

Annual Report
2019 – 2020

of

ART Housing Finance (India) Limited

Independent Auditor's Report

To the Members of ART Housing Finance (India) Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS financial statements of **ART Housing Finance (India) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2020, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the Ind AS financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

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 Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (CAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics issued by the ICAI. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial Statements of the current period. These matters were addressed in the context of our audit of the financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matter to be the Key audit matter to be communicated in our Report.



Key Audit Matter	Auditor's Response
<p>1. Impact of COVID - 19 Pandemic on the future financial performance of the Company (as described in Note 40 of the Ind AS Financial Statements)</p> <p>The extent to which the COVID-19 pandemic will impact the Company's financial performance and position will depend on the future developments, which is highly uncertain.</p>	<p>Our Audit procedures considered the guidance laid down by the 'ICAI Accounting & Auditing Advisory March 2020 - Impact of Corona Virus on Financial Reporting and the Auditors Considerations' highlighting few important areas which require particular attention in respect of the audit of the financial statements for the year 2019-20 including:</p> <ul style="list-style-type: none"> • Impairment of Non-Financial Assets • Impairment Losses (ECL, bad debts etc.) • Revenue • Borrowing Costs • Provisions, Contingent Liabilities and Contingent Assets • Modification or termination of Contracts of Arrangements. • Going Concern Assessment • Post Balance sheet Events • Presentation of Financial Statements • Audit evidences through electronic mode <p>We considered the above guidance note and appropriately applied to our response to modification of our audit procedures to obtain sufficient appropriate audit evidence on the audit areas and reached appropriate conclusions.</p>
<p><u>Subjective Estimate</u></p> <p>2. Recognition and measurement of impairment relating to loans and advances to customer involves significant management judgement.</p> <p>As per Ind AS 109 credit loss assessment is now based on Expected Credit Loss (ECL) Model and applicable to the Company.</p>	<p>Our Audit procedures included considering the appropriateness of the Company's accounting policies for impairment of financial assets and assessing compliance with Ind AS 109.</p> <ul style="list-style-type: none"> • Understood Company's new processes, systems and controls implemented relating to impairment allowance process including governance controls over the development and implementation of the ECL model;



Key Audit Matter	Auditor's Response
<p>The Impairment Loss provision is computed based on management estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on range of factors. The most significant areas involving significant measures estimates are:</p> <ul style="list-style-type: none"> • Loan Staging criteria • Calculation of probability of default/loss given default/Exposure at default • Consideration of probability weighted scenarios and forward looking macro-economic factors. <p>Ind AS 109 requires an entity to determine Expected Credit Loss (ECL) amount on a probability weighted basis. There is a large increase in the data inputs required for the computation of ECL. This increases the risk of completeness and accuracy of the data that has been used as a basis of significant assumptions in the model.</p>	<ul style="list-style-type: none"> • Test checked the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge and test checked management review controls over measurement of impairment allowances and disclosures in the financial statements; • Evaluated appropriateness of the impairment principles based on the requirements of Ind AS 109 considering our business understanding and industry practice. • Performed substantive procedures over validating completeness and accuracy of the data and reasonableness of assumptions used in the model; • We engaged our specialists to test the working of the ECL model and reasonableness of assumptions used; • Broadly evaluated management's judgement in the determination of ECL; • Performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans.

Information Other than the Ind AS financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information does not include the financial Statements and our auditor's report thereon. Our opinion on the financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial Statements, Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial Statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of the Management and those charged with governance for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other Comprehensive Income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial Statements, Board of Director is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS financial Statements

Our objectives are to obtain reasonable assurance about whether the financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial Statements. As a part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional scepticism throughout the Audit.

We also:

- Identify and assess the risk of material misstatement of the financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing an opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial Statements, including the disclosures, and whether the financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial Statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial Statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Other Matter

The financial Statements of the Company for the corresponding year ended 31st March 2019 were audited by the predecessor Statutory Auditor, M/s Walker Chandiook & Associates LLP, who expressed unmodified opinion vide their report dated May 6, 2019 and reliance has been placed by us on the scanned copy of the financial Statements provided by the management for the purpose of this report. We have been appointed as the Statutory Auditors of the Company vide resolution dated 10th June 2020 passed in Extra Ordinary General Meeting of the Shareholders. We have performed our audit on the basis of books of accounts and other relevant records produced before us after the date of our appointment and on the basis of explanation and information provided to us by the Company and we are not responsible for any events that occurred prior to our appointment.

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 Companies Act, 2013, we give in the "Annexure 1" 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;
 - c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of accounts.
 - d) In our opinion, the aforesaid financial statements comply with the Ind As 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 31st March, 2020 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2020 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 2". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



- g) In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended March 2020 has been paid/provided by the Company to its directors is in accordance with the provision of Section 197 read with Schedule V to the Act;
- h) With respect to the other matters to be included in the Auditor's Report in accordance Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position as at 31st March 2020;
 - ii. The Company does not have long-term contracts including derivative contracts requiring provision for material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S M M P & Associates
Chartered Accountants
Firm Registration No. 120438W



Chintan Shah
Partner

Membership No. - 166729

UDIN No. 20166729AAAADP6574

Mumbai, dated 24th July, 2020



Annexure 1 to the Independent Auditors' Report on the Standalone Ind AS Financial Statement

(Referred to Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report to the Members of ART Housing Finance (India) Limited of even date)

In terms of the information and explanations given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further report as under:

(i) **Fixed Assets**

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment (Fixed Assets).
- b) The Company has a regular programme of physical verification of its Property, Plant and Equipment, by which all Property, Plant and Equipment are verified annually. In our opinion the periodicity of such physical verification is reasonable having regards to the size of the Company and the nature of its assets. As explained to us there were no discrepancies on such verification carried out by the management.
- c) The Company does not have any immovable property (in the nature of 'Property, Plant and Equipment'). Accordingly, the provisions of clause 3(i)(C) of the order is not applicable to the Company during the year under review.

(ii) The Company is in the business of rendering services and consequently does not hold any physical inventory. Accordingly, the provisions of clause 3(ii) of the order are not applicable to the Company during the year under review.

(iii) According to the information and explanations given to us and on the basis of records verified by us during the year, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii)(a), 3(iii)(b), 3(iii)(c) of the order are not applicable to the Company during the year under review.

(iv) Based on the information and explanations given to us and on the basis of records verified by us, the Company has not granted any loan or provided any security in connection with any loan taken by the parties covered under Section 185 of the Act. The Company is registered as a Housing Finance Company with the National Housing Bank. Therefore, the provisions Section 186 of the Act are not applicable to the Company. Accordingly, the provisions of clause 3(iv) of the order are not applicable to the Company during the year under review.

(v) According to the information and explanations given to us, the Company has not accepted any deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, the provisions of paragraph 3 (v) of the order are not applicable to the Company.



(vi) The Central Government of India has not specified the maintenance of cost records under Section 148(1) of the Act, for any products of the Company. Accordingly, the provisions of clause 3(vi) of the order are not applicable to the Company during the year under review.

vii) As per the records verified by us and according to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, employee State insurance, Goods and Services Tax (GST), Profession Tax, Customs duty and other material statutory dues with the appropriate authorities during the year and there were no amounts representing outstanding balances for more than six months as on the Balance Sheet date.

According to the information and explanation given us and as per the records verified by us, the Company does not have disputed statutory liability during the year under review in respect of Goods & Services Tax (GST), Provident Fund, Sales Tax, Value Added Tax, Service Tax, Cess and other material Statutory dues. In respect of Income Tax the details of disputed liability is given in the table below:

Name of Statute	Nature of Dues	Amount (Rs. In Lacs)	Period to which it relates	Forum where pending
Income Tax Act, 1961	Income Tax	0.10	2016-17	CIT (Appeals)-1
Income Tax Act, 1961	Income Tax	0.10	2016-17	CIT (Appeals)-1
Income Tax Act, 1961	Income Tax	125.90	2017-18	CIT (Appeals)-1
Income Tax Act, 1961	Income Tax	14.95	2016-17	ITAT

viii) As per the records verified by us, the Company has not defaulted in repayment of loans and borrowings to the banks and financial institutions during the year under review. The Company has no loans or borrowings payable to government and did not have any outstanding debentures during the year.

ix) The Company has not raised any money during the year through initial / further public offer (including debt instruments). In our opinion the terms loans were applied for the purpose for which the loans were obtained.

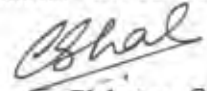
x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company or its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.

xi) In our opinion and according to information and explanations given to us, the 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 during the year under review and hence the provisions of clause 3(xii) of the order are not applicable.
- xiii) As per the information and explanations given during the course of our verification, in our opinion, all transactions with the related parties made by the Company were in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Ind AS Financial Statements as required by the applicable accounting standards.
- xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly non-convertible debentures during the year. Hence provisions of clause 3(xiv) of the Order are not applicable to the Company.
- xv) As per the information and explanations provided to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors within the purview of Section 192 of the Act. Accordingly, provisions of clause 3(xv) of the Order are not applicable to the Company.
- xvi) As per the information and explanations provided to us and based on the overall operations of the Company, the Company is not required to obtain registration under Section 45-IA of the Reserve Bank of India Act 1934.

For S M M P & Associates
Chartered Accountants
Firm Registration No. 120438W



Chintan Shah
Partner

Membership No. - 166729

UDIN No. 20160729AAAADP6574



Mumbai, dated 24th July, 2020

Annexure 2 to the Independent Auditor's Report on the Standalone Ind AS Financial Statement

(Referred to paragraph 2(f) under ' Report on Other Legal and Regulatory Requirements' section of our report to the members of ART Housing Finance (India) Limited of even date)

Independent Auditors Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of ART Housing Finance (India) Limited ("the Company") as of 31st March, 2020 in conjunction with our audit of the Standalone Ind AS financial Statements of the Company comprising of the Balance Sheet as at March 31st 2020, the Statement of Profit and Loss including Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the period then ended.

Management's Responsibility for Internal Financial Controls :

The Company's Board of Directors 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 Companies Act, 2013.

Auditors' 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 and the Standards on Auditing, issued by the ICAI 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 ICAI. Those standards and the Guidance Note 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 judgment, 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.

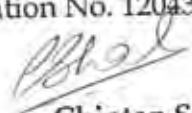
Inherent Limitations of Internal Financial Controls over Financial Reporting :

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 :

According to the information and explanations given to us, in our opinion, the Company has, in all material respects, established an adequate internal financial controls system over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India. Such internal financial controls over financial reporting were operating effectively as at March 31st 2020.

For S M M P & Associates
Chartered Accountants
Firm Registration No. 120438W


Chintan Shah
Partner

Membership No. - 166729

UDIN No. 20166729AAAADP6574

Mumbai, dated 24th July, 2020



ART Housing Finance (India) Limited
Balance Sheet as at March 31, 2020
(Amount in INR lacs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
ASSETS				
Financial Assets				
Cash and cash equivalents	4	3,991.31	45.60	1.59
Bank balances other than cash and cash equivalents	5	1,191.57	1,153.68	1,149.43
Loans	6	50,320.57	55,922.19	45,245.57
Investments	7	2,313.34	2,232.42	5.00
Other financial assets	8	528.63	493.54	247.23
Total financial assets		58,345.42	59,847.43	46,648.82
Non-financial assets				
Current tax assets (net)	9	75.45	51.88	9.14
Deferred tax assets (net)	9	158.05	221.80	400.00
Property, plant and equipment	10	594.80	766.17	814.60
Other intangible assets	10	202.78	127.38	97.76
Right-of-use assets	10	797.50	-	-
Other non-financial assets	11	788.10	154.23	185.56
Total non-financial assets		2,616.68	1,321.46	1,507.06
Total Assets		60,962.10	61,168.89	48,155.88
LIABILITIES AND EQUITY				
Financial liabilities				
Payables				
Trade payables				
(i) total outstanding dues of micro enterprises and small enterprises	12	3.63	0.91	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	12	19.26	50.53	90.26
Borrowings (other than debt securities)	13	18,800.17	19,865.65	5,558.49
Other financial liabilities	14	1,505.65	1,157.60	5,101.27
Total financial liabilities		20,328.71	21,074.69	10,750.02
Non-financial liabilities				
Provisions	15	0.76	25.02	9.71
Other non-financial liabilities	16	211.02	248.92	165.55
Total non-financial liabilities		211.78	273.94	175.26
EQUITY				
Equity share capital	17	38,500.00	38,500.00	37,500.00
Other equity	18	1,921.61	1,320.26	(269.40)
Total equity		40,421.61	39,820.26	37,230.60
Total Liabilities and Equity		60,962.10	61,168.89	48,155.88

Summary of Significant Accounting Policies

1-3

The accompanying notes form an integral part of these Ind AS Financial Statements

This is the Balance Sheet referred to in our report of even date

For S M M P & Associates

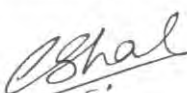
Firm Registration Number: 120438W

Chartered Accountants

Chintan Shah

Partner

Membership No: 166729



Place: ~~MUMBAI~~

Date: July 24, 2020



Rahul Kumar Pandey

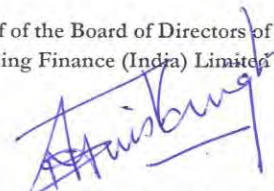
Chairperson

DIN:00250437



Vipin Jain
Chief Financial Officer

For and on behalf of the Board of Directors of
ART Housing Finance (India) Limited



Manish Singh
Chief Business Officer



Ritika Sati
Company Secretary
(Mem No ACS 24016)

UDIN NO: 20166729AAAADP6574

Place: GURURAM

Date: July 24, 2020

ART Housing Finance (India) Limited
Statement of Profit and Loss for the year ended March 31, 2020
(Amount in INR lacs, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue From Operations			
Interest income	19	7,004.70	8,394.83
Fees and commission income	20	97.48	95.05
Net gain on fair value changes	21	185.03	192.68
Total revenue from operations		7,287.21	8,682.56
Other income		99.79	203.68
Total income		7,387.00	8,886.24
EXPENSES			
Finance costs	22	1,873.90	2,381.48
Impairment on financial instruments	23	454.59	36.51
Employee benefits expense	24	3,044.59	3,078.57
Depreciation and amortization expense	10	401.09	288.24
Other expenses	25	758.54	889.04
Total expenses		6,532.71	6,673.84
Profit before tax		854.29	2,212.40
Tax expense:			
Current tax	9	314.85	579.68
Deferred tax	9	(21.75)	64.16
Net profit after tax		561.19	1,568.56
Other comprehensive income			
Items that will not be reclassified to profit or loss		1.84	(0.16)
Income tax relating to items that will not be reclassified to profit or loss		(0.54)	0.05
Total comprehensive income for the year		562.49	1,568.45
Earnings per equity share			
Basic (Rs)		0.15	0.41
Diluted (Rs)		0.14	0.40

Summary of Significant Accounting Policies

1-3

The accompanying notes form an integral part of these Ind AS Financial Statements

This is the Statement of Profit and Loss referred to in our report of even date

For S M M P & Associates

Firm Registration Number: 120438W

Chartered Accountants

For and on behalf of the Board of Directors of

ART Housing Finance (India) Limited

Chintan Shah

Partner

Membership No: 166729



Chintan Shah

Place: **MUMBAI**

Date: July 24, 2020

UDIN No: 20166729AAAADPG574

Rahul Kumar Pandey

Rahul Kumar Pandey

Chairperson

DIN: 00250437

Vipin Jain

Vipin Jain

Chief Financial Officer

Manish Singh

Manish Singh

Chief Business Officer

Ritika Sati

Ritika Sati

Company Secretary

(Mem No ACS 24016)

Place: **GURUGRAM**

Date: July 24, 2020

ART Housing Finance (India) Limited
 Statement of Changes in Equity for the year ended on March 31, 2020
 (Amount in INR lacs, unless otherwise stated)

A. Equity Share Capital

Particulars	Amount
Balance as at April 1, 2018	37,500.00
Equity share capital issued during the year ended March 31, 2019	1,000.00
Balance as at March 31, 2019	38,500.00
Equity share capital issued during the year ended March 31, 2020	-
Balance as at March 31, 2020	38,500.00

B. Other Equity (Refer Note 18)

Particulars	Reserve and Surplus				Total
	Shared Based Payments	Statutory Reserve	Special Reserve	Retained Earnings	
Balance as at April 1, 2018	6.65	99.06	113.72	(488.83)	(269.40)
Profit after tax for the year				1,568.56	1,568.56
Other comprehensive income for the year (net of tax)				(0.11)	(0.11)
Total comprehensive income for the year				1,568.45	1,568.45
Transfer to statutory reserve u/s 29C of the NHB Act, 1987		69.17		(69.17)	-
Transfer to special reserve u/s 36(1)(viii) of the Income Tax Act, 1961			246.20	(246.20)	-
Shared based payments	21.21				21.21
Balance at the March 31, 2019	27.86	168.23	359.92	764.25	1,320.26
Profit after tax for the year				561.19	561.19
Other Comprehensive Income for the year (net of tax)				1.30	1.30
Total Comprehensive Income for the year				562.49	562.49
Transfer to statutory reserve u/s 29C of the NHB Act, 1987		-		-	-
Transfer to special reserve u/s 36(1)(viii) of the Income Tax Act, 1961			124.14	(124.14)	-
Shared based payments	38.86				38.86
Balance at the March 31, 2020	66.72	168.23	484.06	1,202.60	1,921.61

This is the Statement of Changes in Equity referred to in our report of even date
 For S M M P & Associates
 Firm Registration Number: 12043SW
 Chartered Accountants

Chintan Shah
 Partner
 Membership No: 166729



C. Ghosh
 Place: -
 Date: July 24, 2020

UDIN NO: 20166729AAAADP6574

For and on behalf of the Board of Directors of
 ART Housing Finance (India) Limited

Rahul Kumar Pandey
 Rahul Kumar Pandey
 Chairperson
 DIN: 00250437

Vipin Jain
 Vipin Jain
 Chief Financial Officer

Manish Singh
 Manish Singh
 Chief Business Officer

Ritika Sati
 Ritika Sati
 Company Secretary
 (Mem No ACS 24016)

Place: GURUGRAM
 Date: July 24, 2020

ART Housing Finance (India) Limited
Statement of Cash Flows for the year ended March 31, 2020
(Amount in INR lacs, unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
I. Cash flow from operating activities:		
Net Profit before tax as per Statement of Profit and Loss	854.29	2,212.40
Adjustments for:		
Interest income on loans	(6,924.46)	(8,298.00)
Depreciation and amortisation expense	401.09	288.24
Impairment on financial instruments - Expected credit loss (ECL)	427.15	24.95
Interest on borrowings	1,763.30	2,381.48
Interest on lease liability	110.60	-
Loans and advances written off	27.44	11.56
Share based payments	38.86	21.21
Net gain on fair value changes	(185.03)	(192.68)
Interest Income on bank deposits	(80.24)	(96.85)
Interest received on loans	6,598.41	7,944.33
Interest paid on borrowings	(1,712.82)	(2,372.94)
Loss on sale of property, plant and equipment	0.55	5.07
Cash generated from operations before working capital changes	1,319.14	1,928.79
Working Capital Changes		
(Increase) / decrease in Other financial assets	2.02	(8.96)
(Increase) / decrease in non-financial assets	(633.87)	31.33
Increase / (decrease) in financial liabilities	(521.88)	(3,979.85)
Increase / (decrease) in provisions	(22.96)	15.20
Increase / (decrease) in non-financial liabilities	(37.90)	83.37
Loans repaid/ (disbursed) (net)	5,435.04	(10,596.63)
	4,220.45	(14,455.54)
Direct taxes (paid)/adjusted	(252.92)	(508.38)
Net cash used in operating activities (I)	5,286.67	(13,035.13)
II. Cash flow from investing activities:		
Purchase of property, plant and equipment and Intangible assets	(155.38)	(274.95)
Proceeds from disposal of property, plant and equipment	1.13	0.45
Sale of investments measured at FVTPL (net)	104.11	(2,034.74)
Decrease/ (Increase) in deposits with banks	(37.89)	(4.25)
Interest received on bank deposits	81.16	96.65
Net cash used in investing activities (II)	(6.87)	(2,216.84)
III. Cash flow from financing activities:		
Proceeds from issuance of share capital	-	1,000.00
Borrowings other than debt securities issued (net)	(1,079.28)	14,295.98
Payment of lease liability	(254.81)	-
Net cash generated from financing activities (III)	(1,334.09)	15,295.98
Net increase/(decrease) in cash and cash equivalents (I+II+III)	3,945.71	44.01
Cash and cash equivalents at the beginning of the year	45.60	1.59
Cash and cash equivalents at the end of the year	3,991.31	45.60
	3,945.71	44.01

Summary of Significant Accounting Policies (Notes 1-3)

The accompanying notes form an integral part of these Ind AS Financial Statements

This is the Statement of Cash Flows referred to in our report of even date

For S M M P & Associates

Firm Registration Number: 120438W

Chartered Accountants

Chintan Shah
Partner
Membership No: 166729



Chhal

Place:
Date: July 24, 2020

UDIN NO: 20166729AAAADP6574

For and on behalf of the Board of Directors of
ART Housing Finance (India) Limited

Rahul Kumar Pandey
Rahul Kumar Pandey
Chairperson
DIN: 00250437

Vipin Jain
Vipin Jain
Chief Financial Officer

Manish Singh
Manish Singh
Chief Business Officer

Ritika Sati
Ritika Sati
Company Secretary
(Mem No ACS 24016)

Place: GURUGRAM
Date: July 24, 2020

ART Housing Finance (India) Limited

Notes forming part of Financial Statements for the year ended March 31, 2020

1. Company overview

ART Housing Finance (India) Limited (the 'Company') was incorporated on July 16, 2013 with its registered office in New Delhi. The Company is a subsidiary of ART Business and Consumer Finance (India) Private Limited (the 'Holding Company').

The Company is registered with the National Housing Bank (NHB) under section 29A of the National Housing Bank Act, 1987 as non deposit taking Housing Finance Company vide registration no. 01.0176.19. The main objects of the Company, inter alia, are to carry out the business of providing long term finance for purchase/construction/ repair and renovation of new/ existing flats/ houses for residential purposes. The business is conducted through its branches in India and supported by a network of agents for sourcing loans. ART Housing Finance (India) Limited is the holding company for investments in its associates and subsidiary companies.

2. Basis of Preparation and Presentation

2.1 Statement of Compliance and basis of preparation

The financial statements ("financial statements") have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS"), the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB") to the extent applicable. Financial statements are prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below

For all periods up to and including the year ended March 31, 2019, the Company had prepared its financial statements in accordance with Accounting Standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 and the Master Directions issued by NHB (hereinafter referred as 'Previous GAAP'). These financial statements for the year ended March 31, 2020 are the first Ind AS Financials, the Company has prepared in accordance with Ind AS. The Company has applied Ind AS 101 'First time adoption of Indian Accounting Standards', for transition from previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, and financial performance of the Company is provided in note no. 26.

Accounting policies have been consistently applied except where a newly-issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

Additional information required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 NHB(ND)/DRS/REG/MC-07/2019 dated July 01, 2019 and Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018 is given in Note 42.

2.2 Presentation of Financials Statements

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

The Company presents its Balance Sheet in the order of liquidity.

The Company generally reports financial assets and financial liabilities on a gross basis in the Balance Sheet. They are offset and reported net basis only when Ind AS specifically permits the same or it has an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event. Similarly, the Company offsets incomes and expenses and reports the same on a net basis when permitted by Ind AS specifically unless they are material in nature.

Amounts in the financial statements are presented in Indian Rupees (INR) and all values are rounded off to the nearest lac as permitted by Schedule III to the Act, except when otherwise stated.



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2.3 Basis of Measurement

The financial statements have been prepared on an accrual basis as a going concern under the historical cost convention except for certain financial instruments that are measured at fair values at the end of each reporting date as required under the relevant Ind AS. A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

2.4 Use of Estimates and Judgements

The preparation of the financial statements in conformity with the Ind AS requires the management to make use of estimates, judgements and assumptions in view of the inherent uncertainties and a level of subjectivity involved in measurement of items, it is possible that the outcomes in the subsequent financial years could differ from those on which the Management's estimates are based. Accounting estimates could change from period to period and revisions to accounting estimates are recognised prospectively. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

2.4.1 Business Model Assessment

The Company determines the business model at a level that reflects how the Company's financial instruments are managed together to achieve a particular business objective.

Based on this assessment and future business plans of the Company, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principle and interest ("the 'SPPI criterion')."

Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments.

2.4.2 Determination of Expected Credit Loss ("ECL")

The measurement of impairment losses (ECL) across all categories of financial assets, except assets which are valued at Fair Value through P&L (FVPTL), requires judgement. In particular, the estimation of the amount and timing of future cash flows based on Company's historical experience and collateral values when determining impairment losses along with the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's Expected credit loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered in accounting judgements and estimates include:

- The Company's model, which assigns Probability of default (PD)s
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime expected credit loss (LTECL) basis
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs,
- Exposure at default (EAD)s and Loss given default (LGD)s
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models



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2.4.3 Defined Benefit Plans

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

2.4.4 Share-Based Payments

Estimating fair value for share-based payment transactions requires use of an appropriate valuation model which is dependent on the terms and conditions of the grant. The Company measures the cost of equity-settled transactions with employees using Black-Scholes Model to determine the fair value of the options on the grant date. Inputs into the valuation model, includes assumption such as the expected life of the share option, volatility and dividend yield.

2.4.5 Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments.

2.4.6 Fair Value measurement

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.4.6 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.



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3 Summary of the Significant Accounting Policies

This note provides a summary of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

3.1.1 Interest

Interest income on financial instruments is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate applicable.

Effective Interest Rate ("EIR")

EIR is calculated by considering all costs and incomes attributable to acquisition of a financial asset or assumption of a financial liability and it represents a rate that exactly discounts estimated future cash payments/receipts through the expected life of the financial asset/financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets interest income is calculated by applying the EIR to the amortised cost of the credit impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

3.1.2 Overdue Interest and other charges

Overdue interest and other ancillary charges in respect of loans is recognized upon realisation.

3.1.3 Net gain on fair value changes

Financial assets are subsequently measured at FVTPL. The Company recognises gains/losses on fair value change of financial assets measured at FVTPL and realised gains/losses on derecognition of financial asset measured at FVTPL.

3.1.4 Dividend Income

Dividend income on equity shares is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

3.1.5 Fee and Commission Income

Fee and commission income include fees other than those that are an integral part of EIR. The Company recognises the fee and commission income in accordance with the terms of the relevant contracts/ agreement and when it is probable that the Company will collect the consideration.

3.1.6 Other Income

Other Income represents income earned from the activities incidental to the business and is recognised on accrual basis when the right to receive the income is established as per the terms of the contract.

3.1.7 Taxes

Incomes are recognised net of the Goods and Services Tax/Service Tax, wherever applicable.



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3.2 Expenditures

3.2.1 Borrowing Costs

Borrowing costs include interest expense calculated using the EIR on respective financial instruments measured at amortised cost and finance charges on lease.

3.2.2 Fees and commission expenses

Fees and commission expenses which are not directly linked to the sourcing of financial assets, such as commission/incentive incurred on value added services and products distribution, etc., are recognised in the statement of profit and loss on an accrual basis.

3.2.3 Taxes

Expenses are recognised net of the Goods and Services Tax/Service Tax, except where credit for the input tax is not statutorily permitted.

3.3 Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits with banks. Cash equivalents are short-term deposits with banks (with an original maturity of three months or less from the date of placement) and cheques on hand. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.4 Financial Instruments

A financial instrument is defined as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Trade receivables and payable, loan receivables, investments in securities and subsidiaries, debt securities and other borrowings, preferential and equity capital etc. are some examples of financial instruments.

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions of the financial instruments. For tradable securities the Company recognises the financial instruments on settlement date.

3.4.1 Financial Assets

Financial assets include cash, or an equity instruments of another entity, or a contractual right to receive cash or another financial asset from another entity etc. Few examples of financial assets are loan receivables, investment in equity and debt instruments, trade receivables, cash and cash equivalents, and bank balances.

3.4.1.1 Recognition and Initial Measurement of Financial Assets

Financial assets, with the exception of Loans and advances to customers, are initially recognised on the trade date, i.e. the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised on disbursement of the loan. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them.

Financial assets are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets (other than financial assets measured at Fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets, as appropriate, on initial recognition.

Transaction costs and revenues directly attributable to the acquisition of financial assets at FVTPL are recognised immediately in the statement of profit and loss.

3.4.1.2 Classification and Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, the Company classifies and measures all its financial assets based on the business model for managing the assets and the asset's contractual terms, either at:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI)
- Fair Value through Profit and Loss (FVTPL)



3.4.1.2.1 Financial Assets measured at Amortised Cost

The Company classifies and measures Cash and Bank balances, Loans, Trade Receivable, certain debt investments and other financial assets at amortised cost if following condition is met:

- Financial Assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest (SPPI) on the principal outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

3.4.1.2.2 Financial Assets measured at Fair Value through Other Comprehensive Income ("FVOCI")

The Company classifies and measures certain debt instruments at FVOCI when the investments are held within a business model, the objective of which is achieved by both, collecting contractual cash flows and selling the financial instruments and the contractual terms of the financial instruments meet the SPPI test.

These assets are subsequently measured at fair value. Interest income and impairment loss are recognised in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

3.4.1.2.3 Financial Assets measured at Fair Value through Profit and Loss ("FVTPL")

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; and/or
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or
- Assets designated at FVTPL using the fair value option.

These assets are subsequently measured at fair value. Net gain and losses, including any interest or dividend income, are recognised in statement of profit and loss.

3.4.1.3 Reclassification of Financial Assets

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that result in reclassifying the Company's financial assets. During the current financial year and previous accounting period there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

3.4.1.4 Derecognition of Financial Assets

The Company derecognises a financial asset (or, where applicable, a part of a financial asset) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under an assignment arrangement and the Company has transferred substantially all the risks and rewards of the asset. Once the asset is derecognised, the Company does not have any continuing involvement in the same.

When Company transfers its financial assets through the partial assignment route and accordingly derecognises the transferred portion as it neither has any continuing involvement in the same nor does it retain any control. If the Company retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract.

On derecognition of a financial asset, the difference between:

The carrying amount (measured at the date of derecognition) and The consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.



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3.4.2 Financial Liabilities

Financial liabilities include liabilities that represent a contractual obligation to deliver cash or another financial assets to another entity, or a contract that may or will be settled in the entities own equity instruments. Few examples of financial liabilities are trade payables, debt securities and other borrowings.

3.4.2.1 Initial recognition and measurement of Financial Liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

3.4.2.2 Classification and Subsequent Measurement of Financial Liabilities

Financial liabilities are subsequently measured at amortised cost using the Effective Interest Rate method. Interest expense is recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss. The EIR amortization is included as finance costs in the statement of profit or loss.

3.4.2.3 Reclassification of Financial Liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

3.4.2.4 Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.



Two handwritten signatures in blue ink, one appearing to be a cursive signature and the other a more stylized signature.

3.4.3 Impairment of Financial Assets

3.4.3.1 Overview of ECL principles

Expected Credit Losses ('ECL') are recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.

Financial assets where no significant increase in credit risk has been observed are considered to be in 'stage 1' and for which a 12 month ECL is recognised. Financial assets that are considered to have significant increase in credit risk are considered to be in 'stage 2' and those which are in default or for which there is an objective evidence of impairment are considered to be in 'stage 3' for which a lifetime ECL is recognised.

At initial recognition, allowance is required for ECL towards default events that are possible in the next 12 months, or less, where the remaining life of financial asset is less than 12 months.

In the event of a significant increase in credit risk or default, allowance is required for ECL towards all possible default events over the expected life of the financial instrument ('lifetime ECL').

Financial assets (and the related impairment allowances) are written off in full, when there is no realistic prospect of recovery.

Treatment of the different stages of financial assets and the methodology of determination of ECL

(a) Credit impaired/default (stage 3)

The Company recognises a financial asset to be credit impaired and in stage 3 by considering relevant objective evidence, primarily whether:

- Contractual payments of either principal or interest are past due for more than 90 days;
- The loan is otherwise considered to be in default.

Definition of Default

The Company considers the following as constituting an event of default:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

When assessing if the borrower is unlikely to pay its credit obligation, the Company takes into account both qualitative and quantitative indicators. The information assessed depends on the type of the asset, for example in corporate lending a qualitative indicator used is the breach of covenants, which is not as relevant for individual lending. Quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis.

(b) Significant increase in credit risk (stage 2)

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering the change in the risk of default of the loan exposure. However, unless identified at an earlier stage, 30 days past due is considered as an indication of financial assets to have suffered a significant increase in credit risk. Based on other indications such as borrower's frequently delaying payments beyond due dates though not 30 days past due are included in stage 2 for mortgage loans.

The measurement of risk of defaults under stage 2 is computed on homogenous portfolios, generally by nature of loans, tenors, underlying collateral, geographies and borrower profiles. The default risk is assessed using PD (probability of default) derived from past behavioural trends of default across the identified homogenous portfolios. These past trends factor in the past customer behavioural trends, credit transition probabilities and macroeconomic conditions. The assessed PDs are then aligned considering future economic conditions that are determined to have a bearing on ECL.

(c) Without significant increase in credit risk since initial recognition (stage 1)

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage 1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behavioural score cards and other performance indicators, determined statistically.



3.4.3.2 Measurement of Expected Credit Losses (ECL)

The Company calculates ECL based on probability-weighted scenarios and historical data to measure expected cash shortfalls, discounted at an approximation to the portfolio EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive. When estimating ECL for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the asset's expected cash flows using the asset's original EIR, regardless of whether it is measured on an individual basis or a collective basis.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest from missed payments.

Probability of Default (PD) is the probability of whether borrowers will default on their obligations which is calculated based on historical default rate summary of past years using origination vintage analysis.

Loss Given Default (LGD) is an estimate of the loss from a financial asset given that a default occurs. The LGD is computed using a "Workout approach" based on the Company's own loss and recovery experience. It is usually expressed as a percentage of the EAD.

3.4.3.3 Collateral Valuation and Repossession

To mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the powers conferred on the Housing Finance Companies under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002 ("SARFAESI"). The Company provides fully secured, partially secured and unsecured loans to individuals and Corporates.

In its normal course of business, the Company does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale.

3.4.3.4 Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs. The inputs and models used for calculating ECL may not always capture all characteristics of the market risk at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

3.4.3.5 Write-off

Loans and debt securities are written off when the Company has no realistic prospects or reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities could result in impairment gains.



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3.5 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year

3.6 Property, Plant and Equipment ("PPE")

PPE held for use are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. PPE is recognised when it is probable that future economic benefits associated with the item is expected to flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under PPE.

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2019.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.



3.7 Intangible Assets

Software which is not integral part of the hardware is classified as intangibles and is stated at cost less accumulated amortisation. These are recognized as assets if it is probable that future economic benefits attributable to such assets will flow to the Company and the cost of the assets can be reliably measured. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

3.8 Capital work-in-progress

Capital work-in-progress includes assets not ready for the intended use and is carried at cost, comprising direct cost and related incidental expenses.

3.9 Depreciation and Amortisation

3.9.1 Depreciation on property, plant and equipment:

(a) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013.

(b) Depreciation on leasehold improvements is provided on straight line method over the primary period of lease of premises or estimated useful life whichever is lower.

(c) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.

(d) Tangible assets which are depreciated over useful life different than those indicated in Schedule II are as under:

PPE	Full Life
Building	60 years
Furniture and fixtures	10 years
Office equipment	5 years
Motor Vehicles	8 years
Servers	6 years
Computers and printers	3 years

3.9.2 Amortization of Intangible Assets

The intangible assets are amortised using the straight line method over a period of six years, which is the Management's estimate of its useful life. The useful lives of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

3.10 Impairment of non-Financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.



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3.11 Employee Benefits

3.11.1 Share-based payments

The stock options granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date using Black-Scholes Model. The fair value of the options determined at grant date is accounted as employee compensation cost over the vesting period on a straight line basis over the period of option, based on the number of grants expected to vest, with corresponding increase in equity.

At the end of each reporting year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve

3.11.2 Retirement and other employee benefits

3.11.2.1 Provident Fund

All eligible employees of the Company are entitled to receive benefits under the Provident Fund. The Company makes a contribution to provident fund on monthly basis. The contributions are recognised as an expense in the year in which they are incurred.

3.11.2.2 Gratuity

For defined benefit plans in the form of gratuity fund is determined basis actuarial valuations being carried at each balance sheet date. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of planned assets.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the year in which they occur. Remeasurements are not reclassified to profit or loss in subsequent years.

Past service costs are recognised in Profit or Loss on the earlier of: The date of the plan amendment or curtailment, and The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and Net interest expense or income

3.12 Leases

Company has applied Ind AS 116 'Leases' it to all lease contracts existing on April 1, 2019 using the Modified Retrospective Approach. Based on the same and as permitted under the specific transitional provisions in the standard, the Company has not restated the comparative figures. On transition, the adoption of the new standard resulted in recognition of an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset) and a corresponding liability to make lease payments (i.e., the lease liability). Company will separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company has further elected not to recognise ROU assets and lease liabilities for leases of low value assets and for short-term leases (less than 12 months).

3.13 Investments in Subsidiaries

Investment in Subsidiaries is recognised at cost and are not adjusted to fair value at the end of each reporting period. Cost of investment represents amount paid for acquisition of the said investments.

The Company assesses at the end of each reporting period, if there are any indications that the said investments may be impaired. If so, the Company estimates the recoverable value/amount of the investment and provides for impairment, if any i.e. the deficit in the recoverable value over cost.



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3.14 Foreign currency translation

The Company's financial statements are presented in Indian Rupee, which is also the Company's functional currency.

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are re-translated using the exchange rate prevailing at the reporting date. Nonmonetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

Exchange differences

All exchange differences are accounted in the Statement of Profit and Loss.

3.15 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

3.18 Taxes on Income

3.18.1 Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, in accordance with the Income Tax Act, 1961; and the Income Computation and Disclosure Standards (ICDS) prescribed therein. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in other equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

3.18.2 Deferred Tax

Deferred tax assets and liabilities are recognized using the balance sheet approach for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date, and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or directly in other equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.



3.19 Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when:

- (i) The Company has a present obligation (legal or constructive) as a result of a past event; and
- (ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (iii) A reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows.

Contingent liability is disclosed in case of:

- (i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; or
- (ii) A present obligation arising from past events, when no reliable estimate is possible.

Contingent Assets:

Contingent assets are not recognised in the financial statements.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

3.20 Non-Current Assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

3.21 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities.

Cash flow from operating activities is reported using indirect method as set out in the Ind AS -7 adjusting the net profit for the effects of:

- i. Changes during the period in operating receivables and payables transactions of a non-cash nature;
- ii. Non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses; and
- iii. All other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.



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ART Housing Finance (India) Limited
Notes forming part of the Financial Statements for the year ended March 31, 2020
(Amount in INR lacs, unless otherwise stated)

4 Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Cash on hand	2.12	3.12	-
Balances with banks:			
In Current Accounts*	39.19	42.48	1.59
In Deposit accounts with original maturity of 3 months or less**	3,950.00	-	-
Total	3,991.31	45.60	1.59

* Subsequent to the Balance Sheet date, a sum of Rs 34.40 lacs has been provisionally attached by Enforcement Directorate on May 5, 2020 in connection with the ongoing litigation in matter of promoter group. The Company has filed petition in Delhi High Court for release of these funds and matter is under process.

** Subsequent to the Balance Sheet date, a sum of Rs 3950.00 lacs has been provisionally attached by Enforcement Directorate on May 5, 2020 in connection with the ongoing litigation in matter of promoter group. The Company has filed petition in Delhi High Court for release of these funds and matter is under process.

5 Bank Balances other than Cash and Cash Equivalents

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
In Deposit accounts with banks			
Balance with Banks held as margin money for guarantees issued by banks or security against the borrowings (refer note below)	1,191.57	1,153.68	1,149.43
Total	1,191.57	1,153.68	1,149.43

Notes:

1. Fixed deposit placed with banks earns interest at applicable bank deposit rates

2. In respect of balance with Banks in Fixed Deposits above includes

(a) Rs 441.47 lacs (March 31, 2019: Rs 1153.68 lacs, April 1, 2018: Rs 1149.43 lacs) kept as security for Cash Credit limit from Banks

(b) Rs 750.0 lacs (March 31, 2019 & April 1, 2018: Rs Nil) kept as security for Bank Guarantee for Term Loan from NHB

6 Loans

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Loans (Amortised Cost)			
Loans to Individuals	48,672.80	51,343.58	33,591.84
Other Loans	2,204.84	4,708.53	11,758.70
Total – Gross	50,877.64	56,052.11	45,350.54
Less: Impairment loss allowance (Expected Credit Loss)	557.07	129.92	104.97
Total – Net	50,320.57	55,922.19	45,245.57
Secured by tangible assets (Property including land & building)	50,877.64	56,052.11	45,350.54
Total – Gross	50,877.64	56,052.11	45,350.54
Less: Impairment loss allowance (Expected Credit Loss)	557.07	129.92	104.97
Total – Net	50,320.57	55,922.19	45,245.57
Loans in India			
Public Sector	-	-	-
Other than Public Sector	50,877.64	56,052.11	45,350.54
Total – Gross	50,877.64	56,052.11	45,350.54
Less: Impairment loss allowance (Expected Credit Loss)	557.07	129.92	104.97
Total – Net	50,320.57	55,922.19	45,245.57

6(a) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

6(b) Loans granted by the Company are secured/partly secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of receivables.

6(c) Loans including Instalment and Interest outstanding due from the directors and related parties:

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Due from Directors	-	-	-
Due from related parties	-	-	-

6(d) There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is Nil in current year and previous years.



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6.1 Loans to Individuals

An analysis of changes in the gross carrying amount of Loans to Individuals and the corresponding ECL allowances, as follows:

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	51,096.03	218.29	29.26	51,343.58	33,396.76	193.08	-	33,591.84
New assets originated	6,731.44	-	-	6,731.44	28,913.25	-	-	28,913.25
Assets repaid in part or full (excluding write offs)	(9,383.42)	1.96	(20.76)	(9,402.22)	(11,138.01)	(2.43)	(21.07)	(11,161.51)
Assets written off	(11.56)	-	11.56	(0.00)	-	-	-	-
Transfers to Stage 1	(323.13)	344.99	(21.86)	-	(208.58)	208.58	-	-
Transfers to Stage 2	84.42	(84.42)	-	-	182.94	(182.94)	-	-
Transfers to Stage 3	(95.72)	(54.88)	150.60	-	(50.33)	-	50.33	-
Gross carrying amount closing balance	48,098.06	425.94	148.80	48,672.80	51,096.03	218.29	29.26	51,343.58

Reconciliation of ECL allowance for Loans to Individuals is given below:

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	84.15	31.09	7.68	122.92	52.31	34.11	-	86.42
ECL Remeasurements due to changes in EAD / assumptions (Net)	(0.27)	78.25	20.78	98.75	(150.72)	179.61	7.61	36.50
Assets written off	-	-	-	-	-	-	-	-
Transfers to Stage 1	(6.26)	0.53	5.74	-	(0.38)	0.31	0.07	-
Transfers to Stage 2	11.65	(11.65)	-	-	182.94	(182.94)	-	-
Transfers to Stage 3	(0.14)	(7.58)	7.72	-	-	-	-	-
ECL closing balance	89.13	90.63	41.91	221.67	84.15	31.09	7.68	122.92

6.2 Other Loans

An analysis of changes in the gross carrying amount of Other Loans and the corresponding ECL allowances in relation to loans is, as follows:

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	4,708.53	-	-	4,708.53	11,758.70	-	-	11,758.70
New assets originated	-	-	-	-	7,343.64	-	-	7,343.64
Assets repaid in part or full (excluding write offs)	(2,503.68)	-	-	(2,503.68)	(14,393.82)	-	-	(14,393.82)
Assets written off	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	2,204.84	-	-	2,204.84	4,708.53	-	-	4,708.53

Reconciliation of ECL allowance for Other Loans is given below:

Particulars	Year ended March 31, 2020				Year ended March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	7.00	-	-	7.00	18.55	-	-	18.55
ECL Remeasurements due to changes in EAD / assumptions (Net)	328.40	-	-	328.40	(11.54)	-	-	(11.54)
Assets written off	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
ECL closing balance	335.40	-	-	335.40	7.00	-	-	7.00

6.3 Summary of gross carrying amount of loans

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2020	50,302.90	425.94	148.80	50,877.64
March 31, 2019	55,804.56	218.29	29.26	56,052.11
April 1, 2018	45,155.46	193.08	0.00	45,350.54

6.4 Summary of Impairment loss allowance (Expected Credit Loss)

Particulars	Stage 1	Stage 2	Stage 3	Total
March 31, 2020	424.33	90.63	41.91	557.07
March 31, 2019	91.15	31.09	7.68	129.92
April 1, 2018	70.86	34.11	0.00	104.97



ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

7 Investments

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Investments in Subsidiary			
ART Distribution (India) Private Limited 50,000 equity shares of INR 10 each (March 31, 2019: 50,000 and April 1, 2018: 50000)	5.00	5.00	5.00
Investments measured at Amortised Cost	-	-	-
Investments measured at Fair Value			
Through Other Comprehensive Income	-	-	-
Through profit or loss	-	-	-
Designated at Fair Value Through Profit or Loss			
Investment in Mutual Funds	2,308.34	2,227.42	-
Total Investments measured at Fair Value	2,308.34	2,227.42	-
Total Investments (A)	2,313.34	2,232.42	5.00
Investments outside India	-	-	-
Investments in India	2,313.34	2,232.42	5.00
Total Investments (B)	2,313.34	2,232.42	5.00
Total (A) to tally with (B)	2,313.34	2,232.42	5.00
Less: Allowance for impairment loss (C)	-	-	-
Total Net D = (A) - (C)	2,313.34	2,232.42	5.00

The Company has accounted for its investments in Subsidiary at amortised cost.

8 Other Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Interest accrued on bank deposits	9.97	10.89	10.71
Interest accrued but not due on loans	462.07	424.04	186.87
Security Deposits	56.59	58.61	49.65
Total Gross	528.63	493.54	247.23
Less: Impairment Loss Allowance (Expected Credit Loss)	-	-	-
Total Net of Expected Credit Loss	528.63	493.54	247.23

9 Taxes on Income

9.1 Current tax Assets (Net)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Advance Tax (Net of Provision)	75.45	51.88	9.14
Total	75.45	51.88	9.14

9.2 Deferred Tax Assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Deferred Tax Assets (Net)	112.01	91.40	155.51
MAT Credit Entitlement	45.44	130.40	244.49
Net Deferred Tax Asset	158.05	221.80	400.00

9.3 The major components of income tax expense for the year ended March 31, 2020

Particulars	As at March 31, 2020	As at March 31, 2019
Current income tax:		
Current year Income tax charge	283.77	579.68
Adjustments in respect of current income tax of previous year	31.08	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(21.75)	64.16
Income tax expense reported in the statement of profit or loss	293.10	643.84
OCI		
Deferred tax related to items recognised in OCI during the year:		
Net loss/ (gain) on re-measurements of defined benefit plans	0.54	(0.05)
Income tax charged to OCI	0.54	(0.05)



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

9.3.1 Reconciliation of income tax expense and accounting profit of the year multiplied by corporate tax rate

Particulars	As at March 31, 2020	As at March 31, 2019
Profit before tax	854.29	2,212.40
Tax at corporate tax rate of 20.12% (previous year: 29.12%)	248.77	644.25
Effect of expenses that are not deductible in determining taxable profit (net)	49.40	71.28
Deduction under section 36(1)(viii) of the Income tax Act, 1961	(36.15)	(71.69)
Adjustments in respect of current income tax of previous year	31.08	-
Income tax expense recognised in statement of profit and loss	293.10	643.84

The tax rate used for the reconciliations above is the corporate tax rate of 20.12% for the year 2019-20 and 2018-19 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

9.3.2 Deferred tax assets/(liabilities) recorded in balance sheet

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
(A) Deferred Tax Assets			
Impairment on Financial Instruments (ECL)	162.22	37.83	50.57
Financial instruments (Loans) measured at EIR	68.92	155.72	190.06
Depreciation and amortisation expenses	13.43	-	-
Lease liability impact	2.10	-	-
Provisions	0.22	7.29	2.83
Share based payments	19.43	8.11	1.94
Other comprehensive Income not classified to profit or loss	-	0.05	-
Others	1.55	2.97	2.79
Total (A)	267.87	211.97	228.19
(B) Deferred Tax Liabilities			
Unrealised net gain on fair value changes	7.83	0.71	-
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	142.41	104.81	35.12
Other comprehensive Income not classified to profit or loss	0.49	-	-
Financial instruments (Borrowings) measured at EIR	4.53	8.55	11.80
Depreciation and amortisation expenses	-	6.50	27.76
Total (B)	155.26	120.57	72.68
Total (A-B)	112.61	91.40	155.51
MAT Credit entitlement (C)	45.44	130.40	244.49
Deferred tax assets/(liabilities) (A-B+C)	158.05	221.80	400.00

9.3.3 Changes in deferred tax assets/(liabilities) recorded in profit or Loss

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Deferred tax relates to the following:		
Impairment on Financial Instruments (ECL)	(124.39)	(7.26)
Financial instruments (Loans) measured at EIR	66.80	34.34
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(19.93)	(21.20)
Lease liability impact	(2.10)	-
Share based payments	(11.32)	(6.17)
Unrealised net gain on fair value changes	7.12	0.71
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	37.60	71.69
Financial instruments (Borrowings) measured at EIR	(4.02)	(3.25)
Others	8.49	(4.64)
Deferred Tax charged to statement of profit and loss account:	(21.75)	64.16

9.3.4 Changes in deferred tax recorded in other comprehensive income

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Re-measurements of employee benefits through OCI	0.54	(0.05)



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ART Housing Finance (India) Limited
Notes forming part of the Financial Statements for the year ended March 31, 2020
(Amount in INR lacs, unless otherwise stated)

10 Property, plant and equipment, Other Intangible Assets and Right-of-use Assets

	Property, plant and equipment										Other Intangible assets		Right to use Assets		
	Computer equipment's	Furniture and fixtures	Office equipment's	Vehicles	Plant and machinery	Leasehold improvements	Total	Computer software							
Cost															
Balance as at April 1, 2018	257.28	197.67	178.84	3.58	33.83	432.75	1,103.96	126.05	-	-					
Additions	102.43	14.07	15.95	78.45	-	-	210.90	64.03	-	-					
Disposals	0.45	5.57	-	2.20	-	-	8.22	-	-	-					
Balance as at March 31, 2019	359.26	206.17	194.79	79.83	33.83	432.75	1,306.64	190.10	-	-					
Additions	18.60	0.27	7.98	-	-	-	26.85	128.53	-	-					648.91
Disposals	13.09	0.21	2.60	0.69	-	-	16.59	0.73	-	-					-
Balance as at March 31, 2020	364.77	206.23	200.17	79.14	33.83	432.75	1,316.90	317.90	-	-					948.91
Accumulated depreciation and amortisation															
Balance as at April 1, 2018	95.32	35.05	30.03	1.84	3.99	123.12	289.36	28.29	-	-					
Charge for the year	98.62	26.60	24.25	13.40	2.51	88.43	253.81	34.43	-	-					
Adjustments on disposal of assets	0.25	0.92	-	1.53	-	-	2.70	-	-	-					
Balance as at March 31, 2019	193.69	60.73	54.28	13.71	6.50	211.55	540.47	62.72	-	-					
Charge for the year	64.91	23.30	21.66	15.25	2.30	69.30	196.72	52.95	-	-					151.41
Adjustments on disposal of assets	11.97	0.10	2.56	0.66	-	-	15.09	0.55	-	-					-
Balance as at March 31, 2020	246.63	83.93	73.58	28.30	8.80	280.85	722.10	115.12	-	-					151.41
Net block															
Balance as at April 1, 2018	161.96	162.62	148.81	1.74	29.84	309.63	814.60	97.76	-	-					
Balance as at March 31, 2019	165.57	145.44	140.51	66.12	27.33	221.20	766.17	127.38	-	-					
Balance as at March 31, 2020	118.14	122.30	126.59	50.84	25.03	151.90	594.80	202.78	-	-					797.50



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

11 Other Non-Financial Assets

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Unsecured; considered good			
Capital Advances	-	-	5.00
Other Advances	656.29	74.24	79.30
Prepaid Expenses	58.21	41.30	67.38
Balance with government authorities	60.70	22.66	-
Acquired properties (held for sale)	12.90	16.03	33.88
Total Gross	788.10	154.23	185.56
Less: Provision for Expected Credit Loss (ECL)	-	-	-
Total Net of ECL	788.10	154.23	185.56

Assets obtained by taking possession of collateral

The Company's policy is to realise collateral on a timely basis. The Company does not use non-cash collateral for its operations.

12 Trade Payables

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Total outstanding dues of micro enterprises and small enterprises	3.63	0.91	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	19.26	50.53	90.26
Total	22.89	51.44	90.26

Based on and to the extent of the information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at the year-end are furnished in the note 33 below

13 Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
At Amortised Cost			
Secured			
Term Loans			
From National Housing Bank (NHB)	14,066.05	5,765.33	1,368.86
From Banks	4,734.12	5,448.13	4,104.77
Others - repayable on demand			
Cash Credit from Banks	-	2.19	84.86
Unsecured			
Inter-corporate deposits	-	8,650.00	-
Total Borrowings (A)	18,800.17	19,865.65	5,558.49
Borrowings in India	18,800.17	19,865.65	5,558.49
Borrowings outside India	-	-	-
Total Borrowings (B)	18,800.17	19,865.65	5,558.49



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

Notes:

- 13.1** Secured term loans from National Housing Bank carry rate of interest in the range of 4.18% to 8.55% p.a. The loans are having tenure of 10 to 15 years from the date of disbursement and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Loans from National Housing Bank to the extent of Rs 11,897.00 lacs (March 31, 2019: Rs 10,316.05 lacs, April 1, 2018: Rs 5,765.33 lacs) have been guaranteed by corporate guarantee of Holding Company ART Business and Consumer Finance (India) Private Limited. Further, Loans to the extent of Rs 7500 lacs (March 31, 2019: Rs Nil, April 1, 2018: Nil) have been additionally secured by submission of Bank Guarantee.
- 13.2** Secured term loans from Banks is towards loan from State Bank of India and carry rate of interest of 9.50% p.a. The loan is having tenure of 7 years from the date of disbursement and are repayable in 20 quarterly instalments after a moratorium of 24 months, the repayment commences from December 31, 2019. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company.
- The interest rate for the aforementioned term loans are linked to the Marginal Cost of Fund Based Lending Rate (MCLR) of the respective lenders.
- 13.3** Cash credit borrowings from bank are secured against the loan receivables of the Company, and are repayable on demand.
- 13.4** Other borrowings are towards the short term Inter-corporate deposits and are repayable as bullet payment and end of term of Inter-corporate deposit. These Inter-corporate deposits are unsecured.

13.5 Changes in liabilities arising from financing activities

Particulars	As at March 31, 2020	As at March 31, 2019
Borrowings (other than debt securities)		
Opening balances as at beginning of the year	19,865.65	5,558.49
Movements		
Cash flows	(1,079.28)	14,295.98
Other- amortisation of transaction cost	13.80	11.18
Closing balances as at end of the year	18,800.17	19,865.65



ART Housing Finance (India) Limited
Notes forming part of the Financial Statements for the year ended March 31, 2020
(Amount in INR lacs, unless otherwise stated)

13.6 Terms of repayment of borrowings outstanding as at March 31, 2020

Particulars	Repayment frequency and Original tenure	Rate of Interest	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	Due 3 to 5 years	Due > 5 years	Unamortised borrowing cost	Total
From NHB	Quarterly Tenure > 3 years	4.18% to 8.55%	2,362.28	2,362.28	2,362.28	4,084.56	2,894.65	-	14,066.05
From Banks	Quarterly Tenure > 3 years	9.50%	1,000.00	1,000.00	1,000.00	1,749.67	-	(15.55)	4,734.12
Total			3,362.28	3,362.28	3,362.28	5,834.23	2,894.65	(15.55)	18,800.17

Terms of repayment of borrowings outstanding as at March 31, 2019

Particulars	Repayment frequency and Original tenure	Rate of Interest	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	Due 3 to 5 years	Due > 5 years	Unamortised borrowing cost	Total
From NHB	Quarterly Tenure > 3 years	4.86% to 9.55%	455.28	570.28	570.28	1,140.56	3,028.93	-	5,765.33
From Banks	Quarterly Tenure > 3 years	9.50%	767.74	1,167.79	1,041.95	2,000.00	500.00	(29.35)	5,448.13
Inter-corporate deposits	At the end of tenure	9.10%	8,650.00	-	-	-	-	-	8,650.00
Cash Credit from banks	Annual renewal	9.90% to 10.14%	2.19	-	-	-	-	-	2.19
Total			9,875.22	1,738.07	1,612.23	3,140.56	3,528.93	(29.35)	19,865.65

Terms of repayment of borrowings outstanding as at April 1, 2018

Particulars	Repayment frequency and Original tenure	Rate of Interest	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	Due 3 to 5 years	Due > 5 years	Unamortised borrowing cost	Total
From NHB	Quarterly Tenure > 3 years	4.18% to 8.55%	103.53	110.28	110.28	220.56	824.21	-	1,368.86
From Banks	Quarterly Tenure > 3 years	9.50%	156.25	956.24	956.24	538.28	538.28	(38.43)	3,106.87
From Banks	Quarterly Tenure Upto 1 year Annual renewal	8.35%	1,000.00	-	-	-	-	(2.10)	997.90
Cash Credit from banks		9.90% to 10.14%	84.86	-	-	-	-	-	84.86
Total			1,344.64	1,066.52	1,066.52	758.84	1,362.49	(40.53)	5,558.49



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

14 Other Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Interest accrued but not due on borrowings	36.68	-	2.64
Temporary book overdraft*	305.38	764.86	4,783.94
Employee related payables	226.74	272.71	175.46
Lease Obligation (Liability)	804.70	-	-
Others	132.15	120.03	139.23
Total	1,505.65	1,157.60	5,101.27

* temporary book overdraft represents cheques issued towards disbursements to borrowers but not encashed as at end of the reported year.

15 Provisions

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Provision for Employee Benefits - Gratuity	0.76	25.02	9.71
Total	0.76	25.02	9.71

16 Other Non-Financial Liabilities

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Statutory dues	56.05	26.39	27.27
Advance from customers	154.97	222.53	138.28
Total	211.02	248.92	165.55

17 Equity Share Capital

Details of authorized, issued, subscribed and paid up share capital

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Authorised Share Capital			
100,00,00,000 (As at March 31, 2019: 100,00,00,000, As at April 1, 2018: 40,00,00,000) Equity Shares of Rs 10 each	1,00,000.00	1,00,000.00	40,000.00
Total	1,00,000.00	1,00,000.00	40,000.00
Issued, Subscribed and Fully Paid-up			
38,50,00,000 (As At March 31, 2019: 38,50,00,000, As at April 1, 2018: 37,50,00,000) Equity Shares of Rs 10 each	38,500.00	38,500.00	37,500.00
Total	38,500.00	38,500.00	37,500.00

17.1 Reconciliation of number of shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	Number of Shares	Amount (Rs in lacs)	Number of Shares	Amount (Rs in lacs)	Number of Shares	Amount (Rs in lacs)
Equity shares as at the beginning of the year	38,50,00,000	38,500.00	37,50,00,000	37,500.00	10,00,00,000	10,000.00
Shares issued during the year	-	-	1,00,00,000	1,000.00	27,50,00,000	27,500.00
Equity shares as at the end of the year	38,50,00,000	38,500.00	38,50,00,000	38,500.00	37,50,00,000	37,500.00



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17.2 Details of shares held by the Holding Company

Name of the shareholder	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	Number of Shares	% of holding	Number of Shares	% of holding	Number of Shares	% of holding
ART Business and Consumer Finance (India) Private Limited *	38,50,00,000	100.00%	38,50,00,000	100.00%	37,50,00,000	100.00%

* As per the records of the Company, including its register of shareholders/members and other declarations, if any, received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

17.3 Details of shareholders holding more than 5% shares in the Company are given below:

Name of the shareholder	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	Number of Shares	% of holding	Number of Shares	% of holding	Number of Shares	% of holding
ART Business and Consumer Finance (India) Private Limited *	38,50,00,000	100.00%	38,50,00,000	100.00%	37,50,00,000	100.00%

* As per the records of the Company, including its register of shareholders/members and other declarations, if any, received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

17.4 Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holders of equity shares will be entitled to receive remaining assets of the Company after settlement of all the liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer note 32

18 Other Equity

Particulars	As at	As at	As at
	March 31, 2020	March 31, 2019	April 1, 2018
Statutory reserve u/s 29C of The NHB Act, 1987	168.23	168.23	99.06
Special Reserve u/s 36(j)(viii) of the Income Tax Act, 1961	484.06	359.92	113.72
Share based payments Reserve	66.72	27.86	6.65
Retained Earnings	1,202.60	764.25	(488.83)
Total	1,921.61	1,320.26	(269.40)

18.1 Nature and purpose of reserve

Statutory reserve and Special reserve

Section 29C of The National Housing Bank (NHB) Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer for the purpose of section 29C of the NHB Act, 1987. The Company has transferred an amount of Rs. 115.10 lacs (previous year: Rs. 246.2 lacs) to special reserve in terms of Section 36(1) (viii) of the Income-tax Act 1961.

In terms of the requirement of National Housing Bank's (NHB) Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014, information on Reserve Fund under section 29C of the National Housing Bank Act, 1987 has been furnished under note 42.2

Share Based Payments Reserve

The Company has stock option schemes under which options to subscribe for the Company's shares have been granted to eligible employees and key management personnel. The Share-based Payment Reserve is used to recognise the value of equity-settled Share-based Payments.

Retained earnings

Retained earnings represents the surplus in profit and loss account till date after appropriation less any transfers to statutory reserves. The Company recognises change on account of remeasurement of the net defined benefit liability (asset) as part of retained earnings with separate disclosure, which comprises of:

- (a) actuarial gains and losses; and
- (b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset).



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ART Housing Finance (India) Limited
Notes to Financial Statements for the year ended March 31, 2020
(Amount in INR lacs, unless otherwise stated)

19 Interest Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets measured at Amortised Cost:		
Interest on Loans	6,924.46	8,298.00
Interest on deposits with banks	80.24	96.83
Total	7,004.70	8,394.83

Interest income on loans is recognised basis the Effective Interest Rate (EIR). Accordingly Loan origination income (net of direct incremental costs) is included in Interest on loans on amortization basis.

Interest Income on Stage 3 Assets is recognised on the net carrying value (the gross carrying value as reduced by the impairment allowance).

20 Fee and Commission Income

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other fee income and charges	97.48	95.05
Total	97.48	95.05

21 Net Gain/(Loss) on Fair Value Changes

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
Investments in Mutual funds	185.03	192.68
Total Net gain/(loss) on fair value changes	185.03	192.68
Fair Value changes:		
Realised	158.13	190.20
Unrealised	26.90	2.42
Total Net gain/(loss) on fair value changes	185.03	192.68

22 Finance Costs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Liabilities measured at Amortised Cost		
Interest on borrowings	1,765.30	2,381.48
Interest on Lease Liability	110.60	-
Total Finance Costs	1,873.90	2,381.48

23 Impairment on Financial Instruments

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
On Financial Assets measured at Amortised Cost		
On Loans - Expected Credit Loss	427.15	24.95
Loans, advances and other receivables written off	27.44	11.56
Total	454.59	36.51

24 Employee benefits expense

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages and bonus	2,812.77	2,884.56
Contribution to provident fund and other funds	146.65	120.85
Contribution to gratuity	23.05	19.35
Share based payments to employees	38.86	21.21
Staff welfare expenses	23.26	32.60
Total	3,044.59	3,078.57



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ART Housing Finance (India) Limited
Notes to Financial Statements for the year ended March 31, 2020
(Amount in INR lacs, unless otherwise stated)

25 Other expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent	39.96	268.23
Repairs and Maintenance	15.57	13.44
General Office Expenses	197.16	127.59
Electricity & Water Charges	47.97	47.40
Insurance Charges	30.40	24.26
Legal and professional charges	137.85	62.60
Auditor's fees and expenses	9.83	5.31
Rates and Taxes	3.93	34.95
Director's fees, allowances and expenses	5.58	5.43
Communication expenses	63.26	80.43
Loss on disposal of property, plant and equipment	0.55	5.07
Corporate Social Responsibility expenses	19.83	3.75
Advertisement and business promotion expenses	18.90	31.94
Travelling and conveyance	86.18	96.66
Recruitment Expenses	13.23	34.01
Miscellaneous expenses	68.34	47.97
Total	758.54	889.04

25.1 Auditor's remuneration

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
As auditors	6.64	3.00
For other services	2.57	1.64
For reimbursement of expenses	0.63	0.67
Total	9.83	5.31

25.2 Corporate Social Responsibility expenses

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Gross amount required to be spent during the year	19.82	3.57
Amount incurred as included in Other expenses	19.83	3.75

Amount spent during the year ended March 31, 2020

Particulars	In cash	Yet to be paid	Total
a) Construction/acquisition of any asset	-	-	-
b) On purposes other than (a) above	19.83	-	19.83
Total	19.83	-	19.83

Amount spent during the year ended March 31, 2019

Particulars	In cash	Yet to be paid	Total
a) Construction/acquisition of any asset	-	-	-
b) On purposes other than (a) above	3.75	-	3.75
Total	3.75	-	3.75

Related party transactions during the year in relation to CSR expenditure is Rs Nil (Previous Year Rs Nil).

25.3 Expenditure in Foreign currency

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Other Expenses	13.00	-



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ART Housing Finance (India) Limited

Notes to Financial Statements for the year ended March 31, 2020

(Amount in INR Lacs, unless otherwise stated)

26 First Time Adoption of Ind AS (Ind AS 101)

These are the Company's first financial statements prepared in accordance with Ind AS.

The Company has prepared its Ind AS compliant financial statements for the year ended on March 31, 2020, the comparative period ended on March 31, 2019 and an opening Ind AS balance sheet as at April 1, 2018 (the date of transition), as described in the summary of significant accounting policies. This note explains the principal adjustments made by the Company in restating its previous Indian GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at and for the year ended March 31, 2019.

For periods ended up to the year ended March 31, 2019, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (previous GAAP) and NHB Guidelines.

26.1 Mandatory exceptions and optional exemptions availed

Set out below are the applicable Ind AS 101 mandatory exceptions and optional exemptions applied in the transition from previous GAAP to Ind AS, which are considered to be material or significant by the Company.

26.1.1 Mandatory exceptions

The Company has adopted all relevant mandatory exceptions set out in Ind AS 101 which are as below.

(i) Estimates

Ind AS 101 prescribes that an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence of an error in those estimates.

The Company's Ind AS estimates as at the transition date are consistent with the estimates as at the same date made in conformity with previous GAAP.

However, below estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

- Fair valuation of financial instruments carried at FVTPL
- Impairment of financial assets based on Expected Credit Loss (ECL) model
- Determination of discounted value for financial instruments carried at amortized cost

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2018 the date of transition to Ind AS, and as of March 31, 2019.

(ii) Classification and measurement of financial assets

The classification of financial assets to be measured at amortised cost or fair value through other comprehensive income is made on the basis of the facts and circumstances that existed on the date of transition to Ind AS.

(iii) Impairment on financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2018.

26.1.2 Optional exemptions availed

(i) Investment in subsidiary

Ind AS 101 provides a one time option to a first-time adopter either to measure its investment in subsidiaries as per previous GAAP carrying value or at fair value on the date of transition.

The Company has elected to apply previous GAAP carrying amount of its investments in Subsidiaries as deemed cost as on the date of transition to Ind AS.

(ii) Deemed Cost for Property, Plant and Equipment, Investment Property and Intangible Assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets, measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date under Ind AS.

(iii) Fair Value measurement of Financial Assets and Liabilities

As per Ind AS exemption, the Company has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.



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ART Housing Finance (India) Limited

Notes to Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

26.2 Reconciliations between Ind AS and previous GAAP are given below

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following table represent the reconciliations from previous GAAP to Ind AS.

26.2.1 Reconciliation of Equity as at April 1, 2018 and March 31, 2019 is given below

26.2.1.1 Reconciliation of Equity as at April 1, 2018

Particulars	Notes	As at April 1, 2018		
		Previous GAAP	Effect of transition	Ind AS
ASSETS				
Financial Assets				
Cash and Cash Equivalents		1.59	-	1.59
Bank Balances other than above		1,149.43	-	1,149.43
Loans		45,775.30	(529.73)	45,245.57
Investments		5.00	-	5.00
Other Financial Assets		275.91	(28.68)	247.23
Total Financial Assets		47,207.23	(558.41)	46,648.82
Non-Financial Assets				
Current Tax Assets (Net)		9.14	-	9.14
Deferred Tax Assets		270.52	129.48	400.00
Property, Plant and Equipment		814.60	-	814.60
Other Intangible Assets		97.76	-	97.76
Other Non-Financial Assets		159.56	26.00	185.56
Total Non-Financial Assets		1,351.58	155.48	1,507.06
Total Assets		48,558.81	(402.93)	48,155.88
LIABILITIES AND EQUITY				
LIABILITIES				
Financial Liabilities				
Payables				
(A) Trade Payables				
(i) total outstanding dues of MSME		-	-	-
(ii) total outstanding dues of creditors other than MSME		90.26	-	90.26
Borrowings (Other than Debt Securities)		5,599.02	(40.53)	5,558.49
Other Financial Liabilities		5,101.27	-	5,101.27
Total Financial Liabilities		10,790.55	(40.53)	10,750.02
Non-Financial Liabilities				
Provisions		9.71	-	9.71
Other Non-Financial Liabilities		219.49	(53.94)	165.55
Total Non-Financial Liabilities		229.20	(53.94)	175.26
Total Liabilities		11,019.75	(94.47)	10,925.28
EQUITY				
Equity		37,500.00	-	37,500.00
Other Equity		39.06	(308.46)	(269.40)
Total Equity		37,539.06	(308.46)	37,230.60
Total Liabilities and Equity		48,558.81	(402.93)	48,155.88



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ART Housing Finance (India) Limited

Notes to Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

26.2.1.2 Reconciliation of Equity as at March 31, 2019

Particulars	Notes	As at March 31, 2019		
		Previous GAAP	Effect of transition	Ind AS
ASSETS				
Financial Assets				
Cash and Cash Equivalents		45.60	-	45.60
Bank Balances other than above		1,153.68	-	1,153.68
Loans		56,378.21	(456.02)	55,922.19
Investments		2,230.00	2.42	2,232.42
Other Financial Assets		520.06	(26.52)	493.54
Total Financial Assets		60,327.55	(480.12)	59,847.43
Non-Financial Assets				
Current Tax Assets (Net)		51.88	-	51.88
Deferred Tax Assets		135.56	86.24	221.80
Property, Plant and Equipment		766.17	-	766.17
Other Intangible Assets		127.38	-	127.38
Other Non-Financial Assets		131.03	23.20	154.23
Total Non-Financial Assets		1,212.02	109.44	1,321.46
Total Assets		61,539.57	(370.68)	61,168.89
LIABILITIES AND EQUITY				
LIABILITIES				
Payables				
(A) Trade Payables				
(i) total outstanding dues of MSME		0.91	-	0.91
(ii) total outstanding dues of creditors other than MSME		50.53	-	50.53
Borrowings (Other than Debt Securities)		19,895.00	(29.35)	19,865.65
Other Financial Liabilities		1,157.60	-	1,157.60
Total Financial Liabilities		21,104.04	(29.35)	21,074.69
Non-Financial Liabilities				
Provisions		25.02	-	25.02
Other Non-Financial Liabilities		294.60	(45.68)	248.92
Total Non-Financial Liabilities		319.62	(45.68)	273.94
Total Liabilities		21,423.66	(75.03)	21,348.63
EQUITY				
Equity		38,500.00	-	38,500.00
Other Equity		1,615.90	(295.64)	1,320.26
Total Equity		40,115.90	(295.64)	39,820.26
Total Liabilities and Equity		61,539.56	(370.67)	61,168.89



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ART Housing Finance (India) Limited

Notes to Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

26.2.2 Reconciliation of equity as at April 1, 2018 and as at March 31, 2019 summarised in below table

Particulars	Notes	As at March 31, 2019	As at April 1, 2018
Equity as reported under previous Indian GAAP		40,115.90	37,539.06
Effect of transition to Ind AS			
Fair valuation of investment classified under FVTPL		2.42	-
Impact of EIR based amortisation of loan receivables, net		(536.17)	(652.68)
Amortisation of finance costs		29.35	40.53
Impairment on financial assets		78.76	122.93
Deferred tax adjustment		86.24	129.48
Others		43.76	51.28
Equity as per Ind AS		39,820.26	37,230.60

26.2.3 Reconciliation of Total Comprehensive Income for the year ended March 31, 2019

Particulars	Notes	For the year ended March 31, 2019		
		Previous GAAP	Effect of transition	Ind AS
Revenue from Operations				
Interest Income	(ii)	8,278.32	116.51	8,394.83
Fees and commission Income		95.05	-	95.05
Net gain on fair value changes	(i)	190.26	2.42	192.68
Total Revenue from Operations		8,563.63	118.93	8,682.56
Other Income		203.68	-	203.68
Total Income		8,767.31	118.93	8,886.24
Expenses				
Finance costs	(ii)	2,370.30	11.18	2,381.48
Impairment on financial instruments	(iii)	(7.66)	44.17	36.51
Employee benefit expense	(iv), (v)	3,057.52	21.05	3,078.57
Depreciation and amortisation expense		288.24	-	288.24
Other Expenses		881.52	7.52	889.04
Total Expenses		6,589.92	83.92	6,673.84
Profit Before Tax for the year		2,177.39	35.01	2,212.40
Tax expense				
#NAME?		579.68	-	579.68
- Deferred tax	(vii)	20.87	43.29	64.16
Total Tax Expense		600.55	43.29	643.84
Net Profit After Tax for the year		1,576.84	(8.28)	1,568.56
Other comprehensive income				
a) Items that will not be reclassified to profit	(vi)			
Remeasurements of defined benefit liability		-	(0.16)	(0.16)
Income tax effect		-	0.05	0.05
Other comprehensive Income, net of income tax		-	(0.11)	(0.11)
Total comprehensive Income for the year		1,576.84	(8.39)	1,568.45



26.2.4 Notes to first time adoption of Ind AS

(i) Fair valuation of investments subsequently measured under FVTPL

Under the previous GAAP, investments in mutual funds were classified as current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings (net of related deferred taxes) as at the date of transition i.e. April 1, 2018 and subsequently in the statement of profit and loss for the year ended March 31, 2019.

(ii) EIR adjustment of transaction costs/incomes integral to the sourcing of loans/borrowings.

Under previous GAAP, all the transaction costs/incomes integral to sourcing of loans/borrowings were recognised upfront on an accrual basis. Under Ind AS, these transaction costs/incomes related to sourcing of loans/borrowings are amortised using the effective interest rate (EIR) and the unamortised portion is adjusted in retained earnings (net of related deferred taxes) as at the date of transition i.e. April 1, 2018 and subsequently in the statement of profit and loss for the year ended March 31, 2019.

(iii) Impairment on financial assets

Under previous GAAP, loan losses and provisions were computed basis NHB guidelines on prudential norms, assets classification and income recognition and management estimations.

Under Ind AS, the same is required to be computed as per the impairment principles laid out in Ind AS 109 – 'Financial Instruments' which prescribes the expected credit loss model for the same. Accordingly, the difference between loan losses and provisions as computed under previous GAAP and as computed under Ind AS is adjusted in retained earnings (net of related deferred taxes) as at the date of transition i.e. April 1, 2018 and subsequently in the statement of profit and loss for the year ended March 31, 2019.

(iv) Remeasurement of defined benefit plan obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets (excluding amounts included in the net interest expense on the net defined benefit liability) are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the statement of profit and loss for the year. There is no impact on the total equity.

(v) Share based payments

Under Indian GAAP, the Company recognised only the intrinsic value for the share based payments plans as an expense. Ind AS requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting year. Share options which were granted before and still not vested at April 1, 2018, have been recognised as a separate component of equity in Share based payment reserve against retained earnings at April 1, 2018.

(vi) Components of other comprehensive income (OCI)

Under Ind AS, following item has been recognised in other comprehensive income in the statement of profit and loss of the company:

- Re-measurement gains/(losses) on defined benefit plans

Adjustment for remeasurement gains/(losses) on defined benefit plans as set out in note (iv) above, is recognised in retained earnings (net of related deferred taxes)



ART Housing Finance (India) Limited

Notes to Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

(vii) Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the year. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings.

Ind AS does not require the creation of DTL on the amount transferred to the Special Reserve. However based on the NHB circulars, the company has continued to create DTL on such Special Reserve.

(viii) Impact of Ind AS adoption on the Statement of Cash Flows for the year ended March 31, 2019

There are no material adjustments on transition to Ind AS in the Statement of Cash Flows for the year ended March 31, 2019. Cash flow statement has been prepared under indirect method as set out in the IND AS 7 "Cash Flow Statement".

(ix) Figures under previous GAAP have been regrouped/ reclassified for Ind AS purpose wherever applicable.

26.3 Leases

The Company has also applied Ind AS 116 from 1 April 2019 for the first time. The standard requires identification of leases that provide the Company the right to control the use of an identified asset for a period of time as a lessee. For these leases, the Company is required to recognise on-balance sheet a right-of-use (ROU) asset, representing the right to use the underlying asset, and a lease liability, representing the future lease payment obligations.

The Company recognises a ROU asset and a lease liability at the lease commencement date. At transition the Company recognised ROU assets of Rs 944.39 lacs and a corresponding lease liability of Rs 944.39 lacs.

Company has provided for amortisation of Rs 151.41 lacs to ROU and Interest on lease liabilities is Rs 110.60 lacs for the year ended March 31, 2020.

The IND AS 116 has been applied using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under previous GAAP viz. Indian GAAP AS 17. As permitted by the standard practical expedients were applied at transition and adjustments were not made for leases of low value assets and for short-term leases (less than 12 months).

Judgement has been applied by the Company in determining the transition adjustment, which includes the determination of which contractual arrangements represent a lease, the period over which the lease exists and the incremental borrowing rate of the Company to be applied to each lease based on the lease term.



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ART Housing Finance (India) Limited

Notes to Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

27 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares of the Company.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Computation of profit attributable to equity shareholders		
Net profit after tax attributable to equity shareholders	562.49	1,568.45
(b) Computation of weighted average number of shares		
- Basic (In Nos in lacs)	3,850.00	3,849.45
- Diluted (In Nos in lacs.)	3,921.22	3,897.85
(c) Nominal value of equity share	10.00	10.00
(d) Earnings per share		
- Basic (in Rs)	0.15	0.41
- Diluted (in Rs)	0.14	0.40

28 Segment

The Company has only one reportable business segment, i.e. lending to borrowers, which have similar nature of products and services, risk and return profile, type/class of customers and the nature of the regulatory environment (which is banking), risks and returns for the purpose of Ind AS 108 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment. The Company operates in a single geographical segment i.e. domestic.

29 Transfer of financial assets that are derecognised in their entirety where the Company has continuing involvement

The Company has not transferred any assets that are derecognised in their entirety where the Company continues to have continuing involvement.

30 Changes in liabilities arising from financing activities

The Company does not have any financing activities which affect the capital and asset structure of the Company without the use of cash and cash equivalents.



ART Housing Finance (India) Limited

Notes to Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

31 Employee Benefits Plan

Direct Benefit Plan

Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service subject to such limit as prescribed by The Payment of Gratuity Act, 1972 as amended from time to time.

Details for components of net benefits expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans based on actuarial valuation is given below:

31.1 Statement of profit and loss

Net employee benefit expense recognized in the employee cost

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	21.49	18.60
Interest cost	2.32	1.51
Return on plan assets	(0.75)	(0.76)
Net remeasurement (gain) / loss recognized in the year	-	-
Net expense	23.05	19.35

31.2 Remeasurement (gains)/ loss recognised in other comprehensive income:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Opening amount recognised in other comprehensive income	0.58	0.42
Remeasurement (gain) / loss on obligations arising from changes in financial assumptions	(7.54)	0.28
Remeasurement (gain) / loss on obligations arising from changes in experience adjustments	4.15	(0.12)
Actual return on plan assets less interest on plan assets	1.54	-
Amount recognised in other comprehensive income for the year	(1.84)	0.16
Closing amount recognised in other comprehensive income	(1.26)	0.58

31.3 Balance Sheet

Net defined benefit liability

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Present value of defined benefit obligation	57.50	37.08
Fair value of plan assets	56.74	12.05
Net defined benefit liability recognised in balance sheet	0.76	25.02

31.4 Changes in present value of the defined benefit obligations:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Present value of defined benefit obligations as at beginning of the year	37.08	21.53
Current service cost	21.49	18.60
Interest cost	2.32	1.51
Benefits paid during the year	-	(4.72)
Actuarial gain on obligations	(3.38)	0.16
Present value of obligation as at the end of the year	57.50	37.08



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ART Housing Finance (India) Limited

Notes to Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

31.5 Changes in fair value of plan asset:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Fair value of plan assets as at the beginning of the year	12.05	11.82
Actual return on plan assets	(0.79)	0.76
Contributions	45.48	4.20
Benefits paid	-	(4.72)
Fair value of plan assets as at the end of the year	56.74	12.05

31.6 The principle assumptions used in determining gratuity obligations for the Company are shown below:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount rate	6.25%	7.00%
Future salary increase rate	5.00%	10.00%
Mortality	IALM 2012-14	IALM 2006-08 Ultimate
Average past service (years)	1.3 Years	1.2 Years
Average age (years)	31.5 Years	31.0 Years
Average remaining working lives of employees (years)	28.5 Years	29.0 Years
Attrition rate	20.00%	20.00%

The discount rate is generally based upon the market yield available on the Government bonds at the reporting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

31.7 Projected plan cash flow: maturity profile

Particulars	As at March 31, 2020	As at March 31, 2019
Expected benefits for year 1	1.21	0.18
Expected benefits for year 2	2.40	0.36
Expected benefits for year 3	3.18	0.88
Expected benefits for year 4	3.48	1.04
Expected benefits for year 5	3.43	1.15
Expected benefits for year 10 and above	43.80	33.46
Total	57.50	37.08

31.8 Expected contribution to fund in the next year

Particulars	As at March 31, 2020	As at March 31, 2019
Expected contribution to fund in the next year	44.62	34.57

31.9 Sensitivity Analysis

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Projected Benefit Obligation on Current Assumptions	57.50	37.08
a) Effect of 1% change in assumed discount rate		
1% increase	-4%	-5%
1% decrease	5%	5%
(b) Effect of 1% change in assumed salary escalation rate		
1% increase	5%	5%
1% decrease	-4%	-5%



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

32 Employee Stock Option Schemes (ESOS)

ART Housing Finance (India) Limited had in the previous years announced and adopted ESOS schemes for its employees wherein each option represents one equity share of the Company. Nomination and Remuneration Committee constituted by the Board of Directors administers each of the plans.

32.1 AHFL ESOS - MAY'2017

The shareholders of the Company at their meeting dated May 29, 2017 approved the 'AAHFL ESOP - MAY'2017' scheme consisting of 2,500,000 stock options representing 2,500,000 fully paid up equity shares of Rs 10 each of the Company to be issued in one or more tranches to eligible employees of the Company. The Nomination and Remuneration Committee constituted by the Board of Directors of the Company has, at its meeting held on dated May 29, 2017, November 3, 2017 and December 8, 2017, granted, following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share Based Payments ("the Guidelines"). However, the Company has increased the overall limit of stock options up to 5,000,000 under the said scheme on recommendations of Nomination and Remuneration Committee and approval of share holders vide their general meeting held on April 4, 2018. As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. These options vest with effect from the first vesting date i.e. May 29, 2019, whereby the options vest on each vesting date as per the vesting schedule provided in the Scheme.

Particulars	AHFL ESOS - MAY'2017
(i) Exercise price	The exercise price shall be such price as determined by the Board of Directors from time to time, being not less than the face value of a share of the Company as on date of grant.
(ii) Vesting conditions	On expiry of one year- 0% of options granted On expiry of two year- 20% of options granted On expiry of three year- 20% of options granted On expiry of four year- 30% of options granted On expiry of five year- 30% of options granted
(iii) Maximum term of options granted	5 years from the date of vesting
(iv) Vesting requirements	Continued employment at the vesting date
(v) Exercise period	The exercise period shall be determined by the Board of Directors in consortium with the liquidity event.
(vi) Pricing Formula	Calculation is based on fair value method

32.2 AHFL ESOS - MAY'2019

The shareholders of the Company at their meeting dated May 9, 2019 approved the 'AAHFL ESOP - MAY'2019' scheme consisting of 5,000,000 stock options representing 5,000,000 fully paid up equity shares of Rs 10 each of the Company to be issued in one or more tranches to eligible employees of the Company & its Subsidiary/ Holding Company. The Nomination and Remuneration Committee constituted by the Board of Directors of the Company has also at its meeting held on dated May 6, 2019 granted the same, following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share Based Payments ("the Guidelines"). As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. These options vest with effect from the first vesting date i.e. May 29, 2020, whereby the options vest on each vesting date as per the vesting schedule provided in the Scheme.

Particulars	AHFL ESOS - MAY'2019
(i) Exercise price	The exercise price shall be such price as determined by the Board of Directors from time to time, being not less than the face value of a share of the Company as on date of grant.
(ii) Vesting conditions	On expiry of one year- 20% of options granted On expiry of two year- 20% of options granted On expiry of three year- 30% of options granted On expiry of four year- 30% of options granted
(iii) Maximum term of options granted	4 years from the date of vesting.
(iv) Vesting requirements	Continued employment at the vesting date
(v) Exercise period	The exercise period shall be determined by the Board of Directors in consortium with the liquidity event.
(vi) Pricing Formula	Calculation is based on fair value method

Particulars	AHFL ESOS - MAY'2017		AHFL ESOS - MAY'2019	
	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019
No. of options outstanding at the beginning of the year	45,90,000	21,05,000	-	-
No. of options granted during the year	3,94,000	29,93,000	26,31,000	-
No. of options forfeited/lapsed during the year	(7,12,000)	(5,08,000)	(1,04,500)	-
No. of options exercised during the year	-	-	-	-
No. of options outstanding at the end of the year	42,72,000	45,90,000	25,26,500	-
No. of stock exercisable at the end of the year	-	-	-	-



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

33 Disclosure under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006"

Based on the intimation received by the Company, some of the suppliers have confirmed to be registered under "The Micro, Small and Medium Enterprises Development ('MSMED') Act, 2006". Accordingly, the disclosures relating to amounts unpaid as at the year ended together with interest paid /payable are furnished below:

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
The principal amount remaining unpaid to supplier as at the end of the year	3.63	0.91	-
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-	-

34 Contingent liabilities and commitments

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Contingent liabilities			
(a) Claims against the company not acknowledged as debts	-	-	-
(b) Disputed Income Tax Demands not provided for	126.10	-	-
Commitments			
(c) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-	61.32
(d) Loan Commitments towards partly disbursed loans	3,473.49	5,473.49	5,834.51

There are numerous interpretative issues relating to the Hon'ble Supreme Court (SC) judgement dated 28 February 2019 on provident fund on which the Company is seeking legal advice. However, as a matter of caution, the Company has made a provision on prospective basis from the date of the aforementioned SC order. The Company, on receiving further clarity on the subject, will adequately update its provision.



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

35 Disclosures as required by Ind AS 116 - Leases are stated below:

35.1 Lease liability movement

Particulars	As at March 31, 2020
Balance as on 1 April 2019	-
Adjustment on initial application of Ind AS-116 'Leases' at April 1, 2019	944.39
Addition during the year	4.52
Interest on Lease Liability	110.60
Deletion during the year	-
Lease rental payment	(254.81)
Balance as on 31 March 2020	804.70

35.2 Amounts recognised in the Statement of Profit & Loss

Particulars	As at March 31, 2020
Asset wise depreciation charge of right-of-use assets	151.41
Interest expense (included in finance cost)	110.60
Expense relating to short-term leases (included in rent expenses)	31.84
Total	293.85

35.3 Future Lease Cash Outflow for all leased assets:

Particulars	As at March 31, 2020
Not later than one year	247.61
Later than one year but not later than five years	799.18
Later than five years	-
Impact of discounting and other adjustments	(242.09)
Total	804.70

35.4 Maturity Analysis of Lease Liability as at 31 March 2020:

Particulars	As at March 31, 2020
Within 1 Year	155.97
Within 2 Years	165.94
Within 3 Years	187.94
After 3 Years	294.86
Total	804.70



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

36 Disclosure of transactions with related parties as required by Ind AS 24

Holding Company	ART Business and Consumer Finance (India) Private Limited
Parent of the Holding Company	ART Capital (India) Private Limited
Ultimate Holding Company	Yes Capital (India) Private Limited
Subsidiary Company	ART Distribution (India) Private Limited
Key management personnel (KMP)	Arvind Hali, Managing Director and Chief Executive Officer Rakhe Kapoor Tandon, Director (Upto August 6, 2019) Raj Vikash Verma, Non Executive & Non Independent Director Brijesh Kumar Gupta, Independent Director Lt. General Dr Sukhraj Pal Kochhar, Independent Director Anita Kapur, Independent Director (Upto March 26, 2019) Pradeep Kumar, Non Executive & Non Independent Director
Enterprises that directly or indirectly are under common control and with whom transactions are done during	ART Special Situations Finance (India) Limited ART Venture Finance (India) Private Limited ART Fintech (India) Private Limited ART Capital Advisory (India) Private Limited DOIT Urban Ventures (India) Private Limited ART Venture Finance (India) Private Limited Bliss Habitat Private Limited Imagine Reality Private Limited Rab Enterprises (India) Private Limited DOIT Smart Infrastructure (India) Private Limited RAVI Renewable Energy & Lighting India Private Limited Rurban Agri Ventures India Private Limited RAVI Integrated Logistics (India) Private Limited RAVI Horticulture (India) Pvt Ltd
Post Employment Benefit Plans	ART Housing Finance (India) Ltd. Employee's Gratuity Trust

Transactions with related parties during the year

Particulars	Nature of transaction	For the year ended March 31, 2020		For the year ended March 31, 2019		Balance outstanding as at April 1, 2018
		Transaction value	Outstanding amount	Transaction value	Outstanding amount	
A Holding Company ART Business and Consumer Finance (India) Private Limited	Issue of share capital	-	-	1,000.00	-	-
B Parent of Holding Company ART Capital (India) Private Limited	Sale of Fixed Assets	-	-	-	-	10.77
C Key management personnel						
Arvind Hali	Remuneration paid	203.24	-	166.91	-	-
Lt. General Sukhraj Pal Kochhar	Sitting Fee paid	1.90	-	2.80	-	-
Brijesh Kumar Gupta	Sitting Fee paid	1.80	-	1.80	-	-
Anita Kapur	Sitting Fee paid	1.40	-	0.40	-	-
D Other entities in which key management personnel or their relative has significant influence						
Ambience Hospitality Management Private Limited	Expenses paid	0.13	-	2.91	-	-
ART Capital Advisory (India) Private Limited	Inter-corporate deposits received	2,200.00	-	800.00	-	-
	Inter-corporate deposits repaid	2,200.00	-	800.00	-	-
	Interest paid	53.43	-	36.02	-	-
ART Fintech (India) Private Limited	Inter-corporate deposits received	-	-	600.00	-	-
	Inter-corporate deposits repaid	-	-	600.00	-	-
	Interest paid	-	-	25.89	-	-



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

Particulars	Nature of transaction	For the year ended March 31, 2020		For the year ended March 31, 2019		Balance outstanding as at April 1, 2018
		Transaction value	Outstanding amount	Transaction value	Outstanding amount	
ART Special Situations Finance (India) Limited	Inter-corporate deposits received	-	-	7,500.00	-	-
	Inter-corporate deposits repaid	-	-	7,500.00	-	-
	Interest paid	-	-	110.92	-	-
ART Venture Finance (India) Private Limited	Inter-corporate deposits received	-	-	3,100.00	-	-
	Inter-corporate deposits repaid	-	-	3,100.00	-	-
	Interest paid	-	-	139.98	-	-
Bless Habitat Private Limited	Inter-corporate deposits received	-	-	3,000.00	-	-
	Inter-corporate deposits repaid	-	-	3,000.00	-	-
	Interest paid	-	-	16.40	-	-
DOIT Smart Infrastructure (India) Private Limited	Inter-corporate deposits received	-	-	1,200.00	-	-
	Inter-corporate deposits repaid	-	-	1,200.00	-	-
	Interest paid	-	-	49.66	-	-
DOIT Urban Ventures (India) Private Limited	Inter-corporate deposits received	-	-	21,400.00	8,650.00	-
	Inter-corporate deposits repaid	8,650.00	-	12,750.00	-	-
	Interest paid	175.42	-	1,218.81	-	-
Imagine Reality Private Limited	Inter-corporate deposits received	-	-	6,000.00	-	-
	Inter-corporate deposits repaid	-	-	6,000.00	-	-
	Interest paid	-	-	32.79	-	-
Rab Enterprises (India) Private Limited	Inter-corporate deposits received	-	-	3,500.00	-	-
	Inter-corporate deposits repaid	-	-	3,500.00	-	-
	Interest paid	-	-	19.13	-	-
RAVI Horticulture (India) Pvt Ltd	Expenses reimbursement received	-	-	2.64	0.51	7.71
RAVI Integrated Logistics (India) Private Limited	Expenses reimbursement received	-	-	58.34	8.08	4.39
RAVI Renewable Energy & Lighting India Private Limited	Expenses reimbursement received	11.56	-	40.00	4.55	-
Rurban Agri Ventures India Private Limited	Expenses reimbursement received	3.85	-	17.49	2.27	7.96
E Post employment benefit entity ART Housing Finance (India) Ltd. Employee's Gratuity Trust	Gratuity contribution	45.48	-	4.20	-	-

Note:

The remuneration to the key managerial personnel does not include the provision made for gratuity, as it is determined on an actuarial basis for the Company as a whole.



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ART Housing Finance (India) Limited
Notes forming part of the Financial Statements for the year ended March 31, 2020
(Amount in INR lacs, unless otherwise stated)

37 Fair value measurement

Set out below, is a comparison by category of the Company's financial instruments

37.1 Financial instruments (Financial Assets and Financial Liabilities) by category

Particulars	March 31, 2020			March 31, 2019			April 1, 2018		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial Assets									
Cash and cash equivalents	-	-	3,991.31	-	-	45.60	-	-	1.59
Bank Balance other than above	-	-	1,191.57	-	-	1,153.68	-	-	1,149.43
Loans	-	-	50,320.57	-	-	55,922.19	-	-	45,245.57
Investments	2,308.34	-	5.00	2,227.42	-	5.00	-	-	5.00
Other Financial assets	-	-	528.63	-	-	493.54	-	-	247.23
Total	2,308.34	-	56,037.08	2,227.42	-	57,620.01	-	-	46,648.82
Financial Liabilities									
Trade Payables	-	-	22.89	-	-	51.44	-	-	90.26
Borrowings (Other than Debt Securities)	-	-	18,800.17	-	-	19,865.65	-	-	5,558.49
Other financial liabilities	-	-	1,505.65	-	-	1,157.60	-	-	5,101.27
Total	-	-	20,328.71	-	-	21,074.69	-	-	10,750.02

37.2 Valuation Principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

37.3 Fair value hierarchy

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques. Fair value of the financial instruments is classified in various fair value hierarchies based on the following three levels:

Level 1: Valuation based on quoted market price: financial instruments with quoted prices for identical instruments in active markets that the company can access at the measurement date.

Level 2: Valuation using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: Valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more of the significant inputs is not based on observable market data, the fair value is determined using generally accepted pricing models based on a analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparty.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

37.3.1 Financial assets and liabilities measured at fair value - recurring fair value measurements

Particulars	March 31, 2020			March 31, 2019			April 1, 2018		
	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3
Investments in Mutual funds	2,308.34	-	-	2,227.42	-	-	-	-	-

37.3.2 Fair value of financial instruments not measured at fair value as at:

Particulars	March 31, 2020			March 31, 2019			April 1, 2018		
	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3
Financial Assets									
Cash and cash equivalents	3,991.31	-	-	45.60	-	-	1.59	-	-
Other bank balances	1,191.57	-	-	1,153.68	-	-	1,149.43	-	-
Loans	-	-	50,320.57	-	-	55,922.19	-	-	45,245.57
Investments	-	-	5.00	-	-	5.00	-	-	5.00
Other Financial assets	-	-	528.63	-	-	493.54	-	-	247.23
Total	5,182.88	-	50,854.20	1,199.28	-	56,420.73	1,151.02	-	45,497.80
Financial Liabilities									
Trade Payables	-	-	22.89	-	-	51.44	-	-	90.26
Borrowings (Other than Debt Securities)	-	-	18,800.17	-	-	19,865.65	-	-	5,558.49
Other financial liabilities	-	-	1,505.65	-	-	1,157.60	-	-	5,101.27
Total	-	-	20,328.71	-	-	21,074.69	-	-	10,750.02



ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

38 Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, Securities premium and all other equity reserves attributable to the equity holders of the Company net of intangible assets. The primary objective of the Company's capital management is safety and security of share capital and maximize the shareholder value.

The Company manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The company monitors capital using a gearing ratio, which is total debt divided by net worth. The Company's policy is to keep the gearing ratio at reasonable level of 6-8 times in imminent year while the Housing Finance Companies (National Housing Bank) Directions, 2010 (the "NHB Directions") currently permits HFCs to borrow up to 14 times of their net owned funds ("NOF"). The Company includes with in debt, its all interest bearing loans and borrowings.

Debt to net worth ratio

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Debts	18,800.17	19,865.65	5,558.49
Net worth	40,421.61	39,820.26	37,230.60
Debt to net worth (in times)	0.47	0.50	0.15

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

The Company's Principal financial liabilities comprise loans and borrowings. The main purpose of these financial liabilities is to finance the company's operations. At the other hand company's Principal financial assets include loans and cash and cash equivalents that derive directly from its operations.



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39 Risk Management Objectives and Policies

Risk Management Framework

The Company's Principal financial liabilities comprise loans and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. At the other hand company's Principal financial assets include loans and cash and cash equivalents that derive directly from its operations.

As a lending institution, Company is exposed to various risks that are related to lending business and operating environment. The Principal Objective in Company's risk management processes is to measure and monitor the various risks that Company is subject to and to follow policies and procedures to address such risks. Company's risk management framework is driven by Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee, Risk Management Committee, and IT Strategy Committee. Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include verification of credit history from credit information bureaus, personal verification of a customer's business and residence, technical and legal verifications, conservative loan to value, and required term cover for insurance. The major types of risk Company face in businesses are credit risk, liquidity risk, interest rate risk.

A summary of the major risks faced by the Company, its measurement, monitoring and management are described as under:

Nature of risk	Arising from	Executive governance	Measurement, monitoring and management of risk
Liquidity and funding risk	Liquidity risk arises from mismatches in the timing of cash flows. Funding risk arises due to - inability to raise incremental borrowings to fund business requirement - when long term assets cannot be funded at the expected term resulting in cashflow mismatches; - amidst volatile market conditions impacting sourcing of funds from banks and money markets	Board appointed Asset Liability Committee (ALCO)	Liquidity and funding risk is: - measured by identifying gaps in the structural and dynamic liquidity statements. - assessment of incremental borrowings required for the Company's business plan in line with prevailing market conditions. - monitored by assessment of the gap between available liquidity and the near term liabilities given current market liquidity conditions and constant calibration of sources of funds in line - managed by the Company's treasury team under the guidance of ALCO through various means like liquidity buffers, maintaining cash reserves, sourcing of long term funds, positive asset liability mismatch, keeping strong pipeline of sanctions and approvals from banks.
Credit Risk	Credit risk is the risk of financial loss arising out of a customer or counterparty failing to meet their repayment obligations to the Company	Board appointed Risk Management Committee	Credit risk is: - measured as the amount at risk due to repayment default of a customer or counterparty to the Company. Various metrics such as EMI default rate, overdue position, collection efficiency, customers non-performing loans etc. are used as leading indicators to assess credit risk. - monitored by Risk management committee using level of credit exposures, portfolio monitoring, and geographic, customer and portfolio concentration risks - managed by a robust control framework by the risk department which continuously align credit policies, obtaining external data from credit bureaus and reviews of portfolios and delinquencies by senior and middle management team comprising of risk, analytics, collection and fraud containment along with business. The same is periodically reviewed by the Board appointed risk management committee.
Interest Rate Risk	Interest rate risk stems from movements in market factors, such as interest rates, credit spreads which impacts investments, income and the value of portfolios.	Board appointed Asset Liability Committee (ALCO)	Interest rate risk is: - measured by identifying gaps in the interest rate sensitivity statements - monitored by assessment of probable impacts of interest rate sensitivities change in interest rates for assets and liabilities. - managed by the Company's treasury team under the guidance of ALCO



39.1 Liquidity and funding risk

The Company's ALCO monitors asset liability mismatches to ensure there are no imbalances or excessive concentrations on either side of the balance sheet.

The Company continuously monitors liquidity in the market; and as a part of its ALCO strategy, it maintains a liquidity buffer managed by an active investment desk to reduce this risk.

The Company maintains a judicious mix of equity and borrowings. The Company continues to diversify its sources of borrowings with an emphasis on longer tenor borrowings. This strategy of balancing varied sources of funds and long tenor borrowings has helped the Company maintain a healthy asset liability position.

39.1.1 The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities.

39.1.1.1 Maturity profile of Financial liabilities

Particulars	31-Mar-20			31-Mar-19			April 1, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Borrowings	3,362.28	15,437.89	18,800.17	9,875.22	9,990.43	19,865.65	1,344.64	4,213.85	5,558.49
Payables	22.89	-	22.89	51.44	-	51.44	90.26	-	90.26
Other Financial Liabilities	856.92	648.73	1,505.65	1,157.60	-	1,157.60	5,101.27	-	5,101.27
Total	4,242.09	16,086.62	20,328.71	11,084.26	9,990.43	21,074.69	6,536.17	4,213.85	10,750.02

39.1.1.2 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

Particulars	31-Mar-20			31-Mar-19			April 1, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Cash and cash equivalents	3,991.31	-	3,991.31	45.60	-	45.60	1.59	-	1.59
Bank balance other than above	1,191.57	-	1,191.57	1,153.68	-	1,153.68	1,149.43	-	1,149.43
Loans	3,457.72	46,862.85	50,320.57	5,088.92	50,833.27	55,922.19	4,662.17	40,583.40	45,245.57
Investments	2,308.34	5.00	2,313.34	2,227.42	5.00	2,232.42	-	5.00	5.00
Other financial assets	483.76	44.87	528.63	437.72	55.82	493.54	200.69	46.54	247.23
Non-financial Assets									
Current tax assets (Net)	75.45	-	75.45	51.88	-	51.88	9.14	-	9.14
Deferred tax assets (Net)	-	158.05	158.05	-	221.80	221.80	-	400.00	400.00
Property, plant and equipment	-	594.80	594.80	-	766.17	766.17	-	814.60	814.60
Other intangible assets	-	202.78	202.78	-	127.38	127.38	-	97.76	97.76
Right-of-use assets	-	797.50	797.50	-	-	-	-	-	-
Other non-financial assets	788.10	-	788.10	154.23	-	154.23	185.56	-	185.56
Total Assets	12,296.25	48,665.85	60,962.10	9,159.45	52,009.44	61,168.89	6,208.58	41,947.30	48,155.88
LIABILITIES									
Financial Liabilities									
Payables									
(I) Trade Payables									
(i) total outstanding dues MSME	3.63	-	3.63	0.91	-	0.91	-	-	-
(ii) total outstanding dues of creditors other than MSME	19.26	-	19.26	50.53	-	50.53	90.26	-	90.26
Borrowings (other than Debt securities)	3,362.28	15,437.89	18,800.17	9,875.22	9,990.43	19,865.65	1,344.64	4,213.85	5,558.49
Other financial liabilities	856.92	648.73	1,505.65	1,157.60	-	1,157.60	5,101.27	-	5,101.27
Non-financial liabilities									
Provisions	0.76	-	0.76	25.02	-	25.02	9.71	-	9.71
Other non-financial liabilities	211.02	-	211.02	248.92	-	248.92	165.55	-	165.55
Total liabilities	4,453.87	16,086.62	20,540.49	11,358.20	9,990.43	21,348.63	6,711.43	4,213.85	10,925.28
Net	7,842.38	32,579.23	40,421.61	(2,198.75)	42,019.01	39,820.26	(502.85)	37,733.45	37,230.60



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ART Housing Finance (India) Limited
 Notes to Financial Statements for the year ended March 31, 2020
 (Amount in INR lacs, unless otherwise stated)

39.1.1.3 Analysis of financial Assets and Liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities at each year end. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant:

Contractual maturities of Assets and Liabilities	31-Mar-20			31-Mar-19			April 1, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets									
Cash and cash equivalents	3,991.31	-	3,991.31	45.60	-	45.60	1.59	-	1.59
Bank balance other than above	1,191.57	-	1,191.57	1,153.68	-	1,153.68	1,149.43	-	1,149.43
Loans	3,457.72	46,862.85	50,320.57	5,088.92	50,833.27	55,922.19	4,662.17	40,583.40	45,245.57
Investments	2,308.34	5.00	2,313.34	2,227.42	5.00	2,232.42	-	5.00	5.00
Other financial assets	483.76	44.87	528.63	437.72	55.82	493.54	200.69	46.54	247.23
Total Financial Assets	11,432.70	46,912.72	58,345.42	8,953.34	50,894.09	59,847.43	6,013.88	40,634.94	46,648.82
LIABILITIES									
Financial Liabilities									
Payables									
(I) Trade Payables									
(i) to MSMEs	3.63	-	3.63	0.91	-	0.91	-	-	-
(ii) to other than MSMEs	19.26	-	19.26	50.53	-	50.53	90.26	-	90.26
Borrowings (other than Debt securities)	3,362.28	15,437.89	18,800.17	9,875.22	9,990.43	19,865.65	1,544.64	4,213.85	5,558.49
Other financial liabilities	856.92	648.73	1,505.65	1,157.60	-	1,157.60	5,101.27	-	5,101.27
Total Financial liabilities	4,242.09	16,086.62	20,328.71	11,084.26	9,990.43	21,074.69	6,536.17	4,213.85	10,750.02
Net	7,190.61	30,826.09	38,016.71	(2,130.92)	40,903.66	38,772.74	(522.29)	36,421.09	35,898.80



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ART Housing Finance (India) Limited

Notes to Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

39.2 Credit risk

Credit Risk arises from the risk of loss that may occur from the default of Company's customers under loan agreements. Customer defaults and inadequate collateral may lead to higher credit impaired assets. Company address credit risks by using a set of credit norms and policies, which are approved by Board and backed by analytics and technology. Company has implemented a structured and standardized credit approval process, including customer selection criteria, comprehensive credit risk assessment and cash flow analysis, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of a potential customer. Actual credit exposures, credit limits and asset quality are regularly monitored and analysed at various levels. Company has created a robust credit assessment and underwriting practice that enables to fairly price credit risks.

The company has implemented a four prong system of credit assessment comprising underwriting, legal assessments, technical assessments and a fraud/risk containment unit.

The Company's credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income & obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels. The various process controls such as PAN Number Check, CERSAI database scrubbing, Credit Bureau Report analysis are undertaken prior to approval of a loan. In addition External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes.

The Company analyses the portfolio performance of each product segment regularly, and use these as inputs in revising our product programs, target market definitions and credit assessment criteria to meet our twin objectives of combining volume growth and maintenance of asset quality.

39.2.1 Classification of financial assets under various stages

The Company classifies its financial assets in three stages having the following characteristics:

Stage 1: Loans with DPD between 0-30 days are classified as Stage 1. These are unimpaired and without significant increase in credit risk and 12 month ECL is recognised on these loans.

Stage 2: Loans with DPD between 31-90 days are classified as Stage 2. There is a significant increase in credit risk and lifetime ECL is recognised on these loans.

Stage 3: Loans with DPD > 90 days are classified as Stage 3. There is a objective evidence of impairment, and are therefore considered to be in default or otherwise credit impaired and lifetime ECL is recognised on these loans.

Unless identified at an earlier stage, all financial assets are deemed to have suffered a significant increase in credit risk when they are 30 days past due ('DPD') and are accordingly transferred from stage 1 to stage 2. For stage 1 an ECL allowance is calculated based on a 12-month probability of default ('PD'). For stage 2 and 3 assets a time ECL is calculated based on a lifetime PD.

39.2.2 Impairment Loss Allowance - Expected Credit Loss (ECL)

Expected Credit Loss (ECL) is a calculation of the present value of the amount expected not to be recovered on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk at both individual and portfolio level.

The key components of Credit Risk assessment are as below along with with an adjustment considering the forward macro economic scenario:

- Probability of Default (PD): represents the likelihood of default over a defined time horizon.
- Exposure at Default (EAD): represents the gross exposure at the time of default.
- Loss Given Default (LGD): represents the proportion of EAD that is likely loss post-default.

The definition of default is taken as more than 90 days past due for all individual and other loans.

EAD is the total amount outstanding including interest due as on the reporting date.

The ECL is computed as a product of PD, LGD and EAD.

Financial instruments other than loans were subjected to simplified ECL approach under Ind AS 109 - 'Financial Instruments' and accordingly were not subject to sensitivity of future economic conditions.



ART Housing Finance (India) Limited

Notes to Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

39.2.3 The table below summarises the gross carrying values and the associated allowance for expected credit loss (ECL) stage wise for loan portfolio:

Particulars	March 31, 2020			March 31, 2019			April 1, 2018	
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2
Gross carrying value	50,302.90	425.94	148.80	55,804.56	218.29	29.26	45,155.46	195.08
Allowance for ECL	424.53	90.63	41.91	91.15	31.09	7.68	70.86	34.11
ECL coverage ratio	0.84%	21.28%	28.17%	0.16%	14.24%	26.25%	0.16%	17.49%

39.3 Analysis of risk concentration

The Company's concentrations of risk are managed based on Loan to value (LTV) segregation, loan products, customer types as well as geographical spread. The following tables stratify credit exposures from housing and other loans to customers by range of loan-to-value (LTV) ratio and customer types. LTV is calculated as the ratio of gross amount of the loan to the value of the collateral. The value of the collateral for housing and other loans is based on collateral value at origination.

39.3.1 LTV wise bifurcation:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
0%-40%	7,585.69	76.04	42.04	7,703.77	9,825.33	37.13	-	9,862.46
41%-60%	10,152.92	62.94	42.90	10,258.76	12,950.55	73.90	7.40	13,031.84
61%-80%	16,395.21	162.28	11.75	16,569.23	16,869.54	51.32	-	16,920.86
More Than 80%	16,169.09	124.68	52.11	16,345.88	16,159.14	55.94	21.86	16,236.95
Grand Total	50,302.91	425.94	148.80	50,877.64	55,804.56	218.29	29.26	56,052.11

39.3.2 Customer profile:

Particulars	March 31, 2020				March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
HL - Salaried	18,793.37	5.36	7.13	18,805.86	19,370.99	-	7.40	19,378.39
HL - Self Employed	23,504.63	255.00	80.69	23,840.32	25,635.56	118.36	21.86	25,775.79
HL Total	42,298.00	260.36	87.82	42,646.18	45,006.55	118.36	29.26	45,154.18
NHL - Salaried	708.53	-	4.23	712.76	837.78	-	-	837.78
NHL - Self Employed	7,296.38	165.58	56.74	7,518.70	9,960.23	99.93	-	10,060.15
NHL Total	8,004.91	165.58	60.97	8,231.46	10,798.00	99.93	-	10,897.93
Total HL + NHL	50,302.91	425.94	148.80	50,877.64	55,804.56	218.29	29.26	56,052.11



39.4 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk.

39.4.1 Interest Rate Risk

The company is subject to interest rate risk, primarily since it lends to customers at rates and for maturity years that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

Due to the very nature of housing finance, the company is exposed to moderate to higher Interest Rate Risk. This risk has a major impact on the balance sheet as well as the income statement of the company. Interest Rate Risk arises due to:

- i) Changes in Regulatory or Market Conditions affecting the interest rates
- ii) Short term volatility
- iii) Prepayment risk translating into a reinvestment risk
- iv) Real interest rate risk.

In short run, change in interest rate affects Company's earnings (measured by NII or NIM) and in long run it affects Market Value of Equity (MVE) or net worth. It is essential for the company to not only quantify the interest rate risk but also to manage it proactively. The company mitigates its interest rate risk by keeping a balanced portfolio of fixed and variable rate loans and borrowings. Further company carries out maturity gap analysis at quarterly intervals to quantify the risk.

39.4.2 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities. The Company recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

40 Impact of COVID-19

COVID-19 is a global pandemic, which continues to spread across the world and India is not exception and has contributed to a significant decline and volatility in global and Indian financial markets and a unprecedented level of disruption on socio-economic activities. Since March 24, 2020, the Indian government had announced a series of lock-down which was further extended. The recent directions from Government allows for calibrated and gradual withdrawal of lockdown and partial resumption of selected economic activities. Based on the information available till date, the Company has used the principles of prudence in applying judgments, estimates and possible forward looking scenarios to assess and provide for the impact of the pandemic on the Financial Statements specifically while assessing the expected credit loss on financial assets by applying management overlays. The extent to which the COVID-19 pandemic will impact the Company's operations and financial metrics including the expected credit losses on financial assets will depend on future developments, which are highly uncertain. In accordance with the RBI guidelines relating to COVID 19 Regulatory Package dated March 27, 2020 and April 17, 2020, the Company is granting a moratorium on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers. For all such accounts where the moratorium is granted, the prudential assets classification shall remain stand-still during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms).

41 Disclosures as required in terms of circular issued by RBI on COVID19 Regulatory Package - Asset Classification and Provisioning, RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/ 2020-21, 17 April, 2020 - SMA/overdue categories, where the moratorium/ deferment was extended

Particulars	As at March 31, 2020	
	Total Exposure	ECL Provision
SMA	-	-
Overdue - Standard	2,781.35	139.07
Overdue - Others	-	-
out of above		
Amount where asset classification benefits is extended	243.70	12.19



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

42. Additional information required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 NHB(ND)/DRS/REG/MC-07/2019, dated July 1, 2019 and Notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 have been prepared on the basis of previous Indian GAAP and extant NHB Directions pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018 and is given below:-

42.1 Capital

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Capital to Risk Asset Ratio - CRAR (%)	128.07%	116.01%
(ii) CRAR-Tier I Capital (%)	127.10%	115.40%
(iii) CRAR-Tier II Capital (%)	0.98%	0.60%
(iv) Amount of subordinated debt raised as Tier- II Capital	Nil	Nil
(v) Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

42.2 Reserve fund under section 29C of National Housing Bank Act, 1987

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year		
a) Statutory reserve under section 29C of the National Housing Bank Act, 1987	168.23	99.06
b) Amount of special reserve under section 36(1)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	359.92	113.72
c) Total	528.15	212.78
Addition/ appropriation/ withdrawal during the year		
Add:		
a) Amount transferred under section 29C of the NHB Act, 1987		69.17
b) Amount of special reserve under section 36(1)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	124.14	246.20
Less:		
a) Amount appropriated from the statutory reserve under section 29C of the NHB Act, 1987	Nil	Nil
b) Amount withdrawn from the special reserve u/s 36(1)(viii) of Income-tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	Nil	Nil
Balance at the end of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	168.23	168.23
b) Amount of special reserve u/s 36(1)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	484.06	359.92
c) Total	652.29	528.15

The Company has not drawn any amount from Statutory Reserve created u/s 29C of the National Housing Bank Act, 1987 during the current year and previous year.

42.3 Investments

Particulars	As at March 31, 2020	As at March 31, 2019
Value of investments		
(i) Gross value of investments		
(a) In India	2,286.44	2,230.00
(b) Outside India	Nil	Nil
(ii) Provision for depreciation		
(a) In India	Nil	Nil
(b) Outside India	Nil	Nil
(iii) Net value of investments		
(a) In India	2,286.44	2,230.00
(b) Outside India	Nil	Nil
Movement of provisions held towards depreciation on investments		
(i) Opening balance	Nil	Nil
(ii) Add: Provisions made during the year	Nil	Nil
(iii) Less: Write-off / written-back of excess provisions during the year	Nil	Nil
(iv) Closing balance	Nil	Nil



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42.4 Derivatives

42.4.1 Forward Rate Agreements (FRA) / Interest Rate Swap (IRS)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) The notional principal of swap agreements	Nil	Nil
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under	Nil	Nil
(iii) Collateral required by the housing finance companies upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	Nil	Nil
(v) The fair value of the swap books	Nil	Nil

Note: There are no derivative transactions during the year/ previous year

42.4.2 Exchange Traded Interest Rate (IR) Derivative

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	Nil	Nil
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on end of year (instrument-wise)	Nil	Nil
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

Note: There are no derivative transactions during the year/ previous year

42.4.3 Disclosures on risk exposure in derivatives - Qualitative Disclosure

The Company has no transactions/exposure in derivatives in the current and previous year.

42.4.4 Disclosures on risk exposure in derivatives - quantitative disclosure

Particulars	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	Nil	Nil
(ii) Marked to market positions [1]	Nil	Nil
(a) Assets (+)	Nil	Nil
(b) Liability (-)	Nil	Nil
(iii) Credit exposure [2]	Nil	Nil
(iv) Unhedged exposures	Nil	Nil

Note: There are no derivative transactions during the current year/ previous year.

42.5 Securitisation

42.5.1 Particulars	Numbers	Amount
1. Number of Special Purpose Entities (SPVs) sponsored by the Housing Finance Company (HFC) for securitisation transactions	Nil	Nil
2. Total amount of securitised assets as per books of the SPVs sponsored	Nil	Nil
3. Total amount of exposures retained by the HFC towards the Minimum Retention Requirement (MRR) as on the date of balance sheet	Nil	Nil
(I) Off-balance sheet exposures towards credit concentration	Nil	Nil
(II) On-balance sheet exposures towards credit concentration	Nil	Nil
4. Amount of exposures to securitisation transactions other than MRR	Nil	Nil
I) Off-balance sheet exposures towards credit concentration	Nil	Nil
a) Exposure to own securitizations	Nil	Nil
b) Exposure to third party securitizations	Nil	Nil
(II) On-balance sheet exposures towards credit concentration	Nil	Nil
a) Exposure to own securitizations	Nil	Nil
b) Exposure to third party securitizations	Nil	Nil

Note: There are no Securitisation transactions during the current year/ Previous year.

42.5.2 Details of financial assets sold to Securitisation/ Reconstruction company for Asset Reconstruction

Particulars	As at March 31, 2020	As at March 31, 2019
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to Securitisation Company /	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

Note: There are no securitization transactions during the current year/ previous year



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42.5.3 Details of assignment transactions undertaken by HFCs

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Number of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts assigned	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

Note: There are no assignment transactions during the current year / previous year.

42.5.4 Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:

Particulars	As at March 31, 2020	As at March 31, 2019
1. (a) Number of accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

B. Details of non-performing financial assets sold:

Particulars	As at March 31, 2020	As at March 31, 2019
1. Number of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

42.6 Assets Liability Management

Maturity pattern of certain items of Assets / Liabilities

As on March 31, 2020

	Liabilities		Assets	
	Borrowings from banks/ NHB	Market borrowings	Advances	Investments
1 day to 30-31 days (one month)	500.57	-	306.61	2,286.44
Over one month to 2 months	-	-	310.07	-
Over 2 months upto 3 months	250.00	-	313.55	-
Over 3 months to 6 months	840.57	-	961.60	-
Over 6 months to 1 year	1,681.14	-	1,308.43	-
Over 1 year to 3 years	6,724.56	-	4,870.12	-
Over 3 years to 5 years	5,834.56	-	4,835.78	-
Over 5 years to 7 years	1,590.70	-	5,278.21	-
Over 7 years to 10 years	1,189.95	-	7,917.51	-
Over 10 years	114.00	-	24,713.12	5.00
Total	18,816.05	-	50,813.01	2,291.44

Maturity pattern of certain items of assets and liabilities

As on March 31, 2019

	Liabilities		Assets	
	Borrowings from banks	Market borrowings	Advances	Investments
1 day to 30-31 days (one month)	27.57	-	390.90	2,225.00
Over one month to 2 months	41.95	-	395.44	-
Over 2 months upto 3 months	102.64	-	408.03	-
Over 3 months to 6 months	184.02	-	1,227.15	-
Over 6 months to 1 year	869.03	8,650.00	2,582.75	-
Over 1 year to 3 years	4,920.58	-	7,105.12	-
Over 3 years to 5 years	2,640.56	-	6,477.98	-
Over 5 years to 7 years	801.50	-	7,018.06	-
Over 7 years to 10 years	762.54	-	10,211.69	-
Over 10 years	894.55	-	20,625.89	5.00
Total	11,245.00	8,650.00	56,434.31	2,230.00

Note: Foreign currency liabilities and foreign currency assets are Nil



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

42.7 Exposure

42.7.1 Exposure to Real Estate Sector

Category	As at March 31, 2020	As at March 31, 2019
a. Direct exposure		
(i) 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 Rs. 15 lakh	22,006.72	22,723.67
- Others	26,039.17	27,972.73
(ii) Commercial real estate-		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.).	2,767.12	5,738.61
(iii) Investments in Mortgage Backed Securities (MBS) & other securitised exposures		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

42.7.2 Exposure to Capital Market

The Company has no exposure to capital market directly or indirectly in the current and previous year

Particulars	As at March 31, 2020	As at March 31, 2019
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	Nil
(ii) advances against shares / bonds/ debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii) bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total exposure to Capital Market	Nil	Nil



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ART Housing Finance (India) Limited
Notes forming part of the Financial Statements for the year ended March 31, 2020
(Amount in INR lacs, unless otherwise stated)

42.7.3 Details of Financing of parent company products

There is no financing of parent company products.

42.7.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded

The Company has not exceeded the Single Borrower Limit and Group Borrower Limit as prescribed by NHB.

42.7.5 Details of Unsecured Advances

The Company has not financed any unsecured advances against intangible securities such as rights, licenses, authority etc as collateral security.

42.8 Other disclosures

42.8.1 Registration obtained from other financial sector regulators

The Company has not obtained registration from any other Finance sector regulator.

42.8.2 Disclosure of Penalties imposed by NHB and other regulators	As at March 31, 2020	As at March 31, 2019
i) Details of penalty levied by National housing bank	Nil	Nil
ii) Adverse comments by the National housing bank on regulatory compliances	Nil	Nil
iii) Percentage of outstanding loans granted against collateral of gold jewellery to total outstanding assets - The Company has not granted any loans against collateral of gold jewellery	Nil	Nil

Subsequent to the Balance Sheet date, NHB in exercise of the powers vested with it under the National Housing Bank Act, 1987 has imposed penalty of Rs 1.60 lacs on April 21, 2020 on account of non-compliance of Para 2(1)(xc) of the HFC (NHB) Directions 2010 and Policy Circular 55 and Policy Circular 83 wrt inspection of position as of March 31, 2019.

42.8.3 Related Party Transactions

All Related Party Transactions (RPTs) of the company covered under the Companies Act, 2013 and relevant provision of Accounting Standard will be approved by the audit committee of the Board from time to time. Dealing with Related Party Transactions shall be in accordance with the Companies Act, 2013 & Rules thereunder, and other applicable provisions for the time being in force.

Details of all transactions with related parties are disclosed in Note 36 above.

42.8.4 Rating assigned by Credit Rating Agencies and migration of rating during the year

During the year, CARE has assigned rating of 'A-' (A minus) Stable Outlook on June 5, 2019. CARE has changed the same to 'BBB' under credit watch with negative implications on March 13, 2020.

42.8.5 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

Particulars	As at March 31, 2020	As at March 31, 2019
1. Provisions for depreciation on investment	Nil	Nil
2. Provision made towards income-tax	314.85	579.68
3. Provision towards sub standard, doubtful and loss assets	125.75	4.22
4. Provision for standard assets (with details like teaser loan, CRE, CRE-RH etc.)		
Teaser loans	Nil	Nil
CRE	48.45	(1.47)
CRE -RH	38.26	(18.46)
Other standard assets	16.46	(3.51)
5. Other provision and contingencies (with details)		
Gratuity, compensated absences	23.05	19.51
Employee benefits	226.74	272.71
Provision for expenses	141.52	154.06



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ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

42.8.6 Break up of loan and advances and provisions thereon

Particulars	Housing loans		Non-Housing loans	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Standard assets				
a) Total outstanding amount	41,015.07	43,774.65	9,659.96	12,632.24
b) Provisions made	181.81	132.12	125.83	72.33
Sub-standard assets				
a) Total outstanding amount	71.57	28.12	59.24	-
b) Provisions made	10.74	4.22	8.89	-
Doubtful assets – Category-I				
a) Total outstanding amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
Doubtful assets – Category-II				
a) Total outstanding amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
Doubtful assets – Category-III				
a) Total outstanding amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
Loss assets				
a) Total outstanding amount	6.47	Nil	0.70	Nil
b) Provisions made	6.47	Nil	0.70	Nil
Total				
a) Total outstanding amount	41,093.11	43,802.77	9,719.90	12,632.24
b) Provisions made	199.01	136.34	135.41	72.33

42.9 Concentration of public deposits, advances, exposures and NPAs
42.9.1 Concentration of public deposits (for public deposit taking/holding HFCs)

Particulars	As at March 31, 2020	As at March 31, 2019
Total deposits of twenty largest depositors		
Percentage of deposits of twenty largest depositors to total deposits of the HFC		

The Company is non public deposit taking housing finance company and has not accepted any public deposits during the current year or previous years.

42.9.2 Concentration of loans and advances

Particulars	As at March 31, 2020	As at March 31, 2019
Total loans and advances to twenty largest borrowers	2,791.03	5,568.55
Percentage of loans and advances to twenty largest borrowers to total advances of the HFC	5.49%	9.90%

42.9.3 Concentration of all Exposure (including off-balance sheet exposure)

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to twenty largest borrowers/ customers	2,894.27	5,568.55
Percentage of exposures to twenty largest borrowers/ customers to total exposure of the HFC on borrowers/ customers	5.70%	9.90%

42.9.4 Concentration of NPAs

Particulars	As at March 31, 2020	As at March 31, 2019
Total exposure to top ten NPA accounts	120.07	28.12



ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2020

(Amount in INR lacs, unless otherwise stated)

42.9.5 Sector-wise NPAs - Percentage of NPAs to total advances in that sector

Particulars	As at March 31, 2020	As at March 31, 2019
A. Housing loans:		
1. Individuals	0.16%	0.07%
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil
B. Non-Housing loans:		
1. Individuals	0.62%	Nil
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil

42.9.6 Movement of NPAs

Particulars	As at March 31, 2020	As at March 31, 2019
(I) Net NPAs to net advances (%)	0.22%	0.04%
(II) Movement of NPAs (Gross)		
a) Opening balance	28.12	-
b) Additions during the year	142.89	50.18
c) Reductions during the year	53.03	22.06
d) Closing balance	137.97	28.12
(III) Movement of net NPAs		
a) Opening balance	23.90	-
b) Additions during the year	115.56	32.59
c) Reductions during the year	28.08	8.09
d) Closing balance	111.39	23.90
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	4.22	-
b) Provisions made during the year	27.52	17.60
c) Write-off/write-back of excess provisions	4.06	13.38
d) Closing balance	26.79	4.22

42.9.7 Overseas assets

Particulars	As at March 31, 2020	As at March 31, 2019
The Company has not held any overseas assets	Nil	Nil

42.9.8 Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)

Particulars	As at March 31, 2020	As at March 31, 2019
The Company does not have any SPVs sponsored which is required to be consolidated as per accounting norms.	Nil	Nil

42.9.9 Customer complaints

Particulars	As at March 31, 2020	As at March 31, 2019
a) No. of complaints pending at the beginning of the year	2	Nil
b) No. of complaints received during the year	14	130
c) No. of complaints redressed during the year	16	128
d) No. of complaints pending at the end of the year	0	2

43 Disclosure of frauds as per NHB (ND)/DRS/Policy Circular No.92/2018-19 dated 05 February, 2019

There was no instance of fraud identified and reported during the year.

44 Previous year's figures have been regrouped, re-arranged and reclassified wherever necessary to conform to the current year classification as per Ind AS.

This is the Notes to Accounts referred to in our report of even date

For S M M P & Associates
Firm Registration Number: 120438W
Chartered Accountants

For and on behalf of the Board of Directors of
ART Housing Finance (India) Limited

Chintan Shah
Partner
Membership No: 166729



Rajesh Kumar Pandey
Chairperson
DIN: 00250437

Vipin Jain
Chief Financial Officer

Manish Singh
Chief Business Officer

Ritika Sati
Company Secretary
(Mem No ACS 24016)

Place
Date: July 24, 2020

UDINNO: 20166729AAAADP6574

Place: GURUGRAM
Date: July 24, 2020

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statements
of subsidiaries or associate companies or joint ventures**

Part A: -Subsidiaries

Particulars	Details
Number of subsidiary	One
Name of the subsidiary	ART Distribution (I) Private Limited
The date since when subsidiary was acquired	Incorporated on August 11, 2015
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Same as of holding Company: April 1, 2019 to March 31, 2020
Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	INR (Rs)
Share capital	Rs 5,00,000/-
Reserves and surplus	Rs (2,83,710)/-
Total assets	Rs 2,41,290/-
Total Liabilities	Rs 25,000/-
Investments	Rs Nil
Turnover	Rs Nil
Profit before taxation	Rs (15,133)/-
Profit after taxation	Rs (15,133)/-
Provision for taxation	Nil
Proposed Dividend	Nil
Extent of shareholding (in percentage)	100%

1. Names of subsidiaries which are yet to commence operations	ART Distribution (I) Private Limited
2. Names of subsidiaries which have been liquidated or sold during the year	NIL

Part B:- Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures	Since the Company does not have any Associate or Joint venture Company the disclosure under this section is not applicable.
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For S M M P & Associates

Firm Registration Number: 120438W

Chartered Accountants

Chintan Shah

Partner

Membership No: 166729



Place:

Date: July 24, 2020

UDIN NO: 20166729AAAADP6574




For and on behalf of the Board of Directors of
ART Housing Finance (India) Limited

Rahul Kumar Pandey

Director

DIN: 00256437



Vipin Jain
Chief Financial Officer

Manish Singh
Chief Business Officer



Ritika Sati
Company Secretary
(Mem No ACS 24016)

Place: GURUGRAM

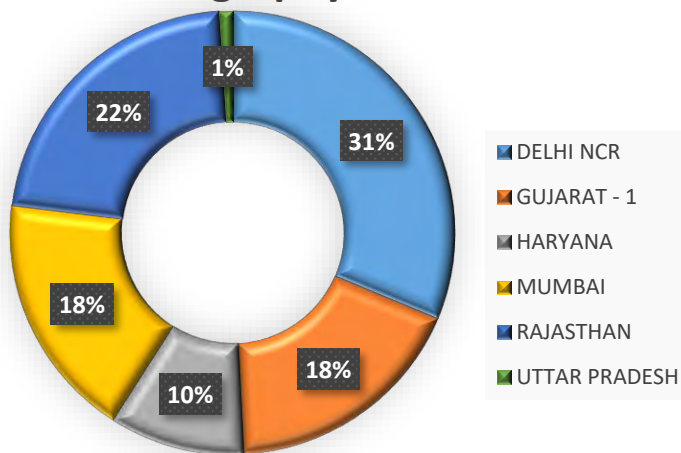
Date: July 24, 2020

Management Discussion & Analysis

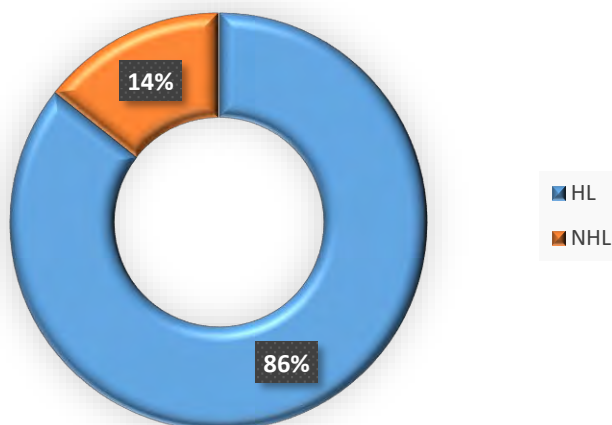
ART Housing Finance (India) Ltd. ('AHFL' or 'the Company') is registered with National Housing Bank (NHB) as a Housing Finance Company (HFC). The Company provides long-term housing loans to self-employed and salaried persons belonging to the Low Income Group (LIG) and Middle Income Group (MIG) within the peripherals of urban and semi-urban areas.

Financial Highlights as on 31-03-2020

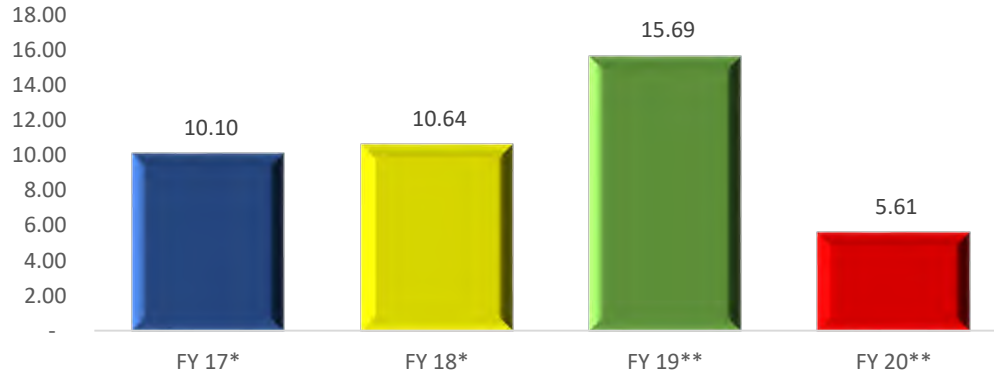
Geography wise AUM



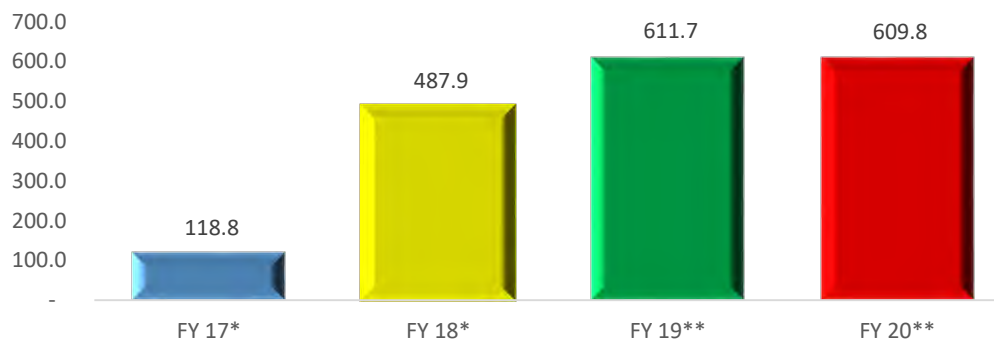
Retail Portfolio



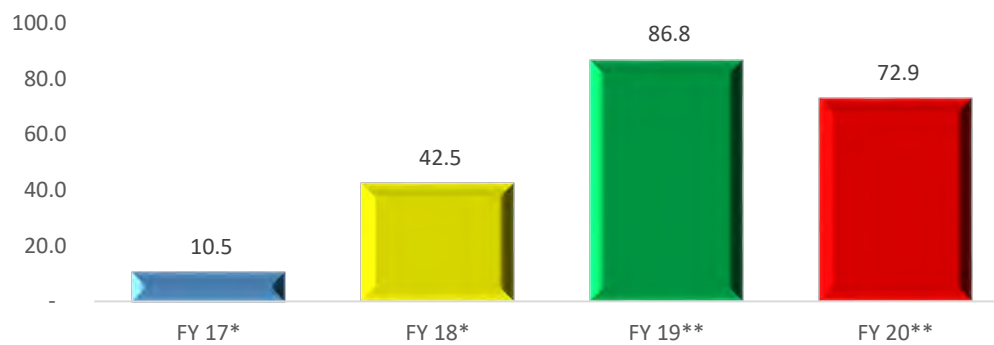
Profit after tax



Total Assets



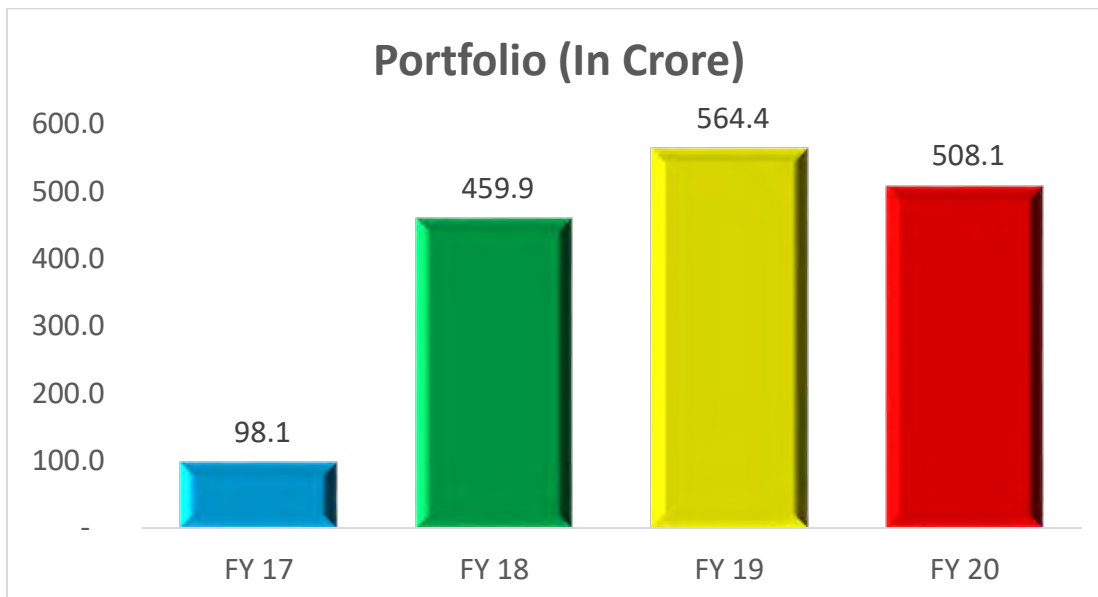
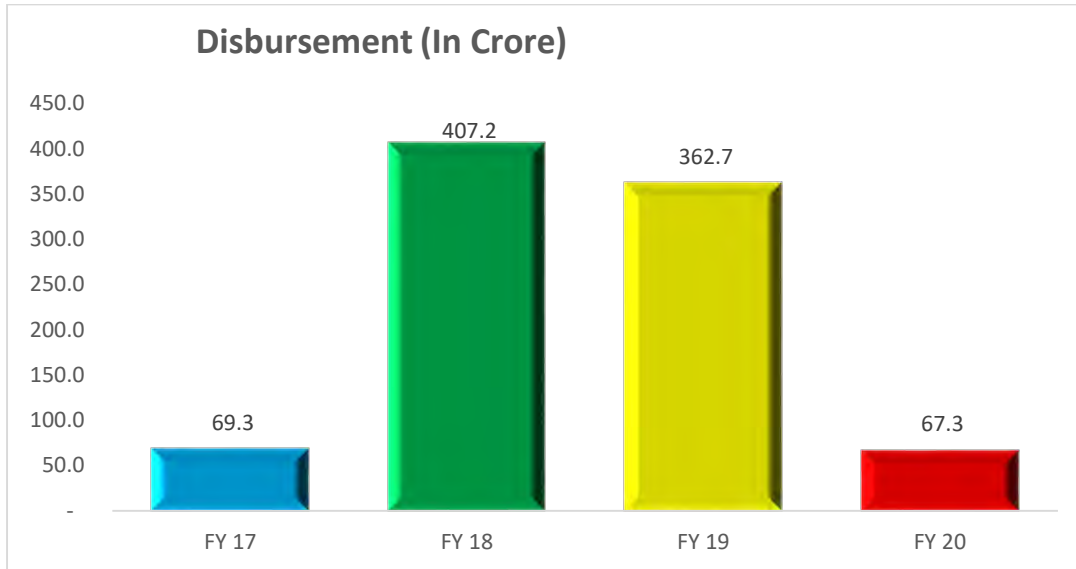
Income From Operations



Note:

1. * - FY19 and FY20 financial numbers are based on IGAAP, whereas,

2. ** - FY19 and FY20 financial numbers are based on Ind AS basis



NPA (in %age)

Gross 0.27%

Net 0.22%

Product Portfolio and Services

Home Loans

The Company's housing loan portfolio consists of a range of products designed for LIG and lower MIG segment borrowers. Loans for purchase of ready /under construction housing units, self-construction and home improvement/extension are included in this category, having tenure of up to 30 years.

Non-Home Loans

This category includes loans for purchase of ready built commercial property and to meet customer requirements against the security of built-up residential, commercial and industrial properties. They have tenure of up to 15 years depending on loan schemes.

Balance Transfer & Top-Ups

The Company offers the facility of Balance Transfer & Top-Up loans over and above the housing and nonhome loans provided to the customers. Balance Transfer of the loans is facilitated from AAHF approved financial institutions. This is based on the past track record, credibility and repayment ability of the previous loans of the borrowers.

OPERATIONAL OVERVIEW

As on 31 March 2020 the Company's Equity Capital stood at ` 385 crores and net worth Rs 404 crores. Your Company's strong focus on maintaining good asset quality by undertaking adequate due diligence has enabled it to maintain its track record of nil delinquencies. In terms of reach, your Company is present across six states – Delhi-NCR, Haryana, Rajasthan, Uttar Pradesh, Gujarat and Maharashtra – covering over 45 locations through a mix of physical and virtual branches.

HUMAN RESOURCES

Human Resources are a vital element of the Company's business. The Company relentlessly strives to create a safe, conducive and stimulating work environment of continuous learning and growth of its 500+ workforce (as on 31 March, 2020). The human resource policies are formulated with the objective of attracting the best talent, nurturing and retaining them to deliver best results. The employees of the Company are time and again provided with various skill development and learning programmes to boost their morale and motivation.

INTERNAL CONTROL SYSTEMS

The Internal control systems of the Company are commensurate to the size of its business and the nature of its operations. The Company ensures that the internal control systems are well-designed to ensure safeguarding of assets, reliability of financial and operational information, compliance with all the applicable laws and statutes and proper recording and reporting of the transactions.

The COVID-19 Pandemic & Lockdown

The COVID-19 pandemic has spread across the world – leading to well above 4.6 million confirmed infections, over 308,000 deaths, enormous human suffering and a full stop on virtually all commercial and economic activities. Even India, apparently relatively fortunate up to now, has had over 1155191 confirmed cases and more than 28084 deaths. With lockdowns spreading across countries accounting for over 50% of the world’s gross domestic product (GDP), it has caused disruptions on an unimaginable scale. Nobody really knows how long the pandemic will last; whether it will increase in the winter of 2020-21 and if so how, and what will be its final toll on lives and livelihood.

In India too, which implemented a lockdown since 25 March 2020, the pandemic has created shocks ripping through society and the world of business. After a nationwide lockdown involving 1.35 billion people over 55 continuous days, the debate is now on how to gradually open the economy without seriously risking a major spike in infections – something that India’s frail medical facility can ill cope with.

AHFL took immediate steps to handle this force majeure situation, some of which have been:

- Keeping employee safety as the topmost priority, and so ensuring that all employees moved immediately to ‘Work-from-Home’ (WFH). All employees were advised to strictly follow lockdown guidelines of the Government;
- IT team of the Company moved in swiftly to ensure availability of sufficient bandwidth, setting up virtual private networks and making available multiple platforms for collaboration and team meetings over digital media;
- Triggering business continuity plans – for servicing and recovery; and
- Engaging all business partners digitally and through WFH protocol for business continuity.

The situation is still evolving and it is not possible to hazard a guess on how this pandemic will evolve. On its part, AHFL will be focusing on balance sheet protection, conservative liquidity management, operating expenses management and strengthening collections.

Information Technology

ART Digital Framework



- Automation and Digitalization of the Home Loan Process was divided in four Phase post choosing of the Core Lending Solution including the General Ledger AP & AR which creates the complete life cycle of the customer including internal financial transactions.
- Core Lending Application Omni Fin – Application built on Java & Jboss as application Platform with MySQL as database.
- This application was finalized on the following parameters :Stability /Scalability /Agile/Technology/Mobility
- Designed & Developed an Android based Mobile App which was mainly used for Customer Acquisition /Collections/Builder and DSA empanelment etc.. Used API based integration with third party solution providers like CIBIL – Credit Report etc.. kept the Mobile app open for multiple API integration.
- Mobile App is integrated with Core Lending systems which is again built on signal Data base platform for easy and real time data follow.
- Present Digitization was planned and focused more on Documentation, Process, Policy and Paper Less .
- Core Lending Systems is integrated with Document management systems for storing of the all customer documents collected through the digital mode. These documents are stored encrypted and accessible only through the authorized and approved users through the Core Lending Systems.

ART Digital Framework -2

- Non-Traditional Data Capture is more at UAT level. The data captured from this source can be used for building our own data warehouse / Machine learning which can be used by the Underwriting team during sanction and Customer service team for cross and upsell to the existing customers depending on the customer's behavior repayment pattern etc....
- Core Lending Systems is also integrated with multiple third party service like PAN verification /Auto Messaging/ DAAS (Decision as Service) /Experian & CIBIL Bureau's and Payment gateway for IMD collections.
- Customer Service Portal on the website is automated for Customer's directly accessing their details via the website where the data is fetched in secured manner from the core system.
- All these process are completed at Phase IV which was initially planned and executed.
- Certain Limitation from the regulatory body has limited the digitization of process like e sign, e kyc , e stamp et..

Customer Acquisition using Android based mobile app including capturing of documents digitally and CIBIL

Automation of Loan Origination Systems up to Sanction level .

Loan Management System which is pending automation & Digitization

ART Digital Framework -3

Back of House Automation –

- Human Resource Management Systems - Employee Mgmt.- Recruitment Process-On Boarding -Employment Action post onboarding – Performance Management System- Payroll – Attendance both Mobile based including GEO Fence and Geo Tagging – Reimbursement e-pay – E-separation.
- Expense Management Automation- All Vendor bills approval process has been automated including the digital upload of the invoice with less of Human Interference – This product has been in house developed by the internal IT Team.
- Internal Audit Automation – This product is developed in house and his still in UAT phase with user Dept.
- **Short Term Digital Roadmap – Considering the present COVID 19 Situation .**
 - Contact Less Collection Systems with payment gateway integration.
 - Contact Less Customer Service systems which is more customer centric.
 - CRM Tool for Customer management life cycle.
 - Minimal Contact less on boarding of new business through different technology

IT & Risk Management

- In House Data Centre
- Servers secured using DMZ zones
- Built Virtualization technology
- Disaster Recovery Site built on MS Azure
- Data Centre built as per the standard and regulatory Norms
- BCP/DR Plan including the manual in place with RPO -30 Mins and RTO -8hrs and 30min Replication on real time.
- All the Systems including server protected by the latest Anti Threat protection tool
- All the End user's laptops protected with encryption to protect the data theft/loss of the company asset.
- Cloud based Mail Solution with base DLP (Data Loss Protection) with Microsoft.
- Company owned Tablets and Mobile app and other business application protected using EMM (Enterprise Mobile management).
- All IT & Security Policies in place as per the NHB guidelines.

IT & Risk Management

- VAPT conducted to analysis the Risk in the present business application.
- All Branches including the Corporate office built with NextGen Firewalls with HA(High Availability)
- Limited User access and specific to job roles assigned.
- Regular patching of all the systems to protect business from nay untoward attacks both from internal and external point.
- Centralized Helpdesk with Ticketing systems and Assets management .
- All Branches equipped with CCTV camera and centrally controlled
- Regular Audits by the Internal Audit team
- RISK control Matrix maintained as per guidelines.
- Analyzing of transactional and Systems logs for any kind of threats & abnormal activates.
- Cyber Security Awareness among the team through Mails presently.
- Secured Work From Home Solution built on every company owned Device issued .
- Communication between he user and corporate data center built using VPN.

DIRECTORS' REPORT

Dear Members,

Your Directors take pleasure in presenting the Seventh (7th) Director's Report on the affairs of ART Housing Finance (India) Limited (*formerly known as ART Affordable Housing Finance (India) Limited*) (hereinafter referred to as "the Company" "your Company" or "AHFL"), together with annual audited Ind AS financial statements for the financial year ended on March 31, 2020.

FINANCIAL REVIEW OF OPERATIONS

Ind AS adoption

As mandated by MCA, the Company has prepared its Financial Statements as per the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS").

The Company has prepared its Ind AS compliant financial statements for the year ended on March 31, 2020, the comparative period ended on March 31, 2019 and an opening Ind AS balance sheet as at April 1, 2018 (the date of transition).

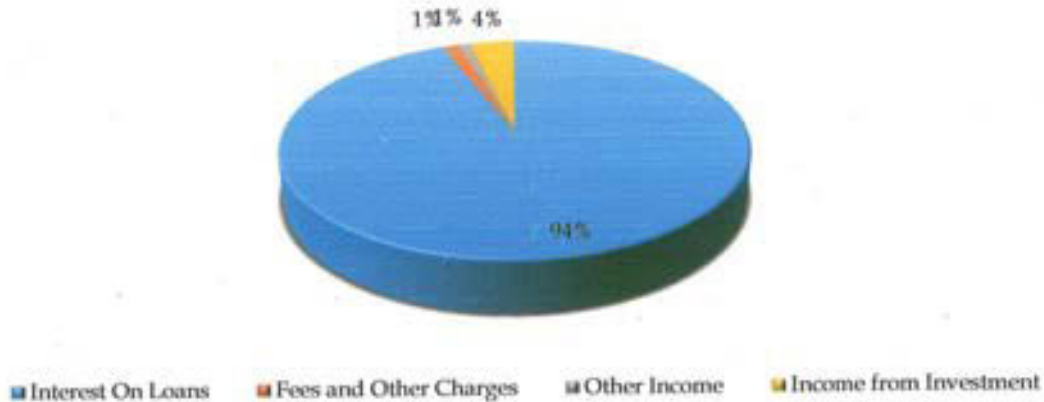
For periods ended up-to the year ended March 31, 2019, the Company had prepared its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (previous GAAP).

A. Income

Your Company posted total income of Rs 73.9 crores during the year, as compared to Rs 88.9 crores in the previous year which represents a decrease of 16.9% year-on-year. Out of this, interest income on loans has decreased by 16.6%, from Rs 83.0 crores in the previous year to Rs 69.2 crores in FY 2019-20. This is primarily due to decrease in loan portfolio as compared to previous year. Your Company's Net Income (net of financial costs) is recorded at Rs 55.1 crore.



Sources of Income



B. Expenses

Expenses including financial costs (excluding Impairment of financial assets) for the year stood at Rs 60.8 crores, as compared to Rs 66.4 crores for the previous year representing a decrease of 8.4%. The major contribution in this is Employee benefit expenses which accounts for Rs. 30.4 Crores (i.e. 50 % of the total Expenses (excluding Impairment of financial assets))



C. Profits

Your Company earned a Profit after tax of Rs 5.6 crores for the year as against Profit after tax of Rs 15.7 crores in the previous year. This is primarily due to low business and additional expected credit losses booked on account of likely economic impact on customers cashflows due to COVID-19 because of external headwinds in NBFC/HFC market.

(in Crores)

Particulars	FY 2019-20	FY 2018-19
Total Revenues	73.87	88.86
Total Expenditure	65.32	66.73
Profit before Taxation (PBT)	8.54	22.12
Less: Provisions for Tax/ Deferred Tax	2.93	6.44
Net Profit after Taxes (PAT)	5.61	15.68
Other comprehensive income (net of tax)	0.01	0.00
Total comprehensive income for the year	5.62	15.68
Earnings per share (Face Value Rs. 10/- each)		
Basic (Rs.)	0.15	0.41
Diluted (Rs.)	0.14	0.40

COVID-19 PANDEMIC

COVID-19 is a global pandemic, which continues to spread across the world and India is not exception and has contributed to a significant decline and volatility in global and Indian financial markets and an unprecedented level of disruption on socio-economic activities. Since March 24, 2020, the Indian government had announced a series of lock-down which was further extended. The recent directions from Government allows for calibrated and gradual withdrawal of lockdown and partial resumption of selected economic activities. Based on the information available till date, the Company has used the principles of prudence in applying judgments, estimates and possible forward looking scenarios to assess and provide for the impact of the pandemic on the Financial Statements specifically while assessing the expected credit loss on financial assets by applying management overlays. The extent to which the COVID-19 pandemic will impact the Company's operations and financial metrics including the expected credit losses on financial assets will depend on future developments, which are highly uncertain.

The Company has also taken appropriate steps for cost optimization due to likely economic business losses of the Company.

A detailed discussion on impact of COVID-19 on the HFC sector and operations of the Company is covered in 'Management Discussion and Analysis'.

BUSINESS PERFORMANCE HIGHLIGHTS

In FY 19-20 also, the trust deficit and crises of confidence continues within the Banking system towards NBFC/ HFC due to matters intrinsic to a few NBFCs/ HFCs including ALM challenges that started witnessing from H2 FY19. The banks became over-cautious in lending to the sector impacting the growth of credit offtake in the entire industry. Your Company as such does not have any of the issues that plagued the industry on the ALM side. However, given the external headwinds, we consciously



took a cautious approach towards calibrated growth and conservation of liquidity. In addition, we were able to get funds (as term loans) from other financial institutions worth Rs 48 Crore, Refinance limit of Rs 75 Crore from NHB in the month of December & Rs 60 Crore under special Scheme of LiFT by Government of India.

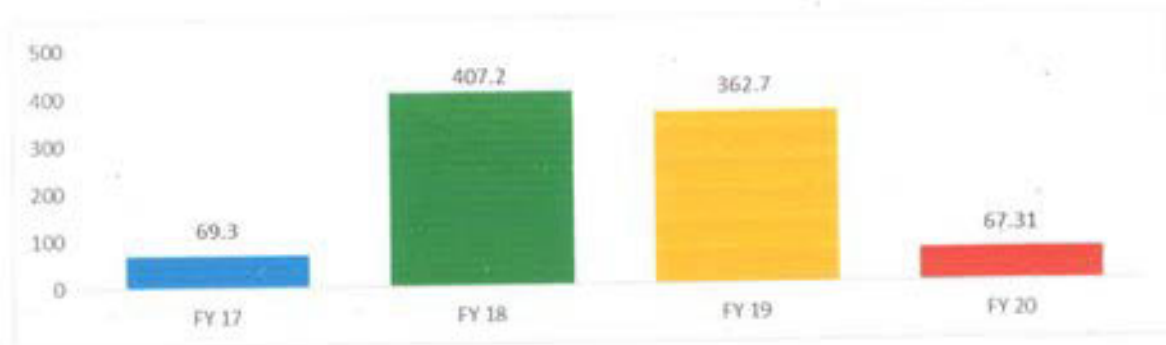
a) Sanctions

During the year, your Company has sanctioned loans amounting to Rs 81.1 crores as compared to Rs 388.3 crores in the previous year.

b) Disbursements

During the year, your Company has disbursed loans amounting to Rs 67.31 crores as compared to Rs 362.7 crores in the previous year. The decline in disbursement is due to the external headwinds in NBFC/HFC market.

Disbursement (In cr)



c) Non-Performing Assets (NPA)

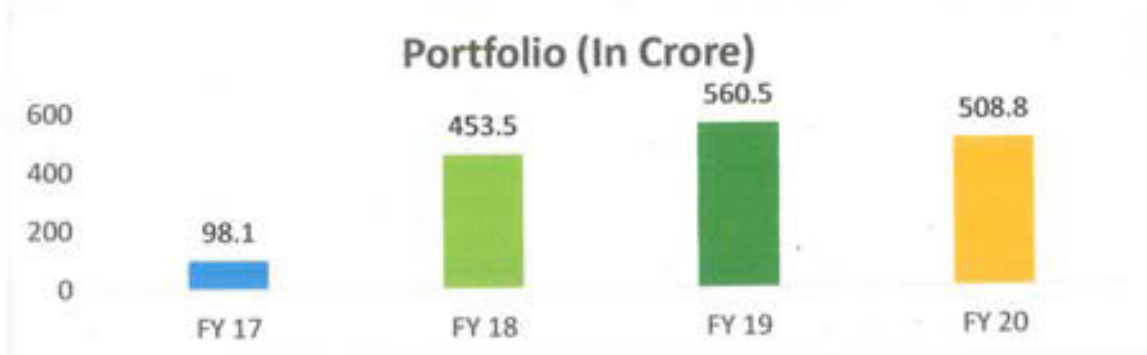
Your Company has developed a strong collections and recovery mechanism, which together with strong origination standards, has resulted in 0.27% of Gross NPAs in its portfolio.

Your Company continued to review its portfolio quality periodically to avoid any delinquencies, and apply course corrections if any required, apart from maintaining high lending standards to mitigate risks.

During the year under review, your company has made a provision for Expected Credit Losses (ECL) for Rs 4.5 cr towards the credit impaired loans and other loans. This also includes the additional amount provided by the Company due to likely economic impact on customers' cashflows due to COVID-19.

d) Portfolio of the company

The total gross loan outstanding portfolio of your Company stood at Rs 508.8 crores as on March 31, 2020 as against Rs 560.5 crores in the previous year.



The average ticket size of retail portfolio as on March 31, 2020 stood at Rs 9.2 lakhs as compared to Rs 9.5 Lakhs in previous year.

BRANCH NETWORK

The Company's branch network spread across 49 locations across 6 regions (Delhi NCR, Haryana, Rajasthan, Maharashtra, Gujarat and Uttar Pradesh) as on 31st March, 2020.

Details of the branches of the Company as on March 31, 2020 are given below:

Region	Branch Count (Physical & Virtual)	Locations
Delhi-NCR	2	Delhi NSP, Mayur Vihar
Haryana	9	Gurugram, Faridabad, Rohtak, Karnal, Panipat, Kaithal, Yamuna Nagar, and 2 Virtual Branches
Rajasthan	16	Jaipur, Bikaner, Ajmer, Alwar, Kota, Jodhpur, Udaipur, Sikar and 8 Virtual branches
Maharashtra	7	Kalyan (Mumbai), Pune, Ahmednagar, Kolhapur, Boisar (Mumbai) and 2 Virtual branches
Gujarat	11	Ahmedabad, Surat, Vapi, Rajkot, Vadodara, Junagarh, Jamnagar, Bhavnagar, Mehsana and 2 Virtual Branches
Uttar Pradesh	4	Lucknow, Kanpur, Agra, Meerut
Total	49	

DIVIDEND

Your Board does not recommend any dividend for the financial year under review.

TRANSFER TO RESERVES

Pursuant to the requirement of section 29C of the NHB Act, 1987, an amount of Rs 1.24 crores has been transferred to Reserves for the financial year ended March 31, 2020. For details of Reserves and Surplus of the Company, please refer Statement of Changes in Equity for the year ended on March 31, 2020 of the audited financial statements of the Company for the financial year ended March 31, 2020.

STATE OF COMPANY'S AFFAIRS

The key parameters and milestones of the Company has been summarized below:

1. The team strength stands at 502 as on March 31, 2020.
2. The Company operates through 49 locations across 6 regions.
3. Company has also invested in strengthening the collections team for early controls on the delinquency, if any.
4. The Company has made significant investment, both knowledge and financial, in digitisation of the business workflow activities.
5. The gross loan portfolio as on March 2020 stood at Rs 508.78 crore as against Rs 560.52 crore as on March 2019.
6. The Capital Adequacy Ratio as on March 2020 was 128.07% well above the current regulatory limit of 12.00% as stipulated by NHB for housing finance companies.
7. Your company has continued to maintain good asset quality with a Gross NPA at 0.27% on March 31, 2020 and Net NPA at 0.22%, in-spite of difficult economic environment.

During the year under review, there has been no change in the nature of the business of your Company.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments, affecting the financial position of your Company have occurred between the end of year under review and date of this Director's Report.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of the main Business of the Company.

SUBSIDIARY COMPANY & ASSOCIATE COMPANIES

Your Company has 1 (One) wholly owned subsidiary as on March 31, 2020 i.e. ART Distribution (I) Private Limited. Your Company does not have any joint venture(s)/ associate company(ies) within the meaning of Section 2(6) of the Act. Pursuant to the provisions of section 129 of the Companies Act, 2013 read with Rule 6 of the Companies (Accounts) Rules, 2016 and all other applicable sections hereafter as amended from time to time, the company shall not be required to consolidate its financial statements in case its ultimate or any intermediate holding company files consolidated financial statements with the Registrar which are in compliance with the applicable Accounting Standards. Henceforth, the Company has not consolidated its financial statements with its wholly owned subsidiary company i.e. ART Distribution (I) Private Limited.

During the year under review, there has been no material change in the nature of the business of the subsidiary company and no Company has become or ceased to be subsidiary, Joint Venture or Associate Company of the Company.

SHARE CAPITAL

(i) AUTHORISED SHARE CAPITAL

On March 31, 2020 the Authorised Share Capital of the Company stood at Rs 1000,00,00,000/- (Rupees One Thousand Crores Only) divided into 100,00,00,000 (One Hundred Crores) Equity Shares of Rs 10/- (Rupees Ten Only) each.

(ii) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

On March 31, 2020 the Issued, Subscribed and Paid-up Share Capital of the Company stood at Rs 385,00,00,000/- (Rupees Three Hundred and Eighty-Five Crores Only) divided into 38,50,00,000 (Thirty-Eight Crores Fifty Lakhs) Equity Shares of Rs 10/- (Rupees Ten Only) each.

Your Company has not issued any equity shares with differential rights as to voting, dividend or otherwise.

BORROWING POWERS OF THE COMPANY

Pursuant to section 180(1)(c) of the Companies Act, 2013 (the 'Act'), the borrowing limits approved by the shareholders which may be exercised by the Board, presently stand at Rs. 750 crores.

PUBLIC DEPOSITS

Your Company being a non-deposit accepting Housing Finance Company as per the Housing Finance Companies (NHB) Directions, 2010 has not accepted, renewed or held any public deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the NHB and accordingly requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014 as well as requirement of maintaining liquid assets as specified under Section 29B of the National Housing Bank Act, 1987 are not applicable to your Company.

FINANCE

During the year under review, the Company met its funding requirements through Bank Loans, Loans from NHBCs and availing refinance from NHB (National Housing Bank).

The aggregate bank borrowings, i.e. term loans plus overdraft, at the end of the financial year stood at Rs 188.0 crores as compared to Rs 198.75 crores at the end of the previous year. Further the overall borrowings are within regulatory ceiling of 16 times of net owned funds as prescribed under the NHB Regulations.

The overall cost of borrowings (average) was 8.9% p.a. as on March 31, 2020.

CREDIT LINKED SUBSIDY SCHEME

Your Company and its management team is highly committed to the 'Housing for all' mission. Keeping this in mind, the Company participated in Government initiatives to facilitate benefits of the 'Pradhan Mantri Awas Yojna: Credit Linked Subsidy Scheme' (PMAY-CLSS) from NHB for its customers across urban and semi-urban India.

During the year, the Company successfully delivered subsidy of Rs 17.88 crores to its customers under the PMAY-CLSS scheme under different scheme.

Scheme	Claim received FY 19-20	
	# of file	Subsidy Amount in Rs Crore
EWS/LIG Old	9	0.15
EWS/LIG New	837	17.74
Total	846	17.88

CREDIT RATING

During the year, the Company initiated the rating process based on its financial performance for the financial year 2018-19 and has been rated as "A- (Stable Outlook)" by the rating agency CARE. But due to continue stress in HFC industry, your company also not able to distance itself from the external headwinds in NBFC/ HFC market. These adverse conditions have further been accentuated for AHF with adverse news flow around our promoter group & scrutiny by government agencies at the promoter level. Following this development, rating agency CARE has revised the company's long-term rating to "CARE: BBB (Credit Watch with negative implications)" in March 2020 and subsequently further changed to "CARE BB+ with Stable outlook" in May 2020 due to industry wide impact of COVID-19.

MORATORIUM OF LOANS

The Reserve Bank of India, issued guidelines on March 27, 2020 and its extension vide its notification dated May 23, 2020 permitting all commercial banks, co-operative banks, all-India Financial Institutions and NBFCs (including housing finance companies and micro-finance institutions) ("lending institutions") to give moratorium to customers on payment of instalments falling due between March 1, 2020 to May 31, 2020 and further extended from June 1, 2020 to August 31, 2020. Accordingly, the Company started offering moratorium to its customers basis a Board approved policy. For all such accounts where the moratorium is granted, the prudential assets classification shall remain stand-still during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms)

COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company is in compliance with the Secretarial Standards on Meetings of the Board of Directors and the Secretarial Standards on General Meeting issued by the Institute of Company Secretaries of India.

EXTRACTS OF ANNUAL RETURN

In terms of provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, the extract of Annual Return of the Company as at financial year ended March 31, 2020 as in the prescribed Form MGT-9 is attached here as *Annexure- A* and the same is also available on the website of the Company at www.arthfc.com.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

BOARD OF DIRECTORS

The composition of the Board of Directors of your Company as on March 31, 2020 is mentioned as below:

Name of Director	Category
Mr Raj Vikash Verma (Chairman)	Non-Executive Director
Mr Arvind Roshan Hali (Managing Director & CEO)	Executive Director
Mr Brijesh Kumar Gupta	Independent Director
Mr Pradeep Kumar	Non-Executive Director
Lt Gen (Retd) Dr Sukhraj Pal Kochhar	Independent Director

CESSATION:

During the year under review, the following Directors ceased form the Board of the Company:

- Ms. Rakhee Kapoor Tandon resigned from her position as Non-Executive Director w.e.f. August 6, 2019.
- Ms Anita Kapur resigned from her position as Independent Director w.e.f. March 26, 2020.

APPOINTMENTS:

During the year under review, no additional Directors were appointed on the Board of the Company.

Subsequent to the year under review, the following changes took place in the constitution of the Board of the Company:

- Mr. Raj Vikash Verma resigned from the post of Non-Executive Director w.e.f. April 30, 2020
- Lt Gen Dr S P Kochhar resigned from the post of Independent Director w.e.f. May 2, 2020
- Mr Arvind Roshan Hali resigned from the post of MD & CEO w.e.f. May 20, 2020
- Mr Brijesh Kumar Gupta resigned from the post of Independent Director w.e.f. the closing hours of May 20, 2020
- Mr. Pradeep Kumar resigned from the post of Non-Executive Director w.e.f. May 27, 2020
- Mr. Atul Mehta was appointed as an Additional Director in the capacity of Independent Director w.e.f. May 9, 2020

- Mr Rahul Kumar Pandey was appointed as an Additional Director in the capacity of Independent Director w.e.f. May 22, 2020
- Ms Ritika Sati was appointed as an Additional Director in category of Whole-Time Director in the Board Meeting dated May 9, 2020 subject to regulatory approvals as required.
- Mr Manish Singh was appointed as an Additional Director in category of Whole-Time Director & Interim CEO in the Board Meeting dated May 20, 2020 subject to regulatory approvals as required.

Resolutions seeking approval of members for the appointment of Independent Directors forms part of notice convening the 7th AGM. Necessary details regarding their appointment as required under the Act are given in the notice of AGM. The appointment of Ms Ritika Sati as Whole-Time Director and Mr Manish Singh as Whole-Time Director & Interim CEO is subject to RBI approval pursuant to Master Circular- Housing Finance Companies – Approval of Acquisition or Transfer of Control (NHB) Directions, 2016 read with RBI press release w.r.t. Transfer of Regulation of Housing Finance Companies (HFCs) to Reserve Bank of India dated August 13, 2019.

DIRECTOR(S) DISCLOSURES

Based on the declarations and confirmations received in terms of the provisions of the Act, circular(s) / notification(s) / direction(s) issued by the National Housing Bank (NHB Regulations) and other applicable laws, none of the Directors on the Board of your Company are disqualified from being appointed as Directors.

Pursuant to Section 149(7) of the Companies Act, 2013, the Company has received declaration from Mr. Brijesh Kumar Gupta, Lt Gen (Retd.) Dr Sukhraj Pal Kochhar and Ms Anita Kapur, Independent Directors of the Company affirming compliance with the criteria of independence as specified in Section 149(6) of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL

In terms of the Act, the following persons are the Key Managerial Personnel (“KMP”) of the Company as on March 31, 2020:

- | | | |
|-------------------------|---|-----------------------------------|
| • Mr Arvind Roshan Hali | - | Managing Director & CEO |
| • Mr Pankaj Jain | - | Chief Financial Officer |
| • Ms Ritika Sati | - | Company Secretary & Legal Counsel |

After the year under review, following changes took place in the KMPs of the Company:

- Mr. Arvind Roshan Hali resigned from the post of MD & CEO w.e.f. May 20, 2020
- Mr Pankaj Jain, ceased to be a KMP of the Company pursuant to his resignation from the post of Chief Financial Officer w.e.f May 31, 2020; and
- Mr Vipin Jain was designated as KMP of the Company pursuant to his appointment as the Chief Financial Officer of the Company w.e.f July 1, 2020.

DIRECTOR RETIRING BY ROTATION

In terms of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, considering the Board constitution as on the date of this report, the said section shall not be applicable to the Company.

PERFORMANCE EVALUATION

In terms of the provisions of the Companies Act, 2013, the Board of Directors adopted a Board Performance Evaluation Policy and detailed process for facilitating performance evaluation of the Board, as a collective entity, that of its Committee(s) and individual Directors including the Chairman.

However, considering the COVID-19 pandemic and the MCA circular dated, March 24, 2020, the Meeting of Independent Directors during the year under review was not scheduled under the exemptions granted by MCA. And considering the resignation of all Directors and the appointment of new Directors after the year under review, the same shall form part of the Annual Report next year.

REMUNERATION POLICY

In terms of Section 178 of the Companies Act 2013, the Board of Directors the Company has constituted Nomination & Remuneration Committee whose scope of work covers the performance evaluation of the Directors, Key Managerial Personnel and Senior Management of the Company. The evaluation and appraisal is done in line with the Performance Management Policy of the Company. Considering the current COVID-19 pandemic, the performance appraisal was only done for certain selective employees.

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration of Directors and Key Managerial Personnel are given in MGT-9 (Annexure A).



COMMITTEES OF THE BOARD:**AUDIT COMMITTEE**

The Board of Directors had constituted the Audit Committee pursuant to provisions of Section 177 of the Companies Act, 2013 on August 21 2015. The Committee consists of the following Directors as on March 31, 2020:

Name of Director - Member	Designation
Mr Brijesh Kumar Gupta	Independent Director
Mr Raj Vikash Verma	Non-Executive Director
Lt Gen (Retd) Dr Sukhraj Pal Kochhar	Independent Director

Subsequent to the year under review, the Audit Committee was re-constituted on July 20, 2020 with the following members: -

Name of Director - Member	Designation
Mr. Rahul Kumar Pandey	Independent Director
Mr. Atul Mehta	Independent Director
Mr. Shrenik Shah	Independent Director

NOMINATION AND REMUNERATION COMMITTEE

Pursuant to provisions of Section 178 of the Companies Act, 2013, the Board of Directors had constituted the Nomination and Remuneration Committee on 21st August, 2015. The Committee consists of following Directors as on March 31, 2020:

Name of Director - Member	Designation
Mr Brijesh Kumar Gupta	Independent Director
Mr Raj Vikash Verma	Non-Executive Director
Lt Gen (Retd) Dr Sukhraj Pal Kochhar	Independent Director

Subsequent to the year under review, the Nomination and Remuneration Committee was re-constituted on July 20, 2020 with the following members: -

Name of Director - Member	Designation
Mr. Rahul Kumar Pandey	Independent Director
Mr. Atul Mehta	Independent Director
Mr. Shrenik Shah	Independent Director

EXECUTIVE COMMITTEE

The Board has constituted Executive Committee as a sub-committee of the Board on April 28, 2014. The Committee consists of following Directors as on March 31, 2020:

Name of Director - Member	Designation
Mr Arvind Roshan Hali	Managing Director & CEO
Mr Pradeep Kumar	Non-Executive Director
Mr Raj Vikash Verma	Non- Executive Director

After the year under review, considering the resignation of Managing Director and Non - Executive Directors all the Company, the Committee stands dissolved on the date of signing this report.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has constituted Corporate Social Responsibility Committee on January 16, 2018. The Committee consists of following Directors as on March 31, 2020:

Name of Director - Member	Designation
Mr Arvind Roshan Hali	Managing Director & CEO
Mr Pradeep Kumar	Non- Executive Director
Lt Gen (Retd.) Dr Sukhraj Pal Kochhar	Independent Director

Subsequent to the year under review, the Corporate Social Responsibility Committee shall be re-constituted by the Board of Directors in their meeting held on July 24, 2020 with the following proposed members: -

Name of Director - Member	Designation
Mr. Rahul Kumar Pandey	Independent Director
Mr. Atul Mehta	Independent Director
Mr. Shrenik Shah	Independent Director

NUMBER OF MEETINGS HELD DURING THE FINANCIAL YEAR 2019-20:

Table containing details of the Board Meetings and Committees Meetings held during the year under review, along with dates are as below. These meetings were held in a manner that not more than 120 days intervened between two consecutive meetings. The required quorum was present at all the above-mentioned meetings.

S. No	Name of Committee	No. of Meetings	Date of Meetings
1.	Board Meetings	8 (Eight)	1. May 06, 2019; 2. June 06, 2019; 3. June 27, 2019; 4. September 19, 2019; 5. November 14, 2019; 6. December 12, 2019; 7. March 09, 2020; 8. March 25, 2020
2.	Audit Committee	4 (Four)	1. May 06, 2019; 2. November 14, 2019; 3. March 25, 2020
3.	Nomination and Remuneration Committee	6 (Six)	1. May 06, 2019; 2. June 27, 2019
4.	Risk Management Committee	2 (Two)	1. May 06, 2019 2. March 25, 2020
5.	Corporate Social Responsibility Committee	1 (One)	1. May 06, 2019 2. March 25, 2020

In terms of Schedule IV of the Act, a meeting of the Independent Directors was required to be held. However, considering the COVID-19 pandemic and the MCA circular dated, March 24, 2020 the Meeting of Independent Directors during the year under review was not scheduled under the exemptions granted by MCA.

During the year under review, the Annual General Meeting for Financial Year 2018-19 was held on June 28, 2019.

ATTENDANCE OF DIRECTORS/ MEMBERS AT THE BOARD AND COMMITTEE MEETINGS AS PER COMPANIES ACT, 2013

#	Name	Board Meetings		Audit Committee Meeting		Nomination & Remuneration Committee		Corporate Social Responsibility Committee	
		Meetings held	Attended	Meetings held	Attended	Meetings held	Attended	Meetings held	Attended
1.	Ms Raakhe Kapoor Tandon	3*	2*	-	-	-	-	2*	1*

2.	Mr Arvind Roshan Hali	8	8	-	-	-	-	2	2
3.	Lt Gen (Retd) Dr Sukhraj Pal Kochhar	8	6	3	2	2	2	2	2
4.	Mr Raj Vikash Verma	8	8	3	3	2	2	-	-
5.	Mr Brijesh Kumar Gupta	8	7	3	2	2	2	-	-
6.	Mr Pradeep Kumar	8	2	-	-	-	-	-	-
7.	Ms Anita Kapur	8	7*	-	-	-	-	-	-

*Ms Rakhee Kapoor Tandon resigned from the Board as a Non-Executive Director w.e.f. August 6, 2019

*Ms Anita Kapur resigned from the Board as Independent Director w.e.f. March 26, 2020

STATUTORY AUDITORS

In terms of provisions of Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the auditor appointed in the Annual General Meeting (AGM) meeting should hold office from the conclusion of that meeting till the conclusion of the sixth AGM, with the meeting wherein such appointment had been made being counted as the first meeting. M/s. Walker Chandiook & Associates, Chartered Accountants were appointed as Statutory Auditors of the Company in the 6th Annual General Meeting of the Company for a period of 5 years till the conclusion of 11th Annual General Meeting of the Company. However, subsequent to the year under review, M/s. Walker Chandiook & Associates had expressed their inability to continue as Statutory Auditors vide their resignation before the expiry of their term, resulting into casual vacancy.

The Board of Directors appointed M/s. S M M P & Associates, Chartered Accountants as Statutory Auditors of the Company, wherein the said appointment was approved by the Shareholders in the Extra-Ordinary General Meeting held on June 10, 2020, till the approval of the shareholders in the ensuing Annual General Meeting of the Company.

AUDITORS' REPORTS

Statutory Audit Report

M/s. S M M P & Associates, Statutory Auditors in their report(s) on the annual audited Ind AS financial statements of your Company for the financial year ended March 31, 2020, have not submitted any qualifications, reservations, adverse remarks or disclaimers. However, Clarifications, wherever necessary, have been included in the 'Notes to Accounts' section of the Annual Report. Furthermore, a Report under para no. 3 & 4 of the National Housing Bank Directions, 2010 is attached and is self-explanatory.

Secretarial Audit Report

In terms of Section 204 of the Act, the Board of Directors had appointed M/s Dolly Vilacha & Co., Practicing Company Secretary, to undertake secretarial audit of the Company for the financial year ended March 31, 2020. The report of M/s Dolly Vilacha & Co., Practicing Company Secretary in prescribed Form MR-3 shall be subsequently annexed to this Director's Report.

Maintenance of cost records

Your Company is not required to maintain cost records in terms of Section 148(1) of the Act.

RISK MANAGEMENT

Your Company has set up a strong operating framework and developed robust credit appraisal policies to evaluate income and repayment capabilities of customers. The Company continues to practice prudence in terms of its lending practices and uses effective checks and balances to mitigate risk exposure. This includes a credit history check from credit bureau data, an employment, business and residence check through personal discussions, and in-house legal, technical and fraud checks in addition to agency verifications.

Company's Risk Management framework provides the mechanism for risk assessment and mitigation. The Board has delegated responsibility of overseeing Risk Management framework to the Risk Management Committee. The Risk Management Committee (RMC) of your Company was comprised of Mr Arvind Roshan Hali, Managing Director & CEO, Mr Raj Vikash Verma, Director and Lt Gen (Retd) Dr Sukhraj Pal Kochhar, Independent Director of the Company as on March 31, 2020. The Risk Management Committee is responsible for reviewing the risks associated with the business of the Company, its root causes and the efficacy of the measures taken to mitigate the same. The Committee meets on half yearly basis for review of risk management parameters and analysis.

After the year under review, considering the resignation of Managing Director and Non - Executive Directors all the Company, the Committee stands dissolved on the date of signing this report.

The said committee shall be re-constituted pursuant to induction of new Independent Directors as well as approval from Reserve Bank of India (RBI) for approving appointment of Ms. Ritika Sati as Whole Time Director and Mr. Manish Singh as Whole Time Director & CEO.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations.

The Internal Audit Department monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

Further based on the report of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and recommendations along with corrective actions thereon are presented to the Audit Committee of the Board.

To maintain its objectivity and independence, the Internal Audit function reports to the Chairman of the Audit Committee of the Board.

To the best of our knowledge and belief, and according to the information and explanations obtained by us, and based on the report(s) of Statutory Auditors and submission(s) by Internal Auditors of the Company for the financial year under review, the Directors are of the view that the internal financial controls with reference to the financial statements of the Company were adequate and operating efficiently.

WHISTLE BLOWER POLICY

Your Company has adopted a Whistle Blower Policy and established a mechanism for Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of code of conduct. The mechanism also provides for adequate safeguard against the victimisation of employees who avail the mechanism and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The whistle blower policy is available on the website of the Company at <https://arthfc.com/upload/quicklinkpdf/quikpdf10-10-2018-1539173167.pdf>.

CORPORATE SOCIAL RESPONSIBILITY POLICY

In terms of Section 135 of the Act, the Board of Directors adopted a 'CSR Policy' which helps towards contribution and furtherance of your Company's objective to create value in the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth for the society and community, in fulfilment of its role as a socially responsible corporate citizen.

The CSR Policy of the Company inter-alia indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board of Directors and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company. The CSR Policy of the Company is available on the website of the Company at <https://arthfc.com/upload/quicklinkpdf/quikpdf01-08-2019-1564641708.pdf>.

During the Financial Year under review the Company has contributed an amount aggregating to Rs. 19,83,000/- (Rupees Nineteen Lacs Eighty-Three Thousand Only) towards the Prime Minister's National Relief Fund towards CSR activities for financial year 2019-20.

RELATED PARTY TRANSACTIONS

Considering the nature of industry in which the Company operates, transactions with related parties of the Company are in the ordinary course of business which are also on arm's length basis. All such Related Party Transactions were placed before the Audit Committee for approval and thereafter for the approval of the shareholders of the Company for Omnibus approval for better Corporate Governance. The particulars of contracts or arrangements with related parties as referred in section 188(1) of the Act is attached to this Report in prescribed form AOC - 2 as *Annexure C*.

Your Directors draw attention of the members to Note 36 of the financial statement which sets out related party disclosures. The Company's Policy on dealing with related party transactions, as approved by the Board is available on website of the Company at <https://arthfc.com/upload/quicklinkpdf/quikpdf27-03-2020-1585296529.pdf>.

GUIDELINES ON CORPORATE GOVERNANCE

In order to adopt best practices and greater transparency in the operations of the Company and in compliance with the Directions issued by National Housing Bank i.e. "Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016" ("NHB Directions"), the Board of Directors of the Company approved and adopted the "Internal Guidelines on Corporate Governance". The Guidelines on Corporate Governance are available on the website of the Company at <https://arthfc.com/upload/quicklinkpdf/quikpdf30-03-2020-1585587291.pdf>.



PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

In terms of Section 186(11) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014, the Company being a housing finance company registered with NHB, the Company is exempt from complying the provisions of Section 186 in respect of loans made, guarantees given or securities provided by the Company. Further, details of the investments made by the Company please refer Note 7 of the standalone (audited) financial statements of the Company for the financial year ended March 31, 2020.

EMPLOYEE STOCK OPTION PLAN AND SCHEME

Your Company believes that its success and ability to achieve objectives is largely determined by the quality of its workforce and recognises that not only good employment opportunities but also additional motivating mechanisms are needed to incentivise employees and aligning their interest with the interest of the Company. In recognition of the said objective, the Company adopted and implemented AAHF Employee Stock Option Plan 2017 ("ESOP 2017") pursuant to the approval of the shareholders, at their meeting held on May 29, 2017 and Employee Stock Option Plan 2019 ("ESOP 2019") pursuant to the approval of shareholders, at their meeting held on May 9, 2019.

Below is the summary regarding ESOP 2017 & ESOP 2019 as on March 31, 2020.

ESOP 2017	Lot 1	Lot 2	Lot 3	Lot 4	Total	ESOP 2019
Approved ESOP Pool	25,00,000		25,00,000		50,00,000	50,00,000
	2017	2017	2018	2019		
Granted till date (including subsequent grants from the lapsed pool)	18,00,000	3,05,000	29,88,000	3,94,000	54,87,000	26,31,000
Lapsed (during the grant period)	3,50,000	1,32,000	5,86,500	1,46,500	12,15,000	1,04,500
Net Grant	14,50,000	1,73,000	24,01,500	2,47,500	42,72,000	25,26,500
Vested	3,05,000	35,600	0	0	3,40,600	0
Exercised	0	0	0	0	0	0
Yet to be exercised	11,45,000	1,37,400	24,01,500	2,47,500	39,31,400	25,26,500
Balance available					7,28,000	24,73,500

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has formed a robust Anti-Sexual Harassment Policy ('Policy') in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set-up to redress complaints received regarding sexual harassment. The Policy on Sexual Harassment of the Company is available on the website of the Company at <https://arthfc.com/upload/quicklinkpdf/quikpdf27-03-2020-1585296807.pdf>.

The ICC of your Company comprises of following Members as on March 31, 2020:

Name of the Member	Designation
Ms Roopa Mehra	Presiding Officer
Mr Akhlesh Sharma	Member
Ms Mamta Bhardwaj	Member
Dr Rajat Mitra	Member (on behalf of Swanchetan Society for Mental Health)

Subsequent to the year under review, Mr Akhlesh Sharma resigned from the Company, henceforth does not stand as member of ICC. The ICC has been re-constituted by the Board of Directors in their meeting held on July 24, 2020 with the following proposed members: -

Name of Director - Member	Designation
Ms. Mamta Bhardwaj	Sr. Manager - HR
Ms. Vinkeet Kaur	Deputy Manager - HR
Ms. Mili Desai	Manager - Legal & Secretarial
Mr. Vishwanath Bahuguna	Manager - Corporate Legal
Dr Rajat Mitra on behalf of Swanchetan Society for Mental Health)	Member

No cases of sexual harassment have been reported nor investigated by the ICC during the year under review.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company provides Home Loans, most of the information as required under Section 134(3) of the Companies Act, 2013, read with the Rule 8 of Companies

(Accounts of Companies) Rules, 2014, is not applicable. However, the information, as applicable, has been given in *Annexure - D* and forms part of this report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The Company has not earned any foreign exchange during the year under review. Further the amount of foreign exchange outgo is given below:

Earnings: NIL

Outgo: Rs. 0.13 crores

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, no orders have been passed against your Company by any regulator(s) or court(s) or tribunal(s) which would impact the going concern status and / or the future operations of your Company.

However, subsequent to the year under review, The Bank Accounts of the Company were under "debit freeze", pursuant to the order of Enforcement Directorate (ED) in matter related to Promoters investigation, and the Company filed the writ petition with Delhi High Court to resume the normal banking operations of the Company as below, wherein multiple applications were filed with the Court from time to time. Pursuant to the Court Order dated June 10, 2020 the decision was received in favour of the Company for de-freezing of the Bank Accounts of the Company subject to maintenance of amount as mentioned in the Provisional Attachment Order dated May 5, 2020 and May 19, 2020.

CONFIRMATION ON FRAUD, MISFEASANCE OR ANY IRREGULARITY IN THE COMPANY

There were no instances of fraud, misfeasance or irregularity detected and reported in the Company during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of our knowledge and belief and according to the information and explanations obtained by us, pursuant to Section 134 of the Companies Act, 2013, the Directors hereby confirm that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true



- and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
 - d) they have prepared the Annual Accounts on a going concern basis; and
 - e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws while ensuring that such systems were adequate and operating effectively.

APPRECIATION AND ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere gratitude to the customers of the Company for their confidence and patronage; to the Shareholders, regulatory bodies, bankers and rating agencies for their unyielding support and guidance; and to the employees for their commitment, hard work and zeal during the year.

By order of the Board of Directors

For ART Housing Finance (India) Limited



Rahul Kumar Pandey
Chairperson
DIN: 00250437

Date: July 24, 2020

Place: Gurugram



Annexure - A

Form No. MGT-9

Annual Return as on the Financial Year ended on March 31, 2020
[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:

i.	CIN	U65999DL2013PLC255432
ii.	Registration Date	July 16, 2013
iii.	Name of the Company	ART Housing Finance (India) Limited
iv.	Category / Sub-Category of the Company	Housing Finance Company
v.	Address of the Registered office and contact details	107, Best Sky Tower, Netaji Subhash Place, Pitampura, New Delhi-110034
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited Address: C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai- 400083. Contact Person: Mr Vishwas Attavar Tel: +91 22 49186000 Fax: +91 22 49186060 Email: vishwas.attavar@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: -

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Providing Housing Loans & Mortgage	64920	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	ART Business & Consumer Finance (India) Private Limited	U67190DL2016PTC 292567	Holding	100.00	2(46)
2.	ART Distribution (I) Private Limited	U67190DL2015PTC 283977	Subsidiary	100.00	2(87)(ii)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	38,50,00,000*	-	38,50,00,000	100	38,50,00,000	-	38,50,00,000	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Subtotal(A) (1):-	38,50,00,000	-	38,50,00,000	100	38,50,00,000	-	38,50,00,000	100	-
2) Foreign	-	-	-	0.00	-	-	-	0.00	-
g) NRIs- Individuals	-	-	-	0.00	-	-	-	0.00	-
h) Other- Individuals	-	-	-	0.00	-	-	-	0.00	-
i) Bodies Corp.	-	-	-	0.00	-	-	-	0.00	-
j) Banks / FI	-	-	-	0.00	-	-	-	0.00	-
k) Any Other....	-	-	-	0.00	-	-	-	0.00	-

Sub-total (A)(2):-	-	-	-	-	-	-	-	0.00	-
Total Promoter Shareholding (A)=(A)(1)+(A)(2)	38,50,00,000	-	38,50,00,000	100	38,50,00,000	-	38,50,00,000	100	-
B. Public Shareholding									
1. Institutions	-	-	-	0.00	-	-	-	0.00	-
a) Mutual Funds	-	-	-	0.00	-	-	-	0.00	-
b) Banks/ FI	-	-	-	0.00	-	-	-	0.00	-
c) Central Govt	-	-	-	0.00	-	-	-	0.00	-
d) State Govt(s)	-	-	-	0.00	-	-	-	0.00	-
e) Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	-
f) Insurance Companies	-	-	-	0.00	-	-	-	0.00	-
g) FIIs	-	-	-	0.00	-	-	-	0.00	-
h) Foreign Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	-
i) Others (specify)	-	-	-	0.00	-	-	-	0.00	-
Sub-total (B)(1)	-	-	-	0.00	-	-	-	0.00	-
2. Non Institutions	-	-	-	0.00	-	-	-	0.00	-
a) Bodies Corp. (i) Indian (ii) Overseas	-	-	-	0.00	-	-	-	0.00	-
b) Individuals (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00	-	-	-	0.00	-
c) Others (Specify)	-	-	-	0.00	-	-	-	0.00	-

Sub-total (B)(2)	-	-	-	0	-	-	-	0	-
Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	0	-	-	-	0	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00	-	-	-	0.00	-
Grand Total (A+B+C)	38,50,00,000	1	38,50,00,000	100	38,50,00,000	-	38,50,00,000	100	-

* The Company is the wholly owned subsidiary of ART Business & Consumer Finance (India) Private Limited (ABCF) and out of the total shareholding of 38,50,00,000 held by ABCF, the following shares are represented by the following Nominees on behalf of ABCF:

1. Raakhe Kapoor Tandon representing 95 shares on behalf of ABCF
2. Roshini Kapoor representing 1 share on behalf of ABCF
3. Rajesh Gandhi representing 1 share on behalf of ABCF
4. Varun Kapur representing 1 share on behalf of ABCF
5. Alkesh Tandon representing 1 share on behalf of ABCF
6. Radha Kapoor Khanna representing 1 share on behalf of ABCF

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledge d / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	ART Business & Consumer Finance (India) Private Limited (ABCF)	38,50,00,000	100	-	38,50,00,000	100	-	-
2.	Raakhe Kapoor Tandon (Nominee Shareholder representing 95 Shares on behalf of ABCF)	0	-	-	0	-	-	-
3.	Radha Kapoor (Nominee Shareholder representing 1 share on behalf of ABCF)	0	-	-	0	-	-	-
4.	Alkesh Tandon (Nominee Shareholder representing 1 share on behalf of ABCF)	0	-	-	0	-	-	-
5.	Roshini Kapoor (Nominee Shareholder representing 1 share on behalf of ABCF)	0	-	-	0	-	-	-

6.	Varun Kapoor (Nominee Shareholder representing 1 share on behalf of ABCF)	0	-	-	0	-	-	-
7.	Rajesh Gandhi (Nominee Shareholder representing 1 share on behalf of ABCF)	0	-	-	0	-	-	-
	Total	38,50,00,000	100	-	38,50,00,000	100	-	-

iii. Change in Promoters' Shareholding (please specify, if there is no change)

	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
ART Business & Consumer Finance (India) Private Limited				
At the beginning of the year	38,50,00,000*	100	38,50,00,000	100
Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
At the End of the year	38,50,00,000	100	38,50,00,000	100

* The Company is the wholly owned subsidiary of ART Business & Consumer Finance (India) Private Limited (ABCF) and out of the total shareholding of 38,50,00,000 held by ABCF, the following shares are represented by the following Nominees on behalf of ABCF:

1. Raakhe Kapoor Tandon representing 95 shares on behalf of ABCF
2. Roshini Kapoor representing 1 share on behalf of ABCF
3. Rajesh Gandhi representing 1 share on behalf of ABCF
4. Varun Kapur representing 1 share on behalf of ABCF
5. Alkesh Tandon representing 1 share on behalf of ABCF
6. Radha Kapoor Khanna representing 1 share on behalf of ABCF

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

Name	Particulars	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
-	For Each of the Top 10 Shareholders	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	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
At the beginning of the year	-	-	-	-
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
At the End of the year	-	-	-	-

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment:
(Amount in Rs lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	11,215.65	8,650.00	-	19,865.65
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	11,215.65	8,650.00	-	19,865.65
Change in Indebtedness during the financial year				
- Addition	14,550.00	-	-	14550.00
- Reduction	6,965.48	8,650.00	-	15615.48



Net Change	7,584.52	-8,650.00	-	-1,065.48
Indebtedness at the end of the financial year				
i) Principal Amount	18,800.17	-	-	18,800.17
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	18,800.17	-	-	18,800.17

VI. Remuneration of Directors and Key Managerial Personnel

i. Remuneration to Managing Director, Whole-time Directors and/or Manager

(Amount in Rs)

Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Arvind Roshan Hali Managing Director & CEO	
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,03,24,352	2,03,24,352
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,600
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
Sweat Equity	-	-
Commission	-	-
- as % of profit		
- others, specify...		
Others, please specify	-	-
Total (A)	2,03,63,952	2,03,63,952
Ceiling as per the Act	2,40,00,000	
Number of Stock Options	5,00,000²	5,00,000

¹The Remuneration of MD & CEO has been revised vide shareholder's resolution dated May 06, 2019

²Mr Arvind Roshan Hali was having 11,00,000 ESOPs under ESOP Scheme 2017 and was granted 5,00,000 equity shares under AHFL ESOP Scheme 2019

ii. Remuneration to Key Managerial Personnel other than Directors

(Amount in Rs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Ritika Sati, Company Secretary	Pankaj Jain, Chief Financial Officer*	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,30,840	93,87,282	109,18,122
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	-	39,186	39,186
	(c) Profits in lieu of salary under section 17(3) Income-tax Act 1961	-	-	-
2.	Stock Option			
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
6.	Total	15,30,840	94,26,468	109,57,308
7.	Stock Option	25,000	1,50,000	1,75,000

*Mr Pankaj Jain was having 1,50,000 ESOPs under ESOP Scheme 2017 and was granted 1,50,000 options under AHFL ESOP Scheme 2019

*Ms Ritika Sati was having 65,000 ESOPs under ESOP Scheme 2017 and was granted 25,000 options under AHFL ESOP Scheme 2019

iii. Remuneration to Directors Other Than MD/Manager/WTD

(Amount in Rs)

Particulars of Remuneration				Total Amount
	Ms Anita Kapur (Independent Director)	Lt Gen (Retd) Dr Sukhraj Pal Kochhar (Independent Director)	Mr Brijesh Kumar Gupta (Independent Director)	
Independent Directors Fee for attending board and committee Meetings · Commission · Others, please specify	1,40,000 - -	1,90,000 - -	1,80,000 - -	5,10,000 - -
Total (1)	1,40,000	1,90,000	1,80,000	5,10,000
Non-Executive Directors · Fee for attending board committee meetings · Commission · Others, please specify (Conveyance Charges)	-	-	-	-
Total (2)	-	-	-	-
Total (B)=(1+2)	1,40,000	1,90,000	1,80,000	5,10,000
Overall Ceiling as per the Act	Not exceeding Rupees One Lakh per Director per Meeting of Board or Committee thereof			

** As per Sub-section (5) of the Section 197 of the Companies Act, 2013 and Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

VII. Penalties / Punishment/ Compounding of Offences:

Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ Court]	Appeal made. If any (give details)
A. Company					
Penalty*	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. Directors					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



C. Other Officers In Default					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

*Subsequent to the year under review, National Housing Bank (NHB) imposed penalty on the Company on account of non-compliance. The details are as below:

Date of Letter	Amount of Penalty	Non-compliance
April 21, 2020	Rs. 1,55,000/- (One Lakh Fifty-Five Thousand Only) plus applicable GST @ 18%	Para 2(1) (zc) of the HFC (NHB) Directions 2010 and Policy Circular 55
April 21, 2020	Rs. 5000/- (Five Thousand Only) plus applicable GST @ 18%	Policy Circular 83
May 26, 2020	Rs. 1,000/- (One Thousand Only) plus applicable GST @ 18%	Paragraph 44(2)(ii) of the Housing Finance Companies (NHB) Directions, 2010



**Form No. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

[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
ART Housing Finance (India) Limited
(CIN: U65999DL2013PLC255432)
107, Best Sky Tower, Netaji Subhash Place,
Pitampura, New Delhi -110034, INDIA

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ART Housing Finance (India) Limited** (hereinafter called "**the Company**"), which is an unlisted public limited company. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

We report that:-

- a) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) 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.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) We have obtained the Management representation, wherever required, about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) 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.

Based on our verification of the Company'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 March 31, 2020 ("**Audit Period**") 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 the Company for the Financial Year ended on March 31, 2020 only, 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) National Housing Bank Act, 1987 and Housing Finance Companies ("NHB") Directions, 2010 and other applicable rules thereat.

We further report that, there were no actions / events in pursuance of:


DIRECTOR'S REPORT 2019-20



- (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (b) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (h) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - iii. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Act and dealing with client;

requiring compliance thereof by the Company during the Financial Year 2019-20

We have also examined compliance with the applicable clauses of Secretarial Standards on Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), which the Company has generally complied with.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, to the extent applicable, as mentioned above.

1. The Company is engaged in the business of financing housing projects and giving housing Loans, to provide finance to agencies engaged in the business of construction of residential houses or flats for purposes of construction of such houses and flats, including the acquisition and development of land for construction of such house or flats., there is no other specific law applicable to the Company except details given above in point (i) to (iii) hereinabove.

We further report that the Compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

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 till the Audit Period covered herein this report. As per the representation given by the Management, the required Committees of the Board of Directors were duly constituted. 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 notices have been given to all directors to schedule the Board Meetings during the financial year under review, agenda and detailed notes on agenda were sent properly before the scheduled meeting, 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.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous, and no dissenting views have been recorded. The decisions which have taken place in meetings and required to be intimated in necessary returns to ROC, have been filed general on time in most of the cases.

We further report that there are adequate systems and processes in the Company to 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 not undertaken any such events/ actions that may have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, Guidelines, standards, etc. (referred to above).

For **Dolly Vilacha & Co.**
Company Secretaries

Dolly Vilacha
Practicing Company Secretary
Membership No.: A27277
Certificate of Practice No 15356
UDIN: A027277B000496790
Date: 24th July, 2020
Place: Delhi

Note:

Corporate Office of the Company and also, the Secretarial Auditors, both, are situated / based at DELHI NCR, one of most affected area due to CoVID-19 pandemic. Hence, Secretarial Audit has been carried out with limited access to physical records and resources available with both the Company and Secretarial Auditors. Still Secretarial Audit has been done with due care and vigilance to the extent possible, to safeguard the interest of all stakeholders including but not limited to shareholders, lenders, government authorities / bodies.



Annexure - C

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2013)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangement or transactions entered during the year ended March 31, 2020 which were not at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis: NIL

(INR in crores)

Name of the Related Party	Nature of Relationship	Nature of Contract/ Arrangement/ transaction	Duration of Contract/ Arrangement/ Transaction	Total Value of Contract/ Arrangement/ Transaction	Salient Terms of Contract/ Arrangement/ transaction	Date of Approval by the Board	Amount paid as advance, if any
NIL							

For ART Housing Finance (India) Limited



Rahul Kumar Pandey
Director
DIN: 00250437




Annexure - D

INFORMATION RELATED TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNING AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE (8)(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014

=====

Conservation of Energy and Technology Absorption

The information in Part A and B, pertaining to conversation of energy and technology absorption are not applicable to ART Housing Finance (India) Limited, as it is a Housing Loan provider. However, the Company requires energy for its operations and every endeavour has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible.

The Company continuously evaluates global innovation and technology as a benchmark and wherever required, enter into arrangements to avail the latest technology trends and practices.

Foreign Exchange Earnings and Outgo

The Company has not earned any foreign exchange however the amount of foreign exchange outgo is given below:

Earnings: NIL

Outgo: Rs. 0.13 crores





NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 7th (Sixth) Annual General Meeting of ART Housing Finance (India) Limited (*formerly known as ART Affordable Housing Finance (India) Limited*) will be held on Monday, July 27, 2020, at 05:00 P.M through electronic mode at a *shorter notice* to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Annual Audited Standalone Ind AS Financial Statements for the financial year ended March 31, 2020, the Directors' Report and Auditors' Report thereon and in this regard to consider and if thought fit, to pass with or without modification, the following Resolution as **Ordinary Resolution**:

"RESOLVED THAT the Annual Audited Standalone Ind AS Financial Statements of the Company i.e. Balance Sheet as on March 31, 2020 along with the Statement of Profit & Loss and Statement of Changes in Equity and Statement of Cash Flows for the financial year ended on that date and Notes annexed to and forming integral part of financial statements along with the Director's Report and Auditor's Report be and are hereby approved and adopted."

2. To appoint Statutory Auditors and fix their remuneration and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force), M/s S M M P & Associates, Chartered Accountants (FRN 120438W), be and is hereby appointed as Auditors of the Company for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting till the conclusion of the 12th Annual General Meeting, at such remuneration as shall be fixed by the Board of Directors of the Company."

Special Business:

3. To consider the appointment of Mr Atul Mehta (DIN: 00112451) as an Independent Director of the Company and in this regard to consider and if thought fit, pass with or without modification the following Resolution as **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members be and is hereby accorded for the appointment of Mr. Atul Mehta (holding DIN: 00112451), as an Independent Director of the Company, to hold office for a period of 5 (Five) years w.e.f. May 09, 2020 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013."

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Regional Hub: 49, Udyog Vihar, Phase -IV, Gurugram - 122015, Haryana | Phone: +91 124 6622200

E-mail: contact@arthfc.com | www.arthfc.com

4. To consider the appointment of Mr Rahul Kumar Pandey (DIN: 00250437) as an Independent Director of the Company and in this regard to consider and if thought fit, pass with or without modification the following Resolution as **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members be and is hereby accorded for the appointment of Mr Rahul Kumar Pandey (DIN: 00250437), as an Independent Director of the Company, to hold office for a period of 5 (Five) years w.e.f. May 22, 2020 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.

5. To consider the appointment of Ms. Ritika Sati (DIN: 08741012) as Whole- Time Director of the Company and in this regard to consider and if thought fit, pass with or without modification the following Resolution as **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, Ms. Ritika Sati (DIN: 08741012), who was appointed as an Additional Director of the Company with effect from May 9, 2020 and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), and subject to the approval of the Central Government, as may be required, Ms. Ritika Sati (DIN: 08741012), be and is hereby appointed as the Whole-Time Director of the Company, to hold office for a period of five years with effect from May 9, 2020, subject to all regulatory approvals, as may be required in this regard.

RESOLVED FURTHER THAT Ms. Ritika Sati (DIN: 08741012) is entitled for a remuneration for an amount of Rs. 25,00,000/- per annum (Rupees Twenty-Five Lakhs only) and a Special Retention Bonus amounting to Rs 5 Lakhs, which will be given as per the Retention policy of the Company as may be approved by the Board of Directors.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to revise, enhance, alter and vary from time to time the terms and conditions of the appointment and/or remuneration based on the recommendation of the Board (including any recommendation received from the Nomination & Remuneration Committee in such manner as may be agreed to by the Board of Directors) within the maximum amounts payable to the Directors in terms of the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force).

6. To consider the appointment of Mr. Manish Singh (DIN: 08745528) as Whole- Time Director & Interim CEO of the Company and in this regard to consider and if thought fit, pass with or without modification the following Resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) and the Articles of Association of the Company, Mr. Manish Singh (DIN: 08745528), who was appointed as an Additional Director of the Company with effect from May 20, 2020 and who holds office till the date of the Annual General Meeting in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 read with Schedule V of the Companies Act, 2013 (including any statutory modification or re-enactment thereof), and subject to the approval of the Central Government, as may be required, Mr. Manish Singh (DIN: 08745528), be and is hereby appointed as the Whole-Time Director & Interim CEO of the Company, to hold office for a period of five years with effect from May 20, 2020, subject to all regulatory approvals, as may be required in this regard.

RESOLVED FURTHER THAT Mr. Manish Singh (DIN: 08745528) is entitled for a remuneration for an amount of Rs. 71,08,741 /- per annum (Rupees Seventy-One Lakh Eight Thousand and Forty-One only) with the detailed salary breakup as mentioned below and a Special Retention Bonus amounting to Rs. 32,31,246/- (Thirty-Two Lakh Thirty-One Thousand Two Hundred and Forty-Six Only), which will be given as per the Retention policy of the Company as may be approved by the Board of Directors.

Details of Salary Structure	CTC
Basic	2132622
HRA	1066311
Supplementary Allowance	2931266
Reimbursements	
LTA	177647
Children Education Allowance	2400
Car running reimbursements	200000
Driver Expenses	180000
Meeting Expenses	60000
Retirals	
Provident Fund	255915
Gratuity	102580
Total CTC	7108741

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E-mail: contact@arthfc.com | www.arthfc.com

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to revise, enhance, alter and vary from time to time the terms and conditions of the appointment and/or remuneration based on the recommendation of the Board (including any recommendation received from the Nomination & Remuneration Committee in such manner as may be agreed to by the Board of Directors) within the maximum amounts payable to the Directors in terms of the provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force).

7. To consider the appointment of Mr Shrenik Shah (DIN: 07047931) as an Independent Director of the Company and in this regard to consider and if thought fit, pass with or without modification the following Resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members be and is hereby accorded for the appointment of Mr Shrenik Shah (DIN: 07047931), as an Independent Director of the Company, to hold office for a period of 5 (Five) years w.e.f. July 16, 2020 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.

For ART Housing Finance (India) Limited

Sd/-

Ritika Sati

Company Secretary & Legal Counsel

ACS- 24016

574/3, Prem Nagar, Sector 12A Road,
Gurugram, Haryana- 122001

Date: July 24, 2020

Place: Gurugram

ART HOUSING FINANCE (INDIA) LIMITED

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E-mail: contact@arthfc.com | www.arthfc.com

NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has, vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 (collectively "MCA Circulars"), permitted companies to conduct Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means, subject to compliance of various conditions mentioned therein.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. HOWEVER, THE MEETING IS BEING CONDUCTED BY ELECTRONIC MODE, AND ACCORDINGLY THE APPLICABILITY OF SUCH SECTIONS WITH RESPECT TO APPOINTMENT OF PROXY ARE NOT APPLICABLE FOR THE SAID MEETING.**
3. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to certain ordinary business to be transacted at the 7th AGM is annexed hereto. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection electronically. Members seeking to inspect such documents can send an email to ritika.sati@arthfc.com/ secretarial@arthfc.com.
4. Members who are body corporate intending to appoint their authorised representative(s) to attend the Annual General Meeting are requested to send to the Company on ritika.sati@arthfc.com/ secretarial@arthfc.com, a certified copy of the resolution of its Board of Directors / other governing body authorising their representative(s) to attend and vote on their behalf at the AGM, pursuant to Section 113 of the Act.
5. Members are requested to notify the change in the Registered Address, if any, along with the Pin code number immediately to the Company.
6. Shorter notice consent is attached with this notice for approval of members to call this meeting at shorter notice than required under the Companies Act, 2013 and the articles of the Company. Members are requested to send the same on or before July 27, 2020, to enable the Company to hold the meeting on July 27, 2020, (if the consent is received from 95% of members who are entitled to vote at the meeting) as required under the Secretarial Standard issued by the Institute of Company Secretaries (ICSI) and as mandated with effect from 1st July 2015 as per section 118 of the Companies Act 2013.

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7. Members are requested to note that the resolutions set out in the Notice will be decided through show of hands or by conducting poll, in case demanded by the Members.
8. In case of any query, the members are requested to contact on ritika.sati@arthfc.com/ secretarial@arthfc.com.
9. The process of participation in the Meeting through electronic mode is as follows:

I. Via Desktop/Laptop:

It is recommended to use Chrome or Safari for seamless functioning of the application.

Step 1: Open the application by clicking on the URL: <https://bluejeans.com/> with meeting ID as provided

Step 2: Select the Option **“Use Computer Audio”**

Step 3: On the top of the screen please find Audio and Video buttons which can be toggled to ON and OFF

Step 4: Click on the **“Join Meeting Now”** button.

Note:

1. To the bottom left of the screen there are 3 buttons available for ‘People View, Speaker View, Gallery View’. It is recommended to view in **“Gallery View”** as this option splits screen amongst 10 users at any point in time.
2. On the top left there is pane to view people who all are connected under **“People”** and to **“Chat”**.

II. Via Mobile:

Step 1: Download **“Blue Jeans”** application from Play Store/ App Store.

Step 2: **Allow** the application to access photos, media and files on your device

Step 3: Click on **“Join a meeting or Event”**

Step 4: Input **Meeting Id & Pass Code as provided**

Step 5: Click on **“App audio and Video”**

Step 6: Check if Microphone and Video buttons are toggled to **“ON”**

Step 7: Click on **“Join Meeting”**

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Tips for seamless meeting:

- **Use a Headset:** Internal microphone can sometimes pick up background noise hence headphones with inbuilt boom mic can help while providing better audio quality.
- **Lighting:** Light can play a major role in how others are seeing you. Make sure the light source is not behind you and your room is well lit.
- **Background:** When joining from home, background is important as others could see what is happening. Choose a spot with neutral background which doesn't distract your participants.
- **Quiet Location:** Try to avoid noisy common areas. Instead, join from a quiet location whenever possible.
- **Poor Connection Tips:** In a case of a poor connection try disabling your video to conserve bandwidth.
- **Camera Angle:** By using self-view, you can test the angle of your camera and position yourself. Look into the camera lens while talking to make eye contact with your audience.
- **Mute:** Keep your mic muted whenever you are not speaking.
- **Sharing the content:** Moderator would be sharing the content throughout the meeting.

Note:

As everyone is aware of the present load on digital communication systems and stressed bandwidth due to pandemic situations few technical glitches may as mentioned below may arise.

1. Jittering of images
2. Buffering
3. Delay in voice transmission
4. Delay in body moments
5. Delay in PPT change over

These technical issues when encountered, users are advised to disconnect and re-login to join the call. Technical issues may arise as we will be working on open and shared internet bandwidth.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

The Board of Directors of the Company at their meeting scheduled on May 9, 2020, appointed Mr. Atul Mehta as an Additional Director in the capacity of Independent Director for a term of five (5) consecutive years with effect from May 9, 2020, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting (AGM). In terms of section 160 of the Companies Act, 2013, the Board of Directors have recommended the appointment of Mr. Atul Mehta as an Independent Director pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013.

The Company has received a declaration from Mr. Atul Mehta confirming that he meets the criteria of independence under the Companies Act, 2013. Further, the Company has also received Mr. Atul Mehta consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Considering the rich and vast experience of Mr Atul Mehta, your Board believes that his induction in the Board will strength to the Company. The details of Mr Atul Mehta in pursuance of the provisions of the Secretarial Standards are mentioned in Annexure 1.

None of other Directors except Mr Atul Mehta or Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution. The Board of Directors accordingly recommends the Ordinary Resolution(s) set out at item no. 3 of the Notice for the approval of the Members.

Item No. 4

The Board of Directors of the Company at their meeting scheduled on May 9, 2020, appointed Mr. Rahul Kumar Pandey as an Additional Director in the capacity of Independent Director for a term of five (5) consecutive years with effect from May 22, 2020, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting (AGM). In terms of section 160 of the Companies Act, 2013, the Board of Directors have recommended the appointment of Mr. Rahul Kumar Pandey as an Independent Director pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013.

The Company has received a declaration from Mr. Rahul Kumar Pandey confirming that he meets the criteria of independence under the Companies Act, 2013. Further, the Company has also received Mr. Rahul Kumar Pandey consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Considering the rich and vast experience of Mr Rahul Kumar Pandey, your Board believes that his induction in the Board will strength to the Company. The details of Mr Rahul Kumar

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Pandey in pursuance of the provisions of the Secretarial Standards are mentioned in Annexure 1.

None of other Directors except Mr Rahul Kumar Pandey or Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution. The Board of Directors accordingly recommends the Ordinary Resolution(s) set out at item no. 4 of the Notice for the approval of the Members.

Item No. 5

The Board of Directors of the Company at their meeting scheduled on May 9, 2020, appointed Ms. Ritika Sati as an Additional Director designated as Whole-Time Director for a term of five (5) consecutive years with effect from May 9, 2020, subject to all such regulatory approvals as may be required in this regard.

In accordance with the provisions of Section 152, 196, 197 and 203 and other applicable provisions of the Companies Act, 2013, approval of the Members is required for appointment of Ms. Ritika Sati as the Whole-Time Director of the Company with effect from May 9, 2020 and she shall be liable to retire by rotation.

Considering the rich and vast experience of Ms Ritika Sati as she is also the Company Secretary of the Company, your Board believes that her induction in the Board will strength to the Company. The details of Ms Ritika Sati in pursuance of the provisions of the Secretarial Standards are mentioned in Annexure 1.

None of other Directors except Ms Ritika Sati or Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution. The Board of Directors accordingly recommends the Ordinary Resolution(s) set out at item no. 5 of the Notice for the approval of the Members.

Item No. 6

The Board of Directors of the Company at their meeting scheduled on May 20, 2020, appointed Mr. Manish Singh as an Additional Director designated as Whole-Time Director & Interim CEO for a term of five (5) consecutive years with effect from May 20, 2020, subject to all such regulatory approvals as may be required in this regard.

In accordance with the provisions of Section 152, 196, 197 and 203 and other applicable provisions of the Companies Act, 2013, approval of the Members is required for appointment of Mr. Manish Singh as the Whole-Time Director & Interim CEO of the Company with effect from May 20, 2020 and he shall be liable to retire by rotation.

Considering the rich and vast experience of Mr Manish Singh as he is also the Chief Business Officer of the Company, your Board believes that his induction in the Board will strength to the Company. The details of Mr Manish Singh in pursuance of the provisions of the Secretarial Standards are mentioned in Annexure 1.

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None of other Directors except Mr Manish Singh or Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution. The Board of Directors accordingly recommends the Ordinary Resolution(s) set out at item no. 6 of the Notice for the approval of the Members.

Item No. 7

The Board of Directors of the Company vide their resolution passed by circulation, appointed Mr. Shrenik Shah as an Additional Director in the capacity of Independent Director for a term of five (5) consecutive years with effect from July 16, 2020, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting (AGM). In terms of section 160 of the Companies Act, 2013, the Board of Directors have recommended the appointment of Mr. Shrenik Shah as an Independent Director pursuant to the provisions of Sections 149 and 152 of the Companies Act, 2013.

The Company has received a declaration from Mr. Shrenik Shah confirming that he meets the criteria of independence under the Companies Act, 2013. Further, the Company has also received Mr. Shrenik Shah consent to act as a Director in terms of section 152 of the Companies Act, 2013 and a declaration that he is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Considering the rich and vast experience of Mr Shrenik Shah, your Board believes that his induction in the Board will strength to the Company. The details of Mr Shrenik Shah in pursuance of the provisions of the Secretarial Standards are mentioned in Annexure 1.

None of other Directors except Mr Shrenik Shah or Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution. The Board of Directors accordingly recommends the Ordinary Resolution(s) set out at item no. 7 of the Notice for the approval of the Members.

For ART Housing Finance (India) Limited

Sd/-

Ritika Sati

Company Secretary & Legal Counsel

ACS- 24016

574/3, Prem Nagar, Sector 12A Road,
Gurugram, Haryana- 122001

Date: July 24, 2020

Place: Gurugram

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Annexure 1

**Annexure to the Notice of 7th Annual General Meeting:
Details of Directors who are being appointed as per the Secretarial Standards:**

Name	Mr. Atul Mehta	Mr. Rahul Kumar Pandey	Ms. Ritika Sati	Mr. Manish Singh	Mr. Shrenik Shah
Age	54 years	66 years	36 years	47 years	37 years
Qualification	CFA., B.COM, B.G.L. and F.C.S,	M.Sc	CS, BCom, LLB	MBA	FCA, FAFD, CFE
Experience	Mr. Atul Mehta has shepherded Institute of Company Secretaries All India as President in year 2015-16; He is actively associated with Institute of Company Secretaries of India (ICSI) and was Elected Central Council Member of ICSI for 2 consecutive terms. He is also a regular faculty member for several training programs at WIRC of ICSI, ICSI-CCGRT and various leading B-Schools. He was past Chairman of	Mr. Pandey has professional experience of more than 34 years in RBI and NHB with 12 years in top management cadre	Ms. Ritika Sati is an Affiliate of ICSI and a Law alumna with over 12 years of experience in Insurance, Banking & Finance Sector. She carries with herself a profound understanding of all Regulatory, Control & Legal frameworks under various laws like Corporate Laws, IPR, IRDA, NHB, SEBI.	Mr. Manish Singh is passionate and result oriented professional, possessing more than 20 years of experience in BFSI. He has relevant and diverse cross functional expertise in setting and scaling up Retail Lending Businesses	Mr Shrenik has more than 15 years of experience in different sectors at national & international level - likewise Finance - Bank & NBFCs, Logistic - CHA & Freight Forwarder & Transporter, Textile, Automobile, Research House, Entertainment, telecom etc. He is Partner - Business Strategy & Solution Practice of SNCO.

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	Western India Regional Council (WIRC) of Institute of Company Secretaries of India (ICSI) in 2009				
Terms and Conditions of appointment or re-appointment along with the details of remuneration sought to be paid	To be appointed for a period of five years and to be paid the sitting fees for attending the Board and Committee Meetings	To be appointed for a period of five years and to be paid the sitting fees for attending the Board and Committee Meetings	To be appointed for a period of five years as Whole Time Director of the Company	To be appointed for a period of five years as Whole Time Director & Interim CEO of the Company	To be appointed for a period of five years and to be paid the sitting fees for attending the Board and Committee Meetings
Remuneration last drawn	Sitting fees for the meetings attended	Sitting fees for the meetings attended	-	-	Sitting fees for the meetings attended
Date of first appointment on the Board	May 9, 2020	May 22, 2020	May 09, 2020	May 20, 2020	July 16, 2020
Shareholding in the Company	NIL	NIL	NIL	NIL	NIL
Relationship with other Directors, Managers and other Key Managerial Persons	N.A.	N.A.	Ms. Ritika Sati is the Company Secretary of the Company	Mr. Manish Singh is the Chief Business Officer of the Company	N.A.

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of the Company					
The number of meetings of the Board attended during the year	5	3	_*	_*	1
Directorship in other Companies	6	-	-	1	1

*None of the meetings attended in the capacity of Director

ROUTE MAP FOR EGM VENUE AND ATTENDANCE SLIP

Considering the COVID pandemic outburst, MCA vide its General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 had permitted companies to hold the AGM through electronic mode exempting physical presence of members at the venue of AGM, for maintenance of social distancing. In persistence, the meeting is being convened through electronic mode, without any physical presence of members and the proceedings of the AGM conducted shall be deemed in compliance with the Secretarial Standards on General Meeting (SS-2).

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