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**4<sup>th</sup> ANNUAL REPORT**  
**2016-2017**

**ART AFFORDABLE HOUSING  
FINANCE (INDIA) LIMITED**

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## NOTICE OF 4<sup>th</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 4<sup>th</sup> (Fourth) Annual General Meeting of ART Affordable Housing Finance (India) Limited (*formerly known as RAAS Affordable Housing Finance (India) Limited, earlier known as RAAS Housing Finance (India) Limited*) will be held on Tuesday, May 02, 2017 at 5:00 PM at the Registered Office of the Company situated at 107, Best Sky Tower, Netaji Subhash Place, Pitampura, New Delhi-110034 at a shorter notice to transact the following businesses:

### **Ordinary Business:**

1. To receive, consider and adopt the annual Financial Statements and annual audited consolidated Financial Statements for the financial year ended March 31, 2017, the Directors' Report and Auditors' Report thereon.
2. To consider re-appointment of Dr Manoj Vaish (DIN 00157082), Non-Executive Director of the Company and who is liable to retire by rotation at this Meeting and being eligible, offers himself for re-appointment.
3. To ratify appointment of Statutory Auditors and in this regard to consider and if thought fit, to pass with or without modification, the following Resolution as an *Ordinary Resolution*:

"RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") and the Companies (Audit and Auditors) Rules, 2014 ("Rules") (including any statutory modification or re-enactment thereof, for the time being in force), the Company hereby ratifies the appointment of M/s Walker Chandniok & Associates, Chartered Accountants, (Firm Registration No. 001329N), as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the next AGM of the Company at a remuneration which may be mutually decided by the Statutory Auditors and Board of Directors of the Company."

### **Special Business:**

#### **4. INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY**

To consider and, if thought fit to pass with or without modification the following Resolution as an *Ordinary Resolution*:

"RESOLVED THAT pursuant to the provisions of Section 61 and 64 of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed there under and other applicable provisions, if any, the Authorized Share Capital of the Company be and is hereby increased from Rs 150,00,00,000/- (Rupees One Hundred and Fifty Crores only) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs 10/- (Rupees Ten only) to Rs 330,00,00,000/- (Rupees Three Hundred and Thirty Crores only) divided into 33,00,00,000 (Thirty-Three Crores) Equity Shares of Rs 10/- (Rupees Ten only)



ART AFFORDABLE HOUSING FINANCE (INDIA) LIMITED



each by creation of additional 18,00,00,000 (Eighteen Crores) Equity Shares of Rs 10/- (Rupees Ten only) each ranking *pari-passu* in all respect with the existing Equity Shares.

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company, be and is hereby authorized to file the necessary e-Forms and papers with the Registrar of Companies, NCT of Delhi & Haryana and further authorized to sign all such papers, documents etc. and to do all such acts, deeds etc. for and on behalf of the Company as may be required in order to give effect to the above Resolution."

5. ALTERATION OF CAPITAL CLAUSE CONTAINED IN MEMORANDUM OF ASSOCIATION


To consider and, if thought fit, to pass with or without modification the following Resolution as *Ordinary Resolution*:

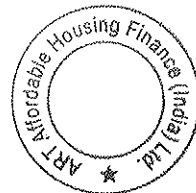
"**RESOLVED THAT** pursuant to the provisions of Section 13 and 61 of the Companies Act, 2013 (including any amendment thereto or re-enactment thereof) and the rules framed thereunder, and other applicable provisions, if any, the consent of the Members be and is hereby accorded for substituting Clause V of the Memorandum of Association of the Company with the following clause:

**V The Authorized Share Capital of the Company is Rs 330,00,00,000/- (Rupees Three Hundred and Thirty Crores only) divided into 33,00,00,000 (Thirty-Three Crores) Equity Shares of Rs. 10/- (Rupees Ten) each. The Company may increase or reduce the Share Capital, divide or consolidate the shares in the Capital for the time being into several classes and attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions in such manner as may for the time being be provided by the provisions of the Companies Act, 2013.**

**RESOLVED FURTHER THAT** any Director or Company Secretary of the Company, be and is hereby authorized to file the necessary e-Forms and papers with the Registrar of Companies, NCT of Delhi & Haryana and further authorized to sign all such papers, documents etc. and to do all such acts, deeds etc. for and on behalf of the Company as may be required in order to give effect to the above Resolution."

**ART Affordable Housing Finance (India) Limited**

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

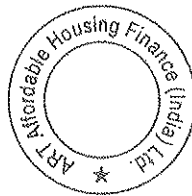


Date: May 02, 2017  
Place: Gurugram

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.

*Ramesh*



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

**4. INCREASE IN AUTHORISED SHARE CAPITAL OF THE COMPANY**

The Existing Authorised Capital of the Company is Rs 150,00,00,000/- (Rupees One Hundred and Fifty Crores Only) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of Rs 10/- (Rupees Ten only) each. The Company seeks business expansion and is in need of funds for business operations and therefore intends to increase the Authorized Share Capital of the Company to Rs 330,00,00,000/- (Rupees Three Hundred and Thirty Crores only) divided into 33,00,00,000 (Thirty-Three Crores) Equity Shares of Rs 10/-(Rupees Ten only) each by creation of additional 18,00,00,000 (Eighteen Crores) Equity Shares of Rs 10/- (Rupees Ten only).

Hence the Board of Directors of the Company (Board), vide its Resolution dated May 02, 2017 has proposed to increase the Authorised Share Capital of the Company. Pursuant to Sections 61(1)(a) and 64 (1)(a) of the Companies Act, 2013, the consent of the Shareholders of the Company is requested for the proposed increase in the authorised share capital of the Company.

None of the Directors, Key Managerial Persons or their relatives, in any way, concerned or interested in the said Resolution.

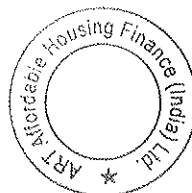
**5. ALTERATION OF CAPITAL CLAUSE CONTAINED IN MEMORANDUM OF ASSOCIATION**

In order to reflect the increase in Authorised Share Capital of the Company and in order to conform to the requirements of the Companies Act, 2013 Clause V of the Memorandum of Association of the Company must be amended as: -

**V. The Authorized Share Capital of the Company is Rs 330,00,00,000/- (Rupees Three Hundred and Thirty Crores only) divided into 33,00,00,000 (Thirty-Three Crores) Equity Shares of Rs. 10/- (Rupees Ten Only) each. The Company may increase or reduce the Share Capital, divide or consolidate the shares in the Capital for the time being into several classes and attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions in such manner as may for the time being be provided by the provisions of the Companies Act, 2013.**

As Per Section 13 of Companies Act, 2013 the alteration of the Memorandum of Association of the Company requires the approval of shareholders. The Board now seeks the approval of Shareholders for the same.

*[Handwritten Signature]*



ART AFFORDABLE HOUSING FINANCE (INDIA) LIMITED  
CIN - U65999DL2013PLC255432  
107, Best Sky Tower, Netaji Subhash Place, Pitampura, New Delhi Delhi-  
110034  
E-mail ID- contact@raashfc.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 Tuesday, May 02, 2017, at 5:00 P.M. at the Registered Office of the Company situated at 107, Best Sky Tower, Netaji Subhash Place, Pitampura, New Delhi-110034

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.**

*Ratna*



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 AFFORDABLE 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 Tuesday, May 02, 2017, at 5:00 P.M. at the Registered Office of the Company situated at 107, Best Sky Tower, Netaji Subhash Place, Pitampura, new Delhi-110034.

Signed this..... day of..... 2017

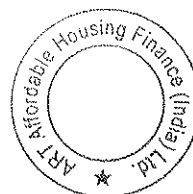
Affix  
Revenue  
Stamp of  
Re.1/-

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

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## DIRECTORS' REPORT

Dear Members,

### **ART Affordable Housing Finance (India) Limited**

Your Directors have a pleasure in presenting the Fourth (4<sup>th</sup>) Directors' Report on the business and operations of ART Affordable Housing Finance (India) Limited, together with draft audited and consolidated financial statements and accounts for the financial year ended March 31, 2017.

### **BRIEF DETAILS OF THE COMPANY**

ART Affordable Housing Finance (India) Ltd is a subsidiary of ART Capital (India) Private Ltd. and is registered with the National Housing Bank as a non-deposit accepting housing finance company. Your Company is in the business of providing housing loans and mortgage loans.

Your Company was incorporated as a 'Private Limited Company' on 16th July 2013, with the name title of 'RAAS Housing Finance (India) Private Limited', under the provisions of the Company Act, 2013. On 25th March 2015, the Company was converted into a 'Public Limited Company' with the name title of 'RAAS Housing Finance (India) Limited'.

It is important to note that your Company has made a pivotal transition in its strategy, from catering to premium housing customers to affordable housing customers. In light of this strategy shift, the Company's name was duly changed to 'RAAS Affordable Housing Finance (India) Ltd.' on 7th June 2016.

On 27th March 2017, the Company's name was changed to depict its core values of "Alliances, Relationships and Technology" to 'ART Affordable Housing Finance (India) Ltd.', under the provisions of the Company Act, 2013.

### **FINANCIAL REVIEW AND RESULTS OF OPERATIONS**

#### **A. Income**

Your Company posted a total income of Rs 11.53 Cr in financial year 2016-17, as compared to Rs 8.16 Cr in financial year 2015-16 which represents an increase of 41% year-on-year. Out of this, Interest income on loans was increased by 48%, from Rs 5.76 Cr in financial year 2015-16 to Rs 8.51 Cr in financial year 2016-17 and other income was increased by 26% from Rs 2.4 Cr financial year 2015-16 to Rs 3.02 Cr in financial year 2016-17.



## B. Expenses

Expenses (excluding provisions and depreciation) for financial year 2016-17 stood at Rs 17.3 Cr, as compared to Rs 10.3 Cr in financial year 2015-16 representing an increase of 68%. The increase in expenses is attributable to higher operating expenses with regards to branches, Information Technology infrastructure, manpower at supervisory and supervised positions and the new state of the art Corporate Office of the Company.

## C. Profits

Your Company incurred a loss of Rs 5.16 Cr in financial year 2016-17 as against Rs 2.05 Cr in financial year 2015-16. This is primarily attributable to business gestation associated with the change in strategy and higher operating expenses in light of the new branches and investments in Information Technology.

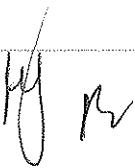
In fourth quarter of financial year 2016-17, your Company has successfully overcome the gestation that it faced, with disbursements increasing by 2.8x in comparison to third quarter of financial year 2016-17. With this, we are confident in attaining positive profits in financial year 2017-18.

(in Rupees)

Particulars	FY 2016-17 Consolidated	FY 2016-17 Standalone	FY 2015-16 Consolidated	FY 2015-16 Standalone
Total Revenues	11,53,27,366	11,53,05,653	8,15,88,408	8,15,83,507
Total Expenditures	17,51,07,586	17,50,24,263	10,55,26,130	10,54,07,874
Gross Profit before depreciation, amortizations & Taxation	5,97,80,220	5,97,18,610	(2,39,37,722)	(2,38,24,367)
Depreciation and amortizations	1,43,00,666	1,43,00,666	2,262,647	2,262,647
Profit before Tax (PBT)	7,40,80,886	740,19,276	(2,62,00,369)	(2,60,87,014)
Provisions for Tax/Deferred Tax	(2,24,18,777)	(2,24,18,777)	(55,95,346)	(55,95,346)
Profit after Tax (PAT)	5,16,62,109	5,16,00,499	(2,06,05,023)	(2,04,91,668)
Profit/ Loss brought forward	(5,09,97,679)	(5,08,84,324)	(3,03,92,656)	(3,03,92,656)
Tangible Net Worth	1,04,73,40,212	1,04,75,15,177	94,90,02,321	94,91,15,676

## DIVIDEND

Your Board did not recommend any dividend for the financial year 2016-17.



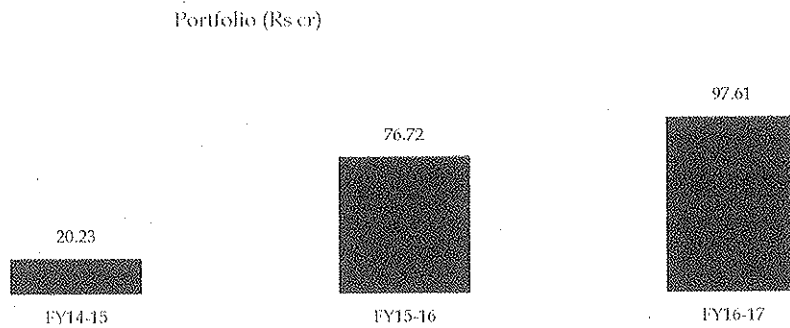
## TRANSFER TO RESERVES

Your Company has not transferred any amount to Reserves for the financial year ended March 31, 2017.

## PORTFOLIO OF THE COMPANY

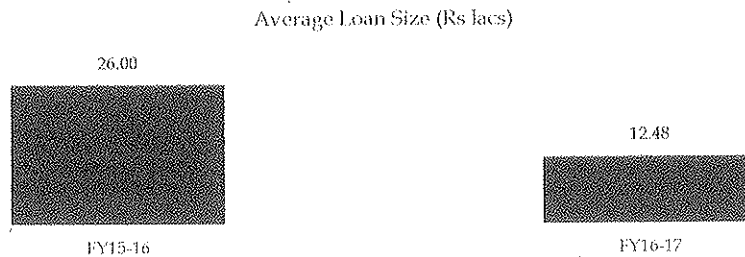
The portfolio of your Company is stood at Rs 97.6 Cr as on March 31st, 2017 as against Rs 76.7 Cr as on March 31st, 2016.

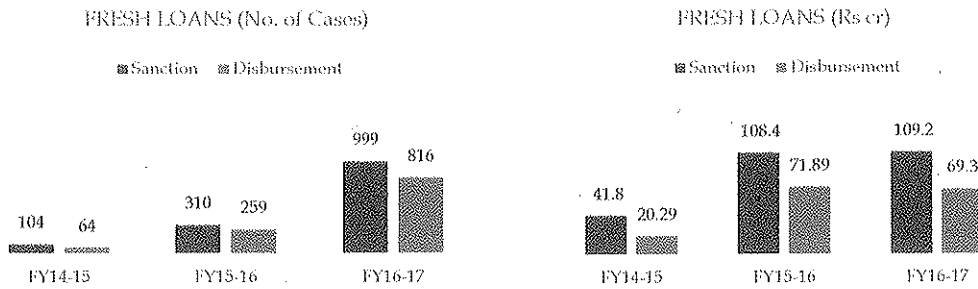
The Average ticket size on portfolio as on March 31st, 2017 stood at Rs 12.5 lakhs against Rs 26 lakhs as on March 31st, 2016.



## LENDING OPERATIONS

During the year under review, your Company sanctioned total 999 number of loans worth Rs 109.2 Cr as compared to total 310 number of loans worth Rs 108.4 Cr in financial year 2016-17. Out of these, your Company disbursed total 816 number of loans worth Rs 69.3 Cr as against total 259 number of loans worth Rs 71.9 Cr in financial year 2015-16. Sanctions and disbursements on number of cases increased by more than 200%. However, in light of the shift to affordable housing from premium housing, ticket sizes of loans saw a drop. Average sanction size stood at Rs 10.9 lacs in financial year 2016-17 as against Rs 35 lacs in financial year 2015-16.





## BRANCH EXPANSION

In a short span of time, your Company has undertaken rapid branch expansion to effectively cater to the lower-income group (LIG) and economically weaker sections (EWS) target segments. Your Company's branch network has increased from 2 branches in 1 region (Delhi NCR) as on 31st March, 2016 to 25 branches across 5 regions (Delhi NCR, Haryana, Rajasthan, Maharashtra and Gujarat).

Details of the branch expansion are given below:

Region	Branch Count	Branch Locations
Delhi-NCR	5	Delhi Pitampura, Delhi Laxmi Nagar, Gurgaon, Faridabad,
Haryana	6	Rohtak, Karnal, Panipat, Sonipat, Kaithal, Yamunanagar
Rajasthan	4	Jaipur, Ajmer, Alwar, Kota, Bhiwadi
Maharashtra	8	Mumbai, Kalyan, Panvel, Vasai, Pune, Ahmadnagar, Kolhapur, Satara
Gujarat	2	Ahmedabad, Surat
<b>Total</b>	<b>25</b>	

## NON PERFORMING ASSETS (NPA)

Your Company has developed a strong collection and recovery mechanism, against which there have been zero NPAs in its affordable housing portfolio. Gross NPA on the company's total portfolio stands at 0.61%. The net NPA stands at 0.52%

Your Company continued to review its portfolio quality on a timely basis to avoid any delinquencies, apart from maintaining high lending standards to mitigate risks.

During the year under review, your company has made a provision for Rs 0.20 Cr towards NPAs and Standard Assets, in compliance with the guidelines issued by the National Housing Bank.

## STATE OF COMPANY'S AFFAIRS

Financial Year 2016-17 was an important year during which your Company strengthened its base to grow exponentially.

Some key parameters and milestones are as follows:

1. The loan portfolio as of March 2017 stood at Rs 97.6 Cr as against Rs 76.7 Cr as of March 2016
2. The Capital Adequacy Ratio as of March 2017 was 127.44% against 12% as stipulated by NHB.
3. Gross NPA ratio was 0.61% and Net NPA ratio was 0.52%.
4. In Technology, the Company has taken significant steps to automate and digitize customer acquisition, fulfilment and loan life cycle management.

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

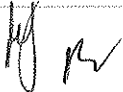
## FUTURE OUTLOOK

Your Company is focused in helping people accelerate towards their goal of home ownership with ease. The Company's aim is to become a leading Housing Finance Company that is fully digitized. The Company is working towards a future where it can help convert someone's dream of owning or building a home into reality, at literally a click of a button.

During the financial year 2016-17, your Company set the base to evolve into a successful player in Affordable Housing Finance. In that, your Company re-aligned its products and policies to cater to the affordable sector; implemented a robust credit appraisal and operating model to effectively deal with the target segment while maintaining risks at acceptable norms; undertook rapid branch expansion to increase its presence in relevant market; on-boarded manpower with strong affordable housing patronage at supervisory positions; and undertook technological initiatives to minimize errors associated with manual intervention in processes and improve turnaround time.

With these vital building blocks being implemented, your Company is set to become a relevant player in the affordable space over the next financial year. The Company will see further branch expansion, which will entail further intensifying its presence in markets across North and West India. Over the financial year 2017-18, operations will be extended to Tier III and Tier IV locations in existing regions since these locations are very promising from a business standpoint in light of the high demand for affordable housing and the thrust of Government Schemes.

The Company has already started seeing a significant increase in business volumes, with disbursal increasing by approximately 3x between third quarter of the financial



year 2016-17 and fourth quarter of the financial year 2016-17. This kind of performance at a branch and employee level will allow for a sizeable increase in the Company's book size, which is expected to grow by over 300% in the upcoming financial year. At the same time, your company has also taken various initiatives to ensure operational expenses are incurred within acceptable limits and are allocated in an efficient way. With this, the Company is expected to post positive profits in the financial year 2017-18.

Additionally, the Company has already embarked on its journey to building an entirely paper-less system of operations, with minimal manual intervention and quick processing. We presently stand among the few lending institutions in the affordable space that presently has a dedicated green channel for processing applications.

Your Company believes that the dream of home ownership should be all inclusive, and hence caters to customers of all socio-economic backgrounds. Your Company is also a big supporter of the Prime Minister's mission to provide "Housing for All" by 2022. The Company has additionally taken the initiative to be a channel for providing Credit Link Subsidy Scheme (CLSS) offered by the Government of India to applicable customers. Your Company's expansion plan for the future is focused on reaching out to customers in areas that are under-banked.

Your Company's commitment to the Affordable Housing segment has made it one of the only loan institutions in the industry today that has a dedicated green channel for processing Affordable Housing applications.

#### **MATERIAL CHANGES AND COMMITMENTS**

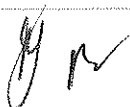
There are no material changes and commitments, affecting the financial position of the Company which has occurred between the end of the financial year of the Company i.e. 31st March, 2017 and the date of the Directors' Report i.e. May 02, 2017.

#### **REGULATORY GUIDELINES**

Your Company has been complying with applicable Guidelines, Circulars and Directions issued by National Housing Bank ("NHB") from time to time. The Company has been maintaining capital adequacy as prescribed by the NHB periodically.

The Company has adopted Know Your Customer (KYC) Guidelines, Anti Money Laundering Standards, Fair Practices Code, Model Code of Conduct for Direct Selling Agents and Guidelines for Recovery Agents engaged by the Company as prescribed by NHB from time to time.

NHB has also prescribed that HFCs shall provide 'Most Important Terms and Conditions' of housing loans, which the Company has implemented with the objective



of ensuring a better understanding of the major terms and conditions of the loan agreed upon between the Company and its borrowers.

## **PUBLIC DEPOSITS**

Your Company is a non-deposit accepting Housing Finance Company as per the Housing Finance Companies (NHB) Directions, 2010 and the provision of section 73 of the Companies Act, 2013 are not applicable to the Company. The Company has NIL public deposits for the period ended 31st March, 2017.

Further, during the year ended March 31, 2017, the Company has not accepted, renewed or held any public deposit as on the balance sheet date.

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

## **FINANCIAL RESOURCES REFINANCE FROM NATIONAL HOUSING BANK (NHB)**

During the year, NHB has approved refinance limit of Rs 10 Cr. The Company will leverage this to start disbursing loans under the Urban Housing Fund and Rural Housing Fund in the upcoming financial year.

## **CREDIT LINKED SUBSIDY SCHEME**

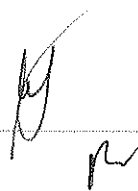
Your Company and its management team is highly committed to the 'Housing for all' mission. Keeping this in mind, the Company participated in Government initiatives to avail benefits of the 'Credit Linked Subsidy Scheme' for its customers across Urban and Semi-Urban India.

In the year under review, the Company successfully delivered Rs 65.7 lakhs worth of subsidy to its customers under this scheme.

## **CREDIT RATING**

The Company received a reaffirmed rating from ICRA of 'ICRA BBB' with a stable outlook in September 2016.

Furthermore, the Company has effectively made its transition from premium housing to affordable housing, with a network of 25 branches, relevant manpower and operational processes in place. Against these factors, the Company is anticipating an upward revision in ratings in the upcoming financial year 2017-18.



## TERM LOANS FROM BANKS AND FINANCIAL INSTITUTIONS

During the year under review, the Company received sanctions for Rs 80 Cr from leading commercial banks and National Housing Bank at competitive rates. Your Company is poised to see a substantial increase in its funding line, in line with business expansion. Furthermore, the Company will also be tapping capital market debt instruments in the financial year 2017-18.

## CHANGE IN NAME OF THE COMPANY

ART Capital (India) Private Limited ("ACPL") Holding Company of "ART Affordable Housing Finance (India) Limited" underwent a re-branding exercise internally wherein the word "RAAS" in RAAS Capital (India) Private Limited has been replaced by the word "ART". With an objective of building a common brand name across the group, the name of the Company has been changed from RAAS Affordable Housing Finance (India) Limited to ART Affordable Housing Finance (India) Limited on 27<sup>th</sup> March, 2017.

## CHANGE IN REGISTERED OFFICE ADDRESS OF THE COMPANY

During the year under review, the Registered Office Address of the Company was changed twice. It was shifted from 1249, Aruna Asaf Ali Marg opp. Fortis Hospital, Vasant Kunj, New Delhi 110070 to F-1/12, Hauz Khas Enclave New Delhi 110016 on 04th August, 2016.

On 19th September 2016, the registered office address of the Company was shifted from F-1/12, Hauz Khas Enclave New Delhi 110016 to 107, Best Sky Tower, Netaji Subhash Place, Pitampura, Delhi - 110034.

## SHARE CAPITAL

The Authorized, Issued and Subscribed Share Capital of the Company increased from existing Rs 100,00,00,000/- (Rupees One Hundred Crores only) divided into 10,00,00,000 (Ten Crores) Equity Shares of Rs 10/- (Rupees Ten only) each to Rs 115,00,00,000/- (Rupees One Hundred and Fifteen Crores only) divided into 11,50,00,000 (Eleven Crores and Fifty Lacs) Equity Shares of Rs 10/- (Rupees Ten only) each by creation of additional 1,50,00,000 (One Crore Fifty Lacs) Equity Shares of Rs 10/- (Rupees Ten Only) each ranking *pari-passu* in all respect with the existing Equity Shares of the Company, subject to the approval of shareholders of the Company.

The new Equity Shares of Rs 15,00,00,000/- (Rupees Fifteen Crores Only) were offered, issued and allotted to ART Consumer & Business Finance (India) Private Limited on Preferential Basis.

## INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. To maintain its objectivity and independence, the Company has hired the services of M/s S S Kothari & Co as the Internal Auditors.

The Internal Auditor 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.

Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board at periodic intervals.

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Board of Directors

The Board of Directors of the Company comprises of Ms Raakhe K Tandon, Mr Arvind Roshan Hali, Mr Sandeep Chopra, Dr Manoj Vaish, and Lt Gen (Retd) Dr S P Kochhar.

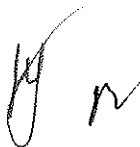
During the year under review, Mr Rajat Baldhi, Managing Director & CEO of the Company has resigned from the Board of the Company on 20th June, 2016 and Dr Manoj Vaish was appointed as an Interim CEO of the Company till the appointment of new Managing Director and CEO of the Company.

Subsequently, Mr Arvind Roshan Hali was appointed as an Additional Director and confirmed as Managing Director & CEO of the Company by the Board of Directors in its duly convened Meeting held on 04th July, 2016 which was approved by the Shareholders in its Meeting held on 04th August, 2016.

With the appointment of new Managing Director and CEO, Dr Manoj Vaish relinquished the position of Interim CEO w.e.f 04th July, 2016 and continued to be the Director of the Company.

Ms Raakhe K Tandon relinquished from the position of Whole Time Director and continued to be the Non -Executive Director on the Board of the Company w.e.f 04th August, 2016.

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





## Key Managerial Personnel

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

## DIRECTORS RETIRING BY ROTATION

In terms of Section 152 of the Companies Act, 2013, Dr Manoj Vaish, Non-Executive Director shall retire at the ensuing Annual General Meeting and being eligible for re-appointment, offers himself for re-appointment.

## BOARD'S PERFORMANCE EVALUATION

Pursuant to the applicable provisions of the Companies Act, 2013, a separate meeting of Independent Directors without the attendance of Non-Independent Directors and the Management team was held on 17th March, 2017 as per the provisions of Schedule IV of the Companies Act, 2013. Wherein the Independent Directors of the Company carried out an evaluation of the Board's performance, the Directors individual performance as well as the working of Audit Committee and Nomination & Remuneration Committee.

"Board's Performance Evaluation Policy" was revised and renamed as "Board Evaluation and Fit & Proper Policy" on 03rd March, 2017 in pursuance to the Guidelines issued by NHB on Corporate Governance.

## 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, 2017:

#	Name of Director - Member	Designation
1	Lt Gen (Retd) Dr S P Kochhar	Independent Director
2	Mr Sandeep Chopra	Independent Director
3	Dr Manoj Vaish	Non-Executive Director

### Nomination and Remuneration Committee

Pursuant to provisions of Section 178 of the Companies Act, 2013, the Board of Directors had constituted the Nomination and Remuneration Committee on 21st August, 2015.

The Committee consists of following Directors as on 31st March, 2017:

#	Name of Director - Member	Designation
1	Lt Gen (Retd) Dr S P Kochhar	Independent Director
2	Mr Sandeep Chopra	Independent Director
3	Dr Manoj Vaish	Non-Executive Director
4	Ms Raakhe K Tandon	Director

**Executive Committee** (earlier known as Banking & Finance Committee)

The Board has constituted Banking and Finance Committee as a sub-committee of the Board on 28th April, 2014 to take day to day decisions of the Company which was renamed as Executive Committee on 04th July, 2016.

The Committee consists of following Directors as on 31st March, 2017:

#	Name of Director - Member	Designation
1	Ms Raakhe K Tandon	Member
2	Mr Arvind Roshan Hali	Member
3	Dr Manoj Vaish	Member

#### NUMBER OF MEETINGS HELD DURING THE FINANCIAL YEAR 2016-17:

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

S. No	Name of Committee	No. of Meetings	Date of Meetings
1.	Board Meetings	9 (Nine)	04th May, 2016; 20th June, 2016; 21st June, 2016; 04th July, 2016; 04th August, 2016; 07th November, 2016; 09th February, 2017; 10th February, 2017; and 03 March, 2017
2.	Audit Committee	5 (Five)	04th May, 2016; 20th June, 2016; 04th August, 2016; 07th November, 2016; and 03th March, 2017
3.	Nomination and Remuneration Committee	3 (Three)	04th July, 2016; 04th August, 2016; and 03th March, 2017

## ATTENDANCE OF DIRECTORS/ MEMBERS AT BOARD AND COMMITTEE MEETINGS

#	Name	Board Meetings		Audit Committee Meeting		Nomination & Remuneration Committee	
		Meetings held	Attended	Meetings held	Attended	Meetings held	Attended
1.	Ms Raakhe K Tandon	9	4	-	-	3	0
2.	Mr Rajat Baldhi <sup>1</sup>	1	1	-	-	-	-
3.	Dr Manoj Vaish	9	9	5	5	3	3
4.	Lt Gen (Retd) Dr S P Kochhar	9	9	5	5	3	3
5.	Mr Sandeep Chopra	9	5	5	4	3	2
6.	Mr Arvind Roshan Hali <sup>2</sup>	6	6	-	-	-	-

1. Mr Rajat Baldhi resigned from the Board of Directors w.e.f 20th June, 2016

2. Mr Arvind Roshan Hali was appointed as Managing Director & CEO of the Company w.e.f 04th July, 2016

### EXTRACT OF ANNUAL RETURN

In terms of provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, the extracts of Annual Return of the Company in form MGT-9 is provided as Annexure - A to this Report.

### STATUTORY DISCLOSURES

None of the Directors of your Company are disqualified as per provisions of section 164(2) of the Companies Act, 2013. The Directors of the Company have made necessary disclosures as required under various provisions of the Companies Act, 2013.




**CONFIRMATION ON NIL FRAUD, MISFEASANCE OR ANY IRREGULARITY IN THE COMPANY**

There were no instances of fraud, misfeasance or irregularity detected and reported in the Company during the financial year 2016-17.

**STATUTORY AUDITORS**

In terms of provisions of Section 139 of the Companies Act, 2013 and Companies (Audit and Auditors) Rules, 2014, the appointment of the Company's Statutory Auditors, M/s Walker Chandiook & Associates, will be ratified at the ensuing Annual General Meeting.

Since, M/s. Walker Chandiook & Associates, Chartered Accountants has been appointed as Statutory Auditors, therefore it is proposed to ratify their appointment in the ensuing Annual general meeting.

**AUDITORS' REPORTS**

**Statutory Audit Report**

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

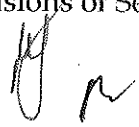
**Secretarial Audit Report**

The Company had appointed M/s. Geeta Goswami & Associates, Company Secretaries, to conduct its Secretarial Audit for the financial year ended March 31, 2017 as required under the regulations. The Secretarial Auditors have submitted their report confirming the compliance with all the applicable provisions of various corporate laws.

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

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186**

No loans, guarantees were made during the financial year 2016-17 which attract the provisions of Section 186 of the Companies Act, 2013.



## RELATED PARTY TRANSACTIONS

Related party transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. All related party transactions that were entered during the financial year were in the ordinary course of the Business of the Company and were on the arm's length basis. Hence, the provisions in relation to disclosure of particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 in the Form AOC-2 is given are not applicable to the Company.

## REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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


## RISK MANAGEMENT

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

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, Ms Raakhe K Tandon and Dr Manoj Vaish, Directors of the Company. The Risk Management Committee will be responsible for reviewing the risks associated with the business of the Company, its root causes and the efficacy of the measures taken to mitigate the same.

## WHISTLE BLOWER POLICY

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



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

The Company has formed a robust Anti-Sexual Harassment Policy ('Policy') in line with the requirements of The Sexual Harassment of Women at the Work Place (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set-up to redress complaints received regarding sexual harassment. No cases of sexual harassment have been reported to nor investigated by the Internal Complaint Committee (ICC) during the year under review.

## HUMAN RESOURCES AND EMPLOYEES TRAINING

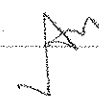
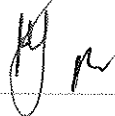
Human Resources are the most valuable asset of the Company and the Company seeks to attract the best available talent. Productive high performing employees are vital for Company's success. The Board values and appreciates the contribution and commitment of the employees towards performance of your Company during the year. Almost all employees were covered in various behavioural training programs during the year, across locations. The Company also sponsors its employees for various training programmes and seminars including the training programmes conducted by National Housing Bank in order to update their knowledge and keep them abreast of all the developments in their respective fields.

In the financial year 2016-17 the Human Resource team has concentrated on strengthening the talent pool of the Company. At the outset of the financial year the manpower was stood at 89 team members with 2 Branches which has been scaled up to a team strength of 227 people with 25 Branches as on 31st March, 2017.

Retaining talent and synchronizing the team towards attainment of Organizational goals has been a key challenge faced by the Company, as there have been many new players coming into play in the Affordable Housing segment. Fresh blood has been brought into the system by successfully initiating Campus drives across various B Schools from Delhi, Mumbai and Ahmedabad through which many Management trainees have been hired into the system.

Your Company is highly committed to engaging and developing human capital of the highest calibre. In accordance with this, the Company has undertaken various training initiatives to hone productivity, quality and efficacy of its employees. Furthermore, various rewards, recognition and incentive programs are implemented on a timely basis to recognize and retain the best talent in the industry. Emphasis is there on training though this needs to be further strengthened. Formalities for labour law compliance has been completed at all the new branches.

The Company's workforce comprises of highly qualified individuals, including Chartered Accountants, MBAs, Company Secretarial, Engineers, and Economists.



**INFORMATION TECHNOLOGY AND DIGITIZATION**

Your Company is working towards successfully move to an entirely "paper-less" system of operating. During the year under review, the Company successfully implemented its proprietary tablet solution 'E-aagaman'. Through this, all KYC, CIBIL, and application forms are captured digitally and transmitted real-time to RAHF's core lending system. The Company also finalised the UAT for its Core System, to smoothly transition from its current in-house solution.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 of the Companies Act, 2013, the Directors to the best of their knowledge and belief, 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) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors 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 and that such systems were adequate and operating effectively.

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

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



## FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Earnings: NIL

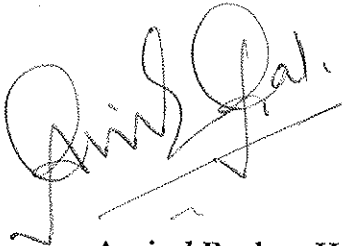
Outgo: NIL

## ACKNOWLEDGEMENT

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

By order of the Board of Directors

For ART Affordable Housing Finance (India) Limited

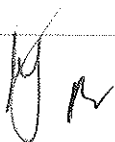


**Arvind Roshan Hali**  
Managing Director & CEO  
DIN:05285114



**Manoj Vaish**  
Director  
DIN: 00157082

Date: May 02, 2017  
Place: Gurugram



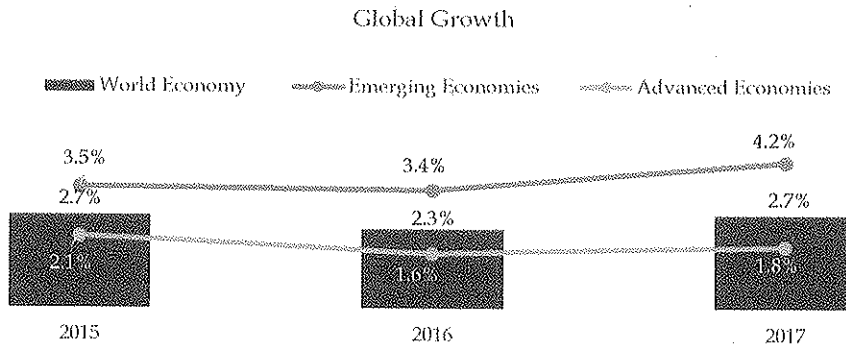


# MANAGEMENT DISCUSSION AND ANALYSIS 2016-17

## INDUSTRY STRUCTURE AND DEVELOPMENTS

### World Economy: Outlook & Projections

Global economic landscape remained lacklustre in 2016, with GDP increasing 2.3% against stagnancy in global trade, lower investments and policy uncertainty. Advanced economies struggled with policy uncertainties, declining investment flows, and sluggish productivity. In light of these factors, economic growth in advanced economies dipped from 2.1% in 2015 to 1.6% in 2016.<sup>1</sup> Emerging economies grew at an estimated 3.4%. With the increase in yields in the U.S., many emerging economies saw large scale capital outflows resulting in currency depreciation and inflation. Other commodity exporting emerging economies such as Russia, Brazil and Argentina continued to remain in a recession in light of low commodity prices.



The global economic landscape is expected to undergo slight recovery in 2017, with growth expected at 2.7%. Economic growth in advanced economies is expected to pick up marginally to reach 2.2% in light of a rebound in manufacturing activity. Expansionary monetary policy is expected to aid growth in Japan and the Euro area, which faced slower growth in 2016. However, the forecast continued to be contingent on policy stances pursued by the new administration in the U.S. Commodity prices are expected to stabilize and even increase marginally in 2017. This is expected to aid growth in commodity-exporting emerging economies. The World Bank pegs emerging market growth at 4.2% in 2017.

### Indian Economy: Outlook and Projections

In spite of a gloomy global economic landscape, India has continued to be bright spot. India has seen robust economic growth the past few years, with GDP growth increasing from 5.6% in 2013-14 to 7.6% in 2015-16. With this, India was declared to be one of the fastest growing major economies by the International Monetary Fund (IMF). Growth was spurred by the halving of oil prices since 2014 which triggered economic

<sup>1</sup> Global Economic Prospects, The World Bank

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activity, continued fiscal consolidation by the new Government, trade gains, relatively normal monsoons, and low domestic inflation on account of a tight monetary policy stance. IMF's World Economic Outlook Update pegged a growth rate of 6.6% for India in 2016-2017 (World Economic Outlook Jan, 2016), which is forecasted to increase to 7.2% in 2017-2018.

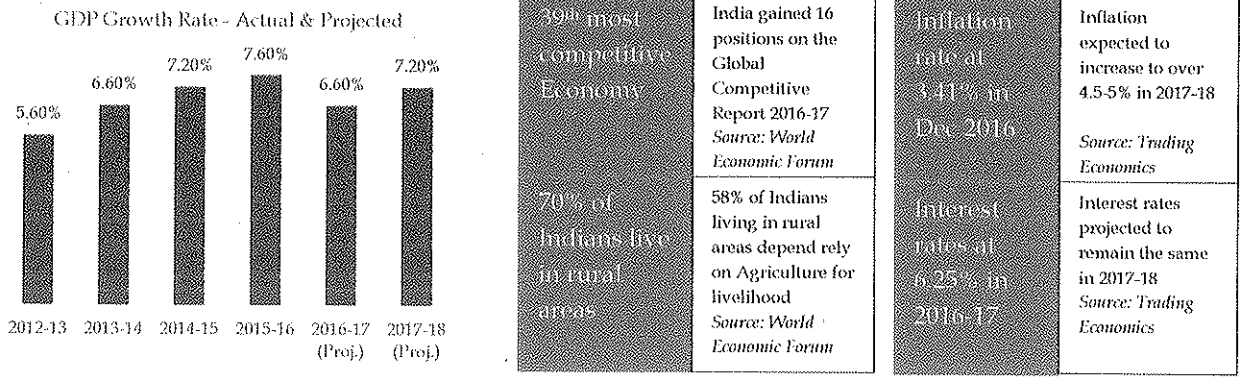


Figure 1: India GDP Growth Rate, IMF

On 9th November, 2016 the Government of India introduced the policy of demonetisation, which withdrew high denomination notes of Rs 500 and Rs 1,000 as legal tender. With this move, approximately 86% of currency in circulation was extinguished. The extinguished currency was to be replaced by new currency in denominations of Rs 500 and Rs 2,000. The move was introduced with the aim of checking black money and counterfeiting of high denomination notes. With the introduction of this move, several multilateral agencies slashed India's growth projections due to the impact the cash crunch was expected to elicit on various sectors. The IMF slashed India's growth projections from 7.6% to 6.6%, with growth reviving in 2017-18 to 7.2%. In spite of this policy stance, the Indian economy continued to show robust growth. Growth rate in the quarter ending December beat expectations to be recorded at 7%.

Aside from demonetisation, the past year also saw the introduction of other big-bang reforms. This includes the promulgation of the "Goods and Services Tax Act, Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act 2016, notification of Insolvency and Bankruptcy Code 2016 and operationalization of National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT) for the new corporate insolvency framework, formalization of the monetary policy committee, enhanced liberalization of the FDI regime and initiatives to improve infrastructure."<sup>2</sup> With these reforms taking centre stage, India is expected to undergo strong and sustainable economic growth going forward.

India has seen a steady decline in inflation rates, from 9.4% in 2013 to 3.4% as on December, 2016.<sup>3</sup> Inflation rates are projected to increase marginally to 5.1% in 2017.

<sup>2</sup> IMF Country Report 17/54 (February, 2017)  
<sup>3</sup> Trading Economics

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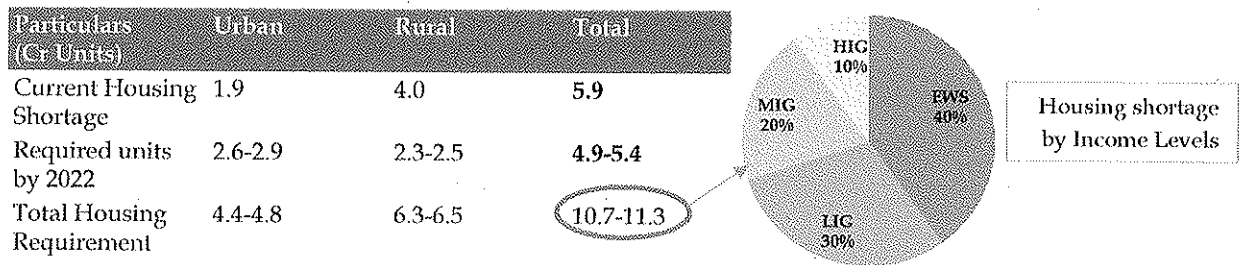
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Furthermore, benchmark repo rates have declined from 6.75% to a six-year low of 6.25% in 2016. With inflation rates remaining in its target range, no drastic change to monetary policy stance is expected. Furthermore, any inflationary pressures coming from the implementation of GST is expected to be minor and temporary.

Key risks that threaten to hamper growth on the domestic front arise from longer than anticipated cash shortages in light of the recent demonetisation policy. Furthermore, volatility in the global economy in terms of fluctuations in exchange rates, restrictions on trade and migration, high debts, capital flow reversals, changing policies in major advanced economies and geopolitical factors such as civil war and epidemics could weigh in on India's growth prospects. Intensified financial volatility arising from monetary policies pursued in major economies could also adversely impact growth in India.

**Affordable Housing in India**

The housing sector is among the most important sectors for the Indian economy since it is the second largest employer after agriculture and accounts for 5-6% of India's GDP. As per research by IBEF, the housing market in India is projected to increase 1.9 times to reach USD 180 billion in 2020, from USD 93.8 billion in 2014. The growth in the sector will be driven by increasing economic activity, higher urbanisation and improvements in income levels.



Majority demand for housing exists among the lower-income group (LIG) and economically weaker sections (EWS). At the same time, majority of the housing supply in India is beyond the affordability of these segments.

Key demand drivers for affordable housing are as follows:

1. **Population Growth:** Global population is expected to increase by 25%, from approximately 7.5 billion presently to 9.7 billion by 2050. 99% of this increase is expected to come in from emerging economies. Population in India was recorded at 1.2 billion people in 2016, showing a growth of 1.2% year-on-year. This is further expected to increase to 1.3 billion by 2020. Population growth is expected to trigger demand for housing going forward.

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2. **Increasing Urbanisation:** Population residing in urban areas has consistently been increasing. Approximately 65.5 million urban Indians lived in slums or squalor settlements as per Census data. Government estimates suggest that the country's urban population is likely to go up by 116 million. This kind of influx into urban areas is likely to bolster demand for affordable housing.
3. **Higher Affordability:** Macroeconomic fundamentals in India have been extremely strong in the recent past and are expected to stay strong going forward. In light of this, key parameters such as unemployment rate, wages and per capital income has seen a favourable movement. Unemployment rates in India has consistently moved downwards, from 9.4% in 2010 to 4.9% in 2013.<sup>4</sup> As per the 'First Advance Estimates of National Income, 2016-17', released by the Central Statistics Office (CSO), per capital income is at an estimated Rs 103,007 in 2016, growing 10.4% year-on-year. With rising incomes, demand for home ownership is also projected to increase.
4. **Government Schemes:** To address the demand-supply gap, the Government of India initiated the "housing for all by 2022" mission, through which it aimed at channelling credit flow to the sector and improve affordability to promote home ownership. An overview of key schemes in affordable housing is given in the chart below.

Overview of Government Schemes in Affordable Housing




**Pradhan Mantri Awas Yojana (PMAY)**

- AIM: Provide housing for all by 2022.
- Implies an addition of ~5 crore units to existing housing stock.
- Additional stock will primarily target the affordable segment, with an equal distribution across rural and urban areas.
- Government offers a 6.5% subsidy for 20 years on loans disbursed to the EWS/LIG segments.



**Atal Mission for Rejuvenation and Urban Transformation (AMRUT)**

- AIM: Ensure basic infrastructure and sanitation for all.
- Main idea is to improve the living standards of citizens, with priority in rural markets.



**Smart Cities Mission**

- AIM: Develop 100 select smart cities by increasing efficiencies in urban services and infrastructure.
- Will be achieved by leveraging technology and people participation.

- Government initiatives for affordable housing:
1. Rs 71 billion allocated to develop SMART cities and promote Housing for All by 2022
  2. Rs 40 billion allocated to Urban Housing Fund and Rs 80 billion allocated to Rural Housing Fund to promote low cost housing
  3. Permit to raise funds through ECB to fund affordable projects
  4. 100% deduction on profits to housing projects building homes up to 30 sq mts in metro cities and 60 sq meters in other cities

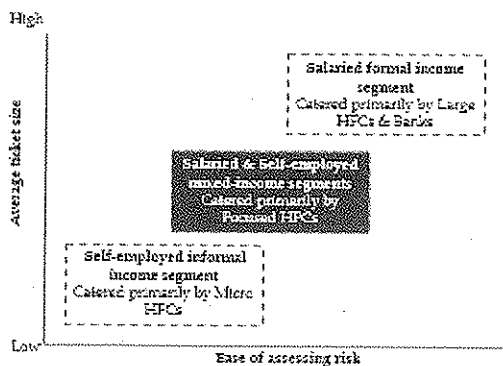
<sup>4</sup> Trading Economics

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## Affordable Housing Finance in India



India's housing finance market is worth an estimated Rs 9.7 trillion, where close to 70% of the market is held by a handful of commercial banks. However, a new niche segment of housing finance has developed over the past few years, where funding is predominantly extended toward individuals comprising the low-income group and economically weaker section. Concentration of banks and big HFCs in catering to this segment is low primarily because of lesser availability of formal documentation and the associated

challenges in credit, legal and technical assessments. Thus, an opportunity is created for players who develop a sustainable model in lending to salaried and self-employed individuals that typically reside in peripheral Tier-I, Tier-II, Tier III and Tier IV cities. Capitalising on this opportunity, several players that have successfully developed operating models and credit appraisal mechanisms to effectively assess incomes and intention to repay have come to the forefront. Over the past decade, the market shares of housing finance companies have consistently been on the rise, increasing from 25% in 2007 to 37% in 2016.

### OPPORTUNITIES AND THREATS

Strengths	Weaknesses	Opportunity	Threats
<ul style="list-style-type: none"> <li>Housing is a primary necessity, where demand is projected to increase further against higher urbanisation and increasing affordability.</li> <li>Market for affordable housing is grossly under penetrated, with hardly 9% of the market presently being catered to.</li> <li>Government schemes continue to push home ownership among LIG and EWS - 6 crore houses are to be built under the "Housing for all by 2022"</li> </ul>	<ul style="list-style-type: none"> <li>Funding lines at affordable rates to secure margins for smaller HFCs is difficult to establish.</li> <li>Indian real estate market is plagued by procedural issues including delays in project completion and unforeseen increases in costs.</li> <li>Manual intervention to assess incomes and intention to repay is high due to less availability of documentation, which can lead to errors in judgement.</li> </ul>	<ul style="list-style-type: none"> <li>Demand for affordable housing currently outweighs supply. As supply increases, opportunity for funding is created.</li> <li>Banks and big HFCs stray away from catering to EWS/LIG segments due to challenges in credit, legal, technical assessments.</li> <li>Fiscal and monetary policies with respect to tax rebates and declining interest rates is expected to stir home buying.</li> </ul>	<ul style="list-style-type: none"> <li>Increasing competition with many new entrants in the market can lead to rate wars and reduce margins - 52 existing companies and 6 new applicants as on January 2017.</li> <li>Regulatory environment is constantly changing in the sector</li> <li>House prices can undergo increases to impact affordability in the sector</li> </ul>

## OTHER CONCERNS

### Impact of Demonetisation

The recent policy move that led to the withdrawal of high denomination Rs 500 and Rs 1,000 notes from circulation elicited an impact on the affordable housing space. Majority individuals comprising the EWS and LIG segments majorly rely on the unorganised sector for their livelihood, where reliance on cash transactions are high. Hence, the move led to a temporary volatility in incomes and consequently demand and affordability for housing. An overview of the anticipated impact of the policy move across various parameters are as follows:

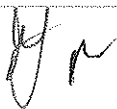
- a) Housing Demand: Decline observed in the short-term i.e. in the months on November 2016 and December 2016 as sellers refused to accept cash and buyers held off on home purchases in anticipation of lower prices.
- b) Competition: More competitive ROI offerings from banks expected as liquidity position increases. However, impact on affordable segment will be limited since target segment and operating model differs between banks and affordable HFCs.
- c) Margins: As level of income documentation increases, niche of evaluating undocumented income could be limited, to bring down interest rates chargeable.
- d) Risk Exposure: As more transactions in housing markets precludes the use of cash, there will be less speculative pricing. This, coupled with reforms such as RERA, should reduce the risk exposure for HFCs.

### Conclusion

In spite of weak global growth, economic outlook for India continues to remain upbeat subject to the liquidity stance in the country post demonetisation. As per expert opinion, the policy stance which extinguished 86% of India's currency from the economic system is expected to exert more of an impact on premium housing rather than affordable housing. If at all, the policy move is expected to streamline the business, increase ease in credit assessment and also aid in recovery going forward. Affordable housing continues to be a lucrative segment since majority demand for housing is expected to be concentrated over the next decade. This bodes well for players who develop a sustainable model for credit assessment and recovery going forward.

## PRODUCT-WISE PERFORMANCE OF THE COMPANY

Your Company disbursed loans that fall into two broad categories during the year under review viz. Individual Home Loans and Non Housing Loans. As on 31st March 2017, 68% of the Company's portfolio comprised of individual home loans, 32% of the Company's portfolio comprised of non-housing loans.



**Form No. MGT-9****Extract of Annual Return as on the Financial Year ended on March 31, 2016**

*[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]*

**REGISTRATION AND OTHER DETAILS:**

i.	CIN	U65999DL2013PLC255432
ii.	Registration Date	July 16, 2013
iii.	Name of the Company	ART Affordable Housing Finance (India) Ltd
iv.	Category / Sub-Category of the Company	Housing Finance Company
v.	Address of the Registered office and contact details	107, Best Sky Tower, Netaji Subhash Place, Pitampura, New Delhi-110034
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Beetal Financial and Computer Services Private Limited Address: 99, Madangir, B/4, local Shopping Centre, Near Dada Harsukh Das Mandir, New Delhi- 110062 Contact Person: Punit Mittal Tel: 011-29961281-83 Fax: 29961284 Email: beetalrta@gmail.com

**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	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 Capital (India) Pvt Ltd	U65993MH2010PT C205614	Holding	86.96	2(87)(ii)
2.	RAAS Distribution (India) Pvt Ltd	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	
<b>A. Promoter</b>									
1) Indian									
a) Individual/ HUF	97	1	98	0.0001	97	1	98	0.00	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	9,99,99,900	-	9,99,99,900	99.999	11,49,99,900	-	11,49,99,900	100	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Subtotal(A) (1):-</b>	<b>9,99,99,997</b>	<b>1</b>	<b>9,99,99,998</b>	<b>99.999</b>	<b>11,49,99,997</b>	<b>1</b>	<b>11,49,99,998</b>	<b>100</b>	<b>-</b>
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	-
<b>Sub-total (A)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00</b>	<b>-</b>
<b>Total Promoter Shareholding (A)=(A)(1) + (A)(2)</b>	<b>9,99,99,997</b>	<b>1</b>	<b>9,99,99,998</b>	<b>99.999</b>	<b>11,49,99,997</b>	<b>1</b>	<b>11,49,99,998</b>	<b>100</b>	<b>-</b>



<b>B. Public Shareholding</b>									
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) FIs	-	-	-	0.00	-	-	-	0.00	-
h) Foreign Venture Capital Funds	-	-	-	0.00	-	-	-	0.00	-
i) Others (specify)	-	-	-	0.00	-	-	-	0.00	-
<b>Sub-total (B)(1)</b>	-	-	-	<b>0.00</b>	-	-	-	<b>0.00</b>	-
2. Non Institutions	-	-	-	0.00	-	-	-	0.00	-
a) Bodies Corp.	-	-	-	0.00	-	-	-	0.00	-
(i) Indian									
(ii) Overseas									
b) Individuals									
(i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	2	-	2	0	2	-	2	0.00	-
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (Specify)	-	-	-	0.00	-	-	-	0.00	-
<b>Sub-total (B)(2)</b>	-	<b>2</b>	<b>2</b>	<b>0</b>	<b>2</b>	-	<b>2</b>	<b>0</b>	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	2	2	0	2	-	2	0	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00	-	-	-	0.00	-
<b>Grand Total (A+B+C)</b>	<b>9,99,99,999</b>	<b>1</b>	<b>10,00,00,000</b>	<b>99.999</b>	<b>11,49,99,999</b>	<b>1</b>	<b>11,50,00,000</b>	<b>100</b>	-

### 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 Capital (India) Pvt Ltd	9,99,99,900	99.999	-	9,99,99,900	86.96	-	-
2.	ART Consumer & Business Finance (India) Limited	-	-	-	1,50,00,000	13.04	-	-
3.	Raakhe K Tandon	95	0.0001	-	95	0.00	-	-
4.	Radha Kapoor	1	0.00	-	1	0.00	-	-
5.	Alkesh Tandon	1	0.00	-	1	0.00	-	-
6.	Roshini Kapoor	1	0.00	-	1	0.00	-	-
	<b>Total</b>	<b>99,999,998</b>	<b>100</b>	<b>-</b>	<b>11,49,99,998</b>	<b>100</b>	<b>-</b>	<b>-</b>

### ii. 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 Capital (India) Private Limited	9,99,99,900	99.99	9,99,99,900	86.96
ART Consumer & Business Finance (India) Limited			1,50,00,000	13.04
At the End of the year	9,99,99,900	86.96	11,49,99,900	100

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

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	-	-	-	-
At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	95	0.0001	95	0.00
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease(e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
At the End of the year	95	0.0001	95	0.00

V. Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	1,05,00,000	-	-	1,05,00,000

i) Principal Amount	-			-
ii) Interest due but not paid				
iii) Interest accrued but not paid				
<b>Total (i+ii+iii)</b>	105,00,000	-	-	105,00,000
<b>Change in Indebtedness during the financial year</b>				
- Addition	1,75,00,000			1,75,00,000
- Reduction	(5,00,000)			(5,00,000)
<b>Net Change</b>	17,00,000			17,00,000
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid	2,75,00,000			2,75,00,000
iii) Interest accrued but not due	-			-
<b>Total (i+ii+iii)</b>	2,75,00,000			2,75,00,000

## VI. Remuneration of Directors and Key Managerial Personnel

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

Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
	Rajat Baldhi, Managing Director & CEO (Resigned w.e.f June 20, 2016)	Arvind Roshan Hali Managing Director & CEO (Appointed w.e.f. July 04, 2016)	Raakhe K Tandon, Director	
<b>Gross salary</b>				
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	55,27,925	88,87,420	6,87,274	1,51,02,619
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-

(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
Stock Option	-	-	-	-
Sweat Equity	-	-	-	-
Commission - as % of profit - others, specify...	-	-	-	-
Others, please specify	-	-	-	-
<b>Total (A)</b>	<b>55,27,925</b>	<b>88,87,420</b>	<b>6,87,274</b>	<b>1,51,02,619</b>
Ceiling as per the Act	<b>1,20,00,000</b>	<b>1,20,00,000</b>	<b>1,20,00,000</b>	

\*\* As per Schedule V of the Companies Act 2013

ii. Remuneration to Key Managerial Personnel other than Directors

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Ritika Sati, Company Secretary & Legal Counsel	Vipin Jain, Vice President & CFO	Total
	Gross salary			
1.	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	9,75,716	56,75,824	66,51,540
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others, please specify	-	-	-
6.	<b>Total</b>	<b>9,75,716</b>	<b>56,75,824</b>	<b>66,51,540</b>

iii. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Independent Directors		Total Amount
		Mr Sandeep Chopra	Lt Gen (Retd) Dr S P Kochhar	
	Independent Directors · Fee for attending board committee meetings · Commission · Others, please specify	1,80,000	2,80,000	4,60,000
	Total (1)	1,80,000	2,80,000	4,60,000
	Non-Executive Directors · Fee for attending board committee meetings · Commission · Others, please specify (Conveyance Charges)	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	-	-	-
	Total Managerial Remuneration	-	-	-
	Overall Ceiling as per the Act	-	-	**

\*\* As per Schedule V of the Companies Act 2013

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)
<b>A. Company</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. Directors</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. Other Officers In Default</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

(vii) Name of the Company changed from RAAS Housing Finance (India) Limited to ART Affordable Housing (India) Limited during F.Y. 16-17.

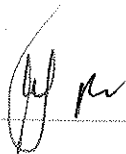
Geeta Goswami & Associates  
Company secretaries

Sd/-

Geeta Goswami  
M. No.: ACS 24228  
COP: 15213

Place: Ghaziabad, UP  
Date:

This report is to be read with our letter of even date which is annexed as Annexure-II and forms an integral part of this report.



DIRECTORS REPORT 2016-17



Annexure 1

Name of Director	Designation	DIN	Date of Appointment
Raakhe Kapoor Tandon	Director	00601988	16/07/2013
Manoj Vaish	Director	00157082	04/08/2015
Sukhraj Pal Kochhar	Independent Director	05102289	04/08/2015
Rajat Baldhi, (Resigned w.e.f June 20, 2016)	Managing Director & CEO	01151570	16/07/2013
Arvind Roshan Hali (Appointed w.e.f. July 04, 2016)	Managing Director & CEO	05285114	04/07/2016
Sandeep Chopra	Independent Director	07000836	03/03/2015

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To,  
The Members,  
**ART Affordable Housing (India) Limited**  
107, Best Sky Tower, Netaji Subhash Place,  
Pitampura, Delhi-110034

Our report of even date is to be read along with this letter:


1. Management 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.
2. 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.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of the events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. 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.

Geeta Goswami & Associates  
Company secretaries

Sd/-

Geeta Goswami  
M.No.: ACS 24228  
COP: 15213

Place: Ghaziabad, UP  
Date:



**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**

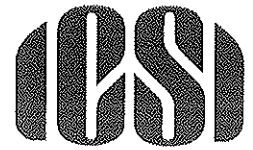
The information in Part A and B, pertaining to conversation of energy and technology absorption, are not applicable to RAAS Housing Finance (India) Limited, as it is a Home Loan provider. However, the Company requires energy for its operations and every endeavour has been to ensure the optimal use of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

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

**Foreign Exchange Earnings and Outgo**

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





**Geeta Goswami & Associates**  
Company Secretaries

Form No. MR-3

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED **MARCH 31, 2017**

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

To,  
The Members,  
**ART Affordable Housing Finance (India) Limited**

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

Based on our verification of **ART Affordable Housing Finance (India) Limited** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March 2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by **ART Affordable Housing Finance (India) Limited** for the financial year ended on **31<sup>st</sup> March 2017** according to the provisions of:

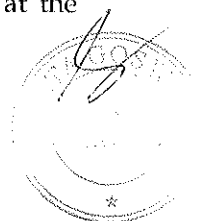
- (I) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (II) National Housing Bank Act, 1987 and Housing Finance Companies (NHB) Directions, 2010 and other applicable rules thereat.

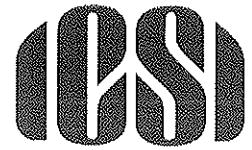
**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and two Independent Directors. As per the representation given by the Management, the required Board Committees 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. The details of Directors and/or changes in the composition of the Board of Directors that took place during the period under review is enclosed and marked as Annexure-1.

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.

Office Address: Plot No. 454, Flat No. 103, Vaishali, Sector-4, Ghaziabad, UP-201010  
Mob: +91-9953523321, (E): geetagoswami15@gmail.com





# Geeta Goswami & Associates

## Company Secretaries

All the decisions has been carried out unanimously. The Members of the Board have not expressed dissenting views on any of the agenda item during the financial year under review. The decisions which has taken place in meetings and required to be intimated in necessary returns to ROC, have been filed 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 at para 3(i) to (ii) and also the laws listed herein below;

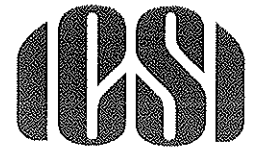
1. The Shops and Establishment Act;
2. The Employee's provident Funds Miscellaneous Provisions Act,1952, and scheme made Thereunder;
3. The Employee's State Insurance Act, 1948;
4. The payment of Gratuity Act, 1972;
5. The Payment of Wages Act, 1936;
6. The payment of Bonus Act, 1936;
7. The Minimum Wages Act, 1948;
8. The Equal Remuneration Act, 1976;
9. The Maternity Benefit Act,1961;
10. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the period under review, the Company has complied with the provisions of the Act listed at point 1 to 10.

**We further report that** during the audit period the Company has taken 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).

- (i) Issued 1,50,00,000 Equity Shares of Rs. 10/- each, on Preferential basis to ART Consumer & Business Finance (India) Limited the new shareholder of the Company in 2016-17.
- (ii) Re Constitution of Audit Committee, Nomination and Remuneration Committee, Sexual Harassment Committee
- (iii) Alteration in the Memorandum and Article of Association of the Company in 2016-17.
- (iv) The Internal Auditor (M/s S S Kothari Mehta & Co) has been appointed by the company on August 04, 2016 for a term of two years.
- (v) There is no Share Transfer during the F.Y 16-17
- (vi) No wholly owned subsidiary of the Company was incorporated during the F.Y. 16-17



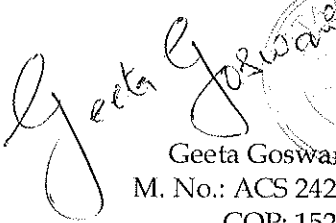


# Geeta Goswami & Associates

## Company Secretaries

(vii) Name of the Company changed from RAAS Affordable Housing Finance (India) Limited to ART Affordable Housing Finance (India) Limited during F.Y. 16-17,

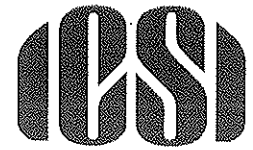
Geeta Goswami & Associates  
Company secretaries

  
Geeta Goswami  
M. No.: ACS 24228  
COP: 15213

Place: Ghaziabad, UP

Date: May 02, 2017

This report is to be read with our letter of even date which is annexed as Annexure-II and forms an integral part of this report.



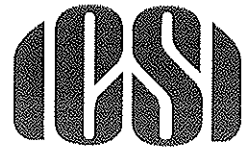
# Geeta Goswami & Associates

## Company Secretaries

### Annexure 1

Name of Director	Designation	DIN	Date of Appointment
Raakhe Kapoor Tandon	Director	00601988	16/07/2013
Manoj Vaish	Director	00157082	04/08/2015
Sukhraj Pal Kochhar	Independent Director	05102289	04/08/2015
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Arvind Roshan Hali (Appointed w.e.f. July 04, 2016)	Managing Director & CEO	05285114	04/07/2016
Sandeep Chopra	Independent Director	07000836	03/03/2015





# Geeta Goswami & Associates


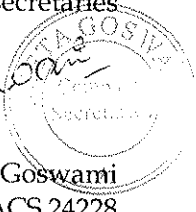
## Company Secretaries

To,  
The Members,  
**ART Affordable Housing Finance (India) Limited**  
107, Best Sky Tower, Netaji Subhash Place,  
Pitampura, Delhi-110034

Our report of even date is to be read along with this letter:

1. Management 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.
2. 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.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of the events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards are the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. 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.

Geeta Goswami & Associates  
Company secretaries

  
  
Geeta Goswami  
M.No.: ACS 24228  
COP: 15213

Place: Ghaziabad, UP  
Date: May 02, 2017

L-41 Connaught Circus  
New Delhi 110001  
India

T +91 11 4278 7070  
F +91 11 4278 7071

## Independent Auditor's Report

To the Members of ART Affordable Housing Finance (India) Limited (formerly, RAAS Affordable Housing Finance (India) Limited)

### Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of ART Affordable Housing Finance (India) Limited (formerly, RAAS Affordable Housing Finance (India) Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2017, 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.

### Management's Responsibility for the Standalone Financial Statements

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

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.





# Walker Chandok & Associates

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

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its loss and its cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. Further to our comments in Annexure I, as required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the standalone financial statements dealt with by this report are in agreement with the books of account;
  - d. in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
  - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 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 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report dated 2 May 2017 as per Annexure II expressed an unmodified opinion; and



# Walker Chandiook & Associates

- g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company does not have any pending litigation which would impact its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. the Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 – refer note 28.

*Walker Chandiook & Associates*

For **Walker Chandiook & Associates**

Chartered Accountants

Firm's Registration No.: 001329N

*Arun Tandon*

per **Arun Tandon**

Partner

Membership No.: 517273



**Place:** New Delhi

**Date:** 2 May 2017

# Walker Chandniok & Associates

Annexure I to the Independent Auditor's Report of even date to the members of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited], on the standalone financial statements for the year ended 31 March 2017

## 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 fixed assets.
  - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii)(a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
  - (b) There are no dues in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax that have not been deposited with the appropriate authorities on account of any dispute.



# Walker Chandiok & Associates

Annexure I to the Independent Auditor's Report of even date to the members of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited], on the standalone financial statements for the year ended 31 March 2017

- (viii) The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company did not have any loans or borrowings payable to any financial institution or government during the year. Further, the Company did not have any outstanding debentures during the year.
- (ix) In our opinion, the Company has applied moneys raised by way of the term loans for the purposes for which these were raised. The Company did not raise moneys by way of initial public offer/ further public offer (including debt instruments) during the year.
- (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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (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.

*Walker Chandiok & Associates*  
For **Walker Chandiok & Associates**  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

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



**Place:** New Delhi  
**Date:** 2 May 2017

# Walker Chandiook & Associates

Annexure II to the Independent Auditor's Report of even date to the members of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited], on the standalone financial statements for the year ended 31 March 2017

## 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 Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited] (the 'Company') as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company of as of 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 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 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.

#### Auditors' 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 included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



# Walker Chandiook & Associates

Annexure II to the Independent Auditor's Report of even date to the members of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited], on the standalone financial statements for the year ended 31 March 2017 (contd.)

## 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 IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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.

*Walker Chandiook & Associates*

For **Walker Chandiook & Associates**

Chartered Accountants

Firm's Registration No.: 001329N

*Arun Tandon*

per **Arun Tandon**

Partner

Membership No.: 517273



**Place:** New Delhi

**Date:** 2 May 2017

ART Affordable Housing Finance (India) Limited  
[formerly known as RAAS Affordable Housing Finance (India) Limited]  
Balance Sheet as at 31 March 2017

(All amounts in rupees unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,15,00,00,000	1,00,00,00,000
Reserves and surplus	4	(10,24,84,823)	(5,08,84,324)
		<b>1,04,75,15,177</b>	<b>94,91,15,676</b>
<b>Non current liabilities</b>			
Long-term borrowings	5	1,00,00,000	1,05,00,000
Other long-term liabilities	6	48,38,240	43,00,383
Long-term provisions	7	69,51,949	36,46,126
		<b>2,17,90,189</b>	<b>1,84,46,509</b>
<b>Current liabilities</b>			
Other current liabilities	8	11,77,94,280	70,71,368
Short-term provisions	9	3,96,569	4,18,466
		<b>11,81,90,849</b>	<b>74,89,834</b>
		<b>1,18,74,96,215</b>	<b>97,50,52,019</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	8,84,64,856	84,10,360
Intangible assets	10	60,21,155	18,38,119
Capital work in progress		23,98,494	5,67,14,894
Deferred tax asset, net	11	4,13,65,038	1,89,46,262
Non current investments	12	5,00,000	5,00,000
Long-term loans and advances	13	94,98,42,325	69,87,82,648
		<b>1,08,85,91,868</b>	<b>78,51,92,283</b>
<b>Current assets</b>			
Cash and bank balances	14	5,83,13,923	10,99,27,112
Short-term loans and advances	15	4,00,17,225	7,90,44,005
Other current assets	16	5,73,199	8,88,619
		<b>9,89,04,347</b>	<b>18,98,59,736</b>
		<b>1,18,74,96,215</b>	<b>97,50,52,019</b>

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

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

*Walker Chandiook & Associates*  
For **Walker Chandiook & Associates**  
Chartered Accountants

*Arun Tandon*  
per **Arun Tandon**  
Partner



*Ritika Sati*  
**Ritika Sati**  
Company Secretary  
Membership No. ACS 24016

*Dr Manoj Vaish*  
**Dr Manoj Vaish**  
Director

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

*Vipin Jain*  
**Vipin Jain**  
Chief Financial Officer

*Arvind Hali*  
**Arvind Hali**  
Managing Director and  
Chief Executive Officer



Place : New Delhi

Date : 2 May 2017

DIN 00157082

DIN 05285114

ART Affordable Housing Finance (India) Limited  
 [formerly known as RAAS Affordable Housing Finance (India) Limited]  
 Statement of Profit and Loss for the year ended 31 March 2017  
 (All amounts in rupees unless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
<b>Revenue</b>			
Revenue from operations	17	10,48,92,607	6,90,10,096
Other income	18	1,04,13,046	1,25,73,411
<b>Total revenue</b>		<b>11,53,05,653</b>	<b>8,15,83,507</b>
<b>Expenses</b>			
Employee benefits expense	19	11,11,47,514	7,32,74,409
Finance costs	20	25,02,513	20,89,520
Depreciation and amortisation expense	10	1,43,00,666	22,62,647
Other expenses	21	6,13,74,236	3,00,43,945
<b>Total expenses</b>		<b>18,93,24,929</b>	<b>10,76,70,521</b>
<b>Loss before tax</b>		<b>(7,40,19,276)</b>	<b>(2,60,87,014)</b>
Tax expense			
-Deferred tax benefit		(2,24,18,777)	(55,95,346)
<b>Loss for the year</b>		<b>(5,16,00,499)</b>	<b>(2,04,91,668)</b>
<b>Earnings per share</b>	22		
- Basic/diluted		0.51	0.27

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

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

*Walker Chandniok & Associates*  
 For Walker Chandniok & Associates  
 Chartered Accountants

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

*Arun Tandon*  
 per Arun Tandon  
 Partner



*Ritika Sati*  
 Ritika Sati  
 Company Secretary  
 Membership No. ACS 24016

*Dr Manoj Vaish*  
 Dr Manoj Vaish

Director  
 DIN 00157082

*Vipin Jain*  
 Vipin Jain  
 Chief Financial Officer

*Arvind Hali*  
 Arvind Hali  
 Managing Director and  
 Chief Executive Officer  
 DIN 05285114

Place : New Delhi  
 Date : 2 May 2017





ART Affordable Housing Finance (India) Limited  
 [formerly known as RAAS Affordable Housing Finance (India) Limited]  
 Cash Flow Statement for the year ended 31 March 2017  
 (All amounts in rupees unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
<b>Cash flow from operating activities:</b>		
Loss before tax	(7,40,19,276)	(2,60,87,014)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,43,00,666	22,62,647
(Profit)/ loss on sale of fixed assets	(2,210)	2,92,067
Finance costs	25,02,513	20,89,520
Excess liability written back	(17,41,594)	-
Gain on mutual fund redemption	(82,09,978)	(1,23,63,152)
General provision for standard assets	10,92,448	23,81,116
Bad debts written off	51,23,581	-
Provision for sub-standard, doubtful and loss assets	8,98,700	-
<b>Operating loss before working capital changes</b>	<b>(6,00,55,150)</b>	<b>(3,14,24,816)</b>
<b>Adjustments for:</b>		
Loans disbursed (net)	(21,40,92,652)	(56,48,61,718)
(Increase) in other loans and advances and other current assets	(37,45,201)	(70,85,428)
Increase/ (decrease) in other current liabilities and provisions	9,37,54,771	(3,79,06,216)
Increase in long-term liabilities	5,37,857	43,00,383
<b>Net cash used in operating activities</b>	<b>(18,36,00,375)</b>	<b>(63,69,77,795)</b>
<b>Cash flow from investing activities:</b>		
Purchase of fixed assets (including capital work in progress and capital advances)	(4,59,88,309)	(7,03,62,822)
Proceeds from disposal of fixed assets	27,65,516	3,50,000
Decrease in deposits with banks	(17,97,249)	45,89,412
Proceeds from redemption of current investments, net	82,09,978	10,31,63,152
Investment in shares of a subsidiary	-	(5,00,000)
<b>Net cash (used in)/ generated from investing activities</b>	<b>(3,68,10,064)</b>	<b>3,72,39,742</b>
<b>Cash flow from financing activities:</b>		
Proceeds from issuance of share capital	15,00,00,000	50,00,00,000
Proceeds from long term borrowings	1,70,00,000	1,05,00,000
<b>Net cash generated from financing activities</b>	<b>16,70,00,000</b>	<b>51,05,00,000</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(5,34,10,439)</b>	<b>(8,92,38,053)</b>
Cash and cash equivalents at the beginning of the year	8,35,17,006	17,27,55,059
Cash and cash equivalents at the end of the year	3,01,06,567	8,35,17,006
	<b>(5,34,10,439)</b>	<b>(8,92,38,053)</b>

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

*Walker Chandok & Associates*

For Walker Chandok & Associates

Chartered Accountants

*Arun Tandon*  
 per Arun Tandon  
 Partner



*Ritika Sati*  
 Ritika Sati  
 Company Secretary  
 Membership No. ACS 24016

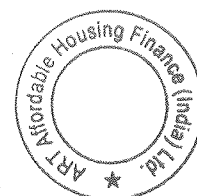
*Dr Manoj Vaish*  
 Dr Manoj Vaish  
 Director  
 DIN 00157082

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

*Vipin Jain*  
 Vipin Jain  
 Chief Financial Officer

*Arvind Hali*  
 Arvind Hali  
 Managing Director and  
 Chief Executive Officer  
 DIN 05285114

Place : New Delhi  
 Date : 2 May 2017



## ART Affordable Housing Finance (India) Limited

[formerly known as RAAS Affordable Housing Finance (India) Limited]

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2017

### 1. Company overview

ART Affordable Housing Finance (India) Limited (the 'Company') was incorporated on 16 July 2013 with its registered office in New Delhi. The Company is a subsidiary of ART Capital (India) Private Limited [formerly known as RAAS Capital (India) Private Limited] (the 'Holding Company'). The Company is registered with National Housing Bank (NHB) under section 29A of the National Housing Bank Act, 1987.

The main objects of the Company, *inter alia*, are to carry out the business of providing long term finance to individuals, companies, corporations, societies or association of persons for purchase/construction/ repair and renovation of new/existing flats/ houses for residential purposes and provide property related services.

During the year, the name of the Company changed from RAAS Housing Finance (India) Limited to RAAS Affordable Housing Finance (India) Limited on 7 June 2016 and further, changed to ART Affordable Housing Finance (India) Limited on 27 March 2017

### 2. Basis of preparation

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

#### 2.1 Summary of significant accounting policies

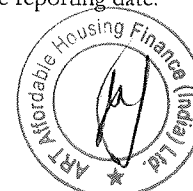
##### a) Use of estimates

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

##### b) Revenue recognition

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

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



**ART Affordable Housing Finance (India) Limited**

[formerly known as RAAS Affordable Housing Finance (India) Limited]

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2017

**c) Classification and provisioning of loan portfolio**

(i) Loans and other credit facilities are classified as standard, sub-standard, doubtful and loss assets in accordance with the extant Housing Finance Companies, (NHB) Directions, 2010, as amended from time to time.

(ii) Loans are provided for as per the management's estimates, subject to the minimum provision required as per the extant Housing Finance Companies, (NHB) Directions, 2010, as amended from time to time.

**d) Investments**

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

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

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

**e) Fixed assets**

**Tangible**

Fixed assets (gross block) are stated at historical cost less accumulated depreciation and impairment (if any). Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under fixed assets.

**Intangible**

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

**f) Depreciation and amortisation**

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

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

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

**g) Leases**

*Operating leases:*

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

**h) Employee benefits**

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

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



**ART Affordable Housing Finance (India) Limited**

[formerly known as RAAS Affordable Housing Finance (India) Limited]

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2017

*Provident fund*

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

*Gratuity*

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

*Compensated absences*

The Company also provides benefits of compensated absences to its employees which are in the nature of other long term benefit plan. The compensated absences comprises vesting as well as non vesting benefit. Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using projected unit credit method as on the reporting date.

*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.

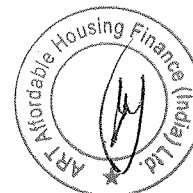
Deferred income-tax reflects the impact of current period timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and tax laws enacted or substantively enacted at the balance sheet 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.

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**ART Affordable Housing Finance (India) Limited**

[formerly known as RAAS Affordable Housing Finance (India) Limited]

Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2017

**j) Impairment of assets**

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

**k) Earnings per share**

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

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

**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.

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(All amounts in rupees, unless otherwise stated)

3 Share capital

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
Equity shares of Rs. 10 each	11,50,00,000	1,15,00,00,000	10,00,00,000	1,00,00,00,000
<b>Issued, subscribed and fully paid up capital</b>				
Equity shares of Rs. 10 each	11,50,00,000	1,15,00,00,000	10,00,00,000	1,00,00,00,000

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 end of reporting period

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	10,00,00,000	1,00,00,00,000	5,00,00,000	50,00,00,000
Add: Shares issued during the year	1,50,00,000	15,00,00,000	5,00,00,000	50,00,00,000
<b>Shares outstanding at the end of the year</b>	<b>11,50,00,000</b>	<b>1,15,00,00,000</b>	<b>10,00,00,000</b>	<b>1,00,00,00,000</b>

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

	As at 31 March 2017		As at 31 March 2016	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Capital (India) Private Limited	9,99,99,900	86.96%	9,99,99,900	99.99%

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

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

	As at 31 March 2017		As at 31 March 2016	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Consumer and Business Finance (India) Private Limited	1,50,00,000	13.04%	-	0.00%

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

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

	As at 31 March 2017		As at 31 March 2016	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Capital (India) Private Limited, the Holding Company	9,99,99,900	86.96%	9,99,99,900	99.99%
ART Consumer and Business Finance (India) Private Limited	1,50,00,000	13.04%	-	0.00%

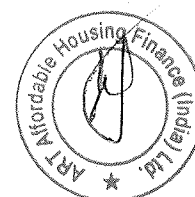
\* As per the records of the Company, including its register of shareholders/ members and other declarations, if any, received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

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.

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(All amounts in rupees, unless otherwise stated)

4 Reserves and surplus

	As at 31 March 2017	As at 31 March 2016
<b>Deficit as per Statement of Profit and Loss</b>		
Opening balance as at the beginning of the year	(5,08,84,324)	(3,03,92,656)
Net loss for the year	(5,16,00,499)	(2,04,91,668)
Closing balance as at the end of the year	<u>(10,24,84,823)</u>	<u>(5,08,84,324)</u>
<b>Statutory reserve (As per the Section 29C of the National Housing Bank Act, 1987)</b>		
Opening balance as at the beginning of the year	-	-
Add : Transfer from the statement of profit and loss	-	-
Less : Utilised during the year	-	-
Closing balance as at the end of the year	<u>-</u>	<u>-</u>
	<u>(10,24,84,823)</u>	<u>(5,08,84,324)</u>

5 Long-term borrowings

Secured		
Term loan from banks	2,75,00,000	1,05,00,000
Less: Current maturities of long term loans (refer note 8)	1,75,00,000	-
	<u>1,00,00,000</u>	<u>1,05,00,000</u>

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

i) Term loan amounting to Rs. 10,00,00,000 from Tamilnad Mercantile Bank carries an interest of Marginal Cost of Fund Based Lending Rate (MCLR) plus 1.45%. It is repayable in 20 equal quarterly instalments after a moratorium period of 24 months commencing from 31 December 2017.

ii) Term loan amounting to Rs 7,500,000 from DCB Bank Ltd carries an interest of MCLR plus 0.07%. It is repayable in 16 equal quarterly instalments after a moratorium period of 6 months commencing from 31 August 2017.

iii) Term loan amounting to Rs. 10,00,00,000 from Punjab and Sind Bank Ltd carries an interest of MCLR plus 0.95%. It is repayable in 20 equal quarterly instalments after a moratorium period of 24 months commencing from 30 June 2019.

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

6 Other long-term liabilities

	As at 31 March 2017	As at 31 March 2016
Lease equalization reserve	48,38,240	43,00,383
	<u>48,38,240</u>	<u>43,00,383</u>

7 Long-term provisions

Provision for employee benefits (refer note below)	19,02,139	7,38,589
Contingent provisions against loans (standard assets) [refer note 27 and 29 VIII (c)]	41,51,110	29,07,537
Provision for sub standard, doubtful and loss assets [refer note 27 and 29 VIII (c)]	8,98,700	-
	<u>69,51,949</u>	<u>36,46,126</u>

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(All amounts in rupees, unless otherwise stated)

a) **Employee benefits**

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

**Gratuity (unfunded)**

	As at 31 March 2017	As at 31 March 2016
(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	5,22,985	4,14,537
Interest cost	36,609	31,090
Current service cost	5,32,675	2,66,832
Actuarial gain on obligations	(1,97,224)	(1,89,474)
Present value of obligation as at the end of the year	<u>8,95,045</u>	<u>5,22,985</u>

(ii) Breakup of the expense recognized in the statement of profit and loss is as follows:-

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	5,32,675	2,66,832
Interest cost	36,609	31,090
Actuarial gain on obligations	(1,97,224)	(1,89,474)
Total expense recognised in the statement of profit and loss	<u>3,72,060</u>	<u>1,08,448</u>

(iii) Assumptions used

	As at 31 March 2017	As at 31 March 2016
Discount rate	7.00% <sup>a</sup>	7.50% <sup>a</sup>
Future salary increase rate	10.00% <sup>a</sup>	10.00% <sup>a</sup>
Mortality	IAI.M 2006-08 Ultimate	IAI.M 2006-08 Ultimate

**Compensated absences (unfunded)**

	As at 31 March 2017	As at 31 March 2016
(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	3,04,320	1,86,150
Interest cost	21,302	13,961
Current service cost	9,28,372	2,00,520
Actuarial gain on obligations	(28,956)	(96,311)
Present value of obligation as at the end of the year	<u>12,25,038</u>	<u>3,04,320</u>

(ii) Breakup of the expense recognized in the statement of profit and loss is as follows:-

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	9,28,372	2,00,520
Interest cost	21,302	13,961
Actuarial gain on obligations	(28,956)	(96,311)
Total expense recognised in the statement of profit and loss	<u>9,20,718</u>	<u>1,18,170</u>

8 **Other current liabilities**

	As at 31 March 2017	As at 31 March 2016
Current maturities of long term loan from banks (refer note 5)	1,75,00,000	-
Employee related payables	44,81,760	46,12,896
Advance from customers	13,55,386	4,34,769
Statutory dues	5,16,529	2,45,525
Temporary book overdraft*	8,13,86,896	-
Other accrued liabilities	1,25,53,709	17,78,178
	<u>11,77,94,280</u>	<u>70,71,368</u>

\* temporary book overdraft of Rs. 81,386,896 (previous year- nil) represents cheques issued towards disbursements to borrowers for Rs 76,305,168 (previous year - nil) and cheques issued for payment of expenses of Rs. 5,081,728 (previous year - nil), but not encashed as at 31 March 2017.

9 **Short-term provisions**

	As at 31 March 2017	As at 31 March 2016
Provision for employee benefits [Refer note 7(a)]	2,17,944	88,716
Contingent provisions against loans (standard assets) [refer note 27 and 29 VIII (e)]	1,78,625	3,29,750
	<u>3,96,569</u>	<u>4,18,466</u>





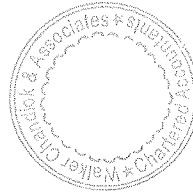
ART Affordable Housing Finance (India) Limited  
 [formerly known as RAAS Affordable Housing Finance (India) Limited]  
 Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2017  
 (All amounts in rupees, unless otherwise stated)

10 Fixed assets

	Tangible assets						Intangible assets		Grand total	
	Gross block	Computer equipments	Furniture and fixtures	Office equipments	Vehicles	Plant & Machinery	Leasehold improvements	Total		Computer software
Balance as at 31 March 2015	15,99,587	1,66,400	1,26,987	-	-	-	-	18,92,974	1,04,400	19,97,374
Additions	24,82,554	5,75,545	5,84,377	49,27,320	7,19,320	10,21,249	10,21,249	95,91,045	18,56,088	1,14,47,133
Disposals	-	-	-	-	-	-	-	7,19,320	-	7,19,320
Balance as at 31 March 2016	40,82,141	7,41,945	7,11,364	42,08,000	20,00,000	33,83,483	4,09,10,371	1,07,64,699	19,60,488	1,27,25,187
Additions	1,48,38,411	1,89,36,318	1,61,07,334	38,50,000	23,58,000	33,83,483	4,19,31,620	9,61,75,917	51,25,587	10,13,01,504
Disposals	-	-	-	-	-	-	-	38,60,395	-	38,60,395
Balance as at 31 March 2017	1,89,20,552	1,96,78,263	1,68,08,303	3,805	81,957	8,08,825	1,98,654	2,74,978	16,336	2,91,314
Accumulated depreciation and amortisation	2,65,901	48,242	81,957	-	-	-	-	21,56,614	1,06,053	22,62,667
Charge for the year	10,18,936	53,514	85,762	77,253	7,31,572	1,98,654	1,98,654	77,253	1,22,369	77,253
Adjustments on disposal of assets	12,84,837	14,07,982	12,31,279	10,91,097	1,69,080	63,80,145	63,80,145	1,33,58,115	9,42,551	24,76,708
Balance as at 31 March 2016	30,69,532	14,61,496	13,14,831	2,210	10,94,879	1,69,080	65,87,799	10,97,089	10,64,920	1,43,00,666
Adjustments on disposal of assets	43,54,369	6,88,431	6,25,602	34,76,428	16,30,210	32,14,403	3,53,43,821	84,10,360	18,38,119	1,02,48,479
Balance as at 31 March 2017	1,45,66,183	1,82,16,767	1,54,93,472	1,630,210	32,14,403	3,53,43,821	8,84,64,856	8,84,64,856	60,21,155	9,44,86,011
Net block	27,97,304	6,88,431	6,25,602	34,76,428	16,30,210	32,14,403	3,53,43,821	84,10,360	18,38,119	1,02,48,479
Balance as at 31 March 2016	1,45,66,183	1,82,16,767	1,54,93,472	1,630,210	32,14,403	3,53,43,821	8,84,64,856	8,84,64,856	60,21,155	9,44,86,011



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(All amounts in rupees, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016
<b>11 Deferred tax asset, net</b>		
Deferred tax asset/(liabilities) arising on account of timing difference on :		
Unabsorbed business loss and depreciation	3,99,87,098	1,72,17,110
Provision for lease equalisation	14,95,016	13,28,818
Provision for standard assets, sub-standard, doubtful and loss assets	16,15,586	-
Preoperative and preliminary expenses	4,26,498	6,39,746
Provision for employee benefits	6,55,106	2,55,637
Difference between written down value of assets as per Companies Act and Income-tax Act	(28,14,266)	(4,95,049)
	<u>4,13,65,038</u>	<u>1,89,46,262</u>
<b>Note</b>		
The recognition of deferred tax assets is supported by the existing portfolio of housing loans and other loans being carried on in the books of the Company.		
<b>12 Non current investments</b>		
(Non-trade investments, valued at cost)		
<b>Investment in equity instruments</b>		
-In subsidiary company (unquoted)		
50,000 (previous year 50,000) equity shares of Rs 10 each in RAAS Distribution (India) Private Limited	5,00,000	5,00,000
	<u>5,00,000</u>	<u>5,00,000</u>
Aggregate amount of unquoted investments	5,00,000	5,00,000
<b>13 Long-term loans and advances</b>		
(Considered good)		
<b>Housing loans</b>		
Secured		
- Individuals	62,20,61,311	53,84,39,906
<b>Others loans</b>		
Secured		
- Individuals	31,36,77,982	14,58,60,703
- Others	47,20,145	48,43,000
(Unsecured and considered good)		
Security deposits	68,28,700	59,64,645
Capital advances	12,04,000	22,00,795
Prepaid income-tax	13,50,187	14,73,599
	<u>94,98,42,325</u>	<u>69,87,82,648</u>
	As at 31 March 2017	As at 31 March 2016
<b>14 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash in hand		4,009
Bank balances in		
- Current accounts	1,01,06,567	23,12,997
- Deposits with original maturity upto three months	2,00,00,000	8,12,00,000
	<u>3,01,06,567</u>	<u>8,35,17,006</u>
<b>Other bank balances</b>		
Deposits with maturity more than three months but less than twelve months	2,82,07,356	2,64,10,106
	<u>5,83,13,923</u>	<u>10,99,27,112</u>



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*(All amounts in rupees, unless otherwise stated)*

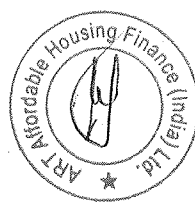
	As at 31 March 2017	As at 31 March 2016
<b>15 Short-term loans and advances</b>		
(Considered good)		
<b>Housing loans</b>		
Secured		
- Individuals	1,60,69,661	1,39,62,780
- Others		
<b>Other loans</b>		
Secured		
- Individuals	1,42,77,191	75,36,822
- Others	1,41,623	1,04,801
(Unsecured and considered good)		
Loan - others	52,02,012	5,64,32,842
Advances recoverable in cash or in kind or for value to be received	25,38,807	3,91,508
(Unsecured)		
Security deposits	5,01,344	-
Balances with government authorities	12,86,587	6,15,252
	<b>4,00,17,225</b>	<b>7,90,44,005</b>
<b>16 Other current assets</b>		
Interest receivable	5,58,473	-
Interest accrued on fixed deposits	14,726	8,88,619
	<b>5,73,199</b>	<b>8,88,619</b>

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ART Affordable Housing Finance (India) Limited  
 [formerly known as RAAS Affordable Housing Finance (India) Limited]  
 Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2017

(All amounts in rupees, unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
<b>17 Revenue from operations</b>		
Interest on housing loans and other loans	8,51,08,629	5,75,68,966
Interest income on deposits with banks	42,66,137	56,78,869
Fees and other charges	1,55,17,841	57,62,261
	<u>10,48,92,607</u>	<u>6,90,10,096</u>
<b>18 Other income</b>		
Gain on mutual fund redemption	82,09,978	1,23,63,152
Excess liability written back	17,41,594	-
Profit on sale of assets	2,210	-
Miscellaneous income	4,59,264	2,10,259
	<u>1,04,13,046</u>	<u>1,25,73,411</u>
<b>19 Employee benefits expense</b>		
Salaries, wages and bonus	10,56,85,351	6,97,16,892
Contribution to provident fund and other funds	42,50,379	24,63,335
Contribution to gratuity (Refer note 7(a))	3,72,060	1,08,448
Staff welfare expenses	8,39,724	9,85,734
	<u>11,11,47,514</u>	<u>7,32,74,409</u>
<b>20 Finance costs</b>		
Interest expense	12,95,951	6,76,955
Processing fees	12,06,562	14,12,565
	<u>25,02,513</u>	<u>20,89,520</u>
<b>21 Other expenses</b>		
Rent	1,55,08,206	43,31,182
Rates and taxes	16,97,413	57,71,288
Electricity	32,03,853	12,24,944
Directors sitting fees	4,60,000	1,80,000
Legal and professional charges	95,97,645	40,30,877
Office maintenance expenses	55,25,103	10,54,421
Security expenses	9,05,838	10,21,240
Insurance expenses	5,97,719	2,28,257
Membership and fees	1,13,549	1,41,070
Commission expenses	25,04,859	36,17,745
Communication expenses	36,04,247	11,76,917
General provision for standard assets	10,92,448	23,81,116
Provision for sub-standard assets	8,98,700	-
Loss of sale of fixed assets	-	2,92,067
Bad debts written off	51,23,581	-
Advertisement and business promotion expenses	23,74,720	14,00,572
Travelling and conveyance	43,78,900	14,46,205
Recruitment charges	20,78,099	8,30,650
Miscellaneous expenses	17,09,356	9,15,394
	<u>6,13,74,236</u>	<u>3,00,43,945</u>
<b>22 Earnings per share - Basic and diluted</b>		
<b>(a) Computation of loss for computing</b>		
Net loss after tax available for equity shareholders	(5,16,00,499)	(2,04,91,668)
<b>(b) Computation of weighted average number of shares</b>		
Basic/ diluted (in nos.)	10,11,91,781	7,56,01,093
<b>(c) Nominal value of equity share</b>	10	10
<b>(d) Earnings per share</b>		
- Basic/diluted	(0.51)	(0.27)



(All amounts in rupees, unless otherwise stated)

## 23 Related party disclosures

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

Holding Company	: M/s ART Capital (India) Private Limited [Formerly known as RAAS Capital (India) Private Limited]
Subsidiary Company	: M/s RAAS Distribution (India) Private Limited
Subsidiary of Holding Company	: M/s ART Consumer and Business Finance (India) Private Limited
Key management personnel (KMP)	: Raakhe K Tandon, Director
	: Rajat Baldhi, Managing Director and Chief Executive Officer (Upto 21 June 2016)
	: Dr Manoj Vaish, Interim Chief Executive Officer (From 20 June 2016 to 4 July 2016)
	: Arvind Hali, Managing Director and Chief Executive Officer (From 4 July 2016 to date)
Other entities in which key management personnel or their relatives have significant influence	: Best Networks Private Limited
	: Ncube Planning and Design Private Limited
	: PAFM Security Solutions Private Limited
	: Petra Asset and Facility Management Private Limited
	: RAVI Renewable Energy & Lighting India Private Limited
	: Rural Agri Ventures 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 2017	For the year ended 31 March 2016
<b>Transactions during the year</b>		
<b>Holding Company</b>		
M/s ART Capital (India) Private Limited [formerly known as RAAS Capital (India) Private Limited]		
Issue of share capital	-	50,00,00,000
Corporate guarantee received for borrowings	25,00,00,000	-
<b>Subsidiary of Holding Company</b>		
M/s ART Consumer and Business Finance (India) Private Limited		
Issue of share capital	15,00,00,000	-
<b>Key management personnel</b>		
Remuneration paid		
Rajat Baldhi	55,27,925	1,46,82,257
Raakhe K Tandon	6,87,274	17,74,026
Arvind Hali	88,87,420	-
<b>Other entities in which key management personnel or their relative has significant influence</b>		
<b>Reimbursement of expenses paid</b>		
Best Networks Private Limited	19,94,601	65,74,864
<b>Reimbursement of expenses received</b>		
RAVI Renewable Energy & Lighting India Private Limited	6,48,021	-
Rural Agri Ventures India Private Limited	6,71,021	-
<b>Fixed assets/ Capital work in progress</b>		
Ncube Planning and Design Private Limited	1,39,85,869	4,86,26,597
Petra Asset and Facility Management Pvt Ltd	1,71,105	-
<b>Payment of office maintenance and security expenses</b>		
PAFM Security Solutions Private Limited	7,76,780	5,34,738
Petra Asset and Facility Management Pvt Ltd	23,41,577	1,08,579
<b>Balance outstanding as at the end of year</b>		
<b>Key management personnel</b>		
<b>Remuneration payable</b>		
Rajat Baldhi	-	30,00,000
<b>Other entities in which key management personnel or their relative has significant influence</b>		
<b>Retention money payable</b>		
Ncube Planning and Design Private Limited	23,35,982	-
<b>Payable for expenses</b>		
PAFM Security Solutions Private Limited	50,431	1,34,276
Petra Asset and Facility Management Pvt Ltd	1,62,300	15,858
Ncube Planning and Design Private Limited	25,99,519	2,15,517

Note: The remuneration to the key managerial personnel does not include the provision made for gratuity, as it is determined on an actuarial basis for the Company as a whole and provision for variable pay as the amount payable is unknown.



(All amounts in rupees, unless otherwise stated)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>24 Payments to statutory auditors</b>		
As auditors	2,00,000	1,25,000
Other services	75,000	75,000
For reimbursement of expenses	16,600	18,750
Service tax	41,250	22,294
	<b>3,32,850</b>	<b>2,41,044</b>

**25 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 Rs Nil (previous year Rs 19,900,040).

**26 Reconciliation of provisions**

**Contingent provision against loans**

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	32,37,287	8,56,171
Provisions made during the year	10,92,447	23,81,116
Balance at the end of the year	43,29,734	32,37,287

**Provision for sub standard assets, doubtful or loss assets**

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	-	-
Provisions made during the year	8,98,700	-
Balance at the end of the year	8,98,700	-

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

	As at 31 March 2017	As at 31 March 2016
Rent payable not later than one year	1,58,06,040	1,61,06,040
Rent payable later than one year but not later than five years	6,11,16,688	6,97,07,334
Rent payable later than five years	-	75,73,728

(ii) Lease payments under operating leases are recognised as an expense in the Statement of Profit and Loss as rentals, out of which an amount of Rs 4,093,623 (previous year Rs 9,791,482) has been capitalised as capital work in progress.

**28 Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016**

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30 December 2016	Nil	Nil	Nil

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

**I Capital**

	As at 31 March 2017	As at 31 March 2016
(i) Capital to Risk Asset Ratio - CRAR (%)	127.44%	149.05%
(ii) CRAR-Tier I Capital (%)	126.89%	148.53%
(iii) CRAR-Tier II Capital (%)	0.55%	0.52%
(iv) Amount of subordinated debt raised as Tier- II Capital	Nil	Nil
(v) Amount raised by issue of Perpetual Debt Instruments	Nil	Nil



(All amounts in rupees, unless otherwise stated)

**II Reserve fund under section 29C of NHB Act, 1987**

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Balance at the beginning of the year</b>		
a) Statutory reserve under section 29C of the National Housing Bank Act, 1987	Nil	Nil
b) Amount of special reserve under section 36(1)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	Nil	Nil
c) Total	Nil	Nil
<b>Addition / Appropriation / Withdrawal during the year</b>		
<b>Add:</b>		
a) Amount transferred under section 29C of the NHB Act, 1987	Nil	Nil
b) Amount of special reserve under section 36(1)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	Nil	Nil
<b>Less:</b>		
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
<b>Balance at the end of the year</b>		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	Nil	Nil
b) Amount of special reserve u/s 36(1)(viii) of Income -tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	Nil	Nil
c) Total	Nil	Nil

Note: As the Company did not have profits as on date, no reserve fund is created

**III Investments**

Particulars	As at 31 March 2017	As at 31 March 2016
<b>Value of investments</b>		
(i) Gross value of investments		
(a) In India	5,00,000	5,00,000
(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	5,00,000	5,00,000
(b) Outside India	Nil	Nil
<b>Movement of provisions held towards depreciation on investments</b>		
(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 2017	As at 31 March 2016
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



ART Affordable Housing Finance (India) Limited  
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Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2017

(All amounts in rupees, unless otherwise stated)

b. Exchange Traded Interest Rate (IR) Derivative  
Particulars

	As at 31 March 2017	As at 31 March 2016
(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

V Securitisation

a. Particulars

	Numbers	Amount
1. Number of Special Purpose Entities (SPV's) sponsored by the Housing Finance Company (HFC) for securitisation transactions*	Nil	Nil
2. Total amount of securitised assets as per books of the SPVs sponsored	Nil	Nil
3. Total amount of exposures retained by the HFC towards the Minimum Retention Requirement (MRR) as on the date of balance sheet	Nil	Nil
(I) Off-balance sheet exposures towards credit concentration	Nil	Nil
(II) On-balance sheet exposures towards credit concentration	Nil	Nil
4. Amount of exposures to securitisation transactions other than MRR	Nil	Nil
I) Off-balance sheet exposures towards credit concentration	Nil	Nil
a) Exposure to own 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 2017	As at 31 March 2016
(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 years	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 2017	As at 31 March 2016
(i) Number of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts assigned	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

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

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ART Affordable Housing Finance (India) Limited  
 [formerly known as RAAS Affordable Housing Finance (India) Limited]  
 Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2017

(All amounts in rupees, unless otherwise stated)

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

A. Details of non-performing financial assets purchased:

Particulars	As at 31 March 2017	As at 31 March 2016
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	31 March 2017	31 March 2016
1. Number of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

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

	Liabilities		Assets	
	Borrowings from banks	Market borrowings	Advances	Investments
	31 March 2017			
1 day to 30-31 days (one month)	-	-	24,50,707	-
Over one month to 2 months	-	-	24,12,480	-
Over 2 months upto 3 months	-	-	76,40,867	-
Over 3 months to 6 months	31,25,000	-	74,77,789	-
Over 6 months to 1 year	1,43,75,000	-	1,57,08,645	-
Over 1 year to 3 years	1,00,00,000	-	7,32,25,282	-
Over 3 years to 5 years	-	-	8,49,72,036	-
Over 5 years to 7 years	-	-	10,14,09,266	-
Over 7 years to 10 years	-	-	19,12,31,414	-
Over 10 years	-	-	48,96,21,438	5,00,000
<b>Total</b>	<b>2,75,00,000</b>	<b>-</b>	<b>97,61,49,924</b>	<b>5,00,000</b>

Maturity pattern of certain items of assets and liabilities

	Liabilities		Assets	
	Borrowings from banks	Market borrowings	Advances	Investments
	31 March 2016			
1 day to 30-31 days (one month)	-	-	5,81,38,653	-
Over one month to 2 months	-	-	17,22,444	-
Over 2 months upto 3 months	-	-	17,39,240	-
Over 3 months to 6 months	-	-	53,20,167	-
Over 6 months to 1 year	-	-	1,11,16,741	-
Over 1 year to 3 years	1,05,00,000	-	4,99,54,323	-
Over 3 years to 5 years	-	-	5,76,85,407	-
Over 5 years to 7 years	-	-	6,20,95,297	-
Over 7 years to 10 years	-	-	11,42,89,525	-
Over 10 years	-	-	40,51,19,058	5,00,000
<b>Total</b>	<b>1,05,00,000</b>	<b>-</b>	<b>76,71,80,855</b>	<b>5,00,000</b>

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

VII Exposure

a. Exposure to Real Estate Sector

Category	As at 31 March 2017	As at 31 March 2016
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	27,30,92,231	5,64,69,995
- Others	62,02,30,855	62,61,84,052

*[Handwritten signatures]*



(All amounts in rupees, unless otherwise stated)

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.).	7,76,24,827	2,80,93,965
iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
<b>b. Indirect exposure</b>		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil
<b>b. Exposure to Capital Market</b>		
<b>Particulars</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>
(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
<b>Total exposure to Capital Market</b>	Nil	Nil
<b>c. Details of Financing of parent company products</b>	None	
<b>d. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC</b>	None	
<b>VIII Other disclosures</b>		
a. Registration obtained from other financial sector regulators	None	
b. Disclosure of Penalties imposed by NHB and other regulators	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>
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 ICRA has reaffirmed the Rating as BBB	

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ART Affordable Housing Finance (India) Limited  
 [formerly known as RAAS Affordable Housing Finance (India) Limited]  
 Summary of significant accounting policies and other explanatory information to the financial statements for the year ended 31 March 2017

(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 2017	For the year ended 31 March 2016
1. Provisions for depreciation on investment	Nil	Nil
2. Provision made towards income-tax	Nil	Nil
3. Provision towards sub standard, doubtful and loss assets	8,98,700	Nil
4. Provision for standard assets (with details like teaser loan, CRE, CRE-RH etc.)		
Teaser loans	Nil	Nil
CRE	3,88,731	2,53,986
CRE -RH	75,106	26,954
Other standard assets	6,28,610	21,00,176
5. Other provision and contingencies (with details)		
Gratuity, compensated absences	12,92,778	4,12,768
Employee benefits	44,81,760	46,12,896
Provision for expenses	99,50,750	15,88,245

e. Break up of loan and advances and provisions thereon

Particulars	Housing loans		Non-Housing loans	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
<b>Standard assets</b>				
a) Total outstanding amount	63,71,69,024	55,24,02,686	33,35,48,040	21,47,78,169
b) Provisions made	26,09,912	22,25,783	17,19,822	10,11,504
<b>Sub-standard assets</b>				
a) Total outstanding amount	15,20,421	Nil	44,70,913	Nil
b) Provisions made	2,28,063	Nil	6,70,637	Nil
<b>Doubtful assets – Category-I</b>				
a) Total outstanding amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
<b>Doubtful assets – Category-II</b>				
a) Total outstanding amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
<b>Doubtful assets – Category-III</b>				
a) Total outstanding amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
<b>Loss assets</b>				
a) Total outstanding amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
<b>Total</b>				
a) Total outstanding amount	63,86,89,445	55,24,02,686	33,80,18,953	21,47,78,169
b) Provisions made	28,37,975	22,25,783	23,90,459	10,11,504

Concentration of public deposits, advances, exposures and NPAs

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

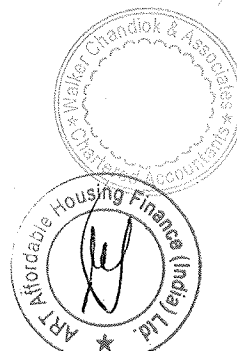
Particulars	As at 31 March 2017	As at 31 March 2016
Total deposits of twenty largest depositors	Not applicable	Not applicable
Percentage of deposits of twenty largest depositors to total deposits of the HFC	Not applicable	Not applicable

g. Concentration of loans and advances

Particulars	As at 31 March 2017	As at 31 March 2016
Total loans and advances to twenty largest borrowers	12,71,55,426	26,83,47,219
Percentage of loans and advances to twenty largest borrowers to total advances of the HFC	13.02%	34.98%

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

Particulars	As at 31 March 2017	As at 31 March 2016
Total exposure to twenty largest borrowers / customers	13,02,66,460	27,11,50,665
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers/ customers	11.06%	32.86%



(All amounts in rupees, unless otherwise stated)

i. Concentration of NPAs		
Particulars	As at 31 March 2017	As at 31 March 2016
Total exposure to top ten NPA accounts	59,91,334	

j. Sector-wise NPAs - Percentage of NPAs to total advances in that sector		
Particulars	As at 31 March 2017	As at 31 March 2016
<b>A. Housing loans:</b>		
1. Individuals	0.24%	
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil
<b>B. Non-Housing loans:</b>		
1. Individuals	1.34%	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 2017	For the year ended 31 March 2016
(I) Net NPAs to net advances (%)	0.52%	Nil
(II) Movement of NPAs (Gross)		
a) Opening balance	Nil	Nil
b) Additions during the year	1,11,14,915	Nil
c) Reductions during the year	51,23,581	Nil
d) Closing balance	59,91,334	Nil
(III) Movement of net NPAs		
a) Opening balance	Nil	Nil
b) Additions during the year	50,92,634	Nil
c) Reductions during the year	-	Nil
d) Closing balance	50,92,634	Nil
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	Nil	Nil
b) Provisions made during the year	60,22,281	Nil
c) Write-off/write-back of excess provisions	51,23,581	Nil
d) Closing balance	8,98,700	Nil

l. Overseas assets		
Particulars	As at 31 March 2017	As at 31 March 2016
None	Nil	Nil

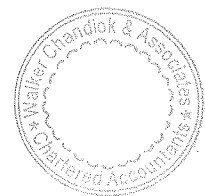
  

m. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)		
Particulars	As at 31 March 2017	As at 31 March 2016
None	Nil	Nil

n. Customers complaints		
Particulars	As at 31 March 2017	As at 31 March 2016
a) No. of complaints pending at the beginning of the year	Nil	Nil
b) No. of complaints received during the year	8	16
c) No. of complaints redressed during the year	8	16
d) No. of complaints pending at the end of the year	Nil	Nil

*[Handwritten signatures and initials]*



(All amounts in rupees, unless otherwise stated)

30 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.

*Walker Chandok & Associates*  
For Walker Chandok & Associates  
Chartered Accountants



*Arun Tandon*  
per Arun Tandon  
Partner

Place : New Delhi  
Date : 2 May 2017

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

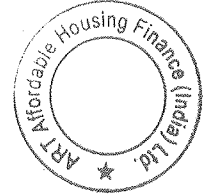
*Ritika Sati*  
Ritika Sati  
Company Secretary  
Membership No. ACS 24016

*Dr Manoj Vaish*  
Dr Manoj Vaish

Director  
DIN 00157082

*Vipin Jain*  
Vipin Jain  
Chief Financial Officer

*Arvind Hali*  
Arvind Hali  
Managing Director and  
Chief Executive Officer  
DIN 05285114



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## Independent Auditor's Report

**To the Members of ART Affordable Housing Finance (India) Limited** [formerly, RAAS Affordable Housing Finance (India) Limited]

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited] ('the Holding Company') and its subsidiary (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.



# Walker Chandiook & Associates

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

## Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2017, their consolidated loss and their consolidated cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books;
  - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);



# Walker Chandiok & Associates

- 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 2017 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 its subsidiary company and the operating effectiveness of such controls, refer to our separate report in 'Annexure I'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - (i) There were no pending litigations as at 31 March 2017 which would impact the consolidated financial position of the Group;
  - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company during the year ended 31 March 2017; and
  - (iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 – refer note 27.

*Walker Chandiok & Associates*

For **Walker Chandiok & Associates**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

*Arun Tandon*

per **Arun Tandon**

Partner

Membership No.: 517273



**Place:** New Delhi

**Date:** 2 May 2017



# Walker Chandiook & Associates

Annexure I to the Independent Auditor's Report of even date to the members of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited], on the consolidated financial statements for the year ended 31 March 2017

## 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 the ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited] ('the Holding Company') and its subsidiary, (the Holding Company and its subsidiary together referred to as the 'Group'), as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Holding Company and its subsidiary company, as of that date.

#### Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note of Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the company's business, including adherence to the company's policies, the safeguarding of the company's assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on the IFCoFR of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the IFCoFR of the Holding Company and its subsidiary company as aforesaid.



# Walker Chandiok & Associates

Annexure I to the Independent Auditor's Report of even date to the members of ART Affordable Housing Finance (India) Limited [formerly, RAAS Affordable Housing Finance (India) Limited], on the consolidated financial statements for the year ended 31 March 2017 (contd.)

## Meaning of Internal Financial Controls over Financial Reporting

6. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls over Financial Reporting

7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

8. In our opinion, the Holding Company and its subsidiary company have in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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.

*Walker Chandiok & Associates*

For Walker Chandiok & Associates

Chartered Accountants

Firm's Registration No.: 001329N

*Arun Tandon*

per Arun Tandon

Partner

Membership No.: 517273



Place: New Delhi

Date: 2 May 2017

ART Affordable Housing Finance (India) Limited  
 [formerly known as RAAS Affordable Housing Finance (India) Limited]  
 Consolidated Balance Sheet as at 31 March 2017  
 (All amounts in rupees unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	1,15,00,00,000	1,00,00,00,000
Reserves and surplus	4	(10,26,59,788)	(5,09,97,679)
		<b>1,04,73,40,212</b>	<b>94,90,02,321</b>
<b>Non current liabilities</b>			
Long-term borrowings	5	1,00,00,000	1,05,00,000
Other long-term liabilities	6	48,38,240	43,00,383
Long-term provisions	7	69,51,949	36,46,126
		<b>2,17,90,189</b>	<b>1,84,46,509</b>
<b>Current liabilities</b>			
Other current liabilities	8	11,76,46,852	70,96,368
Short-term provisions	9	3,96,569	4,18,466
		<b>11,80,43,421</b>	<b>75,14,834</b>
		<b>1,18,71,73,822</b>	<b>97,49,63,664</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	10	8,84,64,856	84,10,360
Intangible assets	10	60,21,155	18,38,119
Capital work in progress		23,98,494	5,67,14,894
Deferred tax asset, net	11	4,13,65,038	1,89,46,262
Long-term loans and advances	12	94,98,44,234	69,87,82,648
		<b>1,08,80,93,777</b>	<b>78,46,92,283</b>
<b>Current assets</b>			
Cash and bank balances	13	5,84,63,923	11,03,29,196
Short-term loans and advances	14	4,00,37,084	7,90,49,731
Other current assets	15	5,79,038	8,92,454
		<b>9,90,80,045</b>	<b>19,02,71,381</b>
		<b>1,18,71,73,822</b>	<b>97,49,63,664</b>

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.

*Walker Chandok & Associates*  
 For Walker Chandok & Associates  
 Chartered Accountants

*Arun Tandon*  
 per Arun Tandon  
 Partner



*Ritika Sati*  
 Ritika Sati  
 Company Secretary  
 Membership No. ACS 24016

*Dr Manoj Vaish*  
 Dr Manoj Vaish  
 Director

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

*Vipin Jain*  
 Vipin Jain  
 Chief Financial Officer

*Arvind Hali*  
 Arvind Hali  
 Managing Director and  
 Chief Executive Officer

ART Affordable Housing Finance (India) Limited  
 [formerly known as RAAS Affordable Housing Finance (India) Limited]  
 Consolidated Statement of Profit and Loss for the year ended 31 March 2017  
 (All amounts in rupees unless otherwise stated)

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
<b>Revenue</b>			
Revenue from operations	16	10,49,14,320	6,90,10,096
Other income	17	1,04,13,046	1,25,78,312
<b>Total revenue</b>		<b>11,53,27,366</b>	<b>8,15,88,408</b>
<b>Expenses</b>			
Employee benefits expense	18	11,11,47,514	7,32,74,409
Finance costs	19	25,02,513	20,89,520
Depreciation and amortisation expense	10	1,43,00,666	22,62,647
Other expenses	20	6,14,57,559	3,01,62,201
<b>Total expenses</b>		<b>18,94,08,252</b>	<b>10,77,88,777</b>
<b>Loss before tax</b>		<b>(7,40,80,886)</b>	<b>(2,62,00,369)</b>
Tax expense			
-Deferred tax benefit		(2,24,18,777)	(55,95,346)
<b>Loss for the year</b>		<b>(5,16,62,109)</b>	<b>(2,06,05,023)</b>
<b>Earnings per share</b>	21		
- Basic/diluted		0.51	0.27

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.

*Walker Chandniok & Associates*  
 For Walker Chandniok & Associates  
 Chartered Accountants

*Arun Tandon*  
 per Arun Tandon  
 Partner



*Ritika Sati*  
 Ritika Sati  
 Company Secretary  
 Membership No. ACS 24016

*Dr Manoj Vaish*  
 Dr Manoj Vaish  
 Director

DIN 00157082

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

*Vipin Jain*  
 Vipin Jain  
 Chief Financial Officer

*Arvind Hali*  
 Arvind Hali  
 Managing Director and  
 Chief Executive Officer  
 DIN 05285114

Place : New Delhi  
 Date : 2 May 2017

ART Affordable Housing Finance (India) Limited  
 [formerly known as RAAS Affordable Housing Finance (India) Limited]  
 Consolidated Cash Flow Statement for the year ended 31 March 2017  
 (All amounts in rupees unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
<b>Cash flow from operating activities:</b>		
Loss before tax	(7,40,80,886)	(2,62,00,369)
<b>Adjustments for:</b>		
Depreciation and amortisation expense	1,43,00,666	22,62,647
(Profit)/ loss on sale of fixed assets	(2,210)	2,92,067
Interest income	-	(4,901)
Finance costs	25,02,513	20,89,520
Excess liability written back	(17,41,594)	-
Gain on mutual fund redemption	(82,09,978)	(1,23,63,152)
General provision for standard assets	10,92,448	23,81,116
Bad debts written off	51,23,581	-
Provision for sub-standard, doubtful and loss assets	8,98,700	-
<b>Operating loss before working capital changes</b>	<b>(6,01,16,760)</b>	<b>(3,15,43,072)</b>
<b>Adjustments for:</b>		
Loans disbursed (net)	(21,40,92,652)	(56,48,61,718)
(Increase) in other loans and advances and other current assets	(37,63,247)	(70,91,154)
Increase/ (decrease) in other current liabilities and provisions	9,35,82,343	(3,78,81,216)
Increase in long-term liabilities	5,37,857	43,00,383
<b>Net cash used in operating activities</b>	<b>(18,38,52,459)</b>	<b>(63,70,76,777)</b>
<b>Cash flow from investing activities:</b>		
Purchase of fixed assets (including capital work in progress and capital advances)	(4,59,88,309)	(7,03,62,822)
Proceeds from disposal of fixed assets	27,65,516	3,50,000
Decrease in deposits with banks	(17,97,249)	45,89,412
Proceeds from redemption of current investments, net	82,09,978	10,31,63,152
Interest received	-	1,066
<b>Net cash generated from/(used in) investing activities</b>	<b>(3,68,10,064)</b>	<b>3,77,40,808</b>
<b>Cash flow from financing activities:</b>		
Proceeds from issuance of share capital	15,00,00,000	50,00,00,000
Proceeds from long term borrowings	1,70,00,000	1,05,00,000
<b>Net cash generated from financing activities</b>	<b>16,70,00,000</b>	<b>51,05,00,000</b>
<b>Net (decrease) in cash and cash equivalents</b>	<b>(5,36,62,523)</b>	<b>(8,88,35,969)</b>
Cash and cash equivalents at the beginning of the year	8,39,19,090	17,27,55,059
Cash and cash equivalents at the end of the year	3,02,56,567	8,39,19,090
	<b>(5,36,62,523)</b>	<b>(8,88,35,969)</b>

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

*Walker Chandniok & Associates*

For Walker Chandniok & Associates

Chartered Accountants

*Arun Tandon*  
 per Arun Tandon  
 Partner



*Ritika Sati*

Ritika Sati  
 Company Secretary  
 Membership No. ACS 24016

*Dr Manoj Vaish*

Dr Manoj Vaish  
 Director

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

*Vipin Jain*  
 Vipin Jain  
 Chief Financial Officer

*Arvind Hali*  
 Arvind Hali  
 Managing Director and  
 Chief Executive Officer  
 DIN: 05285114

Place : New Delhi  
 Date : 2 May 2017

DIN: 00157082



ART Affordable Housing Finance (India) Limited

[formerly known as RAAS Affordable Housing Finance (India) Limited]

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2017

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.

### 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.

#### 2.1 Summary of significant accounting policies

##### a) Use of estimates

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

##### b) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the 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 accrual basis taking into account the amount outstanding and the rate applicable.
- iv. Dividend income is recognised when the Group's right to receive dividend is established by the reporting date.



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**ART Affordable Housing Finance (India) Limited**

[formerly known as RAAS Affordable Housing Finance (India) Limited]

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2017

**c) Classification and provisioning of loan portfolio**

(i) Loans and other credit facilities are classified as standard, sub-standard, doubtful and loss assets in accordance with the extant Housing Finance Companies, (NHB) Directions, 2010, as amended from time to time.

(ii) Loans are provided for as per the management's estimates, subject to the minimum provision required as per the extant Housing Finance Companies, (NHB) Directions, 2010, as amended from time to time.

**d) Investments**

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

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

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

**e) Fixed assets**

**Tangible**

Fixed assets (gross block) are stated at historical cost less accumulated depreciation and impairment (if any). Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Capital expenditure incurred on rented properties is classified as 'Leasehold improvements' under fixed assets.

**Intangible**

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

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



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**ART Affordable Housing Finance (India) Limited**

[formerly known as RAAS Affordable Housing Finance (India) Limited]

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2017

*Provident fund*

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

*Gratuity*

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

*Compensated absences*

The Parent Company also provides benefits of compensated absences to its employees which are in the nature of other long term benefit plan. The compensated absences comprises vesting as well as non vesting benefit. Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using projected unit credit method as on the reporting date.

*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 Parent Company will pay taxes on future incomes against which such deferred tax asset may be adjusted.



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**ART Affordable Housing Finance (India) Limited**

[formerly known as RAAS Affordable Housing Finance (India) Limited]

Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2017

**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 Statement of Profit and Loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**k) Earnings per share**

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

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

**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.

*(This space has been intentionally left blank)*



(All amounts in rupees, unless otherwise stated)

## 3 Share capital

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
Equity shares of Rs. 10 each	11,50,00,000	1,15,00,00,000	10,00,00,000	1,00,00,00,000
<b>Issued, subscribed and fully paid up capital</b>				
Equity shares of Rs. 10 each	11,50,00,000	1,15,00,00,000	10,00,00,000	1,00,00,00,000

## a) Terms/ rights attached to equity shares

The Parent 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 Parent Company, holders of equity shares will be entitled to receive remaining assets of the Parent Company after settlement of all the liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	10,00,00,000	1,00,00,00,000	5,00,00,000	50,00,00,000
Add: Shares issued during the year	1,50,00,000	15,00,00,000	5,00,00,000	50,00,00,000
Shares outstanding at the end of the year	11,50,00,000	1,15,00,00,000	10,00,00,000	1,00,00,00,000

## c) Details of shares held by the Holding Company \*

	As at 31 March 2017		As at 31 March 2016	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Capital (India) Private Limited, the Holding Company	9,99,99,900	86.96% <sup>a</sup>	9,99,99,900	99.99% <sup>a</sup>

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

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

	As at 31 March 2017		As at 31 March 2016	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Consumer and Business Finance (India) Private Limited	1,50,00,000	13.04% <sup>a</sup>		

\* As per the records of the Parent 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) Details of shareholders holding more than 5% of equity share capital of the Parent Company \*

	As at 31 March 2017		As at 31 March 2016	
	Number of shares held	% of holding	Number of shares held	% of holding
ART Capital (India) Private Limited, the Holding Company	9,99,99,900	86.96% <sup>a</sup>	9,99,99,900	99.99% <sup>a</sup>
ART Consumer and Business Finance (India) Private Limited	1,50,00,000	13.04% <sup>a</sup>		

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

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



(All amounts in rupees, unless otherwise stated)

4 Reserves and surplus

Deficit as per Statement of Profit and Loss

Opening balance as at the beginning of the year  
 Net loss for the year  
 Closing balance as at the end of the year

As at 31 March 2017	As at 31 March 2016
(5,09,97,679)	(3,03,92,656)
(5,16,62,109)	(2,06,05,023)
<u>(10,26,59,788)</u>	<u>(5,09,97,679)</u>

Statutory reserve (As per the Section 29C of the National Housing Bank Act, 1987)

Opening balance as at the beginning of the year  
 Add: Transfer from the statement of profit and loss  
 Less: Utilised during the year  
 Closing balance as at the end of the year

<u>(10,26,59,788)</u>	<u>(5,09,97,679)</u>

5 Long-term borrowings

Secured  
 Term loan from banks  
 Less: Current maturities of long term loans (refer note 8)

2,75,00,000	1,05,00,000
1,75,00,000	
<u>1,00,00,000</u>	<u>1,05,00,000</u>

Repayment terms and security for the outstanding long-term borrowings

i) Term loan amounting to Rs. 10,000,000 from Tamilnad Mercantile Bank carries an interest of Marginal Cost of Fund Based Lending Rate (MCLR) plus 1.45%. It is repayable in 20 equal quarterly instalments after a moratorium period of 24 months commencing from 31 December 2017.

ii) Term loan amounting to Rs 7,500,000 from IDCB Bank Ltd carries an interest of MCLR plus 0.07%. It is repayable in 16 equal quarterly instalments after a moratorium period of 6 months commencing from 31 August 2017.

iii) Term loan amounting to Rs. 10,000,000 from Punjab and Sind Bank Ltd carries an interest of MCLR plus 0.95%. It is repayable in 20 equal quarterly instalments after a moratorium period of 24 months commencing from 30 June 2019.

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

6 Other long-term liabilities

Lease equalization reserve

As at 31 March 2017	As at 31 March 2016
48,38,240	43,00,383
<u>48,38,240</u>	<u>43,00,383</u>

7 Long-term provisions

Provision for employee benefits (refer note below)  
 Contingent provisions against loans (standard assets)  
 [refer note 25 and 28 VIII (c)]  
 Provision for sub standard, doubtful and loss assets  
 [refer note 25 and 28 VIII (c)]

19,02,139	7,38,589
41,51,110	29,07,537
8,98,700	
<u>69,51,949</u>	<u>36,46,126</u>



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(All amounts in rupees, unless otherwise stated)

## a) Employee benefits

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

## Gratuity (unfunded)

	As at 31 March 2017	As at 31 March 2016
(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	5,22,985	4,14,537
Interest cost	36,609	31,090
Current service cost	5,32,675	2,66,832
Actuarial gain on obligations	(1,97,224)	(1,89,474)
Present value of obligation as at the end of the year	<u>8,95,045</u>	<u>5,22,985</u>

(ii) Breakup of the expense recognized in the statement of profit and loss is as follows:-

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	5,32,675	2,66,832
Interest cost	36,609	31,090
Actuarial gain on obligations	(1,97,224)	(1,89,474)
Total expense recognised in the statement of profit and loss	<u>3,72,060</u>	<u>1,08,448</u>

(iii) Assumptions used

	As at 31 March 2017	As at 31 March 2016
Discount rate	7.00%	7.50%
Future salary increase rate	10.00%	10.00%
Mortality	IAI.M 2006-08 Ultimate	IAI.M 2006-08 Ultimate

## Compensated absences (unfunded)

	As at 31 March 2017	As at 31 March 2016
(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	3,04,320	1,86,150
Interest cost	21,302	13,961
Current service cost	9,28,372	2,00,520
Actuarial gain on obligations	(28,956)	(96,311)
Present value of obligation as at the end of the year	<u>12,25,038</u>	<u>3,04,320</u>

(ii) Breakup of the expense recognized in the statement of profit and loss is as follows:-

	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	9,28,372	2,00,520
Interest cost	21,302	13,961
Actuarial gain on obligations	(28,956)	(96,311)
Total expense recognised in the statement of profit and loss	<u>9,20,718</u>	<u>1,18,170</u>

	As at 31 March 2017	As at 31 March 2016
--	------------------------	------------------------

## 8 Other current liabilities

Current maturities of long term loan from banks (refer note 5)	1,75,00,000	
Employee related payables	44,81,760	46,12,896
Advance from customers	13,55,386	4,34,769
Statutory dues	5,19,770	2,48,025
Temporary book overdraft*	8,12,02,885	
Other accrued liabilities	1,25,87,051	18,00,678
	<u>11,76,46,852</u>	<u>70,96,368</u>

\* temporary book overdraft of Rs. 81,202,885 (previous year- nil) represents cheques issued towards disbursements to borrowers for Rs 76,305,168 (previous year - nil) and cheques issued for payment of expenses of Rs. 4,897,717 (previous year - nil), but not encashed as at 31 March 2017.

## 9 Short-term provisions

Provision for employee benefits (Refer note 7(a))	2,17,944	88,716
Contingent provisions against loans (standard assets) refer note 25 and 28 VIII (c)]	1,78,625	3,29,750
	<u>3,96,569</u>	<u>4,18,466</u>



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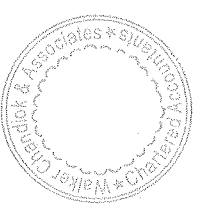
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ART Affordable Housing Finance (India) Limited  
 [formerly known as RAAS Affordable Housing Finance (India) Limited]  
 Summary of significant accounting policies and other explanatory information to the financial statements for the period ended 31 March 2017  
 (All amounts in rupees, unless otherwise stated)

10 Fixed assets

Gross block	Tangible assets				Intangible assets				Grand total
	Computer equipments	Furniture and fixtures	Office equipments	Vehicles	Plant & Machinery	Leasehold improvements	Total	Computer software	
Balance as at 31 March 2015	15,99,587	1,66,400	1,26,987	-	-	-	18,92,974	1,04,400	19,97,374
Additions	24,82,554	3,75,345	5,84,377	49,27,320	-	10,21,249	93,91,045	18,36,088	1,14,47,133
Disposals	-	-	-	7,19,320	-	-	7,19,320	-	7,19,320
Balance as at 31 March 2016	40,82,141	7,41,945	7,11,364	42,08,000	-	10,21,249	1,07,64,699	19,60,488	1,27,25,187
Additions	1,48,38,411	1,89,36,318	1,61,07,334	20,00,000	33,83,483	4,69,10,371	9,61,75,917	51,23,387	10,13,01,304
Disposals	-	-	10,395	38,30,000	-	-	38,60,395	-	38,60,395
Balance as at 31 March 2017	1,89,20,552	1,96,78,263	1,68,08,303	23,58,000	33,83,483	4,19,31,620	10,30,80,221	70,86,075	11,01,66,296
Accumulated depreciation and amortisation									
Balance as at 31 March 2015	2,65,901	5,272	3,805	-	-	-	2,74,978	16,336	2,91,314
Charge for the year	10,18,936	48,242	81,957	8,08,825	-	1,98,654	21,56,614	1,96,033	22,62,647
Adjustments on disposal of assets	-	-	-	77,253	-	-	77,253	-	77,253
Balance as at 31 March 2016	12,84,837	53,514	85,762	7,31,572	-	1,98,654	23,54,339	1,22,369	24,76,708
Charge for the year	30,69,532	14,07,982	12,31,279	10,91,097	1,69,080	63,89,145	1,33,58,115	9,42,551	1,43,00,666
Adjustments on disposal of assets	-	-	2,210	10,94,879	-	-	10,97,089	-	10,97,089
Balance as at 31 March 2017	43,54,369	14,61,496	13,14,831	7,27,790	1,69,080	65,87,799	1,46,15,365	10,64,920	1,56,80,285
Net block									
Balance as at 31 March 2016	27,97,304	6,88,431	6,25,602	34,76,428	-	8,22,595	84,10,360	18,38,119	1,02,48,479
Balance as at 31 March 2017	1,45,66,183	1,82,16,767	1,54,93,472	16,30,210	32,14,403	3,53,43,821	8,84,64,856	60,21,155	9,44,86,011

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(All amounts in rupees, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016
<b>11 Deferred tax asset, net</b>		
Deferred tax asset/(liabilities) arising on account of timing difference on:		
Unabsorbed business loss and depreciation	3,99,87,198	1,72,17,110
Provision for lease equalisation	14,95,016	13,28,818
Provision for standard assets, sub-standard, doubtful and loss assets	16,15,586	
Preoperative and preliminary expenses	4,26,198	6,39,716
Provision for employee benefits	6,55,106	2,55,637
Difference between written down value of assets as per Companies Act and Income-tax Act	(28,14,266)	(4,95,049)
	<u>4,13,65,038</u>	<u>1,89,46,262</u>
<b>Note</b>		
The recognition of deferred tax assets is supported by the existing portfolio of housing loans and other loans being carried on in the books of the Parent Company.		
<b>12 Long-term loans and advances</b>		
(Considered good)		
<b>Housing loans</b>		
Secured		
- Individuals	62,20,61,311	53,84,39,906
<b>Others loans</b>		
Secured		
- Individuals	31,36,77,982	14,58,60,703
- Others	47,20,145	48,43,000
(Unsecured and considered good)		
Security deposits	68,28,700	59,64,645
Capital advances	12,04,000	22,00,795
Prepaid income tax	13,52,096	14,73,599
	<u>94,98,44,234</u>	<u>69,87,82,648</u>
	As at 31 March 2017	As at 31 March 2016
<b>13 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
Cash in hand		4,009
Bank balances in		
- Current accounts	1,01,06,567	23,65,081
- Deposits with original maturity upto three months	2,01,50,000	8,15,50,000
	<u>3,02,56,567</u>	<u>8,39,19,090</u>
<b>Other bank balances</b>		
Deposits with maturity more than three months but less than twelve months	2,82,07,356	2,64,10,196
	<u>5,84,63,923</u>	<u>11,03,29,196</u>



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(All amounts in rupees, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016
<b>14 Short-term loans and advances</b>		
(Considered good)		
<b>Housing loans</b>		
Secured		
- Individuals	1,60,69,664	1,39,62,780
- Others		
<b>Other loans</b>		
Secured		
- Individuals	1,42,77,191	75,36,822
- Others	1,41,623	1,04,801
(Unsecured and considered good)		
Loan - others	52,02,012	5,64,32,842
Advances recoverable in cash or in kind or for value to be received	25,45,057	3,91,508
(Unsecured)		
Security deposits	5,01,344	
Balances with government authorities	13,00,196	6,20,978
	<u>4,00,37,084</u>	<u>7,90,49,731</u>
<b>15 Other current assets</b>		
Interest receivable	5,58,473	
Interest accrued on fixed deposits	20,565	8,92,454
	<u>5,79,038</u>	<u>8,92,454</u>



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(All amounts in rupees, unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
<b>16 Revenue from operations</b>		
Interest on housing loans and other loans	8,51,08,629	5,75,68,966
Interest income on deposits with banks	42,87,850	56,78,869
Fees and other charges	1,55,17,841	57,62,261
	<u>10,49,14,320</u>	<u>6,90,10,096</u>
<b>17 Other income</b>		
Gain on mutual fund redemption	82,09,978	1,23,63,152
Excess liability written back	17,41,594	
Interest income		4,901
Profit on sale of assets	2,210	
Miscellaneous income	4,59,264	2,10,259
	<u>1,04,13,046</u>	<u>1,25,78,312</u>
<b>18 Employee benefits expense</b>		
Salaries, wages and bonus	10,56,85,351	6,97,16,892
Contribution to provident fund and other funds	42,50,379	24,63,335
Contribution to gratuity (Refer note 7(a))	3,72,060	1,08,448
Staff welfare expenses	8,39,724	9,85,734
	<u>11,11,47,514</u>	<u>7,32,74,409</u>
<b>19 Finance costs</b>		
Interest expense	12,95,951	6,76,955
Processing fees	12,06,562	14,12,565
	<u>25,02,513</u>	<u>20,89,520</u>
<b>20 Other expenses</b>		
Rent	1,55,08,206	43,31,182
Rates and taxes	16,98,075	57,72,008
Electricity	32,03,853	12,24,944
Directors sitting fees	4,60,000	1,80,000
Legal and professional charges	96,64,190	41,98,436
Office maintenance expenses	55,25,103	10,54,421
Security expenses	9,05,838	10,21,240
Insurance expenses	5,97,719	2,28,257
Membership and fees	1,13,549	1,41,070
Commission expenses	25,04,859	36,17,745
Communication expenses	36,11,088	11,76,917
General provision for standard assets	10,92,448	23,81,116
Provision for sub-standard assets	8,98,700	
Loss of sale of fixed assets		2,92,067
Bad debts written off	51,23,581	
Advertisement and business promotion expenses	23,74,720	14,00,572
Travelling and conveyance	43,78,900	14,46,205
Recruitment charges	20,78,099	8,30,650
Miscellaneous expenses	17,18,631	9,54,471
	<u>6,14,57,559</u>	<u>3,01,62,201</u>
<b>21 Earnings per share - Basic and diluted</b>		
<b>(a) Computation of loss for computing</b>		
Net loss after tax available for equity shareholders	5,16,62,109	2,06,05,023
<b>(b) Computation of weighted average number of shares</b>		
Basic/ diluted (in nos.)	10,11,91,781	7,56,01,093
<b>(c) Nominal value of equity share</b>	10	10
<b>(d) Earnings per share</b>		
- Basic/diluted	0.51	0.27



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(All amounts in rupees, unless otherwise stated)

## 22 Related party disclosures

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

Holding Company	: M/s ART Capital (India) Private Limited [formerly known as RAAS Capital (India) Private Limited]
Subsidiary of Holding Company	: M/s ART Consumer and Business Finance (India) Private Limited
Key management personnel (KMP)	: Raakhe K Tandon, Director : Rajat Baldhi, Managing Director and Chief Executive Officer (Up to 21 June 2016) : Dr Manoj Vaish, Interim Chief Executive Officer (From 20 June 2016 to 4 July 2016) : Arvind Hali, Managing Director and Chief Executive Officer (From 4 July 2016 to date)
Other entities in which key management personnel or their relatives have significant influence	: Best Networks Private Limited : Neube Planning and Design Private Limited : PAFM Security Solutions Private Limited : Petra Asset and Facility Management Private Limited : RAVI Renewable Energy & Lighting India Private Limited : Rural Agri Ventures 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 2017	For the year ended 31 March 2016
<b>Transactions during the year</b>		
<b>Holding Company</b>		
M/s ART Capital (India) Private Limited [formerly known as RAAS Capital (India) Private Limited]		
Issue of share capital	25,00,00,000	50,00,00,000
Corporate guarantee received for borrowings		
<b>Subsidiary of Holding Company</b>		
M/s ART Consumer and Business Finance (India) Private Limited		
Issue of share capital	15,00,00,000	
<b>Key management personnel</b>		
Remuneration paid		
Rajat Baldhi	55,27,025	1,00,50,251
Raakhe K Tandon	6,87,274	17,74,020
Arvind Hali	88,87,420	
<b>Other entities in which key management personnel or their relative has significant influence</b>		
<b>Reimbursement of expenses paid</b>		
Best Networks Private Limited	19,94,601	65,74,864
<b>Reimbursement of expenses received</b>		
RAVI Renewable Energy & Lighting India Private Limited	6,48,021	
Rural Agri Ventures India Private Limited	6,71,021	
<b>Fixed assets/ Capital work in progress</b>		
Neube Planning and Design Private Limited	1,39,85,869	4,86,26,597
Petra Asset and Facility Management Pvt Ltd	1,71,105	
<b>Payment of office maintenance and security expenses</b>		
PAFM Security Solutions Private Limited	7,76,780	5,34,738
Petra Asset and Facility Management Pvt Ltd	23,41,577	1,08,579
<b>Balance outstanding as at the end of year</b>		
<b>Key management personnel</b>		
<b>Remuneration payable</b>		
Rajat Baldhi		30,00,000
<b>Other entities in which key management personnel or their relative has significant influence</b>		
<b>Retention money payable</b>		
Neube Planning and Design Private Limited	23,35,982	
<b>Payable for expenses</b>		
PAFM Security Solutions Private Limited	50,431	1,34,276
Petra Asset and Facility Management Pvt Ltd	1,02,300	15,858
Neube Planning and Design Private Limited	25,99,519	2,15,517

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 Parent Company as a whole and provision for variable pay as the amount payable is unknown.

## 23 Payments to statutory auditors

	For the year ended 31 March 2017	For the year ended 31 March 2016
As auditors	2,25,000	1,50,000
Other services	75,000	75,000
For reimbursement of expenses	16,600	18,750
Service tax	45,000	22,294
	<b>3,61,600</b>	<b>2,66,044</b>

## 24 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 Rs Nil (previous year Rs 19,900,040).



ART Affordable Housing Finance (India) Limited  
 [formerly known as RAAS Affordable Housing Finance (India) Limited]  
 Summary of significant accounting policies and other explanatory information to the consolidated financial statements for the year ended 31 March 2017

(All amounts in rupees, unless otherwise stated)

25. Reconciliation of provisions

	As at 31 March 2017	As at 31 March 2016
<b>Contingent provision against loans</b>		
Balance at the beginning of the year	32,37,287	8,56,171
Provisions made during the year	10,92,447	23,81,116
Balance at the end of the year	43,29,734	32,37,287
<b>Provision for sub standard assets, doubtful or loss assets</b>		
Provisions made during the year	8,98,700	
Balance at the end of the year	8,98,700	

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

	As at 31 March 2017	As at 31 March 2016
Rent payable not later than one year	1,58,06,040	1,61,06,040
Rent payable later than one year but not later than five years	6,11,16,688	6,97,07,334
Rent payable later than five years		75,73,728

(ii) Lease payments under operating leases are recognised as an expense in the Statement of Profit and Loss as rentals, out of which an amount of Rs 4,093,623 (previous year Rs 9,791,482) has been capitalised as capital work in progress.

27 Details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil	Nil
<b>Closing cash in hand as on 30 December 2016</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

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(All amounts in rupees, unless otherwise stated)

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

**I Capital**

	As at 31 March 2017	As at 31 March 2016
(i) Capital to Risk Asset Ratio - CRAR (%)	127.44%	149.05%
(ii) CRAR-Tier I Capital (%)	126.89%	148.53%
(iii) CRAR-Tier II Capital (%)	0.55%	0.52%
(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 NHB Act, 1987****Particulars**

	For the year ended 31 March 2017	For the year ended 31 March 2016
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**Balance at the beginning of the year**

- a) Statutory reserve under section 29C of the National Housing Bank Act, 1987
- b) Amount of special reserve under section 36(1)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987

Nil	Nil
Nil	Nil

- c) Total

Nil	Nil
-----	-----

**Addition / Appropriation / Withdrawal during the year****Add:**

- a) Amount transferred under section 29C of the NHB Act, 1987
- b) Amount of special reserve under section 36(1)(viii) of Income-tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987

Nil	Nil
Nil	Nil

**Less:**

- a) Amount appropriated from the statutory reserve under section 29C of the NHB Act, 1987
- 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
Nil	Nil

**Balance at the end of the year**

- a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987
- b) Amount of special reserve u/s 36(1)(viii) of Income -tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987

Nil	Nil
Nil	Nil

- c) Total

Nil	Nil
-----	-----

Note: As the Parent Company did not have profits as on date, no reserve fund is created

**III Investments****Particulars**

	As at 31 March 2017	As at 31 March 2016
--	------------------------	------------------------

**Value of investments****(i) Gross value of investments**

- (a) In India

5,00,000	5,00,000
----------	----------

- (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

5,00,000	5,00,000
----------	----------

- (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
-----	-----



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(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 transactions under derivatives during the year/ previous year

	As at 31 March 2017	As at 31 March 2016
	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) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)

Note: There are no transactions under derivatives during the year/ previous year

	As at 31 March 2017	As at 31 March 2016
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil

Disclosures on risk exposure in derivatives

c. 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 transactions under derivatives the year/ previous year

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

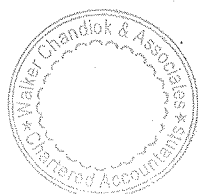
V Securitisation

a. Particulars

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

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

	Numbers	Amount
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil
	Nil	Nil



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(All amounts in rupees, unless otherwise stated)

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

Particulars	As at 31 March 2017	As at 31 March 2016
(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 years	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 2017	As at 31 March 2016
(i) Number of accounts	Nil	Nil
(ii) Aggregate value (net of provisions) of accounts assigned	Nil	Nil
(iii) Aggregate consideration	Nil	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	Nil	Nil

Note: There are no assignment transactions during the 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 2017	As at 31 March 2016
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	31 March 2017	31 March 2016
1. Number of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

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

	Liabilities		Assets	
	Borrowings from banks	Market borrowings	Advances	Investments
1 day to 30-31 days (one month)	-	-	24,50,707	-
Over one month to 2 months	-	-	24,12,480	-
Over 2 months upto 3 months	-	-	76,46,867	-
Over 3 months to 6 months	31,25,000	-	74,77,788	-
Over 6 months to 1 year	1,43,75,000	-	1,57,08,645	-
Over 1 year to 3 years	1,00,00,000	-	7,32,25,282	-
Over 3 years to 5 years	-	-	8,49,72,036	-
Over 5 years to 7 years	-	-	10,14,09,266	-
Over 7 years to 10 years	-	-	19,12,31,414	-
Over 10 years	-	-	48,96,21,438	5,00,000
Total	2,75,00,000	-	97,61,49,924	5,00,000



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(All amounts in rupees, unless otherwise stated)

## Maturity pattern of certain items of assets and liabilities

31 March 2016

	Liabilities		Assets	
	Borrowings from banks	Market borrowings	Advances	Investments
1 day to 30-31 days (one month)	-	-	5,81,38,653	-
Over one month to 2 months	-	-	17,22,444	-
Over 2 months upto 3 months	-	-	17,39,240	-
Over 3 months to 6 months	-	-	53,29,167	-
Over 6 months to 1 year	-	-	1,11,16,741	-
Over 1 year to 3 years	1,05,00,000	-	4,99,54,322	-
Over 3 years to 5 years	-	-	5,76,85,407	-
Over 5 years to 7 years	-	-	6,20,95,297	-
Over 7 years to 10 years	-	-	11,42,89,525	-
Over 10 years	-	-	40,51,19,058	5,00,000
<b>Total</b>	<b>1,05,00,000</b>	<b>-</b>	<b>76,71,80,855</b>	<b>5,00,000</b>

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

## VII Exposure

## a. Exposure to Real Estate Sector

## Category

	As at 31 March 2017	As at 31 March 2016
--	------------------------	------------------------

## 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
- Others

27,30,92,231	5,64,69,995
62,02,30,855	62,61,84,052

## 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.).

7,76,24,827	2,80,93,965
-------------	-------------

## iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures

- a. Residential
- b. Commercial Real Estate

Nil	Nil
Nil	Nil

## b. Indirect exposure

Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)

Nil	Nil
-----	-----

(This space has been intentionally left blank)



*(All amounts in rupees, unless otherwise stated)*

## b. Exposure to Capital Market

## Particulars

	As at 31 March 2017	As at 31 March 2016
(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
<b>Total exposure to Capital Market</b>	Nil	Nil

## c. Details of Financing of the 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 2017For the year ended  
31 March 2016

## 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 ICRA has reaffirmed the Rating as  
BBB*(This space has been intentionally left blank)*



(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 2017	For the year ended 31 March 2016
1. Provisions for depreciation on Investment	Nil	Nil
2. Provision made towards Income tax	Nil	Nil
3. Provision towards sub standard, doubtful and loss assets	8,98,700	Nil
4. Provision for standard assets (with details like teaser loan, CRE, CRE -RII etc)		
Teaser loans	Nil	Nil
CRE	3,88,731	2,53,986
CRE -RII	75,106	26,954
Other standard assets	6,28,610	21,00,170
5. Other provision and contingencies (with details)		
Gratuity, compensated absences	12,92,778	4,12,768
Employee benefits	44,81,760	46,12,896
Provision for expenses	99,50,750	15,88,245

## e. Break up of loan and advances and provisions thereon

Particulars	Housing loans		Non-Housing loans	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
<b>Standard assets</b>				
a) Total outstanding amount	63,71,69,024	55,24,02,686	33,35,48,040	21,47,78,169
b) Provisions made	26,09,912	22,25,783	17,19,822	10,11,504
<b>Sub-standard assets</b>				
a) Total outstanding amount	15,20,421	Nil	44,70,913	Nil
b) Provisions made	2,28,063	Nil	6,70,637	Nil
<b>Doubtful assets – Category-I</b>				
a) Total outstanding amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
<b>Doubtful assets – Category-II</b>				
a) Total outstanding amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
<b>Doubtful assets – Category-III</b>				
a) Total outstanding amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
<b>Loss assets</b>				
a) Total outstanding amount	Nil	Nil	Nil	Nil
b) Provisions made	Nil	Nil	Nil	Nil
<b>Total</b>				
a) Total outstanding amount	63,86,89,445	55,24,02,686	33,80,18,953	21,47,78,169
b) Provisions made	28,37,975	22,25,783	23,90,459	10,11,504

## Concentration of public deposits, advances, exposures and NPAs

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

Particulars	As at 31 March 2017	As at 31 March 2016
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 2017	As at 31 March 2016
Total loans and advances to twenty largest borrowers	12,71,55,426	26,83,47,219
Percentage of loans and advances to twenty largest borrowers to total advances of the HFC	13.02	34.98

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

Particulars	As at 31 March 2017	As at 31 March 2016
Total exposure to twenty largest borrowers / customers	13,02,66,460	27,11,50,665
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers/ customers	11.06	30.95

## i. Concentration of NPAs

Particulars	As at 31 March 2017	As at 31 March 2016
Total exposure to top ten NPA accounts	59,91,334	

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



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(All amounts in rupees, unless otherwise stated)

Particulars	As at 31 March 2017	As at 31 March 2016
<b>A. Housing loans:</b>		
1. Individuals	0.24 <sup>00</sup>	
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil
<b>B. Non-Housing loans:</b>		
1. Individuals	1.34 <sup>00</sup>	Nil
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil
<b>k. Movement of NPAs</b>		
<b>Particulars</b>	<b>For the year ended 31 March 2017</b>	<b>For the year ended 31 March 2016</b>
(I) Net NPAs to net advances <sup>(%)</sup>	0.52 <sup>00</sup>	Nil
II) Movement of NPAs (Gross)		
a) Opening balance	Nil	Nil
b) Additions during the year	1,11,14,915	Nil
c) Reductions during the year	51,23,581	Nil
d) Closing balance	59,91,334	Nil
(III) Movement of net NPAs		
a) Opening balance	Nil	Nil
b) Additions during the year	50,92,634	Nil
c) Reductions during the year		Nil
d) Closing balance	50,92,634	Nil
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	Nil	Nil
b) Provisions made during the year	60,22,281	Nil
c) Write-off/write-back of excess provisions	51,23,581	Nil
d) Closing balance	8,98,700	Nil
<b>l. Overseas assets</b>		
<b>Particulars</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>
None	Nil	Nil
<b>m. Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)</b>		
<b>Particulars</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>
None	Nil	Nil



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(All amounts in rupees, unless otherwise stated)

## 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 2017	As at 31 March 2016
a)	Nil	Nil
b)	8	16
c)	8	16
d)	Nil	Nil

## 29 Additional information to consolidated financial statements as at 31 March 2017 (Pursuant to Schedule III to the Act):

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share in loss	
	Amount	As a % of consolidated net assets	Amount	As a % of consolidated profit and loss
<b>Parent Company</b>				
ART Affordable Housing Finance (India) Limited	1,04,70,14,658	99.97%	(5,16,00,499)	99.88%
<b>Subsidiary</b>				
RAAS Distribution (India) Private Limited	3,25,554	0.03%	(61,610)	0.12%
<b>Total</b>	<b>1,04,73,40,212</b>	<b>100.00%</b>	<b>(5,16,62,109)</b>	<b>100.00%</b>

## 30 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.

*Walker Chandok & Associates*

For Walker Chandok & Associates  
Chartered Accountants

*Arun Tandon*  
per Arun Tandon  
Partner



Place : New Delhi  
Date : 2 May 2017

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

*Dr Manoj Vaish*  
Dr Manoj Vaish  
Director

DIN 00157082

*Vipin Jain*  
Vipin Jain  
Chief Financial Officer

*Arvind Halli*  
Arvind Halli  
Managing Director and  
Chief Executive Officer  
DIN 0525114