	1481787	0.41	(0.21)
v Clearing Member	379203	-	379203	0.10	430008	-	430008	0.12	0.02
Sub-Total-B (2)	82492506	4603505	87096011	23.95	74702984	4321865	79024849	21.68	(2.27)
Net Total B (1+2)	144736385	5867505	150603890	41.41	145900769	5585865	151486634	41.55	0.14
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
<b>Grand Total(A+B+C)</b>	<b>357814235</b>	<b>5867505</b>	<b>363681740</b>	<b>100.00</b>	<b>358978619</b>	<b>5585865</b>	<b>364564484</b>	<b>100.00</b>	<b>-</b>

**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	58.59	-	213077850	58.45	-	(0.14)

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

Note: There is no change in the number of shares held by the promoter of the Company - HDFC Ltd. However, 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, 2016)		Shareholding at the end of the year (March 31, 2017)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Long Term Equity Fund*	7363861	2.02	7965861	2.19
2	Smallcap World Fund, Inc*	6900000	1.90	6900000	1.89
3	Matthews India Fund*	4421238	1.22	4397110	1.21
4	India Emerging Opportunities Fund Limited*	2367517	0.65	2146702	0.59
5	Axis Mutual Fund Trustee Limited A/C Axis Mutual Fund A/C Axis Midcap Fund*	2200000	0.60	2200000	0.60
6	Platinum Jubilee Investments Ltd*	2135440	0.59	2135440	0.59
7	Route One Offshore Master Fund L.P. @	2995773	0.82	0	0
8	Route One Fund I, L.P. @	2760448	0.76	0	0
9	Dr Sanjeev Arora @	2304484	0.63	1735570	0.48
10	Matthews Asia Small Companies Fund @	2066957	0.57	1276172	0.35
11	SBI Magnum Balanced Fund #	0	0	6325077	1.74
12	SBI Magnum Global Fund #	2000000	0.55	4000000	1.10
13	SBI Emerging Businesses Fund #	0	0	3100000	0.85
14	JP Morgan Indian Investment Company (Mauritius) Limited #	1975048	0.54	1975048	0.54

- 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.
- \* Common top 10 shareholders as on April 1, 2016 and March 31, 2017  
 @ Top 10 shareholders only as on April 1, 2016  
 # Top 10 shareholders only as on March 31, 2017

**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, 2016		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, 2017	
		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	75000	75000	332900	0.09
2	Mr. S.M. Palia	200000	0.05	-	5000	195000	0.05
3	Mr. Rohit C. Mehta	290000	0.08	-	83381	206619	0.06
4	Mr. Prafull Anubhai	148000	0.04	-	-	148000	0.04
5	Ms. Renu S. Karnad	392230	0.11	75000	-	467230	0.13
6	Mr. K.G. Krishnamurthy	391650	0.11	75000	-	466650	0.13
7	Mr. S.G. Mankad	130000	0.04	-	-	130000	0.04
8	Mr. Biswamohan Mahapatra	-	-	-	-	-	-
9	Mr. Pankaj Patel	-	-	-	-	-	-
10	Mr. Rajesh Gupta	-	-	-	-	-	-
11	Mr. Kamlesh Shah	315946	0.09	30000	8600	337346	0.09
12	Mr. Sudhin Choksey	575618	0.16	72000	206266	441352	0.12
13	Mr. Marcus Lobo	301750	0.08	20500	9750	312500	0.09
14	Mr. Hitesh Agrawal	30000	0.01	33150	-	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
<b>Indebtedness at the beginning of the financial year</b>				
1) Principal Amount	8,747.10	35.00	1,462.30	10,244.40
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	27.33	0.07	62.14	89.54
<b>Total (1+2+3)</b>	<b>8,774.43</b>	<b>35.07</b>	<b>1,524.44</b>	<b>10,333.94</b>
<b>Change in Indebtedness during the financial year</b>				
1) Addition	1,765.35	0.00	47.64	1,812.99
2) Reduction	0.00	0.00	0.00	0.00
<b>Net Change in Indebtedness</b>	<b>1,765.35</b>	<b>0.00</b>	<b>47.64</b>	<b>1,812.99</b>
<b>Indebtedness at the end of the financial year</b>				
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
<b>Total (1+2+3)</b>	<b>10,539.78</b>	<b>35.07</b>	<b>1,572.08</b>	<b>12,146.93</b>



**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		Total
		Mr. Sudhin Choksey	Mr. Kamlesh Shah	
1	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act	180.00	65.11	245.11
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (*)	10.20	3.75	13.95
(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	10.80	4.80	15.60
	Ex-gratia	150.00	46.00	196.00
	Total (A)	351.00	119.66	470.66
	Ceiling as per the Act			4,473.50

\* Excludes value of perquisite on exercise of stock options.

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

Name of Directors	Particulars of Remuneration			Total
	Fees for attending board / committee meetings	Commission paid	Others, please specify	
Mr. Keki M. Mistry - Chairman	4.75	-	-	4.75
Ms. Renu S. Karnad	3.55	-	-	3.55
Mr. K.G. Krishnamurthy	5.80	-	-	5.80
Mr. S.M. Palia (up to Mar 31, 2017)	5.20	12.00	-	17.20
Mr. Rohit C. Mehta (up to Mar 31, 2017)	8.25	12.00	-	20.25
Mr. Prafull Anubhai	11.05	12.00	-	23.05
Mr. S.G. Mankad	8.60	12.00	-	20.60
Mr. Biswamohan Mahapatra	4.95	12.00	-	16.95
Mr. Pankaj Patel (w.e.f Mar 16, 2017)	-	-	-	-
Mr. Rajesh Gupta (w.e.f Apr 17, 2017)	-	-	-	-
Total (B)	52.15	60.00	-	112.15
Ceiling as per the Act:				447.35
Total (A+B)				582.81

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	32.89	14.57	47.46
b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (*)	1.10	2.16	3.26
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	2.09	0.76	2.85
	Performance Bonus	12.00	4.00	16.00
	Total	48.08	21.49	69.57

\* 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 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)

means a 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.
- 3.2. 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, depository 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](http://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.

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



Town : Visnagar  
District : Mehsana, Gujarat  
Owner : Mrs. Ashaben Patel  
Property Cost : ₹ 10,00,000/-  
Loan Amount : ₹ 7,00,000/-



Town : Korba  
District : Korba, Chhattisgarh  
Owner : Mrs. Kiran Sharma  
Property Cost : ₹ 10,00,000/-  
Loan Amount : ₹ 5,00,000/-



Town : Suwasra  
District : Mandsaur, Madhya Pradesh  
Owner : Mrs. Sheeladevi Ved  
Property Cost : ₹ 7,18,000/-  
Loan Amount : ₹ 5,50,000/-

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



Town : Jalgaon  
District : Jalgaon, Maharashtra  
Owner : Mrs. Asha Sonar  
Property Cost : ₹ 6,95,000/-  
Loan Amount : ₹ 5,50,000/-



Town : Mehsana  
District : Mehsana, Gujarat  
Owner : Mrs. Hina Maheshkumar Dave  
Property Cost : ₹ 7,85,000/-  
Loan Amount : ₹ 6,00,000/-



Town : Mandya  
District : Mandya, Karnataka  
Owner : Mrs. Navyashree MC  
Property Cost : ₹ 10,65,000/-  
Loan Amount : ₹ 7,50,000/-



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Overview

The country witnessed historic changes in terms of the passage of the Goods and Services Tax (GST) Bill and demonetisation during the year which altered the landscape of the industry and outlook for the economy. Coupled with the Government's focus on digitisation and the thrust on housing as a sector to revive the economy, the long term outlook looks positive though the year gone by was adversely impacted.

The overall GDP witnessed moderation during the year, and the second half of the year witnessed a pronounced effect in this regard. While the year began on an optimistic note, the growth rates continued to be scaled down particularly following the demonetisation and the low credit offtake.

Against the medium term and long term inflation expectation of below 5%, the inflation hovered marginally above 5% during the year. However inherent inflationary pressures continued due to which the RBI could reduce the Repo rate by 50 bps only during the year over two tranches.

The disruption caused by the demonetisation move of the government resulted in excess liquidity with the Banks. Banks opted for lower lending rates linked to MCLR which again proved disruptive though the consumer had good reason to rejoice.

On the housing finance front, the government continued to offer sops under the Pradhan Mantri Awas Yojana (PMAY), with an objective to accelerate demand and improve the credit offtake in housing. The slew of budgetary announcements aimed at Affordable Housing sector and particularly the infrastructure status for developers operating in the Affordable Housing space, are likely to improve the supply whereas the Credit Linked Subsidy Scheme (CLSS) is likely to push the demand.

As the results of the CLSS for the EWS / LIG segments announced last year are being slowly witnessed, the Government announced the second phase of CLSS for the MIG segment for families in the income segment of upto ₹ 18 lacs p.a. for one year period upto December 2017. While the need for a subsidy for this income segment is debatable, the move would act as a catalyst for the Real estate sector and is likely to improve the supply of housing and also accelerate demand for housing in the country.

### Market Scenario

The Real estate sector continued to witness the strain of low demand and high inventory for the fourth year in a row but still, no price correction was witnessed during the year. The industry also experienced a fall in property registrations for new projects dampening the sentiments.

The PMAY, however, is likely to usher in the supply of affordable houses in the country with the various sops offered in terms of subsidy to developers and to individuals for self-construction. The announcement of infrastructure status for Affordable housing projects is also likely to attract many developers to create a supply of affordable houses.

This augurs well for the industry and the demand is also likely to improve with the interest subsidy being offered under the CLSS scheme by the Government for the EWS / LIG and the MIG segments.

The MCLR linked lending rates offered by Banks also resulted in a price war in the market and overall lending rates have come down substantially. The effective rate of interest for customers considering the Interest Subsidy and the Tax sops at under 3% is at an all time low. However, this is likely to impact the interest spreads for many players particularly the Housing Finance Companies (HFCs) who are the intermediaries and not direct beneficiaries of the excess liquidity.

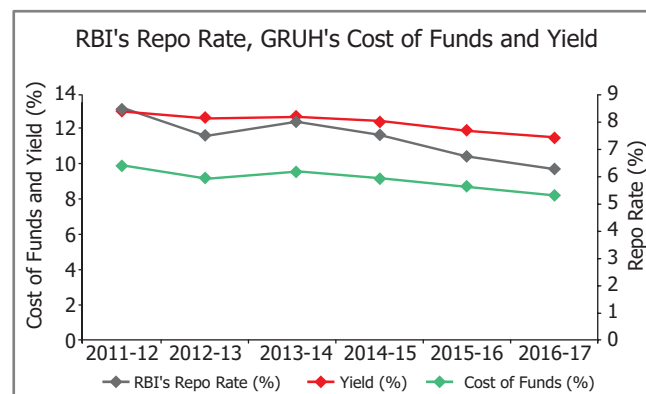
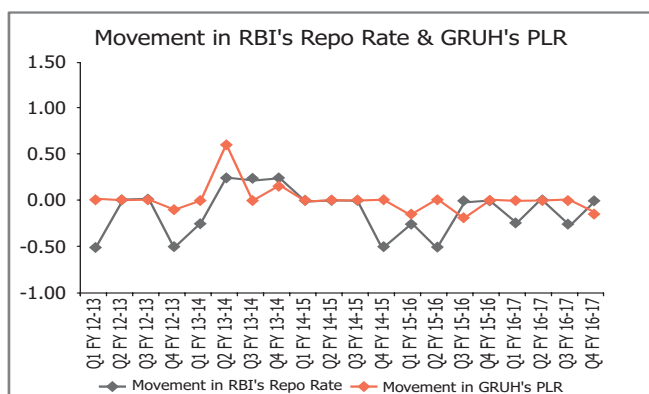
While the industry continues to grow at around 16%, albeit at a rate lower than the previous year, the poor offtake in credit has compelled lenders to resort to loan takeovers which is expected to constitute 20-30% of the incremental disbursements. As a result, the overall loan book growth of the industry is expected to be lower than the previous years.

The Real Estate (Regulation and Development) Act, 2016 (RERA), for which almost all the states have notified the rules, is expected to bring in transparency in the real estate transactions and reduce the instances of fraud as well.

The positive effects of the above are likely to pan out in the coming year and the industry can look forward to a positive trend in future.

### 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 and 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 also offers home loans under the Rural Housing Fund (RHF) scheme of National Housing Bank (NHB) wherein loans are given in rural areas for select categories viz. Backward classes or Minority Community or Women owners or families having annual household income less than ₹ 2 lacs. Since NHB offers refinance at concessional rate of interest under the scheme, the ultimate rate of interest applicable on loans to beneficiaries is regulated with a cap on the spread.

GRUH has launched a special scheme viz. GRUH Shubh Lakshmi under the RHF scheme wherein property is owned by women applicants in rural areas.

GRUH has also signed an MOU with the NHB which is the Central Nodal Agency under the Pradhan Mantri Awas Yojana (PMAY) for the Credit Linked Subsidy Scheme (CLSS) for both 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 68% of total disbursements made during the year and GRUH paid referral fees of ₹ 14.22 crores to GRAs for sourcing business.

GRUH is operating in eleven states - Gujarat, Maharashtra, Karnataka, Rajasthan, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Uttar Pradesh, Bihar, Jharkhand and West Bengal. GRUH established 8 new offices, including its first office in West Bengal. Two offices were closed during the year. GRUH now has 185 retail offices across these eleven states. GRUH's staff strength as at March 31, 2017 was 664.

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 ₹ 4,125 crores during the year as against ₹ 3,857 crores in the previous year. GRUH disbursed loans of ₹ 3,121 crores (previous year ₹ 2,420 crores) for home purchase, repair and renovation and registered a growth of 29% in the retail home loan segment.

GRUH disbursed home loans to 36,453 families (previous year 29,334 families) and the average home loan to individuals was maintained at ₹ 8.86 lacs.

Disbursements under the Loan Against Property (LAP) segment were ₹ 462 crores (previous year ₹ 922 crores).

GRUH disbursed loans of ₹ 71 crores (previous year ₹ 142 crores) for purchase of NRP and ₹ 471 crores (previous year ₹ 406 crores) to developers.

Cumulative disbursements as at March 31, 2017 stood at ₹ 23,197 crores with a Compound Annual Growth Rate (CAGR) of 17% over the past 3 years period.

#### Insurance Products

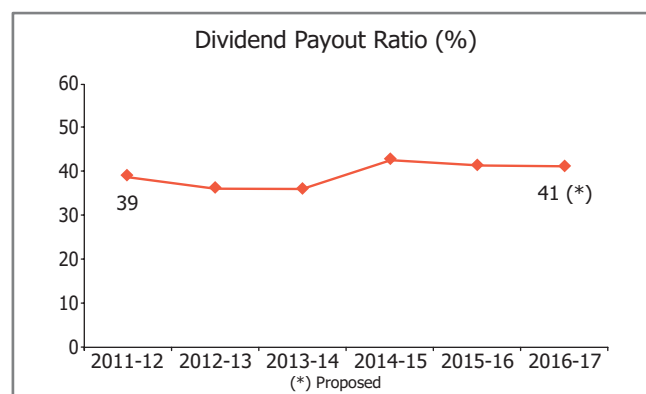
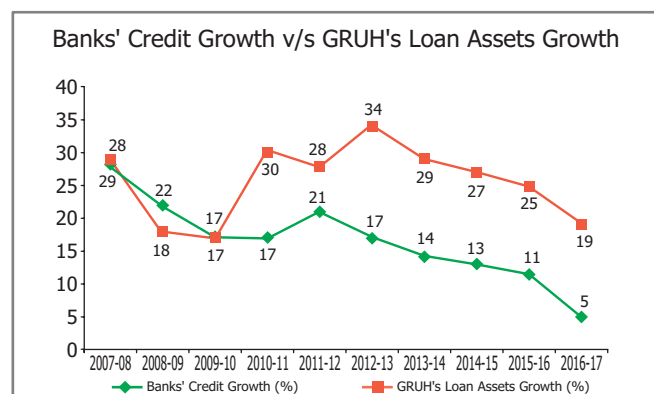
GRUH has an arrangement with The Oriental Insurance Company Limited for providing property insurance of the property mortgaged. During the year, GRUH referred 40,540 customers under this arrangement in respect of property cover of ₹ 3,944 crores.

GRUH has an arrangement with two life Insurance service providers. GRUH continued to persuade its customers to take insurance cover on the life of the principal income earner as the collateral for its loans through this arrangement. The policies are assigned in favour of GRUH. During the year, 20,773 customers have taken the life cover from these insurance companies in respect of life cover of ₹ 1,521 crores under its various tie-up arrangements.

#### 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 ₹ 13,244 crores from ₹ 11,115 crores and registered a growth of 19%. CAGR over the past 3 years period has been 24%.



The total outstanding loans at variable rates stood at ₹ 11,892 crores (previous year ₹ 10,219 crores), which was 89.79% (previous year 91.94%) of the total outstanding loans. Loans to total assets stood at 97.49% as at March 31, 2017.

GRUH's outstanding home loans to individuals of ₹ 10,755 crores constitutes 81.21% of the total outstanding loans. Loan Against Properties of ₹ 1,488 crores and other loans to individuals for non-residential premises (NRP) of ₹ 405 crores constituted 11.23% and 3.06% respectively of the total outstanding loans. GRUH experienced a prepayment ratio of 11.17% (previous year 12.00%) in respect of individual loans. The outstanding loans to developers of ₹ 596 crores constituted 4.50% of the total outstanding loans.

The average yield realised on the loan assets during the year was 11.66% (previous year 12.05%).

Particulars	CAGR (%) As At March 31, 2017			
	3 Years	5 Years	7 Years	10 Years
Disbursements	17	23	27	24
Loan Assets	24	27	27	25
NIM	25	24	24	26
PAT	19	20	23	26

#### 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 0.40% 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.

Accordingly, GRUH has made a provision of ₹ 62.89 crores towards Standard Loan Assets comprising individual home loans, individual NRP Loans and developer loans aggregating to ₹ 13,204 crores. GRUH carries a provision of ₹ 0.22 crore towards standard assets in respect of instalments due from borrowers of ₹ 40 crores and a provision of ₹ 0.02 crore in respect of standard assets on loan against GRUH's fixed deposits and interest accrued thereon of ₹ 1.57 crores.

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, 2017 were ₹ 38.73 crores in respect of individual home loans and ₹ 1.85 crores in respect of individual NRP loans. There were no NPAs under developer loans. GRUH is required to carry a provision of ₹ 11.50 crores towards non-performing loans

as per NHB norms. However, as a measure of prudence, your directors have decided to carry provision of ₹ 23.95 crores towards NPAs. GRUH also carries provision of ₹ 16.63 crores as contingencies. GRUH therefore carries a total provision of ₹ 103.71 crores on its total assets including standard assets and non-performing loans. Net Non-Performing Loans were Nil on outstanding loans of ₹ 13,244 crores.

During the year, GRUH has written off an amount of ₹ 0.51 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 ₹ 0.31 crore in respect of written off loans.

GRUH carried properties aggregating to ₹ 13.55 crores acquired in settlement of dues at the beginning of the year. During the year, GRUH acquired properties aggregating to ₹ 19.06 crores in settlement of dues under the SARFAESI Act. GRUH also made efforts to dispose off the acquired properties and could dispose off few properties during the year. As at March 31, 2017, GRUH carried properties worth ₹ 28.56 crores which was 2.38% of GRUH's capital funds, well within the 20% limit stipulated by NHB.

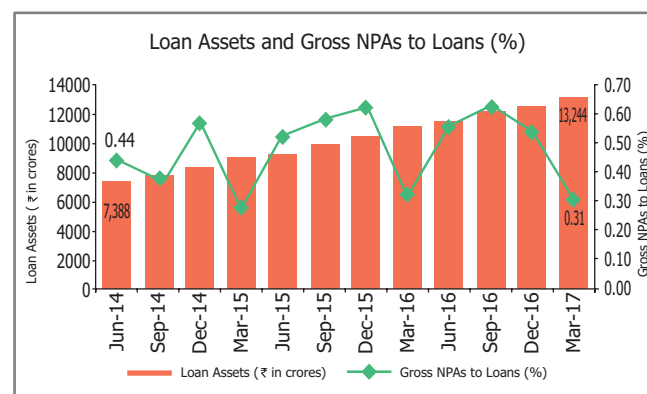
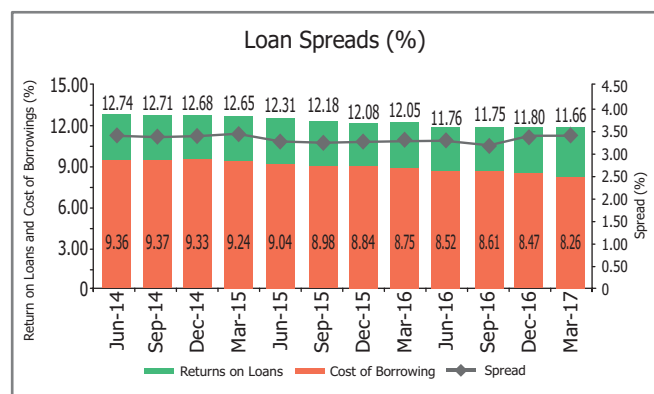
#### Investments

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 ₹ 5.41 crores as surplus from cash management schemes of mutual funds and ₹ 4.77 crores by way of interest on deposits placed with banks. At the end of the year, GRUH maintained ₹ 59.09 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, 2017 GRUH has invested ₹ 220 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 ₹ 4.60 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.

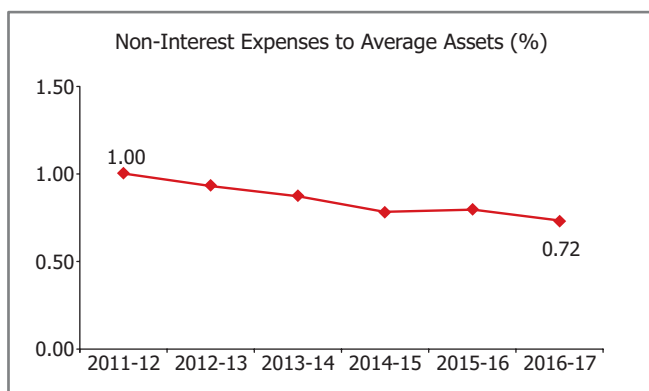
Endeavours at GRUH have been to maintain a prudent mix of fixed rate borrowings and variable rate borrowings with a view to minimise the weighted average cost of borrowings and maintain a healthy spread on its lending activities. GRUH has also been funding its operations through short-term borrowings 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 12.70% (previous year 15.78%) of the total borrowings of ₹ 12,018 crores (previous year ₹ 10,244 crores). The outstanding borrowings at fixed rate stood at ₹ 6,492 crores (previous year ₹ 4,912 crores), which was 54.02% (previous year 47.95%) 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 ₹ 1,423 crores during the year and repaid loans aggregating to ₹ 1,010 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 ₹ 4,320 crores as at March 31, 2017.

GRUH availed refinance of ₹ 515 crores from NHB and repaid refinance of ₹ 702 crores. Outstanding refinance from NHB as at March 31, 2017 of ₹ 3,771 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 ₹ 1,940 crores through issuance of NCDs during the year. The outstanding balance of NCDs as at March 31, 2017 was ₹ 2,387 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, 2017 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, 2017, ₹ 35 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, 2017 was Nil.

During the year, GRUH received fresh deposits of ₹ 521 crores and repaid deposits of ₹ 478 crores. The renewal ratio (the ratio of deposits renewed to the deposits maturing during the year) experienced by GRUH was 42.89%. The outstanding deposits have increased from ₹ 1,462 crores at the beginning of the year to ₹ 1,505 crores by the end of the year and registered a growth of 2.91%. The outstanding balance of public deposits constituted 12.52% of the total outstanding borrowings as at March 31, 2017.

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 8.26% per annum (previous year 8.75%).

### 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, 2017 of ₹ 12,018 crores were within the permissible limit of 16 times of the net owned funds. Of this, the public deposits of ₹ 1,505 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, 2017 was 18.32% as against NHB's prescribed limit of 12%. The Capital Adequacy on account of Tier I Capital was 16.82% while the Capital Adequacy on account of the Tier II Capital was 1.50%.

### 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 36,517 records in respect of loans disbursed during the year. GRUH has paid fees of ₹ 0.30 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 Board has delegated responsibility of overseeing Risk Management framework to the Audit Committee. 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.

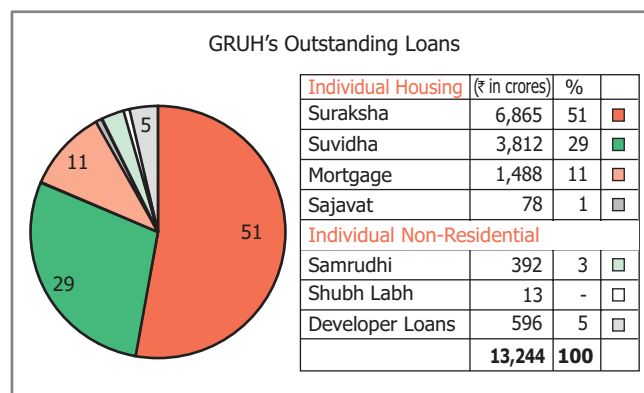
### Statement of Profit and Loss

Key elements of the statement of profit and loss for the year ended March 31, 2017 are:

- Profit before tax grew by 22% as against 20% in the previous year.
- Profit after tax grew by 22% as against 20% in the previous year.
- Current year income tax provision amounted to ₹ 120 crores as compared to ₹ 98 crores in the previous year. The effective income tax rate for the year remained at 27%.
- Pre-tax return on average assets was 3.53% in the current year as against 3.51% in the previous year. Post-tax return on average assets was 2.37% as against 2.36% in the previous year.
- Return on average net worth for the year was 30.45% as against 31.49% in the previous year.
- Ratio of net interest margin to average assets was 4.20% for the current year as against 4.08% in the previous year.
- Cost to income ratio was 15.87% for the year as against 17.44% in the previous year.
- The Earnings Per Share (Basic) was ₹ 8.15 for the current year as against ₹ 6.70 for the previous year.

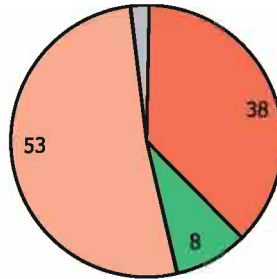
### Human Resource

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.

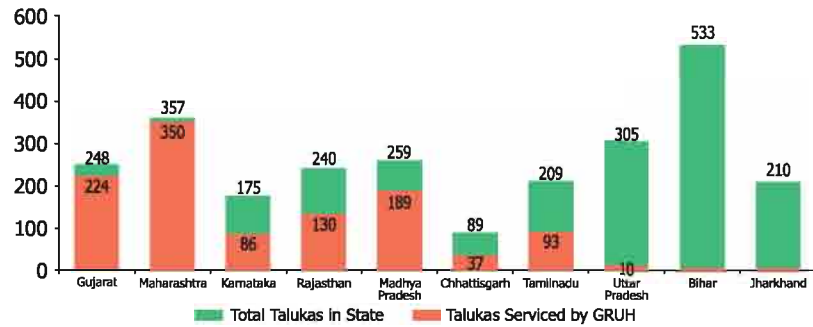


Disbursements under Rural Housing Fund Scheme  
(Since April 1, 2007)

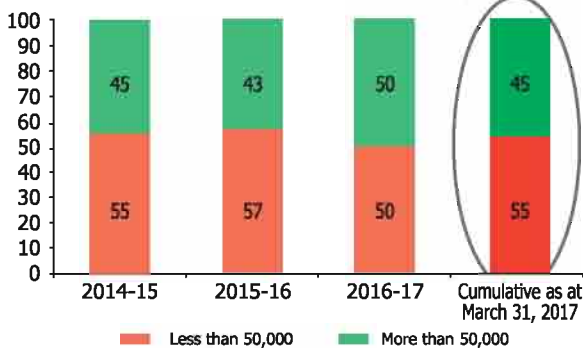
Category of Customers	₹ In crores	%
Individuals in Rural areas with annual income up to ₹2 Lacs	912	38
Backward Class	190	8
Women	1,266	53
Minority Community	33	1
	<b>2,401</b>	<b>100</b>



Taluka Penetration - Customers being Serviced as at March 31, 2017



Loan Extended in Rural Areas (%)



## 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 ten 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 eight non-executive directors, five 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 Regulation 17 of the SEBI (LODR) Regulations, 2015 and section 149 of the Companies Act, 2013. 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		Category of Director
				Member	Chairman	
1	Mr. Keki M. Mistry – Chairman	00008886	10	6	3	Non-Executive
2	Ms. Renu S. Karnad	00008064	10	6	1	Non-Executive
3	Mr. K.G. Krishnamurthy	00012579	6	4	1	Non-Executive
4	Mr. S.M. Palia #	00031145	4	1	1	Independent Non-Executive
5	Mr. Rohit C. Mehta #	00050173	2	1	2	Independent Non-Executive
6	Mr. Prafull Anubhai	00040837	4	3	3	Independent Non-Executive
7	Mr. S.G. Mankad	00086077	9	6	-	Independent Non-Executive
8	Mr. Biswamohan Mahapatra	06990345	2	1	1	Independent Non-Executive
9	Mr. Pankaj Patel *	00131852	5	1	1	Independent Non-Executive
10	Mr. Rajesh Narain Gupta ^	00229040	3	1	-	Independent Non-Executive
11	Mr. Kamlesh Shah (Executive Director)	03092230	1	-	-	Executive
12	Mr. Sudhin Choksey (Managing Director)	00036085	3	1	2	Executive

Directors at sr. Nos. 11 and 12 are executive directors. All other directors are non-executive directors.

Directors at sr. Nos. 4 to 10 are independent directors.

# The term of Mr. S. M. Palia and Mr. Rohit C. Mehta, independent directors was upto March 31, 2017. Upon completion of their term, both the directors have stepped down from the board of the Company thereafter.

\* Mr. Pankaj Patel was appointed as an Independent Director on the Board w.e.f. March 16, 2017.

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

### 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 & Remuneration Committee, the Stakeholders Relationship Committee and the CSR Committee are all chaired by an independent director and the Committee mainly 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 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 5 Independent Directors on its Board. Amongst them, Mr. Prafull Anubhai and Mr S. G. Mankad, Independent Directors of the Company, have completed their term on March 31, 2017. 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 general meeting, re-appointed Mr. Prafull Anubhai as Independent Director for a second term for a period of two years from April 1, 2017 upto March 31, 2019 and Mr S. G. Mankad as Independent Director for a second term for a period of five years from April 1, 2017 upto March 31, 2022.

Mr. Biswamohan Mahapatra was appointed as an Independent Director at the 29<sup>th</sup> AGM of the Company for a period of three years from March 19, 2015.

During the year, the Board of directors on the recommendations of the Nomination and Remuneration Committee had appointed Mr. Pankaj Patel as an Additional Independent director w.e.f. March 16, 2017 for a period of five years upto March 15, 2022 subject to the approval of the members in the ensuing general meeting. The Board of directors on the recommendations of the Nomination and Remuneration Committee had appointed Mr. Rajesh Narain Gupta as an Additional Independent director w.e.f. April 17, 2017 for a period of five years upto April 16, 2022 subject to the approval of the members in the ensuing general meeting. The Board feels that their association would be beneficial to the Company.

Mr. Rohit C. Mehta and Mr. S. M. Palia, Independent Directors of the Company, have completed their term on March 31, 2017 and they have stepped down from the Board of the Company thereafter.

The current Independent Directors on the Board are : Mr Prafull Anubhai, Mr S. G. Mankad, Mr Biswamohan Mahapatra, Mr Pankaj Patel, Mr Rajesh Gupta, 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 as 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 & 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 6 times. The meetings were held on April 19, 2016, June 22, 2016, July 18, 2016, October 10, 2016, January 13, 2017 and March 16, 2017. 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 30 <sup>th</sup> AGM
Mr. Keki M. Mistry – Chairman	6	Yes
Mr. S.M. Palia #	6	Yes
Mr. Rohit C. Mehta #	4	No
Mr. Prafull Anubhai	6	Yes
Ms. Renu S. Karnad	6	Yes
Mr. K.G. Krishnamurthy	6	Yes
Mr. S.G. Mankad	6	Yes
Mr. Biswamohan Mahapatra	6	Yes
Mr. Pankaj Patel *	-	-
Mr. Rajesh Narain Gupta ^	-	-
Mr. Kamlesh Shah (Executive Director)	6	Yes
Mr. Sudhin Choksey (Managing Director)	6	Yes

# The term of Mr. S. M. Palia and Mr. Rohit C. Mehta, independent directors was upto March 31, 2017. Upon completion of their term, both the directors have stepped down from the board of the Company thereafter.

\* Mr. Pankaj Patel was appointed as an Independent Director on the Board w.e.f. March 16, 2017.

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

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 (NRC), Stakeholders Relationship Committee (SRC), 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 and Mr. Rajesh Narain Gupta. 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 19, 2016, July 18, 2016, October 10, 2016 and January 13, 2017. The committee reviewed the quarterly 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 also 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. S.M. Palia #	4
Mr. Keki M. Mistry	4
Mr. Rohit C. Mehta #	4
Mr. Prafull Anubhai	4
Mr. Rajesh Narain Gupta ^	-

# The term of Mr. S. M. Palia and Mr. Rohit C. Mehta, independent directors was upto March 31, 2017. Upon completion of their term, both the directors have stepped down from the board of the Company thereafter.

@ Mr. Biswamohan Mahapatra was appointed as Chairman of the Audit Committee w.e.f. March 16, 2017.

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

#### 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 and Section 178 of the Companies Act, 2013, 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 three times during the year under review on April 19, 2016, January 13, 2017 and March 16, 2017. The details of attendance at the Nomination and Remuneration Committee meeting are as under:

Directors	No. of meetings attended
Mr. S.G.Mankad - Chairman @	3
Mr. S.M. Palia #	3
Mr. Keki.M. Mistry	3
Ms. Renu S. Karnad	3
Mr. Biswamohan Mahapatra	3
Mr. Pankaj Patel ^	-

# Mr. S.M. Palia – Chairman of Audit Committee, has completed his term as Independent director on March 31, 2017 and has stepped down from the board of the Company thereafter.

@ Mr. S.G. Mankad was appointed as Chairman of the NRC w.e.f. March 16, 2017.

^ Mr. Pankaj Patel was inducted on the NRC w.e.f. April 17, 2017.

All members were present at the NRC meeting.

#### Stakeholders Relationship Committee (SRC)

The Stakeholders Relationship Committee comprise of Mr. Prafull Anubhai - Chairman, Mr. S. G. Mankad, Mr. K. G. Krishnamurthy and Mr. Sudhin Choksey. The committee looks into redressal of shareholders, investors, depositors and customer complaints. The Stakeholders Relationship Committee

met four times during the year on April 19, 2016, July 18, 2016, October 10, 2016 and January 13, 2017. The details of attendance at the committee meetings are as under:

Directors	No. of meetings attended
Mr. Prafull Anubhai – Chairman *	-
Mr. Rohit C Mehta #	4
Mr. S.G. Mankad	4
Mr. K.G. Krishnamurthy	4
Mr. Sudhin Choksey	4

# Mr. Rohit C Mehta – Chairman of SRC, completed his term as Independent director on March 31, 2017 and has stepped down as a director from the board of the Company thereafter.

\* Mr. Prafull Anubhai was inducted on the SRC w.e.f. April 17, 2017 and also appointed as Chairman of the SRC.

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, 3 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 September 30, 2016. The details of attendance at the CSR Committee meeting are as under:

Directors	No. of meetings attended
Mr. Prafull Anubhai – Chairman @	1
Mr. S.M. Palia #	1
Mr. Rohit C. Mehta #	1
Mr. S.G. Mankad	1
Mr. Sudhin Choksey	1
Mr. Pankaj Patel ^	-

# The term of Mr. S. M. Palia and Mr. Rohit C. Mehta, Independent directors was upto March 31, 2017. Upon completion of their term, both the directors have stepped down from the board of the Company thereafter.

@ Mr. Prafull Anubhai was appointed as Chairman of the CSR w.e.f. April 17, 2017.

^ Mr. Pankaj Patel was inducted on the CSR Committee w.e.f. April 17, 2017.

All members were present at the CSR meetings.

#### 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 January 13, 2017 without the attendance of non-independent directors and members of the management. All 5 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 (NRC) 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 and Commission paid to each independent director during FY 2016-17 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	4,75,000	-	4,75,000
Mr. S.M. Palia	5,20,000	12,00,000	17,20,000
Mr. Rohit C. Mehta	8,25,000	12,00,000	20,25,000
Mr. Prafull Anubhai	11,05,000	12,00,000	23,05,000
Ms. Renu S. Karnad	3,55,000	-	3,55,000
Mr. K.G. Krishnamurthy	5,80,000	-	5,80,000
Mr. S.G. Mankad	8,60,000	12,00,000	20,60,000
Mr. Biswamohan Mahapatra	4,95,000	12,00,000	16,95,000
Mr. Pankaj Patel *	Nil	Nil	Nil
Mr. Rajesh Narain Gupta ^	Nil	Nil	Nil

\* Mr. Pankaj Patel was appointed as an Independent Director on the Board w.e.f. March 16, 2017.

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

##### 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 company's main line of business and other ancillary and incidental purpose. 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, 2017 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 adopted 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. 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 in Directors' Report and 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 notified by the Companies (Accounting Standards) Amendment Rules, 2016. 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 May 28, 2014 and June 26, 2015 and June 22, 2016. 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 31<sup>st</sup> 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, 2017, 98.47% 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 paid the listing fees for the year 2017-18 as per the listing agreement with the respective stock exchanges.

##### Shareholder Relations

GRUH has over 40500 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](http://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 regulations 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 2016-17, 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

In accordance with Listing Regulations, Mr. Sudhin Choksey, the Managing Director 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 the Listing Regulations. 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 Management (ALM) policy approved by the board. The task of overseeing the ALM has been entrusted to the Audit Committee which oversees 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 competitive pricing of loan and deposit products.

The observations of the 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 17, 2017

Keki M. Mistry  
Chairman  
DIN : 00008886

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### Declaration

This is to confirm that for the year 2016-17, all Board members and senior management personnel have affirmed compliance with the Code of Conduct of GRUH.

Mumbai  
April 17, 2017

Marcus Lobo  
Company Secretary  
FCS : 4256

Sudhin Choksey  
Managing Director  
DIN : 00036085

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### AUDITOR'S CERTIFICATE

#### To the Members of GRUH Finance Limited

We have examined the compliance of conditions of Corporate Governance by GRUH Finance Limited, for the year ended on 31<sup>st</sup> March, 2017, as stipulated in Chapter IV of SEBI (LODR) Regulations, 2015 of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and the representation made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of SEBI (LODR) Regulations, 2015.

We further 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 has conducted the affairs of the Company.

Mumbai  
April 17, 2017

For SORAB S. ENGINEER & CO.  
Firm Registration No. 110417W  
Chartered Accountants

CA N. D. Anklesaria  
Partner  
Membership No. 10250

# PROPERTIES FINANCED BY GRUH



Town : Komakhan  
District : Mahasamund, Chhatishgadh  
Property Cost : ₹ 14,12,580/-  
Loan Amount : ₹ 10,00,000/-



Town : Kalaburagi  
District : Kalaburagi , Karnataka  
Property Cost : ₹ 9,97,200/-  
Loan Amount : ₹ 4,00,000/-



Town : Jaora  
District : Ratlam , MP  
Property Cost : ₹ 7,10,301/-  
Loan Amount : ₹ 5,00,000/-



Town : Patan  
District : Patan , Gujarat  
Property Cost : ₹ 9,05,000/-  
Loan Amount : ₹ 7,00,000/-



## 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:

<b>Secretarial Department :</b>	<b>Registrar &amp; Transfer Agent :</b>
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 listing fees have been paid to BSE and NSE for the financial year 2017-18.

### Listing of Debt Securities:

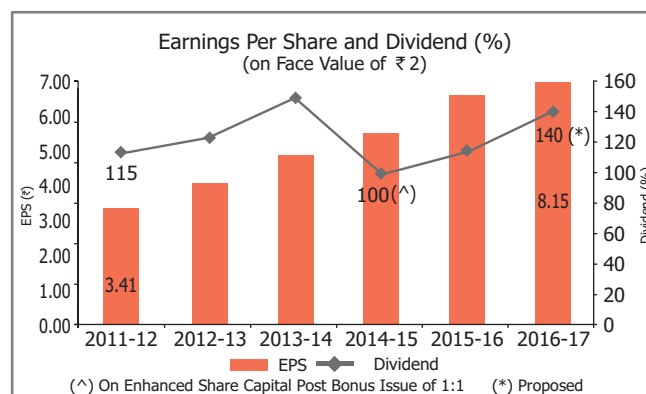
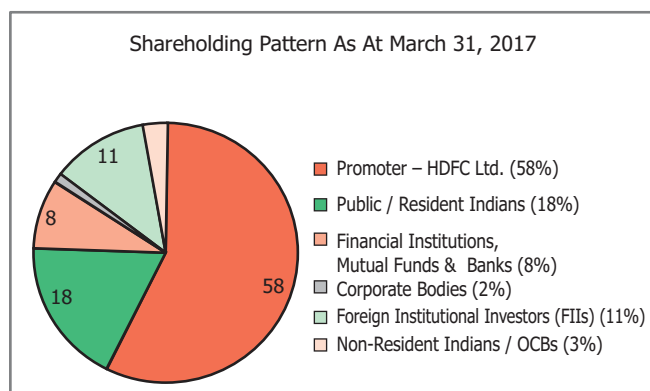
GRUH's NCDs (Series - SD-001 and SD-002 aggregating to ₹ 35 crore) are listed on the Wholesale Debt Market (WDM) segment of the National Stock Exchange of India Limited (NSE).

### 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, 2017:

Category	No. of Share-holders	Total No. of Shares Held	% to Capital
Promoter – HDFC Ltd.	1	213077850	58.45
Public /Resident Indians	38539	63573446	17.44
Financial Institutions, Mutual Funds & Banks	34	30135472	8.26
Corporate Bodies	618	6771469	1.86
Foreign Institutional Investors (FIIs)	113	41326313	11.34
Non-Resident Indians / OCBs	1220	9679934	2.65
<b>Total &gt;&gt;&gt;</b>	<b>40525</b>	<b>364564484</b>	<b>100.00</b>



### Distribution of Shareholding as at March 31, 2017

No. of Shares held	Folios		Shares	
	Numbers	%	Numbers	%
Upto 500	27359	67.51	3600798	0.99
501 to 1000	4824	11.90	4048063	1.11
1001 to 2000	2983	7.36	4642282	1.27
2001 to 3000	1688	4.17	4354363	1.19
3001 to 4000	1123	2.77	3972424	1.09
4001 to 5000	580	1.43	2719227	0.75
5001 to 10000	988	2.44	7147908	1.96
10001 and above	980	2.42	334079419	91.64
<b>Total</b>	<b>40525</b>	<b>100.00</b>	<b>364564484</b>	<b>100.00</b>

### Dematerialisation of Shares:

As at March 31, 2017, 98.47 % of equity shares of GRUH have been dematerialised by shareholders through National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

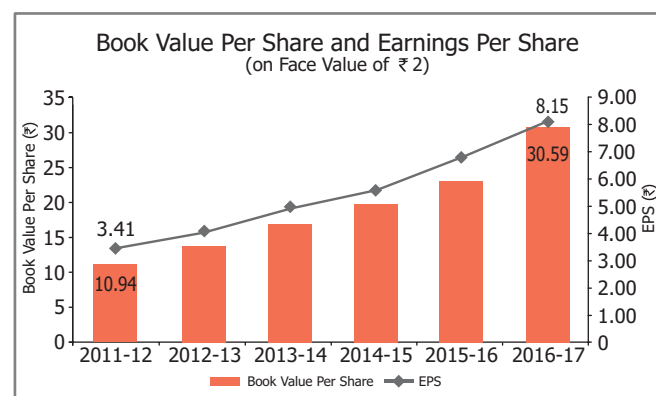
ISIN for NSDL & CDSL : INE580B01029

The status of shares which have been dematerialised and shares which are held in physical form as at March 31, 2017 are as under:

Particulars	No. of shares	(%)
Shares held in physical form	5585865	1.53
Shares held in electronic form	358978619	98.47
<b>Total Shares</b>	<b>364564484</b>	<b>100.00</b>

### 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
2009-10	65	June 17, 2010 to June 29, 2010	June 29, 2010	June 29, 2010
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

\* The Company had a Bonus issue of 1:1 in June 2014. Dividend for the FY 14-15 and FY 15-16 are on the expanded capital base.

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 2008-2009 to the Investor Education and Protection Fund, as applicable. The Company has transferred matured deposits and interest thereon for the year 2008-2009 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 2009-2010 to 2015-2016 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 2009-2010 will have to be transferred to the Investor Education and Protection Fund in August 2017 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, 2017 (₹)	Unclaimed dividend as % to total dividend	Date of declaration	Last date for claiming the dividend prior to its transfer to IEPF
09-10	1003	9,71,426	0.43	June 29, '10	July 27, '17
10-11	986	15,32,619	0.40	July 14, '11	Aug 11, '18
11-12	1103	17,32,527	0.42	June 18, '12	July 17, '19
12-13	1140	18,56,940	0.41	July 8, '13	Aug 5, '20
13-14	1212	23,32,017	0.43	May 28, '14	June 26, '21
14-15	1356	35,15,816	0.48	June 26, '15	July 24, '22
15-16	1229	35,35,017	0.42	June 22, '16	July 21, '23

#### Unclaimed Shares:

In terms of Regulation 39 of the SEBI (LODR) Regulations, 2015, shares issued pursuant to the public issues or any other issue which remain unclaimed are required to be credited to a demat suspense account with one of the depository participants opened by the Company for this purpose. The Company has been sent the 1st reminder letters to the shareholders on March 15, 2016. During the year, the Company has sent the 2<sup>nd</sup> reminder letters sent on June 14, 2016 and 3<sup>rd</sup> reminder letters sent on October 21, 2016 to the shareholders. The Company has been receiving responses from the shareholders and the Company is attending to these responses. After processing these requests, the Company will take such other appropriate measures as may be required before proceeding to transfer the unclaimed shares to a suspense account.

In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Company will be arranging to transfer the corresponding shares to IEPF, where the dividends for the last seven consecutive years have not been claimed by the concerned shareholders. The concerned shareholders, however, may claim the dividend and shares from IEPF.

#### 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 June 7, 2017 to June 15, 2017 (both days inclusive) for the purpose of AGM/Dividend for the financial year 2016-17.

#### Dividend Payment:

The Board of Directors of GRUH has recommended a dividend of 140% (₹ 2.80 per share) for the financial year ended March 31, 2017 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, June 6, 2017.
- (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 June 15, 2017 but within the statutory time limit.

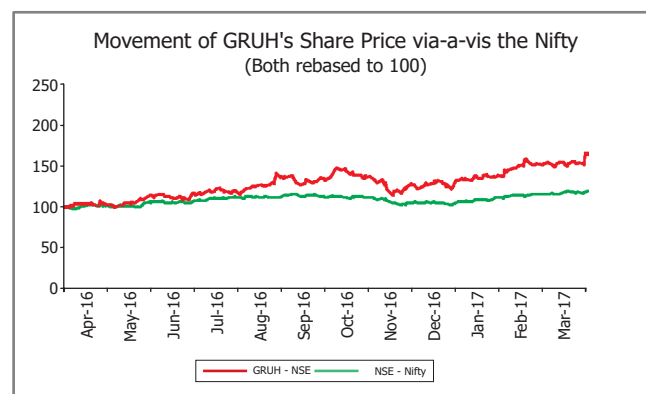
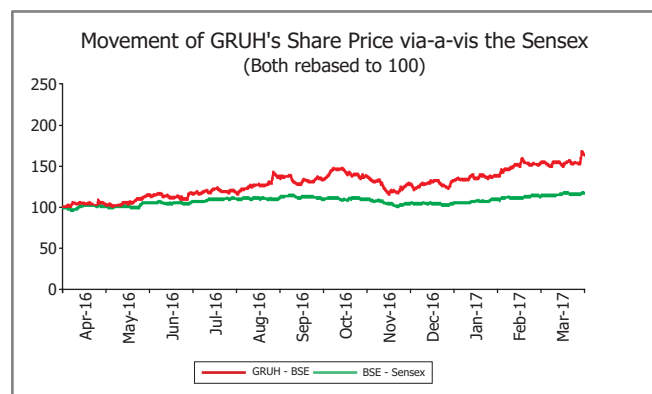
#### 31<sup>st</sup> Annual General Meeting

Date : June 15, 2017

Day : Thursday

Time : 10.30 a.m.

Venue : H.T. Parekh Convention Centre,  
Ahmedabad Management Association (AMA),  
ATIRA Campus, Dr. Vikram Sarabhai Marg,  
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](mailto:investorcare@gruh.com), which would enable investors to post their grievance.

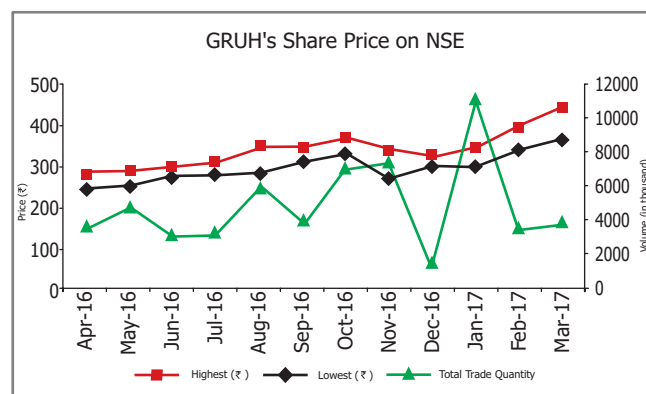
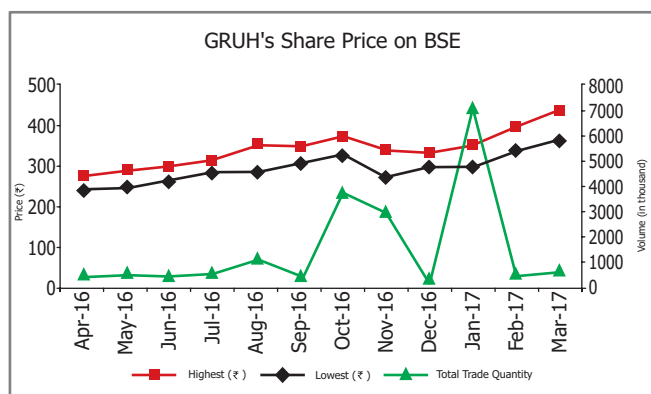
A status report on adherence to the said service standards is reviewed by the Company secretary on a monthly basis and a detailed report is presented at the meetings of the Stakeholders Relationship Committee, for its review and noting.

### Stock Market Data:

Monthly high and low quotations as well as the volume of shares traded at the BSE Limited and the NSE for 2016-17 along with the BSE Sensex and NIFTY are as follows:

#### BSE 2016-17:

Month	Highest (₹)	Lowest (₹)	Volume of Shares traded	BSE Sensex (monthly close)
April 2016	272.50	238.45	589043	25607
May 2016	284.90	246.35	673613	26668
June 2016	293.00	261.05	540712	27000
July 2016	306.70	280.00	664391	28052
August 2016	350.40	282.45	1248178	28453
September 2016	343.65	308.70	596969	27866
October 2016	370.00	326.50	3825099	27930
November 2016	336.10	270.00	3039100	26653
December 2016	327.00	297.50	395041	26626
January 2017	349.75	298.00	7088136	27656
February 2017	390.05	338.30	657700	28743
March 2017	436.00	362.15	747458	29621



**NSE 2016-17:**

Month	Highest (₹)	Lowest (₹)	Volume of Shares traded	NIFTY (monthly close)
April 2016	275.00	238.10	3710675	7850
May 2016	285.00	246.00	4830976	8160
June 2016	293.00	270.00	3236351	8288
July 2016	306.40	281.10	3264798	8639
August 2016	350.50	282.15	5852133	8786
September 2016	343.50	309.00	4035857	8611
October 2016	368.70	323.40	7111594	8626
November 2016	338.95	268.50	7559785	8225
December 2016	328.00	296.35	1540537	8186
January 2017	346.00	300.00	11394738	8561
February 2017	390.90	338.00	3613075	8880
March 2017	438.70	362.20	3937740	9174

**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

Particulars	No. of shares issued (of ₹ 2 each)	Year
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	FY 2006-07
Allotment under ESOS	62,505	FY 2007-08
Allotment under ESOS	21,305	FY 2008-09
Allotment under ESOS	3,65,950	FY 2009-10
Allotment under ESOS	21,62,415	FY 2010-11
Allotment under ESOS	7,25,025	FY 2011-12
Allotment under ESOS	19,63,485	FY 2012-13
Allotment under ESOS	16,54,475	FY 2013-14
Bonus Issue (1:1)	18,01,31,150	June 10, 2014
Allotment under ESOS	31,22,280	FY 2014-15
Allotment under ESOS	2,97,160	FY 2015-16
Allotment under ESOS	8,82,744	FY 2016-17
Total : (as on March 31, 2017)	36,45,64,484	

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.

**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	<a href="http://www.gruh.com/policies/Code-of-Conduct.pdf">http://www.gruh.com/policies/Code-of-Conduct.pdf</a>
2 Corporate Social Responsibility Policy	<a href="http://www.gruh.com/policies/CSR-Policy.pdf">http://www.gruh.com/policies/CSR-Policy.pdf</a>
3 Whistle Blower Policy	<a href="http://www.gruh.com/policies/Whistle-Blower-Policy.pdf">http://www.gruh.com/policies/Whistle-Blower-Policy.pdf</a>
4 Policy on Transactions with Related Parties	<a href="http://www.gruh.com/policies/RPT-Policy.pdf">http://www.gruh.com/policies/RPT-Policy.pdf</a>
5 Familiarization Programme	<a href="http://www.gruh.com/policies/Familiarization-Programme.pdf">http://www.gruh.com/policies/Familiarization-Programme.pdf</a>
6 Policy on Remuneration of Directors, Senior Management, KMPs and other employees	<a href="http://www.gruh.com/policies/Remuneration-Policy.pdf">http://www.gruh.com/policies/Remuneration-Policy.pdf</a>
7 Policy on Determination of Materiality	<a href="http://www.gruh.com/policies/Determination-on-Materiality.pdf">http://www.gruh.com/policies/Determination-on-Materiality.pdf</a>
8 Archival Policy	<a href="http://www.gruh.com/policies/Archival-Policy.pdf">http://www.gruh.com/policies/Archival-Policy.pdf</a>
9. Code of Practices & Procedures for Fair Disclosures of UPSI	<a href="http://www.gruh.com/policies/Fair-Disclosure-Code-UPSI.pdf">http://www.gruh.com/policies/Fair-Disclosure-Code-UPSI.pdf</a>
10 Disclosure under Regulation 14 of SEBI (SBEB) Regulations 2014	<a href="http://www.gruh.com/ESOS-Disclosure.pdf">http://www.gruh.com/ESOS-Disclosure.pdf</a>
11. Dividend Distribution Policy	<a href="http://www.gruh.com/pdf/dividend-distribution-policy.pdf">http://www.gruh.com/pdf/dividend-distribution-policy.pdf</a>

## 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, 2017, the Statement of Profit and Loss, 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 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 principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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. 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.

We conducted our audit 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 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 we have obtained 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 principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, 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 the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
2. As required by section 143(3) of the Act, 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - (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 and with the returns received from the branches not visited by us.

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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".
- (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, 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 - Refer Note 28 to the 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;
  - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management - Refer Note 32.

For **SORAB S. ENGINEER & Co.**  
Firm's Registration No. 110417W  
Chartered Accountants

**CA N. D. Anklesaria**  
Partner  
Membership No. 10250

Mumbai  
April 17, 2017

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## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Re : GRUH Finance Limited

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" 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 program 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) The title deeds of immovable properties are held in the name of the Company.
- (ii) According to the information and explanations given to us, the nature of the Company's business is such that it is not required to hold any inventories.
- (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 Act. Consequently, requirement of clauses (iii,a), (iii,b) and (iii,c) of paragraph 3 of the order are not applicable.
- (iv) The Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 and 186 of the Act. Consequently, requirements of clause (iv) of paragraph 3 of the order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 73 to 76 of the Act and the Housing Finance Companies (NHB) Directions, 2010 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

- (vi) The Company is not engaged in production, processing, manufacturing or mining activities Therefore, the provisions of maintenance of cost records specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 mentioned in clause (vi) of paragraph 3 of the order are not applicable.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, following amounts have not been deposited as on March 31, 2017 on account of any dispute :

Nature of Statute	Nature of the dues	₹ in crore	Period to which the matter pertains	Forum where matter is pending
Income Tax Act	Income Tax	0.58	2007-2008	ITAT, Ahmedabad
Income Tax Act	Income Tax	0.91	2009-2010	Commissioner of Income Tax (Appeals)
Income Tax Act	Income Tax	1.05	2010-2011	ITAT, Ahmedabad
Income Tax Act	Income Tax	0.38	2013-2014	Commissioner of Income Tax (Appeals)

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, government or dues to debenture holders.
- (ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were obtained, other than temporary deployment pending application.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company is not required to be registered under section 451A of the Reserve Bank of India Act, 1934.

For SORAB S. ENGINEER & Co.  
 Firm's Registration No. 110417W  
 Chartered Accountants

Mumbai  
 April 17, 2017

CA N. D. Anklesaria  
 Partner  
 Membership No. 10250



## ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF GRUH FINANCE LIMITED

### Report on the Internal Financial Controls 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, 2017 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 (ICAI)". 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 Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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, 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, 2017, 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".

For SORAB S. ENGINEER & Co.  
Firm's Registration No. 110417W  
Chartered Accountants

Mumbai  
April 17, 2017

CA N. D. Anklesaria  
Partner  
Membership No. 10250

**BALANCE SHEET AS AT MARCH 31, 2017**

	Notes	March 31, 2017	March 31, 2016
(₹ in crores)			
<b>EQUITY AND LIABILITIES</b>			
<b>Share Holders' Funds</b>			
Share Capital	2	72.91	72.74
Reserves and Surplus	3	1,040.30	762.56
		1,113.21	835.30
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	10,491.96	8,628.11
Deferred Tax Liability (Net)	13	122.99	58.55
Other Long-Term Liabilities	5	65.43	69.64
Long-Term Provisions	6	106.85	79.20
		10,787.23	8,835.50
<b>Current Liabilities</b>			
Short-Term Borrowings	7	22.99	23.89
Trade Payables	8	2.19	1.18
Other Current Liabilities	9	1,657.19	1,643.47
Short-Term Provisions	6	3.13	103.26
		1,685.50	1,771.80
		13,585.94	11,442.60
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10	13.12	13.83
Intangible Assets	11	0.58	0.73
Non-Current Investments	12	158.09	32.95
Long-Term Loans and Advances			
Loans	14.1	12,431.44	10,497.33
Others	14.5	36.24	40.26
Other Non-Current Assets	17.2	33.00	28.09
		12,672.47	10,613.19
<b>Current Assets</b>			
Current Investments	12	0.00	109.97
Cash and Bank Balances	15	38.65	57.56
Short-Term Loans and Advances	16	54.20	37.33
Other Current Assets			
Loans	17.1	812.88	617.22
Others	17.2	7.74	7.33
		913.47	829.41
		13,585.94	11,442.60

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 Sorab S. Engineer & Co.**  
Firm's Registration No. 110417W  
Chartered Accountants

**CA N. D. Anklesaria**  
Partner  
Membership No. 10250

Mumbai  
April 17, 2017

**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)

**Marcus Lobo**  
Company Secretary  
(FCS : 4256)

**Renu S. Karnad**  
(DIN : 00008064)

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

**Kamlesh Shah**  
(DIN : 03092230)

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Notes	Current Year	Previous Year
(₹ in crores)			
<b>INCOME</b>			
Revenue from Operations	18	1,487.39	1,275.40
		<u>1,487.39</u>	<u>1,275.40</u>
<b>EXPENDITURE AND CHARGES</b>			
Finance Cost	19	919.62	807.41
Employee Benefit Expenses	20	48.61	42.80
Establishment Expenses	21	10.88	9.69
Other Expenses	22	63.42	50.77
Depreciation and Amortisation Expenses	23	2.86	3.03
		<u>1,045.39</u>	<u>913.70</u>
<b>PROFIT BEFORE TAX FOR THE YEAR</b>		<b>442.00</b>	<b>361.70</b>
Tax Expenses :			
Current Tax		120.00	98.24
Deferred Tax (Net)	3.2 & 13	<u>25.35</u>	<u>19.88</u>
		<u>145.35</u>	<u>118.12</u>
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b>296.65</b>	<b>243.58</b>
Earnings per Equity Share	33		
(Face value of ₹ 2 per Share)			
Basic		8.15	6.70
Diluted		8.15	6.70

### 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 Sorab S. Engineer & Co.**  
Firm's Registration No. 110417W  
Chartered Accountants

**CA N. D. Anklesaria**  
Partner  
Membership No. 10250

Mumbai  
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(DIN : 03092230)

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Current Year	Previous Year
(₹ in crores)		
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	442.00	361.70
Adjustments for :		
Depreciation and Amortisation	2.86	3.03
Brokerage and Incentive Expenses written off	5.00	4.15
Bad Debts Written off	0.51	5.43
Retirement Benefits	1.07	0.72
Loss on Sale of Acquired Properties	0.09	0.13
Provisions and Contingencies	31.73	16.50
Amount spent and utilised on CSR Activities	3.36	2.26
Loss on sale of Property, Plant & Equipment (Net)	0.00	0.01
	<u>44.62</u>	<u>32.23</u>
Operating Profit Before Working Capital Changes	486.62	393.93
Changes in Working Capital :		
Increase / (Decrease) in Trade Payables	1.01	0.26
Increase / (Decrease) in Long-Term Provisions	(0.52)	(0.39)
Increase / (Decrease) in Short-Term Provisions	0.55	0.92
Increase / (Decrease) in Other Current Liabilities	102.70	8.31
Increase / (Decrease) in Other Long-Term Liabilities	(4.21)	33.70
(Increase) / Decrease in Long-Term Loans and Advances	(0.28)	(0.49)
(Increase) / Decrease in Short-Term Loans and Advances	(11.15)	2.47
(Increase) / Decrease in Other Current Assets	(0.41)	(0.91)
Brokerage and Incentive Paid	(6.38)	(4.57)
(Increase) / Decrease in Other Bank Balances	(0.89)	28.77
Amount spent and utilised on CSR Activities (Note b)	(3.36)	(2.26)
Investments (Net)	(19.80)	(67.16)
	<u>57.26</u>	<u>(1.35)</u>
Cash Generated from Operations	543.88	392.58
Taxes Paid (Net of refunds)	(118.75)	(117.67)
Net Cash from Operations	425.13	274.91
Non-Current Portion of Loans	(1,934.62)	(2,111.84)
Current Portion of Loans	(195.75)	(81.80)
	<u>(2,130.37)</u>	<u>(2,193.64)</u>
Net Cash used in operations before extraordinary items	(1,705.24)	(1,918.73)
Extraordinary items	0.00	0.00
Net Cash used in Operating Activities	<u>(1,705.24)</u>	<u>(1,918.73)</u>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant & Equipment / Intangible Assets	(2.02)	(3.98)
Sale of Property, Plant & Equipment	0.02	0.11
Capital Advances	(0.12)	(0.56)
Net Cash used in Investing Activities	<u>(2.12)</u>	<u>(4.43)</u>

**C. CASH FLOW FROM FINANCING ACTIVITIES**

Proceeds from Share Allotment under Employee Stock Option Schemes	0.17	0.06
Securities Premium Received	22.40	0.95
NCD Issue Expenses	(3.39)	(0.29)
Dividends Paid	(83.30)	(72.33)
Dividend Distribution Tax	(17.03)	(14.80)
Unclaimed Dividend Paid	(0.13)	(0.09)
Availment/(Repayment) of Long-Term Borrowings	1,863.85	2,004.02
Availment/(Repayment) of Short-Term Borrowings	(0.90)	(949.29)
Changes in Current maturities of Long-Term Borrowings	(109.63)	976.52
Changes in Unclaimed Matured Deposits and Interest Accrued thereon	20.43	(2.44)
Net Cash Generated from Financing Activities	<u>1,692.47</u>	<u>1,942.31</u>
Net increase in Cash and Cash Equivalents	<u>(14.89)</u>	<u>19.15</u>
Cash and Cash Equivalents at the beginning of the year	27.45	8.30
Cash and Cash Equivalents at the end of the year (Note a)	12.56	27.45

Note (a) :

Cash and Cash Equivalents comprises of :

Cash on Hand	0.04	0.06
Cheques on Hand	5.13	5.06
Balances with Banks as Highly Liquid Investments*	7.39	22.33
	<u>12.56</u>	<u>27.45</u>

\* Includes balances in Unpaid Dividend Accounts

which are not available for use by GRUH

1.55 1.33

Note (b) :

Amount Spent and utilised on CSR Activities :

Contribution to various Trusts/NGOs/Societies/Agencies and utilisation thereon	3.25	2.15
Expenditure on Administrative Overheads for CSR	0.11	0.11
	<u>3.36</u>	<u>2.26</u>

The accompanying notes are an integral part of the financial statements.  
As per our report of even date attached

**Directors**

**For Sorab S. Engineer & Co.**  
Firm's Registration No. 110417W  
Chartered Accountants

**CA N. D. Anklesaria**  
Partner  
Membership No. 10250

Mumbai  
April 17, 2017

**Keki M. Mistry**  
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(DIN : 00008064)

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

**Kamlesh Shah**  
(DIN : 03092230)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Accounting Convention

The Financial Statements 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 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and guidelines issued by the National Housing Bank.

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 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 on loan assets classified as "Non-Performing" is recognised only on actual receipt.

#### 1.5 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.

#### 1.6 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).

#### 1.7 Brokerage and Incentive on Deposit

Brokerage and incentive on deposits is amortised over the period of the deposit.

#### 1.8 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.

#### 1.9 Tax 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.

Deferred tax is recognised for all timing differences, being the differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date. The carrying amount of deferred tax asset/liability is reviewed at each Balance Sheet date and consequential adjustments are carried out.

#### 1.10 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.

#### 1.11 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.

#### 1.12 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. Excess provisions over and above provisioning requirement for Standard Assets and NPAs are carried under Provision for Contingencies Account.

#### 1.13 Employee Benefits

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 on the basis of an actuarial valuation at the year end based on the Projected Unit Credit method and incremental liability, if any, is provided for in the books. Gratuity scheme is administered through trust recognised by the Income Tax Authorities.

Actuarial Gains and Losses comprise of experience adjustments and the effects of changes in actuarial assumptions and are recognised immediately in Statement of Profit and Loss as income or expense.

#### 1.14 Contingent Liabilities

Contingent liabilities, if any, are disclosed in the notes on accounts. Provision is made in the accounts in respect of those contingencies which are likely to materialise into liabilities after the year end till the adoption of accounts by Board of Directors and which have material effect on the position stated in the Balance Sheet.

#### 1.15 Capital 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, 2017	As At March 31, 2016
<b>Authorised</b>			
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
<b>Issued and Subscribed</b>			
36,45,64,484	Equity Shares of ₹ 2 each (Previous Year 36,36,81,740 Shares of ₹ 2 each)	72.91	72.74
		72.91	72.74
<b>Paid Up</b>			
36,45,64,484	Equity Shares of ₹ 2 each (Previous Year 36,36,81,740 Shares of ₹ 2 each)	72.91	72.74
		72.91	72.74

### 2.1 (a) Reconciliation of Number of Shares :

Particulars	As At March 31, 2017		As At March 31, 2016	
	No. of Shares	₹ in crores	No. of Shares	₹ in crores
Equity Shares outstanding at the beginning of the year	36,36,81,740	72.74	36,33,84,580	72.68
Add : Shares allotted pursuant to exercise of stock options under ESOS	8,82,744	0.17	2,97,160	0.06
Equity Shares outstanding at the end of the year	36,45,64,484	72.91	36,36,81,740	72.74

### (b) Aggregate number of shares allotted as fully paid-up by way of Bonus Shares (During 5 years immediately preceding March 31, 2017) :

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 par value of ₹ 2 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

### 2.3 Shares held by Holding Company :

Particulars	As At March 31, 2017	As At March 31, 2016
Holding Company - HDFC Limited	21,30,77,850	21,30,77,850



#### 2.4 Details of Shares held by Shareholders holding more than 5% of the aggregate shares in GRUH :

Particulars	As At	As At
	March 31, 2017	March 31, 2016
Holding Company - HDFC Limited	21,30,77,850	21,30,77,850
% of Shareholding	58.45	58.59

#### 2.5 Shares reserved for issue under options :

- (a) During the year, GRUH has issued 8,82,744 (Previous Year 2,97,160) shares on exercise of options granted to its employees and directors under ESOS Schemes.
- (b) As at March 31, 2017, GRUH has following Employee Stock Option Schemes, the features of the same are as follows :

Scheme	ESOS - 2015	ESOS - 2011 Tranche - II	ESOS - 2011 Tranche - I
Date of grant	January 30, 2015	October 25, 2011	February 10, 2011
Number of options granted	45,00,000	51,050	11,72,849
Exercise price per option	₹ 268.20	₹ 548.80	₹ 317.85
Date of vesting	The vesting will be as under : 30% on January 30, 2016 35% on January 30, 2017 35% on January 30, 2018	The vesting will be as under : 30% on October 25, 2012 35% on October 25, 2013 35% on October 25, 2014	The vesting will be as under : 30% on February 10, 2012 35% on February 10, 2013 35% on February 10, 2014
Exercise period	Within 3 years from the date of respective vesting.	Within 3 years from the date of respective vesting.	Within 3 years from the date of respective vesting.
Method of settlement	Through allotment of one Equity Share for each option granted.	Through allotment of Ten Equity Shares for each option granted.	Through allotment of Ten Equity Shares for each option granted.

- (c) Intrinsic Value Method has been used to account for the employee share based payment plans. The intrinsic value of each stock option granted under the ESOS - 2015 and ESOS - 2011 (Tranche I and II) plan is ₹ Nil, since the market price of the underlying share at the grant date was same as the exercise price and consequently the accounting value of the option (compensation cost) is ₹ Nil.
- (d) Further details of the stock option plans are as follows :

Particulars	ESOS - 2015	ESOS - 2011 Tranche II	ESOS - 2011 Tranche I
Options Outstanding at start of the year	13,84,830	675	6,818
Options granted during the year	Nil	Nil	Nil
Options not vested at the start of the year	27,06,270	Nil	Nil
Options Lapsed during the year	2,72,810	Nil	2,789
Options Exercised during the year	8,35,704	675	4,029
Options vested but not exercised at end of the year	16,39,441	Nil	Nil
Options not vested at end of the year	13,43,145	Nil	Nil
Weighted Average Exercise Price per Option	₹ 268.20	₹ 548.80	₹ 317.85

- (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			ESOS - 2011 (Tranche - II)			ESOS - 2011 (Tranche - I)		
	Vesting on January 30,			Vesting on October 25,			Vesting on February 10,		
	2016	2017	2018	2012	2013	2014	2012	2013	2014
Estimated Value of Stock Option (₹)	35.00	51.00	64.00	70.00	101.00	116.00	51.00	67.00	75.00
Share Price at Grant Date (₹)	268.20	268.20	268.20	548.80	548.80	548.80	317.85	317.85	317.85
Exercise Price (₹)	268.20	268.20	268.20	548.80	548.80	548.80	317.85	317.85	317.85
Expected Volatility (%)	20.00	20.00	20.00	25.00	25.00	25.00	30.00	30.00	30.00
Dividend Yield Rate (%)	0.80	1.00	1.10	2.20	2.90	3.75	2.20	2.90	3.75
Expected Life of Options (in days)	455	821	1,186	366	731	1,096	455	821	1,186
Risk Free Rate of Interest (%)	7.77	7.74	7.73	8.65	8.69	8.61	7.54	7.65	7.85

- (f) Had the compensation cost for the stock options granted under ESOS - 2015 and ESOS - 2011 (Tranche - I and II) been determined on fair value approach, GRUH's Profit After Tax and earnings per share would have been as pro-forma amounts indicated below :

Particulars	2016-17	2015-16
Profit After Tax as reported	296.65	243.58
Less : Amortisation of Compensation Cost (pro-forma)	6.23	10.69
Profit considered for computing EPS (pro-forma)	290.42	232.89
Earnings Per Share - Basic		
- as reported (Note 33)	8.15	6.70
- pro-forma	7.98	6.41
Earnings Per Share - Diluted		
- as reported (Note 33)	8.15	6.70
- pro-forma	7.98	6.40

## 2.6 Proposed Dividend

The final dividend proposed for the year is as follows :

Particulars	2016-17	2015-16
On Equity Shares of ₹ 2 each		
Dividend Per Equity Share (₹)	2.80	2.30
Dividend Proposed (%)	140.00	115.00

### 3 RESERVES AND SURPLUS

	As At March 31, 2017	(₹ in crores) As At March 31, 2016
<b>Statutory Reserve (Note 3.1 and 25.2)</b>		
(As per section 29C of the NHB Act, 1987 and section 36(1)(viii) of Income Tax Act, 1961)		
Opening Balance	355.93	286.08
Add : Addition during the year	84.00	69.85
Less: Appropriation during the year	0.00	0.00
	439.93	355.93
<b>General Reserve (Note 3.2)</b>		
Opening Balance	129.04	98.93
Add : Transfer from Statement of Profit and Loss	65.00	50.00
Less: Utilised for Deferred Tax Liability on Special Reserve	39.09	19.89
	154.95	129.04
<b>Additional Reserve (Note 25.2)</b>		
(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: Utilised during the year	0.00	0.00
	27.74	27.74
<b>Securities Premium</b>		
Opening Balance	65.71	64.95
Add : Received during the year	22.40	0.95
Less: Utilised during the year for NCD Issue Expenses [Net of tax of ₹ 1.17 crore (Previous Year ₹ 0.10 crore)]	2.22	0.19
	85.89	65.71
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	184.14	161.11
Add : Profit for the year	296.65	243.58
Amount Available for Appropriations	480.79	404.69
<b>Appropriations :</b>		
Statutory Reserve (As per section 29C of the NHB Act, 1987 and section 36(1)(viii) of Income Tax Act, 1961)	84.00	69.85
General Reserve	65.00	50.00
Proposed Dividend (Note 3.3)	0.00	83.65
Tax on Proposed Dividend (Note 3.3)	0.00	17.03
Dividend (including tax on dividend) pertaining to previous year paid during the year (Note 3.4)	(₹ 40,583)	0.02
Balance carried forward to Balance Sheet	331.79	184.14
	1,040.30	762.56

- 3.1 As per section 29C(i) 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 ₹ 84.00 crores (Previous Year ₹ 69.85 crores) to Special Reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961. GRUH doesn't anticipate any withdrawal from Special Reserve in foreseeable future.

3.2 Vide circular NHB(ND)/DRS/Policy Circular 65/2014-15 dated August 22, 2014, the National Housing Bank ("NHB") had directed Housing Finance Companies (HFCs) to provide for a deferred tax liability in respect of amount transferred to "Special Reserve" created under section 36(1)(viii) of the Income Tax Act, 1961. As per the circular, NHB has advised HFCs to create deferred tax liability in respect of accumulated balance of Special Reserve as on April 1, 2014 from the reserves over a period of 3 years starting with financial year 2014-15, in a phased manner in the ratio of 25:25:50. Accordingly, GRUH has created third and final phase of 50% of deferred tax liability of ₹ 39.09 crores (₹ 39.09 crores created during earlier two years) on accumulated Special Reserve as on April 1, 2014 out of General Reserve.

Also, GRUH has charged its Statement of Profit and Loss by ₹ 29.07 crores (Previous year ₹ 24.17 crores) for the year ended March 31, 2017 with the deferred tax liability on additional amount appropriated towards Special Reserve out of profits.

3.3 The Central Government in consultation with National Advisory Committee of Accounting Standards vide notification dated March 30, 2016 and circular no. 04/2016 dated April 27, 2016 had amended Companies (Accounting Standards) Rules, 2006 ('principal rules'). According to Companies (Accounting Standards) Amendment Rules, 2016, the Company has not appropriated proposed dividend of ₹ 102.08 crores and Tax thereon of ₹ 20.78 crores from Statement of Profit and Loss for the year ended March 31, 2017. (Refer Para 8.5 of AS - 4 Contingencies and Events occurring after Balance Sheet date). Accordingly, the proposed dividend and tax thereon are not recognised as liability at the year end. Due to such change, Current Liability is lower by ₹ 122.86 crores and Reserves and Surplus is higher to that extent. However, the same will be recognised as liability on approval of shareholders at ensuing Annual General Meeting.

3.4 In respect of equity shares issued pursuant to Employee Stock Option Scheme, GRUH has paid dividend (including tax on dividend) of (₹ 40,583) for the year 2015-16 (Previous year ₹ 0.02 crore) as approved by the shareholders at the Annual General Meeting.

#### 4 LONG-TERM BORROWINGS (Note 25.6 & 31.1)

(₹ in crores)

	Non-Current Portion		Current Maturities	
	As At March 31, 2017	As At March 31, 2016	As At March 31, 2017	As At March 31, 2016
<b>Secured Borrowings</b>				
<b>Term Loans</b>				
National Housing Bank	3,179.96	3,275.82	591.28	683.12
Banks	4,257.50	3,894.75	62.50	36.25
Redeemable Non-Convertible Debentures	2,037.00	447.00	350.00	400.00
From Holding Company HDFC LOC KfW	0.00	8.88	0.00	1.28
	<u>9,474.46</u>	<u>7,626.45</u>	<u>1,003.78</u>	<u>1,120.65</u>
<b>Unsecured Borrowings</b>				
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				
From Related Party	0.00	0.00	0.00	0.05
From Others	982.50	966.66	473.03	465.74
	<u>1,017.50</u>	<u>1,001.66</u>	<u>473.03</u>	<u>465.79</u>
Amount disclosed under the head "Other Current Liabilities" (Note 9)	0.00	0.00	(1,476.81)	(1,586.44)
	<u>10,491.96</u>	<u>8,628.11</u>	<u>0.00</u>	<u>0.00</u>

#### 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 :

- (i) The specific immovable property mortgaged in favour of Debenture Trustees against the Secured Redeemable Non-Convertible Debentures; and
- (ii) The Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against the Public Deposits.

##### (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					
5.50% - 8.00%	197.41 (139.33)	294.82 (203.59)	236.75 (120.57)	466.59 (216.82)	1,195.57 (680.31)
8.01% - 9.00%	275.35 (425.27)	321.72 (487.03)	321.71 (347.21)	808.61 (1,052.32)	1,727.39 (2,311.83)
9.01% - 10.00%	118.52 (118.52)	193.48 (222.52)	162.80 (178.96)	373.48 (446.80)	848.28 (966.80)

##### (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					
8.00% - 9.00%	62.50 (0.00)	125.00 (0.00)	62.50 (0.00)	4,070.00 (0.00)	4,320.00 (0.00)
9.01% - 10.00%	0.00 (36.25)	0.00 (415.00)	0.00 (415.00)	0.00 (3,064.75)	0.00 (3,931.00)

#### 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 Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against the Public Deposits.

##### (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					
7.50% - 9.00%	250.00 (400.00)	1,737.00 (47.00)	0.00 (0.00)	0.00 (0.00)	1,987.00 (447.00)
9.01% - 10.00%	100.00 (0.00)	300.00 (400.00)	0.00 (0.00)	0.00 (0.00)	400.00 (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 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 Portion		Current Portion	
	As At March 31, 2017	As At March 31, 2016	As At March 31, 2017	As At March 31, 2016
Security Deposits	0.03	0.39	0.35	0.00
Interest Accrued but not Due on Borrowings	65.40	69.25	63.38	20.29
	<u>65.43</u>	<u>69.64</u>	<u>63.73</u>	<u>20.29</u>
Amount disclosed under the head "Other Current Liabilities" (Note 9)	0.00	0.00	(63.73)	(20.29)
	<u>65.43</u>	<u>69.64</u>	<u>0.00</u>	<u>0.00</u>

### 6 PROVISIONS

(₹ in crores)

	Long-Term		Short-Term	
	As At March 31, 2017	As At March 31, 2016	As At March 31, 2017	As At March 31, 2016
Provision for Retirement Benefits	3.14	2.59	3.13	2.58
Provision for Standard Assets	63.13	51.44	0.00	0.00
Provision for Non-Performing Assets	23.95	8.54	0.00	0.00
Provision for Contingencies	16.63	16.63	0.00	0.00
Proposed Dividend (Note 3.3)	0.00	0.00	0.00	83.65
Tax on Proposed Dividend (Note 3.3)	0.00	0.00	0.00	17.03
	<u>106.85</u>	<u>79.20</u>	<u>3.13</u>	<u>103.26</u>

#### 6.1 The movement in Provision for Loan Assets during the year is as under : (Note 25.15)

(₹ in crores)

Current Year				
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	63.13	23.95	0.00	87.08
Net Charged During the Year	11.69	15.41	0.00	27.10
Closing Balance	63.13	23.95	16.63	103.71

Previous Year

(₹ in crores)

Particulars	Standard Assets	NPAs	Prov. for Contingencies	Total
Opening Balance	39.11	8.47	16.59	64.17
Reversed During the year	(39.11)	(8.47)	0.00	(47.58)
Charged during the year	51.44	8.54	0.04	60.02
Net Charged During the Year	12.33	0.07	0.04	12.44
Closing Balance	51.44	8.54	16.63	76.61

## 7 SHORT TERM BORROWINGS (Note 25.6 & 31.1)

(₹ in crores)

	As At March 31, 2017	As At March 31, 2016
<b>Unsecured Borrowings</b>		
Public Deposits (Note 4.4)	22.99	23.89
	22.99	23.89

## 8 TRADE PAYABLES

Trade Payables of ₹ 2.19 crores (Previous Year ₹ 1.18 crore) include ₹ Nil (Previous Year ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. 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, 2017	As At March 31, 2016
Current Maturities of Long-Term Borrowings (Note 4 & 31.1)	1,476.81	1,586.44
Current Portion of Other Long-Term Liabilities (Note 5)	63.73	20.29
Instalments Received in Advance	16.66	9.86
Unclaimed Matured Deposits and Interest accrued thereon (Note 31.1)	26.39	5.96
Unpaid Dividends	1.55	1.33
Book Overdraft	38.02	5.18
Statutory Remittances	8.16	6.61
Other Liabilities	25.87	7.80
	1,657.19	1,643.47

- 9.1 There are no amounts due for payment to the Investor Education and Protection Fund under section 125 of the Companies Act, 2013 as at the year end in respect of Unclaimed Matured Deposits and Unpaid Dividends.

## 10 PROPERTY, PLANT & EQUIPMENT

Previous Year figures are in (bracket)

(₹ in crores)

Particulars	Gross Block (At Cost)				Depreciation				Net Block	
	As At 1.4.2016	Additions	Disposals	As At 31.3.2017	As At 1.4.2016	Additions	Deductions	As At 31.3.2017	As At 31.3.2017	As At 31.3.2016
<b>Own Assets</b>										
Freehold Land	0.97 (0.97)	0.00 (0.00)	0.00 (0.00)	0.97 (0.97)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.97 (0.97)	0.97 (0.97)
Office Building	4.86 (4.86)	0.00 (0.00)	0.00 (0.00)	4.86 (4.86)	1.48 (1.40)	0.08 (0.08)	0.00 (0.00)	1.56 (1.48)	3.30 (3.38)	3.38 (3.46)
Furniture and Fixtures	10.31 (8.84)	1.12 (1.48)	0.01 (0.01)	11.42 (10.31)	5.79 (5.11)	0.75 (0.70)	₹ 17,091 (0.02)	6.54 (5.79)	4.88 (4.52)	4.52 (3.73)
Office Equipments	5.23 (4.54)	0.43 (0.76)	0.09 (0.07)	5.57 (5.23)	3.24 (2.28)	0.82 (1.01)	0.08 (0.05)	3.98 (3.24)	1.59 (1.99)	1.99 (2.26)
Electrical Installation	1.60 (1.45)	0.04 (0.15)	0.00 (0.00)	1.64 (1.60)	0.61 (0.43)	0.19 (0.18)	0.00 (0.00)	0.80 (0.61)	0.84 (0.99)	0.99 (1.02)
Computers	8.70 (7.41)	0.30 (1.31)	0.05 (0.02)	8.95 (8.70)	6.97 (6.24)	0.71 (0.75)	0.05 (0.02)	7.63 (6.97)	1.32 (1.73)	1.73 (1.17)
Vehicles	0.28 (0.23)	0.00 (0.28)	0.00 (0.23)	0.28 (0.28)	0.03 (0.11)	0.03 (0.04)	0.00 (0.12)	0.06 (0.03)	0.22 (0.25)	0.25 (0.12)
	31.95	1.89	0.15	33.69	18.12	2.58	0.13	20.57	13.12	13.83
Previous Year	(28.30)	(3.98)	(0.33)	(31.95)	(15.57)	(2.76)	(0.21)	(18.12)	(13.83)	(12.73)

## 11 INTANGIBLE ASSETS

Previous Year figures are in (bracket)

(₹ in crores)

Particulars	Gross Block (At Cost)				Amortisation				Net Block	
	As At 1.4.2016	Additions	Disposals	As At 31.3.2017	As At 1.4.2016	Additions	Deductions	As At 31.3.2017	As At 31.3.2017	As At 31.3.2016
<b>Own Assets</b>										
Application Software	1.44 (1.44)	0.13 (0.00)	0.00 (0.00)	1.57 (1.44)	0.71 (0.44)	0.28 (0.27)	0.00 (0.00)	0.99 (0.71)	0.58 (0.73)	0.73 (1.00)
	1.44	0.13	0.00	1.57	0.71	0.28	0.00	0.99	0.58	0.73
Previous Year	(1.44)	(0.00)	(0.00)	(1.44)	(0.44)	(0.27)	(0.00)	(0.71)	(0.73)	(1.00)



**12 INVESTMENTS (Note 25.3)**  
 Long-Term (At Cost)

(₹ in crores)

A. Investment in Government Securities (Quoted)	Non-Current		Current	
	As At March 31, 2017	As At March 31, 2016	As At March 31, 2017	As At March 31, 2016
12.60 % Government of India Loan 2018 (₹ 66.59 crores purchased during the year)	76.35	9.76	0.00	0.00
10.70 % Government of India Loan 2020 (₹ 4.09 crores purchased during the year)	7.84	3.75	0.00	0.00
10.25 % Government of India Loan 2021 (₹ 24.33 crores purchased during the year)	39.83	15.50	0.00	0.00
10.18 % Government of India Loan 2026 (Purchased during the year)	12.44	0.00	0.00	0.00
10.03 % Government of India Loan 2019 (Purchased during the year)	19.28	0.00	0.00	0.00
11.60 % Government of India Loan 2020	1.84	1.84	0.00	0.00
9.94 % West Bengal State Development Loan 2023	0.54	0.54	0.00	0.00
9.79 % Maharashtra State Development Loan 2023	0.38	0.38	0.00	0.00
9.71 % Andhra Pradesh State Development Loan 2024	2.19	2.19	0.00	0.00
12.30 % Government of India Loan 2016 (Matured during the year)	0.00	0.00	0.00	97.79
10.71 % Government of India Loan 2016 (Matured during the year)	0.00	0.00	0.00	12.18
8.07 % Government of India Loan 2017 (Redeemed during the year)	0.00	0.00	0.00	5.68
	<u>160.69</u>	<u>33.96</u>	<u>0.00</u>	<u>115.65</u>
Less : Provision for Loss to arise on redemption of Investments	<u>4.60</u>	<u>1.01</u>	<u>0.00</u>	<u>5.68</u>
	<u>156.09</u>	<u>32.95</u>	<u>0.00</u>	<u>109.97</u>
<b>B. Investment in Mutual Funds (Unquoted)</b>	2.00	0.00	0.00	0.00
	<u>158.09</u>	<u>32.95</u>	<u>0.00</u>	<u>109.97</u>
Aggregate of Quoted Investments				
Book Value	156.09	33.96	0.00	115.65
Market Value	159.10	33.96	0.00	115.65
Aggregate Book Value of Unquoted Investments	2.00	0.00	0.00	0.00

12.1 The above Investments includes Investments of ₹ 156.09 crores (Previous year ₹ 142.92 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, 2017	March 31, 2016
(a) Deferred Tax Asset		
Provision for NPAs, Standard Assets and Contingencies	30.56	26.51
Others	1.49	1.54
	<u>32.05</u>	<u>28.05</u>
(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)	151.11	82.95
Depreciation	0.57	0.78
Others	3.36	2.87
	<u>155.04</u>	<u>86.60</u>
Net Deferred Tax Liability	<u>122.99</u>	<u>58.55</u>

### 14 LONG-TERM LOANS AND ADVANCES

#### 14.1 Loans (Note 25.15 & 31.2)

(₹ in crores)

	Non-Current Portion		Current Maturities	
	As At March 31, 2017	As At March 31, 2016	As At March 31, 2017	As At March 31, 2016
Home Loans				
Individuals	11,688.81	9,811.38	554.64	442.13
Others	206.37	206.69	184.31	136.85
	<u>11,895.18</u>	<u>10,018.07</u>	<u>738.95</u>	<u>578.98</u>
Other Loans				
Individuals	387.24	409.23	17.99	17.87
Others	149.02	70.03	55.94	20.37
	<u>536.26</u>	<u>479.26</u>	<u>73.93</u>	<u>38.24</u>
Amount disclosed under the head "Other Current Assets" (Note 17.1)	0.00	0.00	(812.88)	(617.22)
	<u>12,431.44</u>	<u>10,497.33</u>	<u>0.00</u>	<u>0.00</u>

- 14.2 Loans granted by GRUH are secured or partly secured by :
- Equitable mortgage of property and / or
  - Pledge of shares, Units, Other Securities, assignments of Life Insurance policies and / or
  - Hypothecation of assets and / or
  - Bank guarantees, Company guarantees or Personal guarantees and / or
  - Undertaking to create a security.
- 14.3 Loans includes ₹ 28.56 crores (Previous Year ₹ 13.55 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 ₹ 0.27 crore (Previous Year ₹ 0.44 crore) given to the related parties of GRUH under the Staff Loan Scheme.

#### 14.5 Others

(Unsecured and Considered good)

Particulars	(₹ in crores)	
	As At March 31, 2017	As At March 31, 2016
Rent Deposits	1.86	1.68
Other Deposits :		
To Related Party	0.05	0.05
To Others	1.43	1.33
Advance Income Tax [Net of Provision for Taxation of ₹ 589.76 crores (Previous Year ₹ 470.93 crores)]	29.69	29.77
Advance recoverable in cash or in kind or for value to be received	2.22	6.56
Capital Advances	0.99	0.87
	36.24	40.26

#### 15 CASH AND BANK BALANCES

Particulars	(₹ in crores)			
	Non-Current		Current	
	As At March 31, 2017	As At March 31, 2016	As At March 31, 2017	As At March 31, 2016
<b>15.1 Cash &amp; Cash Equivalents</b>				
(a) Balances with Banks :				
In Current Accounts	0.00	0.00	5.84	21.00
In Unpaid Dividend Accounts	0.00	0.00	1.55	1.33
(b) Cheques on Hand	0.00	0.00	5.13	5.06
(c) Cash on Hand	0.00	0.00	0.04	0.06
	0.00	0.00	12.56	27.45

## 15.2 Other Bank Balances

(₹ in crores)

Particulars	Non-Current		Current	
	As At March 31, 2017	As At March 31, 2016	As At March 31, 2017	As At March 31, 2016
Fixed Deposits with original maturity of more than three months up to twelve months	0.00	0.00	26.09	0.99
Fixed Deposits with original maturity of more than twelve months	33.00	28.09	0.00	29.12
	<u>33.00</u>	<u>28.09</u>	<u>26.09</u>	<u>30.11</u>
Amount disclosed under the head "Other Non-Current Assets" (Note 17.2)	(33.00)	(28.09)	0.00	0.00
	<u>0.00</u>	<u>0.00</u>	<u>38.65</u>	<u>57.56</u>

## 16 SHORT-TERM LOANS AND ADVANCES

(Unsecured and Considered good unless otherwise stated)

(₹ in crores)

Particulars	As At March 31, 2017	As At March 31, 2016
Instalments due from Borrowers (Secured)	40.24	29.08
Loan Against Deposit (Secured)	1.57	2.53
Advance recoverable in cash or kind or for value to be received	12.39	5.72
	<u>54.20</u>	<u>37.33</u>

16.1 Instalments due from borrowers includes ₹ 15.90 crores (Previous Year ₹ 12.32 crores) which are accrued but not due.

## 17 OTHER ASSETS

(₹ in crores)

Particulars	Non-Current		Current	
	As At March 31, 2017	As At March 31, 2016	As At March 31, 2017	As At March 31, 2016
<b>17.1 Loans</b>				
Current Maturities of Loans (Note 14.1)	0.00	0.00	812.88	617.22
	<u>0.00</u>	<u>0.00</u>	<u>812.88</u>	<u>617.22</u>
<b>17.2 Others</b>				
Non-Current Bank Balances (Note 15.2)	33.00	28.09	0.00	0.00
Interest Accrued on Investments	0.00	0.00	5.01	4.52
Interest Accrued on Bank Deposits	0.00	0.00	2.73	2.81
	<u>33.00</u>	<u>28.09</u>	<u>7.74</u>	<u>7.33</u>

		(₹ in crores)	
18 REVENUE FROM OPERATIONS	Current Year	Previous Year	
Interest Income			
Interest on Loans	1,420.28	1,207.52	
Other Interest	20.07	20.32	
Fees and Other Income	41.32	46.64	
Bad Debts Recovered	0.31	0.18	
Surplus from deployment in Cash Management Schemes of Mutual Funds	5.41	0.74	
	1,487.39	1,275.40	

18.1 Other Interest includes Interest on Long-Term SLR Investments ₹ 15.30 crores (Previous Year ₹ 13.71 crores), Interest on Bank Deposits amounting to ₹ 4.77 crores (Previous Year ₹ 5.90 crores) and Interest on Income Tax Refund ₹ Nil (Previous Year ₹ 0.71 crore).

18.2 Fees and Other Income is net of Loan Referral Charges of ₹ 14.22 crores (Previous Year ₹ 12.11 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	414.68	360.83	
Non-Convertible Debentures	89.12	69.12	
Commercial Papers	266.48	233.81	
Public Deposits	137.25	132.31	
Other Charges			
Brokerage on Deposits	5.00	4.15	
Bank Charges	0.72	0.64	
Other Borrowing Cost	6.37	6.55	
	919.62	807.41	

		(₹ in crores)	
20 EMPLOYEE BENEFIT EXPENSES (Note 26)	Current Year	Previous Year	
Salaries and Bonus	43.52	38.36	
Contribution to Provident Fund and other funds	3.56	3.02	
Staff Welfare Expenses	1.27	1.19	
Staff Training Expenses	0.26	0.23	
	48.61	42.80	

		(₹ in crores)	
21 ESTABLISHMENT EXPENSES	Current Year	Previous Year	
Rent (Note 24)	6.01	5.36	
Rates and Taxes	0.25	0.25	
Electricity Charges	1.22	1.13	
Repairs and Maintenance - Building	0.01	0.02	
Office Maintenance	3.24	2.79	
Insurance Charges	0.15	0.14	
	10.88	9.69	

(₹ in crores)

22 OTHER EXPENSES	Current Year	Previous Year
Travelling and Conveyance	1.96	1.80
Printing and Stationery	1.88	1.82
Postage, Telephone and Fax	1.64	1.45
Data Centre and Data Communication Expenses	4.21	4.03
Advertising and Business Promotion	4.12	3.90
Legal and Professional Charges	7.55	7.53
Repairs and Maintenance - Others	1.16	0.96
Staff Recruitment Expenses	0.11	0.23
Bad Debts written off	0.51	5.43
Expenses for Recovery	1.00	1.02
Directors' Fees and Commission	1.11	0.79
Auditor's Remuneration :		
Audit Fees	0.13	0.13
Tax Audit Fees	0.04	0.04
Other Certification Work	0.14	0.09
Reimbursement of Expenses	0.03	0.03
	0.34	0.29
Provision for Loan Assets (Note 6.1 & 25.15)	27.10	12.44
Provision for Loss to arise on redemption of SLR Investments	4.63	4.06
Miscellaneous Expenses (Note 29)	6.10	5.02
	<u>63.42</u>	<u>50.77</u>

(₹ in crores)

23 DEPRECIATION AND AMORTISATION EXPENSES	Current Year	Previous Year
Depreciation on Property, Plant & Equipment (Note 10)	2.58	2.76
Amortisation of Intangible Assets (Note 11)	0.28	0.27
	<u>2.86</u>	<u>3.03</u>

**24 In accordance with the Accounting Standard on 'Leases' (AS 19), the following disclosure in respect of operating leases are made :**

GRUH has taken retail office premises under operating lease or leave and license agreements for a period ranging from 11 months to 180 months. These are generally cancellable and have no specific obligation for renewal. The total lease payments for current year amounts to ₹ 6.01 crores (Previous year ₹ 5.36 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 the 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 (%)	18.32	17.82
(ii)	CRAR – Tier I Capital (%)	16.82	16.13
(iii)	CRAR – Tier II Capital (%)	1.50	1.69
(iv)	Amount of subordinated debt raised as Tier- II Capital (₹ in crores)	35.00	35.00
(v)	Amount raised by issue of Perpetual Debt Instruments	0.00	0.00

**25.2 Reserve Fund u/s 29C of National Housing Bank Act, 1987 :**

(₹ in crores)

Sr. No.	Particulars	Current Year	Previous Year
	<b>Balance at the beginning of the year</b>		
(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	355.93	286.08
		383.67	313.82
	<b>Addition / Appropriation / Withdrawal during the year</b>		
	<b>Add :</b>		
(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	84.00	69.85
	<b>Less :</b>		
(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
		467.67	383.67
	<b>Balance at the end of the year</b>		
(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	439.93	355.93
		467.67	383.67

**25.3 Investments**

(₹ in crores)

Sr. No.	Particulars	Current Year	Previous Year
	<b>Value of Investments</b>		
(i)	Gross value of Investments*		
	(a) In India	158.09	142.92
	(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	158.09	142.92
	(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 and assignment transaction, (c) Capital market transaction, (d) financing of Parent Company product, (e) finance of any unsecured advances against intangible securities such as rights, licenses, authority etc as collateral security and (f) transaction in foreign currency apart from dividend payment to Non-resident shareholder as per note. 34.

25.5 GRUH has not exceeded limit prescribed by National Housing Bank for Single Borrower Limit (SGL) 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, 2017 :

(₹ in crores)

Maturity Buckets	Liabilities				Assets		
	Deposits	Borrowings from Banks	Market Borrowings	Foreign currency Liability	Advances	Investments	Foreign currency Assets
1 day to 30 days (one month)	79.60	0.00	0.00	0.00	66.37	0.00	0.00
Over one month to 2 months	34.50	0.00	0.00	0.00	66.68	0.00	0.00
Over 2 months to 3 months	60.49	163.44	0.00	0.00	66.88	0.00	0.00
Over 3 months to 6 months	161.18	163.45	0.00	0.00	202.26	0.00	0.00
Over 6 months to 1 year	186.64	326.89	350.00	0.00	410.69	0.00	0.00
Over 1 year to 3 years	765.10	935.02	2,037.00	0.00	1,549.02	75.38	0.00
Over 3 years to 5 years	182.51	783.76	0.00	0.00	1,443.52	67.30	0.00
Over 5 years to 7 years	22.44	582.55	35.00	0.00	1,527.61	3.05	0.00
Over 7 years 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

Maturity pattern of certain items of Assets and Liabilities as at March 31, 2016 :

(₹ in crores)

Maturity Buckets	Liabilities				Assets		
	Deposits	Borrowings from Banks	Market Borrowings	Foreign currency Liability	Advances	Investments	Foreign currency Assets
1 day to 30 days (one month)	21.74	0.00	0.10	0.00	51.92	11.81	0.00
Over one month to 2 months	120.95	0.00	250.11	0.00	52.19	0.00	0.00
Over 2 months to 3 months	51.07	170.78	0.10	0.00	52.41	0.00	0.00
Over 3 months to 6 months	50.55	170.78	0.31	0.00	158.65	93.11	0.00
Over 6 months to 1 year	251.33	377.81	150.66	0.00	302.05	5.05	0.00
Over 1 year to 3 years	795.05	1,328.14	449.95	0.00	1,227.05	9.12	0.00
Over 3 years to 5 years	152.65	1,061.75	3.55	0.00	1,189.80	5.48	0.00
Over 5 years to 7 years	14.69	651.82	37.38	0.00	1,229.28	15.27	0.00
Over 7 years to 10 years	4.27	657.61	0.00	0.00	1,933.50	3.08	0.00
Over 10 years	0.00	3,471.25	0.00	0.00	4,917.70	0.00	0.00
	1,462.30	7,889.94	892.16	0.00	11,114.55	142.92	0.00



**25.7 Exposure to Real Estate Sector :**

Sr. No.	Category	Current Year	Previous Year
1.	<u>Direct Exposure</u> <b>(a) Residential Mortgages :</b> 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 may be shown separately)  <b>(b) Commercial Real Estate :</b> 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.  <b>(c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures :</b> (i) Residential (ii) Commercial Real Estate	i) Loans ≤ ₹ 15 Lacs : ₹ 9,794.97 crores ii) Loans > ₹ 15 Lacs : ₹ 2,448.48 crores iii) Total : ₹ 12,243.45 crores  ₹ 1,000.87 crores  Nil	i) Loans ≤ ₹ 15 Lacs : ₹ 8,265.32 crores ii) Loans > ₹ 15 Lacs : ₹ 1,988.19 crores iii) Total : ₹ 10,253.51 crores  ₹ 861.04 crores  Nil
2.	<u>Indirect Exposure</u> 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 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, 2017	Receivable/ (Payable) as at March 31, 2017	Transactions for the year ended March 31, 2016	Receivable/ (Payable) as at March 31, 2016
HDFC Limited	Dividend paid	49.01	Nil	42.62	Nil
	Repayment of borrowing	10.16	Nil	1.15	Nil
	Interest on borrowing	0.89	Nil	1.03	Nil
	Borrowing	Nil	Nil	Nil	(10.16)
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	3.54	Nil	3.07	Nil
	Mr. Kamlesh Shah	1.21	Nil	1.06	Nil
	Mr. Marcus Lobo	0.47	Nil	0.42	Nil
	Mr. Hitesh Agrawal	0.20	Nil	0.17	Nil
Exercise of stock option	Mr. Sudhin Choksey	1.93	Nil	Nil	Nil
	Mr. Kamlesh Shah	0.80	Nil	Nil	Nil
	Mr. Marcus Lobo	0.55	Nil	Nil	Nil
	Mr. Hitesh Agrawal	0.89	Nil	Nil	Nil
Repayment of loan	Mr. Marcus Lobo	0.11	Nil	0.02	Nil
	Mr. Hitesh Agrawal	0.06	Nil	0.01	Nil
Interest income	Mr. Marcus Lobo	(₹ 7,932)	Nil	(₹ 37,531)	Nil
	Mr. Hitesh Agrawal	0.01	Nil	0.01	Nil
Loan	Mr. Marcus Lobo	Nil	Nil	Nil	0.11
	Mr. Hitesh Agrawal	Nil	0.27	Nil	0.33
GRUH Foundation	Interest on Borrowing	(₹ 7,302)	Nil	0.01	Nil
	Repayment of borrowing	0.05	Nil	Nil	Nil
	Public Deposit	Nil	Nil	Nil	(0.05)

25.11 There are no transactions other than sitting fees and commission paid to non-executive directors. During the year, ₹ 1.12 crore (Previous year ₹ 0.81 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	0.05	0.00	0.05	0.05	0.00	0.05
Mr. S. M. Palia (up to March 31, 2017)	0.05	0.12	0.17	0.05	0.10	0.15
Mr. Rohit C. Mehta (up to March 31, 2017)	0.08	0.12	0.20	0.06	0.10	0.16
Mr. Prafull Anubhai	0.11	0.12	0.23	0.08	0.10	0.18
Ms. Renu S. Karnad	0.03	0.00	0.03	0.03	0.00	0.03
Mr. K. G. Krishnamurthy	0.06	0.00	0.06	0.03	0.00	0.03
Mr. S. G. Mankad	0.09	0.12	0.21	0.05	0.10	0.15
Mr. Biswamohan Mahapatra	0.05	0.12	0.17	0.04	0.02	0.06
Mr. Pankaj Patel (w.e.f. March 16, 2017)	0.00	0.00	0.00	0.00	0.00	0.00
	0.52	0.60	1.12	0.39	0.42	0.81

Following amounts have been received from non-executive directors on exercise of stock option :

(₹ in crores)

Name of Directors	Current Year	Previous Year
Mr. Keki M. Mistry	2.01	0.00
Ms. Renu S. Karnad	2.01	0.00
Mr. K. G. Krishnamurthy	2.01	0.00

25.12 During the year, CRISIL has upgraded GRUH's Long-Term Borrowings rating from [CRISIL] AA+ (pronounced CRISIL double A plus) with positive outlook to [CRISIL] AAA (pronounced CRISIL triple A) with stable outlook.

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 :

(₹ 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	120.00	98.24
	<b>Provision on Loan Assets (Note 6.1 &amp; 22)</b>		
3	Provision towards NPAs	15.41	0.07
4	Provision for Standard Assets	11.69	12.33
5	Other Provision and Contingencies	0.00	0.04

Break up of Loans & Advances and Provisions thereon :

(₹ in crores)

Sr. No.	Particulars	Housing		Non-Housing	
		Current Year	Previous Year	Current Year	Previous Year
	<b>Standard Assets</b>				
a)	Total Outstanding Amount*	12,625.34	10,591.43	620.21	519.18
b)	Provisions made	56.93	46.25	6.20	5.19
	<b>Sub-Standard Assets</b>				
a)	Total Outstanding Amount	22.53	17.21	0.41	1.18
b)	Provisions made	3.38	2.58	0.06	0.18
	<b>Doubtful Assets - Category-I</b>				
a)	Total Outstanding Amount	7.68	10.70	0.18	0.80
b)	Provisions made	1.92	2.68	0.05	0.20
	<b>Doubtful Assets - Category-II</b>				
a)	Total Outstanding Amount	5.45	4.56	0.70	0.03
b)	Provisions made	2.18	1.82	0.28	0.01
	<b>Doubtful Assets - Category-III</b>				
a)	Total Outstanding Amount	3.07	0.51	0.56	0.56
b)	Provisions made	3.07	0.51	0.56	0.56
	<b>Loss Assets</b>				
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	12,664.07	10,624.41	622.06	521.75
b)	Provisions made	67.48	53.84	7.15	6.14

\* Standard Assets and total outstanding includes instalment due from borrowers and Loan Against Deposit alongwith interest accrued and provision thereon.

25.16 Concentration of Public Deposits :

(₹ in crores)

Particulars	Current Year	Previous Year
Total Deposits of twenty largest depositors	488.24	500.87
Percentage of Deposits of twenty largest depositors to Total Deposits of GRUH	32.44	34.25

25.17 Concentration of Loans & Advances :

(₹ in crores)

Particulars	Current Year	Previous Year
Total Loans & Advances to twenty largest borrowers	690.59	556.03
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of GRUH	5.21	5.01

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	833.90	798.42
Percentage of exposures to twenty largest borrowers/customers to Total exposure of GRUH	6.30	7.18

**25.19 Concentration of Non-Performing Assets (NPAs) :**

(₹ in crores)

Particulars	Current Year	Previous Year
Total Exposure to top ten NPA accounts	6.89	14.03

**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	%
<b>A</b>	<b>Housing Loans :</b>				
1	Individuals	38.73	0.32	32.98	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>B</b>	<b>Non-Housing Loans :</b>				
1	Individuals	1.85	0.46	2.57	0.60
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
		40.58	0.31	35.55	0.32

**25.21 Movement of Non-Performing Assets :**

(₹ in crores)

Sr. No.	Sector	Current Year	Previous Year
I	Net NPAs to Net Advances (%)	0.00	0.09
II	Movement of NPAs (Gross)		
	a) Opening balance	35.55	25.05
	b) Additions during the year	23.58	23.39
	c) Reductions during the year	18.55	12.89
	d) Closing balance	40.58	35.55
III	Movement of Net NPAs		
	a) Opening balance	10.38	0.00
	b) Additions during the year	0.00	10.38
	c) Reductions during the year	10.38	0.00
	d) Closing balance	0.00	10.38
IV	Movement of provisions for NPAs and Contingencies (excluding provisions on standard assets)		
	a) Opening balance	25.17	25.06
	b) Additions during the year	40.58	25.17
	c) Write-back of provisions	25.17	25.06
	d) Closing balance	40.58	25.17

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	41	27
2	No. of complaints received during the year	3,383	2,722
3	No. of complaints redressed during the year	3,213	2,708
4	No. of complaints pending at the end of the year	211	41

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 crores)

Particulars	Current Year	Previous Year
Provident Fund	0.79	0.69
Superannuation Fund	0.82	0.78

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 ₹ 0.51 crore (Previous Year ₹ 0.49 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 ₹ 1.07 crore (Previous Year ₹ 0.72 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
<b>Change in the Benefit Obligations</b>		
Liability at the beginning of the year	7.47	6.22
Current Service Cost	0.40	0.36
Interest Cost	0.60	0.49
Benefits Paid	(0.25)	(0.35)
Actuarial Loss/(Gain)	1.01	0.75
Liability at the end of the year	9.23	7.47
<b>Fair Value of Plan Assets</b>		
Fair Value of Plan Assets at the beginning of the year	6.41	6.09
Expected Return on Plan Assets	0.52	0.48
Contributions	1.06	0.12
Benefits Paid	(0.25)	(0.35)
Actuarial (Loss)/Gain on Plan Assets	0.05	0.06

Fair Value of Plan Assets at the end of the year	7.79	6.41
Total Actuarial Loss/(Gain) to be recognised	0.96	0.69
<b>Actual Return on Plan Assets</b>		
Expected Return on Plan Assets	0.52	0.48
Actuarial (Loss)/Gain on Plan Assets	0.05	0.06
Actuarial Return on Plan Assets	0.57	0.54
<b>Amount Recognised in the Balance Sheet</b>		
Liability at the end of the year	9.23	7.47
Fair Value of Plan Assets at the end of the year	7.79	6.41
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits"	1.44	1.06
<b>Expense Recognised in Statement of Profit and Loss</b>		
Current Service Cost	0.40	0.36
Interest Cost	0.60	0.49
Expected Return on Plan Assets	(0.52)	(0.48)
Net Actuarial Loss/(Gain) to be recognized	0.96	0.69
Expense recognised in Statement of Profit and Loss under "Employee Benefit Expenses"	1.44	1.06
<b>Reconciliation of the Liability Recognised in the Balance Sheet</b>		
Opening Net Liability	1.06	0.12
Expense Recognised	1.44	1.06
Contribution by GRUH	(1.06)	(0.12)
Amount recognised in the Balance Sheet under "Provision for Retirement Benefits"	1.44	1.06

**Investment Pattern in (%) :**

Particulars	As At	As At
	March 31, 2017	March 31, 2016
Central Government Securities	25.07	41.15
State Government Securities / Securities guaranteed by State / Central Government	25.17	13.10
Public Sector / Financial Institutional Bonds	21.03	25.70
Private Sector Bonds	18.06	9.37
Special Deposit Scheme	0.15	0.18
Investment in Insurance Company	5.78	7.02
Equity Fund	3.02	1.95
Others (including bank balances)	1.72	1.53
	<u>100.00</u>	<u>100.00</u>

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, 2017	March 31, 2016
Discount Rate (%)	7.52	8.07
Expected Return on Plan Assets (%)	7.52	8.07
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, such as supply and demand in the employment market.

Amount for the current and previous periods are as follows :

Particulars	(₹ in crores)				
	2016-17	2015-16	2014-15	2013-14	2012-13
Present value of Defined Benefit Obligation	9.23	7.47	6.22	5.75	5.03
Fair Value of Plan Assets	7.79	6.41	6.09	5.17	4.01
Surplus/(Deficit) in the Plan	(1.44)	(1.06)	(0.13)	(0.58)	(1.02)
Experience adjustments on plan Liabilities (loss)/Gain	(0.78)	(0.79)	(0.45)	(0.47)	(0.39)
Experience adjustments on plan assets (loss)/Gain	0.05	0.06	0.01	(0.05)	0.00

27 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 0.61 crore (Previous Year ₹ 0.68 crore).

28 Contingent liability in respect of Income-tax and Interest-tax demands, amounts to ₹ 11.16 crores (Previous year ₹ 22.95 crores) disputed by GRUH and matters in dispute are under appeal. GRUH expects to succeed in these matters before appellate authority and hence no additional provision is considered necessary. Against the said demand, ₹ 8.24 crores (Previous year ₹ 18.89 crores) 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 : ₹ 6.04 crores (Previous year ₹ 4.94 crores)

(b) Amount spent, utilised and charged during the year on :

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	3.25	0.00	3.25	2.15	0.00	2.15
	b) Expenditure on Administrative Overheads for CSR	0.11	0.00	0.11	0.11	0.00	0.11
		3.36	0.00	3.36	2.26	0.00	2.26

30 In opinion of GRUH, there is only one identified reportable Business segment i.e. Housing Finance Business Segment geographically only located in India for the purpose of Accounting Standard on 'Segment Reporting' (AS 17).

### 31 CATEGORY-WISE SUMMARY OF BORROWINGS & LOANS

#### 31.1 Borrowings

Particulars	(₹ in crores)	
	As At March 31, 2017	As At March 31, 2016
Bonds and Debentures	2,422.00	882.00
Term Loans		
Banks	8,091.24	7,889.94
HDFC LOC KfW	0.00	10.16
Public Deposits	1,504.91	1,462.30
	12,018.15	10,244.40



### 31.2 Loans

(₹ in crores)

Particular	As At	As At
	March 31, 2017	March 31, 2016
Individual Home Loans	12,243.45	10,253.51
Individual NRP Loans	405.23	427.10
Developer Loans	595.64	433.94
	<u>13,244.32</u>	<u>11,114.55</u>

### 32 Information required in terms of notification number 244 issued by Ministry of Corporate Affairs dated March 30, 2017 is as under :

(₹ in crores)

Particulars	Specified Bank Notes (SBNs)	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	0.05	0.03	0.08
(+) Permitted Receipts	0.00	0.53	0.53
(-) Permitted Payments	0.00	0.26	0.26
(-) Amount deposited in Banks	0.05	0.22	0.27
Closing cash in hand as on 30.12.2016	0.00	0.08	0.08

### 33 In accordance with the Accounting Standard on 'Earnings Per Share' (AS 20), the Earnings Per Share is as follows :

#### 33.1 The Earnings Per Share (EPS) is calculated as follows :

Particulars	2016-17	2015-16
(i) Net Profit attributable to Equity Share Holders (₹ in crores)	296.65	243.58
(ii) Weighted Average number of shares for computation of Basic Earnings Per Share	36,38,64,296	36,35,72,826
(iii) Nominal Value of Equity Share (₹)	2	2
(iv) EPS - Basic	8.15	6.70
(v) EPS - Diluted	8.15	6.70

#### 33.2 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 :

##### (a) For the year 2016-17 :

Particulars	No. of Shares	Days
(i) Equity Shares of ₹ 2 each at the beginning of the year	36,36,81,740	51
(ii) Allotment of Shares under ESOS 2015, ESOS 2011 Tranche I & II	8,82,744	314
(iii) Weighted Average number of shares for computation of Basic Earnings Per Share	36,38,64,296	

##### (b) For the year 2015-16 :

Particulars	No. of Shares	Days
(i) Equity Shares of ₹ 2 each at the beginning of the year	36,33,84,580	58
(ii) Allotment of Shares under ESOS 2011 Tranche I & II	2,97,160	308
(iii) Weighted Average number of shares for computation of Basic Earnings Per Share	36,35,72,826	

33.3 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	2016-17	2015-16
(i) Weighted Average number of shares for computation of Basic Earnings Per Share	36,38,64,296	36,35,72,826
(ii) Dilute effect of outstanding Stock Options	1,56,635	64,729
(iii) Weighted Average number of shares for computation of Diluted Earnings Per Share	36,37,07,661	36,36,37,555

34 Amount remitted during the year in foreign currency on account of dividend :

Particulars	2016-17	2015-16
(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	2015-16	2014-15
(iv) Amount remitted (₹ in crore)	0.29	0.25

35 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).

36 Figures less than ₹ 50,000 which are required to be shown separately, have been shown as actual in brackets.

37 Previous year's figures have been re-grouped / re-classified wherever necessary to correspond with current year's classification disclosure.

## Memorable Moments - Awards and Recognitions



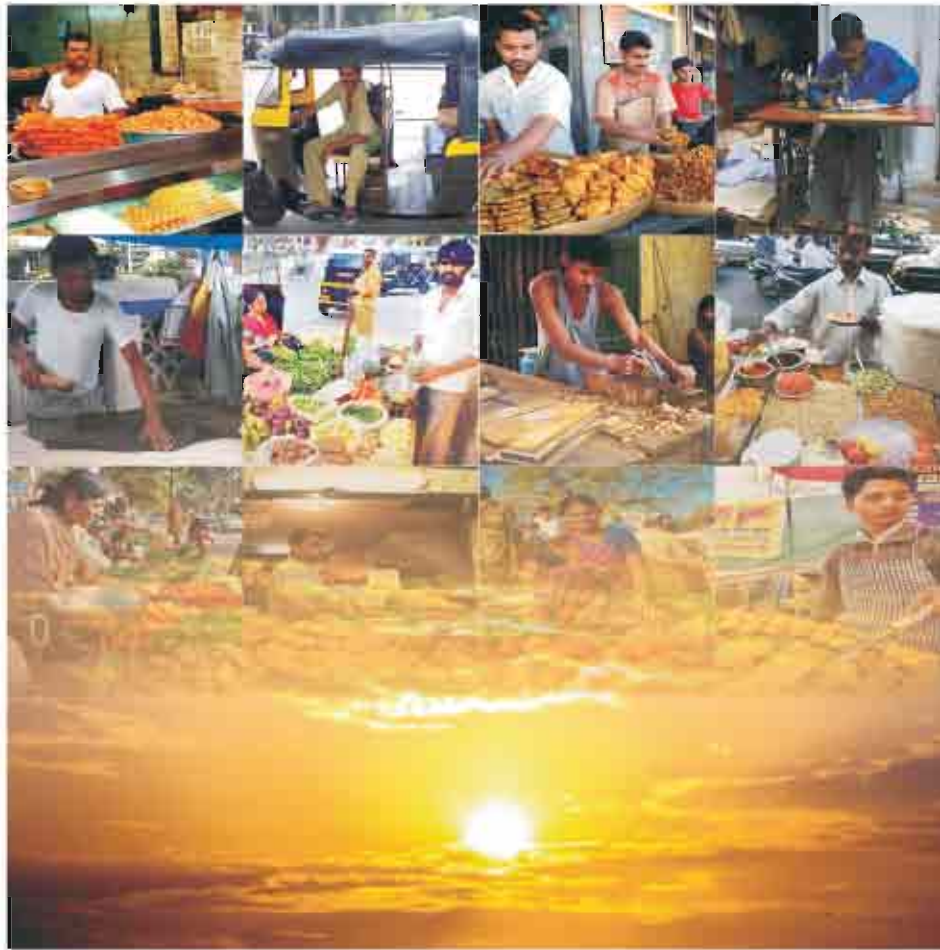
GRUH won the Silver Trophy in "The Financial Express CFO of the Year Awards 2017". Mr. Hitesh Agrawal, CFO received the award on behalf of GRUH from Mr. Bibek Debroy, leading Economist and Member, NITI Aayog.



Shri M. Venkaiah Naidu, Minister of Housing & urban poverty alleviation and information and Broadcasting handed over the CLSS subsidy certificate to one of GRUH's customer at Ahmedabad.



Mr. Amar Vyas, Area Manager, Vadodara received award on behalf of GRUH, from the then Chief Minister of Gujarat, Smt. Anandiben Patel for being the leading home loan provider in private sector for Low Income Group project of Gujarat Housing Board, Vadodara.



*The potential is huge.  
The future will be what we can all make of it.*



**We help you build homes**  
(A subsidiary of HDFC Ltd)

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