**GRUH FINANCE LIMITED**

*We help you build homes*

SEC: 2016:
June 24, 2016

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

**BSE Security Code No: 11288**

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

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

**Symbol : GRUH**

Kind Atten: Mr K Hari – Head - Listing

Dear Sir,

**Sub: Annual Report 2015-16 & Notice of 30th AGM of the Company:**

This is to inform you that the 30th Annual General Meeting of Members of GRUH Finance Limited was held on Wednesday, June 22, 2016 at 10.30 a.m. at H.T. Parekh Convention Centre, Ahmedabad Management Association (AMA), ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015, wherein all resolutions were approved by the Members by requisite majority.

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith Notice and Annual Report of the Company for FY 2015-16.

You are requested to kindly take note of the same and inform your constituents accordingly.

Thanking you,

Yours sincerely,
For **GRUH FINANCE LIMITED**

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

Encl: a/a

GRUH FINANCE LIMITED

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FORM A

| Sr. No. | Particulars | Details |
|---|---|---|
| 1. | Name of the Company | GRUH Finance Limited |
| 2. | Annual financial statements for the year ended | 31st March, 2016 |
| 3. | Type of Audit observation | Un-modified Audit Report |
| 4. | Frequency of observation | Not Applicable |

Sudhin Choksey
Managing Director and CEO

Hitesh Agrawal
Chief Financial Officer

For Sorab S. Engineer & Co.
Firm's Registration Number 110417W
Chartered Accountants

CA N. D. Anklesaria
Partner
Membership No. 10250

S. M. Palia
Chairman - Audit Committee
GRUH Finance Limited

April 19, 2016
Mumbai

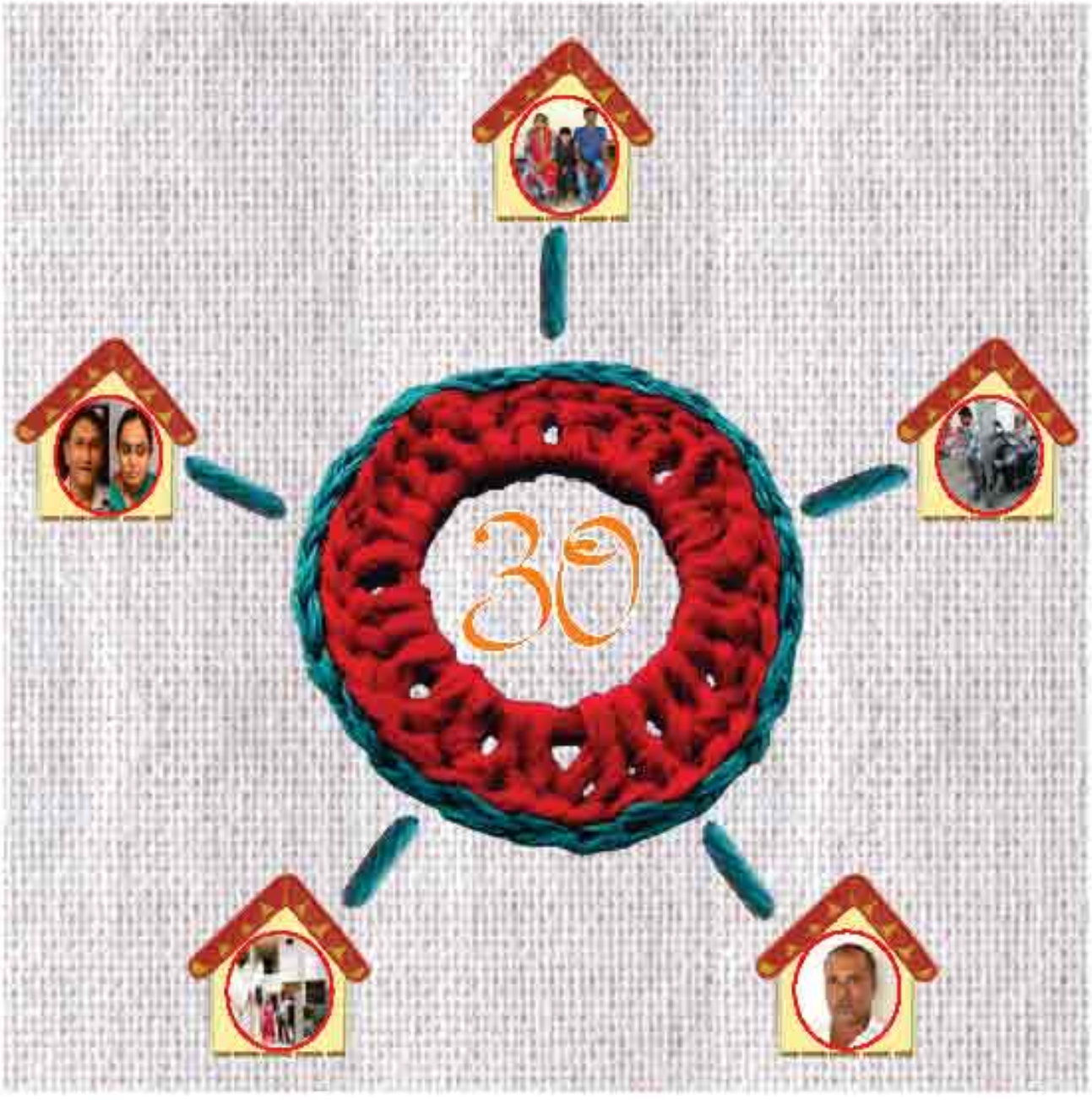


**Registered Office:** "GRUH", Netaji Marg, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad-380 006.
Tel. :(91) (79) 3290 1222/23, 2642 1671-74 Fax: (91) (79) 2656 0649
CIN : L65923GJ1986PLC008809 - Website : www.gruh.com

GRUH FINANCE LIMITED

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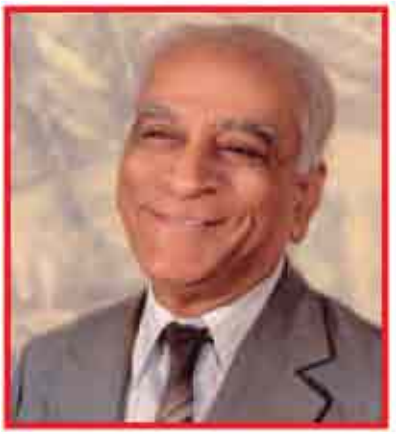
(A subsidiary of HDFC Ltd)




# *Tread to thread*

*GRUH will continue its focus on the 'Aam aadmi' for sustained future growth*

**30th ANNUAL REPORT**
**2015 - 2016**



Shri. H.T. Parekh

# Living the Founder's dream

## Going from tread to thread

In many homes across our family of borrowers we meet talented GRUHinis who decorate their homes and their lives with intricate pieces of embroidery and needlecraft. They use beads, mirrors, sequins and a whole array of 'stitches' to create new possibilities. They use the 'chain stitch', the 'running stitch' or the 'cross stitch' and thus move from one point to another to continue the thread and thus create happy outcomes.

This metaphor of the 'continuing thread' is also relevant to us at GRUH. Our founder Shri H T Parekh and his successor at our parent company HDFC, Shri Deepak Parekh, always stressed the importance of Word-of-mouth recommendation to build an ongoing and healthy customer base. GRUH has also tread the rural countryside from 'thread to thread'. Creating a chain stitch from one borrower to another. In mature markets we have accelerated the pace in a running stitch. Sometimes we have cross-fertilized our information and our huge database to create a new cross-stitch in terms of new products and new customer segments like the visually impaired and the 'differently enabled'.

Interestingly today, the term 'thread' also has significant meaning in computers and newsrooms where people anywhere in the digital universe can follow a 'thread' or a trail mail and contribute a series of messages to create a bright new story every time.

2015 was a year with significant challenges, that slowed growth in property transactions and resulted in a pile up of inventory of unoccupied dwelling units. Property prices have not yet declined even as transaction volumes have headed further south. With the SME sector under pressure, NPAs have increased across the industry. In spite of these headwinds, GRUH has rallied its teams – we have managed to hold our NPAs under control at around 0.32%. GRUH has benefited from supportive RBI and Government policy initiatives. The RBI has managed to bring down inflation and reduce interest rates. The Central Government's Affordable Housing Policy aims to create 2 crore units for LIG and EWS segments, where GRUH has a strong footprint. With appropriate facilitative steps by the respective State Governments this could be a strong positive for GRUH, that could enable us to significantly step up volumes in future.

In these pages we have attempted to capture unique features of the GRUH Marketing mix. Together they will confer exclusivity on the GRUH brand even in a commoditized marketplace. The 'Aam Aadmi' is a huge constituency and GRUH teams know how to go from 'Tread to thread' to sustain the growth momentum. GRUH is therefore ready to cross over from three decades of being a learning organization, to the next promising decade of new learning and growth ahead.

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## HIGHLIGHTS

(₹ in crores)

| Financial Highlights | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 | 2006-07 |
|---|---|---|---|---|---|---|---|---|---|---|
| Loan Disbursements | 3,857 | 3,121 | 2,577 | 2,174 | 1,487 | 1,211 | 780 | 655 | 632 | 474 |
| Net Interest Margin | 421 | 344 | 271 | 218 | 179 | 143 | 115 | 85 | 74 | 52 |
| Fees & Other Charges | 41 | 33 | 27 | 22 | 17 | 14 | 12 | 7 | 6 | 6 |
| Operating Cost | 79 | 63 | 53 | 44 | 36 | 30 | 24 | 20 | 17 | 13 |
| Operating Profit | 381 | 313 | 242 | 194 | 157 | 126 | 102 | 72 | 63 | 44 |
| Provisions & Write Offs (Net) | 22 | 17 | 2 | 1 | (4) | 1 | 8 | 3 | 4 | 7 |
| Profit Before Tax | 362 | 301 | 244 | 197 | 163 | 126 | 94 | 70 | 59 | 37 |
| Profit After Tax | 244* | 204* | 177 | 146 | 120 | 92 | 69 | 50 | 42 | 30 |
| Stockholders' Equity | 835 | 711 | 607 | 491 | 386 | 318 | 265 | 221 | 190 | 164 |
| Borrowed Funds | 10,244 | 8,216 | 6,447 | 4,915 | 3,833 | 2,966 | 2,323 | 2,245 | 1,773 | 1,305 |
| Loan Assets | 11,115 | 8,926 | 7,020 | 5,447 | 4,077 | 3,176 | 2,453 | 2,091 | 1,773 | 1,379 |

### Key Financial Ratios

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Capital Adequacy Ratio (%) | 17.82 | 15.36 | 16.36 | 14.56 | 13.95 | 13.32 | 16.55 | 16.21 | 18.15 | 16.31 |
| Debt Equity Ratio (times) | 12 | 12 | 11 | 10 | 10 | 9 | 9 | 10 | 9 | 8 |
| Loans to Total Assets (%) | 97 | 97 | 97 | 97 | 94 | 94 | 92 | 83 | 88 | 91 |
| Gross NPAs to Loan Assets (%) | 0.32 | 0.28 | 0.27 | 0.32 | 0.52 | 0.82 | 1.11 | 0.94 | 1.12 | 1.36 |
| Net NPAs to Loan Assets (%) | 0.09 | 0 | 0 | 0.05 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net Interest Margin to Average Assets (%) | 4.08 | 4.18 | 4.21 | 4.38 | 4.64 | 4.73 | 4.42 | 3.73 | 4.18 | 3.82 |
| Non-Interest Expenses to Average Assets (%) | 0.76 | 0.76 | 0.83 | 0.89 | 0.94 | 1.00 | 0.92 | 0.87 | 0.96 | 0.96 |
| Cost to Income Ratio (%) | 17 | 17 | 18 | 18 | 19 | 19 | 19 | 21 | 21 | 22 |
| PAT to Average Assets (%) | 2.36 | 2.48 | 2.76 | 2.94 | 3.12 | 3.02 | 2.65 | 2.21 | 2.39 | 2.17 |
| Return on Average Networth (%) | 31 | 31 | 32 | 33 | 34 | 31 | 28 | 24 | 24 | 24 |

### Measuring Shareholders' Wealth

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Earnings Per Share (₹) ^ | 6.70 | 5.57 | 4.93 | 4.11 | 3.41 | 2.62 | 1.99 | 1.45 | 1.22 | 0.94 |
| Dividend Rate (%) | 115@ | 100@ | 150 | 125 | 115 | 110** | 65 | 48 | 40 | 30 |
| Dividend Payout Ratio (%) | 41 | 43 | 36 | 36 | 39 | 49 | 38 | 39 | 38 | 41 |
| Book Value Per Share as at March 31 (₹) ^ | 22.97 | 19.64 | 16.92 | 13.82 | 10.94 | 9.10 | 7.62 | 6.37 | 5.49 | 4.74 |
| Market Price Per Share as at March 31 (₹) ^ | 239.25 | 244 | 147.65 | 105.15 | 63.70 | 36.02 | 21.78 | 9.37 | 15.44 | 13.74 |
| Price to Value Ratio (times) | 10.41 | 12.42 | 8.73 | 7.61 | 5.83 | 3.96 | 2.86 | 1.47 | 2.81 | 2.90 |
| Price to Earnings Ratio (times) | 36 | 44 | 30 | 26 | 19 | 14 | 11 | 6 | 13 | 15 |
| Market Capitalisation (in crores) | 8,701 | 8,867 | 5,319 | 3,753 | 2,249 | 1,266 | 756 | 325 | 535 | 476 |

* Profit After Tax is arrived after providing Deferred Tax Liability of ₹ 24.17 crores for FY 15-16 and ₹ 19.33 crores for FY 14-15 on Sepcial Reserve which was required to be created from FY 14-15.

** Includes one time Special Silver Jubilee Year Dividend of 25%

@ GRUH allotted bonus shares in ratio of 1:1 during June 2014. Dividend is for the full year on the enhanced capital post issue of bonus shares.

^ During FY 12-13, w.e.f. July 26, 2012, face value of equity share of GRUH was sub-divided to ₹ 2 per equity share from ₹ 10 per equity share and hence adjusted for Split and Bonus shares.

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## BOARD OF DIRECTORS AND THEIR BRIEF PROFILE



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

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



**Mr. S. M. Palia**
(DIN : 00031145)

**Mr. S.M. Palia,** is a development banker. He holds a degree in Commerce, Law and Banking [CAIIB, CAIB (London)] and has 25 years working experience in Industrial Development Bank of India (IDBI) in various capacities. He retired as Executive Director of IDBI in 1989. He is on the board of reputed companies like The Bombay Dyeing & Mfg. Co. Ltd., Saline Area Vitalisation Enterprises Ltd., and Al Champdany Industries Limited., etc. He has been on the board of GRUH since 1993. He was Vice Chairman of the Company from 1993 to 2000 and Chairman of the Company for one year from January 2001. He is Chairman of the Audit Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility (CSR) Committee of GRUH.



**Mr. Rohit C. Mehta**
(DIN : 00050173)

**Mr. Rohit C. Mehta,** is a prominent and successful industrialist possessing a wide and varied experience in the management of business and industry. He is a Law Graduate from the Bombay University. He was International President of Lions Clubs International. He has also been the President of Federation of Indian Chambers of Commerce & Industry. He is on the board of reputed companies like Rampion Technologies Pvt. Ltd., Rampion Eyetech Pvt. Ltd., Universal Trustees Pvt. Ltd, C.C Chokshi Advisors Pvt Ltd, etc. He has been on the board of GRUH since 1987 and was the Chairman of the Company from 1987 to 1998. He is Chairman of Stakeholders Relationship Committee of GRUH and a member of the Audit Committee and the Corporate Social Responsibility (CSR) Committee of GRUH.



**Mr. Prafull Anubhai**
(DIN : 00040837)

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



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

**Ms. Renu S. Karnad,** the Managing Director of HDFC, holds a Master's degree in Economics from the University of Delhi and is a Law Graduate. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, U.S.A. She has been employed with HDFC since 1978. She is responsible for the lending operations of HDFC. She is a director in companies like HDFC Bank Ltd., HDFC Asset Management Company Ltd., HDFC Standard Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, Indraprastha Medical Corporation Limited, EIH Ltd., Bosch Ltd., HIREF International Fund Pte Ltd., HIREF International Fund II Pte Ltd., etc. She has been on the board of GRUH since 2000. She is a member of the Nomination and Remuneration Committee of GRUH.

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## BOARD OF DIRECTORS AND THEIR BRIEF PROFILE



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

**Mr. K.G. Krishnamurthy** is the Managing Director & CEO of HDFC Property Ventures Limited (HPVL). Prior to that he was employed with HDFC as Senior General Manager – Technical Services. He played a major role in HPVL's successful closure of India's first real estate venture fund scheme, HDFC India Real Estate Fund with a corpus of 1.20 billion dollars. He is a graduate from IIT Kharagpur with a management degree from Jamnalal Bajaj Institute of Management, Mumbai. He has vast experience of over two decades in real estate and has been widely consulted by the industry on real estate matters. He has offered his services to the Asian Development Bank - to develop a housing package for Project Affected Persons under Karnataka Urban Infrastructure Project, and to the US AID to build-up a mortgage market in Sri Lanka. Besides his responsibilities within the HDFC group, he is on the board of several companies including HDFC Venture Capital Limited, Vascon Engineers Limited, New Consolidated Construction Co. Ltd., etc. He has been appointed on the board of GRUH since 2004. He is a member of Stakeholders Relationship Committee of GRUH.



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

**Mr. S.G. Mankad,** IAS (retd), holds Masters in History from University of Delhi. He has served in various capacities both in Government of India and the State of Gujarat. His last assignment was as Chief Secretary, Govt. of Gujarat. He has served as a Director/Chairman on Board of several cement, power, fertilizer and finance companies. He is chairman of Gujarat Institute of Desert Ecology (GUIDE) and is associated with several educational institutions and NGOs. He is the Chairman of Gujarat International Finance Tec- City Co. Ltd., and Director in IL&FS Education & Technology Services Ltd., IL&FS Skills Development Corporation Ltd., Deepak Nitrite Ltd., Navin Fluorine International Ltd, Swaraj Engines Limited., National Securities Depository Limited and Mahindra Intratrade Ltd. In March 2016, the Govt. of India has appointed him as a part time non-executive director on the Central Board of RBI. He is on the Board of GRUH since 2010. He is a member of Stakeholders Relationship Committee, the Nomination and Remuneration Committee and the Corporate Social Responsibility (CSR) Committee of GRUH.



**Mr. Biswamohan Mahapatra**
**(DIN : 06990345)**

**Mr. Biswamohan Mahapatra** was a Central Banker with his career spanning over banking regulation, policy and supervision. He holds a Master of Science in Management (MSM) from USA, Master of Business Administration (MBA), Master of Arts (MA) and Banking (CAIIB). He has 33 years experience in Reserve Bank of India (RBI) in various capacities. He retired as Executive Director of RBI in 2014. Post his retirement, he was on full time contract basis for six months as an Advisor to RBI on new bank licensing. He was also associated with various working groups and committees of RBI. He is a Senior Advisor to Ernst & Young LLP. He is a director on the board of Edelweiss Financial Services Ltd. and Credila Financial Services Pvt. Ltd. He is a member of the Audit Committee and the Nomination and Remuneration Committee of GRUH.



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

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



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

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

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## SENIOR MANAGEMENT TEAM

Suresh Iyer
Manish Gandhi
Narendra Rao
Dharmesh Bhavsar
Venu Menon
Umesh Agrawal
Rakesh Hardiya
Amit Chokshi
Harish Sharma
Jayesh Gangwani
Ajay Kumar
Dushyant Joshi
Rupali Shelar
Subramanian K.

**Company Secretary** Marcus Lobo

**Chief Financial Officer** Hitesh Agrawal

## REGISTERED OFFICE

"GRUH", Netaji Marg, Near Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380 006.
Phone : 91-79-2642 1671 to 75, 3290 1222/23

CIN : L65923GJ1986PLC008809

Email : investorcare@gruh.com

Website : www.gruh.com

Toll Free :
Loans : 1800 233 5300

Deposits : 1800 233 7923

## AUDITORS

M/s SORAB S. ENGINEER & Co.,
Chartered Accountants

## ADVOCATES & NOTARY

M/s SINGHI & Co.,
Advocates & Notary

## DEBENTURE TRUSTEES

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

## BANKERS

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

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*A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty.*

Winston Churchill

## Yogendra Kumar Darji



### 'Handicap is no Handicap'

"I had polio as a baby. When I walked with my dad to school, village boys laughed and threw stones at me. I was so hurt, I decided to walk alone with a stick. Sometimes I would stumble and fall. My family was most supportive.

I went on to do electronics engineering, but gave it up because I could make more money as a tailor.

I wanted a house. My old parents found it hard to move in and out of rented homes. I was told GRUH would consider my case sympathetically. They sanctioned my loan on the second visit, even though I did not have all the documentation. GRUH has shown me that a handicap is no bar to happiness and success."

## Alpesh Maru



### 'In the midst of darkness light persists'

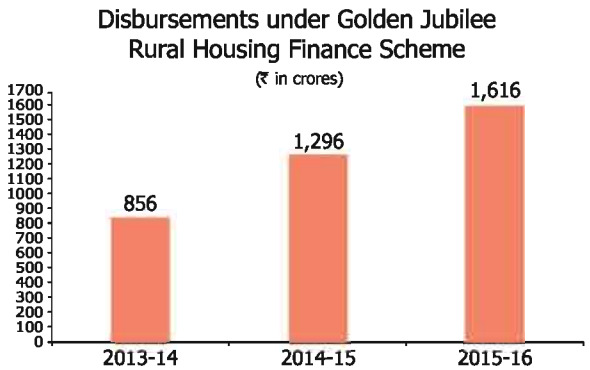
"When my parents found out that I was blind, they were willing to donate their eyes. But the doctors held out no hope. My parents helped me see opportunity through their eyes.

I attended 3 different schools, studied tabla and harmonium and became a Sangeet Visharad. My Guruji is also blind.

Today I work as a music teacher in a school. My wife is also blind. But she graduated in sociology and is a certified physio-therapist. She has also done her Sangeet Visharad and used to work in a health institute staffed exclusively by the visually impaired.

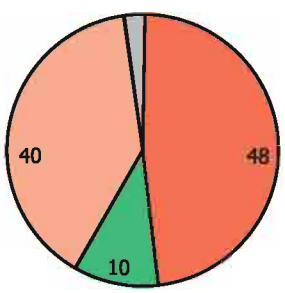
GRUH helped bring sunlight into our lives"

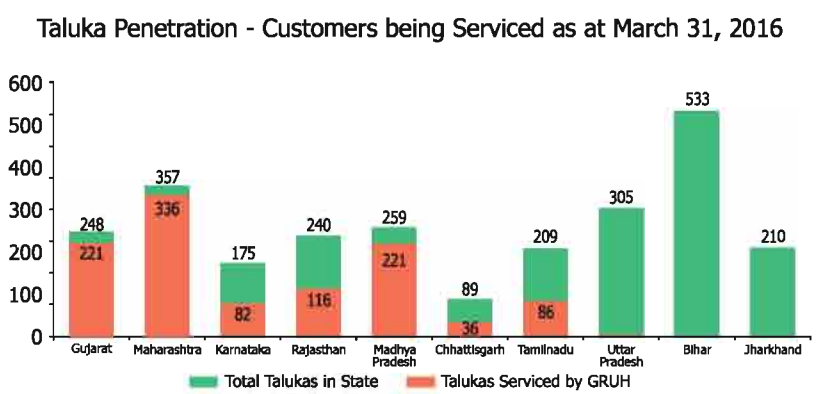
## GRUH's RURAL FOCUS

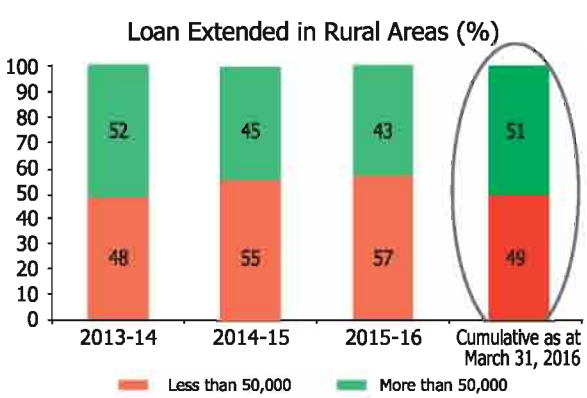



### Disbursements under Rural Housing Fund Scheme (Since April 1, 2007)

| Category of Customers | ₹ in crores | % | |
|---|---|---|---|
| Individuals in Rural areas with annual income up to ₹ 2 Lacs | 911 | 48 | |
| Backward Class | 185 | 10 | |
| Women | 756 | 40 | |
| Minority Community | 33 | 2 | |
| | **1,885** | **100** | |



# DIRECTORS' REPORT

TO THE MEMBERS,

Your directors are pleased to present the Thirtieth Annual Report of your Company with the audited accounts for the year ended March 31, 2016.

## FINANCIAL RESULTS

(₹ in crores)

| | For the year ended March 31, 2016 | For the year ended March 31, 2015 |
|---|---|---|
| Profit Before Tax | 361.70 | 300.84 |
| Provision for Tax (Net of deferred tax ) | 118.12 | 97.04 |
| Profit After Tax | 243.58 | 203.80 |
| Add: | | |
| Balance brought forward from last year | 161.11 | 143.59 |
| Amount available for appropriation | 404.69 | 347.39 |
| Appropriations: | | |
| Statutory Reserve u/s 29C of NHB Act & u/s 36(1)(viii) of I.T. Act | 69.85 | 56.87 |
| General Reserve | 50.00 | 40.00 |
| Amount utilized towards Corporate Social Responsibility Activities | - | 1.93 |
| Proposed Dividend | 83.65 | 72.68 |
| Additional Tax on Proposed Dividend | 17.03 | 14.80 |
| Dividend pertaining to previous year paid during the year | 0.02 | 0.00 |
| Balance carried to Balance Sheet | 184.14 | 161.11 |
| | 404.69 | 347.39 |

## Dividend

Your directors recommend payment of dividend of ₹ 2.30 per equity share of face value of ₹ 2 each for the year ended March 31, 2016 as against a dividend of ₹ 2.00 per share of face value of ₹ 2 each for the previous year. The dividend payout ratio for the year inclusive of additional tax on dividend will be 41% as against 43% in the previous year.

## Changes in Share Capital

During the year, the paid up equity share capital increased as a result of allotment of 2,97,160 equity shares of the face value of ₹ 2/- each upon exercise of stock options under ESOS-2011. As at March 31, 2016, the equity share capital stood at ₹ 72,73,63,480 divided into 36,36,81,740 equity shares of ₹ 2/- each.

## Disbursements

Loan disbursements during the year were ₹ 3,856.58 crores as against ₹ 3,120.87 crores in the previous year. GRUH continued to focus mainly on the retail segment and disbursed ₹ 3,450.90 crores to 40,084 families. Cumulative disbursements as at March 31, 2016 were ₹ 19,071.70 crores.

### Golden Jubilee Rural Housing Finance Scheme

GRUH disbursed ₹ 1,615.72 crores in respect of 22,208 loans during the year under the Golden Jubilee Rural Housing Finance Scheme of the Government of India. Cumulative disbursements under the scheme were ₹ 6,995.59 crores in respect of 1,46,321 dwelling units.

### Rural Housing Fund

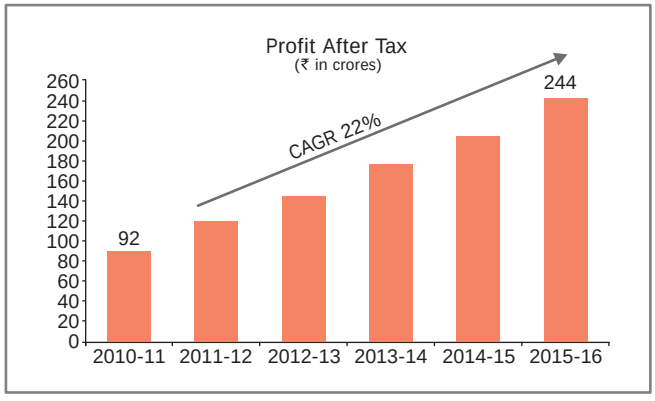
During the year, GRUH disbursed ₹ 2,135 crores in respect of 23,567 loans in the rural areas. Cumulative disbursement under the rural housing has been ₹ 8,692 crores in respect of 1,79,367 loans. Rural area as defined by the National Housing Bank (NHB) is a location where population is less than 50000 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 ₹ 381.56 crores in respect of 4,242 loans.

### 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), offers a 6.50% interest subvention subsidy to eligible beneficiaries for a maximum loan amount of ₹ 6 lacs for 15 year loan tenure. The maximum interest subsidy per beneficiary works out to ₹ 2.20 lacs.

GRUH signed MOU with NHB to promote the CLSS scheme and disbursed loans to 804 beneficiaries. GRUH received interest subsidy aggregating ₹ 7.01 crores in respect of 372 beneficiaries and credited the same to the respective customers loan accounts.

Besides, GRUH also actively participates in the Affordable housing schemes sponsored by various state government viz. Gujarat, Chhattisgarh and Rajasthan where capital subsidy is offered to beneficiaries of LIG and EWS income segments. Under these schemes, GRUH has disbursed ₹ 87.57 crores in respect of 2,743 loans.



## Loan Assets

As at March 31, 2016, the loan assets increased to ₹ 11,114.55 crores recording a growth of 25%. Loan assets in respect of the retail segment grew by 24% and stood at ₹ 10,680.61 crores.

## Non-Performing Loans

As per the prudential norms of NHB, GRUH's gross non-performing loans stood at ₹ 35.55 crores as at March 31, 2016, constituting 0.32% of the total outstanding loans of ₹ 11,114.55 crores. The gross non-performing loans as at March 31, 2015 were ₹ 25.05 crores constituting 0.28% of the total outstanding loans of ₹ 8,926.48 crores.

GRUH is required to carry a provision of ₹ 43.56 crores on standard individual home loans of ₹ 10,220.53 crores and a provision of ₹ 7.72 crores on standard loans other than individual home loans of ₹ 858.47 crores as at March 31, 2016. GRUH also carries provision of ₹ 0.13 crore on Instalments Due from Borrowers of ₹ 29.08 crores and ₹ 0.03 crore on Loan Against Deposit of ₹ 2.53 crores. Accordingly, GRUH carries a total provision of ₹ 51.44 crores in respect of standard assets.

GRUH is required to carry a provision of ₹ 8.54 crores towards non-performing loans as per NHB norms. However, as a measure of precaution, GRUH carries a provision of ₹ 25.17 crores. GRUH therefore carries a total provision of ₹ 76.61 crores on its total assets including standard assets and non performing loans. Net Non Performing Loans were 0.09% on outstanding loans of ₹ 11,114.55 crores.

During the year, GRUH has written off ₹ 5.43 crores 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 ₹ 0.18 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 ₹ 1,671.94 crores during the year, under various refinance schemes of which an amount of ₹ 700.49 crores was availed under the Golden Jubilee Rural Housing Refinance Scheme (GJRHRS), ₹ 381.23 crores under the Rural Housing Fund (RHF) and ₹ 188.73 crores under the Urban Housing Fund (UHF) indicating GRUH's focus on the Rural segment and Affordable Housing segment. The refinance outstanding as at March 31, 2016 was ₹ 3,958.94 crores.

## Bank Term Loans

GRUH received fresh sanctions from banks amounting to ₹ 2,765 crores of which GRUH availed loans aggregating to ₹ 2,521 crores. The outstanding bank term loans as at March 31, 2016 were ₹ 3,931 crores.

## Subordinated Debt

As at March 31, 2016, 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" with Stable outlook, indicating highest degree of safety regarding timely servicing of financial obligations and "CRISIL AA+" with Positive outlook, indicating high degree of safety regarding timely servicing of financial obligations. Based on the balance term to maturity, as at March 31, 2016, ₹ 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 ₹ 197 crores on a private placement basis. The outstanding NCDs as at March 31, 2016 stood at ₹ 847 crores. NCDs are rated "ICRA AAA" with Stable outlook, indicating highest degree of safety regarding timely servicing of financial obligations and "CRISIL AA+" with Positive outlook, indicating high degree of safety regarding timely servicing of financial obligations.

## Commercial Paper

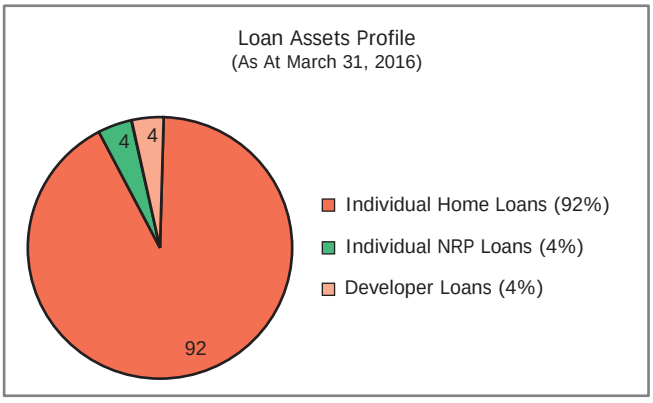
GRUH's commercial paper is rated "ICRA A1+" and "CRISIL A1+", indicating very strong degree of safety regarding timely payment of financial obligations. As at March 31, 2016, outstanding commercial paper was Nil.

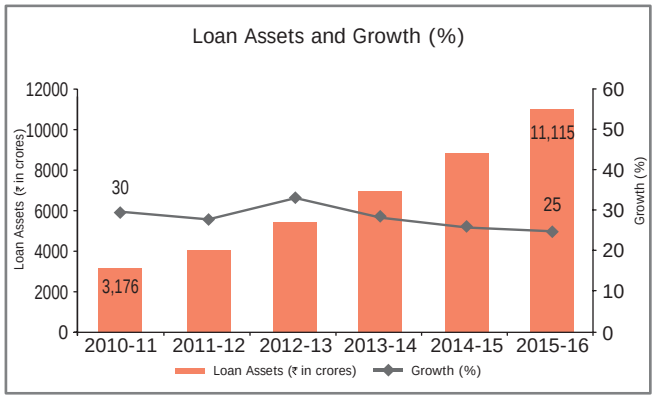
## Deposits

GRUH mobilised deposits of ₹ 441.80 crores and experienced a renewal ratio of 60.77% during the year. The outstanding balance of deposits as at March 31, 2016 was ₹ 1,462.30 crores.

GRUH's Deposit programme is rated "MAAA" (with stable outlook) by ICRA, indicating highest credit quality rating and "FAAA" (with stable outlook) by CRISIL, indicating very strong degree of safety regarding timely payment of interest and principal.

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 ₹ 207.82 crores as at March 31, 2016 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, 2016, deposits amounting to ₹ 5.38 crores had not been claimed by 886 depositors. The total amount of unclaimed deposits as at March 31, 2016 was ₹ 5.96 crores, which included ₹ 0.58 crore towards unclaimed interest on 1,240 deposits. 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 the Companies Act, 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 ₹ 12.93 lacs in respect of unclaimed deposits and interest thereon was transferred to the IEPF during the year. In terms of the provisions of the Companies Act, no claim would lie against the Company after the said transfer. As at March 31, 2016, there was no NCDs amount or interest thereon, remaining unclaimed and unpaid.

## Unclaimed Dividends

As at March 31, 2016, dividend amounting to ₹ 1.33 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 the Companies Act, dividends remaining unclaimed for a period of seven years from the date of transfer to the unpaid dividend are required to be credited to the IEPF. Accordingly, unclaimed dividend amount of ₹ 5.57 lacs in respect of the financial year 2007-08 was transferred to IEPF during the year. Unclaimed dividend amounting to ₹ 7.77 lacs in respect of the financial year 2008-09 is due for transfer to IEPF in August 2016. In terms of Section 125 of the Companies Act, 2013, no claim would lie against the Company after the said transfer.

In terms of the IEPF (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company 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.

## Regulatory Guidelines

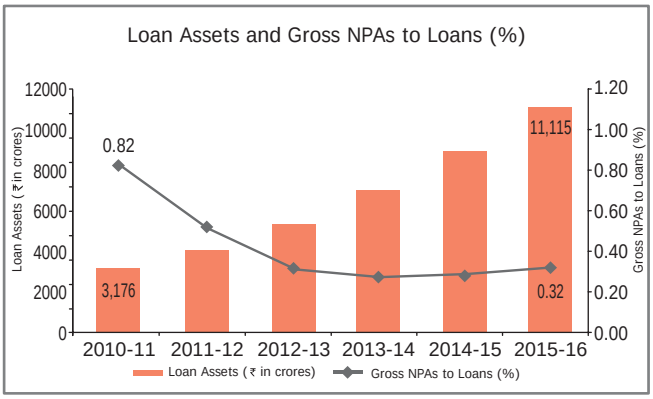
GRUH continues to comply with the guidelines issued by NHB regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, 'Know Your Customer' - (KYC) Guidelines and Anti Money Laundering (AML) Standards,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

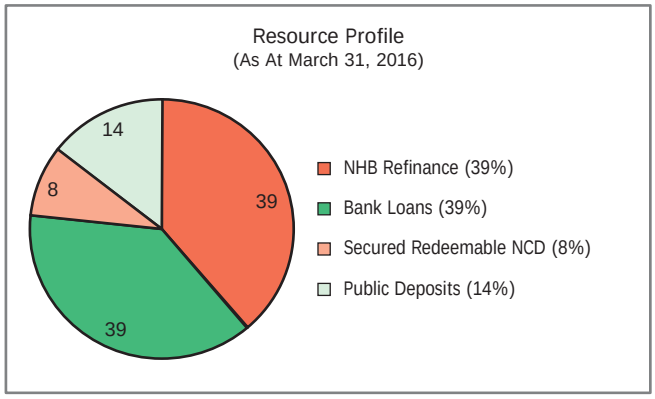
The task of overseeing the implementation of the Asset Liability Management (ALM) has been entrusted to the Audit Committee which oversees and reviews the ALM position *vis-à-vis* risk management.

GRUH's Capital Adequacy Ratio stood at 17.82% as against the minimum requirement of 12%. Tier – I capital was 16.13% 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.

NHB vide its letter dated March 7, 2016 imposed penalty of ₹ 36.64 lacs for non-compliance regarding non-maintenance of requisite percentage of liquid assets during the period 01.04.2013 to 30.09.2014 on the component of "Interest accrued but not due on Deposits".



While GRUH paid the penalty as directed by NHB; GRUH has submitted its appeal to reconsider and review NHB's decision. The issue is whether "Interest accrued but not due on Deposits" should be considered for maintenance of liquid assets. Based on the opinion of Auditors and past practices, GRUH did not consider the same. However, NHB has ignored GRUH's interpretation and imposed the penalty. GRUH has appealed to NHB to review it in the light of GRUH's compliance record heretofore.

## 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 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. 264 employees underwent different training programmes.

GRUH's staff strength as at March 31, 2016 was 641.

### Particulars of Employees

GRUH had 2 employees as at March 31, 2016 employed throughout the year who were in receipt of remuneration of ₹ 60 lacs or more per annum.

In accordance with the provisions of Section 197 of the Companies Act, 2013, read with the Companies (Particulars of Employees) Rules, 1975, 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

Presently, 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.

### 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, the Company received one complaint on sexual harassment. The complaint has been investigated and appropriate action has been taken. There are no complaints pending for more than 90 days.

## Awards and Recognitions

During the year, few of the awards received by GRUH included:

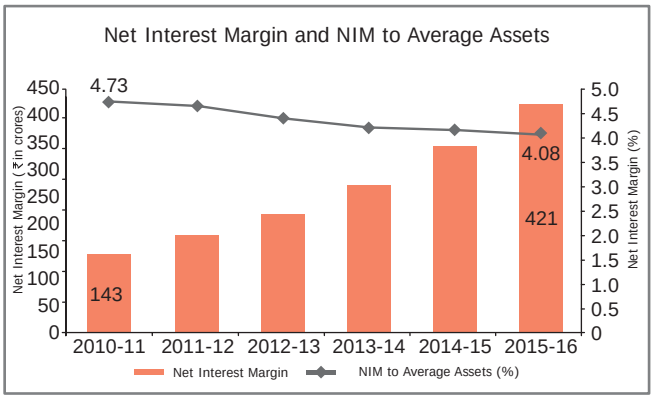
- CNBC Gujarat Ratna Award 2015 for "Excellence in Financial Sector" in the state of Gujarat.
- Servicing highest number of customers in the LIG segment of Gujarat Housing Board Scheme of Vadodara under the Chief Minister Awas Yojna scheme for Affordable Housing.
- GRUH's customers were handed over Letter of Subsidy under Credit Linked Subsidy Scheme of Pradhan Mantri Awas Yojna by the State Government of Uttar Pradesh and NHB.
- Managing Director Mr. Sudhin Choksey was awarded the prestigious ICAI Award 2015 under the CA Business Leader – Financial sector category.

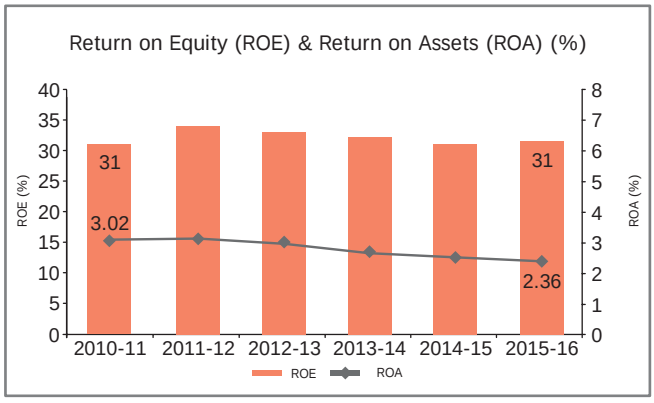
## Auditors

### Statutory Auditors

At the 28TH Annual General Meeting held on May 28, 2014, the members had appointed M/s. Sorab S. Engineer & Co., Chartered Accountants, having registration number 110417W as the statutory auditors of the Company for a period of 3 years upto March 31, 2017, subject to them ratifying the said appointment at every AGM.

The Company has received a confirmation from M/s. Sorab S. Engineer & Co., Chartered Accountants, to the effect that their appointment, if made, at the ensuing AGM would be in terms of Sections 139 and 141 of the Companies Act, 2013 and rules made thereunder. The board proposes to the members to ratify the said appointment of M/s. Sorab S. Engineer & Co., Chartered Accountants.



There are no qualification, reservation or any 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 re-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 for three years. The Report of the Secretarial Audit is annexed herewith as 'Annexure A'.

The Secretarial Auditor have made observation relating to non-filling of Form MGT-10 relating to reporting of changes in shareholding of promoters and top 10 shareholders of the Company, under Section 93 of the Companies Act, 2013. The Company understand that 2 % change in the shareholding in relation to the Company's capital is to be considered and not of the individual shareholding.

## Directors and Key Managerial Personnel

In accordance with Articles 134 and 135 of the Articles of Association of the Company and the provisions of the Companies Act, 2013, Mr. Keki M. Mistry and Ms. Renu S. Karnad, directors of the Company, are liable to retire by rotation at the ensuing AGM and are eligible for re-appointment.

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

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

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

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

## Directors' Responsibility Statement

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

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

ii. Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2016 and of the profit of the Company for the year ended on that date;

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

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

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

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

## Corporate Social Responsibility Initiatives

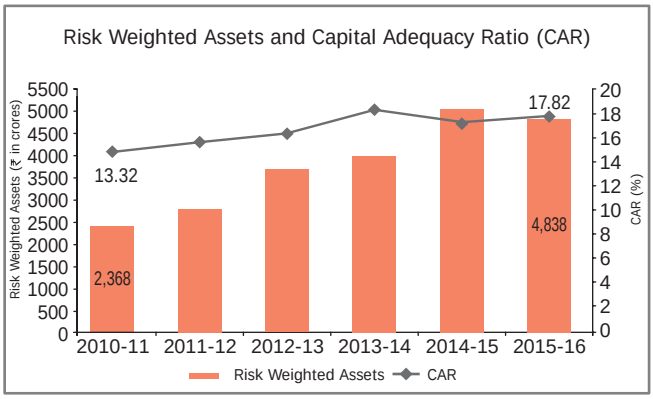
In accordance with the provisions of Section 135 of the Companies Act, 2013 and the rules framed thereunder, the Company has a Corporate Social Responsibility Committee of Directors comprising Mr. S. M. Palia – Chairman, Mr. Rohit C. Mehta, Mr. Prafull Anubhai, Mr. S. G. Mankad and Mr. Sudhin Choksey and has *inter alia* also formulated a CSR Policy.

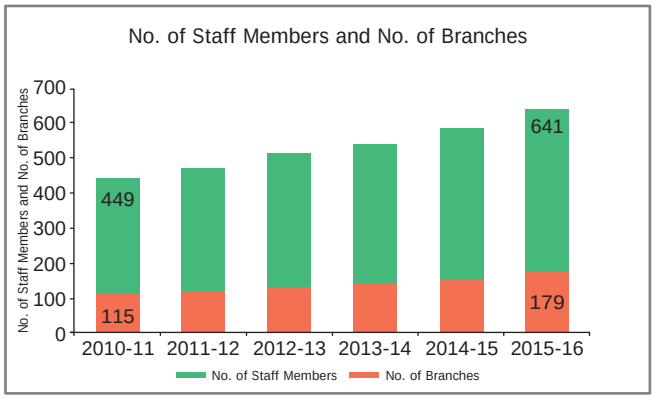
The role of the CSR Committee is to review the CSR policy, indicate activities to be undertaken by the Company towards CSR activities and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR activities.

GRUH was required to spend ₹ 494.46 lacs towards CSR activities. GRUH has approved CSR proposals aggregating to ₹ 495.72 lacs during the year, which is more than the amount required to be spent. GRUH incurred CSR Expenditure of ₹ 226.07 lacs during the year. Cumulatively, GRUH has approved CSR proposals aggregating to ₹ 763.33 lacs and incurred CSR expenditure of ₹ 419.09 lacs.

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.

Proposals approved but amount not spent as on March 31, 2016 is ₹ 344.24 lacs which would be spent during the coming years.



The Annual Report on CSR Activities, which forms part of the Director's Report, is annexed as 'Annexure C' 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 D' 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 Comapny.

As regards investments made by the Company, the details of the same are provided under Note 12 and Note 15 forming part of the annual accounts of the Company for the year ended March 31, 2016.

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 contracts or arrangement or transactions during the year. Accordingly, information in Form AOC-2, is not annexed.

Material Changes, details of Subsidiaries, Litigations

There has been no material changes and commitment, 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. The Company had paid dividend of ₹ 0.25 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, the Management Discussion and Analysis Report and the Report of the Directors on Corporate Governance forms 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 19, 2016

Keki M. Mistry
Chairman
DIN : 00008886

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

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March, 2016

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.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 our opinion thereon.

Based on our verification of the GRUH Finance Limited's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016, 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, 2016 according to the provisions of:

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

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

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

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

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

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period) and

(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. (w.e.f. 1st July, 2015 on its applicability)

(ii) Listing Agreement clauses till 30th November, 2015 and provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with effect from 1st December, 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent as mentioned below:

Due to Company's stand that 2% change in shareholding pertains to the Company's paid up share capital and not of the individual shareholder's shareholding, it had not filed Form MGT-10 pursuant to Section 93 of the Companies Act, 2013 for reporting the changes in the shareholding of promoters and top 10 shareholders of the Company during the year.

We further report that:

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

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

There were no dissenting views on any matter.

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

We further report that during the audit period the company has no specific events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except as has been mentioned in Notes to Account at Note No. 35.

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

Ahmedabad
April 19, 2016

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

Note: This Report is to be read with Our Letter of even date which is annexed as Annexure "1" and forms an integral part of this report.

Annexure: "1"

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 19, 2016

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

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## ANNEXURE B 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 : 641

b : The percentage increase in the median remuneration of employees in FY 2015-16 stood at 19.58%.

c : Relationship between the average increase in remuneration and the Company's performance:

Given below are key financial parameters which reflected the Company's performance.

| Parameters | March 31, 2015 (₹ in crores) | March 31, 2014 (₹ in crores) | Growth % |
|---|---|---|---|
| Loan Assets | 8,926.48 | 7,019.99 | 27 |
| NIM | 343.66 | 270.66 | 27 |
| Operating Profit | 312.75 | 242.08 | 29 |
| Profit Before Tax | 300.84 | 244.46 | 23 |
| Profit After Tax | 203.80 | 176.96 | 15 |
| EPS (adjusted for Bonus and Split) | 5.57 | 4.93 | 13 |
| Market Capitalisation | 8,867 | 5,319 | 67 |
| Gross NPAs % | 0.28 | 0.27 | - |
| Cost to Income Ratio % | 16.65 | 17.87 | - |
| Return on Equity % | 30.91 | 32.23 | - |

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

The average increase in the remuneration of all employees was 15.09% for the FY 2014-15. The average increase in remuneration of the Key managerial personnel was 25.61%.

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

e : Percentage increase in the remuneration of each director and key managerial personnel during 2015-16 is given below. Further details are given in Form MGT-9.

| Names | Designation | Increase in Remuneration (%) |
|---|---|---|
| Mr. Keki M. Mistry – Chairman | Non-Executive | 15.38 |
| Ms. Renu S. Karnad | Non-Executive | 163.16 |
| Mr. K.G. Krishnamurthy | Non-Executive | 14.55 |
| Mr. S.M. Palia | Independent | 184.11 |
| Mr. Rohit C. Mehta | Independent | 252.22 |
| Mr. Prafull Anubhai | Independent | 100.56 |
| Mr. S.G. Mankad | Independent | 154.92 |
| Mr. Biswamohan Mahapatra | Independent | 1350.00 |
| Mr. Kamlesh Shah | Executive Director | 25.72 |
| Mr. Sudhin Choksey | Managing Director | 26.82 |
| Mr. Marcus Lobo | Company Secretary | 16.42 |
| Mr. Hitesh Agrawal | CFO | 27.15 |

f : Ratio of remuneration of each director to the median employees' remuneration (times) for FY 2016:

| Name | Designation | Remuneration of Directors' to median employees' remuneration (times) |
|---|---|---|
| Mr. Keki M. Mistry –Chairman | Non-Executive | 1.05 |
| Ms. Renu S. Karnad | Non-Executive | 0.58 |
| Mr. K.G. Krishnamurthy | Non-Executive | 0.73 |
| Mr. S.M. Palia | Independent | 3.53 |
| Mr. Rohit C. Mehta | Independent | 3.68 |
| Mr. Prafull Anubhai | Independent | 4.17 |
| Mr. S.G. Mankad | Independent | 3.61 |
| Mr. Biswamohan Mahapatra | Independent | 1.35 |
| Mr. Kamlesh Shah | Executive Director | 24.50 |
| Mr. Sudhin Choksey | Managing Director | 73.66 |

g : Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year:

i. Variations in the market capitalisation of the company : The market capitalisation as at March 31, 2016 was ₹ 8,701 crores (₹ 8,867 crores as at March 31, 2015)

ii. The Price Earnings ratio of the Company was 35.71 as at March 31, 2016 and was 43.80 as at March 31, 2015.

iii. Percent increase over/decrease in the market quotations of the shares of the company during the year as compared to the rate at which the company came out with the last public offer : In 2006, the Company came out with an Issue of fully paid equity shares of the face value of ₹10 each at a premium of ₹ 65 per share to existing shareholders on Rights basis in the ratio of 3 shares for every 10 shares held on

record date. The total issue at a price of ₹75 each aggregated to ₹ 59.63 crores. In 2012, the shares of the Company were split (each share of face value of ₹10 split into 5 shares of face value of ₹ 2 each). In 2014, the Company had a 1:1 bonus issue of equity shares.

The equity shares of the Company closed at ₹ 239.25 on National Stock Exchange of India Limited and at ₹ 239.15 on BSE Limited on March 31, 2016, representing an increase of 3,043% since the date of last Rights Issue (after adjustment for split and bonus).

h : Key parameters for any variable component of remuneration availed by the directors:

The key parameters for the variable component of remuneration availed by the directors are considered by the Board of directors based on the recommendations of the Nomination and Remuneration Committee as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees. The Independent Directors of the Company are eligible for payment of variable component in the form of Commission as approved by the members at the 28th AGM held on May 28, 2014. The Non Executive Non Independent Directors are not eligible for variable component in the form of Commission. However, these directors are eligible for grant of Stock Options.

i : There were no employees (who were not directors) who received remuneration in excess of the highest paid director of the Company during the year.

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

## ANNEXURE C 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 and economic well-being of the local populace.
- ✓ To serve the socially and economically weak, disadvantaged, underprivileged and 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 2015-16, GRUH has undertaken various activities in the sectors of :

(i) Promoting preventive health care by (a) providing Nutrition, Clothing & water harvesting structures for poor children in tribal areas; (b) providing Rain Roof water Harvesting Structures to poor families; sponsoring cataract surgeries for poor & needy patients; and operationalising Mobile Medicare Unit;

(ii) Promoting Education by (a) providing education to differently abled children; (b) providing education to slum children; and (c) conservation and renovation of school buildings and classrooms differently;

(iii) Empowering women by (a) alleviating their poverty by creating income generation alternatives for women living in urban slums; and (b) Providing Seed Capital Assistance for women's Federation and self-Help Groups in rural area to be used for construction of Sanitation Units and as soft loans for Income Generation activities.

(iv) GRUH has made direct Contribution to Tamilnadu CM Relief Fund.

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

(vi) GRUH has initiated/carried out CSR activities in the states of Gujarat, Maharashtra, Rajasthan, 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. Vikas – Centre for Development, Ahmedabad. 8. Sanjivani Health & Relief Committee, Ahmedabad. 9. Vishwagram Trust, Basna, Tal. Visnagar, Dist. Mehsana. 10. HelpAge India, New Delhi. 11. Aga Khan Rural Support Programme (India), Ahmedabad. 12. Menaba Charitable Trust, Ahmedabad. 13. Ravishankar Dharmada Davakhanu, Ahmedabad. 14. Saath Charitable Trust, Ahmedabad. 15. Education Support Organisation, Ahmedabad. 16. National Association for the Blind, Ahmedabad. 17. Swa. Sawarkar Education Trust, Pune.

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

Mr. S.M Palia - Chairman, Mr. Rohit C. Mehta, Mr. Prafull Anubhai, Mr. S. G. Mankad and Mr. Sudhin Choksey.

3. Average net profit of the Company for last three financial years: ₹ 247.23 crores
4. Prescribed CSR Expenditure : The Company was required to spend ₹ 494.46 lacs towards CSR.
5. Details of CSR spend for the financial year:
   a. CSR proposals approved but not funded as on 31.03.2015: ₹ 74.59 lacs
   b. CSR proposals approved during 2015-16: ₹ 495.72 lacs
   c. CSR proposals funded during 2015-16: ₹ 226.07 lacs
   d. Cumulative CSR proposals approved but yet to be funded as on 31.03.2016: ₹ 344.24 lacs
   e. Manner in which the amount spent during the financial year is as per Annexure - I
6. Reason for not spending the amount at 5(d):

   The CSR Committee considered proposals for funding in all deserving cases. GRUH has approved CSR proposals aggregating to ₹ 495.72 lacs during the year, which is more than the amount required to be spent. The amount is funded to the implementing agencies based on the progress of the project or the requirement of funds of the respective NGOs. Therefore, part of the approved amount is not yet spent but shall be spent during the comming years.

   We state 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

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## *CSR initiatives of GRUH through implementing agencies*



Mr. Kamlesh Shah handing over the Key of the Mobile Medical Unit to officials of GVK EMRI at Indore, Madhya Pradesh



Beneficiary near the Sanitation Unit built by Ambuja Cement Foundation at Chandrapur, Maharashtra.



Officials of NGO and Villagers near the Water Tank for Rain Roof Water Harvesting Structure built by Samerth at Bilaspur, Chhattisgarh.

## ANNEXURE I - 5 (e) MANNER IN WHICH THE AMOUNT SPENT DURING FY 2015-16 IS DETAILED BELOW:

(₹ in lacs)

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
|---|---|---|---|---|---|---|---|---|
| Sr. No. | CSR Project or Activity identified | Sector in which Project is covered | Projects or Programs with location | Amount Outlay (Budget) Project or Program-wise 14-15 | Amount Outlay (Budget) Project Program-wise 15-16 | Amount spent on the projects or programs 15-16 | Cumulative Expense up to the reporting date | Amount spent direct or through implementing agency |
| 1.1 | Eradicating hunger, poverty & malnutrition; Promoting preventive health care & sanitation; Making available safe drinking water; | Providing Nutrition | Provision of Nutrition, Clothing and Water harvesting structures for poor children in Bal Mitra Kendras-Bilaspur, Mungeli & Kabirdham districts of Chhattisgarh | 12.69 | 18.65 | 12.69 | 12.69 | Through Implementing Agency |
| 1.2 | Eradicating hunger, poverty & malnutrition; Promoting preventive health care & sanitation; Making available safe drinking water; | Promoting preventive health care | Sponsor Cataract Eye Surgeries for poor people --Bareja, Dist. Ahmedabad, Gujarat. | 12.60 | 0.00 | 12.60 | 25.29 | Through Implementing Agency |
| 1.3 | Eradicating hunger, poverty & malnutrition; Promoting preventive health care & sanitation; Making available safe drinking water; | Promoting preventive health care | Operate a Mobile Medicare Unit in villages in the vicinity of Indore, Dist. Indore, M.P. | 48.92 | 0.00 | 35.22 | 60.51 | Through Implementing Agency |
| 1.4 | Eradicating hunger, poverty & malnutrition; Promoting preventive health care & sanitation; Making available safe drinking water; | Promoting sanitation | Provide Funding for Community-based sanitation Programme being run at Chandrapur, Maharashtra by Ambuja Cement Foundation, Mumbai. | 0.00 | 20.00 | 10.00 | 70.51 | Through Implementing Agency |
| 1.5 | Eradicating hunger, poverty & malnutrition; Promoting preventive health care & sanitation; Making available safe drinking water; | Promoting preventive health care | Provide Funding for maintenance of Eye Hospital at Bareja being run by Blind People's Assn., Ahmedabad. | 0.00 | 54.00 | 4.50 | 75.01 | Through Implementing Agency |
| 1.6 | Eradicating hunger, poverty & malnutrition; Promoting preventive health care & sanitation; Making available safe drinking water; | Promoting preventive health care | Provide Funding for Health Care Project being run at Kaira & Gandhinagar districts of Gujarat by Sanjivani Health & Relief Committee, Ahmedabad. | 0.00 | 7.50 | 3.00 | 78.01 | Through Implementing Agency |
| 1.7 | Eradicating hunger, poverty & malnutrition; Promoting preventive health care & sanitation; Making available safe drinking water; | Promoting preventive health care | Provide Funding for running MHU at various locations in Ahmedabad by HelpAge India. | 0.00 | 72.98 | 11.12 | 89.13 | Through Implementing Agency |
| 1.8 | Eradicating hunger, poverty & malnutrition; Promoting preventive health care & sanitation; Making available safe drinking water; | Promoting sanitation | Provide Funding for construction of Sanitation Units in two municipal schools of , Surendranagar district of Gujarat by Aga Khan Rural Support Programme (India), Ahmedabad. | 0.00 | 14.20 | 10.00 | 99.13 | Through Implementing Agency |
| 1.9 | Eradicating hunger, poverty & malnutrition; Promoting preventive health care & sanitation; Making available safe drinking water; | Promoting preventive health care | Funding for providing Health Care facilities to underprevileged population of Raikhad & surrounding area of Ahmedabad. | 0.00 | 6.51 | 2.00 | **101.13** | Through Implementing Agency |
| 2.1 | Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects | Providing education to differently abled children | Sponsor running day-care Centre for one year for differently abled children -- Ahmedabad, Gujarat and Sponsor annual recurring -expenses for running five Early Childhood Education (ECE) Centres for poor children -- Ahmedabad, Gujarat | 0.00 | 11.75 | 4.24 | 4.24 | Through Implementing Agency |
| 2.2 | Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects | Conservation & Renovation of school buildings and classrooms | Transforming Sanitation of four municipal schools at Thane & Navi Mumbai, Maharsashtra. | 0.00 | 20.42 | 5.00 | 9.24 | Through Implementing Agency |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 2.3 | Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects | Providing funding for education to children and running expense of school | Funding for Shiv Prathmik Shala, Ahmedabad being run by Sanjivani Health & Relief Com mittee, Ahmedabad | 0.00 | 8.00 | 6.00 | 15.24 | Through Implementing Agency |
| 2.4 | Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects | Providing funding for shelter in a day school for orphan children | Funding for Vishwagram Trust, Dist. Mehsana, Gujarat for shelter for orphan children in day school being-run by by them. | 0.00 | 11.46 | 5.50 | 20.74 | Through Implementing Agency |
| 2.5 | Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects | Providing education to differently abled children | Provide Funding to Menaba Charitable Trust for running "Manthan" Apang Kanya Shala, a residential school for differently abled girls at Hajipur, Dist. Gandhinagar, Gujarat. | 0.00 | 7.65 | 7.65 | 28.39 | Through Implementing Agency |
| 2.6 | Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects | Providing employment enhancing vocation skills | Provide Funding for running Construction Workers Training Centre at Kalol, Dist. Gandhinagar, Gujarat being run by Saath Charitable Trust, Ahmedabad and Provide Funding for running Youth Livelihood Centre at Kalyan, Mumbai, Maharashtra being run by Saath Charitable Trust, Ahmedabad. | 0.00 | 31.49 | 6.00 | 34.39 | Through Implementing Agency |
| 2.7 | Promoting education, Through including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects | Providing education to slum children | Provide Funding for running exclusive school for slum children of Ahmedabad by Education Support Organisation, Ahmedabad | 0.00 | 100.00 | 6.00 | 40.39 | Implementing Agency |
| 2.8 | Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects | Providing education to diffently abled and poor children | Provide Funding for running Savinay Sammilit Pathshala offering education to differently abled as also poor children at Bavla, Dist. Ahmedabad being run by National Association for the Blind, Ahmedabad. | 0.00 | 9.06 | 2.00 | 42.39 | Through Implementing Agency |
| 2.9 | Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently abled & livelihood enhancement projects | Providing education to tribal children | Provide Funding for running Balnandan Nisarg Shala offering education to tribal children near Dahanu, Maharashtra being run by Swa. Sawarkar Education Trust, Pune. | 0.00 | 21.60 | 2.00 | **44.39** | Through Implementing Agency |
| 3.1 | Promoting gender equality and empowering women, reducing inequalities faced by socially and economically backward groups | Reducing inequalities faced by socially and economically backward groups | Provide Funding for purchase & installation of Solar Panel run Pump Sets for Inland Salt Farmers at their Salt pans in the Little Rann of Kutch, Gujarat through Vikas Centre for Development, Ahmedabad | 11.20 | 0.00 | 9.80 | 9.80 | Through Implementing Agency |
| 3.2 | Promoting gender equality and empowering women, reducing inequalities faced by socially and economically backward groups | Promoting gender equality | Alleviating poverty by creating Income Generation Altrernatives for women of slums of Ahmedabad through Sanchetana Community Health & Research Cemntre, Ahmedabad | 0.00 | 19.70 | 10.00 | **19.80** | Through Implementing Agency |
| 4 | Contribution to Tamilnadu State CM Flood Relief Fund | Contribution to Tamilnadu State CM Relief Fund | Contribution to Tamilnadu CM Flood Relief Fund | 0.00 | 25.00 | 25.00 | **25.00** | Direct |
| 5 | Contribution to PM National Relief Fund | Contribution to PM National Relief Fund | Contribution to PM National Relief Fund | 0.00 | 25.00 | 25.00 | **25.00** | Direct |
| 6 | CSR Administrative Expense | | | 0.00 | 10.75 | 10.75 | **10.75** | |
| | CSR EXPENSE INCURRED DURING FY 2015-16 :(1.9 + 2.9 + 3.2 + 4 + 5 + 6) | | | | | | **226.07** | |

## ANNEXURE D TO DIRECTORS' REPORT - "FORM NO. MGT-9" - EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2016

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

### I. REGISTRATION AND OTHER DETAILS:

| | | |
|---|---|---|
| 1. | CIN | L65923GJ1986PLC008809 |
| 2. | Registration Date | July 21, 1986 |
| 3. | Name of the Company | GRUH Finance Limited |
| 4. | Category / Sub-Category of the Company | Public Company limited by shares |
| 5. | Address of the Registered office and contact details: | "GRUH", Netaji Marg, Nr. Mithakhali Six Roads, Ellisbridge, Ahmedabad - 380006<br>Tel : 079–3290 1222 - 1223<br>Website : www.gruh.com Email : investorcare@gruh.com |
| 6. | Whether listed Company | Yes |
| 7. | Name, Address and Contact details of Registrar and Transfer Agent, if any: | Link Intime India Pvt. Limited<br>303, Shopper's Plaza-V, Opp. Municipal Market, Off. C. G. Road, Navrangpura, Ahmedabad - 380009<br>Tel : +91 79 2646 5179 Fax No.: +91 79 2646 5179<br>Email id: ahmedabad@linkintime.co.in |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

| Sr. No. | Name and Address of the Company | CIN/GIN | Holding/ Subsidiary of the Company | % of shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Housing Development Finance Corporation Ltd.<br>Ramon House,<br>H. T. Parekh Marg,<br>169, Backbay Reclamation,<br>Churchgate, Mumbai - 400 020. | L70100MH1977PLC019916 | Holding | 58.59% | 2(46) |

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

### i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | % Change during the year |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a. Individual/HUF | - | - | - | - | - | - | - | - | - |
| b. Central Govt. | - | - | - | - | - | - | - | - | - |
| c. State Govt. | - | - | - | - | - | - | - | - | - |
| d. Bodies Corp. | 213077850 | - | 213077850 | 58.64 | 213077850 | - | 213077850 | 58.59 | (0.05) |
| e. Bank/ FI | - | - | - | - | - | - | - | - | - |
| f. Any Other | - | - | - | - | - | - | - | - | - |
| Sub-total (A) (1) | 213077850 | - | 213077850 | 58.64 | 213077850 | - | 213077850 | 58.59 | (0.05) |
| (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 | 58.64 | 213077850 | - | 213077850 | 58.59 | (0.05) |
| B. Public Shareholding | | | | | | | | | |
| (1) Institution | | | | | | | | | |
| a. Mutual Funds | 7597369 | - | 7597369 | 2.09 | 15093530 | - | 15093530 | 4.15 | 2.06 |
| a. Bank/ FI | 487317 | 14000 | 501317 | 0.14 | 451724 | 14000 | 465724 | 0.13 | (0.01) |
| b. Cent. Govt. | - | - | - | - | - | - | - | - | - |
| c. State Govt.(s) | 1000000 | - | 1000000 | 0.28 | 1000000 | - | 1000000 | 0.28 | - |
| d. Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| e. Insurance Companies | - | - | - | - | - | - | - | - | - |
| g. FIIs | 44871811 | 1250000 | 46121811 | 12.69 | 45698625 | 1250000 | 46948625 | 12.91 | 0.22 |
| h. Foreign Venture Cap. Fund | - | - | - | - | - | - | - | - | - |
| j. Others | - | - | - | - | - | - | - | - | - |
| Sub-Total B (1) | 53956497 | 1264000 | 55220497 | 15.20 | 62243879 | 1264000 | 63507879 | 17.47 | 2.27 |
| 2. Non-Institution | | | | | | | | | |
| a. Bodies Corporate | 9133883 | 39630 | 9173513 | 2.52 | 8062593 | 39630 | 8102223 | 2.23 | (0.30) |
| b. individuals | | | | | | | | | |
| ii. individual shareholders holding nominal share capital upto ₹1 lakh | 41584756 | 4926498 | 46511254 | 12.80 | 37953677 | 4541575 | 42495252 | 11.69 | (1.11) |
| ii. individual shareholders holding nominal share capital excess of ₹1 lakh | 25834584 | - | 25834584 | 7.11 | 22620546 | - | 22620546 | 6.22 | (0.89) |
| c. Others | | | | | | | | | |
| i. NRI | 12486954 | 6000 | 12492954 | 3.44 | 11124594 | 6000 | 11130594 | 3.06 | (0.38) |
| ii. OCB | - | 2000 | 2000 | 0.00 | - | 2000 | 2000 | 0.00 | 0.00 |
| iii. Trust | 167393 | - | 167393 | 0.05 | 113121 | - | 113121 | 0.03 | (0.02) |
| iv. HUF | 532131 | 14300 | 546431 | 0.15 | 2238772 | 14300 | 2253072 | 0.62 | 0.47 |
| v. Clearing Member | 358104 | - | 358104 | 0.10 | 379203 | - | 379203 | 0.10 | 0.01 |
| Sub-Total-B (2) | 90097805 | 4988428 | 95086233 | 26.17 | 82492506 | 4603505 | 87096011 | 23.95 | (2.22) |
| Net Total B (1+2) | 144054302 | 6252428 | 150306730 | 41.36 | 144736385 | 5867505 | 150603890 | 41.41 | 0.05 |
| C. Shares held by Custodian for GDRs & ADRs | | | | | | | | | |
| Promoter and Promoter Group | - | - | - | - | - | - | - | - | - |
| Public | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | 357132152 | 6252428 | 363384580 | 100.00 | 357814235 | 5867505 | 363681740 | 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 | 58.64 | - | 213077850 | 58.59 | - | (0.05) |

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 | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| 1 | Smallcap World Fund, INC | | | | |
| | April 01, 2015 | 8619701 | 2.37 | | |
| | April 10, 2015 – Sale | (706059) | (0.19) | 7913642 | 2.18 |
| | April 17, 2015 – Sale | (1013642) | (0.28) | 6900000 | 1.90 |
| | March 31, 2016 | | | 6900000 | 1.90 |
| 2 | Axis Mutual Fund Trustees Ltd. | | | | |
| | April 01, 2015 | 3651734 | 1.00 | | |
| | April 10, 2015 – Purchase | 100000 | 0.03 | 3751734 | 1.03 |
| | April 17, 2015 – Purchase | 100000 | 0.03 | 3851734 | 1.06 |
| | April 24, 2015 – Purchase | 900000 | 0.25 | 4751734 | 1.31 |
| | May 08, 2015 – Purchase | 200000 | 0.06 | 4951734 | 1.36 |
| | June 05, 2015 – Purchase | 100000 | 0.03 | 5051734 | 1.39 |
| | June 12, 2015 – Purchase | 100000 | 0.03 | 5151734 | 1.42 |
| | June 26, 2015 – Purchase | 230000 | 0.06 | 5381734 | 1.48 |
| | July 31, 2015 – Purchase | 500000 | 0.14 | 5881734 | 1.62 |
| | August 28, 2015 – Purchase | 200000 | 0.06 | 6081734 | 1.67 |
| | September 25, 2015 – Sale | (500000) | (0.14) | 5581734 | 1.54 |
| | October 09, 2015 – Sale | (81734) | (0.02) | 5500000 | 1.51 |
| | November 27, 2015 – Purchase | 200000 | 0.55 | 5700000 | 1.57 |
| | January 15, 2016 – Purchase | 1563861 | 0.43 | 7263861 | 2.00 |
| | March 18, 2016 – Purchase | 100000 | 0.03 | 7363861 | 2.02 |
| | March 31, 2016 | | | 7363861 | 2.02 |
| 3 | Mathews India Fund | | | | |
| | April 01, 2015 | 3159768 | 0.87 | | |
| | April 10, 2015 – Purchase | 240000 | 0.07 | 3399768 | 0.94 |
| | April 17, 2015 – Purchase | 490000 | 0.13 | 3889768 | 1.07 |
| | June 19, 2015 – Purchase | 90887 | 0.03 | 3980655 | 1.10 |
| | June 26, 20015 – Purchase | 27790 | 0.01 | 4008445 | 1.10 |
| | August 14, 2015 – Purchase | 131363 | 0.04 | 4139808 | 1.14 |
| | August 21, 2015 – Purchase | 124942 | 0.03 | 4264750 | 1.17 |

| | | | | | |
|---|---|---|---|---|---|
| | August 28, 2015 – Purchase | 156488 | 0.04 | 4421238 | 1.22 |
| | March 31, 2016 | | | 4421238 | 1.22 |
| 4 | Route One Fund I, L.P. | | | | |
| | April 01, 2015 | 2907999 | 0.80 | | |
| | May 08, 2015 – Sale | (5270) | (0.00) | 2902729 | 0.80 |
| | August 07, 2015 – Purchase | 16502 | 0.00 | 2919231 | 0.80 |
| | November 06, 2015 – Sale | (38294) | (0.01) | 2880937 | 0.79 |
| | January 08, 2016 – Sale | (68571) | (0.02) | 2812366 | 0.77 |
| | February 05, 2016 – Sale | (51918) | (0.01) | 2760448 | 0.76 |
| | March 31, 2016 | | | 2760448 | 0.76 |
| 5 | Dr Sanjeev Arora | | | | |
| | April 01, 2015 | 2845728 | 0.78 | | |
| | July 17, 2015 – Sale | (16000) | (0.00) | 2829728 | 0.78 |
| | July 31, 2015 – Sale | (4000) | (0.00) | 2825728 | 0.78 |
| | August 07, 2015 – Sale | (38000) | (0.01) | 2787728 | 0.77 |
| | August 14, 2015 – Sale | (117549) | (0.03) | 2670179 | 0.73 |
| | October 30, 2015 – Sale | (25000) | (0.01) | 2645179 | 0.73 |
| | January 29, 2016 – Sale | (15008) | (0.00) | 2630171 | 0.72 |
| | February 05, 2016 – Sale | (40000) | (0.01) | 2590171 | 0.71 |
| | February 12, 2016 – Sale | (44078) | (0.01) | 2546093 | 0.70 |
| | February 19, 2016 – Sale | (31000) | (0.01) | 2515093 | 0.69 |
| | February 26, 2016 – Sale | (47609) | (0.01) | 2467484 | 0.68 |
| | March 04, 2016 – Sale | (33000) | (0.01) | 2434484 | 0.67 |
| | March 11, 2016 – Sale | (30000) | (0.01) | 2404484 | 0.66 |
| | March 18, 2016 – Sale | (40000) | (0.01) | 2364484 | 0.65 |
| | March 25, 2016 – Sale | (30000) | (0.01) | 2334484 | 0.64 |
| | March 31, 2016 – Sale | (30000) | (0.01) | 2304484 | 0.63 |
| | March 31, 2016 | | | 2304484 | 0.63 |
| 6 | Route One Offshore Master Fund I, L.P. | | | | |
| | April 01, 2015 | 2842592 | 0.78 | | |
| | May 08, 2015 – Purchase | 6588 | 0.00 | 2849180 | 0.78 |
| | August 07, 2015 – Sale | (15720) | (0.00) | 2833460 | 0.78 |
| | November 06, 2015 – Purchase | 39868 | 0.01 | 2873328 | 0.79 |
| | January 08, 2016 – Purchase | 68495 | 0.02 | 2941823 | 0.81 |
| | February 05, 2016 – Purchase | 53950 | 0.01 | 2995773 | 0.82 |
| | March 31, 2016 | | | 2995773 | 0.82 |
| 7 | Mathews Asia Small Companies Fund | | | | |
| | April 01, 2015 | 2164292 | 0.60 | | |
| | October 30, 2015 – Purchase | 51226 | 0.01 | 2215518 | 0.61 |
| | November 06, 2015 – Purchase | 126441 | 0.03 | 2341959 | 0.64 |
| | December 18, 2015 – Sale | (90418) | (0.02) | 2251541 | 0.62 |
| | December 25, 2015 – Sale | (70199) | (0.19) | 2181342 | 0.60 |
| | December 31, 2015 – Sale | (25106) | (0.01) | 2156236 | 0.59 |
| | January 08, 2016 – Sale | (21213) | (0.01) | 2135023 | 0.59 |
| | January 15, 2016 – Sale | (9900) | (0.00) | 2125123 | 0.58 |
| | January 29, 2016 – Sale | (58166) | (0.02) | 2066957 | 0.57 |
| | March 31, 2016 | | | 2066957 | 0.57 |

| | | | | | |
|---|---|---|---|---|---|
| 8 | Platinum Jubilee Investments Ltd | | | | |
| | April 01, 2015 | 2135440 | 0.59 | | |
| | March 31, 2016 | | | 2135440 | 0.59 |
| 9 | JP Morgan Indian Investment Company (Mauritius) Limited | | | | |
| | April 01, 2015 | 1975048 | 0.54 | | |
| | March 31, 2016 | | | 1975048 | 0.54 |
| 10 | India Emerging Opportunities Fund Limited | | | | |
| | April 01, 2015 | 1941251 | 0.53 | | |
| | April 10, 2015 – Purchase | 8560 | 0.00 | 1949811 | 0.54 |
| | April 17, 2015 – Sale | (1553) | (0.00) | 1948258 | 0.54 |
| | April 24, 2015 – Purchase | 574 | 0.00 | 1948832 | 0.54 |
| | May 01, 2015 – Purchase | 60089 | 0.02 | 2008921 | 0.55 |
| | May 08, 2015 – Purchase | 6663 | 0.00 | 2015584 | 0.55 |
| | May 29, 2015 – Purchase | 956 | 0.00 | 2016540 | 0.55 |
| | June 05, 2015 – Sale | (565) | (0.00) | 2015975 | 0.55 |
| | June 12, 2015 – Sale | (1960) | (0.00) | 2014015 | 0.55 |
| | June 26, 2015 – Purchase | 38540 | 0.01 | 2052555 | 0.56 |
| | June 30, 2015 – Purchase | 48605 | 0.01 | 2101160 | 0.58 |
| | July 03, 2015 – Purchase | 6478 | 0.00 | 2107638 | 0.58 |
| | July 10, 2015 – Purchase | 31500 | 0.01 | 2139138 | 0.59 |
| | July 24, 2015 – Purchase | 34151 | 0.01 | 2173289 | 0.60 |
| | July 31, 2015 – Purchase | 18609 | 0.01 | 2191898 | 0.60 |
| | August 14, 2015 – Sale | (2612) | (0.00) | 2189286 | 0.60 |
| | August 21, 2015 – Purchase | 71543 | 0.02 | 2260829 | 0.62 |
| | September 04, 2015 – Purchase | 418 | 0.00 | 2261247 | 0.62 |
| | September 11, 2015 – Sale | (1413) | (0.00) | 2259834 | 0.62 |
| | September 25, 2015 – Sale | (716) | (0.00) | 2259118 | 0.62 |
| | September 30, 2015 – Sale | (531) | (0.00) | 2258587 | 0.62 |
| | October 09, 2015 – Sale | (1068) | (0.00) | 2257519 | 0.62 |
| | October 16, 2015 – Sale | (811) | (0.00) | 2256708 | 0.62 |
| | October 23, 2015 – Sale | (702) | (0.00) | 2256006 | 0.62 |
| | November 06, 2015 – Sale | (7241) | (0.00) | 2248765 | 0.62 |
| | November 13, 2015 – Sale | (3088) | (0.00) | 2245677 | 0.62 |
| | December 04, 2015 – Sale | (565) | (0.00) | 2245112 | 0.62 |
| | December 18, 2015 – Sale | (225) | (0.00) | 2244887 | 0.62 |
| | December 25, 2015 – Sale | (5317) | (0.00) | 2239570 | 0.62 |
| | December 31, 2015 – Sale | (7046) | (0.00) | 2232524 | 0.61 |
| | January 01, 2016 – Purchase | 955 | 0.00 | 2233479 | 0.61 |
| | January 08, 2016 – Sale | (1279) | (0.00) | 2232200 | 0.61 |
| | January 15, 2016 – Purchase | 280 | 0.00 | 2232480 | 0.61 |
| | February 05, 2016 – Sale | (705) | (0.00) | 2231775 | 0.61 |
| | February 19, 2016 – Purchase | 152 | 0.00 | 2231927 | 0.61 |
| | February 26, 2016 – Purchase | 19667 | 0.01 | 2251594 | 0.62 |
| | March 04, 2016 – Purchase | 30180 | 0.01 | 2281774 | 0.63 |
| | March 11, 2016 – Purchase | 13546 | 0.00 | 2295320 | 0.63 |
| | March 25, 2016 – Purchase | 6927 | 0.00 | 2302247 | 0.63 |
| | March 31, 2016 – Purchase | 65270 | 0.02 | 2367517 | 0.65 |
| | March 31, 2016 | | | 2367517 | 0.65 |

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, 2015 | | No. of shares purchased (allotted pursuant to exercise of ESOS) and/or Bonus entitlement during the year) | No of shares sold / transferred during the year | Shareholding at the end of the year on March 31, 2016 | |
|---|---|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | | | No. of shares | % of total shares of the company |
| 1 | Mr. Keki M. Mistry | 332900 | 0.09 | - | - | 332900 | 0.09 |
| 2 | Mr. S.M. Palia | 200000 | 0.06 | - | - | 200000 | 0.05 |
| 3 | Mr. Rohit C. Mehta | 290000 | 0.08 | - | - | 290000 | 0.08 |
| 4 | Mr. Prafull Anubhai | 148000 | 0.04 | - | - | 148000 | 0.04 |
| 5 | Ms. Renu S. Karnad | 392230 | 0.11 | - | - | 392230 | 0.11 |
| 6 | Mr. K.G. Krishnamurthy | 391650 | 0.11 | - | - | 391650 | 0.11 |
| 7 | Mr. S.G. Mankad | 130000 | 0.04 | - | - | 130000 | 0.04 |
| 8 | Mr. Biswamohan Mahapatra | 0 | 0.00 | - | - | 0 | 0.00 |
| 9 | Mr. Kamlesh Shah | 333946 | 0.09 | - | 18000 | 315946 | 0.09 |
| 10 | Mr. Sudhin Choksey | 587466 | 0.16 | - | 11848 | 575618 | 0.16 |
| 11 | Mr. Marcus Lobo | 305000 | 0.08 | - | 3250 | 301750 | 0.08 |
| 12 | Mr. Hitesh Agrawal | 30000 | 0.01 | - | - | 30000 | 0.01 |

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

V. INDEBTEDNESS

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

(₹ in crores)

| | Particulars | Secured Loans excluding Public Deposits | Unsecured Loans | Public Deposits | Total Indebtedness |
|---|---|---|---|---|---|
| Indebtedness at the beginning of the financial year | | | | | |
| 1) | Principal Amount | 6,138.48 | 785.00 | 1,292.11 | 8,215.59 |
| 2) | Interest due but not paid | 0.00 | 0.00 | 0.00 | 0.00 |
| 3) | Interest accrued but not due | 2.74 | 0.07 | 48.62 | 51.43 |
| | Total (1+2+3) | 6,141.22 | 785.07 | 1,340.73 | 8,267.02 |
| Net Change in Indebtedness | | 2,633.21 | (750.00) | 183.71 | 2,066.92 |
| Indebtedness at the end 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 |

## 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, 1961 | 169.00 | 57.94 | 226.94 |
| | (b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 8.75 | 3.32 | 12.07 |
| | (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 | 9.36 | 4.20 | 13.56 |
| | *Ex-gratia* | 130.00 | 40.00 | 170.00 |
| | Total (A) | 317.11 | 105.46 | **422.57** |
| | Ceiling as per the Act : | | | 3,662.46 |

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

| Name of Directors | Particulars of Remuneration | | | |
|---|---|---|---|---|
| | Fees for attending board / committee meetings | Commission paid | Others, please specify | Total |
| Mr. Keki M. Mistry – Chairman | 4.50 | - | - | 4.50 |
| Ms. Renu S. Karnad | 2.50 | - | - | 2.50 |
| Mr. K.G. Krishnamurthy | 3.15 | - | - | 3.15 |
| Mr. S.M. Palia | 5.20 | 10.00 | - | 15.20 |
| Mr. Rohit C. Mehta | 5.85 | 10.00 | - | 15.85 |
| Mr. Prafull Anubhai | 7.95 | 10.00 | - | 17.95 |
| Mr. S.G. Mankad | 5.55 | 10.00 | - | 15.55 |
| Mr. Biswamohan Mahapatra | 3.80 | 2.00 | - | 5.80 |
| Total (B) | 38.50 | 42.00 | - | **80.50** |
| Ceiling as per the Act: | | | | 366.25 |

| | |
|---|---|
| Total (A+B) | **503.07** |

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 | 30.15 | 13.02 | 43.17 |
| | b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961 | 2.09 | 2.58 | 4.67 |
| | 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 | 1.94 | 0.62 | 2.56 |
| | Performance Bonus | 8.10 | 3.00 | 11.10 |
| | Total | 42.28 | 19.22 | 61.50 |

## 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.

## *Reciprocal Communication & Responsiveness*

## *Our invisible brand assets*

Mortgage finance may in future become a commodity product. Interest rates may be comparable. Product differentiation may not be significant. So we often ask ourselves: How will GRUH stand apart?

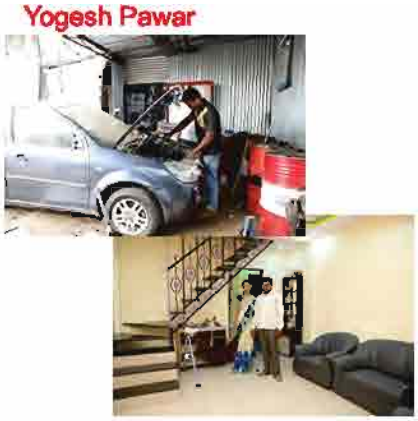
Segments like the 'GRUH-ini' and the 'Aam Aadmi' are a nascent market that are certain to grow at a measured clip in the decade ahead. The last two years have been challenging but governments and regulatory authorities are committed to promoting housing for these sections. It satisfies a critical need and also contributes to higher employment and business multipliers.

As this scenario takes shape, GRUH will derive enormous strength from its two hidden brand assets: Reciprocal Communication and the flip side – high levels of response to customer need. GRUH has a transparent approach with strong technical resources and customized tools for multiple borrower evaluation. We believe in ongoing education and training so that field teams can collaborate with individuals and communities to maximize depth of customer understanding and reach.

Together these will be the GRUH formula for sustained growth and brand franchise in current and new market footholds in the decade ahead.

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Yogesh Pawar



### 'Rishtedar ho to aisa'

"If I don't give service no one will come to my garage. Banks need to think in the same way. They are too procedure driven and some officers even hint at bribes. I found that GRUH people don't waste time. They check the business and estimate the income. They guide and sanction the loan.

Even after sanction, banks and finance companies just send reminders. GRUH representative calls, understands our problems and guides how to overcome them"

### 'My life story: Lahore, Delhi and GRUH'

Arjanji Darji



"When I left Pakistan 35 years ago, my family was shocked. I told them: Bheekh mangunga lekin India zaroor jaunga. I started on a salary of just Rs. 200 and lived in a jhopdi which used to leak and get flooded. But I liked the Mahaul in India and felt that my Zindagi would be full of Sukun.

I reported at police stations. Went to Delhi with a lawyer and after many visits got my citizenship even though I was Angutha Chaap.
India has given me Naya Janam. From a jhopdi to my current Rs. 5 Lac row house, I have no regrets. All thanks to GRUH because they put their faith in me"

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## Industry Overview

The Indian Economy is on a high growth trajectory since the current government has come into power. The country has embarked upon the path of steady growth owing to an improved performance on various macroeconomic parameters as well as the various reforms announced by the government. A stable macroeconomic environment and the falling commodity prices are some of the factors that have helped the country achieve strong economic growth estimates. The country is expected to register a GDP growth of 7.6% as compared to 7.2% in the previous year registering the highest percentage increase in the last five years.

Average WPI-based inflation was recorded at -2.7% during the year under review; the continued decline in crude oil price which has been one of a major contributors to the declining inflation trend. As a result, the Reserve Bank Of India (RBI) has been able to reduce the repo rate by 100 basis points (bps) since January 2015 upto March 2016. However, the transmission of lower interest rates has not proven effective. RBI hence has directed Banks to move away from the Base Rates to Marginal Cost-based Lending Rate effective 1st April 2016.

RBI, in its recent bi-monthly policy has reduced repo rate by further 25 bps and has taken several other measures to address the liquidity shortage. These measures are expected for interest rates to decline in the economy with expectation of stable CP- based inflation at 5%. As a result, the credit growth is expected to improve.

During the year, the Government launched an ambitious housing program - "Housing For All by 2022". The government offers interest subsidy on housing loans and capital subsidy to meet the cost of construction. The subsidies will be available to the families in EWS & LIG income segments. The success of the program will depend on the speed with which respective federal state governments implement the program.

The government also passed Real estate (Regulation & Development) Bill, 2016 which is expected to ease the home buying process. The bill aims to bring the much needed transparency and accountability in the real estate sector.

The Union Cabinet has also approved an upgraded rural housing scheme to build one crore pucca houses over the next three years.

In support of the government's program for housing; The National Housing Bank (NHB) has reduced risk weights on smaller loans to promote affordable housing. The recent budget has also offered tax concession to developers for a supply of dwelling units in the lower income segments. These measures will certainly increase the supply of affordable housing in the country.

## Market Scenario

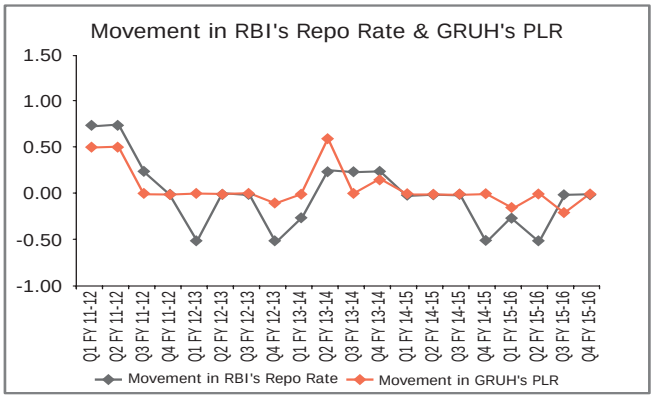
The Indian real sector continues to remain in the grip of a downturn with no change in the status of demand and inventory of unsold properties remaining high. The launch of new projects also declined by 28% during the year with low absorption across all income segments. The demand for loans against existing properties continued to be high and in spite of high risks attached to this form of housing finance; the bulk of disbursals of loans were made by the lenders during the year in this segment. However, going forward, with the thrust being given to affordable housing by the current government, the prospects for financing of new housing is expected to improve in the coming years. GRUH expects demand and supply to improve during the next 15 to 18 months period post monsoon.

National Housing Bank has issued Guidelines on Wilful Defaulters which requires Housing Finance Companies to report the names of Wilful Defaulters with the Credit Information Bureaus. The guidelines also provide for certain other stringent steps such as inclusion of guarantors for the purpose of the penal actions, exclusion from Directorship of other companies etc. which are likely to act as a good deterrent and should help improve the recovery of dues in the sector.

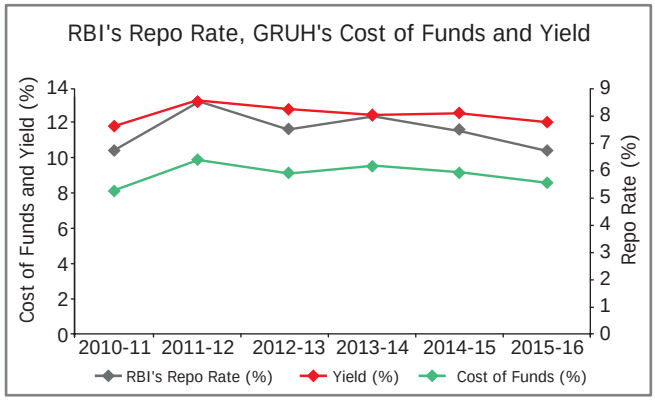
## Loan Products

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

Home loan products are being offered at variable and fixed rates, giving customers an option to decide on the type of interest rate risk. Customers are also offered an option to select the mode of calculation of interest on loans, since GRUH offers home loans on annual, monthly and daily rest basis.




Source : RBI




Source : RBI

GRUH also offers loans with a credit guarantee cover wherein the loans are guaranteed by the Credit Risk Guarantee Fund Trust (CRGFT) set up by the Government of India. The selection criteria for loans which can be guaranteed by the CRGFT are laid down by the Government of India and loans are identified by GRUH which meet these specific criteria.

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

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

GRUH has also signed an MOU with NHB which is the Central Nodal Agency under the Pradhan Mantri Awas Yojana (PMAY) for the Credit Linked Subsidy Scheme (CLSS). GRUH has also started claiming subsidy under this scheme during the year.

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

## Marketing Efforts

To ensure a deeper geographic reach, GRUH has been sourcing retail business through third party channels by appointment of GRUH Referral Associates (GRAs). GRAs only source loans while GRUH retains control over the credit, legal and technical appraisals. Business sourced through GRAs was 65% of total disbursements made during the year and GRUH paid referral fees of ₹ 12.11 crores to GRAs for sourcing business.

GRUH is operating in ten states - Gujarat, Maharashtra, Karnataka, Rajasthan, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Uttar Pradesh Bihar and Jharkhand. GRUH established 25 new offices, including its first office in Bihar and Jharkhand, during the year. GRUH now has 179 retail offices across these ten states. GRUH's staff strength as at March 31, 2016 was 641.

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

## Disbursements

GRUH disbursed ₹ 3,856.58 crores during the year as against ₹ 3,120.87 crores in the previous year. GRUH disbursed loans of ₹ 3,341.94 crores (previous year ₹ 2,721.11 crores) for home purchase, repair and renovation and registered a growth of 22.82% in the retail home loan segment. GRUH disbursed home loans to 39,473 families (previous year 33,625 families) and the average home loan to individuals was ₹ 8.86 lacs during the year as against ₹ 8.39 lacs during the previous year.

GRUH disbursed loans of ₹ 108.96 crores (previous year ₹ 113.26 crores) for purchase of NRP and ₹ 405.67 crores (previous year ₹ 286.50 crores) to developers.

Cumulative disbursements as at March 31, 2016 stood at ₹ 19,071.70 crores with a Compound Annual Growth Rate (CAGR) of 21% over the past 3 years period.

## Insurance Products

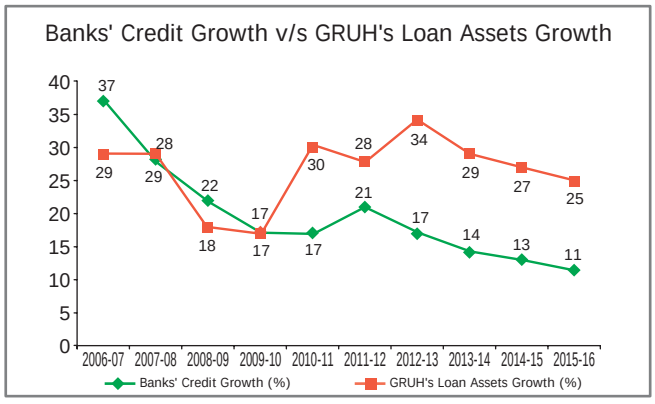
GRUH has an arrangement with The Oriental Insurance Company Limited for providing property insurance of the property mortgaged. During the year, GRUH referred 39,026 customers under this arrangement in respect of property cover of ₹ 3,602.20 crores.

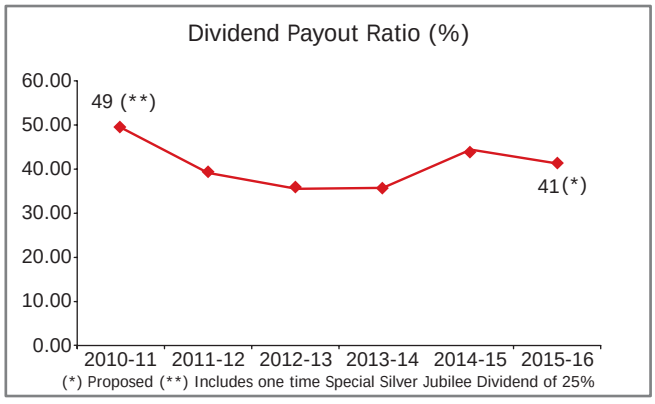
GRUH has an arrangement with three life Insurance service providers. GRUH continued to persuade its customers to take insurance cover on the life of the principal income earner as the collateral for its loans through this arrangement. The policies are assigned in favour of GRUH. During the year, 17,412 customers have taken the life cover from these insurance companies in respect of life cover of ₹ 1,198.80 crores under its various tie-up arrangements.

## Loans

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

During the year, GRUH's total outstanding loans increased to ₹ 11,114.55 crores from ₹ 8,926.48 crores and registered a growth of 25%. CAGR over the past 3 years period has been 27%.



The total outstanding loans at variable rates stood at ₹ 10,219.21 crores (previous year ₹ 8,662.30 crores), which was 91.94% (previous year 97 %) of the total outstanding loans. Loans to total assets stood at 97.13% as at March 31, 2016.

GRUH's outstanding home loans to individuals of ₹ 10,253.51 crores and other loans to individuals for non-residential premises (NRP) of ₹ 427.10 crores constituted 92.25% and 3.84% respectively of the total outstanding loans. GRUH experienced a prepayment ratio of 12.00% (previous year 11.44%) in respect of individual loans. The outstanding loans to developers of ₹ 433.94 crores constituted 3.91% of the total outstanding loans.

The average yield realised on the loan assets during the year was 12.05% (previous year 12.65%).

CAGR (%) As At March 31, 2016

| Particulars | 3 Years | 5 Years | 7 Years | 10 Years |
|---|---|---|---|---|
| Disbursements | 21 | 26 | 29 | 27 |
| Loan Assets | 27 | 28 | 27 | 26 |
| NIM | 25 | 24 | 26 | 28 |
| PAT | 19 | 22 | 25 | 27 |

## Provision for Standard Assets, NPAs and Contingencies

As per the prudential norms prescribed by NHB for Standard Loan Assets, HFCs are required to carry a provision of 0.40% on Individual Home Loans, 1% on individual NRP Loans, 0.75% on developer loans for residential projects and 1% on Developers loan for commercial projects.

Accordingly, GRUH has made a provision of ₹ 51.28 crores towards Standard Loan Assets comprising individual home loans, individual NRP Loans and developer loans aggregating to ₹ 11,079.00 crores. GRUH carries a provision of ₹ 0.13 crore towards standard assets in respect of instalments due from borrowers of ₹ 29.08 crores and a provision of ₹ 0.03 crore in respect of standard assets on loan against GRUH's Fixed Deposits of ₹ 2.53 crores.

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

GRUH's NPAs as at March 31, 2016 were ₹ 32.98 crores in respect of individual home loans and ₹ 2.57 crores in respect of individual NRP loans. There were no NPAs under developer loans. As per prudential norms of NHB, GRUH is required to carry a provision of ₹ 8.54 crores towards such NPAs. However, as a measure of precaution, GRUH carries a provision of ₹ 25.17 crores. GRUH thus carries excess provision of ₹ 16.63 crores as contingencies. GRUH's net NPAs are 0.09% (previous year Nil) on the outstanding loans of ₹ 11,114.55 crores as at March 31, 2016.

During the year, GRUH has written off an amount of ₹ 5.43 crores 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 ₹ 0.18 crore in respect of written off loans.

GRUH carried properties aggregating to ₹ 11.13 crores acquired in settlement of dues at the beginning of the year. During the year, GRUH acquired properties aggregating to ₹ 4.35 crores in settlement of dues under the SARFAESI Act. GRUH also made efforts to dispose off the acquired properties and could dispose off few properties during the year. As at March 31, 2016, GRUH carried properties worth ₹ 13.55 crores which was 1.49% of GRUH's capital funds, well within the 20% limit stipulated by NHB.

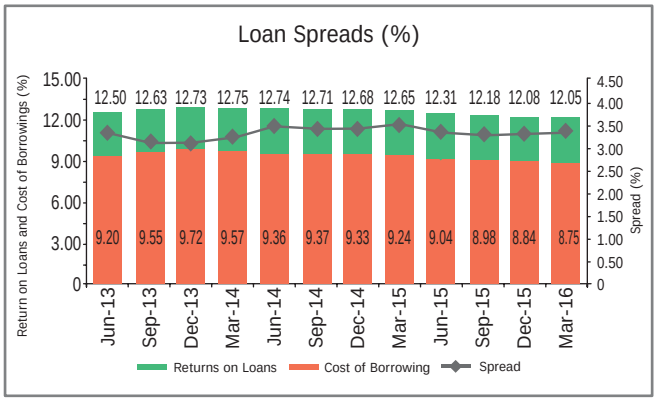
## Investments

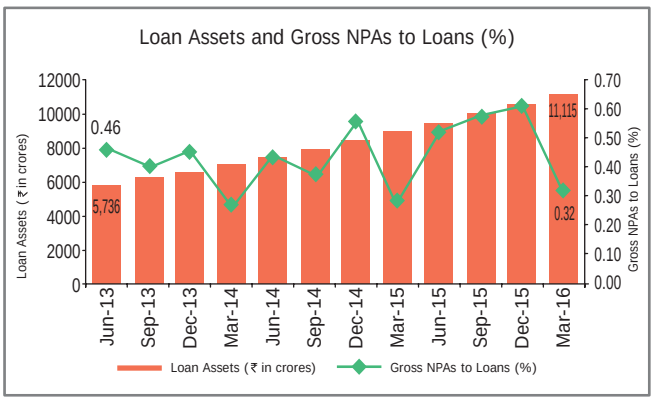
The Investment Committee constituted by the Board of Directors is responsible for approving investments in line with limits as set out by the board. The decisions to buy and sell up to the approved limit delegated by the board are taken by the Managing Director, who is assisted by two senior managers.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

Considering the time lag between raising of resources and its deployment, the surplus funds are generally being parked with liquid fund schemes of mutual funds and short-term deposits with banks. During the year, GRUH earned ₹ 0.74 crore as surplus from cash management schemes of mutual funds and ₹ 5.90 crores by way of interest on deposits placed with banks. At the end of the year, GRUH maintained ₹ 58.20 crores by way of deposits with banks.

As per NHB guidelines, HFCs are required to maintain Statutory Liquid Ratio (SLR) in respect of public deposits. Currently the SLR requirement is 12.50% of the public deposits. As at March 31, 2016 GRUH has invested ₹ 207.82 crores in approved securities comprising government securities, government guaranteed bonds and deposits with scheduled banks, which is higher than the limits prescribed by NHB.

GRUH has classified its investments in SLR securities as long-term investments and valued them at cost. GRUH carries a provision of ₹ 6.69 crores towards losses, if any, that would arise on redemption of investments on maturity.



## Borrowed Funds

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

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

The borrowings which are maturing within twelve months from the end of the year, constituted 15.78% (previous year 19.37%) of the total borrowings of ₹ 10,244.40 crores (previous year ₹ 8,215.59 crores). The outstanding borrowings at fixed rate stood at ₹ 4,911.57 crores (previous year ₹ 3,911.39 crores), which was 47.95% (previous year 47.61%) of the total outstanding borrowings.

GRUH continued to borrow for both long and short-term from the banking sector at competitive rates. GRUH raised fresh loans from banks aggregating to ₹ 2,521 crores during the year and repaid loans aggregating to ₹ 1,290 crores. Term loans from banks are secured by a negative lien on all assets of the Company excluding the specific immovable property mortgaged in favour of the Debenture Trustees for issuance of NCDs, Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against Public Deposits and negative lien on the dwelling units financed from Line of credit of KfW through HDFC. Outstanding balance of bank loans was ₹ 3,931 crores as at March 31, 2016.

GRUH availed refinance of ₹ 1,671.94 crores from NHB and repaid refinance of ₹ 490.17 crores. Outstanding refinance from NHB as at March 31, 2016, of ₹ 3,958.94 crores is secured by a negative lien on all assets of the Company excluding the specific immovable property mortgaged in favour of the Debenture Trustees for issuance of NCDs, Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against Public Deposits and negative lien on the dwelling units financed from Line of credit of KfW through HDFC.

GRUH raised ₹ 197 crores through issuance of NCDs during the year. The outstanding balance of NCDs as at March 31, 2016 was ₹ 847 crores. The NCDs are secured by mortgage of a specific immovable property, negative lien on all assets of the Company excluding the Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against Public Deposits and negative lien on the dwelling units financed from Line of credit of KfW through HDFC. GRUH's NCDs are rated "ICRA AAA" with Stable outlook, indicating highest degree of safety regarding timely servicing of financial obligations and "CRISIL AA+" with Positive outlook, indicating high degree of safety regarding timely servicing of financial obligations.

The outstanding subordinated debt as at March 31, 2016 stood at ₹ 35 crores. The debt is subordinated to present and future senior indebtedness of the Company and is rated "ICRA AAA" with Stable outlook, indicating highest degree of safety regarding timely servicing of financial obligations and "CRISIL AA+" with Positive outlook, indicating high degree of safety regarding timely servicing of financial obligations. Based on the balance term to maturity, as at March 31, 2016, ₹ 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 CAR.

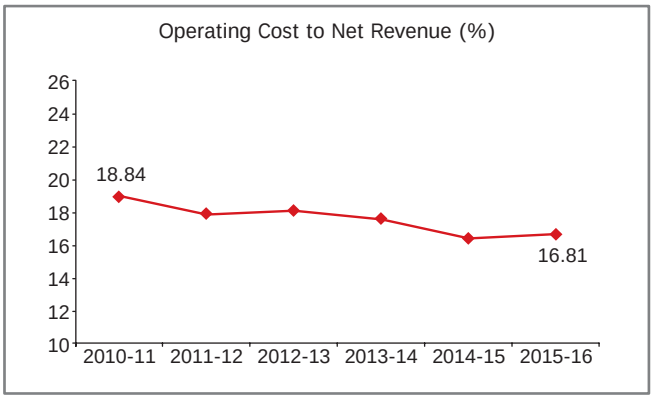
GRUH's short term borrowings including commercial paper and short term NCDs are rated "ICRA A1+" and "CRISIL A1+", indicating very strong degree of safety regarding timely payment of financial obligations. The outstanding balance of commercial paper as at March 31, 2016 was Nil.

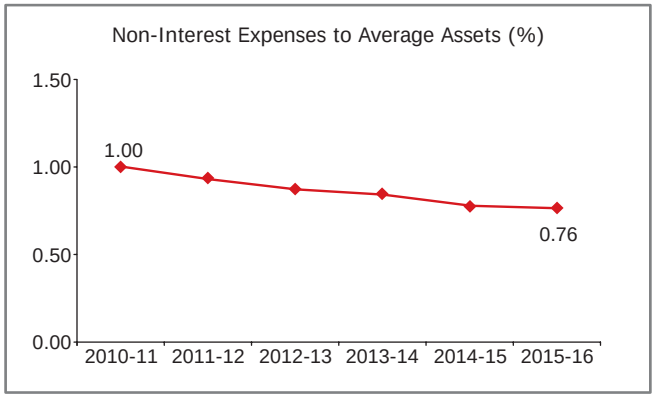
During the year, GRUH received fresh deposits of ₹ 441.80 crores, and repaid deposits of ₹ 271.60 crores. The renewal ratio (the ratio of deposits renewed to the deposits maturing during the year) experienced by GRUH was 60.77%. The outstanding deposits have increased from ₹ 1,292.11 crores at the beginning of the year to ₹ 1,462.30 crores by the end of the year and registered a growth of 13.17%. The outstanding balance of public deposits constituted 14.27% of the total outstanding borrowings as at March 31, 2016.

GRUH's Deposit Programme is rated "MAAA" (with stable outlook) by ICRA, indicating highest credit quality rating and "FAAA" (with stable outlook) by CRISIL, indicating very strong degree of safety regarding timely payment of interest and principal.

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

The average cost of total borrowings experienced during the year was 8.75% per annum (previous year 9.24%).



## NHB Guidelines and Prudential Norms

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

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

GRUH's total borrowings as at March 31, 2016 of ₹ 10,244.40 crores were within the permissible limit of 16 times the net owned funds. Of this, the public deposits of ₹ 1,462.30 crores were also within the limit of 5 times the net owned funds as prescribed by NHB. GRUH has complied with the guidelines issued by NHB regarding the ceiling on interest rates offered on deposits and brokerage paid to the deposit referral associates.

GRUH's Capital Adequacy Ratio as at March 31, 2016 was 17.82% as against NHB's prescribed limit of 12%. The Capital Adequacy on account of Tier I Capital was 16.13% while the Capital Adequacy on account of the Tier II Capital was 1.69%.

NHB vide its letter dated March 7, 2016 imposed penalty of ₹ 36.64 lacs for non-compliance with the provisions under section 29B(1) & (2) of the NHB Act 1987 regarding non-maintenance of requisite percentage of liquid assets during the period 01.04.2013 to 30.09.2014 on the component of "Interest accrued but not due on Deposits".

GRUH paid the penalty as directed by NHB and has submitted an appeal to reconsider and review NHB's decision on the grounds stated hereunder.

GRUH has been maintaining the required percentage of liquid assets in the designated securities of the "Outstanding Public Deposits" as per Section 29B (1) & (2) of the NHB Act by considering the "interest accrued and due" along with Principal amount of Public Deposits as "Outstanding Deposits" for the purpose of maintaining the required percentage of liquid assets.

However, in the month of August 2014, NHB stated that GRUH should have maintained SLR also on the component of 'interest accrued but not due' and for non-maintenance of SLR on such component for the period from 01.04.2013 to 30.09.2014, imposed the penalty.

GRUH commenced the maintenance of liquid assets as per the observation of NHB with immediate effect with a submission that NHB has not issued any specific guideline to consider the component of "interest accrued but not due". According to GRUH, under para 2(1)(g) of NHB Directions, Deposit is assigned the same meaning as defined Under Section 45 I (bb) of RBI Act. Under Section 45 I (bb) of the RBI Act, 'interest accrued' is not included within the ambit of term 'Deposit'. Under para 2(1)(y) of NHB Directions where Public Deposits has been defined, there is no mention of 'interest accrued'. Section 29B (1) & (2) of the NHB Act requires Housing Finance Companies to maintain 12.5% SLR on Public Deposit Outstanding at the close of business. Hence, nowhere in any of the above provisions of the NHB Act / Directions, 'Deposit' is defined to include the component 'interest accrued but not due".

The Statutory Auditors have also been certifying the "Outstanding Deposits" as an aggregation of the 'principal amount of Public Deposits' and interest accrued and due as "Outstanding Deposits".

According to GRUH, the component of 'interest accrued but not due' could not be considered as a part of "Outstanding Deposits" as per the Accounting Standards as applicable. Such component is being provided in the Books of Accounts only with a view to adhere to the Principles of Mercantile Accounting System and the said component is shown as Provisions under "Other Liabilities".

While GRUH has appealed to NHB, GRUH continues to maintain the liquid assets as per the interpretation of NHB.

## Central Registry

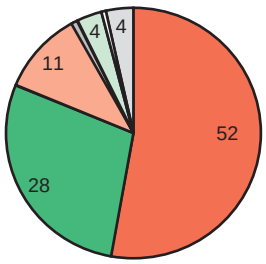
The Government of India has set up the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) under section 21 of the SARFAESI Act, 2002 to have a central database of all mortgages created by lending institutions. The object of this registry is to compile and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

GRUH is registered with CERSAI. GRUH has uploaded 36,637 records in respect of loans disbursed during the year. GRUH has paid fees of ₹ 1.66 crores to Central Registry towards uploading the data of mortgages.

## Risk Management

GRUH has formulated a risk management framework which lays the procedure for risk assessment and mitigation. The Risk Management Committee (RMC) comprises the Managing Director as the chairman and the members include senior managers holding key positions in

GRUH's Outstanding Loans




| Individual Housing | (₹ in crores) | % | |
|---|---|---|---|
| Suraksha | 5,861 | 52 | |
| Suvidha | 3,132 | 28 | |
| Mortgage | 1,216 | 11 | |
| Sajavat | 45 | 1 | |
| Individual Non-Residential | | | |
| Samrudhi | 413 | 4 | |
| Shubh Labh | 14 | - | |
| Developer Loans | 434 | 4 | |
| | 11,115 | 100 | |

Statewise Loan Assets Growth (%)

| States | Growth (%) |
|---|---|
| Gujarat | 18 |
| Maharashtra | 25 |
| Madhya Pradesh | 35 |
| Karnataka | 23 |
| Rajasthan | 10 |
| Chhattisgarh | 36 |
| Tamilnadu | 45 |

the Company. The RMC apprises the Audit Committee of the key risks associated with the business of the Company and the measures to mitigate them.

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

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

## Internal Audit and Control

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

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

## IT Audit and Security

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

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

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

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

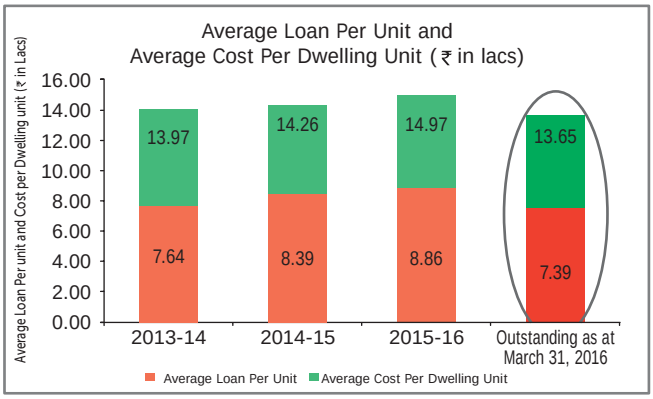
## Statement of Profit and Loss

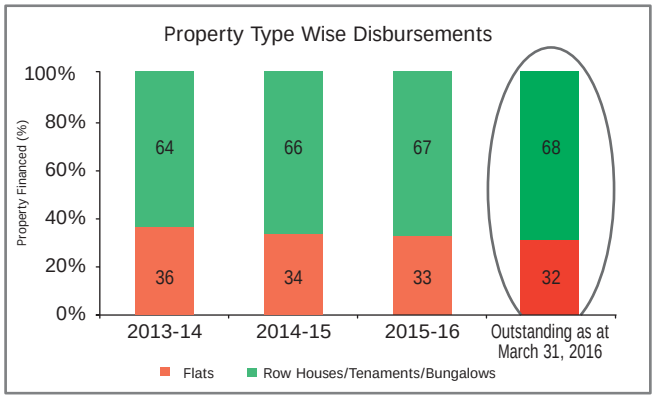
Key elements of the statement of profit and loss for the year ended March 31, 2016 are:

- Profit before tax grew by 20% as against 23% in the previous year.
- Profit after tax grew by 20% as against 15% in the previous year.
- Current year income tax provision amounted to ₹ 98.24 crores as compared to ₹ 80.56 crores in the previous year. The effective income tax rate for the year remained at 27%.
- Pre-tax return on average assets was 3.51% in the current year as against 3.66% in the previous year. Post-tax return on average assets was 2.36% as against 2.48% in the previous year.
- Return on average net worth for the year was 31.49% as against 30.91% in the previous year.
- Ratio of net interest margin to average assets was 4.08% for the current year as against 4.18% in the previous year.
- Cost to income ratio was 17.03% for the year as against 16.65% in the previous year.
- The Earnings Per Share (Basic) was ₹ 6.70 for the current year as against ₹ 5.57 for the previous year.

## Human Resource

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



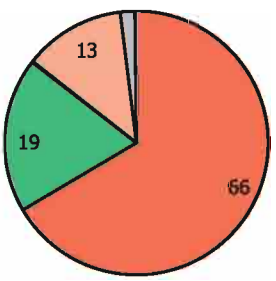



# PROFILE OF GRUH's CUSTOMERS

## CUMULATIVE AS ON MARCH 31, 2016

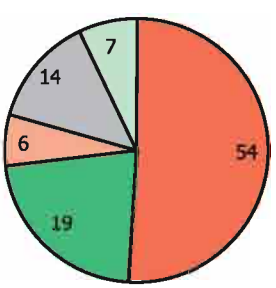
Properties Financed - Loan to Value Ratio (LTV) wise Distribution

| LTV in % | No. | % |
|---|---|---|
| Up to 75 | 2,19,522 | 66 |
| 76 to 80 | 63,478 | 19 |
| 81 to 85 | 41,551 | 13 |
| > 85 | 5,691 | 2 |
| | **3,30,242** | **100** |



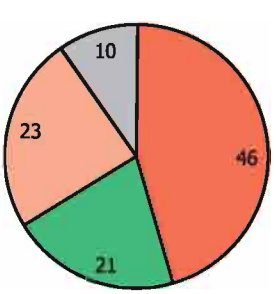

Properties Financed - Location wise Distribution

| Population at Location | No. | % |
|---|---|---|
| Up to 50,000 | 1,80,382 | 54 |
| > 50,000 to 2,00,000 | 62,608 | 19 |
| > 2,00,000 to 5,00,000 | 19,059 | 6 |
| > 5,00,000 to 25,00,000 | 45,777 | 14 |
| > 25,00,000 | 22,416 | 7 |
| | **3,30,242** | **100** |



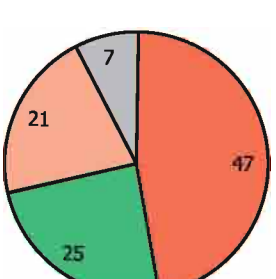

Properties Financed - Loan Amount Wise Distribution

| Loan Amount (₹) | No. | % |
|---|---|---|
| Up to 3,00,000 | 1,50,803 | 46 |
| > 3,00,000 to 5,00,000 | 68,852 | 21 |
| > 5,00,000 to 10,00,000 | 77,122 | 23 |
| > 10,00,000 | 33,465 | 10 |
| | **3,30,242** | **100** |




Property Financed - Family Income Wise Distribution

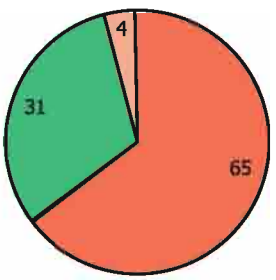
| Family Income (₹) | No. | % |
|---|---|---|
| Up to 15,000 | 1,53,781 | 47 |
| > 15,000 to 25,000 | 83,329 | 25 |
| > 25,000 to 50,000 | 68,983 | 21 |
| > 50,000 | 24,149 | 7 |
| | **3,30,242** | **100** |




## FOR THE YEAR 2015-16

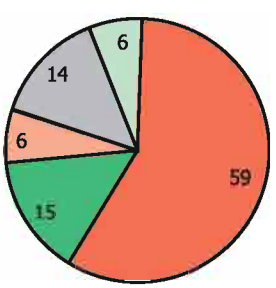
Properties Financed - Loan to Value Ratio (LTV) wise Distribution

| LTV in % | No. | % |
|---|---|---|
| Up to 75 | 26,033 | 65 |
| 76 to 80 | 12,546 | 31 |
| 81 to 85 | 1,426 | 4 |
| > 85 | 79 | - |
| | **40,084** | **100** |



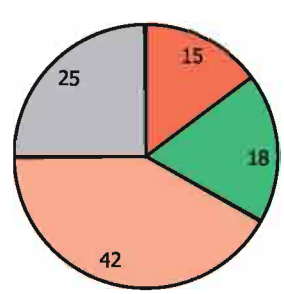

Properties Financed - Location wise Distribution

| Population at Location | No. | % |
|---|---|---|
| Up to 50,000 | 23,604 | 59 |
| > 50,000 to 2,00,000 | 6,002 | 15 |
| > 2,00,000 to 5,00,000 | 2,386 | 6 |
| > 5,00,000 to 25,00,000 | 5,841 | 14 |
| > 25,00,000 | 2,251 | 6 |
| | **40,084** | **100** |



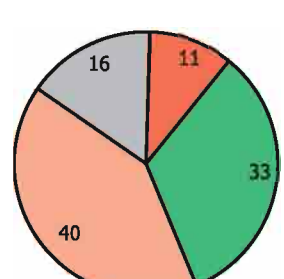

Properties Financed - Loan Amount Wise Distribution

| Loan Amount (₹) | No. | % |
|---|---|---|
| Up to 3,00,000 | 5,909 | 15 |
| > 3,00,000 to 5,00,000 | 7,403 | 18 |
| > 5,00,000 to 10,00,000 | 16,670 | 42 |
| > 10,00,000 | 10,102 | 25 |
| | **40,084** | **100** |




Property Financed - Family Income Wise Distribution

| Family Income (₹) | No. | % |
|---|---|---|
| Up to 15,000 | 4,460 | 11 |
| > 15,000 to 25,000 | 13,275 | 33 |
| > 25,000 to 50,000 | 15,976 | 40 |
| > 50,000 | 6,373 | 16 |
| | **40,084** | **100** |



## *Social Commitment as a driver of fiscal discipline*

The Management team at GRUH has a judicious balance of functional experts who can plan, forecast and manage growth opportunities as they unfold. Even as they do this they strive to continually reinforce the organization's culture and values. GRUH hires people who have a good culture fit and we reward desired behaviors through recognitions and promotions. Integrity, simplicity, customer focus, team work, knowledge sharing and community concerns. These are enshrined in the GRUH approach. Open communication helps every manager to feel that he or she is an "insider", sharing in updates and new change paradigms. As the market grows so will GRUH's footprint. We will continue to simplify our systems and graft into appropriate technologies to streamline efficiency and costs.

Shareholder returns will always be an important criterion and GRUH will strive to ensure that accountability goes beyond the balance sheet. Our endeavor is to make every employee take ownership of budget restrictions and cost control. We will ask our people to be risk averse at some times and embrace risk at appropriate times. It works. Because we have learnt from our parent HDFC how to embed risk and responsibility throughout the organization.





Ganesh Kasave

### 'For 3 days I couldn't sleep'

"Yes I work from a tin shed! Yes, I am a cobbler by family tradition and we belong to the Schedule caste. In spite of this reservation and being a graduate, I did not get the Government job because they wanted a huge amount. Banks refused my loan application because I could neither give income proof nor guarantees.

The GRUH representative used to polish his shoes here and come for some repairs. He advised me to keep a diary and note down my customers and income. Then I got my loan of Rs. 6.5 Lacs and this new house. I had tears. I could not sleep for 3 days. I have sent 15 referrals to GRUH from our BACHAT GROUP And 5 have been given loans."

### 'Tension of rented house is over'

"I have regular customers for my cotton mattresses, cushions and pillows. But people like me have no-where to rest our heads, because we don't have the long list of documents for a housing loan.

GRUH people came and carefully studied my papers and customers. They even checked with my suppliers to check on my honesty in paying my bills. I think they are the only ones who have created a system through which they can improve the life of people like me."




Mohamed Ghani Khan

# REPORT OF THE DIRECTORS ON CORPORATE GOVERNANCE

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

## Spin-offs from good Corporate Governance

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

## Company's philosophy on Corporate Governance

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

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

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

## Board of Directors

### Composition

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

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

| Sr. No. | Directors | DIN | No. of Directorships | No. of Committees | | Category of Director |
|---|---|---|---|---|---|---|
| | | | | Member | Chairman | |
| 1 | Mr. Keki M. Mistry – Chairman | 00008886 | 10 | 5 | 3 | Non-Executive |
| 2 | Ms. Renu S. Karnad | 00008064 | 10 | 6 | 1 | Non-Executive |
| 3 | Mr. K.G. Krishnamurthy | 00012579 | 6 | 4 | 1 | Non-Executive |
| 4 | Mr. S.M. Palia | 00031145 | 4 | 1 | 1 | Independent Non-Executive |
| 5 | Mr. Rohit C. Mehta | 00050173 | 2 | 1 | 2 | Independent Non-Executive |
| 6 | Mr. Prafull Anubhai | 00040837 | 4 | 2 | 3 | Independent Non-Executive |
| 7 | Mr. S.G. Mankad | 00086077 | 10 | 5 | 1 | Independent Non-Executive |
| 8 | Mr. Biswamohan Mahapatra | 06990345 | 2 | 1 | - | Independent Non-Executive |
| 9 | Mr. Kamlesh Shah (Executive Director) | 03092230 | 1 | - | - | Executive |
| 10 | Mr. Sudhin Choksey (Managing Director) | 00036085 | 3 | 1 | 2 | Executive |

Directors at sr. Nos. 9 and 10 are executive directors. All other directors are non-executive directors.
Directors at sr. Nos. 4 to 8 are independent directors.

## Responsibilities

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

## Role of Independent directors

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

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

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

## Appointment of Independent Directors

The Company has 5 Independent Directors on its Board. Four of these Independent Directors, viz., Mr. S.M. Palia, Mr. Rohit C. Mehta, Mr. Prafull Anubhai and Mr. S.G. Mankad were appointed at the 28th AGM of the Company for a period of 3 years with effect from April 1, 2014, while Mr. Biswamohan Mahapatra was appointed as an Independent Director at the 29th AGM of the Company for a period of three years from March 19, 2015. All Independent Directors are not liable to retire by rotation.

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

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

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

## Familiarisation Programme

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

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

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

## Evaluation of Directors and the Board

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

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

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

Board Meetings

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

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

During the year, the board met 5 times. The meetings were held on April 16, 2015, June 26, 2015, July 10, 2015, October 19, 2015 and January 15, 2016. The attendance of each director at the board meetings and at the last annual general meeting is as under:

| Directors | No. of Board meetings attended | Attendance at the 29th AGM |
|---|---|---|
| Mr. Keki M. Mistry – Chairman | 5 | Yes |
| Mr. S.M. Palia | 5 | Yes |
| Mr. Rohit C. Mehta | 3 | No |
| Mr. Prafull Anubhai | 5 | Yes |
| Ms. Renu S. Karnad | 5 | Yes |
| Mr. K.G. Krishnamurthy | 5 | Yes |
| Mr. S.G. Mankad | 5 | Yes |
| Mr. Biswamohan Mahapatra | 5 | Yes |
| Mr. Kamlesh Shah (Executive Director) | 5 | Yes |
| Mr. Sudhin Choksey (Managing Director) | 5 | Yes |

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

### Board Committees

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

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

### Audit Committee

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

Meetings of the Audit Committee are scheduled well in advance. The Audit Committee met five times during the year under review on April 16, 2015, May 11, 2015, July 10, 2015, October 19, 2015 and January 15, 2016. The committee reviewed the quarterly financial statements before submission to the Board for approval.

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

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

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

| Directors | No. of meetings attended |
|---|---|
| Mr. S.M. Palia – Chairman | 5 |
| Mr. Keki M. Mistry | 5 |
| Mr. Rohit C. Mehta | 4 |
| Mr. Prafull Anubhai | 5 |
| Mr. Biswamohan Mahapatra | 4 |

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

### Nomination and Remuneration Committee (NRC)

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

The powers, role and terms of reference of the Nomination and Remuneration Committee covers the areas as contemplated under SEBI (LODR) Regulations, 2015 and Section 178 of the Companies Act, 2013, besides other terms as may be referred by the Board.

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

During the year, the Nomination and Remuneration Committee met once on April 16, 2015. The details of attendance at the Nomination and Remuneration Committee meeting are as under:

| Directors | No. of meetings attended |
|---|---|
| Mr. S.M. Palia – Chairman | 1 |
| Mr. Keki.M. Mistry | 1 |
| Ms. Renu S. Karnad | 1 |
| Mr. S.G. Mankad | 1 |
| Mr. Biswamohan Mahapatra @ | - |

@ Mr. Biswamohan Mahapatra was inducted in the NRC w.e.f April 16, 2015

All members were present at the NRC meeting.

### Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprise of Mr. Rohit C. Mehta (Chairman) Mr. S. G. Mankad, Mr. K. G. Krishnamurthy and Mr. Sudhin Choksey. The committee looks into redressal of shareholders, investors, depositors and customer complaints. The Stakeholders Relationship Committee met three times during the year on July 10, 2015, October 19, 2015 and January 15, 2016. The details of attendance at the committee meetings are as under:

| Directors | No. of meetings attended |
|---|---|
| Mr. Rohit C Mehta – Chairman | 3 |
| Mr. S G Mankad | 3 |
| Mr. K G Krishnamurthy | 3 |
| Mr. Sudhin Choksey | 3 |

All members were present at the Stakeholders Relationship Committee meetings.

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

During the year, 6 complaints were received from shareholders / depositors, out of which all complaints have been attended / resolved. There are no pending share transfers.

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

### Corporate Social Responsibility Committee

The CSR Committee comprises of 5 Members, viz Mr. S.M. Palia (Chairman), Mr. Rohit C. Mehta, Mr. Prafull Anubhai, Mr. S.G. Mankad and Mr. Sudhin Choksey. The Committee is primarily responsible for formulating and recommending to the Board of Directors, a Corporate Social Responsibility (CSR) Policy and monitoring the same from time to time, amount of expenditure to be incurred on the activities pertaining to CSR and monitoring CSR Projects.

The Committee met two times during the year on September 10, 2015 and December 16, 2015. The details of attendance at the CSR Committee meeting are as under:

| Directors | No. of meetings attended |
|---|---|
| Mr. S.M. Palia - Chairman | 2 |
| Mr. Rohit C. Mehta | 2 |
| Mr. Prafull Anubhai | 2 |
| Mr. S.G. Mankad | 2 |
| Mr. Sudhin Choksey | 2 |

All members were present at the CSR Committee meetings.

### Separate Meeting of the Independent Directors

During the year, as per the requirement of Schedule IV of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, a separate meeting of the independent directors of the Company was held on February 16, 2016 without the attendance of non-independent directors and members of the management. All 5 independent directors were present at the meeting, wherein they had *inter alia;* reviewed the performance of non-independent directors and the Board as a whole; reviewed the performance of the Chairman of the Company and assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

### Remuneration Policy

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

### Remuneration to Directors

### Non-Executive Directors

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

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

Information on the total sitting fees paid to each non-executive Director during FY 2015-16 for attending Meetings of the Board and its Committees is set out in the following table:

| Directors | Sitting fees paid (₹) | Commission (₹) | Total (₹) |
|---|---|---|---|
| Mr. Keki M. Mistry | 4,50,000 | - | 4,50,000 |
| Mr. S.M. Palia | 5,20,000 | 10,00,000 | 15,20,000 |
| Mr. Rohit C. Mehta | 5,85,000 | 10,00,000 | 15,85,000 |
| Mr. Prafull Anubhai | 7,95,000 | 10,00,000 | 17,95,000 |
| Ms. Renu S. Karnad | 2,50,000 | - | 2,50,000 |
| Mr. K.G. Krishnamurthy | 3,15,000 | - | 3,15,000 |
| Mr. S.G. Mankad | 5,55,000 | 10,00,000 | 15,55,000 |
| Mr. Biswamohan Mahapatra | 3,80,000 | 2,00,000 | 5,80,000 |

### Executive Directors

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

### Employee Stock Option Scheme (ESOS)

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

### Proceeds from Private Placement Issues

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

### Transactions with Non-executive Directors

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

### Shareholding of Directors

The shareholding details of the directors as at March 31, 2016 are included in Form MGT-9 forming part of the Directors' Report.

## Prevention of Insider Trading

In January 2015, SEBI notified the SEBI (Prevention of Insider Trading) Regulations, 2015 which came into effect from May 15, 2015. Pursuant thereto, the Company has formulated and adopted a Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI) and revised existing Share Dealing Code for Prevention of Insider Trading.

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

## Code of Conduct

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

## Vigil Mechanism / Whistle Blower Policy

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

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

## Disclosures

Related party transactions

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

Accounting Standards / Treatment

The Company has complied with the applicable Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006. The financial statements for the year have been prepared in accordance with and in compliance of Schedule III notified by the Ministry of Corporate Affairs (MCA).

Management Discussion and Analysis Report

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

Annual General Meetings

The Annual General Meetings for the last 3 years were held on July 8, 2013, May 28, 2014 and June 26, 2015. The AGMs were held at 10.30 a.m. at H.T. Parekh Convention Centre, Ahmedabad Management Association (AMA), ATIRA Campus, Ahmedabad. Five special resolutions were passed at the previous three Annual General Meetings. No resolution was passed using postal ballots. No resolution is proposed to be passed at this 30TH AGM using postal ballot.

Dematerialisation of shares

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

As at March 31, 2016, 98.39% of equity shares of GRUH have been dematerialised by members through NSDL and CDSL.

Listing of Equity Shares:

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

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

The Company has paid the listing fees for the year 2016-17 as per the listing agreement with the respective stock exchanges.

## Shareholder Relations

GRUH has over 43,800 shareholders. The main source of information for the shareholders is the Annual Report that includes inter alia, the Directors' Report, the shareholders' information and the audited financial results. GRUH recognizes the importance of regular dialogue with its shareholders to ensure that the Company's strategy is clearly understood. Since the year 2002, the Annual Report has also included the Report of Directors on Corporate Governance and Management Discussion and Analysis Report. Shareholders are intimated through the press, email and GRUH's website, www.gruh.com of the quarterly performance and financial results of the Company. Shareholders have an opportunity to attend the Annual General

Meeting at which the business outlook is presented and relevant aspects of the Company's operations are discussed. In addition, the Corporate Office as well as the Registrar's Office (RTA), serves as a contact point for shareholders on issues such as share transfers, dividends and announcements.

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

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

The Ministry of Corporate Affairs (MCA) and the Companies Act, 2013, has taken a "Green Initiative" in corporate governance by allowing paperless compliances by the Companies through electronic mode. The listing agreement with the stock exchanges and the Companies Act, 2013 permits companies to send soft copies of the annual report to all those shareholders who have registered their e-mail addresses with the Company/ Depository participant. In every Annual Report, the Company has been requesting the shareholders holding shares both in physical / demat form to register / update their e-mail addresses to the Company/depository participants. Accordingly, the annual report for 2015-16, notice for AGM etc., are being sent in electronic mode to shareholders who have registered their e-mail addresses with the Company/ depository participants. For those shareholders who have not opted for the above, the same are being sent in physical form.

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

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

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

### Non-mandatory requirements

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

### Compliance

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

### Risk Management

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

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

### Going Concern

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

On behalf of the Board of Directors

Mumbai
April 19, 2016

Keki M. Mistry
Chairman
DIN : 00008886

## Declaration

This is to confirm that for the year 2015-16, all Board members and senior management personnel have affirmed compliance with the Code of Conduct of GRUH.

Mumbai
April 19, 2016

Marcus Lobo
Company Secretary
FCS : 4256

Sudhin Choksey
Managing Director / CEO
DIN : 00036085

## AUDITORS' CERTIFICATE

To the Members of GRUH Finance Limited

We have examined the compliance of conditions of Corporate Governance by GRUH Finance Limited, for the year ended on 31st March, 2016, as stipulated in Chapter IV of SEBI (LODR) Regulations, 2015 of the said Company with stock exchanges.

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

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

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

Mumbai
April 19, 2016

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

## INFORMATION FOR SHAREHOLDERS

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

### Shareholders / Investors Services:

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

**Secretarial Department :**

GRUH Finance Ltd.
"GRUH"
Netaji Marg,
Nr. Mithakhali Six Roads,
Ellisbridge,
Ahmedabad 380 006
Tel : 079–3290 1222 - 1223;
Website : www.gruh.com
Email : investorcare@gruh.com
CIN : L65923GJ1986PLC008809

**Registrar & Transfer Agent :**

Link Intime India Pvt. Ltd.
Unit : "GRUH"
303, Shopper's Plaza-V,
Opp. Municipal Market, Off. C.G. Road,
Navrangpura,
Ahmedabad- 380 009
Tel : 079–2646 5179
Fax : 079-2646 5179

### Listing of Equity Shares :

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

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

The listing fees have been paid to BSE and NSE for the financial year 2016-17.

### Listing of Debt Securities:

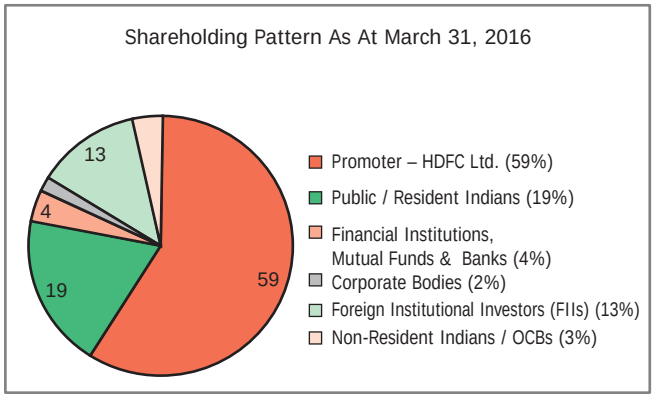
GRUH's NCDs (Series - SD-001 and SD-002 aggregating to ₹ 35 crore) are listed on the Wholesale Debt Market (WDM) segment of the National Stock Exchange of India Limited (NSE).

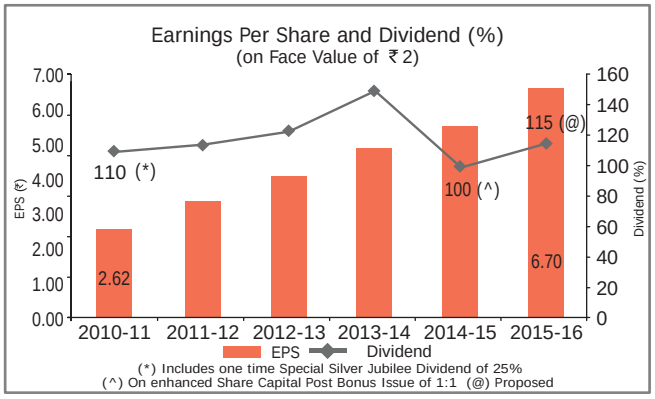
### Debenture Trustees:

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

### Shareholding Pattern as at March 31, 2016:

| Category | No. of Share-holders | Total No. of Shares Held | % to Capital |
|---|---|---|---|
| Promoter – HDFC Ltd. | 1 | 213077850 | 58.59 |
| Public /Resident Indians | 41803 | 69282582 | 19.05 |
| Financial Institutions, Mutual Funds & Banks | 21 | 15137866 | 4.16 |
| Corporate Bodies | 704 | 8102223 | 2.23 |
| Foreign Institutional Investors (FIIs) | 107 | 46948625 | 12.91 |
| Non-Resident Indians / OCBs | 1166 | 11132594 | 3.06 |
| Total | 43802 | 363681740 | 100.00 |



## Distribution of Shareholding as at March 31, 2016

| No. of Shares held | Folios | | Shares | |
|---|---|---|---|---|
| | Numbers | % | Numbers | % |
| Upto 500 | 29684 | 67.77 | 3878999 | 1.07 |
| 501 to 1000 | 5037 | 11.50 | 4232012 | 1.16 |
| 1001 to 2000 | 3215 | 7.34 | 4959027 | 1.36 |
| 2001 to 3000 | 1845 | 4.21 | 4738367 | 1.30 |
| 3001 to 4000 | 1185 | 2.70 | 4187793 | 1.15 |
| 4001 to 5000 | 674 | 1.54 | 3153281 | 0.87 |
| 5001 to 10000 | 1112 | 2.54 | 8030937 | 2.21 |
| 10001 and above | 1050 | 2.40 | 330501324 | 90.88 |
| Total | 43802 | 100.00 | 363681740 | 100.00 |

## Dematerialisation of Shares:

As at March 31, 2016, 98.39 % of equity shares of GRUH have been dematerialised by shareholders through National Securities Depository Limited and Central Depository Services (India) Limited .

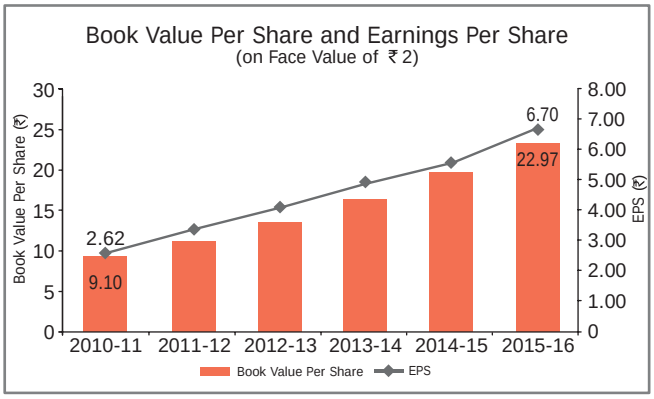
ISIN for NSDL & CDSL : INE 580B01029

The status of shares which have been dematerialised and shares which are held in physical form as at March 31, 2016 are as under:

| Particulars | No.of shares | (%) |
|---|---|---|
| Shares held in physical form | 5867505 | 1.61 |
| Shares held in electronic form | 357814235 | 98.39 |
| Total Shares | 363681740 | 100.00 |

## Share Transfer System

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




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

| Year | Rate (%) | Book Closure Date | AGM Date | Payment Date |
|---|---|---|---|---|
| 2008-09 | 48 | June 18, 2009 to June 30, 2009 | June 30, 2009 | June 30, 2009 |
| 2009-10 | 65 | June 17, 2010 to June 29, 2010 | June 29, 2010 | June 29, 2010 |
| 2010-11 | 110 | July 5, 2011 to July 14, 2011 | July 14, 2011 | July 18, 2011 |
| 2011-12 | 115 | June 8, 2012 to June 18, 2012 | June 18, 2012 | June 18, 2012 |
| 2012-13 | 125 | June 28, 2013 to July 8, 2013 | July 8, 2013 | July 10, 2013 |
| 2013-14 | 150 | May 7, 2014 | May 28, 2014 | May 28, 2014 |
| 2014-15 | 100 | June 18, 2015 to June 26, 2015 | June 26, 2015 | June 29, 2015 |

NB: Shareholders who have not received the dividends may kindly contact the secretarial department.

## Unclaimed Dividend and Deposits:

The Company has transferred all unclaimed/unpaid dividends up to the financial year 2007-2008 to the Investor Education and Protection Fund, as applicable. The Company has transferred matured deposits and interest thereon for the year 2007-2008 remaining unclaimed / unpaid, to the Investor Education and Protection Fund, in accordance with the current regulations.

Members who have either not received or have not encashed their dividend warrant(s) for the financial years 2008-2009 to 2014-2015 are requested to claim the unpaid dividend from the Company before transfer to the above mentioned fund. After transfer of unpaid/ unclaimed dividend amount to the Investor Education and Protection Fund, the same cannot be claimed subsequently.

Dividends that have not been claimed by the shareholders for the financial year 2008-2009 will have to be transferred to the Investor Education and Protection Fund in August 2016 in accordance with the provisions of the Companies Act.

The details of the unclaimed dividend and the last date for claiming the same, prior to its transfer to the IEPF, are as under:

| Financial year | No. of Members who have not claimed their dividend | Unclaimed dividend as on March 31, 2016 (₹) | Unclaimed dividend as % to total dividend | Date of declaration | Last date for claiming the dividend prior to its transfer to IEPF |
|---|---|---|---|---|---|
| 08-09 | 1035 | 7,76,953 | 0.47 | June 30, '09 | July 28, '16 |
| 09-10 | 1053 | 10,46,145 | 0.46 | June 29, '10 | July 27, '17 |
| 10-11 | 1013 | 16,16,351 | 0.42 | July 14, '11 | Aug 11, '18 |
| 11-12 | 1136 | 18,14,960 | 0.44 | June 18, '12 | July 17, '19 |
| 12-13 | 1162 | 19,52,054 | 0.44 | July 8, '13 | Aug 5, '20 |
| 13-14 | 1241 | 24,25,467 | 0.45 | May 28, '14 | June 26, '21 |
| 14-15 | 1413 | 37,04,476 | 0.51 | June 26, '15 | July 24, '22 |

### Unclaimed Shares:

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

### Nomination Facility:

Where shares are held in single name, in case of an unfortunate death of the shareholder, the process of transmission is cumbersome as it requires submission of succession certificate / letter of probate / will, etc. Shareholders holding shares in single name and in physical form are requested to submit the prescribed Form SH-13 (in duplicate) to the secretarial department to avail of the nomination facility. Shareholders may contact the secretarial department for the said form. Shareholders holding shares in demat form are requested to contact their depository participants for availing the nomination facility.

### Financial year:

The Company follows financial year starting from April 1 to March 31 each year.

### Outstanding GDRs / ADRs / warrants:

The Company does not have any GDRs / ADRs / Warrants or any convertible instruments.

### Book Closure:

Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Rule 10 of the Companies (Management and Administration) Rules, 2014, the register of members and share transfer books of the Company will remain closed from June 14, 2016 to June 22, 2016 (both days inclusive) for the purpose of AGM/Dividend for the financial year 2015-16.

### Dividend Payment:

The Board of Directors of GRUH has recommended a dividend of 115% (₹ 2.30 per share) for the financial year ended March 31, 2016 for approval of the shareholders at the annual general meeting.

Dividend entitlement is as follows:

(i) For shares held in physical form: shareholders whose names appear on the register of members of the Company as on Monday, June 13, 2016.

(ii) For shares held in electronic form: beneficial owners whose names appear in the statement of beneficial position downloaded by NSDL and CDSL as at the relevant book close date.

Dividend, if approved by the members, shall be paid on or after June 22, 2016 but within the statutory time limit.

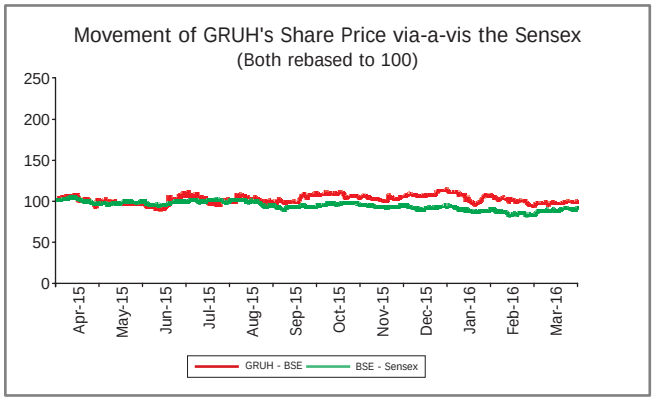
### 30TH Annual General Meeting

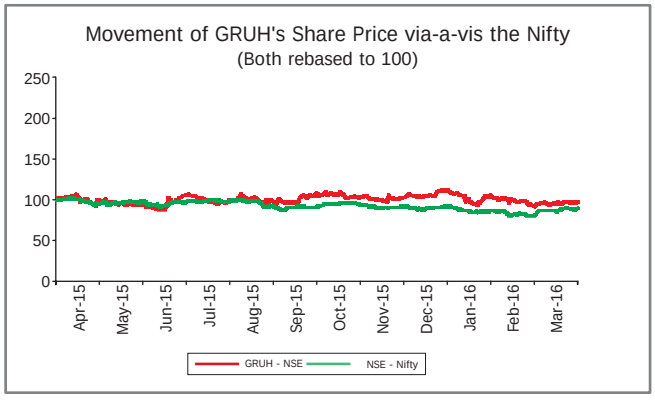
Date : June 22, 2016

Day : Wednesday

Time : 10.30 a.m.

Venue : H.T. Parekh Convention Centre,
Ahmedabad Management Association (AMA),
ATIRA Campus, Dr. Vikram Sarabhai Marg,
Ahmedabad 380 015.



## Service Standards

GRUH is committed to providing effective and prompt service to its investors. The Secretarial Department has been entrusted with the responsibility of ensuring that the investors of the Company are serviced in accordance with the service standards. Listed below are the service standards adopted by the Company in respect of various services being rendered by the Secretarial Department.

| Nature of Service | Time Taken* |
|---|---|
| Transfer of shares | 10 working days |
| Issue of duplicate/re-validation of dividend warrant(s) | 7 working days |
| Change of address/ECS/Bank details | 7 working days |
| Registration of Nomination | 4 working days |
| Transmission of shares/Deletion of name | 10 working days |
| Split/Replacement/Consolidation of share certificate(s) | 10 working days |

* Subject to receipt and verification of valid documents and requisite approvals.

The investors are requested to contact the Secretarial Department for availing any of the said services. The Company has designated an exclusive e-mail address viz. investorcare@gruh.com, which would enable investors to post their grievance.

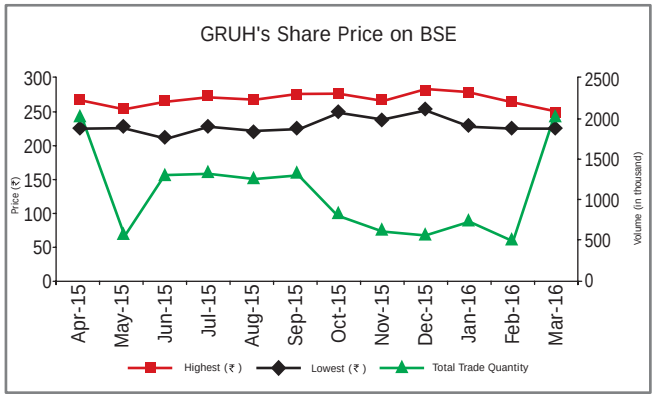
A status report on adherence to the said service standards is reviewed by the Company secretary on a monthly basis and a detailed report is presented at the meetings of the Stakeholders Relationship Committee, for its review and noting.

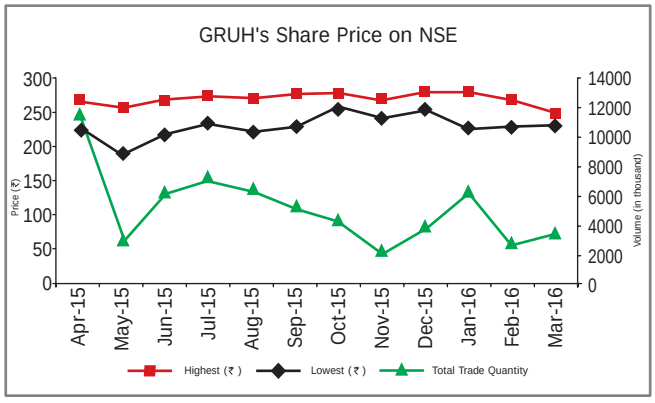
## Stock Market Data:

Monthly high and low quotations as well as the volume of shares traded at the BSE Limited and the NSE for 2015-16 along with the BSE Sensex and NIFTY are as follows:

BSE 2015-16:

| Month | Highest (₹) | Lowest (₹) | Volume of Shares traded | BSE Sensex (monthly close) |
|---|---|---|---|---|
| April 2015 | 264.90 | 225.00 | 2052572 | 27011 |
| May 2015 | 253.90 | 230.00 | 588316 | 27828 |
| June 2015 | 265.00 | 214.65 | 1301498 | 27781 |
| July 2015 | 271.75 | 231.10 | 1343056 | 28115 |
| August 2015 | 265.80 | 219.00 | 1242820 | 26284 |
| September 2015 | 273.45 | 227.05 | 1321180 | 26155 |
| October 2015 | 274.50 | 251.80 | 838245 | 26657 |
| November 2015 | 265.80 | 238.10 | 644504 | 26146 |
| December 2015 | 277.00 | 252.35 | 581979 | 26118 |
| January 2016 | 276.95 | 226.30 | 744738 | 24871 |
| February 2016 | 264.50 | 228.15 | 496972 | 23002 |
| March 2016 | 244.00 | 229.35 | 2029427 | 25342 |



NSE 2015-16:

| Month | Highest (₹) | Lowest (₹) | Volume of Shares traded | NIFTY (monthly close) |
|---|---|---|---|---|
| April 2015 | 265.00 | 224.80 | 11559102 | 8182 |
| May 2015 | 254.00 | 231.00 | 2966401 | 8434 |
| June 2015 | 264.94 | 215.50 | 6176360 | 8369 |
| July 2015 | 271.85 | 232.00 | 7277464 | 8533 |
| August 2015 | 266.20 | 220.00 | 6415871 | 7971 |
| September 2015 | 273.50 | 226.05 | 5268286 | 7949 |
| October 2015 | 274.80 | 254.50 | 4335205 | 8066 |
| November 2015 | 266.95 | 240.05 | 2197126 | 7935 |
| December 2015 | 279.00 | 252.10 | 3858901 | 7946 |
| January 2016 | 276.95 | 227.45 | 6260153 | 7564 |
| February 2016 | 264.90 | 226.30 | 2760177 | 6987 |
| March 2016 | 244.00 | 229.35 | 3414392 | 7738 |

OTHER INFORMATION :

Equity History:

| Particulars | No. of shares issued (of ₹ 2 each) | Year |
|---|---|---|
| Subscription by Institutions | 1,00,00,000 | 1987 |
| Rights Issue | 50,00,000 | 1992 |
| Public Issue | 1,07,50,000 | 1992 |
| Reserved for allotment in Rights Issue (conversion of Part "A" of FCDs issued to GRUH Employees Welfare Trust) | 6,25,000 | 1994 |
| Rights Issue (conversion of Part "A" of FCDs issued to Shareholder(s) | 1,28,75,000 | 1995 |
| Reserved for allotment in Rights issue (conversion of Part "B" of FCDs issued to GRUH Employees Welfare Trust) | 12,50,000 | 1995 |
| Rights Issue (conversion of Part "B" of FCDs issued to Shareholder(s) | 2,57,50,000 | 1995 |
| Rights Issue (conversion of FCDs issued to Shareholder(s) | 6,62,50,000 | 1999 |
| Rights Issue | 3,97,50,000 | 2006 |
| Allotment under ESOS | 9,25,990 | FY 2006-07 |
| Allotment under ESOS | 62,505 | FY 2007-08 |
| Allotment under ESOS | 21,305 | FY 2008-09 |
| Allotment under ESOS | 3,65,950 | FY 2009-10 |
| Allotment under ESOS | 21,62,415 | FY 2010-11 |
| Allotment under ESOS | 7,25,025 | FY 2011-12 |
| Allotment under ESOS | 19,63,485 | FY 2012-13 |
| Allotment under ESOS | 16,54,475 | FY 2013-14 |
| Bonus Issue (1:1) | 18,01,31,150 | June 10, 2014 |
| Allotment under ESOS | 31,22,280 | FY 2014-15 |
| Allotment under ESOS | 2,97,160 | FY 2015-16 |
| Total : (as on March 31, 2016) | 36,36,81,740 | |

Note: The nominal face value of the equity shares of the Company was sub-divided from ₹ 10 per equity share to ₹ 2 per equity share, with effect from July 26, 2012. Thereafter, at the 28th Annual General Meeting (AGM) of the Company held on May 28, 2014, the members of the Company had approved the issue of Bonus Shares in the proportion of 1:1 (i.e. one new fully paid up Equity Share of ₹ 2/- each for every 1 (one) fully paid-up Equity Share of ₹ 2/- each held. Accordingly, for ease of comparison, all issues have been represented by equity shares of ₹ 2 each.

Web links:

As required under the various provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the web link of some of the important documents placed on the website of the Company is provided below:

| | | |
|---|---|---|
| 1 | Code of Conduct for directors and senior management | http://www.gruh.com/policies/Code-of-Conduct.pdf |
| 2 | Corporate Social Responsibility Policy | http://www.gruh.com/policies/CSR-Policy.pdf |
| 3 | Whistle Blower Policy | http://www.gruh.com/policies/Whistle-Blower-Policy.pdf |
| 4 | Policy on Related Party Transaction | http://www.gruh.com/policies/RPT-Policy.pdf |
| 5 | Familiarization Programme | http://www.gruh.com/policies/Familiarization-Programme.pdf |
| 6 | Policy on Remuneration of Directors, Senior Management, KMPs and other employees | http://www.gruh.com/policies/Remuneration-Policy.pdf |
| 7 | Policy on Determination of Materiality | http://www.gruh.com/policies/Determination-on-Materiality.pdf |
| 8 | Archival Policy | http://www.gruh.com/policies/Archival-Policy.pdf |
| 9. | Code of Practices & Procedures for Fair Disclosures of UPSI | http://www.gruh.com/policies/Fair-Disclosure-Code-UPSI.pdf |
| 10 | Disclosure under Regulation 14 of SEBI (SBEB) Regulations 2014 | http://www.gruh.com/ESOS-Disclosure.pdf |

## The art of "marketing conversation"

In years gone by, brands have used mathematics to address complex problems, dissect customer profiles and predict revenue and business outcomes. Recent studies however show that exclusive reliance on mathematics is failing to solve our business problems. Because, when markets are evolving, analytics alone does not provide behavioral insights. This is the "neurohumanities space", collectively described as the "theory of mind". It is the capacity to understand what is going on in people's minds.

"Theory of mind" skills are evident in the way we have trained our people to conceptualize what others think and feel. These skills enable our ground forces to keep their feet firmly on the ground; to grasp how a potential borrower will behave and to go beyond the restrictive confines of formal documentation.

The Harvard Business Review describes this as marketing oxytocin. It is the "feel good hormone" which is at work when we demonstrate concern, trust or kindness towards one and another. It is the skill of "listening" which helps us to see the human face behind the numbers and thus go where few others have perhaps gone before.

---

Bhikiben Chouhan



### 'We could have been washed out'

"When my husband met with an accident, my two daughters-in-law stepped in to help with the family laundry and ironing business. Our family irons clothes for many people, but who is there to iron out our problems?

We have no income proof and other official documents. GRUH checked with our customers. They made an estimate of our income and our savings and they gave us the money to buy this house"

### 'From zero I have become a hero'



"Ask people how they get Chinese food at the bus stands around Malegaon. They will praise my Chinese Thela. With just one helper I supply hundreds of meals in a month from 5 to 10 pm. I have been doing this for 12 years. But could not get a loan to buy my own house.

Now I have this bungalow. My friends and relatives have new found respect for me. I will open a hotel soon. I have referred many others to GRUH and four have already got loans."

Girish Suryavanshi

## PROPERTIES FINANCED BY GRUH



Town : Motala
District : Buldhana, Maharashtra
Property Cost : ₹ 10,58,000/-
Loan Amount : ₹ 6,00,000/-



Town : Banel
District : Barabanki, Uttar Pradesh
Property Cost : ₹ 12,00,000/-
Loan Amount : ₹ 8,00,000/-



Town : Davangere
District : Davangere, Karnataka
Property Cost : ₹ 13,50,680/-
Loan Amount : ₹ 5,00,000/-




Town : Sendhwa
District : Barwani, Madhya Pradesh
Property Cost : ₹ 12,00,000/-
Loan Amount : ₹ 9,00,000/-

GRUH FINANCE LIMITED
We help you build homes

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GRUH FINANCE LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of GRUH Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. As required by section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us :

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 28 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

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

Mumbai
April 19, 2016

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Re : GRUH Finance Limited

Referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date,

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Some of the fixed assets were physically verified during the year by the Management in accordance with a program of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of the Company.

(ii) According to the information and explanations given to us, the nature of the Company's business is such that it is not required to hold any inventories.

(iii) The Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Consequently, requirement of clauses (iii,a), (iii,b) and (iii,c) of paragraph 3 of the order are not applicable.

(iv) The Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 and 186 of the Act. Consequently, requirements of clause (iv) of paragraph 3 of the order are not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 73 to 76 of the Act and the Housing Finance Companies (NHB) Directions, 2010 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vi) The Company is not engaged in production, processing, manufacturing or mining activities. Therefore, the provisions of maintenance of cost records specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 mentioned in clause (vi) of paragraph 3 of the order are not applicable.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Income Tax, Wealth Tax, Service Tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, following amounts have not been deposited as on March 31, 2016 on account of any dispute:

| Nature of Statute | Nature of dues | (₹) in crore | Period to which the matter pertains | Forum where matter is pending |
|---|---|---|---|---|
| Income Tax Act | Income Tax | 0.62 | 2012-2013 | Commissioner of Income Tax (Appeals) |
| Income Tax Act | Income Tax | 2.86 | 2010-2011 | ITAT, Ahmedabad |
| Income Tax Act | Income Tax | 0.58 | 2007-2008 | ITAT, Ahmedabad |

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, government or dues to debenture holders.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments). To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, the term loans obtained during the year were, *prima facie,* applied by the Company for the purpose for which they were obtained, other than temporary deployment pending application.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) To the best of our knowledge and belief and according to the information and explanations given to us, managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.

(xiii) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.

(xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.

(xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934.

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

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

Mumbai
April 19, 2016

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

### Report on the Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of GRUH Finance Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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

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

Mumbai
April 19, 2016

GRUH FINANCE LIMITED
We help you build homes

## BALANCE SHEET AS AT MARCH 31, 2016

(₹ in crores)

| | Notes | | March 31, 2016 | March 31, 2015 |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| Share Holders' Funds | | | | |
| Share Capital | 2 | 72.74 | | 72.68 |
| Reserves and Surplus | 3 | 762.56 | | 638.81 |
| | | | 835.30 | 711.49 |
| Non-Current Liabilities | | | | |
| Long-Term Borrowings | 4 | 8,628.16 | | 6,624.14 |
| Deferred Tax Liability (Net) | 13 | 58.55 | | 18.78 |
| Other Long-Term Liabilities | 5 | 69.64 | | 35.94 |
| Long-Term Provisions | 6 | 79.20 | | 66.43 |
| | | | 8,835.55 | 6,745.29 |
| Current Liabilities | | | | |
| Short-Term Borrowings | 7 | 23.89 | | 973.18 |
| Trade Payables | 8 | 1.18 | | 0.92 |
| Other Current Liabilities | 9 | 1,643.42 | | 660.76 |
| Short-Term Provisions | 6 | 103.26 | | 89.14 |
| | | | 1,771.75 | 1,724.00 |
| | | | 11,442.60 | 9,180.78 |
| **ASSETS** | | | | |
| Non-Current Assets | | | | |
| Fixed Assets | | | | |
| Tangible Assets | 10 | 13.83 | | 12.73 |
| Intangible Assets | 11 | 0.73 | | 1.00 |
| Non-Current Investments | 12 | 32.95 | | 50.50 |
| Long-Term Loans and Advances | | | | |
| Loans | 14.1 | 10,497.33 | | 8,390.93 |
| Others | 14.7 | 40.26 | | 20.00 |
| Other Non-Current Assets | 17.2 | 28.09 | | 21.20 |
| | | | 10,613.19 | 8,496.36 |
| Current Assets | | | | |
| Current Investments | 12 | 109.97 | | 29.32 |
| Cash and Bank Balances | 15 | 57.56 | | 74.07 |
| Short-Term Loans and Advances | 16 | 37.33 | | 39.06 |
| Other Current Assets | | | | |
| Loans | 17.1 | 617.22 | | 535.55 |
| Others | 17.2 | 7.33 | | 6.42 |
| | | | 829.41 | 684.42 |
| | | | 11,442.60 | 9,180.78 |
| Significant Accounting Policies | 1 | | | |

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

Directors

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

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

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

**Sudhin Choksey**
Managing Director
(DIN : 00036085)

**S. M. Palia**
(DIN : 00031145)

**Prafull Anubhai**
(DIN : 00040837)

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

**Biswamohan Mahapatra**
(DIN : 06990345)

**Rohit C. Mehta**
(DIN : 00050173)

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

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

**Kamlesh Shah**
(DIN : 03092230)

**Hitesh Agrawal**
Chief Financial Officer
(FCA : 124222)

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

Mumbai
April 19, 2016

GRUH FINANCE LIMITED
We help you build homes

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in crores)

| | Notes | | Current Year | Previous Year |
|---|---|---|---|---|
| **INCOME** | | | | |
| Revenue from Operations | 18 | | 1,275.40 | 1,060.32 |
| | | | 1,275.40 | 1,060.32 |
| **EXPENDITURE AND CHARGES** | | | | |
| Finance Cost | 19 | | 807.41 | 677.73 |
| Employee Benefit Expenses | 20 | | 42.80 | 35.19 |
| Establishment Expenses | 21 | | 9.69 | 8.02 |
| Other Expenses | 22 | | 28.84 | 19.53 |
| Depreciation and Amortisation Expenses | 23 | | 3.03 | 1.29 |
| Bad Debts Written Off | | | 5.43 | 2.03 |
| Provisions and Contingencies | | | 16.50 | 15.69 |
| | | | 913.70 | 759.48 |
| PROFIT BEFORE TAX FOR THE YEAR | | | 361.70 | 300.84 |
| Tax Expenses : | | | | |
| Current Tax | | 98.24 | | 80.56 |
| Deferred Tax (Net) | 3.2 & 13 | 19.88 | | 16.48 |
| | | | 118.12 | 97.04 |
| PROFIT AFTER TAX FOR THE YEAR | | | 243.58 | 203.80 |
| Earnings per Equity Share | | | | |
| (Face value of ₹ 2 per Share) | 33 | | | |
| Basic | | | 6.699 | 5.571 |
| Diluted | | | 6.698 | 5.566 |
| Significant Accounting Policies | 1 | | | |

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

Directors

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

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

**Keki M. Mistry**
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Chief Financial Officer
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Company Secretary
(FCS : 4256)

Mumbai
April 19, 2016

GRUH FINANCE LIMITED
We help you build homes

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(₹ in crores)

| | Current Year | Previous Year |
|---|---|---|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit Before Tax | 361.70 | 300.84 |
| Adjustments for : | | |
| Depreciation | 3.03 | 1.29 |
| Brokerage and Incentive Expenses written off | 4.15 | 3.40 |
| Bad Debts Written off | 5.43 | 2.03 |
| Retirement Benefits | 0.72 | 0.41 |
| Loss on Sale of Acquired Properties | 0.13 | 0.23 |
| Provisions and Contingencies | 16.50 | 15.69 |
| Amount spent and utilised on CSR Activities | 2.26 | - |
| Loss on sale of Tangible Assets (Net) | 0.01 | 0.02 |
| | 32.23 | 23.07 |
| Operating Profit Before Working Capital Changes | 393.93 | 323.91 |
| Changes in Working Capital : | | |
| Increase / (Decrease) in Trade Payables | 0.26 | 0.12 |
| Increase / (Decrease) in Long-Term Provisions | (0.39) | (0.56) |
| Increase / (Decrease) in Short-Term Provisions | 0.92 | (0.24) |
| Increase / (Decrease) in Other Current Liabilities | 8.31 | (11.83) |
| Increase / (Decrease) in Other Long-Term Liabilities | 33.70 | 20.42 |
| (Increase) / Decrease in Long-Term Loans and Advances | (0.49) | (0.54) |
| (Increase) / Decrease in Short-Term Loans and Advances | 2.47 | (3.04) |
| (Increase) / Decrease in Other Current Assets | (0.91) | (0.21) |
| Brokerage and Incentive Paid | (4.57) | (6.47) |
| (Increase) / Decrease in Other Bank Balances | 28.77 | (19.47) |
| Amount spent and utilised on CSR Activities (Note b) | (2.26) | (1.93) |
| Investments (Net) | (67.16) | (28.84) |
| | (1.35) | (52.59) |
| Cash Generated from Operations | 392.58 | 271.32 |
| Taxes Paid (Net of refunds) | (117.67) | (79.77) |
| Net Cash from Operations | 274.91 | 191.55 |
| Non-Current Portion of Loans | (2,111.84) | (1,802.72) |
| Current Portion of Loans | (81.80) | (105.23) |
| | (2,193.64) | (1,907.95) |
| Net Cash used in operations before extraordinary items | (1,918.73) | (1,716.40) |
| Extraordinary items | 0.00 | 0.00 |
| Net Cash used in Operating Activities | (1,918.73) | (1,716.40) |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Tangible / Intangible Assets | (3.98) | (4.05) |
| Sale of Tangible Assets | 0.11 | 0.04 |
| Capital Advances | (0.56) | (0.26) |
| Net Cash used in Investing Activities | (4.43) | (4.27) |

## C. CASH FLOW FROM FINANCING ACTIVITIES

| | | |
|---|---|---|
| Proceeds from Share Allotment under Employee Stock Option Schemes | 0.06 | 0.62 |
| Securities Premium Received | 0.95 | 9.94 |
| NCD Issue Expenses | (0.29) | (1.73) |
| Bonus Issue Expenses | 0.00 | (0.55) |
| Dividends Paid | (72.33) | (53.79) |
| Dividend Distribution Tax | (14.80) | (9.18) |
| Unclaimed Dividend Paid | (0.09) | (0.10) |
| Availment / (Repayment) of Long-Term Borrowings | 2,004.02 | 1,569.81 |
| Availment / (Repayment) of Short-Term Borrowings | (949.29) | 500.19 |
| Changes in Current maturities of Long-Term Borrowings | 976.52 | (306.74) |
| Changes in Unclaimed Matured Deposits and Interest Accrued thereon | (2.44) | 4.83 |
| Net Cash Generated from Financing Activities | 1,942.31 | 1,713.30 |
| Net increase in Cash and Cash Equivalents | 19.15 | (7.37) |
| Cash and Cash Equivalents at the Beginning of the year | 8.30 | 15.67 |
| Cash and Cash Equivalents at the End of the year (Note a) | 27.45 | 8.30 |

Note (a) :

Cash and Cash Equivalents comprises of :

| | | |
|---|---|---|
| Cash on Hand | 0.06 | 0.05 |
| Cheques on Hand | 5.06 | 1.27 |
| Balances with Banks as Highly Liquid Investments* | 22.33 | 6.98 |
| | 27.45 | 8.30 |
| * Includes balances in Unpaid Dividend Accounts which are not available for use by GRUH | 1.33 | 1.05 |

Note (b) :

Amount Spent and utilised on CSR Activities :

| | | |
|---|---|---|
| Contribution to various Trusts/NGOs/Societies/Agencies and utilisation thereon | 2.15 | 1.84 |
| Expenditure on Administrative Overheads for CSR | 0.11 | 0.09 |
| | 2.26 | 1.93 |

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

Directors

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

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

**Keki M. Mistry**
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(DIN : 00008886)

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

**Kamlesh Shah**
(DIN : 03092230)

Mumbai
April 19, 2016

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 Accounting Convention

The Financial Statements have been prepared in accordance with historical cost convention, the accounting principles generally accepted in India including the applicable Accounting Standards specified u/s 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant provisions of the Companies Act, 2013 and guidelines issued by the National Housing Bank.

The preparation of financial statements requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates.

All assets and liabilities have been classified as current or non-current as per GRUH's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of its activities, GRUH has determined its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### 1.2 System of Accounting

GRUH adopts the accrual concept in the preparation of the accounts. The Balance Sheet and Statement of Profit and Loss of GRUH are prepared in accordance with the provisions contained in the Companies Act, 2013, read with Schedule III thereto.

#### 1.3 Inflation

Assets and Liabilities are recorded at historical cost to GRUH. These costs are not adjusted to reflect the changing value in the purchasing power of money.

#### 1.4 Interest on Loans

Repayments of loans are by way of Equated Monthly Installments (EMIs) comprising principal and interest. Interest on loans is computed either on an annual rest, on a monthly rest or on a daily rest basis depending upon loan product. EMIs commence once the entire loan is disbursed. Pending commencement of EMIs, Pre-EMI interest is payable every month.

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

#### 1.5 Income from Investment

Interest Income from investment is accounted on an accrual basis. The gain/loss on account of discount/premium on investments made in debentures/bonds and government securities is recognised over the life of the security on a pro-rata basis.

#### 1.6 Investments

Investments are capitalised at cost inclusive of related expenses and are classified into two categories, viz. Current or Long-Term. Long-Term Investments are carried individually at cost less provision for diminution, other than temporary in the value of such investments. Current Investments are carried individually, at the lower of cost and fair value. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the National Housing Bank and the Accounting Standard on 'Accounting for Investment' (AS 13).

#### 1.7 Brokerage and Incentive on Deposit

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

#### 1.8 Properties Acquired under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

Stock of acquired properties is valued at realisable value or outstanding dues, whichever is less.

#### 1.9 Tax on Income

The accounting treatment for the Income Tax in respect of GRUH's income is based on the Accounting Standard on 'Accounting for Taxes on Income' (AS-22). The provision made for Income Tax in Accounts comprises both, the current tax and deferred tax.

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

### 1.10 Tangible Assets

Tangible Assets are carried at cost inclusive of legal and/or installation expenses.

#### Depreciation

Depreciation is provided on all assets on a pro-rata basis on the "Straight Line Method" over the useful lives and in the manner prescribed under schedule II to the Companies Act, 2013 except for Computers where based on a technical evaluation, useful life is estimated at four years in order to reflect the actual usage of the assets.

### 1.11 Intangible Assets

Intangible Assets comprising of Application Software are stated at cost of acquisition, including any cost attributable for bringing the same in its working condition less accumulated amortisation. Any expenses on such software for support and maintenance payable annually are charged to revenue.

#### Amortisation

Application software is amortised over a period of four years.

### 1.12 Provision for Standard Assets, Non-Performing Assets (NPAs) and Contingencies

GRUH's policy is to carry adequate amounts towards Provision for Standard Assets, Non-Performing Assets (NPAs) and other contingencies. All loans and other credit exposures where the installments are overdue for ninety days and more are classified as NPAs in accordance with the prudential norms prescribed by the National Housing Bank (NHB). The provisioning policy of GRUH covers the minimum provisioning required as per the NHB guidelines. Excess provisions over and above provisioning requirement for Standard Assets and NPAs are carried under Provision for Contingencies Account.

### 1.13 Employee Benefits

GRUH has Defined Contribution Plans for post employment benefits namely Provident Fund and Superannuation Fund which are recognised by the Income Tax Authorities. These funds are administered through trustees and GRUH's contributions thereto are charged to revenue every year. GRUH's Contribution to State Plans namely Employee's Pension Scheme is charged to revenue every year.

GRUH has Defined Benefit Plans namely leave encashment / compensated absences and Gratuity for all the employees, the liability for which is determined on the basis of an actuarial valuation at the year end based on the Projected Unit Credit method and incremental liability, if any, is provided for in the books. Gratuity scheme is administered through trust recognised by the Income Tax Authorities.

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

### 1.14 Contingent Liabilities

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

### 1.15 Capital Issue Expenses

Expenses in connection with issue of Shares and Debentures are being adjusted against Security Premium as permitted by section 52 of the Companies Act, 2013.

(₹ in crores)

## 2 SHARE CAPITAL

| | | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|---|
| **Authorised** | | | |
| 50,00,00,000 | Equity Shares of ₹ 2 each | 100.00 | 100.00 |
| | (Previous Year 50,00,00,000 Shares of ₹ 2 each) | | |
| | | 100.00 | 100.00 |
| **Issued and Subscribed** | | | |
| 36,36,81,740 | Equity Shares of ₹ 2 each | 72.74 | 72.68 |
| | (Previous Year 36,33,84,580 Shares of ₹ 2 each) | | |
| | | 72.74 | 72.68 |
| **Paid Up** | | | |
| 36,36,81,740 | Equity Shares of ₹ 2 each | 72.74 | 72.68 |
| | (Previous Year 36,33,84,580 Shares of ₹ 2 each) | | |
| | | 72.74 | 72.68 |

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

| Particulars | As At March 31, 2016 | | As At March 31, 2015 | |
|---|---|---|---|---|
| | No. of Shares | ₹ in crores | No. of Shares | ₹ in crores |
| Equity Shares outstanding at the beginning of the year | 36,33,84,580 | 72.68 | 18,01,31,150 | 36.03 |
| Add : Shares issued as fully paid-up Bonus Shares | 0 | 0.00 | 18,01,31,150 | 36.03 |
| Add : Shares allotted pursuant to exercise of stock options under ESOS | 2,97,160 | 0.06 | 31,22,280 | 0.62 |
| Equity Shares outstanding at the end of the year | 36,36,81,740 | 72.74 | 36,33,84,580 | 72.68 |

### (b) Aggregate number of shares allotted as fully paid-up by way of Bonus Shares (During 5 years immediately preceding March 31, 2016)

During the year 2014-15, pursuant to approval of share holders at the 28th Annual General Meeting (AGM) of GRUH held on May 28, 2014, GRUH allotted 18,01,31,150 Bonus Equity Shares of ₹ 2 each as fully paid-up shares in the proportion of 1:1.

### 2.2 Terms/Rights attached to Equity Shares

GRUH has one class of share referred to as equity shares having a par value of ₹ 2 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting.

### 2.3 Shares held by Holding Company

| Particulars | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|
| Holding Company - HDFC Limited | 21,30,77,850 | 21,30,77,850 |

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

| Particulars | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|
| Holding Company - HDFC Limited | 21,30,77,850 | 21,30,77,850 |
| % of Shareholding | 58.59 | 58.64 |

## 2.5 Shares reserved for issue under options

(a) During the year, GRUH has issued 2,97,160 (Previous Year 31,22,280) shares on exercise of options granted to its employees and directors under ESOS Schemes.

(b) As at March 31, 2016, GRUH has following Employee Stock Option Schemes, the features of the same are as follows :

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

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

(d) Further details of the stock option plans are as follows :

| Particulars | ESOS - 2015 | ESOS - 2011 Tranche II | ESOS - 2011 Tranche I |
|---|---|---|---|
| Options Outstanding at start of the year | Nil | 4,068 | 35,013 |
| Options granted during the year | Nil | Nil | Nil |
| Options not vested at the start of the year | 45,00,000 | Nil | Nil |
| Options Lapsed during the year | 4,08,900 | 210 | 1,662 |
| Options Exercised during the year | Nil | 3,183 | 26,533 |
| Options vested but not exercised at end of the year | 13,84,830 | 675 | 6,818 |
| Options not vested at end of the year | 27,06,270 | Nil | Nil |
| Weighted Average Exercise Price per Option | ₹ 268.20 | ₹ 548.80 | ₹ 317.85 |

(e) The Black-Scholes Model have been used to derive the estimated value of stock option granted, if the fair value method to account for the employee share based payment plans were to be used. The estimated value of each stock options and the parameters used for deriving the estimated value of Stock Option granted under Black-Scholes Model is as follows :

| Particulars | ESOS - 2015 | | | ESOS - 2011 (Tranche - II) | | | ESOS - 2011 (Tranche - I) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Vesting on January 30, | | | Vesting on October 25, | | | Vesting on February 10, | | |
| | 2016 | 2017 | 2018 | 2012 | 2013 | 2014 | 2012 | 2013 | 2014 |
| Estimated Value of Stock Option (₹) | 35.00 | 51.00 | 64.00 | 70.00 | 101.00 | 116.00 | 51.00 | 67.00 | 75.00 |
| Share Price at Grant Date (₹) | 268.20 | 268.20 | 268.20 | 548.80 | 548.80 | 548.80 | 317.85 | 317.85 | 317.85 |
| Exercise Price (₹) | 268.20 | 268.20 | 268.20 | 548.80 | 548.80 | 548.80 | 317.85 | 317.85 | 317.85 |
| Expected Volatility (%) | 20.00 | 20.00 | 20.00 | 25.00 | 25.00 | 25.00 | 30.00 | 30.00 | 30.00 |
| Dividend Yield Rate (%) | 0.80 | 1.00 | 1.10 | 2.20 | 2.90 | 3.75 | 2.20 | 2.90 | 3.75 |
| Expected Life of Options (in days) | 455 | 821 | 1,186 | 366 | 731 | 1,096 | 455 | 821 | 1,186 |
| Risk Free Rate of Interest (%) | 7.77 | 7.74 | 7.73 | 8.65 | 8.69 | 8.61 | 7.54 | 7.65 | 7.85 |

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

(₹ in crores)

| Particulars | 2015-16 | 2014-15 |
|---|---|---|
| Adjusted Profit After Tax as reported (Note 33.2) | 243.58 | 201.87 |
| Less : Amortisation of Compensation Cost (pro-forma) | 10.69 | 1.91 |
| Profit considered for computing EPS (pro-forma) | 232.89 | 199.96 |
| Earnings Per Share - Basic | | |
| - as reported | 6.699 | 5.571 |
| - pro-forma | 6.406 | 5.518 |
| Earnings Per Share - Diluted | | |
| - as reported | 6.698 | 5.566 |
| - pro-forma | 6.404 | 5.513 |

## 2.6 Proposed Dividend

The final dividend proposed for the year is as follows :

| Particulars | 2015-16 | 2014-15 |
|---|---|---|
| On Equity Shares of ₹ 2 each | | |
| Dividend Per Equity Share (₹) | 2.30 | 2.00 |
| Dividend Proposed (%) | 115.00 | 100.00 |

(₹ in crores)

| 3 RESERVES AND SURPLUS | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|
| Statutory Reserve (Note 3.1 and 3.6) | | |
| (As per section 29C of the NHB Act, 1987 and section 36(1)(viii) of Income Tax Act, 1961) | | |
| Opening Balance | 286.08 | 229.21 |
| Add : Addition during the year | 69.85 | 56.87 |
| Less : Appropriation during the year | 0.00 | 0.00 |
| | 355.93 | 286.08 |
| General Reserve (Note 3.2) | | |
| Opening Balance | 98.93 | 78.13 |
| Add : Transfer from Statement of Profit and Loss | 50.00 | 40.00 |
| Less : Utilised for Deferred Tax Liability on Special Reserve | 19.89 | 19.20 |
| | 129.04 | 98.93 |
| Additional Reserve (Note 3.6) | | |
| (created in addition to minimum required u/s 29C of the NHB Act, 1987) | | |
| Opening Balance | 27.74 | 27.74 |
| Add : Transfer from Statement of Profit and Loss | 0.00 | 0.00 |
| Less : Utilised during the year | 0.00 | 0.00 |
| | 27.74 | 27.74 |
| Securities Premium (Note 3.3) | | |
| Opening Balance | 64.95 | 92.54 |
| Add : Received during the year | 0.95 | 9.94 |
| Less : Utilised for issue of fully paid-up Bonus Shares | 0.00 | 36.03 |
| Less : Utilised during the year for NCD Issue Expenses [Net of tax of ₹ 0.10 crore (Previous Year ₹ 0.59 crore)] | 0.19 | 1.14 |
| Less : Utilised during the year for Bonus Issue Expenses [Net of tax of ₹ Nil (Previous Year ₹ 0.19 crore)] | 0.00 | 0.36 |
| | 65.71 | 64.95 |
| Surplus in Statement of Profit and Loss | | |
| Opening Balance | 161.11 | 143.59 |
| Add : Profit for the year | 243.58 | 203.80 |
| Amount Available for Appropriations | 404.69 | 347.39 |
| Appropriations : | | |
| Statutory Reserve (As per section 29C of the NHB Act, 1987 and section 36(1)(viii) of Income Tax Act, 1961) | 69.85 | 56.87 |
| General Reserve | 50.00 | 40.00 |
| Proposed Dividend (Note 3.4) | 83.65 | 72.68 |
| Tax on Proposed Dividend (Note 3.4) | 17.03 | 14.80 |
| Dividend (including tax on dividend) pertaining to previous year paid during the year (Note 3.5) | 0.02 | 0.00 |
| Amount spent and utilised towards CSR Activities (Note 29) | 0.00 | 1.93 |
| Balance carried forward to Balance Sheet | 184.14 | 161.11 |
| | 762.56 | 638.81 |

3.1 As per section 29C(i) of the National Housing Bank Act, 1987, GRUH is required to transfer at least 20% of its net profit every year to reserve before any dividend is declared. For this purpose any Special Reserve created by GRUH under section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. GRUH has transferred an amount of ₹ 69.85 crores (Previous Year ₹ 56.87 crores) to Special Reserve in terms of section 36(1)(viii) of the Income Tax Act, 1961. GRUH doesn't anticipate any withdrawal from Special Reserve in foreseeable future.

3.2 Vide circular NHB(ND)/DRS/Policy Circular 65/2014-15 dated August 22, 2014, the National Housing Bank ("NHB") has directed Housing Finance Companies (HFCs) to provide for a deferred tax liability in respect of amount transferred to "Special Reserve" created under section 36(1)(viii) of the Income Tax Act, 1961. As per the circular, NHB has advised HFCs to create deferred tax liability in respect of accumulated balance of Special Reserve as on April 1, 2014 from the reserves over a period of 3 years starting with financial year 2014-15, in a phased manner in the ratio of 25:25:50. Accordingly, GRUH has created second phase of 25% of deferred tax liability of ₹ 19.89 crores (₹ 19.20 crores related to first phase created during Previous Year) on accumulated Special Reserve as on April 1, 2014 out of General Reserve.

Also, GRUH has charged its Statement of Profit and Loss by ₹ 24.17 crores (Previous Year ₹ 19.33 crores) for the year ended March 31, 2016 with the deferred tax liability on additional amount appropriated towards Special Reserve out of profits.

3.3 During the year, an amount of ₹ Nil (Previous Year ₹ 36.03 crores) was utilised out of the Securities Premium Account in accordance with section 52 of the Companies Act, 2013 for the issue of fully paid-up bonus shares to the equity shareholders of GRUH.

3.4 The Central Government in consultation with National Advisory Committee on Accounting Standards has amended Companies (Accounting Standards) Rules, 2006 ('principal rules'), vide notification issued by Ministry of Corporate Affairs dated March 30, 2016. The Companies (Accounting Standards) Rules, 2016 is effective March 30, 2016. According to the amended rules, the proposed dividend and tax thereon will not be recorded as a liability as at March 31, 2016. (Refer Para 8.5 of AS - 4 Contingencies and Events occurring after Balance Sheet date). GRUH believes, that the Rule 3 (2) of the principal rules has not been withdrawn or replaced and accordingly, the Companies (Accounting Standards) Rule, 2016 will apply for the accounting periods commencing on or after March 30, 2016. Therefore, GRUH has recorded liability for proposed dividends (including corporate dividend tax) as at March 31, 2016.

3.5 In respect of equity shares issued pursuant to Employee Stock Option Scheme, GRUH has paid dividend (including tax on dividend) of ₹ 0.02 crore for the year 2014-15 (Previous Year ₹ Nil) as approved by the shareholders at the Annual General Meeting.

3.6 In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014 following information on Reserve Fund under section 29C of the National Housing Bank Act, 1987 is provided :

(₹ in crores)

| | Particulars | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|---|
| | **Balance at the beginning of the year** | | |
| (a) | Statutory Reserve u/s 29C of the NHB Act, 1987 | 27.74 | 27.74 |
| (b) | Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987 | 286.08 | 229.21 |
| | | 313.82 | 256.95 |
| | **Addition / Appropriation / Withdrawal during the year** | | |
| | Add : | | |
| (a) | Amount transferred u/s 29C of the NHB Act, 1987 | 0.00 | 0.00 |
| (b) | Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987 | 69.85 | 56.87 |
| | Less : | | |
| (a) | Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987 | 0.00 | 0.00 |
| (b) | Amount withdrawn from the Special Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987 | 0.00 | 0.00 |
| | | 383.67 | 313.82 |
| | **Balance at the end of the year** | | |
| (a) | Statutory Reserve u/s 29C of the NHB Act, 1987 | 27.74 | 27.74 |
| (b) | Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987 | 355.93 | 286.08 |
| | | 383.67 | 313.82 |

## 4 LONG-TERM BORROWINGS (Note 31.1)

(₹ in crores)

| | Non-Current Portion | | Current Maturities | |
|---|---|---|---|---|
| | As At March 31, 2016 | As At March 31, 2015 | As At March 31, 2016 | As At March 31, 2015 |
| **Secured Borrowings** | | | | |
| Term Loans | | | | |
| National Housing Bank | 3,275.82 | 2,378.62 | 683.12 | 398.55 |
| Banks | 3,894.75 | 2,525.00 | 36.25 | 0.00 |
| Redeemable Non-Convertible Debentures | 447.00 | 650.00 | 400.00 | 0.00 |
| From Holding Company | | | | |
| HDFC LOC KfW | 8.88 | 10.19 | 1.28 | 1.12 |
| | 7,626.45 | 5,563.81 | 1,120.65 | 399.67 |
| **Unsecured Borrowings** | | | | |
| Redeemable Non-Convertible Subordinated Debentures | | | | |
| From Related Party | 12.00 | 12.00 | 0.00 | 0.00 |
| From Others | 23.00 | 23.00 | 0.00 | 0.00 |
| Public Deposits | | | | |
| From Related Party | 0.05 | 0.05 | 0.00 | 0.00 |
| From Others | 966.66 | 1,025.28 | 465.74 | 210.20 |
| | 1,001.71 | 1,060.33 | 465.74 | 210.20 |
| Amount disclosed under the head "Other Current Liabilities" (Note 9) | 0.00 | 0.00 | (1,586.39) | (609.87) |
| | 8,628.16 | 6,624.14 | 0.00 | 0.00 |

### 4.1 Refinance from National Housing Bank (NHB) and Term Loans from Banks :

#### (a) Nature of Security

Refinance from National Housing Bank (NHB) and Term Loans from Banks are secured against negative lien on all the assets of GRUH excluding :

(i) The specific immovable property mortgaged in favour of Debenture Trustees against the Secured Redeemable Non-Convertible Debentures;

(ii) The Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against the Public Deposits; and

(iii) Dwelling units financed under line of credit of KfW through HDFC .

#### (b) Maturity Profile of Term Loans from National Housing Bank :

Previous Year figures are in (bracket)

(₹ in crores)

| Maturities | ≤ 1 year | 1 - 3 years | 3 - 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Rate of interest | | | | | |
| 5.50% - 8.00% | 139.33 (125.22) | 203.59 (173.21) | 120.57 (76.70) | 216.82 (56.02) | 680.31 (431.15) |
| 8.01% - 9.00% | 425.27 (28.27) | 487.03 (55.14) | 347.21 (53.05) | 1,052.32 (158.15) | 2,311.83 (294.61) |
| 9.01% - 10.00% | 118.52 (245.06) | 222.52 (453.09) | 178.96 (378.96) | 446.80 (974.30) | 966.80 (2,051.41) |

(c) Maturity Profile of Term Loans from Banks :

Previous Year figures are in (bracket)

(₹ in crores)

| Maturities | ≤ 1 year | 1 - 3 years | 3 - 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Rate of interest | | | | | |
| 9.00% - 10.00% | 36.25 | 415.00 | 415.00 | 3,064.75 | 3,931.00 |
| | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| 10.01% - 11.50% | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | (0.00) | (490.00) | (490.00) | (1,545.00) | (2,525.00) |

4.2 Redeemable Non-Convertible Debentures :

(a) Nature of Security

Redeemable Non-Convertible Debentures are secured by the mortgage of specific immovable property created in favour of Debenture Trustees and by a negative lien on all the assets of GRUH excluding (i) the Statutory Liquid Assets having floating charge in favour of the Public Deposit Trustees against the Public Deposits and (ii) Dwelling units financed under the line of credit of KfW through HDFC .

(b) Maturity Profile

Previous Year figures are in (bracket)

(₹ in crores)

| Maturities | ≤ 1 year | 1 - 3 years | 3 - 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Rate of interest | | | | | |
| 8.30% - 9.00% | 400.00 | 47.00 | 0.00 | 0.00 | 447.00 |
| | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) |
| 9.01% - 10.00% | 0.00 | 400.00 | 0.00 | 0.00 | 400.00 |
| | (0.00) | (350.00) | (300.00) | (0.00) | (650.00) |

4.3 Term Loan under Line of Credit from Kreditanstalt fur Wiederaufbau (KfW) through HDFC :

(a) Nature of Security

Loan from HDFC is secured by negative lien on dwelling units financed under line of credit of KfW.

(b) Maturity Profile

Previous Year figures are in (bracket)

(₹ in crores)

| Maturities | ≤ 1 year | 1 - 3 years | 3 - 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Rate of interest | | | | | |
| 9.30% - 9.75% | 1.28 | 2.95 | 3.55 | 2.38 | 10.16 |
| | (1.12) | (2.60) | (3.15) | (4.44) | (11.31) |

4.4 Unsecured Non-Convertible Subordinated Debentures :

Redeemable Non-Convertible Subordinated Debentures, for value aggregating to ₹ 35 crores are subordinated debt to present and future senior indebtedness of GRUH and qualify as Tier II Capital under National Housing Bank's (NHB's) guidelines for assessing capital adequacy. These NCDs are redeemable at par on March 22, 2023 (₹ 10 crores) and on March 25, 2023 (₹ 25 crores).

4.5 Public Deposits :

Public deposits as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of section 29B of the National Housing Bank Act, 1987.

## 5 OTHER LONG-TERM LIABILITIES

(₹ in crores)

| | Non-Current Portion | | Current Portion | |
|---|---|---|---|---|
| | As At March 31, 2016 | As At March 31, 2015 | As At March 31, 2016 | As At March 31, 2015 |
| Security Deposits | 0.39 | 0.48 | 0.00 | 0.00 |
| Interest Accrued but not Due on Borrowings | 69.25 | 35.46 | 20.29 | 15.97 |
| | 69.64 | 35.94 | 20.29 | 15.97 |
| Amount disclosed under the head "Other Current Liabilities" (Note 9) | 0.00 | 0.00 | (20.29) | (15.97) |
| | 69.64 | 35.94 | 0.00 | 0.00 |

## 6 PROVISIONS

(₹ in crores)

| | Long-Term | | Short-Term | |
|---|---|---|---|---|
| | As At March 31, 2016 | As At March 31, 2015 | As At March 31, 2016 | As At March 31, 2015 |
| Provision for Retirement Benefits | 2.59 | 2.26 | 2.58 | 1.66 |
| Provision for Standard Assets as per NHB norms | 51.44 | 39.11 | 0.00 | 0.00 |
| Provision for NPAs as per NHB norms | 8.54 | 8.47 | 0.00 | 0.00 |
| Provision for Contingencies | 16.63 | 16.59 | 0.00 | 0.00 |
| Proposed Dividend | 0.00 | 0.00 | 83.65 | 72.68 |
| Tax on Proposed Dividend | 0.00 | 0.00 | 17.03 | 14.80 |
| | 79.20 | 66.43 | 103.26 | 89.14 |

### 6.1 The movement in provision for NPAs, Standard Assets and Contingencies during the year is as under :

(₹ in crores)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Opening Balance | 64.17 | 50.46 |
| Provided during the year | 12.44 | 13.71 |
| Addition during the year | 0.00 | 0.00 |
| Closing Balance | 76.61 | 64.17 |

## 7 SHORT-TERM BORROWINGS (Note 31.1)

(₹ in crores)

| | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|
| Secured Borrowings | | |
| Banks | 0.00 | 175.00 |
| Unsecured Borrowings | | |
| Commercial Papers | 0.00 | 750.00 |
| Public Deposits (Note 4.5) | 23.89 | 48.18 |
| | 23.89 | 973.18 |

## 8 TRADE PAYABLES

Trade Payables ₹ 1.18 crore (Previous Year ₹ 0.92 crore) include ₹ Nil (Previous Year ₹ Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / payable by GRUH during the year to the "Suppliers" covered under the Micro, Small and Medium Enterprise Development Act, 2006.

## 9 OTHER CURRENT LIABILITIES

(₹ in crores)

| | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|
| Current Maturities of Long-Term Borrowings (Note 4 & 31.1) | 1,586.39 | 609.87 |
| Current Portion of Other Long-Term Liabilities (Note 5) | 20.29 | 15.97 |
| Installments Received in Advance | 9.86 | 7.55 |
| Unclaimed Matured Deposits and Interest accrued thereon (Note 31.1) | 5.96 | 8.40 |
| Unpaid Dividends | 1.33 | 1.05 |
| Book Overdraft | 5.18 | 8.26 |
| Statutory Remittances | 6.61 | 4.75 |
| Other Liabilities | 7.80 | 4.91 |
| | 1,643.42 | 660.76 |

9.1 There are no amounts due for payment to the Investor Eduction and Protection Fund under section 205C of the Companies Act, 1956 (1 of 1956) as at the year end in respect of Unclaimed Matured Deposits and Unpaid Dividends.

## 10 TANGIBLE ASSETS

Previous Year figures are in (bracket)

(₹ in crores)

| Particulars | Gross Block (At Cost) | | | | Depreciation | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As At 1.4.2015 | Additions | Disposals | As At 31.3.2016 | As At 1.4.2015 | Other Adjustment/ Deductions | Additions | Deductions | As At 31.3.2016 | As At 31.3.2016 | As At 31.3.2015 |
| Own Assets | | | | | | | | | | | |
| Freehold Land | 0.97 | 0.00 | 0.00 | 0.97 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.97 | 0.97 |
| | (0.97) | (0.00) | (0.00) | (0.97) | (0.00) | (0.00) | (0.00) | (0.00) | (0.00) | (0.97) | (0.97) |
| Office Building | 4.86 | 0.00 | 0.00 | 4.86 | 1.40 | 0.00 | 0.08 | 0.00 | 1.48 | 3.38 | 3.46 |
| | (4.85) | (0.01) | (0.00) | (4.86) | (1.32) | (0.00) | (0.08) | (0.00) | (1.40) | (3.46) | (3.53) |
| Furniture and Fixtures | 8.84 | 1.48 | 0.01 | 10.31 | 5.11 | 0.00 | 0.70 | 0.02 | 5.79 | 4.52 | 3.73 |
| | (7.77) | (1.17) | (0.10) | (8.84) | (5.40) | (0.84) | (0.63) | (0.08) | (5.11) | (3.73) | (2.37) |
| Office Equipments | 4.54 | 0.76 | 0.07 | 5.23 | 2.28 | 0.00 | 1.01 | 0.05 | 3.24 | 1.99 | 2.26 |
| | (3.92) | (0.83) | (0.21) | (4.54) | (1.53) | (0.68) | (1.61) | (0.18) | (2.28) | (2.26) | (2.39) |
| Electrical Installation | 1.45 | 0.15 | 0.00 | 1.60 | 0.43 | 0.00 | 0.18 | 0.00 | 0.61 | 0.99 | 1.02 |
| | (1.25) | (0.20) | (0.00) | (1.45) | (0.87) | (0.59) | (0.15) | (0.00) | (0.43) | (1.02) | (0.38) |
| Computers | 7.41 | 1.31 | 0.02 | 8.70 | 6.24 | 0.00 | 0.75 | 0.02 | 6.97 | 1.73 | 1.17 |
| | (6.76) | (0.77) | (0.12) | (7.41) | (5.45) | (0.71) | (1.61) | (0.11) | (6.24) | (1.17) | (1.31) |
| Vehicles | 0.23 | 0.28 | 0.23 | 0.28 | 0.11 | 0.00 | 0.04 | 0.12 | 0.03 | 0.25 | 0.12 |
| | (0.23) | (0.00) | (0.00) | (0.23) | (0.15) | (0.07) | (0.03) | (0.00) | (0.11) | (0.12) | (0.08) |
| | 28.30 | 3.98 | 0.33 | 31.95 | 15.57 | 0.00 | 2.76 | 0.21 | 18.12 | 13.83 | 12.73 |
| Previous Year | (25.75) | (2.98) | (0.43) | (28.30) | (14.72) | (2.89) | (4.11) | (0.37) | (15.57) | (12.73) | (11.03) |

## 11 INTANGIBLE ASSETS

Previous Year figures are in (bracket)

(₹ in crores)

| Particulars | Gross Block (At Cost) | | | | Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As At 1.4.2015 | Additions | Disposals | As At 31.3.2016 | As At 1.4.2015 | Additions | Deductions | As At 31.3.2016 | As At 31.3.2016 | As At 31.3.2015 |
| Own Assets | | | | | | | | | | |
| Application Software | 1.44 | 0.00 | 0.00 | 1.44 | 0.44 | 0.27 | 0.00 | 0.71 | 0.73 | 1.00 |
| | (0.37) | (1.07) | 0.00 | (1.44) | (0.37) | (0.07) | 0.00 | (0.44) | (1.00) | 0.00 |
| | 1.44 | 0.00 | 0.00 | 1.44 | 0.44 | 0.27 | 0.00 | 0.71 | 0.73 | 1.00 |
| Previous Year | (0.37) | (1.07) | 0.00 | (1.44) | (0.37) | (0.07) | 0.00 | (0.44) | (1.00) | 0.00 |

## 12 INVESTMENTS

(₹ in crores)

| Long-Term Government Securities (At Cost) | | Non-Current | | Current | |
|---|---|---|---|---|---|
| | | As At March 31, 2016 | As At March 31, 2015 | As At March 31, 2016 | As At March 31, 2015 |
| 12.60 % | Government of India Loan 2018 (₹ 0.94 crore purchased during the year) | 9.76 | 8.82 | 0.00 | 0.00 |
| 12.30 % | Government of India Loan 2016 (₹ 69.89 crores purchased during the year) | 0.00 | 27.90 | 97.79 | 0.00 |
| 11.60 % | Government of India Loan 2020 (₹ 0.70 crore purchased during the year) | 1.84 | 1.14 | 0.00 | 0.00 |
| 10.71 % | Government of India Loan 2016 (₹ 2.41 crores purchased during the year) | 0.00 | 9.77 | 12.18 | 0.00 |
| 10.70 % | Government of India Loan 2020 (Purchased during the year) | 3.75 | 0.00 | 0.00 | 0.00 |
| 10.25 % | Government of India Loan 2021 (Purchased during the year) | 15.50 | 0.00 | 0.00 | 0.00 |
| 9.94 % | West Bengal State Development Loan 2023 (Purchased during the year) | 0.54 | 0.00 | 0.00 | 0.00 |
| 9.79 % | Maharashtra State Development Loan 2023 (Purchased during the year) | 0.38 | 0.00 | 0.00 | 0.00 |
| 9.71 % | Andhra Pradesh State Development Loan 2024 (Purchased during the year) | 2.19 | 0.00 | 0.00 | 0.00 |
| 8.07 % | Government of India Loan 2017 | 0.00 | 5.68 | 5.68 | 0.00 |
| 11.50 % | Government of India Loan 2015 (Matured during the year) | 0.00 | 0.00 | 0.00 | 20.14 |
| 11.43 % | Government of India Loan 2015 (Matured during the year) | 0.00 | 0.00 | 0.00 | 9.72 |
| 10.79 % | Government of India Loan 2015 (Matured during the year) | 0.00 | 0.00 | 0.00 | 0.74 |
| | | 33.96 | 53.31 | 115.65 | 30.60 |
| Less : | Provision for Loss to arise on redemption of Investments | 1.01 | 2.81 | 5.68 | 1.28 |
| | | 32.95 | 50.50 | 109.97 | 29.32 |
| Aggregate of Quoted Investments | | | | | |
| Book Value | | 33.96 | 53.31 | 115.65 | 30.60 |
| Market Value | | 33.96 | 53.31 | 115.65 | 30.60 |

12.1 The above Investments are made as Statutory Liquid Assets in accordance with the norms prescribed by the National Housing Bank.

12.2 In case of quoted investments, where quotes are not available, book value has been considered as market value.

## 13 DEFERRED TAX LIABILITY / (ASSET)

In accordance with Accounting Standard on 'Accounting for Taxes on Income' (AS 22), GRUH is accounting for Deferred Tax.

The Break up of Deferred Tax Liability / (Asset) is as follows : (₹ in crores)

| Particulars | | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|---|
| (a) Deferred Tax Asset | | | |
| Provision for NPAs, Standard Assets and Contingencies | 26.51 | | 21.81 |
| Others | 1.54 | | 1.45 |
| | | 28.05 | 23.26 |
| (b) Deferred Tax Liability | | | |
| Statutory Reserve (As per section 29C of the NHB Act, 1987 and section 36(1)(viii) of Income Tax Act, 1961) | 82.95 | | 38.53 |
| Depreciation | 0.78 | | 0.83 |
| Others | 2.87 | | 2.68 |
| | | 86.60 | 42.04 |
| Net Deferred Tax Liability | | 58.55 | 18.78 |

## 14 LONG-TERM LOANS AND ADVANCES

### 14.1 Loans (Note 31.2)

(₹ in crores)

| | Non-Current Portion | | Current Maturities | |
|---|---|---|---|---|
| | As At March 31, 2016 | As At March 31, 2015 | As At March 31, 2016 | As At March 31, 2015 |
| Home Loans | | | | |
| Individuals | 9,811.38 | 7,853.00 | 442.13 | 380.76 |
| Others | 206.69 | 166.62 | 136.85 | 115.84 |
| | 10,018.07 | 8,019.62 | 578.98 | 496.60 |
| Other Loans | | | | |
| Individuals | 409.23 | 357.91 | 17.87 | 14.06 |
| Others | 70.03 | 13.40 | 20.37 | 24.89 |
| | 479.26 | 371.31 | 38.24 | 38.95 |
| Amount disclosed under the head "Other Current Assets" (Note 17.1) | 0.00 | 0.00 | (617.22) | (535.55) |
| | 10,497.33 | 8,390.93 | 0.00 | 0.00 |

14.2 Loans granted by GRUH are secured or partly secured by :

a) Equitable mortgage of property and / or
b) Pledge of shares, Units, Other Securities, assignments of Life Insurance policies and / or
c) Hypothecation of assets and / or
d) Bank guarantees, Company guarantees or Personal guarantees and / or
e) Undertaking to create a security.

14.3 Loans includes ₹ 13.55 crores (Previous Year ₹ 11.13 crores) in respect of properties held for disposal under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.

14.4 Loans includes ₹ 0.44 crore (Previous Year ₹ 0.47 crore) given to the related parties of GRUH under the Staff Loan Scheme.

14.5 GRUH has complied with the norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognising Non-Performing Assets (NPAs) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of 90 days overdue. NPAs are to be treated as Bad & Doubtful, if they remain outstanding for more than 15 months. GRUH has made adequate provisions on Non-Performing Assets and Standard Assets in respect of Housing and Non-Housing Loans as prescribed under Housing Finance Companies (NHB) Directions, 2010.

Classification of Loan Assets is given below :

(₹ in crores)

| Particulars | Standard | Sub – Standard | Bad & Doubtful | Total |
|---|---|---|---|---|
| As At March 31, 2016 | | | | |
| Home Loans | | | | |
| Individuals | 10,220.53 | 17.21 | 15.77 | 10,253.51 |
| Others | 343.54 | 0.00 | 0.00 | 343.54 |
| Other Loans | | | | |
| Individuals | 424.53 | 1.18 | 1.39 | 427.10 |
| Others | 90.40 | 0.00 | 0.00 | 90.40 |
| Total | 11,079.00 | 18.39 | 17.16 | 11,114.55 |
| Percentage to Total Loans (%) | 99.68 | 0.17 | 0.15 | 100.00 |

| Particulars | Standard | Sub – Standard | Bad & Doubtful | Total |
|---|---|---|---|---|
| As At March 31, 2015 | | | | |
| Home Loans | | | | |
| Individuals | 8,210.90 | 11.57 | 11.29 | 8,233.76 |
| Others | 282.46 | 0.00 | 0.00 | 282.46 |
| Other Loans | | | | |
| Individuals | 369.78 | 0.83 | 1.36 | 371.97 |
| Others | 38.29 | 0.00 | 0.00 | 38.29 |
| Total | 8,901.43 | 12.40 | 12.65 | 8,926.48 |
| Percentage to Total Loans (%) | 99.72 | 0.14 | 0.14 | 100.00 |

14.6 The total provision carried by GRUH in terms of paragraph 29(2) of the Housing Finance Companies (NHB) Directions, 2010 and the National Housing Bank (NHB) circular no. NHB(ND)/DRS/Pol-No. 09/2004-05 dated May 18, 2005 in respect of Housing and Non-Housing Loans is as follows :

(₹ in crores)

| Particulars | Current Year | | | Previous Year | | |
|---|---|---|---|---|---|---|
| | Standard Assets | Sub-Standard Assets | Doubtful Assets | Standard Assets | Sub-Standard Assets | Doubtful Assets |
| Housing | 46.25 | 2.58 | 5.01 | 35.01 | 1.74 | 5.84 |
| Non-Housing | 5.19 | 0.18 | 0.77 | 4.10 | 0.12 | 0.77 |

### 14.7 Others

(Unsecured and Considered good)

(₹ in crores)

| Particulars | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|
| Rent Deposits | 1.68 | 1.42 |
| Other Deposits : | | |
| To Related Party | 0.05 | 0.05 |
| To Others | 1.33 | 1.10 |
| Advance Income Tax [Net of Provision for Taxation of ₹ 470.93 crores (Previous Year ₹ 372.79 crores)] | 29.77 | 10.24 |
| Advance recoverable in cash or in kind or for value to be received | 6.56 | 6.88 |
| Capital Advances | 0.87 | 0.31 |
| | 40.26 | 20.00 |

## 15 CASH AND BANK BALANCES

(₹ in crores)

| | Non-Current | | Current | |
|---|---|---|---|---|
| | As At March 31, 2016 | As At March 31, 2015 | As At March 31, 2016 | As At March 31, 2015 |
| **15.1 Cash & Cash Equivalents** | | | | |
| (a) Balances with Banks : | | | | |
| In Current Accounts | 0.00 | 0.00 | 21.00 | 4.43 |
| In Fixed Deposits with original maturity upto three months | 0.00 | 0.00 | 0.00 | 1.50 |
| In Unpaid Dividend Accounts | 0.00 | 0.00 | 1.33 | 1.05 |
| (b) Cheques on Hand | 0.00 | 0.00 | 5.06 | 1.27 |
| (c) Cash on Hand | 0.00 | 0.00 | 0.06 | 0.05 |
| | 0.00 | 0.00 | 27.45 | 8.30 |
| **15.2 Other Bank Balances** | | | | |
| Fixed Deposits with original maturity of more than three months up to twelve months | 0.00 | 0.00 | 0.99 | 0.77 |
| Fixed Deposits with original maturity of more than twelve months | 28.09 | 21.20 | 29.12 | 65.00 |
| | 28.09 | 21.20 | 30.11 | 65.77 |
| Amount disclosed under the head "Other Non-Current Assets" (Note 17.2) | (28.09) | (21.20) | 0.00 | 0.00 |
| | 0.00 | 0.00 | 57.56 | 74.07 |

## 16 SHORT-TERM LOANS AND ADVANCES

(Unsecured and Considered good unless otherwise stated)

(₹ in crores)

| | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|
| Installments due from Borrowers (Secured) | 29.08 | 22.49 |
| Loan Against Deposit (Secured) | 2.53 | 1.14 |
| Advance recoverable in cash or kind or for value to be received | 5.72 | 15.43 |
| | 37.33 | 39.06 |

16.1 Installments due from borrowers includes ₹ 12.32 crores (Previous Year ₹ 9.00 crores) which are accrued but not due.

## 17 OTHER ASSETS

(₹ in crores)

| | Non-Current | | Current | |
|---|---|---|---|---|
| | As At March 31, 2016 | As At March 31, 2015 | As At March 31, 2016 | As At March 31, 2015 |
| 17.1 Loans | | | | |
| Current Maturities of Loans (Note 14.1) | 0.00 | 0.00 | 617.22 | 535.55 |
| | 0.00 | 0.00 | 617.22 | 535.55 |
| 17.2 Others | | | | |
| Non-Current Bank Balances (Note 15.2) | 28.09 | 21.20 | 0.00 | 0.00 |
| Interest Accrued on Investments | 0.00 | 0.00 | 4.52 | 2.63 |
| Interest Accrued on Bank Deposits | 0.00 | 0.00 | 2.81 | 3.79 |
| | 28.09 | 21.20 | 7.33 | 6.42 |

(₹ in crores)

## 18 REVENUE FROM OPERATIONS

| | Current Year | Previous Year |
|---|---|---|
| Interest Income | | |
| Interest on Loans | 1,207.52 | 1,007.00 |
| Other Interest | 20.32 | 14.06 |
| Fees and Other Charges | 41.05 | 33.10 |
| Bad Debts Recovered | 0.18 | 0.37 |
| Surplus from deployment in Cash Management Schemes of Mutual Funds | 0.74 | 0.34 |
| Other Operating Income | 5.59 | 5.45 |
| | 1,275.40 | 1,060.32 |

18.1 Other Interest includes Interest on Long-Term SLR Investments ₹ 13.71 crores (Previous Year ₹ 7.55 crores), Interest on Bank Deposits amounting to ₹ 5.90 crores (Previous Year ₹ 6.51 crores) and Interest on Income Tax Refund ₹ 0.71 crore (Previous Year ₹ Nil).

18.2 Fees and Other Charges is net of Loan Referral Charges of ₹ 12.11 crores (Previous Year ₹ 8.10 crores).

18.3 Surplus from deployment in Cash Management Schemes of Mutual Funds amounting to ₹ 0.74 crore (Previous Year ₹ 0.34 crore) is in respect of Investments held as Current Investments.

(₹ in crores)

| 19 FINANCE COST | Current Year | Previous Year |
|---|---|---|
| Interest On | | |
| Loans | 360.83 | 338.52 |
| Non-Convertible Debentures | 69.12 | 14.04 |
| Commercial Papers | 233.81 | 197.60 |
| Public Deposits | 132.31 | 117.93 |
| Other Charges | | |
| Brokerage on Deposits | 4.15 | 3.40 |
| Bank Charges | 0.64 | 0.49 |
| Other Borrowing Cost | 6.55 | 5.75 |
| | 807.41 | 677.73 |

(₹ in crores)

| 20 EMPLOYEE BENEFIT EXPENSES (Note 26) | Current Year | Previous Year |
|---|---|---|
| Salaries and Bonus | 38.36 | 31.87 |
| Contribution to Provident Fund and other funds | 3.02 | 2.07 |
| Staff Welfare Expenses | 1.19 | 1.03 |
| Staff Training Expenses | 0.23 | 0.22 |
| | 42.80 | 35.19 |

(₹ in crores)

| 21 ESTABLISHMENT EXPENSES | Current Year | Previous Year |
|---|---|---|
| Rent (Note 24) | 5.36 | 4.52 |
| Rates and Taxes | 0.25 | 0.23 |
| Electricity Charges | 1.13 | 0.91 |
| Repairs and Maintenance - Building | 0.02 | 0.01 |
| Office Maintenance | 2.79 | 2.23 |
| Insurance Charges | 0.14 | 0.12 |
| | 9.69 | 8.02 |

(₹ in crores)

| 22 OTHER EXPENSES | | Current Year | Previous Year |
|---|---|---|---|
| Travelling and Conveyance | | 1.80 | 1.57 |
| Printing and Stationery | | 1.82 | 1.48 |
| Postage, Telephone and Fax | | 1.45 | 1.18 |
| Data Centre and Data Communication Expenses | | 4.03 | 1.50 |
| Advertising and Business Promotion | | 3.90 | 3.12 |
| Legal and Professional Charges | | 7.53 | 6.39 |
| Repairs and Maintenance - Others | | 0.96 | 0.88 |
| Staff Recruitment Expenses | | 0.23 | 0.31 |
| Expenses for Recovery | | 1.02 | 0.58 |
| Directors' Fees and Commission | | 0.79 | 0.30 |
| Auditor's Remuneration : | | | |
| Audit Fees | 0.13 | | 0.13 |
| Tax Audit Fees | 0.04 | | 0.04 |
| Other Certification Work | 0.09 | | 0.10 |
| Reimbursement of Expenses | 0.03 | | 0.02 |
| | | 0.29 | 0.29 |
| Miscellaneous Expenses (Note 29 & 35) | | 5.02 | 1.93 |
| | | 28.84 | 19.53 |

(₹ in crores)

## 23 DEPRECIATION AND AMORTISATION EXPENSES

| | Current Year | Previous Year |
|---|---|---|
| Depreciation on Tangible Assets (Note 10) | 2.76 | 1.22 |
| Amortisation of Intangible Assets (Note 11) | 0.27 | 0.07 |
| | 3.03 | 1.29 |

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

GRUH has taken retail office premises under operating lease or leave and license agreements for a period ranging from 11 months to 180 months. These are generally cancellable and have no specific obligation for renewal. The total lease payments for current year amounts to ₹ 5.36 crores (Previous Year ₹ 4.52 crores) which is recognised in the Statement of Profit and Loss under 'Rent Expenses' under Note 21.

## 25 DISCLOSURE REQUIRED BY NATIONAL HOUSING BANK

The following additional disclosures have been given in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 issued by the National Housing Bank (NHB) :

### 25.1 Capital to Risk Assets Ratio (CRAR) :

| Items | Current Year | Previous Year |
|---|---|---|
| (a) CRAR (%) | 17.82 | 15.36 |
| (b) CRAR – Tier I Capital (%) | 16.13 | 13.89 |
| (c) CRAR – Tier II Capital (%) | 1.69 | 1.47 |

### 25.2 Exposure to Real Estate Sector :

| Items | Current Year | Previous Year |
|---|---|---|
| 1. Direct Exposure | | |
| (a) Residential Mortgages : Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented : (Individual housing loans up to ₹ 15 lacs shown separately) | i) Loans ≤ ₹ 15 Lacs : ₹ 8,265.32 crores<br>ii) Loans > ₹ 15 Lacs : ₹ 1,988.19 crores<br>iii) Total : ₹ 10,253.51 crores | i) Loans ≤ ₹ 15 Lacs : ₹ 6,750.99 crores<br>ii) Loans > ₹ 15 Lacs : ₹ 1,482.77 crores<br>iii) Total : ₹ 8,233.76 crores |
| (b) Commercial Real Estate : Lending secured by mortgages on commercial real estate. | ₹ 861.04 crores | ₹ 692.72 crores |
| (c) Investments in Mortgage Backed Securities (MBS) and other securitised exposures : (i) Residential (ii) Commercial Real Estate | Nil | Nil |
| 2. Indirect Exposure | | |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs) | Nil | Nil |

## 25.3 Asset Liability Management

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by the National Housing Bank (NHB).

Maturity pattern of certain items of Assets and Liabilities As At March 31, 2016 :

(₹ in crores)

| Maturity Buckets | Liabilities | | Assets | |
|---|---|---|---|---|
| | Borrowings from Banks | Market Borrowings | Advances | Investments |
| 1 day to 30 days (one month) | 0.00 | 21.84 | 51.92 | 11.81 |
| Over one month to 2 months | 0.00 | 371.01 | 52.19 | 0.00 |
| Over 2 months to 3 months | 170.78 | 51.17 | 52.41 | 0.00 |
| Over 3 months to 6 months | 170.78 | 50.86 | 158.65 | 93.11 |
| Over 6 months to 1 year | 377.81 | 401.99 | 302.05 | 5.05 |
| Over 1 year to 3 years | 1,328.14 | 1,245.05 | 1,227.05 | 9.12 |
| Over 3 years to 5 years | 1,061.75 | 156.20 | 1,189.80 | 5.48 |
| Over 5 years to 7 years | 651.82 | 52.07 | 1,229.28 | 15.27 |
| Over 7 years to 10 years | 657.61 | 4.27 | 1,933.50 | 3.08 |
| Over 10 years | 3,471.25 | 0.00 | 4,917.70 | 0.00 |
| | 7,889.94 | 2,354.46 | 11,114.55 | 142.92 |

Maturity pattern of certain items of Assets and Liabilities As At March 31, 2015 :

(₹ in crores)

| Maturity Buckets | Liabilities | | Assets | |
|---|---|---|---|---|
| | Borrowings from Banks | Market Borrowings | Advances | Investments |
| 1 day to 30 days (one month) | 0.00 | 38.14 | 41.95 | 0.00 |
| Over one month to 2 months | 0.00 | 399.94 | 42.12 | 0.00 |
| Over 2 months to 3 months | 99.64 | 415.79 | 48.24 | 20.04 |
| Over 3 months to 6 months | 99.64 | 38.71 | 146.70 | 9.28 |
| Over 6 months to 1 year | 374.27 | 125.32 | 256.54 | 0.00 |
| Over 1 year to 3 years | 1,171.43 | 1,191.13 | 1,016.45 | 40.92 |
| Over 3 years to 5 years | 998.71 | 475.42 | 966.68 | 8.45 |
| Over 5 years to 7 years | 664.96 | 16.52 | 879.16 | 1.13 |
| Over 7 years to 10 years | 412.89 | 37.45 | 1,373.62 | 0.00 |
| Over 10 years | 1,655.63 | 0.00 | 4,155.02 | 0.00 |
| | 5,477.17 | 2,738.42 | 8,926.48 | 79.82 |

26 In compliance with the Accounting Standard on 'Employee Benefits' (AS 15), following disclosures have been made :

26.1 Defined Contribution Plans

GRUH has recognised the following amounts in Statement of Profit and Loss which are included under Contribution to Provident Fund and Other Funds :

(₹ in crore)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Provident Fund | 0.69 | 0.68 |
| Superannuation Fund | 0.78 | 0.68 |

The Rules of GRUH's Provident Fund administered by a Trust require that if the Board of the Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by GRUH. Having regard to the assets of the fund and the return on the investments, GRUH does not expect any deficiency in the foreseeable future.

26.2 State Plans

GRUH has recognised expenses of ₹ 0.49 crore (Previous Year ₹ 0.40 crore) in Statement of Profit and Loss for Contribution to State Plan namely Employees' Pension Scheme.

26.3 Defined Benefit Plans

(a) Leave Encashment / Compensated Absences :

Salaries and Bonus includes ₹ 0.72 crore (Previous Year ₹ 0.41 crore) towards provision made as per actuarial valuation in respect of accumulated leave salary encashable on retirement.

(b) Contribution to Gratuity Fund :

The details of GRUH's post-retirement benefit plans for its employees are given below which is certified by the actuary and relied upon by the auditors :

(₹ in crores)

| Particulars | Current Year | Previous Year |
|---|---|---|
| Change in the Benefit Obligations | | |
| Liability at the beginning of the year | 6.22 | 5.75 |
| Current Service Cost | 0.36 | 0.40 |
| Interest Cost | 0.49 | 0.54 |
| Benefits Paid | (0.35) | (0.30) |
| Actuarial Loss/(Gain) | 0.75 | (0.17) |
| Liability at the end of the year | 7.47 | 6.22 |
| Fair Value of Plan Assets | | |
| Fair Value of Plan Assets at the beginning of the year | 6.09 | 5.17 |
| Expected Return on Plan Assets | 0.48 | 0.45 |
| Contributions | 0.12 | 0.76 |
| Benefits Paid | (0.35) | (0.30) |
| Actuarial (Loss)/Gain on Plan Assets | 0.06 | 0.01 |
| Fair Value of Plan Assets at the end of the year | 6.41 | 6.09 |
| Total Actuarial Loss/(Gain) to be recognised | 0.69 | (0.18) |
| Actual Return on Plan Assets | | |
| Expected Return on Plan Assets | 0.48 | 0.45 |
| Actuarial (Loss)/Gain on Plan Assets | 0.06 | 0.01 |
| Actuarial Return on Plan Assets | 0.54 | 0.46 |
| Amount Recognised in the Balance Sheet | | |
| Liability at the end of the year | 7.47 | 6.22 |
| Fair Value of Plan Assets at the end of the year | 6.41 | 6.09 |
| Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" | 1.06 | 0.13 |

| | | |
|---|---|---|
| **Expense Recognised in Statement of Profit and Loss** | | |
| Current Service Cost | 0.36 | 0.40 |
| Interest Cost | 0.49 | 0.54 |
| Expected Return on Plan Assets | (0.48) | (0.45) |
| Net Actuarial Loss/(Gain) to be recognized | 0.69 | (0.18) |
| Expense recognised in Statement of Profit and Loss under "Employee Benefit Expenses" | 1.06 | 0.31 |
| **Reconciliation of the Liability Recognised in the Balance Sheet** | | |
| Opening Net Liability | 0.12 | 0.58 |
| Expense Recognised | 1.06 | 0.31 |
| Contribution by GRUH | (0.12) | (0.76) |
| Amount recognised in the Balance Sheet under "Provision for Retirement Benefits" | 1.06 | 0.13 |

**Investment Pattern in (%) :**

| Particulars | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|
| Central Government Securities | 41.15 | 36.72 |
| State Government Securities / Securities guaranteed by State / Central Government | 13.10 | 14.50 |
| Public Sector / Financial Institutional Bonds | 25.70 | 35.94 |
| Private Sector Bonds | 9.37 | 4.90 |
| Special Deposit Scheme | 0.18 | 0.20 |
| Investment in Insurance Company | 7.02 | 7.38 |
| Equity Fund | 1.95 | 0.00 |
| Others (including bank balances) | 1.53 | 0.36 |
| | 100.00 | 100.00 |

Based on the above allocation and the prevailing yields on these assets, the long term estimate of the expected rate of return on fund assets has been arrived at.

Principal actuarial assumptions at the Balance Sheet Date (expressed as weighted averages) :

| Particulars | March 31, 2016 | March 31, 2015 |
|---|---|---|
| Discount Rate (%) | 8.07 | 7.94 |
| Expected Return on Plan Assets (%) | 8.07 | 7.94 |
| Attrition Rate (%) | 2.00 | 2.00 |
| Annual increase in Salary Cost (%) | 3.00 | 3.00 |

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amount for the current and previous periods are as follows :

(₹ in crores)

| Particulars | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|---|---|---|---|---|---|
| Present value of Defined Benefit Obligation | 7.47 | 6.22 | 5.75 | 5.03 | 3.78 |
| Fair Value of Plan Assets | 6.41 | 6.09 | 5.17 | 4.01 | 2.92 |
| Surplus/(Deficit) in the Plan | (1.06) | (0.13) | (0.58) | (1.02) | (0.86) |
| Experience adjustments on plan Liabilities (loss)/Gain | (0.79) | (0.45) | (0.47) | (0.39) | (0.69) |
| Experience adjustments on plan assets (loss)/Gain | 0.06 | 0.01 | (0.05) | 0.00 | (0.02) |

27 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹ 0.68 crore (Previous Year ₹ 0.03 crore).

28 Contingent liability in respect of Income-tax and Interest-tax demands, amounts to ₹ 22.95 crores (Previous Year ₹ 17.77 crores) disputed by GRUH and matters in dispute are under appeal. GRUH expects to succeed in these matters before appellate authority and hence no additional provision is considered necessary. Against the said demand, ₹ 18.89 crores (Previous Year ₹ 15.58 crores) has been paid / adjusted and will be received as refund if the matters are decided in favour of GRUH.

29 Disclosure on Corporate Social Responsibility (CSR) activities u/s 135 of the Companies Act, 2013 is as under :

(a) Gross amount required to be spent by GRUH during the year : ₹ 4.94 crores (Previous Year ₹ 4.02 crores)

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

(₹ in crores)

| Sr. No. | Particulars | Current Year | | | Previous Year | | |
|---|---|---|---|---|---|---|---|
| | | In Cash (Charged to P & L) | Yet to be paid in Cash | Total | In Cash (Appropriated from P & L) | Yet to be paid in Cash | Total |
| (i) | Construction / acquisition of any asset | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| (ii) | On purposes other than (i) above : | | | | | | |
| | a) Contribution to various Trusts / NGOs / Societies / Agencies and utilisation thereon | 2.15 | 0.00 | 2.15 | 1.84 | 0.00 | 1.84 |
| | b) Expenditure on Administrative Overheads for CSR | 0.11 | 0.00 | 0.11 | 0.09 | 0.00 | 0.09 |
| | | 2.26 | 0.00 | 2.26 | 1.93 | 0.00 | 1.93 |

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

## 31 CATEGORY-WISE SUMMARY OF BORROWINGS & LOANS

(₹ in crores)

| | | As At March 31, 2016 | As At March 31, 2015 |
|---|---|---|---|
| 31.1 | Borrowings | | |
| | Bonds and Debentures | 882.00 | 685.00 |
| | Term Loans | | |
| | Banks | 7,889.94 | 5,477.17 |
| | HDFC LOC KfW | 10.16 | 11.31 |
| | Commercial Papers | 0.00 | 750.00 |
| | Public Deposits | 1,462.30 | 1,292.11 |
| | | 10,244.40 | 8,215.59 |
| 31.2 | Loans | | |
| | Individual Home Loans | 10,253.51 | 8,233.76 |
| | Individual NRP Loans | 427.10 | 371.97 |
| | Developer Loans | 433.94 | 320.75 |
| | | 11,114.55 | 8,926.48 |

32 As per the Accounting Standard on 'Related Party Disclosures' (AS 18), the related parties of GRUH with whom GRUH had carried out transactions are as follows. These transactions were carried out in ordinary course of business and were at arm's length price.

(a) Holding Company

Housing Development Finance Corporation Limited (HDFC)

(b) Fellow Subsidiary Companies

(i) HDFC Standard Life Insurance Co. Limited
(ii) HDFC ERGO General Insurance Co. Limited

(c) Key Management Personnel

(i) Mr. Sudhin Choksey, Managing Director
(ii) Mr. Kamlesh Shah, Executive Director
(iii) Mr. Marcus Lobo, Company Secretary
(iv) Mr. Hitesh Agrawal, Chief Financial Officer

(d) Entity in which Key Management Personnel exercise significant influence

(i) GRUH Foundation

The nature and volume of transactions with the above related parties during the year were as follows :

(₹ in crores)

| Name of Entity | Nature of transaction | Transactions for the year ended March 31, 2016 | Receivable/ (Payable) as at March 31, 2016 | Transactions for the year ended March 31, 2015 | Receivable/ (Payable) as at March 31, 2015 |
|---|---|---|---|---|---|
| HDFC Limited | Dividend paid | 42.62 | Nil | 31.96 | Nil |
| | Repayment of borrowing | 1.15 | Nil | 1.02 | Nil |
| | Interest on borrowing | 1.03 | Nil | 1.16 | Nil |
| | Borrowing | Nil | (10.16) | Nil | (11.31) |
| HDFC Standard Life Insurance Co. Limited | Security Deposit | Nil | 0.05 | Nil | 0.05 |
| HDFC ERGO General Insurance Co. Limited | Insurance premium paid | 0.04 | Nil | 0.04 | Nil |
| | Interest on borrowing | 1.17 | (0.02) | 1.17 | (0.02) |
| | Borrowing | Nil | (12.00) | Nil | (12.00) |
| Key Management Personnel | Managerial remuneration | 4.72 | Nil | 3.92 | Nil |
| | Exercise of stock option | Nil | Nil | 1.32 | Nil |
| | Repayment of loan | 0.03 | Nil | 0.04 | Nil |
| | Interest income | 0.01 | Nil | 0.01 | Nil |
| | Loan | Nil | 0.44 | Nil | 0.47 |
| GRUH Foundation | Interest on Borrowing | 0.01 | Nil | 0.01 | Nil |
| | Public Deposit | Nil | (0.05) | Nil | (0.05) |

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

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

| | Particulars | 2015-16 | 2014-15 |
|---|---|---|---|
| (i) | Adjusted Net Profit attributable to Equity Share Holders (₹ in crores) | 243.58 | 201.87 |
| (ii) | Weighted Average number of shares for computation of Basic Earnings Per Share | 36,35,72,826 | 36,23,55,641 |
| (iii) | Nominal Value of Equity Share | 2 | 2 |
| (iv) | EPS - Basic | 6.699 | 5.571 |
| (v) | EPS - Diluted | 6.698 | 5.566 |

33.2 Adjusted Net Profit attributable to Equity Share Holders (₹ in crores)

| | Particulars | 2015-16 | 2014-15 |
|---|---|---|---|
| (i) | Net Profit as per Statement of Profit and Loss | 243.58 | 203.80 |
| (ii) | Less : Expenditure and utilisation towards CSR Activities | 0.00 | 1.93 |
| (iii) | Adjusted Net Profit attributable to Equity Share Holders | 243.58 | 201.87 |

33.3 The Basic Earnings Per Share have been computed by dividing the Profit After Tax by the weighted average number of equity shares for the respective periods. The weighted average number of shares have been derived as follows :

(a) For the year 2015-16 :

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

(b) For the year 2014-15 :

| | Particulars | No. of Shares | Days |
|---|---|---|---|
| (i) | Equity Shares of ₹ 2 each at the beginning of the year | 36,02,62,300 | 95 |
| (ii) | Allotment of Shares under ESOS 2011 Tranche I & II | 31,22,280 | 270 |
| (iii) | Weighted Average number of shares for computation of Basic Earnings Per Share | 36,23,55,641 | |

33.4 The Diluted Earnings Per Share have been computed by dividing the Profit After Tax by the weighted average number of equity shares, after giving dilute effect of outstanding Stock Options for the respective periods. The relevant details are as follows :

| | Particulars | 2015-16 | 2014-15 |
|---|---|---|---|
| (i) | Weighted Average number of shares for computation of Basic Earnings Per Share | 36,35,72,826 | 36,23,55,641 |
| (ii) | Dilute effect of outstanding Stock Options | 64,729 | 3,30,379 |
| (iii) | Weighted Average number of shares for computation of Diluted Earnings Per Share | 36,36,37,555 | 36,26,86,020 |

33.5 The number of equity shares considered for the year 2014-15 in the above computation includes 18,01,31,150 equity shares allotted as fully paid-up Bonus Shares during June' 2014.

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

| | Particulars | 2015-16 | 2014-15 |
|---|---|---|---|
| i) | Number of Non-resident Shareholder | 1 | 1 |
| ii) | Number of shares held of ₹ 2 each | 12,50,000 | 6,25,000 |
| iii) | Year to which dividend relates | 2014-15 | 2013-14 |
| iv) | Amount remitted (₹ in crore) | 0.25 | 0.19 |

35 National Housing Bank (NHB) vide its letter No.NHB(ND)/DRS/SUP/2294/2016 dated March 7, 2016 has imposed penalty of ₹ 36.64 lacs for non-compliance with the provisions under section 29B (1) & (2) of the NHB Act, 1987 regarding non-maintenance of requisite percentage of liquid assets during the period 01.04.2013 to 30.09.2014. While GRUH has paid the penalty as directed by NHB, GRUH has submitted its appeal to reconsider and review NHB's decision.

36 There are no indications which reflects that any of the assets of GRUH had got impaired from its potential use and therefore no impairment loss was required to be accounted in the current year as per Accounting Standard on 'Impairment of Assets' (AS 28).

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

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

# Memorable moments along the 30th milestone

A home loan is a signal of inclusion and empowerment. This is what we see in our experience of dealing with a whole constituency of GRUHinis and the Aam Aadmi. As we traverse the challenging path of measured and sustainable growth it is very motivating for our teams every time we receive a clutch of recognitions and accolades. They encourage us to continue to be a catalyst and help common people build a better world and a better life. For themselves and their families.



Chief Minister of Gujarat, Smt. Anandiben Patel confers the CNBC Bazaar Channel's Gujarat Ratna award to GRUH for Excellence in the Financial Sector.

Managing Director receiving the award on behalf of GRUH.





The coveted ICAI Award 2015 presented to our Managing Director for outstanding Individual contribution. (CA Business Leader – Financial Sector category)



NHB Recognized GRUH customers for the Interest subsidy claim under the Credit Linked Subsidy Scheme (CLSS) – A commendable initiative under the Pradhan Mantri Awas Yojana (PMAY).

Present on the occasion: Shri. Sadakant IAS, Principal Secretary, Government of Uttar Pradesh and Shri. Sriram Kalyanaraman, MD & CEO NHB.



GRUH was the leading lender under projects launched by the Gujarat Housing Board for the affordable segment under the Pradhan Mantri Awas Yojana (PMAY)




GRUH FINANCE LIMITED

*We help you build homes*

(A subsidiary of HDFC Ltd)

Registered Office: "GRUH", Netaji Marg, Near Mithakhali Six Roads,
Ellisbridge, Ahmedabad - 380 006.
CIN : L65923GJ1986PLC008809
Phone: 91-79-2642 1671 to 74, 3290 1222 / 23
www.gruh.com

**GRUH FINANCE LIMITED**
Regd. Office: "GRUH", Netaji Marg, Nr. Mithakhali Six Roads,
Ellisbridge, Ahmedabad 380 006 • Phone : 079 26421671-74
E-mail : investorcare@gruh.com
www.gruh.com • CIN : L65923GJ1986PLC008809

GRUH FINANCE LIMITED
*We help you build homes*

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE THIRTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF GRUH FINANCE LIMITED WILL BE HELD AT 10.30 A.M., ON WEDNESDAY, THE 22ND DAY OF JUNE, 2016 AT H.T. PAREKH CONVENTION CENTRE, AHMEDABAD MANAGEMENT ASSOCIATION (AMA), ATIRA CAMPUS, DR. VIKRAM SARABHAI MARG, AHMEDABAD 380 015 TO TRANSACT THE FOLLOWING BUSINESSES:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statement of the Company for the year ended March 31, 2016 and the Reports of the Board of Directors and the Auditors thereon.

2. To declare dividend on equity shares.

3. To appoint a Director in place of Mr. Keki M. Mistry, (DIN 00008886), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Ms. Renu S. Karnad, (DIN 00008064), liable to retire by rotation in terms of Section 152(6) of the Companies Act, 2013 and, being eligible, offers herself for re-appointment.

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

   "RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, the appointment of M/s. Sorab S. Engineer & Co., (Firm Registration No. 110417W), Chartered Accountants, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 31st Annual General Meeting be and is hereby ratified and their appointment be at a remuneration to be decided by the Board of Directors in consultation with the Auditors plus applicable service tax and re-imbursement of travelling and out of pocket expenses incurred by them for the purpose of audit."

### SPECIAL BUSINESS

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

   "RESOLVED THAT in supersession of the earlier resolution passed at the 28th Annual General Meeting of the members of the Company held on 28th May 2014, the consent of the Company be and is hereby accorded under the provisions of Section 180(1)(c) of the Companies Act, 2013, to the Board of Directors to borrow from time to time such sum or sums of money as they may deem necessary for the purpose of the business of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from cash credit arrangement, discounting of bills and other temporary loans obtained from company's bankers in the ordinary course of business) and remaining outstanding at any point of time will exceed the aggregate of the paid-up share capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose;

   Provided that the total amount up to which monies may be borrowed by the Board of Directors and which shall remain outstanding at any given point of time shall not exceed the sum of ₹ 15,000 crores (Rupees Fifteen thousand crores only) subject to the ceiling of borrowings, as stipulated in the NHB Directions / Regulations from time to time."

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

   "RESOLVED THAT pursuant to the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 and Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 and SEBI (Issue and Listing of Debt Securities) Regulations, 2008, including any amendment, modification, variation or re-enactment thereof, the consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof), for onshore or offshore issuances of Redeemable Non-Convertible Debentures (NCDs) denominated in Indian Rupees and/or any Foreign Currency, for cash, either at par or premium or at a discount to face value, to issue Redeemable NCDs upto an amount not exceeding ₹ 3,500 Crores (Rupees three thousand five hundred crores only) and to issue Unsecured Redeemable Subordinated Debt – Tier II NCDs upto an amount of ₹ 115 crores (Rupees one hundred and fifteen crores only), both aggregating to ₹ 3,615 crores (Rupees three thousand six hundred and fifteen crores only), under one or more information memorandum / shelf disclosure document, during the period commencing from the date of this meeting hereof until the conclusion of 31st (thirty first) Annual General Meeting, on a private placement basis on such terms and conditions as the Board may deem fit and appropriate for each series as the case may be."

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

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

**Notes:**

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

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

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

(B) The relative Explanatory Statement, pursuant to Section 102(2) of the Companies Act, 2013 in respect of the special business under item No. 6 & 7 are annexed hereto.

(C) Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, June 14, 2016 to Wednesday, June 22, 2016, (both days inclusive) for determining the entitlement of the shareholders to the payment of dividend.

(D) Subject to the provisions of Section 126 of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the AGM, will be dispatched/remitted commencing on or from June 24, 2016.

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

(F) In terms of the provisions of the Companies Act, the amount of dividend not encashed or claimed within 7 (seven) years from the date of its transfer to the unpaid dividend account, will be transferred to the Investor Education and Protection Fund established by the Government. Accordingly, the unclaimed dividend in respect of financial year 2008-09 is due for transfer to the said Fund in August 2016.

(G) Members who have either not received or encashed their dividend warrant(s) for the financial years 2008-09 upto 2014-15, are requested to write to the Company, mentioning the relevant Folio number or DP ID and Client ID, for issuance of duplicate/ revalidated dividend warrant(s).

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

(I) In accordance with the provisions of Section 101 of the Companies Act, 2013, Rule 18 of the Companies (Management and Administration) Rules, 2014 and Regulation 36 of the SEBI (LODR) Regulations, 2015, this Notice and the Annual Report of the Company for the financial year 2015-16 are being sent by e-mail to those Members whose e-mail address are available with the Company (in respect of shares held in physical form) or with their DP (in respect of shares held in electronic form) and made available to the Company by the Depositories.

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

(J) The Annual Report 2015-16 of the Company is also available on the Company's website at *www.gruh.com* and also on the website of the respective Stock Exchanges at *www.bseindia.com* and *www.nseindia.com.*

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

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

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

(N) Voting through electronic means

I. In compliance with provisions of Regulation 44 of SEBI (LODR) Regulations, 2015, Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 30TH Annual General Meeting (AGM) by electronic means (e-voting) and the business may be transacted through e-Voting Services. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM (remote e-voting) will be provided by National Securities Depository Limited (NSDL).

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

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

IV. The remote e-voting period commences on June 19, 2016 (10:00 am) and ends on June 21, 2016 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of June 15, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

V. The process and manner for remote e-voting are as under:

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

(i) Open email and open PDF file viz; "GRUH remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/ PIN for remote e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

(iii) Click on Shareholders - Login

(iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/ PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

(vii) Select "EVEN" of "GRUH FINANCE LIMITED".

(viii) Now you are ready for remote e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to gruhscrutinizer@gmail.com with a copy marked to evoting@nsdl.co.in by quoting the Client ID or Folio No.

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

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the 30th AGM :

EVEN (Remote e-voting Event Number)

USER ID PASSWORD/PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

VI. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990.

VII. If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.

VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

IX. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of June 15, 2016.

X. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. June 15, 2016, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or investorcare@gruh.com.

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

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

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

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

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

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

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

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

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

Re-appointment of Mr. Keki M. Mistry (Item No 3)

Mr. Keki M. Mistry (DIN 00008886), the non-executive Chairman of the Company is the Vice Chairman & Chief Executive Officer of Housing Development Finance Corporation Limited (HDFC). He is a Fellow of the Institute of Chartered Accountants of India. Mr. Mistry serves as a director on the board of several companies including HDFC Bank Limited, HDFC Standard Life Insurance Co. Ltd., HDFC ERGO General Insurance Company Limited, HDFC Asset Management Company Ltd., Greatship (India) Ltd., Sun Pharmaceutical Industries Ltd., Torrent Power Ltd., HCL Technologies Ltd., Griha Pte Ltd., Singapore, CDC Group, London., etc. He is the Chairman of the Audit Committee of Sun Pharmaceutical Industries Limited and Torrent Power Limited. He is a member of the Audit Committee of HCL Technologies Limited. He has been on the board of GRUH since 2000 and has been Chairman of the Company since 2002. He is a member of the Audit Committee and Nomination and Remuneration Committee of GRUH. Mr. Keki M. Mistry holds 3,32,900 shares of the Company. Mr. Keki M. Mistry is not related to any other directors of the Company.

Re-appointment of Ms. Renu Sud Karnad (Item No 4)

Ms. Renu Sud Karnad (DIN 00008064), the Managing Director of HDFC, holds a Master's degree in Economics from the University of Delhi and is a Law Graduate. She is a Parvin Fellow – Woodrow Wilson School of International Affairs, Princeton University, U.S.A. She has been employed with HDFC since 1978. She is responsible for the lending operations of HDFC. She is a director in companies like HDFC Bank Ltd., HDFC Asset Management Company Ltd., HDFC Standard Life Insurance Company Limited, HDFC ERGO General Insurance Company Limited, Indraprastha Medical Corporation Limited, EIH Ltd., Bosch Ltd., HIREF International Fund Pte Ltd., HIREF International Fund II Pte Ltd., etc. She is the Chairperson of the Audit Committee of Bosch Limited. She is a member of the Audit Committee of the ABB India Limited and member of the Stakeholder Relationships Committee of HDFC Bank Limited. She has been on the board of GRUH since 2000. She is a member of the Nomination and Remuneration Committee of GRUH. Ms. Renu Sud Karnad holds 3,92,230 shares of the Company. Ms. Renu Sud Karnad is not related to any other directors of the Company.

By Order of the Board

Marcus Lobo
Company Secretary
FCS : 4256

Mumbai
April 19, 2016

**ANNEXURE TO THE NOTICE**

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013.**

**Item No. 6**

In terms of the resolution passed by the members of the Company at the 28th annual general meeting held on May 28, 2014, the amount consequent to loans borrowed by the Board of Directors on behalf of the Company cannot exceed ₹ 12,000 crores at any point of time. As on March 31, 2016, the total borrowings of the Company amounted to ₹ 10,244.40 crores. In view of expected growth in business of the Company, it may be necessary for the Company to borrow monies from various sources consequent to which the amount outstanding could exceed the present limit of ₹ 12,000 crores. Further under law, it is now required that such a resolution be passed by way of a special resolution. This resolution will also include the sub limit of ₹ 3,615 crores for the proposed borrowing of NCDs.

Your Directors accordingly commend increase in the borrowing powers from ₹ 12,000 crores to ₹ 15,000 crores as set out in the resolution at Item No. 6 for approval of the members.

None of the Directors or Key Managerial Personnel (KMP) of the Company or their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

**Item No. 7**

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

In terms of Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a company can make a private placement of its securities including NCDs subject to prior approval of the shareholders by way of special resolution. The Rules further provides that the said special resolution shall be passed in respect of all offers / invitations for such debentures made during the year. Such an approval from the members to borrow funds by way of NCDs is valid till the conclusion of the succeeding AGM.

At the 29th AGM held on June 26, 2015, the members had approved borrowing by way of NCDs upto an amount not exceeding ₹ 2,000 crores and unsecured redeemable subordinated debt upto an amount of ₹ 115 crores, both aggregating to ₹ 2115 crores, on a private placement basis. GRUH has during the year 2015-16, raised NCDs aggregating to ₹ 197 crores, through private placement.

As at March 31, 2016, the total borrowings of the Company of ₹ 10,244.40 crores, are inclusive of Non-Convertible Debentures of ₹ 847 crores and unsecured redeemable subordinated debt Tier II NCDs of ₹ 35 crores. These borrowings are within the overall limits of ₹ 12,000 crores as approved by the members at the 28th AGM held on May 28, 2014 and also subject to the NHB prescribed ceiling of borrowings as stipulated in the NHB Directions/Regulations from time to time.

The NCDs proposed to be raised through onshore / offshore issuances, denominated in Indian Rupees and/or any Foreign Currency, for cash either at par or premium or at a discount to face value depending upon the prevailing market conditions, shall be within the overall borrowing limits of ₹ 15,000 crores proposed to be enhanced on approval by the members at the ensuing 30th AGM and also subject to the NHB prescribed ceiling of borrowings as stipulated in the NHB Directions / Regulations from time to time.

Accordingly the approval of the members is being sought by way of special resolution as set out at Item No. 7 for issue of Non-Convertible Debentures on a private placement basis during the period from the

date of this meeting until the conclusion of the 31st Annual General Meeting, under one or more information memorandum / shelf disclosure document in or more series or trenches.

Your Directors recommend the passing of the special resolution proposed at Item No. 7 of the Notice.

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

By Order of the Board

Marcus Lobo
Company Secretary
FCS : 4256

Mumbai
April 19, 2016

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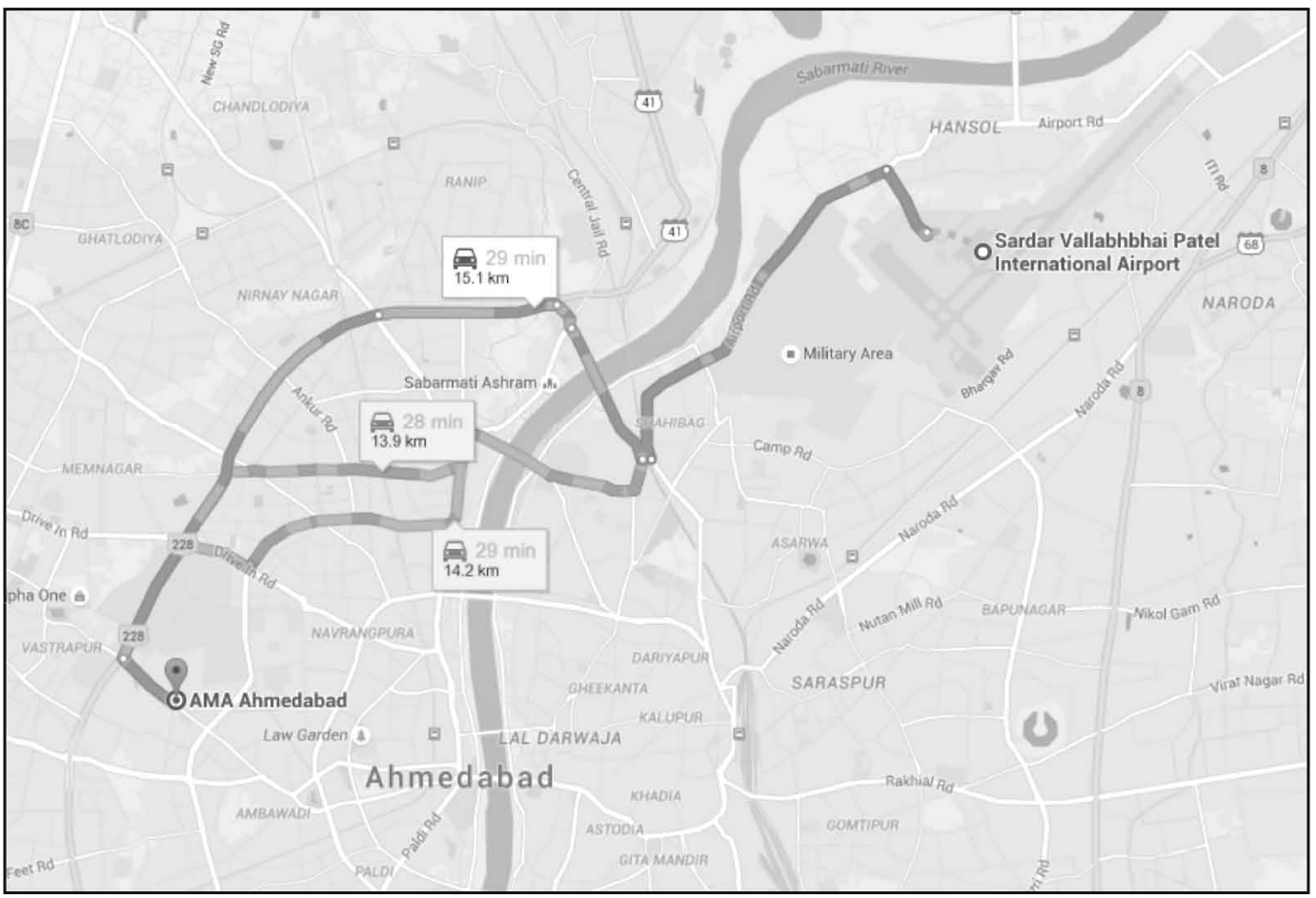
## Route Map to the AGM Venue

GRUH FINANCE LIMITED
(CIN : L65923GJ1986PLC008809)
30TH Annual General Meeting

Date : June 22, 2016, Wednesday

Time : 10:30 a.m.

Venue : H.T. Parekh Convention Centre,
Ahmedabd Management Association (AMA),
ATIRA Campus, Dr. Vikram Sarabhai Marg,
Ahmedabad 380 015



**GRUH FINANCE LIMITED**

Regd. Office: "GRUH", Netaji Marg, Nr. Mithakhali Six Roads,
Ellisbridge, Ahmedabad 380 006 • Phone : 079 26421671-74, www.gruh.com
CIN : L65923GJ1986PLC008809

GRUH FINANCE LIMITED
*We help you build homes*

## PROXY FORM

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

Registered Address: .....

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

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

I/We, being the member (s) of ..... shares of the GRUH Finance Limited, hereby appoint:

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

And whose signature(s) are appended below, as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the Company, to be held on Wednesday, June 22, 2016 at 10:30 a.m. at H.T. Parekh Convention Centre, Ahmedabd Management Association (AMA), Atira Campus, Dr. Vikram Sarabhai Marg, Ahmedabad 380 015 and at any adjournment thereof in respect of such resolutions as are indicated below:

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

| Sr No. | Resolutions | Optional* | |
|---|---|---|---|
| | | For | Against |
| 1 | Adoption of the Audited Financial Statement and Reports of the Board of Directors and the Auditors thereon for the year ended March 31, 2016. | | |
| 2 | Declaration of Dividend on Equity Shares | | |
| 3 | Re-appointment of Mr. Keki M. Mistry (DIN : 00008886) who retires by rotation. | | |
| 4 | Re-appointment of Ms. Renu S. Karnad (DIN : 00008064) who retires by rotation. | | |
| 5 | Ratification of appointment of M/s. Sorab S. Engineer & Co., (Firm Registration No. 110417W) as Auditors and fixing their remuneration. | | |
| 6 | Special Resolution for approval of increase in the borrowing powers from ₹ 12,000 crores to ₹ 15,000 crores under the provisions of Section 180(1)(c) of the Companies Act, 2013 | | |
| 7 | Special Resolution for approval for issuance of Redeemable Non Convertible Debentures (NCDs) upto an amount not exceeding ₹ 3500 crores and issuance of Unsecured Redeemable Subordinated Debt – Tier II NCDs upto an amount of ₹ 115 crores (both aggregating to ₹ 3615 crores) | | |

Signed this _____ day of _____ 2016.

Signature of Shareholder: _____

(Affix Revenue Stamp)

**Note :**

1) **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.**
2) **A proxy need not be a member of the Company.**
3)* For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the 30th Annual General Meeting.
It is optional to put a "✓" in the appropriate column against the Resolutions indicated in the box. If you leave the "For' or "Against" column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/ she thinks appropriate.