

CODE OF CONDUCT

APPLICABLE TO

DIRECTORS & SENIOR MANAGEMENT

OF

GRUH FINANCE LIMITED

Version2 –October 15, 2015

I. PREAMBLE:

Integrity, transparency and trust form part of the core beliefs of all activities at GRUH (hereinafter referred to as '**the Company**'), which has been the continuing basis of its growth and all-round development. This Code of Conduct or the Code defines what the Company expects from its business and personnel regardless of the location or their background. This Code is applicable and binding on all Members of the Senior Management Team comprising of Executive Directors, personnel designated as General Manager, Deputy General Manager, Regional Manager, Area Manager, and Functional Heads (hereinafter collectively referred to as the '**Senior Management**') and Non-Executive Directors of the Company. As the aforesaid persons individually and collectively help shape the growth of the Company they are individually and collectively responsible to ensure that the Company operates with the highest degree of personal and professional integrity, honesty and ethical conduct. Hence this Code.

This Code has been formulated so as to promote the highest degree of personal and professional integrity, honesty and values into practice. As it is not possible to address every possible situation that may arise, the provisions of this Code are intended to provide guidance in making ethical decisions and should therefore be construed and applied to further the said objective. This Code shall be in addition to rules, regulations, standards, policies and procedures that may be laid by the Company, from time to time.

II. APPLICABILITY:

This Code has been divided into two parts. The provisions as set out in **Part A** of this Code shall be applicable to the Senior Management and the Non-Executive Directors. The provisions as set out in **Part B** shall be applicable only to the Senior Management, in addition to provisions set out in **Part A**.

The new provisions contained in the Listing Agreement, require that the Code of Conduct shall incorporate the duties of the Independent Directors as laid down in the Companies Act 2013. Accordingly, the provisions as set out in **Part C** are duties of Independent Directors as laid down in the Companies Act 2013. In terms of the Listing Agreement all Directors and the Senior Management shall affirm compliance with the provisions of this Code on an annual basis.

This Code has been approved by the Board of Directors of the Company at their meeting held on Tuesday, December 13, 2005 and shall come into effect from **January 1, 2006**. The revisions to the Code of Conduct are approved by the Board of Directors of the Company at their meeting held on October 15, 2014.

III. AMENDMENT TO THE CODE:

This Code may be amended to meet the requirements of the relevant statute or the business interest of the Company, subject to the approval of the Board of Directors of the Company.

IV. ANNUAL DECLARATION:

As required under Clause 49 (D) (ii) of the listing agreement, every members of the Senior Management and every Non-Executive Director shall sign and submit the annual declaration (as per **Annexure I**) before **April 15 every year**, affirming compliance with the provisions of this Code.

PART A

1) TO LEAD BY EXAMPLE

As every member of the Senior Management and every Non-Executive Director is perceived to be the guiding force of the Company, it shall be his responsibility to lead by example, which would mean and include:

- a) To act according to the highest standards of personal and professional integrity, honesty and ethical conduct whilst dealing for, on behalf of and in the name of the Company.
- b) To exercise powers conferred upon him for achieving business goals of the Company, with reasonable discretion and after weighing the consequences of such use.
- c) To respect the confidentiality of any proprietary information accessed during the course of discharge of his duties and ensure that such information is not used for personal gain.
- d) To co-operate with Government, Trade, and Regulatory Authorities in the development of economic legislations governing the business of the Company.

2) PRINCIPLES OF COMPLIANCE

- a) Ensure that all decisions taken are in adherence to legal/regulatory requirement(s) as applicable to the business of the Company.
- b) To inform the Company of any information that may be perceived to be a violation by any employee or Director or the Company of any legal/regulatory requirement(s) as applicable to the business of the Company.
- c) Adhere to the standards set by the Company from time to time to protect and promote the interests of shareholders and other stakeholders (including employees, customers, suppliers and creditors and the society at large).
- d) To attend all Board/Committee/General/Business Meetings and seek leave of absence whenever necessary.

3) CONFLICT OF INTEREST

A conflict of interest situation would be deemed to have arisen, when an individual's interest is perceived to be inconsistent with or is in conflict with the business interest of the Company. One should avoid such conflict of interest with the Company. However, in case such a situation arises, he shall on becoming aware of the same, make full and true disclosure of all facts and circumstances thereof to the Company. Some of the situations wherein a conflict of interest may be deemed to have arisen are elucidated hereinafter.

a) Pecuniary benefit

Where one's conduct is likely to confer a pecuniary benefit to himself or in favour of any of his relative(s) or in favour of any company, body corporate or firm, where he or his relative is an employee, member, director or partner.

b) Related Party Transactions

Where one enters into transaction(s)/arrangement(s) (directly or indirectly through relatives) with companies, bodies corporate or firms, for personal gain, which may conflict with the business interest of the Company.

c) Corporate Opportunities

Where one uses and / or exploits for personal gain, opportunities that rightly belong to the Company or are discovered through the use of one's position or through the Company's image, property or information.

4) SECRECY

Ensure that proprietary information and trade secrets belonging to the Company, (including any information concerning pricing, products and services that are being developed, internal system, designs and such other trade secrets) are held in strict confidence and care is exercised to avoid inadvertent and inappropriate disclosure, except when such disclosure is authorised or legally mandated and is not for personal gain.

5) SECURITIES LAW

Not to indulge in Insider Trading or dealing in shares of the Company in violation of the provisions of the Share Dealing Code of the Company and to strictly abide with all disclosure norms prescribed under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as may be amended, from time to time.

6) INDEPENDENT DIRECTORS

The duties of the Independent directors shall *inter alia* include the duties as laid down in the Companies Act 2013, as amended from time to time, as are elaborated in Part C.

PART B

In addition to **Part A** the provisions as set out in **Part B** shall be applicable and binding only on the members of the Senior Management.

1) TO LEAD BY EXAMPLE

Every member of the Senior Management plays an important role in achieving the Company's business objectives, which is based on the foundation of ethics, transparency and customer centric actions. Accordingly, it shall be their responsibility to adhere to and inculcate the following practices.

- a) To induce a feeling of loyalty by working selflessly to achieve the stated business objectives of the Company.
- b) To guide and motivate the staff and officers of the Company.
- c) To respect the safety and health of all employees of the Company and provide working conditions that is conducive to their physical health and general wellbeing.
- d) To conduct oneself in a manner so as to help preserve and protect the environment with due concern for the ecology.
- e) To record and preserve the records of all financial transactions and not create undisclosed or unrecorded accounts, funds or assets.

2) CONDUCT AT WORKPLACE

- a) Conduct oneself in a professional manner and treat others with respect, fairness, and dignity.
- b) Conduct oneself in the letter and spirit of the applicable laws, rules and regulations, comply with the procedures and policies laid down by the Company and encourage other officers and employees to do the same.
- c) Not to discriminate employees based on colour, race, religion, caste, creed or sex. The Company is committed to providing a work environment that is fair and non-discriminatory.
- d) Provide and enhance equal opportunities for men and women, to prevent, stop, and redress sexual harassment at the workplace and to promote good employment practices.

- e) Demand, demonstrate and promote professional behaviour and encourage employees to acquire skills, knowledge and training to expand/enhance their skills and specialised knowledge.
- f) Not to use or consume illegal and banned drugs (narcotics) at all times.
- g) Not to have any material association with a firm, company or body corporate engaged in line of business similar to that of the Company or any of its subsidiaries without obtaining the prior consent of the Chairman of the Company.

3) PAYMENTS OR RECEIPT OF GIFTS/FAVOURS FROM OTHERS

Under no circumstances shall any Member of the Senior Management receive or offer, directly or indirectly, any gifts, donations or remuneration or illegal payments which are intended to obtain business favours. Nominal gifts during festival occasions and other occasions may be accepted / given.

4) USE OF ASSETS AND INFORMATION

- a) Ensure that equipment/ facilities/ amenities provided to him/her by the Company for discharge of his/her duties in terms of his employment are used with proper care and diligence and return the possession thereof upon his resignation, termination or retirement from the services of the Company, as the case may be.
- b) Ensure that price sensitive information of the Company, which is not in public domain, is not used to derive any personal benefit or to assist other person(s) from deriving any benefit, by virtue of having access thereto.
- c) Ensure that proprietary information and trade secrets belonging to the Company, including any information concerning pricing, products and services that are being developed, internal system designs and other such trade secrets are held in strict confidence and due care is exercised to avoid inadvertent and inappropriate disclosure. Such information shall be used in the manner as required or mandated and as a part of the duties assigned and not for personal gain.
- d) Ensure that all other personal and financial information relating to the customers associates and stakeholders of the Company is accessed, used and disclosed in accordance with the policies, systems and controls laid by the Company, from time to time.

- e) Take steps to use and protect the Company's assets and ensure their efficient use. Use the assets only for legitimate business purposes of the Company or such other purposes as may be authorised by the Management.

5) TRANSPARENCY

- a) Ensure that the conduct at workplace is transparent, subject to sensitivity of the information or nature of job assigned to him/her. Such transparency shall be brought about by adherence to corporate governance norms, policies, systems and processes laid by the Company, from time to time.
- b) Having regard to the fact that the Company is engaged in the business of housing finance, it is imperative that dealings with intermediaries in the real estate business are above board at all times. Accordingly, every member of the Senior Management shall disclose details of all dealings (acquisition or disposition) entered into by him (including by his spouse and / or dependent children and / or dependent parents) in real estate (including land) to the personnel department of the Company.

6) VIOLATION

Although it is not intended that disciplinary action would be appropriate for every violation of the provisions of this Code, whether a disciplinary action is appropriate or not and the extent of discipline/penalty to be imposed, will be determined through reasonable application of the text and also depend on factors such as the seriousness of the violation, the intent behind any such violation, whether there has been a pattern of improper conduct and the effect of such improper conduct on employees, their morale or on the corporate governance system of the Company.

A violation may result in disciplinary action up to and including termination from the association/employment with the Company. Decision regarding whether or not disciplinary action is to be taken and the nature and extent thereof, shall rest with the Managing Director of the Company. An appeal against any such decision shall lie before the Chairman of the Company, whose decision in this regard shall be final and binding on the concerned member of the Senior Management. The Company Secretary of the Company shall be responsible for ensuring the compliance of the provisions of this Code.

PART C

Duties of the Independent Directors

The Duties of the Independent Directors will *inter alia* be, as contained in Section 149 of the Companies Act 2013 and the Rules thereunder, as amended from time to time, and will include as under:

The Independent Director shall:

- (1) Undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
- (2) Seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
- (3) Strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
- (4) Participate constructively and actively in the committees of the Board in which they are chairpersons or members;
- (5) Strive to attend the general meetings of the company;
- (6) Where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
- (7) Keep themselves well informed about the company and the external environment in which it operates;
- (8) Not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
- (9) Pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
- (10) Ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
- (11) Report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
- (12) Acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
- (13) Not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

DECLARATION

To,
The Company Secretary
GRUH FINANCE LIMITED
GRUH, Netaji Marg
Near Mithakhali Six Roads
Ellis bridge, Ahmedabad – 9

Dear Sir/Madam,

Sub : Code of Conduct of GRUH :

I, Mr./Mrs./Ms. _____, _____(designation) do and hereby acknowledge and confirm that during the financial year _____ to the best of my knowledge and belief, I have not violated any of the provisions of this Code or any of the policies or legal/regulatory requirements of the Company, as may be applicable to my responsibility.

Signature:
Name:
Designation:
Place:
Date:

Kindly sign and return this declaration on or before **April 15 of every Financial Year.**