

# Navarathna Housing Finance Limited

...shelter to all

Corporate Office : Flat No. 3 | First Floor | Aarthi Arcade | No.114, Dr. Radhakrishnan Salai | Mylapore | Chennai-600004.  
Tel : 044-2811-3336 | Mob : 98846 58222 | E-mail : nhfchennai@gmail.com | www.navarathnahousing.com

CIN: U65922TN2015PLC100156

Notice is hereby given that the **Annual General Meeting** of the Company will be held on Saturday, 31<sup>st</sup> August, 2019 at 03.15 P.M at the registered office of the Company situated at First Floor, 2/102, Third street, Karpagam Avenue, R.A.Puram, Chennai, Tamil Nadu - 600 028 to transact the following businesses.

### Ordinary Business:

1. To receive and adopt the Audited Balance sheet as at 31<sup>st</sup> March 2019, Profit and Loss Account and Cash Flow Statement of the Company for the period ended 31<sup>st</sup> March 2019, together with the Directors' and the Auditors' Report thereon.
2. To elect a Director in place of Mr Arunachalam Muthuraman (DIN: 00403915), who retires by Rotation and being eligible offers himself for re-appointment.

### Special Business:

1. Appointment of Mr. Chokkalingam Palaniappan as the Managing Director:

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

"RESOLVED THAT in accordance with the provisions of sections 196 read with Schedule V and all other provisions of Companies Act, 2013 and the Companies (Appointment and Remuneration of managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the Company be and is hereby accorded to the appointment of Mr Chokkalingam Palaniappan (DIN 00884596), as a Managing Director of the Company w.e.f. 21.03.2019 for a term of 5 years on terms and conditions of appointment including remuneration payable will be as per the agreement between the Company and Mr.Chokkalingam Palaniappan (DIN:00884596) ."

2. Appointment of Ms. Devikala Venkatkumar (DIN: 02980171) as Director:

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

"RESOLVED THAT Ms. Devikala Venkatkumar (DIN: 02980171) in respect of whom the Company has received a notice in writing from a Shareholder under Section 160 of the Companies Act, 2013 proposing the candidature for the office of Director, and who is eligible for appointment as a Director, be and is hereby appointed as a Director of the Company w.e.f 31<sup>st</sup> August, 2019 and is liable to retire by rotation."

**Notes:**

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the Company. The proxies should be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.
2. Members/Proxies should bring their attendance slip, duly filled in, to the meeting.
3. M/s. Velumuthu Associates (Firm Reg No. 004590S). Chartered Accountants, Chennai, were appointed as Statutory Auditors of the Company on 31<sup>st</sup> August 2016 for a period of five years. As per the Notification issued by the Ministry of Corporate Affairs on 7<sup>th</sup> May, 2018 amending Section 139 of the Companies Act, 2013 and the Rules framed there under, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting ("AGM") has been omitted. Hence, the Company is not proposing an item on ratification of appointment of Auditors at this AGM.

By the Order of the Board  
For Navarathna Housing Finance Limited



A handwritten signature in blue ink, appearing to be "Chokkalingam Palaniappan".

Chokkalingam Palaniappan  
Managing Director  
(DIN: 00884596)

Date: 07<sup>th</sup> August, 2019

Place: Chennai

**The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013:**

**ITEM NO.1: APPOINTMENT OF MR. CHOKKALINGAM PALANIAPPAN AS THE MANAGING DIRECTOR**

The present term of appointment of Mr. Chokkalingam Palaniappan (DIN: 00884596) Managing Director of the Company ends on 20<sup>th</sup> March, 2019. In order to utilize his vast experience in the industry for the benefit of the Company, the Board has decided to re-appoint him as Managing Director of the Company. To comply with the provisions of section 196 and other applicable provisions of the Companies Act, 2013, the Board of Directors of the Company, at the meeting held on 18<sup>th</sup> March, 2019 has appointed Mr. Chokkalingam Palaniappan (DIN: 00884596), as Managing Director of the Company with effect from 21.03.2019 for the period of five years with a remuneration of Rs. 50,000 per month and the other terms and conditions of appointment will be as per the agreement entered between the Company and Mr Chokkalingam Palaniappan (DIN 00884596) subject to the approval of the Shareholders.

The Board of Directors recommends the Resolution for approval by the members.

None of the Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Resolution except Mr. Chokkalingam Palaniappan (DIN: 00884596) and Ms. Thirupathi Ramanathan Manonmani (DIN: 03361666) Director of the Company.

**ITEM NO.2: APPOINTMENT OF MS. DEVIKALA VENKATKUMAR (DIN: 02980171) AS DIRECTOR**


The Company received a notice dated 7<sup>th</sup> August, 2019 from a Shareholder of the Company under Section 160 of the Companies Act, 2013, stating his intention to propose the candidature of Ms. Devikala Venkatkumar (DIN: 02980171) for the office of Director of the Company, along with the deposit as prescribed.

Ms. Devikala Venkatkumar (DIN: 02980171) was born on 05/06/1979 holds B.Sc in Chemistry and Diploma in Computer Applications. Ms. Devikala Venkatkumar (DIN: 02980171) is in the Board of M/s. Navarathna Financial Services Limited and M/s. Kuvera Real Assets And Consulting Private Limited and has deep investment experience in Financial Markets. Ms. Devikala Venkatkumar (DIN: 02980171) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director.

None of the Directors / Key Managerial Personnel of the Company and their relatives is interested or concerned in the resolution except Ms. Devikala Venkatkumar (DIN: 02980171), Mr. Chokkalingam Palaniappan (DIN: 00884596) Managing Director and Ms. Thirupathi Ramanathan Manonmani (DIN: 03361666) Director of the Company.

By the Order of the Board  
For Navarathna Housing Finance Limited

Date: 07<sup>th</sup> August, 2019  
Place: Chennai

  
Chokkalingam Palaniappan  
Managing Director  
(DIN: 00884596)





## DIRECTOR'S REPORT

To the Members,  
M/s. Navarathna Housing Finance Limited,

Your Directors have pleasure in submitting their Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup>March, 2019.

### 1 FINANCIAL SUMMARY

Amount in Rs.

Particulars	For the period ended 31.03.2019	For the period ended 31.03.2018
Total Revenue	2,03,55,911	87,13,012
Total Expenses	76,52,587	51,04,740
<b>Profit or Loss before Exceptional and Extraordinary items and Tax</b>	<b>1,27,03,324</b>	<b>36,08,272</b>
<b>Profit or Loss before Tax</b>	<b>1,27,03,324</b>	<b>36,08,272</b>
Less: Current Tax	31,44,100	7,39,000
Previous years' tax	96,049	-
Deferred Tax	4,50,178	(766)
<b>Profit or Loss After Tax</b>	<b>90,12,997</b>	<b>28,70,038</b>

### 2 DIVIDEND:

No Dividend was declared for the current financial year.

### 3 TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND:

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

### 4 REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

The Company made an revenue of Rs.2,03,55,911/- during the year. The Company made a profit of Rs. 90,12,997/- in comparison to previous year profit of Rs.28,70,038/-. Your Directors are optimistic about Company's business and hopeful of better performance in next year. There was no change in the nature of business of Company

### 5 MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

### 6 CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The provisions of Section 134(m) of the Companies Act, 2013 apply to our Company.

Foreign Exchange Inflow - NIL  
Foreign Exchange Outflow- NIL  
Conservation of Energy - NIL  
Technology Absorption - NIL

**7 STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY:**

The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal

**8 DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

**9 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:**

There were loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review as furnished in Annexure I.

**10 PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:**

The particular of Contracts or Arrangements made with related parties made pursuant to Section 188 is furnished in **Annexure II in Form AOC-2** and is attached to this Report.

**11 EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS:**

There are no qualifications, reservations or adverse remarks made by the Auditors in their report. The provisions relating to submission of Secretarial Audit Report is not applicable to the Company.

**12 COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES:**

Pursuant to the Section 178 of the Companies Act, 2013 read with relevant rules made there under the Nomination and Remuneration policy of the Company was framed by the Board of Directors of the Company.

The Nomination and Remuneration Committee of the Board is comprised of three members namely:

1. Mr. Balamurugan Neelamegam- Chairman
2. Mr. Palaniappan Alagappan- Member
3. Mr. Chokkalingam Palaniappan- Member

During the year the committee met on 12<sup>th</sup> March, 2019. All the members attended the committee meeting.

**13 ANNUAL RETURN:**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in **Annexure III in Form MGT-9** and is attached to this Report.

**14 NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:**

The Company has conducted 11 Board meetings during the financial year under review.

<i>S No</i>	<i>Date/Day of Board Meeting</i>	<i>Board Strength</i>	<i>No of Directors Attended</i>
1.	09.04.2018/ Monday	5	4
2.	28.04.2018 / Saturday	5	5
3.	21.06.2018/Thursday	5	5
4.	05.09.2018/Wednesday	5	5
5.	05.10.2018/ Friday	5	5
6.	09.10.2018 / Tuesday	5	5
7.	31.10.2018/Wednesday	5	3
8.	31.12.2018/Monday	5	5
9.	07.02.2019/Thursday	5	5
10.	22.02.2019/Friday	5	5
11.	18.03.2019/ Monday	5	5

**15 DIRECTORS RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the Company for that period;
- c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) the Directors had prepared the annual accounts on a going concern basis;
- e) the Company being unlisted, sub clause (e) of section 134(5) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**16 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:**

The Company has not accepted any deposits from the date of Incorporation. does not have any Subsidiary, Joint venture or Associate Company during the year under review.

**17 DEPOSITS:**

The Company has not accepted any deposits from the date of Incorporation.

**18 DIRECTORS:**

Mr. Arunachalam Muthuraman (DIN: 00403915), Director of the Company, is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section.152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible has offered himself for re-appointment. Appropriate resolution for their re-appointment is being placed for the approval of Shareholders at the ensuing AGM.

The present term of Mr. Chokkalingam Palaniappan (DIN: 00884596) Managing Director of the Company ends on 20<sup>th</sup> March, 2019. The Board recommends the appointment of Managing Directors



with effect from 21.03.2019 for the period of five years with the terms and conditions of appointment including remuneration payable will be as per the agreement entered between the Company and Mr. Chokkalingam Palaniappan (DIN 00884596).

The Company received a notice dated 7<sup>th</sup> August, 2019 from a shareholder of the Company under Section 160 of the Companies Act, 2013, stating his intention to propose the candidature of Ms. Devikala Venkatkumar (DIN: 02980171) for the office of Director of the Company, along with the deposit as prescribed. The resolution is being placed for the approval of Shareholders at the ensuing AGM.

**19 DECLARATION OF INDEPENDENT DIRECTORS:**

All the Independent Directors of the Company have given declaration that they meet the criteria of Independence laid down under Section 149(6) of the Companies Act, 2013

**20 ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS:**

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation was observed.

**21 STATUTORY AUDITORS:**

M/s. Velumuthu Associates, (FRN: 004590S) Chartered Accountants, Chennai were appointed as Statutory Auditors at the Annual general Meeting held on 31<sup>st</sup> Aug 2016 for an period of five years subject to ratification by members Annually. As per the Notification issued by the Ministry of Corporate Affairs on 7<sup>th</sup> May, 2018 amending Section 139 of the Companies Act, 2013 and the Rules framed thereunder, the mandatory requirement for ratification of appointment of Auditors by the Members at every Annual General Meeting ("AGM") has been omitted. Hence, the Company is not proposing an item on ratification of appointment of Auditors at this AGM.

**22 DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM:**

The Audit Committee of the Board is comprised of three members namely

1. Mr. Balamurugan Neelamegam- Chairman
2. Mr. Palaniappan Alagappan- Member
3. Mr. Arunachalam Muthuraman- Member

There were three Audit Committee meeting held during the year 2018-19 (i.e. on 23.08.2018, 19.11.2018, 12.03.2019). All the members attended all the audit committee meetings.

**23 SHARES:**

During the year under review:

Increase in Authorised Share Capital	Buy Back of Securities & Sweat Equity	Rights Issue	Bonus Shares	Employees Stock Option Plan
The Authorised Share Capital has been increased from Rs. 11 Crore to Rs.13 Crore at the Extra-Ordinary General Meeting held on 08.10.2018	Nil	24,05,959 Equity shares Rs.10 each has allotted on Right Basis in the Board Meeting held on 31.12.2018	Nil	Nil



**24 DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS:**

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company's operations in future.

**25 COMPLIANCE WITH THE NATIONAL HOUSING BANK ACT, 1987 AND NHB DIRECTIONS, 2010:**

The Company is registered with the NHB as a Non-Deposit accepting Housing Finance Company. The Company has complied with and continues to comply with all applicable provisions of the Act, the National Housing Bank Act, 1987, NHB Directions, 2010 and other applicable rules/regulations/guidelines, issued from time to time.

Penalty Levied: The Company has paid a penalty of Rs.18,880/- to National Housing Bank due to its failure to furnish prior intimation on opening of new branches in terms of the Provisions of Paragraph 29(6) of the Housing Finance Companies (NHB) Directions, 2010.

**26 MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The Management Discussion and Analysis Report is furnished in Annexure-IV.

**27 REPORT ON SEXUAL HARASSMENT OF WOMEN AT WORK PLACE:**

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under.

**28 MAINTENANCE OF COST RECORDS AS PER SECTION 148 OF THE COMPANIES ACT, 2013:**

The Company is not required to prepare and maintain cost records pursuant to Section 148(1) of the Companies Act, 2013.

**29 COMPLIANCE WITH THE SECRETARIAL STANDARDS:**

The Company has complied with the applicable Secretarial Standards specified by the Institute of Company Secretaries of India (ICSI)

**30 ACKNOWLEDGEMENTS:**

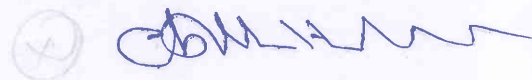
Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government Authorities for their continued support extended to your Company's activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

For Navarathna Housing Finance Limited      For Navarathna Housing Finance Limited

Date: 07<sup>th</sup> August, 2019  
Place: Chennai



Chokkalingam Palaniappan  
Managing director  
(DIN : 00884596)



Arunachalam Muthuraman  
Director  
(DIN : 00403915)

**Annexure-I**


**Particulars of loans, guarantees or investments made under Section 186 of the Companies Act, 2013**

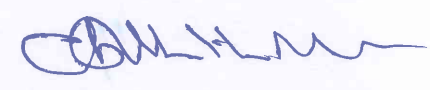
*Loans and Advances to Related Parties:*

<b>S. No.</b>	<b>Name</b>	<b>As on March 31<sup>st</sup>, 2019 Amount (in Rs)</b>	<b>As on March 31<sup>st</sup>, 2018 Amount (in Rs)</b>
1.	M/s. Navarathna Financial Services Limited	75,00,000	NIL
	<b>Total</b>	<b>75,00,000</b>	<b>NIL</b>

By the Order of the Board  
For Navarathna Housing Finance Limited

Date: 07<sup>th</sup> August, 2019  
Place: Chennai.

  
Chokkalingam Palaniappan  
Managing Director  
(DIN: 00884596)

  
Arunachalam Muthuraman  
Director  
(DIN : 00403915)

**ANNEXURE II**  
**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, 2014.**

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 transaction under third proviso thereto.


1. Details of contracts or arrangements or transactions not at Arm's length basis: **NIL**
2. Details of contracts or arrangements or transactions at Arm's length basis.

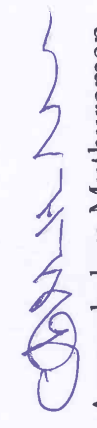
SL. No.	Name (s) of the related party	Nature of contracts/arrangements/transaction	Duration of the contracts/arrangements/transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
	a)	b)	c)	d)	e)	f)
1.	M/s. Navarathna Financial Services Limited Enterprises over which Key Management Personnel exercise significant influence	Loan to related parties	2018-2019	Rs.75,00,000	31.10.2018	Nil
2.	Mr. Chockalingam Palaniappan Managing Director of the Company	Remuneration	2018-2019	Rs.3,00,000	28.04.2018	Nil
3.	Mr. T.R.Ramanathan Relatives of Key Management Personnel	Professional charges	2018-2019	Rs.3,00,000	15.04.2017	Nil
4.	M/s. Navarathna Financial Services Limited Enterprises over which Key Management Personnel exercise significant influence	Interest received	2018-2019	Rs.4,53,288	31.10.2018	Nil

For Navarathna Housing Finance Limited

For Navarathna Housing Finance Limited

Date: 07<sup>th</sup> August, 2019  
Place: Chennai

  
Chokkalingam Palaniappan  
Managing director  
(DIN : 00884596)

  
Arunachalam Muthuraman  
Director  
(DIN : 00403915)



**ANNEXURE-III**  
**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2019**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	U65922TN2015PLC100156
2	Registration Date	17.04.2015
3	Name of the Company	Navarathna Housing Finance Limited
4	Category/Sub-category of the Company	Company limited by shares Indian Non-Government Company
5	Address of the Registered office & contact details	First Floor 2/102, Third Street, Karpagam Avenue R.A.Puram, Chennai, Tamilnadu-600028 prakala@gmail.com
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any	N/A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Activities of specialized institutions granting credit for house purchases	64192	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	N/A				

**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	5,25,000	5,25,000	5.17%	-	8,17,500	8,17,500	6.50%	55.71%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	-	5,25,000	5,25,000	5.17%	-	8,17,500	8,17,500	6.51%	55.71%
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (2)</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>TOTAL (A)</b>	-	5,25,000	5,25,000	5.17%	-	8,17,500	8,17,500	6.51%	6.51%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub-total (B)(1):-</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	8,25,001	8,25,001	8.13%	-	10,52,001	10,52,001	8.38%	27.52%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	3.45%	-	15,000	15,000	3.47%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	38,52,500	38,52,500	34.50%	-	45,89,792	45,89,792	33.20%	19.14%
c) Others (specify)									
Non Resident Indians	-	49,50,000	49,50,000	48.76%	-	60,84,167	60,84,167	48.45%	22.91%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub-total (B)(2):-</b>	-	96,27,501	96,27,501	94.83%	-	1,17,40,960	1,17,40,960	93.49%	21.95%
<b>Total Public (B)</b>	-	96,27,501	96,27,501	94.83%	-	1,17,40,960	1,17,40,960	93.49%	21.95%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Grand Total (A+B+C)</b>	-	1,01,52,501	1,01,52,501	100.00%	-	1,25,58,460	1,25,58,460	100.00%	28.46%

## (ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	AR MUHTURAMAN	10,000	0.10%	0	50,000	0.40%	0	400.00%
2	CHOKKALINGAM PALANIAPPAN	1,75,000	1.72%	0	2,90,000	2.31%	0	65.71%
3	MEENAKSHI CHOKKALINGAM	2,80,000	2.76%	0	4,00,000	3.19%	0	42.86%
4	RAMANATHAN THIRUPATHI	52,500	0.52%	0	67,500	0.54%	0	28.57%
5	MANONMANI RAMANATHAN	7,500	0.07%	0	10,000	0.08%	0	33.33%



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

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding as on 31.03.2019		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	ARUNACHALAM MUTHURAMAN						
	At the beginning of the year	01.04.2018		10,000	0.10%		0.00%
	Changes during the year	31.12.2018	Allot	40,000	0.39%		0.00%
	At the end of the year	31.03.2019		50,000	0.40%	50,000	0.40%
2	CHOKKALINGAM PALANIAPPAN						
	At the beginning of the year	01.04.2018		1,75,000	1.72%		0.00%
	Changes during the year	31.12.2018	Allot	1,15,000	1.13%		0.00%
	At the end of the year	31.03.2019		2,90,000	2.31%	2,90,000	2.31%
3	MEENAKSHI CHOKKALINGAM						
	At the beginning of the year	01.04.2018		2,80,000	2.76%		0.00%
	Changes during the year	31.12.2018	Allot	1,20,000	1.18%		0.00%
	At the end of the year	31.03.2019		4,00,000	3.19%	4,00,000	3.19%
4	RAMANATHAN THIRUPATHI						
	At the beginning of the year	01.04.2018		52,500	0.52%		0.00%
	Changes during the year	31.12.2018	Allot	15,000	0.15%		0.00%
	At the end of the year	31.03.2019		67,500	0.54%	67,500	0.54%
5	MANONMANI RAMANATHAN						
	At the beginning of the year	01.04.2018		7,500	0.07%		0.00%
	Changes during the year	31.12.2018	Allot	2,500	0.02%		0.00%
	At the end of the year	31.03.2019		10,000	0.08%	10,000	0.08%

## (iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs)

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	K Venkatkumar	32,00,000	31.52%	0	40,00,000	31.85%	0	25.00%
2	Navarathna Financial Services Ltd.	8,00,000	7.88%	0	10,00,000	7.96%	0	25.00%
3	Devikala V	7,00,000	6.85%	0	8,75,000	6.97%	0	25.00%
4	M Sornaganesh	5,00,000	4.92%	0	6,25,000	4.98%	0	25.00%
5	Saravana Kumar Kandaswamy	5,50,000	5.42%	0	5,50,000	4.38%	0	0.00%
6	D Chandramohan	5,00,000	4.92%	0	5,00,000	3.98%	0	0.00%
7	Shanmugasundaram N	5,00,000	4.92%	0	5,00,000	3.98%	0	0.00%
8	K Ramya	3,50,000	3.45%	0	4,37,500	3.48%	0	25.00%
9	S Kabilan	4,02,500	3.96%	0	4,02,500	3.21%	0	0.00%
10	S K Viswanathan	2,50,000	2.46%	0	3,12,500	2.49%	0	25.00%

## (v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding as on 31.03.2018		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	ARUNACHALAM MUTHURAMAN						
	At the beginning of the year	01.04.2018		10,000	0.10%		0.00%
	Changes during the year	31.12.2018	Allot	40,000	0.39%		0.00%
	At the end of the year	31.03.2019		50,000	0.40%	50,000	0.40%
2	CHOKKALINGAM PALANIAPPAN						
	At the beginning of the year	01.04.2018		1,75,000	1.72%		0.00%
	Changes during the year	31.12.2018	Allot	1,15,000	1.13%		0.00%
	At the end of the year	31.03.2019		2,90,000	2.31%	2,90,000	2.31%
3	THIRUPATHI RAMANATHAN MANONMANI						
	At the beginning of the year	01.04.2018		7,500	0.07%		0.00%
	Changes during the year	31.12.2018	Allot	2,500	0.02%		0.00%
	At the end of the year	31.03.2019		10,000	0.08%	10,000	0.08%

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

(Amt. Rs.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in indebtedness during the financial year</b>				
* Addition	25,55,544.00	-	-	25,55,544.00
* Reduction	-	-	-	-
<b>Net Change</b>	25,55,544.00	-	-	25,55,544.00
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	25,55,544.00	-	-	25,55,544.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	25,55,544.00	-	-	25,55,544.00

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

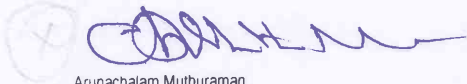
SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	CHOKALINGAM PALANIAPPAN	(Rs)
	Designation	Managing Director	
1	Gross salary	3,00,000	3,00,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
2	Stock Option		
3	Sweat Equity		
4	Commission		
	- as % of profit		
	- others, specify		
5	Others, please specify		
	<b>Total (A)</b>	3,00,000	3,00,000
	Ceiling as per the Act	N.A	

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			N.A.		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

For Navarathna Housing Finance Limited

  
Chokalingam Palaniappan  
Managing Director  
DIN: 00884596

  
Arunachalam Muthuraman  
Director  
DIN: 00403915

NAVARATHNA HOUSING FINANCE LIMITED  
LIST OF SHARE HOLDERS AS ON 31.03.2019

S.No	Name of the Shareholder	Type of Shares	Address	No. Of shares	Face Value in Rs.
1.	Mr. D.Chandra Mohan	Equity	Plot No. 942, Door No. 35/6, 17 <sup>th</sup> Main Road, Anna Nagar, Chennai - 600040 & PO Box 219, Abu Dhabi.	5,00,000	Rs.10
2.	Mr. Saravana kumar Kandaswamy	Equity	<b>Indian Address:</b> AJ-42, Anna Nagar, Chennai - 600040 <b>Overseas Address:</b> 1 Frederiction Place, St. Jhony's State , New Founland, City, St.John's Canada	5,50,000	Rs.10
3.	Ms. Usha Muthuvelammal M	Equity	P.B: 879, PC: 113, Muscat, Sultanate of Oman	2,00,000	Rs.10
4.	Mr. Shankar Athappan	Equity	3956 Apt T-4 Persimmon Drive , Fairfax VA, 22031,United States Of America	1,05,000	Rs.10
5.	Ms. Seetha Kasi Viswanathan	Equity	Apartment # G04, Building # 111, the Gardens, Jebel Ali, Dubai, UAE P.O Box 487532	3,12,500	Rs.10
6.	Mr. K.Venkatkumar	Equity	P O Box 666, Doha , Doha - 666	40,00,000	Rs.10
7.	Mr. S.K.Viswanathan	Equity	Apartment # G04, Building # 111, the Gardens, Jebel Ali, Dubai, UAE P.O Box 487532	3,12,500	Rs.10
8.	Mr. Athappan Kannan	Equity	13214 , Ashnut Ln, Herndon, VA-20171,United States Of America	1,04,167	Rs.10
9.	Ms. Annamalai Meenakshi	Equity	775, Gnanagiri Road, Sivakasi East, Sivakasi - 626189	2,50,000	Rs.10
10.	Mr. A.R.Muthuraman	Equity	5/25, Annamalaiyar Street, Arimala, Thirumayam Taulk, Pudukkottai District - 622201.	50,000	Rs.10



NAVARATHNA HOUSING FINANCE LIMITED  
LIST OF SHARE HOLDERS AS ON 31.03.2019

S.No	Name of the Shareholder	Type of Shares	Address	No. Of shares	Face Value in Rs.
11.	Mr. Athappan Baskar	Equity	3/63-B Teachers Colony, Masinaikan patty, Ayothyapatnam, Valapady Taluk, Salem District-636103.	1,04,167	Rs.10
12.	Mr. Chokkalingam Palaniappan	Equity	Flat No.6, Sri siddhi Apartments, No.4, 6 <sup>th</sup> Main Road, R.A. Puram, Chennai - 600 028.	2,90,000	Rs.10
13.	Mr. Devakumar Ramamoorthy	Equity	A1, Pushpak Apartments, 10, Jagadambal Colony 1 <sup>ST</sup> Street, Royapettah, Chennai - 600018	1,00,000	Rs.10
14.	Ms. K.Ramya	Equity	2/30, Amarjothi Gardens, Kangayam Road, Tirupur	4,37,500	Rs.10
15.	Mr. Kannappa Chettiar Annamalai	Equity	775 ,Gnanagiri Road, Sivakasi East, Sivakasi - 626189	2,50,000	Rs.10
16.	Mr. M. Sornaganesh	Equity	Plot No. 25, Door No.42, Venkateswara Street, Jaya Nagar, Trichy 620021.	6,25,000	Rs.10
17.	Ms. Meenakshi Chokkalingam	Equity	Flat No.6, Sri siddhi Apartments, No.4, 6 <sup>th</sup> Main Road, R.A. Puram, Chennai - 600 029.	4,00,000	Rs.10
18.	Mr. Sockalingam T	Equity	Door No. 3/6, Visalakshi Nagar, Sivakasi - 626189	82,625	Rs.10
19.	Ms. Vallikannu S	Equity	Door No. 3/6, Visalakshi Nagar, Sivakasi - 626189	68,000	Rs.10
20.	Mr. Menallur Rajaram Mohanarangam	Equity	Old No. 12, New No. 23 Arcot Street, T.Nagar, Chennai - 600017	125,000	Rs.10


NAVARATHNA HOUSING FINANCE LIMITED  
LIST OF SHARE HOLDERS AS ON 31.03.2019

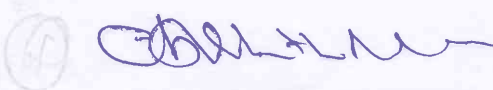
S.No	Name of the Shareholder	Type of Shares	Address	No. Of shares	Face Value in Rs.
21.	Mr. N.Ramanathan	Equity	"TULIPS" 3, Thirumurthy Street, II Floor, Flat-5, T.Nagar, Chennai - 600017	2,25,000	Rs.10
22.	Mr. Nallperumal Chittu	Equity	"TULIPS" 3, Thirumurthy Street, II Floor, Flat-5, T.Nagar, Chennai - 600017.	82,500	Rs.10
23.	M/s. Navarathna Fianancial Services Ltd	Equity	No.2/102, Third Street, First Floor, Karpagam Avenue, R.A.Puram, Chennai - 600028	10,00,000	Rs.10
24.	Mr. Rajmohan Mohanarangan	Equity	Old No. 12, New No. 23 Arcot Street, T.Nagar, Chennai - 600017	2,50,000	Rs.10
25:	Mr. Ramanathan Thirupathi	Equity	Flat B 6, Block B Second Floor, PLA Royal Arcade, 10 <sup>th</sup> Cross, West Extn Thillai Nagar, Trichy - 620018.	67,500	Rs.10
26.	Mr. S.Kabhilan	Equity	Door No. 3/6, Visalakshi Nagar, Sivakasi - 626189	4,02,500	Rs.10
27.	Mr. Sankar Kailasam	Equity	U 67/3, 7 <sup>th</sup> Street, Vinoth Nagar, Chennai - 600040.	1,25,000	Rs.10
28.	Mr. Shanmugasundaram N	Equity	F4 - Subashree Residency, Muneswaran Koil St, Kallukatty, Karaikudi - 630001.	5,00,000	Rs.10
29.	Ms. T. Vasantha	Equity	Old No.95, New No. 10C, Amman Sannathi Street, Pudukottai District, Ponnamaravathy - 622407	62,500	Rs.10
30.	Ms. Manonmani Ramanathan	Equity	Flat B 6, Block B Second Floor, PLA Royal Arcade, 10 <sup>th</sup> Cross, West Extn Thillai Nagar,	10,000	Rs.10

NAVARATHNA HOUSING FINANCE LIMITED  
LIST OF SHARE HOLDERS AS ON 31.03.2019

S.No	Name of the Shareholder	Type of Shares	Address	No. Of shares	Face Value in Rs.
			Trichy - 620018.		
31.	M/s. Prakala Wealth Management Private Ltd	Equity	No.2/102, Third Street, First Floor, Karpagam Avenue, R.A.Puram, Chennai - 600028.	52,001	Rs.10
32.	Ms. Devikala.V	Equity	No.8, Paruthikottai East, EDA Keelaiyur (post), Manargudi - TK, Thanjavur.	8,75,000	Rs.10
33.	Mr. V.Karthikeyan	Equity	H 21/9 A303,Aishwaryam Towers, East Avenue Road,Korattur, Tiruvallur, Chennai - 600080	12,500	Rs.10
34.	Mr. N.Aravindan	Equity	10, Vijayanagar, 8 <sup>th</sup> Main Road, Velachery, Chennai - 600042.	12,500	Rs.10
35.	Mr. Panayappan Ramanathan	Equity	4/138, Sidhi Vinayagar Kovil Street, Thasilthar Nagar, Madurai - 625020	10,000	Rs.10
36.	Mr AL Rajasekaran	Equity	1/228,Santhiveeran Kovil Street, Poolankurichi, Thirupathur.	5,000	Rs.10
TOTAL				1,25,58,460	

For Navarathna Housing Finance Limited For Navarathna Housing Finance Limited

  
Chokkalingam Palaniappan  
Managing director  
(DIN : 00884596)

  
Arunachalam Muthuraman  
Director  
(DIN : 00403915)



**Independent Auditor's Report**

**To the Members of Navarathna Housing Finance Limited**

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

**Opinion**

I have audited the accompanying standalone financial statements of Navarathna Housing Finance Limited ('the Company') which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid standalone 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 Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2019, its profit and its cash flows for the year ended on that date.

**Basis for Opinion**

I conducted my audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. My responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. I am independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to my audit of the financial statements under the provisions of the Act and the Rules thereunder, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors report, but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with my audit of the standalone financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or my knowledge obtained during the course of my audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



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

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

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

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

My 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 my 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 part of an audit in accordance with SAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, I am also responsible for expressing my opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My 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.

I 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 I identify during my audit.

I also provide those charged with governance with a statement that I 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 my independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements:**

As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), as amended by the Central Government of India in terms of sub-section (11) of section 143 of the Act, I give in the "Annexure A" a statement on the matters specified in Paragraph 3 and 4 of the Order, to the extent applicable.

As required by section 143(3) of the Act, I report that:

- a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
- b) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In my opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of written representations received from the directors as on March 31, 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31,

2019, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.

- 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 B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in my opinion, the managerial remuneration for the year ended March 31, 2019 has been paid/provided by the Company to its directors in accordance with the provisions 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 with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

UDIN: 19022976AAAAAB1612

For Velu Muthu Associates  
Chartered Accountants  
FRN 004590S

*Velu Muthu*

(Velu Muthu)  
Proprietor  
Membership No. 22976



Place: Chennai

Date: August 7, 2019



**Annexure A to Independent Auditor's Report**

**Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of my Report of even date to the members of Navarathna Housing Finance Limited for the year ended March 31, 2019**

- (i)
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to me, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in my opinion is reasonable, having regard to the size of the Company and the nature of the fixed assets. No material discrepancies have been noticed in respect of the assets, which have been physically verified during the year.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) The provisions of paragraph (ii) of the order are not applicable to the Company, as the Company is engaged in the financial services sector.
- (iii) The Company has granted an unsecured loan amounting to ₹. 75,00,000/- to a company listed in the register maintained under Section 189 of the Companies Act, 2013. In our opinion and according to explanations given to us, in respect of this loan –
- (a) The terms and conditions of the grant of such loan are not prejudicial to the company's interest.
  - (b) The loan is repayable on demand and interest is payable on annual basis. During the year, there have been no repayments and the receipt of interest is regular.
  - (c) There have been no overdues of interest or principal during the year.
- (iv) The Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security.
- (v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76 of the Act and the rules framed there under. Therefore, the provisions of this clause are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Company and hence clause 3(vi) of the Order is not applicable to the Company.

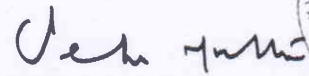
- (vii)
- (a) According to information and explanations given to me and on the basis of my examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Goods & Service Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to me, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to me there are no dues of income tax, service tax, VAT, CST, wealth tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (viii) In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of dues to any financial institution or any bank(s).
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of my knowledge and belief and according to the information and explanations given to me, no fraud by the Company and no material fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) In my opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In my opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In my opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

Velu Muthu Associates  
Chartered Accountants

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- (xvi) In my opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company.

For Velu Muthu Associates  
Chartered Accountants  
FRN.004590S



(Velu Muthu)  
Proprietor  
Membership No. 22976



Place: Chennai

Date: August 7, 2019



**Annexure B to Independent Auditor's Report**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

I have audited the internal financial controls over financial reporting of Navarathna Housing Finance Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Company's management 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. 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**

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by The Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that I 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.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of 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.

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial



statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

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

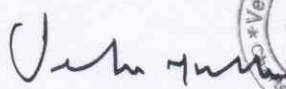
#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In my opinion, to the best of my information and according to the explanations given to me, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019.

For Velu Muthu Associates  
Chartered Accountants  
FRN.004590S

  
(Velu Muthu)  
Proprietor



Membership No. 22976

Place: Chennai

Date: August 7, 2019


**Navarathna Housing Finance Limited**  
First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram  
Chennai, Tamil Nadu - 600 028

**Balance Sheet as at March 31, 2019**

		(Amount in ₹)	
Particulars	Note	As at March 31, 2019	As at March 31, 2018
<b>I Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
(a) Share capital	1	12,55,84,600	10,15,25,010
(b) Reserves and surplus	2	1,88,16,229	98,03,232
		14,44,00,829	11,13,28,242
<b>Non current liabilities</b>			
(a) Long term borrowings	3	25,55,544	-
(b) Deferred tax liability		4,37,366	(12,812)
		29,92,910	(12,812)
<b>Current liabilities</b>			
(a) Other current liabilities	4	19,58,278	5,51,304
(b) Short term provisions	5	8,84,343	1,93,319
		28,42,621	7,44,623
		<b>15,02,36,360</b>	<b>11,20,60,053</b>
<b>II Assets</b>			
<b>Non current assets</b>			
(a) Property, plant and equipment			
(i) Tangible assets	6	9,21,040	8,27,807
(b) Non-current investments	7	3,02,41,130	7,89,46,464
(c) Long term loans and advances	8	11,49,97,389	3,07,70,746
(d) Other non-current assets	9	4,50,400	3,30,000
		14,66,09,959	11,08,75,017
<b>Current assets</b>			
(a) Cash and cash equivalents	10	22,36,389	8,93,503
(b) Other current assets	11	13,90,012	2,91,533
		36,26,401	11,85,036
<b>Total</b>		<b>15,02,36,360</b>	<b>11,20,60,053</b>

**III Notes forming part of the Financial Statements**      1 - 17

For and on behalf of the Board of  
**Navarathna Housing Finance Limited**

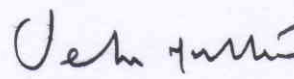
  
Managing Director

  
Director

Place: Chennai

Date: July 17, 2019

As per my report of even date attached  
**Velu Muthu Associates**  
Chartered Accountants  
Firm Regn. No. 004590S

  
Velu Muthu  
Proprietor

Membership No.: 022976

Aug. 7, 2019





**Navarathna Housing Finance Limited**  
First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram  
Chennai, Tamil Nadu - 600 028

**Statement of Profit and Loss for the period ended on March 31, 2019**

Particulars	Note	(Amount in ₹)	
		For the year ended March 31, 2019	For the year ended March 31, 2018
<b>I Revenue</b>			
(a) Revenue from operations	12	1,60,28,063	24,88,549
(b) Other income	13	43,27,848	62,24,463
		<u>2,03,55,911</u>	<u>87,13,012</u>
<b>II Expenditure</b>			
(a) Employee benefit expense	14	38,28,503	20,21,306
(b) Depreciation and amortization expense		3,09,127	91,180
(c) Finance cost	15	1,09,121	-
(d) Other expenses	16	32,69,206	28,38,400
(e) Standard provisions (net)		1,36,630	1,53,854
		<u>76,52,587</u>	<u>51,04,740</u>
<b>III Profit before exceptional and extraordinary items and tax</b>		1,27,03,324	36,08,272
<b>IV Exceptional items</b>		-	-
<b>V Profit before extraordinary items and tax</b>		1,27,03,324	36,08,272
<b>VI Extraordinary items</b>		-	-
<b>VII Profit before tax</b>		1,27,03,324	36,08,272
<b>VIII Tax expense</b>			
Current year tax		31,44,100	7,39,000
Previous years' tax		96,049	-
Deferred tax		4,50,178	(766)
		<u>36,90,327</u>	<u>7,38,234</u>
<b>IX Profit/(Loss) for the year</b>		<u>90,12,997</u>	<u>28,70,038</u>
<b>X Earnings per ₹.10/- share</b>			
• Basic and diluted		0.84	0.28

For and on behalf of the Board of  
**Navarathna Housing Finance Limited**

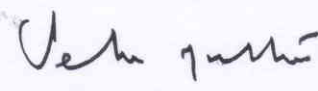
  
Managing Director

  
Director

Place: Chennai

Date: July 17, 2019

As per my report of even date attached  
**Velu Muthu Associates**  
Chartered Accountants  
Firm Regn. No. 004590S

  
Velu Muthu  
Proprietor

Membership No.: 022976

Aug. 7, 2019



**Cash Flow Statement for the year ended March 31, 2019**

(Amount in ₹)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before extraordinary items and tax	1,27,03,324	36,08,272
Adjustments for:		
Depreciation and amortisation	3,09,127	91,180
Profit from Sale of Investments	(38,66,034)	(47,81,922)
Dividend received from MF	-	(5,26,105)
Finance costs	1,09,121	-
Interest Income	(4,53,288)	(9,16,436)
Provisions for standard assets	1,36,630	1,53,854
Operating profit / (loss) before working capital changes	<u>89,38,880</u>	<u>(23,71,157)</u>
Changes in working capital:		
(Increase) / decrease in long-term loans and advances	(7,67,26,643)	(3,07,70,746)
(Increase) / decrease in other non-current assets	(1,20,400)	(1,80,000)
(Increase) / decrease in other current assets	(10,98,479)	8,54,685
Increase / (decrease) in short-term provisions	5,54,394	1,37,635
Increase / (decrease) in other current liabilities	73,630	4,58,004
Cash generated from operations	<u>(6,83,78,618)</u>	<u>(3,18,71,579)</u>
Cash flow from extraordinary items	-	-
Cash generated from operations	<u>(6,83,78,618)</u>	<u>(3,18,71,579)</u>
Net income tax (paid) / refunds	(32,40,149)	(7,39,000)
<b>Net cash flow from / (used in) operating activities (A)</b>	<u><b>(7,16,18,767)</b></u>	<u><b>(3,26,10,579)</b></u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(4,02,360)	(9,18,987)
Investment in Mutual Funds	(6,48,22,919)	(21,68,01,607)
Redemption of Mutual Funds	11,73,94,287	14,26,37,065
Non-operating loan provided	(75,00,000)	-
Interest income	4,53,288	9,16,436
FD Invested	-	(51,03,888)
FD Redeemed	-	11,20,59,620
Dividend received from MF	-	5,26,105
<b>Net cash flow from / (used in) investing activities (B)</b>	<u><b>4,51,22,296</b></u>	<u><b>3,33,14,744</b></u>

(continued in the next page)




**Navarathna Housing Finance Limited**  
First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram  
Chennai, Tamil Nadu - 600 028

**Cash Flow Statement for the year ended March 31, 2019**

(Amount in ₹)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of share capital	2,40,59,590	-
Long-term borrowings procured	40,00,000	-
Repayment of loans	(1,11,112)	-
Finance cost	(1,09,121)	-
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>2,78,39,357</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents during the year</b>	<b>13,42,886</b>	<b>7,04,165</b>
Add: Balance at the beginning of the year	8,93,503	1,89,338
Balance at the end of the year	<b>22,36,389</b>	<b>8,93,503</b>

For and on behalf of the Board of  
**Navarathna Housing Finance Limited**

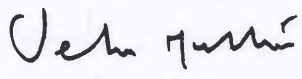
  
Managing Director

Place: Chennai

Date: July 17, 2019

  
Director

As per my report of even date attached  
**Velu Muthu Associates**  
Chartered Accountants  
Firm Regn. No. 004590S



Velu Muthu  
Proprietor  
Membership No.: 022976

Aug. 7, 2019



**Navarathna Housing Finance Limited**  
First Floor 2/102, Third Street, Karpagam Avenue. R.A. Puram  
Chennai, Tamil Nadu - 600 028

**Notes forming part of the Financial Statements**

Note No	Particulars	(Amount in ₹)	
		As at March 31, 2019	As at March 31, 2018
<b>1</b>	<b>Share capital</b>		
	<b>Authorised</b>		
	1,30,00,000 (1,10,00,000) equity shares of ₹.10 each	13,00,00,000	11,00,00,000
	<b>Issued, subscribed and paid up</b>		
	1,25,58,460 (1,01,52,501) equity shares of ₹.10 each fully paid up	12,55,84,600	10,15,25,010
		<b>12,55,84,600</b>	<b>10,15,25,010</b>
<b>1.1</b>	<b>Details of shareholders holding more than 5% shares:</b>		
	Name of the shareholder	No. of shares	No. of shares
	K Venkatkumar	45,50,000	37,50,000
	Navarathna Financial Services Limited	10,00,000	8,00,000
	Name of the Shareholder	% of Shareholding	% of Shareholding
	K Venkatkumar	36.23%	36.94%
	Navarathna Financial Services Limited	7.96%	7.88%
<b>1.2</b>	<b>Reconciliation of Number of Shares</b>		
	Particulars	No. of Shares	No. of Shares
	Shares at the beginning of the year	1,01,52,501	1,01,52,501
	Changes during the year	24,05,959	-
	Shares at the end of the year	<b>1,25,58,460</b>	<b>1,01,52,501</b>
<b>2</b>	<b>Reserves and Surplus</b>		
<b>i</b>	<b>Statutory reserve created as per section 29C of National Housing Bank Act, 1987 (Refer Note 2.1 below)</b>		
	Opening balance	5,74,008	-
	Amount transferred	18,21,328	5,74,008
	(A)	<b>23,95,336</b>	<b>5,74,008</b>
<b>ii</b>	<b>Surplus in Profit and Loss Statement</b>		
	Opening balance	92,29,224	69,33,194
	Add: Profit / loss for the period	90,12,997	28,70,038
	Less: Transfer to statutory reserve	(18,21,328)	(5,74,008)
	(B)	<b>1,64,20,893</b>	<b>92,29,224</b>
	<b>Total (A + B)</b>	<b>1,88,16,229</b>	<b>98,03,232</b>

**Navarathna Housing Finance Limited**  
First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram  
Chennai, Tamil Nadu - 600 028

**Notes forming part of the Financial Statements**

Note No	Particulars	(Amount in ₹)	
		As at March 31, 2019	As at March 31, 2018
<b>2.1</b>	<b>Details of Statutory Reserves</b>		
	Opening balance		
	(a) Statutory reserve u/s 29C of National Housing Bank, 1987	5,74,008	-
	(b) Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the National Housing Bank Act, 1987	-	-
		<u>5,74,008</u>	<u>-</u>
	Add: Addition during the year		
	(a) Statutory reserve u/s 29C of National Housing Bank, 1987	-	5,74,008
	(b) Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the National Housing Bank Act, 1987	18,21,328	-
		<u>18,21,328</u>	<u>5,74,008</u>
	Closing balance		
	(a) Statutory reserve u/s 29C of National Housing Bank, 1987	5,74,008	5,74,008
	(b) Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the National Housing Bank Act, 1987	18,21,328	-
		<u>23,95,336</u>	<u>5,74,008</u>
<b>3</b>	<b>Long-term borrowings</b>		
	Term loans		
	From other parties (Secured)	25,55,544	-
	(Secured against loans receivables and other book debts and guarantees of director Mr. Chokkalingam Palaniappan and advisor Mr. Thirupathi Ramanathan)		
		<u>25,55,544</u>	<u>-</u>
<b>3.1</b>	<b>Terms of repayment of loans</b>		
	The term loan taken from BIFCO Leasing and Finance Private Limited at an interest rate of 15% p.a. and principle is payable in 36 monthly installments of ₹.1,11,112/- along with interest starting from March 31, 2019.		
<b>4</b>	<b>Other current liabilities</b>		
	Current maturities of long-term debt	13,33,344	-
	Outstanding expenses	3,96,519	4,53,301
	Interest received in advance	21,174	-
	Statutory remittances	21,270	65,074
	Other liabilities	1,85,971	32,929
		<u>19,58,278</u>	<u>5,51,304</u>
<b>5</b>	<b>Short term provisions</b>		
	Provision for taxation (Net of TDS)	5,93,859	39,465
	Provision for standard assets	2,90,484	1,53,854
		<u>8,84,343</u>	<u>1,93,319</u>



**Navarathna Housing Finance Limited**  
First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram  
Chennai, Tamil Nadu - 600 028

**Notes forming part of the financial statements**

**Note No. 6**  
**Property Plant and Equipment - Tangible Asset**

(Amount in ₹)

Particulars	Gross Block			Depreciation / Amortization			Net Block	
	As at April 1, 2018	Additions	Deductions/ Adjustments	As at March 31, 2019	As at April 1, 2018	For the Year	As at March 31, 2019	As at March 31, 2018
Furniture & Fittings	2,38,037	1,39,686	-	3,77,723	16,298	42,907	3,18,518	2,21,739
Office Equipment	76,060	24,999	-	1,01,059	12,885	15,523	72,651	63,175
Computers	2,37,390	2,37,675	-	4,75,065	45,417	1,28,415	3,01,233	1,91,973
Leasehold Improvements	3,67,500	-	-	3,67,500	16,580	1,22,282	2,28,638	3,50,920
<b>TOTAL</b>	<b>9,18,987</b>	<b>4,02,360</b>	<b>-</b>	<b>13,21,347</b>	<b>91,180</b>	<b>3,09,127</b>	<b>9,21,040</b>	<b>8,27,807</b>
<b>Previous Year</b>	<b>-</b>	<b>9,18,987</b>	<b>-</b>	<b>9,18,987</b>	<b>-</b>	<b>91,180</b>	<b>8,27,807</b>	<b>-</b>





**Navarathna Housing Finance Limited**  
First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram  
Chennai, Tamil Nadu - 600 028

**Notes forming part of the Financial Statements**

Note No	Particulars	(Amount in ₹)	
		As at March 31, 2019	As at March 31, 2018
<b>7</b>	<b>Non-current investments</b>		
	Trade investments - Quoted		
	Investments in mutual funds	3,02,41,130	7,89,46,464
	Market value - ₹. 3,03,05,863/- [2019] and - ₹. 7,92,67,814/- [2018]		
		<u><b>3,02,41,130</b></u>	<u><b>7,89,46,464</b></u>
<b>8</b>	<b>Long term loans &amp; advances</b>		
	Term loans	10,74,97,389	3,07,70,746
	Loans to related parties		
	Navarathna Financial Services Limited	75,00,000	-
		<u><b>11,49,97,389</b></u>	<u><b>3,07,70,746</b></u>
<b>9</b>	<b>Other non-current assets</b>		
	Security deposits	4,50,400	3,30,000
		<u><b>4,50,400</b></u>	<u><b>3,30,000</b></u>
<b>10</b>	<b>Cash and cash equivalents</b>		
	Cash in hand	30,602	21,736
	Balance with banks		
	Current balances	22,05,787	8,71,767
		<u><b>22,36,389</b></u>	<u><b>8,93,503</b></u>
<b>11</b>	<b>Other current assets</b>		
	Accrued interest	13,63,230	2,91,533
	Prepaid expenses	26,782	-
		<u><b>13,90,012</b></u>	<u><b>2,91,533</b></u>

**Navarathna Housing Finance Limited**  
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**Notes forming part of the Financial Statements**

Note No	Particulars	(Amount in ₹)	
		For the year ended March 31, 2019	For the year ended March 31, 2018
<b>12</b>	<b>Revenue from operations</b>		
	Interest	1,40,49,532	17,75,813
	Income from Other services	19,78,531	7,12,736
		<u>1,60,28,063</u>	<u>24,88,549</u>
<b>13</b>	<b>Other income</b>		
	Profits on sale of investments (net)	38,66,034	47,81,922
	Other interest	4,53,288	9,16,436
	Dividend received	-	5,26,105
	Miscellaneous income	8,526	-
		<u>43,27,848</u>	<u>62,24,463</u>
<b>14</b>	<b>Employee benefit expenses</b>		
	Salary and wages	36,92,089	18,89,877
	Incentives	1,12,473	1,17,959
	Staff welfare	23,941	13,470
		<u>38,28,503</u>	<u>20,21,306</u>
<b>15</b>	<b>Finance costs</b>		
	Interest on borrowings	44,221	-
	Other borrowing costs	64,900	-
		<u>1,09,121</u>	<u>-</u>
<b>16</b>	<b>Other expenses</b>		
	Administrative expenses	2,14,647	1,29,564
	Business promotion expenses	58,103	1,54,440
	Communication expenses	1,23,362	51,763
	Conveyance and boarding expenses	4,00,865	2,82,894
	Electricity expenses	59,060	28,327
	Loan processing expenses	92,355	20,517
	Professional charges *	12,47,415	16,16,423
	Rates & taxes	1,76,509	1,170
	Repairs to buildings	1,59,000	-
	Rent	6,27,425	4,60,250
	Other repairs and maintenance	99,713	89,478
	Miscellaneous expenses	10,752	3,574
		<u>32,69,206</u>	<u>28,38,400</u>

\* Professional charges includes auditor's remuneration. Refer Note 17.3 for details.

**Notes forming part of the Financial Statements**

**Note 17:**

**1. Background:**

Navarathna Housing Finance Limited is a company incorporated in India under the Companies Act, 2013 for the object of providing housing finance services. The Company received a Certificate of Registration from the National Housing Bank on April 10, 2017.

**2. Significant Accounting Policies followed in preparing the Financial Statements**

**a. Method of Accounting:**

The financial statements are prepared under the historical cost convention on the accrual basis of accounting and in accordance with the provisions of the Companies Act, 2013, the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, accounting policies and principles generally accepted in India and pronouncements of the Institute of Chartered Accountants of India.

**b. Use of estimates:**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the year reported. Example of such estimates include provision for doubtful receivables, employee benefits, provision for income taxes, the useful life of depreciable fixed assets and provision for impairment. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. However, actual results could differ from these estimates.

**c. Investments**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Non-current investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or

**d. Revenue recognition**

Revenue is recognized only when it can be reliably measured, and it is reasonable to expect ultimate collection.

Repayment of Housing Loans is by way of Equated Monthly Installments (EMI) comprising of principal and interest. Interest income on EMI/Pre-EMI cases on housing loan is accounted for on accrual basis as per NHB guidelines. Loan origination income i.e. processing fees and other charges collected upfront, are recognized on origination of loan. Interest on non-performing assets and charges for delayed payments and additional interest income on delayed EMI/Pre-EMI and cheque bouncing, if any, which are accounted for on receipt basis as per the guidelines issued by the NHB.

Interest income is accounted on accrual basis. Interest income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.



**Notes forming part of the Financial Statements**

Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

**e. Provisions/write-offs on loans and other credit facilities:**

Loans and other credit facilities are classified as per the National Housing Bank (NHB) guidelines, into performing and non-performing assets.

Further non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by NHB guidelines

**f. Earnings per Share:**

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

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

**g. Fixed Assets:**

Property, Plant and Equipment (PPE), other than premises, are carried at cost less accumulated depreciation and impairment, if any. Freehold Land and Office Buildings are carried at revalued amount, being fair value at the date of revaluation less accumulated depreciation. Cost includes freight, duties, taxes and incidental expenses related to the acquisition and installation of the asset. Depreciation is charged over the estimated useful life of PPE on a straight-line basis.

Assets individually costing ₹. 5,000/- or less are fully depreciated in the year of addition.

**h. Depreciation & Amortization:**

Depreciation and amortisation on assets is charged on Straight Line Method based on economic useful life as limits specified in Part 'C' to Schedule II of the Companies Act, 2013.

**i. Cash and Cash Equivalents:**

Cash comprises cash on hand and demand deposits with bank.

**j. Taxes on Income:**

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

**k. Deferred Tax:**

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable incomes and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

**Notes forming part of the Financial Statements**

**I. Segment Reporting:**

The Company is into single line of operation. Further the company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS – 17 “Segment Reporting”.

**m) Operating Cycle:**

Based on the nature of products/activities of the company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

**3. Auditors Remuneration (Excluding GST):**

Particulars	2018-19	2017-18
Audit Fees	1,50,000	1,25,000
Tax Audit & Taxation services	1,00,000	25,000
Other services	1,15,000	21,000
<b>Total</b>	<b>3,65,000</b>	<b>1,71,000</b>

**4. Deferred Tax:**

Deferred Tax Asset arising on account of timing difference is as under:

Particulars	2018-19	2017-18
Depreciation	17,265	(21,204)
Disallowances	52,062	34,016
Reserve u/s 36(1)(viii) of Income Tax Act	(5,06,693)	-
<b>Total</b>	<b>(4,37,366)</b>	<b>12,812</b>

**4. Related Party Transactions and Disclosures:**

**a) List of Related Parties:**

1. Enterprises over which Key Management Personnel exercise significant influence:

- a. Prakala Wealth Management Private Limited
- b. Navarathna Financial Services Limited
- c. Chokkalingam Palaniappan – HUF

2. Key Management Personnel:

- a. Mr. Chokkalingam Palaniappan

3. Relatives of Key Management Personnel:

- a. Mr. T. R. Ramanathan

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**Notes forming part of the Financial Statements**

**b) Details of Transactions:**

Nature of Transaction	Name of Related Party	2018-19	2017-18
Remuneration	Mr. Chokkalingam Palaniappan	3,00,000	1,24,000
Professional Charges	Mr. T. R. Ramanathan	3,00,000	1,24,000
Professional Charges	Chokkalingam Palaniappan - HUF	-	1,35,124
Loan given	Navarathna Financial Services Limited	75,00,000	-
Interest received	Navarathna Financial Services Limited	4,53,288	-
<b>Total</b>		<b>85,53,288</b>	<b>3,83,124</b>

**c) Outstanding Balances to Related Parties:**

Name of Related Party	Nature	2018-19	2017-18
Navarathna Financial Services Limited	Receivable	75,00,000	-


6) Debtor and creditor balances are subject to confirmation.

7) Based on the extent of information available with the management, there are no transactions with the Micro and small enterprises.

8) The company has paid a penalty of ₹. 18,880/- to National Housing Bank due to its failure to furnish prior intimation on opening of new branches, in terms of the Provisions of Paragraph 29(6) of the Housing Finance Companies (NHB) Directions, 2010.

9) Prior year figures have been re-grouped wherever necessary to conform to the current year classification.

For and on behalf of the Board of  
**Navarathna Housing Finance Limited**

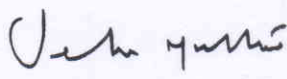
  
Managing Director

  
Director

Place: Chennai

Date: July 17, 2019

As per my report of even date attached  
**Velu Muthu Associates**  
Chartered Accountants  
Firm Regn. No. 004590S

  
Velu Muthu  
Proprietor

Membership No.: 022976

Aug. 7, 2019

