

Smart Solutions



Process Digitisation



Unified Analytics



TECHNOLOGY-LED TRANSFORMATION

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Technologically driven
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Forward-looking statements

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

India is changing.

Emerging as the fastest growing major economy.
Witnessing a sharp rise in per capita income.
Pulling up millions from poverty and adding millions into the affluent category.

This new India is the land of opportunities.

Having the largest and fastest growing affluent middle-class population. High in ambition and aspirations. As this new India aspires for better lifestyle, it is ushering rapid urbanisation leading to an unprecedented surge in the first-time home buyers looking to own affordable homes. To meet this demand, every stakeholder is focussed on this segment. The Government has incentivised the segment, the developers have revisited business strategy and the housing finance companies are building new business models to tap the low- and middle-income groups.

As much as we are euphoric of this development, we understand it is too large an opportunity. We intend to play an indispensable role in bridging this gap between finance and opportunities by redefining the lending landscape with disruptive technologies.

We have implemented end-to-end digitisation across all systems and processes. Sourcing of customers, document collection, loans processing and sanctioning have all been automated. Analytics and online models are being leveraged to evaluate buyer credit profile. It is enabling us to attain unmatched speeds and accuracy in decision-making and turnaround times, tap wider customer base, and scale business with minimal resources.

At ART Affordable Housing Finance (AAHF), we are prepared for a brighter future with our

**TECHNOLOGY-LED
TRANSFORMATION
business strategy**

Professionally managed, Technologically driven

1 Driven by the vision of enabling individuals in the low- and middle-income group segments to fulfil their dream of owning home

2 Facilitating reputed developers to finance their housing projects

3 Led by financially sound promoters and visionary leaders

4 Focussed on transparency, fairness and customer service excellence

5 Leveraging disruptive digital technologies to create differentiation...

...We are ART Affordable Housing Finance (AAHF) - one of the fastest growing housing finance company

₹ 459.92 Crores

Loan book size

₹ 375 Crores

Equity capital base

44

Branches in Delhi-NCR, Haryana, Rajasthan, Uttar Pradesh, Gujarat and Maharashtra

₹ 459.92 Crores

Assets under Management

3,607

Customers

₹ 0.10 Crores

Average loan ticket size

401

Employees

Corporate Profile

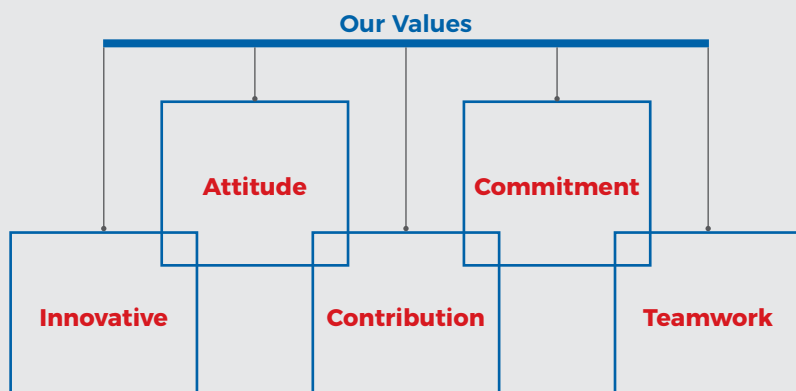
Established in 2013, ART Affordable Housing Finance (India) Limited (AAHF) is a housing finance company registered with National Housing Bank (NHB). The Company provides a range of innovative and flexible home loan products to enable purchase, construction, extension and repair of dwelling units with a focus on affordable segment. It also provides loans against residential and commercial properties focussed on servicing under-served sections of society.

Mission


To accelerate home ownership, while ensuring high quality business creation empowered by Technology and Innovation, backed by strong work ethos and corporate governance practices.

Vision

To be the leading New-Age Housing Finance provider driven by the ART philosophy of Alliances, Relationships and Technology.



Our Motto

साकार हो सपना,
सबका  हो अपना

(fulfilling everyone's dream of
owning a house)

Our diversified offerings

Home loans

Financing for purchase (built-up, under-construction, new and resale), self-construction, and extension and improvement

Benefits:

- Caters to LIG and MIG segments
- Quick decisions
- Higher rates
- Credit-linked subsidy scheme
- NHB refinance

Balance transfer and top-ups

Balance transfer of all products with top-up facility

Benefits:

- Quick market share
- Credit tested customer
- Proven loan track
- Easier acquisition
- Higher rates on top-up

Construction finance

Finance for construction of rated builder projects

Benefits:

- Value chain funding: B2B to Builder and B2C end user loans
- Captive builder relation
- First right of rejection
- Book building
- Fastest branding route

Our differentiators

■ Technology driven:

Smart use of innovative technologies has enabled us to achieve faster turnaround and improve decision-making. 100% of our login and pre-sanctions are done through tab-based digital solutions.

■ Experienced senior management:

Our senior management have significant experience in scaling-up mortgage and consumer finance businesses.

■ Strong financials:

We have a strong equity capital base of ₹ 375 Crores as on 31 March, 2018 with zero leverage, providing headroom for boosting growth through borrowed funds.

■ Robust processes:

Our robust credit risk management framework ensures good health of balance sheet with its capabilities of filtering potential bad accounts and early identification of potential problem accounts. We also have in place a strong collection process.

■ Reputed tie-ups:

We have tie-ups with various government bodies and affordable housing builders, enabling us to actively participate in the Pradhan Mantri Awas Yojana (PMAY)-Credit Linked Subsidy Scheme (CLSS). The segment being a government focus area is in demand and offers advantage of higher interest yield.

■ Wide network:

We have a wide branch network comprising hubs, spokes, Customer Contact Centres and Virtual Branches ensuring cost-effectiveness and business viability.

Message from Managing Director & CEO

Dear stakeholders,

I am pleased to present before you the 5th annual report of the Company. This year, we crossed an important landmark of ₹ 450+ Crores of book size, closing FY 2017-18 with a total book size of ₹ 459.92 Crores, a rise of 375% over FY 2016-17. Equally satisfying is that this delivery came with Zero NPA. This within such a short span is a reflection of the strength of our business model and the efforts put in by our people.

What makes this even more worthwhile is the fact that it was achieved amidst a challenging industry scenario. The past two years saw implementation of important regulatory initiatives such as Real Estate (Regulation and Development) Act, 2016, Demonetisation and Goods and Services Tax. Though good for long-term, these temporarily slowed-down the real estate industry. Yet we were successful in maintaining our momentum of growth. As the industry now steadily recovers, we expect our growth to intensify on the back of strong demand for affordable homes.

Performance review of FY 2017-18

Our total income and net interest income increased to ₹ 48.16 Crores (313% growth) and ₹ 30.43 Crores (245% growth) respectively in FY 2017-18. We reported a net profit of ₹ 10.67 Crores against a net loss of ₹ 5.16 Crores in the previous year.

We have seen good performance on the operational front as well. The number of files login grew by 165% to 6,350 of which 3,058 files were disbursed, a strike rate of 48%. Average yield as on March 2018 was 12.91% compared to 13.19%



in the previous year. Average loan ticket size stood at ₹ 10 lakhs. We have received refinance approval from the National Housing Bank which will enable us finance individuals from low-income group and thus contribute towards financial inclusion.

Equally satisfying has been our progress in creating a robust IT framework. From documentation to loan processing, we have successfully integrated IT in a manner that has galvanised efficiency and greatly reduced turnaround times and paper usage. Our next logical step is to exploit the potential of artificial intelligence to automate the decision-making process. This will, in a true sense, make us an end-to-end digitised organisation, capable of handling large-scale operations with minimal physical branches and manpower.

Outlook

We are confident of a better future. While the huge housing shortage along with various regulatory support offers great opportunities, we have in place all processes, infrastructure and competencies to harness the same. As a defining intervention on the demand side,

“We reported a net profit of ₹ 10.67 Crores against a net loss of ₹ 5.16 Crores in the previous year.”

we will address as much needs of the customer seeking finance, and help them own a house.

Technology continues to be our key focus area. We are leveraging its potential towards non-traditional credit scoring and analytics to tap formal and informal segments of consumers. This will enable us to tap a wider customer base.

The coming years are going to be exciting. I seek the support and guidance of each stakeholder so that we can take the Company to new heights.

Warm regards,

Arvind Hali
Managing Director & CEO

Highlights of the Year

₹ 459.92 Crores*

Loan book size

⬆️ 375% over FY 2016-17

₹ 41.44 Crores#

Income from operation

⬆️ 295% over FY 2016-17

₹ 30.43 Crores#

Net interest income

⬆️ 245% over FY 2016-17

₹ 9.95 Crores#

Fee income

⬆️ 541% over FY 2016-17

₹ 375.39 Crores*

Net worth

⬆️ 258% over FY 2016-17

₹ 487.86 Crores*

Total assets

⬆️ 311% over FY 2016-17

₹ 375 Crores*

Equity

⬆️ 226% over FY 2016-17

₹ 459.92 Crores*

Assets under Management

⬆️ 375% over FY 2016-17

12.91%*

Average yield

59%*

Average loan to value

0%*

Non-performing assets

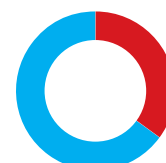
104.29%*

Capital risk adequacy ratio

45%*

Average fixed obligation to income ratio

Loan profile



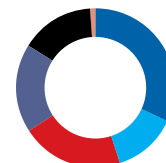
65%

Housing loan

35%

Non-housing loan

State-wise portfolio



32% Delhi NCR 13% Haryana

21% Rajasthan 18% Maharashtra

15% Gujarat 1% Uttar Pradesh

*As on 31 March, 2018

#FY 2017-18

Income from operations (₹ in Crores)



Profit after tax (₹ in Crores)



Net worth (₹ in Crores)



Total assets (₹ in Crores)



Portfolio (₹ in Crores)



Disbursals (₹ in Crores)



Awards and Accolades

India-ASEAN Youth Awards

‘Most Innovative Business Idea’

Ms. Raakhe Kapoor Tandon, our Director and Promoter presented with the ‘Most Innovative Business Idea’ #Award by Hon’ble Minister of State, Mr. Gen_VK Singh at the **India-ASEAN Youth Awards**, Delhi for ART Affordable Housing Finance (India) Limited



100 Top most influential BFSI leaders

Mumbai, 26 February, 2018: Mr. Arvind Hali, MD & CEO, AAHF was felicitated as one amongst ‘100 Top most influential BFSI leaders’ at ‘World BFSI Congress’ in Mumbai on 13 February, 2018.



Corporate Information

Board of Directors

Mr. Arvind Roshan Hali, **Managing Director & CEO**
Ms. Raakhe Kapoor Tandon, **Non-Executive Director**
Mr. Raj Vikash Verma, **Non-Executive Director**
Mr. Brijesh Kumar Gupta, **Independent Director**
Lt. Gen. (Retd) Dr S P Kochhar, **Independent Director**

Board Committees

Audit Committee

Mr. Brijesh Kumar Gupta, **Member**
Mr. Raj Vikash Verma, **Member**
Lt. Gen. (Retd) Dr. Sukhraj Pal Kochhar, **Member**

Nomination and Remuneration Committee

Mr. Brijesh Kumar Gupta, **Member**
Mr. Raj Vikash Verma, **Member**
Lt. Gen. (Retd) Dr. Sukhraj Pal Kochhar, **Member**

Corporate Social Responsibility Committee

Mr. Arvind Roshan Hali, **Member**
Ms. Raakhe Kapoor Tandon, **Member**
Lt. Gen. (Retd.) Dr. Sukhraj Pal Kochhar, **Member**

Chief Financial Officer

Mr. Vipin Jain

Chief Operating Officer

Mr. Amar Bahl

Company Secretary & Legal Counsel

Ms. Ritika Sati

Statutory Auditors

M/s. Walker Chandiook & Associates
L-41, Connaught Circus, New Delhi-110 001

Registrar & Transfer Agents

BEETAL Financial & Computer Services Pvt Ltd.
BEETAL House, 3rd Floor,
99, Madangir, behind LSC, New Delhi - 110 062
Ph. 011-29961281-283 | Fax 011-29961284

Management Team

Mr. Manish Singh, **Head - Business**
Mr. Ranjeet Kumar Mishra, **Head - Credit**
Mr. Parveen Chand Khanna, **Head - Builder Development & Construction Funding**
Mr. Dominic Vijay Kumar, **Head - IT**
Mr. Anshuman Singh,
Head - Policy, Risk and Digitisation
Mr. Sanjay Jaiswal, **AVP - Head HR & Admin**
Mr. Vikas Rana, **AVP - Operations**
Mr. Alok Srivastav, **Zonal Business Manager (Delhi | NCR | Uttar Pradesh)**
Mr. Jinu Mathew, **Zonal Business Manager (Rajasthan | Haryana)**
Mr. Rajesh Asnani, **Zonal Business Manager (Maharashtra | Gujarat)**
Mr. Anoop Anand Sharma,
Zonal Credit Manager (Rajasthan)

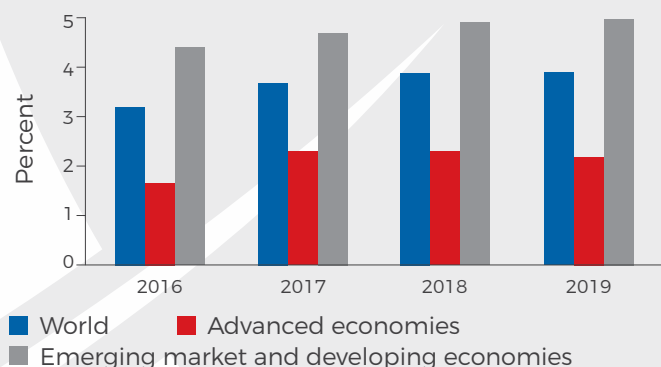
Management Discussion and Analysis

GLOBAL ECONOMY

A remarkable rebound in global trade led to the strengthening of the world economic growth to 3.8% in 2017 compared to 3.2% in 2016. The uptick in growth was largely driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, notable upswing in emerging Europe and signs of recovery in several commodity exporters. At 3.8%, global growth had outperformed expectations and was the strongest since 2011. Resurgent investment spending in advanced economies and an end to an investment decline in some commodity-exporting emerging market and developing economies contributed to the pickup in global GDP growth. Advanced Economies witnessed a momentous growth of 2.3% in 2017 compared to 1.7% in 2016, aided by pickup in investment, accommodative monetary policy and turnaround in inventories. The United States, Euro area and Japan grew significantly by 2.3%, 2.3% and 1.7% respectively in 2017. Higher fixed investment growth coupled with stronger private consumption stimulated the growth performance of the Emerging Market & Developing Economies (EMDEs). Resultantly, EMDEs grew at 4.7% in 2017 as against 4.4% in 2016. Growth in China and India was supported by resurgent net exports and strong private consumption respectively.

As per International Monetary Fund (IMF), global growth is expected to strengthen further and reach 3.9% in 2018 and 2019 aided by strong momentum, favourable market sentiments, accommodative financial conditions and the domestic and international repercussions of expansionary fiscal policy in the US.

Global GDP Growth (y-o-y)



(Source: IMF World Economic Outlook, April 2018)

INDIAN ECONOMY

According to Central Statistics Organisation (CSO) and IMF, India has emerged as the world's fastest growing economy and is expected to continue retaining its position to be among the top three major economies of the World backed by its strong democracy and partnerships. India registered a GDP growth of 6.7% in FY 2017-18 as compared to 7.1% clocked in FY 2016-17. Triggered by the implementation of demonetisation and Goods & Services Tax (GST), the GDP growth remained subdued in the first half of FY 2017-18. However, the economy started showing green shoots of revival as 2018 set in, aided by normalisation in cash conditions and receding teething problems under GST regime. Consequently, India recorded its fastest growth in the fourth quarter of FY 2017-18 at 7.7%.

The Government subsumed multiple taxes into one single tax through GST with an aim to revamp the entire indirect tax structure and create a unified market. The initial phase of GST saw various regulatory hurdles and uncertainties faced by businesses and corporates. However, this new tax regime is expected to benefit the economy in the long run including easier compliance, input tax credit, transparency and efficiency in the tax system, savings in costs, etc. Additionally, significant measures being undertaken such as Insolvency and Bankruptcy Code (IBC) towards resolution of rising Non-Performing Assets (NPA), demonetisation to promote digitisation of the economy, further liberalisation of Foreign Direct Investment (FDI), implementation of Real Estate (Regulatory & Development) Act, 2016 (RERA) are all propelling the country's economic performance. Moreover, Moody's upgradation of India's sovereign rating from Baa3 to Baa2 in 14 years and a record jump of 30 spots in World Bank's Ease of Doing Business Report, 2018 to achieve 100th rank reflect the strong economic fundamentals of India. On the other hand, retail inflation touched a five-month low in March 2018 pushing Reserve Bank of India (RBI) to lower its April-September retail inflation projection to 4.7-5.1% from the previous range of 5.1-5.6% released in February.

Introduction of various flagship initiatives by the Government such as Digital India, Make in India, Ease of Doing Business, Startup India, Smart Cities Mission

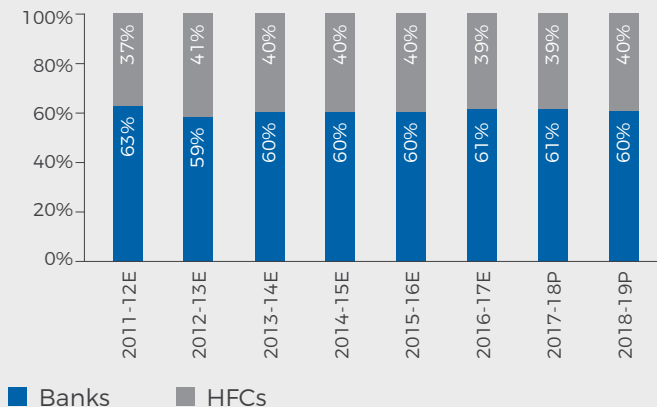
have huge potential to create a transformational impact on the Indian economy. Owing to these positive developments, Indian economy is forecasted to grow at 7.4% in FY 2018-19 and 7.8% in FY 2019-20 as predicted by IMF in its World Economic Outlook Report.

(Source: KPMG 2018 Report: India Soars Higher)

HOUSING FINANCE INDUSTRY

The housing finance industry is poised for a robust long-term growth propelled by several factors. The receding impact of demonetisation, lower interest rates and rising income levels are expected to spur the demand for housing loans. Though RERA and GST disrupted the market temporarily, these are not going to hamper the long-term growth prospect. Moreover, the market share of Housing Finance Companies (HFCs) continues to accelerate on account of their increased presence in untapped market, greater focus on home loans, strong origination skills, lower borrowing costs, superior customer service and robust growth in outstanding loans.

MARKET SHARE OF HFCs & BANKS



Note: Market share based on disbursements

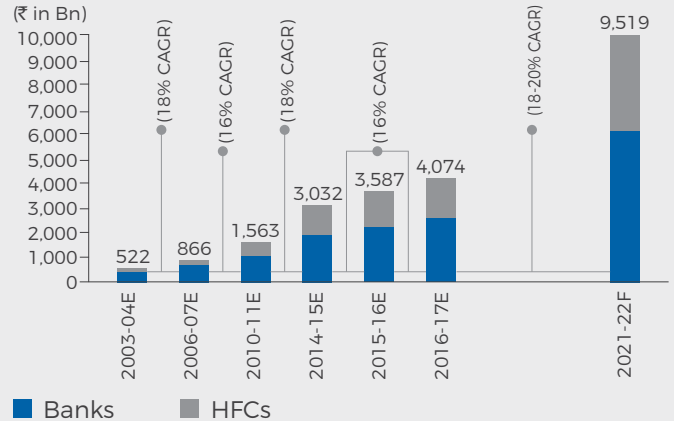
E: Estimated; P: Projected

(Source: CRISIL Research, November 2017)

Opportunities

Higher transparency in the sector, rising urbanisation and nuclearisation, increasing demand in Tier-II and smaller cities and improving affordability are fuelling the demand for housing units significantly. Credit Rating Agency CRISIL expects home loan disbursements to reach ₹ 9.5 trillion by FY 2021-22.

GROWTH IN HOUSING FINANCE DISBURSEMENTS



E: Estimated; F: Forecast

(Source: CRISIL Research, November 2017)

Besides, the Government efforts to incentivise the housing finance industry coupled with RBI measures are stimulating the growth of the industry.

- Pradhan Mantri Awas Yojana (PMAY):** The Government of India launched a comprehensive mission 'Pradhan Mantri Awas Yojana - Housing for All' with an aim to address the housing requirement of the urban poor including slum dwellers. This is achieved through four components viz. Slum Redevelopment on Public Private Participation basis, Affordable Housing in partnership with Public and Private sectors, Subsidy for beneficiary-led housing and Promotion of Affordable Housing to weaker sections through Credit-Linked Subsidy Scheme (CLSS).
- Infrastructure Status for Affordable Housing Companies:** Infrastructure status granted to affordable housing ensures easier access to institutional credit and reduces the cost of borrowing for affordable projects, thereby leading to rise in the supply of units at reasonable price.
- Real Estate (Regulatory & Development) Act, 2016 (RERA):** RERA was implemented to protect the interest of home buyers and to bring in transparency in the real estate sector. This, in turn, will increase consumer confidence to invest in new housing units and boost the housing finance growth.
- Liberalisation Policies by RBI:** The RBI has liberalised the existing External Commercial Borrowings (ECB)

framework by permitting the HFCs to raise ECBs to fund affordable housing projects. Additionally, the reduction in risk weights for affordable housing loans to below 50% will help in conservation of capital and increase lending to the smaller-ticket home loan segment.

Threats & Challenges

The potential threats and challenges dampening the progress of the housing finance industry include:

- Despite the Government efforts to invigorate the housing finance sector, issues such as poor administration, ineffective implementation of schemes, regulatory hurdles in the implementation of RERA and lack of administrative control may impede the sector's growth.
- Availability of land at affordable cost to low cost housing is another sectoral challenge. Besides, the high stamp duty payable at the time of purchase of property results in increase in the cost of land significantly. This, in turn, reduces the interest of potential housing finance customers in owning a house.
- Housing requires basic infrastructural facilities like roads development, electricity & water supply, proper drainage systems, etc. to grow. The lack of infrastructural amenities for housing development in urban areas, especially to Middle Income Group (MIG) and Lower Income Group (LIG) act as a deterrent to the sector's growth.
- The sustainability of margin of HFCs is largely impacted by the volatility in interest rates which could enhance the interest rate risk.

COMPANY OVERVIEW

ART Affordable Housing Finance (India) Limited (AAHF) is a professionally managed Housing Finance Company (HFC), registered with National Housing Bank (NHB). 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. Being an innovative and flexible home loan provider to the impoverished section of the society, the Company upholds the best business ethos and ensures transparency and fairness in all its processes. With a strategic presence across 6 states and 30 cities, the

Company caters to the underserved segment from 45+ locations through both physical and virtual branches. Recognising AAHF's customer-centric approach, ASSOCHAM has awarded 'Certificate of Excellence in Customer Services' to the Company.

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 non-home 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.

Construction Finance

Under this segment, the Company provides finance for construction of Rated Builder Projects to large and reputed developers. It includes loans of up to ₹ 25 crores, the sanction of which is sole discretion of the Board of Directors of the Company after closely scanning the lender profile.

Technology

AAHF recognises the increasing adoption of digitisation and automation in the housing finance industry to offer faster and more efficient services to customers. Aligned to this objective, the Company invests a considerable amount in digitisation, credit analytics and geo-expansion to streamline operations, instil transparency and to improve on customer delivery. Technology being a key differentiator for the Company's business, it provides end-to-end digital solutions for sourcing, credit decisioning, disbursals, document storage, collections

and accounting. Adoption of technology has helped us achieve higher operational efficiency and better cost management. It has also significantly increased the customer satisfaction score and reduced the time taken to serve a customer.

OPERATIONAL OVERVIEW

As on 31 March 2018 the Company's Equity Capital stood at ₹ 375 crores, which is entirely funded by the Promoters. 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. During FY 2017-18, your Company added 2,820 new customers, taking its total customer base to over 3,600.

FINANCIAL OVERVIEW

Your Company posted total income of ₹ 48.2 crores during the year, as compared to ₹ 11.5 crores in the previous year which represents an increase of 313% year-on-year. Out of this, Interest income on loans has increased by 223.1%, from ₹ 8.5 crores in the previous year to ₹ 27.5 crores in FY 2017-18. The other income has increased by 585.5% from ₹ 3.1 crores in previous year to ₹ 20.6 crores in FY 2017-18. Your Company's Net Income (net of financial expenses) is recorded at ₹ 46.7 crores, increasing 314.4% year-on-year.

The total loan outstanding, of your Company stood at ₹ 460.0 crores as on 31 March, 2018 as against ₹ 98.1 crores in the previous year. Whereas, the average ticket size on portfolio as on 31 March, 2018 stood at ₹ 9.5

lakhs against ₹ 12.5 lakhs the previous year. Portfolio yields have decreased by 28 basis points to 12.91% as compared to 13.19% in the previous year.

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 400+ workforce (as on 31 March, 2018). 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.

In FY 2017-18, we conducted various knowledge building sessions on Legal Aspects of RERA; Training on KYC-FPC and customer services by NHB amongst others. We concluded 'ART-O-TSAV' – our annual employee recognition event by rewarding employees who showcased exceptional resilience in delivering on to their KRAs and beyond. Also, our HR Function has been completely digitised with and we also implemented a new HRMS successfully in the year gone by.

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.

Director's Report

Dear Members,

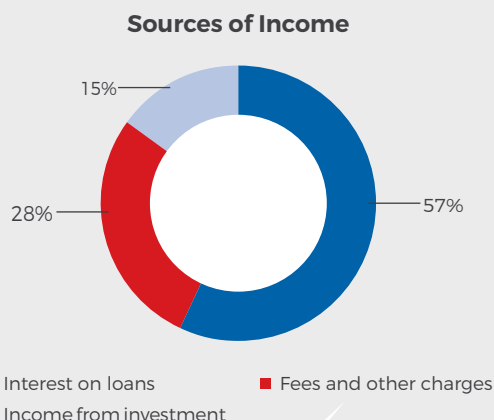
ART Affordable Housing Finance (India) Limited

Your Directors have pleasure in presenting the Fifth (5th) Board's Report on the business and operations of ART Affordable Housing Finance (India) Limited (hereinafter referred to as "the Company" or "AAHF"), together with draft standalone audited and consolidated audited financial statements and accounts for the financial year ended on 31 March, 2018.

FINANCIAL REVIEW OF OPERATIONS

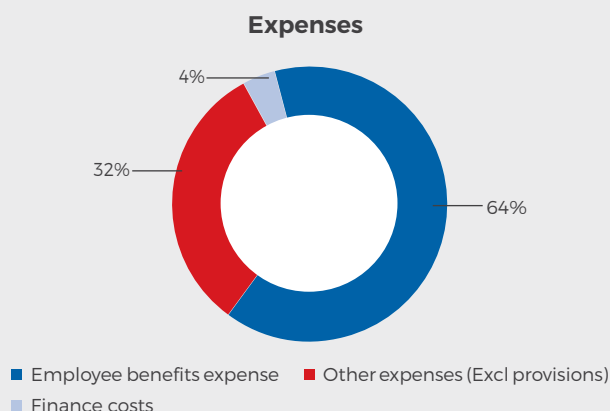
A. Income

Your Company posted total income of ₹ 48.2 crores during the year, as compared to ₹ 11.7 crores in the previous year which represents an increase of 312% year-on-year. Out of this, Interest income on loans has increased by 223%, from ₹ 8.5 crores in the previous year to ₹ 27.5 crores in FY 2017-18. The "other income" has increased by 547% from ₹ 3.2 crore in previous year to ₹ 20.7 crore in FY 2017-18. Your Company's Net Income (net of financial expenses) is recorded at ₹ 46.8 crore, an increase of 310% year-on-year.



B. Expenses

Expenses (excluding provisions) for the year stood at ₹ 31 crores, as compared to ₹ 19 crores for the previous year representing an increase of 63%. The increase in expenses is attributable to higher operating expenses arising out of manpower addition at supervisory and supervised levels together with branch network expansion, branch infrastructure, IT infrastructure in consonance with business growth.



C. Profits

Your Company earned a Profit after tax of ₹ 10.6 crores for the year as against Loss after tax of ₹ 5.2 crores in the previous year. This is primarily attributable to higher business numbers with the change in strategy and the new branches expansion.

(In ₹)

Particulars	FY 2017-18 Consolidated	FY 2017-18 Standalone	FY 2016-17 Consolidated	FY 2016-17 Standalone
Total Revenues	481,643,787	481,631,370	116,712,425	11,66,90,712
Total Expenditures	328,054,223	327,985,170	190,792,792	19,07,09,988

(In ₹)

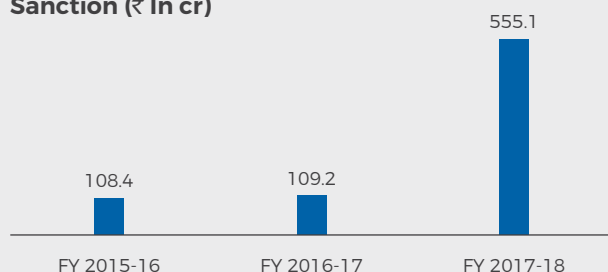
Particulars	FY 2017-18 Consolidated	FY 2017-18 Standalone	FY 2016-17 Consolidated	FY 2016-17 Standalone
Profit before Tax (PBT)	153,589,564	153,646,200	-74,080,367	(740,19,276)
Provisions for Tax/ Deferred Tax	47,254,794	47,254,794	(2,24,18,777)	(2,24,18,777)
Profit after Tax (PAT)	106,334,770	106,391,406	-51,661,590	5,16,00,499
Transfer to Reserves	21,278,281	21,278,281	-	-
Profit/ Loss bought forward	(102,659,269)	(102,484,823)	(5,09,97,679)	(5,08,84,324)
Tangible Net Worth	3,753,675,501	3,753,906,583	1,047,340,731	1,04,75,15,177

BUSINESS PERFORMANCE HIGHLIGHTS

a) Sanctions

During the year, your Company has sanctioned loans amounting to ₹ 555.1 crores as compared to ₹ 109.2 crores in the previous year, recording a growth of 408%. Despite slowdown in real estate market in some parts of the Country and stiff competition from Banks & HFCs, the business performance of the Company continued to be encouraging during 2017-18.

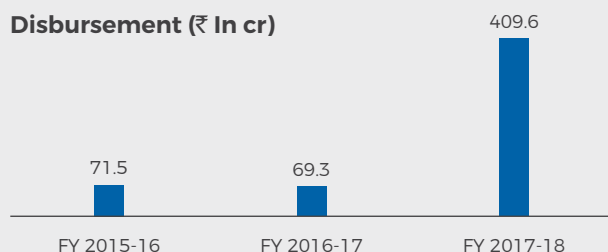
Sanction (₹ In cr)



b) Disbursements

During the year, your company has disbursed loans amounting to ₹ 409.6 crores as compared to ₹ 69.3 crores in the previous year, recording a growth of 491%. The cumulative loan disbursements from inception to the end of the FY17-18 stood at ₹ 566.1 crores.

Disbursement (₹ In cr)



c) Loans outstanding (Loan Book)

The total loan outstanding as at 31 March, 2018 were ₹ 459.92 crores, recording a growth of 369% over last year which was ₹ 98.1 crores.

d) Non-Performing Assets (NPA)

Your Company has developed a strong collection and recovery mechanism, which together with strong origination standards, has resulted in Nil 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 ₹ 1.85 crores towards Standard Assets, in compliance with the guidelines issued by the Regulator National Housing Bank.

TRANSFER TO RESERVES

Your company has transferred an amount of ₹ 2.13 crores to Reserves for the financial year ended 31 March, 2018 out of which ₹ 1.14 crores is transferred to Special Reserve under section 36(1)(viii) of the Income Tax Act and ₹ 0.99 crores to Reserve under section 29C of the NHB Act.

DIVIDEND

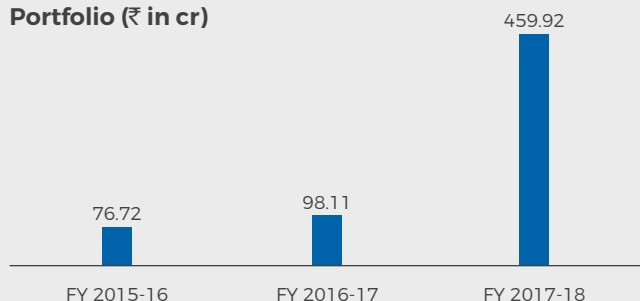
Your Board did not recommend any dividend for the financial year 2017-18.

PORTFOLIO OF THE COMPANY

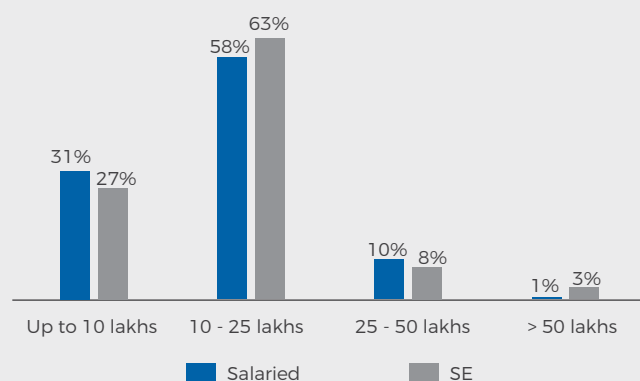
The portfolio of the total loan outstanding, of your company stood at ₹ 459.92 crores as on 31 March, 2018 as against ₹ 98.1 crores in the previous year.

The average ticket size on portfolio as on 31 March, 2018 stood at ₹ 9.5 lakhs against ₹ 12.5 lakhs the previous year.

Portfolio (₹ in cr)



Ticke size - Segment wise distribution



EXPANSION OF BRANCH NETWORK

In a short span of time, your Company has undertaken rapid branch expansion to effectively cater to the Lower Income target segments. Your Company's branch network has increased from 25 locations across 5 regions as on 31 March, 2017 to 44 locations across 6 regions (Delhi NCR, Haryana, Rajasthan, Maharashtra, Gujarat and Uttar Pradesh) as on 31 March, 2018.

Details of the branch expansion are given below:

Region	Branch Count	Branch Locations
Delhi-NCR	4	Delhi NSP, Mayur Vihar, Gurugram, Faridabad
Haryana	6	Rohtak, Karnal, Panipat, Kaithal, Yamunanagar, Sonipat (Virtual Branch)

Region	Branch Count	Branch Locations
Rajasthan	18	Jaipur, Bikaner, Ajmer, Alwar, Kota, Jodhpur, Udaipur and 11 Virtual branches
Maharashtra	7	Kalyan (Mumbai), Pune, Ahmednagar, Kolhapur, Boisar (Mumbai), Nasik, Lower Parel (Mumbai)
Gujarat	4	Ahmedabad, Surat, Vapi, Rajkot
Uttar Pradesh	5	Lucknow, Kanpur, Agra, Meerut, Firozabad (Virtual branch)
Total	44	

STATE OF COMPANY'S AFFAIRS

Financial Year 2017-18 was an important year during which your Company strengthened its base to grow exponentially.

Some key parameters and milestones are as follows:

1. The company started operating in 44 locations as compared with 25 locations in the previous year.
2. The team strength has increased to 402 during the year as compared to 226 the previous year. The same has been done with a view to build up and expand the business capacity in the early formative years of the Company.
3. The team strength has been increased in Sales as well as risk functions like Credit, Technical, Legal and Fraud Control Units.
4. Company has also invested in strengthening the collections team for early controls on the delinquency, if any.
5. The company has made significant investment, both intellectual and financial, in digitisation of the business work flow activities.
6. The loan portfolio as of March 2018 stood at ₹ 459.9 Cr as against ₹ 98.1 Cr as of March 2017.
7. The Capital Adequacy Ratio as of March 2018 was 104.29% minimum against 12% as stipulated by NHB.
8. Gross NPA and Net NPA ratio were NIL.

There is no change in the fundamental nature of business of the Company for the year under review.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the financial year end of the Company i.e. 31 March, 2018 till date of the Board's Report i.e. 08 May, 2018.

CHANGE IN THE NATURE OF BUSINESS

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

PUBLIC DEPOSITS

Your Company is a non-deposit accepting Housing Finance Company as per the Housing Finance Companies (NHB) Directions, 2010 and the provision of section 73 of the Companies Act, 2013 are not applicable to the Company. The Company has NIL public deposits for the period ended 31 March, 2018.

Further, during the year ended 31 March, 2018, the Company has not accepted, renewed or held any public deposit as on the balance sheet date.

Since the Company has neither accepted nor renewed any fresh public deposits during the year under review, accordingly, requirement of maintaining liquid assets as specified under Section 29B of the National Housing Bank Act, 1987, does not arise.

FINANCE

During the Financial Year 2017-18, the Company met its funding requirements through Bank Loans and refinance from NHB (National Housing Bank). The details of which are as follows:

S. No	Charge ID	Name of the Charge Holder	Date of creation of charge	Amount (in Rupees)
1	100153322	State Bank of India	03 November, 2017	₹ 50 Crores
2	100138467	National Housing Bank	22 November, 2017	₹ 10 Crores
3	100168857	HDFC Bank	14 March, 2018	₹ 10 Crores

The aggregate bank borrowings, i.e. term loans plus overdraft, at the end of the financial year stood at ₹ 56.0 crores as compared to ₹ 2.75 crores at the end of the previous year. Further the overall borrowings are within regulatory ceiling of 16 times of net owned funds.

The overall cost of borrowings (average) was 8.57 % p.a. as on 31 March, 2018.

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 ₹ 2.4 crores to its customers under the PMAY-CLSS scheme.

CREDIT RATING

During the year, the Company received upgraded rating of 'A-' from CARE against earlier rating of 'BBB' by ICRA. However, the Company has not accepted the rating of 'A-' assigned by CARE as it was felt that the offered rating of 'A-' does not adequately capture significant developments which have occurred over the last 12 months including significantly higher promoter capitalization, induction of pedigree board members & senior management team, month-on-month business growth,

geographical expansion, use of technology and innovation resulting in superior operational capabilities, pristine asset quality and improving earnings credentials.

SUBSIDIARY COMPANY

The Company has 1 (One) wholly owned subsidiary as on 31 March, 2018 i.e. ART Distribution (I) Private Limited. The name of the subsidiary has been changed from RAAS Distribution (India) Private Limited to ART Distribution (I) Private Limited with the objective of building a common brand name across the group.

There has been no material change in the nature of the Business of the subsidiary.

ASSOCIATE COMPANIES

Pursuant to Rule 8 (5)(iv) of Companies (Accounts) Rules, 2014, the Company is required to give the names of the companies which have become or ceased to be its Subsidiaries, Joint Ventures or Associate Companies during the year.

During the year, No Company has become or ceased to be subsidiary, Joint Venture or Associate Company of the Company.

AUTHORISED SHARE CAPITAL

The Authorized Share Capital of the Company was increased from existing ₹ 115,00,00,000/- (Rupees One Hundred and Fifteen Crores only) divided into 11,50,00,000 (Eleven Crores and Fifty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten Only) each to ₹ 150,00,00,000/- (Rupees One Hundred and Fifty Crores only) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of ₹ 10/- (Rupees Ten Only) on 03 April, 2017.

The Authorised Share Capital was further increased from ₹ 150,00,00,000/- (One Hundred and Fifty Crores Only)

to ₹ 330,00,00,000/- (Three Hundred and Thirty Crores Only) divided into 33,00,00,000 (Thirty-Three Crores) Equity Shares of ₹ 10/- (Rupees Ten Only) each and from ₹ 330,00,00,000/- (Three Hundred and Thirty Crores Only) to ₹ 350,00,00,000/- (Rupees Three Hundred and Fifty Crores Only) divided into 35,00,00,000 (Thirty-Five Crores) Equity shares of ₹ 10/- (Rupees Ten Only) each on 02 May, 2017 and 29 August, 2017 respectively.

The Authorised Share Capital was further increased from ₹ 350,00,00,000/- (Rupees Three Hundred and Fifty Crores Only) to ₹ 400,00,00,000/- (Rupees Four Hundred Crores Only) divided into 40,00,00,000 (Forty Crores) Equity Shares of ₹ 10/- (Rupees Ten Only) each on 21 February, 2018 which were duly approved by the shareholders in the duly convened General Meeting held on the same dates at a shorter notice.

On 31 March, 2018 the Authorised Share Capital of the Company stood at ₹ 400,00,00,000/- (Rupees Four Hundred Crores Only) divided into 40,00,00,000 (Forty Crores) Equity Shares of ₹ 10/- (Rupees Ten Only) each.

ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

The Allotment made by the Company during the Financial Year 2017-2018 are as follows:

S. No.	Date of Issue	Date of Allotment	Investor	Number of Shares	Total Amount (in Rupees)
1	03 April, 2017	02 May, 2017	ABCF*	50,00,000	5,00,00,000
2	16 May, 2017	24 June, 2017	ABCF*	18,00,00,000	180,00,00,000
3	29 August, 2017	27 September, 2017	ABCF*	5,00,00,000	50,00,00,000
4	21 February, 2018	21 March, 2018	ABCF*	2,50,00,000	25,00,00,000

*ABCF is used as abbreviation for ART Business & Consumer Finance (India) Private Limited

On 31 March, 2018 the Issued, Subscribed and Paid-up Share Capital of the Company stood at ₹ 375,00,00,000/- (Rupees Three Hundred and Seventy-Five Crores Only) divided into 37,50,00,000 (Thirty-Seven Crores Fifty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten Only) each.

CHANGE IN SHAREHOLDING OF THE COMPANY

During the year under review Equity Shares of ₹ 2,60,00,00,000/- (Rupees Two Hundred and Sixty Crores Only) were offered, issued and allotted to ART Business & Consumer Finance (India) Private Limited on Private Placement Basis.

Further, Equity Shares of ₹ 99,99,99,000/- (Rupees Ninety-Nine Crores Ninety-Nine Lakhs Ninety-Nine Thousand Only) were transferred by ART Capital (India) Private Limited to ART Business & Consumer Finance (India) Private Limited.

Thus, as a result, the status of Holding Company of AAHF has been shifted from ART Capital (India) Private Limited to ART Business & Consumer Finance (India) Private Limited.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors

The Board of Directors of the Company as on 31 March, 2018 comprises of Ms. Raakhe Kapoor Tandon, Mr. Arvind Roshan Hali, Mr. Brijesh Kumar Gupta, Mr. Raj Vikash Verma and Lt. Gen. (Retd) Dr. Sukhraj Pal Kochhar.

During the year under review, Ms. Raakhe Kapoor Tandon, Non-Executive Director and Mr. Sandeep Chopra, Independent Director resigned from their respective positions on 03 August, 2017 and 18 October, 2017 respectively. Dr. Manoj Vaish also resigned from the position of Director on 31 December, 2017.

Subsequently, Mr. Raj Vikash Verma, Ms. Raakhe Kapoor Tandon and Mr. Amit Oberoi were appointed as Additional Directors on 28 July, 2017; 06 October, 2017 and 12 December, 2017, respectively. Further, Mr. Brijesh Kumar Gupta was appointed as an Independent Director on the Board of the Company with effect from 03 October, 2017.

Further, Mr. Amit Oberoi resigned from his position of Additional Director on 15 March, 2018.

The Company has received declarations from all the Independent Directors of the Company confirming that they comply with the criterion as prescribed under Section 149 of the Companies Act, 2013.

Key Managerial Personnel

Mr. Vipin Jain, Executive Vice President & CFO of the Company and Ms. Ritika Sati, Company Secretary & Legal Counsel of the Company continues to be the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

DIRECTORS RETIRING BY ROTATION

In terms of Section 152 of the Companies Act, 2013, none of the Directors are liable to retire by Rotation.

CHARTER OF NOMINATION & REMUNERATION COMMITTEE

The Board in its Meeting held on 21 August, 2015 approved the charter of Nomination & Remuneration Committee wherein detailed criteria for appointment and remuneration of Directors including the criteria for determining the qualifications, positive attributes,

independence of Directors and all such other matters as required under Section 178 (3) of Companies Act, 2013 has been provided.

BOARD EVALUATION POLICY

Pursuant to the applicable provisions of the Companies Act, 2013, the Board has carried out an evaluation of its performance, the Directors individually as well as the working of its Audit Committee, Nomination & Remuneration Committee. The separate meeting of Independent Directors without the attendance of Non-Independent Directors and the Management team was held on 17 March, 2018 as per the provisions of Schedule IV of the Companies Act, 2013.

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 21 August, 2015. The Committee consists of the following Directors as on 31 March, 2018:

S. No	Name of Director - Member	Designation
1	Lt. Gen. (Retd) Dr. Sukhraj Pal Kochhar	Independent Director
2	Mr. Brijesh Kumar Gupta	Independent Director
3	Mr. Raj Vikash Verma	Non-Executive 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 21 August, 2015. The Committee consists of following Directors as on 31 March, 2018:

S. No	Name of Director - Member	Designation
1	Lt. Gen. (Retd) Dr. Sukhraj Pal Kochhar	Independent Director
2	Mr. Brijesh Kumar Gupta	Independent Director
3	Mr. Raj Vikash Verma	Non-Executive Director

Executive Committee

The Board has constituted Executive Committee as a sub-committee of the Board on 28 April, 2014. The Committee consists of following Directors as on 31 March, 2018:

S. No	Name of Director - Member	Designation
1	Ms. Raakhe K Tandon	Non-Executive Director
2	Mr. Arvind Roshan Hali	Managing Director & CEO
3	Mr. Raj Vikash Verma	Non-Executive Director

Corporate Social Responsibility Committee

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

S. No	Name of Director - Member	Designation
1	Mr. Arvind Roshan Hali	Managing Director & CEO
2	Lt. Gen. (Retd.) Dr. Sukhraj Pal Kochhar	Independent Director
3	Ms. Raakhe Kapoor Tandon	Non- Executive Director

NUMBER OF MEETINGS HELD DURING THE FINANCIAL YEAR 2017-18:

Table containing details of Board Meetings and Committees Meetings along with dates are as follows:

S. No.	Name of Committee	No. of Meetings	Date of Meetings
1	Board Meetings	9 (Nine)	1. 03 April, 2017; 2. 02 May, 2017; 3. 16 May, 2017; 4. 29 May, 2017; 5. 29 August, 2017; 6. 03 November, 2017; 7. 16 January, 2018; 8. 21 February, 2018; 9. 21 March, 2018
2	Audit Committee	5 (Five)	1. 02 May, 2017; 2. 29 August, 2017; 3. 03 November, 2017; 4. 16 January, 2018; 5. 21 March, 2018
3	Nomination and Remuneration Committee	5 (Five)	1. 29 May, 2017; 2. 03 July, 2017; 3. 27 July, 2017; 4. 29 September, 2017; 5. 03 November, 2017
4	Risk Management Committee	2 (Two)	1. 13 June, 2017 2. 03 November, 2017

ATTENDANCE OF DIRECTORS/ MEMBERS AT 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* ¹	8	2	-	-	3	0	0	0
2.	Mr. Arvind Roshan Hali	9	9	-	-	-	-	0	0
3.	Lt. Gen. (Retd) Dr. Sukhraj Pal Kochhar	9	9	5	5	5	5	0	0
4.	Mr. Raj Vikash Verma* ²	5	5	-	-	-	-	-	-
5.	Mr. Brijesh Kumar Gupta* ³	4	4	2	2	-	-	-	-
6.	Mr. Amit Oberoi* ⁴	2	1	-	-	-	-	-	-
7.	Dr. Manoj Vaish* ⁵	6	6	3	3	5	5	-	-
8.	Mr. Sandeep Chopra* ⁶	5	1	2	1	4	0	-	-

1. Ms. Raakhe Kapoor Tandon resigned from the office of Director w.e.f 03 August, 2017, however she was re-appointed on the Board as Women Director w.e.f 27 September, 2017.
2. Mr. Raj Vikash Verma was appointed as Director w.e.f 28 July, 2017
3. Mr. Brijesh Kumar Gupta was appointed as Director of the Company w.e.f 03 October, 2017
4. Mr. Amit Oberoi was appointed as Director w.e.f 12 December, 2017, however he resigned from the Board of Directors w.e.f 15 March, 2018
5. Dr. Manoj Vaish resigned from the Board of Directors w.e.f 31 December, 2017
6. Mr. Sandeep Chopra resigned from the Board of Director w.e.f 18 October, 2017

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 extracts of Annual Return of the Company in 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.

DECLARATION BY INDEPENDENT DIRECTORS

The Board of the Directors has received declarations from all the Independent Directors as per the Section 149(7) of the Companies Act, 2013 and the Board is satisfied that all the Independent Directors meet the criterion

of independence as mentioned in Section 149(6) of the Companies Act, 2013.

CONFIRMATION ON NIL 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 financial year 2017-18.

STATUTORY AUDITORS

In terms of provisions of Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, M/s Walker Chandiook & Associates were appointed

as the Statutory Auditors of the Company from the conclusion of second Annual General Meeting till the conclusion of 6th Annual General Meeting of the Company.

AUDITORS' REPORTS

Statutory Audit Report

The Board has duly examined the Statutory Auditors' Report to the Accounts; this Report is self-explanatory. Clarifications, wherever necessary, have been included in the 'Notes to Accounts' section of the Annual Report. Furthermore, a Report under para no. 34 of the National Housing Bank Directions, 2010 is attached and is self-explanatory.

Secretarial Audit Report

The Company had appointed M/s Dolly Vilacha & Co., Company Secretaries, to conduct its Secretarial Audit for the financial year ended 31 March, 2018 as required under the regulations. The Secretarial Auditors have submitted their report confirming the compliance with all the applicable provisions of various corporate laws.

In terms of provisions of section 204 of the Companies Act, 2013, the Secretarial Audit Report is provided as Annexure - B of this report.

EMPLOYEE STOCK OPTION PLAN AND SCHEME

The Nomination and Remuneration Committee of the Board of Directors of the Company, inter-alia administers and monitors the AAHF Employee Stock Option Plan 2017 ("ESOP 2017"). Out of the total pool of 25,00,000 (Twenty-Five Lakhs) ESOPs, the Company has granted 21,05,000 (Twenty-One Lakhs Five Thousands) ESOPs to Employees during the year ended March 31, 2018.

RELATED PARTY TRANSACTIONS

All Related Party Transactions (RPTs) that were entered during the Financial Year 2017-18 were in the ordinary course of Business of the Company and were on arm's length basis. Considering the nature of the 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. 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 23 of the financial statement which sets out related party disclosures.

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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 comprises of Mr. Arvind Roshan Hali, Managing Director & CEO, Mr. Raj Vikash Verma, Non-Executive Director and Lt. Gen. (Retd) Dr. Sukhraj Pal Kochhar, Independent Director of the Company. The Risk Management Committee will be 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.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Your Company though does not fall under the mandatory criteria mentioned under Section 135 of Companies Act, 2013 to formulate a Corporate Social Responsibility Committee, however as a practise of good corporate governance, the Board of Directors of the Company in its Meeting held on 16 January, 2018 has formulated Corporate Social Responsibility Committee and has also approved the Corporate Social Responsibility Policy.

The Corporate Social Responsibility Committee of the Company as on 31 March, 2018 comprises of Mr. Arvind Roshan Hali, Managing Director & CEO, Lt. Gen. (Retd.) Dr. Sukhraj Pal Kochhar, Independent Director and Ms. Raakhe Kapoor Tandon, Non- Executive Director.

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.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORK PLACE (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 Work Place (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set-up to redress complaints received regarding sexual harassment.

The Internal Complaint Committee of your Company consists of following Members:

S. No	Name of Member	Designation
1	Ms. Ritika Sati	Presiding Officer
2	Mr. Arvind Roshan Hali	Member
3	Dr. Rajat Mitra	Member (on behalf of Swachetan Society for Mental Health)
4	Ms. Shobha Sridhar	Member

No cases of sexual harassment have been reported nor investigated by the Internal Complaint Committee (ICC) during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, the Directors to the best of their knowledge and belief, confirm that:

- in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors 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;

- the Directors 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;
- the Directors have prepared the Annual Accounts on a going concern basis; and
- 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.

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: NIL

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere gratitude to the customers of AAHF 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 Affordable Housing Finance (India) Limited

Sd/-
Arvind Roshan Hali
 Managing Director & CEO
 DIN:05285114

Sd/-
Raj Vikash Verma
 Non-Executive Director
 DIN:03546341

Date: 8 May, 2018
 Place: Gurugram

Annexure - A

Form No. MGT-9

Extract of Annual Return as on the Financial Year ended on 31 March, 2018

[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	16 July, 2013
iii. Name of the Company	ART Affordable 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	Beetal Financial and Computer Services Private Limited Address: 99, Madangir, B/4, local Shopping Centre, Near Dada Harsukh Das Mandir, New Delhi- 110062 Contact Person: Punit Mittal Tel: 011-29961281-83 Fax: 29961284 Email: beetalrta@gmail.com

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	U67190DL2016PTC292567	Holding	99.99	2(87)(ii)
2	ART Distribution (I) Private Limited	U67190DL2015PTC283977	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	97	1	98	-	97	1	98	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	99,999,900	-	99,999,900	66.66	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Subtotal(A) (1):-	99,999,997	1	99,999,998	66.66	97	1	98	100	-
2) Foreign									
g) NRIs-Individuals	-	-	-	0	-	-	-	0	-
h) Other-Individuals	-	-	-	0	-	-	-	0	-
i) Bodies Corp.	-	-	-	0	-	-	-	0	-
j) Banks / FI	-	-	-	0	-	-	-	0	-
k) Any Other....	-	-	-	0	-	-	-	0	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	0	-
Total Promoter Shareholding (A)=(A) (1)+ (A)(2)	99,999,997	1	99,999,998	66.66	97	1	98	0	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	0	-	-	-	0	-
b) Banks / FI	-	-	-	0	-	-	-	0	-
c) Central Govt	-	-	-	0	-	-	-	0	-
d) State Govt(s)	-	-	-	0	-	-	-	0	-
e) Venture Capital Funds	-	-	-	0	-	-	-	0	-
f) Insurance Companies	-	-	-	0	-	-	-	0	-
g) FIs	-	-	-	0	-	-	-	0	-
h) Foreign Venture Capital Funds	-	-	-	0	-	-	-	0	-
i) Others (specify)	-	-	-	0	-	-	-	0	-
Sub-total (B)(1)	-	-	-	0	-	-	-	0	-
2. Non Institutions									
a) Bodies Corp.	1,50,00,000	-	1,50,00,000	13.04	37,49,99,900	-	37,49,99,900	99.99	-
(i) Indian									
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	2	-	2	0	2	-	2	0	-
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (Specify)	-	-	-	0	-	-	-	0	-
Sub-total (B)(2)	1,50,00,002	-	1,50,00,002	0	37,49,99,902	-	37,49,99,902	0	-
Total Public Shareholding (B)=(B) (1)+ (B)(2)	1,50,00,002	-	1,50,00,002	0	37,49,99,902	-	37,49,99,902	0	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0	-	-	-	0	-
Grand Total (A+B+C)	11,49,99,999	1	11,50,00,000	100	37,49,99,999	1	37,50,00,000	100	-

Shareholding of Promoters

Sr. No	Category of Shareholders	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 Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	ART Capital (India) Private Limited (India) Pvt Ltd	9,99,99,900	86.95	-	-	-	-	-	
2.	ART Business & Consumer Finance (India) Private Limited	1,50,00,000	13.04	-	37,49,99,900	99.99	-	-	
3.	Raakhe Kapoor Tandon	95	0	-	95	0	-	-	
4.	Radha Kapoor	1	0	-	1	0	-	-	
5.	Alkesh Tandon	1	0	-	1	0	-	-	
6.	Roshini Kapoor	1	0	-	1	0	-	-	
Total		11,49,99,998	99.99	-	37,49,99,998	99.99	-	-	

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

ART Capital (India) Private Limited	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	9,99,99,900	86.95	9,99,99,900	86.95
At the End of the year	0	0	0	0
(All the Shares transferred to ART Business & Consumer Finance (India) Private Limited)				
ART Business & Consumer Finance (India) Private Limited	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	1,50,00,000	13.04	1,50,00,000	13.04
At the End of the year	37,49,99,900	99.99	37,49,99,900	99.99

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
At the beginning of the year				
ART Consumer & Business Finance (India) Private Limited	1,50,00,000	13.04	1,50,00,000	13.04
At the End of the year (or on the date of separation, if separated during the year)	37,49,99,900	99.99	37,49,99,900	99.99
At the beginning of the year	9,99,99,900	86	9,99,99,900	86
ART Capital (India) Private Limited				

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
(At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-
At the beginning of the year (Raakhe Kapoor Tandon)	95	0	95	0
(At the End of the year or on the date of separation, if separated during the year)	95	0	95	0
At the beginning of the year (Radha Kapoor)	1	0	1	0
(At the End of the year or on the date of separation, if separated during the year)	1	0	1	0
At the beginning of the year (Roshini Kapoor)	1	0	1	0
(At the End of the year or on the date of separation, if separated during the year)	1	0	1	0
At the beginning of the year (Alkesh Tandon)	1	0	1	0
(At the End of the year or on the date of separation, if separated during the year)	1	0	1	0
At the beginning of the year (Varun Kapur)	1	0	1	0
(At the End of the year or on the date of separation, if separated during the year)	1	0	1	0
At the beginning of the year (Rajesh Gandhi)	1	0	1	0
(At the End of the year or on the date of separation, if separated during the year)	1	0	1	0

(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	95	0.00	95	0.00
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	95	0.00	95	0.00

V. Indebtedness

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

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	27,500,000			27,500,000
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not				
Total (i+ii+iii)	27,500,000			27,500,000
Change in Indebtedness during the financial year				
- Addition	532,665,422			532,665,422
- Reduction				
Net Change	532,665,422			532,665,422
Indebtedness at the end of the financial year				
i) Principal Amount	559,901,504-			559,901,504
ii) Interest due but not paid				
iii) Interest accrued but not	263,918			263,918
Total (i+ii+iii)	560,165,422			560,165,422

VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in ₹)

Particulars of Remuneration	Name of MD/WTD/ Manager Arvind Roshan Hali Managing Director & CEO	Total Amount
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,23,85,531	1,23,85,531
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,067	39,067
(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
Number of Stock Options	5,00,000	5,00,000
Sweat Equity	-	-
Commission	-	-
- as % of profit		
- others, specify...		
Others, please specify	-	-
Total (A)	1,24,24,598	1,24,24,598
Ceiling as per the Act	2,40,00,000	

** As per Schedule V of the Companies Act 2013

ii. Remuneration to Key Managerial Personnel other than Directors

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Ritika Sati, Company Secretary & Legal Counsel	Vipin Jain, Executive Vice President & CFO	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	12,36,084	64,45,015	76,81,099
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	-	32,400	32,400
	(c) Profits in lieu of salary under section 17(3) Income-tax Act 1961	-	-	-
2.	Stock Option	25,000	2,00,000	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
	- as % of profit			
	- others, specify...			
5.	Others, please specify	-	-	-
6.	Total	12,36,084	64,77,415	77,13,499

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Directors					Total Amount
		Ms. Raakhe Kapoor Tandon (Non- Executive Director)	Mr. Raj Vikash Verma (Non- Executive Director)	Mr. Sandeep Chopra (Resigned on October 18, 2017)	Lt. Gen. (Retd) Dr. Sukhraj Pal Kochhar (Independent Director)	Mr. Brijesh Kumar Gupta (Independent Director)	
	Independent Directors						
	Fee for attending board and committee Meetings			50,000	2,80,000	1,10,000	4,40,000
	· Commission						
	· Others, please specify						
	Total (1)			50,000	2,80,000	1,10,000	4,40,000
	Non-Executive Directors						
	· Fee for attending board committee meetings						
	· Commission						
	· Others, please specify (Conveyance Charges)						
	Total (2)						
	Total (B)-(1+2)			50,000	2,80,000	1,10,000	4,40,000
	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	-	-	-	-	-

Annexure B

Form No. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31 March, 2018

[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 Affordable 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 Affordable 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 31 March, 2018 ("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. The members are requested to read this report along with our letter of even date annexed to this report as "Annexure - I".

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 31 March, 2018 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:

- (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 2017-18.

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. 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 notice has 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 has taken the following events/ actions having a major bearing on the Company's affairs in pursuance

of the above referred laws, rules, regulations, Guidelines, standards, etc. (referred to above).

- a) Allotment of 26,00,00,000 Equity Shares of INR 10/- each, aggregating to ₹ 260,00,00,000/- (Rupees Two Hundred and Sixty Crores Only) on Preferential basis to ART Consumer & Business Finance (India) Limited the shareholder of the Company during the Financial Year 2017-18;
- b) Constitution of Corporate Social Responsibility Committee on 16 January, 2018;
- c) Re-Constitution of Audit Committee, Nomination and Remuneration Committee and Internal Complaint Committee on 21 March, 2018, 16 January, 2018 and 03 November, 2017 respectively;
- d) Alterations in Capital Clause of Memorandum of Association of the Company by way of increase in Authorized Share Capital;
- e) M/s S.S Kothari Mehta & Co, Chartered Accountants, have been re-appointed as Internal Auditor by the Board of Directors in their meeting held on 21 March, 2018 for a further term of two Financial years i.e. till Financial Year 2019-20; and
- f) 9,99,99,900 (Nine Crores Ninety-Nine Lakhs Ninety-Nine Thousand and Nine Hundred) Equity shares of ₹ 10/- (Rupees Ten Only) aggregating to ₹ 99,99,99,000/- (Rupees Ninety-Nine Crores Ninety-Nine Lakhs Ninety-Nine Thousand Only) held by ART Capital (India) Private Limited had been transferred to ART Business and Consumer Finance (India) Private Limited during the Financial Year 2017-18;

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

Sd/-

Dolly Vilacha

Practicing Company Secretary
Membership No.: A27277
Certificate of Practice No 15356

Date: 8 May, 2018
Place: Delhi

Annexure - I to Secretarial Audit Report

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

Our Secretarial Audit Report (Form MR-3) of even date for the Financial Year ended 31 March, 2018 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of the Company's management. Our responsibility is to express an opinion on the secretarial records produced for audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the Company after 31 March 2018 but before the issue of this report.
4. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the Company on a test basis.
5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
6. Our Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

Sd/-

Dolly Vilacha

Practicing Company Secretary
Membership No.: A27277
Certificate of Practice No 15356

Date: 8 May, 2018
Place: Delhi

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 arrangements or transactions entered during the year ended 31 March, 2017 which were not at arm's length basis.

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

(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
ART Business & Consumer Finance (India) Private Limited	Holding Company	Reimbursement of Expenses	25 September, 2017	2.10	Share issue expense on actual cost basis	16 January, 2018	NA
ART Capital (India) Private Limited	Associate Company	Transfer of fixed assets	31 March, 2018	0.11	Transfer at written down value method	03 April, 2018	NA
ART Capital (India) Private Limited	Associate Company	Reimbursement of Expenses	01 April, 2017- 31 March, 2018	0.90	On actual cost basis for office sharing	16 January, 2018	NA

For ART Affordable Housing Finance (India) Limited

Sd/-
Arvind Roshan Hali
 Managing Director & CEO

Sd/-
Raj Vikash Verma
 Non-Executive Director
 DIN:03546341

Date: 8 May, 2018
 Place: Gurugram

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 conservation of energy and technology absorption, are not applicable to ART Affordable Housing Finance (India) Limited, as it is a Home Loan provider. However, the Company requires energy for its operations and every endeavour has been 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 of the latest technology trends and practices.

Foreign Exchange Earnings and Outgo

Further, during the year under review, there were no foreign exchange earnings or outgo.

Corporate Governance Report

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company practices a trustworthy, transparent, moral and ethical conduct, both internally and externally, and is committed towards maintaining the highest standards of Corporate governance practices in the best interest of all its stakeholders.

The Company believes that it not only has legal, contractual and social responsibilities, but also has obligations towards its stakeholders such as bankers, regulators, government agencies, employees, investors, creditors and customers, among others. The Company continues to promote accountability of the management. The Board of Directors acknowledge its responsibilities towards all the stakeholders of the Company for creation and safeguarding their wealth.

II. NHB ON CORPORATE GOVERNANCE

National Housing Bank ("NHB") vide notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9 February, 2017, has notified Housing Finance Companies - Corporate Governance (National Housing Bank) Directions, 2016, which, *inter-alia*, requires every non- public deposit taking Housing

Finance Company with assets size of ₹ 50 crore and above, as per the last audited balance sheet and all public deposit accepting / holding Housing Finance Companies (HFCs), henceforth called Applicable HFCs to frame "Internal guidelines on Corporate Governance"

I. GOVERNANCE OF THE BOARD

The Board of Directors plays a pivotal role in ensuring that the good corporate governance practices which are followed in the Company. The Board of Directors oversees the functioning of the Company and that of its management; and ensures that every decision taken is in the best interest of the stakeholders of the Company.

Composition and Size:

1. Mr. Arvind Roshan Hali, Managing Director & CEO
2. Mr. Brijesh Kumar Gupta, Independent Director
3. Ms. Raakhe Kapoor Tandon, Non-Executive Director
4. Mr. Raj Vikash Verma, Non-Executive Director
5. Lt. Gen. (Retd) Dr. S P Kochhar, Independent Director

II. Committees

i. Audit Committee

The Company has in place an Audit Committee constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and rules framed thereunder.

Composition and Size

1. Mr. Brijesh Kumar Gupta, Independent Director
2. Mr. Raj Vikash Verma, Non-Executive Director
3. Lt. Gen. (Retd) Dr. S P Kochhar, Independent Director

Terms of Reference

- Periodical discussion with the auditors about internal control systems, scope of audit, which include observations of the auditors.
- Ensure the compliance of internal control system.
- Power to recommend on any matter relating to financial management including the Auditors' Report and such recommendation shall be binding on the Company, failing which, the Board shall accord the reasons thereof and communicate the same to the shareholders.
- Make request to the statutory auditors, the internal auditors and the Chief Financial Officer of the Company to attend and the aforesaid shall participate at meetings of the Audit Committee, without right to vote.
- Review with Management the half-yearly/annual financial statement before submission to the Board, focusing primarily on;
 - a. Any changes in accounting policies and practices,
 - b. Major accounting entries based on exercise of judgment by the management,
 - c. Qualifications in draft audit report,
 - d. Significant adjustment arising out of audit,
 - e. The going concern assumption.
- Compliance with accounting standards and legal requirement relating to financial statements.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- Matters to be included in Director's Responsibility Statement as per Companies Act.
- Discuss with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Power to investigate within the terms of reference and shall have full access to the information contained in the records of the Company and external professional advice, if necessary.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing with the Management, performance of statutory and internal auditors, adequacy of the internal control systems and adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings & follow up thereon and findings of any internal investigations by the internal auditors into matters where there is suspected fraud/ irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review Management letters issued by the statutory auditors and internal audit reports relating to internal control weaknesses.
- To review appointment, removal and terms of remuneration of the Head of Internal Audit.

ii. Nomination and Remuneration Committee

The Company has in place a Nomination and Remuneration Committee constituted in accordance with the provisions of Section 178 of the Companies Act, 2013 and rules framed thereunder:

Composition and Size	<ol style="list-style-type: none"> 1. Mr. Brijesh Kumar Gupta, Independent Director 2. Mr. Raj Vikash Verma, Non-Executive Director 3. Lt. Gen. (Retd) Dr. S P Kochhar, Independent Director
Terms of Reference	<ol style="list-style-type: none"> 1. Carrying out evaluation of every Director's performance; 2. Recommendation to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees; reviewing the RHF's overall compensation structure. 3. Reviewing related policies with a view to attract, motivate and retain employees and review compensation levels vis-à-vis other Housing Finance Companies and the industry in general; ensuring the following while formulating the policy on the aforesaid matters: <ol style="list-style-type: none"> (a) The level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, key managerial personnel of the quality required to run the company successfully; (b) Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) Remuneration to Directors and key managerial personnel involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of RHF and its goals formulating and determining the RHF's policies on remuneration packages payable to the Directors and key managerial personnel including performance/ achievement bonus, perquisites, retiral, sitting fees, etc.; considering grant of Stock Options to employees including employees of Subsidiaries and administer and supervise the Employee Stock Option Plans; functioning as the Compensation Committee as prescribed under the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and is authorised to allot shares pursuant to exercise of Stock Options by employees; and to perform any other function or duty as stipulated by the Companies Act, Reserve Bank of India, Securities and Exchange Board of India, Stock Exchanges and any other regulatory authority or under any applicable laws as may be prescribed from time to time.

iii. Risk Management Committee

The Company have in place a Risk Management Committee constituted in accordance with Corporate Governance (National Housing Bank) Directions, 2016.

Composition and Size	<ol style="list-style-type: none"> 1. Mr. Arvind Roshan Hali, Managing Director & CEO 2. Mr. Raj Vikash Verma, Non-Executive Director 3. Lt. Gen. (Retd) Dr. S P Kochhar, Independent Director
Terms of Reference	<ul style="list-style-type: none"> ▪ Reviewing the risk profile of the Company (including market risk, operational risk, transactional risk and credit risk); ▪ Approval and review of the risk measurement policies, models and measurement systems; ▪ Approval and review of the broad Credit underwriting policies and process. Set broad framework by setting of quantitative prudential limits on various products and segments of the Company's operations; ▪ Review risk, credit and collections triggers/ parameters; ▪ Determining implications on quality and review of returns and reports to the NHB pertaining to the Risk Monitoring function.

iv. Corporate Social Responsibility Committee

The Company have in place a Corporate Social Responsibility Committee constituted in accordance with the provisions of Section 135 of the Companies Act, 2013 and rules framed thereunder.

Composition	<ol style="list-style-type: none"> 1. Mr. Arvind Roshan Hali, Managing Director & CEO 2. Ms Raakhe Kapoor Tandon, Non-Executive Director 3. Lt. Gen. (Retd) Dr. S P Kochhar, Independent Director
Terms of Reference	<ol style="list-style-type: none"> 1. To formulate and recommend the Board, a Corporate Social Responsibility Policy in compliance with Section 135 of the Companies Act, 2013. 2. To identify the activities to be undertaken as per Schedule VII of the Companies Act, 2013. 3. To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company. 4. To recommend the amount of CSR expenditure to be incurred on the earmarked CSR activities. 5. To monitor the implementation of the CSR Policy through periodic reviews of the CSR activities from time to time. 6. Such other functions as the Board may deem fit.

v. Asset Liability Management Committee (ALCO)

The Company have in place Asset Liability Management Committee which was constituted in accordance with National Housing Bank Guidelines.

Composition and Size	<ol style="list-style-type: none"> 1. Mr. Arvind Roshan Hali, Managing Director & CEO 2. Mr. Amar Bahl, Chief Operating Officer 3. Mr. Manish Singh, Business Head 4. Mr. Ranjeet Mishra, Credit Head 5. Mr. Ujjwal Abhishek, Chief Manager- Treasury 6. Mr. Vikas Rana, Head- Operations 7. Mr. Vipin Jain, Executive Vice President & CFO
Terms of Reference	<ul style="list-style-type: none"> • To review the treasury operations of the Company at least once a quarter. • To ensure adherence to the limits set by the Board as well as for deciding the business strategy of the Company on the assets and liabilities sides in line with the budget and pre-decided risk management objectives of the Company. • Responsible for integrated balance sheet management from risk return perspective including the strategic management of interest rate and liquidity risk. • To consider, inter- alia, product pricing for both deposits and advances, desired maturity profile and mix of the incremental asset and liabilities, prevailing interest rates offered by other peer housing finance companies for similar services/ product, etc. • To review the results of and progress in implementation of the decisions made in its previous Meetings. • To articulate the current interest rate view of the Company and to base its decision for future business strategy on this. • To develop a view on future direction of interest rate movements and decide on funding mixes between fixed vs. floating rate funds, wholesale vs. retail funds, money market vs. capital market funding, domestic vs. foreign currency funding, etc. • To work under the overall supervision and guidance of the Board and to submit its report, observations, views, etc. to the Board from time to time. It may form one or more support working group of such compositions, as it deems necessary for analysing, monitoring and reporting the risk profiles to it time to time.

AUDITORS

1. Statutory Auditors

The Statutory Auditors of the Company are appointed in accordance with the provisions of the Companies Act.

The Audit Committee has reviewed the independence and performance of the Statutory Auditors and the effectiveness of the audit process periodically.

Further, the Company shall rotate the partner(s) of the Chartered Accountant firm(s) conducting the statutory audit of the Company every three years or such other earlier period as may be decided by the Board, so that the same partner does not conduct audit of the Company continuously for more than a period of three years. However, the partner so rotated shall be eligible for conducting the audit of the Company after an interval of three years. The Company shall incorporate appropriate terms to this effect in the letter of appointment of the firm of auditors and ensure its compliance.

2. Secretarial Auditors

The Company has appointed M/s Dolly Vilacha & Co, as secretarial auditor in terms of Section 204 of the Act for the Financial Year 2017-18 who conducted audit of the secretarial and related records of the Company.

CODES AND POLICES

In accordance with the provisions of the Act, Directions/Guidelines issued by National Housing Bank (NHB) and other applicable laws, the Company has formulated various Codes and Policies to ensure high ethical standards in the overall functioning of the Company.

The key codes and policies as approved by the Board of Directors inter-alia include the following:

i. Board Evaluation Policy

The Company has in place Board Evaluation Policy as required under Section 178 read with Clause VIII of Schedule IV of the Companies Act, 2013. This policy, inter-alia, lays down the criteria for identifying the persons who are qualified to become directors and Key Managerial Personnel of the Company, to determine the qualifications, positive attributes and independence of the Board & ensure Board Diversity, to lay down the criteria for determining

the remuneration of the Directors, Key Managerial Personnel and other employees and to specify the manner for effective evaluation of the performance of Board of Directors (including Independent Directors), its committees and individual directors and to set up criteria for evaluation of the performance of other employees of the Company.

- **Whistle Blower Policy and Code of Conduct**

As a good corporate governance practice, the Company has in place Whistle Blower Policy and Code of Conduct for the employees of the Company. The objective of the policy is to established a vigil mechanism by way of 'Whistle Blower Policy', to report to the management instances of unethical practices, illegal activities and/or actual or suspected fraud or violation of the company's code of conduct or ethics policy. It also provides for direct access to the Chairman of the Audit Committee in exceptional cases and ensures that the Whistleblower is provided with adequate safeguards against victimisation.

- **Fair Practice Code**

The Company has in place Fair Practice Code as per the guidelines issued by NHB. This Code includes guidelines in appropriate staff conduct when dealing with the customers and on the Company's policies vis-à-vis client protection. It captures the spirit of National Housing Bank guidelines on fair practices for Housing Finance Companies.

- **Comprehensive Risk Management Policy**

The Company has in place Risk Management Policy as per the guidelines issued by NHB The Company is committed to manage its risk in a proactive manner and adopts a structured and disciplined approach to risk management by developing and implementing risk management program. This policy has been formulated inter-alia to ensure that there is a formal process for risk identification, risk assessment and risk mitigation.

- **Fit and Proper Criteria Policy**

The Company has in place Fit and Proper Criteria policy as per the guidelines issued by NHB. This Policy lays down the process and procedure of due diligence of Director(s)

to ensure that they fulfil the 'fit and proper' criteria and to determine their suitability for appointment/ re-appointment as a Director(s) on the Board of the Company. It also aims to ensure that each Director on the Board of the Company continues to meet the fit and proper criteria on an on-going basis.

- **Policy on "Know Your Customer and Anti Money Laundering Measures"**

The Company has in place Know Your Customer and Anti Money Laundering Measures policy as per the guidelines issued by NHB. This Policy has been formulated in line with the Know Your Customer and Anti Money Laundering

guidelines prescribed by NHB for the Company's lending/credit operations/ financial dealings.

- **Policy on "Prevention of Sexual Harassment Policy"**

The Company has in place Prevention of Sexual Harassment Policy as required under Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act"). The objective of this policy is to provide protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith.



FINANCIAL STATEMENTS

Independent Auditor's Report

On Standalone Financial Statements for the year ended 31 March, 2018

To the Members of

ART Affordable Housing Finance (India) Limited

(formerly, RAAS Affordable Housing Finance (India) Limited)

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **ART Affordable Housing Finance (India) Limited** *(formerly, RAAS Affordable Housing Finance (India) Limited)* ('the Company'), which comprise the Balance Sheet as at 31 March, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so

required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2018, its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure I, 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 purpose 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 standalone financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the

Company as on 31 March, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 8 May, 2018 as per Annexure II expressed an unmodified opinion; and

- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (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 litigation which would impact its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November, 2016 to 30 December, 2016 which are not relevant to these standalone financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiook & Associates**
Chartered Accountants
Firm's Registration No.: 001329N

sd/-
per **Arun Tandon**
Partner
Membership No.: 517273

Place: New Delhi
Date: 8 May, 2018

Annexure I to the Independent Auditor's Report of even date to the members of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited], on the standalone financial statements for the year ended 31 March, 2018

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, 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 clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank or financial institution during the year. The Company has no loans or borrowings payable to government and did not have any outstanding debentures during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained.
- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

- (xi) Managerial remuneration has been paid or provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has made preferential allotment of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised were applied for the purposes for which these securities were issued, though

idle funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Associates**
Chartered Accountants
Firm's Registration No.: 001329N

sd/-
per **Arun Tandon**
Partner
Membership No.: 517273

Place: New Delhi
Date: 8 May, 2018

Annexure II to the Independent Auditor's Report of even date to the members of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited], on the standalone financial statements for the year ended 31 March, 2018

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited] ('the Company') as at and for the year ended 31 March, 2018, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. 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 (the 'Guidance Note') 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require

that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

5. 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 IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR include 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention

or timely detection of unauthorised 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls

over financial reporting and such controls were operating effectively as at 31 March, 2018, 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 issued by the ICAI.

For **Walker Chandiok & Associates**
Chartered Accountants
Firm's Registration No.: 001329N

per **Arun Tandon**
Partner
Membership No.: 517273

Place: New Delhi

Date: 8 May, 2018

Balance Sheet

as at 31 March, 2018

Particulars	Notes	(Amount in ₹)	
		As at 31 March, 2018	As at 31 March, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	3,750,000,000	1,150,000,000
Reserves and surplus	4	3,906,583	(102,484,823)
		3,753,906,583	1,047,515,177
Non-current liabilities			
Long-term borrowings	5	425,437,606	10,000,000
Other long-term liabilities	6	7,300,541	4,838,240
Long-term provisions	7	20,484,502	6,951,949
		453,222,649	21,790,189
Current liabilities			
Short-term borrowings	8	108,485,898	-
Other current liabilities	9	559,780,561	117,794,280
Short-term provisions	10	3,277,193	396,569
		671,543,652	118,190,849
TOTAL		4,878,672,884	1,187,496,215
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	81,460,414	88,464,856
Intangible assets	11	9,776,563	6,021,155
Capital work in progress		-	2,398,494
Deferred tax assets (net)	12	2,603,200	41,365,038
Non-current investments	13	500,000	500,000
Long-term loans and advances	14	4,159,397,360	949,842,325
		4,253,737,537	1,088,591,868
Current assets			
Cash and bank balances	15	115,102,514	58,313,923
Short-term loans and advances	16	485,577,147	40,017,225
Other current assets	17	24,255,686	573,199
		624,935,347	98,904,347
TOTAL		4,878,672,884	1,187,496,215

The accompanying notes form an integral part of these standalone financial statements.

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

For **Walker Chandio & Associates**
Chartered Accountants

sd/-
per **Arun Tandon**
Partner

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

sd/-
Ritika Sati
Company Secretary
Membership No. ACS 24016

sd/-
Vipin Jain
Chief Financial Officer
PAN: AEGPJ9530E

sd/-
Raakhe K Tandon
Non-Executive Director
DIN 00601988

sd/-
Arvind Hali
Managing Director and
Chief Executive Officer
DIN 05285114

Place : New Delhi
Dated : 8 May, 2018

Statement of Profit and Loss

for the year ended 31 March, 2018

(Amount in ₹)

Particulars	Notes	Year ended 31 March, 2018	Year ended 31 March, 2017
Revenue			
Revenue	18		
Revenue from operations	19	414,414,769	104,892,607
Other income		67,216,601	11,798,105
Total revenue		481,631,370	116,690,712
Expenses			
Employee benefits expense	20	197,639,750	111,147,514
Finance costs	21	13,868,951	2,502,513
Depreciation and amortisation expense	11	18,319,298	14,300,666
Other expenses	22	98,157,171	62,759,295
Total expenses		327,985,170	190,709,988
Profit /(loss) before tax		153,646,200	(74,019,276)
Tax expense			
- Current tax		32,941,526	-
- Minimum alternate tax credit entitlement		(24,448,570)	-
- Deferred tax expense/ (benefit)		38,761,838	(22,418,777)
Profit /(loss) after tax		106,391,406	(51,600,499)
Earnings per share	23		
- Basic		0.37	(0.51)
- Diluted		0.37	(0.51)

The accompanying notes form an integral part of these standalone financial statements.

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

For **Walker Chandiok & Associates**
Chartered Accountants

sd/-
per **Arun Tandon**
Partner

Place : New Delhi
Dated : 8 May, 2018

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

sd/-
Ritika Sati
Company Secretary
Membership No. ACS 24016

sd/-
Raakhe K Tandon
Non-Executive Director
DIN 00601988

sd/-
Vipin Jain
Chief Financial Officer
PAN: AEGPJ9530E

sd/-
Arvind Hali
Managing Director and
Chief Executive Officer
DIN 05285114

Cash Flow Statement

for the year ended 31 March, 2018

(Amount in ₹)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Cash flow from operating activities:		
Profit/ (Loss) before tax	153,646,200	(74,019,276)
Adjustments for:		
Depreciation and amortisation expense	18,319,298	14,300,666
Loss/(profit) on sale of fixed assets	22,802	(2,210)
Finance costs	13,868,951	2,502,513
Excess liability written back	(7,646,439)	(1,741,594)
Gain on mutual fund redemption	(30,072,466)	(8,209,978)
General provision for standard assets	18,460,718	1,092,448
Bad debts written off	2,603,234	5,123,581
Provision for sub-standard, doubtful and loss assets	-	898,700
	169,202,298	(60,055,150)
Direct taxes paid	32,941,526	-
Operating profit/ (loss) before working capital changes	202,143,824	(60,055,150)
Adjustments for:		
Loans disbursed (net)	(3,625,665,168)	(214,092,652)
(Increase) in other loans and advances and other current assets	(64,932,465)	(3,745,201)
Increase in other current liabilities and provisions	396,879,734	96,257,284
Increase in long-term liabilities	2,462,301	537,857
Net cash used in operating activities	(3,089,111,774)	(181,097,862)
Cash flow from investing activities:		
Purchase of fixed assets (including capital work in progress and capital advances)	(14,188,448)	(45,988,309)
Proceeds from disposal of fixed assets	2,197,876	2,765,516
Decrease in deposits with banks	(86,735,790)	(1,797,249)
Proceeds from redemption of current investments, net	30,072,466	8,209,978
Net cash (used in) investing activities	(68,653,896)	(36,810,064)

Cash Flow Statement (Cont...)

for the year ended 31 March, 2018

Particulars	(Amount in ₹)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Cash flow from financing activities:		
Proceeds from issuance of share capital	2,600,000,000	150,000,000
Proceeds from long term borrowings	436,222,000	17,000,000
Repayment of long term borrowings	(3,284,394)	-
Proceeds from short term borrowings	108,485,898	-
Interest and processing charges paid	(13,605,033)	(2,502,513)
Net cash generated from financing activities	3,127,818,471	164,497,487
Net (decrease) in cash and cash equivalents	(29,947,199)	(53,410,439)
Cash and cash equivalents at the beginning of the year	30,106,567	83,517,006
Cash and cash equivalents at the end of the year	159,368	30,106,567
	(29,947,199)	(53,410,439)

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

For **Walker Chandio & Associates**
Chartered Accountants

sd/-
per **Arun Tandon**
Partner

Place : New Delhi
Dated : 8 May, 2018

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

sd/-
Ritika Sati
Company Secretary
Membership No. ACS 24016

sd/-
Raakhe K Tandon
Non-Executive Director
DIN 00601988

sd/-
Vipin Jain
Chief Financial Officer
PAN: AEGPJ9530E

sd/-
Arvind Hali
Managing Director and
Chief Executive Officer
DIN 05285114

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

1. Company overview

ART Affordable Housing Finance (India) Limited (the 'Company') was incorporated on 16 July, 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. The main objects of the Company, inter alia, are to carry out the business of providing long term finance to individuals, companies, corporations, societies or association of persons for purchase/construction/repair and renovation of new/ existing flats/ houses for residential purposes and provide property related services.

2 Basis of preparation

The financial statements are prepared under historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under section 133 of the Companies Act, 2013 (the 'Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). These financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles in India. The accounting policies have been consistently applied by the Company.

2.1 Summary of significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to

accounting estimates is recognised in the current and future periods.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest income/ fees on housing and other loans given are recognised on accrual basis, except in case of interest on non-performing assets and charges for delayed payments and cheque bouncing, if any, which are recognised only when realised.
- ii. Loan origination income i.e. processing fees and other charges collected upfront, are recognised at the inception of the loan. Balance processing fee received at the time of disbursement is recognised as income at the time of disbursement.
- iii. Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- iv. Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

c) Classification and provisioning of loan portfolio

- (i) Loans and other credit facilities are classified as standard, sub-standard, doubtful and loss assets in accordance with the extant Housing Finance Companies, (NHB) Directions, 2010, as amended from time to time.
- (ii) Loans are provided for as per the management's estimates, subject to the minimum provision required as per the extant Housing Finance Companies, (NHB) Directions, 2010, as amended from time to time.

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

d) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost or fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in the value of the long-term investments.

e) Fixed assets

Tangible

Fixed assets (gross block) are stated at historical cost less accumulated depreciation and 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 fixed assets.

Intangible

Software which is not integral part of the hardware is classified as intangibles and is stated at cost less accumulated amortisation. These are recognised 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.

f) Depreciation and amortisation

Depreciation on tangible assets is provided on straight line method at the rates and in the manner prescribed in schedule II to the Act.

The intangible assets are being amortised over the useful life, as determined by the management.

Leasehold improvements have been amortised over the estimated useful life of the assets or the period of lease, whichever is lower.

g) Leases

Operating leases:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease.

h) Employee benefits

Wages, salaries and bonus/ variable pay are accrued in the period in which the associated services are rendered by employees of the Company.

The Company has two post employment plans in operation viz. Gratuity and Provident fund.

Provident fund

Provident fund benefit is a defined contribution plan under which the Company pays fixed contributions into funds established under Employees Provident Fund and Miscellaneous Provisions Act, 1952. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as and when they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature.

Gratuity

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on separation from the Company,

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

usually dependent on one or more factors such as age, years of service and remuneration. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation ('DBO') at the balance sheet date together with adjustments for unrecognised actuarial gains or losses and past service costs. The present value of DBO is calculated annually by an independent actuary using the projected unit credit method.

Other short-term benefits

Expense in respect of other short-term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

i) Taxes

Tax expense comprises current tax and deferred tax.

Current income-tax is determined as higher of the amount of tax payable calculated at the tax rates applicable to the relevant assessment year on the assessable income of the respective year or tax payable on book profit computed in accordance with the provisions of section 115JB of the Income-tax Act, 1961.

Deferred income-tax reflects the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future

taxable income will be available against which such losses can be set off.

Further, deferred tax asset appearing in books is reviewed at each reporting date and is written down to the extent it is not certain that the Company will pay taxes on future incomes against which such deferred tax asset may be adjusted.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income-tax during the specified period, i.e., the period for which MAT Credit is allowed to be carried forward. In the year in which the Company recognises MAT Credit as an asset, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement."

The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

j) Impairment of assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

k) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where the results would be anti-dilutive.

l) Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- i) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company; or
- ii) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- iii) present obligation, where a reliable estimate cannot be made.

Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made

m) Segment reporting

The Company operates in a single reportable segment i.e. lending, which have similar risks and returns for the purpose of Accounting Standard 17 on 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006 (as amended). The Company operates in a single geographical segment i.e. domestic.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term bank deposits with an original maturity of three months or less.

o) Borrowing cost

Borrowing costs, which are directly attributable to the acquisition/ construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred. Brokerage costs directly attributable to a borrowing are expensed over the tenure of the borrowing.

p) Properties acquired under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the 'SARFAESI Act').

The assets acquired by the Company under the SARFAESI Act, 2002 are classified as 'Stock of acquired properties' and are valued at net realisable value or outstanding dues, whichever is lower.

q) Share based payments

In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India as applicable for equity-settled share based payments.

The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

3 Share Capital

(Amount in ₹)

	As at 31 March, 2018		As at 31 March, 2017	
	Number	Amount (₹)	Number	Amount (₹)
Authorised share capital				
Equity shares of ₹ 10 each	400,000,000	4,000,000,000	115,000,000	1,150,000,000
Issued, subscribed and fully paid up capital				
Equity shares of ₹ 10 each	375,000,000	3,750,000,000	115,000,000	1,150,000,000

(a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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.

(b) Reconciliation of equity shares outstanding at the end of reporting period

(Amount in ₹)

	As at 31 March, 2018		As at 31 March, 2017	
	Number	Amount (₹)	Number	Amount (₹)
Shares outstanding at the beginning of the year	115,000,000	1,150,000,000	100,000,000	1,000,000,000
Add: Shares issued during the year	260,000,000	2,600,000,000	15,000,000	150,000,000
Shares outstanding at the end of the year	375,000,000	3,750,000,000	115,000,000	1,150,000,000

(c) Details of shares held by the Holding Company *

	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Capital (India) Private Limited	-	-	114,999,900	86.96%
ART Business and Consumer Finance (India) Private Limited	374,999,900	99.99%	-	-

* 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.

(d) Details of shares held by the subsidiary of the Holding Company *

	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Business and Consumer Finance (India) Private Limited	-	-	15,000,000	13.04%

* 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.

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

(e) Details of shareholders holding more than 5% of equity share capital of the Company *

	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Capital (India) Private Limited, the Holding Company	-	-	99,999,900	86.96%
ART Business and Consumer Finance (India) Private Limited	374,999,900	99.99%	15,000,000	13.04%

* 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.

(f) Employee Stock Option Schemes (ESOS)

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

The shareholders of the Company at their Meeting dated 29 May, 2017 approved the 'AAHF ESOS - MAY'2017' scheme consisting of 2,500,000 stock options representing 2,500,000 fully paid up equity shares of ₹ 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 29 May, 2017, 3 November, 2017 and 8 December, 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"). 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. 29 May, 2019, whereby the options vest on each vesting date as per the vesting schedule provided in the Scheme.

Details related to Employee Stock Option Schemes (ESOS) of the Company:

Particulars	AAHF 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

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

(vii) Option movement during the year (For each ESOS):

Particulars	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Number of options outstanding at the beginning of the year	-	-
Number of options granted during the year	2,105,000	-
Number of options forfeited/lapsed during the year	-	-
Number of options vested during the year	-	-
Number of options exercised during the year	-	-
Number of shares arising as a result of exercise of options	-	-
Money realized by exercise of options (INR), if scheme is implemented directly by the Company	-	-
Number of options outstanding at the end of the year	2,105,000	-
Number of stock exercisable at the end of the year	-	-

(g) No shares have been issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and brought back since the incorporation of the Company.

4 Reserves and surplus

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
(Deficit) as per Statement of Profit and Loss		
Opening balance as at the beginning of the year	(102,484,823)	(50,884,324)
Net profit/ (loss) for the year	106,391,406	(51,600,499)
Less: Appropriation to statutory reserve		
- Transferred to statutory reserve	9,905,949	-
- Special reserve u/s 36 (1)(viii) of Income-Tax Act, 1961	11,372,332	-
Closing balance as at the end of the year	(17,371,698)	(102,484,823)
Statutory reserve (As per the Section 29C of the National Housing Bank Act, 1987) read with section 36 (1) (viii) of Income-Tax Act, 1961		
Opening balance as at the beginning of the year	-	-
Add : Transferred from the statement of profit and loss	21,278,281	-
Less : Utilised during the year	-	-
Closing balance as at the end of the year	21,278,281	-
	3,906,583	(102,484,823)

Section 29C (i) of The National Housing Bank 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

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

transfer. The Company has transferred an amount of ₹ 15,132,493/- (Previous year - Nil) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of National Housing Bank Act 1987.

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

5 Long-term borrowings

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Secured		
Term loan		
- from National Housing Bank	136,886,000	-
- from banks	314,529,606	27,500,000
Less: Current maturities of long term borrowings (refer note 9)	(25,978,000)	(17,500,000)
	425,437,606	10,000,000

Repayment terms and security for the outstanding long-term borrowings (including current maturities)

From National Housing Bank:

- i) Term loan outstanding as at 31 March, 2018 amounting to ₹ 136,886,000 from National Housing Bank is repayable in 60 quarterly instalments commenced from 30 September, 2017 and ending on 31 January, 2033.

From Banks:

- i) Term loan outstanding as at 31 March, 2018 amounting to ₹ 54,531,250 from DCB Bank Limited is repayable in 16 equal quarterly instalments after a moratorium period of 6 months commencing from 31 August, 2017.
- ii) Term loan outstanding as at 31 March, 2018 amounting to ₹ 9,998,356 from Punjab and Sind Bank Limited is repayable in 20 equal quarterly instalments after a moratorium period of 24 months commencing from 30 June, 2019.
- iii) Term loan outstanding as at 31 March, 2018 amounting to ₹ 250,000,000 from State Bank of India is repayable in 20 equal quarterly instalments after a moratorium period of 24 months commencing from 31 December, 2019.

The aforementioned term loans are secured by way of hypothecation of the housing loan receivables with cover of 1.10 times to 1.25 times of the outstanding exposure. Further, the term Loan from Punjab and Sind Bank is also secured by a Corporate Guarantee from the Holding Company.

The interest rate for the aforementioned borrowings are linked to the Bank Base Rate/Marginal Cost of Fund Based Lending Rate (MCLR) of the respective lenders.

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

6 Other long-term liabilities

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Lease equalisation reserve	4,567,490	4,838,240
Advance from customers	2,733,051	-
	7,300,541	4,838,240

7 Long-term provisions

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Provision for employee benefits (refer note 'a' below)	964,280	1,902,139
Contingent provisions towards standard assets [refer note 27 and 29 VIII (e)]	19,520,222	4,151,110
Provision for sub standard, doubtful and loss assets [refer note 27 and 29 VIII (e)]	-	898,700
	20,484,502	6,951,949

a) Employee benefits

The Company is following Accounting Standard 15 (Revised 2005) 'Employee Benefits' and using Projected Unit Credit Method and other assumptions as per the market.

	(Amount in ₹)	
	(Funded) As at 31 March, 2018	(Unfunded) As at 31 March, 2017
Gratuity (funded)		
(i) Changes in present value of the defined benefit obligations:		
Present value of obligation as at the beginning of the year	895,045	522,985
Interest cost	64,891	36,609
Current service cost	1,151,145	532,675
Actuarial gain on obligations	41,934	(197,224)
Present value of obligation as at the end of the year	2,153,015	895,045
(ii) Changes in fair value of plan asset:		
Fair value of plan assets as at the beginning of the year	-	-
Actual return on plan assets	2,821	-
Contributions	1,178,951	-
Benefits paid	-	-
Fair value of plan assets as at the end of the year	1,181,772	-

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

	(Amount in ₹)	
	(Funded) As at 31 March, 2018	(Unfunded) As at 31 March, 2017
(iii) Amount of obligation recognised in Balance Sheet:		
Present value of the obligation at the end of the year	2,153,015	895,045
Fair value of plan assets at end of year	1,181,772	-
Net liability recognised in Balance Sheet	971,243	895,045

	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(iv) Expense recognised in the statement of profit and loss:		
Current service cost	1,151,145	532,675
Interest cost	64,891	36,609
Actual return on plan assets	(2,821)	
Actuarial loss/(gain) on obligations	41,934	(197,224)
Total expense recognised in the statement of profit and loss	1,255,149	372,060

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
(v) Assumptions used		
Discount rate	7.25%	7.00%
Future salary increase rate	10.00%	10.00%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
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.

The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan arising on the plan liabilities and the plan assets.

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

(Amount in ₹)

Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
Present value of defined benefit obligation	2,153,015	895,045	522,985	414,537	414,537
Fair value of plan assets	1,181,772	-	-	-	-
Surplus/(deficit) in plan assets	971,243	895,045	522,985	414,537	414,537

(Amount in ₹)

	As at 31 March, 2018	As at 31 March, 2017
Compensated absences (unfunded)		
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligations:-		
Present value of obligation as at the beginning of the year	1,225,038	304,320
Interest cost	-	21,302
Current service cost	(1,225,038)	928,372
Actuarial gain on obligations	-	(28,956)
Present value of obligation as at the end of the year	-	1,225,038

(Amount in ₹)

	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(ii) Breakup of the expense recognised in the statement of profit and loss is as follows:-		
Current service cost	(1,225,038)	928,372
Interest cost	-	21,302
Actuarial gain on obligations	-	(28,956)
Total expense recognised in the statement of profit and loss	(1,225,038)	920,718
Average past service (years)	NA	0.8 years
Average age (years)	NA	32.5 years
Average remaining working lives of employees (years)	NA	27.5 years

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

8 Short-term borrowings

	As at 31 March, 2018	As at 31 March, 2017
(Amount in ₹)		
Secured		
Term loan from banks	100,000,000	-
Loans repayable on demand- from banks	8,485,898	-
	108,485,898	-

Notes:

- i) Term loan amounting to ₹ 100,000,000 from HDFC Bank is repayable on 4 equal quarterly instalments commencing from 7 June, 2018. And is secured by way of hypothecation of the housing loan receivables with minimum cover of 1.11 times of the outstanding exposure.
- ii) Cash credit from DCB Bank Limited is repayable on demand and is secured by way of hypothecation of the housing loan receivables with minimum cover of 1.25 times of the outstanding exposure.
- iii) The aforementioned short-term borrowings carry interest ranging between 8.45% - 9.20%.

9 Other current liabilities

	As at 31 March, 2018	As at 31 March, 2017
(Amount in ₹)		
Current maturities of long-term borrowings (refer note 5)	25,978,000	17,500,000
Interest accrued but not due on borrowings	263,918	-
Employee related payables	17,545,667	4,481,760
Advance from customers	11,095,483	1,355,386
Statutory dues	2,727,295	516,529
Temporary book overdraft*	478,394,250	81,386,896
Lease equalisation reserve	826,890	-
Other accrued liabilities	22,949,058	12,553,709
	559,780,561	117,794,280

* temporary book overdraft of ₹ 478,394,250 (previous year- ₹ 81,386,896) represents cheques issued towards disbursements to borrowers for ₹ 478,394,250 (previous year - ₹ 76,306,168) and cheques issued for payment of expenses of ₹ Nil (previous year - ₹ 5,080,728), but not encashed as at 31 March, 2018.

10 Short-term provisions

	As at 31 March, 2018	As at 31 March, 2017
(Amount in ₹)		
Provision for employee benefits [Refer note 7(a)]	6,963	217,944
Contingent provisions towards standard assets [refer note 27 and 29 VIII (e)]	3,270,230	178,625
	3,277,193	396,569

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

11 Fixed assets

Gross block	Tangible assets					Intangible assets		Grand total
	Computer equipments	Furniture and fixtures	Office equipments	Vehicles	Plant and machinery	Leasehold improvements	Computer software	
Balance as at 31 March, 2016	4,082,141	741,945	711,364	4,208,000	-	1,021,249	1,960,488	12,725,187
Additions	14,838,411	18,936,318	16,107,334	2,000,000	3,383,483	40,910,371	5,125,587	101,301,504
Disposals	-	-	10,395	3,850,000	-	-	-	3,860,395
Balance as at 31 March, 2017	18,920,552	19,678,263	16,808,303	2,358,000	3,383,483	41,931,620	7,086,075	110,166,296
Additions	6,873,317	1,291,022	1,177,400	-	-	2,430,203	5,519,000	17,290,942
Disposals	65,853	1,201,910	102,120	2,000,000	-	1,086,325	-	4,456,208
Balance as at 31 March, 2018	25,728,016	19,767,375	17,883,583	358,000	3,383,483	43,275,498	12,605,075	123,001,030
Accumulated depreciation and amortisation								
Balance as at 31 March, 2016	1,284,837	53,514	85,762	731,572	-	198,654	122,369	2,476,708
Charge for the year	3,069,532	1,407,982	1,231,279	1,091,097	169,080	6,389,145	942,551	14,300,666
Adjustments on disposal of assets	-	-	2,210	1,094,879	-	-	-	1,097,089
Balance as at 31 March, 2017	4,354,369	1,461,496	1,314,831	727,790	169,080	6,587,799	1,064,920	15,680,285
Charge for the year	5,201,369	2,128,811	1,718,432	466,643	229,786	6,810,665	1,763,592	18,319,298
Adjustments on disposal of assets	23,297	85,146	30,726	1,010,036	-	1,086,325	-	2,235,530
Balance as at 31 March, 2018	9,532,441	3,505,161	3,002,537	184,397	398,866	12,512,139	2,828,512	31,764,053
Net block								
Balance as at 31 March, 2018	16,195,575	16,262,214	14,881,046	173,603	2,984,617	30,963,359	9,776,563	91,236,977
Balance as at 31 March, 2017	14,566,183	18,216,767	15,493,472	1,630,210	3,214,403	35,343,821	6,021,155	94,486,011

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

12 Deferred tax asset, net

	As at 31 March, 2018	As at 31 March, 2017
	(Amount in ₹)	
Deferred tax asset arising on account of timing difference on :		
Unabsorbed business loss and depreciation	-	39,987,098
Provision for lease equalisation	1,570,843	1,495,016
Provision for standard assets, sub-standard, doubtful and loss assets	6,636,580	1,615,586
Others	483,791	1,081,604
Less: Deferred tax liability arising on account of timing difference on:		
Timing difference on depreciation/amortisation of tangible assets	(2,776,391)	(2,814,266)
Special reserve under section 36(1)(viii) of the Income-Tax Act	(3,311,623)	-
	2,603,200	41,365,038

13 Non current investments

(Non-trade investments, valued at cost)

	As at 31 March, 2018	As at 31 March, 2017
	(Amount in ₹)	
Investment in equity instruments		
- In a subsidiary company (unquoted)		
50,000 (previous year 50,000) equity shares of ₹ 10 each in ART Distribution (I) Private Limited	500,000	500,000
	500,000	500,000
Aggregate amount of unquoted investments	500,000	500,000

14 Long-term loans and advances

(Considered good)

	As at 31 March, 2018	As at 31 March, 2017
	(Amount in ₹)	
Housing loans		
Secured		
- Individuals	2,397,101,754	622,061,311
- Others	286,012,774	-

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Others loans		
Secured		
- Individuals	839,902,183	313,677,982
- Others	603,279,985	4,720,145
(Unsecured and considered good)		
Security deposits	7,238,384	6,828,700
Capital advances	500,000	1,204,000
Prepaid income-tax (net)	913,710	1,350,187
Minimum alternate tax credit entitlement	24,448,570	-
	4,159,397,360	949,842,325

15 Cash and bank balances

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Cash and cash equivalents		
Bank balances in		
- Current accounts	159,368	10,106,567
- Deposits with original maturity upto three months	-	20,000,000
	159,368	30,106,567
Other bank balances		
Deposits with maturity of less than three months	600,000	-
Deposits with maturity more than three months but less than twelve months	114,343,146	28,207,356
	115,102,514	58,313,923

16 Short-term loans and advances

(Considered good)

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Housing loans		
Secured		
- Individuals	118,252,533	16,069,661
- Others	192,136,353	-

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Other loans		
Secured		
- Individuals	34,605,437	14,277,191
- Others	127,920,840	141,623
(Unsecured and considered good)		
Loan - others	-	5,202,012
Advances recoverable in cash or in kind or for value to be received	12,068,084	2,538,807
(Unsecured)		
Security deposits	593,900	501,344
Balances with government authorities	-	1,286,587
	485,577,147	40,017,225

17 Other current assets

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Interest		
- accrued and due on loans	1,108,948	558,473
- accrued but not due on loans	18,687,280	-
- accrued on fixed deposits	1,071,358	14,726
Stock of acquired properties (held for sale)	3,388,100	-
	24,255,686	573,199

18 Revenue from operations

	(Amount in ₹)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Interest on housing loans and other loans	274,966,100	85,108,629
Interest income on deposits with banks	39,986,961	4,266,137
Fees and other charges	99,461,708	15,517,841
	414,414,769	104,892,607

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

19 Other income

	(Amount in ₹)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Excess liability written back	7,646,439	1,741,594
Gain on sale of current investments	30,072,466	82,09,978
Profit on disposal of assets	-	2,210
Miscellaneous income	29,497,696	1,844,323
	67,216,601	11,798,105

20 Employee benefits expense

	(Amount in ₹)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Salaries, wages and bonus	186,248,289	105,685,351
Contribution to provident fund and other funds	8,106,549	4,250,379
Contribution to gratuity	1,255,149	372,060
Staff welfare expenses	2,029,763	839,724
	197,639,750	111,147,514

21 Finance costs

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Interest expense		
- on borrowings	10,643,451	1,295,951
Processing fees	3,225,500	1,206,562
	13,868,951	2,502,513

22 Other expenses

	(Amount in ₹)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Rent (net)	11,234,726	15,508,206
Rates and taxes	2,693,110	2,222,446
Electricity (net)	2,960,325	3,203,853
Directors sitting fees	510,400	460,000

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

	(Amount in ₹)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Legal and professional charges	27,149,569	10,457,671
Office maintenance expenses (net)	3,532,713	5,578,703
Security expenses	495,907	905,838
Insurance expenses	1,484,532	597,719
Membership and fees	256,178	113,549
Commission expenses	7,887,173	2,504,859
Communication expenses	5,834,339	3,604,247
General provision for standard assets	18,460,718	1,092,448
Provision for sub-standard assets	-	898,700
Loss of disposal of fixed assets	22,802	-
Bad debts written off	2,603,234	5,123,581
Advertisement and business promotion expenses	2,465,492	2,374,720
Travelling and conveyance	6,908,974	4,378,900
Recruitment charges	488,719	2,078,099
Miscellaneous expenses	3,168,260	1,655,756
	98,157,171	62,759,295

23 Earnings per share - Basic and diluted

	(Amount in ₹)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
(a) Computation of profit/(loss) attributable to equity shareholders		
Net profit/ (loss) after tax attributable to equity shareholders	106,391,406	(51,600,499)
(b) Computation of weighted average number of shares		
Basic (in nos.)	284,876,712	101,191,781
Diluted (in nos.)	286,491,082	101,191,781
(c) Nominal value of equity share	10	10
(d) Earnings per share		
- Basic	0.37	(0.51)
- Diluted	0.37	(0.51)

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

24 Related party disclosures

Related party disclosures, as required by Accounting Standard 18 - Related party disclosures prescribed in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government in exercise of the powers conferred under section 133 of the Companies Act, 2013 are given below:

Holding Company	: M/s ART Capital (India) Private Limited (Upto 20 March, 2018)
	: M/s ART Business and Consumer Finance (India) Private Limited (from 21 March, 2018)
Subsidiary of Holding Company	: M/s ART Business and Consumer Finance (India) Private Limited (Upto 20 March, 2018)
Holding of Holding Company	: M/s ART Capital (India) Private Limited (from 21 March, 2018)
Subsidiary Company	: M/s ART Distribution (India) Private Limited
Key management personnel (KMP)	: Arvind Hali, Managing Director and Chief Executive Officer
	: Raakhe K Tandon, Non-Executive Director (from 6 October, 2017)
Other entities in which key management personnel or their relatives have significant influence	: Ncube Planning and Design Private Limited
	: PAFM Security Solutions Private Limited
	: Petra Asset and Facility Management Private Limited
	: RAVI Renewable Energy & Lighting India Private Limited
	: Rurban Agri Ventures India Private Limited (Formerly Rural Agri Ventures India Private Limited)
	: RAVI Integrated Logistics (India) Private Limited

Transactions with related parties during the year

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Transactions during the year		
Holding Company		
ART Capital (India) Private Limited [formerly known as RAAS Capital (India) Private Limited]		
Corporate guarantee received for borrowings	-	250,000,000
Reimbursement of expenses received	9,000,000	-
Transfer of fixed assets	1,076,628	-
ART Business and Consumer Finance (India) Private Limited		
Issue of share capital	2,600,000,000	150,000,000
Reimbursement of expenses received	21,000,000	-

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

	(Amount in ₹)
	For the year ended 31 March, 2018
	For the year ended 31 March, 2017
Key management personnel	
Remuneration paid	
Rajat Baldhi	-
Raakhe K Tandon	687,274
Arvind Hali	12,424,598
8,887,420	
Other entities in which key management personnel or their relative has significant influence	
Reimbursement of expenses paid	
Best Networks Private Limited	-
1,994,601	
Reimbursement of expenses received	
RAVI Renewable Energy & Lighting India Private Limited	3,448,005
648,021	
Rurban Agri Ventures India Private Limited (Formerly Rural Agri Ventures India Private Limited)	2,539,684
671,021	
RAVI Integrated Logistics (India) Private Limited	3,780,261
-	
Fixed assets/ Capital work in progress	
Ncube Planning and Design Private Limited	-
13,985,869	
Petra Asset and Facility Management Pvt Ltd	-
171,105	
Payment of office maintenance and security expenses	
PAFM Security Solutions Private Limited	-
776,780	
Petra Asset and Facility Management Pvt Ltd	-
2,341,577	
Balance outstanding as at the end of year	
Other entities in which key management personnel or their relative has significant influence	
Retention money payable	
Ncube Planning and Design Private Limited	-
2,335,982	
Advances/ expenses recoverable	
RAVI Renewable Energy & Lighting India Private Limited	795,847
-	
Rurban Agri Ventures India Private Limited (Formerly Rural Agri Ventures India Private Limited)	439,371
-	
RAVI Integrated Logistics (India) Private Limited	771,422
-	
ART Capital (India) Private Limited [formerly known as RAAS Capital (India) Private Limited]	1,076,628
-	
Payable for expenses	
PAFM Security Solutions Private Limited	-
50,431	
Petra Asset and Facility Management Pvt Ltd	-
162,300	
Ncube Planning and Design Private Limited	-
2,599,519	

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 and provision for variable pay as the amount payable is unknown.

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

25 Payments to statutory auditors *

	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
As auditors	250,000	200,000
Other services	75,000	75,000
For reimbursement of expenses	58,450	16,600
	383,450	291,600

* excluding applicable taxes

26 Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and others, and not provided for (net of capital advances) is ₹ 6,131,900/- (previous year ₹ Nil).

27 Reconciliation of provisions

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Contingent provision against loans		
Balance at the beginning of the year	4,329,734	3,237,287
Provisions made during the year	18,460,718	1,092,447
Balance at the end of the year	22,790,452	4,329,734
Provision for sub standard assets, doubtful or loss assets		
Balance at the beginning of the year	898,700	-
Provisions made/ (reversed) during the year	(898,700)	898,700
Balance at the end of the year	-	898,700

28 (i) Disclosures in respect of non-cancellable operating leases

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Rent payable not later than one year	17,189,069	15,806,040
Rent payable later than one year but not later than five years	43,927,620	61,116,688
Rent payable later than five years	-	-

- (ii) Lease payments under operating leases are recognised as an expense in the Statement of Profit and Loss as rentals, out of which an amount of ₹ Nil (previous year ₹ 4,093,623) has been capitalised as capital work in progress.

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

29 Additional Disclosures in terms of Circular no. Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9 February, 2017

I Capital

	As at 31 March, 2018	As at 31 March, 2017
	(Amount in ₹)	
(i) Capital to Risk Asset Ratio - CRAR (%)	104.29%	127.44%
(ii) CRAR-Tier I Capital (%)	103.66%	126.89%
(iii) CRAR-Tier II Capital (%)	0.63%	0.55%
(iv) Amount of subordinated debt raised as Tier- II Capital	Nil	Nil
(v) Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

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

	As at 31 March, 2018	As at 31 March, 2017
	(Amount in ₹)	
Balance at the beginning of the year		
a) Statutory reserve under section 29C of the National Housing Bank Act, 1987	Nil	Nil
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	Nil	Nil
c) Total	Nil	Nil
Addition/ appropriation/ withdrawal during the year		
Add:		
a) Amount transferred under section 29C of the NHB Act, 1987	9,905,949	Nil
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	11,372,332	Nil
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

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Balance at the end of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	9,905,949	Nil
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	11,372,332	Nil
c) Total	21,278,281	Nil

III Investments

	(Amount in ₹)	
Particulars	As at 31 March, 2018	As at 31 March, 2017
Value of investments		
(i) Gross value of investments		
(a) In India	500,000	500,000
(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	500,000	500,000
(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

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

IV Derivatives

a. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
(i) The notional principal of swap agreements	Nil	Nil
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	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 book	Nil	Nil

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

b. Exchange Traded Interest Rate (IR) Derivative

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
(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

Disclosures on risk exposure in derivatives

c. Qualitative Disclosure - not applicable

d. 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 year/ previous year

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

V Securitisation

a. Particulars	Numbers	Amount
1. Number of Special Purpose Entities (SPV's) 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 securitisations	Nil	Nil
b) Exposure to third party securitisations	Nil	Nil
(II) On-balance sheet exposures towards credit concentration	Nil	Nil
a) Exposure to own securitisations	Nil	Nil
b) Exposure to third party securitisations	Nil	Nil

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

b. Details of financial assets sold to securitisation / reconstruction company for asset reconstruction

Particulars	As at 31 March, 2018	As at 31 March, 2017
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to Securitisation Company / Reconstruction Company	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realised in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

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

c. Details of assignment transactions undertaken by HFCs

Particulars	As at 31 March, 2018	As at 31 March, 2017
(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 realised 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 year/ previous year

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

d. Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:

Particulars	As at 31 March, 2018	As at 31 March, 2017
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 31 March, 2018	As at 31 March, 2017
1. Number of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

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

VI Assets Liability Management (Maturity pattern of certain items of Assets/ Liabilities)

31 March, 2018

(Amount in ₹)

	Liabilities		Assets	
	Borrowings from banks/ NHB	Market borrowings	Advances	Investments
1 day to 30-31 days (one month)	2,082,000	-	21,570,357	-
Over one month to 2 months	3,906,250	-	21,818,959	-
Over 2 months upto 3 months	25,000,000	-	22,070,554	-
Over 3 months to 6 months	40,149,148	-	70,150,843	-
Over 6 months to 1 year	63,326,500	-	337,304,450	-
Over 1 year to 3 years	213,304,356	-	917,808,341	-
Over 3 years to 5 years	129,712,250	-	635,786,950	-
Over 5 years to 7 years	22,056,000	-	427,779,887	-
Over 7 years to 10 years	30,070,000	-	661,777,841	-
Over 10 years	30,295,000	-	1,483,143,677	500,000
Total	559,901,504	-	4,599,211,859	500,000

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

Maturity pattern of certain items of assets and liabilities

31 March, 2017

	Liabilities		Assets	
	Borrowings from banks/ NHB	Market borrowings	Advances	Investments
	(Amount in ₹)			
1 day to 30-31 days (one month)	-	-	2,450,707	-
Over one month to 2 months	-	-	2,412,480	-
Over 2 months upto 3 months	-	-	7,640,867	-
Over 3 months to 6 months	3,125,000	-	7,477,789	-
Over 6 months to 1 year	14,375,000	-	15,708,645	-
Over 1 year to 3 years	10,000,000	-	73,225,282	-
Over 3 years to 5 years	-	-	84,972,036	-
Over 5 years to 7 years	-	-	101,409,266	-
Over 7 years to 10 years	-	-	191,231,414	-
Over 10 years	-	-	489,621,438	500,000
Total	27,500,000	-	976,149,924	500,000

Note: Deposits, foreign currency liabilities and foreign currency assets are Nil

VII Exposure

a. Exposure to Real Estate Sector

Category	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
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 ₹ 15 lakhs	1,502,912,713	273,092,231
- Others	1,761,597,378	620,230,855
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.)	1,334,701,768	77,624,827
iii) Investments in Mortgage Backed Securities (MBS) and 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

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

b. Exposure to Capital Market

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
(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

c. Details of Financing of parent company products

None

d. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

None

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

VIII Other disclosures

a. Registration obtained from other financial sector regulators None

b. Disclosure of Penalties imposed by NHB and other regulators

	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
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	Nil	Nil

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

During the year CARE as assigned upgraded Rating of 'A-' from earlier rating of 'BBB' by ICRA. The rating of 'A-' assigned by CARE is not accepted by the Company for further review and upgradation

d. Provisions and Contingencies

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

	(Amount in ₹)	
Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
1. Provisions for depreciation on investment	Nil	Nil
2. Provision made towards income-tax	32,941,526	Nil
3. Provision towards sub standard, doubtful and loss assets	Nil	898,700
4. Provision for standard assets (with details like teaser loan, CRE, CRE-RH etc.)		
Teaser loans	Nil	Nil
CRE	7,846,029	388,731
CRE -RH	3,564,266	75,106
Other standard assets	7,050,423	628,610
5. Other provision and contingencies (with details)		
Gratuity, compensated absences	30,111	1,292,778
Employee benefits	17,545,667	4,481,760
Provision for expenses	20,862,817	9,950,750

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

e. Break up of loan and advances and provisions thereon

(Amount in ₹)

Particulars	Housing loans		Non-Housing loans	
	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2018	As at 31 March, 2017
Standard assets				
a) Total outstanding amount	2,994,141,195	637,169,024	1,606,179,612	333,548,040
b) Provisions made	11,273,350	2,609,912	11,517,102	1,719,822
Sub-standard assets				
a) Total outstanding amount	-	1,520,421	-	4,470,913
b) Provisions made	-	228,063	-	670,637
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	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
Total				
a) Total outstanding amount	2,994,141,195	638,689,445	1,606,179,612	338,018,953
b) Provisions made	11,273,350	2,837,975	11,517,102	2,390,459

Concentration of public deposits, advances, exposures and NPAs

f. Concentration of public deposits (for public deposit taking/holding HFCs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Total deposits of twenty largest depositors	Not applicable	Not applicable
Percentage of deposits of twenty largest depositors to total deposits of the HFC	Not applicable	Not applicable

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

g. Concentration of loans and advances

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Total loans and advances to twenty largest borrowers	1,305,099,541	127,155,426
Percentage of loans and advances to twenty largest borrowers to total advances of the HFC	28.37%	13.02%

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

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Total exposure to twenty largest borrowers / customers	1,464,863,231	130,266,460
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers/ customers	25.20%	11.06%

i. Concentration of NPAs

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Total exposure to top ten NPA accounts	-	59,91,334

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

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
A. Housing loans:		
1. Individuals	Nil	0.24%
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil
B. Non-Housing loans:		
1. Individuals	Nil	1.34%
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

k. Movement of NPAs

Particulars	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
I) Net NPAs to net advances (%)	0.00%	0.52%
II) Movement of NPAs (Gross)		
a) Opening balance	5,991,334	Nil
b) Additions during the year	3,078,023	11,114,915
c) Reductions during the year	9,069,357	5,123,581
d) Closing balance	-	5,991,334
III) Movement of net NPAs		
a) Opening balance	5,092,634	Nil
b) Additions during the year	2,616,320	5,092,634
c) Reductions during the year	7,708,954	-
d) Closing balance	-	5,092,634
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	898,700	Nil
b) Provisions made during the year	461,703	6,022,281
c) Write-off/write-back of excess provisions	1,360,403	5,123,581
d) Closing balance	-	898,700

l. Overseas assets

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
None	Nil	Nil

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

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
None	Nil	Nil

Summary of significant accounting policies and other explanatory information

to the financial statements for the year ended 31 March, 2018

n. Customers complaints

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
a) No. of complaints pending at the beginning of the year	Nil	Nil
b) No. of complaints received during the year	54	8
c) No. of complaints redressed during the year	54	8
d) No. of complaints pending at the end of the year	Nil	Nil

30 Based on the information available with the Company, no principal or interest is payable to micro, small and medium enterprises at the balance sheet date. Further, no interest during the year has been paid or was payable in this respect. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company.

31 Previous year figures have been regrouped/reclassified wherever considered necessary to make them in line with that of the current year.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiook & Associates**
Chartered Accountants

sd/-
per **Arun Tandon**
Partner

Place : New Delhi
Dated : 8 May, 2018

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

sd/-
Ritika Sati
Company Secretary
Membership No. ACS 24016

sd/-
Raakhe K Tandon
Non-Executive Director
DIN 00601988

sd/-
Vipin Jain
Chief Financial Officer
PAN: AEGPJ9530E

sd/-
Arvind Hali
Managing Director and
Chief Executive Officer
DIN 05285114

Independent Auditor's Report

On Consolidated Financial Statements for the year ended 31 March, 2018

To the Members of

ART Affordable Housing Finance (India) Limited

(formerly, RAAS Affordable Housing Finance (India) Limited)

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited] ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2018, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;

and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these consolidated financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Holding Company's preparation of the consolidated financial

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

7. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on these consolidated financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2018, their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 purpose of our audit of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;

- c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
- e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company and taken on record by the Board of Directors of the Holding Company and subsidiary company respectively, none of the directors of the Group companies are disqualified as on 31 March 2018 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 Holding Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure I'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - (i) There were no pending litigations as at 31 March 2017 which would impact the consolidated financial position of the Group;
 - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company during the year ended 31 March 2018; and
- (iv) The disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November 2016 to 30 December 2016 which are not relevant to these consolidated financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Associates**

Chartered Accountants

Firm's Registration No.: 001329N

sd/-

per **Arun Tandon**

Partner

Membership No.: 517273

Place: New Delhi

Date: 8 May, 2018

Annexure I to the Independent Auditor's Report of even date to the members of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited], on the consolidated financial statements for the year ended 31 March 2018

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the 'Act')

1. In conjunction with our audit of the consolidated financial statements of the ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited] ('the Holding Company'), as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note of Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') 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 the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10)

of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

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

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company.

Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR 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 IFCoFR 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Holding Company has in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, 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 issued by the ICAI.

For **Walker Chandiook & Associates**

Chartered Accountants

Firm's Registration No.: 001329N

sd/-

per **Arun Tandon**

Partner

Membership No.: 517273

Place: New Delhi

Date: 8 May, 2018

Consolidated Balance Sheet

as at 31 March, 2018

Particulars	Notes	(Amount in ₹)	
		As at 31 March, 2018	As at 31 March, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	3,750,000,000	1,150,000,000
Reserves and surplus	5	3,675,501	(102,659,269)
		3,753,675,501	1,047,340,731
Non-current liabilities			
Long-term borrowings	6	425,437,606	10,000,000
Other long-term liabilities	7	7,300,541	4,838,240
Long-term provisions	8	20,484,502	6,951,949
		453,222,649	21,790,189
Current liabilities			
Short-term borrowings	9	108,485,898	-
Other current liabilities	10	559,852,186	117,646,852
Short-term provisions	11	3,277,193	396,569
		671,615,277	118,043,421
TOTAL		4,878,513,427	1,187,174,341
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	12	81,460,414	88,464,856
Intangible assets	12	9,776,563	6,021,155
Capital work in progress		-	2,398,494
Deferred tax assets (net)	13	2,603,200	41,365,038
Long-term loans and advances	14	4,159,400,778	949,844,234
		4,253,240,955	1,088,093,777
Current assets			
Cash and bank balances	15	115,412,856	58,463,923
Short-term loans and advances	16	485,597,006	40,037,603
Other current assets	17	24,262,610	579,038
		625,272,472	99,080,564
TOTAL		4,878,513,427	1,187,174,341

The accompanying notes form an integral part of these consolidated financial statements.

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

For **Walker Chandio & Associates**
Chartered Accountants

sd/-
per **Arun Tandon**
Partner

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

sd/-
Ritika Sati
Company Secretary
Membership No. ACS 24016

sd/-
Vipin Jain
Chief Financial Officer
PAN: AEGPJ9530E

sd/-
Raakhe K Tandon
Non-Executive Director
DIN 00601988

sd/-
Arvind Hali
Managing Director and
Chief Executive Officer
DIN 05285114

Place : New Delhi
Dated : 8 May, 2018

Consolidated Statement of Profit and Loss

for the year ended 31 March, 2018

(Amount in ₹)

Particulars	Notes	Year ended 31 March, 2018	Year ended 31 March, 2017
Revenue			
Revenue	18		
Revenue from operations	19	414,427,186	104,914,320
Other income		67,216,601	11,798,105
Total revenue		481,643,787	116,712,425
Expenses			
Employee benefits expense	20	197,639,750	111,147,514
Finance costs	21	13,868,951	2,502,513
Depreciation and amortisation expense	12	18,319,298	14,300,666
Other expenses	22	98,226,224	62,842,099
Total expenses		328,054,223	190,792,792
Profit /(loss) before tax		153,589,564	(74,080,367)
Tax expense			
- Current tax		32,941,526	-
- Minimum alternate tax credit entitlement		(24,448,570)	-
- Deferred tax expense/ (benefit)		38,761,838	(22,418,777)
Profit /(loss) after tax		106,334,770	(51,661,590)
Earnings per share	23		
- Basic		0.37	(0.51)
- Diluted		0.37	(0.51)

The accompanying notes form an integral part of these consolidated financial statements.

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

For **Walker Chandiok & Associates**
Chartered Accountants

sd/-
per **Arun Tandon**
Partner

Place : New Delhi
Dated : 8 May, 2018

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

sd/-
Ritika Sati
Company Secretary
Membership No. ACS 24016

sd/-
Raakhe K Tandon
Non-Executive Director
DIN 00601988

sd/-
Vipin Jain
Chief Financial Officer
PAN: AEGPJ9530E

sd/-
Arvind Hali
Managing Director and
Chief Executive Officer
DIN 05285114

Consolidated Cash Flow Statement

for the year ended 31 March, 2018

(Amount in ₹)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Cash flow from operating activities:		
Profit/ (Loss) before tax	153,589,564	(74,080,367)
Adjustments for:		
Depreciation and amortisation expense	18,319,298	14,300,666
Loss/(profit) on sale of fixed assets	22,802	(2,210)
Finance costs	13,868,951	2,502,513
Excess liability written back	(7,646,439)	(1,741,594)
Gain on mutual fund redemption	(30,072,466)	(8,209,978)
General provision for standard assets	18,460,718	1,092,448
Bad debts written off	2,603,234	5,123,581
Provision for sub-standard, doubtful and loss assets	-	898,700
	169,145,662	(60,116,241)
Direct taxes paid	32,941,526	-
Operating profit/ (loss) before working capital changes	202,087,188	(60,116,241)
Adjustments for:		
Loans disbursed (net)	(3,625,665,168)	(214,092,652)
(Increase) in other loans and advances and other current assets	(64,934,540)	(3,763,766)
Increase in other current liabilities and provisions	397,098,787	96,084,856
Increase in long-term liabilities	2,462,301	537,857
Net cash used in operating activities	(3,088,951,432)	(181,349,946)
Cash flow from investing activities:		
Purchase of fixed assets (including capital work in progress and capital advances)	(14,188,448)	(45,988,309)
Proceeds from disposal of fixed assets	2,197,876	2,765,516
Decrease in deposits with banks	(86,735,790)	(1,797,249)
Proceeds from redemption of current investments, net	30,072,466	8,209,978
Net cash (used in) investing activities	(68,653,896)	(36,810,064)

Consolidated Cash Flow Statement (Cont...)

for the year ended 31 March, 2018

(Amount in ₹)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Cash flow from financing activities:		
Proceeds from issuance of share capital	2,600,000,000	150,000,000
Proceeds from long term borrowings	436,222,000	17,000,000
Repayment of long term borrowings	(3,284,394)	-
Proceeds from short term borrowings	108,485,898	-
Interest and processing charges paid	(13,605,033)	(2,502,513)
Net cash generated from financing activities	3,127,818,471	164,497,487
Net (decrease) in cash and cash equivalents	(29,786,857)	(53,662,523)
Cash and cash equivalents at the beginning of the year	30,256,567	83,919,090
Cash and cash equivalents at the end of the year	469,710	30,256,567
	(29,786,857)	(53,662,523)

This is the Consolidated Cash Flow Statement referred to in our report of even date.

For **Walker Chandiok & Associates**
Chartered Accountants

sd/-
per **Arun Tandon**
Partner

Place : New Delhi
Dated : 8 May, 2018

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

sd/-
Ritika Sati
Company Secretary
Membership No. ACS 24016

sd/-
Raakhe K Tandon
Non-Executive Director
DIN 00601988

sd/-
Vipin Jain
Chief Financial Officer
PAN: AEGPJ9530E

sd/-
Arvind Hali
Managing Director and
Chief Executive Officer
DIN 05285114

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

1 Company overview

ART Affordable Housing Finance (India) Limited (the 'Company') was incorporated on 16 July, 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. The main objects of the Company, inter alia, are to carry out the business of providing long term finance to individuals, companies, corporations, societies or association of persons for purchase/construction/repair and renovation of new/ existing flats/ houses for residential purposes and provide property related services.

2 Principles of consolidation

The consolidated financial statements include the financial statements of the Parent Company and its undermentioned subsidiary (hereinafter referred as the 'Group').

- i) ART Distribution (I) Private Limited, India 100% subsidiary with effect from 11 August, 2015
The consolidated financial Statements have been prepared in accordance with the notified Accounting Standard (AS-21) on 'consolidated financial statement' notified under section 133 of the Companies Act, 2013 (the 'Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The consolidated financial statements are prepared on the following basis
 - i) Consolidated financial statement normally includes Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Cash Flow Statement and Summary of significant accounting policies and other explanatory information that form an integral part thereof. The consolidated financial statements are presented, to the extent possible, in the same format as adapted by the Parent Company for its standalone financial statements.
 - ii) The consolidated financial Statements include the financial statements of the Parent Company and its undermentioned subsidiary which is

more than 50 percent owned or controlled as at the year end.

- iii) The consolidated financial statements have been combined on a line by line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and resulting unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the relevant reserves of the entity to be consolidated.
- iv) Summary of significant accounting policies and other explanatory information, represents notes involving items which are considered material and are accordingly duly disclosed. Materiality for the purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statements has not been disclosed in the consolidated financial statements.
- v) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as of the Parent Company.
- vi) As per Schedule III to the Companies Act, 2013 (the 'Act'), read with applicable Accounting Standard and General Circular 39/2014 dated 14 October, 2014, the disclosures relevant to the consolidated financial statements have been disclosed. Further, additional statutory information disclosed in separate financial statements of the subsidiaries having no bearing on the true and fair view of the consolidated financial statements is not disclosed in these consolidated financial statements.

3 Basis of preparation

The financial statements are prepared under historical cost convention on an accrual basis, in accordance with the generally accepted accounting principles in India and to comply with the Accounting Standards prescribed in the Companies

Summary of significant accounting policies and other explanatory information

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(Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under section 133 of the Companies Act, 2013 (the 'Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). These financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles in India. The accounting policies have been consistently applied by the Company.

3.1 Summary of significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with the principles generally accepted in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the current and future periods.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest income/ fees on housing and other loans given are recognised on accrual basis, except in case of interest on non-performing assets and charges for delayed payments and cheque bouncing, if any, which are recognised only when realised.
- ii. Loan origination income i.e. processing fees and other charges collected upfront, are recognised at the inception of the loan. Balance processing fee received at the time of disbursement is recognised as income at the time of disbursement.

- iii. Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- iv. Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

c) Classification and provisioning of loan portfolio

- (i) Loans and other credit facilities are classified as standard, sub-standard, doubtful and loss assets in accordance with the extant Housing Finance Companies, (NHB) Directions, 2010, as amended from time to time.
- (ii) Loans are provided for as per the management's estimates, subject to the minimum provision required as per the extant Housing Finance Companies, (NHB) Directions, 2010, as amended from time to time.

d) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost or fair value determined on an individual investment basis.

Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary in the value of the long-term investments.

e) Fixed assets

Tangible

Fixed assets (gross block) are stated at historical cost less accumulated

Summary of significant accounting policies and other explanatory information

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depreciation and 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 fixed assets.

Intangible

Software which is not integral part of the hardware is classified as intangibles and is stated at cost less accumulated amortisation. These are recognised 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.

f) Depreciation and amortisation

Depreciation on tangible assets is provided on straight line method at the rates and in the manner prescribed in schedule II to the Act.

The intangible assets are being amortised over the useful life, as determined by the management.

Leasehold improvements have been amortised over the estimated useful life of the assets or the period of lease, whichever is lower.

g) Leases

Operating leases:

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease.

h) Employee benefits

Wages, salaries and bonus/ variable pay are accrued in the period in which the associated services are rendered by employees of the Company.

The Company has two post employment plans in operation viz. Gratuity and Provident fund.

Provident fund

Provident fund benefit is a defined contribution plan under which the Company pays fixed contributions into funds established under Employees Provident Fund and Miscellaneous Provisions Act, 1952. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognised in respect of defined contribution plans are expensed as and when they accrue. Liabilities and assets may be recognised if underpayment or prepayment has occurred and are included in current liabilities or current assets, respectively, as they are normally of a short term nature.

Gratuity

The Company provides for gratuity, a defined benefit plan, which defines an amount of benefit that an employee will receive on separation from the Company, usually dependent on one or more factors such as age, years of service and remuneration. The liability recognised in the balance sheet for defined benefit plans is the present value of the defined benefit obligation ('DBO') at the balance sheet date together with adjustments for unrecognised actuarial gains or losses and past service costs. The present value of DBO is calculated annually by an independent actuary using the projected unit credit method.

Other short-term benefits

Expense in respect of other short-term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

Summary of significant accounting policies and other explanatory information

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i) Taxes

Tax expense comprises current tax and deferred tax.

Current income-tax is determined as higher of the amount of tax payable calculated at the tax rates applicable to the relevant assessment year on the assessable income of the respective year or tax payable on book profit computed in accordance with the provisions of section 115JB of the Income-tax Act, 1961.

Deferred income-tax reflects the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In case of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such losses can be set off.

Further, deferred tax asset appearing in books is reviewed at each reporting date and is written down to the extent it is not certain that the Company will pay taxes on future incomes against which such deferred tax asset may be adjusted.

Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income-tax during the specified period, i.e., the period for which MAT Credit is allowed

to be carried forward. In the year in which the Company recognises MAT Credit as an asset, the said asset is created by way of credit to the statement of Profit and Loss and shown as "MAT Credit Entitlement."

The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

j) Impairment of assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is charged to the Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

k) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares, except where the results would be anti-dilutive.

Summary of significant accounting policies and other explanatory information

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l) Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- i) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company; or
- ii) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- iii) present obligation, where a reliable estimate cannot be made.

Where there is a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made

m) Segment reporting

The Company operates in a single reportable segment i.e. lending, which have similar risks and returns for the purpose of Accounting Standard 17 on 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006 (as amended). The Company operates in a single geographical segment i.e. domestic.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and short term bank deposits with an original maturity of three months or less.

o) Borrowing cost

Borrowing costs, which are directly attributable to the acquisition/

construction of fixed assets, till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred. Brokerage costs directly attributable to a borrowing are expensed over the tenure of the borrowing.

p) Properties acquired under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the 'SARFAESI Act').

The assets acquired by the Company under the SARFAESI Act, 2002 are classified as 'Stock of acquired properties' and are valued at net realisable value or outstanding dues, whichever is lower.

q) Share based payments

In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India as applicable for equity-settled share based payments.

The cost of equity-settled transactions is measured using the intrinsic value method and recognised, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the statement of profit and loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Summary of significant accounting policies and other explanatory information

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4 Share Capital

(Amount in ₹)

	As at 31 March, 2018		As at 31 March, 2017	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of ₹ 10 each	400,000,000	4,000,000,000	115,000,000	1,150,000,000
Issued, subscribed and fully paid up capital				
Equity shares of ₹ 10 each	375,000,000	3,750,000,000	115,000,000	1,150,000,000

(a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 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.

(b) Reconciliation of equity shares outstanding at the end of reporting period

(Amount in ₹)

	As at 31 March, 2018		As at 31 March, 2017	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	115,000,000	1,150,000,000	100,000,000	1,000,000,000
Add: Shares issued during the year	260,000,000	2,600,000,000	15,000,000	150,000,000
Shares outstanding at the end of the year	375,000,000	3,750,000,000	115,000,000	1,150,000,000

(c) Details of shares held by the Holding Company *

	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Capital (India) Private Limited	-	-	114,999,900	86.96%
ART Business and Consumer Finance (India) Private Limited	374,999,900	99.99%	-	-

* 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.

(d) Details of shares held by the subsidiary of the Holding Company *

	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Business and Consumer Finance (India) Private Limited	-	-	15,000,000	13.04%

* 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.

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(e) Details of shareholders holding more than 5% of equity share capital of the Company *

	As at 31 March, 2018		As at 31 March, 2017	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Capital (India) Private Limited, the Holding Company	-	-	99,999,900	86.96%
ART Business and Consumer Finance (India) Private Limited	374,999,900	99.99%	15,000,000	13.04%

* 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.

(f) No shares have been issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and brought back since the incorporation of the Company.

(g) Employee Stock Option Schemes (ESOS)

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

The shareholders of the Company at their Meeting dated 29 May, 2017 approved the 'AAHFL ESOS - MAY'2017' scheme consisting of 2,500,000 stock options representing 2,500,000 fully paid up equity shares of ₹ 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 29 May, 2017, 3 November, 2017 and 8 December, 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"). 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. 29 May, 2019, whereby the options vest on each vesting date as per the vesting schedule provided in the Scheme.

Details related to Employee Stock Option Schemes (ESOS) of the Company:

Particulars	AAHFL 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

Summary of significant accounting policies and other explanatory information

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Particulars	AAHFL ESOS - MAY'2017
(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

(vii) Option movement during the year (For each ESOS):

Particulars	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Number of options outstanding at the beginning of the year	-	-
Number of options granted during the year	2,105,000	-
Number of options forfeited/lapsed during the year	-	-
Number of options vested during the year	-	-
Number of options exercised during the year	-	-
Number of shares arising as a result of exercise of options	-	-
Money realizes by exercise of options (INR), if scheme is implemented directly by the Company	-	-
Number of options outstanding at the end of the year	2,105,000	-
Number of stock exercisable at the end of the year	-	-

(viii) Pro-forma accounting for employee stock option:

The Company applies the intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been determined using the fair value approach, the Company's net income and basic and diluted earnings per share as reported would have reduced to the pro-forma amounts as indicated below:

Particulars	For the year ended 31 March, 2018
Profit after tax as reported	106,334,770
Add: Stock based employee compensation expense debited to Statement of Profit and Loss	-
Less: Stock based employee compensation expense based on fair value	5,245,436
Adjusted pro-forma profit	101,089,334
Basic EPS	
- As reported	0.37
- Pro-forma	0.35
Diluted EPS	
- As reported	0.37
- Pro-forma	0.35

*Since the ESOPs are granted during the year, disclosures for previous year has not been presented.

Summary of significant accounting policies and other explanatory information

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(ix) The fair value of the options was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

Particulars	For the year ended 31 March, 2018
Risk free interest rates (in %)	7.86%
Expected life (in years)	5 years
Volatility (in %)	14.13%
Dividend yield (in %)	-
Weighted average exercise price	10.00
Weighted average fair value of stock option	3.38

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

*Since the ESOPs are granted during the year, disclosures for previous year has not been presented.

5 Reserves and surplus

	As at 31 March, 2018	(Amount in ₹) As at 31 March, 2017
(Deficit) as per Statement of Profit and Loss		
Opening balance as at the beginning of the year	(102,659,269)	(50,997,679)
Net profit/ (loss) for the year	106,334,770	(51,661,590)
Less: Appropriation to statutory reserve		
- Transferred to statutory reserve	9,905,949	-
- Special reserve u/s 36 (1)(viii) of Income-Tax Act, 1961	11,372,332	-
Closing balance as at the end of the year	(17,602,780)	(102,659,269)
Statutory reserve (As per the Section 29C of the National Housing Bank Act, 1987) read with section 36 (1) (viii) of Income-Tax Act, 1961		
Opening balance as at the beginning of the year	-	-
Add : Transferred from the statement of profit and loss	21,278,281	-
Less :Utilised during the year	-	-
Closing balance as at the end of the year	21,278,281	-
	3,675,501	(102,659,269)

Section 29C (i) of The National Housing Bank 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. The Company has transferred an amount of ₹ 15,132,493/-(Previous year - Nil) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of National Housing Bank Act 1987.

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

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

6 Long-term borrowings

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Secured		
Term loan		
- from National Housing Bank	136,886,000	-
- from banks	314,529,606	27,500,000
Less: Current maturities of long term borrowings (refer note 9)	(25,978,000)	(17,500,000)
	425,437,606	10,000,000

Repayment terms and security for the outstanding long-term borrowings (including current maturities)

From National Housing Bank:

- i) Term loan outstanding as at 31 March, 2018 amounting to ₹ 136,886,000 from National Housing Bank is repayable in 60 quarterly instalments commenced from 30 September, 2017 and ending on 31 January, 2033.

From Banks:

- i) Term loan outstanding as at 31 March, 2018 amounting to ₹ 54,531,250 from DCB Bank Limited is repayable in 16 equal quarterly instalments after a moratorium period of 6 months commencing from 31 August, 2017.
- ii) Term loan outstanding as at 31 March, 2018 amounting to ₹ 9,998,356 from Punjab and Sind Bank Limited is repayable in 20 equal quarterly instalments after a moratorium period of 24 months commencing from 30 June, 2019.
- iii) Term loan outstanding as at 31 March, 2018 amounting to ₹ 250,000,000 from State Bank of India is repayable in 20 equal quarterly instalments after a moratorium period of 24 months commencing from 31 December, 2019.

The aforementioned term loans are secured by way of hypothecation of the housing loan receivables with cover of 1.10 times to 1.25 times of the outstanding exposure. Further, the term Loan from Punjab and Sind Bank is also secured by a Corporate Guarantee from the Holding Company.

The interest rate for the aforementioned borrowings are linked to the Bank Base Rate/Marginal Cost of Fund Based Lending Rate (MCLR) of the respective lenders.

7 Other long-term liabilities

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Lease equalisation reserve	4,567,490	4,838,240
Advance from customers	2,733,051	-
	7,300,541	4,838,240

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

8 Long-term provisions

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Provision for employee benefits (refer note 'a' below)	964,280	1,902,139
Contingent provisions towards standard assets [refer note 27 and 29 VIII (e)]	19,520,222	4,151,110
Provision for sub standard, doubtful and loss assets [refer note 27 and 29 VIII (e)]	-	898,700
	20,484,502	6,951,949

a) Employee benefits

The Company is following Accounting Standard 15 (Revised 2005) 'Employee Benefits' and using Projected Unit Credit Method and other assumptions as per the market.

	(Amount in ₹)	
	(Funded) As at 31 March, 2018	(Unfunded) As at 31 March, 2017
Gratuity (funded)		
(i) Changes in present value of the defined benefit obligations:		
Present value of obligation as at the beginning of the year	895,045	522,985
Interest cost	64,891	36,609
Current service cost	1,151,145	532,675
Actuarial gain on obligations	41,934	(197,224)
Present value of obligation as at the end of the year	2,153,015	895,045
(ii) Changes in fair value of plan asset:		
Fair value of plan assets as at the beginning of the year	-	-
Actual return on plan assets	2,821	-
Contributions	1,178,951	-
Benefits paid	-	-
Fair value of plan assets as at the end of the year	1,181,772	-
(iii) Amount of obligation recognised in Balance Sheet:		
Present value of the obligation at the end of the year	2,153,015	895,045
Fair value of plan assets at end of year	1,181,772	-
Net liability recognised in Balance Sheet	971,243	895,045

Summary of significant accounting policies and other explanatory information

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	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(iv) Expense recognised in the statement of profit and loss:		
Current service cost	1,151,145	532,675
Interest cost	64,891	36,609
Actual return on plan assets	(2,821)	
Actuarial loss/(gain) on obligations	41,934	(197,224)
Total expense recognised in the statement of profit and loss	1,255,149	372,060

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
(v) Assumptions used		
Discount rate	7.25%	7.00%
Future salary increase rate	10.00%	10.00%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
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.

The present value of the defined benefit obligation, the fair value of the plan assets and the surplus or deficit in the plan arising on the plan liabilities and the plan assets.

	(Amount in ₹)				
Particulars	31 March, 2018	31 March, 2017	31 March, 2016	31 March, 2015	31 March, 2014
Present value of defined benefit obligation	2,153,015	895,045	522,985	414,537	414,537
Fair value of plan assets	1,181,772	-	-	-	-
Surplus/(deficit) in plan assets	971,243	895,045	522,985	414,537	414,537

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Compensated absences (unfunded)*		
(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligations:-		
Present value of obligation as at the beginning of the year	1,225,038	304,320
Interest cost	-	21,302
Current service cost	(1,225,038)	928,372
Actuarial gain on obligations	-	(28,956)
Present value of obligation as at the end of the year	-	1,225,038

	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(ii) Breakup of the expense recognised in the statement of profit and loss is as follows:-		
Current service cost	(1,225,038)	928,372
Interest cost	-	21,302
Actuarial gain on obligations	-	(28,956)
Total expense recognised in the statement of profit and loss	(1,225,038)	920,718
Average past service (years)	NA	0.8 years
Average age (years)	NA	32.5 years
Average remaining working lives of employees (years)	NA	27.5 years

9 Short-term borrowings

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Secured		
Term loan from banks	100,000,000	-
Loans repayable on demand- from banks	8,485,898	-
	108,485,898	-

Notes:

- i) Term loan amounting to ₹ 100,000,000 from HDFC Bank is repayable on 4 equal quarterly instalments commencing from 7 June, 2018 and is secured by way of hypothecation of the housing loan receivables with minimum cover of 1.11 times of the outstanding exposure.
- ii) Cash credit from DCB Bank Limited is repayable on demand and is secured by way of hypothecation of the housing loan receivables with minimum cover of 1.25 times of the outstanding exposure.
- iii) The aforementioned short-term borrowings carry interest ranging between 8.45% - 9.20%.

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

10 Other current liabilities

	As at 31 March, 2018	As at 31 March, 2017
		(Amount in ₹)
Current maturities of long-term borrowings (refer note 5)	25,978,000	17,500,000
Interest accrued but not due on borrowings	263,918	-
Employee related payables	17,545,667	4,481,760
Advance from customers	11,095,483	1,355,386
Statutory dues	2,732,595	519,770
Temporary book overdraft*	478,394,250	81,202,885
Lease equalisation reserve	826,890	-
Other accrued liabilities	23,015,383	12,587,051
	559,852,186	117,646,852

* temporary book overdraft of ₹ 478,394,250 (previous year- ₹ 81,386,896) represents cheques issued towards disbursements to borrowers for ₹ 478,394,250 (previous year - ₹ 76,306,168) and cheques issued for payment of expenses of ₹ Nil (previous year - ₹ 5,080,728), but not encashed as at 31 March, 2018.

*Dues to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act (MSMED), to the extent identified and information available with the Group pursuant to section 22 of the Micro, Small and Medium Enterprises Development Act (MSMED), 2006, details are mentioned below:

(a) Principal amount and interest due thereon remaining unpaid to any supplier at the end of each accounting year	Nil	Nil
(b) The amount of interest paid by the Group in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
(c) The amount if interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	Nil	Nil
(d) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
(e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	Nil	Nil

11 Short-term provisions

	As at 31 March, 2018	As at 31 March, 2017
		(Amount in ₹)
Provision for employee benefits [Refer note 7(a)]	6,963	217,944
Contingent provisions towards standard assets [refer note 27 and 29 VIII (e)]	3,270,230	178,625
	3,277,193	396,569

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

12 Fixed assets

Gross block	Tangible assets					Intangible assets		Grand total
	Computer equipments	Furniture and fixtures	Office equipments	Vehicles	Plant and machinery	Leasehold improvements	Computer software	
Balance as at 31 March, 2016	4,082,141	741,945	711,364	4,208,000	-	1,021,249	1,960,488	12,725,187
Additions	14,838,411	18,936,318	16,107,334	2,000,000	3,383,483	40,910,371	5,125,587	101,301,504
Disposals	-	-	10,395	3,850,000	-	-	-	3,860,395
Balance as at 31 March, 2017	18,920,552	19,678,263	16,808,303	2,358,000	3,383,483	41,931,620	7,086,075	110,166,296
Additions	6,873,317	1,291,022	1,177,400	-	-	2,430,203	5,519,000	17,290,942
Disposals	65,853	1,201,910	102,120	2,000,000	-	1,086,325	-	4,456,208
Balance as at 31 March, 2018	25,728,016	19,767,375	17,883,583	358,000	3,383,483	43,275,498	12,605,075	123,001,030
Accumulated depreciation and amortisation								
Balance as at 31 March, 2016	1,284,837	53,514	85,762	731,572	-	198,654	122,369	2,476,708
Charge for the year	3,069,532	1,407,982	1,231,279	1,091,097	169,080	6,389,145	942,551	14,300,666
Adjustments on disposal of assets	-	-	2,210	1,094,879	-	-	-	1,097,089
Balance as at 31 March, 2017	4,354,369	1,461,496	1,314,831	727,790	169,080	6,587,799	1,064,920	15,680,285
Charge for the year	5,201,369	2,128,811	1,718,432	466,643	229,786	6,810,665	1,763,592	18,319,298
Adjustments on disposal of assets	23,297	85,146	30,726	1,010,036	-	1,086,325	-	2,235,530
Balance as at 31 March, 2018	9,532,441	3,505,161	3,002,557	184,397	398,866	12,312,139	2,828,512	31,764,053
Net block								
Balance as at 31 March, 2018	16,195,575	16,262,214	14,881,046	173,603	2,984,617	30,963,359	9,776,563	91,236,977
Balance as at 31 March, 2017	14,566,183	18,216,767	15,493,472	1,630,210	3,214,403	35,343,821	6,021,155	94,486,011

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

13 Deferred tax asset, net

	As at 31 March, 2018	As at 31 March, 2017
	(Amount in ₹)	
Deferred tax asset arising on account of timing difference on :		
Unabsorbed business loss and depreciation	-	39,987,098
Provision for lease equalisation	1,570,843	1,495,016
Provision for standard assets, sub-standard, doubtful and loss assets	6,636,580	1,615,586
Others	483,791	1,081,604
Less: Deferred tax liability arising on account of timing difference on:		
Timing difference on depreciation/amortisation of tangible assets	(2,776,391)	(2,814,266)
Special reserve under section 36(1)(viii) of the Income-Tax Act	(3,311,623)	-
	2,603,200	41,365,038

14 Long-term loans and advances

(Considered good)

	As at 31 March, 2018	As at 31 March, 2017
	(Amount in ₹)	
Housing loans		
Secured		
- Individuals	2,397,101,754	622,061,311
- Others	286,012,774	-
Others loans		
Secured		
- Individuals	839,902,183	313,677,982
- Others	603,279,985	4,720,145
(Unsecured and considered good)		
Security deposits	7,238,384	6,828,700
Capital advances	500,000	1,204,000
Prepaid income-tax (net)	917,128	1,352,096
Minimum alternate tax credit entitlement	24,448,570	-
	4,159,400,778	949,844,234

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

15 Cash and bank balances

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Cash and cash equivalents		
Bank balances in		
- Current accounts	169,710	10,106,567
- Deposits with original maturity upto three months	300,000	20,150,000
	469,710	30,256,567
Other bank balances		
Deposits with maturity of less than three months	600,000	-
Deposits with maturity more than three months but less than twelve months	114,343,146	28,207,356
	115,412,856	58,463,923

16 Short-term loans and advances

(Considered good)

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Housing loans		
Secured		
- Individuals	118,252,533	16,069,661
- Others	192,136,353	-
Other loans		
Secured		
- Individuals	34,605,437	14,277,191
- Others	127,920,840	141,623
(Unsecured and considered good)		
Loan - others	-	5,202,012
Advances recoverable in cash or in kind or for value to be received	12,074,334	2,545,057
(Unsecured)		
Security deposits	593,900	501,344
Balances with government authorities	13,609	1,300,715
	485,597,006	40,037,603

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

17 Other current assets

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Interest		
- accrued and due on loans	1,108,948	558,473
- accrued but not due on loans	18,687,280	-
- accrued on fixed deposits	1,078,282	20,565
Stock of acquired properties (held for sale)	3,388,100	-
	24,262,610	579,038

18 Revenue from operations

	(Amount in ₹)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Interest on housing loans and other loans	274,966,100	85,108,629
Interest income on deposits with banks	39,999,378	4,287,850
Fees and other charges	99,461,708	15,517,841
	414,427,186	104,914,320

19 Other income

	(Amount in ₹)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Excess liability written back	7,646,439	1,741,594
Gain on sale of current investments	30,072,466	8,209,978
Profit on disposal of assets	-	2,210
Miscellaneous income	29,497,696	1,844,323
	67,216,601	11,798,105

20 Employee benefits expense

	(Amount in ₹)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Salaries, wages and bonus	186,248,289	105,685,351
Contribution to provident fund and other funds	8,106,549	4,250,379
Contribution to gratuity	1,255,149	372,060
Staff welfare expenses	2,029,763	839,724
	197,639,750	111,147,514

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

21 Finance costs

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Interest expense		
- on borrowings	10,643,451	1,295,951
Processing fees	3,225,500	1,206,562
	13,868,951	2,502,513

22 Other expenses

	(Amount in ₹)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Rent (net)	11,234,726	15,508,206
Rates and taxes	2,693,110	2,222,589
Electricity (net)	2,960,325	3,203,853
Directors sitting fees	510,400	460,000
Legal and professional charges	27,218,622	10,533,491
Office maintenance expenses (net)	3,532,713	5,578,703
Security expenses	495,907	905,838
Insurance expenses	1,484,532	597,719
Membership and fees	256,178	113,549
Commission expenses	7,887,173	2,504,859
Communication expenses	5,834,339	3,604,247
General provision for standard assets	18,460,718	1,092,448
Provision for sub-standard assets	-	898,700
Loss of disposal of fixed assets	22,802	-
Bad debts written off	2,603,234	5,123,581
Advertisement and business promotion expenses	2,465,492	2,374,720
Travelling and conveyance	6,908,974	4,378,900
Recruitment charges	488,719	2,078,099
Miscellaneous expenses	3,168,260	1,662,597
	98,226,224	62,842,099

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

23 Earnings per share - Basic and diluted

	Year ended 31 March, 2018	Year ended 31 March, 2017
	(Amount in ₹)	
(a) Computation of profit/(loss) attributable to equity shareholders		
Net profit/ (loss) after tax attributable to equity shareholders	106,334,770	(51,661,590)
(b) Computation of weighted average number of shares		
Basic (in nos.)	284,876,712	101,191,781
Diluted (in nos.)	286,491,082	101,191,781
(c) Nominal value of equity share	10	10
(d) Earnings per share		
- Basic	0.37	(0.51)
- Diluted	0.37	(0.51)

24 Related party disclosures

Related party disclosures, as required by Accounting Standard 18 - Related party disclosures prescribed in the Companies (Accounting Standard) Rules, 2006 issued by the Central Government in exercise of the powers conferred under section 133 of the Companies Act, 2013 are given below:

Holding Company	: M/s ART Capital (India) Private Limited (Upto 20 March, 2018)
	: M/s ART Business and Consumer Finance (India) Private Limited (from 21 March, 2018)
Subsidiary of Holding Company	: M/s ART Business and Consumer Finance (India) Private Limited (Upto 20 March, 2018)
Holding of Holding Company	: M/s ART Capital (India) Private Limited (from 21 March, 2018)
Key management personnel (KMP)	: Arvind Hali, Managing Director and Chief Executive Officer
	: Raakhe K Tandon, Non-Executive Director (from 6 October, 2017)
Other entities in which key management personnel or their relatives have significant influence	: Ncube Planning and Design Private Limited
	: PAFM Security Solutions Private Limited
	: Petra Asset and Facility Management Private Limited
	: RAVI Renewable Energy & Lighting India Private Limited
	: Rurban Agri Ventures India Private Limited (Formerly Rural Agri Ventures India Private Limited)
	: RAVI Integrated Logistics (India) Private Limited

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

Transactions with related parties during the year

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

	For the year ended 31 March, 2018	For the year ended 31 March, 2017
(Amount in ₹)		
Transactions during the year		
Holding Company		
ART Capital (India) Private Limited [formerly known as RAAS Capital (India) Private Limited]		
Corporate guarantee received for borrowings	-	250,000,000
Reimbursement of expenses received	9,000,000	-
Transfer of fixed assets	1,076,628	-
ART Business and Consumer Finance (India) Private Limited		
Issue of share capital	2,600,000,000	150,000,000
Reimbursement of expenses received	21,000,000	-
Key management personnel		
Remuneration paid		
Rajat Baldhi	-	5,527,925
Raakhe K Tandon	-	687,274
Arvind Hali	12,424,598	8,887,420
Other entities in which key management personnel or their relative has significant influence		
Reimbursement of expenses paid		
Best Networks Private Limited	-	1,994,601
Reimbursement of expenses received		
RAVI Renewable Energy & Lighting India Private Limited	3,448,005	648,021
Rurban Agri Ventures India Private Limited (Formerly Rural Agri Ventures India Private Limited)	2,539,684	671,021
RAVI Integrated Logistics (India) Private Limited	3,780,261	-
Fixed assets/ Capital work in progress		
Ncube Planning and Design Private Limited	-	13,985,869
Petra Asset and Facility Management Pvt Ltd	-	171,105
Payment of office maintenance and security expenses		
PAFM Security Solutions Private Limited	-	776,780
Petra Asset and Facility Management Pvt Ltd	-	2,341,577

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Balance outstanding as at the end of year		
Other entities in which key management personnel or their relative has significant influence		
Retention money payable		
Ncube Planning and Design Private Limited	-	2,335,982
Advances/ expenses recoverable		
RAVI Renewable Energy & Lighting India Private Limited	795,847	-
Rurban Agri Ventures India Private Limited (Formerly Rural Agri Ventures India Private Limited)	439,371	-
RAVI Integrated Logistics (India) Private Limited	771,422	-
ART Capital (India) Private Limited [formerly known as RAAS Capital (India) Private Limited]	1,076,628	-
Payable for expenses		
PAFM Security Solutions Private Limited	-	50,431
Petra Asset and Facility Management Pvt Ltd	-	162,300
Ncube Planning and Design Private Limited	-	2,599,519

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 and provision for variable pay as the amount payable is unknown.

25 Payments to statutory auditors *

	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
As auditors	275,000	225,000
Other services	75,000	75,000
For reimbursement of expenses	58,450	16,600
	408,450	316,600

* excluding applicable taxes

26 Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and others, and not provided for (net of capital advances) is ₹ 6,131,900/- (previous year ₹ Nil).

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

27 Reconciliation of provisions

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Contingent provision against loans		
Balance at the beginning of the year	4,329,734	3,237,287
Provisions made during the year	18,460,718	1,092,447
Balance at the end of the year	22,790,452	4,329,734
Provision for sub standard assets, doubtful or loss assets		
Balance at the beginning of the year	898,700	-
Provisions made/ (reversed) during the year	(898,700)	898,700
Balance at the end of the year	-	898,700

28 (i) Disclosures in respect of non-cancellable operating leases

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Rent payable not later than one year	17,189,069	15,806,040
Rent payable later than one year but not later than five years	43,927,620	61,116,688
Rent payable later than five years	-	-

- (ii) Lease payments under operating leases are recognised as an expense in the Statement of Profit and Loss as rentals, out of which an amount of ₹ Nil (previous year ₹ 4,093,623) has been capitalised as capital work in progress.

29 Additional Disclosures in terms of Circular no. Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9 February, 2017

I Capital

	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
(i) Capital to Risk Asset Ratio - CRAR (%)	104.29%	127.44%
(ii) CRAR-Tier I Capital (%)	103.66%	126.89%
(iii) CRAR-Tier II Capital (%)	0.63%	0.55%
(iv) Amount of subordinated debt raised as Tier- II Capital	Nil	Nil
(v) Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

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

	As at 31 March, 2018	As at 31 March, 2017
(Amount in ₹)		
Balance at the beginning of the year		
a) Statutory reserve under section 29C of the National Housing Bank Act, 1987	Nil	Nil
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	Nil	Nil
c) Total	Nil	Nil
Addition/ appropriation/ withdrawal during the year		
Add:		
a) Amount transferred under section 29C of the NHB Act, 1987	9,905,949	Nil
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	11,372,332	Nil
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	9,905,949	Nil
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	11,372,332	Nil
c) Total	21,278,281	Nil

III Investments

	As at 31 March, 2018	As at 31 March, 2017
(Amount in ₹)		
Particulars		
Value of investments		
(i) Gross value of investments		
(a) In India	500,000	500,000
(b) Outside India	Nil	Nil

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

(Amount in ₹)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(ii) Provision for depreciation		
(a) In India	Nil	Nil
(b) Outside India	Nil	Nil
(iii) Net value of investments		
(a) In India	500,000	500,000
(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

IV Derivatives

a. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(Amount in ₹)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(i) The notional principal of swap agreements	Nil	Nil
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	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 book	Nil	Nil

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

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

b. Exchange Traded Interest Rate (IR) Derivative

(Amount in ₹)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(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

Disclosures on risk exposure in derivatives

c. Qualitative Disclosure - not applicable

d. 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 year/ previous year

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

V Securitisation

a. Particulars	Numbers	Amount
1. Number of Special Purpose Entities (SPV's) 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 securitisations	Nil	Nil
b) Exposure to third party securitisations	Nil	Nil
(II) On-balance sheet exposures towards credit concentration	Nil	Nil
a) Exposure to own securitisations	Nil	Nil
b) Exposure to third party securitisations	Nil	Nil

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

b. Details of financial assets sold to securitisation / reconstruction company for asset reconstruction

Particulars	As at 31 March, 2018	As at 31 March, 2017
(i) No. of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts sold to Securitisation Company / Reconstruction Company	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realised in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

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

c. Details of assignment transactions undertaken by HFCs

Particulars	As at 31 March, 2018	As at 31 March, 2017
(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 realised 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 year/ previous year

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

d. Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:

Particulars	As at 31 March, 2018	As at 31 March, 2017
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 31 March, 2018	As at 31 March, 2017
1. Number of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

VI Assets Liability Management (Maturity pattern of certain items of Assets/ Liabilities)

31 March, 2018

(Amount in ₹)

	Liabilities		Assets	
	Borrowings from banks/ NHB	Market borrowings	Advances	Investments
1 day to 30-31 days (one month)	2,082,000	-	21,570,357	-
Over one month to 2 months	3,906,250	-	21,818,959	-
Over 2 months upto 3 months	25,000,000	-	22,070,554	-
Over 3 months to 6 months	40,149,148	-	70,150,843	-
Over 6 months to 1 year	63,326,500	-	337,304,450	-
Over 1 year to 3 years	213,304,356	-	917,808,341	-
Over 3 years to 5 years	129,712,250	-	635,786,950	-
Over 5 years to 7 years	22,056,000	-	427,779,887	-
Over 7 years to 10 years	30,070,000	-	661,777,841	-
Over 10 years	30,295,000	-	1,483,143,677	500,000
Total	559,901,504	-	4,599,211,859	500,000

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

Maturity pattern of certain items of assets and liabilities

31 March, 2017

	Liabilities		Assets	
	Borrowings from banks/ NHB	Market borrowings	Advances	Investments
	(Amount in ₹)			
1 day to 30-31 days (one month)	-	-	2,450,707	-
Over one month to 2 months	-	-	2,412,480	-
Over 2 months upto 3 months	-	-	7,640,867	-
Over 3 months to 6 months	3,125,000	-	7,477,789	-
Over 6 months to 1 year	14,375,000	-	15,708,645	-
Over 1 year to 3 years	10,000,000	-	73,225,282	-
Over 3 years to 5 years	-	-	84,972,036	-
Over 5 years to 7 years	-	-	101,409,266	-
Over 7 years to 10 years	-	-	191,231,414	-
Over 10 years	-	-	489,621,438	500,000
Total	27,500,000	-	976,149,924	500,000

Note: Deposits, foreign currency liabilities and foreign currency assets are Nil

VII Exposure

a. Exposure to Real Estate Sector

Category	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
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 ₹ 15 lakhs	1,502,912,713	273,092,231
- Others	1,761,597,378	620,230,855
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.):	1,334,701,768	77,624,827
iii) Investments in Mortgage Backed Securities (MBS) and 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

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

b. Exposure to Capital Market

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
(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

c. Details of Financing of parent company products

None

d. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

None

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

VIII Other disclosures

- a. Registration obtained from other financial sector regulators None
- b. Disclosure of Penalties imposed by NHB and other regulators

	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
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	Nil	Nil

- c. Rating assigned by Credit Rating Agencies and migration of rating during the year
- During the year CARE as assigned upgraded Rating of 'A-' from earlier rating of 'BBB' by ICRA. The rating of 'A-' assigned by CARE is not accepted by the Company for further review and upgradation

d. Provisions and Contingencies

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

	(Amount in ₹)	
Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
1. Provisions for depreciation on investment	Nil	Nil
2. Provision made towards income-tax	32,941,526	Nil
3. Provision towards sub standard, doubtful and loss assets	Nil	898,700
4. Provision for standard assets (with details like teaser loan, CRE, CRE-RH etc.)		
Teaser loans	Nil	Nil
CRE	7,846,029	388,731
CRE -RH	3,564,266	75,106
Other standard assets	7,050,423	628,610
5. Other provision and contingencies (with details)		
Gratuity, compensated absences	30,111	1,292,778
Employee benefits	17,545,667	4,481,760
Provision for expenses	20,862,817	9,950,750

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

e. Break up of loan and advances and provisions thereon

Particulars	(Amount in ₹)			
	Housing loans		Non-Housing loans	
	As at 31 March, 2018	As at 31 March, 2017	As at 31 March, 2018	As at 31 March, 2017
Standard assets				
a) Total outstanding amount	2,994,141,195	637,169,024	1,606,179,612	333,548,040
b) Provisions made	11,273,350	2,609,912	11,517,102	1,719,822
Sub-standard assets				
a) Total outstanding amount	-	1,520,421	-	4,470,913
b) Provisions made	-	228,063	-	670,637
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	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
Total				
a) Total outstanding amount	2,994,141,195	638,689,445	1,606,179,612	338,018,953
b) Provisions made	11,273,350	2,837,975	11,517,102	2,390,459

Concentration of public deposits, advances, exposures and NPAs

f. Concentration of public deposits (for public deposit taking/holding HFCs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Total deposits of twenty largest depositors	Not applicable	Not applicable
Percentage of deposits of twenty largest depositors to total deposits of the HFC	Not applicable	Not applicable

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

g. Concentration of loans and advances

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Total loans and advances to twenty largest borrowers	1,305,099,541	127,155,426
Percentage of loans and advances to twenty largest borrowers to total advances of the HFC	28.37%	13.02%

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

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Total exposure to twenty largest borrowers / customers	1,464,863,231	130,266,460
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers/ customers	25.20%	11.06%

i. Concentration of NPAs

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
Total exposure to top ten NPA accounts	-	5,991,334

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

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
A. Housing loans:		
1. Individuals	Nil	0.24%
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil
B. Non-Housing loans:		
1. Individuals	Nil	1.34%
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

k. Movement of NPAs

Particulars	(Amount in ₹)	
	For the year ended 31 March, 2018	For the year ended 31 March, 2017
I) Net NPAs to net advances (%)	0.00%	0.52%
II) Movement of NPAs (Gross)		
a) Opening balance	5,991,334	Nil
b) Additions during the year	3,078,023	11,114,915
c) Reductions during the year	9,069,357	5,123,581
d) Closing balance	-	5,991,334
III) Movement of net NPAs		
a) Opening balance	5,092,634	Nil
b) Additions during the year	2,616,320	5,092,634
c) Reductions during the year	7,708,954	-
d) Closing balance	-	5,092,634
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	898,700	Nil
b) Provisions made during the year	461,703	6,022,281
c) Write-off/write-back of excess provisions	1,360,403	5,123,581
d) Closing balance	-	898,700

l. Overseas assets

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
None	Nil	Nil

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

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
None	Nil	Nil

Summary of significant accounting policies and other explanatory information

to the consolidated financial statements for the year ended 31 March, 2018

n. Customers complaints

Particulars	(Amount in ₹)	
	As at 31 March, 2018	As at 31 March, 2017
a) No. of complaints pending at the beginning of the year	Nil	Nil
b) No. of complaints received during the year	54	8
c) No. of complaints redressed during the year	54	8
d) No. of complaints pending at the end of the year	Nil	Nil

30 Based on the information available with the Company, no principal or interest is payable to micro, small and medium enterprises at the balance sheet date. Further, no interest during the year has been paid or was payable in this respect. The above disclosure has been determined to the extent such parties have been identified on the basis of information available with the Company.

31 Additional information to consolidated financial statements as at 31 March, 2018 (Pursuant to Schedule III to the Act):

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share in profit/ (loss)	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss
Parent Company				
ART Affordable Housing Finance (India) Limited	3,753,406,583	99.99%	106,391,406	100.05%
Subsidiary				
ART Distribution (India) Private Limited	268,918	0.01%	(56,636)	-0.05%
Total	3,753,675,501	100.00%	106,334,770	100.00%

32 Previous year figures have been regrouped/reclassified wherever considered necessary to make them in line with that of the current year.

This is the summary of significant accounting policies and other explanatory information referred to in our report of even date.

For **Walker Chandiok & Associates**
Chartered Accountants

sd/-
per **Arun Tandon**
Partner

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

sd/-
Ritika Sati
Company Secretary
Membership No. ACS 24016

sd/-
Vipin Jain
Chief Financial Officer
PAN: AEGPJ9530E

sd/-
Raakhe K Tandon
Non-Executive Director
DIN 00601988

sd/-
Arvind Hali
Managing Director and
Chief Executive Officer
DIN 05285114

Place : New Delhi
Dated : 8 May, 2018



Registered Office:
107, Best Sky Tower, Netaji Subhash Place,
Pitampura, New Delhi-110 034