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India

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Independent Auditor's Report

To the Members of ART Housing Finance (India) Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of ART Housing Finance (India) Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.
2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity 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), of the state of affairs of the Company as at 31 March 2019 and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Independent Auditor's Report to the members of ART Housing Finance (India) Limited on the standalone financial statements for the year ended 31 March 2019 (cont'd)

Information other than the Financial Statements and Auditor's Report thereon

4. The Company's Board of Directors is responsible for the other information. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
6. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.



Independent Auditor's Report to the members of ART Housing Finance (India) Limited on the standalone financial statements for the year ended 31 March 2019 (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Independent Auditor's Report to the members of ART Housing Finance (India) Limited on the standalone financial statements for the year ended 31 March 2019 (cont'd)

Report on Other Legal and Regulatory Requirements

12. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
13. 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.
14. 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 2019 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 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 6 May 2019 as per Annexure II expressed 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 as at 31 March 2019;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2019; and



Walker Chandiok & Associates

Independent Auditor's Report to the members of ART Housing Finance (India) Limited on the standalone financial statements for the year ended 31 March 2019 (cont'd)

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

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273

Place: Gurgaon
Date: 6 May 2019



Walker Chandiok & Associates

Annexure I to the Independent Auditor's Report of even date to the members of ART Housing Finance (India) Limited on the standalone financial statements for the year ended 31 March 2019

Annexure I

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 property, plant and equipment.
- (b) The property, plant and equipment 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 property, plant and equipment 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 'property, plant and equipment'). 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, goods and 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, goods and 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 private placement 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 Chandio & Associates**
Chartered Accountants
Firm's Registration No.: 001329N

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273

Place: Gurgaon
Date: 6 May 2019



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Annexure II to the Independent Auditor's Report of even date to the members of ART Housing Finance (India) Limited on the standalone financial statements for the year ended 31 March 2019

Annexure II

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 Housing Finance (India) Limited ('the Company') as at and for the year ended 31 March 2019, 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.



Walker Chandiok & Associates

Annexure II to the Independent Auditor's Report of even date to the members of ART Housing Finance (India) Limited on the standalone financial statements for the year ended 31 March 2019 (cont'd)

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.



Walker Chandiok & Associates

Annexure II to the Independent Auditor's Report of even date to the members of ART Housing Finance (India) Limited on the standalone financial statements for the year ended 31 March 2019 (cont'd)

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 2019, based on 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

Arun Tandon

Arun Tandon

Partner

Membership No.: 517273



Place: Gurgaon

Date: 6 May 2019

ART Housing Finance (India) Limited
Balance Sheet as at 31 March 2019

(All amounts in rupees, unless otherwise stated)

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	3,850,000,000	3,750,000,000
Reserves and surplus	4	161,590,496	3,906,583
		4,011,590,496	3,753,906,583
Non-current liabilities			
Long-term borrowings	5	1,001,978,560	425,437,606
Other long-term liabilities	6	7,111,860	7,300,541
Long-term provisions	7	19,743,039	20,484,502
		1,028,833,459	453,222,649
Current liabilities			
Short-term borrowings	8	865,219,407	108,485,898
Other current liabilities	9	265,552,706	559,780,561
Short-term provisions	10	3,627,133	3,277,193
		1,134,399,246	671,543,652
TOTAL		6,174,823,201	4,878,672,884
ASSETS			
Non-current assets			
Property, plant and equipment			
Tangible assets	11	76,616,967	81,460,414
Intangible assets	11	12,737,581	9,776,563
Non-current investments	12	500,000	500,000
Deferred tax assets (net)	13	516,476	2,603,200
Long-term loans and advances	14	5,169,604,543	4,159,397,360
		5,259,975,567	4,253,737,537
Current assets			
Current investments	15	222,500,000	
Cash and bank balances	16	119,928,153	115,102,514
Short-term loans and advances	17	512,136,875	485,577,147
Other current assets	18	60,282,606	24,255,686
		914,847,634	624,935,347
TOTAL		6,174,823,201	4,878,672,884

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
 Firms Registration No.: 001329N

Arun Tandon
 Arun Tandon
 Partner
 Membership No: 517273

Ritika Sati
 Ritika Sati
 Company Secretary
 Membership No. ACS 24016

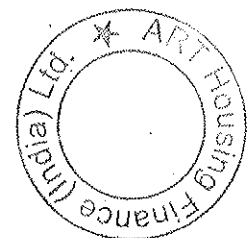
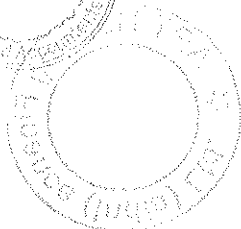
Raj Vilgash Verma
 Raj Vilgash Verma
 Director
 DIN 0003546341

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

Pankaj Jain
 Pankaj Jain
 Chief Financial Officer

Arvind Halli
 Arvind Halli
 Managing Director and
 Chief Executive Officer
 DIN: 05285114

Place : Gurugram
 Date : 6 May 2019



ART Housing Finance (India) Limited
Statement of Profit and Loss for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Revenue			
Revenue from operations	19	870,612,616	424,634,266
Other income	20	42,072,446	76,635,484
Total revenue		912,685,062	501,269,750
Expenses			
Employee benefits expense	21	305,751,571	197,890,975
Finance costs	22	237,031,121	13,868,951
Depreciation and amortisation expense	11	28,824,130	18,319,298
Other expenses	23	123,339,695	117,544,326
Total expenses		694,946,517	347,623,550
Profit before tax		217,738,545	153,646,200
Tax expense			
- Current tax		57,967,908	32,941,526
- Minimum alternate tax credit entitlement		-	(24,448,570)
- Deferred tax		2,086,724	38,761,838
Profit after tax		157,683,913	106,391,406
Earnings per share	24		
- Basic		0.41	0.37
- Diluted		0.41	0.37

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 Chandniok & Associates**
Chartered Accountants
Firm's Registration No.: 001329N

Arun Tandon

Arun Tandon
Partner
Membership No: 517273



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

Ritika Sati

Ritika Sati
Company Secretary
Membership No. ACS 24016

Pankaj Jain

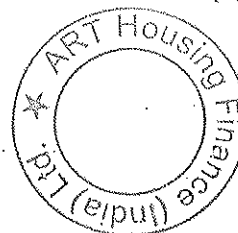
Pankaj Jain
Chief Financial Officer

Raj Vikash Verma

Raj Vikash Verma
Director
DIN 0003546341

Arvind Hali

Arvind Hali
Managing Director and
Chief Executive Officer
DIN 05285114



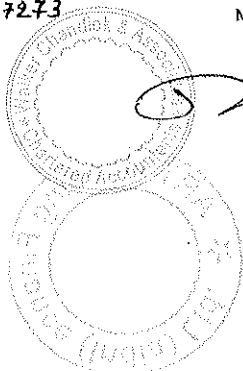
Place : Gurugram
Date : 6 May 2019

ART Housing Finance (India) Limited
Cash Flow Statement for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities:		
Profit before tax	217,738,545	153,646,200
Adjustments for:		
Depreciation and amortisation expense	28,824,130	18,319,298
Loss on sale of property, plant and equipment	506,731	22,802
Finance costs	237,031,121	13,868,951
Excess liability written back	(1,532,224)	(7,646,439)
Gain on mutual fund redemption	(19,026,348)	(30,072,466)
General provision for standard assets	-	18,460,718
General provision for standard assets written back	(2,344,571)	-
Loans and advances written off	1,155,707	2,603,234
Provision for sub-standard, doubtful and loss assets	421,795	-
	462,774,886	169,202,298
Direct taxes (paid)/adjusted	(50,833,026)	32,941,526
Operating profit before working capital changes	411,941,860	202,143,824
Adjustments for:		
Loans disbursed (net)	(1,045,445,017)	(3,625,665,168)
(Increase) in other loans and advances and other current assets	(33,452,710)	(64,932,465)
(Decrease)/ increase in other current liabilities and provisions	(293,087,154)	396,879,734
Interest and processing charges paid	(237,295,039)	(13,605,033)
(Decrease)/ increase in long-term liabilities	(188,681)	2,462,301
Net cash used in operating activities	(1,197,526,741)	(3,102,716,807)
Cash flow from investing activities:		
Purchase of property, plant and equipment	(27,494,289)	(14,188,448)
Proceeds from disposal of property, plant and equipment	45,858	2,197,876
Decrease in deposits with banks	(425,156)	(86,735,790)
(Investment in)/ proceeds from redemption of current investments, net	(203,473,652)	30,072,466
Net cash (used in) investing activities	(231,347,239)	(68,653,896)
Cash flow from financing activities:		
Proceeds from issuance of share capital	100,000,000	2,600,000,000
Proceeds from long term borrowings	2,087,568,954	436,222,000
Repayment of long term borrowings	(1,511,028,000)	(3,284,394)
Proceeds from short term borrowings, net	756,733,509	108,485,898
Net cash generated from financing activities	1,433,274,463	3,141,423,504
Net increase/(decrease) in cash and cash equivalents	4,400,483	(29,947,199)
Cash and cash equivalents at the beginning of the year	159,368	30,106,567
Cash and cash equivalents at the end of the year	4,559,851	159,368
	4,400,483	(29,947,199)

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

For **Walker Chandok & Associates**
Chartered Accountants
Firm's Registration No.: 001329N
Arun Tandon
per Arun Tandon
Partner
Membership No: 517273



Place: Gurugram
Date: 6 May 2019

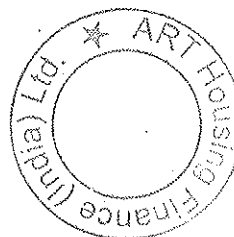
For and on behalf of the Board of Directors of
ART Affordable Housing Finance (India) Limited

Ritika Sati
Ritika Sati
Company Secretary
Membership No. ACS 24016

Raj Vikash Verma
Raj Vikash Verma
Director
DIN 0003546341

Pankaj Jain
Pankaj Jain
Chief Financial Officer

Arvind Hall
Arvind Hall
Managing Director and
Chief Executive Officer
DIN 05285114



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

Gratuity

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated at the balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. Actuarial gain or loss arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gain or loss arise.

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.

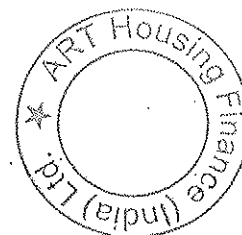
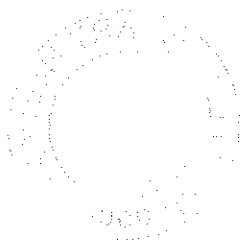
Current income-tax is determined as higher of the amount of tax payable calculated at the tax rates applicable to the relevant assessment year on the assessable income of the respective year or tax payable on book profit computed in accordance with the provisions of section 115JB of the Income-tax Act,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



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

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 year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

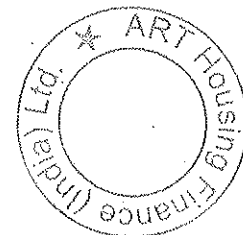
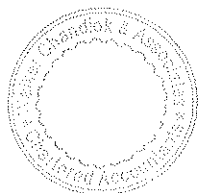
The Company operates in a single reportable segment i.e. lending, which have similar risks and returns for the purpose of Accounting Standard 17 on 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006 (as amended). The Company operates in a single geographical segment i.e. 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 PPE, till the time such assets are ready for intended use, are capitalized as part of the cost of the assets. Other borrowing costs are recognized 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.



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

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

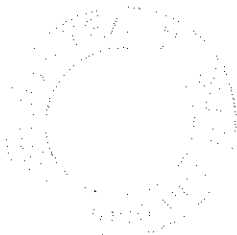
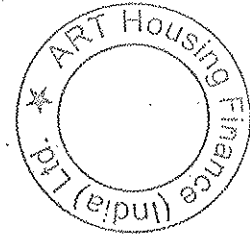
The assets acquired by the Company under the SARFAESI Act, 2002 are classified as 'Stock of acquired properties' and are valued at net realisable value or outstanding dues, whichever is lower.

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.

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ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

3 Share capital

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of Rs. 10 each	1,000,000,000	10,000,000,000	400,000,000	4,000,000,000
Issued, subscribed and fully paid up capital				
Equity shares of Rs. 10 each	385,000,000	3,850,000,000	375,000,000	3,750,000,000

a) Terms/ rights attached to equity shares

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

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

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	375,000,000	3,750,000,000	100,000,000	1,000,000,000
Add: Shares issued during the year	10,000,000	100,000,000	275,000,000	2,750,000,000
Shares outstanding at the end of the year	385,000,000	3,850,000,000	375,000,000	3,750,000,000

c) Details of shares held by the Holding Company *

	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Business and Consumer Finance (India) Private Limited	385,000,000	100.00%	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 shareholders holding more than 5% of equity share capital of the Company *

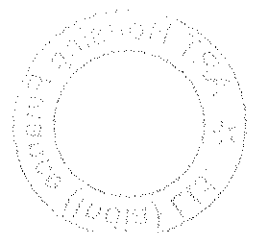
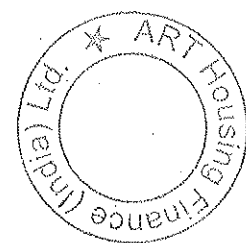
	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Business and Consumer Finance (India) Private Limited	385,000,000	100.00%	374,999,900	99.99%

* 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.

e) Employee Stock Option Schemes (ESOS)

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

The shareholders of the Company at their meeting dated 29 May 2017 approved the 'AMHF1-ESOP - MAY'2017' scheme consisting of 2,500,000 stock options representing 2,500,000 fully paid up equity shares of Rs 10 each of the Company to be issued in one or more tranches to eligible employees of the Company. The Nomination and Remuneration Committee constituted by the Board of Directors of the Company has, at its meeting held on dated 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"). However, the Company has increased the overall limit of stock options up to 5,000,000 under the said scheme on recommendations of Nomination and Remuneration Committee and approval of share holders vide their general meeting held on 4 April 2018. As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. These options vest with effect from the first vesting date i.e. 29 May 2019, whereby the options vest on each vesting date as per the vesting schedule provided in the Scheme.



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

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

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

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

Particulars	Weighted average remaining contractual life (in days)	
	31 March 2019	31 March 2018
Number of options outstanding at the beginning of the year	2,105,000	-
Number of options granted during the year	2,993,000	2,105,000
Number of options forfeited/lapsed during the year	(508,000)	-
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	4,590,000	2,105,000
Number of stock exercisable at the end of the year	-	-
Grant date		
29 May 2017	580	945
3 November 2017	738	1,103
26 April 2018	913	-
24 September 2018	1,064	-
12 March 2019	1,233	-

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

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

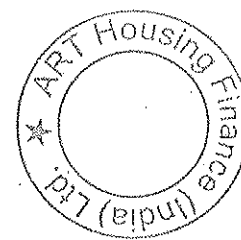
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit after tax (as reported)	157,683,913	106,391,406
Add: Stock based employee compensation expense debited to the Statement of Profit and Loss	-	-
Less: Stock based employee compensation expense based on fair value	9,219,317	5,245,436
Adjusted pro-forma profit	148,464,596	101,145,970
Basic EPS		
- As reported	0.41	0.37
- Pro-forma	0.39	0.35
Diluted EPS		
- As reported	0.41	0.37
- Pro-forma	0.38	0.35

(ix) The fair value of 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 2019	For the year ended 31 March 2018
Risk free interest rate (in %)	7.86%	7.86%
Expected life (in years)	5 years	5 years
Volatility (in %)	15.71%	14.13%
Dividend yield (in %)	0.00%	0.00%
Weighted average exercise price	10.00	10.00
Weighted average fair value of stock option	3.34	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. Further, the valuation has been conducted basis the budgets, forecasts and projections provided by the management which are not been opined by the auditors.

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.



ART Housing Finance (India) Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
4 Reserves and surplus		
Surplus/(Deficit) as per Statement of Profit and Loss		
Opening balance as at the beginning of the year	(17,371,698)	(102,484,823)
Net profit for the year	157,683,913	106,391,406
Less: Appropriation to statutory reserve		
- Transferred to statutory reserve	6,916,878	9,905,949
- Special reserve under section 36 (1)(viii) of Income-tax Act, 1961	24,619,905	11,372,332
Closing balance as at the end of the year	<u>108,775,432</u>	<u>(17,371,698)</u>

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	21,278,281	
Add: Transferred from the statement of profit and loss	31,536,783	21,278,281
Less: Utilised during the year		
Closing balance as at the end of the year	<u>52,815,064</u>	<u>21,278,281</u>
	<u>161,590,496</u>	<u>3,906,583</u>

Section 29C (j) 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 Rs. 24,619,905 (previous year - Rs. 11,372,332) in 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 the requirement of National Housing Bank's (NHB) Circular No. NIIB(ND)/DRS/Pol.Circular.61/2013-14 dated 7 April 2014, information on Reserve Fund under section 30C(i) of the National Housing Bank Act, 1987 has been furnished under note 30(11).

	As at 31 March 2019	As at 31 March 2018
5 Long-term borrowings		
Secured		
Term loan		
- from National Housing Bank	576,533,000	136,886,000
- from banks	547,747,762	314,529,606
Less: Current maturities of long term borrowings (refer note 9)	<u>(122,302,202)</u>	<u>(25,978,000)</u>
	<u>1,001,978,560</u>	<u>425,437,606</u>

Repayment terms and security for the outstanding long-term borrowings (including current maturities)
From National Housing Bank:

i) is repayable in 60 quarterly instalments which had commenced on 30 September 2017 and the last instalment will be due on 1 January 2034.

From Banks:

Term loan outstanding as at 31 March 2019 amounting to:

i) Rs 37,752,406 is repayable in 16 equal quarterly instalments after a moratorium period of 6 months commencing from 31 August 2017.

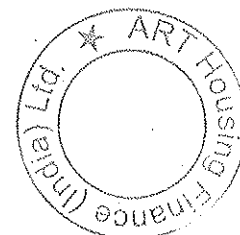
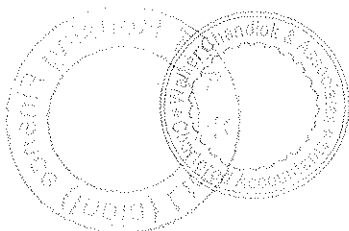
ii) Rs. 9,995,356 is repayable in 20 equal quarterly instalments after a moratorium period of 24 months and the last instalment will be due on 30 June 2019.

iii) Rs. 500,000,000 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.

The interest rate for the aforementioned term loans are linked to the Marginal Cost of Fund Based Lending Rate (MCLR) of the respective lenders.

	As at 31 March 2019	As at 31 March 2018
6 Other long-term liabilities		
Lease equalisation reserve	2,752,720	4,567,190
Advance from customers	4,359,140	2,733,051
	<u>7,111,860</u>	<u>7,300,541</u>
7 Long-term provisions		
Provision for employee benefits (refer note 'a' below)	2,484,545	961,280
General provisions towards standard assets (refer note 30 VIII (c))	17,258,494	19,520,222
	<u>19,743,039</u>	<u>20,481,502</u>



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

a) Employee benefits

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

Gratuity (funded)

	As at 31 March 2019	As at 31 March 2018
(i) Changes in present value of the defined benefit obligations:		
Present value of obligation as at the beginning of the year	2,153,015	895,045
Interest cost	150,711	64,891
Current service cost	1,860,400	1,151,145
Benefits paid	(472,327)	-
Actuarial gain on obligations	15,918	41,934
Present value of obligation as at the end of the year	3,707,717	2,153,015
(ii) Changes in fair value of plan asset:		
Fair value of plan assets as at the beginning of the year	1,181,772	-
Actual return on plan assets	76,239	2,821
Contributions	419,537	1,178,951
Benefits paid	(472,327)	-
Fair value of plan assets as at the end of the year	1,205,221	1,181,772
(iii) Amount of obligation recognised in Balance Sheet:		
Present value of the obligation at the end of the year	3,707,717	2,153,015
Fair value of plan assets at end of year	1,205,221	1,181,772
Net liability recognised in Balance Sheet	2,502,496	971,243
Non-current	2,484,545	964,280
Current	17,951	6,963
	For the year ended 31 March 2019	For the year ended 31 March 2018
(iv) Expense recognised in the statement of profit and loss:		
Current service cost	1,860,400	1,151,145
Interest cost	150,711	64,891
Actual return on plan assets	(76,239)	(2,821)
Actuarial loss/(gain) on obligations	15,918	41,934
Total expense recognised in the statement of profit and loss	1,950,790	1,255,149

(v) Assumptions used

	As at 31 March 2019	As at 31 March 2018
Discount rate	7.00%	7.25%
Future salary increase rate	10.00%	10.00%
Mortality	IALM 2006-08 Ultimate	IALM 2006-08 Ultimate
Average past service (years)	1.2 Years	0.8 Years
Average age (years)	31.0 Years	30.6 Years
Average remaining working lives of employees (years)	29.0 Years	29.4 years
Attrition rate	20.00%	20.00%

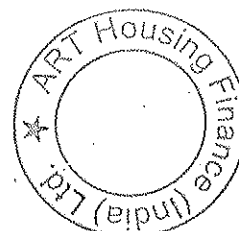
The discount rate is generally based upon the market yield available on the Government bonds at the reporting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

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 are as follows:

Particulars	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
Present value of defined benefit obligation	3,707,717	2,153,015	895,045	522,985	414,537
Fair value of plan assets	1,205,221	1,181,772	-	-	-
Deficit in plan assets	2,502,496	971,243	895,045	522,985	414,537

Compensated absences (unfunded)

	As at 31 March 2019	As at 31 March 2018
(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
Current service cost	-	(1,225,038)
Present value of obligation as at the end of the year	-	-
(ii) Breakup of the expense recognized in the statement of profit and loss is as follows:-		
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	-	(1,225,038)
Total expense recognised in the statement of profit and loss	-	(1,225,038)
Average past service (years)	NA	NA
Average age (years)	NA	NA
Average remaining working lives of employees (years)	NA	NA



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
8 Short-term borrowings		
Secured		
Loans repayable on demand from banks: cash credit facilities	219,407	8,485,898
Term loan from banks		100,000,000
Unsecured		
Inter-corporate deposits	865,000,000	-
	<u>865,219,407</u>	<u>108,485,898</u>

Notes:

i) Cash credits are secured by way of hypothecation of the housing loan receivables with minimum cover of 1.25 times of the outstanding exposure.

ii) Term loan amounting to Rs. 100,000,000 is repayable in 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. The loan was fully repaid on 7 March 2019.

iii) Inter-corporate deposits of Rs. 865,000,000 are unsecured which is repayable by 31 March 2020.

9 Other current liabilities

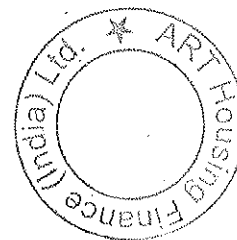
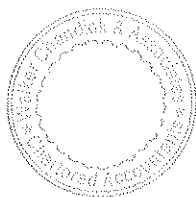
Current maturities of long-term borrowings (refer note 5)	122,302,302	25,978,000
Interest accrued but not due on borrowings		263,918
Employee related payables	27,270,918	17,545,667
Advance from customers	17,893,866	11,095,483
Statutory dues	2,637,883	2,227,295
Temporary book overdraft*	76,486,682	478,394,250
Lease equalisation reserve	1,814,768	826,890
Other accrued liabilities	17,146,387	22,949,058
	<u>265,552,706</u>	<u>559,780,561</u>

* temporary book overdraft of Rs. 76,486,682 (previous year- Rs 478,394,250) represents cheques issued towards disbursements to borrowers but not encashed as at 31 March 2019.

10 Short-term provisions

Provision for employee benefits [Refer note 7(a)]	17,951	6,963
General provisions towards standard assets [refer note 30 VIII (c)]	3,187,387	3,270,230
Provision for sub standard, doubtful and loss assets [refer note 30 VIII (c)]	421,795	
	<u>3,627,133</u>	<u>3,277,193</u>

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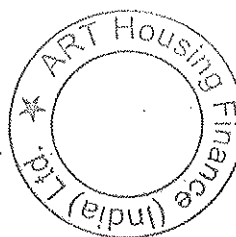


ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
12 Non current investments		
(Non-trade investments, valued at cost)		
Investment in equity instruments		
- In a subsidiary company (unquoted)		
50,000 (previous year 50,000) equity shares of Rs 10 each in ART Distribution (I) Private Limited	500,000	500,000
	<u>500,000</u>	<u>500,000</u>
Aggregate amount of unquoted investments	500,000	500,000
13 Deferred tax asset, net		
Deferred tax asset arising on account of timing difference on :		
Provision for lease equalisation	1,330,053	1,570,843
Provision for standard assets, sub-standard, doubtful and loss assets	6,076,668	6,636,580
Others	929,692	483,791
Less: Deferred tax liability arising on account of timing difference on:		
Timing difference on depreciation/amortisation of property, plant and equipment	(650,621)	(2,776,391)
Special reserve under section 36(1)(viii) of the Income-tax Act	(7,169,316)	(3,311,623)
	<u>516,476</u>	<u>2,603,200</u>
14 Long-term loans and advances		
(Considered good)		
Housing loans		
Secured		
- Individuals	3,955,394,167	2,397,101,754
- Others	106,775,731	286,012,774
Others loans		
Secured		
- Individuals	995,195,645	839,902,183
- Others	86,508,659	603,279,985
(Unsecured and considered good)		
Security deposits	7,502,943	7,238,384
Capital advances	-	500,000
Prepaid income-tax (net of provision for taxes and Rs. 11,109,001 minimum alternate tax credit entitlement utilised in the current year)	5,187,829	913,710
Minimum alternate tax credit entitlement	13,039,569	24,448,570
	<u>5,169,604,543</u>	<u>4,159,397,360</u>
15 Current investments		
(Valued at lower of cost or fair value)		
Investment in Mutual Funds (quoted)		
148,279 (previous year - nil) units of Rs. 300.1094 each of Birla Sun Life Cash Plus - growth - direct plan	44,500,000	-
9,765 (previous year - nil) units of Rs. 4,557.1361 each of Reliance Liquid Fund - treasury plan - growth - direct plan	44,500,000	-
161,157 (previous year - nil) units of Rs. 276.1275 of ICICI Prudential Liquid Fund- growth - direct plan	44,500,000	-
12,110 (previous year - nil) units of Rs. 3,674.5769 of HDFC Liquid Fund	44,500,000	-
15,214 (previous year - nil) units of Rs. 2,924.8942 of SBI Premier Liquid Fund	44,500,000	-
	<u>222,500,000</u>	<u>-</u>
Aggregate book value of quoted investments	222,500,000	-
Market value of quoted investments	222,742,263	-
16 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	311,690	-
Bank balances in		
- Current accounts	4,248,161	159,368
	<u>4,559,851</u>	<u>159,368</u>
Other bank balances		
Deposits with maturity of less than three months	632,712	600,000
Deposits with maturity more than three months but less than twelve months	114,735,590	114,343,146
	<u>119,928,153</u>	<u>115,102,514</u>



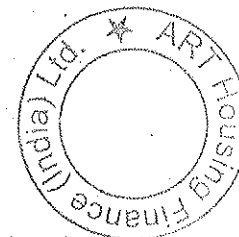
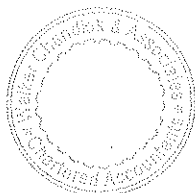
ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
17 Short-term loans and advances		
(Considered good)		
Housing loans		
Secured		
- Individuals	192,838,112	118,252,533
- Others	125,269,253	192,136,353
Other loans		
Secured		
- Individuals	37,170,168	31,605,137
- Others	144,349,133	127,920,810
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	9,233,883	12,068,084
(Unsecured and considered good)		
Security deposits	1,009,540	593,900
Balance with government authorities	2,266,486	
	<u>512,136,875</u>	<u>485,577,147</u>
18 Other current assets		
Interest		
- accrued and due on loans	15,186,553	1,108,948
- accrued but not due on loans	42,403,766	18,687,280
- accrued on fixed deposits	1,089,187	1,071,358
Stock of acquired properties (held for sale)	1,603,100	3,388,100
	<u>60,282,606</u>	<u>24,255,686</u>

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ART Housing Finance (India) Limited

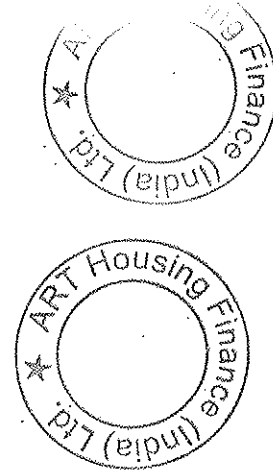
Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

11 Fixed assets

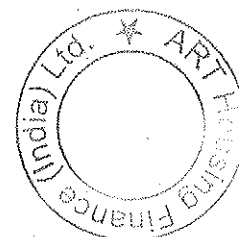
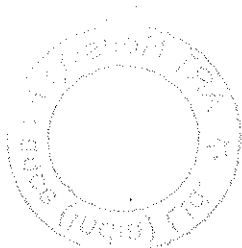
Gross block	Tangible assets						Intangible assets		Grand total
	Computer equipments	Furniture and fixtures	Office equipments	Vehicles	Plant and machinery	Leasehold improvements	Total	Computer software	
Balance as at 31 March 2017	18,920,552	19,678,263	16,808,303	2,358,000	3,383,483	41,931,620	103,080,221	7,086,075	110,166,296
Additions	6,873,317	1,291,022	1,177,400	-	-	2,430,203	11,771,942	5,519,000	17,290,942
Disposals	65,853	1,201,910	102,120	2,000,000	-	1,086,325	4,456,208	-	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	110,395,955	12,605,075	123,001,030
Additions	10,243,328	1,406,810	1,594,625	7,845,027	-	-	21,089,790	6,404,500	27,494,290
Disposals	44,838	557,343	220,000	-	-	-	822,181	-	822,181
Balance as at 31 March 2019	35,926,506	20,616,842	19,478,208	7,983,027	3,383,483	43,275,498	130,663,564	19,009,575	149,673,139
Accumulated depreciation and amortisation									
Balance as at 31 March 2017	4,354,369	1,461,496	1,314,831	727,790	169,080	6,587,799	14,615,365	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	16,555,706	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	-	2,235,530
Balance as at 31 March 2018	9,532,441	3,505,161	3,002,537	184,397	398,866	12,312,139	28,935,541	2,828,512	31,764,053
Charge for the year	9,862,213	2,659,540	2,424,949	1,340,109	251,136	8,842,701	25,380,648	3,443,482	28,824,130
Adjustments on disposal of assets	24,720	92,260	-	152,612	-	-	269,592	-	269,592
Balance as at 31 March 2019	19,369,934	6,072,441	5,427,486	1,371,894	650,002	21,154,840	54,046,597	6,271,994	60,318,591
Net block									
Balance as at 31 March 2019	16,556,572	14,544,400	14,050,721	6,611,133	2,733,481	22,120,658	76,616,967	12,737,581	89,354,548
Balance as at 31 March 2018	16,195,575	16,262,214	14,881,046	173,603	2,984,617	30,963,359	81,460,414	9,776,563	91,236,977

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ART Housing Finance (India) Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
19 Revenue from operations		
Interest on housing loans and other loans	781,887,607	274,966,100
Interest income on deposits with banks	9,682,669	39,986,961
Fees and other charges	79,042,340	109,681,205
	<u>870,612,616</u>	<u>424,634,266</u>
20 Other income		
Excess liability/provisions written back	1,532,224	7,646,439
Gain on sale of current investments	19,026,348	30,072,466
General provision for standard assets, written back	2,344,571	-
Profit on sale of acquired properties	515,120	-
Miscellaneous income	18,654,183	38,916,579
	<u>42,072,446</u>	<u>76,635,484</u>
21 Employee benefits expense		
Salaries, wages and bonus	288,455,960	186,248,289
Contribution to provident fund and other funds	12,085,058	8,106,549
Contribution to gratuity	1,950,790	1,255,149
Staff welfare expenses	3,259,763	2,280,988
	<u>305,751,571</u>	<u>197,890,975</u>
22 Finance costs		
Interest expense		
- on borrowings	236,335,096	10,643,451
Processing fees	696,025	3,225,500
	<u>237,031,121</u>	<u>13,868,951</u>
23 Other expenses		
Rent	25,517,701	21,094,405
Legal and professional charges	29,525,731	27,149,569
Rates and taxes	3,494,218	2,693,110
Electricity	4,739,526	4,382,471
Directors sitting fees	543,200	510,400
Office maintenance expenses	13,543,987	10,335,774
Security expenses	557,652	705,340
Insurance expenses	2,425,995	1,776,564
Commission expenses	11,426,056	7,887,173
Communication expenses	8,042,636	6,330,054
Loss on disposal of property, plant and equipment	506,731	22,802
Corporate Social Responsibility expenses (refer note 32)	375,000	-
Advertisement and business promotion expenses	3,193,367	2,465,492
Travelling and conveyance	9,666,302	6,908,974
Recruitment expenses	3,400,639	488,719
General provision for standard assets	-	18,460,717
Provision for sub-standard and loss assets	421,795	-
Loans and advances written off	1,155,707	2,605,234
Miscellaneous expenses	4,803,452	3,729,528
	<u>123,339,695</u>	<u>117,544,326</u>
24 Earnings per share - Basic and diluted		
(a) Computation of profit attributable to equity shareholders		
Net profit after tax attributable to equity shareholders	157,683,913	106,391,406
(b) Computation of weighted average number of shares		
Basic (in nos.)	384,945,205	284,876,712
Diluted (in nos.)	387,679,521	286,491,082
(c) Nominal value of equity share	10	10
(d) Earnings per share		
- Basic	0.41	0.37
- Diluted	0.41	0.37



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

25 Related party disclosures

Related party disclosures, as required by the notified 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 Act are given below:

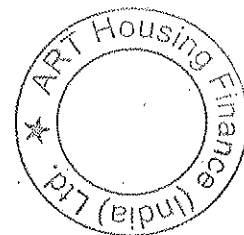
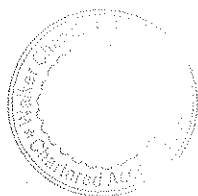
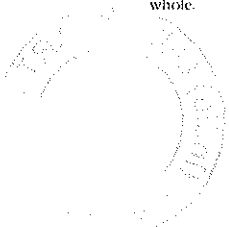
Holding Company	: ART Capital (India) Private Limited (Upto 20 March 2018)
	: ART Business and Consumer Finance (India) Private Limited (from 21 March 2018)
Fellow subsidiaries of immediate Holding Company	: ART Business and Consumer Finance (India) Private Limited (Upto 20 March 2018)
Parent of the Holding Company	: ART Capital (India) Private Limited (from 21 March 2018)
Subsidiary Company	: ART Distribution (India) Private Limited
Key management personnel (KMP)	: Arvind Hali, Managing Director and Chief Executive Officer
Enterprises that directly or indirectly are under common control and with whom transactions done during the year	: ART Special Situations Finance (India) Limited
	: ART Venture Finance (India) Private Limited
	: ART Fintech (India) Private Limited
	: ART Capital Advisory (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:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Transactions during the year		
Holding Company		
ART Capital (India) Private Limited <i>(formerly known as RAAS Capital (India) Private Limited)</i>		
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	100,000,000	2,600,000,000
Reimbursement of expenses received	-	21,000,000
Key management personnel		
Remuneration paid		
Arvind Hali	16,690,619	12,424,598
Other entities in which key management personnel or their relative has significant influence		
Inter-corporate deposits received during the period		
ART Special Situations Finance (India) Limited	750,000,000	-
ART Venture Finance (India) Private Limited	310,000,000	-
ART Fintech (India) Private Limited	60,000,000	-
ART Capital Advisory (India) Private Limited	80,000,000	-
Inter-corporate deposits repaid during the period		
ART Special Situations Finance (India) Limited	750,000,000	-
ART Venture Finance (India) Private Limited	310,000,000	-
ART Fintech (India) Private Limited	60,000,000	-
ART Capital Advisory (India) Private Limited	80,000,000	-
Interest paid on inter-corporate deposits during the period		
ART Special Situations Finance (India) Limited	11,092,465	-
ART Venture Finance (India) Private Limited	13,997,534	-
ART Fintech (India) Private Limited	2,389,315	-
ART Capital Advisory (India) Private Limited	3,602,192	-
Balance outstanding as at the end of year		
Advances/ expenses recoverable		
ART Capital (India) Private Limited <i>(formerly known as RAAS Capital (India) Private Limited)</i>	-	1,076,628

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.



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
26 Payments to statutory auditors *		
As auditors	275,000	250,000
For other services	150,000	75,000
For reimbursement of expenses	58,380	58,450
	483,380	383,450

* excluding applicable taxes

27 Contingent liabilities, capital and other commitments

a. Contingent liabilities

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

b. 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 nil (previous year Rs 6,131,900).

28 Reconciliation of provisions

General provision against Standard Assets

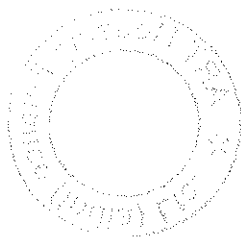
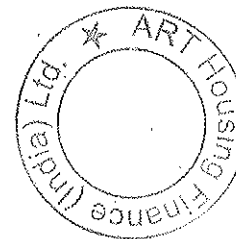
	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	22,790,452	4,329,734
Provisions made/ (reversed) during the year	(2,344,571)	18,460,718
Balance at the end of the year	20,445,881	22,790,452

Provision for sub standard assets, doubtful or loss assets

	As at 31 March 2019	As at 31 March 2018
Balance at the beginning of the year	-	898,700
Provisions made/ (reversed) during the year	421,795	(898,700)
Balance at the end of the year	421,795	-

29 Disclosures in respect of non-cancellable operating leases

	As at 31 March 2019	As at 31 March 2018
Rent payable not later than one year	18,176,946	17,189,069
Rent payable later than one year but not later than five years	25,750,674	43,927,620
Rent payable later than five years	-	-



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

30 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 2019	As at 31 March 2018
(i) Capital to Risk Asset Ratio - CRAR (%)	116.01%	104.29%
(ii) CRAR-Tier I Capital (%)	115.40%	103.66%
(iii) CRAR-Tier II Capital (%)	0.60%	0.63%
(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

Balance at the beginning of the year

a) Statutory reserve under section 29C of the National Housing Bank 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
c) Total	<u>21,278,281</u>	<u>Nil</u>

Addition/ appropriation/ withdrawal during the year

Add:

a) Amount transferred under section 29C of the NHB Act, 1987	6,916,878	9,905,949
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	24,619,905	11,372,332

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	16,822,827	9,905,949
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,	35,992,237	11,372,332
c) Total	<u>52,815,064</u>	<u>21,278,281</u>

III Investments

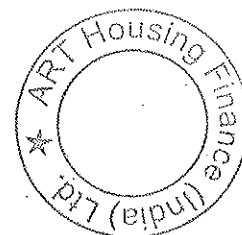
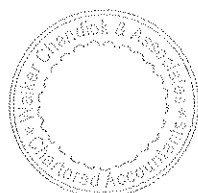
Particulars

Value of investments

	As at 31 March 2019	As at 31 March 2018
(i) Gross value of investments		
(a) In India	223,000,000	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	223,000,000	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



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

IV Derivatives

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

Particulars

- i) The notional principal of swap agreements
- (ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements
- (iii) Collateral required by the housing finance companies upon entering into swaps
- (iv) Concentration of credit risk arising from the swaps
- (v) The fair value of the swap book

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

	As at 31 March 2019	As at 31 March 2018
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil

b. Exchange Traded Interest Rate (IR) Derivative

Particulars

- (i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)
- (ii) Notional principal amount of exchange traded IR derivatives outstanding as on end of year (instrument-wise)
- (iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)
- (iv) Marked-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)

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

	As at 31 March 2019	As at 31 March 2018
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil

c. Disclosures on risk exposure in derivatives - Qualitative Disclosure - not applicable

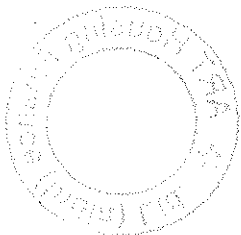
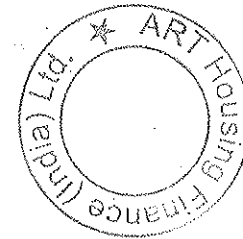
d. Disclosures on risk exposure in derivatives - quantitative disclosure

Particulars

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

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

	Currency Derivatives	Interest Rate Derivatives
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

b. Exposure to Capital Market
Particulars

- (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;
- (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;
- (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;
- (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;
- (v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;
- (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;
- (vii) bridge loans to companies against expected equity flows / issues;
- (viii) All exposures to Venture Capital Funds (both registered and unregistered)
- Total exposure to Capital Market**

	As at 31 March 2019	As at 31 March 2018
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	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

VIII Other disclosures

a. Registration obtained from other financial sector regulators

None

b. Disclosure of Penalties imposed by NHB and other regulators

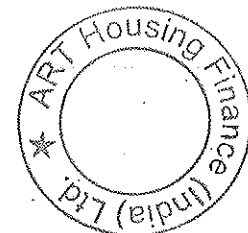
	For the year ended 31 March 2019	For the year ended 31 March 2018
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- i) Details of penalty levied by National housing bank
- ii) Adverse comments by the National housing bank on regulatory compliances
- iii) Percentage of outstanding loans granted against collateral of gold jewellery to total outstanding assets

Nil	Nil
Nil	Nil
Nil	Nil

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

During the year, CARE has assigned upgraded rating of 'A' from earlier rating of "A-". The rating of 'A' assigned by CARE is not accepted by the Company.



ART Housing Finance (India) Limited
Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)
d. Provisions and Contingencies
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
1. Provisions for depreciation on investment	Nil	Nil
2. Provision made towards income-tax	57,967,908	32,941,526
3. Provision towards sub standard, doubtful and loss assets	421,795	Nil
4. Provision for standard assets (with details like teaser loan, CRE, CRE-RH etc.)		
Teaser loans	Nil	Nil
CRE	(147,383)	7,846,029
CRE -RH	(1,845,781)	3,564,266
Other standard assets	(351,407)	7,050,423
5. Other provision and contingencies (with details)		
Gratuity, compensated absences	1,950,790	30,111
Employee benefits	27,270,918	17,545,667
Provision for expenses	15,406,201	30,862,817

c. Break up of loan and advances and provisions thereon

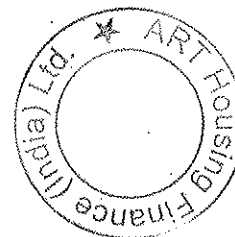
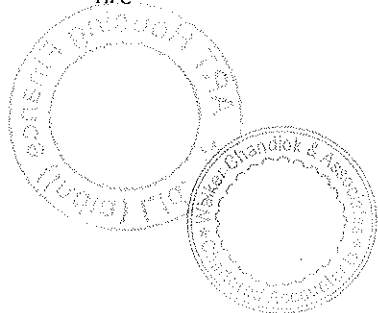
Particulars	Housing loans		Non-Housing loans	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Standard assets				
a) Total outstanding amount	4,377,465,297	2,994,141,195	1,263,223,906	1,606,179,612
b) Provisions made	13,212,427	11,273,350	7,233,454	11,517,102
Sub-standard assets				
a) Total outstanding amount	2,811,966			
b) Provisions made	421,795			
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	4,380,277,263	2,994,141,195	1,263,223,906	1,606,179,612
b) Provisions made	13,634,222	11,273,350	7,233,454	11,517,102

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

Particulars	As at 31 March 2019	As at 31 March 2018
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

g. Concentration of loans and advances

Particulars	As at 31 March 2019	As at 31 March 2018
Total loans and advances to twenty largest borrowers	558,855,434	1,305,099,541
Percentage of loans and advances to twenty largest borrowers to total advances of the HFC	9.90%	28.37%

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ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

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

Particulars

Total exposure to twenty largest borrowers / customers

Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers

As at 31 March 2019	As at 31 March 2018
558,855,434	1,305,099,541
9.90%	28.37%

i. Concentration of NPAs

Particulars

Total exposure to top ten NPA accounts

As at 31 March 2019	As at 31 March 2018
2,811,966	

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

Particulars

A. Housing loans:

1. Individuals
2. Builders/Project loans
3. Corporates
4. Others (specify)

B. Non-Housing loans:

1. Individuals
2. Builders/Project loans
3. Corporates
4. Others (specify)

As at 31 March 2019	As at 31 March 2018
0.068%	Nil
Nil	Nil
Nil	Nil
Nil	Nil
Nil	Nil
Nil	Nil
Nil	Nil
Nil	Nil

k. Movement of NPAs

Particulars

(I) Net NPAs to net advances (%)

(II) Movement of NPAs (Gross)

- a) Opening balance
- b) Additions during the year
- c) Reductions during the year
- d) Closing balance

(III) Movement of net NPAs

- a) Opening balance
- b) Additions during the year
- c) Reductions during the year
- d) Closing balance

(IV) Movement of provisions for NPAs (excluding provisions on standard assets)

- a) Opening balance
- b) Provisions made during the year
- c) Write-off/write-back of excess provisions
- d) Closing balance

For the year ended 31 March 2019	For the year ended 31 March 2018
0.04%	0.00%
-	5,991,334
5,018,340	3,078,023
2,206,374	9,069,357
2,811,966	-
-	5,092,634
3,258,805	2,616,320
868,634	7,708,954
2,390,171	-
-	898,700
1,759,535	461,703
1,337,740	1,360,403
421,795	-

l. Overseas assets

Particulars

None

As at 31 March 2019	As at 31 March 2018
Nil	Nil

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

Particulars

None

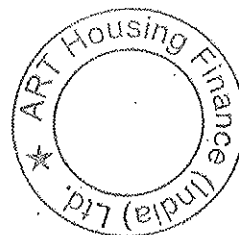
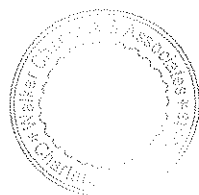
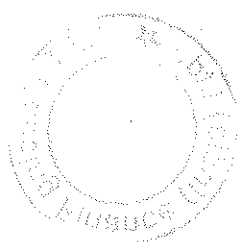
As at 31 March 2019	As at 31 March 2018
Nil	Nil

n. Customers complaints

Particulars

- a) No. of complaints pending at the beginning of the year
- b) No. of complaints received during the year
- c) No. of complaints redressed during the year
- d) No. of complaints pending at the end of the year

As at 31 March 2019	As at 31 March 2018
Nil	Nil
130	54
128	54
2	Nil



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

31 Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for the year ended 31 March 2019 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Company.

	31 March 2019	31 March 2018
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMED Act, 2006:		
Principal	493,800	
Interest		
ii) The amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.		
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.		
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.		
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006		

32 Corporate social responsibility expenses

Gross amount required to be spent by the Company during the year is ₹ 356,933 (previous year: ₹ nil).

Amount spent during the year on corporate social responsibility: ₹ 375,000 (previous year: ₹ nil).

Particulars	Year	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	31 March 2019	-	-	-
	31 March 2018	-	-	-
On purposes other than above	31 March 2019	375,000	-	375,000
	31 March 2018	-	-	-

33 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 Chandniok & Associates
Chartered Accountants
Firm's Registration No.: 001329N
Arun Tandon
per Arun Tandon
Partner
Membership No. 517273



Place: Gurugram
Date: 6 May 2019

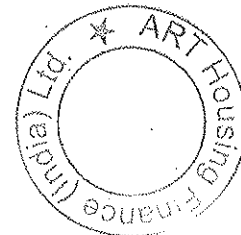
For and on behalf of the Board of Directors of
ART Housing Finance (India) Limited

Ritika Sati
Company Secretary
Membership No. ACS 24016

Raj Vikash Verma
Director
DIN 0003546341

Pankaj Jain
Chief Financial Officer

Arun Hali
Managing Director and
Chief Executive Officer
DIN 05285114



Walker Chandlok & Associates

L-41 Connaught Circus
New Delhi 110001
India

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Independent Auditor's Report

To the Members of ART Housing Finance (India) Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of ART 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 2019, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.
2. 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 Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended), of the consolidated state of affairs (consolidated financial position) of the Group as at 31 March 2019, their consolidated profit and their consolidated cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Walker Chandio & Associates

Independent Auditor's Report of even date to the members of ART Housing Finance (India) Limited on the consolidated financial statements for the year ended 31 March 2019 (cont'd)

Information other than the Consolidated Financial Statements and Auditor's Report thereon

4. The Holding Company's Board of Directors is responsible for the other information. Other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. Reporting under this section is not applicable as no other information is obtained at the date of this auditor's report.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

5. The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated state of affairs (consolidated financial position), consolidated profit or loss and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended). The respective Board of Directors/management 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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.
6. In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
7. Those Board of Directors are also responsible for overseeing the Group's financial reporting process.



Walker Chandiok & Associates

Independent Auditor's Report of even date to the members of ART Housing Finance (India) Limited on the consolidated financial statements for the year ended 31 March 2019 (cont'd)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

8. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
9. As part of an audit in accordance with Standards on Auditing specified under Section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for explaining our opinion on whether the holding company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



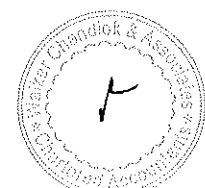
Walker Chandio & Associates

Independent Auditor's Report of even date to the members of ART Housing Finance (India) Limited on the consolidated financial statements for the year ended 31 March 2019 (cont'd)

11. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

12. As required by section 197(16) of the Act, based on our audit, we report that the Holding Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act. Further, we report that the provisions of section 197 read with Schedule V to the Act are not applicable to the subsidiary company since the subsidiary company is not a public company as defined under section 2(71) of the Act.
13. 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 specified 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 2019 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 Auditors) 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 2019 which would impact the consolidated financial position of the Group;



Walker Chandiok & Associates

Independent Auditor's Report of even date to the members of ART Housing Finance (India) Limited on the consolidated financial statements for the year ended 31 March 2019 (cont'd)

- ii. the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2019;
- 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 2019; 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

Arun Tandon

Arun Tandon
Partner
Membership No.: 517273

Place: New Delhi
Date: 06 May 2019



Walker Chandiook & Associates

Annexure I to the Independent Auditor's Report of even date to the members of ART Housing Finance (India) Limited on the consolidated financial statements for the year ended 31 March 2019

Annexure I

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')

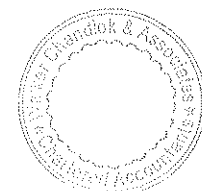
1. In conjunction with our audit of the consolidated financial statements of ART Housing Finance (India) Limited (the Holding Company), as at and for the year ended 31 March 2019, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company, as at that date.

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 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 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 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 IFCoFR of the Holding Company, as aforesaid.



Walker Chandiok & Associates

Annexure I to the Independent Auditor's Report of even date to the members of ART Housing Finance (India) Limited on the consolidated financial statements for the year ended 31 March 2019 (cont'd)

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 Holding Company have in all material respects, adequate internal financial controls over financial reporting and such controls were operating effectively as at 31 March 2019, 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

Arun Tandon

Arun Tandon

Partner

Membership No.: 517273

Place: New Delhi

Date: 6 May 2019



ART Housing Finance (India) Limited
Consolidated Balance Sheet as at 31 March 2019

(All amounts in rupees, unless otherwise stated)

Particulars	Notes	As at 31 March 2019	As at 31 March 2018
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	3,850,000,000	3,750,000,000
Reserves and surplus	4	161,321,918	3,675,501
		4,011,321,918	3,753,675,501
Non-current liabilities			
Long-term borrowings	5	1,001,978,560	425,437,606
Other long-term liabilities	6	7,111,860	7,300,541
Long-term provisions	7	19,743,039	20,484,502
		1,028,833,459	453,222,649
Current liabilities			
Short-term borrowings	8	865,219,407	108,485,898
Other current liabilities	9	265,584,547	559,852,186
Short-term provisions	10	3,627,133	3,277,193
		1,134,431,087	671,615,277
TOTAL		6,174,586,464	4,878,513,427
ASSETS			
Non-current assets			
Property, plant and equipment			
Tangible assets	11	76,616,966	81,460,414
Intangible assets	11	12,737,581	9,776,563
Deferred tax assets (net)	12	516,476	2,603,200
Long-term loans and advances	13	5,169,604,543	4,159,400,778
		5,259,475,566	4,253,240,955
Current assets			
Current investments	14	222,500,000	-
Cash and bank balances	15	120,182,042	115,412,856
Short-term loans and advances	16	512,145,065	485,597,006
Other current assets	17	60,283,791	24,262,610
		915,110,898	625,272,472
TOTAL		6,174,586,464	4,878,513,427

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 Chandniok & Associates

Chartered Accountants
Firm's Registration No: 001329N

Arjun Tandon

Arjun Tandon

Partner

Membership No.: 517273

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

Ritika Sati

Ritika Sati

Company Secretary

Membership No. ACS 24016

Pankaj Jain

Pankaj Jain

Chief Financial Officer

Raj Vikash Verma

Raj Vikash Verma

Director

DIN 0003546341

Arvind Hali

Arvind Hali

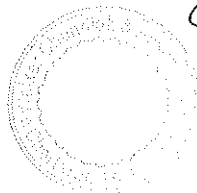
Managing Director and

Chief Executive Officer

DIN 05285114

Place : Gurugram

Date : 6 May 2019



ART Housing Finance (India) Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2019	Year ended 31 March 2018
Revenue			
Revenue from operations	18	870,619,888	424,646,683
Other income	19	42,072,538	76,635,484
Total revenue		912,692,426	501,282,167
Expenses			
Employee benefits expense	20	305,751,571	197,890,975
Finance costs	21	237,031,121	13,868,951
Depreciation and amortisation expense	11	28,824,130	18,319,298
Other expenses	22	123,384,554	117,613,379
Total expenses		694,991,376	347,692,603
Profit before tax		217,701,050	153,589,564
Tax expense			
- Current tax		57,967,908	32,941,526
- Minimum alternate tax credit entitlement		-	(24,448,570)
- Deferred tax		2,086,724	38,761,838
Profit after tax		157,646,418	106,334,770
Earnings per share	23		
- Basic		0.41	0.37
- Diluted		0.41	0.37

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 Chandniok & Associates

Chartered Accountants
Firm Registration No: 001329N

Arun Tandon

Arun Tandon

Partner

Membership No: 517273

For and on behalf of the Board of Directors of

ART Housing Finance (India) Limited

Ritika Sati

Ritika Sati

Company Secretary

Membership No. ACS 24016

Pankaj Jain

Pankaj Jain

Chief Financial Officer

Raj Vikash Verma

Raj Vikash Verma

Director

DIN 0003546341

Arvind Hali

Arvind Hali

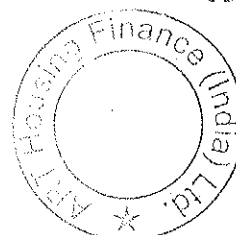
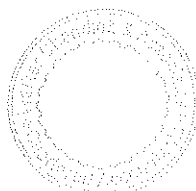
Managing Director and

Chief Executive Officer

DIN 05285114

Place : Gurugram

Date : 6 May 2019



ART Housing Finance (India) Limited
Consolidated Cash Flow Statement for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)

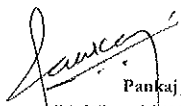
Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Cash flow from operating activities:		
Profit before tax	217,701,050	153,589,564
Adjustments for:		
Depreciation and amortisation expense	28,824,130	18,319,298
Loss on sale of property, plant and equipment	506,731	22,802
Finance costs	237,031,121	13,868,951
Excess liability written back	(1,532,224)	(7,646,439)
Gain on mutual fund redemption	(19,026,348)	(30,072,466)
General provision for standard assets	-	18,460,718
General provision for standard assets written back	(2,344,571)	-
Loans and advances written off	1,155,707	2,603,234
Provision for sub-standard, doubtful and loss assets	421,795	-
	462,737,391	169,145,662
Direct taxes (paid)/adjusted	(50,829,608)	32,941,526
Operating profit before working capital changes	411,907,783	202,087,188
Adjustments for:		
Loans disbursed (net)	(1,045,445,017)	(3,625,665,168)
(Increase) in other loans and advances and other current assets	(33,435,302)	(64,934,540)
(Decrease)/ increase in other current liabilities and provisions	(293,126,938)	397,098,787
Interest and processing charges paid	(237,295,039)	(13,605,033)
(Decrease)/ increase in long-term liabilities	(188,681)	2,462,301
Net cash used in operating activities	(1,197,583,194)	(3,102,556,465)
Cash flow from investing activities:		
Purchase of property, plant and equipment	(27,494,289)	(14,188,448)
Proceeds from disposal of property, plant and equipment	45,858	2,197,876
Decrease in deposits with banks	(425,156)	(86,735,790)
(Investment in)/ proceeds from redemption of current investments, net	(203,473,652)	30,072,466
Net cash (used in) investing activities	(231,347,239)	(68,653,896)
Cash flow from financing activities:		
Proceeds from issuance of share capital	100,000,000	2,600,000,000
Proceeds from long term borrowings	2,087,568,954	436,222,000
Repayment of long term borrowings	(1,511,028,000)	(3,284,394)
Proceeds from short term borrowings, net	756,733,509	108,485,898
Net cash generated from financing activities	1,433,274,463	3,141,423,504
Net increase/(decrease) in cash and cash equivalents	4,344,030	(29,786,857)
Cash and cash equivalents at the beginning of the year	469,710	30,256,567
Cash and cash equivalents at the end of the year	4,813,740	469,710
	4,344,030	(29,786,857)

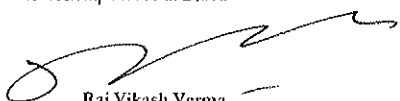
This is the Consolidated Cash Flow Statement referred to in our report of even date.

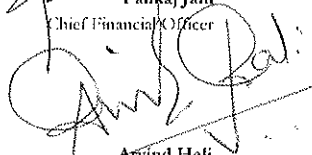
For Walker Chandok & Associates
Chartered Accountants
Firm's Registration No: 001329N
Arun Tandon
per Arun Tandon
Partner
Membership No. 517273

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

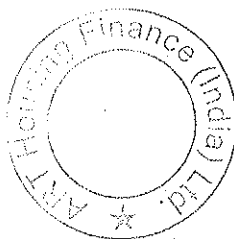
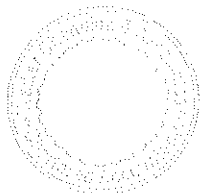

Ritika Sati
Company Secretary
Membership No. ACS 24016


Pankaj Jain
Chief Financial Officer


Raj Vikash Verma
Director
DIN 0003546341


Arvind Hali
Managing Director and
Chief Executive Officer
DIN 05285114

Place : Gurugram
Date : 6 May 2019



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

1. Company overview

ART Housing Finance (India) Limited (the 'Holding 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 is registered with the National Housing Bank (NHB) under section 29A of the National Housing Bank Act, 1987. The main objects of the Holding 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 Holding 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 Holding Company for its standalone financial statements.

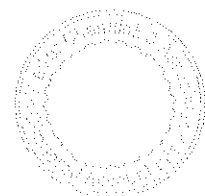
ii) The consolidated financial Statements include the financial statements of the Holding Company and its undermentioned subsidiary which is more than 50 percent owned or controlled as at the year end.

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 Holding 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 Holding 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.



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

3 Basis of preparation

The consolidated 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 consolidated 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 Group.

3.1 Summary of significant accounting policies

a) Use of estimates

The preparation of consolidated 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 consolidated 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

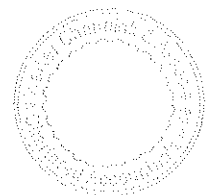
Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured.

- 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 basis taking into account the amount outstanding and the rate applicable.
- iv. Dividend income is recognized when the Holding 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, (NHFB) 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, (NHFB) Directions, 2010, as amended from time to time.



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

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) Property, plant and equipment

Tangible

Property, plant and equipment ('PPE') (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 PPE.

Intangible

Software which is not integral part of the hardware is classified as intangibles and is stated at cost less accumulated amortisation. These are recognized as assets if it is probable that future economic benefits attributable to such assets will flow to the Group 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.

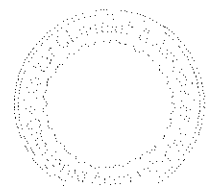
h) Employee benefits

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

The Group 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 Group pays fixed contributions into funds established under Employees Provident Fund and Miscellaneous Provisions Act, 1952. The Group 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.



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

Gratuity

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognised in the consolidated balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses. The defined benefit obligation is calculated at the balance sheet date on the basis of actuarial valuation by an independent actuary using projected unit credit method. Actuarial gain or loss arising from experience adjustments and changes in actuarial assumptions are recorded in the consolidated statement of profit and loss in the year in which such gain or loss arise.

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.

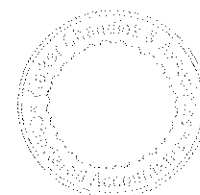
Current income-tax is determined as higher of the amount of tax payable calculated at the tax rates applicable to the relevant assessment year on the assessable income of the respective year or tax payable on book profit computed in accordance with the provisions of section 115JB of the Income-tax Act, 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 recognized 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 realized. 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 Group 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 Holding Company recognises MAT credit available as an asset only to the extent there is convincing evidence that the Holding 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 Holding Company recognises MAT Credit as an asset, the said asset is created by way of credit to the consolidated statement of Profit and Loss and shown as "MAT Credit Entitlement."

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



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

j) Impairment of assets

The Group on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Group 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 Consolidated 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 year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

l) Contingent liabilities and provisions

The Group 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 Group; 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

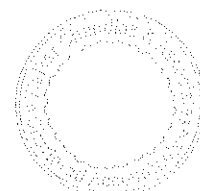
The Group operates in a single reportable segment i.e. lending, which have similar risks and returns for the purpose of Accounting Standard 17 on 'Segment Reporting' notified under the Companies (Accounting Standard) Rules, 2006 (as amended). The Group operates in a single geographical segment i.e. domestic.

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 PPF, till the time such assets are ready for intended use, are capitalized as part of the cost of the assets. Other borrowing costs are recognized 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.



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

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

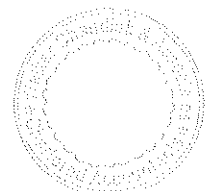
The assets acquired by the Group under the SARFAESI Act, 2002 are classified as 'Stock of acquired properties' and are valued at net realisable value or outstanding dues, whichever is lower.

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 Holding Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the consolidated 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.

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ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

3 Share capital

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Authorised share capital				
Equity shares of Rs. 10 each	1,000,000,000	10,000,000,000	400,000,000	4,000,000,000
Issued, subscribed and fully paid up capital				
Equity shares of Rs. 10 each	385,000,000	3,850,000,000	375,000,000	3,750,000,000

a) Terms/ rights attached to equity shares

The Holding Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Holding Company, holders of equity shares will be entitled to receive remaining assets of the Holding 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 beginning and end of the reporting period

	As at 31 March 2019		As at 31 March 2018	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	375,000,000	3,750,000,000	100,000,000	1,000,000,000
Add: Shares issued during the year	10,000,000	100,000,000	275,000,000	2,750,000,000
Shares outstanding at the end of the year	385,000,000	3,850,000,000	375,000,000	3,750,000,000

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

	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Business and Consumer Finance (India) Private Limited	385,000,000	100.00%	374,999,900	99.99%

* As per the records of the Holding 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 shareholders holding more than 5% of equity share capital of the Holding Company *

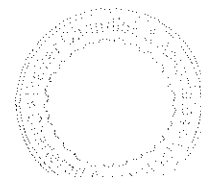
	As at 31 March 2019		As at 31 March 2018	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Business and Consumer Finance (India) Private Limited	385,000,000	100.00%	374,999,900	99.99%

* As per the records of the Holding 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.

c) Employee Stock Option Schemes (ESOS)

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

The shareholders of the Holding Company at their meeting dated 29 May 2017 approved the 'AAHFI, ESOP - MAY 2017' scheme consisting of 2,500,000 stock options representing 2,500,000 fully paid up equity shares of Rs 10 each of the Company to be issued in one or more tranches to eligible employees of the Holding Company. The Nomination and Remuneration Committee constituted by the Board of Directors of the Holding 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"). However, the Holding Company has increased the overall limit of stock options up to 5,000,000 under the said scheme on recommendation of Nomination and Remuneration Committee and approval of share holders vide their general meeting held on 4 April 2018. As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. These options vest with effect from the first vesting date i.e. 29 May 2019, whereby the options vest on each vesting date as per the vesting schedule provided in the Scheme.



ART Housing Finance (India) Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)
Details related to Employee Stock Option Schemes (ESOS) of the Holding Company:

Particulars		AHFL ESOS - MAY'2017
(i)	Exercise price	The exercise price shall be such price as determined by the Board of Directors from time to time, being not less than the face value of a share of the Holding 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

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Number of options outstanding at the beginning of the year	2,105,000	-
Number of options granted during the year	2,993,000	2,105,000
Number of options forfeited/lapsed during the year	(508,000)	-
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 Holding Company	-	-
Number of options outstanding at the end of the year	4,590,000	2,105,000
Number of stock exercisable at the end of the year	-	-
Grant date	Weighted average remaining contractual life (in days)	
	31 March 2019	31 March 2018
29 May 2017	580	945
3 November 2017	738	1,103
26 April 2018	913	-
24 September 2018	1,064	-
12 March 2019	1,233	-

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

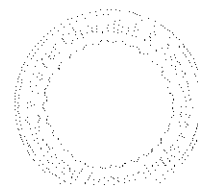
The Holding Company applies intrinsic value-based method of accounting for determining compensation cost for its stock-based compensation plan. Had the compensation cost been applied using the fair value approach, the Holding Company's net income and basic and diluted earnings per share as reported would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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit after tax (as reported)	157,646,418	106,334,770
Add: Stock based employee compensation expense debited to the Consolidated Statement of Profit and Loss	-	-
Less: Stock based employee compensation expense based on fair value	9,219,317	5,245,436
Adjusted pro-forma profit	148,427,101	101,089,334
Basic EPS		
- As reported	0.41	0.37
- Pro-forma	0.39	0.35
Diluted EPS		
- As reported	0.41	0.37
- Pro-forma	0.38	0.35

(ix) The fair value of 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 2019	For the year ended 31 March 2018
Risk free interest rate (in %)	7.86%	7.86%
Expected life (in years)	5 years	5 years
Volatility (in %)	15.71%	14.13%
Dividend yield (in %)	0.00%	0.00%
Weighted average exercise price	10.00	10.00
Weighted average fair value of stock option	3.34	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. Further, the valuation has been conducted basis the budgets, forecasts and projections provided by the management which are not been opined by the auditors.

(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 Holding Company.


ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
4 Reserves and surplus		
Surplus/(Deficit) as per Consolidated Statement of Profit and Loss		
Opening balance as at the beginning of the year	(17,602,780)	(102,659,269)
Net profit for the year	157,646,418	106,334,770
Less: Appropriation to statutory reserve		
- Transferred to statutory reserve	6,916,878	9,905,949
- Special reserve under section 36 (1)(viii) of Income-tax Act, 1961	24,619,905	11,372,332
Closing balance as at the end of the year	<u>108,506,855</u>	<u>(17,602,780)</u>
 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	21,278,281	-
Add : Transferred from the consolidated statement of profit and loss	31,536,783	21,278,281
Less : Utilised during the year	-	-
Closing balance as at the end of the year	<u>52,815,064</u>	<u>21,278,281</u>
	<u>161,321,918</u>	<u>3,675,501</u>

Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Holding 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 Holding Company has transferred an amount of Rs. 24,619,905 (previous year - Rs. 11,372,332) 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 the requirement of National Housing Bank's (NHBB) Circular No. NHBB(NB)/DRS/Pol.Circular.61/2013-14 dated 7 April 2014, information on Reserve Fund under section 30C(i) of the National Housing Bank Act, 1987 has been furnished under note 30(II).

	As at 31 March 2019	As at 31 March 2018
5 Long-term borrowings		
Secured		
Term loan		
- from National Housing Bank	576,533,000	136,886,000
- from banks	547,747,762	314,529,606
Less: Current maturities of long term borrowings (refer note 9)	(122,302,202)	(25,978,000)
	<u>1,001,978,560</u>	<u>425,437,606</u>

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

From National Housing Bank:

i) is repayable in 60 quarterly instalments which had commenced on 30 September 2017.

From Banks:

Term loan outstanding as at 31 March 2019 amounting to:

i) Rs 37,752,406 is repayable in 16 equal quarterly instalments after a moratorium period of 6 months commencing from 31 August 2017.

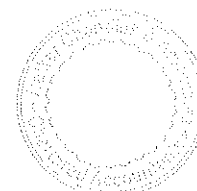
ii) Rs. 9,995,356 is repayable in 20 equal quarterly instalments after a moratorium period of 24 months and the last instalment will be due on 30 June 2019.

iii) Rs. 500,000,000 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.

The interest rate for the aforementioned term loans are linked to the Marginal Cost of Fund Based Lending Rate (MCLR) of the respective lenders.

	As at 31 March 2019	As at 31 March 2018
6 Other long-term liabilities		
Lease equalisation reserve	2,752,720	4,567,490
Advance from customers	4,359,140	2,733,051
	<u>7,111,860</u>	<u>7,300,541</u>
 7 Long-term provisions		
Provision for employee benefits (refer note 'a' below)	2,484,545	964,280
General provisions towards standard assets (refer note 30 VIII (c))	17,258,494	19,520,222
	<u>19,743,039</u>	<u>20,484,502</u>



ART Housing Finance (India) Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)
a) Employee benefits

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

Gratuity (funded)

	As at 31 March 2019	As at 31 March 2018
(i) Changes in present value of the defined benefit obligations:		
Present value of obligation as at the beginning of the year	2,153,015	895,045
Interest cost	150,711	64,891
Current service cost	1,860,400	1,151,145
Benefits paid	(472,327)	-
Actuarial gain on obligations	15,918	41,934
Present value of obligation as at the end of the year	3,707,717	2,153,015
(ii) Changes in fair value of plan asset:		
Fair value of plan assets as at the beginning of the year	1,181,772	-
Actual return on plan assets	76,239	2,821
Contributions	419,537	1,178,951
Benefits paid	(472,327)	-
Fair value of plan assets as at the end of the year	1,205,221	1,181,772
(iii) Amount of obligation recognised in Consolidated Balance Sheet:		
Present value of the obligation at the end of the year	3,707,717	2,153,015
Fair value of plan assets at end of year	1,205,221	1,181,772
Net liability recognised in Consolidated Balance Sheet	2,502,496	971,243
Non-current	2,181,545	964,280
Current	17,951	6,963
	For the year ended 31 March 2019	For the year ended 31 March 2018
(iv) Expense recognised in the consolidated statement of profit and loss:		
Current service cost	1,860,400	1,151,145
Interest cost	150,711	64,891
Actual return on plan assets	(76,239)	(2,821)
Actuarial loss/(gain) on obligations	15,918	41,934
Total expense recognised in the consolidated statement of profit and loss	1,950,790	1,255,149

	As at 31 March 2019	As at 31 March 2018
(v) Assumptions used		
Discount rate	7.00%	7.25%
Future salary increase rate	10.00%	10.00%
Mortality	IAI.M 2006-08 Ultimate	IAI.M 2006-08 Ultimate
Average past service (years)	1.2 Years	0.8 Years
Average age (years)	31.0 Years	30.6 Years
Average remaining working lives of employees (years)	29.0 Years	29.4 years
Attrition rate	20.00%	20.00%

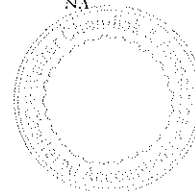
The discount rate is generally based upon the market yield available on the Government bonds at the reporting date with a term that matches that of the liabilities and the salary growth rate takes account of inflation, seniority, promotion and other relevant factors on long term basis.

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 are as follows:

Particulars	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
Present value of defined benefit obligation	3,707,717	2,153,015	895,045	522,985	414,537
Fair value of plan assets	1,205,221	1,181,772	-	-	-
Deficit in plan assets	2,502,496	971,243	895,045	522,985	414,537

Compensated absences (unfunded)

	As at 31 March 2019	As at 31 March 2018
(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
Current service cost	-	(1,225,038)
Present value of obligation as at the end of the year	-	-
(ii) Breakup of the expense recognized in the consolidated statement of profit and loss is as follows:-		
	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	-	(1,225,038)
Total expense recognised in the consolidated statement of profit and loss	-	(1,225,038)
Average past service (years)	NA	NA
Average age (years)	NA	NA
Average remaining working lives of employees (years)	NA	NA



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
8 Short-term borrowings		
Secured		
Loans repayable on demand from banks: cash credit facilities	219,407	8,485,898
Term loan from banks	-	100,000,000
Unsecured		
Inter-corporate deposits	865,000,000	-
	<u>865,219,407</u>	<u>108,485,898</u>

Notes:

i) Cash credits are secured by way of hypothecation of the housing loan receivables with minimum cover of 1.25 times of the outstanding exposure.

ii) Term loan amounting to Rs. 100,000,000 is repayable in 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. The loan was fully repaid on 7 March 2019.

iii) Inter-corporate deposits of Rs.865,000,000 is unsecured which is repayable by 31 March 2020.

9 Other current liabilities

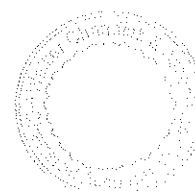
Current maturities of long-term borrowings (refer note 5)	122,302,202	25,978,000
Interest accrued but not due on borrowings	-	263,918
Employee related payables	27,270,918	17,545,667
Advance from customers	17,893,866	11,095,483
Statutory dues	2,640,383	2,732,595
Temporary book overdraft*	76,486,682	478,394,250
Lease equalisation reserve	1,814,768	826,890
Other accrued liabilities	17,175,728	23,015,383
	<u>265,584,547</u>	<u>559,852,186</u>

* temporary book overdraft of Rs. 76,486,682 (previous year- Rs 478,394,250) represents cheques issued towards disbursements to borrowers but not encashed as at 31 March 2019.

10 Short-term provisions

Provision for employee benefits [Refer note 7(a)]	17,951	6,963
General provisions towards standard assets [refer note 29 VIII (c)]	3,187,387	3,270,230
Provision for sub standard, doubtful and loss assets [refer note 29 VIII (c)]	421,795	-
	<u>3,627,133</u>	<u>3,277,193</u>

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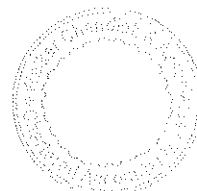


ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
12 Deferred tax asset, net		
Deferred tax asset arising on account of timing difference on :		
Provision for lease equalisation	1,330,053	1,570,843
Provision for standard assets, sub-standard, doubtful and loss assets	6,076,668	6,636,580
Others	929,692	483,791
Less: Deferred tax liability arising on account of timing difference on:		
Timing difference on depreciation/amortisation of property, plant and equipment	(650,621)	(2,776,391)
Special reserve under section 36(1)(viii) of the Income-tax Act	(7,169,316)	(3,311,623)
	<u>516,476</u>	<u>2,603,200</u>
13 Long-term loans and advances		
(Considered good)		
Housing loans		
Secured		
- Individuals	3,955,394,167	2,397,101,754
- Others	106,775,731	286,012,774
Others loans		
Secured		
- Individuals	995,195,645	839,902,183
- Others	86,508,659	603,279,985
(Unsecured and considered good)		
Security deposits	7,502,943	7,238,384
Capital advances	-	500,000
Prepaid income-tax (net of provision for taxes and Rs. 11,409,001 minimum alternate tax credit entitlement utilised in the current year)	5,186,106	917,128
Minimum alternate tax credit entitlement	13,041,292	21,148,570
	<u>5,169,604,543</u>	<u>4,159,400,778</u>
14 Current investments		
(Valued at lower of cost or fair value)		
Investment in Mutual Funds (quoted)		
148,279 (previous year - nil) units of Rs. 300.1094 each of Birla Sun Life Cash Plus - growth - direct plan	44,500,000	-
9,765 (previous year - nil) units of Rs. 4,557.1361 each of Reliance Liquid Fund - treasury plan - growth - direct plan	44,500,000	-
161,157 (previous year - nil) units of Rs. 276.1275 of ICICI Prudential Liquid Fund- growth - direct plan	44,500,000	-
12,110 (previous year - nil) units of Rs. 3,674.5769 of HDFC Liquid Fund	44,500,000	-
15,214 (previous year - nil) units of Rs. 2,924.8942 of SBI Premier Liquid Fund	44,500,000	-
	<u>222,500,000</u>	<u>-</u>
Aggregate book value of quoted investments	222,500,000	-
Market value of quoted investments	222,742,263	-
15 Cash and bank balances		
Cash and cash equivalents		
Cash in hand	311,690	-
Bank balances in		
- Current accounts	4,352,050	169,710
- Deposits with original maturity upto three months	150,000	300,000
	<u>4,813,740</u>	<u>469,710</u>
Other bank balances		
Deposits with maturity of less than three months	632,712	600,000
Deposits with maturity more than three months but less than twelve months	114,735,590	114,343,146
	<u>120,182,042</u>	<u>115,412,856</u>



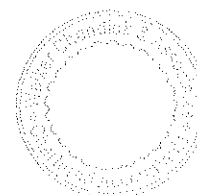
ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

	As at 31 March 2019	As at 31 March 2018
16 Short-term loans and advances		
(Considered good)		
Housing loans		
Secured		
- Individuals	192,838,112	118,252,533
- Others	125,269,253	192,136,353
Other loans		
Secured		
- Individuals	37,170,168	34,605,437
- Others	144,349,453	127,920,840
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received	9,233,883	12,074,334
(Unsecured and considered good)		
Security deposits	1,009,540	593,900
Balance with government authorities	2,274,676	13,609
	<u>512,145,065</u>	<u>485,597,006</u>
17 Other current assets		
Interest		
- accrued and due on loans	15,186,553	1,108,948
- accrued but not due on loans	42,403,766	18,687,280
- accrued on fixed deposits	1,090,372	1,078,282
Stock of acquired properties (held for sale)	1,603,100	3,388,100
	<u>60,283,791</u>	<u>24,262,610</u>

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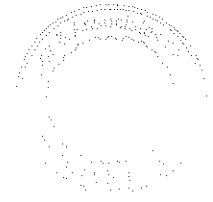


ART Housing Finance (India) Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)

11 Fixed assets

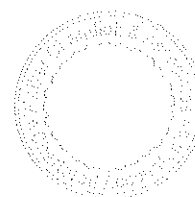
Gross block	Tangible assets						Intangible assets		
	Computer equipments	Furniture and fixtures	Office equipments	Vehicles	Plant and machinery	Leasehold improvements	Total	Computer software	Grand total
Balance as at 31 March 2017	18,920,552	19,678,263	16,808,303	2,358,000	3,383,483	41,931,620	103,080,221	7,086,075	110,166,296
Additions	6,873,317	1,291,022	1,177,400	-	-	2,430,203	11,771,942	5,519,000	17,290,942
Disposals	65,853	1,201,910	102,120	2,000,000	-	1,086,325	4,456,208	-	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	110,395,955	12,605,075	123,001,030
Additions	10,243,328	1,406,810	1,594,625	7,845,027	-	-	21,089,789	6,404,500	27,494,289
Disposals	44,838	557,343	-	220,000	-	-	822,181	-	822,181
Balance as at 31 March 2019	35,926,506	20,616,842	19,478,208	7,983,027	3,383,483	43,275,498	130,663,563	19,009,575	149,673,138
Accumulated depreciation and amortisation									
Balance as at 31 March 2017	4,354,369	1,461,496	1,314,831	727,790	169,080	6,587,799	14,615,365	1,064,920	15,680,285
Charge for the year	5,201,369	2,128,811	1,718,452	466,643	229,786	6,810,665	16,555,706	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	-	2,235,530
Balance as at 31 March 2018	9,532,441	3,505,161	3,002,537	184,397	398,866	12,312,139	28,935,541	2,828,512	31,764,053
Charge for the year	9,862,213	2,659,540	2,424,949	1,340,109	251,136	8,842,701	25,380,648	3,443,482	28,824,130
Adjustments on disposal of assets	24,720	92,260	-	152,612	-	-	269,592	-	269,592
Balance as at 31 March 2019	19,369,934	6,072,441	5,427,486	1,371,894	650,002	21,154,840	54,046,596	6,271,994	60,318,591
Net block									
Balance as at 31 March 2019	16,556,572	14,544,400	14,050,721	6,611,133	2,733,481	22,120,658	76,616,966	12,737,581	89,354,547
Balance as at 31 March 2018	16,195,575	16,262,214	14,883,046	173,603	2,984,617	30,963,359	81,460,414	9,776,563	91,236,977

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ART Housing Finance (India) Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)

	Year ended 31 March 2019	Year ended 31 March 2018
18 Revenue from operations		
Interest on housing loans and other loans	781,887,607	274,966,100
Interest income on deposits with banks	9,689,941	39,999,378
Fees and other charges	79,042,340	199,681,205
	<u>870,619,888</u>	<u>424,646,683</u>
19 Other income		
Excess liability/provisions written back	1,532,224	7,646,439
Gain on sale of current investments	19,026,348	30,072,466
General provision for standard assets, written back	2,344,571	-
Profit on sale of acquired properties	515,120	-
Interest income on income-tax refund	92	-
Miscellaneous income	18,654,183	38,916,579
	<u>42,072,538</u>	<u>76,635,484</u>
20 Employee benefits expense		
Salaries, wages and bonus	288,455,960	186,248,289
Contribution to provident fund and other funds	12,085,058	8,106,549
Contribution to gratuity	1,950,790	1,255,149
Staff welfare expenses	3,259,763	2,280,988
	<u>305,751,571</u>	<u>197,890,975</u>
21 Finance costs		
Interest expense		
- on borrowings	236,335,096	10,643,451
Processing fees	696,025	3,225,500
	<u>237,031,121</u>	<u>13,868,951</u>
22 Other expenses		
Rent	25,517,701	21,094,405
Legal and professional charges	29,556,981	27,218,622
Rates and taxes	3,494,218	2,693,110
Electricity	4,739,526	4,382,471
Directors sitting fees	543,200	510,400
Office maintenance expenses	13,543,987	10,335,774
Security expenses	557,652	705,340
Insurance expenses	2,425,995	1,776,564
Commission expenses	11,426,056	7,887,173
Communication expenses	8,042,636	6,330,054
Loss on disposal of property, plant and equipment	506,731	22,802
Corporate Social Responsibility expenses (refer note 31)	375,000	-
Advertisement and business promotion expenses	3,193,367	2,465,492
Travelling and conveyance	9,666,302	6,908,974
Recruitment charges	3,400,639	488,719
Service tax written off	13,609	-
General provision for standard assets	-	18,460,717
Provision for sub-standard and loss assets	421,795	-
Loans and advances written off	1,155,707	2,603,234
Miscellaneous expenses	4,803,452	3,729,528
	<u>123,384,554</u>	<u>117,613,379</u>
23 Earnings per share - Basic and diluted		
(a) Computation of profit attributable to equity shareholders		
Net profit after tax attributable to equity shareholders	157,646,418	106,334,770
(b) Computation of weighted average number of shares		
Basic (in nos.)	384,945,205	284,876,712
Diluted (in nos.)	387,679,521	286,491,082
(c) Nominal value of equity share	10	10
(d) Earnings per share		
- Basic	0.41	0.37
- Diluted	0.41	0.37



ART Housing Finance (India) Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)
24 Related party disclosures

Related party disclosures, as required by the notified 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 Act are given below:

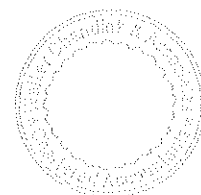
Holding Company	: ART Capital (India) Private Limited (Upto 20 March 2018) : ART Business and Consumer Finance (India) Private Limited (from 21 March 2018)
Fellow subsidiaries of immediate Holding Company	: ART Business and Consumer Finance (India) Private Limited (Upto 20 March 2018)
Parent of the Holding Company	: ART Capital (India) Private Limited (from 21 March 2018)
Subsidiary Company	: ART Distribution (India) Private Limited
Key management personnel (KMP)	: Arvind Hali, Managing Director and Chief Executive Officer
Enterprises that directly or indirectly are under common control (with whom transactions have take place during the year)	: ART Special Situations Finance (India) Limited : ART Venture Finance (India) Private Limited : ART Fintech (India) Private Limited : ART Capital Advisory (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:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Transactions during the year		
Holding Company		
ART Capital (India) Private Limited <i>formerly known as R.A.A.S Capital (India) Private Limited</i>		
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	100,000,000	2,600,000,000
Reimbursement of expenses received	-	21,000,000
Key management personnel		
Remuneration paid		
Arvind Hali	16,690,619	12,424,598
Enterprises that directly or indirectly are under common control		
Inter-corporate deposits received during the period		
ART Special Situations Finance (India) Limited	750,000,000	-
ART Venture Finance (India) Private Limited	310,000,000	-
ART Fintech (India) Private Limited	60,000,000	-
ART Capital Advisory (India) Private Limited	80,000,000	-
Inter-corporate deposits repaid during the period		
ART Special Situations Finance (India) Limited	750,000,000	-
ART Venture Finance (India) Private Limited	310,000,000	-
ART Fintech (India) Private Limited	60,000,000	-
ART Capital Advisory (India) Private Limited	80,000,000	-
Interest paid on inter-corporate deposits during the period		
ART Special Situations Finance (India) Limited	11,092,465	-
ART Venture Finance (India) Private Limited	13,997,534	-
ART Fintech (India) Private Limited	2,389,315	-
ART Capital Advisory (India) Private Limited	3,602,192	-
Balance outstanding as at the end of year		
Advances/ expenses recoverable		
ART Capital (India) Private Limited <i>formerly known as R.A.A.S Capital (India) Private Limited</i>	-	1,076,628

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.



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

	For the year ended 31 March 2019	For the year ended 31 March 2018
25 Payments to statutory auditors *		
As auditors	275,000	250,000
For other services	150,000	75,000
For reimbursement of expenses	58,380	58,450
	<u>483,380</u>	<u>383,450</u>

** excluding applicable taxes*

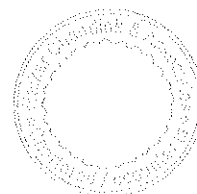
26 Contingent liabilities, capital and other commitments

a. Contingent liabilities

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

b. 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 nil (previous year Rs 6,131,900).



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

27 Reconciliation of provisions

	As at 31 March 2019	As at 31 March 2018
General provision against Standard Assets		
Balance at the beginning of the year	22,790,452	4,329,734
Provisions made/ (reversed) during the year	(2,344,571)	18,460,718
Balance at the end of the year	20,445,881	22,790,452
Provision for sub standard assets, doubtful or loss assets		
Balance at the beginning of the year	-	898,700
Provisions made/ (reversed) during the year	421,795	(898,700)
Balance at the end of the year	421,795	-

28 Disclosures in respect of non-cancellable operating leases

	As at 31 March 2019	As at 31 March 2018
Rent payable not later than one year	18,176,946	17,189,069
Rent payable later than one year but not later than five years	25,750,674	43,927,620
Rent payable later than five years		

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

I Capital

	As at 31 March 2019	As at 31 March 2018
(i) Capital to Risk Asset Ratio - CRAR (%)	116.01%	104.29%
(ii) CRAR-Tier I Capital (%)	115.41%	103.66%
(iii) CRAR-Tier II Capital (%)	0.60%	0.63%
(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

Balance at the beginning of the year

a) Statutory reserve under section 29C of the National Housing Bank 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
c) Total	21,278,281	Nil

Addition/ appropriation/ withdrawal during the year

Add:

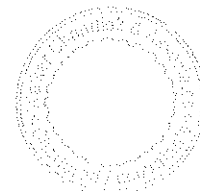
a) Amount transferred under section 29C of the NHB Act, 1987	6,916,878	9,905,949
b) Amount of special reserve under section 36(1)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	24,619,905	11,372,332

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	16,822,827	9,905,949
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,	35,992,237	11,372,332
c) Total	52,815,064	21,278,281



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

III Investments

Particulars

	As at 31 March 2019	As at 31 March 2018
Value of investments		
(i) Gross value of investments		
(a) In India	223,000,000	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	223,000,000	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)

Particulars

	As at 31 March 2019	As at 31 March 2018
(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

	As at 31 March 2019	As at 31 March 2018
(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



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

V Securitisation

a. Particulars

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

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

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

	As at 31 March 2019	As at 31 March 2018
(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 realized in respect of accounts transferred in earlier	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

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

c. Details of assignment transactions undertaken by HFCs
Particulars

	As at 31 March 2019	As at 31 March 2018
(i) Number of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts assigned	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

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

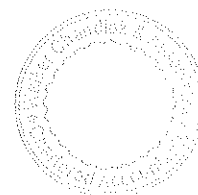
d. Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:
Particulars

	As at 31 March 2019	As at 31 March 2018
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 2019	As at 31 March 2018
1. Number of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil



ART Housing Finance (India) Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)
VI Assets Liability Management (Maturity pattern of certain items of Assets/ Liabilities)

	31 March 2019			
	Liabilities			
	Borrowings from banks/ NHB	Market borrowings	Advances	Investments
1 day to 30-31 days (one month)	2,757,000	-	39,089,823	222,500,000
Over one month to 2 months	4,194,712	-	39,543,906	-
Over 2 months upto 3 months	10,264,278	-	40,003,475	-
Over 3 months to 6 months	18,402,194	-	122,715,174	-
Over 6 months to 1 year	86,903,423	865,000,000	258,274,588	-
Over 1 year to 3 years	492,057,568	-	710,512,326	-
Over 3 years to 5 years	264,055,998	-	647,797,946	-
Over 5 years to 7 years	80,155,998	-	701,805,894	-
Over 7 years to 10 years	76,253,999	-	1,021,168,948	-
Over 10 years	89,454,999	-	2,062,589,089	500,000
Total	1,124,500,169	865,000,000	5,643,501,169	223,000,000

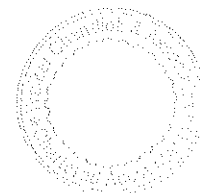
Maturity pattern of certain items of assets and liabilities

	31 March 2018			
	Liabilities			
	Borrowings from banks	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

Note: Foreign currency liabilities and foreign currency assets are Nil

VII Exposure
a. Exposure to Real Estate Sector
Category

	As at 31 March 2019	As at 31 March 2018
a. Direct exposure		
i) Residential mortgages-		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
- Individual housing loans up to Rs. 15 lakh	2,861,844,981	1,502,912,713
- Others	1,457,058,646	1,761,597,378
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.);	573,861,351	1,334,701,768
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



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

b. Exposure to Capital Market

Particulars

	As at 31 March 2019	As at 31 March 2018
(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

VIII Other disclosures

a. Registration obtained from other financial sector regulators

None

b. Disclosure of Penalties imposed by NHB and other regulators

i) Details of penalty levied by National housing bank

Nil

Nil

ii) Adverse comments by the National housing bank on regulatory compliances

Nil

Nil

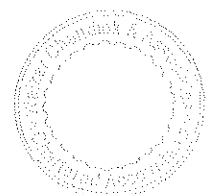
iii) Percentage of outstanding loans granted against collateral of gold jewellery to total outstanding assets

Nil

Nil

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

During the year, CARE has assigned upgraded rating of 'A' from earlier rating of 'A+'. The rating of 'A' assigned by CARE is not accepted by the Company.



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

d. Provisions and Contingencies

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

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
1. Provisions for depreciation on investment	Nil	Nil
2. Provision made towards income-tax	57,967,908	32,941,526
3. Provision towards sub standard, doubtful and loss assets	421,795	Nil
4. Provision for standard assets (with details like teaser loan, CRE, CRE-RII etc.)		
Teaser loans	Nil	Nil
CRE	(147,383)	7,846,029
CRE -RII	(1,845,781)	3,564,266
Other standard assets	(351,407)	7,050,423
5. Other provision and contingencies (with details)		
Gratuity, compensated absences	1,950,790	30,111
Employee benefits	27,270,918	17,545,667
Provision for expenses	15,406,201	20,862,817

e. Break up of loan and advances and provisions thereon

Particulars	Housing loans		Non-Housing loans	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Standard assets				
a) Total outstanding amount	4,377,465,297	2,994,141,195	1,263,223,906	1,606,179,612
b) Provisions made	13,212,427	11,273,350	7,233,454	11,517,102
Sub-standard assets				
a) Total outstanding amount	2,811,966	-	-	-
b) Provisions made	421,795	-	-	-
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	4,380,277,263	2,994,141,195	1,263,223,906	1,606,179,612
b) Provisions made	13,634,222	11,273,350	7,233,454	11,517,102

Concentration of public deposits, advances, exposures and NPAs

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

Particulars	As at 31 March 2019	As at 31 March 2018
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

g. Concentration of loans and advances

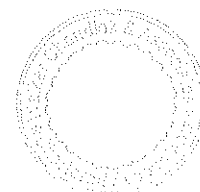
Particulars	As at 31 March 2019	As at 31 March 2018
Total loans and advances to twenty largest borrowers	558,855,434	1,305,099,541
Percentage of loans and advances to twenty largest borrowers to total advances of the HFC	9.90%	28.37%

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ART Housing Finance (India) Limited
Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019
(All amounts in rupees, unless otherwise stated)

h. Concentration of all Exposure (including off-balance sheet exposure)		
Particulars	As at 31 March 2019	As at 31 March 2018
Total exposure to twenty largest borrowers / customers	558,855,434	1,305,099,541
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	9.90%	28.37%
i. Concentration of NPAs		
Particulars	As at 31 March 2019	As at 31 March 2018
Total exposure to top ten NPA accounts	2,811,966	-
j. Sector-wise NPAs - Percentage of NPAs to total advances in that sector		
Particulars	As at 31 March 2019	As at 31 March 2018
A. Housing loans:		
1. Individuals	0.068%	Nil
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil
B. Non-Housing loans:		
1. Individuals	Nil	Nil
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil
k. Movement of NPAs		
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(I) Net NPAs to net advances (%)	0.04%	0.00%
(II) Movement of NPAs (Gross)		
a) Opening balance	-	5,991,334
b) Additions during the year	5,018,340	3,078,023
c) Reductions during the year	2,206,374	9,069,357
d) Closing balance	2,811,966	-
(III) Movement of net NPAs		
a) Opening balance	-	5,092,634
b) Additions during the year	3,258,805	2,616,320
c) Reductions during the year	868,634	7,708,954
d) Closing balance	2,390,171	-
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	-	898,700
b) Provisions made during the year	1,759,535	461,703
c) Write-off/write-back of excess provisions	1,337,740	1,360,403
d) Closing balance	421,795	-
l. Overseas assets		
Particulars	As at 31 March 2019	As at 31 March 2018
None	Nil	Nil
m. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)		
Particulars	As at 31 March 2019	As at 31 March 2018
None	Nil	Nil
n. Customers complaints		
Particulars	As at 31 March 2019	As at 31 March 2018
a) No. of complaints pending at the beginning of the year	Nil	Nil
b) No. of complaints received during the year	130	54
c) No. of complaints redressed during the year	128	54
d) No. of complaints pending at the end of the year	2	Nil



ART Housing Finance (India) Limited

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2019

(All amounts in rupees, unless otherwise stated)

- 30 Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development (MSMEED) Act, 2006 for the year ended 31 March 2019 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Group.

	31 March 2019	31 March 2018
i) Principal amount and interest due thereon remaining unpaid to any supplier covered under MSMEED Act, 2006:		
Principal	493,800	-
Interest	-	-
ii) The amount of interest paid by the buyer in terms of section 16, of the MSMEED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMEED Act, 2006.	-	-
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMEED Act, 2006	-	-

31 Corporate social responsibility expenses

Gross amount required to be spent by the Holding Company during the year is ₹ 356,933 (previous year: ₹ nil).
Amount spent during the year on corporate social responsibility: ₹ 375,000 (previous year: ₹ nil).

Particulars	Year	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	31 March 2019	-	-	-
	31 March 2018	-	-	-
On purposes other than above	31 March 2019	375,000	-	375,000
	31 March 2018	-	-	-

32 Additional information to consolidated financial statements as at 31 March 2019 (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
Holding Company				
ART Housing Finance (India) Limited	4,011,590,496	100.01%	157,683,913	100.02%
Subsidiary				
ART Distribution (I) Private Limited	231,423	0.01%	(37,495)	-0.02%
Less: consolidated adjustments	(500,000)	-0.01%	-	0.00%
Total	4,011,321,919	100.00%	157,646,418	100.00%

- 33 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 Chandniok & Associates

Chartered Accountants

Firm's Registration No: 001329N

Arun Tandon

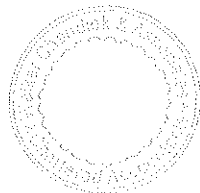
per Arun Tandon

Partner

Membership No: 517273

Place : Gurugram

Date : 6 May 2019



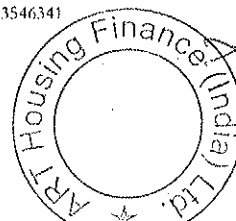
For and on behalf of the Board of Directors of
ART Housing Finance (India) Limited

Ritika Sati
Company Secretary
Membership No. ACS 24916

Raj Vikash Verma
Director
DIN 0003546341

Pankaj Jain
Chief Financial Officer

Arvind Hali
Managing Director and
Chief Executive Officer
DIN 05285114



DIRECTORS' REPORT

Dear Members,

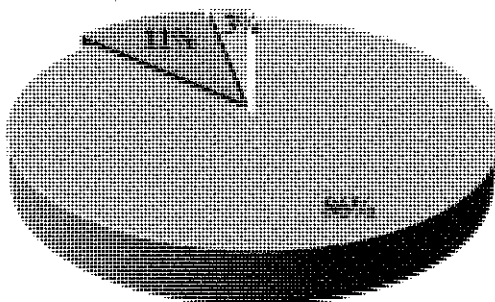
Your Directors take pleasure in presenting the Sixth (6th) Director's Report on the affairs of ART Housing Finance (India) Limited (*formerly known as ART Affordable Housing Finance (India) Limited*) (hereinafter referred to as "the Company" "your Company" or "AHFL"), together with audited standalone and consolidated financial statements for the financial year ended on March 31, 2019.

FINANCIAL REVIEW OF OPERATIONS

A. Income

Your Company posted total income of Rs 90.6 crores during the year, as compared to Rs 48.2 crores in the previous year which represents an increase of 88% year-on-year. Out of this, interest income on loans has increased by 184%, from Rs 27.5 crores in the previous year to Rs 78.2 crores in FY 2018-19. Your Company's Net Income (net of financial expenses) is recorded at Rs 57.3 crore.

Sources of Income



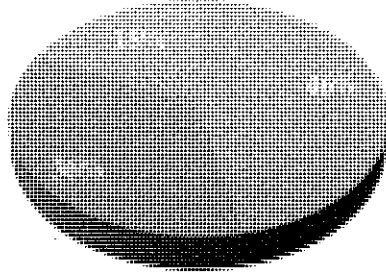
☒ Interest on loans ☒ Fees and other charges ☒ Income from investment

B. Expenses

Expenses (excluding provisions) for the year stood at Rs 69 crores, as compared to Rs 31 crores for the previous year representing an increase of 122%. 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.



Expenses



■ Employee benefits expense ■ Finance costs ■ Other expenses (Excl Provision)

C. Profits

Your Company earned a Profit after tax of Rs 15.76 crores for the year as against Profit after tax of Rs 10.63 crores in the previous year. This is primarily attributable to higher business numbers with the change in strategy and the new branches expansion.

(in Rupees)

Particulars	FY 2018-19 Consolidated	FY 2018-19 Standalone	FY 2017-18 Consolidated	FY 2017-18 Standalone
Total Revenues	912,692,426	912,685,062	501,282,167	501,269,750
Total Expenditures	694,991,376	694,946,517	347,692,603	347,623,550
Profit before Taxation (PBT)	217,701,050	217,738,545	153,589,564	153,646,200
Less: Provisions for Tax/ Deferred Tax	60,054,632	60,054,632	47,254,794	47,254,794
Net Profit after Taxes (PAT)	157,646,418	157,683,913	106,334,770	106,391,406
Transfer to Statutory Reserve under section 29C of the NHB Act, 1987	31,536,783	31,536,783	21,278,281	21,278,281
Profit/ Loss brought forward from previous period	21,278,281	21,278,281	(102,659,269)	(102,484,823)
Balance carried to balance sheet	161,321,918	161,590,496	3,675,501	3,906,583
Earnings per share (Face Value Rs. 10/- each)				
Basic (Rs.)	0.41	0.41	0.37	0.37
Diluted (Rs.)	0.41	0.41	0.37	0.37



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Tangible Net Worth	4,011,321,918	4,011,631,494	3,753,675,501	3,753,906,583
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BUSINESS PERFORMANCE HIGHLIGHTS

In FY 18-19, we have seen two periods wherein for the first Half of the year it was business as usual. H2 FY19 witnessed trust deficit and crises of confidence within the Banking system towards NBFC / HFC due to matters intrinsic to a few NBFCs/ HFCs including ALM challenges. The banks became over-cautious in lending to the sector impacting the growth of credit offtake in the entire industry. Your company as such does not have any of the issues that plagued the industry on the ALM side. However, given the external headwinds we consciously took a cautious approach towards calibrated growth and conservation of liquidity. In addition, we have received Refinance limit of Rs 45 Cr from NHB in the month of January

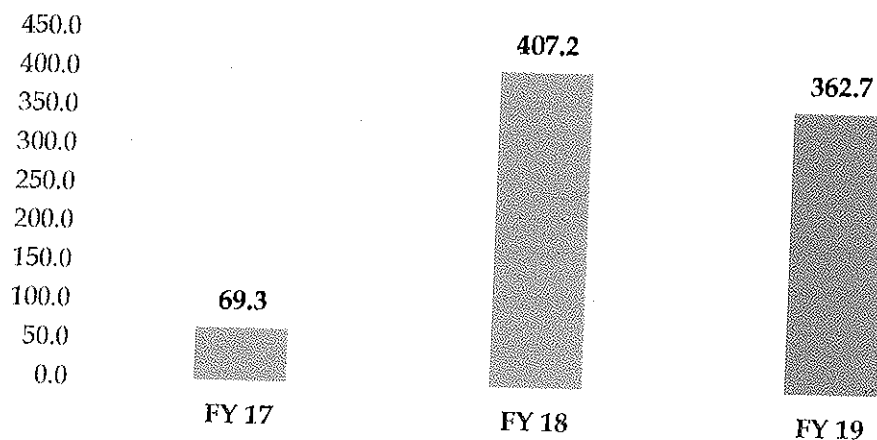
a) Sanctions

During the year, your Company has sanctioned loans amounting to Rs 388.3 crores as compared to Rs 555.1 crores in the previous year. Despite slowdown in Housing Finance market, the business performance of the Company continued to be encouraging during 2019-20.

b) Disbursements

During the year, your company has disbursed loans amounting to Rs 362.7 crores as compared to Rs 409.6 crores in the previous year. The decline in disbursement is due to the external headwinds in NBFC/HFC market.

Disbursement (In cr)



c) Non-Performing Assets (NPA)

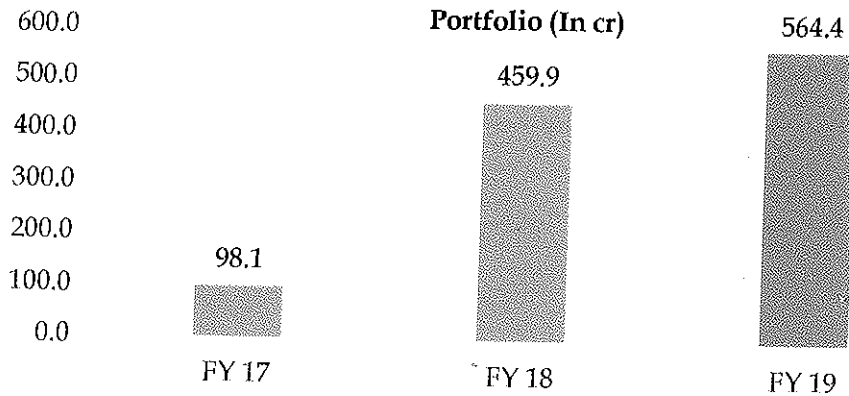
Your Company has developed a strong collection and recovery mechanism, which together with strong origination standards, has resulted in 0.05% of Gross NPAs in its portfolio.

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

During the year under review, your company has made a provision for Rs 2.05 crores towards Standard Assets and Rs 0.04 crores towards Sub-standard, doubtful and loss Assets, in compliance with the guidelines issued by the Regulator National Housing Bank.

d) Portfolio of the company

The portfolio of the total loan outstanding of your company stood at Rs 564.4 crores as on March 31, 2019 as against Rs 459.9 crores in the previous year.



The average ticket size on portfolio as on March 31, 2019 stood at Rs 9.5 lakhs which is same as of previous year.

EXPANSION OF BRANCH NETWORK

In FY 17-18 Company has undertaken rapid branch expansion to effectively cater to the Lower Income target segments. Further, in FY 18-19, your Company's branch network has increased from 44 locations across 6 regions (Delhi NCR, Haryana, Rajasthan, Maharashtra, Gujarat and Uttar Pradesh) as on 31st March, 2018 to 46 locations across 6 regions (Delhi NCR, Haryana, Rajasthan, Maharashtra, Gujarat and Uttar Pradesh) as on 31st March, 2019.

Details of the branches of the Company as on March 31, 2019 are given below:

Region	Branch Count (Physical & Virtual)	Locations
Delhi-NCR	4	Delhi NSP, Mayur Vihar, Gurugram, Faridabad
Haryana	6	Rohtak, Karnal, Panipat, Kaithal, Yamuna Nagar, and 1 Virtual Branch
Rajasthan	15	Jaipur, Bikaner, Ajmer, Alwar, Kota, Jodhpur, Udaipur, Sikar and 7 Virtual branches
Maharashtra	8	Kalyan (Mumbai), Pune, Ahmednagar, Kolhapur, Boisar (Mumbai), Nasik, 2 Virtual branches
Gujarat	9	Ahmedabad, Surat, Vapi, Rajkot, Vadodara, Junagarh, Jamnagar, Bhavnagar, Mehsana
Uttar Pradesh	4	Lucknow, Kanpur, Agra, Meerut
Total	46	

DIVIDEND

Considering growth and future strategic plans of the Company, your Board do not recommend any dividend for the financial year under review.

TRANSFER TO RESERVES

Pursuant to the requirement of section 29C of the NHB Act, 1987, an amount of Rs 3.15 crores has been transferred to Reserves for the financial year ended March 31, 2019 out of which Rs 2.47 crores was transferred to Special Reserve under section 36(1)(viii) of the Income Tax Act and Rs 0.68 crores to Statutory Reserve Fund. For details of Reserves and Surplus of the Company, please refer Note No 4 of the standalone audited financial statements of the Company for the financial year ended March 31, 2019.

STATE OF COMPANY'S AFFAIRS

Financial Year 2018-19 was an important year during which your Company strengthened its base to grow exponentially.

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

1. The team strength has increased to 467 during the year as compared to 402 in 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.
2. The Company started operating in 46 locations as compared with 44 locations in the previous year.
3. The team strength has been increased in Sales as well as risk functions like Credit, Technical, Legal and Fraud Control Units.



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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 knowledge and financial, in digitisation of the business work flow activities.
6. The loan portfolio as on March 2019 stood at Rs 564.3 Cr as against Rs 459.9 Cr as on March 2018.
7. The Capital Adequacy Ratio as on March 2019 was 116.04% well above the regulatory limit of 12% as stipulated by NHB for housing finance companies.
8. Your company has continued to maintain good asset quality with a Gross NPA at 0.05% on March 31, 2019 and Net NPA at 0.04%, in spite of difficult economic environment.

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

MATERIAL CHANGES AND COMMITMENTS

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

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of the main Business of the Company. However, the Company has diversified its business by extending its financial services thereby including advisory and property services as well as brokerage services towards Real Estate.

Buying a property and arranging finance for the property are an integral part of the customer journey and supplement each other. The Property Services business will offer Real Estate Advisory and brokerage services with focus on deriving fee business from such customers who plan to buy property and will also generate leads for the home finance business and vice versa. It will also aid in strengthening our relationship with builders and other members of the real estate marketplace.

The Company has altered the Objects Clause of the Memorandum of Association in this regard which has been duly approved by the Board and the Shareholders in their respective Meetings held on February 07, 2019.

CHANGE IN THE NAME OF THE COMPANY

The name of your Company has been changed from ART Affordable Housing Finance (India) Limited to ART Housing Finance (India) Limited w.e.f September 20, 2018 in order to signify the diversification of its target customer base by including Medium



and Higher Income segment in addition to Low Income segment which the Company is presently focusing. This has helped the Company in servicing a wider customer base thereby accelerating the growth of the portfolio of the Company.

SUBSIDIARY COMPANY & ASSOCIATE COMPANIES

Your Company has 1 (One) wholly owned subsidiary as on March 31, 2019 i.e. ART Distribution (I) Private Limited. Your Company does not have any joint venture(s)/ associate company(ies) within the meaning of Section 2(6) of the Act.

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

SHARE CAPITAL

AUTHORISED SHARE CAPITAL

The Authorised Share Capital was increased from Rs 400,00,00,000/- (Rupees Four Hundred Crores Only) to Rs 1000,00,00,000/- (Rupees One Thousand Crores Only) divided into 100,00,00,000 (Hundred Crores) Equity Shares of Rs 10/- (Rupees Ten Only) each on September 07, 2018 which was duly approved by the shareholders in their duly convened General Meeting held on the same date at a shorter notice.

On March 31, 2019 the Authorised Share Capital of the Company stood at Rs 1000,00,00,000/- (Rupees One Thousand Crores Only) divided into 100,00,00,000 (One Hundred Crores) Equity Shares of Rs 10/- (Rupees Ten Only) each.

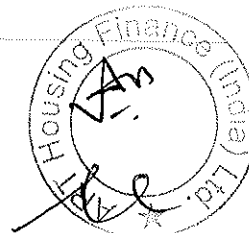
ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

During the year under review, the following allotment was made by the Company:

Date of Issue	Date of Allotment	Investor	Number of Shares	Total Amount (in Rupees)
April 03, 2018	May 08, 2018	ART Business & Consumer Finance (India) Private Limited	1,00,00,000	10,00,00,000

On March 31, 2019 the Issued, Subscribed and Paid-up Share Capital of the Company stood at Rs 385,00,00,000/- (Rupees Three Hundred and Eighty-Five Crores Only) divided into 38,50,00,000 (Thirty-Eight Crores Fifty Lakhs) Equity Shares of Rs 10/- (Rupees Ten Only) each.

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



COMPLIANCE WITH SECRETARIAL STANDARDS

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

PUBLIC DEPOSITS

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

FINANCE

During the year under review, the Company met its funding requirements through Bank Loans and availing refinance from NHB (National Housing Bank). The details of the same are as follows:

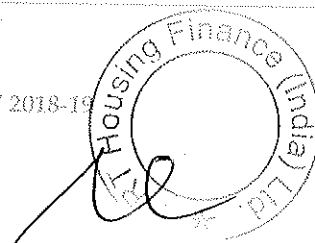
Charge ID	Name of the Charge Holder	Date of creation of charge	Amount
100231038	National Housing Bank	January 14, 2019	Rs 45 Crores

The aggregate bank borrowings, i.e. term loans plus overdraft, at the end of the financial year stood at Rs 198.95 crores as compared to Rs 56.0 crores at the end of the previous year. Further the overall borrowings are within regulatory ceiling of 16 times of net owned funds as prescribed under the NHB Regulations.

The overall cost of borrowings (average) was 8.80 % p.a. as on March 31, 2019.

CREDIT LINKED SUBSIDY SCHEME

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



During the year, the Company successfully delivered subsidy of Rs 53.62 crores to its customers under the PMAY-CLSS scheme under different scheme.

Scheme	Claim received FY 18-19	
	# of file	Subsidy Amount in Rs cr
EWS/LIG (New)	2435	45.78
MIG I	485	6.71
MIG II	75	1.13
Total	2995	53.62

CREDIT RATING

The Company was unrated during the financial year 2018-19. Subsequently, the Company initiated the rating process on the basis of its financial performance for the financial year 2018-19 and has been rated as "A- (Stable Outlook)" by the rating agency CARE.

CHANGE IN REGISTRAR AND TRANSFER AGENT OF THE COMPANY

For transactions of the Company's shares in dematerialised form and in order to be in line with other Group Companies, your Company has changed its Registrar and Transfer Agent from Beetal Financial Computer Services Private Limited to Link Intime India Private Limited having office at C-101, 247 Park, LBS Marg, Vikhroli (West), Mumbai- 400083 w.e.f February 07, 2019, as approved by the Board of Directors of the Company.

Link Intime is an integrated player in the IPO & Corporate Registry business with Pan India reach and reputation. Over the time, Link Intime has become one of the largest and most trusted names in the IPO and Corporate Registry industry, with a credible and distinguished history of excellence.

EXTRACTS OF ANNUAL RETURN

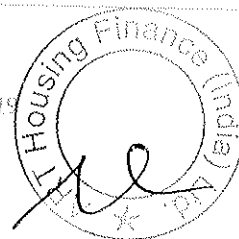
In terms of provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, the extracts of Annual Return of the Company as at financial year ended March 31, 2019 as in the prescribed Form MGT-9 is attached here as *Annexure- A* and the same is also available on the website of the Company at www.arthfc.com.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

BOARD OF DIRECTORS

The composition of the Board of Directors of your Company as on March 31, 2019 is mentioned as below:


DIRECTOR'S REPORT 2018-19



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

APPOINTMENTS:

During the year under review, the following Directors were appointed on the Board of the Company:

- Mr Pradeep Kumar was appointed as an Additional Director on August 16, 2018.
- Ms Anita Kapur was appointed as an Additional Director in the capacity of Independent Director on the Board of the Company with effect from September 05, 2018.

None of the Directors ceased to be the Directors of the Company.

DIRECTOR(S) DISCLOSURES

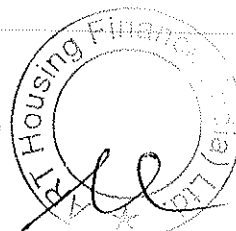
Based on the declarations and confirmations received in terms of the provisions of the Act, circular(s) / notification(s) / direction(s) issued by the National Housing Bank (NHB Regulations) and other applicable laws, none of the Directors on the Board of your Company are disqualified from being appointed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

Pursuant to Section 149(7) of the Companies Act, 2013, the Company has received declaration from Mr. Brijesh Kumar Gupta, Lt Gen (Retd.) Dr Sukhraj Pal Kochhar and Ms Anita Kapur (appointed w.e.f. September 05, 2018), Independent Directors of the Company affirming compliance with the criteria of independence as specified in Section 149(6) of the Companies Act, 2013.

KEY MANAGERIAL PERSONNEL

In terms of the Act, the following persons are the Key Managerial Personnel ("KMP") of the Company:

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



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

- Mr Vipin Jain, ceased to be a KMP of the Company pursuant to his resignation from the post of Chief Financial Officer w.e.f May 16, 2018; and
- Mr Pankaj Jain was designated as KMP of the Company pursuant to his appointment as the Chief Financial Officer of the Company w.e.f May 16, 2018.

DIRECTOR RETIRING BY ROTATION

In terms of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr Raj Vikash Verma, Non-Executive Director, being longest in office, shall retire by rotation and being eligible has offered himself for re-appointment at the ensuing Annual General Meeting of the Company.

APPOINTMENT OF NON EXECUTIVE CHAIRPERSON OF THE BOARD

The Board of Directors of the Company designated Mr Raj Vikash Verma, Non-Executive Director of the Company as the Non-Executive Chairperson of the Board of Directors of the Company pursuant to Article number 114 of Articles of Association of the Company, other applicable provisions of Companies Act 2013 and per NHB Governance w.e.f June 19, 2018.

PERFORMANCE EVALUATION

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

In terms of the requirement of Schedule IV of the Act, a separate meeting of the Independent Directors was held on March 19, 2019 to review the performance of the Non Independent Directors including the Chairman and the Board, as a collective entity. Performance evaluation was carried out by way of obtaining feedback from the Independent Directors through a structured questionnaire prepared and in accordance with the Board Performance Evaluation Policy and Performance Evaluation Process.

Based on the questionnaire circulated and discussions at the Independent Directors meeting, the Independent Directors expressed satisfaction with the overall performance of the Board and Non-Independent Directors including the Chairperson. The Independent Directors also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board based on various parameters viz. detailed information on business and support functions provided to the Board, action taken by management on suggestions/ request by the Board/

Committee(s) Members, in-depth discussions at the Board/ Committee(s) Meetings and found it to be adequate enough to assist the Board/ Committee(s) in performing its duties effectively and reasonably.

REMUNERATION POLICY

In terms of Section 178 of the Companies Act 2013, the Board of Directors the Company has constituted Nomination & Remuneration Committee whose scope of work covers the performance evaluation of the Directors, Key Managerial Personnel and Senior Management of the Company. The evaluation and appraisal is done in line with the Performance Management Policy of the Company.

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

COMMITTEES OF THE BOARD:

AUDIT COMMITTEE

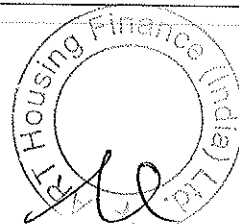
The Board of Directors had constituted the Audit Committee pursuant to provisions of Section 177 of the Companies Act, 2013 on 21st August, 2015. The Committee consists of the following Directors as on 31st March, 2019:

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

NOMINATION AND REMUNERATION COMMITTEE

Pursuant to provisions of Section 178 of the Companies Act, 2013, the Board of Directors had constituted the Nomination and Remuneration Committee on 21st August, 2015. The Committee consists of following Directors as on 31st March, 2019:

Name of Director - Member	Designation
Mr Brijesh Kumar Gupta	Independent Director
Mr Raj Vikash Verma	Non-Executive Director



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Lt Gen (Retd) Dr Sukhraj Pal Kochhar	Independent Director
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EXECUTIVE COMMITTEE

The Board has constituted Executive Committee as a sub-committee of the Board on 28th April, 2014. The Committee consists of following Directors as on March 31, 2019:

Name of Director - Member	Designation
Mr Arvind Roshan Hali	Managing Director & CEO
Ms Raakhe K Tandon	Non-Executive Director
Mr Raj Vikash Verma	Non- Executive Director

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has constituted Corporate Social Responsibility Committee on January 16, 2018. The Committee consists of following Directors as on March 31, 2019:

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

NUMBER OF MEETINGS HELD DURING THE FINANCIAL YEAR 2018-19:

Table containing details of the Board Meetings and Committees Meetings held during the year under review, along with dates are as follows:

S. No	Name of Committee	No. of Meetings	Date of Meetings
1.	Board Meetings	8 (Eight)	1. April 03, 2018; 2. April 04, 2018; 3. May 8, 2018; 4. May 16, 2018; 5. September 04, 2018; 6. September 07, 2018; 7. November 03, 2018; 8. February 7, 2019



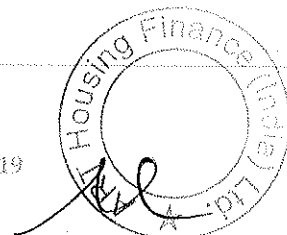
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2.	Audit Committee	4 (Four)	1. May 08, 2018; 2. September 04, 2018; 3. November 03, 2018; 4. February 07, 2019;
3.	Nomination and Remuneration Committee	6 (Six)	1. April 04, 2018; 2. May 08, 2018; 3. May 16, 2018; 4. August 16, 2018; 5. September 04, 2018 6. November 03, 2018
4	Risk Management Committee	2 (Two)	1. May 08, 2018 2. September 04, 2018
5	Corporate Social Responsibility Committee	1 (One)	March 30, 2019

In terms of Schedule IV of the Act, a meeting of the Independent Directors was held on March 19, 2019 without the attendance of the Non-Independent Directors and members of the management of the Company. All the Independent Directors attended the Meeting.

These meetings were held in a manner that not more than 120 days intervened between two consecutive meetings. The required quorum was present at all the above mentioned meetings.

During the year under review, the Annual General Meeting for Financial Year 2017-18 was held on May 8, 2018.



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

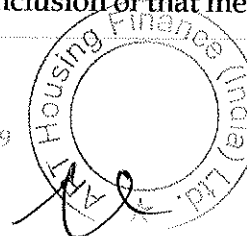
#	Name	Board Meetings		Audit Committee Meeting		Nomination & Remuneration Committee		Corporate Social Responsibility Committee	
		Meetings held	Attended	Meetings held	Attended	Meetings held	Attended	Meetings held	Attended
1.	Ms Raakhe Kapoor Tandon	8	3	-	-	-	-	0	0
2.	Mr Arvind Roshan Hali	8	8	-	-	-	-	1	1
3.	Lt Gen (Retd) Dr Sukhraj Pal Kochhar	8	8	4	3	6	6	1	1
4.	Mr Raj Vikash Verma	8	8	4	4	6	6	-	-
5.	Mr Brijesh Kumar Gupta	8	5	4	4	6	3	-	-
6.	Mr Pradeep Kumar ^{*1}	4	1	-	-	-	-	-	-
7.	Ms Anita Kapur ^{*2}	3	2	-	-	-	-	-	-

1. Mr Pradeep Arora was appointed as an Additional Director w.e.f August 16, 2018
2. Ms Anita Kapur was appointed as an additional director in the capacity of Independent Director w.e.f. September 05, 2018

STATUTORY AUDITORS

In terms of provisions of Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the auditor appointed in the Annual General Meeting (AGM) meeting should hold office from the conclusion of that meeting till the

DIRECTOR'S REPORT 2018-19



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conclusion of the sixth AGM, with the meeting wherein such appointment had been made being counted as the first meeting. The current Statutory Auditors, M/s. Walker Chandiook & Associates, Chartered Accountants has completed 5 years of tenure, from the first AGM of the Company till the conclusion of the sixth AGM of the Company, subject to the ratification by members at every AGM.

Now, it is proposed to re-appoint M/s. Walker Chandiook & Associates, Chartered Accountants as its statutory auditors as per the provisions of Companies Act 2013, subject to approval of the Shareholders in the ensuing Annual General Meeting of the Company.

AUDITORS' REPORTS

Statutory Audit Report

M/s. Walker Chandiook & Associates, Statutory Auditors in their report(s) on the standalone audited financial statements and consolidated audited financial statements of your Company for the financial year ended March 31, 2019, have not submitted any qualifications, reservations, adverse remarks or disclaimers. However, Clarifications, wherever necessary, have been included in the 'Notes to Accounts' section of the Annual Report. Furthermore, a Report under para no. 34 of the National Housing Bank Directions, 2010 is attached and is self-explanatory.

Secretarial Audit Report


In terms of Section 204 of the Act, the Board of Directors had appointed M/s Dolly Vilacha & Co., Practicing Company Secretary, to undertake secretarial audit of the Company for the financial year ended March 31, 2019. The report of M/s Dolly Vilacha & Co., Practicing Company Secretary in prescribed Form MR-3 is enclosed herewith at *Annexure B* to this Director's Report.

M/s Dolly Vilacha & Co., Practicing Company Secretary, in their report on the secretarial audit of your Company for the financial year ended March 31, 2019 has not submitted any qualifications, reservations, adverse remarks or disclaimers.

Maintenance of cost records

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

RISK MANAGEMENT


DIRECTOR'S REPORT 2018-19





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, Director and Lt Gen (Retd) Dr Sukhraj Pal Kochhar, Independent Director of the Company. The Risk Management Committee is responsible for reviewing the risks associated with the business of the Company, its root causes and the efficacy of the measures taken to mitigate the same. The Committee meets on half yearly basis for review of risk management parameters and analysis.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

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

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

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

WHISTLE BLOWER POLICY

DIRECTOR'S REPORT 2018-19



Your Company has adopted a Whistle Blower Policy and established a mechanism for Directors and Employees to report concerns about unethical behaviour, actual or suspected fraud, or violation of code of conduct. The mechanism also provides for adequate safeguard against the victimisation of employees who avail the mechanism, and allows direct access to the Chairperson of the Audit Committee in exceptional cases. The whistle blower policy is available on the website of the Company.

CORPORATE SOCIAL RESPONSIBILITY POLICY

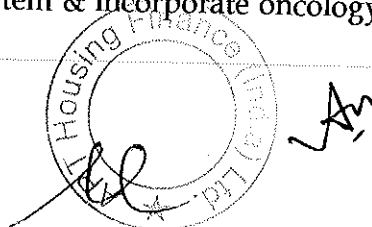
In terms of Section 135 of the Act, the Board of Directors adopted a 'CSR Policy' which helps towards contribution and furtherance of your Company's objective to create value in the society and community in which it operates, through its services, conduct and initiatives, so as to promote sustained growth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

The CSR Policy of the Company inter-alia indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board of Directors and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company.

Further, the Corporate Social Responsibility Committee of the Company as on March 31, 2019 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.

During the Financial Year under review the Company has contributed an amount aggregating to Rs 3,75,000/- (Rupees Three Lakhs and Seventy-Five Thousand only) to CanCare Trust with main focus on the subject is as follows:

- a. Service: treating mouth & throat cancers - India's most common cancer & facilitating access through affordable charges.
- b. Research: Head & Neck Cancers form 30 percent of India's cancer. Research is essential to address the unresolved issues towards curing these cancers. With such high incidence, we need to take the lead in scientific studies to progress in our endeavour to evolve guidelines for rational treatment decisions. This requires investment in a modern laboratory with facilities for Molecular Pathology incl Gene amplification, Polymerase Chain Reaction, Gene Expression Analysis, Next Generation Sequencing, besides others. The laboratory will have the capacity to research biomarkers for early diagnosis, novel treatments and personalised medicine.
- c. Education: With over 2 lac Head & Neck cancer cases in India, mostly from underprivileged sections of society, we are lacking adequate trained manpower to cater to them. We need to leverage the public health system & incorporate oncology



treatment in these centres. Training of manpower including doctors & nurses for specialized cancer care is the way forward.

The estimated cost of the project is Rs. 200 crores. Rs. 155 crores have been raised already, with major contributions from the Narotam Sekhsaria Foundation, the Tata Trust, Allanas, Mahindra Foundation, H T Parekh (HDFC) Foundation & the Cipla Foundation. We are grateful to all of them for their support and belief in the project.

RELATED PARTY TRANSACTIONS

Considering the nature of industry in which the Company operates, transactions with related parties of the Company are in the ordinary course of business which are also on arm's length basis. All such Related Party Transactions were placed before the Audit Committee for approval and thereafter for the approval of the shareholders of the Company for Omnibus approval for better Corporate Governance. The particulars of contracts or arrangements with related parties as referred in section 188(1) of the Act is attached to this Report in prescribed form AOC - 2 as *Annexure C*. Your Directors draw attention of the members to Note 25 of the financial statement which sets out related party disclosures.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

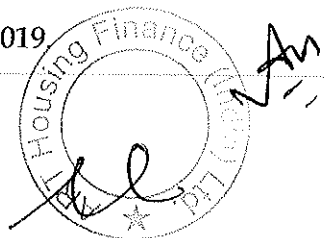
In terms of Section 186(11) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014, the provisions of Section 186 in respect of loans made, guarantees given or securities provided by the Company are not applicable to the Company. Further, details of the investments made by the Company please refer Note 12 of the standalone (audited) financial statements of the Company for the financial year ended March 31, 2019.

EMPLOYEE STOCK OPTION PLAN AND SCHEME

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

Under ESOP Scheme 2017, a pool of 50,00,00,000 ESOPs was approved in two tranches of 25,00,000 each which was approved by the Shareholders on May 29, 2017s and April 03, 2019 respectively. Further, they were subsequently granted in 3 lots to the employees thus covering a large pool of our employees.

Below is the summary regarding the same as on March 31, 2019



ESOP 2017	Lot 1	Lot 2	Lot 3	Total
ESOP Pool		2500000	2500000	5000000
Approved				5000000
Granted till date (including subsequent re grants from the lapsed pool)	1800000	305000	2993000	5098000
Lapsed (during the grant period)	275000	70000	273000	618000
Net Grant till date	1525000	235000	2720000	4480000
Vested	0	0	0	0
Exercised	0	0	0	0
Yet to be exercised	1525000	235000	2720000	4480000
Balance available				520000

On May 06, 2019 the Board has approved AHFL ESOP Scheme 2019 which was duly approved by the Shareholders on May 09, 2019. The brief details of the same is hereunder:

Particulars	ESOP 2019
Number of options approved	50,00,000
Number of options vested	-
Number of options exercised	-
Total number of shares arising as a result of exercise of options	-
Number of options lapsed / cancelled	-
Exercise Price of the options exercised in Rs. / per equity share	INR 10/-
Variation of terms of options	As per ESOP Scheme 2019

Money realised by the exercise of Options	-
Total number of options in force	50,00,000

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 ICC of your Company comprises of following Members as on March 31, 2019:

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

Subsequent to the year under review, pursuant to the change in organisation structure, the ICC was re-constituted by appointment of Ms Mamta Sharma, in place of Ms Money Khanna.

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

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

Since the Company provides Home Loans, most of the information as required under Section 134(3) of the Companies Act, 2013, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014, is not applicable. However, the information, as applicable, has been given in *Annexure - D* and forms part of this report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Earnings: NIL

Outgo: NIL

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

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

CONFIRMATION ON FRAUD, MISFEASANCE OR ANY IRREGULARITY IN THE COMPANY

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

DIRECTORS' RESPONSIBILITY STATEMENT

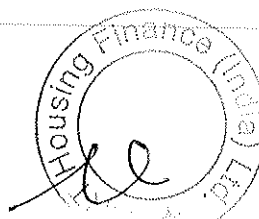
To the best of our knowledge and belief and according to the information and explanations obtained by us, pursuant to Section 134 of the Companies Act, 2013, the Directors hereby confirm that:

- a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) they have prepared the Annual Accounts on a going concern basis; and
- e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws while ensuring that such systems were adequate and operating effectively.

APPRECIATION AND ACKNOWLEDGEMENT

Your Directors take this opportunity to express their sincere gratitude to the customers of the Company for their confidence and patronage; to the Shareholders, regulatory


DIRECTOR'S REPORT 2018-19

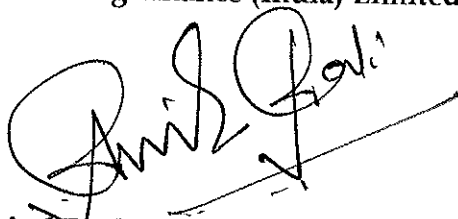




bodies, bankers and rating agencies for their unyielding support and guidance; and to the employees for their commitment, hard work and zeal during the year.

By order of the Board of Directors

For ART Housing Finance (India) Limited

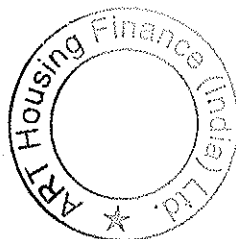


Arvind Roshan Hali
Managing Director & CEO
DIN:05285114



Raj Vikash Verma
Director
DIN:03546341

Date: June 27, 2019
Place: Gurugram



Form No. MGT-9

Annual Return as on the Financial Year ended on March 31, 2019
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company: -

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



III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	97	1	98	-	-	-	-	-	Negligible
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	37,49,99,900	-	37,49,99,900	99.99	38,49,99,900	-	38,49,99,900	100	Negligible
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
Subtotal(A) (1):-	37,49,99,997	1	37,49,99,998	99.99	38,49,99,900	-	38,49,99,900	100	Negligible
2) Foreign	-	-	-	0.00	-	-	-	0.00	-
g) NRIs- Individuals	-	-	-	0.00	-	-	-	0.00	-



h) Other-Individuals	-	-	-	0.00	-	-	-	0.00	-
i) Bodies Corp.	-	-	-	0.00	-	-	-	0.00	-
j) Banks / FI	-	-	-	0.00	-	-	-	0.00	-
k) Any Other....	-	-	-	0.00	-	-	-	0.00	-
Sub-total (A)(2):-	-	-	-	-	-	-	-	0.00	-
Total Promoter Shareholding (A)=(A)(1)+(A)(2)	37,49,99,997	1	37,49,99,998	99.99	38,49,99,900	-	38,49,99,900	100	Negligible
B. Public Shareholding									
1. Institutions	-	-	-	0.00	-	-	-	0.00	-
a) Mutual Funds	-	-	-	0.00	-	-	-	0.00	-
b) Banks / FI	-	-	-	0.00	-	-	-	0.00	-
c) Central Govt	-	-	-	0.00	-	-	-	0.00	-
d) State Govt(s)	-	-	-	0.00	-	-	-	0.00	-
e) Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	-
f) Insurance Companies	-	-	-	0.00	-	-	-	0.00	-
g) FIIs	-	-	-	0.00	-	-	-	0.00	-
h) Foreign Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	-
i) Others (specify)	-	-	-	0.00	-	-	-	0.00	-
Sub-total (B)(1)	-	-	-	0.00	-	-	-	0.00	-
2. Non Institutions	-	-	-	0.00	-	-	-	0.00	-
a) Bodies Corp. (i) Indian (ii) Overseas	-	-	-	0.00	-	-	-	0.00	-
b) Individuals (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh (ii) Individual shareholders holding	2	-	2	0	100	-	100	Negligible	Negligible



nominal share capital in excess of Rs 1 lakh									
c) Others (Specify)	-	-	-	0.00	-	-	-	0.00	-
Sub-total (B)(2)	2	-	2	0	100	-	100	Negligible	Negligible
Total Public Shareholding (B)=(B)(1)+(B)(2)	2	-	2	0	100	-	100	Negligible	Negligible
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00	-	-	-	0.00	-
Grand Total (A+B+C)	37,49,99,999	1	37,50,00,000	100	38,50,00,000	-	38,50,00,000	100	Negligible

* The Company is the wholly owned subsidiary of ART Business & Consumer Finance (India) Private Limited (ABCF) and hence ABCF had appointed the following shareholders as nominee shareholders vide Board Resolution dated September 10, 2018:

1. Raakhe Kapoor Tandon for 95 shares
2. Roshini Kapoor for 1 share
3. Rajesh Gandhi for 1 Share
4. Varun Kapur for 1 Share
5. Alkesh Tandon for 1 Share
6. Radha Kapoor Khanna for 1 Share

The Company is in the process of transferring the shares in the Demat accounts of Nominee shareholders whose beneficial interest will remain with ABCF



ii. *Shareholding of Promoters*

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	ART Business & Consumer Finance (India) Private Limited	37,49,99,900	100	-	38,49,99,900	100	-	
2.	Raakhe Kapoor Tandon	95	Negligible	-	0	-	-	-
3.	Radha Kapoor	1	Negligible	-	0	-	-	-
4.	Alkesh Tandon	1	Negligible	-	0	-	-	-
5.	Roshini Kapoor	1	Negligible	-	0	-	-	-
	Total	37,49,99,998	100	-	38,49,99,900	100	-	-

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
ART Business & Consumer Finance (India) Private Limited				
At the beginning of the year	37,49,99,900	100	37,49,99,900	100
Date wise Increase / Decrease in Shareholding during the year				
Allotment - 8 May 2018			1,00,00,000	2.60
Appointment of nominee shareholders - 10 September 2018				
Raakhe Kapoor Tandon			95*	Negligible
Roshini Kapoor			1*	Negligible



Rajesh Gandhi			1*	Negligible
Varun Kapur			1*	Negligible
Alkesh Tandon			1*	Negligible
Radha Kapoor Khanna			1*	Negligible
Transfer of shares				
Raakhe Kapoor Tandon			95	Negligible
Roshini Kapoor			1	Negligible
Rajesh Gandhi			1	Negligible
Varun Kapur			1	Negligible
Alkesh Tandon			1	Negligible
Radha Kapoor Khanna			1	Negligible
At the End of the year	37,49,99,900	100	38,50,00,000	100

* The Company is the wholly owned subsidiary of ART Business & Consumer Finance (India) Private Limited (ABCF) and hence ABCF had appointed the following shareholders as nominee shareholders vide Board Resolution dated September 10, 2018; However, the following shareholders being nominees, their respective shareholding is not added at the end of the year:

1. Raakhe Kapoor Tandon for 95 shares
2. Roshini Kapoor for 1 share
3. Rajesh Gandhi for 1 Share
4. Varun Kapur for 1 Share
5. Alkesh Tandon for 1 Share
6. Radha Kapoor Khanna for 1 Share

The Company is in the process of transferring the shares in the Demat accounts of Nominee shareholders whose beneficial interest will remain with ABCF.

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

Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
ART Business & Consumer Finance (India) Private Limited (ABCF)	At the beginning of the year	37,49,99,900	99.99	37,49,99,900	99.99
	At the End of the year (or on the date of separation, if separated during the year)	38,49,99,900	100	38,49,99,900	100
(Raakhe Kapoor Tandon)	At the beginning of the year	95	Negligible	95	Negligible
	(At the End of the year or on the date of separation, if separated during the year) [appointed as nominee shareholder by ABCF for 95 shares]*	95	Negligible	95	Negligible



(Radha Kapoor)	At the beginning of the year	1	Negligible	1	Negligible
	(At the End of the year or on the date of separation, if separated during the year) [appointed as nominee shareholder by ABCF for 1 share]*	1	Negligible	1	Negligible
(Roshini Kapoor)	At the beginning of the year	1	Negligible	1	Negligible
	(At the End of the year or on the date of separation, if separated during the year) [appointed as nominee shareholder by ABCF for 1 share]*	1	Negligible	1	Negligible
(Alkesh Tandon)	At the beginning of the year	1	Negligible	1	Negligible
	(At the End of the year or on the date of separation, if separated during the year) [appointed as nominee shareholder by ABCF for 1 share]*	1	Negligible	1	Negligible
(Varun Kapur)	At the beginning of the year	1	Negligible	1	Negligible
	(At the End of the year or on the date of separation, if separated during the year) [appointed as nominee shareholder by ABCF for 1 share]*	1	Negligible	1	Negligible
(Rajesh Gandhi)	At the beginning of the year	1	Negligible	1	Negligible
	(At the End of the year or on the date of separation, if separated during the year) [appointed as nominee shareholder by ABCF for 1 share]*	1	Negligible	1	Negligible

*pursuant to appointment as Nominee shareholders by ART Business & Consumer Finance (India) Private Limited (ABCF)

(v) Shareholding of Directors and Key Managerial Personnel:

(Raakhe Kapoor Tandon)	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.):	(95)	0.00	(95)*	0.00
At the End of the year	-	-	-	-

*pursuant to appointment as Nominee shareholder by ART Business & Consumer Finance (India) Private Limited (ABCF)

V. Indebtedness

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

VI. Remuneration of Directors and Key Managerial Personnel

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				559,901,504
i) Principal Amount	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
Change in Indebtedness during the financial year				
- Addition	700,000,333	2,710,000,000	-	3,410,000,333
- Reduction	135,634,844	1,845,000,000		1,980,634,844
Net Change	564,365,489	865,000,000	-	1,429,365,489
Indebtedness at the end of the financial year	1,124,549,684	865,000,000		1,989,549,684
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	1,124,549,684	865,000,000	-	1,989,549,684



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

(Amount in Rs)

Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Arvind Roshan Hali Managing Director & CEO	
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,49,66,148	1,49,66,148
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	33,852	33,852
(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
Sweat Equity	-	-
Commission	-	-
- as % of profit	-	-
- others, specify...	-	-
Others, please specify	-	-
Total (A)	1,50,00,000^{*1}	1,50,00,000
Ceiling as per the Act	2,40,00,000	
Number of Stock Options	6,00,000 ^{*2}	6,00,000

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

*2 Mr Arvind Roshan Hali was granted 5,00,000 equity shares under AHFL ESOP Scheme 2019



ii. Remuneration to Key Managerial Personnel other than Directors

(Amount in Rs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Ritika Sati, Company Secretary	Pankaj Jain, Chief Financial Officer	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,66,212	82,12,270	95,78,482
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	-	37,730	37,730
	(c) Profits in lieu of salary under section 17(3) Income-tax Act 1961	-	-	-
2.	Stock Option			
3.	Sweat Equity Commission	-	-	-
4.	- as % of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
6.	Total	13,66,212	82,50,000	96,16,212
7.	Stock Option	40,000	1,50,000	1,90,000

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

*Ms Ritika Sati was granted 25,000 options under AHFL ESOP Scheme 2019

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

(Amount in Rs)

Particulars of Remuneration				Total Amount
	Ms Anita Kapur (Appointed w.e.f September 05, 2018) (Independent Director)	Lt Gen (Retd) Dr Sukhraj Pal Kochhar (Independent Director)	Mr Brijesh Kumar Gupta (Independent Director)	



Independent Directors Fee for attending board and committee Meetings · Commission · Others, please specify	40,000	2,80,000	1,80,000	5,00,000
Total (1)	40,000	2,80,000	1,80,000	5,00,000
Non-Executive Directors · Fee for attending board committee meetings · Commission · Others, please specify (Conveyance Charges)				
Total (2)				
Total (B)=(1+2)				
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	-	-	-	-	-



Form No. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

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

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

We report that :-

- a) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) We have obtained the Management representation, wherever required, about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the Corporate and other applicable laws, rules, regulation, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company



has, during the audit period covering the financial year ended on 31st March 2019 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board related 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 31st March 2019 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 2018-19.

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) Increase in the overall limit of ESOPs from 25,00,000 to 50,00,000 issued by the Company to the Employees;
- b) Allotment of 1,00,00,000 (One Crore) Equity Shares of INR 10/- each fully paid-up, aggregating to Rs 10,00,00,000/- (Rupees Ten Crores Only) on Preferential basis to "ART Consumer & Business Finance (India) Limited" the shareholder of the Company during the Financial Year 2018-19;
- c) Alterations in Capital Clause of Memorandum of Association of the Company by way of increase in Authorized Share Capital from Rs 4,00,00,00,000 (Rupees Four Hundred Crores only) to Rs 1000,00,00,000 (Rupees One Thousand Crores) vide Ordinary Resolution dated September 7, 2018 and change in object clause of the Company by way of inserting sub-clause 3 under Part A of Clause III, after the existing sub-clause 2 and by deletion of existing sub-clause 34 of Part-B of Clause III vide Special Resolution dated February 7, 2019;
- d) Appointment of Shri Pradeep Kumar having DIN No. 07683382 as an Additional Director of the Company w.e.f. August 16, 2019;
- e) Appointment of Smt Anita Kapoor having DIN No. 07902012 as an Additional Director in the capacity of Independent Director of the Company w.e.f September 05, 2019;
- f) Increase in Authorised Share Capital of the Company from Rs. 4,00,00,00,000/- (Rupees Four Hundred Crores only) to 10,00,00,00,000/- (Rupees One Thousand Crores only) vide Ordinary Resolution dated September 7, 2018;
- g) Resignation of Shri Vipin Jain as Chief Financial Officer w.e.f. 15th May, 2018 and Appointment of Shri Pankaj Parasmal Jain as Chief Financial Officer and Key Managerial Personnel w.e.f. 16th May, 2018;
- h) Change in the name of the Company from "ART Affordable Housing Finance (India) Limited" to "ART Housing Finance (India) Limited" with effect from September 20, 2018 as prescribed on fresh certificate of incorporation issued by Registrar of Companies, NCT of Delhi & Haryana;
- i) ART Business and Consumer Finance (India) Private Limited had appointed Ms Raakhe Kapoor Tandon, Ms Radha Kapoor, Ms Roshini Kapoor, Mr Alkesh Tandon, Mr Varun Kapur and Mr Rajesh Gandhi as their nominee shareholders vide their Board Resolution dated September 10, 2018. Also, during the year under review, Ms Raakhe Kapoor Tandon, Ms Radha Kapoor, Ms Roshini Kapoor, Mr Alkesh Tandon,



Mr Varun Kapur and Mr Rajesh Gandhi had transferred their respective shares to ART Business and Consumer Finance (India) Private Limited.

For Dolly Vilacha & Co.
Company Secretaries

Sd/-

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

Date:

Place: Delhi



Annexure - I to Secretarial Audit Report

To,
The Members
ART Housing Finance (India) Limited
(Erstwhile 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 31st March, 2019 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 31st March 2019 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:
Place:



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:

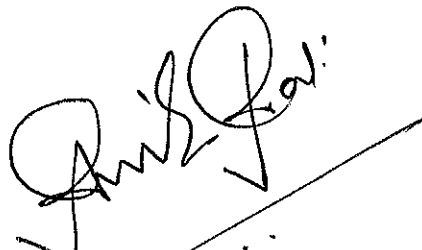
There were no contracts or arrangements or transactions entered during the year ended March 31, 2019 which were not at arm's length basis.


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

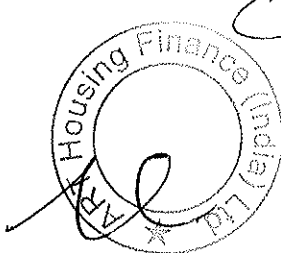
(INR in crores)

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

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


Aryind Roshan Hali
 Managing Director & CEO
 DIN:05285114


Raj Vikash Verma
 Director
 DIN:03546341





Annexure - D

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

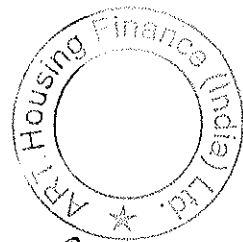
Conservation of Energy and Technology Absorption

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

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

Foreign Exchange Earnings and Outgo

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



DOLLY VILACHA & CO.
COMPANY SECRETARIES

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED **MARCH 31, 2019**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To

The Members

ART Housing Finance (India) Limited

(Erstwhile 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 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 31st March 2019 ("**Audit Period**") complied with the statutory provisions listed hereunder and also that the Company has proper Board related processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made

Address: A-45, IInd Floor, Krishna Park Extension; Gali No. 10, Tilak Nagar, Delhi-110018, Delhi, INDIA
Email id.: csdollyvilacha@gmail.com; Contact: +91 97177 16752; +91 9717827752



DOLLY VILACHA & CO.

COMPANY SECRETARIES

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 31st March 2019 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:

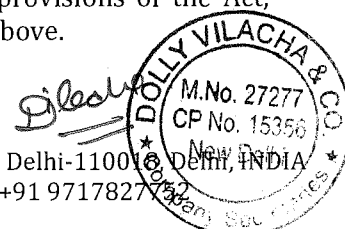
- (a) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;
- (b) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The 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 2018-19.

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.

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DOLLY VILACHA & CO.

COMPANY SECRETARIES

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.

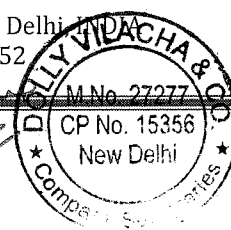
As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded. The decisions which have taken place in meetings and required to be intimated in necessary returns to ROC, have been filed general on time 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) Increase in the overall limit of ESOPs from 25,00,000 to 50,00,000 issued by the Company to the Employees;
- b) Allotment of 1,00,00,000 (One Crore) Equity Shares of INR 10/- each fully paid-up, aggregating to Rs 10,00,00,000/- (Rupees Ten Crores Only) on Preferential basis to "ART Consumer & Business Finance (India) Limited" the shareholder of the Company during the Financial Year 2018-19;
- c) Alterations in Capital Clause of Memorandum of Association of the Company by way of increase in Authorized Share Capital from Rs 4,00,00,00,000 (Rupees Four Hundred Crores only) to Rs 1000,00,00,000 (Rupees One Thousand Crores) vide Ordinary Resolution dated

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DOLLY VILACHA & CO.

COMPANY SECRETARIES

September 7, 2018 and change in object clause of the Company by way of inserting sub-clause 3 under Part A of Clause III, after the existing sub-clause 2 and by deletion of existing sub-clause 34 of Part-B of Clause III vide Special Resolution dated February 7, 2019;

d) Appointment of Shri Pradeep Kumar having DIN No. 07683382 as an Additional Director of the Company w.e.f. August 16, 2018;


e) Appointment of Smt Anita Kapoor having DIN No. 07902012 as an Additional Director in the capacity of Independent Director of the Company w.e.f September 05, 2018;

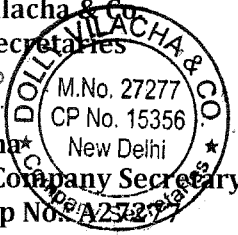
f) Increase in Authorised Share Capital of the Company from Rs. 4,00,00,00,000/- (Rupees Four Hundred Crores only) to 10,00,00,00,000/- (Rupees One Thousand Crores only) vide Ordinary Resolution dated September 7, 2018;

g) Resignation of Shri Vipin Jain as Chief Financial Officer w.e.f. 15th May, 2018 and Appointment of Shri Pankaj Parasmal Jain as Chief Financial Officer and Key Managerial Personnel w.e.f. 16th May, 2018;

h) Change in the name of the Company from "ART Affordable Housing Finance (India) Limited" to "ART Housing Finance (India) Limited" with effect from September 20, 2018 as prescribed on fresh certificate of incorporation issued by Registrar of Companies, NCT of Delhi & Haryana;

i) During the year under review, ART Business and Consumer Finance (India) Private Limited (ABCF) in its Board Meeting held on September 10, 2018 had appointed Ms Raakhe Kapoor Tandon, Ms Radha Kapoor, Ms Roshini Kapoor, Mr Alkesh Tandon, Mr Varun Kapur and Mr Rajesh Gandhi as their nominee shareholders and also Ms Raakhe Kapoor Tandon, Ms Radha Kapoor, Ms Roshini Kapoor, Mr Alkesh Tandon, Mr Varun Kapur and Mr Rajesh Gandhi had transferred their respective shares to ART Business and Consumer Finance (India) Private Limited.

For Dolly Vilacha & Co
Company Secretaries

Dolly Vilacha
Practicing Company Secretary
Membership No. 27277
Certificate of Practice No 15356



Date: 27.06.2019

Place: Delhi

Address: A-45, IInd Floor, Krishna Park Extension; Gali No. 10, Tilak Nagar, Delhi-110018, Delhi, INDIA
Email id.: csdollyvilacha@gmail.com; Contact: +91 97177 16752; +91 9717827752


DOLLY VILACHA & CO.
COMPANY SECRETARIES

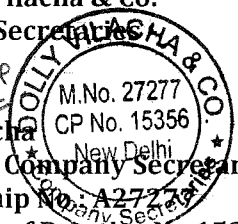
Annexure – I to Secretarial Audit Report

To,
The Members
ART Housing Finance (India) Limited
(Erstwhile 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 31st March, 2019 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 31st March 2019 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 Secretary

Dolly Vilacha
Practicing Company Secretary
Membership No. A27277
Certificate of Practice No 15356



Date: 27.06.2019
Place: Delhi

Address: A-45, IInd Floor, Krishna Park Extension; Gali No. 10, Tilak Nagar, Delhi-110018, Delhi, INDIA
Email id.: csdollyvilacha@gmail.com; Contact: +91 97177 16752; +91 9717827752

NOTICE OF 6TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 6th (Sixth) Annual General Meeting of ART Housing Finance (India) Limited (formerly known as ART Affordable Housing Finance (India) Limited) will be held on Friday, June 28, 2019 at 4:00 PM at the Registered office of the Company situated at 107, Best Sky Tower, Netaji Subhash Place, Pitampura, North West, Delhi 110034 at a shorter notice to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Annual Audited Standalone Financial Statements and Annual Audited Consolidated Financial Statements for the financial year ended March 31, 2019, the Directors' Report and Auditors' Report thereon and in this regard to consider and if thought fit, to pass with or without modification, the following Resolution as **Ordinary Resolution:**

"RESOLVED THAT the Annual Audited Standalone Financial Statements of the Company i.e. Balance Sheet as on March 31, 2019 along with the Statement of Profit & Loss and Cash Flow Statement for the financial year ended on that date and Notes annexed to and forming integral part of financial statements be and are hereby approved and adopted.

RESOLVED FURTHER THAT the Annual Audited Consolidated Financial Statements of the Company i.e. Balance Sheet as on March 31, 2019 along with the Statement of Profit & Loss and Cash Flow Statement for the financial year ended on that date and Notes annexed to and forming integral part of financial statements be and are hereby approved and adopted."

2. To appoint a director in place of Mr Raj Vikash Verma, Non-Executive Director (DIN: 03546341) who retires by rotation and, being eligible, offers himself for re-appointment and in this regard to consider and if thought fit, to pass with or without modification, the following Resolution as **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company be, and is hereby accorded to the reappointment of Mr Raj Vikash Verma (DIN: 03546341) as a director, to the extent that he is required to retire by rotation."

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

"RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or reenactment(s) thereof, for the time being in force), M/s Walker Chandiook & Co, LLP FRN No (001076N/N500013), be and is hereby appointed as Auditors of the Company for a term of 5 (five) consecutive years from the conclusion of this Annual General Meeting to the conclusion of the 11th Annual General Meeting, at such remuneration as shall be fixed by the Board of Directors/ Audit Committee of the Company."

ART HOUSING FINANCE (INDIA) LIMITED

(Formerly known as ART Affordable Housing Finance (India) Limited)

Special Business:

4. To consider the appointment of Ms Anita Kapur (DIN: 07902012) as an Independent Director of the Company and in this regard to consider and if thought fit, pass with or without modification the following Resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV to the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Anita Kapur (holding DIN 07902012), a non-executive Director of the Company, who is eligible for appointment and who has submitted a declaration that she meets the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 be and is hereby appointed as an Independent Director of the Company to hold office for 5 (Five) years w.e.f. September 05, 2018 and shall not be liable to retire by rotation hereinafter in accordance with the provisions of the Companies Act, 2013.”

5. To consider the appointment of Mr Pradeep Kumar (DIN: 07683382) as a Non-Executive Director of the Company and in this regard to consider and if thought fit, pass with or without modification the following Resolution as **Ordinary Resolution**:

“RESOLVED THAT pursuant to Section 149, 152, 160 and other applicable provisions of Companies Act, 2013 and the Companies Appointment and Qualification of Directors, Rules, 2014 (including any statutory modification(s) or enactment thereof for the time being in force) Mr Pradeep Kumar (DIN: 07683382) who was appointed as an Additional Director by the Board of Directors with effect from August 16, 2018 in terms of Section 161(1) of the Act and who holds the office till 6th Annual General Meeting, be and is hereby appointed as a Non- Executive Director of the Company, liable to retire by rotation.

ART Housing Finance (India) Limited



Ritika Sati
Company Secretary & Legal Counsel
ACS- 24016
574/3, Prem Nagar, Sector 12A Road,
Gurugram, Haryana- 122001



Date: June 27, 2019

Place: Gurugram

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT TO BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY, SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. Member shall bring duly filled up attendance slip sent herewith to attend the Meeting.
3. The register of Directors Shareholding maintained under section 170 of the Companies Act will be available for inspection by the Members at the Meeting.
4. The register of Contracts maintained under section 189 of the Companies Act 2013 and all documents mentioned therein in the Resolutions and in the explanatory statement will be available for inspection by the Members at the Meeting.
5. An Explanatory statement under section 102 of the Act relating to the special business is annexed.



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Based on recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company have appointed Ms Anita Kapur an Additional Director in the capacity of an Independent Director of the Company to hold the office for a period of five (5) consecutive years, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting (AGM).

As an Additional Director, Ms Anita Kapur holds office till the date of Annual General Meeting and is eligible for being appointed as an Independent Director. The Company has also received respective declaration from Ms Kapur confirming that he meets the criteria of independence as prescribed under the Act.

Ms Kapur is also not disqualified from being appointed as Director in terms of Section 164 of the Act and has given his consent to act a Director on the Board of the Company.

In the opinion of the Board Ms Anita Kapur fulfills the conditions for his appointment as an Independent Director as specified in the Companies Act, 2013.

Considering the rich and vast experience of Ms Anita Kapur, your Board believes that his induction in the Board will strength to the Company. The details of Ms. Anita Kapur in pursuance of the provisions of the Secretarial Standards are mentioned in Annexure 1.

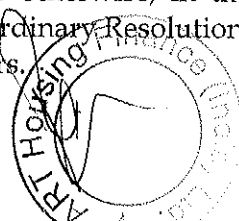
None of other Directors except Ms Anita Kapur or Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution. The Board of Directors accordingly recommends the Ordinary Resolution(s) set out at item no. 4 of the Notice for the approval of the Members.

Item No. 5

The Board on recommendation of the Nomination & Remuneration Committee have appointed Mr Pradeep Kumar as an Additional Director of the Company in the capacity of Non-Executive Director w.e.f. August 16, 2018, liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting.

The Company has received the consent in writing from Mr Pradeep Arora to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014 to the effect that they are not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013. The details of Mr. Pradeep Kumar in pursuance of the provisions of the Secretarial Standards are mentioned in Annexure 1.

None of other Directors except Mr Pradeep Arora or Key Managerial Personnel and their relatives are in any way, concerned or interested, financially or otherwise, in the said Resolutions. The Board of Directors accordingly recommends the Ordinary Resolution(s) set out at item no. 5 and 6 of the Notice for the approval of the Members.

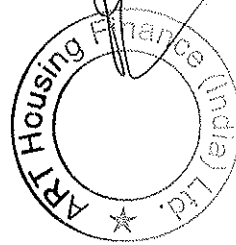


Annexure to the Notice of 6th Annual General Meeting:**Details of Directors who are being appointed or reappointed as per the Secretarial Standards:**

Name	Mr. Raj Vikas Verma	Ms. Anita Kapur	Mr. Pradeep Kumar
Age	64 years	63 years	37 years
Qualification	M.A (Economic), MBA	M.A	Post Graduate Diploma in Management from ISB and B Tech
Experience	Over 35 years of Experience in financial services and mortgage industry	Retired Chairperson of CBDT	Over 15 years of experience in Investment Management, Investment Banking, Investors Relations and Technology consulting
Terms and Conditions of appointment or re-appointment along with the details of remuneration sought to be paid	To be re-appointed, being eligible to retire by rotation	To be appointed for a period of five years and to be paid the sitting fees for attending the Board and Committee Meetings	To be appointed as a Non-Executive Director of the Company
Remuneration last drawn	NIL	Sitting Fees of Rs 20,000/- for Board Meeting held on February 07, 2019 and Rs 10,000/- each for NRC and Audit Committee	NIL
Date of first appointment on the Board	July 28, 2017	September 5, 2018	August 16, 2018
Shareholding in the Company	NIL	NIL	NIL
Relationship with other Directors, Managers and other Key Managerial Persons of the Company	N.A.	N.A.	N.A.



The number of meetings of the Board attended during the year	8	2	2
Directorship in other Companies	5	2	5



ART HOUSING FINANCE (INDIA) LIMITED
CIN - U65999DL2013PLC255432
107, Best Sky Tower, Netaji Subhash Place, Pitampura, New Delhi Delhi-110034
E-mail ID- secretarial@arthfc.com

ATTENDANCE SLIP

Date of Meeting: -

Folio No./ DP ID Client ID No.: -

Name of First Named Member/Proxy/: -

Authorised Representative: -

Name of Joint Member(s), if any:

No. of Shares held: -

I/we certify that I/we am/are Member(s)/proxy for the Member(s) of the Company.

I/we hereby record my/our presence at the Annual General Meeting of the Company being held on Friday, June 28, 2019 at 4:00 PM at the Registered Office of the Company situated at 107, Best Sky Tower, Netaji Subhash Place, Pitampura, North West, Delhi 110034 at a shorter notice to transact the businesses as specified in the Notice of 6th Annual General Meeting.

Signature of First holder/Proxy/Authorised Representative

Signature of 1st Joint holder

Signature of 2nd Joint holder

Note(s) : 1. Please sign this attendance slip and hand it over at the Attendance Verification Counter at the MEETING VENUE.

2. Only shareholders of the Company and/or their Proxy will be allowed to attend the Meeting.



FORM NO. MGT-11

Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U65999DL2013PLC255432

Name of the Company: **ART HOUSING FINANCE (INDIA) LIMITED**

Registered office: **107, Best Sky Tower, Netaji Subhash Place, Pitampura, New Delhi Delhi-110034**

Name of the Member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/We, being the Member (s) of shares of the above named Company, hereby appoint

1. Name: Address:

E-mail Id: Signature:, or failing him

2. Name: Address:

E-mail Id: Signature:, or failing him.....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company, to be held on Friday, June 28, 2019 at 4:00 PM at the Registered office of the Company situated at 107, Best Sky Tower, Netaji Subhash Place, Pitampura, North West, Delhi 110034 at a shorter notice.

Signed this..... day of..... 2019

Affix
Revenue
Stamp of
Re.1/-

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Venue of the Annual General Meeting

