

DIRECTORS' REPORT

TO THE MEMBERS,

Your directors are pleased to present the 33rd Annual Report of your Company with the audited accounts for the year ended March 31, 2019.

Financial Results - Based on Ind AS Financial Statements

(₹ in crore)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit Before Tax	615.04	567.15
Provision for Tax (Net of Deferred Tax)	167.84	164.40
Profit After Tax	447.20	402.75
Add:		
Balance brought forward from last year	540.64	447.33
Amount available for appropriation	<u>987.84</u>	<u>850.08</u>
Appropriations:		
Statutory Reserve u/s 29C of NHB Act & u/s 36(1)(viii) of I.T. Act	105.00	106.25
General Reserve	85.00	80.00
Dividend including tax thereon pertaining to previous year paid during the year	145.50	123.00
Remeasurement of Defined Benefit Plans	0.53	0.19
Balance carried to Balance Sheet	<u>651.81</u>	<u>540.64</u>
	<u>987.84</u>	<u>850.08</u>

Merger of the Company with Bandhan Bank Limited

The board of directors of the Company, at its meeting held on January 7, 2019, approved the Composite Scheme of Arrangement ("Scheme") for the merger of the Company with and into Bandhan Bank Limited under Sections 230-232 of the Companies Act, 2013, subject to receipt of applicable approvals.

The proposed amalgamation has been approved by the Competition Commission of India on April 15, 2019. No objection has been issued by the National Housing Bank (NHB) on March 4, 2019, the National Stock Exchange of India Limited on April 3, 2019 and the BSE Limited on April 3, 2019, respectively. Housing Development Finance Corporation Limited and Bandhan Bank Limited have also received approval from the Reserve Bank of India.

The Scheme remains subject to approvals from the National Company Law Tribunal (NCLT), the respective shareholders and creditors of the Company as applicable and other applicable statutory and regulatory approvals. Similar approvals are also pending in respect of Bandhan Bank.

Indian Accounting Standards (Ind AS)

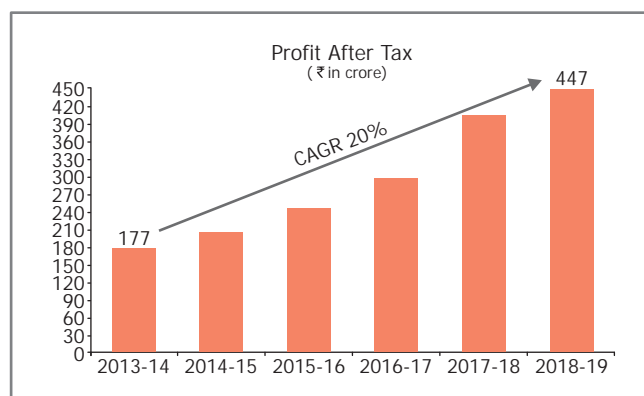
The Ministry of Corporate Affairs (MCA), based on its notification in the Official Gazette vide Notification G.S.R. 111(E) and G.S.R. 365(E) dated February 16, 2015 and March 30, 2016 respectively, notified the Indian Accounting Standards (Ind AS) applicable to certain class of companies. Ind AS has replaced the Indian GAAP prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. These notifications are applicable to all Housing Finance Companies (HFCs) effective April 1, 2018.

Accordingly, your Company has adopted Ind AS as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment /rules made thereafter from April 1, 2018. The effective date of such transition is April 1, 2017. Such transition has been carried out from the erstwhile Accounting Standards notified under the Act, read with relevant rules issued thereunder and guidelines issued by NHB (Collectively referred to as 'the Previous GAAP').

The impact of transition has been recorded in the opening reserves as at April 1, 2017. The corresponding figures presented in these financial statements have been prepared on the basis of the previously published financial statements under the previous GAAP duly re-stated to Ind AS. These Ind AS adjustments have been audited by the statutory auditors. The financial statements have been prepared based on the notified Schedule III for Non-Banking Financial Companies issued by the Ministry of Corporate Affairs on October 11, 2018. The reconciliation and descriptions of the effect of the transition from IGAAP to Ind AS have been provided in note 4 in the note to accounts in the financial statements.

Dividend

Your directors recommend payment of dividend of ₹ 2.00 per equity share of face value of ₹ 2 each for the year ended March 31, 2019 on the enhanced paid-up capital of the Company post the issue of bonus shares in the ratio of 1:1. Considering that the Company declared a 1:1 bonus during the year, the effective dividend for the year is ₹ 4.00 per equity share (pre-bonus) as compared to a dividend of ₹ 3.30 per equity share in the previous year. Although the bonus shares were allotted on June 8, 2018, dividend on these shares will be payable for the entire year. The dividend payout ratio for the year inclusive of additional tax on dividend will be 40%. The dividend recommended is in accordance with the principles and criteria as set



out in the Dividend Distribution Policy which has been approved by the board of directors. The policy is provided as 'Annexure A' to this Report.

Changes in Share Capital

During the year, the authorised share capital was increased from ₹ 100 crore divided into 50 crore equity shares of face value of ₹ 2 each to ₹ 200 crore divided into 100 crore equity shares of face value of ₹ 2 each.

During the year, the paid up equity share capital increased as a result of the 1:1 Bonus issue, whereby your Company allotted 36,57,20,011 bonus shares. The paid-up share capital also increased as a result of allotment of 22,47,490 equity shares of face value of ₹ 2 each upon exercise of stock options under ESOS-2015. As at March 31, 2019, the equity share capital stood at ₹ 146,73,75,024 divided into 73,36,87,512 equity shares of ₹ 2 each.

Disbursements

Loan disbursements during the year were ₹ 4,936 crore. GRUH continued to focus mainly on the retail segment and disbursed ₹ 4,213 crore to 42,994 loans. Cumulative disbursements as at March 31, 2019 were ₹ 33,392 crore.

Rural Housing

During the year, GRUH disbursed ₹ 1,578 crore in respect of 15,546 loans in the rural areas. Cumulative disbursements under the rural housing has been ₹ 13,470 crore in respect of 2,26,921 loans.

Affordable Housing

GRUH has signed the MOU with the Government of India for the Credit Linked Subsidy Scheme (CLSS) under the Pradhan Mantri Awas Yojana for Economically weaker Section (EWS), Lower Income Group (LIG) and Middle Income Group (MIG) segments. GRUH has been an active contributor to the scheme and has sanctioned ₹ 1,944 crore during the year in respect of 18,736 loans wherein the customers were eligible for CLSS. During the year, GRUH submitted claims aggregating to a subsidy of ₹ 391 crore in respect of 16,090 loans aggregating to loan amount of ₹ 1,557 crore. GRUH received and credited claims of ₹ 464 crore in respect of 18,990 loan accounts aggregating to loan amount of ₹ 1,763 crore. The subsidy received is credited to the respective customer's loan account and the instalment

amount is reduced, keeping the balance tenure constant. Claims in respect of 4,452 loans are awaiting sanction from NHB / credit to individual customers' loan accounts in respect of loan amount of ₹ 454 crore.

Since inception of the scheme, GRUH has sanctioned 53,490 loans wherein customers are eligible for CLSS subsidy in respect of loan amount of ₹ 5,140 crore. GRUH has received claim of ₹ 727 crore in respect of 31,349 loans.

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

Loan Assets

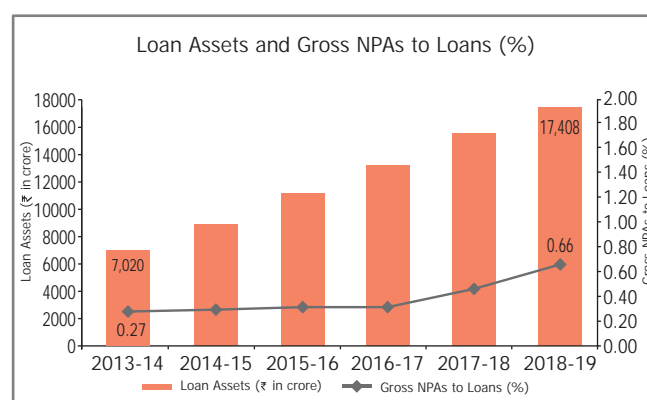
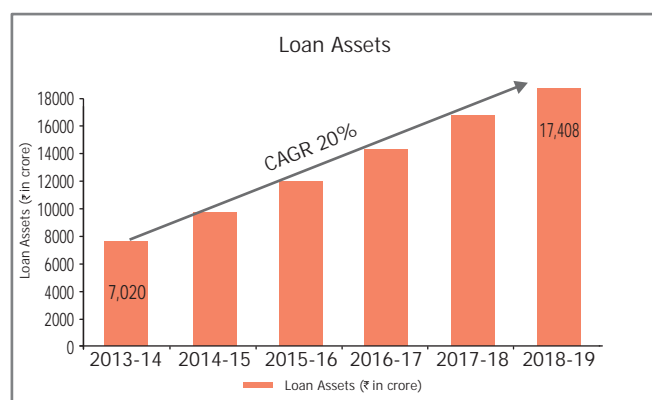
As at March 31, 2019, the loan assets increased to ₹ 17,408 crore recording a growth of 11.68%. Loan assets in respect of the retail home loans grew by 11.28% and stood at ₹ 16,188 crore.

Impairment of Financial Instruments under Ind AS

Under Ind AS, asset classification and provisioning moves from the 'rule based', incurred losses model to the Expected Credit Loss (ECL) model of providing for expected future credit losses. Thus, loan loss provisions are made on the basis of the Company's historical loss experience and future expected credit loss, after factoring in various macro-economic parameters. Under Ind AS, asset classification comprises three categories based on ageing of Exposure at Default (EAD) which is principal and accrued interest. Outstanding between 0 to 30 days are Stage 1 assets, outstanding between 31 days to 89 days are Stage 2 assets and Stage 3 assets are those assets where outstanding EAD is for 90 days and above.

Accordingly, as per Ind AS, GRUH's Stage 1 Loan Assets have improved from 94.48% as at March 31, 2018 to 95.58% as at March 31, 2019. Stage 2 loans have improved from 5.07% as at March 31, 2018 to 3.76% as at March 31, 2019. Loans under Stage 3 have increased from 0.45% as at March 31, 2018 to 0.66% as at March 31, 2019.

As per Ind AS 109 on Financial Instruments, GRUH is required to carry total provisions of ₹ 45.16 crore towards expected future credit losses which is 0.26% on Loan Assets of ₹ 17,408 crore. Of this, provision of ₹ 9.28 crore is required towards Stage 3 loans of ₹ 114 crore. Provisions amounting to ₹ 35.88 crore is required on Stage 1 and Stage 2 loan assets of ₹ 17,294 crore. However, as a measure of



prudence, your directors have decided to carry a total provision of ₹ 119.58 crore towards future expected credit losses under Ind AS.

During the year, GRUH has written off ₹ 0.86 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 ₹ 0.46 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.

Standard Assets, NPAs and Provisions under NHB norms as per IGAAP

As per the prudential norms prescribed by NHB for Standard Loan Assets, HFCs are required to carry a provision of 0.25% on Individual Home Loans, 1% on Individual NRP Loans, 0.75% on developer loans for residential projects and 1% on developer loans for commercial projects.

Accordingly, GRUH is required to carry total provision of ₹ 51.48 crore on Standard Loan Assets comprising Individual Home Loans, Individual NRP Loans and Developer Loans, aggregating to ₹ 17,263 crore. This provision includes provision of ₹ 0.14 crore towards Standard Assets in respect of instalments due from borrowers of ₹ 44.02 crore and a provision of ₹ 0.02 crore in respect of Standard Assets on Loan against GRUH's fixed deposits and interest accrued thereon of ₹ 2.12 crore.

NHB, vide its notification dated August 2, 2017, reduced the provisioning requirement on Standard Individual Home Loans from 0.40% to 0.25%. However, as per the said notification, excess provision on account of reduction in provisioning requirement is to be carried forward. GRUH carries a provision of ₹ 16.26 crore on account of such reduction.

Therefore, against a provisioning requirement of ₹ 51.48 crore on total Standard Assets, GRUH carries a provision of ₹ 67.74 crore.

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, 2019 were ₹ 101.97 crore in respect of Individual Home loans and ₹ 12.47 crore in respect of Individual NRP loans. There were no NPAs under developer loans. GRUH is required

to carry a provision of ₹ 30.87 crore towards non-performing loans as per NHB norms. Accordingly, under NHB norms, GRUH is required to carry total provision of ₹ 98.61 crore towards NPAs and Standard Assets. Net Non-Performing Loans were 0.35% on outstanding loans of ₹ 17,377 crore.

Borrowings

NHB Refinance

GRUH received refinance sanction of ₹ 2,000 crore from NHB and the same was availed during the year. The refinance outstanding as at March 31, 2019 was ₹ 3,706 crore.

Bank Term Loans

GRUH received fresh sanctions from banks amounting to ₹ 2,850 crore and the same was availed during the year. The outstanding bank term loans as at March 31, 2019 were ₹ 6,775 crore.

Subordinated Debt and Non-Convertible Debentures (NCDs)

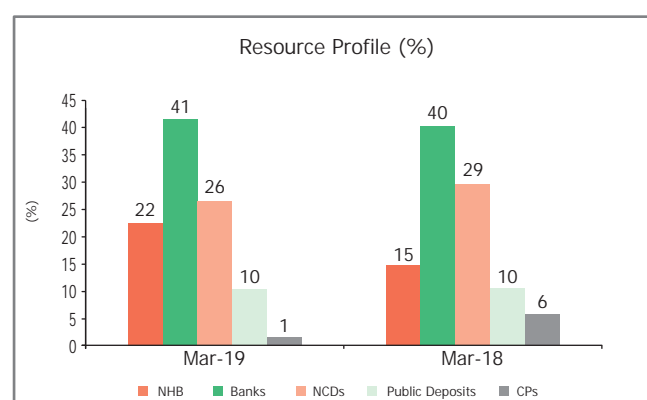
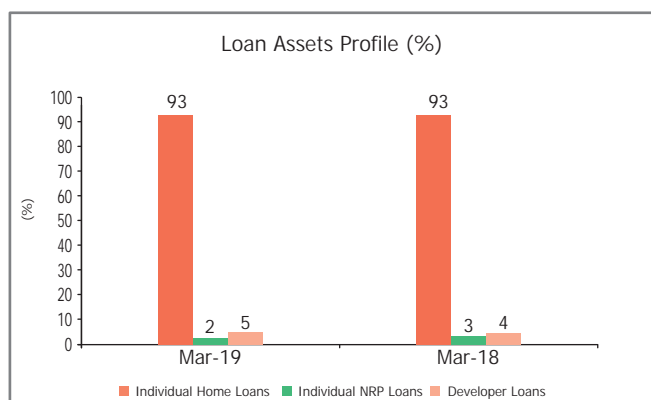
As at March 31, 2019, GRUH's outstanding subordinated debt stood at ₹ 35 crore. The debt is subordinated to present and future senior indebtedness of the company and has been assigned rating of "ICRA AAA(*)" and "CRISIL AAA(*)" indicating highest degree of safety regarding timely payment of financial obligations. Based on the balance term to maturity, as at March 31, 2019, ₹ 21 crore of the face 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.

(*)Indicates 'on watch with negative implications' post merger announcement on January 7, 2019.

During the year, GRUH raised NCDs amounting to ₹ 1,230 crore on a private placement basis. The outstanding NCDs as at March 31, 2019 stood at ₹ 4,305 crore. NCDs are rated "ICRA AAA(*)" and "CRISIL AAA(*)" indicating highest degree of safety regarding timely payment of financial obligations.

(*)Indicates 'on watch with negative implications' post merger announcement on January 7, 2019.

In the case of ratings of both, subordinated debt and NCDs, the rating agencies have indicated that the above ratings are placed on 'rating watch with negative implications' following the announcement of the merger on January 7, 2019. This is because once the merger transaction is completed, the analytical approach of the rating agencies



would no longer factor the expectation of support of its majority owner, HDFC Limited.

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, 2019, outstanding commercial paper was ₹ 200 crore.

Deposits

GRUH mobilised deposits of ₹ 542 crore and experienced a renewal ratio of 48.30% during the year. The outstanding balance of deposits as at March 31, 2019 was ₹ 1,562 crore.

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.

(*)Indicates 'on watch with negative implications' post merger announcement on January 7, 2019.

Investments

GRUH continues to maintain its Statutory Liquidity Ratio (SLR) as stipulated by NHB. Accordingly, GRUH carried investments in approved securities aggregating to ₹ 229 crore as at March 31, 2019 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, 2019, deposits and / or interest thereon amounting to ₹ 57.52 crore had not been claimed by 2,122 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 ₹ 4.54 lacs in respect of unclaimed deposits and interest thereon was transferred to the IEPF during the year.

As at March 31, 2019, there were no NCDs amount or interest thereon, which remained unclaimed and unpaid.

Unclaimed Dividends and Unclaimed Shares

As at March 31, 2019, dividend amounting to ₹ 2.08 crore had not been claimed by shareholders of the Company. The Company takes various initiatives to reduce the quantum of unclaimed dividend and has been periodically intimating the concerned shareholders, requesting them to encash their dividend before it becomes due for transfer to the IEPF.

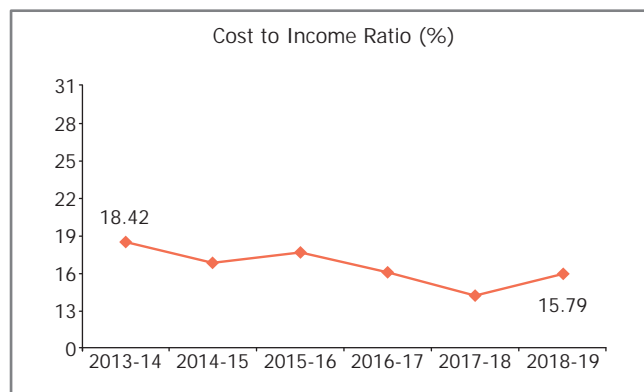
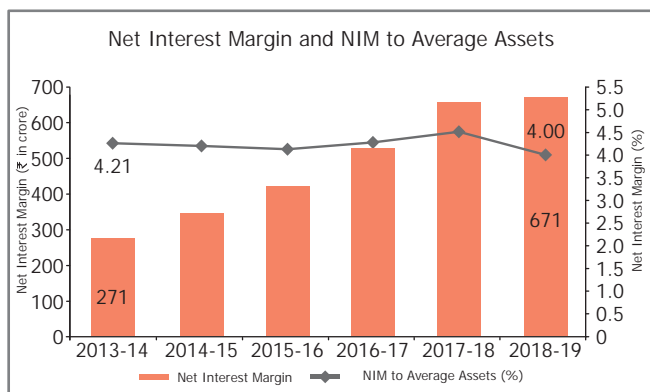
Unclaimed dividend amounting to ₹ 15.06 lac for FY 2010-11 was transferred to the IEPF on August 28, 2018. In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Company transferred the corresponding shares to IEPF, where the dividends for the last seven consecutive years have not been claimed by the concerned shareholders.

The unclaimed dividend in respect of FY 2011-12 must be claimed by shareholders on or before July 17, 2019, failing which the Company will be transferring the unclaimed dividend and the corresponding shares to the IEPF within a period of 30 days from that date. The concerned shareholders, however, may claim the dividend and shares from IEPF, the procedure for which is detailed in the Shareholders' Information section.

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

Risk Management Framework

Regulation 21 of SEBI (LODR) Regulations, 2015 has, effective April 1, 2019, mandated for the top 500 listed entities determined on the basis of market capitalisation as at the end of the immediate previous financial year, that they shall constitute a Risk Management Committee (RMC) of Directors. However, your boards of directors have constituted Risk Management Committee of Directors effective from October 29, 2018. Prior to that, the board had delegated responsibility of overseeing risk management framework including asset liability management to the Audit Committee.



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. GRUH also has an Asset Liability Management (ALM) policy approved by the board.

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. RMC also 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 through maturity profile of assets and liabilities. The observations of the Risk Management Committee of directors if any, on the key risks associated with the business and ALM were reported to the board.

The board of directors also reviewed the key risks associated with the business and ALM of the Company, the procedures adopted to assess the risks, efficacy and mitigation measures.

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 20.30% as against the minimum requirement of 12%. Tier – I capital was 19.26% 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. 46 employees underwent different training programmes.

GRUH's staff strength as at March 31, 2019 was 677.

Particulars of Employees

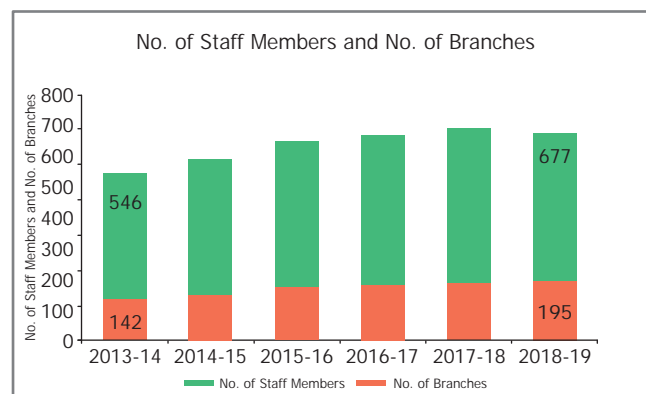
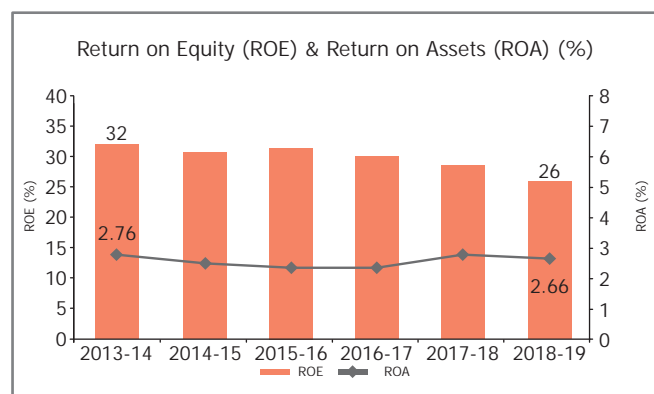
GRUH had 2 employees as at March 31, 2019 employed throughout the year who were in receipt of remuneration of ₹ 1.02 crore or more per annum or ₹ 8.50 lacs or more per month if employed for part of the year.

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

Employees Stock Option Scheme

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

The Board of Directors at its meeting held on March 14, 2019, upon the recommendation of the Nomination and Remuneration Committee of Directors of the Company, approved the issue of additional 90,00,000 equity shares of ₹ 2 each of the Company to eligible employees under existing Employee Stock Option Scheme 2015, in terms of SEBI (Share Based Employee Benefits) Regulations, 2014 and amendment of the Employee Stock Option Scheme 2015 by increasing the number of stock options to be granted to eligible employees. Subsequently, members of the Company with requisite majority have, on April 22, 2019, passed the said special resolution through postal ballot.



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.

At the beginning of the year, there was no complaint pending. During the year, no complaint was received by the Committee and hence no complaint was pending at year end.

Auditors

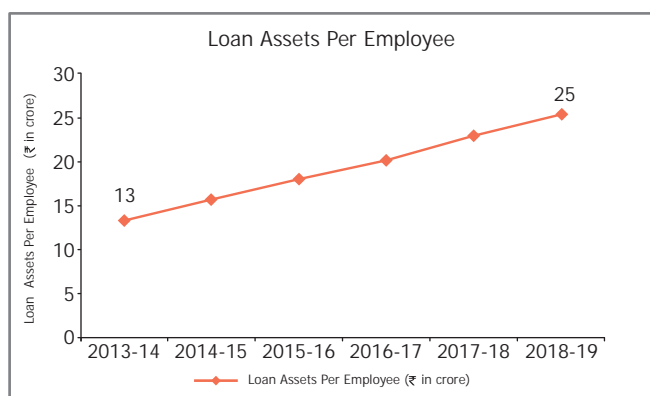
Statutory Auditors

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

The Company has received confirmation from M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, to the effect that their appointment would be in terms of sections 139 and 141 of the Companies Act, 2013 and rules made thereunder.

In terms of the provisions relating to statutory auditors forming part of the Companies Amendment Act, 2017, notified on May 7, 2018, ratification of appointment of Statutory Auditors at every AGM is no more a legal requirement. Accordingly, the notice convening the ensuing AGM does not carry any resolution on ratification of the appointment of the Statutory Auditors.

The Statutory Auditors have audited the books of accounts of the Company for the financial year ended March 31, 2019 and have issued the Auditors' Report thereon. 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 Secretary 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. Keki M. Mistry, director of the Company, is liable to retire by rotation at the ensuing AGM and is eligible for re-appointment.

Necessary resolutions for the re-appointment of the aforesaid director and the detailed profile has been included in the notice convening the ensuing AGM and details of the proposal for re-appointment is mentioned in the explanatory statement of the notice.

Ms. Renu S. Karnad, Non-executive director of the Company, resigned from the Board w.e.f. March 8, 2019 due to personal reasons and other commitments.

Mr. Prafull Anubhai, Independent Director of the Company, completed his 2nd term on March 31, 2019 and ceased to be a director of the Company from the close of March 31, 2019.

Your directors place on record their appreciation for the invaluable contributions made by Ms. Renu S. Karnad and Mr. Prafull Anubhai during their term as directors of the Company.

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

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

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

Directors' Responsibility Statement

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

- i. In the preparation of annual accounts, the applicable accounting standards have been followed;
- ii. Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2019 and of the profit of the Company for the year ended on that date;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

- iv. The annual accounts of the Company have been prepared on a going concern basis;
- v. Internal financial controls have been laid down to be followed by the Company and such internal financial controls were adequate and were operating effectively;
- vi. Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Corporate Social Responsibility Initiatives

In accordance with the provisions of section 135 of the Companies Act, 2013 and the rules framed thereunder, the Company has a Corporate Social Responsibility Committee of directors comprising

Mr. S. G. Mankad - Chairman, Mr. Pankaj Patel, Mr Keki M. Mistry 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 ₹ 9.11 crore towards CSR activities during the year. GRUH has approved CSR proposals aggregating to ₹ 10.37 crore and incurred CSR expenditure of ₹ 6.23 crore during the year. Cumulatively, GRUH has approved CSR proposals aggregating to ₹ 25.94 crore and has incurred CSR expenditure of ₹ 18.15 crore.

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

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

Business Responsibility Reporting

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

Extract of Annual Return [Form MGT-9]

As per the requirements of Section 92(3) and 134(3)(a) of the Act and Rules framed thereunder, the extract of the annual return for FY 2018-2019 is given in 'Annexure F' in the prescribed Form No. MGT-9, which is a part of this report. The same is available on <https://www.gruh.com/extract-annual-return/>

Requirement for maintenance of cost records:

Since the Company is into housing finance, the Company is not required to maintain cost records as specified by the Central Government under section 148(1) of the Companies Act, 2013.

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, 2019.

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.

All related party transactions were approved by Audit Committee, Board and reviewed by Statutory Auditors.

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 ₹ 0.41 crore in foreign currency.

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

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

Acknowledgements

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

On behalf of the Board of Directors

Mumbai
April 30, 2019

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;
- Leverage ratios;
- Accumulated reserves
- 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.
- Funding and liquidity considerations;
- Profits earned during the financial year;
- Profitability outlook for the next two/three years

External Factors

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

UTILISATION OF RETAINED EARNINGS

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

DIVIDEND AND CLASSES OF SHARES

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

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

DIVIDEND PAYOUT RATIO

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

CONFLICT IN POLICY

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

AMENDMENTS

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

REVIEW OF POLICY

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

DISCLOSURE OF POLICY

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

ANNEXURE - B TO THE DIRECTORS' REPORT - SECRETARIAL AUDIT REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the
Companies (Appointment and Remuneration 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 our 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, 2019 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, 2019 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 thereunder 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 the provisions of the Acts, 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, except the following:

1. The Members at the Annual General Meeting held on 30th May, 2018 had approved increase in the authorised share capital of the company from ₹ 100 crore to ₹ 200 crore.
2. The Company had on 8th June, 2018 allotted, 36,57,20,011 Bonus Equity Shares of ₹ 2/- each as announced by the Board of Directors of the Company in its meeting held on 14th April, 2018 and approved by the members of the Company at the 32nd Annual General Meeting held 30th May, 2018.
3. The Company has issued 22,47,490 Equity Shares of ₹ 2/- each under ESOP to eligible employees on various dates.
4. The Board of Directors of the Company at its meeting held on 7th January, 2019 has passed a resolution approving scheme of amalgamation of the Company with Bandhan Bank Limited, subject to compliance of Section 230-232 of the Companies Act, 2013.
5. The Company has passed a Special Resolution through Postal Ballot to issue additional 90,00,000 Equity Shares of ₹ 2/- to eligible employees of the company under ESOP Scheme 2015.

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

Ahmedabad
April 30, 2019

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 responsibility 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 30, 2019

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

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

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

- a : No. of permanent employees on the rolls of the Company : 656
- b : The percentage increase in the median remuneration of employees in FY 2018-19 stood at 11.23%.
- c : Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in managerial remuneration:

The average increase in the remuneration of all employees was 15.18% for the FY 2018-19. The average increase in remuneration of the Key managerial personnel was 12.33%.

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 (KPIAs), while the remuneration of the managerial personnel is based on the remuneration policy as recommended by the Nomination and Remuneration Committee and approved by the board of directors.

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

- d : Percentage increase in the remuneration of each director and key managerial personnel during 2018-19 is given below. Further details are given in MGT - 9.

Names	Designation	Increase in Remuneration (%)
Mr. Keki M. Mistry - Chairman	Non-Executive	105.41
Ms. Renu S. Karnad ^	Non-Executive	134.48
Mr. K. G. Krishnamurthy	Non-Executive	88.89
Mr. Prafull Anubhai *	Independent	18.60
Mr. S. G. Mankad	Independent	7.59
Mr. Biswamohan Mahapatra	Independent	10.38
Mr. Pankaj Patel	Independent	242.86
Mr. Rajesh Gupta	Independent	686.67
Ms. Bhavna Doshi	Independent	6075.00
Mr. Kamlesh Shah	Executive Director	10.50
Mr. Sudhin Choksey	Managing Director	11.90
Mr. Marcus Lobo	Company Secretary	12.12
Mr. Hitesh Agrawal	CFO	21.03

^ Ms. Renu S. Karnad had stepped down from the Board w.e.f. March 8, 2019 due to personal reasons and limitation of time.

* Mr. Prafull Anubhai completed his second term on March 31, 2019 and he is ceased to be a Director of the Company thereafter.

- e : Ratio of remuneration of each director to the median employees' remuneration (times) for FY 2018-19 :

Name of Director	Designation	Remuneration of Directors' to median employees' remuneration (times)
Mr. Keki M. Mistry – Chairman	Non-Executive	1.33
Ms. Renu S. Karnad ^	Non-Executive	0.60
Mr. K. G. Krishnamurthy	Non-Executive	1.19
Mr. Prafull Anubhai *	Independent	4.92
Mr. S. G. Mankad	Independent	3.72
Mr. Biswamohan Mahapatra	Independent	3.54
Mr. Pankaj Patel	Independent	2.94
Mr. Rajesh Gupta	Independent	4.14
Ms. Bhavna Doshi	Independent	2.16
Mr. Kamlesh Shah	Executive Director	27.28
Mr. Sudhin Choksey	Managing Director	78.71

^ Ms. Renu S. Karnad had stepped down from the Board w.e.f. March 8, 2019 due to personal reasons and limitation of time.

* Mr. Prafull Anubhai completed his second term on March 31, 2019 and he is ceased to be a Director of the Company thereafter.

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

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

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 2018-19, GRUH has undertaken various activities in the sectors of:

- (i) Promoting Preventive Health Care and Sanitation by (a) providing Nutrition support to poor 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 to Eye Hospital for maintenance and expansion for treatment of poor and needy patients; operationalising Mobile Medicare Units; (d) providing health care facilities to under-privileged population; (e) supporting community-based Sanitation programme; and (f) 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) supporting construction of Girls' hostel building at Tribal Ashram School; (b) imparting skill training for income generation activities to disabled women and (c) providing skill training to women in five trades so as to enable their economic self-reliance;
 - (iv) Ensuring environmental sustainability by supporting Bio Shield project.
 - (v) Promotion and Protection of Heritage, Art and Culture.
 - (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, Karnataka, Chhattisgarh and Madhya Pradesh through various implementing agencies / NGOs as under :
 1. Samerth Charitable Trust, Ahmedabad, 2. YUVA Unstoppable, Ahmedabad, 3. Ambuja Cement Foundation, Mumbai, 4. Blind People's Association, Ahmedabad, 5. GVK EMRI, Secunderabad, 6. Sanjivani Health & Relief Committee, Ahmedabad 7. HelpAge India, New Delhi, 8. Aga Khan Rural Support Programme (India), Ahmedabad, 9. Education Support Organisation, Ahmedabad, 10. National Association for the Blind, Ahmedabad, 11. Sense International India, Ahmedabad, 12. American Institution of Indian Studies, New Delhi 13. Majoor Kalyan Trust, Sidhpur, 14. Light of Life Trust, Mumbai, 15. Habitat for Humanity India, Mumbai, 16. Shaishav, Bhavnagar, 17. Vikas - Centre for Development, Ahmedabad 18. Vedanta Cultural Foundation, Mumbai 19. Saptak, Ahmedabad 20. Sambhav Foundation, Bangalore 21. Samarthanam trust for Disabled, Bangalore 22. Indian Cancer Society, Mumbai.
2. Composition of the CSR committee: The CSR Committee comprises of the following directors:
Mr. S. G. Mankad - Chairman, Mr. Keki M. Mistry, Mr. Pankaj Patel and Mr. Sudhin Choksey.
 3. Average net profit of the Company for last three financial years: ₹ 455.26 crore.
 4. Prescribed CSR expenditure: The Company was required to spend ₹ 910.51 lacs towards CSR.
 5. Details of CSR spend for the financial year:
 - a. CSR proposals approved but not funded as on 31.03.2018: ₹ 368.71 lacs.
 - b. CSR proposals approved during 2018-19: ₹ 1037.07 lacs.
 - c. CSR proposals funded during 2018-19: ₹ 622.98 lacs.
 - d. Cumulative CSR proposals approved but yet to be funded as on 31.03.2019: ₹ 782.80 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. During the year, total proposals amounting to ₹ 1037.07 lacs were sanctioned of which ₹ 622.98 lacs were spent. 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. Some of the proposals have been sanctioned in the year 2018-19 but will be implemented in 2019-20 and thereafter.

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

Managing Director

Chairman of CSR Committee

ANNEXURE : MANNER IN WHICH AMOUNT SPENT DURING 2018-19 IS DETAILED BELOW:

(₹ in lacs)

1	2	3	4	5	6	7	8
Sr. No.	Projects or Project is covered	Amount Outlay Programs with location	Amount Outlay (Budget) Project or Program-wise - 2017-18	Amount spent (Budget) Project or Program-wise - 18-19	Cumulative on the projects or programs - 18-19	Amount spent Expense up to the reporting date	Direct or through implementing agency
1.	CSR Project / Activity: Eradicating hunger, poverty and malnutrition; Promoting preventive health care & sanitation; Making available safe drinking water						
1.1	Making available safe drinking water by three RRWHS and two SWMS	Construction at Pandariya block of Kawardha district of Chattisgarh state	9.50	0.00	5.83	5.83	Through Implementing Agencies
1.2	Making available safe drinking water	Development of Water Harvesting Structures at Rapar Block, Kutch District	0.00	26.45	24.09	29.92	Through Implementing Agencies
1.3	Promoting Sanitation	Community led Sanitation Project - Chandrapur Dist., Mah.	0.00	5.00	2.00	31.92	Through Implementing Agencies
1.4	Promoting preventive health care	Maintenance & Expansion of Eye Hospital at Bareja run by BPA, Gujarat	22.50	1.80	24.30	56.22	Through Implementing Agencies
1.5	Promoting preventive health care	Funding for operating MMU in villages of Indore district — M.P.	13.20	132.40	34.20	90.42	Through Implementing Agencies
1.6	Promoting preventive health care	Funding for Sanitary Napkin distribution project — Gujarat (Dec.'17 - Nov.'18)	15.42	0.00	6.88	97.30	Through Implementing Agencies
1.7	Promoting preventive health care	Funding for operating MMU at Ahmedabad for three years starting from Sept., 2015 — Gujarat	13.24	0.00	13.24	110.54	Through Implementing Agencies
1.8	Promoting preventive health care	Funding for operating MMU at Jaipur for three years starting from Dec. 2017, Rajasthan	62.47	0.00	20.99	131.53	Through Implementing Agencies
1.9	Making available safe drinking water	Funding for Mini Water Plants in three tribal villages of MP	16.52	0.00	14.93	146.46	Through Implementing Agencies
1.10	Promoting Sanitation	School Sanitation in four schools of Dwarka District, Gujarat	0.00	32.46	25.30	171.76	Through Implementing Agencies
1.11	Promoting preventive health care	Maintenance & Expansion of Eye Hospital at Bareja run by BPA, Gujarat	0.00	67.50	0.00	171.76	Through Implementing Agencies
1.12	Promoting preventive health care	Funding for operating MMU at Ahmedabad for three years	0.00	90.40	0.00	171.76	Through Implementing Agencies

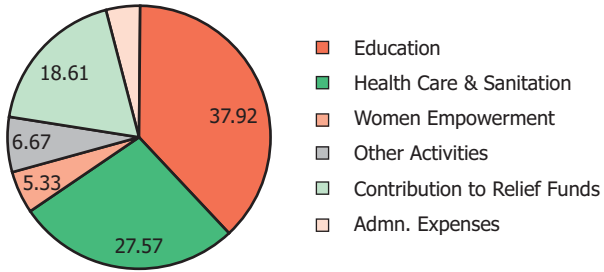
1	2	3	4	5	6	7	8
Sr. No.	Projects or Project is covered	Amount Outlay Programs with location	Amount Outlay (Budget) Project or Program-wise - 2017-18	Amount spent (Budget) Project or Program-wise - 18-19	Cumulative on the projects or programs - 18-19	Amount spent Expense up to the reporting date	Direct or through implementing agency
2. CSR Project / Activity : Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects							
2.1	Providing Education to poor children	Funding towards annual recurring expenses for running Early Childhood Education (ECE) Centres for poor children, Ahmedabad, Gujarat.	1.39	0.00	1.14	1.14	Through Implementing Agencies
2.2	Providing education to differently abled children	Funding for running day-care centre for one year for differently abled children at Ahmedabad, Gujarat.	8.09	0.00	7.87	9.01	Through Implementing Agencies
2.3	Providing Education to poor children	Educating Out of School children of Sarkhej & Vejalpur areas of Ahmedabad	0.00	26.02	3.31	12.32	Through Implementing Agencies
2.4	Conservation & Renovation of school building and classrooms	Transforming Sanitation of five schools of Pune, Maharashtra	11.88	0.00	10.00	22.32	Through Implementing Agencies
2.5	Conservation & Renovation of school building and classrooms	Transforming School Sanitation and Smart Classroom Gujarat	0.00	49.25	49.25	71.57	Through Implementing Agencies
2.6	Conservation & Renovation of school building and classrooms	Transforming School Sanitation and Smart Classroom -Karnataka	0.00	50.00	0.00	71.57	Through Implementing Agencies
2.7	Conservation & Renovation of school building and classrooms	Transforming School Sanitation and Smart Classroom -Rajasthan	0.00	50.00	0.00	71.57	Through Implementing Agencies
2.8	Providing employment enhancing vocation skills	Improving employability of youth through funding of Skill Initiative Project at Chandrapur district, Maharashtra	5.47	0.00	5.47	77.04	Through Implementing Agencies
2.9	Providing employment enhancing vocation skills	Improving employability of youth through funding of Skill Initiative Project at Baloda Bazaar, Chhattisgarh	26.83	0.00	20.95	97.99	Through Implementing Agencies
2.10	Providing employment enhancing vocation skills	Improving employability of youth through funding of Skill Initiative Project at Chhindwara, M.P.	23.60	0.00	23.22	121.21	Through Implementing Agencies
2.11	Providing employment enhancing vocation skills	Providing Self Employment opportunities for 100 disabled persons at Jodhpur - Rajasthan	0.00	9.46	9.46	130.67	Through Implementing Agencies
2.12	Providing employment enhancing vocation skills	Distribution of 1000 Saarthi Devices in Bhopal, Indore, Jabalpur in MP	0.00	18.38	0.00	130.67	Through Implementing Agencies

1	2	3	4	5	6	7	8
Sr. No.	Projects or Project is covered	Amount Outlay Programs with location	Amount Outlay (Budget) Project or Program-wise - 2017-18	Amount spent (Budget) Project or Program-wise - 18-19	Cumulative on the projects or programs - 18-19	Amount spent Expense up to the reporting date	Direct or through implementing agency
2.13	Providing Education to poor children	Funding for providing mid-day sancks for children of primary school at Ahmedabad	11.69	0.00	4.68	135.35	Through Implementing Agencies
2.14	Providing Education to slum children	Provide Funding for running exclusive school for slum children of Ahmedabad city, Gujarat	26.22	0.00	20.80	156.15	Through Implementing Agencies
2.15	Providing education to differently abled and poor children	Financial Support for running "Sammilit Pathshala", Bavla for 2017-18 - Gujarat	2.57	0.00	2.57	158.72	Through Implementing Agencies
2.16	Providing education to differently abled and poor children	Financial Support for running "Sammilit Pathshala", Bavla for 2018-19 - Gujarat	13.98	0.00	11.13	169.85	Through Implementing Agencies
2.17	Providing education to differently abled children	Funding for Education & Rehabilitation of deaf & blind children in Ujjain	13.00	0.00	11.32	181.17	Through Implementing Agencies
2.18	Providing Education to poor children	Funding for running coaching classes for academically & economicslly weak students	5.49	0.00	0.00	181.17	Through Implementing Agencies
2.19	Conservation & Renovation of school building and classrooms	Provide Funding for School sanitation & Hygiene Education in Tribal Residential School of Palghar district of Maharashtra state	28.85	0.00	28.02	209.19	Through Implementing Agencies
2.20	Providing Education to poor children	Financial Support for LokShala Programme for Slum Children of Bhavnagar - Gujarat	0.00	10.00	7.31	216.50	Through Implementing Agencies
2.21	Promoting Higher value education to youth	Funding for imparting Value Education through Vedanta Academy, Pune	0.00	15.00	15.00	231.50	Through Implementing Agencies
2.22	Providing education to differently abled children	Funding for vocational Training support to children and adulted with Special needs	0.00	20.10	4.76	236.26	Through Implementing Agencies
2.23	Providing education to differently abled children	Funding for Training to 100 Disabled at Dharwad, North Karnataka	0.00	27.90	0.00	236.26	Through Implementing Agencies
2.24	Providing Education to slum children	Provide Funding for running exclusive school for slum children of Ahmedabad city, Gujarat	0.00	135.00	0.00	236.26	Through Implementing Agencies
2.25	Providing education to differently abled children	Funding for Education & Rehabilitation of deaf & blind children in Ujjain	0.00	78.92	0.00	236.26	Through Implementing Agencies

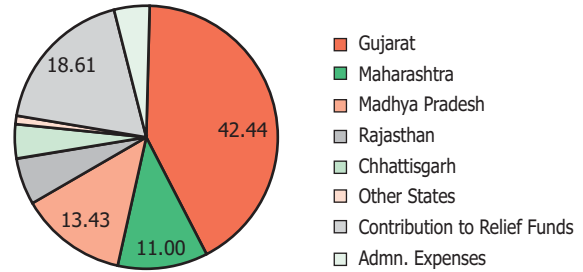
1	2	3	4	5	6	7	8
Sr. No.	Projects or Project is covered	Amount Outlay Programs with location	Amount Outlay (Budget) Project or Program-wise - 2017-18	Amount spent (Budget) Project or Program-wise - 18-19	Cumulative on the projects or programs - 18-19	Amount spent Expense up to the reporting date	Direct or through implementing agency
3. CSR Project / Activity: Promoting gender equality, empowering women, reducing inequality faced by socially and economically backward groups							
3.1	Promoting gender equality	Empowering 30 women with disabilities through skill development at Jodhpur, Rajasthan	0.00	4.20	4.20	4.20	Through Implementing Agencies
3.2	Promoting gender Equality	Funding for construction of Girls' Hostel Building at Tribal Ashram Shala, Ambaji	5.12	0.00	5.12	9.32	Through Implementing Agencies
3.3	Reducing inequality faced by socially and economically backward groups	Funding for construction of Boy's Hostel Building at Tribal Ashram Shala, Ambaji	0.00	35.30	15.84	25.16	Through Implementing Agencies
3.4	Promoting gender equality	Women's Empowerment Centre at Kshele, Karjat, Dist. Raigadh, Mah.(Dec.'17-Nov.'18)	8.11	0.00	8.01	33.17	Through Implementing Agencies
4. CSR Project / Activity: Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;							
4.1	Ensuring Environmental sustainability	Provide funding for establishing Bio-shield at Tankari Village, Jambusar, Bharuch	0.00	34.23	34.23	11.00	Through Implementing Agencies
5. CSR Project / Activity: Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;							
5.1	Promoting restoration of sites of historical importance	Provide funding for organising Photo Exhibition on Stepped Wells & Reservoirs in six cities of Gujarat state	23.57	0.00	23.57	23.57	Through Implementing Agencies
5.2	Protection of national heritage, art and culture	Provide Funding for organising 23rd Sangeet Sankalp Saptah aimed towards promoting Indian Classical & Traditional Music at Ahmedabad, Gujarat	0.00	7.00	7.00	30.57	Through Implementing Agencies
6	Contribution to Indian Cancer Society					4.94	Direct
7	Contribution to PM Relief Fund						
	PM National Relief Fund	Contribution to PM National Relief Fund		111.00	111.00	111.00	Direct
8	CSR Administrative Expenses					24.28	
CSR EXPENSES INCURRED DURING FY 2018-19 (1.12 + 2.25 + 3.4 + 4.1 + 5.2 + 6 + 7 + 8)						622.98	

GRUH's CSR Initiatives

Activity wise CSR funding for FY 1819 (%)



State wise CSR funding as for FY 1819 (%)



Inauguration of Girls Hostel building at Ambaji, Gujarat



Distribution of Hygiene kits to female students at Dahanu, Maharashtra



Distribution of Self Employment Kits to Disabled women at Jodhpur, Rajasthan



Mobile Medical Unit at Indore, Madhya Pradesh



Renovation of School Sanitation unit at Dwarka, Gujarat



Mangrove Plantation at Jambusar, Gujarat

ANNEXURE E TO THE DIRECTORS' REPORT - BUSINESS RESPONSIBILITY REPORT 2018-19

SECTION A, B, C – Details of the Company

GRUH Finance Limited (GRUH) is a Housing Finance Company established in July 1986 and recognised by National Housing Bank (NHB). GRUH's registered office is situated in Ahmedabad. GRUH has been primarily established to provide long term home loans (activity code 65923) for purchase / construction / renovation of houses. GRUH operates in 11 states through its 195 branches. GRUH also accepts deposits from public.

GRUH's paid up capital as on March 31, 2019 was ₹ 146.74 crore and total net owned funds were ₹ 1,646.28 crore. Total Disbursements during the year were ₹ 4,936 crore. GRUH posted a profit after tax of ₹ 447 crore for the year ended March 31, 2019.

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

GRUH does not have a subsidiary.

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

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

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

GRUH has *inter alia* adopted the following Policies:

- a. Code of conduct for directors & senior management
- b. Code of conduct for employees
- c. Fair Practice Code
- d. Customer Grievance Policy
- e. KYC and AML Policy
- f. Dividend Distribution Policy
- g. Code of conduct for DSAs
- h. Share Dealing Code on prevention of insider trading
- i. Policy on sexual harassment as required under Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013
- j. Policy on Related Party Transactions
- k. Whistle Blower Policy
- l. Valuation Policy
- m. Recovery Policy

There was no case of violation of the Company's Code of Conduct in 2018-19. 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 / bye-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 2017-18 along with the notice convening the 32nd Annual General Meeting and the dividend e-payment advice were sent to over 40,000 shareholders so as to minimise the usage of paper.

Principle 3: Businesses should promote the wellbeing of all employees

GRUH had staff strength of 677 as at March 31, 2019 out of which, 21 staff members were hired on contractual basis, 53 were permanent women employees and 3 staff with disabilities. There is no employees' association.

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

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

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

GRUH generally hires staff on permanent employment. As a part of initial induction, new 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;
- Cultivation of mangroves for preventing the erosion of land;
- closed files of loan customers are sent for recycling.

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

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

Principle 8 Businesses should support inclusive growth and equitable development

GRUH is a 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. 40% of its loans at rural locations where the population is less than 50000. Average Loan size as at March 31, 2019 was ₹ 8.19 lacs.

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

Besides this business activity, GRUH actively supports NGOs which are pursuing the activities of inclusive growth, women empowerment as well as 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

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. The details of customer grievances / service requests are provided as per Note no. 40.23 of Notes to Accounts.

During the year, GRUH received 3,849 customer grievances / service requests and had 21 additional grievances / service requests pending at the beginning of the year. During the year, 3,847 such customer grievances / service requests were resolved and 23 were pending for resolution.

ANNEXURE F TO THE DIRECTORS' REPORT - FORM MGT-9 - EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2019

[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 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	56.09%	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	
A. Promoters									
1 Indian									
a. Individual/HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	211877850	-	211877850	57.93	411555700	-	411555700	56.09	(1.84)
e. Bank/ FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
Sub-total (A)(1)	211877850	-	211877850	57.93	411555700	-	411555700	56.09	(1.84)
2 Foreign									
a. NRIs- Individuals	-	-	-	-	-	-	-	-	-
b. Other- Individuals	-	-	-	-	-	-	-	-	-
c. Bodies Corp.	-	-	-	-	-	-	-	-	-
d. Banks/FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
Sub-total (A)(2)	-	-	-	-	-	-	-	-	-
Total Share Holding of Promoters A (1+2)	211877850	-	211877850	57.93	411555700	-	411555700	56.09	(1.84)
B. Public Shareholding									
1 Institution									
a. Mutual Funds	34316649	-	34316649	9.38	68842399	-	68842399	9.38	0.01
b. Bank/ FI	1371817	14000	1385817	0.38	2796942	28000	2824942	0.39	0.01
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.(s)	1000000	-	1000000	0.27	2000000	-	2000000	0.27	-
e. Venture Capital Funds	-	-	-	-	-	-	-	-	-
f. Insurance Companies	-	-	-	-	-	-	-	-	-
g. FIs	38375025	1250000	39625025	10.83	76413094	2500000	78913094	10.76	(0.07)
h. Foreign Venture Cap. Fund	-	-	-	-	-	-	-	-	-
i. Alternate Investment Fund	1695324	-	1695324	0.46	4026382	-	4026382	0.55	0.09
j. Others	-	-	-	-	-	-	-	-	-
Sub-Total B (1)	76758815	1264000	78022815	21.33	154078817	2528000	156606817	21.35	0.03
2. Non-Institution									
a. Bodies Corporate	6912636	23350	6935986	1.90	16926752	42700	16969452	2.31	0.41
b. individuals									
i. individual shareholders holding nominal share capital upto ₹ 1 lakh	35656475	2962780	38619255	10.56	64576115	4757032	69333147	9.45	(1.11)
ii. individual shareholders holding nominal share capital excess of ₹ 1 lakh	19043690	-	19043690	5.21	45307509	-	45307509	6.18	0.97
c. NBFCs Registered with RBI	-	-	-	-	86013	-	86013	0.01	-
d. Trust Employee	-	-	-	-	684	-	684	0.00	-
e. Others									
i. NRI	8486421	-	8486421	2.32	15738328	-	15738328	2.15	(0.17)
ii. OCB	-	-	-	0.00	-	-	-	0.00	0.00
iii. Trust	98275	-	98275	0.03	106600	-	106600	0.01	(0.02)
vi. HUF	1388647	7300	1395947	0.38	2592658	14600	2607258	0.36	(0.02)
vii. Clearing Member	278542	-	278542	0.08	13456449	-	13456449	1.83	1.75
viii. IEPF	579980	-	579980	0.16	1166235	-	1166235	0.16	-
ix. Unclaimed Shares	381250	-	381250	0.10	753220	-	753220	0.10	-
x. Foreign National	-	-	-	-	100	-	100	0.00	-
Sub-Total B (2)	72825916	2993430	75819346	20.73	160710663	4814332	165524995	22.56	1.83
Net Total B (1+2)	149584731	4257430	153842161	42.07	314789480	7342332	322131812	43.91	1.84
C. Shares held by Custodian for GDRs & ADRs									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	361462581	4257430	365720011	100.00	726345180	7342332	733687512	100.00	-

ii. Shareholding of Promoters

Sr. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	Housing Development Finance Corporation Ltd.	211877850	57.93	-	411555700	56.09	-	(1.84)

iii. Change in Promoter's Shareholding

During the year, HDFC Limited has sold 1,22,00,000 equity shares after the requisite approval received from NHB. Additionally, the percentage of the shareholding and no. of shares has changed due to 1:1 bonus issue of equity shares allotted on June 8, 2018 and 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, 2018)		Shareholding at the end of the year (March 31, 2019)	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Axis Mutual Fund Trustees Ltd. *	18389796	5.03	49153207	6.70
2	CLSA India Private Limited #	-	-	12200000	1.66
3	Ishana Capital Master Fund *	1403629	0.38	10473580	1.43
4	Amansa Holdings Private Limited #	-	-	9564673	1.30
5	Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Equity Hybrid '95 Fund #	-	-	9290100	1.27
6	SBI Magnum Multicap Fund *	11324000	3.10	4525000	0.62
7	Platinum Jubilee Investments Ltd *	2135440	0.58	4270880	0.58
8	Rachna Amin *	1807600	0.49	3615200	0.49
9	Arjun Sahgal *	1410000	0.39	2820000	0.38
10	Vanguard Total International Stock Index Fund *	1178565	0.32	2802252	0.38
11	Vanguard Emerging Markets Stock Index Fund *	1302298	0.36	2648213	0.36
12	UTI – Equity Fund *	3496494	0.96	1584647	0.22
13	SmallCap World Fund, INC @	8560000	2.34	-	-
14	Matthews India Fund @	3081950	0.84	-	-

1. The shares of the Company are substantially held in dematerialised form and are traded on a daily basis and hence, the date wise increase / decrease in shareholding is not indicated.

2. * Common top 10 shareholders as on April 1, 2018 and March 31, 2019

@ Top 10 shareholders only as on April 1, 2018

Top 10 shareholders only as on March 31, 2019

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, 2018		No. of shares purchased (allotted pursuant to exercise of ESOS and/or Bonus entitlement during the year)	No of shares sold / transferred during the year	Shareholding at the end of the year on March 31, 2019	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company
1	Mr. Keki M. Mistry	332900	0.09	332900	-	665800	0.09
2	Mr. Prafull Anubhai	8000	0.00	8000	8000	8000	0.00
3	Ms. Renu S. Karnad	467230	0.13	467230	-	934460	0.13
4	Mr. K.G. Krishnamurthy	466650	0.13	466650	-	933300	0.13
5	Mr. S.G. Mankad	130000	0.04	130000	-	260000	0.04
6	Mr. Biswamohan Mahapatra	0	0.00	-	-	0	0.00
7	Mr. Pankaj Patel	0	0.00	-	-	0	0.00
8	Mr. Rajesh Gupta	0	0.00	-	-	0	0.00
9	Ms. Bhavna Doshi	0	0.00	-	-	0	0.00
10	Mr. Kamlesh Shah	320366	0.09	510366	138080	692652	0.09
11	Mr. Sudhin Choksey	339816	0.09	549816	302113	587519	0.08
12	Mr. Marcus Lobo	316450	0.09	364950	24000	657400	0.09
13	Mr. Hitesh Agrawal	63150	0.02	98850	80700	81300	0.01

* 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 crore)

Particulars	Secured Loans excluding Public Deposits	Unsecured Loans	Public Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
1) Principal Amount	11,782.69	805.00	1,458.31	14,046.00
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	57.61	0.07	49.43	107.11
Total (1+2+3)	11,840.30	805.07	1,507.74	14,153.11
Change in Indebtedness during the financial year				
1) Addition	6,080.10	0.00	179.60	6,259.70
2) Reduction	3,109.90	570.00	89.80	3,769.70
Net Change	2,970.20	(570.00)	89.80	2,490.00
Indebtedness at the end of the financial year				
1) Principal Amount	14,786.30	235.00	1,562.25	16,583.55
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	24.20	0.07	35.29	59.56
Total (1+2+3)	14,810.50	235.07	1,597.54	16,643.11

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director and Whole-Time Directors :
(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD		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	236.00	84.00	320.00
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (*)	14.02	5.40	19.42
(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	14.16	6.30	20.46
	Ex-gratia	185.00	60.00	245.00
	Total (A)	449.18	155.70	604.88
	Ceiling as per the Act			6,218.59

* 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	7.60	-	-	7.60
Mr. Prafull Anubhai (upto March 31, 2019)	13.05	15.00	-	28.05
Ms. Renu S. Karnad (upto March 8, 2019)	3.40	-	-	3.40
Mr. K. G. Krishnamurthy	6.80	-	-	6.80
Mr. S. G. Mankad	6.25	15.00	-	21.25
Mr. Biswamohan Mahapatra	5.20	15.00	-	20.20
Mr. Pankaj Patel	1.80	15.00	-	16.80
Mr. Rajesh Gupta	8.60	15.00	-	23.60
Ms. Bhavna Doshi	8.60	3.75	-	12.35
Total (B)	61.30	78.75	-	140.05
Ceiling as per the Act:				621.86
(*) Commission for the year 2017-18 was paid during the year 2018-19.				
Total (A+B)				744.93

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	40.55	21.54	62.09
b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (*)	1.41	1.38	2.79
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	2.56	1.08	3.64
	Performance Bonus	13.65	7.13	20.78
	Total	58.17	31.13	89.30

* Excludes value of perquisite on exercise of stock options.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

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

1. Policy

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

2. Definitions

- 2.1. "Applicable Laws" includes (a) the Companies Act, 2013 ('the Act') and rules made thereunder; (b) the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (c) Accounting Standards (d) National Housing Bank (NHB) Act, NHB Housing Finance Companies Directions, 2010 and Notifications issued by NHB from time to time and (e) any other statute, law, standards, regulations or other governmental instruction relating to Related Party Transactions.
- 2.2. "Audit Committee" means the committee of Board of Directors of the Company constituted in accordance with the provisions of Companies Act, 2013 and Rules made thereunder.
- 2.3. "Related Party Transaction" as per regulation 2(1)(zc) of SEBI (LODR), 2015 mean a transfer of resources, services or obligations between listed entity and a related party, regardless of whether a price is charged. As per section 188(1) of Companies Act, 2013 related party transaction will include following specific transactions :
 - a) sale, purchase or supply of any goods or materials;
 - b) selling or otherwise disposing of, or buying, property of any kind;
 - c) leasing of property of any kind;
 - d) availing or rendering of any services;
 - e) appointment of any agent for purchase or sale of goods, materials, services or property;

- f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g) underwriting the subscription of any securities or derivatives thereof, of the company.

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

As per Ind AS 24, a related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

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 Indian Accounting Standard (Ind AS) 24, a related party is a person or entity that is related to the entity that is preparing its financial statements

- (a) A person or a close member of that person's family is related to a reporting entity if that person:
 - (i) has control or joint control of the reporting entity;
 - (ii) has significant influence over the reporting entity; or
 - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies :
 - (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity (or of the parent of the entity).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Control

As per the Ind AS-110 on Consolidated financial Statements, definition of control encompasses three distinct principles, which, if present, identify the existence of control by an investor over an investment, hence forming a parent-subsidiary relationship :

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect the amount of the investor's returns.

As per Ind AS 28, Investment in Associates and Joint ventures: Joint control, Joint venture, Joint venturer and Significant influence are defined as under :

Joint control

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require the unanimous consent of the parties sharing control.

Joint Venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Joint Venturer

A joint venturer is a party to a joint venture that has joint control of that joint venture.

Significant Influence

Significant influence is the power to participate in the financial and operating policy decision of the investee but is not control or joint control of those policies.

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.

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).

As per Ind AS 24, close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity including :

- (a) that person's children, spouse or domestic partner, brother, sister, father and mother;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person's spouse or domestic partner.

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)

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

3.2. Audit Committee

- 3.2.1. Each of GRUH's directors and executive officers are instructed to inform the Company Secretary of any potential Related Party Transactions. All such transactions will be analysed by the Audit Committee in consultation with management to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. The Committee will be provided with the following details of each new, existing or proposed Related Party Transaction :
 - i. The Name of the Related Party and nature of relationship;
 - ii. The nature, duration and particulars of the contract or arrangement;
 - iii. The material terms of the contract or arrangement including the value, if any;
 - iv. Any advance paid or received for the contract or arrangement, if any;
 - v. The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
 - vi. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
 - vii. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.

- 3.2.2. Transactions with approved parties will require a prior approval of the Audit Committee.
- 3.2.3. The Related Party Transactions which are not in the ordinary course of business and not at arm's length will be reviewed by the Audit Committee and then recommended to the Board of Directors.
- 3.2.4. If a Related Party Transaction is ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party.
- 3.2.5. The Committee will review the material facts of all Related Party Transactions and may approve or disapprove of the entry into the Related Party Transaction.
- 3.2.6. The Committee may also disapprove of a previously entered Related Party Transaction and may require that management of the Company take all reasonable efforts to terminate, unwind, cancel or annul the Related Party Transaction.
- 3.2.7. A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.
- 3.2.8. The Committee may decide to get advice, certification, study report, rely upon certification issued as per the requirement of other laws etc. from a professional (includes statutory / internal Auditors) or technical person including price discovery process, to review transactions with Related Party.
- 3.2.9. Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction. However, the Chairperson of the Committee may allow participation of such member in some or all of the Committee's discussions of the Related Party Transaction.
- 3.2.10. Annually, the Audit Committee shall review any previously approved or ratified Related Party Transaction that is continuing and determine based on then-existing facts and circumstances, including the Company's existing contractual or other obligations, if it is in the best interests of the Company to continue, modify or terminate the transaction.

4. Approval of Shareholders

- 4.1. The contracts or agreements with any Related Party which are not in the ordinary course of business and not at arm's length in respect of transactions specified in section 188(1) of the Companies Act, 2013, will require prior approval of the shareholders by a resolution.
- 4.2. All material related party transactions will require shareholders' approval.
- 4.3. The explanatory statement to be annexed to the notice of general meeting in this regards will contain following particulars:
 - i. name of the related party;
 - ii. name of the director or key managerial personnel who is related, if any;
 - iii. nature of relationship;
 - iv. nature, material terms, monetary value and particulars of the contract or arrangement;
 - v. any other information relevant or important for the members to take a decision on the proposed resolution.

5. Disclosure

- 5.1. Each director who is, directly or indirectly, concerned or interested in any way in any transaction with the Related Party shall disclose all material information and the nature of his interest in the transaction to the Committee or Board of Directors.
- 5.2. All Related Party Transactions that are required to be disclosed in the Company's filings with the Stock Exchanges, as required by the Listing Regulations.

6. Review of Policy

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

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

- 7.1. Employment of Executive Officers and their compensation as approved by Nomination & Remuneration Committee.
- 7.2. Managerial remuneration recommended by Nomination and Remuneration Committee and approved by the Board of Directors of the Company.
- 7.3. Reimbursement or advances of business travel and expenses incurred or to be incurred directly by a director or executive officer of the Company in connection with the performance of his or her duties.

7.4. Transactions where all shareholders receive proportional benefits :

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

7.5. Certain banking-related services :

Any transactions, arrangements or relationships with a Related Party involving services as a bank viz. current account, 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 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.