



M/s. S.BALA & CO.,
CHARTERED ACCOUNTANTS

“GAYATHRI VILLA”
Old No. 4U, New No. 7, First Floor,
JOSIER STREET, NUNGAMBAKKAM,
CHENNAI – 600 034
PH: +919444902218/ 9962879481
Email: sbala39_2000@yahoo.com/
sbala392013@gmail.com

PAN: AFPPB7666H

GST No. 33AFPPB7666H1Z8

Auditor's Report

To the Board of Directors of Navarathna Housing Finance Limited ('the Company')

As required by Paragraph 69 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ('the Master Direction') as amended by the Reserve Bank of India ('RBI') in exercise of powers conferred under sections 45L and 45MA of the Reserve Bank of India Act, 1934 and Sections 30, 30A, 32 and 33 of the National Housing Bank Act, 1987 ('the Act') we report on the matters specified in Paragraph 70 and 71 of the Master Direction for the period April 1, 2021 to March 31, 2022.

- i) The Company has obtained a certificate of registration from the National Housing Bank ('NHB') under Section 29 A of the NHB Act, 1987; 52. The Company has not satisfied Principal Business Criteria as laid down under Paragraph 4.1.17 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("Master Directions") as at March 31, 2022. However, as per Paragraph 5.3 of the said Master Directions, the Company can continue to carry on the business of housing finance if it achieves the requirement of housing financials assets being 50% total assets by March 31, 2022, 55% total assets, by March 31, 2023 and 60% by March 31, 2024; the Company has achieved 50% as on March 31 2022.
- ii) As on March 31, 2022, the Company has not met the Net Owned Fund (NOF) requirement as prescribed under Section 29A of the Act, as amended by RBI in Paragraph 5.1 of the Master Direction, including paid up preference shares which are compulsorily convertible into equity. However, as per Paragraph 5.2 of the said Directions, the Company can continue to carry on the business of housing finance if it achieves the requirement of ₹. 15 crore rupees by March 31, 2022 and ₹. 20 crore rupees by March 31, 2023; the Company has achieved the NOF requirement of ₹. 15 crore rupees as at March 31, 2022.
- iii) The Company has complied with Section 29C of the Act.





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- iv) The total borrowings of the Company are within the limits prescribed under Paragraph 27.2 of the Master Direction.
- v) The Company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Master Direction.
- vi) The capital adequacy ratio as disclosed in the Schedule-II return submitted to the National Housing Bank in terms of the Housing Finance Companies (NHB) Directions, 2010 has been correctly determined and is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed therein;
- vii) The Company has furnished the Schedule-II returns to the Bank within the stipulated period as specified in the Housing Finance Companies (NHB) Directions, 2010;
- viii) The Company is not required to furnish the Schedule-III return to the National Housing Bank on Statutory Liquid Assets as specified in the Housing Finance Companies (NHB) Directions, 2010 as it a housing finance company that does not accept / hold public deposits and does not have an asset size of 100 crore and more;
- ix) The Company has complied with the requirements contained in the Master Direction in the case of opening of new branches/offices.
- x) The Company has not provided any loans against the security of its own shares, listed shares of other companies or gold jewelry. The Company has complied with the provisions contained in Paragraphs 3.1.3, 3.1.4 and 18 of the Master Direction.
- xi) The Board of Directors of the company has passed a resolution for non-acceptance of any public deposits.





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xii) The Company has not accepted any public deposits during the relevant year.

for **S. Bala & Co.,**
Chartered Accountants
Firm registration Number: 013958-S



S. Bala
Proprietrix
ICAI Membership Number: 209628
ICAI UDIN: 22209628ALVKIZ2751
Place: Chennai
Date: June 27, 2022



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Independent Auditor's Report

To the Members of Navarathna Housing Finance Limited

Report on the Audit of the Standalone financial statements

Opinion

We have audited the accompanying standalone financial statements of **Navarathna Housing Finance Limited** ('the Company') which comprise the Balance Sheet as at March 31, 2022, the Standalone Statement of Profit and Loss and Standalone Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and profit and its cash flows for the year ended on that date.

Basis for Opinion

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





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Information Other than the Standalone financial statements and Auditor's Report Thereon

The Company's Management and Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's Report including Annexures to Director's Report but does not include the standalone financial statements and auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our 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 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.

Management's Responsibility for the Standalone financial statements

The Company's Management and Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/loss 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.





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In preparing the standalone financial statements, the Management and Board of Directors are 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 the Board of Directors 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 Responsibility for the Audit of the Standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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, We are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.





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- Conclude on the appropriateness of the Management and Board of Directors 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

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 Section 143(11) of the Act, we give in the “Annexure A” a statement on the matters specified in Paragraph 3 and 4 of the Order, to the extent applicable.
2. (A) As required by section 143(3) of the Act, We report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;





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- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c) The standalone balance sheet, the standalone statement of profit and loss, and standalone cash flow statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards 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, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 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 our opinion, the managerial remuneration for the year ended March 31, 2022 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations which would impact its financial position;
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - There has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - The management has represented that, to the best of its knowledge and belief





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- (a) no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (b) no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures 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), as provided under (a) and (b) above, contain any material misstatement.
- v. In our opinion and according to the information and explanations given to us, the dividend declared or paid during the year by the Company is in compliance with section 123 of the Act.

for S. Bala & Co.,
Chartered Accountants
Firm registration Number: 013958-S



S. Bala
Proprietrix

ICAI Membership Number: 209628
ICAI UDIN: 22209628ALVKIZ2751
Place: Chennai
Date: June 27, 2022



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Annexure A to Independent Auditor's Report to the members of Navarathna Housing Finance Limited for the year ended March 31, 2022

(i)

- a) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

The Company does not have any intangible assets.

- b) The Company has a program of verification to cover all items of property, plant and equipment in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification has been carried on by the management during the year. Accordingly, we are unable to comment on whether any material discrepancy were noticed on such verification and whether they are properly dealt with in the financial statements.
- c) According to the information and explanations given to us and the records examined by us, We report that, the Company does not hold any freehold and leasehold immovable properties of land and building as at the balance sheet date. Accordingly, paragraph 3 (i)(c) of the Order is not applicable.
- d) The Company has not revalued its property, plant and equipment (including right of use asset) during the year. Accordingly, paragraph 3 (i) (d) of the Order is not applicable.
- e) In our opinion and according to the information and explanations given to us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, paragraph 3 (i)(e) of the Order is not applicable.





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- (ii)
- The Company does not hold any inventories as it is engaged in provision of financial services. Accordingly, paragraph 3(ii) (a) of the Order is not applicable.
 - The Company has not been sanctioned working capital limits in excess of five crores rupees, in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets. Accordingly, paragraph 3(ii) (b) of the Order is not applicable
- (iii)
- The Company is primarily engaged in lending activities and hence reporting under paragraph 3(iii)(a) of the Order is not applicable to the Company.
 - Considering that the Company is a Housing Finance Company, the investments made, security given and the terms and conditions of the grant of all loans and advances in the nature of loans are not prima facie prejudicial to the Company's interest. According to information and explanations provided to us, the Company has not provided any guarantees during the year.
 - In respect of the loans given and advances in the nature of loans, the Company has stipulated the schedule of repayment of principal and payment of interest. However, given the nature of business of the Company being a Housing Finance Company, there are some cases during the year and as at March 31, 2022 wherein the amounts were overdue as against the stipulated terms
 - In respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount for more than ninety days as at the Balance Sheet date except for the following cases as on March 31, 2022:

(₹. in '000s)

Number of cases	Principal Amount Overdue	Interest Amount Overdue	Total Amount overdue
30	11,371.626	Nil	11,371.626





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Further, based on discussions with the management, we understand that reasonable steps have been taken by the Company for recovery of the principal and interest.

- e) The Company is engaged primarily in lending activities and hence reporting under paragraph 3(iii)(e) of the Order is not applicable to the Company.
 - f) During the year, the Company has granted an unsecured loan amounting to ₹.75,00,000/- to a company, repayable on demand, to a related party as defined in clause (76) of section 2 of the Act.
- (iv) In our opinion and according to information and explanation given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year. Accordingly, paragraph 3 (v) of the Order is not applicable.
- (vi) The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the activities of the company and accordingly paragraph 3 (vi) of the order is not applicable
- (vii)
- a) According to the information and explanations given to us and on the basis of an examination of the records of the Company, amounts deducted in the books of account in respect of undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, excise, value added tax, cess and other material statutory dues have been generally regularly deposited by the Company with the appropriate authorities.





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According to the information and explanations given to us, in our opinion, no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- b) There are no statutory dues referred to in sub clause (a), which have not been deposited on account of dispute.
- (viii) In our opinion and according to the information and explanations given to us, there are no transactions not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly, paragraph 3 (viii) of the Order is not applicable
- (ix)
- a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- b) In our opinion and according to the information and explanations given to us, the Company is not declared as a willful defaulter by any bank or financial institution or other lender.
- c) In our opinion and according to the information and explanations given to us, the Term loans obtained during the year were applied for the purpose for which they were availed.
- d) In our opinion and according to the information and explanations given to us, funds raised on short term basis have not been utilized for long term purposes.
- e) In our opinion and according to the information and explanations given to us, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, paragraph 3 (ix)(e) of the Order is not applicable.





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- f) In our opinion and according to the information and explanations given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, paragraph 3 (ix)(f) of the Order is not applicable.
- (x)
- a) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). Accordingly, paragraph 3 (x) of the Order is not applicable.
- b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, paragraph 3 (x)(b) of the Order is not applicable.
- (xi)
- a) According to the information and explanations given to us, there have been one instance of fraud on the Company by its employees as disclosed in Note no. 57 to the financial statements, which have been duly reported to the National Housing Bank. We did not come across any instances of fraud by the Company.
- b) According to the information and explanations given to us and to the best of our knowledge, no report under sub-section (12) of section 143 of the Act 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) According to the information and explanations given to us, no whistle-blower complaints, have been received by the Company during the year.
- (xii) The Company is not a Nidhi Company. Accordingly, Paragraphs 3 (xii) of the Order is not applicable.





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(xiii) In our opinion and according to the information and explanations given to us, the transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv)

- a) In our opinion and according to the information and explanations given to us, the Company does not have an internal audit system, commensurate with the size and nature of its business.
- b) Since the Company does not have an internal audit system, reporting under Paragraphs 3 (xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable

(xvi)

- a) In our opinion and according to the information and explanations given to us, the Company is registered under Section 29A of National Housing Bank (NHB) Act, 1987. The Company has not registered under Section 45-IA of the Reserve Bank of India Act, 1934 based on the circular issued by Reserve Bank of India relating to ‘Review of extant regulatory framework for Housing Finance companies (HFCs)’ – Clause 2.1 dated June 17, 2020.
- b) In our opinion and according to the information and explanations given to us, the Company has conducted Housing Finance activities and has obtained the Certificate of Registration (CoR) under Section 29A of NHB Act, 1987. The Company has not obtained separate COR from the Reserve Bank of India Act, 1934 based on the circular issued by Reserve Bank of India relating to ‘Review of extant regulatory framework for Housing Finance companies (HFCs)’ – Clause 2.1 dated June 17, 2020.





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CHENNAI – 600 034
PH: +919444902218/ 9962879481
Email: sbala39_2000@yahoo.com/
sbala392013@gmail.com

PAN: AFPPB7666H

GST No. 33AFPPB7666H1Z8

- c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3 (xvi) (c) of the Order is not applicable.
- d) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) and it does not have any other companies in the Group. Accordingly, paragraph 3 (xvi) (d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, paragraph 3 (xviii) of the Order is not applicable.
- (xix) In our opinion and according to the information and explanations given to us and 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, our knowledge of the board of directors and management plans, there are no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- (xx)
- a) In our opinion and according to the information and explanations given to us, in respect of other than ongoing projects, there are no unspent amounts to be transferred to a fund specified in Schedule VII to the Act.
- b) In our opinion and according to the information and explanations given to us, there are no amount remaining unspent under sub-section (5) of section 135 of the Act, pursuant to any ongoing project, to be transferred to special account in compliance with the provision of sub-section (6) of section 135 of the said Act.





M/s. S.BALA & CO.,
CHARTERED ACCOUNTANTS

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(xxi) In our opinion and according to the information and explanations given to us, the Company does not have investment in subsidiaries/associates or joint venture companies. Accordingly, Paragraph 3(xxi) of the Order is not applicable

for **S. Bala & Co.,**
Chartered Accountants
Firm registration Number: 013958-S



S. Bala
Proprietrix
ICAI Membership Number: 209628
ICAI UDIN: 22209628ALVKIZ2751
Place: Chennai
Date: June 27, 2022



M/s. S. BALA & CO.,
CHARTERED ACCOUNTANTS

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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”)

We have audited the internal financial controls with reference to financial statements of Navarathna Housing Finance Limited (“the Company”) as of March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2022, based on the internal financial controls with reference to financial statements 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 (the “Guidance Note”).

Management’s Responsibility for Internal Financial Controls

The Company’s management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as “the Act”).

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls controls with reference to financial statements based on our audit. We conducted our audit in accordance with 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





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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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements 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.

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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 standalone financial statements.





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Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements 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 our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022.

for **S. Bala & Co.,**
Chartered Accountants
Firm registration Number: 013958-S



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