

DIRECTORS' REPORT

TO THE MEMBERS,

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

FINANCIAL RESULTS (₹ in crores)

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

Dividend

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

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

Changes in Share Capital

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

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

Disbursements

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

Rural Housing

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

Affordable Housing

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

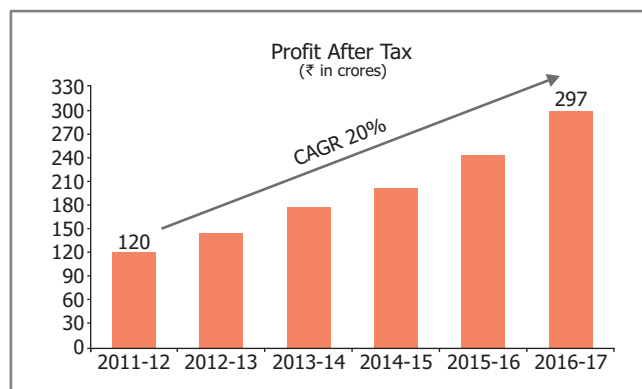
GRUH signed MOU with NHB to promote the CLSS scheme and received interest subsidy aggregating ₹ 123 crores in respect of 6,149 beneficiaries so far and credited the subsidy to the respective customers' loan accounts.

Loan Assets

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

Non-Performing Loans

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



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

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

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

During the year, GRUH has written off ₹ 0.51 crore in respect of individual loans where the recovery was difficult in the near future. However, GRUH continued the recovery efforts in respect of written off loans of earlier years and could effect recoveries of ₹ 0.31 crore during the year in respect of such written off loans. GRUH also took possession of properties of the defaulting borrowers under the SARFAESI Act and has sold few of such acquired properties.

Borrowings

NHB Refinance

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

Bank Term Loans

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

Subordinated Debt

As at March 31, 2017, GRUH's outstanding subordinated debt stood at ₹ 35 crores. The debt is subordinated to present and future senior indebtedness of the company and has been assigned rating of "ICRA AAA" and "CRISIL AAA" indicating highest degree of safety regarding timely payment of financial obligations. Based on the balance term to

maturity, as at March 31, 2017, ₹ 35 crores of the book value of subordinated debt is considered as Tier – II capital under the guidelines issued by NHB for the purpose of computation of Capital Adequacy Ratio.

Non-Convertible Debentures (NCDs)

During the year, GRUH raised NCDs amounting to ₹ 1,940 crores on a private placement basis. The outstanding NCDs as at March 31, 2017 stood at ₹ 2,387 crores. NCDs are rated "ICRA AAA" and "CRISIL AAA" indicating highest degree of safety regarding timely payment of financial obligations.

Commercial Paper

GRUH's commercial paper is rated "ICRA A1+" and "CRISIL A1+" indicating very strong degree of safety regarding timely payment of financial obligations. As at March 31, 2017, outstanding commercial paper was Nil.

Deposits

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

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

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

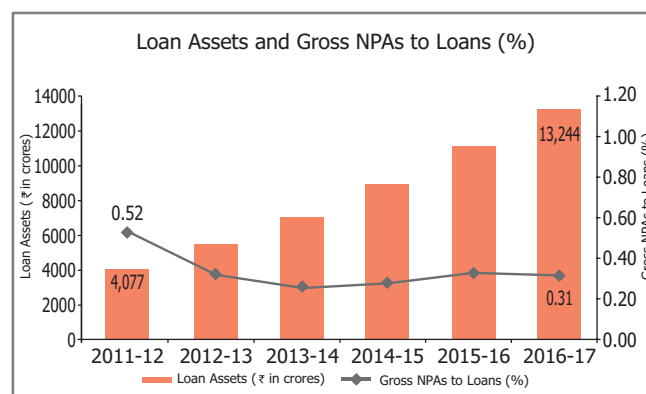
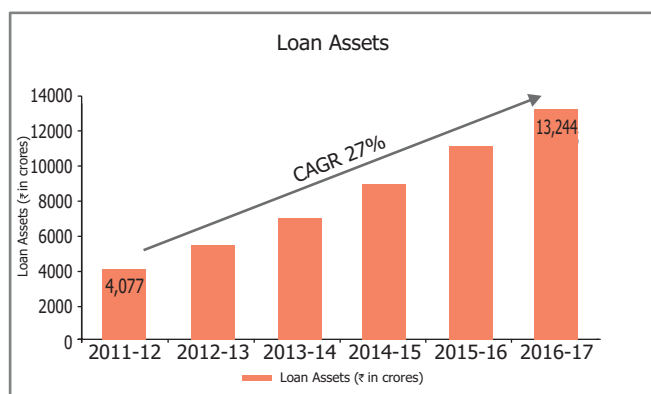
Investments

GRUH continues to maintain its Statutory Liquidity Ratio (SLR) as stipulated by NHB. Accordingly, GRUH carried investments in approved securities aggregating to ₹ 220 crores as at March 31, 2017 to meet the requirement of the SLR. GRUH has classified its investments as long-term and valued them at cost. Adequate provision, towards loss, if any, to be experienced on redemption of investments on maturity has been made.

Unclaimed Deposits and Unclaimed NCDs

As at March 31, 2017, deposits amounting to ₹ 26 crores had not been claimed by 2,423 depositors. Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits and subsequent reminders have been sent.

As per the provisions of section 125 of the Companies Act, 2013, deposits, NCDs and/or interest thereon, remaining unclaimed and unpaid for a period of seven years from the date they became due for



payment are required to be credited to Investor Education and Protection Fund (IEPF) established by the Government of India.

Accordingly, an amount of ₹ 4.79 lacs in respect of unclaimed deposits and interest thereon was transferred to the IEPF during the year.

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

Unclaimed Dividends

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

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

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

Risk Management Framework

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

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

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

During the year, the ALCO reviewed the risk arising from the gaps in the liquidity and interest rate sensitivity statements and took decisions in mitigating the risk by ensuring adequate liquidity and profitability through competitive pricing of loan and deposit products.

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

Regulatory Guidelines

GRUH continues to comply with the guidelines issued by NHB regarding accounting guidelines, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, Know Your Customer (KYC) guidelines and Anti Money Laundering (AML) standards, fair practices code and real estate and capital market exposures. The details of compliances are outlined in the Management Discussion and Analysis Report.

GRUH's Capital Adequacy Ratio stood at 18.32% as against the minimum requirement of 12%. Tier – I capital was 16.82% against the minimum requirement of 6%.

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

Human Resource Development

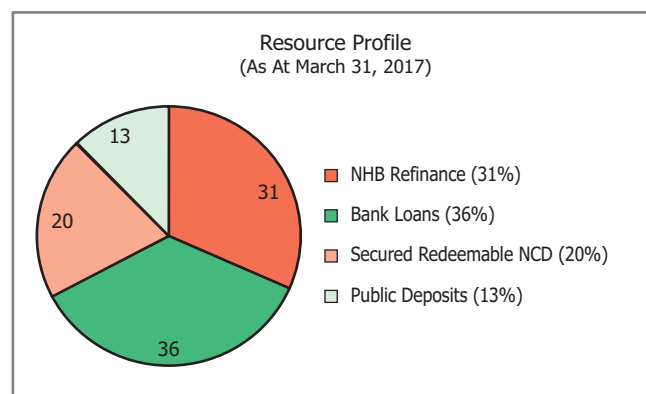
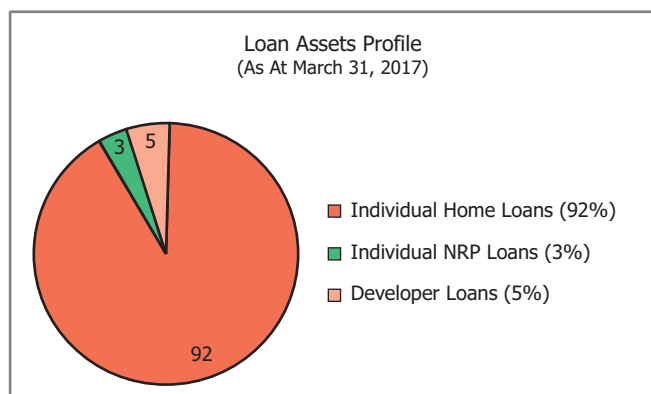
At GRUH, human resource development is considered vital for effective implementation of business plans. Constant endeavours are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees. During the current year, in-house training programmes were provided to employees, *inter alia* in lending operations, recoveries, KYC, IT system & security and accounts. Employees were also nominated for training programmes conducted by NHB and other institutions. 222 employees underwent different training programmes.

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

Particulars of Employees

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

In accordance with the provisions of section 197 of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, the name and



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

Employees Stock Option Schemes

The stock options granted to directors and employees operate under the schemes ESOS-2011 and ESOS-2015. There has been no material variations in the terms of the options granted under any of the schemes and all the schemes are in compliance with the SEBI (Share Based Employee Benefits) Regulations, 2014. The disclosures as required under Regulation 14 of the said regulations have been placed on the website of the Company.

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

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

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

Awards and Recognitions

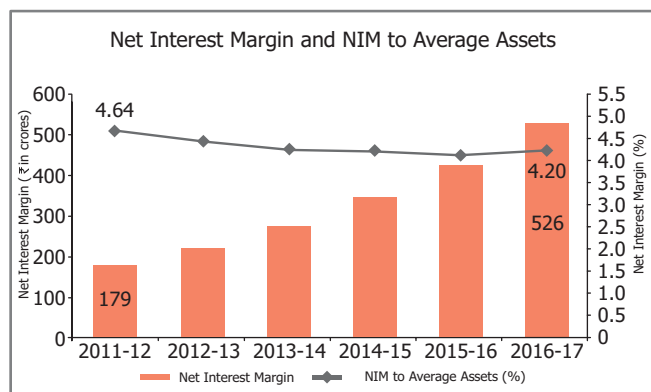
GRUH has won the Silver Trophy of The Financial Express CFO of the Year Award 2017 in the Large Enterprises – Services Category.

Auditors

Statutory Auditors

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

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



The Board of Directors of the Company, on the recommendation of the Audit Committee, has considered and recommended the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) as Statutory Auditors for a term of five years beginning from the conclusion of the 31st AGM till the conclusion of the 36th AGM subject to approval of members at the ensuing AGM.

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

Secretarial Audit

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

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

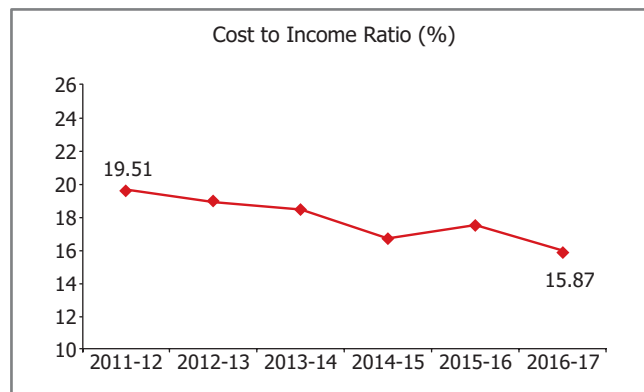
Directors and Key Managerial Personnel

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

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

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

Mr. Prafull Anubhai and Mr S. G. Mankad, Independent Directors of the Company, have completed their term on March 31, 2017. The Board of



directors had, on the recommendations of the NRC and subject to the approval of the members in the ensuing AGM, re-appointed Mr. Prafull Anubhai as Independent Director for a second term w.e.f. April 1, 2017 for a period of two years upto March 31, 2019 and Mr S. G. Mankad as Independent Director for a second term w.e.f. April 1, 2017 for a period of five years upto March 31, 2022.

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

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

Your directors commend their appointment / re-appointment.

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

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

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

Directors' Responsibility Statement

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

- In the preparation of annual accounts, the applicable accounting standards have been followed;
- Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2017 and of the profit of the Company for the year ended on that date;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the

provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

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

Corporate Social Responsibility Initiatives

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

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

GRUH was required to spend ₹ 6.04 crores towards CSR activities during the year. GRUH has approved CSR proposals aggregating to ₹ 2.71 crores and incurred CSR expenditure of ₹ 3.36 crores during the year. Cumulatively, GRUH has incurred CSR expenditure of ₹ 7.55 crores.

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

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

Business Responsibility Reporting

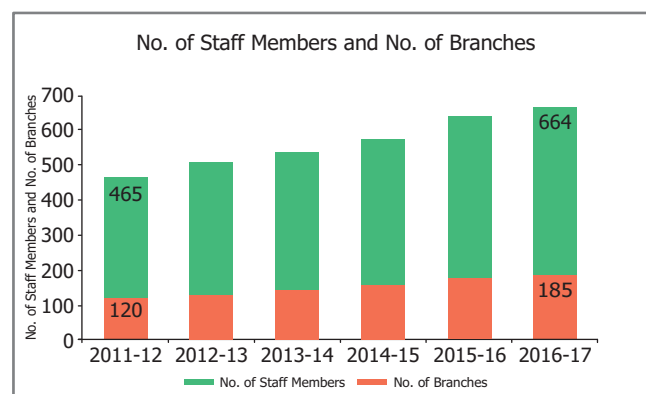
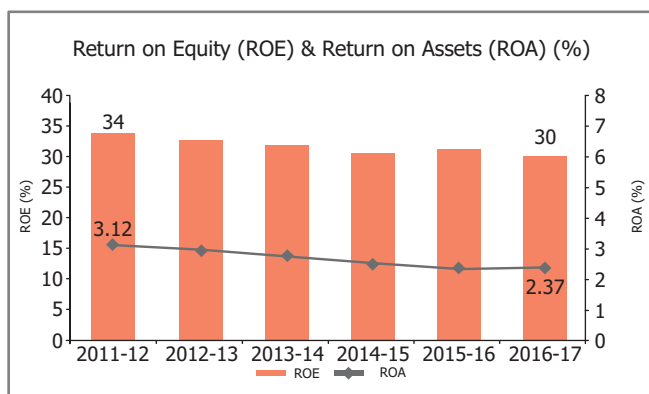
As required under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015, Business Responsibility Report forms part of the Directors' Report and is annexed as 'Annexure E' to this report.

Extract of Annual Return [Form No. MGT-9]

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

Particulars

Particulars of loans, guarantees or investments made



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

As regards investments made by the Company, the details of the same are provided under Note to Accounts forming part of the annual accounts of the Company for the year ended March 31, 2017.

Particulars of Contracts or arrangements entered into with related parties:

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

Material Changes, details of Subsidiaries, Litigations

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

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

No significant or material Orders have been passed by the regulators or Courts or Tribunals impacting the going concern status of the Company and / or the Company's operations in future.

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

Particulars relating to conservation of energy and technology absorption stipulated in the Companies (Accounts) Rules, 2014 are not applicable. GRUH does not have any foreign exchange earnings. GRUH has paid dividend of ₹ 0.29 crore in foreign currency.

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

In accordance with the SEBI (LODR) Regulations, 2015 and NHB Directions dated February 9, 2017, the Management Discussion and Analysis Report and the Report of the Directors on Corporate Governance form part of this report.

Acknowledgements

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

On behalf of the Board of Directors

Mumbai
April 17, 2017

Keki M. Mistry
Chairman
DIN : 00008886

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

OBJECTIVE

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

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

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

PARAMETERS TO BE CONSIDERED BEFORE RECOMMENDING DIVIDEND

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

Statutory and Regulatory Parameters

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

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

Financial Parameters

- Growth in the loan portfolio;
- Funding and liquidity considerations;
- Leverage ratios;
- Profits earned during the financial year;
- Accumulated reserves
- Profitability outlook for the next two/three years
- Expected future capital/liquidity requirements covering future risk and contingency planning

- Compliance with covenants contained in any agreement entered into by the Company with its lenders/debenture trustees, if any;
- Other factors and/or material events which the Board may consider.

External Factors

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

UTILISATION OF RETAINED EARNINGS

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

DIVIDEND AND CLASSES OF SHARES

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

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

DIVIDEND PAYOUT RATIO

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

CONFLICT IN POLICY

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

AMENDMENTS

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

REVIEW OF POLICY

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

DISCLOSURE OF POLICY

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

ANNEXURE B TO THE DIRECTORS' REPORT – SECRETARIAL AUDIT REPORT

Form No. MR-3

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

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

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

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

Based on our verification of the GRUH Finance Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by GRUH Finance Limited (CIN: L65923GJ1986PLC008809) ("the Company") having its Registered Office at "GRUH", Netaji Marg, Near Mithakhali Six Roads, Ellis Bridge, Ahmedabad – 380 006 for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and (Not applicable to the Company during the Audit Period)
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period)
- (vi) The Company has complied with the following specifically other applicable laws to the Company:
 - (a) National Housing Bank (NHB) Act, 1987;
 - (b) Housing Finance Companies (NHB) Directions, 2010;
 - (c) Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014 and
 - (d) Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act , 2002

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that :

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

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

There were no dissenting views on any matter.

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

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

Ahmedabad
April 17, 2017

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

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

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

Annexure

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

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

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

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

Ahmedabad
April 17, 2017

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

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

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

- a : No. of permanent employees on the rolls of the Company : 664
- b : The percentage increase in the median remuneration of employees in FY 2016-17 stood at 18.84%.
- c : Average percentile increase already made in salaries of employees other than managerial personnel in last financial year and its comparison with the percentile increase in managerial remuneration:

The average increase in the remuneration of all employees was 14.68% for the FY 2015-16. The average increase in remuneration of the Key managerial personnel was 11.60%.

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

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

- d : Percentage increase in the remuneration of each director and key managerial personnel during 2016-17 is given below. Further details are given in MGT - 9.

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

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

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

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

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

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

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

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

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

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

- ✓ To generate, through its CSR initiatives, a community goodwill for GRUH and help reinforce a positive & socially responsible image of GRUH as a corporate entity.

During FY 2016-17, GRUH has undertaken various activities in the sectors of:

- (i) Promoting Preventive Health Care and Sanitation by (a) providing Nutrition support to poor and school children; (b) making available safe drinking water to poor children and tribal people through construction of Rain Roof Water Harvesting Structures and Spring Water Management Structure; (c) providing support for making available ophthalmic treatment for poor and needy patients; operationalising Mobile Medicare Units; (d) providing health care facilities to under-privileged population; (e) supporting Community Health Care Outcomes; (f) supporting community-based Sanitation programme; and (g) supporting construction of Sanitation Units in Government Schools;
- (ii) Promoting Education by (a) providing education to differently abled children; (b) providing education to young children; (c) providing education to slum children; (d) conservation and renovation of school buildings and classrooms differently; and (e) providing employment enhancing vocational skills;
- (iii) Empowering women by (a) alleviating their poverty by creating income generation alternatives for women living in urban slums;
- (iv) Ensuring environmental sustainability by supporting Tree Plantation;
- (v) Promoting Olympic Sports by providing Equipment Support and Medical Support;
- (vi) GRUH has made direct Contribution to PM National Relief Fund.
- (vii) GRUH has initiated/carried out CSR activities in the states of Gujarat, Maharashtra, Rajasthan, Tamilnadu, Chhattisgarh and Madhya Pradesh through various implementing agencies / NGOs as under :

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

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

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

3. Average net profit of the Company for last three financial years: ₹ 30219.65 lacs.

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

5. Details of CSR spend for the financial year:

- a. CSR proposals approved but not funded as on 31.03.2016: ₹ 335.57 lacs.
- b. CSR proposals approved during 2016-17: ₹ 270.94 lacs.
- c. CSR proposals funded during 2016-17: ₹ 335.77 lacs.
- d. Cumulative CSR proposals approved but yet to be funded as on 31.03.2017: ₹ 270.74 lacs.
- e. Manner in which the amount spent during the financial year is as per Annexure.

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

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

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

Managing Director

Chairman of CSR Committee



GRUH Sponsored Mobile Medical Unit in Ahmedabad, Gujarat.



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

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

(₹ in lacs)

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

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

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



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

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

SECTION A, B, C – Details of the Company

GRUH Finance Limited (GRUH) is a Housing Finance Company established in July 1986 and recognised by National Housing Bank (NHB). GRUH's registered office is situated in Ahmedabad. GRUH has been primarily established for providing long term home loans (activity code 65923) for purchase / construction / renovation of houses. GRUH operates in 11 states through its 185 branches. GRUH also accepts deposits from public.

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

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

GRUH does not have a subsidiary.

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

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

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

GRUH has *inter alia* adopted the following Policies:

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

There was no case of violation of the Company's Code of Conduct in 2016-17. No case was reported under the Company's whistle blower policy or under the sexual harassment policy during the year.

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

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

In an endeavour for quick and paperless services, GRUH promotes the use of electronic means of communication with its depositors, customers, associates and shareholders by sending electronic communication for confirmation of payments and such other purposes. GRUH also encourages the use of electronic mode of payment to and from all its stakeholders. Soft copies of the annual report 2015-16 along with the notice convening the 30TH Annual General Meeting and the dividend e-payment advice were sent to over 30,000 shareholders so as to minimise the usage of paper.

Principle 3: Businesses should promote the wellbeing of all employees

GRUH had staff strength of 664 as on March 31, 2017 out of which, 8 staff members were hired on contractual basis, 49 were permanent women employees and 2 staff with disabilities. There is no employees' association.

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

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

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

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

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

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

Principle 5 Businesses should respect and promote human rights

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

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

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

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

- providing clean and hygienic toilets in schools and / or for communities;
- providing solar pumps for marginal salt producers
- participated in tree plantation programme

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

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

Principle 8 Businesses should support inclusive growth and equitable development

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

GRUH also operates at deeper geographical locations. GRUH extended approx. 50% of its loans at rural locations where the population is less than 50000. Average Loan size as at March 31, 2017 was ₹ 6.38 lacs.

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

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

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

During the year, GRUH received 3,383 customer grievances / service requests and had 41 additional grievances / service requests pending at the beginning of the year. During the year, 3,213 such customer grievances / service requests were resolved and 211 were pending for resolution. The product information is displayed on each branch notice board. No case has been filed against GRUH regarding unfair trade practices, irresponsible advertising, and/or anti-competitive behaviour. GRUH collects customer feed backs on-line through a customer portal hosted on its website.

ANNEXURE F TO DIRECTORS' REPORT - "FORM MGT-9" - EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1	Housing Development Finance Corporation Ltd. Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai - 400 020.	L70100MH1977PLC019916	Holding	58.45%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i. Category-wise Share Holding

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

ii. Shareholding of Promoters

Sr. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1.	Housing Development Finance Corporation Ltd.	213077850	58.59	-	213077850	58.45	-	(0.14)

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

Note: There is no change in the number of shares held by the promoter of the Company - HDFC Ltd. However, the percentage of the shareholding has changed due to various allotments of equity shares made during the year under the ESOS Scheme of the Company.

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

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

- The shares of the Company are substantially held in dematerialised form and are traded on a daily basis and hence, the date wise increase / decrease in shareholding is not indicated.
- * Common top 10 shareholders as on April 1, 2016 and March 31, 2017
 @ Top 10 shareholders only as on April 1, 2016
 # Top 10 shareholders only as on March 31, 2017

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Director/KMP	Shareholding at the beginning of the year on April 1, 2016		No. of shares purchased (allotted pursuant to exercise of ESOS)	No of shares sold / transferred during the year	Shareholding at the end of the year on March 31, 2017	
		No. of shares	% of total shares of the company			No. of shares	% of total shares of the company
1	Mr. Keki M. Mistry	332900	0.09	75000	75000	332900	0.09
2	Mr. S.M. Palia	200000	0.05	-	5000	195000	0.05
3	Mr. Rohit C. Mehta	290000	0.08	-	83381	206619	0.06
4	Mr. Prafull Anubhai	148000	0.04	-	-	148000	0.04
5	Ms. Renu S. Karnad	392230	0.11	75000	-	467230	0.13
6	Mr. K.G. Krishnamurthy	391650	0.11	75000	-	466650	0.13
7	Mr. S.G. Mankad	130000	0.04	-	-	130000	0.04
8	Mr. Biswamohan Mahapatra	-	-	-	-	-	-
9	Mr. Pankaj Patel	-	-	-	-	-	-
10	Mr. Rajesh Gupta	-	-	-	-	-	-
11	Mr. Kamlesh Shah	315946	0.09	30000	8600	337346	0.09
12	Mr. Sudhin Choksey	575618	0.16	72000	206266	441352	0.12
13	Mr. Marcus Lobo	301750	0.08	20500	9750	312500	0.09
14	Mr. Hitesh Agrawal	30000	0.01	33150	-	63150	0.02

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

V. INDEBTEDNESS

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

(₹ in crores)

Particulars	Secured Loans excluding Public Deposits	Unsecured Loans	Public Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
1) Principal Amount	8,747.10	35.00	1,462.30	10,244.40
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	27.33	0.07	62.14	89.54
Total (1+2+3)	8,774.43	35.07	1,524.44	10,333.94
Change in Indebtedness during the financial year				
1) Addition	1,765.35	0.00	47.64	1,812.99
2) Reduction	0.00	0.00	0.00	0.00
Net Change in Indebtedness	1,765.35	0.00	47.64	1,812.99
Indebtedness at the end of the financial year				
1) Principal Amount	10,478.24	35.00	1,504.91	12,018.15
2) Interest due but not paid	0.00	0.00	0.00	0.00
3) Interest accrued but not due	61.54	0.07	67.17	128.78
Total (1+2+3)	10,539.78	35.07	1,572.08	12,146.93

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD		Total
		Mr. Sudhin Choksey	Mr. Kamlesh Shah	
1	Gross Salary			
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act	180.00	65.11	245.11
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (*)	10.20	3.75	13.95
(c)	Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
-	As % of Profit	-	-	-
-	Others, specify	-	-	-
5	Others, please specify			
	Contribution to Provident Fund	10.80	4.80	15.60
	Ex-gratia	150.00	46.00	196.00
	Total (A)	351.00	119.66	470.66
	Ceiling as per the Act			4,473.50

* Excludes value of perquisite on exercise of stock options.

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

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

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

(₹ in lacs)

Sr. No.	Particulars of Remuneration	Name of KMP		Total
		Mr. Marcus Lobo	Mr. Hitesh Agrawal	
1	Gross Salary			
a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	32.89	14.57	47.46
b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961 (*)	1.10	2.16	3.26
c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
-	As % of Profit	-	-	-
-	Others, specify	-	-	-
5	Others, please specify			
	Contribution to Provident Fund	2.09	0.76	2.85
	Performance Bonus	12.00	4.00	16.00
	Total	48.08	21.49	69.57

* Excludes value of perquisite on exercise of stock options.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

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

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

1. Policy

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

2. Definitions

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

- e) appointment of any agent for purchase or sale of goods, materials, services or property;
- f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g) underwriting the subscription of any securities or derivatives thereof, of the company.

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

2.4. "Related Party"

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

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

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

- (i) a director or his relative;
- (ii) a key managerial personnel or his relative;
- (iii) a firm, in which a director, manager or his relative is a partner;
- (iv) a private company in which a director or manager or his relative is a member or director;
- (v) a public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital;
- (vi) any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager;
- (vii) any person on whose advice, directions or instructions, a director or manager is accustomed to act;
- (viii) any company which is -
 - (a) a holding, subsidiary or an associate company of such company; or
 - (b) a subsidiary of a holding company to which it is also a subsidiary;
- (ix) such other person as may be prescribed.

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

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

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

- a) two companies simply because they have a director in common, notwithstanding paragraph 3(d) or (e), (unless the director is able to affect the policies of both companies in their mutual dealings);
- b) a single customer, supplier, franchiser, distributor, or general agent with whom an enterprise transacts a significant volume of business merely by virtue of the resulting economic dependence; and
- c) the parties listed below, in the course of their normal dealings with an enterprise by virtue only of those dealings (although they may circumscribe the freedom of action of the enterprise or participate in its decision-making process) :
 - (i) providers of finance;
 - (ii) trade unions;
 - (iii) public utilities;
 - (iv) government departments and government agencies including government sponsored bodies.

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

Control

- a) ownership, directly or indirectly, of more than one half of voting power of an enterprise, or
- b) control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise, or
- c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

Significant Influence

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

Relative

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

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

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

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

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

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

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

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

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

- (a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the listed entity and such approval shall be applicable in respect of transactions which are repetitive in nature;
- (b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;
- (c) the omnibus approval shall specify:
 - (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,
 - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
 - (iii) such other conditions as the audit committee may deem fit: Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.
 - (iv) such other conditions as may be specified by the law from time to time.
- (d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by GRUH pursuant to each of the omnibus approvals given.
- (e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

3. Procedures

3.1. Board of Directors

- 3.1.1. All related parties with whom the Company intends to enter into transaction will require prior approval of the Board of Directors.
- 3.1.2. All related party transactions, otherwise done at arm's length distance, falling within the limits of section 188(1) will require prior approval of the Board of Directors at its meeting. The Board of Directors shall review and recommend all transactions in terms of section 188(1) requiring shareholders' prior approval.
- 3.1.3. As per Regulation 23 (4) of SEBI (LODR), 2015 all material related party transactions shall require approval of the shareholders through resolution and the related parties shall abstain from voting on such resolutions whether the entity is a related party to the particular transaction or not.
- 3.1.4. The Board of Directors shall annually review, the details of all Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, and the benefits to the Company and to the relevant Related Party.

- 3.1.5. Where any director is interested in any contract or arrangement with a related party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.
- 3.2. Audit Committee
- 3.2.1. Each of GRUH's directors and executive officers are instructed to inform the Company Secretary of any potential Related Party Transactions. All such transactions will be analysed by the Audit Committee in consultation with management to determine whether the transaction or relationship does, in fact, constitute a Related Party Transaction requiring compliance with this Policy. The Committee will be provided with the following details of each new, existing or proposed Related Party Transaction :
- i. The Name of the Related Party and nature of relationship;
 - ii. The nature, duration and particulars of the contract or arrangement;
 - iii. The material terms of the contract or arrangement including the value, if any;
 - iv. Any advance paid or received for the contract or arrangement, if any;
 - v. The manner of determining the pricing and other commercial terms, both included as part of the contract and not considered as part of the contract;
 - vi. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors; and
 - vii. Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction.
- 3.2.2. Transactions with approved parties will require a prior approval of the Audit Committee.
- 3.2.3. The Related Party Transactions which are not in the ordinary course of business and not at arm's length will be reviewed by the Audit Committee and then recommended to the Board of Directors.
- 3.2.4. If a Related Party Transaction is ongoing, the Committee may establish guidelines for the Company's management to follow in its ongoing dealings with the Related Party. Thereafter, the Committee shall periodically review and assess ongoing relationships with the Related Party.
- 3.2.5. The Committee will review the material facts of all Related Party Transactions and may approve or disapprove of the entry into the Related Party Transaction.
- 3.2.6. The Committee may also disapprove of a previously entered Related Party Transaction and may require that management of the Company take all reasonable efforts to terminate, unwind, cancel or annul the Related Party Transaction.
- 3.2.7. A Related Party Transaction entered into without pre-approval of the Committee shall not be deemed to violate this Policy, or be invalid or unenforceable, so long as the transaction is brought to the Committee as promptly as reasonably practical after it is entered into or after it becomes reasonably apparent that the transaction is covered by this policy.
- 3.2.8. The Committee may decide to get advice, certification, study report, rely upon certification issued as per the requirement of other laws etc. from a professional (includes statutory / internal Auditors) or technical person including price discovery process, to review transactions with Related Party.
- 3.2.9. Any member of the Committee who has an interest in the transaction under discussion will abstain from voting on the approval of the Related Party Transaction. However, the Chairperson of the Committee may allow participation of such member in some or all of the Committee's discussions of the Related Party Transaction.
- 3.2.10. Annually, the Audit Committee shall review any previously approved or ratified Related Party Transaction that is continuing and determine based on then-existing facts and circumstances, including the Company's existing contractual or other obligations, if it is in the best interests of the Company to continue, modify or terminate the transaction.
- 4. Approval of Shareholders**
- 4.1. The contracts or agreements with any Related Party which are not in the ordinary course of business and not at arm's length in respect of transactions specified in section 188(1) of the Companies Act, 2013, will require prior approval of the shareholders by a resolution.
- 4.2. All material related party transactions will require shareholders' approval.
- 4.3. The explanatory statement to be annexed to the notice of general meeting in this regards will contain following particulars:
- i. name of the related party;
 - ii. name of the director or key managerial personnel who is related, if any;
 - iii. nature of relationship;
 - iv. nature, material terms, monetary value and particulars of the contract or arrangement;
 - v. any other information relevant or important for the members to take a decision on the proposed resolution.

5. Disclosure

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

6. Review of Policy

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

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

- 7.1. Employment of Executive Officers and their compensation as approved by Nomination & Remuneration Committee.
- 7.2. Managerial remuneration recommended by Nomination and Remuneration Committee and approved by the Board of Directors of the Company.
- 7.3. Reimbursement or advances of business travel and expenses incurred or to be incurred directly by a director or executive officer of the Company in connection with the performance of his or her duties.
- 7.4. Transactions where all shareholders receive proportional benefits :
Any transactions, arrangements or relationships where the Related Party's interest arises solely from the ownership of the Company's Shares and all holders of the Company's Shares received the same benefit on a pro-rata basis (e.g., dividends, sub-division or bonus shares).
- 7.5. Certain banking-related services :
Any transactions, arrangements or relationships with a Related Party involving services as a bank viz. current account, depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.
- 7.6. Regulated transactions :
Any transactions, arrangements or relationships with a Related Party involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority.
- 7.7. Other Transactions :
Such other transactions as may be determined by the Committee or Board of Directors from time to time.

8. Administrative Measures

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

9. Interpretation

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

10. Dissemination of Information

GRUH shall upload this Policy on its website i.e., www.gruh.com 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.