Annual Report
2021 – 2022

of

ART Housing Finance (India) Limited

S M M P & Company
Chartered Accountants

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 31st March 2022, 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, 2022, 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 7th March 2020 against the promoters and Group Companies. On the Basis of the aforesaid FIR, Enforcement Directorate (ED) also filed an ECIR dated 7th 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 10th June 2020 gave liberty to the Company to operate its bank accounts mentioned in the impunged provisional attachment order subject to the amount attached by the ED.

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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.

2. 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 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.

3. Attention is drawn to Note No. 39 where due to the outbreak of corona virus (COVID-19) pandemic globally and in India had caused significant disturbance and slowdown of economic activity. The Company's operations and revenue during the period were impacted due to COVID-19. The Company has carried out a detailed study to assess the impact of COVID-19, including the second wave, on its liquidity position and on the recoverability and carrying values of its assets and has taken into account the possible impact of COVID-19 in preparation of the Ind AS financial statements, including its assessment of recoverable value of its assets based on internal and external information upto the date of approval of these audited Ind AS financial statements and current indicators of future economic conditions. The impact assessment of COVID 19 is a continuous process given the uncertainties associated with its nature and duration. The management will continue to monitor material changes to the future economic conditions which may have an impact on the operations of the Company.

4. In continuation to the earlier lockdown and ongoing restrictions for major part of the financial year announced by the Indian Government to prevent the spread of the virus and subsequent resumption of services in a phased manner, additional lockdown measures were announced across certain states during the current financial year. In view of this the entire audit was carried out online based on remote access of data, as provided by the management, instead of standard conventional Audit. This resulted in need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI). The Audit has been carried out based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI.

   We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable, and are directly generated by the accounting system of the Company without any further manual modifications. We bring to the attention of the users that the audit of the financial statements has been performed in the aforesaid conditions.

Our Opinion is not modified in respect of the above matter.

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
Subjective Estimate 1. **Recognition and measurement of impairment relating to loans and advances to customer involves significant management judgement.**	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.
As per Ind AS 109 credit loss assessment is now based on Expected Credit Loss (ECL) Model and applicable to the Company. The Impairment Loss provision is computed based on management estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on range of factors. The most significant areas involving significant measures estimates are: • Loan Staging criteria • Calculation of probability of default/loss given default/Exposure at default • Consideration of probability weighted scenarios and forward looking macro-economic factors. 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.	• 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; • Test checked the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge and test checked management review controls over measurement of impairment allowances and disclosures in the financial statements; • Evaluated appropriateness of the impairment principles based on the requirements of Ind AS 109 considering our business understanding and industry practice. • Performed substantive procedures over validating completeness and accuracy of the data and reasonableness of assumptions used in the model; • We engaged our specialists to test the working of the ECL model and reasonableness of assumptions used; • Broadly evaluated management's judgement in the determination of ECL; Performed cut off procedures on a sample basis relating to recoveries at year end that would impact staging of loans.

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

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

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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.

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- 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;

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c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of accounts.

d) In our opinion, the aforesaid financial statements comply with the Ind As specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the Directors as on 31st March, 2022 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2022 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 2022 has been paid/provided by the Company to its directors is in accordance with the provision of Section 197 read with Schedule V to the Act;

h) With respect to the other matters to be included in the Auditor's Report in accordance Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position as at 31st March 2022;

   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 theCompany 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 investin 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 behalfof 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

Chintan Shah
Partner
Membership No. - 166729
UDIN No. 22166729AHNZPE5161

Mumbai, dated April 19, 2022

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, 2022 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.

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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.

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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**

a) 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.

b) The Company has not been declared a wilful defaulter by any bank or financial institution or government or any government authority.

c) 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.

d) 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.

e) 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.

f) 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**

a) 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.

b) 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.

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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.

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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

Chintan Shah
Partner
Membership No. 166729
UDIN No. 22166729AHNZPE5161

S M M P & COMPANY MUMBAI CHARTERED ACCOUNTANTS

Mumbai, dated April 19, 2022

S M M P & Company
Chartered Accountants

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 31st March, 2022 in conjunction with our audit of the Ind AS financial Statements of the Company comprising of the Balance Sheet as at March 31st 2022, 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.

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Meaning of Internal Financial Controls over Financial Reporting

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting :

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

Opinion :

According to the information and explanations given to us, in our opinion, the Company has, in all material respects, established an adequate internal financial controls system over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control over Financial Reporting issued by the Institute of Chartered Accountants of India. Such internal financial controls over financial reporting were operating effectively as at March 31st 2022.

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

S M M P & COMPANY ★ MUMBAI ★ CHARTERED ACCOUNTANTS

Chintan Shah
Partner
Membership No. 166729
UDIN No. 22166729AHNZPE5161

Mumbai, dated, April 19, 2022

ART Housing Finance (India) Limited
Balance Sheet as at March 31, 2022
(Amount in INR lacs, unless otherwise stated)

Particulars	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Financial Assets			
Cash and cash equivalents	4	606.12	2,118.90
Bank balances other than cash and cash equivalents	5	2,056.60	1,043.86
Loans	6	37,424.12	41,266.45
Investments	7	4,905.40	112.47
Other financial assets	8	314.29	124.10
Total financial assets		**45,306.53**	**44,665.78**
Non-financial assets			
Current tax assets (net)	9	120.78	16.71
Deferred tax assets (net)	9	167.66	321.04
Property, plant and equipment	10	191.93	325.17
Other intangible assets	10	74.04	138.29
Right-of-use assets	10	107.62	223.75
Other non-financial assets	11	320.05	166.66
Total non-financial assets		**982.08**	**1,191.62**
Total Assets		**46,288.61**	**45,857.40**
LIABILITIES AND EQUITY			
Financial liabilities			
Payables			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	12	0.43	1.37
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	12	10.77	17.94
Borrowings (other than debt securities)	13	1,997.33	3,492.32
Other financial liabilities	14	406.56	422.70
Total financial liabilities		**2,415.09**	**3,934.33**
Non-financial liabilities			
Provisions	15	0.21	2.14
Other non-financial liabilities	16	227.80	132.28
Total non-financial liabilities		**228.01**	**134.42**
EQUITY			
Equity share capital	17	38,500.00	38,500.00
Other equity	18	5,145.51	3,288.65
Total equity		**43,645.51**	**41,788.65**
Total Liabilities and Equity		**46,288.61**	**45,857.40**
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

Chintan Shah
Partner
Membership No: 166729

Place: Mumbai
Date: April 19, 2022

S M M P & COMPANY MUMBAI CHARTERED ACCOUNTANTS

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

Rahul Kumar Pandey
Chairperson
DIN: 00250437

Vipin Jain
Managing Director & CEO
DIN: 03456031

Bharat Dhall
Chief Financial Officer
PAN: AFDPD6812M

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

ART Housing Finance (India) Limited

Place: Gurugram
Date: April 19, 2022

ART Housing Finance (India) Limited

Statement of Profit and Loss for the year ended March 31, 2022

(Amount in INR lacs, unless otherwise stated)

Particulars	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue From Operations			
Interest income	19	4,959.00	6,262.00
Fees and commission income	20	163.67	82.82
Net gain on fair value changes	21	167.52	81.86
Unrealised Gain on Assigned Loans		323.05	0.00
Total revenue from operations		**5,613.24**	**6,426.68**
Other income		39.57	180.92
Total income		**5,652.81**	**6,607.60**
EXPENSES			
Finance costs	22	304.99	1,086.81
Impairment on financial instruments	23	247.67	770.23
Employee benefits expense	24	1,529.48	2,014.36
Depreciation and amortization expense	10	336.44	484.78
CSR Expenditure	25	37.70	32.70
Other expenses	26	655.54	519.50
Total expenses		**3,111.82**	**4,908.37**
Profit before tax		**2,540.99**	**1,699.22**
Tax expense:			
Current tax	9	550.62	598.44
Deferred tax	9	151.38	-216.43
Net profit after tax		**1,838.99**	**1,317.22**
Other comprehensive income			
Items that will not be reclassified to profit or loss		8.19	33.69
Income tax relating to items that will not be reclassified to profit or loss		(2.00)	(8.00)
Total comprehensive income for the year		**1,845.18**	**1,342.91**
Earnings per equity share			
Basic (Rs)		0.48	0.35
Diluted (Rs)		0.48	0.34

Summary of Significant Accounting Policies 1-3

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

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

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

Chintan Shah
Partner
Membership No: 166729

Place: Mumbai
Date: April 19, 2022

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

Rahul Kumar Pandey
Chairperson
DIN: 00250437

Vipin Jain
Managing Director & CEO
DIN: 03456031

Bharat Dhall
Chief Financial Officer
PAN: AFDPD6812M

Place: Gurugram
Date: April 19, 2022

Ritika Bhatia
Wholetime 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, 2022

(Amount in INR lacs, unless otherwise stated)

A. Equity Share Capital

Particulars	Amount
Balance as at March 31, 2020	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 March 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 March 31, 2022	38,500.00

B. Other Equity (Refer Note 18)

Particulars	Reserve and Surplus				
	Shared Based Payments Reserve	Statutory Reserve	Special Reserve	Retained Earnings	Total
Balance at the March 31, 2020	66.72	168.23	484.06	1,202.60	1,921.61
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	**66.72**	**168.23**	**484.06**	**1,202.60**	**1,921.61**
Profit after tax for the year				1,317.22	1,317.22
Other comprehensive income for the year (net of tax)				25.69	25.69
Total comprehensive income for the year	-	-	-	**1,342.91**	**1,342.91**
Transfer to statutory reserve u/s 29C of the NHB Act, 1987		-		-	-
Transfer to special reserve u/s 36(1))(viii) of the Income Tax Act, 1961			399.55	(399.55)	-
Shared based payments	24.13				24.13
Balance at the March 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 March 31, 2022	**102.54**	**251.28**	**1,168.36**	**3,623.34**	**5,145.52**

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

Chintan Shah
Partner
Membership No: 166729

Place: Mumbai
Date: April 19, 2022

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

Rahul Kumar Pandey
Chairperson
DIN: 00250437

Vipin Jain
Managing Director & CEO
DIN: 03456031

Bharat Dhall
Chief Financial Officer
PAN: AFDPD6812M

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

Place: Gurugram
Date: April 19, 2022

ART Housing Finance (India) Limited

Statement of Cash Flows for the year ended March 31, 2022

(Amount in INR lacs, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
I. Cash flow from operating activities:		
Net Profit before tax as per Statement of Profit and Loss	2,540.99	1,699.22
Adjustments for:		
Interest income on loans	(4,907.94)	(6,146.79)
Depreciation and amortisation expense	336.44	484.78
Impairment on financial instruments - Expected credit loss (ECL)	196.25	710.57
Interest on borrowings	276.48	1,086.81
Interest on lease liability	28.51	(14.43)
Loans and advances written off	19.94	6.71
Share based payments	11.68	24.13
Net gain on fair value changes	(167.52)	(81.86)
Interest Income on bank deposits	(51.06)	(115.21)
Interest received on loans	4,410.97	6,195.09
Interest paid on borrowings	(271.19)	(1,115.27)
Loss on sale of property, plant and equipment	(3.13)	1.92
Cash generated from operations before working capital changes	2,420.43	2,735.67
Working Capital Changes		
(Increase) / decrease in Other financial assets	(177.22)	(47.90)
(Increase) / decrease in non-financial assets	(153.39)	621.44
Increase / (decrease) in financial liabilities	69.54	(463.36)
Increase / (decrease) in provisions	7.98	4.27
Increase / (decrease) in non-financial liabilities	95.52	(78.74)
Loans repaid/ (disbursed) (net)	4,119.39	8,773.42
	3,961.82	**8,809.13**
Direct taxes (paid)/adjusted	(652.70)	(486.26)
Net cash used in operating activities (I)	**5,729.55**	**11,058.54**
II. Cash flow from investing activities:		
Purchase of property, plant and equipment and Intangible assets	(9.25)	(10.86)
Proceeds from disposal of property, plant and equipment	6.56	47.31
Sale/ (purchase) of investments measured at FVTPL (net)	(4,625.41)	2,282.73
Decrease/ (Increase) in deposits with banks	(1,012.74)	147.71
Interest received on bank deposits	38.10	105.57
Net cash used in investing activities (II)	**(5,602.75)**	**2,572.46**
III. Cash flow from financing activities:		
Proceeds from issuance of share capital	-	-
Borrowings other than debt securities issued (net)	(1,500.28)	(15,316.07)
Payment of lease liability	(139.30)	(187.33)
Net cash generated from financing activities (III)	**(1,639.58)**	**(15,503.40)**
Net increase/(decrease) in cash and cash equivalents (I+II+III)	**(1,512.78)**	**(1,872.41)**
Cash and cash equivalents at the beginning of the year	2,118.90	3,991.31
Cash and cash equivalents at the end of the year	606.12	2,118.90
	(1,512.78)	(1,872.41)

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

Chintan Shah
Partner
Membership No: 166729

Place: Mumbai
Date: April 19, 2022

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

Rahul Kumar Pandey
Chairperson
DIN: 00250437

Vipin Jain
Managing Director & CEO
DIN: 03456031

Bharat Dhall
Chief Financial Officer
PAN: AFDPD6812M

Place: Gurugram
Date: April 19, 2022

Ritika Bhatia
Wholetime 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, 2022

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 a 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:

MUMBAI

ART Housing Finance (India) Limited

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.

& COMPANY MUMBAI CHARTERED ACCOUNTANTS

ART Housing Finance (India) Limited

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.

S.M.M.P & COMPANY MUMBAI CHARTERED ACCOUNTANTS

ART Housing Finance (India) Limited

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)

MUMBAI

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.

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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.

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(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.

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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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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.

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3.11 Employee Benefits

3.11.1 Share-based payments

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

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

3.11.2 Retirement and other employee benefits

3.11.2.1 Provident Fund

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

3.11.2.2 Gratuity

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

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

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

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

3.12 Leases

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

3.13 Investments in Subsidiaries

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

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

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3.14 Foreign currency translation

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

Initial recognition

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

Conversion

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

Exchange differences

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

3.15 Earnings per share

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

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

3.16 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 sheer 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.

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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.

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Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in INR lacs, unless otherwise stated)

4 Cash and Cash Equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
Cash on hand	19.40	11.57
Balances with banks:		
In Current Accounts ((refer note 4(a))	586.72	2,107.33
In Deposit accounts with original maturity of 3 months or less	-	-
Total	**606.12**	**2,118.90**

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. The Company had filed petition with Adjudicating Authoritry in ED for release of these funds and matter is under process.

5 Bank Balances other than Cash and Cash Equivalents

Particulars	As at March 31, 2022	As at March 31, 2021
In Deposit accounts with banks		
Original maturity more than 3 months ((refer note 5(a))	2,056.60	1,043.86
Total	2,056.60	1,043.86

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 Authoritry in ED for release of these funds and matter is pending with Adjudicating Authority in ED.

6 Loans

Particulars	As at March 31, 2022	As at March 31, 2021
Loans (Amortised Cost)		
Loans to Individuals	31,286.32	41,182.20
Other Loans	7,582.60	1,329.08
Total Gross	**38,868.92**	**42,511.27**
Less: Impairment loss allowance (Expected Credit Loss)	1,444.80	1,244.82
Total Net	**37,424.12**	**41,266.45**
Secured by tangible assets		
(Property including land and building)		
Total Gross	31,819.98	42,511.27
Less: Impairment loss allowance (Expected Credit Loss)	1,416.60	1,244.82
Total Net	**30,403.38**	**41,266.45**
Loans in India		
Public Sector	-	-
Others	38,868.92	42,511.27
Total Gross	**38,868.92**	**42,511.27**
Less: Impairment loss allowance (Expected Credit Loss)	1,444.80	1,244.82
Total Net	**37,424.12**	**41,266.45**

(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.

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(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 undisbursed loans and pending disbursements of partial disbursed loans amount is Rs 1924.36 lacs as on March 31, 2022 (Previous Year: Rs 2050.49 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 assigned a pool of certain loans amounting to Rs 7058.61 lacs (Previous Year Nil) by way of a direct assignment transaction. These loan assets have been 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 864.62 lacs (Previous Year: Rs 534.02 lacs) on account of COVID-19 and 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 March 31, 2022		As at March 31, 2021	
	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans	Amount of loan or advance in the nature of loan outstanding	Percentage to the total Loans and Advances in the nature of loans
Due from Directors	-	-	-	-
Due from related parties	7,048.94	18.14%	-	-

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(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	Year ended March 31, 2022				Year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	38,906.84	1,200.44	1,074.92	**41,182.20**	48,098.06	425.94	148.80	**48,672.80**
New assets originated	4,318.31	-	-	**4,318.31**	961.99			**961.99**
Assets Derecognized under Direct Assignments	(7,058.61)			**(7,058.61)**	-	-	-	**-**
Assets repaid in part or full (excluding write offs)	(6,556.68)	(251.85)	(327.10)	**(7,135.63)**	(8,440.34)	16.20	(21.73)	**(8,445.87)**
Assets written off	(6.29)	(2.28)	(11.38)	**(19.94)**	(6.71)			**(6.71)**
Transfers to Stage 1	625.65	(533.49)	(92.16)	**-**	53.77	(53.77)		**-**
Transfers to Stage 2	(389.78)	403.54	(13.77)	**-**	(1,100.17)	1,100.17		**-**
Transfers to Stage 3	(132.50)	(257.77)	390.27	**-**	(659.76)	(288.08)	947.84	**-**
Gross carrying amount closing balance	**29,706.93**	**558.60**	**1,020.78**	**31,286.32**	**38,906.84**	**1,200.44**	**1,074.92**	**41,182.20**

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

Particulars	Year ended March 31, 2022				Year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	166.83	245.75	426.82	**839.40**	89.13	90.63	41.91	**221.67**
New assets originated	54.96			**54.96**	2.26			**2.26**
Assets Derecognized under Direct Assignments	(18.62)			**(18.62)**				**-**
ECL Remeasurements due to changes in EAD / assumptions (Net)	59.58	114.26	116.66	**290.50**	533.22	74.56	7.68	**615.46**
Assets written off	(0.22)	(0.47)	(11.61)	**(12.29)**	-			**-**
Transfers to Stage 1	141.64	(109.05)	(32.59)	**-**	0.23	(0.23)		**-**
Transfers to Stage 2	(4.83)	9.70	(4.87)	**-**	(224.70)	224.70		**-**
Transfers to Stage 3	(2.15)	(52.93)	55.09	**-**	(233.32)	(143.92)	377.23	**-**
ECL closing balance	**397.18**	**207.26**	**549.50**	**1,153.94**	**166.83**	**245.75**	**426.82**	**839.40**

6.2 Other Loans

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

Particulars	Year ended March 31, 2022				Year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	1,329.08	-	**1,329.08**	2,204.84	-	-	**2,204.84**
New assets originated	10,048.94	-	-	**10,048.94**	-	-	-	**-**
Assets repaid in part or full (excluding write offs)	(3,000.00)	(795.42)	-	**(3,795.42)**	(875.77)	-	-	**(875.77)**
Assets written off	-	-	-	**-**	-	-	-	**-**
Transfers to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**	(1,329.08)	1,329.08	-	**-**
Transfers to Stage 3	-	-	-	**-**	-	-	-	**-**
Gross carrying amount closing balance	**7,048.94**	**533.66**	-	**7,582.60**	-	**1,329.08**	-	**1,329.08**

Reconciliation of ECL allowance for Other Loans is given below:

Particulars	Year ended March 31, 2022				Year ended March 31, 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL opening balance	-	405.43	-	**405.43**	335.40	-	-	**335.40**
ECL on New assets originated	28.20	-	-	**28.20**				
ECL Remeasurements due to changes in EAD / assumptions (Net)	-	(142.78)	-	**(142.78)**	70.03	-	-	**70.03**
Assets written off	-	-	-	**-**	-	-	-	**-**
Transfers to Stage 1	-	-	-	**-**	-	-	-	**-**
Transfers to Stage 2	-	-	-	**-**	(405.43)	405.43	-	**-**
Transfers to Stage 3	-	-	-	**-**	-	-	-	**-**
ECL closing balance	**28.20**	**262.65**	-	**290.85**	-	**405.43**	-	**405.43**

6.3 Summary of gross carrying amount of loans

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Undisputed Trade Receivables - considered good	36,755.87	38,906.84
(ii) Undisputed Trade Receivables - which have significant increase in credit risk	1,092.26	2,529.52
(iii) Undisputed Trade Receivables - Credit Impaired	1,020.78	1,074.92
(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 31,2022	425.38	469.91	549.50	**1,444.80**
March 31,2021	166.83	651.17	426.82	**1,244.82**

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7 Investments

Particulars	As at March 31, 2022	As at March 31, 2021
Investments in Subsidiary		
ART Distribution (I) Private Limited		
50,000 equity shares of INR 10 each (March 31, 2021: 50,000)	5.00	5.00
Investments measured at Fair Value		
Through Other Comprehensive Income	-	-
Through profit or loss	-	-
Designated at Fair Value Through Profit or Loss		
Investment in Mutual Funds	4,900.40	107.47
Total Investments measured at Fair Value	**4,900.40**	**107.47**
Total Investments (A)	**4,905.40**	**112.47**
Investments outside India	-	-
Investments in India	4,905.40	112.47
Total Investments (B)	**4,905.40**	**112.47**
Total (A) to tally with (B)	**4,905.40**	**112.47**
Less: Allowance forImpairment loss (C)	-	-
Total Net D = (A) - (C)	**4,905.40**	**112.47**

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

8 Other Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued on bank deposits	32.58	19.61
Security Deposits	65.61	59.26
EIS Receivable (Refer note 8(a))	217.66	-
Ex Gratia - Interest Refund	-	90.47
Total Gross	**315.85**	**169.34**
Less: Expected Credit Loss on Ex-Gratia	-	45.23
Less: Expected Credit Loss on Receivable on Assigned Loans	1.56	-
Total Net of Expected Credit Loss	**314.29**	**124.10**

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 Proft and loss for the year, which has been computed by discounting EIS to present value.

9 Taxes on Income

9.1 Current tax Assets (Net)

Particulars	As at March 31, 2022	As at March 31, 2021
Advance Tax (Net of Provision)	120.78	16.71
Total	**120.78**	**16.71**

9.2 Deferred Tax Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred Tax Assets (Net)	167.66	321.04
Net Deferred Tax Asset	**167.66**	**321.04**

9.3 The major components of income tax expense for the year

Particulars	As at March 31, 2022	As at March 31, 2021
Current income tax:		
Current year Income tax charge	550.62	598.44
Adjustments in respect of current income tax of previous year	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	151.38	(216.43)
Income tax expense reported in the statement of profit or loss	**702.00**	**382.01**
OCI		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on re-measurements of defined benefit plans	2.00	8.00
Income tax charged to OCI	**2.00**	**8.00**

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

Particulars	As at March 31, 2022	As at March 31, 2021
Profit before tax	2,540.99	1,699.22
Tax at corporate tax rate of 25.17% (previous year: 25.17%)	639.57	427.69
Effect of expenses that are not deductible in determining taxable profit (net)	(17.28)	271.32
Deduction under section 36(1)(viii) of the Income tax Act, 1961	(71.67)	(100.57)
Adjustments in respect of current income tax of previous year	-	-
Income tax expense recognised in statement of profit and loss	**550.62**	**598.44**

The tax rate used for the reconciliations above is the corporate tax rate of 25.17% for the year 2021-22 and 2020-21 payable by corporate entities in India on taxable profits under tax law in Indian jurisdiction.

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

Particulars	As at March 31, 2022	As at March 31, 2021
(A) Deferred Tax Assets		
Impairment on Financial Instruments (ECL)	363.64	319.04
Financial instruments (Loans) measured at EIR	38.99	160.74
Lease liability impact	4.22	(1.39)
Provisions	0.05	(5.20)
Share based payments	25.81	22.87
Others	0.37	0.05
Total (A)	**433.08**	**496.11**
(B) Deferred Tax Liabilities		
Unrealised net gain on fair value changes	10.50	1.33
Deduction of special reserve as per section 36(1)(viii) of the Income Tax Act, 1961	294.05	222.39
Other Financial Assets	33.92	-
Financial instruments (Borrowings) measured at EIR	0.51	1.85
Depreciation and amortisation expenses	(73.56)	(50.50)
Total (B)	**265.42**	**175.07**
Deferred tax assets/(liabilities) (A-B)	**167.66**	**321.04**

9.3.3 Changes in deferred tax recorded in other comprehensive income

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Remeasurements of employee benefits through OCI	(2.00)	(8.00)

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Deferred tax relates to the following:		
Impairment on Financial Instruments (ECL)	(44.60)	(156.82)
Financial instruments (Loans) measured at EIR	121.75	(91.82)
Difference between tax depreciation and depreciation/ amortization charged for the financial reporting	(23.06)	(37.07)
Lease liability impact	(5.61)	3.49
Share based payments	(2.94)	(3.44)
Unrealised net gain on fair value changes	9.17	(6.50)
Deduction of special reserve as per section 36(1)(viii) of the Income Tax	71.66	79.98
Financial instruments (Borrowings) measured at EIR	(1.34)	(2.68)
Others	26.35	(1.57)
Deferred Tax charged to statement of profit and loss account	**151.38**	**(216.43)**

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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	Right to use Assets
Cost									
Balance as at March 31, 2020	364.77	206.23	200.17	79.14	33.83	432.75	1,316.90	317.90	948.91
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 March 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 March 31, 2022	309.29	200.01	199.71	-	33.83	432.43	1,175.28	312.64	581.19
Accumulated depreciation and amortisation									
Balance as at March 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 March 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 March 31, 2022	276.70	115.87	140.04	-	32.14	418.58	983.35	238.59	473.57
Net block									
Balance as at March 31, 2020	118.04	122.32	126.67	50.84	25.03	151.90	594.80	202.78	797.50
Balance as at March 31, 2021	62.48	101.70	74.75	-	3.37	82.86	325.17	138.29	223.75
Balance as at March 31, 2022	32.59	84.13	59.67	-	1.69	13.85	191.93	74.04	107.62

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11 Other Non-Financial Assets

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured; considered good		
Other Advances	43.21	30.58
Prepaid Expenses	42.96	42.56
Balance with government authorities	105.32	88.33
Assets held for sale (Refer note 11(a))	211.43	12.90
Total Gross	402.91	174.37
Less: Provision for Expected Credit Loss (ECL)	82.87	7.71
Total Net of ECL	320.05	166.66

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 immoveable properties for Rs 198.53 lacs (Previous Year: Nil).

12 Trade Payables

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	0.43	1.37
Total outstanding dues of creditors other than micro enterprises and small enterprises	10.77	17.94
Total	11.20	19.31

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

12.1 Trade Payables ageging

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	0.43	-	-	-	0.43
(ii) Others	10.77	-	-	-	10.77
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-

13 Borrowings (Other than Debt Securities)

Particulars	As at March 31, 2022	As at March 31, 2021
At Amortised Cost		
Secured		
Term Loans		
From Banks	1,997.33	3,492.32
Total Borrowings (A)	1,997.33	3,492.32
Borrowings in India	1,997.33	3,492.32
Borrowings outside India	-	-
Total Borrowings (B)	1,997.33	3,492.32

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Notes:

13.1 Secured term loans from Banks is towards loan from State Bank of India and carry rate of interest of 9.50% p.a. The loan is having tenure of 7 years from the date of disbursement and are repayable in 20 quarterly instalments after a moratorium of 24 months, the repayment commences from December 31, 2019. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company.

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

13.2 Changes in liabilities arising from financing activities

Particulars	As at March 31, 2022	As at March 31, 2021
Borrowings (other than debt securities)		
Opening balances as at beginning of the year	3,492.32	18,800.17
Movements		
Cash flows	(1,500.28)	(15,316.07)
Other- amortisation of transaction cost	5.29	8.22
Closing balances as at end of the year	**1,997.33**	**3,492.32**

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13.3 Terms of repayment of borrowings outstanding as at March 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 Tenure > 3 years	9.50%	-	1,000.00	999.37	-	-	(2.04)	1,997.33
Total			-	**1,000.00**	**999.37**	-	-	**(2.04)**	**1,997.33**

Terms of repayment of borrowings outstanding as at March 31, 2021

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 Tenure > 3 years	9.50%	500.00	1,000.00	1,000.00	999.65	-	(7.33)	3,492.32
Total			**500.00**	**1,000.00**	**1,000.00**	**999.65**	-	**(7.33)**	**3,492.32**

13.4 Detail of Loans against Current Assets:

Quarter	Name of bank	Particulars of Securities Provided	Amount as per books of account	Amount as reported in the quarterly statement	Amount of difference	Reason for material discrepancies
Jun-2021	State Bank of India	Present and Future Loan Receivables	3,021.18	3,021.18	-	
Sep-2021	State Bank of India	Present and Future Loan Receivables	2,999.65	2,999.65	-	
Dec-2021	State Bank of India	Present and Future Loan Receivables	2,999.65	2,999.65	-	
Mar-2022	State Bank of India	Present and Future Loan Receivables	1,999.37	1,999.37	-	

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14 Other Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Employee related payables	117.02	129.95
Lease Obligation (Liability)	124.42	218.20
Others	165.13	74.55
Total	**406.57**	**422.70**

15 Provisions

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for Employee Benefits - Gratuity ((refer note 15(a))	(18.88)	(20.67)
ECL on undisbursed loan commitment ((refer note 15(b))	19.09	22.81
Total	**0.21**	**2.14**

15(a) Fund value of asssets is more then the libality towards gratuity as determined by actuarial valuaer

15(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.

16 Other Non-Financial Liabilities

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory dues	13.00	12.82
Advances from customers	214.80	119.46
Total	**227.80**	**132.28**

17 Equity Share Capital

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

Particulars	As at March 31, 2022	As at March 31, 2021
Authorised Share Capital		
100,00,00,000 (As at March 31, 2021: 100,00,00,000) Equity Shares of Rs 10 each	100,000.00	100,000.00
Total	**100,000.00**	**100,000.00**
Issued, Subscribed and Fully Paid-up		
38,50,00,000 (As At March 31, 2021: 38,50,00,000) Equity Shares of Rs 10 each	38,500.00	38,500.00
Total	**38,500.00**	**38,500.00**

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of Shares	Amount (Rs in lacs)	Number of Shares	Amount (Rs in lacs)
Equity shares as at the beginning of the year	385,000,000	38,500.00	385,000,000	38,500.00
Shares issued during the year	-	-	-	-
Equity shares as at the end of the year	**385,000,000**	**38,500.00**	**385,000,000**	**38,500.00**

17.2 Details of shares held by the Holding Company

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	Number of Shares	% of holding	Number of Shares	% of holding
ART Business & Consumer Finance (India) Private Limited *	385,000,000	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.

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

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	Number of Shares	% of holding	Number of Shares	% of holding
ART Business & Consumer Finance (India) Private Limited *	385,000,000	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.

17.4 Details of Shareholding of Promoters

Shares held by promoters at the year ending March 31, 2022				Change during the year	
S.No.	Promoter Name	No. of Shares	% of total Shares	No. of Shares	%
1	ART Business & Consumer Finance (India) Private Limited	385,000,000	100.00%	Nil	Nil
	Total	**385,000,000**	**100.00%**	**Nil**	**Nil**

17.5 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 32.

18 Other Equity

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory reserve u/s 29C of the NHB Act, 1987	251.28	168.23
Special Reserve u/s 36(i)(viii) of the Income Tax Act, 1961	1,168.36	883.61
Share based payments Reserve	102.54	90.85
Retained Earnings	3,623.34	2,145.96
Total	**5,145.51**	**3,288.65**

18.1 Nature and purpose of reserve

18.1.1 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 367.80 lacs (Previous Year Rs 399.55 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 42.3.

18.1.2 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.

18.1.3 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).

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19 Interest Income

Particulars	As at March 31, 2022	As at March 31, 2021
On Financial Assets measured at Amortised Cost:		
Interest on Loans	4,907.94	6,146.79
Interest on deposits with banks	51.06	115.21
Total	**4,959.00**	**6,262.00**

Interest income on loans is recognised basis the Effective Interest Rate (EIR). Accordingly Loan origination income (net of direct incremental costs) is included in Interest on loans on amortization basis.
Interest Income on Stage 3 Assets is recognised on the net carrying value (the gross carrying value as reduced by the impairment allowance).

20 Fee and Commission Income

Particulars	As at March 31, 2022	As at March 31, 2021
Other fee income and charges	163.67	68.38
Interest on Lease Liability - IND AS	-	14.43
Total	**163.67**	**82.82**

21 Net Gain/(Loss) on Fair Value Changes

Particulars	As at March 31, 2022	As at March 31, 2021
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
Investments in Mutual funds	167.52	81.86
Total Net gain/(loss) on fair value changes	**167.52**	**81.86**
Fair Value changes:		
Realised	131.07	81.86
Unrealised	36.44	-
Total Net gain/(loss) on fair value changes	**167.52**	**81.86**

22 Finance Costs

Particulars	As at March 31, 2022	As at March 31, 2021
On Financial Liabilities measured at Amortised Cost		
Interest on borrowings	276.48	1,086.81
Interest on Lease Liability	28.51	-
Total Finance Costs	**304.99**	**1,086.81**

23 Impairment on Financial Instruments

Particulars	As at March 31, 2022	As at March 31, 2021
On Financial Assets measured at Amortised Cost		
On Loans - Expected Credit Loss	196.25	710.57
On Other Assets - Expected Credit Loss	31.48	52.95
Loans, advances and other receivables written off	19.94	6.71
Total	**247.67**	**770.23**

24 Employee benefits expense

Particulars	As at March 31, 2022	As at March 31, 2021
Salaries, wages and bonus	1,419.11	1,868.23
Contribution to provident fund and other funds	66.73	97.13
Contribution to gratuity	14.29	14.79
Share based payments to employees	11.68	24.13
Staff welfare expenses	17.67	10.09
Total	**1,529.48**	**2,014.36**

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25 Corporate Social Responsibility expenses

Particulars	As at March 31, 2022	As at March 31, 2021
- amount required to be spent by the company during the year	37.65	32.70
- amount of expenditure incurred	37.70	32.70
- shortfall at the end of the year	-	-
- total of previous years shortfall	-	-

25.1 Nature of CSR Activities

Nature of CSR Activities	As at March 31, 2022	As at March 31, 2021
Eradicating Hunger, Poverty and Malnutrition	3.95	-
Education	33.50	32.70
Environmental Sustainability	0.25	-
Total	**37.70**	**32.70**

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

26 Other expenses

Particulars	As at March 31, 2022	As at March 31, 2021
Rent	60.19	37.16
Repairs and Maintenance	9.88	10.68
General Office Expenses	135.27	130.66
Electricity & Water Charges	28.11	26.62
Insurance Charges	13.22	25.45
Legal and professional charges	215.05	129.52
Auditor's fees and expenses	6.54	7.09
Rates and Taxes	29.19	3.26
Director's fees, allowances and expenses	15.70	17.44
Communication expenses	29.51	40.66
Loss on disposal of property, plant and equipment	(3.13)	1.92
Advertisement and business promotion expenses	15.64	2.20
Travelling and conveyance	57.30	34.67
Recruitment Expenses	2.56	0.27
Miscellaneous expenses	40.50	51.93
Total	**655.54**	**519.50**

26.1 Auditor's remuneration

Particulars	As at March 31, 2022	As at March 31, 2021
As auditors	6.54	6.54
For other services	-	0.55
For reimbursement of expenses	-	-
Total	**6.54**	**7.09**

26.2 Expenditure in Foreign currency

Particulars	As at March 31, 2022	As at March 31, 2021
Other Expenses	-	13.00
Total	**-**	**13.00**

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27 Earnings per share (EPS)

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

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

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

Particulars	As at March 31, 2022	As at March 31, 2021
(a) Computation of profit attributable to equity shareholders		
Net profit after tax attributable to equity shareholders	1,845.18	1,342.91
(b) Computation of weighted average number of shares		
- Basic (In Nos in lacs)	3,850.00	3,850.00
- Diluted (In Nos in lacs.)	3,868.78	3,917.99
(c) Nominal value of equity share	**10.00**	**10.00**
(d) Earnings per share		
- Basic (in Rs)	0.48	0.35
- Diluted (in Rs)	0.48	0.34

28 Segment

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

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

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

30 Changes in liabilities arising from financing activities

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

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31 Employee Benefits Plan

Direct Benefit Plan

Gratuity

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

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

31.1 Statement of profit and loss

Net employee benefit expense recognized in the employee cost

Particulars	As at March 31, 2022	As at March 31, 2021
Current service cost	11.27	12.22
Interest cost	2.70	3.45
Return on plan assets	(3.99)	(3.40)
Net remeasurement (gain) / loss recognized in the year	-	-
Net expense	**9.98**	**12.27**

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

Particulars	As at March 31, 2022	As at March 31, 2021
Opening amount recognised in other comprehensive income	(34.95)	(1.26)
Remeasurement (gain) / loss on obligations arising from changes in financial assumptions	(0.48)	0.48
Remeasurement (gain) / loss on obligations arising from changes in experience adjustments	(7.43)	(26.99)
Actual return on plan assets less interest on plan assets	(0.28)	(7.18)
Amount recognised in other comprehensive income for the year	**(8.19)**	**(33.69)**
Closing amount recognised in other comprehensive income	**(43.15)**	**(34.95)**

31.3 Balance Sheet

Net defined benefit liability

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligation	44.87	43.13
Fair value of plan assets	63.75	63.79
Net defined benefit liability recognised in balance sheet	**(18.88)**	**(20.67)**

31.4 Changes in present value of the defined benefit obligations:

Particulars	As at March 31, 2022	As at March 31, 2021
Present value of defined benefit obligations as at beginning of the year	43.13	57.50
Current service cost	11.27	12.22
Interest cost	2.70	3.45
Benefits paid during the year	(4.31)	(3.53)
Actuarial gain on obligations	(7.91)	(26.51)
Present value of obligation as at the end of the year	**44.87**	**43.13**

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31.5 Changes in fair value of plan asset:

Particulars	As at March 31, 2022	As at March 31, 2021
Fair value of plan assets as at the beginning of the year	63.79	56.74
Actual return on plan assets	4.27	10.59
Contributions	-	-
Benefits paid	(4.31)	(3.53)
Fair value of plan assets as at the end of the year	**63.75**	**63.79**

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

Particulars	As at March 31, 2022	As at March 31, 2021
Discount rate	6.25%	6.00%
Future salary increase rate	5.00%	5.00%
Mortality	IALM 2012-14	IALM 2012-14
Average past service (years)	1.9 Years	2.5 Years
Average age (years)	34.1 Years	32.8 Years
Average remaining working lives of employees (years)	21 Years	23 Years
Attrition rate	20.00%	20.00%

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

31.7 Projected plan cash flow: maturity profile

Particulars	As at March 31, 2022	As at March 31, 2021
Expected benefits for year 1	5.10	2.02
Expected benefits for year 2	5.10	2.19
Expected benefits for year 3	2.76	2.42
Expected benefits for year 4	2.73	2.46
Expected benefits for year 5	2.70	2.38
Expected benefits for year 5 above	28.98	31.66
Total	**47.37**	**43.13**

31.8 Expected contribution to fund in the next year

Particulars	As at March 31, 2022	As at March 31, 2021
Expected contribution to fund in the next year	19.55	21.65

31.9 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 March 31, 2022	As at March 31, 2021
Projected Benefit Obligation on Current Assumptions	44.87	43.13
a) Effect of 1% change in assumed discount rate		
1% increase	-4%	-4%
1% decrease	5%	5%
(b) Effect of 1% change in assumed salary escalation rate		
1% increase	5%	5%
1% decrease	-4%	-4%

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32 Employee Stock Option Schemes (ESOS)

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

32.1 AHFL ESOS - MAY'2017

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

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

32.2 AHFL ESOS - MAY'2019

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

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

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

Particulars	AHFL ESOS - MAY'2017		AHFL ESOS - MAY'2019	
	For the year ended March 31, 2022	For the year ended March 31, 2021	For the year ended March 31, 2022	For the year ended March 31, 2021
No. of options outstanding at the beginning of the year	1,164,500	4,272,000	713,500	2,526,500
No. of options granted during the year	-	-	-	-
No. of options forfeited/lapsed during the year	(408,500)	(3,107,500)	(313,000)	(1,813,000)
No. of options exercised during the year	-	-	-	-
No. of options outstanding at the end of the year	**756,000**	**1,164,500**	**400,500**	**713,500**
No. of stock exercisable at the end of the year	-	-	-	-

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

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

Particulars	As at March 31, 2022	As at March 31, 2021
The principal amount remaining unpaid to supplier as at the end of the year	0.43	1.37
The interest due thereon remaining unpaid to supplier as at the end of the year	-	-
The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the year of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued during the year and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprise Development Act, 2006	-	-

34 Contingent liabilities and commitments

Particulars	As at March 31, 2022	As at March 31, 2021
Contingent liabilities		
(a) Claims against the company not acknowledged as debts	-	-
(b) Disputed Income Tax Demands not provided for	140.85	141.05

Commitments		
(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	1,924.36	2,050.49

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

35.1 Lease liability movement

Particulars	As at March 31, 2022	As at March 31, 2021
Opening Balance	218.20	804.70
Addition during the year	139.41	-
Interest on Lease Liability	28.51	(14.43)
Deletion during the year	(122.41)	(384.73)
Lease rental payment	(139.30)	(187.33)
Balance as on March 31, 2022	**124.42**	**218.20**

35.2 Amounts recognised in the Statement of Profit & Loss

Particulars	As at March 31, 2022	As at March 31, 2021
Asset wise depreciation charge of right-of-use assets	133.14	189.02
Interest expense (included in finance cost)	28.51	(14.43)
Expense relating to short-term leases (included in rent expenses)	54.21	35.77
Total	**215.85**	**210.36**

35.3 Future Lease Cash Outflow for all leased assets:

Particulars	As at March 31, 2022	As at March 31, 2021
Not later than one year	117.83	136.04
Later than one year but not later than five years	15.90	108.50
Later than five years	-	-
Impact of discounting and other adjustments	(9.32)	(26.34)
Total	**124.42**	**218.20**

35.4 Maturity Analysis of Lease Liability:

Particulars	As at March 31, 2022	As at March 31, 2021
Within 1 Year	110.13	115.13
Within 2 Years	8.35	103.07
Within 3 Years	5.94	-
After 3 Years	-	-
Total	**124.42**	**218.20**

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

Holding Company	ART Business & Consumer Finance (India) Private Limited
Parent of the Holding Company	ART Capital (India) Private Limited
Ultimate Holding Company	Yes Capital (India) Private Limited
Subsidiary Company	ART Distribution (I) Private Limited
Key management personnel (KMP)	Vipin Jain, Managing Director & CEO Rahul Kumar Pandey, Independent Director Atul Hasmukhrai Mehta, Independent Director Shrenik Suresh Shah, Independent Director Ritika Bhatia, Whole Time Director and Company Secretary Bharat Dhall, Chief Financial Officer (From July 01,2021)
Enterprises that directly or indirectly are under common control and with whom transactions are done during the year	ART Capital (India) Private Limited Yes Capital (India) Pvt Ltd
Post Employment Benefit Plans	ART Housing Finance (India) Ltd. Employee's Gratuity Trust

Transactions with related parties during the year

	Particulars	**Nature of transaction**	**For the year ended March 31, 2022**		**For the year ended March 31, 2021**	
			Transaction value	**Outstanding amount**	**Transaction value**	**Outstanding amount**
A	**Key management personnel**					
	Vipin Jain	Remuneration paid	104.37	-	45.00	-
	Ritika Bhatia	Remuneration paid	29.85	-	30.36	-
	Atul Hasmukhraj Mehta	Sitting Fee paid	5.23	-	5.67	-
	Rahul Kumar Pandey	Sitting Fee paid	5.23	-	5.23	-
	Shrenik Suresh Shah	Sitting Fee paid	5.23	-	4.80	-
	Bharat Dhall	Remuneration paid	23.88	-	-	-
D	**Other entities in which key management personnel or their relative has significant influence**					
	Aditya Khanna	Expenses Reimbursement	-	-	14.77	-
	ART Capital (India) Private Limited	Expenses Paid	124.93	-	-	-
	Yes Capital (India) Private Limited	Inter-corporate deposits placed	9,500.00	6,500.00	-	-
		Inter-corporate deposits repaid	3,000.00	-		
		Interest receivable on ICD	701.51	548.94	-	-
		Interest received on ICD	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.

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37 Fair value measurement

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

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

Particulars	March 31, 2022			March 31, 2021		
	FVTPL	FVOCI	Amortised Cost	FVTPL	FVOCI	Amortised Cost
Financial Assets						
Cash and cash equivalents	-	-	606.12	-	-	2,118.90
Bank Balance other than above	-	-	2,056.60	-	-	1,043.86
Loans	-	-	37,424.12	-	-	41,266.45
Investments	4,900.40	-	5.00	107.47	-	5.00
Other Financial assets	-	-	314.29	-	-	124.10
Total	**4,900.40**	**-**	**40,406.14**	**107.47**	**-**	**44,558.31**
Financial Liabilities						
Trade Payables	-	-	11.20	-	-	19.31
Borrowings (Other than Debt Securities)	-	-	1,997.33	-	-	3,492.32
Other financial liabilities	-	-	406.56	-	-	422.70
Total	**-**	**-**	**2,415.09**	**-**	**-**	**3,934.33**

37.2 Valuation Principles

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

37.3 Fair value hierarchy

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

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

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

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

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

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

Particulars	March 31, 2022			March 31, 2021		
	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3
Investments in Mutual funds	4,900.40	-	-	107.47	-	-

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

Particulars	March 31, 2022			March 31, 2021		
	Level-1	Level-2	Level-3	Level-1	Level-2	Level-3
Financial Assets						
Cash and cash equivalents	606.12	-	-	2,118.90	-	-
Other bank balances	2,056.60	-	-	1,043.86	-	-
Loans	-	-	37,424.12	-	-	41,266.45
Investments	-	-	5.00	-	-	5.00
Other Financial assets	-	-	314.29	-	-	124.10
Total	**2,662.72**	**-**	**37,743.41**	**3,162.76**	**-**	**41,395.55**
Financial Liabilities						
Trade Payables	-	-	11.20	-	-	19.31
Borrowings (Other than Debt Securities)	-	-	1,997.33	-	-	3,492.32
Other financial liabilities	-	-	406.56	-	-	422.70
Total	**-**	**-**	**2,415.09**	**-**	**-**	**3,934.33**

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38 Transfer of Financial assets

Assignment Deal:

During the year ended March 31, 2022, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Company's 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 March 31, 2022	As at March 31, 2021
Carrying amount of derecognised financial assets	7,058.61	-
Gain from derecognition	323.05	-

39 Capital Management

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

The Company manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The company monitors capital using a gearing ratio, which is total debt divided by net worth. The Company's policy is to keep the gearing ratio at reasonable level of 6-8 times in imminent year while the Housing Finance Companies (National Housing Bank) Directions, 2010 (the "NHB Directions") currently permits HFCs to borrow up to 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 March 31, 2022	As at March 31, 2021
Debts	1,997.33	3,492.32
Net worth	43,645.51	41,788.65
Debt to net worth (in times)	0.05	0.08

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

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

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40 Risk Management Objectives and Policies

Risk Management Framework

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

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

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

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

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40.1 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.

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

40.1.1.1 Maturity profile of Financial liabilities

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Borrowings	-	1,997.33	1,997.33	500.00	2,992.32	3,492.32
Payables	11.20	-	11.20	19.31	-	19.31
Other Financial Liabilities	392.27	14.29	406.56	319.63	103.07	422.70
Total	**403.47**	**2,011.62**	**2,415.09**	**838.94**	**3,095.39**	**3,934.33**

40.1.1.2 Maturity analysis of assets and liabilities

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

Particulars	As at March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Cash and cash equivalents	606.12	-	606.12	2,118.90	-	2,118.90
Bank balance other than above	2,056.60		2,056.60	1,043.86		1,043.86
Loans	10,470.17	26,953.95	37,424.12	7,097.67	34,168.78	41,266.45
Investments	4,900.40	5.00	4,905.40	107.47	5.00	112.47
Other financial assets	41.55	272.74	314.29	76.40	47.70	124.10
Non-financial Assets						
Current tax assets (Net)	120.78	-	120.78	16.71	-	16.71
Deferred tax assets (Net)	-	167.66	167.66	-	321.04	321.04
Property, plant and equipment	-	191.93	191.93	-	325.17	325.17
Other intangible assets	-	74.04	74.04	-	138.29	138.29
Right-of-use assets		107.62	107.62		223.75	223.75
Other non-financial assets	320.05	-	320.05	166.66	-	166.66
Total Assets	**18,515.67**	**27,772.94**	**46,288.61**	**10,627.67**	**35,229.73**	**45,857.40**
LIABILITIES						
Financial Liabilities						
Payables						
(I)Trade Payables						
(i) total outstanding dues MSME	0.43	-	0.43	1.37	-	1.37
(ii) total outstanding dues of creditors other than MSME	10.77	-	10.77	17.94	-	17.94
Borrowings (other than Debt securities)	-	1,997.33	1,997.33	500.00	2,992.32	3,492.32
Other financial liabilities	392.27	14.29	406.56	319.63	103.07	422.70
Non-financial liabilities						
Provisions	0.21	-	0.21	2.14	-	2.14
Other non-financial liabilities	227.80	-	227.80	132.28	-	132.28
Total liabilities	**631.48**	**2,011.62**	**2,643.10**	**973.36**	**3,095.39**	**4,068.75**
Net	**17,884.19**	**25,761.32**	**43,645.51**	**9,654.32**	**32,134.33**	**41,788.65**

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40.1.1.3 Analysis of financial Assets and Liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and labilities 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 March 31, 2022			As at March 31, 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	606.12	-	606.12	2,118.90	-	2,118.90
Bank balance other than above	2,056.60	-	2,056.60	1,043.86	-	1,043.86
Loans	10,470.17	26,953.95	37,424.12	7,097.67	34,168.78	41,266.45
Investments	4,900.40	5.00	4,905.40	107.47	5.00	112.47
Other financial assets	41.55	272.74	314.29	76.40	47.70	124.10
Total Financial Assets	**18,074.84**	**27,231.69**	**45,306.53**	**10,444.30**	**34,221.48**	**44,665.78**
LIABILITIES						
Financial Liabilities						
Payables						
(I)Trade Payables						
(i) to MSMEs	0.43	-	0.43	1.37	-	1.37
(ii) to other than MSMEs	10.77	-	10.77	17.94	-	17.94
Borrowings (other than Debt securities)	-	1,997.33	1,997.33	500.00	2,992.32	3,492.32
Other financial liabilities	392.27	14.29	406.56	319.63	103.07	422.70
Total Financial liabilities	**403.47**	**2,011.62**	**2,415.09**	**838.94**	**3,095.39**	**3,934.33**
Net	17,671.37	25,220.07	42,891.44	9,605.37	31,126.09	40,731.45

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40.2 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.

40.2.1 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.

40.2.2 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.

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

Particulars	March 31, 2022			March 31, 2021		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Gross carrying value	36,755.87	1,092.26	1,020.78	38,906.84	2,529.52	1,074.92
Allowance for ECL	425.38	469.91	549.50	166.83	651.17	426.82
ECL coverage ratio	1.16%	43.02%	53.83%	0.43%	25.74%	39.71%

40.3 Analysis of risk concentration

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

40.3.1 LTV wise bifurcation (Secured Loans):

Particulars	March 31, 2022				March 31, 2021			
LTV bucket	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
0%-40%	6,632.35	644.83	161.22	7,438.40	9,123.52	1,527.63	165.09	10,816.24
41%-60%	8,829.17	153.54	195.31	9,178.02	13,110.39	371.63	192.43	13,674.46
61%-80%	12,287.51	227.73	519.43	13,034.66	14,760.78	543.19	505.61	15,809.58
More Than 80%	1,957.91	66.18	144.82	2,168.90	1,912.15	87.08	211.78	2,211.00
Grand Total	**29,706.93**	**1,092.26**	**1,020.79**	**31,819.98**	**38,906.84**	**2,529.52**	**1,074.92**	**42,511.27**

40.3.2 Customer profile (Secured Loans):

Particulars	March 31, 2022				March 31, 2021			
LTV bucket	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
HL - Salaried	11,511.56	128.67	167.73	11,807.97	14,951.24	326.45	141.47	15,419.16
HL - Self Employed	14,470.43	793.83	605.32	15,869.59	18,788.80	1,463.82	613.08	20,865.70
HL Total	**25,982.00**	**922.51**	**773.06**	**27,677.56**	**33,740.04**	**1,790.27**	**754.55**	**36,284.86**
NHL - Salaried	463.38		14.58	477.97	485.67	5.90	4.31	495.88
NHL - Self Employed	3,261.55	169.76	233.15	3,664.45	4,681.12	733.35	316.05	5,730.53
NHL Total	**3,724.93**	**169.76**	**247.73**	**4,142.42**	**5,166.79**	**739.25**	**320.37**	**6,226.41**
Total HL + NHL	**29,706.93**	**1,092.26**	**1,020.79**	**31,819.98**	**38,906.84**	**2,529.52**	**1,074.92**	**42,511.27**

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40.4 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.

40.4.1 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.

40.4.2 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.

41 Impact of COVID-19

COVID -19 pandemic had led to significant decrease in global and local economic activites, which may persist. Considering the possibility of fourth wave, overall stress on affordable segment customers, 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 864.62 lacs in the year ending March 31, 2022 (Previous Year: Rs 534.02 lacs).

41.1 In Accordance with the instructions of RBI Circular no. RBI/2021-22/17/DOR.STR.REC.4/21.04.048/2021-22 dated April 07, 2021, the HFC shall shall refund /adjust "interest on interest" to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. Pursuant to these instructions, the methodology for calculation of the amount of such "interest on interest" has been circulated by the Indian Banking Assocation (IBA). Accordingly company has appropriated the "interest on interest" value in respective loans. Subsequent to receipt of claim from Govt., liability of 45.23 lakh created in previous year is reversed in current financial year.

41.2 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

S.No.	Description	Individual Borrowers		Small Businesses
		Personal Loans	Business Loans	
(A)	Number of requests received for invoking resolution process under Part A	31	-	-
(B)	Number of accounts where resolution plan has been implemented under this window	31	-	-
(C)	Exposure to accounts mentioned at (B) before implementation of the plan	331.03	-	-
(D)	Of (C), aggregate amount of debt that was converted into other securities	-	-	-
(E)	Additional funding sanctioned, if any, including between invocation of the plan and implementation	-	-	-
(F)	Increase in provisions on account of the implementation of the resolution plan	100.12	-	-

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42 The following additional disclosures have been 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:

42.1 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 March 31, 2022.

42.2 Capital

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Capital to Risk Asset Ratio - CRAR (%)	163.94%	184.32%
(ii) CRAR-Tier I Capital (%)	162.69%	183.73%
(iii) CRAR-Tier II Capital (%)	1.25%	0.59%
(iv) Amount of subordinated debt raised as Tier- II Capital	Nil	Nil
(v) Amount raised by issue of Perpetual Debt Instruments	Nil	Nil

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

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year		
a) Statutory reserve under section 29C of the National Housing Bank Act, 1987	168.23	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	883.61	484.06
c) Total	**1,051.84**	**652.29**
Addition/ appropriation/ withdrawal during the year		
Add:		
a) Amount transferred under section 29C of the NHB Act, 1987	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	284.75	399.55
Less:		
a) Amount appropriated from the statutory reserve under section 29C of the NHB Act, 1987	Nil	Nil
b) Amount withdrawn from the special reserve u/s 36(1)(viii) of Income-tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	Nil	Nil
Balance at the end of the year		
a) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	251.28	168.23
b) Amount of special reserve u/s 36(1)(viii)of Income -tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	1,168.36	883.61
c) Total	**1,419.64**	**1,051.84**

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.

42.3 Investments

Particulars	As at March 31, 2022	As at March 31, 2021
Value of investments		
(i) Gross value of investments		
(a) In India	4,905.40	112.47
(b) Outside India	Nil	Nil
(ii) Provision for depreciation		
(a) In India	Nil	Nil
(b) Outside India	Nil	Nil
(iii) Net value of investments		
(a) In India	4,905.40	112.47
(b) Outside India	Nil	Nil
Movement of provisions held towards depreciation on investments		
(i) Opening balance	Nil	Nil
(ii) Add: Provisions made during the year	Nil	Nil
(iii) Less: Write-off / written-back of excess provisions during the year	Nil	Nil
(iv) Closing balance	Nil	Nil

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42.4 Derivatives

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

Particulars	As at March 31, 2022	As at March 31, 2021
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

42.4.2 Exchange Traded Interest Rate (IR) Derivative

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	Nil	Nil
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on end of year (instrument-wise)	Nil	Nil
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	Nil	Nil

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

42.4.3 Disclosures on risk exposure in derivatives - Qualitative Disclosure

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

42.4.4 Disclosures on risk exposure in derivatives - quantitative disclosure

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

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

42.5 Securitisation

42.5.1

Particulars	Numbers	Amount
1. Number of Special Purpose Entities (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.

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

Particulars	As at March 31, 2022	As at March 31, 2021
(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

42.5.3 Details of assignment transactions undertaken by HFCs

Particulars	As at March 31, 2022	As at March 31, 2021
(i) Number of accounts	1,143	Nil
(ii) Aggregate value (net of provisions) of accounts assigned	7,058.61	Nil
(iii) Aggregate consideration	7,058.61	Nil
(iv) Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
(v) Aggregate gain / loss over net book value	323.05	Nil

42.5.4 Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:

Particulars	As at March 31, 2022	As at March 31, 2021
1. (a) Number of accounts purchased during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil
2. (a) Of these, number of accounts restructured during the year	Nil	Nil
(b) Aggregate outstanding	Nil	Nil

B. Details of non-performing financial assets sold:

Particulars	As at March 31, 2022	As at March 31, 2021
1. Number of accounts sold	Nil	Nil
2. Aggregate outstanding	Nil	Nil
3. Aggregate consideration received	Nil	Nil

42.6 Assets Liability Management

Maturity pattern of certain items of Assets/ Liabilities

As on March 31, 2022

Liabilities	1 to 7 days	8 to 14 days	15 days to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	1,997.33	-	-	1,997.33
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	**1,997.33**	-	-	**1,997.33**
Assets											
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	1,900.40	2,000.00	1,000.00							5.00	**4,905.40**
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Total	**2,355.97**	**2,165.92**	**1,165.92**	**631.10**	**7,601.96**	**1,183.71**	**1,794.42**	**6,664.40**	**1,337.98**	**24,133.36**	**49,034.73**

**Maturity of advances includes the loan commitments*

Note: Foreign currency liabilities and foreign currency assets are Nil

SMMP & COMPANY CHARTERED ACCOUNTANTS MUMBAI

ART Housing Finance (India) Limited

ART Housing Finance (India) Limited
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Maturity pattern of certain items of Assets/ Liabilities

As on March 31, 2021

Liabilities	1 to 7 days	8 to 14 days	15 days to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	500.00	2,000.00	999.65	-	3,499.65
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	**500.00**	**2,000.00**	**999.65**	-	**3,499.65**
Assets											
Advances	300.56	300.56	560.34	690.21	695.71	1,631.86	3,417.33	2,787.42	2,961.58	31,215.32	44,560.89
Investments	107.47	-	-	-	-	-	-	-	-	5.00	112.47
Foreign Currency assets	-	-	-	-	-	-	-	-	-	-	-
Total	**408.02**	**300.56**	**560.34**	**690.21**	**695.71**	**1,631.86**	**4,417.33**	**6,787.42**	**4,960.88**	**31,220.32**	**51,672.66**

**Maturity of advances includes the loan commitments*

Note: Foreign currency liabilities and foreign currency assets are Nil

42.7 Exposure

42.7.1 Exposure to Real Estate Sector

Category	As at March 31, 2022	As at March 31, 2021
a. Direct exposure		
i) Residential mortgages-		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented. Exposure would also include non-fund based (NFB) limits.	30,883.72	40,518.24
ii) Commercial real estate-		
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.	936.26	1,993.03
- Non Fund Based Exposure to CRE	-	-
iii) Investments in Mortgage Backed Securities (MBS) & other securitised exposures		
a. Residential	Nil	Nil
b. Commercial Real Estate	Nil	Nil
b. Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil
Total Exposure to Real Estate Sector	**31,819.98**	**42,511.27**

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ART Housing Finance (India) Limited

ART Housing Finance (India) Limited

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(Amount in INR lacs, unless otherwise stated)

42.7.2 Exposure to Capital Market

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

Particulars	As at March 31, 2022	As at March 31, 2021
(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
Total exposure to Capital Market	Nil	Nil

42.7.3 Details of Financing of parent company products

There is no financing of parent company products.

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

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

42.7.5 Details of Unsecured Advances

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

42.7.6 Exposure to group companies engaged in real estate business

Description	Amount (₹ in Lakhs)	% of owned 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

42.8 Other disclosures

42.8.1 Registration obtained from other financial sector regulators

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

42.8.2

Disclosure of Penalties imposed by NHB and other regulators	As at March 31, 2022	As at March 31, 2021
i) Details of penalty levied by National housing bank ((refer note 42.8.2(a))	Nil	1.86
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

SMMP & COMPANY MUMBAI CHARTERED ACCOUNTANTS

ART Housing Finance (India) Limited

42.8.2 Current Year: Penalty NIL

(a) During the previous year 2020-21, NHB in exercise of the powers vested with it under the National Housing Bank Act, 1987 has imposed penalty of:-

1. Rs 1,60,000/- on April 21, 2020 on account of non-compliance of Para 2(1)(zc) of the HFC (NHB) Directions 2010 and Policy Circular 55 and Policy Circular 83 wrt inspection of position as of March 31, 2019.
2. Rs 1,000/- on May 26,2020 for Non- compliance with the provisions of paragraph 44(2)(ii) of the Housing Finance Companies (NHB) Directions, 2010.
3. Rs 25,000/- on September 16, 2020 on account of non-compliance of Para 3(c) of Housing Finance Companies on Approval of Acquisition or Transfer of Control 2016.

42.8.3 Related Party Transactions

Details of all material transactions with related parties are disclosed in Note 36 to Financial Statements.

42.8.4 Group Structure

'Yes Capital (India) Private Limited (Ultimate Holding Company)
↓
ART Capital (India) Private Limited (Parent of the Holding Company)
↓
ART Business and Consumer Finance (India) Private Limited (Holding Company)
↓
ART Housing Finance (India) Limited (Company)
↓
ART Distribution (India) Private Limited (Subsidiary Company)

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.

42.8.5 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 November 01, 2021.

42.8.6 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 36 above and will also be disclosed in Form No. MGT - 9 as part of Director Report.

42.8.7 Mangement

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

42.8.8 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.

42.8.9 Revenue Recognition

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

42.8.10 Consolidated Financial Statements (CFS)

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

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ART Housing Finance (India) Limited

ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in INR lacs, unless otherwise stated)

42.8.11 Provisions and Contingencies

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

Particulars	As at March 31, 2022	As at March 31, 2021
1. Provisions for depreciation on investment	Nil	Nil
2. Provision made towards income-tax	550.62	598.44
3. Provision towards sub standard, doubtful and loss assets	122.68	384.91
4. Provision for standard assets (with details like teaser loan, CRE, CRE-RH etc.)		
Teaser loans	Nil	Nil
CRE	16.26	(51.96)
CRE -RH	(16.07)	131.83
Other standard assets	54.30	222.90
5. Other provision and contingencies (with details)		
Expected Credit Loss (Expenses) on Loan Commitment- Ind AS	19.09	22.81
On Other Receivables - Expected Credit Loss	31.48	52.95
Gratuity, compensated absences	14.29	14.79
Employee benefits	100.00	120.00
Provision for expenses	83.68	47.21

42.8.12 Break up of loan and advances and provisions thereon

Particulars	Housing loans		Non-Housing loans	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Standard assets				
a) Total outstanding amount	26,904.50	35,530.32	10,943.63	5,906.04
b) Provisions made	713.74	583.61	181.55	234.39
Sub-standard assets				
a) Total outstanding amount	374.78	594.13	130.00	288.67
b) Provisions made	188.70	210.11	65.46	102.09
Doubtful assets – Category-I				
a) Total outstanding amount	300.55	88.18	91.04	31.70
b) Provisions made	151.33	31.18	45.84	11.21
Doubtful assets – Category-II				
a) Total outstanding amount	26.16	-	26.69	-
b) Provisions made	13.17	-	13.44	-
Doubtful assets – Category-III				
a) Total outstanding amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss assets				
a) Total outstanding amount	71.57	72.24	-	-
b) Provisions made	71.57	72.24	-	-
Total				
a) Total outstanding amount	**27,677.56**	**36,284.86**	**11,191.36**	**5,906.04**
b) Provisions made	**1,138.51**	**897.14**	**306.28**	-

42.8.13 Draw Down from Reserves

There has been no draw down from reserves during the year ended March 31, 2022 (Previous Year: Nil).

42.9 Concentration of public deposits, advances, exposures and NPAs

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

Particulars	As at March 31, 2022	As at March 31, 2021
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		

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ART Housing Finance (India) Limited

ART Housing Finance (India) Limited

Notes forming part of the Financial Statements for the year ended March 31, 2022

(Amount in INR lacs, unless otherwise stated)

42.9.2 Concentration of loans and advances

Particulars	As at March 31, 2022	As at March 31, 2021
Total loans and advances to twenty largest borrowers	8,274.49	2,215.32
Percentage of loans and advances to twenty largest borrowers to total advances of the HFC	21.29%	5.21%

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

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to twenty largest borrowers/ customers	8,274.49	2,222.60
Percentage of exposures to twenty largest borrowers/ customers to total exposure of the HFC on borrowers/ customers	20.50%	4.99%

42.9.4 Concentration of NPAs

Particulars	As at March 31, 2022	As at March 31, 2021
Total exposure to top ten NPA accounts	268.47	310.08

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

Particulars	As at March 31, 2022	As at March 31, 2021
A. Housing loans:		
1. Individuals	2.85%	2.13%
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil
B. Non-Housing loans:		
1. Individuals	5.98%	0.00%
2. Builders/Project loans	Nil	Nil
3. Corporates	Nil	Nil
4. Others (specify)	Nil	Nil

42.9.6 Movement of NPAs

Particulars	As at March 31, 2022	As at March 31, 2021
(I) Net NPAs to net advances (%)	1.23%	1.55%
II) Movement of NPAs (Gross)		
a) Opening balance	1,074.92	148.79
b) Additions during the year	1,486.72	1,061.00
c) Reductions during the year	1,540.84	134.87
d) Closing balance	1,020.79	1,074.92
(III) Movement of net NPAs		
a) Opening balance	648.09	106.88
b) Additions during the year	1,263.00	668.11
c) Reductions during the year	1,439.81	126.90
d) Closing balance	471.28	648.09
IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	426.82	41.91
b) Provisions made during the year	223.71	392.89
c) Write-off/write-back of excess provisions	101.03	7.97
d) Closing balance	549.50	426.82

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ART Housing Finance (India) Limited

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(Amount in INR lacs, unless otherwise stated)

42.10 Overseas assets

Particulars	As at March 31, 2022	As at March 31, 2021
The Company has not held any overseas assets	Nil	Nil

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

Particulars	As at March 31, 2022	As at March 31, 2021
The Company does not have any SPVs sponsored which is required to be consolidated as per accounting norms.	Nil	Nil

42.12 Disclosure of complaints

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

Particulars	As at March 31, 2022	As at March 31, 2021
Complaints received by the Company from its customers		
1. No. of complaints pending at the beginning of the year	0	0
2. No. of complaints received during the year	10	18
3. Number of complaints disposed during the year	10	18
3.1 Of which, number of complaints rejected by the NBFC	0	0
4. No. of complaints pending at the end of the year	0	0

SMMP & COMPANY MUMBAI CHARTERED ACCOUNTANTS

ART Housing Finance (India) Limited

(Amount in INR lacs, unless otherwise stated)

42.13 Liquidity Risk Management Framework

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

Particulars	As at March 31, 2022
Number of significant counter parties	1
Amount	1,997.33
Percentage of funding concentration to total deposits	NA
Percentage of funding concentration to total liabiities*	75.57%

* Total liabilities excludes net worth

(ii) Top 20 large deposits

Particulars	As at March 31, 2022
Total amount of top 20 deposits	NA
Percentage of amount of top 20 deposits to total deposits	NA

(iii) Top 10 borrowings

Particulars	As at March 31, 2022
Total amount of top 10 borrowings	1,997.33
Percentage of amount of top 10 borrowings to total borrowings	100.00%

(iv) Funding Concentration based on significant instrument/product

Particulars	As at March 31, 2022	% of Total Liabilities*
Borrowings from Bank	1,997.33	75.57%
Borrowings from National Housing Bank (NHB)	-	NA
Debt Securities	-	NA
Subordinated liabilities	-	NA
Securitisation	-	NA
Borrowings from Insurance Companies	-	NA

* Total liabilities excludes net worth

(v) Stock Ratio

Particulars	As at March 31, 2022
Commercial paper as a percentage of total public funds	NA
Commercial paper as a percentage of total liabilities	NA
Commercial paper as a percentage of total assets	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total public funds	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total liabilities	NA
Non convertible debentures (original maturity of less than one year) as a percentage of total assets	NA
Other short term liabilities as a percentage of total public funds	NA
Other short term liabilities as a percentage of total liabilities*	19.72%
Other short term liabilities as a percentage of total assets	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.40 of financials statements.

42.14 Loans against security of single product - gold jewellery

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

42.15 Loans against security of shares

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

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

Rs in Lakhs

Asset Classification as per RBI Norms	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)
Performing Assets						
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
Subtotal		37,848.13	895.29	36,952.84	121.61	773.69
Non-Performing Assets (NPA)						
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			-		-
Subtotal for doubtful		444.43	223.77	220.66	119.04	104.74
Loss	Stage 3	71.57	71.57	-	71.57	-
Subtotal for NPA		1,020.79	549.50	471.28	266.33	283.18
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	1,924.36	19.09	1,905.27	-	19.09
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal						
Total	**Stage 1**	**38,645.41**	**444.47**	**38,200.94**	**115.60**	**328.87**
	Stage 2	**1,127.08**	**469.91**	**657.17**	**6.00**	**463.91**
	Stage 3	**1,020.79**	**549.50**	**471.28**	**266.33**	**283.18**
	Total	**40,793.28**	**1,463.89**	**39,329.39**	**387.93**	**1,075.95**

44 Schedule to the Balance Sheet of an HFC

As at March 31, 2022

Particulars	Amount Outstanding	Amount Overdue
Liabilities side		
(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	1,997.33	-
(d) Inter-corporate loans and borrowings	-	-
(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):	NA	NA
(a) In the form of Unsecured debentures	NA	NA
(c) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	NA	NA

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ART Housing Finance (India) Limited

ART Housing Finance (India) Limited

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Particulars	Amount Outstanding as at March 31, 2022
Assets side	
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	
(a) Secured	31,819.98
(b) Unsecured	7,048.94
(4) Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities	
(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	4,900.40
(iv) Government Securities	-
(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	5.00
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-

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

Category	Amount net of provisions as at March 31, 2022		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	7,020.74	7,020.74
(c) Other related parties	-	-	-
2. Other than related parties	30,403.38	-	30,403.38
Total	**30,403.38**	**7,020.74**	**37,424.12**

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

Category	As at March 31, 2022	
	Market Value / Break up or fair value or NAV	Book Value (Net of 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	Amount Outstanding as at March 31, 2022
(i) Gross Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	1,020.79
(ii) Net Non-Performing Assets	
(a) Related parties	-
(b) Other than related parties	471.28
(iii) Assets acquired in satisfaction of debt	211.43

45 **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 March 31, 2022
Total Assets	46,288.61
Less: Intangible Assets	565.42
Total Assets (net of Intangible Assets)	45,723.19
Housing Finance	27,677.56
Individual Housing Finance	27,143.90
Percentage of housing finance to total assets (netted off intangible assets)	60.53%
Percentage of individual housing finance to total assets (netted off intangible assets)	59.37%
Percentage of financial assets to total assets (netted off intangible assets)	93.27%
Percentage of income from financial assets to gross income	97.75%
Percentage of individual housing finance to housing finance	98.07%

46 **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 financial year ended 31st March 2022 (Previous Year 2020-21: Rs 38.20 lacs).

47 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

Chintan Shah
Partner
Membership No: 166729

Place: Mumbai
Date: April 19, 2022

S M M P & COMPANY CHARTERED ACCOUNTANTS MUMBAI

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

Rahul Kumar Pandey
Chairperson
DIN: 00250437

Vipin Jain
Managing Director & CEO
DIN: 03456031

Bharat Dhall
Chief Financial Officer
PAN: AFDPD6812M

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

ART Housing Finance (India) Limited

Place: Gurugram
Date: April 19, 2022

Form AOC-1

(Pursuant to first proviso to sub-section (3) of Section129 read with Rule 5 of Companies (Accounts) Rules, 2014)

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

Part A: -Subsidiaries

Particulars	**Details**
Number of subsidiary	**One**
Name of the subsidiary	**ART Distribution (I) Private Limited**
The date since when subsidiary was acquired	Incorporated on August 11, 2015
Reporting period for the subsidiary concerned, if different from the holding Company's reporting period	Same as of holding Company: April 1, 2021 to March 31, 2022
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 (4,56,423)/-
Total assets	Rs 1,28,577/-
Total Liabilities	Rs 85,000/-
Investments	Rs Nil
Turnover	Rs Nil
Profit before taxation	Rs (97,459)/-
Profit after taxation	Rs (97,459)/-
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

Chintan Shah
Partner
Membership No: 166729

Place: Mumbai
Date: April 19, 2022

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

Rahul Kumar Pandey
Director
DIN: 00250437

Vipin Jain
Managing Director & CEO
DIN: 03456031

Bharat Dhall
Chief Financial Officer
PAN: AFDPD6812M

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

Place: Gurugram
Date: April 19, 2022

Management Discussion & Analysis

Global Outlook of Financial Institutions

In the third year of a global pandemic, the financial services industry appears to be get used to a new certainty. Many temporary measures put in place are now controlled to become stable, and a new industry structure is evolving.

In this year's Global Outlook of Financial Institutions, the BFM subject-matter experts in the IBM Industry Academy and the global industry leadership team revealed based on their experience with clients over the last 12 months and their new set expectations for the coming year (based on last two challenging years) Their collective point-of-view highlights the top industry imperatives in 2022:

- **Real industry reinvention.** Initiate real reinvention – now – to solve the structural weaknesses that constrain financial performance.
- **Customer-centric business models**. Build new customer-centric platform business models to arrange and incorporate the many needs of ecosystem participants in a more frictionless environment.
- **End-to-end digitization.** Apply end-to-end extreme digitization to reshape operations and drive novelty. To triumph the battle to all things digital is the new way, financial institutions are adopting new ways of exploiting exponential technologies such as automation, hybrid cloud, and AI to accommodate future needs.
- **Operational resilience.** Act with urgency to increase resiliency for better risk management and to abide by regulatory guidelines.
- **Viable sustainability**. Find viable sustainability models so financial institutions can launch initiatives to meet market expectations, regulatory requirements, and corporate ethical objectives—all with an acceptable cost-benefit case.
- **Transformed use of data and AI.** Deploy AI factories and transformed data environments that put data in action to accelerate transformation.
- **New workforce and new workplaces**. Embrace the reality of a new workforce in new workplaces that redefine how, where, and when work is performed.
- **New ecosystem architectures**. Engage an ecosystem of partners to accelerate innovation and efficiency.
- **Emerging digital assets.** Join the growing momentum for digital assets by working to create new customer and partner ecosystems, new products and services, and new use cases.
- **Security and fraud**. Ensure cyber security as bad actors become increasingly sophisticated.

The global financial services market is expected to grow from $20,490.46 billion in 2020 to $22,515.17 billion in 2021 at a compound annual growth rate (CAGR) of 9.9%.

The reason for this substantial growth is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in severe operational challenges.

The market is expected to reach $28,529.29 billion in 2025 at a CAGR of 6%.

Industry Outlook (on all HFCs as a whole)

Non-banking financial companies (NBFCs) consolidated their balance sheets with credit deployment gaining traction, improved asset quality and enhanced capital buffers notwithstanding the testing challenges imposed by the pandemic. NBFCs are government/ public/ private limited companies engaged in purveying credit to key and niche sectors of the economy; viz., from infrastructure to the unbanked sections of the society. HFCs specialize in housing finance to individuals, co-operative societies, corporate bodies, and lease commercial and residential premises to support housing activity in the country. NBFCs, Micro Finance Institutions (MFIs) and other specialized segments and institutions. PDs act as market makers in the government securities (G-secs) market, besides ensuring subscription to primary issuances.

Timely measures on monetary, fiscal, and regulatory fronts by the Reserve Bank and the government aided their revival, eased financial conditions and bolstered market sentiments. From Q2:2020-21 onwards, the situation improved, aided by policy support. Many NBFCs also recalibrated their business strategies, leveraging on digital technology with a strong emphasis on data analytics. The NBFC sector faced headwinds again when the second wave hit the country by March 2021. With the passing of the second wave, the outlook is brightening again; however, downside risks remain significant. As the impact on the real sector spilled over to financial markets, NBFCs witnessed a sharp drop in collections and disbursements and a substantial increase in the cost of their borrowings even as access to market funding became restricted. The provision of moratorium also had an impact on their cash inflows, resulting in reduction in collections.

While the RBI has, on February 15, 2022, deferred the implementation of the revised norms pertaining to upgradation of NPAs to September 30, 2022, this is unlikely to have much impact because most HFCs have already switched to the new way of calculating. Yet, they are well-positioned to improve their GNPA ratio to ~3% by the end of this fiscal.

The two RBI clarifications — on daily stamping of accounts, and upgradation of NPAs — have definitely impacted HFCs. However, the extent of this impact diverged based on asset class and borrower segments. Those with relatively more-vulnerable customer profiles, a higher proportion of affordable home loans, self-employed borrowers, and/or loans against property have been impacted more.

Affordable housing finance companies have seen a higher 140 bps impact on average due to the revised recognition norms. Their borrowers tend to have limited financial flexibility and volatile cash flows. Therefore, their bounce rates are higher typically. Also, most can't repay their entire arrears in one go, which could lead to stickier GNPAs in the segment

RBI's increasing role in HFCs

The Reserve Bank of India's (RBI) revised regulatory framework for the housing finance companies (HFCs) will help them improve risk management and governance and thus become financially sound to withstand market turbulence.

The RBI, which has taken over the regulation of HFCs about a year ago, has come up with a revised regulatory framework for the HFCs. Among other things, the RBI has fixed the minimum net-owned fund (NOF) for commencing housing finance business at Rs 20 crore and specified a timeline for meeting the NOF by the existing HFCs with lesser capital.

The guidelines also make HFCs equal to NBFC (non-banking financial company) guidelines in terms of net-owned funds, exposure to individual and group companies, risk capital, liquidity etc. These measures will make HFCs stronger in risk management, governance and financially sound. RBI has also given a transition timeline and specific criterion for transition. With the adherence of these, HFCs will be in a better position to withstand market turbulence."

Commenting on another aspect of the revised regulation that HFCs will not be allowed to impose prepayment charges, would provide relief to the borrowers. Usually, HFCs charge penalty anywhere between 1-4 per cent on the outstanding principle. But, this notification by the RBI will bring in some relief. It has also been provided that the HFCs will not impose foreclosure charges/pre-payment penalties on any floating rate term loan sanctioned for purposes other than business to individual borrowers, with or without co-obligates

However, the move may not be as good for HFCs for whom the foreclosure charges were an income line. There are many HFCs who continue to face a host of issues including a liquidity crisis.

Meanwhile, CARE Ratings in a recent report said that overall, the regulations pertaining to HFCs have been harmonized with the extant NBFC regulations. The inclusive definition of housing loan and restrictions on financing of group companies are significant positives.

With the earlier reduction in risk weights, the capital requirements would be muted from capital adequacy perspective.

According to the RBI norms,

- HFCs lending against the collateral of listed shares shall maintain a loan-to-value (LTV) ratio of 50 per cent for loans granted against the collateral of shares.
- Any shortfall in the maintenance of the 50 per cent LTV occurring on account of movement in the share prices shall be made good within seven working days.
- The revised framework further said HFCs will be required to maintain an LTV ratio not exceeding 75 per cent for loans granted against the collateral of gold jewellery, and shall put in place a board-approved policy for lending against gold.
- All HFCs will be required to maintain a prescribed minimum percentage of total assets towards housing finance and individual housing finance.

The Reserve Bank of India (RBI), therefore, proposed to take over the regulation of Housing Finance Companies (HFCs) by amending the National Banking Act from the National Housing Bank (NHB). The NHB had been set up as an apex institution to regulate housing finance in 1988.

RBI and NHB regulate below aspects of housing finance sector:

RBI takeover of the regulatory role of NHB as the chief regulator of the housing finance sector in 2019, NHB performs two primary functions as of date-

Formulation of schemes for the extension of housing credit, such as schemes for providing refinance assistance to HFIs for specific purposes like affordable housing or for extending concessional housing loans to households affected by natural calamity in the state of Kerala.

Acting as the Central Nodal Agency for the disbursement of loans under credit linked subsidy as part of the Pradhan Mantri Awas Yojana (PMAY)- Urban.

The overall mandate given to the NHB is to make retail housing finance affordable to all sections of the society. The RBI, in November 2019, issued a notification withdrawing exemption given to HFCs which allowed the NHB to regulate them. HFCs came under the purview of the RBI through Section IIIB of the RBI Act.

Covid Effect in Housing Finance Sector

Housing finance companies are likely to witness a portfolio growth at 8-10 per cent in the current fiscal and 9-11 per cent in FY 2022-23, according to a report. After an impact on their disbursements in Q1 FY2022, non-banking financial companies-housing finance companies (NBFC-HFC) saw a sharp recovery in the second quarter. Their on-book portfolio is estimated at Rs 11.6 lakh crore, up 9 per cent year-on-year, in the first half of FY2022.

The sales momentum is expected to sustain, with the sales in top seven cities expected to grow by 3% in 2022-23, on high base of 2021-22. The growth in volumes in the financial year 2022 has been complemented by improvement in average realization as a result of changing product mix and price hikes implemented.

Homing in on new habitat

The one-year extension of the income-tax credit for affordable housing for both developers and buyers has boosted demand for this housing lot even more. GoI's 'Housing for All' initiative, which began in 2015, had planned to offer inexpensive housing to the urban poor and construct 2 crore affordable homes by March 31, 2022. Asset quality in the HFC sector is expected to remain better than other NBFC segments. Any further waves of the Covid-19 pandemic, and their spread, intensity and duration, will bear watching.

So as the world has adopted post Covid ways to deal and survive, Housing Finance has its own well defined path.

Discussion on financial performance with respect to operations.

A. Income

Your Company posted total income of Rs 56.53 crores during the year, as compared to Rs 66.08 crores in the previous year, which represents a decrease of 14.45% year-on-year. Out of this, interest income on loans has decreased by 20.81%, from Rs. 62.62 crores in the previous year 2020-21 to Rs. 49.59 crores in FY 2021-22. This is primarily due to decrease in loan portfolio as compared to previous year. Total Income also consists unrealized gain on assigned loan of 3.23 Cr. which is derived from deal with Hinduja Housing Finance.

B. Expenses

Expenses including financial costs for the year stood at Rs 31.12 crores, as compared to Rs 49.08 crores for the previous year representing a decrease of 36.60%. Major Reduction was observed in finance cost - 71.94% as well as in impairments cost - 67.84%.

C. Profits

Company earned a Profit before Tax of Rs 25.41 as against Profit before tax of Rs 16.99 crores (increase of 49.54%). Profit after tax of Rs 18.39 crores for the year as against Profit after tax of Rs 13.17 crores in the previous year (increase of 39.64%).

(In Crores)

Particulars	FY 2021-22	FY 2020-21
Total Revenues	56.53	66.08
Total Expenditure	31.12	49.08
Profit before Taxation (PBT)	**25.41**	**16.99**
Less: Provisions for Tax/ Deferred Tax	7.02	3.82
Net Profit after Taxes (PAT)	**18.39**	**13.17**
Other comprehensive income (net of tax)	**0.06**	**0.26**
Total comprehensive income for the year	**18.45**	**13.43**
Earnings per share (Face Value Rs. 10/- each)		

Basic (Rs.)	0.48	0.35
Diluted (Rs.)	0.48	0.34

Internal control systems and their adequacy

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

Opportunities, Threats, Risks and Concerns

The Company evaluates and contributes to the improvement of risk management, control, and governance systems through various departments of the company which work encompasses a systematic, disciplined approach for evaluating and improving the adequacy and effectiveness of risk management & ensure compliance to all statutes & regulation and the quality of performance in carrying out assigned responsibilities.

The purposes of evaluating the adequacy of the existing risk management, control, and governance processes in a company is to provide reasonable assurance that these processes are functioning as intended and will enable the objectives and goals of the company to be met, and to provide recommendations for improving the operations, in terms of both efficient and effective performance.

The Company has robust mechanism to achieve above Goal through FCU, Credit, Operations, Compliance and others departments including Risk management & Internal Audit team."

Material developments in Human Resources / Industrial Relations front, including number of people employed.

For having pro employee friendly policies and a good working environment, ART Housing Finance has been certified as a Great Workplace in February 2022 by the renowned "Great Place to Work" institute. This certification in itself reaffirms our strong conviction to build AHF based on a culture which encompasses the basic ingredients of Trust, Performance and Camaraderie within our Team.

With a workforce of 211 team members (as on 31st March, 2022), we intend to scale our team size ensuring the best per person productivity in the housing finance sector.

With the working paradigms changing post Covid era, we are now more focussed towards digitization and using technology for increasing efficiency of our workforce. We have digitized the entire HR function with the implementation of a more user friendly HRMS platform for our team.

Parallelly for knowledge enhancement and up skilling our team, a hybrid e- learning model has been adopted to ensure that our team is ready to meet the challenges of the external environment. A total of 58 learning sessions were organized during the FY 2021-22, out of which 60% sessions were successfully conducted in live virtual environment.

With limitations in travelling, regular interface with team members at remote locations are ensured through virtual video connect sessions.

Over the statutory compliance part, AHF stands fully complied today as per the prescribed Government norms.

Segment-wise or product-wise performance

The Company operates in single line of business i.e. providing Housing loans in affordable segment of the Society. The performance of the business is covered in the report.

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Ninth (9th) Annual Report together with the Audited Financial Statements for the year ended 31st March, 2022 of ART Housing Finance (India) Limited (hereinafter referred to as "the Company" "your Company" or "AHFL")

FINANCIAL REVIEW OF OPERATIONS

A. Income

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(in Crores)

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Other comprehensive income (net of tax)	**0.06**	**0.26**
Total comprehensive income for the year	**18.45**	**13.43**
Earnings per share (Face Value Rs. 10/- each)		

Basic (Rs.)	0.48	0.35
Diluted (Rs.)	0.48	0.34

BUSINESS PERFORMANCE HIGHLIGHTS

During the year, the company has disbursed Rs 43.18 Crores as compared to previous year Rs 9.62 Crores. Also, the company is being able to reduce our NPA from Rs 10.75 Crores. to Rs 10.21 Crores even after the impact of second and third wave of COVID-19 and series of lockdowns across various states and national level but the company has managed to increase in the profits with reduction in expenses. The Company has also opened fresh branches to enhance the business during the year.

a) Sanctions

During the year, the Company has sanctioned loans amounting to Rs 49.00 crores as compared to Rs 0.75 crores in the previous year.

b) Disbursements

During the year, the Company has disbursed loans amounting to Rs 43.18 crores as compared to Rs 9.62 crores in the previous year. The Company has managed to increase in disbursements even after the impact of second and third wave of COVID-19.

c) Non-Performing Assets (NPA)

Given the impact of Covid 19, your Company has also witnessed increased delinquencies during the year. The Gross NPAs stands at 2.63% as on March 31, 2022 as compared to 2.53% as of March 31, 2021. The Net NPAs stands at 1.23% as on March 31, 2022 as compared to 1.52% as of March 31, 2021.The Company continues to have strong focus of collections and recovery mechanism.

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

During the year under review, the company has made a provision for Expected Credit Losses (ECL) for Rs 2.02 crores towards the credit impaired loans and other loans. The Company has also considered additional likely economic impact on customers' cashflows due to COVID-19.

d) **Portfolio of the company**

The total gross loan outstanding portfolio of your Company stood at Rs 388.69 crores as on March 31, 2022 as against Rs 425.11 crores in the previous year. AUM as on March 31, 2022 stands at Rs 441.09 crores. Company has generated new portfolio of 43.2 crores in current financial year. During the year, Company has completed a Direct Assignment transaction of Rs 70.58 Crores and these assets are de-recognised from the books of accounts being the True sale and transfer of risks. The average ticket size of retail portfolio is similar with Rs. 8 Lacs in line with previous year.

BRANCH NETWORK

Your Company's branch network spread across 26 locations across 6 States (Delhi, Haryana, Rajasthan, Maharashtra, Gujarat and Uttar Pradesh) as on 31st March, 2022.

Details of the branches of the Company as on March 31, 2022 are given below:

State	**Branch Count (Physical)**
Delhi	2
Haryana	7
Rajasthan	9
Maharashtra	4
Gujarat	3
Uttar Pradesh	1
Total	**26**

DIVIDEND

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

TRANSFER TO RESERVES

Pursuant to the requirement of Section 29C of the NHB Act, 1987, an amount of Rs 3.68 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, 2022. For details of Reserves and Surplus of the Company, please refer Statement of Changes in Equity for the year ended on March 31, 2022 of the audited financial statements of the Company for the financial year ended March 31, 2022.

STATE OF COMPANY'S AFFAIRS

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

1. The team strength stands at 211 as on March 31, 2022.
2. The Company operates through 26 physical branches across 6 States.
3. Company has also invested in strengthening the collections team for early controls on the delinquencies.
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 2022 stood at Rs 388.69 crore as against Rs 418.60 crore as on March 2021. AUM as on March 31, 2022 stands at Rs 441.09 crores.
6. The Capital Adequacy Ratio as on March 2022 is 163.94% 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 2.63% on March 31, 2022 and Net NPA at 1.23%, in-spite of difficult economic environment and effect on customer cashflows due to impact of Covid 19.
8. During the year, Company has completed a Direct Assignment transaction of Rs 70.58 cr and these assets are de-recognised from the books of accounts being the True sale and transfer of risks.

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.

SUBSIDARY COMPANY & ASSOCIATE COMPANIES

Your Company has 1 (One) wholly owned subsidiary as on March 31, 2022 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.

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

SHARE CAPITAL

(i) AUTHORISED SHARE CAPITAL

On March 31, 2022, the Authorised Share Capital of the Company stood at Rs 10,00,00,00,000/- (Rupees One Thousand Crores Only) divided into 100,00,00,000 (One Hundred Crores) Equity Shares of Rs 10/- (Rupees Ten Only) each.

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

On March 31, 2022, the Issued, Subscribed and Paid-up Share Capital of the Company stood at Rs 385,00,00,000/- (Rupees Three Hundred and Eighty-Five Crores Only) divided into 38,50,00,000 (Thirty-Eight Crores Fifty Lakhs) Equity Shares of Rs 10/- (Rupees Ten Only) each.

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

BORROWING POWERS OF THE COMPANY

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

PUBLIC DEPOSITS

Your Company being a non-deposit accepting Housing Finance Company as per the 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.

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 35.00 crores at the end of the previous year. Further, overall borrowings are within regulatory ceiling.

The overall cost of borrowings (average) was 9.50% p.a. for the year ended March 31, 2022.

CREDIT LINKED SUBSIDY SCHEME

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

During the year, the Company successfully delivered subsidy of Rs 3.23 crores to its customers under the PMAY-CLSS scheme under different scheme.

CREDIT RATING

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

COMPLIANCE WITH SECRETARIAL STANDARDS

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

EXTRACTS OF ANNUAL RETURN

In terms of provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, the extract of Annual Return of the Company as at financial year ended March 31, 2022 as in the prescribed Form MGT-9 is attached here as *Annexure- A* and the same is also available on the website of the Company at www.arthfc.com.

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

BOARD OF DIRECTORS

The composition of the Board of Directors of your Company as on March 31, 2022 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
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.

KEY MANAGERIAL PERSONNEL

In terms of the Act, the following persons are the Key Managerial Personnel ("KMP") of the Company as on March 31, 2022:

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

DIRECTOR RETIRING BY ROTATION

In terms of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Mrs. Ritika Bhatia retired by rotation and being eligible, offered herself for reappointment and was reappointed by the way of passing Ordinary Resolution at the AGM held on May 18 ,2021.

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 February 24, 2022, 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 are given in MGT-9 (Annexure A).

COMMITTEES OF THE BOARD:

AUDIT COMMITTEE

The Board of Directors had constituted the Audit Committee pursuant to provisions of Section 177 of the Companies Act, 2013 on 21st August, 2015. The Committee consists of the following Directors as on 31st March, 2022:

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, 2022:

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board has constituted Corporate Social Responsibility Committee on January 16, 2018. The Committee consists of following Directors as on March 31, 2022:

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

RISK MANAGEMENT COMMITTEE

The Board has constituted Risk Management Committee on August 04, 2016. The Committee consists of following Directors as on March 31, 2022:

Name of Director/Member	Designation
Mr. Rahul Kumar Pandey	Independent Director
Mr. Atul Mehta	Independent Director
Mr. Shrenik Shah	Independent Director
Mr. Vipin Jain	Managing Director & CEO
Ms. Ritika Bhatia	Whole Time Director & Company Secretary
Mr. Vikas Rana	Head -Operations, Customer Service and Risk
Mr. Mahesh Adhikari	Chief Credit Officer

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 consists of following Directors as on March 31, 2022:

Name of Director – Member	Designation
Mr. Rahul Kumar Pandey	Independent Director
Mr. Atul Mehta	Independent Director
Mr. Shrenik Shah	Independent Director
Mr. Vipin Jain	Managing Director & CEO

NUMBER OF MEETINGS HELD DURING THE FINANCIAL YEAR 2021-22:

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
1.	**Board Meetings**	6(six)	1. May 11, 2021 2. June 23, 2021 3. August 04,2021 4. November 11, 2021 5. February 10, 2022 6. February 24, 2022
2.	**Audit Committee**	4(Four)	1. May 11,2021 2. June 22, 2021 3. November 11, 2021 4. February 24 2022

3.	Nomination and Remuneration Committee	2(Two)	1. May 11, 2021 2. June 22, 2021
4.	Corporate Social Responsibility Committee	1 (One)	1. February 24, 2022
5.	Independent Director Meeting	1(one)	1. February 24, 2022
6.	IT Strategy Committee	2(Two)	1. June 22 ,2021 2. February 24, 2022
7	Risk Management Committee	2(Two)	1. June 22 ,2021 2. February 24, 2022

During the year under review, the Annual General Meeting for Financial Year 2020-21 was held on May 18, 2021.

ATTENDANCE OF DIRCTORS/ 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		IT Strategy Committee		Risk Management Committee	
		Meetings held	Attended	Meetings held	Attended	Meetings held	Attended	Meetings held	Attended	Meetings held	Attended	Meetings held	Attended
1	Atul Mehta	6	6	4	4	2	2	1	1	2	2	2	2
2	Rahul Kumar Pandey	6	6	4	4	2	2	1	1	2	2	2	2
3	Shrenik Suresh Shah	6	6	4	4	2	2	1	1	2	2	2	2
4	Ritika Bhatia	6	6	-	-	-	-	1	1	-	-	1	1
5.	Vipin Jain	6	6	-	-	-	-	-	-	2	2	2	2

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, 2022, 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, 2022. The report of M/s Ritu Kathuria and Associates, Practicing Company Secretary in prescribed Form MR-3 shall be subsequently annexed to this Director's Report.

Maintenance of cost records

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

RISK MANAGEMENT

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

Company's Risk Management framework provides the mechanism for risk assessment and mitigation. The Board has delegated responsibility of overseeing Risk Management framework to the Risk Management Committee. The Risk Management Committee (RMC) of your Company is comprised of all Independent Director, MD & CEO, Whole Time Director & Company Secretary and other senior management members. 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.

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 B. 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. 37,65,000 /- (Rupees Thirty-Seven lakhs Sixty Five Thousand Only).

The responsibility statement of the CSR committee on the implementation and monitoring of CSR policy is given as Annexure E.

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 C***.

Your Directors draw attention of the members to Note 36 of the financial statement which sets out related party disclosures. The Company's Policy on dealing with related party transactions, as approved by the Board is available on website of the Company at https://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 are 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, 2022.

EMPLOYEE STOCK OPTION PLAN AND SCHEME

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

Below is the summary regarding ESOP 2017 & ESOP 2019 as on March 31, 2022.

	ESOP 2017					ESOP 2019	ESOP 2017+2019
	Lot 1	Lot 2	Lot 3	Lot 4	Total		
	2017		2018	2019			
Approved ESOP Pool	2,500,000		2,500,000		5,000,000	5,000,000	10,000,000
Granted	1,800,000	305,000	2,988,000	394,000	5,487,000	2,631,000	8,118,000
Lapsed (during the grant period)	11,95,000	2,35,200	21,55,500	305,500	3,891,200	1,901,300	5,792,500
Net Grant	6,05,000	69,800	832,500	88,500	1,595,800	729,700	2,325,500
Net Vesting	537,500	77,550	588,900	22,500	1,226,450	489,400	1,715,850
Exercised	0	0	0	0	0	0	0
Yet to be vested	67,500	0	243,600	66,000	369,350	240,300	609,650
Balance available including lapsed options at various stages					3,404,200	4,270,300	7,674,500

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

The Company has formed a robust Anti-Sexual Harassment Policy ('Policy') in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set-up to redress complaints received regarding sexual harassment. The Policy on Sexual Harassment of the

ARO Housing Finance (India) Limited

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, 2022:

Name of Director - Member	Designation
Ms. Ritika Bhatia	Whole-time Director & Company Secretary
Ms. Mamta Bhardwaj	Chief Manager - HR
Ms. Vinkeet Kaur	Deputy Manager – HR
Mr. Vikas Rana	Head Operations and Customer Service
Dr Rajat Mitra	On behalf of Swanchetan Society for Mental Health

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

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

Earnings: NIL
Outgo: NIL

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

During the year 2020-2021, 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 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;
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

Rahul Kumar Pandey
Chairperson
DIN: 00250437

ART Housing Finance (India) Limited

Vipin Jain
Managing Director & CEO
DIN: 03456031

Date: May 25, 2022
Place: Gurugram

Annexure – A

Form No. MGT-9

Annual Return as on the Financial Year ended on March 31, 2022

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

I.REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

ART Housing Finance (India) Limited

III.PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i. *Category-wise Share Holding*

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

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

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

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

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

The Board took note of change in nominees on behalf o f ABCF in the Board Meeting dated 25th May 2022 as below:

1. *Raakhe Kapoor Tandon representing 95 shares on behalf of ABCF*
2. *Radha Kapoor Khanna representing 1 share on behalf of ABCF*
3. *Roshini Kapoor representing 1 share on behalf of ABCF*
4. *Alkesh Tandon representing 1 share on behalf of ABCF*
5. *Hetay Vora representing 1 share on behalf of ABCF*
6. *Rutva Oza representing 1 share on behalf of ABCF*

ART Housing Finance (India) Limited *

ii. *Shareholding of Promoters*

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

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
ART Business & Consumer Finance (India) Private Limited	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
At the beginning of the year	38,50,00,000*	100	38,50,00,000	100
Date wise Increase / Decrease in Shareholding during the year	-	-	-	-
At the End of the year	38,50,00,000	100	38,50,00,000	100

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

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

The Board took note of change in nominees on behalf o f ABCF in the Board Meeting dated 25th May 2022 as below:

7. *Raakhe Kapoor Tandon representing 95 shares on behalf of ABCF*
8. *Radha Kapoor Khanna representing 1 share on behalf of ABCF*
9. *Roshini Kapoor representing 1 share on behalf of ABCF*
10. *Alkesh Tandon representing 1 share on behalf of ABCF*
11. *Hetay Vora representing 1 share on behalf of ABCF*
12. *Rutva Oza representing 1 share on behalf of ABCF*

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

Name	Particulars	Shareholding at the beginning of the year		Cumulative Sharehold during the year	
	For Each of the Top 10 Shareholders	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
-	-	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. **Indebtedness**

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3492.32			3492.32
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	3492.32			3492.32
Change in Indebtedness during the financial year				
- Addition	-	-	-	-
- Reduction	1494.99			1494.99
Net Change				

Indebtedness at the end of the financial year	1997.33			1997.33
i) Principal Amount	1997.33			1997.33
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1997.33			1997.33

VI. Remuneration of Directors and Key Managerial Personnel

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

(Amount in Rs)

Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
	Vipin Jain, (Managing Director and CEO)	Ritika Bhatia (Whole Time Director & CS)	
Gross salary **(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**	1,04,36,962	29,84,590	1,34,21,552
Sweat Equity			-
Commission - **as % of profit** - **others, specify...**			-
Others, please specify			-
Total (A)	**1,04,36,962**	**29,84,590**	**1,34,21,552**
Ceiling as per the Act			
Number of Stock Options			

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

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

(Amount in Rs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel	
		Bharat Dhall **Chief Financial Officer**	**Total**
1.	Gross salary	23,88,083	23,88,083
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		
	- as % of profit		
	- others, specify…		
5.	Others, please specify		
6.	**Total**	**23,88,083**	**23,88,083**
7	Stock Option		

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

(Amount in Rs)

Particulars of Remuneration	Name of Directors			Total Amount
	Mr. Atul Mehta (Independent Director)	Mr. Rahul Pandey (Independent Director)	Mr. Shrenik Shah (Independent Director)	
Independent Directors Fee for attending board and committee Meetings ·Commission ·Others, please specify	5,23,200 -	5,23,200 -	5,23,200 -	15,69,600 -
Total (1)	5,23,200	5,23,200	5,23,200	**15,69,600**
Non-Executive Directors ·Fee for attending board committee meetings ·Commission ·Others, please specify (Conveyance Charges)	-	-	-	-
Total (2)	-	-	-	-
Total (B)=(1+2)	5,23,200	5,23,200	5,23,200	**15,69,600**
Overall Ceiling as per the Act				Not exceeding Rupees One Lakh per Director per Meeting of Board or Committee thereof

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

VII. Penalties / Punishment/ Compounding of Offences:

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

By order of the Board of Directors

For ART Housing Finance (India) Limited

ART Housing Finance (India) Limited

Rahul Kumar Pandey
Chairperson
DIN: 00250437

Vipin Jain
Managing Director & CEO
DIN: 03456031

Date: May 25, 2022
Place: Gurugram

Annexure B

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. A 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. The Composition of the CSR Committee:

Sl. No.	Name of Director	Designation/ 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		
3.	Mr. Shrenik Shah	Independent Director		
4.	Ms. Ritika Bhatia	Whole Time Director & Company Secretary		

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. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable. **NOT APPLICABLE**

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any.

Arth Housing Finance (India) Limited *

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set off for the financial year, if any (in Rs)
NIL			

6. Average net profit of the company as per section 135(5) : Rs. 1,88,248,942

7. (a) Two percent of average net profit of the company as per section 135(5)
   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. : Rs 37,65,000
   (c) Amount required to be set off for the financial year, if any : NIL
   (d) Total CSR obligation for the financial year (7a+7b-7c). : NIL

8. (a) CSR amount spent or unspent for the financial year: : Rs 37,65,000

   (b) Details of CSR amount spent against **ongoing projects** for the financial year: NONE

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.
	Nil	Nil	Nil	Nil	Nil

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(7)	(8)	
Sr. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the Project		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.						Name	CSR Registration Number
NIL												

ART Housing Finance (India) Limited

(c) Details of CSR amount spent against **other than ongoing projects** 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.
	Nil	Nil	Nil	Nil	Nil

ART Housing Finance (India) Limited

(1)	(2)	(3)	(4)	(5)		(8)	(7)	(8)	
Sl. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the Project		Amount spent for the project (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	
				State.	District.			Name	CSR Registration Number
1		Promoting Health Care				2,00,000	No	Narayan Seva Sansthan	CSR00007855
2		Education				5,00,000	No	Sewa Bharti	CSR00003477
3		Environment				25,000	No	Being Green	CSR00023117
4		Eradicating poverty				1,95,000	No	Uday Foundation	CSR00005866
5		Education				28,50,000	No	Jan Jagriti Seva Sansthan	CSR00006903

(b) Details of CSR amount spent in the financial year for **ongoing projects** of the preceding financial year(s): NIL

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
NIL								

10. Details relating to the asset so created or acquired through CSR spent in the financial year **(Asset-wise details).** NONE

    a) Date of creation or acquisition of the capital asset(s).
    b) Amount of CSR spent for creation or acquisition of capital Asset.
    c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
    d) Details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

(d) Amount spent in Administrative Overheads : NIL

(e) Amount spent on Impact Assessment, if applicable : Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) Rs 37,70,000

(g) Excess amount for set off, if any NIL

Sl. No	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	37,65,000
(ii)	Total amount spent for the Financial Year	37,70,000
(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

9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL

(1)	(2)	(3)	(4)	(5)			(6)
Sl. No	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
	NIL						

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). - NIL

By order of the Board of Directors

For ART Housing Finance (India) Limited

ART Housing Finance (India) Limited

Rahul Kumar Pandey
Chairperson
DIN: 00250437

Vipin Jain
Managing Director & CEO
DIN: 03456031

Date: May 25, 2022
Place: Gurugram

Annexure - C

FORM NO. AOC-2

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

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

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

There were no contracts or arrangements or transactions entered during the year ended March 31, 2022 which were not at arm's length basis.

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

(INR in crores)

Name of the Related Party	Nature of Relationship	Nature of Contract/ Arrangement/ transaction	Duration of Contract/ Arrangement/ Transaction	Total Value of Contract/ Arrangement/ Transaction	Salient Terms of Contract/ Arrangement/ transaction	Date of Approval by the Board	Amount paid as advance, if any
ART Capital India Private Limited	Group Company	Availing of Services	–	Rs 1.06 Crore plus applicable taxes	Advisory services	31/03/2022	-
Yes Capital (India) Private Limited	Parent Company	Loan/ ICD	12 Months, Extendable with mutual consent	Rs. 95 crores (Prepaid Rs. 30 Crores) Interest accrued but not due on ICD Rs	ICD up-to Rs 95 crores to Yes Capital India Pvt Ltd (YCPL) @ 11.55%	11/05/2021	

				7.01 crores, interest received Rs 1.52 crores	per annum		

By order of the Board of Directors

For ART Housing Finance (India) Limited

Rahul Kumar Pandey
Chairperson
DIN: 00250437

Vipin Jain
Managing Director & CEO
DIN: 03456031

Date: May 25, 2022
Place: Gurugram

Annexure – D

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

===

Conservation of Energy and Technology Absorption

The information in Part A and B, pertaining to 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

ART Housing Finance (India) Limited

Annexure – E

RESPONSIBILITY STATEMENT OF THE CSR COMMITTEE ON THE IMPLEMENTATION AND MONITORING OF CSR POLICY.

The Members of CSR Committee of ART Housing Finance (India) Limited do hereby certify that the CSR Activities undertaking by the Company is in accordance with the CSR policy of the Company.

By order of the Board of Directors

For ART Housing Finance (India) Limited

ART Housing Finance (India) Limited *

Rahul Kumar Pandey
Chairperson
DIN: 00250437

Ritu Kathuria & Associates
Company Secretaries

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2022

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

To,

The Members,
ART HOUSING FINANCE (INDIA) LIMITED,
(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 audit 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, 2021and Rules, regulations, directions and guidelines issued by

Office Add:- J-94, Kirti Nagar , New Delhi – 110015.
M(9717220606), email id: csritukathuria@gmail.com
PAN: BMGPK6327R
GSTIN: 07BMGPK6327R1ZE

Ritu Kathuria & Associates Company Secretary CP No. 13101 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.

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, 2022 ("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, 2022, 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;

Ritu Kathuria & Associates Company Secretary CP No. 13101

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;

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

Ritu Kathuria & Associates
CP No. 13101
Company Secretary

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.

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.

We further report that during the audit period, there were no 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.

For Ritu Kathuria & Associates
(Company Secretaries)

Ritu Kathuria & Associates CP No. 13101 Company Secretary

Date: May 25, 2022
Place: Delhi

Ritu Kathuria
CP No. 13101
M. No. F8119
UDIN: F008119D000396287

HOUSING FINANCE
Own your dreams

NOTICE OF 9TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 9th (Ninth) Annual General Meeting of ART Housing Finance (India) Limited will be held on, May 26, 2022, at 5 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, 2022, 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, 2022 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 reappoint Mr. Vipin Jain (DIN 03456031), Managing Director and CEO, who retires by rotation and being eligible, offers himself 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 Mr. Vipin Jain (DIN 03456031) as a director, to the extent that he is required to retire by rotation."

Special Business:

3. 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 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. Vipin Jain (DIN: 03456031), Managing Director & CEO of the Company, with effect from April 1, 2022 on the following terms & conditions:

Particulars	Mr. Vipin Jain, Managing Director & CEO
Basic Salary	2,868,744
House Rent Allowance	1,434,372
Supplementary Allowance	4,095,780
CEA	2,400
Car running expenses/ allowance	200,004
Driver Expenses	180,000
Entertainment Reimbursement	60,000
LTA	238,968
Provident Fund	344,244
Gratuity	137,988
Total CTC	**9,562,500**

- Variable Pay/ Annual Bonus of Rs 25,50,000/- to be paid for the year ended March 31, 2022.
- He will be paid Variable pay for year 2022-23 ranging from 20 % to 40 % of the CTC based on evaluation of his performance for the year 2022-23.
- 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.

RESOVED 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."

4. 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 2022-23 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, 2022 on the following terms & conditions:

Particulars	**Mrs. Ritika Bhatia, Whole-time Director& Company Secretary**
Basic Salary	949,224
House Rent Allowance	474,612
Supplementary Allowance	1,059,204
CEA	2,400
Car running expenses/ allowance	200,004
Driver Expenses	180,000
Entertainment Reimbursement	60,000
LTA	79,068
Provident Fund	113,904
Gratuity	45,660
Total CTC	**3,164,076**

- Variable Pay/ Annual Bonus Rs 351,564/- to be paid for the year ended March 31, 2022.
- She will be paid Variable pay for year 2022-23 based on evaluation of her performance for the year 2022-23.
- 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.

RESOVED 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

ART Housing Finance (India) Limited

Rahul Kumar Pandey
Chairperson
DIN:00250437

Date: May 25, 2022
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 13th January, 2021, General Circular No. 10/2021 dated December 8,2021, General Circular No. 21/2021 dated December 14 ,2021 and General Circular No. 02/2022 dated May 05, 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 9th AGM is annexed hereto. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection electronically. Members seeking to inspect such documents can send an email to ritika.sati@arthfc.com/ secretarial@arthfc.com.

4. Members who are body corporate intending to appoint their authorised representative(s) to attend the Annual General Meeting are requested to send to the Company on ritika.sati@arthfc.com/ secretarial@arthfc.com, a certified copy of the resolution of its Board of Directors / other governing body 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 25, 2022, to enable the Company to hold the meeting on May 26, 2022, (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.

8. In case of any query, the members are requested to contact on ritika.sati@arthfc.com/ secretarial@arthfc.com.

9. The process of participation in the Meeting through electronic mode is as follows:
    - 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.
- **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.

<u>IT Help Desk:</u>

Escalation 1:
Pankaj Kumar, Contact No: 9818925291
Aftab Ali, Contact No. : 7291092565

Escalation 2:
Dominic Vijay, Contact No : 9711809793
Note:
As everyone is aware of the present load on digital communication systems and stressed bandwidth due to pandemic situations few technical glitches may as mentioned below may arise.

1. Jittering of images
2. Buffering
3. Delay in voice transmission
4. Delay in body moments
5. Delay in PPT change over

These technical issues when encountered, users are advised to disconnect and re-login to join the call. Technical issues may arise as we will be working on open and shared internet bandwidth.

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

Item No. 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 25, 2022, as mentioned herein, w.e.f April 1, 2022, subject to the approval of the shareholders in the General Meeting.

Mr. Vipin Jain has 22 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 25, 2022, as mentioned herein, w.e.f. April 1, 2022, 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 13 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.

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 16th 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 2021-22 is as follows:

(in lacs)

Particulars	FY 2021-22 Standalone
Total Revenues	5652.81
Total Expenditures	3111.82
Profit before Tax (PBT)	2540.99
Profit after Tax (PAT)	1838.99

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 85,00,000/- plus Annual Bonus of Rs 22,50,000/-

iii. Recognition/Awards: As provided above in Explanatory Statement

iv. Job Profile and their suitability: Mr. Vipin Jain, has 22 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.

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 28,12,500/- Plus Annual Bonus of Rs 3,12,500/-

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 13 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.

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. 9,562,500 and other terms and conditions, as mentioned herein above, w.e.f. April 1, 2022 for Mr. Vipin Jain, Managing Director & CEO and for increasing the remuneration to Rs. 3,093,768 and other terms and conditions, as mentioned herein above, w.e.f. April 1, 2022 for Mrs. Ritika Bhatia Whole Time Director & Company Secretary

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.

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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:

Name	Mr. Vipin Jain
Age	44 years
Qualification	Chartered Accountant
Experience	Mr. Vipin Jain has 22 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.
Terms and Conditions of appointment or re-appointment along with the details of remuneration sought to be paid	Appointed for a tenure of five years as Managing Director & CEO of the Company
Remuneration last drawn	Rs 85,00,000/- plus Annual Bonus of Rs 22,50,000/-
Date of first appointment on the Board	March 2, 2021
Shareholding in the Company	NIL
Relationship with other Directors, Managers and other Key Managerial Persons of the Company	Mr. Vipin Jain is the Managing Director & CEO of the Company
The number of meetings of the Board attended during the year	6
Directorship in other Companies	1

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:

Name	Ms. Ritika Bhatia
Age	37 years
Qualification	C.S., B.Com, L.L.B.
Experience	Ms. Ritika Bhatia is an Affiliate of ICSI and a Law alumna with over 13 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.
Terms and Conditions of appointment or re-appointment along with the details of remuneration sought to be paid	Appointed for a tenure of five years as Whole Time Director
Remuneration last drawn	Rs 28,12,500/- Plus Annual Bonus of Rs 3,12,500/-
Date of first appointment on the Board	May 9, 2020
Shareholding in the Company	NIL
Relationship with other Directors, Managers and other Key Managerial Persons of the Company	Ms. Ritika Bhatia is Whole Time Director & Company Secretary of the Company
The number of meetings of the Board attended during the year	6
Directorship in other Companies	1

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ROUTE MAP FOR AGM VENUE AND ATTENDANCE SLIP

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 13th January, 2021, General Circular No. 10/2021 dated December 8,2021 General Circular No. 21/2021 dated December 14 ,2021 and General Circular No. 02/2022 dated May 05, 2022 had permitted companies to hold the AGM through electronic mode exempting physical presence of members at the venue of AGM, till December 31, 2022. In persistence, the meeting is being convened through electronic mode and the proceedings of the General Meeting shall be deemed in compliance with the Secretarial Standards on General Meeting (SS-2).

ART HOUSING FINANCE (INDIA) LIMITED
Registered Office: 107, Best Sky Tower, Netaji Subhash Place, Pitampura, Delhi – 110034 | Regional Hub: 49, Udyog Vihar, Phase – IV, Gurugram – 122015, Haryana
CIN: U65999DL2013PLC255432 | Phone: +91 124 6622200 | E-mail: contact@arthfc.com | Website: www.arthfc.com

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