

DIRECTORS' REPORT

TO THE MEMBERS,

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

Financial Results - Based on Ind AS Financial Statements

(₹ in crore)

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

Merger of the Company with Bandhan Bank Limited

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

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

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

Indian Accounting Standards (Ind AS)

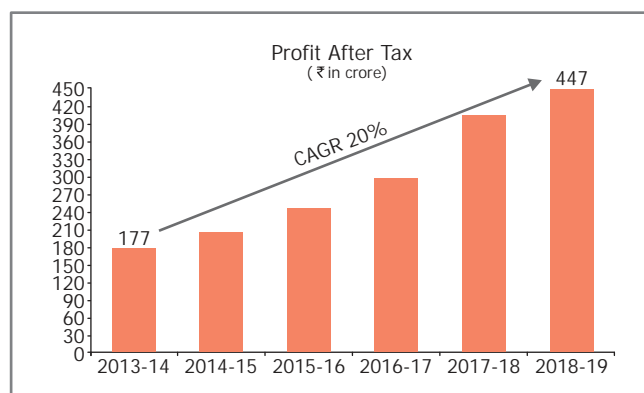
The Ministry of Corporate Affairs (MCA), based on its notification in the Official Gazette vide Notification G.S.R. 111(E) and G.S.R. 365(E) dated February 16, 2015 and March 30, 2016 respectively, notified the Indian Accounting Standards (Ind AS) applicable to certain class of companies. Ind AS has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

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

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

Dividend

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



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

Changes in Share Capital

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

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

Disbursements

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

Rural Housing

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

Affordable Housing

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

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

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

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

Loan Assets

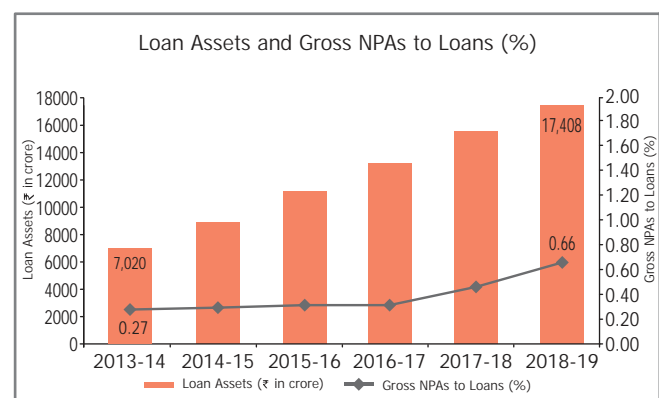
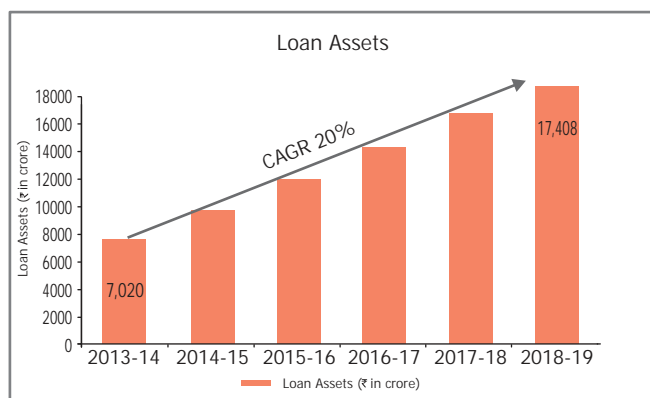
As at March 31, 2019, the loan assets increased to ₹ 17,408 crore recording a growth of 11.68%. Loan assets in respect of the retail home loans grew by 11.28% and stood at ₹ 16,188 crore.

Impairment of Financial Instruments under Ind AS

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

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

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



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

During the year, GRUH has written off ₹ 0.86 crore in respect of individual loans where the recovery was difficult in the near future. However, GRUH continued the recovery efforts in respect of written off loans of earlier years and could effect recoveries of ₹ 0.46 crore during the year in respect of such written off loans. GRUH also took possession of properties of the defaulting borrowers under the SARFAESI Act and has sold few of such acquired properties.

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

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

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

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

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

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

GRUH's NPAs as at March 31, 2019 were ₹ 101.97 crore in respect of Individual Home loans and ₹ 12.47 crore in respect of Individual NRP loans. There were no NPAs under developer loans. GRUH is required

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

Borrowings

NHB Refinance

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

Bank Term Loans

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

Subordinated Debt and Non-Convertible Debentures (NCDs)

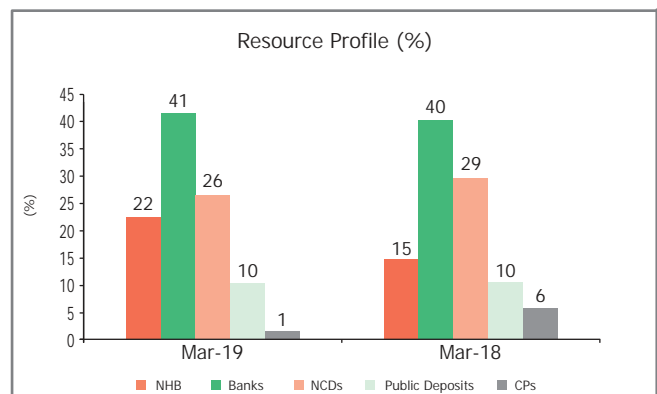
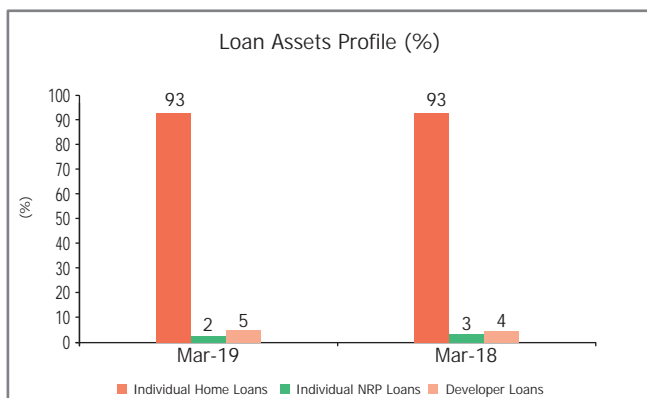
As at March 31, 2019, GRUH's outstanding subordinated debt stood at ₹ 35 crore. The debt is subordinated to present and future senior indebtedness of the company and has been assigned rating of "ICRA AAA(*)" and "CRISIL AAA(*)" indicating highest degree of safety regarding timely payment of financial obligations. Based on the balance term to maturity, as at March 31, 2019, ₹ 21 crore of the face value of subordinated debt is considered as Tier – II capital under the guidelines issued by NHB for the purpose of computation of Capital Adequacy Ratio.

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

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

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

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



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

Commercial Paper

GRUH's commercial paper is rated "ICRA A1+" and "CRISIL A1+" indicating very strong degree of safety regarding timely payment of financial obligations. As at March 31, 2019, outstanding commercial paper was ₹ 200 crore.

Deposits

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

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

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

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

Investments

GRUH continues to maintain its Statutory Liquidity Ratio (SLR) as stipulated by NHB. Accordingly, GRUH carried investments in approved securities aggregating to ₹ 229 crore as at March 31, 2019 to meet the requirement of the SLR. GRUH has classified its investments as long-term and valued them at cost. Adequate provision towards loss, if any, to be experienced on redemption of investments on maturity has been made.

Unclaimed Deposits and Unclaimed NCDs

As at March 31, 2019, deposits and / or interest thereon amounting to ₹ 57.52 crore had not been claimed by 2,122 depositors. Depositors were intimated regarding the maturity of deposits with a request to either renew or claim their deposits and subsequent reminders have been sent.

As per the provisions of section 125 of the Companies Act, 2013, deposits, NCDs and/or interest thereon, remaining unclaimed and unpaid for a period of seven years from the date they became due for payment are required to be credited to Investor Education and Protection Fund (IEPF) established by the Government of India.

Accordingly, an amount of ₹ 4.54 lacs in respect of unclaimed deposits and interest thereon was transferred to the IEPF during the year.

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

Unclaimed Dividends and Unclaimed Shares

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

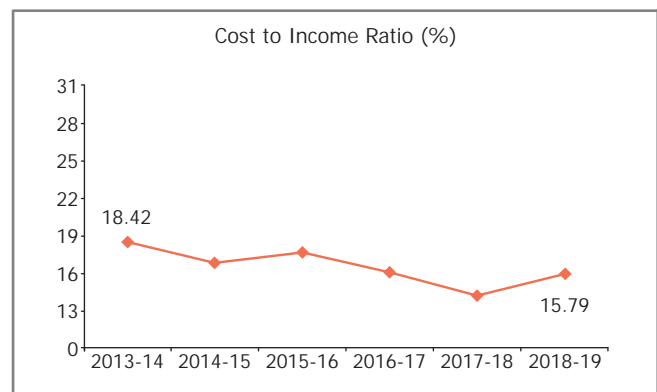
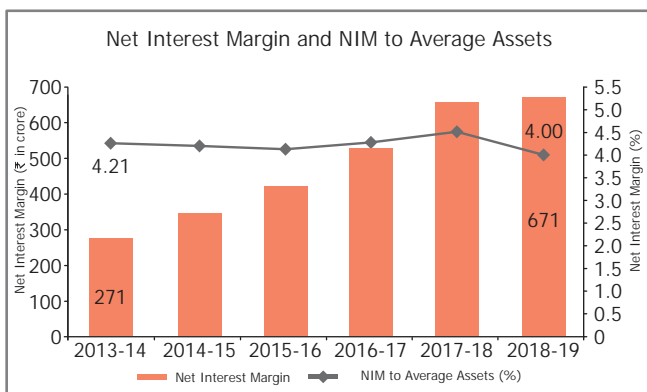
Unclaimed dividend amounting to ₹ 15.06 lac for FY 2010-11 was transferred to the IEPF on August 28, 2018. In terms of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, the Company transferred the corresponding shares to IEPF, where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

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

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

Risk Management Framework

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



GRUH has a Risk Management framework approved by the board of directors. GRUH's Risk Management framework provides the mechanism for risk assessment and mitigation. GRUH also has an Asset Liability Management (ALM) policy approved by the board.

During the year, the RMC reviewed the risks associated with the business of GRUH, its root causes and the efficacy of the measures taken to mitigate the same. RMC also reviewed the risk arising from the gaps in the liquidity and interest rate sensitivity statements and took decisions in mitigating the risk by ensuring adequate liquidity through maturity profile of assets and liabilities. The observations of the Risk Management Committee of directors if any, on the key risks associated with the business and ALM were reported to the board.

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

Regulatory Guidelines

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

GRUH's Capital Adequacy Ratio stood at 20.30% as against the minimum requirement of 12%. Tier – I capital was 19.26% against the minimum requirement of 6%.

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

Human Resource Development

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

accounts. Employees were also nominated for training programmes conducted by NHB and other institutions. 46 employees underwent different training programmes.

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

Particulars of Employees

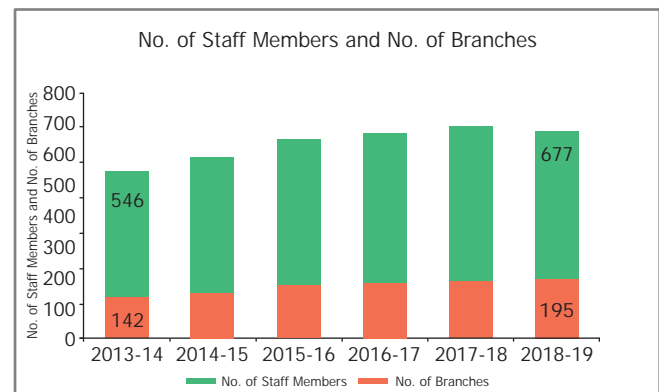
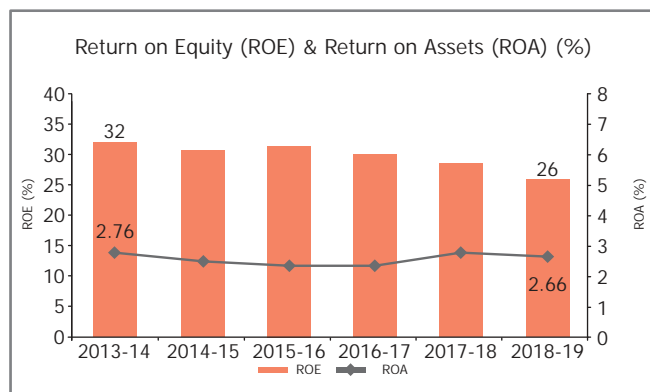
GRUH had 2 employees as at March 31, 2019 employed throughout the year who were in receipt of remuneration of ₹ 1.02 crore or more per annum or ₹ 8.50 lacs or more per month if employed for part of the year.

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

Employees Stock Option Scheme

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

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



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

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

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

Auditors

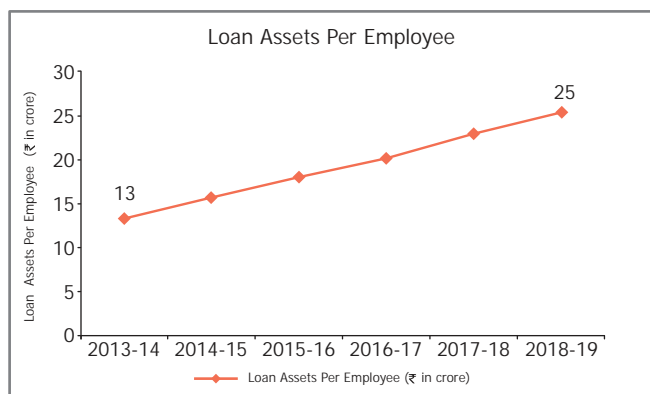
Statutory Auditors

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

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

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

The Statutory Auditors have audited the books of accounts of the Company for the financial year ended March 31, 2019 and have issued the Auditors' Report thereon. The Statutory Auditors have not made any adverse comments or given any qualification, reservation or adverse remarks or disclaimer in their Audit Report.



Secretarial Audit

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

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

Directors and Key Managerial Personnel

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

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

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

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

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

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

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

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

Directors' Responsibility Statement

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

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

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

Corporate Social Responsibility Initiatives

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

Mr. S. G. Mankad - Chairman, Mr. Pankaj Patel, Mr Keki M. Mistry and Mr. Sudhin Choksey and has *inter alia* also formulated a CSR Policy.

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

GRUH was required to spend ₹ 9.11 crore towards CSR activities during the year. GRUH has approved CSR proposals aggregating to ₹ 10.37 crore and incurred CSR expenditure of ₹ 6.23 crore during the year. Cumulatively, GRUH has approved CSR proposals aggregating to ₹ 25.94 crore and has incurred CSR expenditure of ₹ 18.15 crore.

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

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

Business Responsibility Reporting

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

Extract of Annual Return [Form MGT-9]

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

Requirement for maintenance of cost records:

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

Particulars

Particulars of loans, guarantees or investments made :

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

As regards investments made by the Company, the details of the same are provided under Note to Accounts forming part of the annual accounts of the Company for the year ended March 31, 2019.

Particulars of Contracts or arrangements entered into with related parties :

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

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

Material Changes, details of Subsidiaries, Litigations

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

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

No significant or material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the company and / or the company's operations in future.

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

Particulars relating to conservation of energy and technology absorption stipulated in the Companies (Accounts) Rules, 2014 are not applicable. GRUH does not have any foreign exchange earnings. GRUH has paid dividend of ₹ 0.41 crore in foreign currency.

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

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

Acknowledgements

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

On behalf of the Board of Directors

Mumbai
April 30, 2019

Keki M. Mistry
Chairman
DIN : 00008886