

*Annual Report*  
2022 – 2023

*of*

*ART Housing Finance (India) Limited*

**Independent Auditor's Report**

**To the Members of ART Housing Finance (India) Limited**

**Report on the Audit of the Ind AS Financial Statements**

**Opinion**

We have audited the accompanying Ind AS financial statements of **ART Housing Finance (India) Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2023, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the Ind AS financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Emphasis of Matter**

1. Attention is drawn to Note No. 4 and 5, wherein, during the earlier financial year, a FIR was registered by Central Bureau of Investigation (CBI), on 7<sup>th</sup> March 2020 against the promoters and Group Companies. On the Basis of the aforesaid FIR, Enforcement Directorate (ED) also filed an ECIR dated 7<sup>th</sup> March 2020 and thereafter a Charge sheet as well as supplementary charge sheet on the same day and was carrying out investigations in this regard. Also, during the earlier year, Provisional Attachment Orders were issued by ED, attaching the bank accounts and fixed deposits of the Company having a balance of Rs. 5263.59 Lacs. The Company had, subsequently, filed a petition in Honorable Delhi High Court for release of these funds. Accordingly, the Honourable Delhi High Court vide order dated 10<sup>th</sup> June 2020 gave liberty to the Company to operate its bank accounts mentioned in the impugned provisional attachment order subject to the amount attached by the ED.





The management had also, in the previous year, initiated the adjudication process as per the provision of PMLA with the Adjudication Authority, PMLA, New Delhi.

- Further, vide another order of the Honourable Delhi High Court, dated 25<sup>th</sup> September 2020, an amount of Rs 4285.33 Lacs was released by the bank, in favour of National Housing Bank (NHB) towards settlement of loan availed by the Company in the previous year. As on the close of the current financial year an amount of Rs. 978.26 Lacs stands attached by the ED.

### Key Audit Matters

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

| Key Audit Matter   | Auditor's Response  |
|--|---|
| <p><u>Subjective Estimate</u></p> <p><b>1. Recognition and measurement of impairment relating to loans and advances to customer involves significant management judgement.</b></p> <p>As per Ind AS 109 credit loss assessment is now based on Expected Credit Loss (ECL) Model and applicable to the Company.</p> <p>The Impairment Loss provision is computed based on management estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on range of factors.</p> <p>The most significant areas involving significant measures estimates are:</p> <ul style="list-style-type: none"> <li>• Loan Staging criteria</li> <li>• Calculation of probability of default/loss given default/Exposure at default</li> <li>• Consideration of probability weighted scenarios and forward looking macro-economic factors.</li> </ul> <p>Ind AS 109 requires an entity to determine Expected Credit Loss (ECL) amount on a probability weighted basis. There is a large increase in the data inputs required for the computation of ECL. This increases the risk of completeness and accuracy of the data that has been used as a basis of significant assumptions in the model.</p> | <p>Our Audit procedures included considering the appropriateness of the Company's accounting policies for impairment of financial assets and assessing compliance with Ind AS 109.</p> <ul style="list-style-type: none"> <li>• Understood Company's new processes, systems and controls implemented relating to impairment allowance process including governance controls over the development and implementation of the ECL model;</li> <li>• Test checked the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge and test checked management review controls over measurement of impairment allowances and disclosures in the financial statements;</li> <li>• Evaluated appropriateness of the impairment principles based on the requirements of Ind AS 109 considering our business understanding and industry practice.</li> <li>• Performed substantive procedures over validating completeness and accuracy of the data and reasonableness of assumptions used in the model;</li> <li>• We engaged our specialists to test the working of the ECL model and reasonableness of assumptions used;</li> <li>• Broadly evaluated management's judgement in the determination of ECL;</li> </ul> <p>Performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans.</p> |





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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other Comprehensive Income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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





We also:

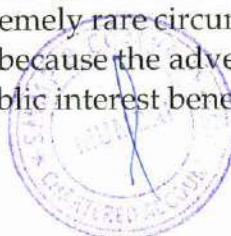
- Identify and assess the risk of material misstatement of the financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing an opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial Statements, including the disclosures, and whether the financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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





**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure 1**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of accounts.
  - d) In our opinion, the aforesaid financial statements comply with the Ind As specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the Directors as on 31<sup>st</sup> March, 2023 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure 2**". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) In our opinion and to the best of our information and according to the explanations given to us, the managerial remuneration for the year ended March 2023 has been paid/provided by the Company to its directors in accordance with the provision of Section 197 read with Schedule V to the Act;
  - h) With respect to the other matters to be included in the Auditor's Report in accordance Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position as at 31<sup>st</sup> March 2023;
    - ii. The Company does not have long-term contracts including derivative contracts requiring provision for material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.





- iv. a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- b) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Funding Parties or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- v. The company had neither declared any dividend in the previous year nor paid any dividend during the current year.



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

  
**Sonal Parekh**  
Partner

Membership No. - 139852  
UDIN : 23139852BGRGNS5786

Mumbai, dated April 18, 2023



**Annexure 1 to the Independent Auditors' Report on the Ind AS Financial Statement**  
(Referred to Paragraph 1 under "Report on Other Legal and Regulatory Requirements' section of our report to the Members of ART Housing Finance (India) Limited of even date)

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

(i) **Property, Plant and Equipment and Intangible Assets**

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
- b) The Company has a regular programme of physical verification of its Property, Plant and Equipment and right-of-use assets, by which all Property, Plant and Equipment are verified annually. In our opinion the periodicity of such physical verification is reasonable having regards to the size of the Company and the nature of its assets. As explained to us there were no discrepancies on such verification carried out by the management.
- c) The Company does not have any immovable property (in the nature of 'Property, Plant and Equipment'). Accordingly, the provisions of clause 3(i)(C) of the order is not applicable to the Company during the year under review.
- d) The Company has not revalued any of its Property, Plant and Equipment (including right-to-use assets) and intangible assets during the year.
- e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

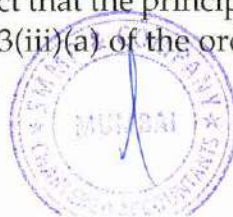
(ii) **Inventory**

- a) The Company is in the business of rendering services and consequently does not hold any physical inventory. Accordingly, the provisions of clause 3(ii)(a) of the order are not applicable to the Company during the year under review.
- b) The Company has not been sanctioned working capital limits, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

(iii) **Loans Granted by the Company**

According to the information and explanations given to us and on the basis of records verified by us during the year, the Company has granted loans, secured as well as unsecured, in the normal course of its business, to companies, firms, and other parties during the year. The Company has not made any investments or provided any guarantee or any security, to any other entity during the year.

- a) The Company is registered as a Housing Finance Company with the National Housing Bank, Hence, considering the fact that the principal business of the Company is to give loans, the provisions of clause 3(iii)(a) of the order are not applicable to the Company during the year under review.





- b) In our opinion, the loans granted and the terms and conditions of the grant of all loans, during the year are, prima facie, no prejudicial to the interest of the Company.
  - c) In respect of the loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and the receipts of interest are generally regular as per the stipulation.
  - d) In respect of loans granted by the Company during the year, there is no overdue amount remaining outstanding as at the balance sheet date.
  - e) The Company is registered as a Housing Finance Company with the National Housing Bank. Hence, considering the fact that the principal business of the Company is to give loans, the provisions of clause 3(iii)(e) of the order are not applicable to the Company during the year under review.
  - f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms of period of repayment during the year. Hence, reporting under clause 3(iii)(f) is not applicable.
- (iv) Based on the information and explanations given to us and on the basis of records verified by us, the Company has complied with the provisions of Section 185 of the Act in respect of a loan granted. The Company has not made any investments and has not given any guarantees or provided securities to the parties covered under Section 185 of the Act. The Company is registered as a Housing Finance Company with the National Housing Bank. Therefore, the provisions Section 186 of the Act are not applicable to the Company. Accordingly, the provisions of clause 3(iv) of the order are not applicable, to this extent, to the Company during the year under review.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, the provisions of paragraph 3 (v) of the order are not applicable to the Company.
- (vi) The Central Government of India has not specified the maintenance of cost records under Section 148(1) of the Act, for any products of the Company. Accordingly, the provisions of clause 3(vi) of the order are not applicable to the Company during the year under review.
- vii) As per the records verified by us and according to the information and explanations given to us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employee State Insurance, Goods and Services Tax (GST), Profession Tax, Income Tax and other material statutory dues with the appropriate authorities during the year and there were no amounts representing outstanding balances for more than six months as on the Balance Sheet date.





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

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

viii) As per the records verified by us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix) **Loans and Borrowings**

- As per the records verified by us, the Company has not defaulted in repayment of term loan availed by the company from a bank during the year under review. The Company has no loans or borrowings payable to financial institutions and government during the year.
- The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.
- The Company has not availed any term loan from any banks of financial institutions during the year and there was only one term loan continued from the earlier years which was applied for the purpose for which the loan was obtained.
- On an overall examination of the financial statements of the Company, the Company has not raised any funds on short term basis during the year and hence the reporting under clause 3(ix)(d) of the Order is not applicable.
- On an overall examination of the financial statements of the Company, the Company has not taken any loans from any entity or person on account of or to meet the obligations of its subsidiary.
- the Company has not raised any raised any loans during the year and hence the reporting under clause 3(ix)(f) of the Order is not applicable.

x) **Initial/further public offer and Preferential/Private placement of Shares or Debentures**

- The Company has not raised any moneys by way of initial/further public offer (including debt instruments) during the year and hence reporting on clause 3(x)(a) of the Order is not applicable.
- During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting on clause 3(x)(b) of the Order is not applicable.





xi) **Frauds on or by the Company**

- a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company or its officers or employees, noticed or reported during the year, nor have we been informed of such case by the management.
- b) No report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c) Based on the information and explanations provided to us, no whistle blower complaints were received by the Company during the year and upto the date of this report.

xii) The Company is not a Nidhi company during the year under review and hence the provisions of clause 3(xii) of the order are not applicable.

xiii) As per the information and explanations given during the course of our verification, in our opinion, all transactions with the related parties made by the Company were in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.

xiv) **Internal Audit**

- a) In our opinion the Company has an adequate internal audit system commensurate with the size of the Company and the nature of its business.
- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv) As per the information and explanations provided to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors within the purview of Section 192 of the Act. Accordingly, provisions of clause 3(xv) of the Order are not applicable to the Company.

xvi) **Registration with Reserve Bank of India and Core Investment Company in the group**

- a) As per the information and explanations provided to us and based on the overall operations of the Company, the Company is not required to obtain registration under Section 45-IA of the Reserve Bank of India Act 1934.
- b) The Company has a valid Certificate of Registration (CoR) from the National Housing Bank (NHB) under section 29A of the National Housing Bank Act, 1987, for conducting housing finance activities.

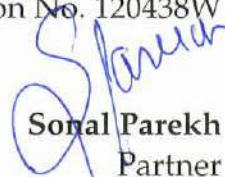




- c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- d) The Company has more than one Core Investment Company (CIC) within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). On our examination of records provided by the Company, there are a total of 14 CIC (including CICs exempt from registration) in the group.
- xvii) The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii) There has been no resignation of the Statutory Auditors of the Company during the year.
- xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts upto to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx) **Corporate Social Responsibility**
- a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- b) In respect of ongoing projects, the Company did not have any unspent amount towards CSR as at the end of the financial year and hence, reporting under clause 3(xx)(b) of the Order is not applicable for the year.



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

  
**Sonal Parekh**  
Partner

Membership No. 139852  
UDIN : 23139852BGRGNS5786



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

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

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

We have audited the internal financial controls over financial reporting of **ART Housing Finance (India) Limited** ("the Company") as of 31<sup>st</sup> March, 2023 in conjunction with our audit of the Ind AS financial Statements of the Company comprising of the Balance Sheet as at March 31<sup>st</sup> 2023, the Statement of Profit and Loss including Comprehensive Income, Statement of Changes in Equity and Cash Flow Statement for the period then ended.

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

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by the ICAI deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those standards and the Guidance Note that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial Statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting :**

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

**Opinion :**

According to the information and explanations given to us, in our opinion, the Company has, in all material respects, established an adequate internal financial controls system over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India. Such internal financial controls over financial reporting were operating effectively as at March 31<sup>st</sup> 2023.



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

  
**Sonal Parekh**  
Partner

Membership No. 139852  
UDIN : 23139852BGRGNS5786

Mumbai, dated, April 18, 2023



**ART Housing Finance (India) Limited**  
**Balance Sheet as at March 31, 2023**  
(Amount in INR lacs, unless otherwise stated)

| Particulars   | Note No. | As at Mar 31, 2023 | As at Mar 31, 2022 |
|---|----------|--------------------|--------------------|
| <b>ASSETS</b>   |          |                    |                    |
| <b>Financial Assets</b>   |          |                    |                    |
| Cash and cash equivalents   | 4        | 25.67              | 606.12             |
| Bank balances other than cash and cash equivalents  | 5        | 2,090.53           | 2,056.60           |
| Loans   | 6        | 41,726.69          | 37,424.12          |
| Investments   | 7        | -                  | 4,905.40           |
| Other financial assets  | 8        | 272.54             | 314.29             |
| <b>Total financial assets</b>   |          | <b>44,115.43</b>   | <b>45,306.53</b>   |
| <b>Non-financial assets</b>   |          |                    |                    |
| Current tax assets (net)  | 9        | -                  | 120.78             |
| Deferred tax assets (net)   | 9        | 28.63              | 167.66             |
| Property, plant and equipment   | 10       | 110.33             | 191.93             |
| Other intangible assets   | 10       | 33.19              | 74.04              |
| Right-of-use assets   | 10       | 23.47              | 107.62             |
| Other non-financial assets  | 11       | 580.58             | 320.05             |
| <b>Total non-financial assets</b>   |          | <b>776.20</b>      | <b>982.08</b>      |
| <b>Total Assets</b>   |          | <b>44,891.63</b>   | <b>46,288.61</b>   |
| <b>LIABILITIES AND EQUITY</b>   |          |                    |                    |
| <b>Financial liabilities</b>  |          |                    |                    |
| Payables  |          |                    |                    |
| Trade payables  |          |                    |                    |
| (i) total outstanding dues of micro enterprises and small enterprises                       | 12       | 5.62               | 0.43               |
| (ii) total outstanding dues of creditors other than micro enterprises and small enterprises | 12       | 10.28              | 10.77              |
| Borrowings (other than debt securities)   | 13       | 1,997.33           | 1,997.33           |
| Other financial liabilities   | 14       | 619.49             | 406.56             |
| <b>Total financial liabilities</b>  |          | <b>2,632.72</b>    | <b>2,415.09</b>    |
| <b>Non-financial liabilities</b>  |          |                    |                    |
| Current tax liabilities (net)   | 15       | 8.60               | -                  |
| Provisions  | 16       | 8.71               | 0.21               |
| Other non-financial liabilities   | 17       | 138.54             | 227.80             |
| <b>Total non-financial liabilities</b>  |          | <b>155.85</b>      | <b>228.01</b>      |
| <b>EQUITY</b>   |          |                    |                    |
| Equity share capital  | 18       | 35,500.00          | 38,500.00          |
| Other equity  | 19       | 6,603.06           | 5,145.51           |
| <b>Total equity</b>   |          | <b>42,103.06</b>   | <b>43,645.51</b>   |
| <b>Total Liabilities and Equity</b>   |          | <b>44,891.63</b>   | <b>46,288.61</b>   |

Summary of Significant Accounting Policies

1-3

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

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

For S M M P & Company

Firm Registration Number: 120438W

Chartered Accountants

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

**Sonal Parekh**

Partner

Membership No: 139852



**Rahul Kumar Pandey**

Chairperson

DIN: 00250437

**Vipin Jain**

Managing Director & CEO

DIN: 03456031

Place: Mumbai

Date: Apr 18, 2023

**Bharat Dhall**

Chief Financial Officer

PAN: AFDPD6812M

**Ritika Bhatia**

Wholtime Director &

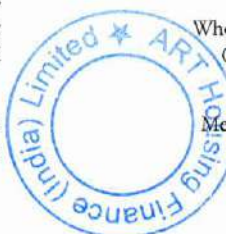
Company Secretary

DIN: 08741012

Mem No ACS 24016

Place: Gurugram

Date: Apr 18, 2023





**ART Housing Finance (India) Limited**  
**Statement of Profit and Loss for the year ended March 31, 2023**  
(Amount in INR lacs, unless otherwise stated)

| Particulars  | Note No. | For the year ended Mar 31, 2023 | For the year ended Mar 31, 2022 |
|--|----------|---------------------------------|---------------------------------|
| <b>Revenue From Operations</b>   |          |                                 |                                 |
| Interest income  | 20       | 5,249.31                        | 4,959.00                        |
| Fees and other income  | 21       | 113.21                          | 163.67                          |
| Net gain on fair value changes   | 22       | 291.61                          | 167.52                          |
| Unrealised Gain on Assigned Loans  |          | -                               | 323.05                          |
| <b>Total revenue from operations</b>   |          | <b>5,654.13</b>                 | <b>5,613.24</b>                 |
| Other income   |          | 146.93                          | 39.57                           |
| Reversal of Impairment on financial instruments                              | 23       | 420.88                          | -                               |
| <b>Total income</b>  |          | <b>6,221.94</b>                 | <b>5,652.81</b>                 |
| <b>EXPENSES</b>  |          |                                 |                                 |
| Finance costs  | 24       | 180.52                          | 304.99                          |
| Impairment on financial instruments  | 25       | 135.58                          | 247.67                          |
| Employee benefits expense  | 26       | 1,932.06                        | 1,529.48                        |
| Depreciation and amortization expense  | 10       | 260.66                          | 336.44                          |
| Corporate social responsibility expense                                      | 27       | 43.28                           | 37.70                           |
| Other expenses   | 28       | 792.73                          | 655.54                          |
| <b>Total expenses</b>  |          | <b>3,344.83</b>                 | <b>3,111.82</b>                 |
| Profit before tax  |          | 2,877.11                        | 2,540.99                        |
| Tax expense:   |          |                                 |                                 |
| Current tax  | 9        | 625.30                          | 550.62                          |
| Deferred tax   | 9        | 142.03                          | 151.38                          |
| <b>Net profit after tax</b>  |          | <b>2,109.77</b>                 | <b>1,838.99</b>                 |
| Other comprehensive income   |          |                                 |                                 |
| Items that will not be reclassified to profit or loss                        |          | (10.44)                         | 8.19                            |
| Income tax relating to items that will not be reclassified to profit or loss |          | 3.00                            | (2.00)                          |
| <b>Total comprehensive income for the year</b>                               |          | <b>2,102.34</b>                 | <b>1,845.18</b>                 |
| Earnings per equity share  |          |                                 |                                 |
| Basic (Rs)   | 29       | 0.56                            | 0.48                            |
| Diluted (Rs)   | 29       | 0.56                            | 0.48                            |

Summary of Significant Accounting Policies

1-3

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

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

For S M P & Company

Firm Registration Number: 120438W

Chartered Accountants

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

**Sonal Parekh**

Partner

Membership No: 139852



**Rahul Kumar Pandey**

Chairperson

DIN: 00250437

**Bharat Dhall**

Chief Financial Officer

PAN: AFDPD6812M

Place: Gurugram  
Date: Apr 18, 2023

**Vipin Jain**

Managing Director & CEO

DIN: 03456031

**Ritika Bhatia**

Wholetime Director &  
Company Secretary

DIN: 08741012

Mem No ACS 24016





**ART Housing Finance (India) Limited**  
**Statement of Cash Flows for the year ended March 31, 2023**  
(Amount in INR lacs, unless otherwise stated)

| Particulars  | Year ended<br>Mar 31, 2023 | Year ended<br>Mar 31, 2022 |
|--|----------------------------|----------------------------|
| <b>I. Cash flow from operating activities:</b>                         |                            |                            |
| Net Profit before tax as per Statement of Profit and Loss              | 2,877.10                   | 2,540.99                   |
| <b>Adjustments for:</b>  |                            |                            |
| Interest income on loans   | (5,149.77)                 | (4,907.94)                 |
| Depreciation and amortisation expense                                  | 260.66                     | 336.44                     |
| Impairment on financial instruments - Expected credit loss (ECL)       | (420.88)                   | 196.25                     |
| On Other Assets - Expected Credit Loss                                 | 82.27                      | 31.48                      |
| Interest on borrowings   | 174.33                     | 276.48                     |
| Interest on lease liability  | 6.19                       | 28.51                      |
| Loans and advances written off   | 48.31                      | 19.94                      |
| Share based payments   | (56.67)                    | 11.68                      |
| Net gain on fair value changes   | (291.61)                   | (167.52)                   |
| Interest Income on bank deposits                                       | (99.54)                    | (51.06)                    |
| Interest received on loans   | 5,087.94                   | 4,410.97                   |
| Interest paid on borrowings  | (174.33)                   | (271.19)                   |
| Loss on sale of property, plant and equipment                          | 0.05                       | (3.13)                     |
| <b>Cash generated from operations before working capital changes</b>   | <b>2,344.05</b>            | <b>2,451.91</b>            |
| <b>Working Capital Changes</b>   |                            |                            |
| (Increase) / decrease in Other financial assets                        | 81.19                      | (131.99)                   |
| (Increase) / decrease in non-financial assets                          | (342.81)                   | (230.10)                   |
| Increase / (decrease) in financial liabilities                         | 315.55                     | 69.54                      |
| Increase / (decrease) in provisions                                    | (1.96)                     | 7.98                       |
| Increase / (decrease) in non-financial liabilities                     | (80.66)                    | 95.52                      |
| Loans repaid/ (disbursed) (net)  | (3,865.14)                 | 4,119.39                   |
| Direct taxes (paid)/adjusted   | (3,893.83)                 | 3,930.34                   |
| <b>Net cash used in operating activities (I)</b>                       | <b>(507.51)</b>            | <b>(652.70)</b>            |
| <b>II. Cash flow from investing activities:</b>                        |                            |                            |
| Purchase of property, plant and equipment and Intangible assets        | (34.59)                    | (9.25)                     |
| Proceeds from disposal of property, plant and equipment                | (0.79)                     | 6.56                       |
| Sale/ (purchase) of investments measured at FVTPL (net)                | 5,197.00                   | (4,625.41)                 |
| Decrease/ (Increase) in deposits with banks                            | (33.93)                    | (1,012.74)                 |
| Interest received on bank deposits                                     | 60.10                      | 38.10                      |
| <b>Net cash used in investing activities (II)</b>                      | <b>5,187.80</b>            | <b>(5,602.75)</b>          |
| <b>III. Cash flow from financing activities:</b>                       |                            |                            |
| Payment for buy-back of shares   | (3,477.00)                 | -                          |
| Tax on payment for buy-back of shares                                  | (111.12)                   | -                          |
| Borrowings other than debt securities issued (net)                     | (0.00)                     | (1,500.28)                 |
| Payment of lease liability   | (122.83)                   | (139.30)                   |
| <b>Net cash generated from financing activities (III)</b>              | <b>(3,710.96)</b>          | <b>(1,639.58)</b>          |
| <b>Net increase/(decrease) in cash and cash equivalents (I+II+III)</b> | <b>(580.45)</b>            | <b>(1,512.78)</b>          |
| Cash and cash equivalents at the beginning of the year                 | 606.12                     | 2,118.90                   |
| Cash and cash equivalents at the end of the year                       | 25.67                      | 606.12                     |
|  | <b>(580.45)</b>            | <b>(1,512.78)</b>          |

Summary of Significant Accounting Policies (Notes 1-3)

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

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

For S M M P & Company

Firm Registration Number: 120438W

Chartered Accountants

Sonal Parekh

Partner

Membership No: 139852

Place: Mumbai

Date: Apr 18, 2023



Rahul Kumar Pandey

Chairperson

DIN: 00250437

Bharat Dhall

Chief Financial Officer

PAN: AFDPD6812M

Place: Gurugram

Date: Apr 18, 2023

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

Vipin Jain

Managing Director & CEO

DIN: 03456031

Shikha Bhatia

Wholtime Director &

Company Secretary

DIN: 08741012

Mem No ACS 24016





**ART Housing Finance (India) Limited**  
**Statement of Changes in Equity for the year ended on March 31, 2023**  
(Amount in INR lacs, unless otherwise stated)

**A. Equity Share Capital**

| Particulars  | Amount     |
|--|------------|
| Balance as at Mar 31, 2021                                 | 38,500.00  |
| Changes in Equity Share Capital due to prior period errors | -          |
| Restated balance at the beginning of the year              | 38,500.00  |
| Changes in equity share capital during the year            | -          |
| Balance as at Mar 31, 2022                                 | 38,500.00  |
| Changes in Equity Share Capital due to prior period errors | -          |
| Restated balance at the beginning of the year              | 38,500.00  |
| Buyback of equity share capital during the year            | (3,000.00) |
| Balance as at Mar 31, 2023                                 | 35,500.00  |

**B. Other Equity (Refer Note 19)**

| Particulars   | Reserve and Surplus           |                   |                 |                            |                   |          |
|---|-------------------------------|-------------------|-----------------|----------------------------|-------------------|----------|
|   | Shared Based Payments Reserve | Statutory Reserve | Special Reserve | Capital Redemption Reserve | Retained Earnings | Total    |
| Balance at the Mar 31, 2021   | 90.85                         | 168.23            | 883.61          | -                          | 2,145.96          | 3,288.65 |
| Changes in accounting policy or prior period errors                     | -                             | -                 | -               | -                          | -                 | -        |
| Restated balance at the beginning of the previous reporting period      | 90.85                         | 168.23            | 883.61          | -                          | 2,145.96          | 3,288.65 |
| Profit after tax for the year   |                               |                   |                 |                            | 1,838.99          | 1,838.99 |
| Other comprehensive income for the year (net of tax)                    |                               |                   |                 |                            | 6.19              | 6.19     |
| Total comprehensive income for the year                                 | -                             | -                 | -               | -                          | 1,845.18          | 1,845.18 |
| Transfer to statutory reserve u/s 29C of the NHB Act, 1987              |                               | 83.05             |                 |                            | (83.05)           | -        |
| Transfer to special reserve u/s 36(1)(viii) of the Income Tax Act, 1961 |                               |                   | 284.75          |                            | (284.75)          | -        |
| Shared based payments   | 11.68                         |                   |                 |                            |                   | 11.68    |
| Balance at the Mar 31, 2022   | 102.54                        | 251.28            | 1,168.36        | -                          | 3,623.34          | 5,145.52 |
| Changes in accounting policy or prior period errors                     | -                             | -                 | -               | -                          | -                 | -        |
| Restated balance at the beginning of the previous reporting period      | 102.54                        | 251.28            | 1,168.36        | -                          | 3,623.34          | 5,145.52 |
| Profit after tax for the year   |                               |                   |                 |                            | 2,109.77          | 2,109.77 |
| Other Comprehensive Income for the year (net of tax)                    |                               |                   |                 |                            | (7.44)            | (7.44)   |
| Total Comprehensive Income for the year                                 | -                             | -                 | -               | -                          | 2,102.33          | 2,102.33 |
| Transfer to statutory reserve u/s 29C of the NHB Act, 1987              |                               | 179.96            |                 |                            | (179.96)          | -        |
| Transfer to special reserve u/s 36(1)(viii) of the Income Tax Act, 1961 |                               |                   | 241.99          |                            | (241.99)          | -        |
| Buyback of shares/ transfer to Capital Redemption Reserve               |                               |                   |                 | 3,000.00                   | (3,477.00)        | (477.00) |
| Tax on buyback of shares  |                               |                   |                 |                            | (111.12)          | (111.12) |
| Shared based payments   | (56.67)                       |                   |                 |                            |                   | (56.67)  |
| Balance at the Mar 31, 2023   | 45.86                         | 431.24            | 1,410.35        | 3,000.00                   | 1,715.60          | 6,603.05 |

**Summary of Significant Accounting Policies**

1-3

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

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

For S M P & Company

Firm Registration Number: 120438W

Chartered Accountants

Sonal Parekh  
Partner  
Membership No: 139852

Place: Mumbai  
Date: Apr 18, 2023



Rahul Kumar Pandey  
Chairperson  
DIN: 00250437

Bharat Dhall  
Chief Financial Officer  
PAN: AFDPD6812M

Place: Gurugram  
Date: Apr 18, 2023

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

Vipin Jain  
Managing Director & CEO  
DIN: 03456031

Ritika Bhatia  
Wholesale Director &  
Company Secretary  
DIN: 08741012  
Mem No ACS 24016





**ART Housing Finance (India) Limited**

**Notes forming part of Financial Statements for the year ended March 31, 2023**

**1. Company overview**

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

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

**2. Basis of Preparation and Presentation**

**2.1 Statement of Compliance and basis of preparation**

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

Additional information required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 have been prepared on the basis of Ind AS.

**2.2 Presentation of Financials Statements**

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

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

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

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

**2.3 Basis of Measurement**

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

**2.4 Use of Estimates and Judgements**

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

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





#### 2.4.1 Business Model Assessment

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

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

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

#### 2.4.2 Determination of Expected Credit Loss ("ECL")

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

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

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

#### 2.4.3 Defined Benefit Plans

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

#### 2.4.4 Share-Based Payments

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

#### 2.4.5 Effective Interest Rate (EIR) method

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

#### 2.4.6 Fair Value measurement

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





**2.4.7 Leases**

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

**3 Summary of the Significant Accounting Policies**

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

**3.1 Revenue Recognition**

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

**3.1.1 Interest**

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

**Effective Interest Rate ("EIR")**

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

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

**3.1.2 Overdue Interest and other charges**

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

**3.1.3 Net gain on fair value changes**

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

**3.1.4 Dividend Income**

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

**3.1.5 Fee and Commission Income**

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

**3.1.6 Other Income**

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





**ART Housing Finance (India) Limited**

**Notes forming part of Financial Statements for the year ended March 31, 2023**

**3.1.7 Taxes**

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

**3.2 Expenditures**

**3.2.1 Borrowing Costs**

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

**3.2.2 Fees and commission expenses**

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

**3.2.3 Taxes**

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

**3.3 Cash and Cash Equivalents**

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

**3.4 Financial Instruments**

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

All the financial instruments are recognised on the date when the Company becomes party to the contractual provisions

of the financial instruments. For tradable securities the Company recognises the financial instruments on settlement date.

**3.4.1 Financial Assets**

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

**3.4.1.1 Recognition and Initial Measurement of Financial Assets**

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

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

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

**3.4.1.2 Classification and Subsequent Measurement of Financial Assets**

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

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





**ART Housing Finance (India) Limited**

**Notes forming part of Financial Statements for the year ended March 31, 2023**

**3.4.1.2.1 Financial Assets measured at Amortised Cost**

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

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

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

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

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

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

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

Financial assets at FVTPL are:

- Assets with contractual cash flows that are not SPPI; and/or
- Assets that are held in a business model other than held to collect contractual cash flows or held to collect and sell; or

- Assets designated at FVTPL using the fair value option.

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

**3.4.1.3 Reclassification of Financial Assets**

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

**3.4.1.4 Derecognition of Financial Assets**

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

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

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

On derecognition of a financial asset, the difference between:

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

**3.4.2 Financial Liabilities**

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





**ART Housing Finance (India) Limited**

**Notes forming part of Financial Statements for the year ended March 31, 2023**

**3.4.2.1 Initial recognition and measurement of Financial Liabilities**

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

**3.4.2.2 Classification and Subsequent Measurement of Financial Liabilities**

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

**3.4.2.3 Reclassification of Financial Liabilities**

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

**3.4.2.4 Derecognition of Financial Liabilities**

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

**3.4.3 Impairment of Financial Assets**

**3.4.3.1 Overview of ECL principles**

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

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

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

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

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

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

**(a) Credit impaired/default (stage 3)**

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

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

**Definition of Default**

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

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

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





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

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

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

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

ECL resulting from default events that are possible in the next 12 months are recognised for financial instruments in stage

1. The Company has ascertained default possibilities on past behavioural trends witnessed for each homogenous portfolio using application/behavioural score cards and other performance indicators, determined statistically.

**3.4.3.2 Measurement of Expected Credit Losses (ECL)**

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

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

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

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

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

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

**3.4.3.3 Collateral Valuation and Repossession**

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

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




**ART Housing Finance (India) Limited**

**Notes forming part of Financial Statements for the year ended March 31, 2023**

**3.4.3.4 Forward looking information**

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

**3.4.3.5 Write-off**

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

**3.5 Fair value measurement**

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

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

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

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

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

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

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

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

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

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

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

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**ART Housing Finance (India) Limited**

Notes forming part of Financial Statements for the year ended March 31, 2023

**3.6 Property, Plant and Equipment ("PPE")**

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

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

**3.7 Intangible Assets**

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

**3.8 Capital work-in-progress**

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

**3.9 Depreciation and Amortisation****3.9.1 Depreciation on property, plant and equipment:**

- (a) Useful lives of assets are determined by the Management by an internal technical assessment except where such assessment suggests a life significantly different from those prescribed by Schedule II – Part C of the Companies Act, 2013.
- (b) Depreciation on leasehold improvements is provided on straight line method over the primary period of lease of premises or estimated useful life whichever is lower.
- (c) Depreciation on addition to assets and assets sold during the year is being provided for on a pro rata basis with reference to the month in which such asset is added or sold as the case may be.
- (d) Tangible assets which are depreciated over useful life different than those indicated in Schedule II are as under:

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

**3.9.2 Amortization of Intangible Assets**

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

**3.10 Impairment of non-financial assets**

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



**3.11 Employee Benefits**

**3.11.1 Share-based payments**

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

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

**3.11.2 Retirement and other employee benefits**

**3.11.2.1 Provident Fund**

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

**3.11.2.2 Gratuity**

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

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

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

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

**3.12 Leases**

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

**3.13 Investments in Subsidiaries**

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

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





**ART Housing Finance (India) Limited**

**Notes forming part of Financial Statements for the year ended March 31, 2023**

**3.14 Foreign currency translation**

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

**Initial recognition**

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

**Conversion**

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

**Exchange differences**

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

**3.15 Earnings per share**

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

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

**3.16 Taxes on Income**

**3.16.1 Current tax**

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

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

**3.16.2 Deferred Tax**

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

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

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

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

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



**3.17 Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised only when:

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

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

Contingent liability is disclosed in case of:

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

**Contingent Assets:**

Contingent assets are not recognised in the financial statements.

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

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

**3.18 Non-Current Assets held for sale**

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

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

**3.19 Statement of Cash Flows**

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

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

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

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





**ART Housing Finance (India) Limited****Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**4 Cash and Cash Equivalents**

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Cash on hand   | 17.02                 | 19.40                 |
| Balances with banks:   |                       |                       |
| In Current Accounts ((refer note 4(a))                         | 8.65                  | 586.72                |
| In Deposit accounts with original maturity of 3 months or less | -                     | -                     |
| <b>Total</b>   | <b>25.67</b>          | <b>606.12</b>         |

- 4(a) During the FY 2020-21, a sum of Rs 34.40 lacs were provisionally attached by Enforcement Directorate on May 5, 2020 in connection with the ongoing litigation in matter of promoter group.

**5 Bank Balances other than Cash and Cash Equivalents**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| In Deposit accounts with banks                          |                       |                       |
| Original maturity more than 3 months ((refer note 5(a)) | 2,090.53              | 2,056.60              |
| <b>Total</b>  | <b>2,090.53</b>       | <b>2,056.60</b>       |

- 5(a) During the financial year 2020-21, Fixed Deposit lying with the Company were provisionally attached by Enforcement Directorate (ED) in connection with the ongoing litigation in matter of promoter group. The Company had filed a petition in Honorable Delhi High Court for release of these funds. Subsequently as per Honorable Delhi High Court Order dated 25th September 2020, bank had released an amount of Rs 4285.33 Lacs to NHB against refinance availed under Lift Scheme from fixed deposits. As on the close of the current financial year an amount of Rs. 943.86 Lacs which is still attached. The Company had filed petition with Adjudicating Authority in ED for release of these funds and matter is pending with Adjudicating Authority in ED.

**6 Loans**

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| <b>Loans (Amortised Cost)</b>  |                       |                       |
| Loans to Individuals   | 35,638.75             | 31,286.32             |
| Other Loans  | 7,108.83              | 7,582.60              |
| <b>Total Gross</b>   | <b>42,747.58</b>      | <b>38,868.92</b>      |
| Less: Impairment loss allowance (Expected Credit Loss)                       | 1,020.90              | 1,444.80              |
| <b>Total Net</b>   | <b>41,726.69</b>      | <b>37,424.12</b>      |
| <b>Secured by tangible assets<br/>(Property including land and building)</b> |                       |                       |
| Total Gross  | 35,638.75             | 31,819.98             |
| Less: Impairment loss allowance (Expected Credit Loss)                       | 1,020.90              | 1,416.60              |
| <b>Total Net</b>   | <b>34,617.86</b>      | <b>30,403.38</b>      |
| <b>Loans in India</b>  |                       |                       |
| Public Sector  |                       |                       |
| Others   | 42,747.58             | 38,868.92             |
| <b>Total Gross</b>   | <b>42,747.58</b>      | <b>38,868.92</b>      |
| Less: Impairment loss allowance (Expected Credit Loss)                       | 1,020.90              | 1,444.80              |
| <b>Total Net</b>   | <b>41,726.69</b>      | <b>37,424.12</b>      |

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



**ART Housing Finance (India) Limited****Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

- (b) Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of life insurance policies.
- (c) Loans sanctioned but undischursed loans and pending disbursements of partial disbursed loans amount is Rs 2,618.10 lacs as on Mar 31, 2023 (Previous Year: Rs 1,924.36 lacs).
- (d) The company is not granting any loans against gold jewellery as collateral.
- (e) The company is not granting any Loans against security of shares as collateral.
- (f) The Company has not assigned any loans during the current financial year (Previous Year Rs 7058.61 lacs) by way of a direct assignment transaction. These loan assets were de-recognised from the loan portfolio of the Company as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. In terms of the assignment agreement, the Company pays to assignee, on a monthly basis, the pro-rata collection amounts.
- (g) Impairment loss allowance includes Rs 559.00 lacs (Previous Year: Rs 864.62 lacs) on account of management overlay.
- (h) Loans including Instalment and Interest outstanding which are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are

| Particulars              | As at<br>Mar 31, 2023  |   | As at<br>Mar 31, 2022   |  |
|--------------------------|--|---|---|--|
|                          | Amount of loan<br>or advance in the<br>nature of loan<br>outstanding | Percentage to<br>the total Loans<br>and Advances in<br>the nature of<br>loans | Amount of loan<br>or advance in<br>the nature of<br>loan<br>outstanding | Percentage to the<br>total Loans and<br>Advances in the<br>nature of loans |
| Due from Directors       | -  | -   | -   | -  |
| Due from related parties | 7,108.83   | 16.63%  | 7,048.94  | 18.14%   |





**ART Housing Finance (India) Limited**
**Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

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

| Particulars  | As at Mar 31, 2023 |          |          |            | As at Mar 31, 2022 |          |          |            |
|--|--------------------|----------|----------|------------|--------------------|----------|----------|------------|
|  | Stage 1            | Stage 2  | Stage 3  | Total      | Stage 1            | Stage 2  | Stage 3  | Total      |
| Gross carrying amount opening balance                | 29,706.93          | 558.60   | 1,020.78 | 31,286.32  | 38,906.84          | 1,200.44 | 1,074.92 | 41,182.20  |
| New assets originated                                | 12,775.64          | -        | -        | 12,775.64  | 4,318.31           | -        | -        | 4,318.31   |
| Assets Derecognized under Direct Assignments         | -                  | -        | -        | -          | (7,058.61)         | -        | -        | (7,058.61) |
| Assets repaid in part or full (excluding write offs) | (7,890.53)         | (36.97)  | (458.08) | (8,385.58) | (6,556.68)         | (251.85) | (327.10) | (7,135.63) |
| Assets written off                                   | (6.48)             | (1.09)   | (30.05)  | (37.62)    | (6.29)             | (2.28)   | (11.38)  | (19.94)    |
| Transfers to Stage 1                                 | 311.10             | (298.44) | (12.66)  | -          | 625.65             | (533.49) | (92.16)  | -          |
| Transfers to Stage 2                                 | (212.38)           | 212.38   | -        | -          | (389.78)           | 403.54   | (13.77)  | -          |
| Transfers to Stage 3                                 | (236.68)           | (63.92)  | 300.60   | -          | (132.50)           | (257.77) | 390.27   | -          |
| Gross carrying amount closing balance                | 34,447.61          | 370.55   | 820.60   | 35,638.75  | 29,706.93          | 558.60   | 1,020.78 | 31,286.32  |

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

| Particulars  | As at Mar 31, 2023 |          |          |          | As at Mar 31, 2022 |          |         |          |
|--|--------------------|----------|----------|----------|--------------------|----------|---------|----------|
|  | Stage 1            | Stage 2  | Stage 3  | Total    | Stage 1            | Stage 2  | Stage 3 | Total    |
| ECL opening balance  | 397.18             | 207.26   | 549.50   | 1,153.94 | 166.83             | 245.75   | 426.82  | 839.40   |
| New assets originated  | 80.46              | -        | -        | 80.46    | 54.96              | -        | -       | 54.96    |
| Assets Derecognized under Direct Assignments                 | -                  | -        | -        | -        | (18.62)            | -        | -       | (18.62)  |
| ECL Remeasurements due to changes in EAD / assumptions (Net) | 95.05              | (114.42) | (261.92) | (281.29) | 59.58              | 114.26   | 116.66  | 290.50   |
| Assets written off   | (0.30)             | (0.02)   | (2.98)   | (3.30)   | (0.22)             | (0.47)   | (11.61) | (12.29)  |
| Transfers to Stage 1   | 3.79               | (3.62)   | (0.16)   | -        | 141.64             | (109.05) | (32.59) | -        |
| Transfers to Stage 2   | (78.72)            | 78.72    | -        | -        | (4.83)             | 9.70     | (4.87)  | -        |
| Transfers to Stage 3   | (130.14)           | (32.50)  | 162.65   | -        | (2.15)             | (52.93)  | 55.09   | -        |
| ECL closing balance  | 367.31             | 135.41   | 447.09   | 949.81   | 397.18             | 207.26   | 549.50  | 1,153.94 |

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

| Particulars  | As at Mar 31, 2023 |          |         |          | As at Mar 31, 2022 |          |         |            |
|--|--------------------|----------|---------|----------|--------------------|----------|---------|------------|
|  | Stage 1            | Stage 2  | Stage 3 | Total    | Stage 1            | Stage 2  | Stage 3 | Total      |
| Gross carrying amount opening balance                | 7,048.94           | 533.66   | -       | 7,582.60 | -                  | 1,329.08 | -       | 1,329.08   |
| New assets originated                                | 59.89              | -        | -       | 59.89    | 10,048.94          | -        | -       | 10,048.94  |
| Assets repaid in part or full (excluding write offs) | -                  | (533.66) | -       | (533.66) | (3,000.00)         | (795.42) | -       | (3,795.42) |
| Assets written off                                   | -                  | -        | -       | -        | -                  | -        | -       | -          |
| Transfers to Stage 1                                 | -                  | -        | -       | -        | -                  | -        | -       | -          |
| Transfers to Stage 2                                 | -                  | -        | -       | -        | -                  | -        | -       | -          |
| Transfers to Stage 3                                 | -                  | -        | -       | -        | -                  | -        | -       | -          |
| Gross carrying amount closing balance                | 7,108.83           | -        | -       | 7,108.83 | 7,048.94           | 533.66   | -       | 7,582.60   |

**Reconciliation of ECL allowance for Other Loans is given below:**

| Particulars  | As at Mar 31, 2023 |          |         |          | As at Mar 31, 2022 |          |         |          |
|--|--------------------|----------|---------|----------|--------------------|----------|---------|----------|
|  | Stage 1            | Stage 2  | Stage 3 | Total    | Stage 1            | Stage 2  | Stage 3 | Total    |
| ECL opening balance  | 28.20              | 262.65   | -       | 290.85   | -                  | 405.43   | -       | 405.43   |
| ECL on New assets originated                                 | -                  | -        | -       | -        | 28.20              | -        | -       | 28.20    |
| ECL Remeasurements due to changes in EAD / assumptions (Net) | 42.89              | (262.65) | -       | (219.77) | -                  | (142.78) | -       | (142.78) |
| Assets written off   | -                  | -        | -       | -        | -                  | -        | -       | -        |
| Transfers to Stage 1   | -                  | -        | -       | -        | -                  | -        | -       | -        |
| Transfers to Stage 2   | -                  | -        | -       | -        | -                  | -        | -       | -        |
| Transfers to Stage 3   | -                  | -        | -       | -        | -                  | -        | -       | -        |
| ECL closing balance  | 71.09              | -        | -       | 71.09    | 28.20              | 262.65   | -       | 290.85   |

**6.3 Summary of gross carrying amount of loans**

| Particulars  | As at Mar 31, 2023 | As at Mar 31, 2022 |
|--|--------------------|--------------------|
| (i) Undisputed Trade Receivables - considered good                                 | 41,556.43          | 36,755.87          |
| (ii) Undisputed Trade Receivables - which have significant increase in credit risk | 370.55             | 1,092.26           |
| (iii) Undisputed Trade Receivables - Credit Impaired                               | 820.60             | 1,020.78           |
| (iv) Disputed Trade Receivables - considered good                                  | -                  | -                  |
| (v) Disputed Trade Receivables - which have significant increase in credit risk    | -                  | -                  |
| (vi) Disputed Trade Receivables - Credit Impaired                                  | -                  | -                  |

**6.4 Summary of Impairment loss allowance (Expected Credit Loss)**

| Particulars    | Stage 1 | Stage 2 | Stage 3 | Total    |
|----------------|---------|---------|---------|----------|
| March 31, 2023 | 438.40  | 135.41  | 447.09  | 1,020.90 |
| March 31, 2022 | 425.38  | 469.91  | 549.50  | 1,444.80 |



**ART Housing Finance (India) Limited**
**Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**7 Investments**

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| <b>Investments in Subsidiary</b>                           |                       |                       |
| ART Distribution (I) Private Limited                       |                       |                       |
| 50,000 equity shares of INR 10 each (Mar 31, 2022: 50,000) | 5.00                  | 5.00                  |
| <b>Investments measured at Fair Value</b>                  |                       |                       |
| Through Other Comprehensive Income                         | -                     | -                     |
| Through profit or loss                                     | -                     | -                     |
| Designated at Fair Value Through Profit or Loss            |                       |                       |
| Investment in Mutual Funds                                 | -                     | 4,900.40              |
| <b>Total Investments measured at Fair Value</b>            | -                     | 4,900.40              |
| <b>Total Investments (A)</b>                               | <b>5.00</b>           | <b>4,905.40</b>       |
| Investments outside India                                  | -                     | -                     |
| Investments in India                                       | 5.00                  | 4,905.40              |
| <b>Total Investments (B)</b>                               | <b>5.00</b>           | <b>4,905.40</b>       |
| <b>Total (A) to tally with (B)</b>                         | <b>5.00</b>           | <b>4,905.40</b>       |
| Less: Allowance for Impairment loss (C) (refer note below) | 5.00                  | -                     |
| <b>Total Net D = (A) - (C)</b>                             | <b>-</b>              | <b>4,905.40</b>       |

Note: The Company has applied for strike off for subsidiary (ART Distribution (I) Private Limited in current financial year. Accordingly impairment allowance has been created.

**8 Other Financial Assets**

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Interest accrued on bank deposits                          | 72.01                 | 32.58                 |
| Security Deposits  | 56.92                 | 65.61                 |
| EIS Receivable (Refer note 8(a))                           | 146.54                | 217.66                |
| <b>Total Gross</b>   | <b>275.47</b>         | <b>315.85</b>         |
| Less: Expected Credit Loss on Receivable on Assigned Loans | 2.93                  | 1.56                  |
| <b>Total Net of Expected Credit Loss</b>                   | <b>272.54</b>         | <b>314.29</b>         |

8(a) Under Ind AS, with respect to Assignment deals, Company has created an Excess Interest Spread (EIS) receivable, with corresponding credit to Statement of Profit and loss for the year, which has been computed by discounting EIS to present value on each balance sheet date.

**9 Taxes on Income**
**9.1 Current tax Assets (Net)**

| Particulars                    | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--------------------------------|-----------------------|-----------------------|
| Advance Tax (Net of Provision) | -                     | 120.78                |
| <b>Total</b>                   | <b>-</b>              | <b>120.78</b>         |

**9.2 Deferred Tax Assets**

| Particulars                   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|-------------------------------|-----------------------|-----------------------|
| Deferred Tax Assets (Net)     | 28.63                 | 167.66                |
| <b>Net Deferred Tax Asset</b> | <b>28.63</b>          | <b>167.66</b>         |

**9.3 The major components of income tax expense for the year**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| <b>Current income tax:</b>  |                       |                       |
| Current year Income tax charge  | 619.08                | 550.62                |
| Adjustments in respect of current income tax of previous year         | 6.22                  | -                     |
| <b>Deferred tax:</b>  |                       |                       |
| Relating to origination and reversal of temporary differences         | 142.03                | 151.38                |
| <b>Income tax expense reported in the statement of profit or loss</b> | <b>767.33</b>         | <b>702.00</b>         |
| <b>OCI</b>  |                       |                       |
| Deferred tax related to items recognised in OCI during the year:      |                       |                       |
| Net loss/(gain) on re-measurements of defined benefit plans           | (3.00)                | 2.00                  |
| <b>Income tax charged to OCI</b>                                      | <b>(3.00)</b>         | <b>2.00</b>           |





**ART Housing Finance (India) Limited**
**Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

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

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Profit before tax  | 2,877.10              | 2,540.99              |
| Tax at corporate tax rate of 25.17% (previous year: 25.17%)                    | 724.17                | 639.57                |
| Effect of expenses that are not deductible in determining taxable profit (net) | (37.96)               | (17.28)               |
| Deduction under section 36(1)(viii) of the Income tax Act, 1961                | (60.91)               | (71.67)               |
| Adjustments in respect of current income tax of previous year                  | 6.22                  | -                     |
| <b>Income tax expense recognised in statement of profit and loss</b>           | <b>625.30</b>         | <b>550.62</b>         |

The tax rate used for the reconciliations above is the corporate tax rate of 25.17% for the current year and previous year payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

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

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| <b>(A) Deferred Tax Assets</b>  |                       |                       |
| Impairment on Financial Instruments (ECL)   | 256.94                | 363.64                |
| Financial instruments (Loans) measured at EIR                                       | 51.85                 | 38.99                 |
| Lease liability impact  | 0.76                  | 4.22                  |
| Provisions  | 2.19                  | 0.05                  |
| Share based payments  | 11.54                 | 25.81                 |
| Others  | 1.33                  | 0.37                  |
| <b>Total (A)</b>  | <b>324.61</b>         | <b>433.08</b>         |
| <b>(B) Deferred Tax Liabilities</b>   |                       |                       |
| Unrealised net gain on fair value changes   | -                     | 10.50                 |
| Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961 | 386.20                | 294.05                |
| Other Financial Assets  | (5.08)                | 33.92                 |
| Financial instruments (Borrowings) measured at EIR                                  | 0.51                  | 0.51                  |
| Depreciation and amortisation expenses  | (85.65)               | (73.56)               |
| <b>Total (B)</b>  | <b>295.98</b>         | <b>265.42</b>         |
| <b>Total (A-B)</b>  | <b>28.63</b>          | <b>167.66</b>         |
| <b>Deferred tax assets/(liabilities) (A-B)</b>                                      | <b>28.63</b>          | <b>167.66</b>         |

**9.3.3 Changes in deferred tax recorded in other comprehensive income**

| Particulars                                     | As at<br>Mar 31, 2023 | Year ended<br>Mar 31, 2022 |
|---|-----------------------|----------------------------|
| Remeasurements of employee benefits through OCI | 3.00                  | (2.00)                     |

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

| Particulars  | As at<br>Mar 31, 2023 | Year ended<br>Mar 31, 2022 |
|--|-----------------------|----------------------------|
| <b>Deferred tax relates to the following:</b>  |                       |                            |
| Impairment on Financial Instruments (ECL)  | 106.70                | (44.60)                    |
| Financial instruments (Loans) measured at EIR  | (12.86)               | 121.75                     |
| Difference between tax depreciation and depreciation/ amortization charged for the financial reporting | (12.09)               | (23.06)                    |
| Lease liability impact   | 3.46                  | (5.61)                     |
| Share based payments   | 14.27                 | (2.94)                     |
| Unrealised net gain on fair value changes  | (10.50)               | 9.17                       |
| Deduction of special reserve as per section 36(1)(viii) of the Income Tax                              | 92.15                 | 71.66                      |
| Financial instruments (Borrowings) measured at EIR   | -                     | (1.34)                     |
| Others   | (39.10)               | 26.35                      |
| <b>Deferred Tax charged to statement of profit and loss account</b>                                    | <b>142.03</b>         | <b>151.38</b>              |



ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2023

(Amount in INR lacs, unless otherwise stated)

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

|  | Property, plant and equipment |                        |                    |          |                     |                        |          |                   | Other Intangible assets |  | Right to use Assets |  |
|--|-------------------------------|------------------------|--------------------|----------|---------------------|------------------------|----------|-------------------|-------------------------|--|---------------------|--|
|  | Computer equipment's          | Furniture and fixtures | Office equipment's | Vehicles | Plant and machinery | Leasehold improvements | Total    | Computer software |                         |  |                     |  |
| <b>Cost</b>                                      |                               |                        |                    |          |                     |                        |          |                   |                         |  |                     |  |
| Balance as at Mar 31, 2020                       | 364.77                        | 206.23                 | 200.17             | 79.14    | 33.83               | 432.75                 | 1,316.90 | 317.90            |                         |  | 948.91              |  |
| Additions  | -                             | -                      | 0.23               | -        | -                   | -                      | 0.23     | 10.63             |                         |  | -                   |  |
| Disposals  | 3.71                          | 6.33                   | 4.22               | 79.14    | -                   | 0.32                   | 93.72    | 15.90             |                         |  | 384.73              |  |
| Balance as at Mar 31, 2021                       | 361.06                        | 199.90                 | 196.18             | -        | 33.83               | 432.43                 | 1,223.41 | 312.64            |                         |  | 564.18              |  |
| Additions  | 5.39                          | 0.33                   | 3.53               | -        | -                   | -                      | 9.25     | -                 |                         |  | 17.01               |  |
| Disposals  | 57.15                         | 0.22                   | -                  | -        | -                   | -                      | 57.37    | -                 |                         |  | -                   |  |
| Balance as at Mar 31, 2022                       | 309.29                        | 200.01                 | 199.71             | -        | 33.83               | 432.43                 | 1,175.27 | 312.64            |                         |  | 581.19              |  |
| Additions  | 12.39                         | 1.64                   | 1.97               | -        | 0.00                | 0.00                   | 16.02    | 18.57             |                         |  | 18.73               |  |
| Disposals  | 0.07                          | 0.06                   | 0.22               | -        | -                   | -                      | 0.35     | -                 |                         |  | 0.00                |  |
| Balance as at Mar 31, 2023                       | 321.61                        | 201.59                 | 201.46             | -        | 33.83               | 432.44                 | 1,190.94 | 331.21            |                         |  | 599.92              |  |
| <b>Accumulated depreciation and amortisation</b> |                               |                        |                    |          |                     |                        |          |                   |                         |  |                     |  |
| Balance as at Mar 31, 2020                       | 246.73                        | 83.91                  | 73.50              | 28.30    | 8.80                | 280.85                 | 722.10   | 115.12            |                         |  | 151.41              |  |
| Charge for the year                              | 55.13                         | 18.86                  | 50.24              | 6.05     | 21.66               | 69.02                  | 220.97   | 74.79             |                         |  | 189.02              |  |
| Adjustments on disposal of assets                | 3.29                          | 4.58                   | 2.32               | 34.35    | -                   | 0.30                   | 44.83    | 15.56             |                         |  | -                   |  |
| Balance as at Mar 31, 2021                       | 298.58                        | 98.20                  | 121.43             | -        | 30.46               | 349.57                 | 898.24   | 174.35            |                         |  | 340.43              |  |
| Charge for the year                              | 31.86                         | 17.89                  | 18.62              | -        | 1.68                | 69.01                  | 139.06   | 64.25             |                         |  | 133.14              |  |
| Adjustments on disposal of assets                | 53.74                         | 0.21                   | -                  | -        | -                   | -                      | 53.95    | -                 |                         |  | -                   |  |
| Balance as at Mar 31, 2022                       | 276.70                        | 115.87                 | 140.04             | -        | 32.14               | 418.58                 | 983.34   | 238.59            |                         |  | 473.57              |  |
| Charge for the year                              | 12.41                         | 17.71                  | 53.07              | -        | 1.70                | 13.48                  | 98.36    | 59.42             |                         |  | 102.88              |  |
| Adjustments on disposal of assets                | 0.85                          | 0.05                   | 0.19               | -        | -                   | -                      | 1.08     | -                 |                         |  | -                   |  |
| Balance as at Mar 31, 2023                       | 288.26                        | 133.52                 | 192.93             | -        | 33.83               | 432.06                 | 1,080.61 | 298.01            |                         |  | 576.45              |  |
| <b>Net block</b>                                 |                               |                        |                    |          |                     |                        |          |                   |                         |  |                     |  |
| Balance as at Mar 31, 2020                       | 118.04                        | 122.32                 | 126.67             | 50.84    | 25.03               | 151.90                 | 594.80   | 202.78            |                         |  | 797.50              |  |
| Balance as at Mar 31, 2021                       | 62.48                         | 101.70                 | 74.75              | -        | 3.37                | 82.86                  | 325.17   | 138.29            |                         |  | 223.75              |  |
| Balance as at Mar 31, 2022                       | 32.59                         | 84.13                  | 59.67              | -        | 1.69                | 13.85                  | 191.93   | 74.04             |                         |  | 107.62              |  |
| Balance as at Mar 31, 2023                       | 33.35                         | 68.06501               | 8.53               | -        | -                   | 0.38                   | 110.33   | 33.19             |                         |  | 23.47               |  |





**ART Housing Finance (India) Limited**
**Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**11 Other Non-Financial Assets**

| Particulars                                    | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 | As at<br>Mar 31, 2021 |
|--|-----------------------|-----------------------|-----------------------|
| <b>Unsecured; considered good</b>              |                       |                       |                       |
| Other Advances                                 | 109.48                | 43.21                 | 30.58                 |
| Prepaid Expenses                               | 63.24                 | 42.96                 | 42.56                 |
| Balance with government authorities            | 90.55                 | 105.32                | 88.33                 |
| Assets held for sale [Refer note 11(a)]        | 481.09                | 211.43                | 12.90                 |
| <b>Total Gross</b>                             | <b>744.35</b>         | <b>402.91</b>         | <b>174.37</b>         |
| Less: Provision for Expected Credit Loss (ECL) | 163.76                | 82.87                 | 7.71                  |
| <b>Total Net of ECL</b>                        | <b>580.59</b>         | <b>320.05</b>         | <b>166.66</b>         |

**11(a) Assets obtained by taking possession of collateral**

The Company obtained the following assets during the year by taking possession of collateral held as security against loans and advances and held at the year end. The Company's policy is to realise collateral on a timely basis. The Company does not use non-cash collateral for its operations.

Assets acquired during the year under SARFAESI by obtaining possession of immovable properties for Rs 426.44 lacs (Previous Year: Rs 198.53 lacs).

**12 Trade Payables**

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 | As at<br>Mar 31, 2021 |
|--|-----------------------|-----------------------|-----------------------|
| Total outstanding dues of micro enterprises and small enterprises                      | 5.62                  | 0.43                  | 1.37                  |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 10.28                 | 10.77                 | 17.94                 |
| <b>Total</b>   | <b>15.91</b>          | <b>11.20</b>          | <b>19.31</b>          |

Based on and to the extent of the information received by the Company from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the relevant particulars as at the year-end are furnished in the note 34 below

**12.1 Trade Payables ageing**

| Particulars                 | Outstanding for following periods from due date of payment |           |           |                   | Total |
|-----------------------------|--|-----------|-----------|-------------------|-------|
|                             | Less than 1 year   | 1-2 years | 2-3 years | More than 3 years |       |
| (i) MSME                    | 5.62   | -         | -         | -                 | 5.62  |
| (ii) Others                 | 10.28  | -         | -         | -                 | 10.28 |
| (iii) Disputed dues - MSME  | -  | -         | -         | -                 | -     |
| (iv) Disputed dues - Others | -  | -         | -         | -                 | -     |

**13 Borrowings (Other than Debt Securities)**

| Particulars                 | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 | As at<br>Mar 31, 2021 |
|-----------------------------|-----------------------|-----------------------|-----------------------|
| <b>At Amortised Cost</b>    |                       |                       |                       |
| <b>Secured</b>              |                       |                       |                       |
| <b>Term Loans</b>           |                       |                       |                       |
| From Banks                  | 1,997.33              | 1,997.33              | 3,492.32              |
| <b>Total Borrowings (A)</b> | <b>1,997.33</b>       | <b>1,997.33</b>       | <b>3,492.32</b>       |
| Borrowings in India         | 1,997.33              | 1,997.33              | 3,492.32              |
| Borrowings outside India    | -                     | -                     | -                     |
| <b>Total Borrowings (B)</b> | <b>1,997.33</b>       | <b>1,997.33</b>       | <b>3,492.32</b>       |



**ART Housing Finance (India) Limited****Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**Notes:**

- 13.1 Secured term loans from Banks is towards loan from State Bank of India and carry rate of interest of 8.35% p.a. The loan is having tenure of 7 years from the date of disbursement and are repayable in 20 quarterly instalments after a moratorium of 24 months, the repayment commences from December 31, 2019. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company.

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

**13.2 Changes in liabilities arising from financing activities**

| Particulars                                    | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 | As at<br>Mar 31, 2021 |
|--|-----------------------|-----------------------|-----------------------|
| <b>Borrowings (other than debt securities)</b> |                       |                       |                       |
| Opening balances as at beginning of the year   | 1,997.33              | 3,492.32              | 18,800.17             |
| Movements                                      |                       |                       |                       |
| Cash flows                                     | (0.00)                | (1,500.28)            | (15,316.07)           |
| Other- amortisation of transaction cost        | -                     | 5.29                  | 8.22                  |
| <b>Closing balances as at end of the year</b>  | <b>1,997.33</b>       | <b>1,997.33</b>       | <b>3,492.32</b>       |





**ART Housing Finance (India) Limited**

Notes forming part of the Financial Statements for the year ended March 31, 2023

(Amount in INR lacs, unless otherwise stated)

**13.3 Terms of repayment of borrowings outstanding as at Mar 31, 2023**

| Particulars  | Repayment frequency and Original tenure | Rate of Interest | Due within 1 year | Due 1 to 2 years | Due 2 to 3 years | Due 3 to 5 years | Due > 5 years | Unamortised borrowing cost | Total           |
|--------------|---|------------------|-------------------|------------------|------------------|------------------|---------------|----------------------------|-----------------|
| From Banks   | Quarterly<br>Tenure > 3 years           | 8.35%            | 1,000.00          | 999.37           | -                | -                | -             | (2.04)                     | 1,997.33        |
| <b>Total</b> |   |                  | <b>1,000.00</b>   | <b>999.37</b>    | <b>-</b>         | <b>-</b>         | <b>-</b>      | <b>(2.04)</b>              | <b>1,997.33</b> |

**Terms of repayment of borrowings outstanding as at Mar 31, 2022**

| Particulars  | Repayment frequency and Original tenure | Rate of Interest | Due within 1 year | Due 1 to 2 years | Due 2 to 3 years | Due 3 to 5 years | Due > 5 years | Unamortised borrowing cost | Total           |
|--------------|---|------------------|-------------------|------------------|------------------|------------------|---------------|----------------------------|-----------------|
| From Banks   | Quarterly<br>Tenure > 3 years           | 9.50%            | -                 | 1,000.00         | 999.37           | -                | -             | (2.04)                     | 1,997.33        |
| <b>Total</b> |   |                  | <b>-</b>          | <b>1,000.00</b>  | <b>999.37</b>    | <b>-</b>         | <b>-</b>      | <b>(2.04)</b>              | <b>1,997.33</b> |



**ART Housing Finance (India) Limited**
**Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**14 Other Financial Liabilities**

| Particulars                  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|------------------------------|-----------------------|-----------------------|
| Temporary Book Overdraft*    | 60.68                 | -                     |
| Employee related payables    | 141.97                | 117.02                |
| Lease Obligation (Liability) | 26.50                 | 124.42                |
| Others                       | 390.34                | 165.13                |
| <b>Total</b>                 | <b>619.49</b>         | <b>406.57</b>         |

\* Temporary Book Overdraft represents cheques issued towards disbursements to borrowers but not encashed as at end of the reported year.

**15 Current Tax Liabilities**

| Particulars                                 | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Current tax liabilities (net of taxes paid) | 8.60                  | -                     |
| <b>Total</b>                                | <b>8.60</b>           | <b>-</b>              |

**16 Provisions**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Provision for Employee Benefits - Gratuity [(refer note 16(a))] | (13.41)               | (18.88)               |
| ECL on undisbursed loan commitment [(refer note 16(b))]         | 22.11                 | 19.09                 |
| <b>Total</b>  | <b>8.71</b>           | <b>0.21</b>           |

16(a) Fund value of assets is more than the liability towards gratuity as determined by actuarial valuer

16(b) When estimating ECLs for undisbursed loan commitments, the Company estimates the undisbursed portion including sanction undisbursed loans. The ECL is then computed applying prevailing ECL percentages on standard loans.

**17 Other Non-Financial Liabilities**

| Particulars             | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|-------------------------|-----------------------|-----------------------|
| Statutory dues          | 20.75                 | 13.00                 |
| Advances from customers | 117.79                | 214.80                |
| <b>Total</b>            | <b>138.54</b>         | <b>227.80</b>         |

**18 Equity Share Capital**
**Details of authorized, issued, subscribed and paid up share capital**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| <b>Authorised Share Capital</b>   |                       |                       |
| 100,00,00,000 (As at Mar 31, 2022: 100,00,00,000) Equity Shares of Rs 10 each | 100,000.00            | 100,000.00            |
| <b>Total</b>  | <b>100,000.00</b>     | <b>100,000.00</b>     |
| <b>Issued, Subscribed and Fully Paid-up</b>                                   |                       |                       |
| 35,50,00,000 (As At Mar 31, 2022: 38,50,00,000) Equity Shares of Rs 10 each   | 35,500.00             | 38,500.00             |
| <b>Total</b>  | <b>35,500.00</b>      | <b>38,500.00</b>      |

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

| Particulars   | As at<br>Mar 31, 2023 |                        | As at<br>Mar 31, 2022 |                        |
|---|-----------------------|------------------------|-----------------------|------------------------|
|   | Number of<br>Shares   | Amount<br>(Rs in lacs) | Number of Shares      | Amount<br>(Rs in lacs) |
| Equity shares as at the beginning of the year                           | 385,000,000           | 38,500.00              | 385,000,000           | 38,500.00              |
| Buyback of equity share capital during the year<br>[refer note 18.1(a)] | (30,000,000)          | (3,000.00)             | -                     | -                      |
| <b>Equity</b>   | <b>355,000,000</b>    | <b>35,500.00</b>       | <b>385,000,000</b>    | <b>38,500.00</b>       |

18.1(a) The Board of Directors of the Company passed a resolution dated November 18, 2022 for buyback of equity shares at Rs. 11.59 per share having face value of Rs 10 each from its shareholder/beneficial owners of equity shares of the Company. The buyback was subsequently effected within the permitted time on December 9, 2022 of 300 Lacs nos of equity shares aggregating to face value of Rs 3000 Lacs.

In line with the requirement of the Companies Act, 2013, an amount of Rs 488.12 lacs (Including tax on buyback of Rs 111.12 lacs) has been utilised from retained earnings. In accordance with section 69 of the Companies Act, 2013, capital redemption reserve of Rs 3,000 lacs (representing the nominal value of the shares bought back) has been created as an apportionment from retained earnings.

**18.2 Details of shares held by the Holding Company**

| Name of the shareholder                                   | As at<br>Mar 31, 2023 |              | As at<br>Mar 31, 2022 |              |
|---|-----------------------|--------------|-----------------------|--------------|
|   | Number of<br>Shares   | % of holding | Number of Shares      | % of holding |
| ART Business & Consumer Finance (India) Private Limited * | 355,000,000           | 100.00%      | 385,000,000           | 100.00%      |

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





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

| Name of the shareholder                                   | As at<br>Mar 31, 2023 |              | As at<br>Mar 31, 2022 |              |
|---|-----------------------|--------------|-----------------------|--------------|
|   | Number of<br>Shares   | % of holding | Number of Shares      | % of holding |
| ART Business & Consumer Finance (India) Private Limited * | 355,000,000           | 100.00%      | 385,000,000           | 100.00%      |

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

**18.4 Details of Shareholding of Promoters**

| Shares held by promoters at the year ending March 31, 2023 |   |               |                   |
|--|---|---------------|-------------------|
| S.No.  | Promoter Name   | No. of Shares | % of total shares |
| 1  | Equity shares as at the beginning of the year- ART Business & Consumer Finance (India) Private Limited) | 385,000,000   | 100.00%           |
|  | Buyback of equity share capital during the year   | (30,000,000)  | -7.79%            |
|  | Equity shares as at the end of the year- ART Business & Consumer Finance (India) Private Limited)       | 355,000,000   |                   |

**18.5 Terms/ rights attached to equity shares**

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

For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer note 34.

**19 Other Equity**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Statutory reserve u/s 29C of the NHB Act, 1987              | 431.24                | 251.28                |
| Special Reserve u/s 36(i)(viii) of the Income Tax Act, 1961 | 1,410.35              | 1,168.36              |
| Share based payments Reserve                                | 45.86                 | 102.54                |
| Retained Earnings   | 1,715.60              | 3,623.34              |
| Capital Redemption Reserves                                 | 3,000.00              | -                     |
| Total   | 6,603.05              | 5,145.51              |

**19.1 Nature and purpose of reserve**

**19.1.1 Statutory reserve and Special reserve**

Section 29C of The National Housing Bank (NHB) Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 1961, is considered to be an eligible transfer for the purpose of section 29C of the NHB Act, 1987. The Company has transferred an amount of Rs 421.95 lacs (Previous Year Rs 367.80 lacs) which includes the special reserve in terms of Section 36(1) (viii) of the Income-tax Act 1961.

In terms of the requirement of National Housing Bank's (NHB) Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated April 7, 2014, information on Reserve Fund under section 29C of the National Housing Bank Act, 1987 has been furnished under note 44.3.

**19.1.2 Share Based Payments Reserve**

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

**19.1.3 Retained earnings**

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

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

In line with the requirement of the Companies Act, 2013, an amount of Rs 488.12 lacs (Including tax on buyback of Rs 111.12 lacs) has been utilised from retained earnings during the current year.

**19.1.4 Capital redemption reserve account**

In accordance with section 69 of the Companies Act, 2013, capital redemption reserve of Rs 3,000 lacs (representing the nominal value of the shares bought back) has been created as an apportionment from retained earnings during the current year.



## ART Housing Finance (India) Limited

## Notes forming part of the Financial Statements for the year ended March 31, 2023

(Amount in INR lacs, unless otherwise stated)

## 20 Interest Income

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| <b>On Financial Assets measured at Amortised Cost:</b> |                       |                       |
| Interest on Loans                                      | 5,149.77              | 4,907.94              |
| Interest on deposits with banks                        | 99.54                 | 51.06                 |
| <b>Total</b>   | <b>5,249.31</b>       | <b>4,959.00</b>       |

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

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

## 21 Fee and Commission Income

| Particulars                          | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--------------------------------------|-----------------------|-----------------------|
| Other fee income and charges         | 113.21                | 163.67                |
| Interest on Lease Liability - IND AS | -                     | -                     |
| <b>Total</b>                         | <b>113.21</b>         | <b>163.67</b>         |

## 22 Net Gain/(Loss) on Fair Value Changes

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Net gain on financial instruments at fair value through profit or loss |                       |                       |
| On trading portfolio   |                       |                       |
| Investments in Mutual funds  | 291.61                | 167.52                |
| <b>Total Net gain/(loss) on fair value changes</b>                     | <b>291.61</b>         | <b>167.52</b>         |
| Fair Value changes:  |                       |                       |
| Realised   | 291.61                | 131.07                |
| Unrealised   | -                     | 36.44                 |
| <b>Total Net gain/(loss) on fair value changes</b>                     | <b>291.61</b>         | <b>167.52</b>         |

## 23 Reversal of Impairment on Financial Instruments

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| <b>On Financial Assets measured at Amortised Cost</b> |                       |                       |
| On Loans - Expected Credit Loss                       | 420.88                | -                     |
| <b>Total</b>  | <b>420.88</b>         | <b>-</b>              |

## 24 Finance Costs

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| <b>On Financial Liabilities measured at Amortised Cost</b> |                       |                       |
| Interest on borrowings                                     | 174.33                | 276.48                |
| Interest on Lease Liability                                | 6.19                  | 28.51                 |
| <b>Total Finance Costs</b>                                 | <b>180.52</b>         | <b>304.99</b>         |

## 25 Impairment on Financial Instruments

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| <b>On Financial Assets measured at Amortised Cost</b> |                       |                       |
| On Loans - Expected Credit Loss                       | -                     | 196.25                |
| On Other Assets - Expected Credit Loss                | 87.27                 | 31.48                 |
| Loans, advances and other receivables written off     | 48.31                 | 19.94                 |
| <b>Total</b>  | <b>135.58</b>         | <b>247.67</b>         |

## 26 Employee benefits expense

| Particulars                                    | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Salaries, wages and bonus                      | 1,799.44              | 1,419.11              |
| Contribution to provident fund and other funds | 91.46                 | 66.73                 |
| Contribution to gratuity                       | 10.93                 | 14.29                 |
| Share based payments to employees              | -                     | 11.68                 |
| Staff welfare expenses                         | 30.24                 | 17.67                 |
| <b>Total</b>                                   | <b>1,932.06</b>       | <b>1,529.48</b>       |





**ART Housing Finance (India) Limited**
**Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**27 Corporate Social Responsibility expenses**

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| - amount required to be spent by the company during the year           | 43.28                 | 37.65                 |
| - amount of expenditure incurred                                       | 43.28                 | 37.70                 |
| - shortfall at the end of the year, shall be incurred till March, 2023 | -                     | -                     |
| - total of previous year shortfall, shall be incurred till March, 2023 | -                     | -                     |

**27.1 Nature of CSR Activities**

|  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Hunger, Malnutrition and Health                                    | 14.69                 | 3.95                  |
| Education  | 23.29                 | 33.50                 |
| Environmental Sustainability                                       | 0.30                  | 0.25                  |
| Gender Equality, Empowerment of Women and care for Senior Citizens | 5.00                  | -                     |
| <b>Total</b>   | <b>43.28</b>          | <b>37.70</b>          |

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

**28 Other expenses**

| Particulars                                       | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Rent  | 96.33                 | 60.19                 |
| Repairs and Maintenance                           | 16.67                 | 9.88                  |
| General Office Expenses                           | 157.26                | 135.27                |
| Electricity & Water Charges                       | 40.20                 | 28.11                 |
| Insurance Charges                                 | 28.16                 | 13.22                 |
| Legal and professional charges                    | 164.47                | 215.05                |
| Auditor's fees and expenses                       | 6.79                  | 6.54                  |
| Rates and Taxes                                   | 2.18                  | 29.19                 |
| Director's fees, allowances and expenses          | 21.91                 | 15.70                 |
| Communication expenses                            | 39.51                 | 29.51                 |
| Loss on disposal of property, plant and equipment | 0.05                  | (3.13)                |
| Advertisement and business promotion expenses     | 67.54                 | 15.64                 |
| Travelling and conveyance                         | 98.18                 | 57.30                 |
| Recruitment Expenses                              | 3.65                  | 2.56                  |
| Miscellaneous expenses                            | 49.83                 | 40.50                 |
| <b>Total</b>                                      | <b>792.73</b>         | <b>655.54</b>         |

**28.1 Auditor's remuneration**

| Particulars                   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|-------------------------------|-----------------------|-----------------------|
| As auditors                   | 6.75                  | 6.54                  |
| For other services            | -                     | -                     |
| For reimbursement of expenses | 0.04                  | -                     |
| <b>Total</b>                  | <b>6.79</b>           | <b>6.54</b>           |



**ART Housing Finance (India) Limited****Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**29 Earnings per share (EPS)**

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

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

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

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| <b>(a) Computation of profit attributable to equity shareholders</b> |                       |                       |
| Net profit after tax attributable to equity shareholders             | 2,102.33              | 1,845.18              |
| <b>(b) Computation of weighted average number of shares</b>          |                       |                       |
| - Basic (In Nos in lacs)   | 3,756.30              | 3,850.00              |
| - Diluted (In Nos in lacs.)  | 3,777.55              | 3,868.78              |
| <b>(c) Nominal value of equity share</b>                             | <b>10.00</b>          | <b>10.00</b>          |
| <b>(d) Earnings per share</b>  |                       |                       |
| - Basic (in Rs)  | 0.56                  | 0.48                  |
| - Diluted (in Rs)  | 0.56                  | 0.48                  |

**30 Segment**

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

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

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

**32 Changes in liabilities arising from financing activities**

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

**33 Employee Benefits Plan****Direct Benefit Plan****Gratuity**

Since these are special purpose financial statements which are prepared to comply with the requirements of the provisions of section 68 read with Rule 17(1)(n) of the Companies (Share Capital and Debenture) Rules, 2014 for the proposed buy back of Equity shares, the Company shall done the gratuity calculations as per Ind AS and actuarial valuation at the year end.

**33.1 Statement of profit and loss**

Net employee benefit expense recognized in the employee cost

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Current service cost                                   | 12.91                 | 11.27                 |
| Interest cost  | 2.80                  | 2.70                  |
| Return on plan assets                                  | (4.78)                | (3.99)                |
| Net remeasurement (gain) / loss recognized in the year | -                     | -                     |
| <b>Net expense</b>                                     | <b>10.93</b>          | <b>9.98</b>           |





**ART Housing Finance (India) Limited****Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

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

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Opening amount recognised in other comprehensive income                       | (43.15)               | (34.95)               |
| Remeasurement (gain) / loss on obligations arising from changes in financial  | 13.78                 | (0.48)                |
| Remeasurement (gain) / loss on obligations arising from changes in experience | (6.61)                | (7.43)                |
| Actual return on plan assets less interest on plan assets                     | 3.27                  | (0.28)                |
| <b>Amount recognised in other comprehensive income for the year</b>           | <b>10.44</b>          | <b>(8.19)</b>         |
| <b>Closing amount recognised in other comprehensive income</b>                | <b>(32.71)</b>        | <b>(43.15)</b>        |

**33.3 Balance Sheet**

Net defined benefit liability

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Present value of defined benefit obligation                      | 51.79                 | 44.87                 |
| Fair value of plan assets  | 65.20                 | 63.75                 |
| <b>Net defined benefit liability recognised in balance sheet</b> | <b>(13.41)</b>        | <b>(18.88)</b>        |

**33.4 Changes in present value of the defined benefit obligations:**

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Present value of defined benefit obligations as at beginning of the year | 44.87                 | 43.13                 |
| Current service cost   | 12.91                 | 11.27                 |
| Interest cost  | 2.80                  | 2.70                  |
| Benefits paid during the year  | (15.96)               | (4.31)                |
| Actuarial gain on obligations  | 7.17                  | (7.91)                |
| <b>Present value of obligation as at the end of the year</b>             | <b>51.79</b>          | <b>44.87</b>          |



**ART Housing Finance (India) Limited****Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**33.5 Changes in fair value of plan asset:**

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Fair value of plan assets as at the beginning of the year  | 63.75                 | 63.79                 |
| Actual return on plan assets                               | 1.51                  | 4.27                  |
| Contributions  | -                     | -                     |
| Benefits paid  | (0.06)                | (4.31)                |
| <b>Fair value of plan assets as at the end of the year</b> | <b>65.20</b>          | <b>63.75</b>          |

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

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Discount rate  | 7.50%                 | 6.25%                 |
| Future salary increase rate                          | 5.00%                 | 5.00%                 |
| Mortality  | IALM 2012-14          | IALM 2012-14          |
| Average past service (years)                         | 1.6 Years             | 1.9 Years             |
| Average age (years)                                  | 33.9 Years            | 34.1 Years            |
| Average remaining working lives of employees (years) | 20 Years              | 21 Years              |
| Attrition rate                                       | 20.00%                | 20.00%                |

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

**33.7 Projected plan cash flow: maturity profile**

| Particulars                        | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|------------------------------------|-----------------------|-----------------------|
| Expected benefits for year 1       | 7.82                  | 5.10                  |
| Expected benefits for year 2       | 3.12                  | 5.10                  |
| Expected benefits for year 3       | 3.33                  | 2.76                  |
| Expected benefits for year 4       | 3.36                  | 2.73                  |
| Expected benefits for year 5       | 3.33                  | 2.70                  |
| Expected benefits for year 5 above | 30.83                 | 28.98                 |
| <b>Total</b>                       | <b>51.79</b>          | <b>47.37</b>          |

**33.8 Expected contribution to fund in the next year**

| Particulars                                    | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Expected contribution to fund in the next year | 21.94                 | 19.55                 |

**33.9 Sensitivity Analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation of one another as some of the assumptions may be correlated. The results of sensitivity analysis are given below

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Projected Benefit Obligation on Current Assumptions       | 51.79                 | 44.87                 |
| a) Effect of 1% change in assumed discount rate           |                       |                       |
| 1% increase   | 4%                    | -4%                   |
| 1% decrease   | 4%                    | 5%                    |
| (b) Effect of 1% change in assumed salary escalation rate |                       |                       |
| 1% increase   | 4%                    | 5%                    |
| 1% decrease   | -4%                   | -4%                   |





**ART Housing Finance (India) Limited**
**Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**34 Employee Stock Option Schemes (ESOS)**

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

**34.1 AHFL ESOS - MAY'2017**

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

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

**34.2 AHFL ESOS - MAY'2019**

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

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

**34.3 AHFL ESOP - 2022**

The shareholders of the Company at their meeting dated December 29, 2022 approved the 'AAHFL ESOP - 2022' scheme consisting of 90,85,500 stock options representing 90,85,500 fully paid up equity shares of Rs 10 each of the Company to be issued in one or more tranches to eligible employees of the Company & its Subsidiary/ Holding Company. The Nomination and Remuneration Committee constituted by the Board of Directors of the Company has also at its meeting held on dated November 28, 2022 granted the same, following the intrinsic method of accounting as is prescribed in the Guidance Note issued by the Institute of Chartered Accountants of India on Accounting for Employees Share Based Payments ("the Guidelines"). As the options have been granted at intrinsic value, there is no employee stock compensation expense on account of the same. These options vest with effect from the first vesting date i.e. November 30, 2022, whereby the options vest on each vesting date as per the vesting schedule provided in the Scheme.

| Particulars                           | AHFL ESOS - 2022  |
|---------------------------------------|---|
| (i) Exercise price                    | The exercise price shall be such price as determined by the Board of Directors from time to time, being not less than the face value of a share of the Company as on date of grant.                 |
| (ii) Vesting conditions               | On expiry of one year- 25% of options granted<br>On expiry of two year- 25% of options granted<br>On expiry of three year- 25% of options granted<br>On expiry of four year- 25% of options granted |
| (iii) Maximum term of options granted | 4 years from the date of vesting  |
| (iv) Vesting requirements             | Continued employment at the vesting date  |
| (v) Exercise period                   | The exercise period shall be determined by the Board of Directors in consortium with the liquidity event.   |
| (vi) Pricing Formula                  | Calculation is based on fair value method   |

**(vii) Option movement during the year**

| Particulars  | AHFL ESOS - MAY'2017            |                                 | AHFL ESOS - MAY'2019            |                                 | AHFL ESOS - 2022                |                                 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  | For the year ended Mar 31, 2023 | For the year ended Mar 31, 2022 | For the year ended Mar 31, 2023 | For the year ended Mar 31, 2022 | For the year ended Mar 31, 2023 | For the year ended Mar 31, 2022 |
| No. of options outstanding at the beginning of the year  | 756,000                         | 1,164,500                       | 400,500                         | 713,500                         | -                               | -                               |
| No. of options granted during the year                   | -                               | -                               | -                               | -                               | 3,990,000                       | -                               |
| No. of options forfeited/lapsed during the year          | (193,300)                       | (408,500)                       | (82,000)                        | (313,000)                       | (270,000)                       | -                               |
| No. of options exercised during the year                 | -                               | -                               | -                               | -                               | -                               | -                               |
| <b>No. of options outstanding at the end of the year</b> | <b>562,700</b>                  | <b>756,000</b>                  | <b>318,500</b>                  | <b>400,500</b>                  | <b>3,720,000</b>                | <b>-</b>                        |
| No. of stock exercisable at the end of the year          | -                               | -                               | -                               | -                               | -                               | -                               |



**ART Housing Finance (India) Limited****Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

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

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

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| The principal amount remaining unpaid to supplier as at the end of the year   | 5.62                  | 0.43                  |
| The interest due thereon remaining unpaid to supplier as at the end of the year   | -                     | -                     |
| The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year  | -                     | -                     |
| The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act   | -                     | -                     |
| The amount of interest accrued during the year and remaining unpaid at the end of the year  | -                     | -                     |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006 | -                     | -                     |

**36 Contingent liabilities and commitments**

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| <b>Contingent liabilities</b>  |                       |                       |
| (a) Claims against the company not acknowledged as debts   | -                     | -                     |
| (b) Disputed Income Tax Demands not provided for   | 140.85                | 140.85                |
| <b>Commitments</b>   |                       |                       |
| (c) Estimated amount of contracts remaining to be executed on capital account and not provided for | -                     | -                     |
| (d) Loan Commitments towards Partly Disbursed Loans & Sanction Undisbursed Loans                   | 2,618.10              | 1,924.36              |





**ART Housing Finance (India) Limited**

Notes forming part of the Financial Statements for the year ended March 31, 2023

(Amount in INR lacs, unless otherwise stated)

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

**37.1 Lease liability movement**

| Particulars                    | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--------------------------------|-----------------------|-----------------------|
| Opening Balance                | 124.42                | 218.20                |
| Addition during the year       | 15.45                 | 139.41                |
| Interest on Lease Liability    | 6.19                  | 28.51                 |
| Deletion during the year       | 3.28                  | (122.41)              |
| Lease rental payment           | (122.83)              | (139.30)              |
| <b>Balance at the year end</b> | <b>26.50</b>          | <b>124.42</b>         |

**37.2 Amounts recognised in the Statement of Profit & Loss**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Asset wise depreciation charge of right-of-use assets             | 102.88                | 133.14                |
| Interest expense (included in finance cost)                       | 6.19                  | 28.51                 |
| Expense relating to short-term leases (included in rent expenses) | 96.14                 | 54.21                 |
| <b>Total</b>  | <b>205.21</b>         | <b>215.85</b>         |

**37.3 Future Lease Cash Outflow for all leased assets:**

| Particulars                                       | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Not later than one year                           | 15.64                 | 117.83                |
| Later than one year but not later than five years | 14.39                 | 15.90                 |
| Later than five years                             | -                     | -                     |
| Impact of discounting and other adjustments       | (3.53)                | (9.32)                |
| <b>Total</b>                                      | <b>26.50</b>          | <b>124.42</b>         |

**37.4 Maturity Analysis of Lease Liability:**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---------------|-----------------------|-----------------------|
| Within 1 Year | 13.05                 | 110.13                |
| 1 to 2 Years  | 13.45                 | 8.35                  |
| 2 to 3 Years  | -                     | 5.94                  |
| After 3 Years | -                     | -                     |
| <b>Total</b>  | <b>26.50</b>          | <b>124.42</b>         |



**ART Housing Finance (India) Limited**
**Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

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

|   |  |
|---|--|
| <b>Holding Company</b>  | ART Business & Consumer Finance (India) Private Limited  |
| <b>Parent of the Holding Company</b>  | ART Capital (India) Private Limited  |
| <b>Ultimate Holding Company</b>   | Yes Capital (India) Private Limited  |
| <b>Subsidiary Company</b>   | ART Distribution (I) Private Limited   |
| <b>Key management personnel (KMP)</b>   | Vipin Jain, Managing Director & CEO<br>Rahul Kumar Pandey, Independent Director<br>Atul Hasmukhrai Mehta, Independent Director<br>Shrenik Suresh Shah, Independent Director<br>Ritika Bhatia, Whole Time Director and Company Secretary<br>Bharat Dhall, Chief Financial Officer |
| <b>Enterprises that directly or indirectly are under common control and with whom transactions are done during the year</b> | ART Capital (India) Private Limited<br>Yes Capital (India) Pvt Ltd<br>DOIT Sports Management (India) Pvt Ltd   |
| <b>Post Employment Benefit Plans</b>  | ART Housing Finance (India) Ltd. Employee's Gratuity Trust   |

**Transactions with related parties during the year**

| Particulars   | Nature of transaction           | For the year ended<br>Mar 31, 2023 |                    | For the year ended<br>Mar 31, 2022 |                    |
|---|---------------------------------|------------------------------------|--------------------|------------------------------------|--------------------|
|   |                                 | Transaction value                  | Outstanding amount | Transaction value                  | Outstanding amount |
| <b>A Holding Company</b>  |                                 |                                    |                    |                                    |                    |
| ART Business and Consumer Finance (India) Private Limited   | Shares Buyback                  | 3,477.00                           | -                  | -                                  | -                  |
| <b>B Key management personnel</b>   |                                 |                                    |                    |                                    |                    |
| Vipin Jain  | Remuneration paid               | 116.30                             | -                  | 104.37                             | -                  |
| Ritika Bhatia   | Remuneration paid               | 32.77                              | -                  | 29.85                              | -                  |
| Atul Hasmukhraj Mehta   | Sitting Fee paid                | 7.30                               | -                  | 5.23                               | -                  |
| Rahul Kumar Pandey  | Sitting Fee paid                | 7.68                               | -                  | 5.23                               | -                  |
| Shrenik Suresh Shah   | Sitting Fee paid                | 6.92                               | -                  | 5.23                               | -                  |
| Bharat Dhall  | Remuneration paid               | 32.05                              | -                  | 23.88                              | -                  |
| <b>C Other entities in which key management personnel or their relative has significant influence</b> |                                 |                                    |                    |                                    |                    |
| ART Capital (India) Private Limited   | Expenses Paid                   | -                                  | -                  | 124.93                             | -                  |
| DOIT Sports Management (India) Pvt Ltd  | Expenses Paid                   | 49.05                              | -                  | -                                  | -                  |
| Yes Capital (India) Private Limited   | Inter-corporate deposits placed | -                                  | 6,500.00           | 9,500.00                           | 6,500.00           |
|   | Inter-corporate deposits repaid | -                                  | -                  | 3,000.00                           | -                  |
|   | Interest receivable on ICD      | 748.69                             | 608.83             | 701.51                             | 548.94             |
|   | Interest received on ICD        | 688.81                             | -                  | 152.57                             | -                  |

Note:

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





**ART Housing Finance (India) Limited**
**Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**39 Fair value measurement**

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

**39.1 Financial instruments (Financial Assets and Financial Liabilities) by category**

| Particulars                             | As at Mar 31, 2023 |          |                  | As at Mar 31, 2022 |          |                  |
|---|--------------------|----------|------------------|--------------------|----------|------------------|
|   | FVTPL              | FVOCI    | Amortised Cost   | FVTPL              | FVOCI    | Amortised Cost   |
| <b>Financial Assets</b>                 |                    |          |                  |                    |          |                  |
| Cash and cash equivalents               | 25.67              | -        | -                | 606.12             | -        | -                |
| Bank Balance other than above           | 2,090.53           | -        | -                | 2,056.60           | -        | -                |
| Loans                                   | -                  | -        | 41,726.69        | -                  | -        | 37,424.12        |
| Investments                             | -                  | -        | -                | 4,900.40           | -        | 5.00             |
| Other Financial assets                  | -                  | -        | 272.54           | -                  | -        | 314.29           |
| <b>Total</b>                            | <b>2,116.20</b>    | <b>-</b> | <b>41,999.22</b> | <b>7,563.12</b>    | <b>-</b> | <b>37,743.41</b> |
| <b>Financial Liabilities</b>            |                    |          |                  |                    |          |                  |
| Trade Payables                          | -                  | -        | 15.91            | -                  | -        | 11.20            |
| Borrowings (Other than Debt Securities) | -                  | -        | 1,997.33         | -                  | -        | 1,997.33         |
| Other financial liabilities             | 592.99             | -        | 26.50            | 282.15             | -        | 124.42           |
| <b>Total</b>                            | <b>592.99</b>      | <b>-</b> | <b>2,039.74</b>  | <b>282.15</b>      | <b>-</b> | <b>2,132.95</b>  |

**39.2 Valuation Principles**

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

**39.3 Fair value hierarchy**

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

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

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

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

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

**39.3.1 Financial assets and liabilities measured at fair value - recurring fair value measurements**

| Particulars                 | As at Mar 31, 2023 |         |         | As at Mar 31, 2022 |         |         |
|-----------------------------|--------------------|---------|---------|--------------------|---------|---------|
|                             | Level-1            | Level-2 | Level-3 | Level-1            | Level-2 | Level-3 |
| Investments in Mutual funds | -                  | -       | -       | 4,900.40           | -       | -       |

**39.3.2 Fair value of financial instruments not measured at fair value as at:**

| Particulars                             | As at Mar 31, 2023 |          |                  | As at Mar 31, 2022 |          |                  |
|---|--------------------|----------|------------------|--------------------|----------|------------------|
|   | Level-1            | Level-2  | Level-3          | Level-1            | Level-2  | Level-3          |
| <b>Financial Assets</b>                 |                    |          |                  |                    |          |                  |
| Cash and cash equivalents               | 25.67              | -        | -                | 606.12             | -        | -                |
| Other bank balances                     | 2,090.53           | -        | -                | 2,056.60           | -        | -                |
| Loans                                   | -                  | -        | 41,726.69        | -                  | -        | 37,424.12        |
| Investments                             | -                  | -        | -                | 4,900.40           | -        | 5.00             |
| Other Financial assets                  | -                  | -        | 272.54           | -                  | -        | 314.29           |
| <b>Total</b>                            | <b>2,116.20</b>    | <b>-</b> | <b>41,999.22</b> | <b>7,563.12</b>    | <b>-</b> | <b>37,743.41</b> |
| <b>Financial Liabilities</b>            |                    |          |                  |                    |          |                  |
| Trade Payables                          | -                  | -        | 15.91            | -                  | -        | 11.20            |
| Borrowings (Other than Debt Securities) | -                  | -        | 1,997.33         | -                  | -        | 1,997.33         |
| Other financial liabilities             | 592.99             | -        | 26.50            | 282.15             | -        | 124.42           |
| <b>Total</b>                            | <b>592.99</b>      | <b>-</b> | <b>2,039.74</b>  | <b>282.15</b>      | <b>-</b> | <b>2,132.95</b>  |



**ART Housing Finance (India) Limited****Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**40 Transfer of Financial assets****Assignment Deal:**

As per term of deals, since substantial risk and rewards related to these assets are transferred to the buyer, the assets have been derecognised from the balance sheet. The management has evaluated the impact of assignment transactions done during the year for its business model. Based on the future business plan, the company business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain on derecognition.

| Particulars                                      | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Carrying amount of derecognised financial assets | 4,019.90              | 5,240.15              |
| Carrying Gain from derecognition                 | 146.54                | 217.66                |

Note: no assignment deal transaction has been carried out during the current financial year (Previous Year: Rs 7058.61 lacs)

**41 Capital Management**

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

The Company manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The company monitors capital using a gearing ratio, which is total debt divided by net worth. The Company's policy is to keep the gearing ratio at reasonable level of 6-8 times in imminent year while Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 currently permits HFCs to borrow up to 12 times of their net owned funds ("NOF"). The Company includes with in debt, its all interest bearing loans and borrowings.

**Debt to net worth ratio**

| Particulars                  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|------------------------------|-----------------------|-----------------------|
| Debts                        | 1,997.33              | 1,997.33              |
| Net worth                    | 42,103.05             | 43,645.51             |
| Debt to net worth (in times) | 0.05                  | 0.05                  |

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

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





**ART Housing Finance (India) Limited****Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**42 Risk Management Objectives and Policies****Risk Management Framework**

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

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

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

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



**ART Housing Finance (India) Limited**

Notes forming part of the Financial Statements for the year ended March 31, 2023

(Amount in INR lacs, unless otherwise stated)

**42.1 Liquidity and funding risk**

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

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

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

**42.1.1 The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities.****Maturity profile of Financial liabilities**

| Particulars                 | As at Mar 31, 2023 |                 |                 | As at Mar 31, 2022 |                 |                 |
|-----------------------------|--------------------|-----------------|-----------------|--------------------|-----------------|-----------------|
|                             | Within 12 months   | After 12 months | Total           | Within 12 months   | After 12 months | Total           |
| Borrowings                  | 1,000.00           | 997.33          | 1,997.33        | -                  | 1,997.33        | 1,997.33        |
| Payables                    | 15.91              | -               | 15.91           | 11.20              | -               | 11.20           |
| Other Financial Liabilities | 606.04             | 13.45           | 619.49          | 392.27             | 14.29           | 406.56          |
| <b>Total</b>                | <b>1,621.95</b>    | <b>1,010.78</b> | <b>2,632.73</b> | <b>403.47</b>      | <b>2,011.62</b> | <b>2,415.09</b> |

**42.1.2 Maturity analysis of assets and liabilities**

The following tables set forth, for the periods indicated, the assets and liabilities line items expected to be recovered or settled within and after twelve months after factoring prepayment assumptions

| Particulars  | As at Mar 31, 2023 |                  |                  | As at Mar 31, 2022 |                  |                  |
|--|--------------------|------------------|------------------|--------------------|------------------|------------------|
|  | Within 12 months   | After 12 months  | Total            | Within 12 months   | After 12 months  | Total            |
| <b>Assets</b>  |                    |                  |                  |                    |                  |                  |
| Cash and cash equivalents                                | 25.67              | -                | 25.67            | 606.12             | -                | 606.12           |
| Bank balance other than above                            | 1,080.00           | 1,010.53         | 2,090.53         | 2,056.60           | -                | 2,056.60         |
| Loans  | 14,032.82          | 27,693.87        | 41,726.69        | 10,470.17          | 26,953.95        | 37,424.12        |
| Investments  | -                  | -                | -                | 4,900.40           | 5.00             | 4,905.40         |
| Other financial assets                                   | 72.01              | 200.52           | 272.54           | 41.55              | 272.74           | 314.29           |
| <b>Non-financial Assets</b>                              |                    |                  |                  |                    |                  |                  |
| Current tax assets (Net)                                 | -                  | -                | -                | 120.78             | -                | 120.78           |
| Deferred tax assets (Net)                                | -                  | 28.63            | 28.63            | -                  | 167.66           | 167.66           |
| Property, plant and equipment                            | -                  | 110.33           | 110.33           | -                  | 191.93           | 191.93           |
| Other intangible assets                                  | -                  | 33.19            | 33.19            | -                  | 74.04            | 74.04            |
| Right-of-use assets                                      | -                  | 23.47            | 23.47            | -                  | 107.62           | 107.62           |
| Other non-financial assets                               | 312.45             | 268.14           | 580.59           | 320.05             | -                | 320.05           |
| <b>Total Assets</b>                                      | <b>15,522.94</b>   | <b>29,368.69</b> | <b>44,891.63</b> | <b>18,515.67</b>   | <b>27,772.94</b> | <b>46,288.61</b> |
| <b>LIABILITIES</b>                                       |                    |                  |                  |                    |                  |                  |
| <b>Financial Liabilities</b>                             |                    |                  |                  |                    |                  |                  |
| Payables   |                    |                  |                  |                    |                  |                  |
| (i) Trade Payables                                       |                    |                  |                  |                    |                  |                  |
| (i) total outstanding dues MSME                          | 5.62               | -                | 5.62             | 0.43               | -                | 0.43             |
| (ii) total outstanding dues of creditors other than MSME | 10.28              | -                | 10.28            | 10.77              | -                | 10.77            |
| Borrowings (other than Debt securities)                  | 1,000.00           | 997.33           | 1,997.33         | -                  | 1,997.33         | 1,997.33         |
| Other financial liabilities                              | 606.04             | 13.45            | 619.49           | 392.27             | 14.29            | 406.56           |
| <b>Non-financial liabilities</b>                         |                    |                  |                  |                    |                  |                  |
| Current tax liabilities (net)                            | 8.60               | -                | 8.60             | -                  | -                | -                |
| Provisions   | 8.71               | -                | 8.71             | 0.21               | -                | 0.21             |
| Other non-financial liabilities                          | 138.54             | -                | 138.54           | 227.80             | -                | 227.80           |
| <b>Total liabilities</b>                                 | <b>1,777.80</b>    | <b>1,010.78</b>  | <b>2,788.58</b>  | <b>631.48</b>      | <b>2,011.62</b>  | <b>2,643.10</b>  |
| <b>Net</b>   | <b>13,745.14</b>   | <b>28,357.91</b> | <b>42,103.05</b> | <b>17,884.19</b>   | <b>25,761.32</b> | <b>43,645.51</b> |





**ART Housing Finance (India) Limited****Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**42.1.3 Analysis of financial Assets and Liabilities by remaining contractual maturities**

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

| Contractual maturities of Assets and Liabilities | As at Mar 31, 2023 |                  |                  | As at Mar 31, 2022 |                  |                  |
|--|--------------------|------------------|------------------|--------------------|------------------|------------------|
|  | Within 12 months   | After 12 months  | Total            | Within 12 months   | After 12 months  | Total            |
| <b>Financial Assets</b>                          |                    |                  |                  |                    |                  |                  |
| Cash and cash equivalents                        | 25.67              | -                | 25.67            | 606.12             | -                | 606.12           |
| Bank balance other than above                    | 2,090.53           | -                | 2,090.53         | 2,056.60           | -                | 2,056.60         |
| Loans  | 7,947.99           | 33,778.70        | 41,726.69        | 10,470.17          | 26,953.95        | 37,424.12        |
| Investments                                      | -                  | -                | -                | 4,900.40           | 5.00             | 4,905.40         |
| Other financial assets                           | 72.01              | 200.52           | 272.54           | 41.55              | 272.74           | 314.29           |
| <b>Total Financial Assets</b>                    | <b>10,136.20</b>   | <b>33,979.22</b> | <b>44,115.42</b> | <b>18,074.84</b>   | <b>27,231.69</b> | <b>45,306.53</b> |
| <b>LIABILITIES</b>                               |                    |                  |                  |                    |                  |                  |
| <b>Financial Liabilities</b>                     |                    |                  |                  |                    |                  |                  |
| Payables   |                    |                  |                  |                    |                  |                  |
| (i) Trade Payables                               |                    |                  |                  |                    |                  |                  |
| (i) to MSMEs                                     | 5.62               | -                | 5.62             | 0.43               | -                | 0.43             |
| (ii) to other than MSMEs                         | 10.28              | -                | 10.28            | 10.77              | -                | 10.77            |
| Borrowings (other than Debt securities)          | 1,000.00           | 997.33           | 1,997.33         | -                  | 1,997.33         | 1,997.33         |
| Other financial liabilities                      | 606.04             | 13.45            | 619.49           | 392.27             | 14.29            | 406.56           |
| <b>Total Financial liabilities</b>               | <b>1,621.95</b>    | <b>1,010.78</b>  | <b>2,632.73</b>  | <b>403.47</b>      | <b>2,011.62</b>  | <b>2,415.09</b>  |
| <b>Net</b>                                       | <b>8,514.25</b>    | <b>32,968.44</b> | <b>41,482.69</b> | <b>17,671.37</b>   | <b>25,220.07</b> | <b>42,891.44</b> |



**ART Housing Finance (India) Limited**

**Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

**42.2 Credit risk**

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

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

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

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

**42.2.1 Classification of financial assets under various stages**

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

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

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

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

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

**42.2.2 Impairment Loss Allowance - Expected Credit Loss (ECL)**

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

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

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

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

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

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

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





**ART Housing Finance (India) Limited**
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(Amount in INR lacs, unless otherwise stated)

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

| Particulars          | Mar 31, 2023 |         |         | Mar 31, 2022 |          |          |
|----------------------|--------------|---------|---------|--------------|----------|----------|
|                      | Stage 1      | Stage 2 | Stage 3 | Stage 1      | Stage 2  | Stage 3  |
| Gross carrying value | 41,556.43    | 370.55  | 820.60  | 36,755.87    | 1,092.26 | 1,020.78 |
| Allowance for ECL    | 438.40       | 135.41  | 447.09  | 425.38       | 469.91   | 549.50   |
| ECL coverage ratio   | 1.05%        | 36.54%  | 54.48%  | 1.16%        | 43.02%   | 53.83%   |

**42.3 Analysis of risk concentration**

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

**42.3.1 LTV wise bifurcation (Secured Loans):**

| Particulars        | Mar 31, 2023     |               |               |                  | Mar 31, 2022     |                 |                 |                  |
|--------------------|------------------|---------------|---------------|------------------|------------------|-----------------|-----------------|------------------|
|                    | Stage 1          | Stage 2       | Stage 3       | Total            | Stage 1          | Stage 2         | Stage 3         | Total            |
| 0%-40%             | 7,935.98         | 74.56         | 40.37         | 8,050.91         | 6,632.35         | 644.83          | 161.22          | 7,438.40         |
| 41%-60%            | 11,251.21        | 104.95        | 162.71        | 11,518.87        | 8,829.17         | 153.54          | 195.31          | 9,178.02         |
| 61%-80%            | 12,287.20        | 178.41        | 271.53        | 12,737.14        | 12,287.51        | 227.73          | 519.43          | 13,034.66        |
| More Than 80%      | 2,973.21         | 12.63         | 345.99        | 3,331.83         | 1,957.91         | 66.18           | 144.82          | 2,168.90         |
| <b>Grand Total</b> | <b>34,447.61</b> | <b>370.55</b> | <b>820.60</b> | <b>35,638.75</b> | <b>29,706.93</b> | <b>1,092.26</b> | <b>1,020.79</b> | <b>31,819.98</b> |

**42.3.2 Customer profile (Secured Loans):**

| Particulars           | Mar 31, 2023     |               |               |                  | Mar 31, 2022     |                 |                 |                  |
|-----------------------|------------------|---------------|---------------|------------------|------------------|-----------------|-----------------|------------------|
|                       | Stage 1          | Stage 2       | Stage 3       | Total            | Stage 1          | Stage 2         | Stage 3         | Total            |
| HL - Salaried         | 12,758.31        | 59.15         | 196.59        | 13,014.04        | 11,511.56        | 128.67          | 167.73          | 11,807.97        |
| HL - Self Employed    | 16,070.75        | 217.68        | 394.75        | 16,683.18        | 14,470.43        | 793.83          | 605.32          | 15,869.59        |
| <b>HL Total</b>       | <b>28,829.05</b> | <b>276.83</b> | <b>591.34</b> | <b>29,697.23</b> | <b>25,982.00</b> | <b>922.51</b>   | <b>773.06</b>   | <b>27,677.56</b> |
| NHL - Salaried        | 1,290.48         | 3.33          | 3.98          | 1,297.79         | 463.38           |                 | 14.58           | 477.97           |
| NHL - Self Employed   | 4,328.07         | 90.39         | 225.28        | 4,643.74         | 3,261.55         | 169.76          | 233.15          | 3,664.45         |
| <b>NHL Total</b>      | <b>5,618.55</b>  | <b>93.72</b>  | <b>229.25</b> | <b>5,941.53</b>  | <b>3,724.93</b>  | <b>169.76</b>   | <b>247.73</b>   | <b>4,142.42</b>  |
| <b>Total HL + NHL</b> | <b>34,447.61</b> | <b>370.55</b> | <b>820.60</b> | <b>35,638.75</b> | <b>29,706.93</b> | <b>1,092.26</b> | <b>1,020.79</b> | <b>31,819.98</b> |



**42.4 Market Risk**

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

**42.4.1 Interest Rate Risk**

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

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

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

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

**42.4.2 Operational risk**

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

**43 Impact of COVID-19**

The extent to which COVID -19 will continue to impact the company's operations and financial metrics will depend on future developments, which are uncertain. Increase in repo rates also reflects the overall stress on affordable segment customers. Hence company has used the principles of prudence to provide for the impact of pandemic on the financial statement specifically while assessing the expected credit loss on financial assets by applying management overlays, approved by Board of Directors. This has resulted in an additional provision of Rs 559.00 lacs till the period March 31, 2023 (Previous Year: Rs 864.62 lacs). Company will closely monitor the material changes to future economic conditions and resultant impact, if any, on expected credit loss provisions.

**43.1 Disclosure as required in terms of circular on Resolution Framework – 2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses - RBI/2021-22/31/DOR.STR.REC.11/21.04.048/2021-22 dt. May 05, 2021**

| Type of borrower   | Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at 30th Sept 21 | Of (A), aggregate debt that slipped into NPA during till 31st March 23 | Of (A) amount written off till 31st March 23 | Of (A) amount paid by the borrowers till 31st March 23 | Exposure to accounts classified as Standard consequent to implementation of resolution plan – Position as at 31st March 23 |
|--------------------|---|--|--|--|--|
| Personal Loans     | 345.61  | 97.30  | 4.95   | 55.44  | 285.23   |
| Corporate persons* | -   | -  | -  | -  | -  |
| Of which MSMEs     | -   | -  | -  | -  | -  |
| Others             | -   | -  | -  | -  | -  |
| <b>Total</b>       | <b>345.61</b>   | <b>97.30</b>   | <b>4.95</b>                                  | <b>55.44</b>   | <b>285.23</b>  |

\* As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016

\*\* Personal Loan includes mortgage backed housing and other loans. Amounts includes loan principal value only.





**ART Housing Finance (India) Limited**
**Notes forming part of the Financial Statements for the year ended March 31, 2023**

(Amount in INR lacs, unless otherwise stated)

- 44 The following additional disclosures have been prepared on the basis of previous Ind AS and given in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, Notification no. DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021 issued by RBI and is given below:

**44.1 Summary of Significant Accounting Policies**

The accounting policies regarding key areas of operations are disclosed as note 3 of accounting policy to the Financial Statement for the year ended Mar 31, 2023.

**44.2 Capital**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| (i) Capital to Risk Asset Ratio - CRAR (%)                  | 170.19%               | 163.94%               |
| (ii) CRAR-Tier I Capital (%)                                | 168.94%               | 162.69%               |
| (iii) CRAR-Tier II Capital (%)                              | 1.25%                 | 1.25%                 |
| (iv) Amount of subordinated debt raised as Tier- II Capital | Nil                   | Nil                   |
| (v) Amount raised by issue of Perpetual Debt Instruments    | Nil                   | Nil                   |

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

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| <b>Balance at the beginning of the year</b>   |                       |                       |
| a) Statutory reserve under section 29C of the National Housing Bank Act, 1987   | 251.28                | 168.23                |
| 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                      | 1,168.36              | 883.61                |
| <b>c) Total</b>   | <b>1,419.64</b>       | <b>1,051.84</b>       |
| <b>Addition/ appropriation/ withdrawal during the year</b>  |                       |                       |
| <b>Add:</b>   |                       |                       |
| a) Amount transferred under section 29C of the NHB Act, 1987  | 179.96                | 83.05                 |
| 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                      | 241.99                | 284.75                |
| <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   | 431.24                | 251.28                |
| 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                               | 1,410.35              | 1,168.36              |
| <b>c) Total</b>   | <b>1,841.59</b>       | <b>1,419.64</b>       |

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

**44.4 Investments**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| <b>Value of investments</b>   |                       |                       |
| (i) Gross value of investments  |                       |                       |
| (a) In India  | 5.00                  | 4,905.40              |
| (b) Outside India   | Nil                   | Nil                   |
| (ii) Provision for depreciation   |                       |                       |
| (a) In India  | 5.00                  | Nil                   |
| (b) Outside India   | Nil                   | Nil                   |
| (iii) Net value of investments  |                       |                       |
| (a) In India  | -                     | 4,905.40              |
| (b) Outside India   | Nil                   | Nil                   |
| <b>Movement of provisions held towards depreciation on investments</b>    |                       |                       |
| (i) Opening balance   | -                     | -                     |
| (ii) Add: Provisions made during the year                                 | 5.00                  | -                     |
| (iii) Less: Write-off / written-back of excess provisions during the year | -                     | -                     |
| (iv) Closing balance  | 5.00                  | -                     |

**44.5 Derivatives**
**44.5.1 Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)**

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| (i) The notional principal of swap agreements  | Nil                   | Nil                   |
| (ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the | 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



44.5.2 Exchange Traded Interest Rate (IR) Derivative

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| (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

44.5.3 Disclosures on risk exposure in derivatives - Qualitative Disclosure

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

44.5.4 Disclosures on risk exposure in derivatives - quantitative disclosure

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

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

44.5.5 Unhedged foreign currency exposure

The Company has not any unhedged foreign currency exposures.

44.6 Securitisation

| 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 current year/ Previous year.

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

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| (i) No. of accounts  | Nil                   | Nil                   |
| (ii) Aggregate value (net of provisions) of accounts sold to Securitisation Company /      | Nil                   | Nil                   |
| (iii) Aggregate consideration  | Nil                   | Nil                   |
| (iv) Additional consideration realized in respect of accounts transferred in earlier years | Nil                   | Nil                   |
| (v) Aggregate gain / loss over net book value  | Nil                   | Nil                   |

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

44.6.3 Details of assignment transactions undertaken by HFCs

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| (i) Number of accounts   | Nil                   | 1,143                 |
| (ii) Aggregate value (net of provisions) of accounts assigned                              | Nil                   | 7,058.61              |
| (iii) Aggregate consideration  | Nil                   | 7,058.61              |
| (iv) Additional consideration realized in respect of accounts transferred in earlier years | Nil                   | Nil                   |
| (v) Aggregate gain / loss over net book value  | Nil                   | 323.05                |

Note: no assignment deal transaction has been undertaken in current financial year (Previous Year: Rs 7058.61 Lacs)





ART Housing Finance (India) Limited  
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(Amount in INR lacs, unless otherwise stated)

44.6.4 Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| 1. (a) Number of accounts purchased during the year              | Nil                   | Nil                   |
| (b) Aggregate outstanding  | Nil                   | Nil                   |
| 2. (a) Of these, number of accounts restructured during the year | Nil                   | Nil                   |
| (b) Aggregate outstanding  | Nil                   | Nil                   |

B. Details of non-performing financial assets sold:

| Particulars                         | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|-------------------------------------|-----------------------|-----------------------|
| 1. Number of accounts sold          | Nil                   | Nil                   |
| 2. Aggregate outstanding            | Nil                   | Nil                   |
| 3. Aggregate consideration received | Nil                   | Nil                   |

44.7 Assets Liability Management

Maturity pattern of certain items of Assets/ Liabilities\*

As on Mar 31, 2023

| Liabilities                        | 1 to 7<br>days | 8 to 14<br>days | 15 days to<br>30/31<br>days (one<br>month) | Over one<br>month to<br>2 months | Over 2<br>months<br>upto 3<br>months | Over 3<br>months to<br>6 months | Over 6<br>months to<br>1 year | Over 1 year<br>to 3 years | Over 3 years<br>to 5 years | Over 5 years | Total     |
|------------------------------------|----------------|-----------------|--|----------------------------------|--------------------------------------|---------------------------------|-------------------------------|---------------------------|----------------------------|--------------|-----------|
| Deposits                           | -              | -               | -  | -                                | -                                    | -                               | -                             | -                         | -                          | -            | -         |
| Borrowings                         | -              | -               | -  | -                                | 250.00                               | 250.00                          | 500.00                        | 997.33                    | -                          | -            | 1,997.33  |
| Foreign<br>Currency<br>liabilities | -              | -               | -  | -                                | -                                    | -                               | -                             | -                         | -                          | -            | -         |
| <b>Total</b>                       | -              | -               | -  | -                                | 250.00                               | 250.00                          | 500.00                        | 997.33                    | -                          | -            | 1,997.33  |
| <b>Assets</b>                      |                |                 |  |                                  |                                      |                                 |                               |                           |                            |              |           |
| Advances                           | 229.85         | 229.85          | 229.85                                     | 734.19                           | 7,701.54                             | 1,817.00                        | 3,317.84                      | 6,579.80                  | 8,077.41                   | 14,978.53    | 43,895.84 |
| Investments                        | -              | -               | -  | -                                | -                                    | -                               | -                             | -                         | -                          | -            | -         |
| Foreign<br>Currency<br>assets      | -              | -               | -  | -                                | -                                    | -                               | -                             | -                         | -                          | -            | -         |
| <b>Total</b>                       | 229.85         | 229.85          | 229.85                                     | 734.19                           | 8,201.54                             | 2,317.00                        | 4,317.84                      | 8,574.46                  | 8,077.41                   | 14,978.53    | 47,890.50 |

\*The residual maturity profile of Assets and Liabilities is carried out based on the estimates and assumptions regarding behavioural pattern of pre-payments/ maturities/ renewals and Commitments.

Note: Foreign currency liabilities and foreign currency assets are Nil

Maturity pattern of certain items of Assets/ Liabilities

As on Mar 31, 2022

| Liabilities                        | 1 to 7<br>days | 8 to 14<br>days | 15 days to<br>30/31<br>days (one<br>month) | Over one<br>month to<br>2 months | Over 2<br>months<br>upto 3<br>months | Over 3<br>months to<br>6 months | Over 6<br>months to<br>1 year | Over 1 year<br>to 3 years | Over 3 years<br>to 5 years | Over 5 years | Total     |
|------------------------------------|----------------|-----------------|--|----------------------------------|--------------------------------------|---------------------------------|-------------------------------|---------------------------|----------------------------|--------------|-----------|
| Deposits                           | -              | -               | -  | -                                | -                                    | -                               | -                             | -                         | -                          | -            | -         |
| Borrowings                         | -              | -               | -  | -                                | -                                    | -                               | -                             | 1,997.33                  | -                          | -            | 1,997.33  |
| Foreign<br>Currency<br>liabilities | -              | -               | -  | -                                | -                                    | -                               | -                             | -                         | -                          | -            | -         |
| <b>Total</b>                       | -              | -               | -  | -                                | -                                    | -                               | -                             | 1,997.33                  | -                          | -            | 1,997.33  |
| <b>Assets</b>                      |                |                 |  |                                  |                                      |                                 |                               |                           |                            |              |           |
| Advances                           | 455.57         | 165.92          | 165.92                                     | 631.10                           | 7,601.96                             | 1,183.71                        | 1,794.42                      | 2,669.74                  | 1,337.98                   | 24,128.36    | 40,134.67 |
| Investments                        | 4,900.40       | -               | -  | -                                | -                                    | -                               | -                             | -                         | -                          | 5.00         | 4,905.40  |
| Foreign<br>Currency<br>assets      | -              | -               | -  | -                                | -                                    | -                               | -                             | -                         | -                          | -            | -         |
| <b>Total</b>                       | 5,355.97       | 165.92          | 165.92                                     | 631.10                           | 7,601.96                             | 1,183.71                        | 1,794.42                      | 6,664.40                  | 1,337.98                   | 24,133.36    | 49,034.73 |

\*The residual maturity profile of Assets and Liabilities is carried out based on the estimates and assumptions regarding behavioural pattern of pre-payments/ maturities/ renewals and Commitments.

Note: Foreign currency liabilities and foreign currency assets are Nil



#### 44.8 Exposure

##### 44.8.1 Exposure to Real Estate Sector

| Category  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| <b>a. Direct exposure</b>   |                       |                       |
| <b>i) Residential mortgages-</b><br>Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.  | 35,149.93             | 30,883.72             |
| <b>ii) Commercial real estate-</b><br>Lending secured by mortgages on commercial real estate (office buildings, retail space, multipurpose commercial premises, multifamily residential buildings, multi tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits.<br>- Non Fund Based Exposure to CRE | 488.82                | 936.26                |
| <b>iii) Investments in Mortgage Backed Securities (MBS) &amp; other securitised exposures</b>   |                       |                       |
| a. Residential  | Nil                   | Nil                   |
| b. Commercial Real Estate   | Nil                   | Nil                   |
| <b>b. Indirect exposure</b><br>Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)  | Nil                   | Nil                   |
| <b>Total Exposure to Real Estate Sector</b>   | <b>35,638.75</b>      | <b>31,819.98</b>      |

##### 44.8.2 Exposure to Capital Market

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

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| (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) Underwriting commitments taken up by the NBFCs in respect of primary issue of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds  | Nil                   | Nil                   |
| (ix) Financing to stockbrokers for margin trading  | Nil                   | Nil                   |
| (x) All exposures to Alternative Investment Funds:   |                       |                       |
| (i) Category I   | Nil                   | Nil                   |
| (ii) Category II   | Nil                   | Nil                   |
| (iii) Category III   | Nil                   | Nil                   |
| <b>Total exposure to Capital Market</b>  | <b>Nil</b>            | <b>Nil</b>            |

##### 44.8.3 Details of Financing of parent company products

There is no financing of parent company products.

##### 44.8.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the

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

##### 44.8.5 Details of Unsecured Advances

Company has given the unsecured advances to group companies for which disclosure has been provided in note no. 6(h).

##### 44.8.6 Exposure to group companies engaged in real estate business

| Description   | Amount (₹ in<br>Lacs) | % of owned<br>fund |
|---|-----------------------|--------------------|
| i) Exposure to any single entity in a group engaged in real estate business | Nil                   | Nil                |
| ii) Exposure to all entities in a group engaged in real estate business     | Nil                   | Nil                |





**ART Housing Finance (India) Limited**  
**Notes forming part of the Financial Statements for the year ended March 31, 2023**  
(Amount in INR lacs, unless otherwise stated)

**44.9 Other disclosures**

**44.9.1 Registration obtained from other financial sector regulators**

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

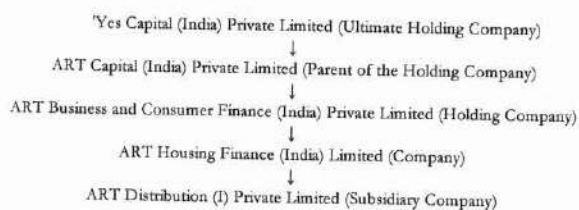
| <b>44.9.2 Disclosure of Penalties imposed by NHB/RBI and other statutory authorities</b>   |                               |                               |
|--|-------------------------------|-------------------------------|
|  | <b>As at<br/>Mar 31, 2023</b> | <b>As at<br/>Mar 31, 2022</b> |
| i) 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 - The Company has not granted any loans against collateral of gold jewellery | Nil                           | Nil                           |

*NHB has not imposed any Penalty on the Company in current year and previous year.*

**44.9.4 Related Party Transactions**

Details of all material transactions with related parties are disclosed in Note 38 to Financial Statements.

**44.9.5 Group Structure**



The Group has filed a scheme of amalgamation with National Company Law Tribunal (NCLT), New Delhi between the holding Company, intermediate holding company with the Ultimate Holding Company. As on the date of the approval of the financial statement, the NCLT has directed the petitioners to serve notice of the proposed scheme on the concerned Regional Director, ROC, Official Liquidator, Income Tax department, CIC Division of RBI and other sectoral regulators having significant bearing in the operations of the petitioner companies.  
Also, subsidiary company i.e. ART Distribution (I) Pvt. Ltd. has initiated the process to strike off the company and it is under process.

**44.9.6 Intra-group exposures**

| <b>Particulars</b>   | <b>As at<br/>Mar 31, 2023</b> | <b>As at<br/>Mar 31, 2022</b> |
|--|-------------------------------|-------------------------------|
| Total amount of intra-group exposures  | 7,108.83                      | 7,048.94                      |
| Total amount of top 20 intra-group exposures                                 | 7,108.83                      | 7,048.94                      |
| Percentage of intra-group exposures to total exposure on borrowers/customers | 16.63%                        | 18.14%                        |

**44.9.7 Remuneration to Directors**

Remuneration to Directors of the company covered under the Companies Act, 2013 and relevant provision of Accounting Standard. Such details are disclosed in Note 38 above and will also be part of Director Report including its annexures.

**44.9.8 Management**

Refer to the Management Discussion and Analysis report for the relevant disclosures.

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

During the year, CARE has reaffirmed the rating of 'BB+' (BB Plus) Stable Outlook (Long Term Facilities- Rs 50 crores) on December 05, 2022.

**44.9.10 Net Profit or Loss for the period, prior period items and changes in accounting policies**

There are no prior period items that have impact on the current year's profit and loss.

**44.9.11 Revenue Recognition**

There have been no instances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

**44.9.12 Consolidated Financial Statements (CFS)**

As per Ind AS 110, Financial Statements are being consolidated at holding company level.



#### 44.9.13 Provisions and Contingencies

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

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| 1. Provisions for depreciation on investment                                       | Nil                   | Nil                   |
| 2. Provision made towards income-tax   | 625.30                | 550.62                |
| 3. Provision towards sub standard, doubtful and loss assets                        | (102.41)              | 122.68                |
| 4. Provision for standard assets (with details like teaser loan, CRE, CRE-RH etc.) |                       |                       |
| Teaser loans   | Nil                   | Nil                   |
| CRE  | 6.33                  | 16.26                 |
| CRE -RH  | (262.65)              | (16.07)               |
| Other standard assets  | (62.15)               | 54.30                 |
| 5. Other provision and contingencies (with details)                                |                       |                       |
| Expected Credit Loss (Expenses) on Loan Commitment- Ind AS                         | 3.02                  | 19.09                 |
| On Assets held for sale- Expected Credit Loss                                      | 80.90                 | 63.43                 |
| On Other Receivables - Expected Credit Loss  | 6.37                  | (31.95)               |
| Gratuity, compensated absences   | 10.93                 | 14.29                 |
| Employee benefits  | 120.00                | 100.00                |
| Provision for expenses   | 133.70                | 83.68                 |

#### 44.9.14 Break up of loan and advances and provisions thereon

| Particulars                           | Housing loans         |                       | Non-Housing loans     |                       |
|---------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                       | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
| <b>Standard assets</b>                |                       |                       |                       |                       |
| a) Total outstanding amount           | 29,106.21             | 26,904.50             | 12,820.77             | 10,943.63             |
| b) Provisions made                    | 374.96                | 713.74                | 198.83                | 181.55                |
| <b>Sub-standard assets</b>            |                       |                       |                       |                       |
| a) Total outstanding amount           | 215.21                | 374.78                | 88.92                 | 130.00                |
| b) Provisions made                    | 109.43                | 188.70                | 45.22                 | 65.46                 |
| <b>Doubtful assets – Category-I</b>   |                       |                       |                       |                       |
| a) Total outstanding amount           | 227.20                | 300.55                | 47.43                 | 91.04                 |
| b) Provisions made                    | 115.53                | 151.33                | 24.12                 | 45.84                 |
| <b>Doubtful assets – Category-II</b>  |                       |                       |                       |                       |
| a) Total outstanding amount           | 108.19                | 26.16                 | 72.98                 | 26.69                 |
| b) Provisions made                    | 55.01                 | 13.17                 | 37.11                 | 13.44                 |
| <b>Doubtful assets – Category-III</b> |                       |                       |                       |                       |
| a) Total outstanding amount           | -                     | -                     | -                     | -                     |
| b) Provisions made                    | -                     | -                     | -                     | -                     |
| <b>Loss assets</b>                    |                       |                       |                       |                       |
| a) Total outstanding amount           | 40.75                 | 71.57                 | 19.92                 | -                     |
| b) Provisions made                    | 40.75                 | 71.57                 | 19.92                 | -                     |
| <b>Total</b>                          |                       |                       |                       |                       |
| a) Total outstanding amount           | 29,697.55             | 27,677.56             | 13,050.03             | 11,191.36             |
| b) Provisions made                    | 695.69                | 1,138.51              | 325.20                | 306.28                |

#### 44.9.15 Draw Down from Reserves

There has been no draw down from special reserve u/s 36(1)(viii) of Income -tax Act, 1961 or statutory reserve under Section 29C of the NHB Act, 1987 during the current year (Previous Year: Nil).

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

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

| Particulars  | As at<br>Mar 31, 2023  | As at<br>Mar 31, 2022 |
|--|--|-----------------------|
| Total deposits of twenty largest depositors                                      | The Company is non public deposit taking housing finance company and has not accepted any public deposits during the current year or previous years. |                       |
| Percentage of deposits of twenty largest depositors to total deposits of the HFC |  |                       |

##### 44.10.2 Concentration of loans and advances

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Total loans and advances to twenty largest borrowers                                      | 7,782.73              | 8,270.72              |
| Percentage of loans and advances to twenty largest borrowers to total advances of the HFC | 18.21%                | 21.30%                |





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

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Total exposure to twenty largest borrowers/ customers   | 7,871.68              | 8,295.68              |
| Percentage of exposures to twenty largest borrowers/ customers to total exposure of the HFC on borrowers/ customers | 17.35%                | 20.33%                |

44.10.4 Concentration of NPAs

| Particulars                            | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Total exposure to top ten NPA accounts | 251.61                | 289.72                |

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

| Particulars                  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|------------------------------|-----------------------|-----------------------|
| <b>A. Housing loans:</b>     |                       |                       |
| 1. Individuals               | 1.99%                 | 2.85%                 |
| 2. Builders/Project loans    | Nil                   | Nil                   |
| 3. Corporates                | Nil                   | Nil                   |
| 4. Others (specify)          | Nil                   | Nil                   |
| <b>B. Non-Housing loans:</b> |                       |                       |
| 1. Individuals               | 3.86%                 | 5.98%                 |
| 2. Builders/Project loans    | Nil                   | Nil                   |
| 3. Corporates                | Nil                   | Nil                   |
| 4. Others (specify)          | Nil                   | Nil                   |

Above details are as per on balance sheet portfolio

44.10.6 Movement of NPAs

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| (I) Net NPAs to net advances (%)   | 0.88%                 | 1.23%                 |
| <b>II) Movement of NPAs (Gross)</b>  |                       |                       |
| a) Opening balance   | 1,020.79              | 1,074.92              |
| b) Additions during the year   | 547.04                | 1,486.72              |
| c) Reductions during the year  | 747.23                | 1,540.84              |
| d) Closing balance   | 820.60                | 1,020.79              |
| <b>(III) Movement of net NPAs</b>  |                       |                       |
| a) Opening balance   | 471.28                | 648.09                |
| b) Additions during the year   | 384.39                | 1,263.00              |
| c) Reductions during the year  | 482.17                | 1,439.81              |
| d) Closing balance   | 373.50                | 471.28                |
| <b>IV) Movement of provisions for NPAs (excluding provisions on standard assets)</b> |                       |                       |
| a) Opening balance   | 549.50                | 426.82                |
| b) Provisions made during the year   | 162.65                | 223.71                |
| c) Write-off/write-back of excess provisions   | 265.06                | 101.03                |
| d) Closing balance   | 447.09                | 549.50                |

44.11 Overseas assets

| Particulars                                  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| The Company has not held any overseas assets | Nil                   | Nil                   |

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

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| The Company does not have any SPVs sponsored which is required to be consolidated as per accounting norms. | Nil                   | Nil                   |



**44.13 Liquidity Risk Management Framework**

**(i) Funding Concentration based on significant counterparty (both deposits and borrowings)**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Number of significant counter parties                     | 1                     | 1                     |
| Amount  | 1,997.33              | 1,997.33              |
| Percentage of funding concentration to total deposits     | NA                    | NA                    |
| Percentage of funding concentration to total liabilities* | 71.63%                | 75.57%                |

\* Total liabilities excludes net worth

**(ii) Top 20 large deposits**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Total amount of top 20 deposits                           | NA                    | NA                    |
| Percentage of amount of top 20 deposits to total deposits | NA                    | NA                    |

**(iii) Top 10 borrowings**

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Total amount of top 10 borrowings                             | 1,997.33              | 1,997.33              |
| Percentage of amount of top 10 borrowings to total borrowings | 100.00%               | 100.00%               |

**(iv) Funding Concentration based on significant instrument/product**

| Particulars                                 | As at<br>Mar 31, 2023  |                            | As at<br>Mar 31, 2022  |                            |
|---|------------------------|----------------------------|------------------------|----------------------------|
|   | Amount<br>(Rs in Lacs) | % of Total<br>Liabilities* | Amount<br>(Rs in Lacs) | % of Total<br>Liabilities* |
| Borrowings from Bank                        | 1,997.33               | 71.63%                     | 1,997.33               | 75.57%                     |
| Borrowings from National Housing Bank (NHB) | -                      | -                          | -                      | -                          |
| Debt Securities                             | -                      | -                          | -                      | -                          |
| Subordinated liabilities                    | -                      | -                          | -                      | -                          |
| Securitisation                              | -                      | -                          | -                      | -                          |
| Borrowings from Insurance Companies         | -                      | -                          | -                      | -                          |

\* Total liabilities excludes net worth

**(v) Stock Ratio**

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| Commercial paper as a percentage of total public funds   | -                     | -                     |
| Commercial paper as a percentage of total liabilities  | -                     | -                     |
| Commercial paper as a percentage of total assets   | -                     | -                     |
| Non convertible debentures (original maturity of less than one year) as a percentage of total public funds | -                     | -                     |
| Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities  | -                     | -                     |
| Non convertible debentures (original maturity of less than one year) as a percentage of total assets       | -                     | -                     |
| Other short term liabilities as a percentage of total public funds   | -                     | -                     |
| Other short term liabilities as a percentage of total liabilities*   | 26.54%                | 19.72%                |
| Other short term liabilities as a percentage of total assets   | 1.65%                 | 1.13%                 |

\* Total liabilities excludes net worth

**(vi) Institutional set-up for liquidity risk Management**

The company has an Asset Liability Management Committee (ALCO) to monitor asset liability mismatches to ensure that there is no imbalances or excessive concentration on the either side of the balance sheet. The company maintains a judicious mix of borrowings in the form of Term Loans, Refinance, Capital Market Instruments, Securitization, Working Capital and continues to diversify its source of borrowings with the emphasis on longer tenor borrowings. The company has diversified mix of investors/lenders which includes Banks, National Housing Bank, Development Financial Institution, Mutual Funds, Insurance Companies etc.

The Liquidity Risk Management (LRM) of the company is governed by the LRM Policy approved by the Board. The Asset Liability Committee (ALCO) is responsible for implementing and monitoring the liquidity risk management strategy of the company in line with its risk management objectives and ensures adherence to the risk tolerance/limits set by the Board.

Refer note no.42.1 of financials statements.

**44.14 Loans against security of single product - gold jewellery**

Refer to the note no. 6(d) of Loans.

**44.15 Loans against security of shares**

Refer to the note no. 6(e) of Loans.

**44.16 Breach of covenant**

The Company has not any instances of breach of covenant of loan availed from banks during the current and previous years..





## ART Housing Finance (India) Limited

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## 45 Disclosure for comparison between provisions required under IRACP and impairment allowances made under Ind AS 109

## 45.1 As at March 31, 2023

| Asset Classification as per RBI Norms   |  | Rs in Lacs                          |   |                     |  |  |
|---|--|-------------------------------------|---|---------------------|--|--|
|   | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS 109 | Net Carrying Amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
| (1)   | (2)                                    | (3)                                 | (4)   | (5) = (3) - (4)     | (6)                                    | (7) = (4) - (6)  |
| <b>Performing Assets</b>  |  |                                     |   |                     |  |  |
| Standard  | Stage 1                                | 41,556.43                           | 367.30  | 41,189.13           | 130.62                                 | 236.68   |
|   | Stage 2                                | 370.55                              | 135.41  | 235.15              | 1.40                                   | 134.01   |
| <b>Subtotal</b>   |  | <b>41,926.99</b>                    | <b>502.71</b>   | <b>41,424.28</b>    | <b>132.02</b>                          | <b>370.69</b>  |
| <b>Non-Performing Assets (NPA)</b>  |  |                                     |   |                     |  |  |
| Substandard   | Stage 3                                | 304.13                              | 154.65  | 149.48              | 45.62                                  | 109.03   |
| Doubtful - up to 1 year   | Stage 3                                | 274.63                              | 139.65  | 134.98              | 68.66                                  | 70.99  |
| 1 to 3 years  | Stage 3                                | 181.17                              | 92.12   | 89.04               | 72.47                                  | 19.66  |
| More than 3 years   | Stage 3                                | -                                   | -   | -                   | -                                      | -  |
| <b>Subtotal for doubtful</b>  |  | <b>455.80</b>                       | <b>231.77</b>   | <b>224.03</b>       | <b>141.12</b>                          | <b>90.65</b>   |
| Loss  | Stage 3                                | 60.67                               | 60.67   | -                   | 60.67                                  | -  |
| <b>Subtotal for NPA</b>   |  | <b>820.60</b>                       | <b>447.09</b>   | <b>373.50</b>       | <b>247.42</b>                          | <b>199.68</b>  |
| Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms | Stage 1                                | 2,618.10                            | 22.11   | 2,595.98            | -                                      | 22.11  |
|   | Stage 2                                | -                                   | -   | -                   | -                                      | -  |
|   | Stage 3                                | -                                   | -   | -                   | -                                      | -  |
| <b>Subtotal</b>   |  |                                     |   |                     |  |  |
| <b>Total</b>  | Stage 1                                | <b>44,174.53</b>                    | <b>389.42</b>   | <b>43,785.11</b>    | <b>130.62</b>                          | <b>258.80</b>  |
|   | Stage 2                                | <b>370.55</b>                       | <b>135.41</b>   | <b>235.15</b>       | <b>1.40</b>                            | <b>134.01</b>  |
|   | Stage 3                                | <b>820.60</b>                       | <b>447.09</b>   | <b>373.50</b>       | <b>247.42</b>                          | <b>199.68</b>  |
|   | <b>Total</b>                           | <b>45,365.68</b>                    | <b>971.92</b>   | <b>44,393.76</b>    | <b>379.43</b>                          | <b>592.49</b>  |

Note: Above figures includes Loan Commitments of Rs 2618.10 Lacs

## 45.2 As at March 31, 2022

| Asset Classification as per RBI Norms   |  | Rs in Lacs                          |   |                     |  |  |
|---|--|-------------------------------------|---|---------------------|--|--|
|   | Asset classification as per Ind AS 109 | Gross Carrying Amount as per Ind AS | Loss Allowances (Provisions) as required under Ind AS 109 | Net Carrying Amount | Provisions required as per IRACP norms | Difference between Ind AS 109 provisions and IRACP norms |
| (1)   | (2)                                    | (3)                                 | (4)   | (5) = (3) - (4)     | (6)                                    | (7) = (4) - (6)  |
| <b>Performing Assets</b>  |  |                                     |   |                     |  |  |
| Standard  | Stage 1                                | 36,721.06                           | 425.38  | 36,295.67           | 115.60                                 | 309.78   |
|   | Stage 2                                | 1,127.08                            | 469.91  | 657.17              | 6.00                                   | 463.91   |
| <b>Subtotal</b>   |  | <b>37,848.13</b>                    | <b>895.29</b>   | <b>36,952.84</b>    | <b>121.61</b>                          | <b>773.69</b>  |
| <b>Non-Performing Assets (NPA)</b>  |  |                                     |   |                     |  |  |
| Substandard   | Stage 3                                | 504.78                              | 254.16  | 250.62              | 75.72                                  | 178.44   |
| Doubtful - up to 1 year   | Stage 3                                | 391.59                              | 197.16  | 194.42              | 97.90                                  | 99.27  |
| 1 to 3 years  | Stage 3                                | 52.85                               | 26.61   | 26.24               | 21.14                                  | 5.47   |
| More than 3 years   | Stage 3                                | -                                   | -   | -                   | -                                      | -  |
| <b>Subtotal for doubtful</b>  |  | <b>444.43</b>                       | <b>223.77</b>   | <b>220.66</b>       | <b>119.04</b>                          | <b>104.74</b>  |
| Loss  | Stage 3                                | 71.57                               | 71.57   | -                   | 71.57                                  | -  |
| <b>Subtotal for NPA</b>   |  | <b>1,020.79</b>                     | <b>549.50</b>   | <b>471.28</b>       | <b>266.33</b>                          | <b>283.18</b>  |
| Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms | Stage 1                                | 117.83                              | -   | 117.83              | -                                      | -  |
|   | Stage 2                                | -                                   | -   | -                   | -                                      | -  |
|   | Stage 3                                | -                                   | -   | -                   | -                                      | -  |
| <b>Subtotal</b>   |  |                                     |   |                     |  |  |
| <b>Total</b>  | Stage 1                                | <b>36,838.89</b>                    | <b>425.38</b>   | <b>36,413.51</b>    | <b>115.60</b>                          | <b>309.78</b>  |
|   | Stage 2                                | <b>1,127.08</b>                     | <b>469.91</b>   | <b>657.17</b>       | <b>6.00</b>                            | <b>463.91</b>  |
|   | Stage 3                                | <b>1,020.79</b>                     | <b>549.50</b>   | <b>471.28</b>       | <b>266.33</b>                          | <b>283.18</b>  |
|   | <b>Total</b>                           | <b>38,986.75</b>                    | <b>1,444.80</b>   | <b>37,541.96</b>    | <b>387.93</b>                          | <b>1,056.86</b>  |



Notes forming part of the Financial Statements for the year ended March 31, 2023  
(Amount in INR lacs, unless otherwise stated)

| Particulars  | As at Mar 31, 2023    |                   | As at Mar 31, 2022    |                   |
|--|-----------------------|-------------------|-----------------------|-------------------|
|  | Amount<br>Outstanding | Amount<br>Overdue | Amount<br>Outstanding | Amount<br>Overdue |
| <b>Liabilities side</b>  |                       |                   |                       |                   |
| (1) Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:                    |                       |                   |                       |                   |
| (a) Debentures : Secured   | -                     | -                 | -                     | -                 |
| : Unsecured  | -                     | -                 | -                     | -                 |
| (other than falling within the meaning of public deposits)   | -                     | -                 | -                     | -                 |
| (b) Deferred Credits   | -                     | -                 | -                     | -                 |
| (c) Term Loans   | -                     | -                 | -                     | -                 |
| (d) Inter-corporate loans and borrowings   | 1,997.33              | -                 | 1,997.33              | -                 |
| (e) Commercial Paper   | -                     | -                 | -                     | -                 |
| (f) Public Deposits  | -                     | -                 | -                     | -                 |
| (g) Other Loans (Cash credit, Securitization and Subordinated Liabilities)                                       | -                     | -                 | -                     | -                 |
| (2) Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):   | -                     | -                 | -                     | -                 |
| (a) In the form of Unsecured debentures  | -                     | -                 | -                     | -                 |
| (c) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security | -                     | -                 | -                     | -                 |

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| <b>Assets side</b>   |                       |                       |
| (3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:     |                       |                       |
| (a) Secured  |                       |                       |
| (b) Unsecured  | 35,638.75             | 31,819.98             |
| (4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities | 7,108.83              | 7,048.94              |
| (i) Lease assets including lease rentals under sundry debtors  |                       |                       |
| (a) Financial lease  | -                     | -                     |
| (b) Operating lease  | -                     | -                     |
| (ii) Stock on hire including hire charges under sundry debtors   | -                     | -                     |
| (a) Assets on hire   | -                     | -                     |
| (b) Repossessed Assets   | -                     | -                     |
| (iii) Other loans counting towards asset financing activities  | -                     | -                     |
| (a) Loans where assets have been repossessed   | -                     | -                     |
| (b) Loans other than (a) above   | -                     | -                     |
| (5) Break-up of Investments  |                       |                       |
| Current Investments  |                       |                       |
| 1 Quoted   |                       |                       |
| (i) Shares   |                       |                       |
| (a) Equity   | -                     | -                     |
| (b) Preference   | -                     | -                     |
| (ii) Debentures and Bonds  | -                     | -                     |
| (iii) Units of mutual funds  | -                     | -                     |
| (iv) Government Securities   | -                     | 4,900.40              |
| (v) Others   | -                     | -                     |
| 2 Unquoted   |                       |                       |
| (i) Shares   |                       |                       |
| (a) Equity   | -                     | -                     |
| (b) Preference   | -                     | -                     |
| (ii) Debentures and Bonds  | -                     | -                     |
| (iii) Units of mutual funds  | -                     | -                     |
| (iv) Government Securities   | -                     | -                     |
| (v) Others   | -                     | -                     |
| Long Term investments  |                       |                       |
| 1 Quoted   |                       |                       |
| (i) Shares   |                       |                       |
| (a) Equity   | -                     | -                     |
| (b) Preference   | -                     | -                     |
| (ii) Debentures and Bonds  | -                     | -                     |
| (iii) Units of mutual funds  | -                     | -                     |
| (iv) Government Securities   | -                     | -                     |
| (v) Others   | -                     | -                     |
| 2 Unquoted   |                       |                       |
| (i) Shares   |                       |                       |
| (a) Equity   | -                     | -                     |
| (b) Preference   | -                     | 5.00                  |
| (ii) Debentures and Bonds  | -                     | -                     |
| (iii) Units of mutual funds  | -                     | -                     |
| (iv) Government Securities   | -                     | -                     |
| (v) Others   | -                     | -                     |





## ART Housing Finance (India) Limited

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## (6) Borrower group-wise classification of assets financed as in (3) and (4) above:

| Category                        | Amount net of provisions<br>as at Mar 31, 2023 |           |           | Amount net of provisions<br>as at Mar 31, 2022 |           |           |
|---------------------------------|--|-----------|-----------|--|-----------|-----------|
|                                 | Secured  | Unsecured | Total     | Secured  | Unsecured | Total     |
| 1. Related Parties              |  |           |           |  |           |           |
| (a) Subsidiaries                | -  | -         | -         | -  | -         | -         |
| (b) Companies in the same group | -  | 7,037.74  | 7,037.74  | -  | 6,978.45  | 6,978.45  |
| (c) Other related parties       | -  | -         | -         | -  | -         | -         |
| 2. Other than related parties   | 34,688.95                                      | -         | 34,688.95 | 30,445.67                                      | -         | 30,445.67 |
| Total                           | 34,688.95                                      | 7,037.74  | 41,726.69 | 30,445.67                                      | 6,978.45  | 37,424.12 |

## (7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

| Category                        | As at Mar 31, 2023                                 |                                   | As at Mar 31, 2022                              |                                   |
|---------------------------------|--|-----------------------------------|---|-----------------------------------|
|                                 | Market Value /<br>Break up or fair<br>value or NAV | Book Value (Net of<br>Provisions) | Market Value / Break up<br>or fair value or NAV | Book Value (Net of<br>Provisions) |
| 1. Related Parties              |  |                                   |   |                                   |
| (a) Subsidiaries                | -  | -                                 | 5.00  | 5.00                              |
| (b) Companies in the same group | -  | -                                 | -   | -                                 |
| (c) Other related parties       | -  | -                                 | -   | -                                 |
| 2. Other than related parties   | -  | -                                 | -   | -                                 |
| Total                           | -  | -                                 | 5.00  | 5.00                              |

## (8) Other information

| Particulars   | As at Mar 31, 2023 | As at Mar 31, 2022 |
|---|--------------------|--------------------|
| (i) Gross Non-Performing Assets                     |                    |                    |
| (a) Related parties                                 | -                  | -                  |
| (b) Other than related parties                      | 820.60             | 1,020.79           |
| (ii) Net Non-Performing Assets                      |                    |                    |
| (a) Related parties                                 | -                  | -                  |
| (b) Other than related parties                      | 373.50             | 471.28             |
| (iii) Gross Assets acquired in satisfaction of debt | 481.09             | 211.43             |



47 Sectoral exposure

| Sectors   | As at<br>Mar 31, 2023   |               |  | As at<br>Mar 31, 2022   |               |  |
|---|---|---------------|--|---|---------------|--|
|   | Total Exposure<br>(includes on<br>balance sheet<br>and off-balance<br>sheet exposure) | Gross<br>NPAs | % of GNPA's to<br>total exposure in<br>that sector | Total Exposure<br>(includes on<br>balance sheet and<br>off-balance sheet<br>exposure) | Gross<br>NPAs | % of GNPA's to<br>total exposure in<br>that sector |
| 1. Agriculture and Allied Activities                                      | -   | -             | -  | -   | -             | -  |
| 2. Industry   | -   | -             | -  | -   | -             | -  |
| i....   | -   | -             | -  | -   | -             | -  |
| ii....  | -   | -             | -  | -   | -             | -  |
| Others  | -   | -             | -  | -   | -             | -  |
| Total of Industry (i+ii+...+Others)                                       | -   | -             | -  | -   | -             | -  |
| 3. Services   | -   | -             | -  | -   | -             | -  |
| i....   | -   | -             | -  | -   | -             | -  |
| ii....  | -   | -             | -  | -   | -             | -  |
| Others  | -   | -             | -  | -   | -             | -  |
| Total of Services (i+ii+...+Others)                                       | -   | -             | -  | -   | -             | -  |
| 4. Commercial Real Estate   | -   | -             | -  | -   | -             | -  |
| 4.1 Of which, Builders /Developers for<br>developing residential property | -   | -             | -  | 533.66  | -             | -  |
| 4.2. Any other CRE  | 497.69  | 22.77         | 4.57%  | 404.52  | 19.50         | 4.82%  |
| Total of Commercial Real Estate   | 497.69  | 22.77         | -  | 938.19  | 19.50         | -  |
| 5. Personal Loans   | -   | -             | -  | -   | -             | -  |
| i) Housing Finance Loans  | 32,537.65   | 597.95        | 1.84%  | 29,864.31   | 773.06        | 2.59%  |
| ii) Non-Housing Finance Loans   | 5,221.51  | 199.88        | 3.83%  | 2,945.70  | 228.22        | 7.75%  |
| 6. Others, if any   | 7,108.83  | -             | -  | 7,048.94  | -             | -  |
| Total   | 45,365.68   | 820.60        | 1.81%  | 40,797.14   | 1,020.79      | 2.50%  |

Note: Others includes the Inter Corporate Deposits

48 Related Party Disclosure

| Related Party<br>Items             | Parent (as per<br>ownership or<br>control) |                  | Subsidiaries    |                  | Associates/ Joint<br>ventures |                  | Key Management<br>Personnel® |                  | Relatives of Key<br>Management<br>Personnel® |                  | Others*         |                  | Total           |                  |
|------------------------------------|--|------------------|-----------------|------------------|-------------------------------|------------------|------------------------------|------------------|--|------------------|-----------------|------------------|-----------------|------------------|
|                                    | Current<br>year                            | Previous<br>year | Current<br>year | Previous<br>year | Current<br>year               | Previous<br>year | Current<br>year              | Previous<br>year | Current<br>year                              | Previous<br>Year | Current<br>year | Previous<br>Year | Current<br>year | Previous<br>year |
| Borrowings <sup>#</sup>            | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | -               | -                | -               | -                |
| Deposits <sup>#</sup>              | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | -               | -                | -               | -                |
| Placement of deposits <sup>#</sup> | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | -               | -                | -               | -                |
| Advances <sup>#</sup>              | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | -               | -                | -               | -                |
| Inter-corporate deposits placed    | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | -               | -                | -               | -                |
| O/s balance at the year end:       | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | 9,500.00        | -                | 9,500.00        | -                |
| Inter-corporate deposits           | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | 6,500.00        | 6,500.00         | 6,500.00        | 6,500.00         |
| Investments <sup>#</sup>           | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | -               | -                | -               | -                |
| Purchase of fixed/<br>other assets | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | -               | -                | -               | -                |
| Sale of fixed/other assets         | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | -               | -                | -               | -                |
| Interest paid                      | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | -               | -                | -               | -                |
| Interest received                  | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | 688.81          | 152.57           | 688.81          | 152.57           |
| Interest O/s                       | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | 608.83          | 548.94           | 608.83          | 548.94           |
| Shares Buyback                     | 3,477.00                                   | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | -               | -                | 3,477.00        | -                |
| Others                             | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | -               | -                | -               | -                |
| Remuneration & Sitting Fee<br>Paid | -  | -                | -               | -                | -                             | -                | 203.04                       | 173.79           | -  | -                | -               | -                | 203.04          | 173.79           |
| Expenses Paid                      | -  | -                | -               | -                | -                             | -                | -                            | -                | -  | -                | 49.05           | 124.93           | 49.05           | 124.93           |

Note: For Detail of all transactions with related parties please refer to Note 38 above.





49 Disclosure of complaints

(i) Summary information on complaints received by the Company from customers and from the Offices of Ombudsman

| Particulars  | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|--|-----------------------|-----------------------|
| <b>Complaints received by the Company from its customers</b>                 |                       |                       |
| 1. No. of complaints pending at the beginning of the year                    | -                     | -                     |
| 2. No. of complaints received during the year                                | 35                    | 15                    |
| 3. Number of complaints disposed during the year                             | 33                    | 15                    |
| 3.1 Of which, number of complaints rejected by the NBFC                      | -                     | -                     |
| 4. No. of complaints pending at the end of the year                          | 2                     | -                     |
| <b>Maintainable complaints received by the NBFC from Office of Ombudsman</b> |                       |                       |
| 5.* No. of complaints pending at the beginning of the year                   | -                     | -                     |
| 2. No. of complaints received during the year                                | -                     | -                     |
| 3. Number of complaints disposed during the year                             | -                     | -                     |
| 3.1 Of which, number of complaints rejected by the NBFC                      | -                     | -                     |
| d) No. of complaints pending at the end of the year                          | -                     | -                     |

Note: Maintainable complaints refer to complaints on the grounds specifically mentioned in Integrated Ombudsman Scheme, 2021 (Previously The Ombudsman Scheme for Non-Banking Financial Companies, 2018) and covered within the ambit of the Scheme.

\* It shall only be applicable to NBFCs which are included under The Reserve Bank - Integrated Ombudsman Scheme, 2021

(ii) Top five grounds of complaints received by the Company from customers:

| Grounds of complaints, (i.e. complaints relating to) | Number of complaints pending at the beginning of the year | Number of complaints received during the year | % increase/ decrease in the number of complaints received over the previous year | Number of complaints pending at the end of the year | Of 5, number of complaints pending beyond 30 days |
|--|---|---|--|---|---|
| 1  | 2   | 3   | 4  | 5   | 6   |
| <b>During the Financial Year 2022-23</b>             |   |   |  |   |   |
| Ground- 1  | -   | -   | 0.00%  | -   | -   |
| Ground- 2  | -   | -   | 0.00%  | -   | -   |
| Ground- 3  | -   | 1   | 0.00%  | -   | -   |
| Ground- 4  | -   | 3   | 0.00%  | -   | -   |
| Ground- 5  | -   | 7   | 0.00%  | -   | -   |
| Ground- 6  | -   | -   | 0.00%  | -   | -   |
| Ground- 7  | -   | -   | 0.00%  | -   | -   |
| Ground- 8  | -   | 5   | 40.00%   | -   | -   |
| Ground- 9  | -   | -   | 0.00%  | -   | -   |
| Ground- 10   | -   | 19  | 37.00%   | 2   | -   |
| <b>Total</b>   | -   | <b>35</b>                                     |  | <b>2</b>  | -   |
| <b>During the Financial Year 2021-22</b>             |   |   |  |   |   |
| Ground- 1  | -   | -   | 0.00%  | -   | -   |
| Ground- 2  | -   | -   | 0.00%  | -   | -   |
| Ground- 3  | -   | -   | 0.00%  | -   | -   |
| Ground- 4  | -   | -   | 0.00%  | -   | -   |
| Ground- 5  | -   | -   | 0.00%  | -   | -   |
| Ground- 6  | -   | -   | 0.00%  | -   | -   |
| Ground- 7  | -   | -   | 0.00%  | -   | -   |
| Ground- 8  | -   | 3   | -167.00%   | -   | -   |
| Ground- 9  | -   | -   | 0.00%  | -   | -   |
| Ground- 10   | -   | 12  | -92.00%  | -   | -   |
| <b>Total</b>   | -   | <b>15</b>                                     |  | -   | -   |

Note: The list of grounds of complaints given below are indicative only.

|  |   |  |   |
|--|---|--|---|
| 1. Credit Cards  | 2. Difficulty in operation of accounts  | 3. Mis-selling                           | 4. Recovery Agents/ Direct Sales Agents |
| 5. Loans and advances  | 6. Levy of charges without prior notice/ excessive charges/ foreclosure charges | 7. Non-observance of fair practices code | 8. Staff behaviour                      |
| 9. Facilities for customers visiting the office/ adherence to prescribed working hours, etc. | 10. Others  |  |   |



ART Housing Finance (India) Limited  
Notes forming part of the Financial Statements for the year ended March 31, 2023  
(Amount in INR lacs, unless otherwise stated)

50 Corporate governance

1) Composition of the Board

| Sl. No. | Name of Director      | Director since | Capacity (i.e. Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | DIN      | Number of Board Meetings |          | No. of other Director ships | Remuneration (Rs in Lacs)     |             |            | No. of shares held in and convertible instruments held in the NBFC |
|---------|-----------------------|----------------|---|----------|--------------------------|----------|-----------------------------|-------------------------------|-------------|------------|--|
|         |                       |                |   |          | Held                     | Attended |                             | Salary and other compensation | Sitting Fee | Commission |  |
| 1       | ATUL HASMUKHRAI MEHTA | 09/05/2020     | Non-Executive   | 00112451 | 6                        | 6        | 7                           | -                             | 7.30        | -          | -  |
| 2       | RAHUL KUMAR PANDEY    | 22/05/2020     | Chairman  | 00250437 | 6                        | 6        | 0                           | -                             | 7.68        | -          | -  |
| 3       | SHRENIK SURESH SHAH   | 16/07/2020     | Non-Executive   | 07047931 | 6                        | 6        | 1                           | -                             | 6.92        | -          | -  |
| 4       | VIPIN JAIN            | 02/03/2021     | Executive   | 03456031 | 6                        | 6        | 1                           | 116.30                        | -           | -          | -  |
| 5       | RITIKA BHATIA         | 09/05/2020     | Executive   | 08741012 | 6                        | 6        | 1                           | 32.77                         | -           | -          | -  |

2) Details of change in composition of the Board during the current and previous financial year.

| Sl. No. | Name of Director | Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Nature of change (resignation, appointment) | Effective date |
|---------|------------------|--|---|----------------|
|         | NIL              | NIL  | NIL   | NIL            |

3) Where an independent director resigns before expiry of her/ his term, the reasons for resignation as given by her/him:

| Sl. No. | Name of Director | Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Reason of Change | Effective date |
|---------|------------------|--|------------------|----------------|
| 1       | NA               |  |                  |                |

4) Details of any relationship amongst the directors inter-se shall be disclosed  
NIL

5) Committees of the Board and their composition

| Sl. No. | Names of the committees of the Board      |
|---------|---|
| 1       | Audit Committee                           |
| 2       | Nomination and Remuneration committee     |
| 3       | Corporate Social Responsibility Committee |
| 4       | Risk Management Committee                 |
| 5       | IT Strategy Committee                     |
| 6       | Independent Director Committee            |

5 (a) Below are the details for Audit Committee

| Sl. No. | Name of Director      | Member of Committee since | Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Number of Meetings of the Committee |          | No. of shares |
|---------|-----------------------|---------------------------|--|-------------------------------------|----------|---------------|
|         |                       |                           |  | Held                                | Attended |               |
| 1.      | RAHUL KUMAR PANDEY    | 24/07/2020                | Independent  | 5                                   | 5        | -             |
| 2.      | ATUL HASMUKHRAI MEHTA | 24/07/2020                | Independent  | 5                                   | 4        | -             |
| 3.      | SHRENIK SURESH SHAH   | 24/07/2020                | Independent  | 5                                   | 5        | -             |

5 (b) Below are the details for Nomination and Remuneration Committee

| Sl. No. | Name of Director      | Member of Committee since | Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Number of Meetings of the Committee |          | No. of shares held in the Company |
|---------|-----------------------|---------------------------|--|-------------------------------------|----------|-----------------------------------|
|         |                       |                           |  | Held                                | Attended |                                   |
| 1.      | RAHUL KUMAR PANDEY    | 24/07/2020                | Independent  | 2                                   | 2        | -                                 |
| 2.      | ATUL HASMUKHRAI MEHTA | 24/07/2020                | Independent  | 2                                   | 2        | -                                 |
| 3.      | SHRENIK SURESH SHAH   | 24/07/2020                | Independent  | 2                                   | 2        | -                                 |





5 (c) Below are the details for Corporate Social Responsibility Committee

| Sl. No. | Name of Director      | Member of Committee since | Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Number of Meetings of the Committee |          | No. of shares held in the Company |
|---------|-----------------------|---------------------------|--|-------------------------------------|----------|-----------------------------------|
|         |                       |                           |  | Held                                | Attended |                                   |
| 1.      | RAHUL KUMAR PANDEY    | 18-03-2021                | Independent  | 1                                   | 1        | -                                 |
| 2.      | ATUL HASMUKHRAI MEHTA | 18-03-2021                | Independent  | 1                                   | 1        | -                                 |
| 3.      | SHRENIK SURESH SHAH   | 18-03-2021                | Independent  | 1                                   | 1        | -                                 |
| 4.      | RITIKA BHATIA         | 18-03-2021                | Executive  | 1                                   | 1        | -                                 |

5 (d) Below are the details for Risk Management Committee

| Sl. No. | Name of Director      | Member of Committee since | Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Number of Meetings of the Committee |          | No. of shares held in the Company |
|---------|-----------------------|---------------------------|--|-------------------------------------|----------|-----------------------------------|
|         |                       |                           |  | Held                                | Attended |                                   |
| 1.      | RAHUL KUMAR PANDEY    | 31-08-2020                | Independent  | 2                                   | 2        | -                                 |
| 2.      | ATUL HASMUKHRAI MEHTA | 31-08-2020                | Independent  | 2                                   | 2        | -                                 |
| 3.      | SHRENIK SURESH SHAH   | 31-08-2020                | Independent  | 2                                   | 2        | -                                 |
| 4.      | RITIKA BHATIA         | 24-02-2022                | Executive  | 2                                   | 2        | -                                 |
| 5.      | VIPIN JAIN            | 18-03-2021                | Executive  | 2                                   | 2        | -                                 |
| 6.      | VIKAS RANA            | 24-02-2022                | NA   | 2                                   | 2        | -                                 |
| 7.      | PUNEET JINDAL         | 06-05-2022                | NA   | 2                                   | 2        | -                                 |
| 8.      | DUSHYANT SHARMA       | 24-02-2022                | NA   | 2                                   | 2        | -                                 |
| 9.      | BHARAT DHALL          | 24-02-2022                | NA   | 2                                   | 2        | -                                 |

5 (e) Below are the details for IT Strategy Committee

| Sl. No. | Name of Director      | Member of Committee since | Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Number of Meetings of the Committee |          | No. of shares held in the Company |
|---------|-----------------------|---------------------------|--|-------------------------------------|----------|-----------------------------------|
|         |                       |                           |  | Held                                | Attended |                                   |
| 1.      | RAHUL KUMAR PANDEY    | 18-03-2021                | Independent  | 2                                   | 2        | -                                 |
| 2.      | ATUL HASMUKHRAI MEHTA | 18-03-2021                | Independent  | 2                                   | 2        | -                                 |
| 3.      | SHRENIK SURESH SHAH   | 18-03-2021                | Independent  | 2                                   | 2        | -                                 |
| 4.      | VIPIN JAIN            | 18-03-2021                | Executive  | 2                                   | 2        | -                                 |

5 (f) Below are the details for Independent Director Committee

| Sl. No. | Name of Director      | Member of Committee since | Capacity (i.e., Executive/ Non-Executive/ Chairman/ Promoter nominee/ Independent) | Number of Meetings of the Committee |          | No. of shares held in the Company |
|---------|-----------------------|---------------------------|--|-------------------------------------|----------|-----------------------------------|
|         |                       |                           |  | Held                                | Attended |                                   |
| 1.      | RAHUL KUMAR PANDEY    | 09-05-2020                | Independent  | 1                                   | 1        | -                                 |
| 2.      | ATUL HASMUKHRAI MEHTA | 09-05-2020                | Independent  | 1                                   | 1        | -                                 |
| 3.      | SHRENIK SURESH SHAH   | 24-07-2020                | Independent  | 1                                   | 1        | -                                 |

6) General Body Meetings, details of the date, place and special resolutions passed at the General Body Meetings as per below:

| Sl. | Type of Meeting | Date and Place    | Special resolutions passed  |
|-----|-----------------|-------------------|---|
| 1   | Annual          | May 26, 2022      | 1. To consider and approve revision in remuneration of Mr. Vipin Jain (DIN: 03456031), Managing Director & CEO of the Company for the Financial Year 2022-23<br>2. To consider and approve revision in remuneration of Ms. Ritika Bhatia (DIN: 08741012), Whole Time Director & Company Secretary of the Company for the Financial Year 2022-23 |
| 2   | Extra Ordinary  | December 29, 2022 | 1. To consider and approve AHFL Employee Stock Option Plan 2022 ("ESOP 2022" / "Plan")<br>2. To consider and approve grant of ESOPs under AHFL Employee Stock Option Plan 2022 ("ESOP 2022" / "Plan") to the employees of the Company<br>3  |



**ART Housing Finance (India) Limited**  
**Notes forming part of the Financial Statements for the year ended March 31, 2023**  
(Amount in INR lacs, unless otherwise stated)

**7) Details of non-compliance with requirements of Companies Act, 2013. Details and reasons of any default in compliance with the requirements of Companies Act, 2013, including with respect to compliance with accounting and secretarial standards:**

The Company has complied all the compliances with requirements of Companies Act, 2013 including with respect to compliance with accounting and secretarial standards.

**8) Divergence in Asset Classification and Provisioning**

No divergence identified by RBI/ NHB in the current financial year. Hence, no disclosure required.

**51 Principal Business Criteria for HFCs**

Housing finance company" shall mean a company incorporated under the Companies Act, 2013 that fulfils the following conditions:

(a) It is an NBFC whose financial assets, in the business of providing finance for housing, constitute at least 60% of its total assets (netted off by intangible assets).

(b) Out of the total assets (netted off by intangible assets), not less than 50% should be by way of housing financing for individuals. The Company meets the aforesaid principal business criteria for HFCs.

| Particulars   | As at<br>Mar 31, 2023 | As at<br>Mar 31, 2022 |
|---|-----------------------|-----------------------|
| Financial Assets  | 41,927.21             | 42,643.81             |
| Total Assets  | 44,891.63             | 46,288.61             |
| Less: Intangible Assets   | 228.90                | 565.42                |
| Total Assets (net of Intangible Assets)   | 44,662.73             | 45,723.19             |
| Housing Finance   | 28,600.22             | 27,677.56             |
| Individual Housing Finance  | 28,600.22             | 27,143.90             |
| Percentage of housing finance to total assets (netted off intangible assets)            | 64.04%                | 60.53%                |
| Percentage of individual housing finance to total assets (netted off intangible assets) | 64.04%                | 59.37%                |
| Percentage of financial assets to total assets (netted off intangible assets)           | 93.88%                | 93.27%                |
| Percentage of income from financial assets to gross income                              | 89.27%                | 97.75%                |
| Percentage of individual housing finance to housing finance                             | 100.00%               | 98.07%                |

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

There was Nil fraud detected during the current financial year and previous financial year.

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

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

**For S M M P & Company**

**Firm Registration Number: 120438W**

**Chartered Accountants**


  
**Sonal Parekh**  
Partner  
Membership No: 139852



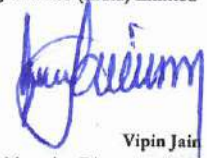
Place: Mumbai  
Date: April 18, 2023


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

  
**Rahul Kumar Pandey**  
Director  
DIN: 00250437

  
**Bharat Dhali**  
Chief Financial Officer  
PAN: AFDPD6812M

Place: Gurugram  
Date: Apr 18, 2023

  
**Vipin Jain**  
Managing Director & CEO  
DIN: 03456031

  
**Rutika Bhatia**  
Wholetime Director &  
Company Secretary  
DIN: 08741012  
Mem No ACS 24016





**Form AOC-1**

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

**Statement containing salient features of the financial statements  
of subsidiaries or associate companies or joint ventures****Part A: -Subsidiaries**

| Particulars   | Details   |
|---|---|
| Number of subsidiary  | One   |
| Name of the subsidiary  | <b>ART Distribution (I) Private Limited</b>               |
| The date since when subsidiary was acquired   | Incorporated on August 11, 2015                           |
| Reporting period for the subsidiary concerned, if different from the holding Company's reporting period                     | Same as of holding Company: April 1, 2022 to Mar 31, 2023 |
| Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries | INR (Rs)  |
| Share capital   | Rs 5,00,000/-   |
| Reserves and surplus  | Rs (5,00,000)/-   |
| Total assets  | Rs Nil  |
| Total Liabilities   | Rs Nil  |
| Investments   | Rs Nil  |
| Turnover  | Rs Nil  |
| Profit before taxation  | Rs (43,577)/-   |
| Profit after taxation   | Rs (43,577)/-   |
| Provision for taxation  | Nil   |
| Proposed Dividend   | Nil   |
| Extent of shareholding (in percentage)  | 100%  |

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


**Part B:- Associates and Joint Ventures**


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

For **S M M P & Company**

Firm Registration Number: 120438W

Chartered Accountants

  
**Sonal Parekh**  
 Partner  
 Membership No: 139852
Place: Mumbai  
Date: Apr 18, 2023
  
**Rahul Kumar Pandey**  
 Director  
 DIN: 00250437

  
**Bharat Dhall**  
 Chief Financial Officer  
 PAN: AFDPD6812M
Place: Gurugram  
Date: Apr 18, 2023For and on behalf of the Board of Directors of  
**ART Housing Finance (India) Limited**
  
**Vipin Jain**  
 Managing Director & CEO  
 DIN: 03456031

  
**Ritika Bhatia**  
 Wholetime Director &  
 Company Secretary  
 DIN: 08741012  
 Mem No ACS 24016


## MDA (Management Discussion & Analysis) Report

### **I. GLOBAL OVERVIEW**

The housing industry is a vital sector of the global economy, with significant impact on the economic growth, job creation, and social welfare of countries around the world. The industry has witnessed a range of trends and developments in recent years that are worth examining.

Basis continents, the housing market in North America has been experiencing steady growth due to low-interest rates, high demand, and low supply. The Asia-Pacific region, on the other hand, has been witnessing a rapid expansion of its housing industry, driven by the urbanization of many developing countries, growing middle-class population, and supportive government policies. In Europe, the housing market has been stabilizing after a period of crisis, with low interest rates and increasing property prices.

Overall, the global housing industry is expected to continue to grow in the coming years, driven by demographic changes, urbanization, technological advancements, and supportive government policies.

### **II. INDIAN ECONOMY OVERVIEW**

India's housing industry is a crucial contributor to the country's economic growth and social welfare, providing affordable housing to millions of individuals and families with low to moderate incomes. In recent years, the Indian housing industry has undergone significant changes, driven by several government schemes and initiatives.

Over the past few Budgets, the prioritization of funding to urban development programmes, including the Smart Cities Mission, AMRUT, and Pradhan Mantri Awas Yojana, has significantly contributed to positive urban growth in India. These schemes have led to a rise in demand for affordable housing and have boosted the growth of the housing finance industry. The Union government has announced to create Urban Infrastructure Development Fund on the lines of the Rural Infrastructure Development Fund which will be managed by the National Housing Bank.

The Union Budget of 2023-24 has announced several measures to further support the growth of the housing industry, including a 66 per cent hike in the Pradhan Mantri Awas Yojana (PMAY) outlay to Rs 79,000 crore. These measures are expected to enhance the availability of affordable housing finance and encourage more individuals to invest in real estate.

Inflation and deflation rates also play a significant role in the housing industry. High inflation rates may lead to an increase in interest rates and borrowing costs, making it more challenging for individuals to afford housing loans. On the other hand, deflationary pressures may lead to a reduction in the cost of borrowing, but also a potential decline in property prices and overall demand.

The Indian government has taken several measures to control inflation and prevent deflation, such as targeting inflation through monetary policy and encouraging investments in the manufacturing sector. However, the potential impact of deflation on the housing industry remains a concern and requires close monitoring.

DIRECTOR'S REPORT 2022-23





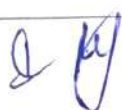
### III. COMPANY'S OUTLOOK

With a vision to be the leading New-Age Housing Finance provider driven by the ART philosophy of Alliances, Relationships and Technology, ART has presence in 6 states with more than 29 branches and are happily fulfilling the dreams of buying home by the affordable segment buyers.

This year as well the Company is aiming to expand its reach by opening new branches with deeper penetration into states and taking the branch count to 50 by year end.

As part of its expansion strategy, the company analyses various factors such as purchasing power, inflation rates, lending patterns, investment opportunities, savings habits, and population demographics in different states and cities. This analysis has helped the company tailor its products and services to the specific needs of customers in different regions.

ART's journey is a testament to the power of perseverance, innovation, and customer-centricity. As we look ahead to the future, we are confident that ART will continue to play a vital role in shaping the housing industry and helping millions of people realize their dream of owning a home, while ensuring high quality business creation empowered by Technology and Innovation, backed by strong work ethos and corporate governance practices.



DIRECTOR'S REPORT 2022-23



## BUSINESS PERFORMANCE HIGHLIGHTS

During the year, company has increased the business and accordingly company has increased the profits. Given the external headwinds, we consciously took a cautious approach towards calibrated growth.

### a) Sanctions

During the year, your Company has sanctioned loans amounting to Rs 164.42 crores as compared to Rs 49.00 crores in the previous year.

### b) Disbursements

During the year, your Company has disbursed loans amounting to Rs 127.76 crores as compared to Rs 43.18 crores in the previous year.

### c) Non-Performing Assets (NPA)

Your Company has also reduced the delinquencies during the year. The Gross NPAs stands at 1.92% as on March 31, 2023 as compared to 2.63% as of March 31, 2022. The Net NPAs stands at 0.88% as on March 31, 2023 as compared to 1.23% as of March 31, 2022. The Company continues to have strong focus of collections and recovery mechanism.

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

### d) Portfolio of the company

The total gross loan outstanding portfolio of your Company stood at Rs 427.48 crores as on March 31, 2023 as against Rs 388.69 crores in the previous year.

The average ticket size of retail portfolio as on March 31, 2023 stood at Rs 8.10 lakhs as compared to Rs 8.00 lakhs in previous year.

## BRANCH NETWORK

Your Company's branch network spread across 29 locations across 6 States (Delhi, Haryana, Rajasthan, Maharashtra, Gujarat and Uttar Pradesh) as on 31<sup>st</sup> March, 2023.

Details of the branches of the Company as on March 31, 2023 are given below:



DIRECTOR'S REPORT 2022-23





## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Tenth (10<sup>th</sup>) Annual Report together with the Audited Financial Statements for the year ended 31st March, 2023 of ART Housing Finance (India) Limited (hereinafter referred to as "the Company" "your Company" or "AHFL")

### FINANCIAL REVIEW OF OPERATIONS

#### A. Income

Your Company posted total income of Rs 62.22 crores during the year, as compared to Rs 56.53 crores in the previous year, which represents an increase of 10.07% year-on-year. Out of this, interest income on loans has increased by 4.93% from Rs. 49.08 crores in the previous year 2021-22 to Rs. 51.50 crores in FY 2022-23. This is primarily due to increase in loan portfolio as compared to previous year.

#### B. Expenses

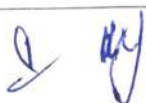
Expenses including financial costs for the year stood at Rs 33.45 crores, as compared to Rs 31.12 crores for the previous year representing an increase of 7.49%.

#### C. Profits

Company earned a Profit before Tax of Rs 28.77 as against Profit before tax of Rs 25.41 crores (increase of 13.23%). Profit after tax of Rs 21.10 crores for the year as against Profit after tax of Rs 18.39 crores in the previous year (increase of 14.72%).

(in Crores)

| Particulars  | FY 2022-23   | FY 2021-22   |
|--|--------------|--------------|
| Total Revenues                                       | 62.22        | 56.53        |
| Total Expenditure                                    | 33.45        | 31.12        |
| <b>Profit before Taxation (PBT)</b>                  | <b>28.77</b> | <b>25.41</b> |
| Less: Provisions for Tax/ Deferred Tax               | 7.67         | 7.02         |
| <b>Net Profit after Taxes (PAT)</b>                  | <b>21.10</b> | <b>18.39</b> |
| Other comprehensive income (net of tax)              | (0.07)       | 0.06         |
| <b>Total comprehensive income for the year</b>       | <b>21.02</b> | <b>18.45</b> |
| <b>Earnings per share (Face Value Rs. 10/- each)</b> |              |              |
| Basic (Rs.)  | 0.56         | 0.48         |
| Diluted (Rs.)  | 0.56         | 0.48         |




DIRECTOR'S REPORT 2022-23



| State         | Branch Count<br>(Physical) |
|---------------|----------------------------|
| Delhi         | 3                          |
| Haryana       | 7                          |
| Rajasthan     | 9                          |
| Maharashtra   | 5                          |
| Gujarat       | 3                          |
| Uttar Pradesh | 2                          |
| <b>Total</b>  | <b>29</b>                  |

## DIVIDEND

Your Board has recommended a dividend of 2% per share for the financial year ended 31st March 2023 to the members of the Company.

## TRANSFER TO RESERVES

Pursuant to the requirement of Section 29C of the NHB Act, 1987, an amount of Rs 4.22 crores have been transferred to Special Reserves maintained which includes the reserves under section 36(1)(viii) of the Income Tax Act for the financial year ended March 31, 2023. For details of Reserves and Surplus of the Company, please refer Statement of Changes in Equity for the year ended on March 31, 2023 of the audited financial statements of the Company for the financial year ended March 31, 2023.

Further, Company has transferred a sum of Rs 30.00 crores to Capital Redemption Reserve (CRR) on account of Shares buyback done during the year.

## STATE OF COMPANY'S AFFAIRS

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

1. The team strength stands at 278 as on March 31, 2023.
2. The Company operates through 29 physical branches across 6 States.
3. Company has also invested in strengthening the collections team for early controls on the delinquency, if any.
4. The Company has made significant investment, both knowledge and financial, in digitisation of the business workflow activities.
5. The gross loan portfolio as on March 31, 2023 stood at Rs 427.48 crore as against Rs 388.69 crore as on March 31, 2022.
6. The Capital Adequacy Ratio as on March 31, 2023 is 170.34% well above the current regulatory limit as stipulated by RBI/ NHB for housing finance companies.






7. Your company has continued to maintain asset quality with a Gross NPA at 1.92% on March 31, 2023 and Net NPA at 0.88%.

## **MATERIAL CHANGES AND COMMITMENTS**

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

## **CHANGE IN THE NATURE OF BUSINESS**

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

## **SUBSIDIARY COMPANY & ASSOCIATE COMPANIES**

Your Company has 1 (One) wholly owned subsidiary as on March 31, 2023 i.e. ART Distribution (I) Private Limited. Your Company does not have any joint venture(s)/ associate company(ies) within the meaning of Section 2(6) of the Act. Pursuant to the provisions of section 129 of the Companies Act, 2013 read with Rule 6 of the Companies (Accounts) Rules, 2016 and all other applicable sections hereafter as amended from time to time, the company shall not be required to consolidate its financial statements in case its ultimate or any intermediate holding company files consolidated financial statements with the Registrar which is in compliance with the applicable Accounting Standards. Henceforth, the Company has not consolidated its financial statements with its wholly owned subsidiary company i.e., ART Distribution (I) Private Limited.

As there were no business operations in subsidiary company and net worth was reduced to Nil, an application for strike off of ART Distribution (I) Private Limited was filed with ROC on 31<sup>st</sup> March, 2023 and currently application is in progress.

## **SHARE CAPITAL**

### **(i) AUTHORISED SHARE CAPITAL**

On March 31, 2023, the Authorised Share Capital of the Company stood at Rs 1000,00,00,000/- (Rupees One Thousand Crores Only) divided into 100,00,00,000 (One Hundred Crores) Equity Shares of Rs 10/- (Rupees Ten Only) each.

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

*[Handwritten signature]*



On March 31, 2023, the Issued, Subscribed and Paid-up Share Capital of the Company stood at Rs 355,00,00,000/- (Rupees Three Hundred and Fifty-Five Crores Only) divided into 35,50,00,000 (Thirty-Five Crores Fifty Lakhs) Equity Shares of Rs 10/- (Rupees Ten Only) each.

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

Your Company bought back out of free reserves up to 3,00,00,000 (Three Crore) equity shares of the face value of Rs. 10 (Rupees Ten Only) each fully paid up, representing approximately 8% of the total number of shares comprised in the paid-up share capital of the Company at a price of Rs. 11.59/- (Eleven Rupees and Fifty-Nine Paise) per share aggregating to 34.77 Crores (Thirty-Four Crores and Seventy-Seven Lakhs Only).

## **BORROWING POWERS OF THE COMPANY**

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

## **PUBLIC DEPOSITS**

Your Company being a non-deposit accepting Housing Finance Company as per the Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021 has not accepted, renewed or held any public deposits during the year under review and shall not accept any deposits from the public without obtaining prior approval of the NHB and accordingly requirements under Chapter V of the Act read with Rule 8(5)(v) and 8(5)(vi) of the Companies (Accounts) Rules, 2014 as well as requirement of maintaining liquid assets as specified under Section 29B of the National Housing Bank Act, 1987 are not applicable to your Company.

## **FINANCE**

During the year under review, the Company has not obtained any further borrowings from Bank or availed refinance from NHB (National Housing Bank).

The aggregate bank borrowings, i.e., term loans plus overdraft, at the end of the financial year stood at Rs 20.00 crores as compared to Rs 20.00 crores at the end of the previous year. Further, overall borrowings are within regulatory ceiling.

The overall cost of borrowings (average) is 8.35% p.a. as on March 31, 2023.



DIRECTOR'S REPORT 2022-23





## CREDIT LINKED SUBSIDY SCHEME

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

During the year, the Company successfully delivered net subsidy of Rs 2.40 crores to its customers under the PMAY-CLSS scheme under different scheme

### Summary:

| Status                            | EWS/LIG-New |                      | EWS/LIG-Old |                      | Total #    | Total Subsidy Amount (Cr.) |
|-----------------------------------|-------------|----------------------|-------------|----------------------|------------|----------------------------|
|                                   | #           | Subsidy Amount (Cr.) | #           | Subsidy Amount (Cr.) |            |                            |
| Credited in Customer Loan Account | 176         | 2.39                 | 1           | 0.01                 | 177        | 2.40                       |
| Refunded to NHB                   | 15          | 0.19                 | 0           | 0.00                 | 15         | 0.19                       |
| <b>Grand Total</b>                | <b>191</b>  | <b>2.58</b>          | <b>1</b>    | <b>0.01</b>          | <b>192</b> | <b>2.59</b>                |

|         |    |      |
|---------|----|------|
| Refunds | 15 | 0.19 |
|---------|----|------|

## CREDIT RATING

During the year, the Company's rating remained to "CARE BB+ with Stable outlook" in December 2022.

## COMPLIANCE WITH SECRETARIAL STANDARDS

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

*[Signature]*



DIRECTOR'S REPORT 2022-23



## ANNUAL RETURN

In terms of provisions of Section 92(3) and 134(3)(a) of the Companies Act, 2013, the Annual Return of the Company as at financial year ended March 31, 2023, is placed on the website of the Company at [www.arthfc.com](http://www.arthfc.com).

## BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### BOARD OF DIRECTORS

The composition of the Board of Directors of your Company as on March 31, 2023 is mentioned as below:

| Name of Director       | Category                                |
|------------------------|---|
| Mr. Atul Mehta         | Independent Director                    |
| Mr. Rahul Kumar Pandey | Independent Director                    |
| Ms. Ritika Bhatia      | Whole Time Director & Company Secretary |
| Mr. Shrenik Shah       | Independent Director                    |
| Mr. Vipin Jain         | Managing Director & CEO                 |

### CESSATION/ APPOINTMENTS:

During the year under review, no Director appointed or ceased to/from the Board of the Company.

### DIRECTOR(S) DISCLOSURES

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

Pursuant to Section 149(7) of the Companies Act, 2013, the Company has received declaration from Mr. Atul Mehta, Mr. Rahul Kumar Pandey and Mr. Shrenik Shah, Independent Directors of the Company affirming compliance with the criteria of independence as specified in Section 149(6) of the Companies Act, 2013.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, and expertise. All the Independent Directors of the Company have registered their names with the data bank created for Independent Directors.

*[Handwritten signatures]*





## KEY MANAGERIAL PERSONNEL

In terms of the Act, the following persons are the Key Managerial Personnel ("KMP") of the Company as on March 31, 2023:

- Mr. Bharat Dhall - Chief Financial Officer
- Ms. Ritika Bhatia - Whole Time Director & Company Secretary
- Mr Vipin Jain - Managing Director & CEO

## DIRECTOR RETIRING BY ROTATION

In terms of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Vipin Jain retired by rotation and being eligible, offered himself for reappointment and was reappointed by the way of passing Ordinary Resolution at the AGM held on May 26, 2022.

## PERFORMANCE EVALUATION

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

In terms of the requirement of Schedule IV of the Act, a Separate meeting of Independent Director was held on 29<sup>th</sup> March 2023, to review the performance of Non-Independent Directors including the Chairperson and the Board, as a collective entity. Performance evaluation was carried out by way of obtaining feedback from independent Director through a structured questionnaire prepared and in accordance with the Board Performance Evaluation Policy and Performance Evaluation Process.

Based on the questionnaire circulated and discussions at the independent Directors meeting, the independent Director expressed satisfaction with the overall performance of the Board and Non-Independent Directors including the chairperson.

## REMUNERATION POLICY

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




## REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Remuneration of Directors and Key Managerial Personnel

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

| Particulars of Remuneration   | (Amount in Rs)             |               | Total Amount |
|---|----------------------------|---------------|--------------|
|   | Name of MD/WTD/<br>Manager |               |              |
|   | Vipin Jain                 | Ritika Bhatia |              |
| Gross salary  | 1,16,30,267                | 32,76,976     | 1,49,07,243  |
| (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 |                            |               |              |
| (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              |                            |               |              |
| Sweat Equity  |                            |               | -            |
| Commission  |                            |               | -            |
| - as % of profit or others, specify...  |                            |               | -            |
| Others, please specify  |                            |               |              |
| Total (A)   | 1,16,30,267                | 32,76,976     | 1,49,07,243  |
| Ceiling as per the Act  |                            |               |              |
| Number of Stock Options   |                            |               |              |

\*Ms Ritika Bhatia was granted 85,000 ESOPs under ESOP Scheme 2022.  
Mr Vipin Jain was granted 25,00,000 ESOPs under ESOP Scheme 2022.

#### ii. Remuneration to Key Managerial Personnel other than Directors

(Amount in Rs)

| Sl. no. | Particulars of Remuneration   | Key Managerial Personnel                |           |
|---------|---|---|-----------|
|         |   | Bharat Dhall<br>Chief Financial Officer | Total     |
|         | Gross salary  | 32,05,359                               | 32,05,359 |
| 1.      | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 |   |           |
|         | (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 |                  |                  |
| 2. | Stock Option  |                  |                  |
| 3. | Sweat Equity  |                  |                  |
|    | Commission  |                  |                  |
| 4. | - as % of profit  |                  |                  |
|    | - others, specify...  |                  |                  |
| 5. | Others, please specify  |                  |                  |
| 6. | <b>Total</b>  | <b>32,05,359</b> | <b>32,05,359</b> |
| 7  | Stock Option  |                  |                  |

Mr Bharat Dhall was granted 85,000 ESOPs under ESOP Scheme 2022.

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

(Amount in Rs)

| Particulars of Remuneration                       | Name of Directors                        |  |  | Total Amount   |
|---|--|--|--|--|
|   | Mr. Atul Mehta<br>(Independent Director) | Mr. Rahul Pandey<br>(Independent Director) | Mr. Shrenik Shah<br>(Independent Director) |  |
| Independent Directors                             |  |  |  |  |
| · Fee for attending board and committee Meetings. | 7,30,300                                 | 7,68,450                                   | 6,92,150                                   | 21,90,900  |
| · Commission                                      | -  | -  | -  | -  |
| · Others, please specify                          | -  | -  | -  | -  |
| <b>Total (1)</b>                                  | <b>7,30,300</b>                          | <b>7,68,450</b>                            | <b>6,92,150</b>                            | <b>21,90,900</b>   |
| Non-Executive Directors                           | -  | -  | -  | -  |
| · Fee for attending board committee meetings      | -  | -  | -  | -  |
| · Commission                                      | -  | -  | -  | -  |
| · Others, please specify (Conveyance Charges)     | -  | -  | -  | -  |
| <b>Total (2)</b>                                  | <b>-</b>                                 | <b>-</b>                                   | <b>-</b>                                   | <b>-</b>   |
| <b>Total (B)=(1+2)</b>                            | <b>7,30,300</b>                          | <b>7,68,450</b>                            | <b>6,92,150</b>                            | <b>21,90,900</b>   |
| Overall Ceiling as per the Act                    |  |  |  | Not exceeding Rupees One Lakh per Director per Meeting of Board or Committee thereof |

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

*[Signature]*



DIRECTOR'S REPORT 2022-23



## 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 2023:

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

### NOMINATION AND REMUNERATION COMMITTEE

Pursuant to provisions of Section 178 of the Companies Act, 2013, the Board of Directors had constituted the Nomination and Remuneration Committee on 21st August, 2015. The Committee consists of following Directors as on 31st March 2023:

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

### RISK MANAGEMENT COMMITTEE

The Board has constituted the Risk Management Committee on August 04, 2016. The committee consist of following members as on March 31, 2023.

| Name of Director - Member | Designation                             |
|---------------------------|---|
| Mr. Atul Mehta            | Independent Director                    |
| Mr. Rahul Kumar Pandey    | Independent Director                    |
| Mr. Shrenik Shah          | Independent Director                    |
| Ms. Ritika Bhatia         | Whole Time Director & Company Secretary |
| Mr. Vipin Jain            | Managing Director and CEO               |
| Mr. Vikas Rana            | Head Operations & Risk, Operations      |
| Mr. Bharat Dhall          | Chief Financial Officer                 |
| Mr. Puneet Jindal         | Business Head                           |
| Mr. Dushyant Sharma       | Collection Head                         |



## IT STRATEGY COMMITTEE

The board has constituted IT Strategy committee on September 04, 2018. The committee constitute following members as on 31<sup>st</sup> March, 2023

| Name of Director - Member | Designation               |
|---------------------------|---------------------------|
| Mr. Atul Mehta            | Independent Director      |
| Mr. Rahul Kumar Pandey    | Independent Director      |
| Mr. Shrenik Shah          | Independent Director      |
| Mr. Vipin Jain            | Managing Director and CEO |

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE



The Board has constituted Corporate Social Responsibility Committee on January 16, 2018. The Committee consists of following Directors as on March 31, 2023:

| Name of Director - Member | Designation                             |
|---------------------------|---|
| Mr. Rahul Kumar Pandey    | Independent Director                    |
| Mr. Atul Mehta            | Independent Director                    |
| Mr. Shrenik Shah          | Independent Director                    |
| Ms. Ritika Bhatia         | Whole Time Director & Company Secretary |

## NUMBER OF MEETINGS HELD DURING THE FINANCIAL YEAR 2022-23:

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

| S. No | Name of Committee | No. of Meetings | Date of Meetings |
|-------|-------------------|-----------------|------------------|
|-------|-------------------|-----------------|------------------|


DIRECTOR'S REPORT 2022-23



|    |  |          |   |
|----|--|----------|---|
| 1. | <b>Board Meetings</b>                            | 6 (Six)  | 1. April 19, 2022<br>2. May 25, 2022<br>3. June 6, 2022<br>4. September 28, 2022<br>5. November 28, 2022<br>6. March 02, 2023 |
| 2. | <b>Audit Committee</b>                           | 5 (Five) | 1. April 19, 2022<br>2. June 6, 2022<br>3. September 27, 2022<br>4. November 28, 2022<br>5. March 02, 2023                    |
| 3. | <b>Nomination and Remuneration Committee</b>     | 2 (Two)  | 1. May 25, 2022<br>2. November 28, 2022   |
| 4. | <b>Risk Management Committee</b>                 | 2 (Two)  | 1. September 26, 2022<br>2. March 02, 2023  |
| 5. | <b>IT strategy Committee</b>                     | 2 (Two)  | 1. September 26, 2022<br>2. March 02, 2023  |
| 6. | <b>Corporate Social Responsibility Committee</b> | 2 (Two)  | 1. May 25, 2022   |
| 7. | <b>Independent Director Meeting</b>              | 1 (one)  | 1. March 29, 2023   |

During the year under review, the Annual General Meeting for Financial Year 2021-22 was held on May 26, 2022.

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

| #  | Name               | Board Meetings |          | Audit Committee Meeting |          | Nomination & Remuneration Committee |          | Corporate Social Responsibility Committee |          |
|----|--------------------|----------------|----------|-------------------------|----------|-------------------------------------|----------|---|----------|
|    |                    | Meetings held  | Attended | Meetings held           | Attended | Meetings held                       | Attended | Meetings held                             | Attended |
| 1. | Atul Mehta         | 6              | 6        | 5                       | 4        | 2                                   | 2        | 1   | 1        |
| 2. | Rahul Kumar Pandey | 6              | 6        | 5                       | 5        | 2                                   | 2        | 1   | 1        |



|    |                     |   |   |   |   |   |   |   |   |
|----|---------------------|---|---|---|---|---|---|---|---|
| 3. | Shrenik Suresh Shah | 6 | 6 | 5 | 5 | 2 | 2 | 1 | 1 |
| 4. | Ritika Bhatia       | 6 | 6 | - | - | - | - | 1 | 1 |
| 5. | Vipin Jain          | 6 | 6 | - | - | - | - | - | - |

## AUDITORS' REPORTS

### Statutory Audit Report

M/s. S M M P & Company, Statutory Auditors in their report(s) on the annual audited Ind AS financial statements of your Company for the financial year ended March 31, 2023, have not submitted any qualifications and reservations. Clarifications, wherever necessary, have been included in the 'Notes to Accounts' section of the Annual Report. Furthermore, a Report Pursuant to the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 is attached and is self-explanatory.

### Secretarial Audit Report

In terms of Section 204 of the Act, the Board of Directors had appointed M/s Ritu Kathuria and Associates, Practicing Company Secretary, to undertake Secretarial Audit of the Company for the financial year ended March 31, 2023. The report of M/s Ritu Kathuria and Associates, Practicing Company Secretary in prescribed Form MR-3 will be duly considered by the Board and shall form part of this Directors Report.

### Maintenance of cost records

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

## RISK MANAGEMENT

Risk Management is the process of identifying, assessing, and controlling threats to an Organization's capital and earnings. These risks stem from a variety of sources, including financial uncertainties, legal liabilities, technology issues, strategic management errors, accidents, and natural disasters.

A successful risk management program helps an organization consider the full range of risks it faces. Risk Management also examines the relationship between risks and



the cascading impact they could have on an Organization's strategic goals. Additionally, all financial institutions in the process of financial intermediation are confronted with various types of risks- both financial and non-financial. With the onset of globalization and financial sector reforms, as also in view of the internal market dynamics, the financial system is increasingly exposed to various kinds of Risks which need to be addressed, understood, mitigated, and managed. Thus, the overall risk management strategy, policy and operations across all financial institutions including Housing Finance Companies (HFC) is a formidable challenge which cannot be overlooked and must be addressed and tackled in right earnest.

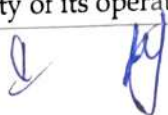
Financial services business involves various types of risks like operational risk, Liquidity risk, credit risk, Compliance-regulatory-legal risk, Reputational risk, Investment risk, Interest rate risk, Market risk, Concentration risk etc. which, if not managed properly, could lead to disruption in business and impact the attainment of main objectives of the organization, besides becoming a source of contagion for the system. Risk management works towards identifying and managing threats that could adversely impact the organization. This involves reviewing operations, processes & procedures of the organization, identifying potential threats and likelihood of their occurrence, and taking appropriate actions to address the most likely threats, proactively and expeditiously.

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

Company's Risk Management framework provides the mechanism for risk assessment and mitigation. The Board has delegated responsibility of overseeing Risk Management framework to the Risk Management Committee. The Risk Management Committee (RMC) of your Company is comprised of all Independent Director, MD & CEO, Whole Time Director & Company Secretary, Head -Operations, Customer Service and Risk, Chief Credit Officer, Chief Financial Officer, Business Head and Collection Head as on March 31, 2023. The Risk Management committee is responsible for reviewing the risk associated with the business of the company, its root causes and the efficacy of the measures taken to mitigate the same, determining implications on quality and review of returns and reports to NHB pertaining to the risk monitoring function.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

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




DIRECTOR'S REPORT 2022-23





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

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

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

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

#### **WHISTLE BLOWER POLICY**

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

#### **CORPORATE SOCIAL RESPONSIBILITY POLICY**

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

The CSR Policy of the Company inter-alia indicates the CSR activities that can be undertaken by the Company and defines the roles and responsibilities of the Board of Directors and CSR Committee in implementing and monitoring CSR projects identified and supported by the Company. The Annual report on CSR is given as Annexure A. The CSR Policy of the Company is available on the website of the Company at <https://www.arthfc.com/policies.html>.

During the Financial Year under review the Company has contributed an amount aggregating to Rs. 30,000/- (Rupees Thirty Thousand Only) and Rs. 2,50,000/- (Rupees



Two Lakh Fifty Thousand Only) towards Being Green, Rs. 20,00,000/- (Rupees Twenty lakh Only) towards Jan Jagriti Seva Sansthan, Rs. 79,340/- (Rupees Seventy-Nine Thousand Three Hundred and Forty Only) towards Seva Group, Rs. 4,00,000/- (Rupees Four Lakh Only) towards Narayan Sewa Sansthan, Rs. 5,00,000/- (Rupees Five lakh) towards Sewa Bharti Rs. 2,36,250/- (Rupees Two Lakh Thirty-Six Thousand Two Hundred and fifty Only) towards Sense International India and Rs. 8,32,410/- (Eight Lakh Thirty- Two Thousand Four Hundred Ten Only) towards Arya Foundation as CSR activities for financial year 2022-23.

## RELATED PARTY TRANSACTIONS

Considering the nature of industry in which the Company operates, transactions with related parties of the Company are in the ordinary course of business which are also on arm's length basis. The particulars of contracts or arrangements with related parties as referred in section 188(1) of the Act is attached to this Report in prescribed form AOC - 2 as Annexure B.

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

## GUIDELINES ON CORPORATE GOVERNANCE

In order to adopt best practices and greater transparency in the operations of the Company and in compliance with the Directions issued by Reserve Bank of India i.e. "The Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021, the Board of Directors of the Company approved and adopted the "Internal Guidelines on Corporate Governance". The Guidelines on Corporate Governance are available on the website of the Company at <https://www.arthfc.com/policies.html>.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

In terms of Section 186(11) of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014, the Company being a housing finance company registered with NHB, the Company is exempt from complying the provisions of Section 186 in respect of loans made, guarantees given or securities provided by the Company. Further, details of the investments made by the Company please refer Note 7 of the standalone (audited) financial statements of the Company for the financial year ended March 31, 2023.

## EMPLOYEE STOCK OPTION PLAN AND SCHEME



  
DIRECTOR'S REPORT 2022-23





Your Company believes that its success and ability to achieve objectives is largely determined by the quality of its workforce and recognises that not only good employment opportunities, but also additional motivating mechanisms are needed to incentivise employees and aligning their interest with the interest of the Company. In recognition of the said objective, the Company adopted and implemented AAHF Employee Stock Option Plan 2017 ("ESOP 2017") pursuant to the approval of the shareholders, at their meeting held on May 29, 2017 and Employee Stock Option Plan 2019 ("ESOP 2019") pursuant to the approval of shareholders, at their meeting held on May 9, 2019 and Employee Stock Option Plan 2022 ("ESOP 2022") pursuant to the approval of shareholders, at their meeting held on December 29, 2022.

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

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

The ICC of your Company comprises of following Members as on March 31, 2023:

| <b>Name of Director - Member</b> | <b>Designation</b>                                |
|----------------------------------|---|
| Ms. Ritika Bhatia                | Whole-time Director & Company Secretary           |
| Ms. Anita Mehra                  | Deputy Manager - HR                               |
| Mr. Anil Sahnii                  | Head-HR   |
| Dr. Rajat Mitra                  | On behalf of Swanchetan Society for Mental Health |

During the year under review, one case of sexual harassment was reported at Sikar Branch and same was investigated and closed by the IC after following due procedures.

#### **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**

*[Handwritten signature]*



DIRECTOR'S REPORT 2022-23



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

Earnings: NIL

Outgo: NIL

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

In the earlier year 2020-21, Provisional Attachment Orders were issued by ED, attaching the bank accounts and fixed deposits of the Company having a balance of Rs. 5263.59 Lakhs. The Company had, subsequently, filed a petition in Honourable Delhi High Court for release of these funds. Accordingly, the Honourable Delhi High Court vide order dated 10th June 2020 gave liberty to the Company to operate its bank accounts mentioned in the impugned provisional attachment order subject to the amount attached by the ED.

Further, vide another order of the Honourable Delhi High Court, dated 25th September 2020, an amount of Rs 4285.33 Lacs was released by the bank, in favour of National Housing Bank (NHB) towards settlement of loan availed by the Company. As on the close of the current financial year an amount of Rs. 978.26 Lacs still stands attached by the ED.

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

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

### **DETAILS OF FRAUD AS PER PROVISIONS OF SECTION 134 (3) (CA), READ WITH SECTION 143 (12) OF THE COMPANIES ACT, 2013:**

There were no instances of fraud reported in the Company as per provisions of section 134 (3) (ca), read with section 143 (12) of the Companies act, 2013 during the year under review.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

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



  
DIRECTOR'S REPORT 2022-23





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

#### **APPLICATION MADE UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016**

No application has been made or pending under the Insolvency and Bankruptcy Code, 2016 during the year under review.

#### **DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF**


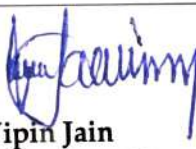
The above-mentioned disclosure requirement is not applicable to your company.

#### **APPRECIATION AND ACKNOWLEDGEMENT**

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

**By order of the Board of Directors**

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

|  |   |
|--|---|
| <br><b>Rahul Kumar Pandey</b><br><b>Chairperson &amp; Independent Director</b><br><b>DIN:00250437</b> | <br><b>Vipin Jain</b><br><b>Managing Director &amp; CEO</b><br><b>DIN:03456031</b> |
|--|---|

**Date: April 18, 2023**

**Place: Gurugram**



**Annexure A****Annual report on CSR activities**

*[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and subrule (1) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014]*

**1. Brief outline on CSR Policy of the Company:**

CSR shall be carried out by the Company as per its CSR policy within the broad scope laid down in Schedule VII to the Act as projects / programmes/ activities, excluding activities in its normal course of business. CSR activities shall be carried out by the Company by its own internal CSR team. The Company shall specify a suitable monitoring and reporting mechanism.

**2. Composition of CSR Committee:**

| Sl. No. | Name of Director       | Designation/<br>Nature of Directorship  | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---------|------------------------|---|--|--|
| 1.      | Mr. Rahul Kumar Pandey | Independent Director                    | One (1)  | One (1)  |
| 2.      | Mr. Atul Mehta         | Independent Director                    | One (1)  | One (1)  |
| 3.      | Mr. Shrenik Shah       | Independent Director                    | One (1)  | One (1)  |
| 4.      | Ms. Ritika Bhatia      | Whole Time Director & Company Secretary | One (1)  | One (1)  |

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the company.  
<https://www.arthfc.com/>

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable. **NOT APPLICABLE**

*[Handwritten signature]*



DIRECTOR'S REPORT 2022-23





(f) Excess amount for set-off, if any:

| Sl. No | Particular  | Amount (in Rs.) |
|--------|---|-----------------|
| (i)    | Two percent of average net profit of the company as per section 135(5)                                      | 43,28,000       |
| (ii)   | Total amount spent for the Financial Year   | 43,28,000       |
| (iii)  | Excess amount spent for the financial year [(ii)-(i)]   | Nil             |
| (iv)   | Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any | Nil             |
| (v)    | Amount available for set off in succeeding financial years [(iii)-(iv)]                                     | Nil             |

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years

| (1)<br>) | (2)                       | (3)  | (4)   | (5)  | (6)   |                  | (7)  | (8)                |
|----------|---------------------------|--|---|--|---|------------------|--|--------------------|
| Sl. No   | Preceding Financial Year. | Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.) | Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.) | Amount spent in the reporting Financial Year (in Rs.). | Amount transferred to a Fund as specified under Schedule VII as per second proviso to subsection (5) of section 135, if any |                  | Amount remaining to be spent in succeeding financial years. (in Rs.) | Deficiency, if any |
|          |                           |  |   |  | Amount (in Rs).   | Date of transfer |  |                    |
|          |                           |  |   |  | NIL   |                  |  |                    |

*[Handwritten signature]*



DIRECTOR'S REPORT 2022-23



5.

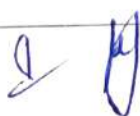
| Sl. No | Particular   | Amount (in Rs.) |
|--------|--|-----------------|
| (a)    | Average net profit of the company as per sub-section (5) of section 135.                             |                 |
| (b)    | Two percent of average net profit of the company as per sub-section (5) of section 135.              | 43,28,000       |
| (c)    | Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. | NIL             |
| (d)    | Amount required to be set-off for the financial year, if any.  | NIL             |
| (e)    | Total CSR obligation for the financial year [(b)+(c)-(d)].   | 43,28,000       |

6.

| Sl. No | Particular  | Amount (in Rs.) |
|--------|---|-----------------|
| (a)    | Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project). | 43,28,000       |
| (b)    | Amount spent in Administrative Overheads.   | NIL             |
| (c)    | Amount spent on Impact Assessment, if applicable.                                   | NIL             |
| (d)    | Total amount spent for the Financial Year [(a)+(b)+(c)].                            | 43,28,000       |

(e) CSR amount spent or unspent for the Financial Year:

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.)  |                   |  |         |                   |
|---|--|-------------------|--|---------|-------------------|
|   | Total Amount transferred to Unspent CSR Account as per section 135(6). |                   | Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5). |         |                   |
|   | Amount.  | Date of transfer. | Name of the Fund   | Amount. | Date of transfer. |
| 43,28,000   | Nil  | Nil               | Nil  | Nil     | Nil               |



  
 DIRECTOR'S REPORT 2022-23





8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

| Sl. No. | Short particulars of the property or asset(s) [including complete address and location of the property] | Pincode of the property or asset(s) | Date of creation | Amount of CSR amount spent | Details of entity/ Authority/ beneficiary of the registered owner |      |                    |
|---------|---|-------------------------------------|------------------|----------------------------|---|------|--------------------|
| (1)     | (2)   | (3)                                 | (4)              | (5)                        | (6)   |      |                    |
|         |   |                                     |                  |                            | CSR Registration Number, if applicable                            | Name | Registered Address |
|         | NIL   | NIL                                 | NIL              | NIL                        | NIL   | NIL  | NIL                |

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/ Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

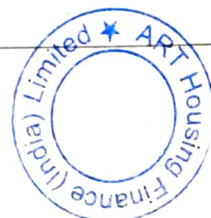
9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per subsection (5) of section 135. NIL



**Rahul Kumar Pandey**  
Chairperson  
DIN:00250437

**Date:** April 18, 2023

**Place:** Gurugram

Annexure - B

## FORM NO. AOC-2

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

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

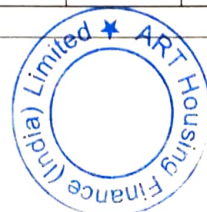
**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered during the year ended March 31, 2023 which were not at arm's length basis.

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

(INR in crores)

| Name of the Related Party              | Nature of Relationship   | Nature of Contract/ Arrangement/ transaction | Duration of Contract/ Arrangement/ Transaction   | Total Value of Contract/ Arrangement/ Transaction                                 | Salient Terms of Contract/ Arrangement/ transaction  | Date of Approval by the Board | Amount paid as advance, if any |
|--|--------------------------|--|--|---|--|-------------------------------|--------------------------------|
| Yes<br>Capital (India) Private Limited | Ultimate Holding Company | Loans and Advances                           | 12 Months, renewable with written mutual consent | Renewal of ICD of Rs 65 crores (Rupees Sixty-Five Crores Only) @ 11.55% per annum | Renewal of ICD of Rs 65 crores (Rupees Sixty-Five Crores Only) @ 11.55% per annum with Bullet Repayment at the end of 12 months or renewable | 06/06/2022                    | -                              |





|  |     |  |          |  |   |            |  |
|--|-----|--|----------|--|---|------------|--|
|  |     |  |          |  | again with written mutual consent   |            |  |
| Doit Sports Management (India) Private Limited | --- | Sponsorship fees for Associate sponsor | One Time | 45,00,000 (Rupees Forty-Five Lakhs Only) plus applicable Taxes | 45,00,000 (Rupees Forty-Five Lakhs Only) Plus applicable Taxes for Sponsorship fees for Associate sponsor | 02/03/2023 |  |

  
**Rahul Kumar Pandey**  
**Chairperson**  
**DIN:00250437**

**Date: April 18, 2023**  
**Place: Gurugram**



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

=====

**Conservation of Energy and Technology Absorption**

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

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

**Foreign Exchange Earnings and Outgo**

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

Earnings: NIL

Outgo: NIL







**Ritu Kathuria & Associates**  
**Company Secretaries**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023**

To,  
The Members,  
**ART HOUSING FINANCE (INDIA) LIMITED,**  
**(U65999DL2013PLC255432)**  
**107, Best Sky Tower, Netaji Subhash Place,**  
**Pitampura New Delhi North West DL 110034.**

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

We report that:

- a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the Corporate and other applicable laws, rules, regulations, Secretarial standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis. Further, compliance of The National Housing Bank Act, 1987 and The Housing Finance Companies (NHB) Directions, 2010, Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 and Rules, regulations, directions and guidelines issued by the National Housing Bank as are applicable to the Company is limited to verification of filing of forms and returns thereunder.
- f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Office Add:- J-94, Kirti Nagar, New Delhi - 110015.  
M(9717220606), email id: [csritukathuria@gmail.com](mailto:csritukathuria@gmail.com)

PAN: BMGPK6327R

GSTIN: 07BMGPK6327R1ZE

Page 1 of 4 Art Housing Finance (India) Limited  
Secretarial Audit Report  
For F.Y. ended 31<sup>st</sup> march, 2023





## Ritu Kathuria & Associates Company Secretaries

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2023 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2023, according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the rules made thereunder;

Based on the information and explanation provided, the Company had no transactions/events/actions during the period covered under the Audit requiring the compliance of the provisions of:

- i. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder
- ii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- iv. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

Office Add:- J-94, Kirti Nagar, New Delhi - 110015.  
M(9717220606), email id: [csritukathuria@gmail.com](mailto:csritukathuria@gmail.com)

PAN: BMGPK6327R

GSTIN: 07BMGPK6327R1ZE







## Ritu Kathuria & Associates Company Secretaries

- f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

Further, as represented by the Management, following are some of the laws which are specifically applicable to the company, viz.: -

- i. National Housing Bank Act, 1987.
- ii. Housing Finance Companies ("NHB") Directions 2010 and other applicable rules, regulations and guidelines made thereunder.
- iii. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021
- iv. Rules, regulations, directions and guidelines issued by the National Housing Bank as are applicable to the Company.

We have also examined the Secretarial Standards issued by The Institute of Company Secretaries of India ("Secretarial Standards") with respect to Board Meetings and General Meetings.

During the period under review and as per the explanations and clarifications given to us and the representations made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above, to the extent applicable.

### **We further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and notes on agenda were sent within the permissible time limits 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.

Majority decision is carried through are captured and recorded as part of the minutes. We understand that there were no dissenting members' views requiring to be captured in minutes.

Office Add:- J-94, Kirti Nagar, New Delhi - 110015.  
M(9717220606), email id: [csritukathuria@gmail.com](mailto:csritukathuria@gmail.com)

PAN: BMGPK6327R

GSTIN: 07BMGPK6327R1ZE





## Ritu Kathuria & Associates Company Secretaries

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

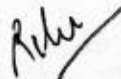
I further report that:

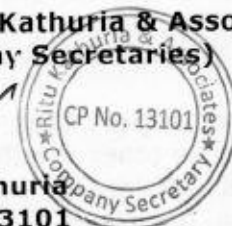
1. the shareholders of the Company at their meeting dated **December 29, 2022** approved the 'AAHFL ESOP -'2022' scheme consisting of **90,85,500** stock options representing **90,85,500** fully paid up equity shares of Rs. 10 each of the Company to be issued in one or more tranches to eligible employees.
2. The Company vide resolution dated November 28, 2022 has bought back 3,00,00,000 (Three Crores) equity shares @ INR 11.59 (Indian Rupees Eleven and fifty nine paisa) aggregating to INR 34,77,00,000 (Indian Rupees Thirty four crores Seventy Seven Thousand). However, the e-form SH-8 (letter of offer) filed by the Company vide SRN F51524791 was not taken on record by the MCA and Status of the form is Invalid and not taken on record.

**We further report that** except as stated above during the audit period, there were no other specific 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.

Date: 18/04/2023  
Place: Delhi

For Ritu Kathuria & Associates  
(Company Secretaries)

  
Ritu Kathuria  
CP No. 13101  
M. No. F8119  
UDIN: F008119E000124730



Office Add:- J-94, Kirti Nagar, New Delhi - 110015.  
M(9717220606), email id: [csritukathuria@gmail.com](mailto:csritukathuria@gmail.com)  
PAN: BMGPK6327R  
GSTIN: 07BMGPK6327R1ZE



## NOTICE OF 10<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE is hereby given that the 10<sup>th</sup> (Tenth) Annual General Meeting of ART Housing Finance (India) Limited will be held on, May 18<sup>th</sup>, 2023, at 1:30 P.M through electronic mode at a *shorter notice* to transact the following businesses:

### **Ordinary Business:**

1. To receive, consider and adopt the Annual Audited Standalone Ind AS Financial Statements for the financial year ended March 31, 2023, the Directors' Report and Auditors' Report thereon and in this regard to consider and if thought fit, to pass with or without modification, the following Resolution as **Ordinary Resolution**:

**"RESOLVED THAT** the Annual Audited Standalone Ind AS Financial Statements of the Company i.e. Balance Sheet as on March 31, 2023 along with the Statement of Profit & Loss and Statement of Changes in Equity and Statement of Cash Flows for the financial year ended on that date and Notes annexed to and forming integral part of financial statements along with the Director's Report and Auditor's Report be and are hereby approved and adopted."

2. To appoint a director in place of Ms. Ritika Bhatia (DIN 08741012), Whole Time Director and Company Secretary, who retires by rotation and being eligible, offers herself for reappointment and in this regard to consider and if thought fit, to pass with or without modification, the following Resolution as **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of the members of the Company be, and is hereby accorded for the reappointment of Ms. Ritika Bhatia (DIN 08741012), as a director, to the extent that she is required to retire by rotation."

- 3 To declare dividend of Rs 0.20 per equity share, for the year ended March 31, 2023, the following Resolution as **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the relevant provisions of the Companies Act, 2013, the approval of the members of the Company be, and is hereby accorded to declare dividend of Rs. 0.20 per equity share, for the year ended March 31, 2023."

### **Special Business:**

4. To consider and approve revision in remuneration of Mr. Vipin Jain (DIN: 03456031), Managing Director & CEO of the Company for the Financial Year 2023-24 and in this regard to consider and if thought fit, pass with or without modification the following Resolution as **Special Resolution**:

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

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

E-mail: [contact@arthfc.com](mailto:contact@arthfc.com) | [www.arthfc.com](http://www.arthfc.com)

**“RESOLVED THAT** pursuant to provisions of Section 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and all such approvals as may be required, the consent of the shareholders be and is hereby accorded for revision in remuneration structure of Mr. Vipin Jain (DIN: 03456031), Managing Director & CEO of the Company, with effect from April 1, 2023 on the following terms & conditions:

| <b>Particulars</b>              | <b>Mr Vipin Jain, Managing Director &amp; CEO</b> |
|---------------------------------|---|
| Basic Salary                    | 31,55,625   |
| House Rent Allowance            | 15,77,813   |
| Supplementary Allowance         | 43,39,483   |
| CEA                             | 2,400   |
| Car running expenses/ allowance | 3,00,000  |
| Driver Expenses                 | 2,50,000  |
| Entertainment Reimbursement     | 1,00,000  |
| LTA                             | 2,62,969  |
| Provident Fund                  | 3,78,675  |
| Gratuity                        | 1,51,786  |
| <b>Total CTC</b>                | <b>1,05,18,750</b>                                |

- Variable Pay/ Annual Bonus of Rs. 23,90,625/- to be paid for the year ended March 31, 2023.
- He will be paid Variable pay for year 2023-24 ranging from 20 % to 40 % of the CTC based on evaluation of his performance for the year 2023-24.
- He will be issued ESOPs as and when approved by Board of Directors.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mr Vipin Jain as Managing Director & CEO as approved by the Board during the time of appointment shall remain same.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to alter and vary the terms and conditions of appointment and/ or remuneration, subject to the same not exceeding the limits specified under section 197, read with schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments (s) thereof, for the time being in force) on the basis of the recommendation and review of the Nomination & Remuneration Committee.

**RESOLVED FURTHER THAT** any Director of the Company or Company Secretary, be and are hereby authorized severally to file the necessary e-Forms and papers with the Registrar of Companies, and any other regulatory authority and further authorized severally to sign all such papers, documents etc. and to do all

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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. To consider and approve revision in remuneration of Mrs. Ritika Bhatia (DIN: 08741012), Whole Time Director & Company Secretary of the Company for the Financial Year 2023-24 and in this regard to consider and if thought fit, pass with or without modification the following Resolution as **Special Resolution**:

**“RESOLVED THAT** pursuant to provisions of Section 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and all such approvals as may be required, the consent of the shareholders be and is hereby accorded for revision in remuneration structure of Mrs. Ritika Bhatia (DIN: 08741012), Whole Time Director & Company Secretary of the Company, with effect from April 1, 2023 on the following terms & conditions:

| Particulars                     | Ms. Ritika Bhatia, Company Secretary and Whole-time Director |
|---------------------------------|--|
| Basic Salary                    | 10,67,877  |
| House Rent Allowance            | 5,33,939   |
| Supplementary Allowance         | 12,46,871  |
| CEA                             | 2,400  |
| Car running expenses/ allowance | 2,00,004   |
| Driver Expenses                 | 1,80,000   |
| Entertainment Reimbursement     | 60,000   |
| LTA                             | 88,990   |
| Provident Fund                  | 1,28,145   |
| Gratuity                        | 51,365   |
| <b>Total CTC</b>                | <b>35,59,591</b>   |

- Variable Pay/ Annual Bonus Rs. 3,95,510/- to be paid for the year ended March 31, 2023.
- She will be paid Variable pay for year 2023-24 based on evaluation of her performance for the year 2023-24.
- She will be issued ESOPs as and when approved by Board of Directors.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mrs. Ritika Bhatia as Whole Time Director & Company Secretary as approved by the Board during the time of appointment shall remain same.

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**RESOLVED FURTHER THAT** the Board be and is hereby authorised to alter and vary the terms and conditions of appointment and/ or remuneration, subject to the same not exceeding the limits specified under section 197, read with schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments (s) thereof, for the time being in force) on the basis of the recommendation and review of the Nomination & Remuneration Committee.

**RESOLVED FURTHER THAT** any Director of the Company or Company Secretary, be and are hereby authorized severally to file the necessary e-Forms and papers with the Registrar of Companies, and any other regulatory authority and further authorized severally 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.”

6. To consider and approve revision in remuneration of Mr. Bharat Dhall, Chief Financial Officer of the Company for the Financial Year 2023-24 and in this regard to consider and if thought fit, pass with or without modification the following Resolution as **Special Resolution**:

“**RESOLVED THAT** pursuant to provisions of Section 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and all such approvals as may be required, the consent of the shareholders be and is hereby accorded for revision in remuneration structure of Mr. Bharat Dhall, Chief Financial Officer of the Company, with effect from April 1, 2023 on the following terms & conditions:

| Particulars                     | Mr. Bharat Dhall, Chief Financial Officer |
|---------------------------------|---|
| Basic Salary                    | 10,39,720                                 |
| House Rent Allowance            | 5,19,860                                  |
| Supplementary Allowance         | 12,02,329                                 |
| CEA                             | 2,400                                     |
| Car running expenses/ allowance | 2,00,004                                  |
| Driver Expenses                 | 1,80,000                                  |
| Entertainment Reimbursement     | 60,000                                    |
| LTA                             | 86,643                                    |
| Provident Fund                  | 1,24,766                                  |
| Gratuity                        | 50,011                                    |
| <b>Total CTC</b>                | <b>34,65,734</b>                          |

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- Variable Pay/ Annual Bonus of Rs. 3,85,082/- to be paid for the year ended March 31, 2023.
- He will be paid Variable pay for year 2023-24 based on evaluation of his performance for the year 2023-24.
- He will be issued ESOPs as and when approved by Board of Directors.

**RESOLVED FURTHER THAT** the other terms and conditions of appointment of Mr. Bharat Dhall, Chief Financial Officer as approved by the Board during the time of appointment shall remain same.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to alter and vary the terms and conditions of appointment and/ or remuneration, subject to the same not exceeding the limits specified under section 197, read with schedule V of the Companies Act, 2013 (including any statutory modifications or re-enactments (s) thereof, for the time being in force) on the basis of the recommendation and review of the Nomination & Remuneration Committee.

**RESOLVED FURTHER THAT** any Director of the Company or Company Secretary, be and are hereby authorized severally to file the necessary e-Forms and papers with the Registrar of Companies, and any other regulatory authority and further authorized severally 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."

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

Signed/-

**Rahul Kumar Pandey**  
**Chairperson**  
**DIN:00250437**

**Date: May 15, 2023**

**Place: Gurugram**

#### **NOTES:**

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has, vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 02/2021 dated 13<sup>th</sup> January, 2021, General Circular No. 10/2021 dated December 8, 2021, General Circular No. 21/2021 dated

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

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December 14 ,2021, General Circular No. 02/2022 dated May 05, 2022 and General Circular No. 10/2022 dated December 28, 2022 (collectively “MCA Circulars”), permitted companies to conduct Annual General Meeting (AGM) through video conferencing (VC) or other audio visual means, subject to compliance of various conditions mentioned therein.

- 2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. HOWEVER, THE MEETING IS BEING CONDUCTED BY ELECTRONIC MODE, AND ACCORDINGLY THE APPLICABILITY OF SUCH SECTIONS WITH RESPECT TO APPOINTMENT OF PROXY ARE NOT APPLICABLE FOR THE SAID MEETING.**
3. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to certain Special business to be transacted at the 10<sup>th</sup> AGM is annexed hereto. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection electronically. Members seeking to inspect such documents can send an email to [ritika.sati@arthfc.com](mailto:ritika.sati@arthfc.com)/ [secretarial@arthfc.com](mailto:secretarial@arthfc.com).
4. Members who are body corporate intending to appoint their authorised representative(s) to attend the Annual General Meeting are requested to send to the Company on [ritika.sati@arthfc.com](mailto:ritika.sati@arthfc.com)/ [secretarial@arthfc.com](mailto:secretarial@arthfc.com), a certified copy of the resolution of its Board of Directors / other governing body authorizing their representative(s) to attend and vote on their behalf at the AGM, pursuant to Section 113 of the Act.
5. Members are requested to notify the change in the Registered Address, if any, along with the Pin code number immediately to the Company.
6. Shorter notice consent is attached with this notice for approval of members to call this meeting at shorter notice then required under the Companies Act, 2013 and the articles of the Company. Members are requested to send the same on or before May 18<sup>th</sup>, 2023, to enable the Company to hold the meeting on May 18<sup>th</sup>, 2023, (if the consent is received from 95% of members who are entitled to vote at the meeting) as required under the Secretarial Standard issued by the Institute of Company Secretaries (ICSI) and as mandated with effect from 1st July 2015 as per section 118 of the Companies Act 2013.
7. Members are requested to note that the resolutions set out in the Notice will be decided through show of hands or by conducting poll, in case demanded by the Members.

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8. In case of any query, the members are requested to contact on [ritika.sati@arthfc.com](mailto:ritika.sati@arthfc.com)/ [secretarial@arthfc.com](mailto:secretarial@arthfc.com).
9. The process of participation in the Meeting through electronic mode is as follows:
  - Microsoft Teams Link will be shared by a separate E-mail.
  - You need to click on the link and join the Meeting

#### Network Connectivity Check:

- **Wi-fi:** If using Wi fi, make sure your signal is strong, and stay as close as possible to the Wifi access point. Wired/ethernet cable is preferable, when possible, as it offers a more stable connection.
- **Hotspot:** In the absence of Wifi you can connect on mobile. If you wish to connect on Laptop using mobile data, turn on Hotspot under “Network and Internet” settings on mobile. And switch on wi fi on laptop (The name of “wi-fi” would be your mobile model if no prior set-up is done) and follow the standard procedure.
- **Laptop Battery:** For laptops, make sure your computer isn’t in a low battery state. Plugin the power cord and if using windows, change your power settings to “high performance”.
- **Limit Household Bandwidth in Use:** Try to avoid having other activities competing for Internet use at the same time during the meeting. For instance, if you have quality issues, ask others in the household to refrain from watching streaming videos, downloading files, or playing online games during your meetings.

#### Tips for seamless meeting:

- **Use a Headset:** Internal microphone can sometimes pick up background noise hence headphones with inbuilt boom mic can help while providing better audio quality.
- **Lighting:** Light can play a major role in how others are seeing you. Make sure the light source is not behind you and your room is well lit.
- **Background:** When joining from home, background is important as others could see what is happening. Choose a spot with neutral background which doesn’t distract your participants.

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- **Quiet Location:** Try to avoid noisy common areas. Instead, join from a quiet location whenever possible.
- **Poor Connection Tips:** In a case of a poor connection try disabling your video to conserve bandwidth.
- **Camera Angle:** By using self-view, you can test the angle of your camera and position yourself. Look into the camera lens while talking to make eye contact with your audience.
- **Mute:** Keep your mic muted whenever you are not speaking.
- **Sharing the content:** Moderator would be sharing the content throughout the meeting.

#### IT Help Desk:

Escalation 1:

Pankaj Kumar, Contact No: 9818925291

Ravindra Prasad, Contact No: 9540927967

Escalation 2:

Dominic Vijay, Contact No : 9711809793

Note:

As everyone is aware of the present load on digital communication systems few technical glitches may as mentioned below may arise.

1. Jittering of images
2. Buffering
3. Delay in voice transmission
4. Delay in body moments
5. Delay in PPT change over

These technical issues when encountered, users are advised to disconnect and re-login to join the call. Technical issues may arise as we will be working on open and shared internet bandwidth.

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

**Item No. 1**

Based on recommendation of the Nomination and Remuneration Committee, the Board of Directors shall approve the revision in the remuneration to be paid to Mr. Vipin Jain, Managing Director & CEO of the Company (DIN 03456031) in their meeting scheduled on May 15, 2023, as mentioned herein, w.e.f April 1, 2023, subject to the approval of the shareholders in the General Meeting.

Mr. Vipin Jain has 23 years of experience in the Banking and Financial services industry. He has previously held senior and leadership roles at Habitat Housing Finance, Lakshmi Vilas Bank, Citi Bank and Deutsche Postbank Home Finance. He has been one of the founding members of ART Housing Finance and was associated with the company as CFO from 2013 to 2018. The details of Mr. Vipin Jain in pursuance of the provisions of the Secretarial Standards are mentioned in Annexure 1.

**Item No. 2**

Based on recommendation of the Nomination and Remuneration Committee, the Board of Directors shall approve the revision in the remuneration to be paid to Ms. Ritika Bhatia, Whole Time Director & Company Secretary of the Company (DIN 08741012) in their meeting scheduled on May 15, 2023, as mentioned herein, w.e.f. April 1, 2023, subject to the approval of the shareholders in the General Meeting.

Ms. Ritika Bhatia is an Affiliate of ICSI and a Law alumna with over 15 years of experience in Insurance, Banking & Finance Sector. She carries with herself a profound understanding of all Regulatory, Control & Legal frameworks under various laws like Corporate Laws, IPR, IRDA, NHB, SEBI. The details of Ms. Ritika Bhatia in pursuance of the provisions of the Secretarial Standards are mentioned in Annexure 2.

**Item No. 3**

Based on recommendation of the Nomination and Remuneration Committee, the Board of Directors shall approve the revision in the remuneration to be paid to Mr. Bharat Dhall, Chief Financial Officer of the Company in their meeting scheduled on May 15, 2023, as mentioned herein, w.e.f. April 1, 2023, subject to the approval of the shareholders in the General Meeting.

Mr. Bharat Dhall is a dynamic professional with over 20 years of vital experience in fields of Finance & Accounts, Treasury, Business Planning, Audits, Taxation, Compliances, MIS, and Loan management. He is an MBA in Finance from ICFAI University and presently heading Finance & Treasury functions at ART Housing

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Finance. Prior to ART Housing Finance, he has worked at Orix Auto Finance India, Deutsche Postbank Home Finance, and Dewan Housing Finance are mentioned in Annexure 3.

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**The additional information forming part of the explanatory statement as required by Schedule V to the Act is given below:**

## **I. General Information**

- i. Nature of Industry: The Company is in the finance industry and engaged in the business of providing loans for the purpose of purchase/construction of housing properties in India to individuals and others.
- ii. Date or expected date of commencement of commercial production: The Company is incorporated on 16<sup>th</sup> July, 2013 and has started its Housing Finance business post getting the license from National Housing Bank on August 13, 2014. It does not own any manufacturing unit.
- iii. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not Applicable
- iv. A brief of financial performance of the Company as per the audited financial statements (IND AS) for the FY 2022-23 is as follows:

**(in lacs)**

| <b>Particulars</b>      | <b>FY 2021-22<br/>Standalone</b> |
|-------------------------|----------------------------------|
| Total Revenues          | 6,221.94                         |
| Total Expenditures      | 3,344.83                         |
| Profit before Tax (PBT) | 2,877.11                         |
| Profit after Tax (PAT)  | 2,109.77                         |

- v. Foreign Investments or collaborators, if any: None

## **II. A) Information about the appointee Mr. Vipin Jain**

- i. Background Details: As provided above in Explanatory Statement
- ii. Past remuneration: Rs. 9,562,500/-plus Annual Bonus of Rs 25,50,000/-
- iii. Recognition/ Awards: As provided above in Explanatory Statement
- iv. Job Profile and their suitability: Mr. Vipin Jain, has 23 years of experience in the Banking and Financial services industry. He has previously held senior and leadership roles at Habitat Housing Finance, Lakshmi Vilas Bank, Citi Bank and Deutsche Postbank Home Finance. He has been one of the founding members of ART Housing Finance and was associated with the company as CFO from 2013 to 2018.

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- v. Remuneration Proposed: As per the details as fully set out in Item No. 1 of this Notice.
- vi. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): Taking into consideration the operation and size of the Company, the profile of the Managing Director & CEO, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to Managing Director & CEO of the Company, is commensurate with the remuneration packages paid to similar senior level appointees in the previous year.
- vii. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: No direct pecuniary relationship with the Company apart from withdrawing the above proposed remuneration.

### **III. B) Information about the appointee Ms. Ritika Bhatia**

- i. Background Details: As provided above in Explanatory Statement
- ii. Past remuneration: Rs 3,093,768/- Plus Annual Bonus of Rs 2,81,251/-
- iii. Recognition/ Awards: As provided above in Explanatory Statement
- iv. Job Profile and their suitability: Ms. Ritika Bhatia, is an Affiliate of ICSI and a Law alumna with over 15 years of experience in Insurance, Banking & Finance Sector. She carries with herself a profound understanding of all Regulatory, Control & Legal frameworks under various laws like Corporate Laws, IPR, IRDA, NHB, SEBI.
- v. Remuneration Proposed: As per the details as fully set out in Item No.2 of this Notice.
- vi. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): Taking into consideration the operation and size of the Company, the profile of the Whole Time Director & Company Secretary, the responsibilities shouldered by her and the industry benchmarks, the remuneration proposed to be paid to Whole Time Director & Company Secretary of the Company, is commensurate with the remuneration packages paid to similar senior level appointees as per industry benchmarking.

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- vii. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: No direct pecuniary relationship with the Company apart from withdrawing the above proposed remuneration.

#### **IV. C) Information about the appointee Mr. Bharat Dhall**

- i. Background Details: As provided above in Explanatory Statement
- ii. Past remuneration: Rs 3,080,652/- Plus Annual Bonus of Rs 2,80,060/-
- iii. Recognition/ Awards: As provided above in Explanatory Statement
- iv. Job Profile and their suitability: Mr. Bharat Dhall, is a dynamic professional with over 20 years of vital experience in fields of Finance & Accounts, Treasury, Business Planning, Audits, Taxation, Compliances, MIS, and Loan management. He is an MBA in Finance from ICFAI University and presently heading Finance & Treasury functions at ART Housing Finance. Prior to ART Housing Finance, he has worked at Orix Auto Finance India, Deutsche Postbank Home Finance, and Dewan Housing Finance.
- v. Remuneration Proposed: As per the details as fully set out in Item No.3 of this Notice.
- vi. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): Taking into consideration the operation and size of the Company, the profile of the Chief Financial Officer, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to Chief Financial Officer of the Company, is commensurate with the remuneration packages paid to similar senior level appointees as per industry benchmarking.
- vii. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel, if any: No direct pecuniary relationship with the Company apart from withdrawing the above proposed remuneration.

In view of the above, approval of the shareholders is sought for increasing the remuneration to Rs. 1,05,18,750 and other terms and conditions, as mentioned herein above, w.e.f. April 1, 2023 for Mr. Vipin Jain, Managing Director & CEO and for increasing the remuneration to Rs. 35,59,591 and other terms and conditions, as mentioned herein above, w.e.f. April 1, 2023

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for Mrs. Ritika Bhatia Whole Time Director & Company Secretary and for increasing the remuneration to Rs. 34,65,734 and other terms and conditions, as mentioned herein above, w.e.f. April 1, 2023 for Mr. Bharat Dhall, Chief Financial Officer.

The said resolution is recommended for members' approval as Special Resolution.

None of the Directors other than Mr. Vipin Jain or his relatives or Managers or Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested in item 1 Resolution.

None of the Directors other than Mrs. Ritika Bhatia or her relatives or Managers or Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested in item 2 Resolution.

Neither Mr. Bharat Dhall nor his relatives or Directors or Managers or Key Managerial Personnel of the Company and their relatives are in any way, concerned or interested in item 3 Resolution.

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**Annexure 1**  
**Annexure to the Notice of Annual General Meeting:**

**Details of Mr. Vipin Jain whose remuneration proposed to be revised, as per the Secretarial Standards:**

|   |   |
|---|---|
| <b>Name</b>   | <b>Mr. Vipin Jain</b>   |
| <b>Age</b>  | 45 years  |
| <b>Qualification</b>  | Chartered Accountant  |
| <b>Experience</b>   | Mr. Vipin Jain has 23 years of experience in the Banking and Financial services industry. He has previously held senior and leadership roles at Habitat Housing Finance, Lakshmi Vilas Bank, Citi Bank and Deutsche Postbank Home Finance. He has been one of the founding members of ART Housing Finance and was associated with the company as CFO from 2013 to 2018. |
| <b>Terms and Conditions of appointment or re-appointment along with the details of remuneration sought to be paid</b> | Appointed for a tenure of five years as Managing Director & CEO of the Company  |
| <b>Remuneration last drawn</b>  | Rs. 9,562,500/-plus Annual Bonus of Rs 25,50,000/-  |
| <b>Date of first appointment on the Board</b>   | March 2, 2021   |
| <b>Shareholding in the Company</b>  | NIL   |
| <b>Relationship with other Directors, Managers and other Key Managerial Persons of the Company</b>                    | Mr. Vipin Jain is the Managing Director & CEO of the Company  |
| <b>The number of meetings of the Board attended during the year</b>   | 6   |
| <b>Directorship in other Companies</b>  | 1   |

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**Annexure 2**  
**Annexure to the Notice of Annual General Meeting:**

**Details of Mrs. Ritika Bhatia whose remuneration proposed to be revised, as per the Secretarial Standards:**

|   |   |
|---|---|
| <b>Name</b>   | <b>Ms. Ritika Bhatia</b>  |
| <b>Age</b>  | 38 years  |
| <b>Qualification</b>  | C.S., B.Com, L.L.B.   |
| <b>Experience</b>   | Ms. Ritika Bhatia is an Affiliate of ICSI and a Law alumna with over 14 years of experience in Insurance, Banking & Finance Sector. She carries with herself a profound understanding of all Regulatory, Control & Legal frameworks under various laws like Corporate Laws, IPR, IRDA, NHB, SEBI. |
| <b>Terms and Conditions of appointment or re-appointment along with the details of remuneration sought to be paid</b> | Appointed for a tenure of five years as Whole Time Director   |
| <b>Remuneration last drawn</b>  | Rs 3,093,768/- Plus Annual Bonus of Rs 2,81,251/-   |
| <b>Date of first appointment on the Board</b>   | May 9, 2020   |
| <b>Shareholding in the Company</b>  | NIL   |
| <b>Relationship with other Directors, Managers and other Key Managerial Persons of the Company</b>                    | Ms. Ritika Bhatia is Whole Time Director & Company Secretary of the Company   |
| <b>The number of meetings of the Board attended during the year</b>   | 6   |
| <b>Directorship in other Companies</b>  | 1   |

**Annexure 3**

**ART HOUSING FINANCE (INDIA) LIMITED**

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**Annexure to the Notice of Annual General Meeting:**

**Details of Mr. Bharat Dhall whose remuneration proposed to be revised, as per the Secretarial Standards:**

|   |   |
|---|---|
| <b>Name</b>   | <b>Mr. Bharat Dhall</b>   |
| <b>Age</b>  | 47 years  |
| <b>Qualification</b>  | MBA in Finance  |
| <b>Experience</b>   | Mr. Bharat Dhall, is a dynamic professional with over 20 years of vital experience in fields of Finance & Accounts, Treasury, Business Planning, Audits, Taxation, Compliances, MIS, and Loan management. He is an MBA in Finance from ICFAI University and presently heading Finance & Treasury functions at ART Housing Finance. Prior to ART Housing Finance, he has worked at Orix Auto Finance India, Deutsche Postbank Home Finance, and Dewan Housing Finance. |
| <b>Terms and Conditions of appointment or re-appointment along with the details of remuneration sought to be paid</b> | Appointed for a tenure of five years as CFO of the Company  |
| <b>Remuneration last drawn</b>  | Rs. 3,080,652/-plus Annual Bonus of Rs 2,80,060/-   |
| <b>Date of first appointment on the Board</b>   | 23/06/2021  |
| <b>Shareholding in the Company</b>  | NIL   |
| <b>Relationship with other Directors, Managers and other Key Managerial Persons of the Company</b>                    | Mr. Bharat Dhall is the CFO of the Company  |
| <b>The number of meetings of the Board attended during the year</b>   | 6   |
| <b>Directorship in other Companies</b>  | 1   |

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## **ROUTE MAP FOR AGM VENUE AND ATTENDANCE SLIP**

Considering the COVID pandemic outburst, MCA vide its General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 5, 2020, General Circular No. 02/2021 dated 13<sup>th</sup> January, 2021, General Circular No. 10/2021 dated December 8, 2021, General Circular No. 21/2021 dated December 14, 2021, General Circular No. 02/2022 dated May 05, 2022 and General Circular No. 10/2022 dated December 28, 2022 had permitted companies to hold the AGM through electronic mode exempting physical presence of members at the venue of AGM, for maintenance of social distancing. In persistence, the meeting is being convened through electronic mode, without any physical presence of members and the proceedings of the AGM conducted shall be deemed in compliance with the Secretarial Standards on General Meeting (SS-2).

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