

# Navarathna Housing Finance Limited

...shelter to all

Corporate Office : Flat No. 3, First Floor, Aarthi Arcade, No. 114, Dr. Radhakrishnan Salai, Mylapore, Chennai-600 004.  
Tel : 044-3500-6490 / 91, Mob : 98846 58222, E-mail : corporateoffice@navarathnahousing.com | www.navarathnahousing.com

## Notice to Members

NOTICE is hereby given that the 8<sup>th</sup> Annual General Meeting of the Members of the NAVARATHNA HOUSING FINANCE LIMITED. ("the Company") will be held on Thursday, 27<sup>th</sup> July, 2023, at 11.00 AM through Video Conferencing / Other Audio Visual Means (VC/OAVM) to transact the following businesses:

### ORDINARY BUSINESS:

1. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT the audited financial statement of the Company for the financial year ended March 31, 2023 and the reports of the Board of Directors and Auditors thereon, as circulated to the Members, be and are hereby considered and adopted."

2. To declare payment of final dividend on Equity Share Capital for the financial year ended 31st March 2023, and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

RESOLVED THAT in terms of the recommendation of the Board of Directors of the Company, the approval of the Members of the Company be and is hereby granted for declaration and payment of final dividend of Rs. 0.40 per fully paid-up equity share (i.e. 4% of the face value) on 1,51,95,728 (One Crore Fifty One Lakhs Ninety Five Thousand Seven Hundred and Twenty Eight Only) fully paid up Equity Shares of 10/- (Rupees Ten only) each to the equity shareholders of the Company for the financial year ended March 31, 2023, amount aggregating up to Rs.60,78,292 (Rupees Sixty Lakhs Seventy Eight Thousand Two Hundred and Ninety Two only) and the Dividend will be paid to each shareholder in rounded to rupees as per the guidelines"

3. To appoint Mr. Sockalingam Thirunavukarasu (DIN: 03358334) as a Non-Executive Director in the Company in place of Arunachalam Muthuraman who retires by rotation and who is not seeking re-appointment. To consider and if thought fit, to pass the following resolution, with or without modification, as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Section 152, Section 160 and all other applicable provisions of Companies Act, 2013, and Companies (Appointment and Qualification of Directors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Sockalingam Thirunavukarasu (DIN: 03358334) who was appointed as an Additional Director by the Board of Directors and who holds office up to the date of this Annual General Meeting and in respect of whom



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the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director, subject to retirement by rotation in the place of Mr. Arunachalam Muthuraman, who does not seek re-appointment as Director of the Company.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things as it may be deemed necessary in this regard, including filing of necessary statutory forms with Registrar of Companies, Ministry of Corporate Affairs, as may be required from time to time" for the purpose of giving effect to this resolution,...

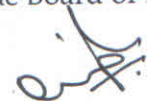
**SPECIAL BUSINESS:**

4. Remuneration of Mr. Sockalingam Thirunavukarasu (DIN: 03358334), Non-Executive Director. To consider and if thought fit, to pass the following resolution, with or without modification, as a **SPECIAL RESOLUTION**:

**RESOLVED THAT** based on the recommendation of the Board, pursuant to the provisions of Sections 197 and Schedule V of the Companies Act, 2013, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable provisions, if any, and pursuant to the Articles of Association of the company the consent of the shareholders be and is hereby accorded for the payment of gross monthly remuneration of Rs.30,000/- (Rupees Thirty Thousand only) (Exclusive of applicable taxes) per month to Mr. Sockalingam Thirunavukarasu, Director (DIN: 03358334).

**RESOLVED FURTHER THAT** the Board of Directors of the Company, be and is hereby authorized to do all such acts, deeds and things as may be deemed necessary, proper, desirable or expedient to give effect to this resolution including determining the components of the gross remuneration and their quantum, alteration and variation of the components of the gross remuneration and their quantum so as to not exceed the overall gross remuneration limit

By Order of the Board of Directors



Chokkalingam Palaniappan  
Managing Director  
DIN.: 00884596

Chennai  
June,26 2023



## NOTES

1. In view of the difficulties of resurgence of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 2/2022 dated May 05, 2022, Circular No. 3/2022 dated May 05, 2022 and Circular No. 10/2022 dated December 28, 2022 and the rules made thereunder on account of the threat posed by COVID-19" (collectively referred to as "MCA Circulars"), permitted the holding of Annual General Meeting ("AGM") through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), and MCA Circulars, the AGM of the Company is being held through VC/OAVM on Thursday, the Twenty Seventh day of July, 2023 at 11.00 A.M (IST). The deemed venue for the AGM will be the Registered office of the Company.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this Annual General Meeting ("AGM"). However, the Body Corporates are entitled to appoint authorised representatives to attend the Annual General Meeting ("AGM") through VC/OAVM and participate there at and cast their votes through e-voting.
3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, the requirement of physical attendance of members has been dispensed, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form, attendance slip and route map of AGM are not annexed to this notice.
4. Corporate members / Institutional members intending to appoint their authorized representatives to attend the Annual general meeting are requested to send to the Company a copy of the Board resolution/ authorization letter authorizing their representative to attend and vote through VC or OAVM are requested to send a certified copy of the Board Resolution by e-mail at nhflheadoffice@gmail.com with a copy marked to md@navarathnahousing.com
5. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. A statement pursuant to Section 102(1) of the Companies Act, 2013("the Act relating to the Special Businesses to be transacted at the Annual General Meeting is annexed hereto.
7. Manner in which the VC / OAVM facility shall be available for use by the members including instructions on how to access and participate in the meeting:



- The meeting will be connected through ZOOM MEETING
- The link to participate in the meeting is as follows - In a web browser  
(Chrome, Mozilla or IE) enter  
<https://us06web.zoom.us/j/8430798574?pwd=REVLNXJrQUkxcXFKOGhtY1BLZzQwUT09>
- 
- Meeting ID: 843 079 8574
- Pass code: NHFL
- Press Enter key
- Kindly click Join the meeting.

8. Helpline numbers for those members who need assistance regarding participation in the meeting and with using the technology before or during the meeting can reach the below designated officials:

S. No.	Name of the official	Designation	Contact No.
1.	Mr. Ruthrpathy Ganesan	Chief Financial Officer	9884772123

9. The VC / OAVM facility will allow two-way tele / video conferencing for the ease of participation of the members. The participants shall also be allowed to pose questions concurrently or given time to submit questions in advance on the designated e-mail address of the company, i.e.nhflheadoffice@gmail.com with a copy marked to md@navarathnahousing.com
10. In terms of the requirements of the Secretarial Standards- 2 on "General Meetings" issued by the Institute of the Company Secretaries of India and approved & notified by the Central Government, brief resume and statement as required by paragraph no. 1.2.5 of SS2 - Secretarial Standards on General Meetings is enclosed as Annexure A.
11. In case of voting by show of hands, shareholders may convey their vote by raising one of their hands or by clicking on the raise hand icon in the Zoom Meeting Browser In case of voting by poll, shareholders may convey their vote to the designated email address, i.e. nhflheadoffice@gmail.com with a copy marked to md@navarathnahousing.com  
During the meeting held through VC / OAVM facility, where a poll on any item is required, the members shall cast their vote on the resolutions only by sending emails through their email addresses which are registered with the Company. The said emails shall only be sent to the designated email address circulated by the Company in advance, i.e. nhflheadoffice@gmail.com with a copy marked to md@navarathnahousing.com
12. The facility for joining the meeting will be kept open at least 15 minutes before the time scheduled to start the meeting, i.e from 10.45 A.M. (IST).



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")**

The following Statement sets out all material facts relating to the Ordinary/Special Businesses mentioned in the accompanying Notice:

**Item No 3. To appoint Mr. Sockalingam Thirunavukarasu (DIN: 03358334) as a Non-Executive Director in the Company in place of Mr. Arunachalam Muthuraman (DIN:00403915) who retires by rotation and who is not seeking re-appointment.**

In terms of section 152 of the Companies Act 2013 and the Articles of Association of the Company, Mr. Arunachalam Muthuraman is due to retire by rotation at this meeting. However, he has not offered himself for re-election. The Board has appointed Mr. Sockalingam Thirunavukarasu (DIN: 03358334) as an Additional Director and who holds office up to the date of this Annual General Meeting. It is now proposed to appoint Mr. Sockalingam Thirunavukarasu (DIN: 03358334) as a Non- Executive Director in the place of Mr. Arunachalam Muthuraman (DIN: 00403915) in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director.

Accordingly, the Board recommends the ordinary resolution in Item No.3 for the approval of the Members.

The notice of candidature and other consents / declarations received from Mr. Sockalingam Thirunavukarasu (DIN: 03358334) and copy of his appointment letter will be available electronically for inspection by the members during the AGM and will also be available for electronic inspection by the members up to the date of AGM, i.e 27<sup>th</sup> July 2023. \Members seeking to inspect such documents can send an email to nhflheadoffice@gmail.com with a copy marked to md@navarathnahousing.com

Details of Mr. Sockalingam Thirunavukarasu, as required by paragraph no. 1.2.5 of SS2 - Secretarial Standards on General Meetings are provided in Annexure A to this notice.

None of the Directors or Key Managerial Personnel of the Company or their relatives except Mr. Sockalingam Thirunavukarasu and Mr. Arunachalam Muthuraman are, in anyway, concerned or interested, financially or otherwise, in the resolution set out at item no. 3 of the Notice

**Item No. 4. Remuneration of Mr. Sockalingam Thirunavukarasu (DIN: 03358334), Non-Executive Director**

It is proposed to approve the remuneration of Mr. Sockalingam Thirunavukarasu Director, as set out in the special resolution appearing under item no. 4 of this notice. The Board of Directors of your Company have approved and recommended the remuneration payable to him at its meeting held on 26<sup>th</sup> June 2023.



The Board of Directors are of the view that the aforesaid remuneration is justified taking into account his experience and expertise. The Company is in the growth phase and is in the process of raising capital and debt funds to support its growth. The management is confident to achieve the desired profit levels in the coming years.

Except Mr. Sockalingam Thirunavukarasu (holding DIN: 03358334) Director, none of the other Directors or Key Managerial Personnel or their relatives are concerned or interested financially or otherwise in this resolution.

Accordingly, your Directors recommend the special resolution as set out in item no. 4 of this notice for your approval.

Chennai  
June, 26 2023

By Order of the Board of Directors



Chokkalingam Palaniappan  
Managing Director  
DIN: 00884596

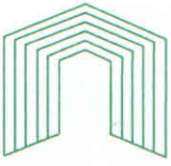


**ANNEXURE A**

Disclosure of a brief resume and a statement as required by paragraph no. 1.2.5 of SS2 - Secretarial Standards on General Meetings

Name of Director	Mr. SockalingamThirunavukarasu
DIN	03358334
Date of Birth (Age)	20/07/1969 (55 years)
Qualifications	B.Com
Experience / Expertise in specific functional areas	Mr. Sockalingam completed his B.Com from Madurai Kamaraj University in the year 1990. For 12 years, from 1990 to 2002, he was working with Mittal Trading Company, Sivakasi. Since 2002, till date he is owning and managing SONA PAPER BOARDS. The main activity of the business is marketing of paper and boards for leading paper dealers and producers throughout India.
Terms and conditions of appointment / reappointment	Appointment as a Non-Executive Director
Remuneration sought to be paid	Rs.30,000/- Per Month (exclusive of applicable taxes)
Remuneration last drawn (for financial year 2022-23)	NA
Date of first appointment on the Board	26.06.2023
Shareholding in the Company	Holding 1,65,665 shares
Relationship with other Directors, Manager and KMP of the Company	--
Number of Board Meetings attended during the Financial Year 2022-23	--
Other Directorships, Membership/Chairmanship of Committees of other Boards	1.Navarathna financial services limited





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## ADDENDUM TO THE NOTICE OF 8<sup>th</sup> ANNUAL GENERAL MEETING OF THE COMPANY

Addendum to the Notice dated 26<sup>th</sup> June 2023 convening 8<sup>th</sup> Annual General Meeting (“AGM”) of Navarathna Housing Finance Limited (“the Company”) scheduled to be held on Thursday, 27<sup>th</sup> July at 11.00 a.m. through Video Conferencing / Other Audio Visual Means (VC/OAVM):

Notice is hereby given pursuant to the provision of Section 160 of the Companies Act, 2013 (‘Act’) read with Rule 13 of the Companies (Appointment and qualification of Directors) Rules, 2014 and in terms of requirement of Section 149 and Section 152 of the Companies Act, 2013, the following item of business is added in the aforesaid Notice of 8<sup>th</sup> AGM as Item No. 5 as a Special Business along its Explanatory Statement and this addendum shall be deemed to be an integral part of the original Notice dated 26<sup>th</sup> June 2023 and the notes provided therein.

### SPECIAL BUSINESS:

5. To appoint Mr. Meenakshisundaram Ramanatham (holding DIN: 07902382) as Non-Executive Independent Director, and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to recommendation of the Board and the Nomination and Remuneration Committee of the Board and in compliance with the provisions of Sections 149, 152, 160 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, each as amended, (the “Companies Act”), Mr. Meenakshisundaram Ramanatham (holding DIN: 07902382), who possesses relevant expertise and experience and is not being disqualified under Section 164 of the Companies Act, 2013 (including the rules framed thereunder) and who has signified his consent to act as an Independent Director of the Company, if so appointed and has submitted a declaration that he meets the criteria for independence provided in Section 149(6) of the Companies Act and who is eligible for appointment, and who was appointed as an Additional Director (Independent Director) of the Company by the Board of Directors with effect from 10th September 2022 in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company for a period of 5 consecutive years from July 27, 2023 to July 26, 2028 and he shall not be liable to retire by rotation and Mr. Meenakshisundaram Ramanatham may receive remuneration by way of sitting fees, reimbursement of expenses for participation in the meetings of the Board and / or committees thereof and other permissible modes, as may be decided by the Board of Directors from time to time.





**RESOLVED FURTHER THAT** the Company takes note of the consent letter received from Mr. Meenakshisundaram\_Ramanatham providing his consent to act as an Independent Director of the Company.

**RESOLVED FURTHER THAT** the Company takes note of the declaration in writing from Mr. Meenakshisundaram\_Ramanatham, in Form No. DIR-8, confirming that he is not disqualified under Section 164 of the Companies Act from acting as a director of the Company.

**RESOLVED FURTHER THAT** the Company takes note of the declaration in writing from Mr. Meenakshisundaram\_Ramanatham, that he meets the criteria for independence provided in Section 149(6) of the Companies Act, 2013.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things as it may be deemed necessary in this regard, including filing of necessary statutory forms with Registrar of Companies, Ministry of Corporate Affairs, as may be required from time to time for the purpose of giving effect to this resolution.

By the order of the Board of Directors  
For Navarathna Housing Finance Limited

Place: Chennai  
Date: 06.07.2023



  
Chokkalingam Palaniappan  
Managing Director  
DIN: 00884596

**Notes:**

1. In view of the difficulties of resurgence of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, Circular No. 02/2021 dated January 13, 2021, Circular No. 2/2022 dated May 05, 2022, Circular No. 3/2022 dated May 05, 2022 and Circular No. 10/2022 dated December 28, 2022 and the rules made thereunder on account of the threat posed by COVID-19” (collectively referred to as “MCA Circulars”), permitted the holding of Annual General Meeting (“AGM”) through VC/OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), and MCA Circulars, the AGM of the Company is being held through VC/OAVM on Thursday, the Twenty Seventh day of July, 2023 at 11.00 A.M (IST). The deemed venue for the AGM will be the Registered office of the Company.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this Annual General Meeting (“AGM”). However, the Body Corporates are entitled to appoint authorised representatives to attend the Annual General Meeting (“AGM”) through VC/OAVM and participate there at and cast their votes through e-voting.
3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. Since this AGM is being held pursuant to the MCA circulars through VC/OAVM, the requirement of physical attendance of members has been dispensed, the facility for appointment of proxies by the members will not be available for this AGM and hence the proxy form, attendance slip and route map of AGM are not annexed to this notice.
4. Corporate members / Institutional members intending to appoint their authorized representatives to attend the Annual general meeting are requested to send to the Company a copy of the Board resolution/ authorization letter authorizing their representative to attend and vote through VC or OAVM are requested to send a certified copy of the Board Resolution by e-mail at nhflheadoffice@gmail.com with a copy marked to md@navarathnahousing.com
5. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. A statement pursuant to Section 102(1) of the Companies Act, 2013(“the Act relating to the Special Businesses to be transacted at the Annual General Meeting is annexed hereto.
7. Manner in which the VC / OAVM facility shall be available for use by the members including instructions on how to access and participate in the meeting:
  - The meeting will be connected through ZOOM MEETING
  - The link to participate in the meeting is as follows - In a web browser (Chrome, Mozilla or IE ) enter  
:https://us06web.zoom.us/j/8430798574?pwd=REVLNXJrQUkxcXFKOGhtY1BLLzQwUT09
  - Meeting ID: 843 079 8574
  - Pass code: NHFL
  - Press Enter key



- Kindly click Join the meeting.

8. Helpline numbers for those members who need assistance regarding participation in the meeting and with using the technology before or during the meeting can reach the below designated officials:

No.	Name of the official	Designation	Contact No.
	Mr. Ruthrapathy_Ganesan	Chief Financial Officer	9884772123

9. The VC / OAVM facility will allow two-way tele / video conferencing for the ease of participation of the members. The participants shall also be allowed to pose questions concurrently or given time to submit questions in advance on the designated e-mail address of the company, i.e. [nhflheadoffice@gmail.com](mailto:nhflheadoffice@gmail.com) with a copy marked to [md@navarathnahousing.com](mailto:md@navarathnahousing.com)
10. In terms of the requirements of the Secretarial Standards- 2 on "General Meetings" issued by the Institute of the Company Secretaries of India and approved & notified by the Central Government, brief resume and statement as required by paragraph no. 1.2,5 of SS2 – Secretarial Standards on General Meetings is enclosed as Annexure A.
11. In case of voting by show of hands, shareholders may convey their vote by raising one of their hands or by clicking on the raise hand icon in the Zoom Meeting Browser In case of voting by poll, shareholders may convey their vote to the designated email address, i.e. [nhflheadoffice@gmail.com](mailto:nhflheadoffice@gmail.com) with a copy marked to [md@navarathnahousing.com](mailto:md@navarathnahousing.com)
12. During the meeting held through VC / OAVM facility, where a poll on any item is required, the members shall cast their vote on the resolutions only by sending emails through their email addresses which are registered with the Company. The said emails shall only be sent to the designated email address circulated by the Company in advance, i.e. [nhflheadoffice@gmail.com](mailto:nhflheadoffice@gmail.com) with a copy marked to [md@navarathnahousing.com](mailto:md@navarathnahousing.com)
13. The facility for joining the meeting will be kept open at least 15 minutes before the time scheduled to start the meeting, i.e from 10.45 A.M. (IST).



**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013  
("the Act")**

The following Statement sets out all material facts relating to the Special Business mentioned in the accompanying Notice:

**Item No. 5: Appointment of Mr. Meenakshisundaram Ramanathan (holding DIN: 07902382) as Non-Executive and Independent Director.**

Mr. Meenakshisundaram Ramanathan (holding DIN: 07902382), was appointed as an Additional Director with effect from 10<sup>th</sup> September 2022. He holds office as an Additional Director upto the date of the 8<sup>th</sup> Annual General Meeting.

Mr. Meenakshisundaram Ramanathan, being eligible, has offered himself for appointment as an Independent Director. The Company has received a notice in writing from a member proposing his candidature for the office of Director in accordance with the provisions of Section 160 of the Companies Act, 2013. In the opinion of the Board and the Nomination & Remuneration Committee, Mr. Meenakshisundaram Ramanathan fulfills the conditions specified in the Companies Act, 2013 for his appointment as an Independent Director of the Company including integrity, expertise and experience / proficiency and is independent of the management. The Company has also received declaration from him to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The notice of candidature and other consents / declarations received from Mr. Meenakshisundaram Ramanathan and copy of the appointment letter are available for inspection at the registered office of the Company during the working hours of the Company on any working day up to the date of the AGM.

Further details of Mr. Meenakshisundaram Ramanathan, as required by paragraph no. 1.2.5 of SS2 – Secretarial Standards on General Meetings are provided in Annexure A to this notice.

Except Mr. Meenakshisundaram Ramanathan, none of the other Directors or Key Managerial Personnel or their relatives are concerned or interested financially or otherwise in this resolution.

Accordingly, your directors recommend the Ordinary Resolution in item no. 5 for your approval pursuant to Section 149 of the Companies Act, 2013.



## ANNEXURE A

Disclosure of a brief resume and a statement as required by paragraph no. 1.2.5 of SS2 – Secretarial Standards on General Meetings

Name of Director	Mr. Meenakshisundaram Ramanathan
DIN	07902382
Date of Birth (Age)	04/05/1957
Qualifications	B.E (Hons), CAIIB
Experience / Expertise in specific functional areas	<p>Previously served as President – Corporate Banking at Lakshmi Vilas Bank, handling the Bank's entire credit portfolio (excluding Retail Lending) and Management of stressed assets and recovery of the Bank.</p> <p>Prior to LVB, he has served as General Manager (Scale VII – Top Executive Cadre) and Headed the Canara Bank Circle Office, Chennai, which was the 4th largest among all the Banks in Tamil Nadu.</p> <p>Prior to being promoted as General Manager, he has served as Deputy General Manager (CREDIT) at Canara Bank Circle Office, Mumbai, which was the largest credit portfolio of the Bank.</p> <p>Have handled operational and business related aspects for SME-SSI credits / corporate credit / overseas.</p>
Terms and conditions of appointment / reappointment	Appointment as a Non-Executive Independent Director
Remuneration sought to be paid	NIL
Remuneration last drawn (for financial year 2022-23)	NIL
Date of first appointment on the Board	10/09/2022
Shareholding in the Company	NIL
Relationship with other Directors,	NIL



Manager and KMP of the Company	
Number of Board Meetings attended during the Financial Year 2022-23	8
Other Directorships, Membership/Chairmanship of Committees of other Boards	1. ITCOT Limited 2. RAR Fincare Limited



**NAVARATHNA HOUSING FINANCE LIMITED**  
Regd. Office: First Floor 2/102, Third Street, Karpagam Avenue,  
RA Puram, Chennai - 600028  
CIN: U65922TN2015PLC100156  
Email ID: [md@navarathnahousing.com](mailto:md@navarathnahousing.com)

## Directors Report

Your Directors have pleasure in presenting the Eighth Annual Report of Navarathna Housing Finance Limited ("the Company") together with the Audited Financial Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2023.

### 1. Financial Summary

(Amount in Rs.)

Particulars	For the period ended 31-03-2023	For the period ended 31-03-2022
Total Income	4,55,67,590	4,09,55,665
Total Expenses	2,47,51,607	1,99,91,446
<b>Profit and Loss before Exceptional and Extraordinary items and Tax</b>	2,08,15,983	2,09,64,219
<b>Profit and Loss before Tax</b>	<b>2,08,15,983</b>	<b>2,09,64,219</b>
Less : Current Tax	42,43,238	48,48,709
Previous Year's Tax	7,684	
Deferred Tax	10,22,595	10,46,752
<b>Profit and Loss After Tax</b>	<b>1,55,42,466</b>	<b>1,50,68,758</b>

### 2. Capital Adequacy Ratio

Capital Adequacy Ratio of the Company stood at 133.9 % as on March 31, 2023, as against the minimum requirement of 15% stipulated by regulators.

### 3. Deposits

The Company has not accepted any deposits from the public within the meaning of the provisions of Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 during the financial year ended 31<sup>st</sup> March 2023. No amount on account of principal or interest on deposits from the public was outstanding as on March 31, 2023.



#### 4. Transfer to Reserves: Sec 134 (3)(J)

The Company proposes to transfer Rs. 39.59 Lakhs (previous year Rs.46.90 Lakhs) to Statutory Reserve as per Section 29 C of NHB Act.

#### 5. Dividend: (Sec 134 (3)(k))

We glad to state that your Board has recommended a dividend of 4% (Rs.0.40 per share of Rs. 10/- each) which is to be approved at the AGM.

#### 6. Transfer of Unclaimed Dividend to Investor Education and Protection Fund:

The company started declared its dividend during the year 2022-23, based on the performance during the year Financial Year 2021-22 and 2022-23 at 4 percent every year (Rs. 0.40 per equity share of Rs. 10/- paid up). The entire dividends have been paid /credited in the respective shareholders' account. As such, the provisions of Section 124(5) of the Companies Act, 2013 do not apply

#### 7. Corporate Social Responsibility: Sec. 134 (3) (o)

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within the purview of Section 135 (1) of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

#### 8. Share Capital

During the year under review the following changes done in Equity Share Capital:

Increase in Authorized Share Capital	Buy Back of Securities & Sweat Equity	Rihts Issue	Bonus Shares	Employees Stock Option Plan
Increased from Rs. 15.00 crores to Rs. 25.00 crores	Nil	1: 10 issue (13,81,422 Shares of Rs. 10/- each with premium of Rs. 4.16 per share)	Nil	Nil





## 9. Disclosure regarding issue of Employee Stock Options

Your Company has not implemented any Stock Option Scheme for the employees.

## 10. Directors

During the financial year 2022-23, no changes took place in the composition of Board of Directors.

As at the end of financial year, your company's Board of Directors comprises of the following members, namely:

1. Mr. Chokkalingam Palaniappan, Managing Director
2. Mr. Meenakshisundaram Ramanathan, Director
3. Mrs. Thirupathi Manonmani Ramanathan, Director
4. Mr. Palaniappan Alagappan- Director
5. Mr. Arunachalam Muthuraman- Director
6. Mrs. Devikala Venkatkumar, Director

## 11. Declaration from Independent Directors

The Independent Directors have submitted the Declaration of Independence, stating that they continue to fulfil the criteria of independence as required pursuant to section 149 of the Companies Act, 2013.

In the opinion of your Board of Directors, the Independent Directors fulfil the conditions specified in the Act and the rules made there under for appointment as Independent Directors including the integrity, expertise and experience and confirm that they are independent of the management.



## 12. Formal Annual Evaluation

### Annual Return: u/s 134 (3)(a)

The Company is having website i.e. [www.navarathnahousing.com](http://www.navarathnahousing.com) and annual return of Company has been published on such website along with MGT 7 form. Link of the same is given below:

<https://www.navarathnahousing.com/finance.html>.

## 13. Board Meetings held during the year

The Company has conducted 8 (Eight) 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.	12-04-2022	6	5
2.	18-05-2022	6	5
3.	27-06-2022	6	5
4.	10-09-2022	6	6
5.	16-11-2022	6	5
6.	14-12-2022	6	5
7	23-02-2023	6	5
8	17-03-2023	6	6

## 14. Committees

Details on composition of various Committees of the Board and number of meetings of the Committees are given in Annexure A.

## 15. Compliance with secretarial standards on Board and General Meetings

Your company has complied with all the provisions of secretarial standards issued by the Institute of Company Secretaries of India in respect of meetings of the Board of Directors and general meetings held during the year.



## **16. Compliance with the National Housing Bank (NHB) 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.

## **17. Secretarial Audit**

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, there is no requirement for appointing a Secretarial Auditor for the financial year 2020-21

## **18. Key Managerial Personnel**

As on March 31, 2023, Mr. Chokkalingam Palaniappan, Managing Director and Mr. Ruthrapathy Ganesan, Chief Financial Officer are the Key Managerial Personnel of the Company as per Sections 2(51) and 203 of the Companies Act, 2013. There were no changes in the office of Key Managerial Personnel (KMP) during the financial year 2022-23.

## **19. Management Discussion and Analysis**

The Management Discussion and Analysis report is enclosed and is forming part of this report as Annexure B.

## **20. Auditors & Auditor's Report**

Pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013, M/sS. Bala & Co, Chartered Accountants were appointed as the Statutory Auditors of the Company at the 6<sup>th</sup> Annual General Meeting (AGM) of the shareholders held on 16<sup>th</sup> August 2021 for a period of 5 financial years, i.e. from FY 2021-22 to FY 2025-26 to hold office from the conclusion of the 6<sup>th</sup> AGM up to the conclusion of the 10<sup>th</sup> AGM.

The Report of the Statutory Auditors to the members is annexed to and forms part of the financial statements and the same does not contain any qualification, reservation or adverse remark on the financial statements prepared as per Section 133 of Companies Act,



2013 and notes on accounts annexed thereto. There were no frauds detected or reported by the Auditors under sub-section (12) of section 143 of the Companies Act, 2013 during the year.

#### **21. 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.

#### **22. Internal Financial Controls**

Your Company has an internal control system, commensurate with the size, scale and complexity of its operations. The Company has robust policies and procedures which, inter alia, ensure integrity in conducting business, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors. The Audit Committee regularly reviews the audit findings and action taken thereon, as well as the adequacy and effectiveness of the internal financial systems and controls. Statutory Auditors, M/s S. Bala & Co have also reviewed the internal controls systems as existing in the Company and have given an unmodified opinion on the same.

#### **23. Material Changes and Commitments.**

There are no material changes and commitments between March 31, 2023 and the date of this report having an adverse bearing on the financial position of the Company.

#### **24. Particulars of Employees**

In accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the name and other particulars of employees are to be set out in the annexure forming part of the Annual Report. However, as per provisions of Section 136(1) of the Companies Act, 2013, read with relevant proviso of the Companies Act, 2013 the Annual Report is being sent to members excluding the aforesaid information. The said information is available for inspection at the Registered Office of the Company. Any member interested in obtaining such particulars may write to the Company and the same will be furnished without any fee and free of cost.



## **25. Particulars of Contracts or Arrangements with Related parties**

All contracts / arrangements / transactions entered into by the Company during the financial year with the related parties were on arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions with promoters, directors, key managerial personnel or other designated persons, which may have a potential conflict with the interest of the Company at large.

All Related Party Transactions ("RPT") are placed before the Audit Committee for approval.

## **26. Conservation of Energy, Technological Absorption, Foreign Exchange Earnings/Outgo**

The Company does not have any activity relating to conservation of energy and technical absorption and does not own any manufacturing facility. Hence the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of Section 134 of the Companies Act, 2013 and the Rules framed thereunder is not applicable.

Your Company does not have any foreign currency earnings or expenditure during the financial year ended March 31, 2023.

## **27. Particulars of Loans, Guarantees or Investments under Section 186 of Companies Act, 2013**

During the year under review, the Company had not granted any loans or guarantees or made any investments under Section 186 of the Companies Act, 2013.

## **28. Subsidiaries, Joint Ventures and Associate Companies: (Rule 8(5)(iv))**

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under review.



**29. Explanation or Comments on Qualifications, Reservations or Adverse Remarks or Disclaimers made by the Auditors and the Practicing Company Secretary in their Reports: (Sec 134 (3)(f))**

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.

**30. Statement concerning development and implementation of Risk Management Policy of the Company: Sec 134 (3)(N))**

The Company does have any Risk Management Policy. The Company has been addressing various risks impacting the Company as stated in the Policy. However, as the elements of risk threatening the Company's existence are very minimal. The Risk Management Committee conducted three meetings (on 01-06-2022, 10-09-2022 and 23-02-2023) during the FY 2022-23 and all the three members were present in the meetings.

**31. Details of Significant & Material Orders passed by the Regulators or court or tribunal**

During the financial year, there are no significant and material orders passed by the regulators or Courts or Tribunals impacting the going concern status and your company's operations in future.

Pursuant to the approval by the board of directors at their meeting held on 25<sup>th</sup> March 2021, the company had filed a scheme of Amalgamation under section 230-232 (in connection with the proposed merger of Navarathna Financial Services Limited (NFSL) with Navarathna Housing Finance Limited (NHFL) with National Company Law Tribunal, Chennai seeking its approval. The petition is pending before NCLT for its Final Order.

**32. Policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013**

The Company has in place a policy on prevention of sexual harassment in line with the requirements of the Sexual Harassment of women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaint Committee is in place to redress the complaints received regarding sexual harassment. All employees of the Company are covered under this policy. There were no complaints relating to sexual



harassment pending at the beginning of the financial year. During the financial year 2022-23, no complaints were received by the Internal Complaints Committee.

### **33. Directors' Responsibility Statement**

The Board of Directors have instituted/put in place a framework of internal financial controls and compliance systems, which is reviewed by the management and the relevant board committees, including the audit committee and independently reviewed by the internal, statutory and secretarial auditors.

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors confirms that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom;
- (ii) They have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at March 31, 2023 and the profit of the company for the year ended on that date;
- (iii) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) They have prepared the annual accounts on a going concern basis;
- (v) They have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively during the year ended March 31, 2023; and
- (vi) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended March 31, 2023.



## Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and co-operation received from the banks, Government authorities, RBI, NHB, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company's executives and staff. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company

Dated: 17-06-2023

For Navarathna Housing Finance Limited



Chokkalingam Palaniappan  
Managing Director



Meenakshisundaram Ramanathan  
Director





## ANNEXURE - A

### Disclosure of Composition of Audit Committee and providing Vigil Mechanism:

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

1. Mr. Meenakshisundaram Ramanathan - Chairman (since 10-09-2022)
2. Mr. PalaniappanAlagappan- Member
3. Mr. ArunachalamMuthuraman- Member

The Company has conducted **Five Audit Committee** meetings during the financial year under review.

<i>S No</i>	<i>Date/Day of Board Meeting</i>	<i>Committee Strength</i>	<i>No of Directors Attended</i>
1.	12-05-2022	3	3
2.	15-06-2022	3	3
3.	10-09-2022	3	3
4.	16-11-2022	3	3
5.	23-02-2023	3	3

### Company's Policy 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. Meenakshisundaram Ramanathan - Chairman (since 10-09-2022)
2. Mr. PalaniappanAlagappan- Member
3. Mr. ChokkalingamPalaniappan- Member

The Company has conducted **Two Nomination & Remuneration** Committee meetings during the financial year under review.

<i>S No</i>	<i>Date/Day of Board Meeting</i>	<i>Committee Strength</i>	<i>No of Directors Attended</i>
1.	01-06-2022	3	3
2.	10-09-2022	2	2



## ANNEXURE - B

# MANAGEMENT DISCUSSION ANALYSIS – 2022-23

The Members,  
**Navarathna Housing Finance Limited**

## Industry Structure and Developments

### **Global**

International risks have increased significantly (especially Ukraine – Russia War – followed by economic/financial penalties and sanctions) due to the following:

- Increase in oil price,
- with weakened export demand,
- reduced investor confidence and
- non-availability of raw materials and intermediate inputs and
- Continuous increase in the interest rate (raised by the Monetary Regulators), throughout the world.

After facing the COVID-19 pandemic, presently, world has come out of the shadow of the pandemic. Still, in the last two years have seen the global economy struggling to deal with overlapping crises, the latest being the liquidity troubles after a series of **global bank crises**.

Major central banks have implemented sharp increases in policy rates, with the Federal Reserve's rate hikes being the steepest since the 1970s. While the Federal Reserve has raised policy rates by 425 basis points (bps), the European Central Bank (ECB) and the Bank of England (BoE) have implemented 300 bps and 250 bps rate increases, respectively. The RBI initiated its monetary tightening cycle in April 2022 and has since implemented a policy repo rate hike of 225 bps. Consequently, domestic financial conditions began to tighten, which was reflected in the lower growth of monetary aggregates.

Despite rapid monetary tightening, inflation is proving persistent in many key economies, particularly on the back of strength in job markets amid severe labor shortages. Therefore, monetary policy is likely to remain restrictive throughout most of 2023, despite financial stability concerns.



Global Real GDP growth should pick up steam in 2024 to 2.5 percent and be more evenly distributed among regions. Tailwinds to growth in 2024 will largely come from fading shocks related to the pandemic, elevated inflation, and monetary policy tightening. However, growth rates in 2024 and beyond are likely to be below the pre-pandemic trend, given ongoing supply-side weakness.

Global real GDP is forecasted to grow by 2.2 percent in 2023, down from 3.3 percent in 2022

## In India

After real GDP contracted in FY 2021-21 due to the COVID-19 pandemic, growth bounced back strongly in FY 2021-22, supported by accommodative monetary and fiscal policies and wide vaccine coverage. Consequently, in 2022, India emerged as one of the fastest growing economies in the world, despite significant challenges in the global environment.

In FY 2022-23, India's real GDP expanded at an estimated 6.9 percent. Growth was underpinned by robust domestic demand, strong investment activity bolstered by the government's push for investment in infrastructure, and buoyant private consumption, particularly among higher income earners. The composition of domestic demand also changed, with government consumption being lower due to fiscal consolidation.

Since Q3, FY 2022-23, however, there have been signs of moderation, although the overall growth momentum remains robust. The persisting headwinds – rising borrowing costs, tightening financial conditions (by increasing interest rates) and ongoing inflationary pressures – are expected to weigh on India's growth in FY 2023-24. Real GDP growth is likely to moderate to 6.3 percent in FY 2023-24 from the estimated 6.9 percent in FY 2022-23

CPI inflation moderated to 5.7% in March 2023 from 6.4% in February 2023 driven by lower food prices. On an annual basis, CPI inflation averaged at a nine-year high of 6.7% in FY2023.

WPI inflation fell to a 31-month low of 1.3% in March 2023, led by moderating inflation in crude and commodities, as well as aided by a favorable base effect. On an annual basis, WPI inflation averaged 9.4% in FY23 as compared to 13.0% in FY22.

The RBI retained the repo rate at 6.5% in its April 2023 monetary policy review.

## Industry

Housing finance sector is well poised to deliver 14% CAGR over medium term, in our view, on the back of increasing urbanisation, nuclearisation of households and rapidly growing rural penetration



Low-ticket Housing Loans (Rs. 2 to 10 Lakhs) reported strong growth during the Financial Year. The sector has outpaced systemic credit growth during the past decade led by stagnant property prices, coupled with low interest during pre-covid phase

## **Outlook for Real Estate/ Housing Industry**

As per the study report, the housing finance market is expected to expand at a compound annual growth rate (CAGR) of 20.58% during the FY 2022 – FY 2027 period. Increasing urbanization and affordable mortgage rates are the two key factors propelling the growth of the market. Presently, the affordable housing segment made up 90% of the market in terms of volume and about 60% based on value. Millennial and young borrowers (below 36 years), with high disposable incomes and an increased need for urban accommodation, are potential consumers for home loans. They account for 27% of borrowers.

Housing demand has increased across the country as a result of changing lifestyles, societal perspectives, and expanding labour mobility. Future forecasts show that these patterns will persist. Moving into larger residences is more likely as income grows. Younger borrowers of housing loans, increased need for independent homes, government programmes to provide cheap housing, and interest concessions under the Pradhan Mantri Awas Yojana should all contribute to rising housing financing demand. By 2040, it is predicted that the real estate market will reach Rs. 65,000 crores. This represents a considerable increase over the 2019 real estate market value, which was pegged at Rs. 12,000 crores. 13 percent of India's GDP is projected to be generated by the housing industry by 2025.

## **Company Overview**

Navarathna Housing Finance Limited (NHFL) is a small player in the housing finance sector in India. NHFL is offering Home Loan and Mortgage Loans. As on 31.3.2023 company has a home loan portfolio of Rs.18.57 crores and mortgage loan portfolio is Rs. 6.43 Crores. Our focus so far has mainly been on Housing loans to individuals.

## **Lending Operations**

We have built upon our business to widen our product offering to meet the changing customer needs. Our company's vision is to empower the rural mass by providing access to hassle free finance at affordable rate with quick service for business, agriculture and allied activities and personal needs. It endeavors to fill the gap left by banks and other housing financial institutions. We continues to focus on retain home player in LIG and MIG segment of Rural/ Semi-urban and affordable unorganized sectors.



## Performance Highlights (FY 2022-23)

Rs. in Lacs)

Particulars	FY 2021-22	FY 2022-23	Increase (%)
Shareholder's Fund	1,897.38	2,193.15	15.59%
Loans & Advances Portfolio*	2,007.86	2,499.99	24.51%
Average Loans Portfolio*	1954.15	2,253.92	17.60%
Total Income	409.56	455.68	11.26%
Interest Income	379.67	409.80	7.94%
Average Earning Rate	19.43%	18.18%	-8.21%
Profit Before Tax (PBT)	209.64	208.16	-0.71%
Profit After Tax (PAT)	150.69	155.42	3.14%
Earnings Per Share (EPS)	1.09	1.12	2.72%
Gross NPA - Amount	113.72	175.80	54.59%
- Percent	5.66%	7.03%	24.24%
Provision for NPA	25.61	36.04	40.73%
Net NPA - Amount	88.10	139.76	58.63%
- Percent	4.44%	5.67%	27.75%
*Excluding ICD Lending			

Despite, the pandemic – Covid 19 affected the entire industry, our Company has shown growth as given above. Especially Loans portfolio has increased around 24.51%

### Funding Sources

NHFL raises resources for its lending activities by way of equity and term loan. In order to increase the resources we are approaching Banks and FIs. As on 31.3.2023 the borrowings of the company stood at Rs. 569.15 Lacs (From Financial Institution- SBI – Rs. 468.08 lacs. ICD – Rs. 60.00 lacs (of which Rs. 50 lakhs from Related party and Rs. 10 lakhs from Non-related party) and from the Related Parties- Directors & their Relatives - Rs. 41.07 lacs

### Capital Adequacy Ratio

The company is adequately capitalized with capital adequacy ratio of around 134.33 per cent as on March 31, 2023, against RBI minimum stipulation of 15.00 per cent.



## **Dividend**

I am glad to state that your Board has recommended a dividend of 4% (Rs.0.40 per share of Rs. 10/- each) which is to be approved by the AGM.

## **Board of Directors**

During the Financial Year, one Independent Director (Mr. Balamurugan Neelamegam) has resigned w.e.f. 09-08-2022 and Mr. Meenakshisundaram Ramanathan was inducted Independent Director (Additional Director) w.e.f 10-09-2022 and various committees of the Board have been reconstituted accordingly.

## **AUDITORS AND AUDITORS' REPORT**

M/s. Bala & Co.,(FRN: 0138588) Chartered Accountants, Chennai were appointed as Statutory Auditors at the Annual general Meeting held on 16th August 2021 for a period of five years Their terms will come to end on the date of Annual General Meeting to be held for adopting the accounts for the FY 2025-26.

## **INTERNAL CONTROL SYSTEMS**

The Company has an internal control system commensurate with the size, scale and complexity of its operations. The internal Auditors monitor the efficiency and efficacy of the internal control systems in the Company, compliance with operating systems/accounting procedures and policies of the Company.

## **HUMAN RESOURCES**

The Company believes in nurturing talented professionals and give them ample opportunity to grow. Our focus is on meticulous execution of tasks. We drive the hunger to learn, among our people, encouraging them to constantly enhance their skill sets. We strongly believe that people focus will ultimately deliver business success. Thus a positive and productive work environment along with an interesting mix of assignments drives individuals to join us

## **CAUTIONARY NOTE**

Certain statements in this Report may be forward-looking and are stated as may be required by applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Govt. policies and other incidental/related factors.



## ACKNOWLEDGEMENT

The Directors also wish to place on record their appreciation for the support extended by National Housing Bank, Reserve Bank of India, other regulatory and Government Bodies, Company's Auditors, Bankers, Promoters and shareholders.

The Directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to the Company which has helped the Company maintain its growth.

For and on Behalf of the Board



Mr. Chokkalingam Palaniappan  
Managing Director  
(DIN: 00884596)



Date: 26-06-2023  
Place: Chennai



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

“GAYATHRI VILLA”  
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Email: sbala39\_2000@yahoo.com/  
sbala392013@gmail.com

PAN: AFPPB7666H

GST No. 33AFPPB7666H1Z8

## **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, 2023, 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, 2023, 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.

### **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.







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

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:





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

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PAN: AFPPB7666H

GST No. 33AFPPB7666H1Z8

- 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.
- 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.





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

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PAN: AFPPB7666H

GST No. 33AFPPB7666H1Z8

**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;
  - 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, 2023, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure 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, 2023 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:
    - 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;





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- iii. There has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The management has represented that, to the best of its knowledge and belief
- (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



ICAI Membership Number: 209628  
ICAI UDIN: 23209628BGSBXXZ6502  
Place: Chennai  
Date: June 26, 2023



M/s. S.BALA & CO.,  
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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, 2023**

(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.

(ii)

a) 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.





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- b) 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)
- a) 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.
- b) 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.
- c) 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, 2023 wherein the amounts were overdue as against the stipulated terms
- d) 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, 2023:

(₹. in ‘000s)

Number of cases	Principal Amount Overdue	Interest Amount Overdue	Total Amount overdue
40	175,79.827	Nil	175,79.827

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 not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of Repayment and hence reporting under paragraph 3(iii)(f) of the Order is not applicable to the Company.





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- (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.
- 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, 2023 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





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(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.
- 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.







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- (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.
- (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





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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.
- 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.





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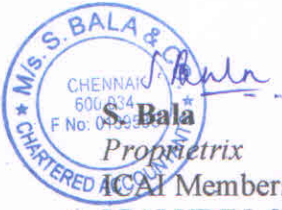
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(xx)

- 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.

(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(xxii) of the Order is not applicable

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



ICAI Membership Number: 209628  
ICAI UDIN: 23209628BGSBXZ6502  
Place: Chennai  
Date: June 26, 2023



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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, 2023 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, 2023, 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 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 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.





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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.

#### **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.





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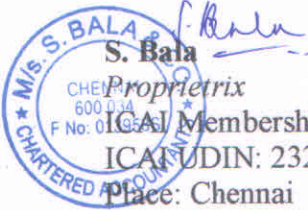
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### Opinion

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, 2023.

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



Date: June 26, 2023



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### 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, 2022 to March 31, 2023.

- 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 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, 2023. 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 55% as on March 31 2023.
- 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 ₹. 20 crore rupees as at March 31, 2023.
- iii) The Company has complied with Section 29C of the Act.
- 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.





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GST No. 33AFPPB7666H1Z8

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

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



ICAI Membership Number: 209628  
ICAI UDIN: 23209628BGSBYA2483  
Place: Chennai  
Date: June 26, 2023



# **Navarathna Housing Finance Limited**

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

## **Annual Report**

**Financial Year**  
**2022-2023**




**Navarathna Housing Finance Limited**

**Balance Sheet as at March 31, 2023**  
(All amounts are in ₹. '000 unless otherwise stated)

Particulars	Note	As at March 31, 2023	As at March 31, 2022
<b>I Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
(a) Share capital	1	151,957.28	138,143.06
(b) Reserves and surplus	2	67,357.97	51,594.52
		<u>219,315.25</u>	<u>189,737.58</u>
<b>Non current liabilities</b>			
(a) Long term borrowings	3	44,914.99	32,241.23
(b) Deferred tax liability	4	4,240.35	3,217.76
		<u>49,155.34</u>	<u>35,458.99</u>
<b>Current liabilities</b>			
(a) Short Term Borrowings	5	12,000.00	6,000.00
(b) Trade payables:-			
(A) total outstanding dues of micro enterprises and small enterprises; and		-	-
(B) total outstanding dues of creditors other than micro enterprises and small enterprises.	6	793.34	739.29
(c) Other current liabilities	7	1,610.18	1,614.64
(d) Short term provisions	8	5,651.77	5,483.23
		<u>20,055.29</u>	<u>13,837.15</u>
		<u><b>288,525.88</b></u>	<u><b>239,033.72</b></u>
<b>II Assets</b>			
<b>Non current assets</b>			
(a) Property, plant and equipment			
(i) Tangible assets	20	468.59	501.37
(ii) Intangible assets	20	29.16	-
(b) Long term loans and advances	9	249,998.69	208,285.66
(c) Other non-current assets	10	874.30	874.30
		<u>251,370.73</u>	<u>209,661.34</u>
<b>Current assets</b>			
(a) Current investments	11	29,424.38	18,773.62
(b) Cash and bank balances	12	3,549.72	5,936.30
(c) Short term loans and advances	13	4,181.05	4,662.46
		<u>37,155.15</u>	<u>29,372.38</u>
<b>Total</b>		<u><b>288,525.88</b></u>	<u><b>239,033.72</b></u>
<b>III Notes forming part of the Financial Statements</b>			
	1-59		

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

  
Managing Director  
Chokkalingam Palaniappan  
(DIN 00884596)

  
Director  
R. Meenakshisundaram  
(DIN 07902382)

  
Chief Financial Officer  
R. Ganesan

As per our report of even date attached  
**M/s S. Bala & Co**  
Chartered Accountants

Firm Regn. No. 0139588  
  
Mrs. S. Bala  
Proprietrix  
Membership No.: 209628



Place: Chennai  
Date: June 26, 2023



## Navarathna Housing Finance Limited

### Statement of Profit and Loss for the year ended March 31, 2023

(All amounts are in ₹. '000 unless otherwise stated)

Particulars	Note	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>I Revenue</b>			
(a) Revenue from operations	14	43,145.47	39,097.80
(b) Other income	15	2,422.12	1,857.86
		<b>45,567.59</b>	<b>40,955.67</b>
<b>II Expenditure</b>			
(a) Employee benefit expense	16	11,801.82	7,982.42
(b) Depreciation and amortization expense	20	149.24	163.23
(c) Finance cost	17	4,635.40	3,825.51
(d) Other expenses	18	7,552.29	4,611.61
(e) Standard provisions (net)	19	612.86	3,408.69
		<b>24,751.61</b>	<b>19,991.45</b>
<b>III Profit before tax</b>		20,815.98	20,964.21
<b>IV Tax expense</b>			
Current year tax		4,243.24	4,848.71
Previous years' tax		7.68	-
Deferred tax		1,022.60	1,046.75
		<b>5,273.52</b>	<b>5,895.46</b>
<b>V Profit/(Loss) for the year</b>		<b>15,542.46</b>	<b>15,068.75</b>
<b>VI Earnings per ₹.10/- share</b>			
• Basic and diluted		1.12	1.09

Notes forming part of the Financial Statements

1-59

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


  
Managing Director  
Chokkalingam Palaniappan  
(DIN 00884596)

  
Director  
R. Meenakshisundaram  
(DIN 07902382)

  
Chief Financial Officer  
R. Ganesan

Place: Chennai  
Date: June 26, 2023

As per our report of even date attached  
M/s S. Bala & Co  
Chartered Accountants  
Firm Regn. No. 013958S

  
Mrs. S. Bala  
Proprietrix  
Membership No.: 209628



## Navarathna Housing Finance Limited

### Cash Flow Statement for the year ended March 31, 2023

(All amounts are in ₹. '000 unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before extraordinary items and tax	20,815.98	20,964.21
<i>Adjustments for:</i>		
Depreciation and amortisation	149.24	163.23
Profit from Sale of Investments	(1,022.45)	(505.13)
Finance costs	4,635.40	3,825.51
Interest Income	(110.88)	(557.12)
Provisions for standard assets	612.86	3,408.69
Operating profit / (loss) before working capital changes	25,080.15	27,299.38
<i>Changes in working capital:</i>		
(Increase) / decrease in long-term loans and advances	(41,713.02)	(25,740.73)
(Increase) / decrease in other non-current assets	-	(35.00)
(Increase) / decrease in short-term loans and advances	481.41	(1,654.10)
Increase / (decrease) in trade payable	54.06	290.66
Increase / (decrease) in short-term provisions	(444.32)	1,247.67
Increase / (decrease) in other current liabilities	(4.45)	625.45
Cash generated from operations	(16,546.17)	2,033.32
Net income tax (paid) / refunds	(4,250.92)	(4,848.71)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>(20,797.09)</b>	<b>(2,815.39)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(145.61)	(127.95)
Investment in Mutual Funds(Net)	(9,628.32)	(8,935.89)
Interest income	110.88	557.12
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(9,663.05)</b>	<b>(8,506.71)</b>
<b>C. Cash Flow from Financing Activities</b>		
Proceeds from issue of share capital	13,814.22	-
Proceeds from issue of share Premium	5,746.72	-
Long-term borrowings procured	31,219.16	32,587.94
Repayment of loans	(12,545.41)	(8,329.20)
Finance cost	(4,635.40)	(3,825.51)
Dividend paid	(5,525.73)	(5,525.73)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>28,073.56</b>	<b>14,907.51</b>

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## Navarathna Housing Finance Limited

### Cash Flow Statement for the year ended March 31, 2023 (All amounts are in ₹. '000 unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)	(2,386.58)	3,585.41
Add: Balance at the beginning of the period	5,936.30	2,350.89
<b>Balance at the end of the period</b>	<b>3,549.72</b>	<b>5,936.30</b>
Components of cash and cash equivalents:		
Cash on hand	530.20	902.24
Balances with banks		
- Current accounts	3,019.52	5,034.07
	<b>3,549.72</b>	<b>5,936.30</b>

Notes forming part of the Financial Statements 1-59


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

  
Managing Director  
Chokkalingam Palaniappan  
(DIN 00884596)

  
Director  
R. Meenakshisundaram  
(DIN 07902382)

  
Chief Financial Officer  
R. Ganesan

As per our report of even date attached  
M/s S. Bala & Co  
Chartered Accountants  
Firm Regn. No. 0139585

  
Mrs. S. Bala  
Proprietrix  
Membership No.: 209628



Place: Chennai  
Date: June 26, 2023



**Navarathna Housing Finance Limited**

**Notes forming part of the Financial Statements**  
(All amounts are in ₹. '000 unless otherwise stated)

Particulars	As at March 31,	As at March 31,
	2023	2022
<b>1 Share capital</b>		
<b>Authorised</b>		
2,50,00,000 equity shares of ₹ 10 each (March 2022 - 1,50,00,000)	250,000.00	150,000.00
<b>Issued, subscribed and paid up</b>		
1,51,95,728 equity shares of ₹ 10 each fully paid-up (March 2022 - 1,38,14,306)	151,957.28	138,143.06
	<b>151,957.28</b>	<b>138,143.06</b>

**1.1 Details of shareholders holding more than 5% shares:**

Name of the shareholder	At March 31, 2023		At March 31, 2022	
	No.	%	No.	%
K Venkatkumar	4,895,522	32.22%	4,426,047	32.04%
V Devikala	1,121,969	7.38%	968,294	7.01%
Navarathna Financial Services Limited	1,000,000	6.58%	1,000,000	7.24%

**1.2 Reconciliation of Number of Shares**

Particulars	At March 31, 2023		At March 31, 2022	
	No.	Amount	No.	Amount
Shares at the beginning of the year	13,814,306	138,143.06	13,814,306	138,143.06
Changes during the year	1,381,422	13,814.22	-	-
Shares at the end of the year	15,195,728	151,957.28	13,814,306	138,143.06

**1.3 Other details**

**a. Terms / rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

During the year ended March 31, 2023, dividend of ₹. 0.40 per share has been distributed to equity shareholders as final dividend for FY 2021-22. (Previous year – ₹. 0.40 per share).

b. The Company has not reserved any shares for issues under options and contracts/commitments for the sale.

c. The Company has not allotted any shares pursuant to contracts without payment being received in cash or as bonus shares nor it has bought back any shares during the preceding five financial years.

d. The Company has not issued any securities convertible into equity/preference shares, issued any shares where calls are unpaid or forfeited any shares.

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**Navarathna Housing Finance Limited**

Notes forming part of the Financial Statements  
(All amounts are in ₹. '000 unless otherwise stated)

**1.4 Shares held by promoters  
As at March 31, 2023**

Promoter's name	Number of Shares	Percentage of total no of shares	Percentage of change during the year
K Venkatkumar	4,895,522	32.22%	10.61%
Devikala V	1,121,969	7.38%	15.87%
Chokkalingam Palaniappan	339,836	2.24%	0.00%
Muthuraman AR	61,261	0.40%	11.38%
Manonmani Ramanathan	19,679	0.13%	77.46%
Meenakshi Chokkalingam	440,891	2.90%	0.00%
Thirupathi Ramanathan	74,829	0.49%	0.00%

**As at March 31, 2022**

Promoter's name	Number of Shares	Percentage of total no of shares	Percentage of change during the year
K Venkatkumar	4,426,047	32.04%	0%
Devikala V	968,294	7.01%	0%
Chokkalingam Palaniappan	339,836	2.46%	0%
Muthuraman AR	55,000	0.40%	0%
Manonmani Ramanathan	11,089	0.08%	0%
Meenakshi Chokkalingam	440,891	3.19%	0%
Thirupathi Ramanathan	74,829	0.54%	0%



## Navarathna Housing Finance Limited

**Notes forming part of the Financial Statements**  
(All amounts are in ₹. '000 unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>2 Reserves and Surplus</b>		
<b>i Statutory Reserve (Refer Note 25)</b>	14,372.47	9,682.41
Opening balance	3,959.30	4,690.06
Amount transferred	<u>18,331.77</u>	<u>14,372.47</u>
(A)		
<b>ii Share Premium</b>	-	-
Opening balance	5,746.72	-
Amount transferred	<u>5,746.72</u>	<u>-</u>
(B)		
<b>ii Surplus in Profit and Loss Statement</b>	37,222.04	32,369.08
Opening balance	15,542.46	15,068.75
Add: Profit / loss for the period	5,525.73	5,525.73
Less: Final dividend FY 2021-22	3,959.30	4,690.06
Less: Transfer to statutory reserve	<u>43,279.48</u>	<u>37,222.04</u>
(C)		
<b>Total (A + B+C)</b>	<u>67,357.97</u>	<u>51,594.52</u>
<b>3 Long-term borrowings</b>		
Term loans	34,808.05	21,109.54
From Banks* (Secured)		
From other parties* (Secured)	4,106.94	8,131.69
Loans from related parties** (Unsecured)	6,000.00	3,000.00
Other loans and advances*** (Unsecured)	<u>44,914.99</u>	<u>32,241.23</u>
<b>3.1 Details of security and terms of repayment of loans</b>		
<p>*During the previous year, a new Term Loan -II is availed from M/s State Bank of India for a sum of ₹. 30,000 Thousands at 2.50% above 6 month MCLR rate-current effective rate is 9.95% with monthly rests. The loan is repayable in 20 equal quarterly installments of ₹ 1,500 Thousand each and the loan is secured against specific book debts created out of SBI Bank's fund and guarantees of director Mr. Chokkalingam Palaniappan and Smt. Manonmani Ramanathan. During the last FY also State Bank of India Sanctioned / Availed Term Loan -I, sum of ₹. 30,000 Thousands at 2.50% above 6 month MCLR rate-current effective rate is 9.45% with monthly rests. ( Presently at 10.15%), repayable in 20 equal quarterly installments of ₹ 1,500 Thousand each</p> <p>**Loans from related parties are taken at an interest rate of 12% and are repayable on demand.</p> <p>***Other loans and advances consists of two loans taken from unrelated parties. A loan with principal of ₹. 1,000 Thousand is taken at an interest rate of 12% payable annually from M/s Rajanarayan Textiles. A loan of ₹. 5,000 Thousand is taken from M/s Kuvvera Real Assets &amp; Consulting Pvt Ltd at an interest rate of 12% payable annually. Both the loans are repayable on demand.</p>		
<b>4 Deferred tax liability (net)</b>		
Deferred tax liability	4,469.27	3,472.80
Special Reserve under Income Tax Act, 1961		
Deferred tax asset	(74.93)	(91.62)
Fixed assets	(153.99)	(163.42)
Disallowed expenses under Income Tax Act, 1961	<u>4,240.35</u>	<u>3,217.76</u>
<b>5 Short Term Borrowings</b>	12,000.00	6,000.00
Current maturities of long-term debt	<u>12,000.00</u>	<u>6,000.00</u>

Annual Report 2023

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**Navarathna Housing Finance Limited**

**Notes forming part of the Financial Statements**  
(All amounts are in ₹. '000 unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>6 Trade Payable</b>		
- Total outstanding dues of micro and small enterprises (Refer note below )	-	-
- Total outstanding dues of creditors other than micro and small enterprises	793.34	739.29
	<b>793.34</b>	<b>739.29</b>

**6(a) Micro, Small and Medium Enterprises Development Act, 2006**

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006. Accordingly, the disclosure in respect of the amount payable to such enterprises as at March 31, 2023 has been made in the financial statements based on information received and available with the Company, to the extent identified by the management and relied upon by the auditors. The details of overdue amount and interest payable but not provided for in the books are set out below:

a) Principal amount due to the suppliers registered under MSMED Act and remaining unpaid as at year end.	-	-
b) Interest due to suppliers registered under MSMED Act and remaining unpaid as at year end.	-	-
c) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	-	-
e) The amount of interest accrued and remaining unpaid at the end of each accounting year: and	-	-
f) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 Further due and remaining for the earlier years.	-	-

**6(b) Trade payables due for payment**

**Trade payables ageing schedule - As at March 31, 2023**

Particulars	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
MSME	-	-	-	-	-
Others	793.34	-	-	-	793.34
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
Unbilled dues	-	-	-	-	-

**Trade payables ageing schedule - As at March 31, 2022**

Particulars	Less than 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
MSME	-	-	-	-	-
Others	739.29	-	-	-	739.29
Disputed dues - MSME	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-
Unbilled dues	-	-	-	-	-

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Annual Report 2023 & 2024



**Navarathna Housing Finance Limited**

**Notes forming part of the Financial Statements**  
(All amounts are in ₹. '000 unless otherwise stated)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>7 Other current liabilities</b>		
Outstanding expenses	37.50	-
Interest accrued	702.00	1,169.56
Statutory dues	323.99	225.83
Employment benefits payable	47.78	25.00
Other liabilities	498.91	194.24
	<b>1,610.18</b>	<b>1,614.64</b>
<b>8 Short term provisions</b>		
Gratuity payable	476.86	521.81
Provision for bad debts	456.28	855.64
Statutory provision for assets		
Standard assets	1,570.70	2,400.03
Non-performing assets	3,147.94	1,705.74
	<b>5,651.77</b>	<b>5,483.23</b>
<b>9 Long term loans &amp; advances</b>		
Term loans - Secured	249,998.69	200,785.66
Loans to Related Parties		
Navarathna Financial Services Limited	-	7,500.00
	<b>249,998.69</b>	<b>208,285.66</b>
<b>10 Other non-current assets</b>		
Security deposits	874.30	874.30
	<b>874.30</b>	<b>874.30</b>
<b>11 Current investments</b>		
Investments in mutual funds - Quoted	29,424.38	18,773.62
Market value - ₹.2,94,93,811/- [March 2023] and		
- ₹.188,86,742/- [March 2022]	<b>29,424.38</b>	<b>18,773.62</b>
<b>12 Cash and cash equivalents</b>		
Cash in hand	530.20	902.24
Balance with banks <sup>#</sup> (in current accounts)	3,019.52	5,034.07
	<b>3,549.72</b>	<b>5,936.30</b>
<sup>#</sup> There was no earmarked balance at March 31, 2023 (March 31, 2022: Nil)		
<b>13 Short term loans and advances</b>		
Accrued interest	3,587.57	5,272.66
Advance tax (Net of Provision for tax)	472.68	(666.66)
Advances recoverable	79.51	-
Other current assets	12.43	-
Prepaid expenses	28.86	56.46
	<b>4,181.05</b>	<b>4,662.46</b>

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**Navarathna Housing Finance Limited**

**Notes forming part of the Financial Statements**

(All amounts are in ₹. '000 unless otherwise stated)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>14 Revenue from operations</b>		
Interest	40,980.02	37,966.57
Income from Other services	2,165.45	1,131.24
	<u>43,145.47</u>	<u>39,097.80</u>
<b>15 Other income</b>		
Profits on sale of investments (net)	1,022.45	505.13
Other interest	110.88	557.12
Bad debts recovered	648.15	-
Provision for doubtful debts no longer required	399.36	-
Miscellaneous income	241.28	795.61
	<u>2,422.12</u>	<u>1,857.86</u>
<b>16 Employee benefit expenses</b>		
Salary and wages	11,456.15	7,129.52
Employer's contribution to ESI	255.96	214.04
Gratuity Contribution	(44.95)	521.81
Staff welfare	134.66	117.05
	<u>11,801.82</u>	<u>7,982.42</u>
<b>17 Finance costs</b>		
Interest on borrowings	4,326.71	3,268.63
Other borrowing costs	308.69	556.88
	<u>4,635.40</u>	<u>3,825.51</u>
<b>18 Other expenses</b>		
Administrative expenses	347.13	339.41
Bad debts written off	1,367.08	403.96
Business promotion expenses	119.27	129.68
Communication expenses	199.35	142.02
Conveyance and boarding expenses	584.54	272.59
Electricity expenses	98.78	59.58
Insurance Expenses	31.17	7.46
Loan processing expenses	63.13	95.82
Professional charges	2,055.43	1,871.61
Director Sitting Fee	530.29	44.25
Rates & taxes	825.09	49.99
Rent	1,146.24	975.00
Repairs & Maintenance	169.02	185.13
Miscellaneous expenses	15.77	35.13
	<u>7,552.29</u>	<u>4,611.61</u>
* Professional charges includes auditor's remuneration. Refer Note 45 for details.		
<b>19 Standard provisions (net)</b>		
Provision for standard assets	(829.34)	(382.65)
Provision for non-performing assets	1,442.20	3,791.34
	<u>612.86</u>	<u>3,408.69</u>

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Annual Report 2023



Navarathna Housing Finance Limited

Notes forming part of the financial statements  
(All amounts are in ₹ '000 unless otherwise stated)

Note No. 20  
Property Plant and Equipment - Tangible Asset

Particulars	Gross Block				Depreciation / Amortization			Net Block		
	As at April 1, 2022	Additions	Deductions/ Adjustments	As at March 31, 2023	As at April 1, 2022	For the year	Deductions/ Adjustments	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Furniture & Fittings	590.73	-	-	590.73	227.57	55.47	-	283.04	307.69	363.16
Office Equipment	107.06	6.47	-	113.53	88.01	13.06	-	101.07	12.46	19.06
Computers	706.20	96.64	-	802.84	587.05	67.36	-	654.40	148.44	119.15
Leasehold Improvements	367.50	-	-	367.50	367.50	-	-	367.50	-	-
<b>TOTAL</b>	<b>1,771.50</b>	<b>103.10</b>	<b>-</b>	<b>1,874.60</b>	<b>1,270.13</b>	<b>135.88</b>	<b>-</b>	<b>1,406.01</b>	<b>468.59</b>	<b>501.37</b>

Previous Year - FY 2021-22

Particulars	Gross Block				Depreciation / Amortization			Net Block		
	As at April 1, 2021	Additions	Deductions/ Adjustments	As at March 31, 2022	As at April 1, 2021	For the year	Deductions/ Adjustments	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Furniture & Fittings	590.73	-	-	590.73	172.13	55.44	-	227.57	363.16	418.60
Office Equipment	107.06	-	-	107.06	67.54	20.46	-	88.01	19.06	39.52
Computers	578.25	127.95	-	706.20	499.72	87.33	-	587.05	119.15	78.53
Leasehold Improvements	367.50	-	-	367.50	367.50	-	-	367.50	-	-
<b>TOTAL</b>	<b>1,643.55</b>	<b>127.95</b>	<b>-</b>	<b>1,771.50</b>	<b>1,106.90</b>	<b>163.23</b>	<b>-</b>	<b>1,270.13</b>	<b>501.37</b>	<b>536.65</b>

(Amount in ₹)

Property Plant and Equipment - Intangible Asset

Particulars	Gross Block				Depreciation / Amortization			Net Block		
	As at April 1, 2022	Additions	Deductions/ Adjustments	As at March 31, 2023	As at April 1, 2022	For the year	Deductions/ Adjustments	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Software	-	42.51	-	42.51	-	13.36	-	13.36	29.16	-
<b>TOTAL</b>	<b>-</b>	<b>42.51</b>	<b>-</b>	<b>42.51</b>	<b>-</b>	<b>13.36</b>	<b>-</b>	<b>13.36</b>	<b>29.16</b>	<b>-</b>

Previous Year - FY 2021-22

Particulars	Gross Block				Depreciation / Amortization			Net Block		
	As at April 1, 2021	Additions	Deductions/ Adjustments	As at March 31, 2022	As at April 1, 2021	For the year	Deductions/ Adjustments	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Software	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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## Navarathna Housing Finance Limited

### Notes forming part of the Financial Statements

(All amounts are in ₹. '000 unless otherwise stated)

#### 21 Corporate information:

Navarathna Housing Finance Limited ('the Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 2013 for the object of providing housing finance services. The Company is a non-deposit taking Housing Finance Company ('HFC-ND') registered with the National Housing Bank ('NHB') on April 10, 2017 and is governed by the provisions of the Master Direction - Non-Banking Financial Company - Housing Finance Companies (Reserve Bank) Directions, 2021 issued by the Reserve Bank of India ('RBI') ('Master direction'). The Company is engaged in providing loans for the purpose of acquiring, constructing, erecting, improving, developing any house, flats or buildings or any form of real estate or any part or portion thereof. The Company also provides loans for specified purposes against the security of immovable property.

#### 22 Basis of preparation

##### 22.1 Statement of compliance

The financial statements are prepared in accordance with Accounting Standards (AS) referred to in Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and relevant amendment rules issued thereafter and guidance given by RBI through its Master direction, on the historical cost basis and accrual method of accounting. The financial statements have been prepared on a going concern basis.

##### 22.2 Functional and presentation currency

The financial statements are presented in Indian Rupees (₹), which is the functional and the presentation currency of the Company. Except as otherwise indicated, financial information presented in Indian Rupees has been rounded to the nearest rupee in Thousand.

##### 22.3 Presentation and disclosure of financial statements

The Company prepares its financial statements in the format prescribed in the Division I of Schedule III of the Act applicable for preparation and presentation of the financial statements and disclosures required as per annexure III and IV of the Master direction issued by RBI. Additional disclosures as required by the RBI are effective from March 31, 2021. Schedule to the Balance Sheet of the Housing Finance Company as required under Annexure III of the Master direction issued by RBI is appended as Annexure - I. The Statement of Cash Flows has been prepared and presented as per the requirements of AS-3 'Cash Flow Statements'.

#### 23 Significant Accounting Policies followed in preparing the Financial Statements

##### 23.1 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.

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**Notes forming part of the Financial Statements**  
(All amounts are in ₹ '000 unless otherwise stated)

**23.2 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, 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.

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

**23.3 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 credited to the statement of profit and loss.

**23.4 Property, plant and equipment and intangible 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.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any.

**23.5 Depreciation & Amortization:**

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is provided on straight-line basis over the estimated useful lives of the assets.

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Navarathna Housing Finance Limited

Notes forming part of the Financial Statements

(All amounts are in ₹ '000 unless otherwise stated)

The following table sets forth, useful life of property, plant and equipment.

Particulars	Useful life
Furniture & Fittings	10 years
Office Equipment	5 years
Computers	3 years
Leasehold Improvements	3 years

23.6 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.

23.7 Employee Benefits:

The Company contributes to provident fund and Employees State Insurance Fund on behalf of its employees.

Provision has been made in the books for payment of gratuity to employees.

23.8 Borrowing Costs:

Borrowing costs include interest and amortization of ancillary costs incurred. Borrowing costs are capitalized as part of the cost of a qualifying asset when it is probable that they will result in future economic benefits to the enterprise and the costs can be measured reliably. Other borrowing costs are recognized as an expense in the period in which they are incurred.

23.9 Leases:

A lease that transfers substantially all the risks and rewards incident to ownership of an asset, to the lessee, are classified as finance lease. All other leases are classified as operating lease. Rental expenses on assets obtained under operating lease arrangements are recognized in the statement of profit and loss on accrual basis as per the specified agreement with the lessor.

23.10 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.

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**Notes forming part of the Financial Statements**  
(All amounts are in ₹. '000 unless otherwise stated)

**23.11 Impairment of Assets:**

Fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognised in the Statement of Profit and Loss if the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of an asset's net selling price and value in use. An impairment loss recognised on asset is reversed when the conditions warranting impairment provision no longer exists.

**23.12 Provisions, Contingent liabilities and Contingent assets:**

Provision is recognised in the accounts when there is a present obligation as a result of past event(s) and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements.

**23.13 Taxes on Income:**

Current tax expenses are measured at the amount of income tax expected to be paid to the taxation authorities, calculated by applying the applicable tax rates on the taxable income calculated in accordance with the provisions of Indian Income-tax Act, 1961. Taxable income is calculated after taking credit for tax allowances and exemptions.

**23.14 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.

**23.15 Cash and Cash Equivalents:**

Cash comprises cash on hand and demand deposits with bank. Cash equivalents are short-term (three months or less from the date of acquisition), highly liquid investments that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

**23.16 Cash Flow Statement:**

Cash flow statements are reported using the indirect method, whereby profit / (loss) before extra-ordinary items / exceptional items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipt or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on available information including taxes paid relating to these activities.

**23.17 Service Tax / GST Input Credits:**

Service tax / GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.





## Navarathna Housing Finance Limited

### Notes forming part of the Financial Statements

(All amounts are in ₹. '000 unless otherwise stated)

#### 23.18 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"

#### 23.19 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.

#### Disclosures required under Annexure - IV of the Master directions

#### 24 Capital

Particulars	2022-23	2021-22
(i) CRAR (%)	133.95%	133.20%
(ii) CRAR - Tier-I Capital (%)	132.70%	131.95%
(iii) CRAR - Tier-II Capital (%)	1.25%	1.25%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

#### 25 Reserve Fund u/s 29C of NHB Act, 1987

The Company has created a reserve fund as required by section 29C of National Housing Bank Act, 1987, wherein a sum not less than twenty percent of its profit every year, as disclosed in the statement of profit and loss and before any dividend is declared, is transferred.

For this purpose, any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered an eligible transfer. Statutory Reserve can be utilised only for the purposes as may be specified by the NHB from time to time and every such utilisation is required to be reported to the NHB within twenty-one days from the date of such utilisation.

Particulars	2022-23	2021-22
<b>Balance at the beginning of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	574.01	574.01
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into	13,798.46	9,108.40
c) Total	14,372.47	9,682.41
<b>Addition/ Appropriation/ Withdrawal during the year</b>		
<b>Add:</b>		
a) Amount transferred u/s 29C of the NHB Act, 1987	-	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into	3,959.30	4,690.06
<b>Less:</b>		
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act,	-	-
<b>Balance at the end of the year</b>		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	574.01	574.01
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into	17,757.77	13,798.46
c) Total	18,331.77	14,372.47

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Notes forming part of the Financial Statements  
(All amounts are in ₹. '000 unless otherwise stated)

26 Investment

Particulars	2022-23	2021-22
<b>26.1 Value of investments</b>		
(i) Gross value of investments	29,424.38	18,773.62
(a) In India	29,424.38	18,773.62
(b) Outside India	-	-
(ii) Provisions for Depreciation	-	-
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments	29,424.38	18,773.62
(a) In India	29,424.38	18,773.62
(b) Outside India	-	-
<b>26.2 Movement of provisions held towards depreciation on investments</b>		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off/ Written-back of excess provisions during the year	-	-
(iv) Closing balance	-	-

27 Derivatives

The Company has not entered into any currency or interest rate derivative contracts. There are no exposures relating to derivative contracts, hedged or otherwise.

28 Securitisation

The Company has not sold any financial assets to securitisation/reconstruction company for asset reconstruction.



Navarathna Housing Finance Limited

Notes forming part of the Financial Statements

(All amounts are in ₹. '000 unless otherwise stated)

29 Assets Liability Management (Maturity pattern of certain assets and liabilities)

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings	Foreign currency liabilities	Advances	Investments	Foreign currency assets
1-7 days	-	-	-	-	168.81	29,424.38	-
8-14 days	-	-	-	-	632.29	-	-
15-30/31 days	-	-	-	-	2,124.90	-	-
1-2 months	-	-	-	-	2,943.72	-	-
2-3 months	-	3,000.00	-	-	2,975.90	-	-
3-6 months	-	3,000.00	-	-	8,927.70	-	-
6-12 months	-	6,000.00	-	-	17,855.40	-	-
1-3 years	-	24,000.00	-	-	107,132.41	-	-
3-5 years	-	10,808.05	-	-	71,421.61	-	-
Over 5 years	-	-	-	-	35,815.96	-	-
<b>Total</b>	-	<b>46,808.05</b>	-	-	<b>249,998.69</b>	<b>29,424.38</b>	-

30 Exposures

30.1 Exposure to real estate sector

Category	2022-23	2021-22
a) <b>Direct exposure</b>		
(i) Residential mortgages - Lending fully secured by mortgages on residential property that is or	249,998.69	200,785.66
(ii) Commercial real estate - Lending secured by mortgages on commercial real estates (office	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other		
a. Residential	-	-
b. Commercial real estate	-	-
b) <b>Indirect exposure</b>		
Total exposure to real estate sector	-	-
<b>Total exposure to real estate sector</b>	<b>249,998.69</b>	<b>200,785.66</b>

\* Exposure values considered are outstanding values of the loans secured against real estate sector assets

30.2 Exposure to capital market

Category	2022-23	2021-22
(i) Direct investment in equity shares, convertible bonds, convertible debentures	-	-
(ii) Advances against shares / bonds / debentures or other securities or on clean	-	-
(iii) Advances for any other purposes where shares or convertible bonds or	-	-
(iv) Advances for any other purposes to the extent secured by the collateral	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on	-	-
(vi) Loans sanctioned to corporates against the security of shares / bonds /	-	-
(vii) Bridge loans to companies against expected equity flows / issues	-	-
(viii) All exposures to Venture Capital Funds/Alternate Investment Funds (both	-	-
<b>Total exposure to capital market</b>	<b>-</b>	<b>-</b>

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Annual Report 2022-23

**Notes forming part of the Financial Statements**

(All amounts are in ₹ '000 unless otherwise stated)

**30.3 Financing of parent company products.**

The Company does not have a parent company. Hence, there is no financing of parent company products.

**30.4 Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL) exceeded by the Company**

The Company has not exceeded the prudential exposure limits (Single Borrower Limit and/or Group Borrower Limit) as defined in the Master Directions issued by RBI for HFCs.

**30.5 Unsecured Advances**

The Company has not made advances to any of the borrowers against intangible collaterals such as rights, licenses, authorisations etc. at March 31, 2023 (March 31, 2022: Nil).

**30.6 Exposure to group companies engaged in real estate business**

The Company is a stand-alone entity and does not have any holding, subsidiary, associate or joint venture entities. Hence, there is no exposure to group companies engaged in real estate business. Refer note no. 33 for transactions with related parties.

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

The Company has not registered with any other financials sector regulator other than National Housing Bank.

**32 Penalties imposed by NHB/ RBI and other regulators**

There were no penalties imposed by NHB/RBI and any other regulators during current and previous financial years.

**33 Related Party Transactions and Disclosures:**

**a) List of Related Parties:**

**1. Individuals who exercise significant influence:**

a. K. Venkatkumar

**2. Enterprises with common directors and Enterprises over which Key Management Personnel exercise significant influence:**

- a. Prakala Wealth Management Private Limited
- b. Navarathna Financial Services Limited
- c. Chokkalingam Palaniappan – HUF
- d. Kuvera Real Assets and Consulting Private Limited
- e. Sreevari Nidhi Limited

**3. Key Management Personnel:**

- a. Mr. Chokkalingam Palaniappan , Managing Director
- b. Mr. R. Ganesan, Chief Financial Officer



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**Navarathna Housing Finance Limited**

**Notes forming part of the Financial Statements**

(All amounts are in ₹ '000 unless otherwise stated)

4. Directors and Relatives of Key Management Personnel:
- Mr. T. R. Ramanathan, Relative of a director
  - Mr. A. R. Muthuraman, Director
  - Mrs. Meenakshi Panayappan, Relative of a director
  - Mrs. Ramayee, Relative of a director
  - Ms. Manimegalai Palaniappan, Relative of a director
  - Mr. AL Palaniappan, Director
  - Mr. Vallinayagam Chokkalingam, Relative of a director
  - Mr. Venkatkumar, Relative of a director
  - Mr. Balamurugan Neelamegam, Director
  - Mrs. Devikala Venkatkumar, Director
  - Mrs. Manonmani Ramanathan, Director
  - Meenakshisundaram Ramanathan, Director

**b) Details of Transactions:**

Nature of Transaction	Name of Related Party	2022-23	2021-22
Remuneration	Mr. Chokkalingam Palaniappan	1,500.00	600.00
Remuneration (Annual)	Mr. R. Ganesan	1,166.85	1,050.00
Professional Charges	Mr. T. R. Ramanathan	-	600.00
Loans given	Navarathna Financial Services Limited	-	7,500.00
Interest received	Navarathna Financial Services Limited	-	557.12
Loan Received	Vallinayagam Chokkalingam	-	225.00
Loan Received	A R Muthuraman	-	-
Loan Received	Meenakshi Panayappan	300.00	200.00
Loan Received	Kuvera Real Assets & Consulting Pvt Ltd	-	5,000.00
Loan repaid	Meenakshi Panayappan	200.00	-
Loan repaid	Vallinayagam Chokkalingam	-	732.00
Loan repaid	K Venkatkumar	-	5,000.00
Professional charges	K Venkatkumar	360.00	360.00
Interest paid on loan	K Venkatkumar	-	638.63
Interest paid on loan	Manimegalai Palaniappan	30.16	30.87
Interest paid on loan	AL Palaniappan	29.60	30.67
Interest paid on loan	Vallinayagam Chokkalingam	-	62.87
Interest paid on loan	A R Muthuraman	36.00	42.00
Interest paid on loan	Meenakshi Panayappan	326.10	296.08
Interest paid on loan	Ramayee	24.00	28.00
Interest paid on loan	Kuvera Real Assets & Consulting Pvt Ltd	600.00	676.41
<b>Total</b>		<b>4,572.72</b>	<b>23,629.65</b>

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

Name of Related Party	Nature	2022-23	2021-22
R. Ganesan	Payable	-	-
K Venkatkumar	Payable	-	-
Manimegalai Palaniappan	Payable	281.51	251.35
AL Palaniappan	Payable	273.34	246.69
A R Muthuraman	Payable	300.00	300.00
Meenakshi Panayappan	Payable	3,052.09	2,458.60
Ramayee	Payable	200.00	200.00
Valliammai Panayappan	Payable	-	-
Kuvera Real Assets & Consulting Pvt Ltd	Payable	5,000.00	5,000.00

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**Navarathna Housing Finance Limited**

**Notes forming part of the Financial Statements**

(All amounts are in ₹ '000 unless otherwise stated)

Particulars	Housing loans		Non-housing loans	
	2022-23	2021-22	2022-23	2021-22
Doubtful assets - category III				
(a) Total outstanding amount	-	-	-	-
(b) Provisions made	-	-	-	-
Loss assets				
(a) Total outstanding amount	0.004	0.008	0.001	0.001
(b) Provisions made	0.004	0.008	0.001	0.001
Total				
(a) Total outstanding amount	188,369.19	142,283.43	65,217.07	63,273.48
(b) Provisions made	3,411.90	2,970.39	1,763.01	1,135.38

**40 Draw down from reserves**

There has been no draw down from reserves during the year ended March 31, 2023 (year ended March 31, 2022 - Nil)

**41 Concentration of public deposits, advances, exposures and NPAs**

**41.1 Concentration of public deposits**

The Company, being a HFC-ND, did not accept any public deposits during the current and previous financial years.

**41.2 Concentration of advances**

Particulars	2022-23	2021-22
Total loans & advances to twenty largest borrowers	23,971.26	25,656.18
Percentage of loans & advances to twenty largest borrowers to total advances of the HFC	9.59%	12.78%

**41.3 Concentration of exposures (including off-balance sheet exposures)**

Particulars	2022-23	2021-22
Total exposure to twenty largest borrowers	23,971.26	25,656.18
Percentage of exposures to twenty largest borrowers to total exposure of the HFC on	9.52%	12.73%

\* Exposure values considered are outstanding values of the disbursed loans and total amount of undisbursed loans.

**41.4 Concentration of NPAs**

Particulars	2022-23	2021-22
Total exposure to top ten NPA accounts	9,234.79	7,713.71

\* Exposure values considered are gross outstanding values of NPA accounts before provisions.

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**Navarathna Housing Finance Limited**

**Notes forming part of the Financial Statements**  
(All amounts are in ₹. '000 unless otherwise stated)

**41.5 Sector-wise NPAs (Percentage of NPAs to total advances in that sector)**

S.No.	Sector	2022-23	2021-22
<b>A.</b>	<b>Housing loans</b>		
1.	Individuals	5.45%	5.43%
2.	Builders/project loans	-	-
3.	Corporates	-	-
4.	Others(specify)	-	-
<b>B.</b>	<b>Non-housing loans</b>		
1.	Individuals	11.62%	6.18%
2.	Builders/project loans	-	-
3.	Corporates	-	-
4.	Others(specify)	-	-

**42 Movement of NPAs**

Particulars	2022-23	2021-22
(i) Net NPAs to net advances (%)	5.67%	4.44%
(ii) Movement of gross NPAs		
(a) Opening balance	11,371.63	1,006.65
(b) Additions during the year	9,145.58	10,384.24
(c) Reductions during the year	2,937.38	19.26
(d) Closing balance	17,579.83	11,371.63
(iii) Movement of net NPAs		
(a) Opening balance	8,810.23	-
(b) Additions during the year	7,773.75	8,810.23
(c) Reductions during the year	2,608.37	-
(d) Closing balance	13,975.61	8,810.23
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening balance	2,561.39	1,006.64
(b) Provisions made during the year	1,442.20	1,705.74
(c) Write-off / write-back of excess provisions	(399.36)	151.00
(d) Closing balance	3,604.22	2,561.39

**43 Overseas assets**

The Company does not have any overseas assets during the current year and previous year.

**44 Off-balance Sheet SPVs sponsored**

The Company has not sponsored any SPVs – Domestic or Overseas as at the end of current financial year and previous year.

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Handwritten signatures and initials in blue ink, including a large signature that appears to be 'S. Balaji' and another signature that appears to be 'M. S. Balaji'.



**Navarathna Housing Finance Limited**

**Notes forming part of the Financial Statements**

(All amounts are in ₹ '000 unless otherwise stated)

**45 Customer complaints**

	Particulars	2022-23	2021-22
(a)	No. of complaints pending at the beginning of the year	-	-
(b)	No. of complaints received during the year	-	-
(c)	No. of complaints redressed during the year	-	-
(d)	No. of complaints pending at the end of the year	-	-

The Company has Customer Grievance Redressal Mechanism (CGRM) for convenience of customers to register their complaints and for it to monitor and redress them.

**Other disclosures**

**46 Auditors Remuneration (Excluding GST):**

Particulars	2022-23	2021-22
Audit Fees	225.00	200.00
Taxation services	125.00	125.00
Other services	138.25	132.85
<b>Total</b>	<b>488.25</b>	<b>457.85</b>

**47 Earnings per share**

Particulars	2022-23	2021-22
Profit after Tax - in ₹	15,542.47	15,068.75
Weighted Average Number of Equity Shares	13,871.08	13,814.31
Earnings Per Share (Basic & Diluted) - in ₹	1.12	1.09
Face Value Per Share - in ₹	<b>10</b>	<b>10</b>

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

49 Estimated amounts of contracts to be executed on capital account, and not provided for – ₹. NIL (Previous year - ₹. NIL).

50 Claims against the Company/disputed liabilities not acknowledged as debt: As on March 31, 2023, there are no outstanding demands against the Company. (Previous Year – ₹. NIL/-)

**51 Proceedings under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder**

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

**52 Wilful defaulter**

The Company is not declared as wilful defaulter by any bank or financial Institution or other lenders.

**53 Relationship with Struck off Companies**

The Company did not have any transactions with Companies struck off under Section 248 of Companies Act, 2013 or Section 560 of Companies Act, 1956 considering the information available with the Company.

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Notes forming part of the Financial Statements  
(All amounts are in ₹. '000 unless otherwise stated)

54 Scheme of arrangements

There are no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the year. A scheme of merger of M/s Navarathna Financial Services Limited with the Company is under consideration with Competent Authority.

55 Undisclosed Income

The Company do not have any transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 during any of the years.

56 Key financial Ratios

	Numerator	Denominator	31-Mar-23	31-Mar-22	% Change	Reason
Current ratio	Current assets	Current liabilities	1.85	2.12	-12.72%	The variance is less that 25%
Debt - Equity ratio	Total Debt	Shareholders' Equity	0.37	0.28	35.30%	Increase in shareholders equity due to rights issue and profits for the year
Debt Service Coverage Ratio	Earnings available for debt service	Debt Service	1.32	2.39	-44.83%	Increases in debts due to additional loans taken during the year
Return on equity ratio	Net profit after taxes	Shareholders' Equity	7.09%	7.94%	-10.77%	The variance is less that 25%
Inventory turnover ratio	Cost of goods sold	Average Inventory	Not applicable	Not applicable	Not applicable	The Company is a service company. Accordingly, there is no inventory.
Trade receivables turnover ratio	Revenue	Average Accounts Receivable	Not applicable	Not applicable	Not applicable	The Company does not have Trade Receivables
Trade payables turnover ratio	Net Credit purchases	Average Trade Payables	Not applicable	Not applicable	Not applicable	The Company is a service company. Accordingly, there are no purchases
Net capital turnover ratio	Net Revenue	Working Capital	1.74	3.06	-43.33%	Increase in average working capital during the year
Net profit ratio	Net Profit after taxes	Revenue	36.02%	38.54%	-6.53%	The variance is less that 25%
Return on capital employed	Earnings before interest and taxes	Capital Employed	11.60%	13.07%	-11.18%	The variance is less that 25%
Return on investment	Net Profit after taxes	Average Total Assets	5.89%	6.88%	-14.30%	The variance is less that 25%

57 Frauds

The Company has reported frauds amounting to ₹. 1,55,675 Thousands during year ended March 31, 2023 (March 31, 2022: ₹. 389,447 Thousands as required by NHB through its guideline dated February 5, 2019, and RBI through its Master Directions dated September 29, 2016 on reporting and monitoring of frauds. Of this, ₹. 31,484/- have been written off during closure of loan accounts. A sum of ₹. 48,762 Thousands has been accounted as recoverable from the employee based on written complaints received from customers and pending receipt of complaints from other loan accounts, the matter is under investigation and post firming up the entire quantum of losses, steps will be taken to appropriately treat the losses in the books. Meantime, efforts are being made to recover the amount of ₹. 124,191 Thousands.

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Navarathna Housing Finance Limited

Notes forming part of the Financial Statements

(All amounts are in ₹. '000 unless otherwise stated)

58 Moratorium benefits extended

In accordance with the regulatory packages announced by the Reserve Bank of India on March 27, 2020, April 17, 2020 and May 23, 2020, the Company, as per its Board approved policy, has extended the option of payment moratorium for all amounts falling due between March 1, 2020 and August 31, 2020 to eligible borrowers. In line with the regulatory packages, the asset classification remained standstill during the moratorium period in respect of such accounts.

In accordance with the regulatory packages (Resolution framework 2.0) announced by the Reserve Bank of India on May 5, 2021, the Company, as per its Board approved policy, has extended the option of a moratorium of a maximum two years including moratorium granted under earlier circulars issued by RBI in this regard to all eligible borrowers. In line with the regulatory packages, necessary provisions have also been made for such borrowers and the asset classification also has been made in accordance with the RBI circular.

59 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  
Chokkalingam Palaniappan  
(DIN 00884596)

  
Director  
R. Meenakshisundaram  
(DIN 07902382)

  
Chief Financial Officer  
R. Ganesan

As per our report of even date attached  
M/s S. Bala & Co  
Chartered Accountants  
Firm Regn. No. 013958S

  
Mrs. S. Bala  
Proprietrix  
Membership No.: 209628



Place: Chennai  
Date: June 26, 2023



## Navarathna Housing Finance Limited

### Annexure - I

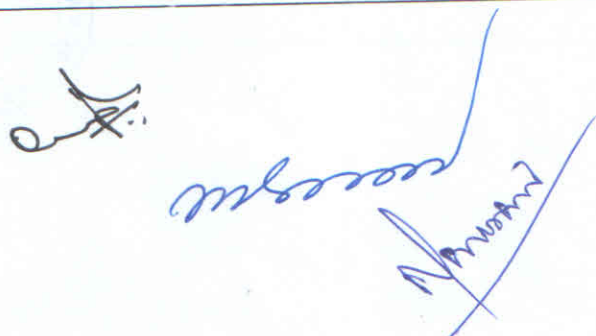
(All amounts are in ₹. '000 unless otherwise stated)

**Schedule to the Balance Sheet of the Housing Finance Company as required under Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021**

Particulars		Amount outstanding	Amount overdue
Liabilities side			
(1)	<b>Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:</b>		
(a)	Debtures : Secured	-	-
	: Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
(b)	Deferred credits	-	-
(c)	Term loans	- 46,808.05	-
(d)	Inter-corporate loans and borrowing	6,000.00	-
(e)	Commercial paper	-	-
(f)	Public deposits*	-	-
(g)	Other loans (Loans from related parties and Banks)	4,106.94	-
	* Please see Note 1 below		
(2)	<b>Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):</b>		
(a)	In the form of unsecured debtures	-	-
(b)	In the form of partly secured debtures i.e. debtures where there is a shortfall in the value of security	-	-
(c)	Other public deposits	-	-
	* Please see Note 1 below		
Assets side		Amount outstanding	
(3)	<b>Break-up of loans and advances including bills receivables [other than those included in (4) below]:</b>		
(a)	Secured		249,998.69
(b)	Unsecured		-
(4)	<b>Break up of leased assets and stock on hire and other assets counting towards asset financing activities</b>		
(i)	Lease assets including lease rentals under sundry debtors		
(a)	Financial lease		-
(b)	Operating lease		-
(ii)	Stock on hire including hire charges under sundry debtors		
(a)	Assets on hire		-
(b)	Repossessed assets		-
(iii)	Other loans counting towards asset financing activities		
(a)	Loans where assets have been repossessed		-
(b)	Loans other than (a) above		-

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**Navarathna Housing Finance Limited**

<b>(5) Break-up of investments</b>		
<b>Current investments</b>		
1	<b>Quoted</b>	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and bonds	-
	(iii) Units of mutual funds	29,424.38
	(iv) Government securities	-
	(v) Others (please specify)	-
2	<b>Unquoted</b>	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and bonds	-
	(iii) Units of mutual funds	-
	(iv) Government securities	-
	(v) Others (please specify)	-
<b>Long term investments</b>		
1	<b>Quoted</b>	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and bonds	-
	(iii) Units of mutual funds	-
	(iv) Government securities	-
	(v) Others (please specify)	-
2	<b>Unquoted</b>	
	(i) Shares	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and bonds	-
	(iii) Units of mutual funds	-
	(iv) Government securities	-
	(v) Others (please specify)	-

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## Navarathna Housing Finance Limited

(6) Borrower group-wise classification of assets financed as in (3) and (4) above: (Please see Note 2 below)				
Category		Amount net of provisions		
		Secured	Unsecured	Total
1	Related parties **			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2	Other than related parties	249,998.69	-	249,998.69
	Total	249,998.69	-	249,998.69
(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) : (Please see Note 3 below)				
Category		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	
1	Related parties **			
	(a) Subsidiaries	-	-	
	(b) Companies in the same group	-	-	
	(c) Other related parties	-	-	
2	Other than related parties	29,493.81	29,424.38	
	Total	29,493.81	29,424.38	
** As per notified Accounting Standard (Please see Note 3)				
(8) Other information				
Particulars			Amount	
(i) Gross non-performing assets				
	(a) Related parties		-	
	(b) Other than related parties		17,579.83	
(ii) Net non-performing assets				
	(a) Related parties		-	
	(b) Other than related parties		13,975.61	
(iii) Assets acquired in satisfaction of debt				
-				
Notes :				
1	As defined in Paragraph 4.1.30 of these Directions.			
2	Provisioning norms shall be applicable as prescribed in these Directions.			
3	All notified Accounting Standards are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (5) above.			

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