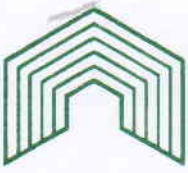


Navarathna Housing Finance Limited

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

Annual Report

**Financial Year
2020-2021**



Navarathna Housing Finance Limited

...shelter to all

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

CIN: U65922TN2015PLC100156

Notice is hereby given that the Annual General Meeting of the Company will be held on Monday, 16th August, 2021 at 11.00A.M through Video Conferencing ('VC')/Other Audio-visual Means ('OAVM') facility to transact the following businesses:

Ordinary Business:

1. To receive and adopt the Audited Balance sheet as at 31st March 2021, Profit and Loss Account and Cash Flow Statement of the Company for the period ended 31st March 2021, together with the Directors' and the Auditors' Report thereon.
2. To declare Dividend of Rs. 0.40 per Equity Share of the Company for the Financial year 2020-2021.
3. To elect a director in place of Ms. Devikala Venkatkumar (DIN: 02980171), Director, who retires by Rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and fix their remuneration in this regard and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, M/s. S. Bala & Co, (FRN: 013958S) Chartered Accountants, Chennai be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the Sixth Annual General Meeting (FY 2025-2026) of the Company at a remuneration as may be agreed upon by the Board of Directors and the Auditors."

Special Business:

5. Re-Appointment of Independent Director Mr. Balamurugan Neelamegam (DIN: 01254031):

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr Balamurugan Neelamegam (DIN: 01254031) who has been appointed as a Non-Executive Independent Director on the Board of the Company w.e.f. 30th May, 2020 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of (5) five consecutive years commencing from 30th May, 2020 till 29th May, 2025."

"RESOLVED FURTHER THAT all such actions taken by Mr Balamurugan Neelamegam (DIN: 01254031) as a Non-Executive Independent Director on the Board of the Company is be and hereby ratified."

"RESOLVED FURTHER THAT the Board of the Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and also to execute such documents, writings as may be necessary in this regard."

6. Re-Appointment of Independent Director Mr. Palaniappan Alagappan (DIN: 07384487):

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Companies (Appointment and Qualification of Directors) Rules, 2014, as amended from time to time and pursuant to the recommendation of the Nomination & Remuneration Committee and the Board of Directors, Mr. Palaniappan Alagappan (DIN: 07384487) who has been appointed as a Non-Executive Independent Director on the Board of the Company w.e.f. 25th December, 2020 and who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act, be and is hereby reappointed as an Independent Director of the Company, not liable to retire by rotation, for a second term of (5) five consecutive years commencing from 25th December, 2020 till 24th December, 2025."

"RESOLVED FURTHER THAT all such actions taken by Mr Balamurugan Neelamegam (DIN: 01254031) as a Non-Executive Independent Director on the Board of the Company is be and hereby ratified."

"RESOLVED FURTHER THAT the Board of the Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things and also to execute such documents, writings as may be necessary in this regard."

By the Order of the Board
For Navarathna Housing Finance Limited



Chokkalingam Palaniappan
Managing Director
(DIN: 00884596)



Date: 22nd July, 2021

Place: Chennai

Notes for e-AGM Notice:

1. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 has been annexed along with this Notice.
2. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ('MCA') has vide its circular No.20/2020 dated 5th May 2020 read with circular 14/2020 dated 8th April 2020, CircularNo.17/2020 dated 13th April, 2020 and clarification circular No. 02/2021 dated January 13th, 2021 ("MCA Circulars") permitted holding of the annual general meeting ('AGM') through VC/OAVM facility, without the physical presence of the members at a common venue. In compliance with the provisions of the Companies Act, 2013 (the 'Act'), and MCA Circulars, the AGM of the Company is being conducted through VC/OAVM hereinafter called as 'e-AGM'. The deemed venue for the AGM shall be the Registered Office of the Company.
3. Pursuant to Sections 101 and 136 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 Annual Report of the Company is required to be sent through email to those members whose email address is registered and in physical form to those members who have not registered their email address. However, as per "MCA Circulars" dated 12.05.2020, Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those members whose email address is registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website www.navarathnahousing.com

4. 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 facility, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the e-AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 10th August 2021 to 15th August 2021 (both days inclusive), for determining the eligibility of shareholders to participate in the AGM and Dividend.
6. The facility of joining the e-AGM through VC/OAVM will be opened 15 minutes before and will be open upto 15 minutes after the scheduled start time of the e-AGM.
7. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting (in case of corporate members only). Corporate / Institutional members are required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the email ID: nhflheadoffice@gmail.com.
8. Reserve Bank of India has initiated NECS (National Electronic Clearing System) facility for credit of future dividends directly to the Bank account of the members. Hence members are requested to register their Bank account details (core banking solutions enabled account number, 9 digit MICR code and 11 digit IFSC code) in respect of shares held in dematerialized form with their respective depository participants i.e., the agency where the demat account has been opened and in respect of shares held in physical form with the RTA or at the registered office of the company.
9. Non-resident Indian members are requested to inform the RTA, M/s.KFin Technologies Private Limited, Hyderabad immediately about:
 - Change in their residential status on return to India for permanent settlement.
 - Particulars of their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.
10. Members may send their requests for change / updation of Address, Email address, Nominations:
 - **For shares held in dematerialised form - to their respective Depository Participant**

• For shares held in physical form - to the RTA, M/s. KFin Technologies Private Limited, Selenium, Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad - 500032 or at the registered office of the Company.

11. Instructions for the Members for attending the e-AGM through Video Conference:

(i) Attending e-AGM, through Video conference: Member will be provided with a facility to attend the e-AGM through video conferencing platform provided by Google meet. The link for e-AGM will be sent to the share holders 30 minutes before the meeting.

(ii) Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.

(iii) Further Members will be required to allow Camera, if any, and hence use Internet with a good speed to avoid any disturbance during the meeting.

(iv) Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

(v) Members who need assistance before or during the AGM, can contact Ms.Divya Balasubramanian 8939117522.

By the Order of the Board
For Navarathna Housing Finance Limited



Chokkalingam Palaniappan
Managing Director
(DIN: 00884596)



Date: 22nd July, 2021
Place: Chennai

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

ITEM NO. 5 & 6:

Based on the recommendation of the Nomination and Remuneration Committee and in view of their knowledge and skills and invaluable expertise, The Board of Directors in the Board meetings held on 15th April, 2020 and 28th December, 2020 respectively has re-appointed Mr Balamurugan Neelamegam and Mr Palaniappan Alagappan (DIN: 07384487) as Independent Directors of the Company in terms of Section 149 and Section 152 of the Companies Act, 2013 subject to the approval of Shareholders. The Board proposes to re-appoint Mr Balamurugan Neelamegam, (DIN: 01254031) and Mr Palaniappan Alagappan (DIN: 07384487) for a term upto five consecutive years commencing from 30th May, 2020 and 25th December, 2020 respectively.

The Company has received the notices in writing under Section 160 of the Companies Act, 2013 signifying the intention to propose Mr Balamurugan Neelamegam (DIN: 01254031) and Mr Palaniappan Alagappan (DIN: 07384487) as candidates for the office of Director. It may be noted that the requirement of deposit of amount pursuant to Section 160 of the Companies Act, 2013 shall not apply in case of appointment of an Independent Director or a Director recommended by the Nomination and Remuneration Committee, if any, constituted under sub-Section (1) of section 178.

The Directors recommend the Resolution set out in the Notice for the approval of the Members. None of the Directors, key managerial personnel of the Company and relatives of the same are concerned or interested in the passing of these Resolutions.


BRIEF PROFILE OF MR. BALAMURUGANNEELAMEGAM (DIN: 01254031) AND MR. PALANIAPPAN ALAGAPPAN (DIN: 07384487):

Mr Balamurugan Neelamegam (DIN 1254031) aged 47 years is a practicing Chartered Accountant with in-depth knowledge in credit processing and specializing in audits such as statutory, management, tax, internal control review, cost and IT audits. Carried out audits and credit processing for leading Banks, NBFCs, and HFCs.

Mr Palaniappan Alagappan (DIN 07384487) aged 69 years, has 35 years of unscathed banking experience. He has worked 25 years with Bank of Madura Ltd. and subsequently worked with ICICI Bank for 10 years when Bank of Madura was taken over by ICICI Bank. He has worked as Branch Manager for 14 years in semi urban, urban and metro branches. Also, has worked as Chief Manager taking care of cash management and vendor management in ICICI Bank for the 4 Southern States. He is strong in Credit Appraisal and Credit Monitoring.

By the Order of the Board
For Navarathna Housing Finance Limited

Date: 22nd July, 2021
Place: Chennai


Chokkalingam Palaniappan
Managing Director
(DIN: 00884596)



DIRECTOR'S REPORT

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

Your directors have pleasure in submitting their Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31stMarch, 2021.

1 FINANCIAL SUMMARY Amount in Rs.

Particulars	For the period ended 31.03.2021	For the period ended 31.03.2020
Total Revenue	3,43,99,193	3,00,01,199
Total Expenses	1,39,87,458	1,26,91,032
Profit or Loss before Exceptional and Extraordinary items and Tax	2,04,11,735	1,73,10,167
Profit or Loss before Tax	2,04,11,735	1,73,10,167
Less: Current Tax	41,67,330	35,61,336
Previous years' Tax	-	954
Deferred Tax	9,76,146	7,57,492
Profit or Loss After Tax	1,52,68,259	1,29,90,385

2 DIVIDEND:

During the year ended March 31, 2021, dividend of Rs. 0.40 per share was distributed for the FY 2019-20. For the FY 2020-21, Board of Directors have again recommended for a dividend of Rs. 0.40 per share subject approval of members in the Annual General Meeting

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

The Company declared its first dividend during the year 2020-21, based on the performance of the Financial Year 2019-20, dividend of Rs. 0.40 per equity share of Rs. 10/- has been distributed to Equity Shareholders. The entire dividend has been paid / credited in the respective Shareholders' account. As such, the provisions of Section 125(2) of the Companies Act, 2013 do not apply.

4 REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

The Company made a revenue of Rs. 3,43,99,193/- during the year. The Company made a profit of Rs. 1,52,68,259/- in comparison to previous year profit of Rs.1,29,90,385/-. Your Directors are optimistic about Company's business and hopeful of better performance in next year. There was no change in the nature of business of Company.

During the FY 2020-21, Covid-19 affected the whole economy and the quality of assets have been deteriorated and affected the industry very badly. Despite that, Our Company was able to achieve 17.54% increase in the Profit (After Tax).

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

The Board has recommended for merger of the NFSL with Navarathna Housing Finance Ltd. and the same is under process. Other than that no material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate on the date of this report.

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

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

Foreign Exchange Inflow - NIL

Foreign Exchange Outflow- NIL

Conservation of Energy - NIL

Technology Absorption - NIL

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

The Risk Management Committee of the Board is comprised of three members namely:

1. Mr. Balamurugan Neelamegam- Chairman

2. Mr. Chokkalingam Palaniappan- Member

3. R. Ganesan CFO

The Company has conducted Four Risk Management Committee meetings during the financial year (i.e. on 08th April, 2020, 20th July, 2020, 15th October, 2020, 11th January, 2021).

The Company has 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.

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

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

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

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

10 PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

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

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

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

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

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

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

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

During the Financial year 2020-2021, there was no necessity to convene the Nomination and Remunerations Committee Meeting.

13 ANNUAL RETURN:

In accordance with sub-section 3 of section 92 Companies Act, 2013, the annual return in the format of Form MGT-7 is available at <https://www.navarathnahousing.com/finance.html>

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

The Company has conducted 10 Board meetings during the financial year under review.

S No	Date/Day of Board Meeting	Board Strength	No of Directors Attended
1.	15.04.2020/ Wednesday	6	6
2.	24.07.2020 / Friday	6	6
3.	05.08.2020/Wednesday	6	6
4.	16.10.2020/ Friday	6	6
5.	22.10.2020/ Thursday	6	6
6.	20.11.2020 / Friday	6	6
7.	28.12.2020/Monday	6	6
8.	13.01.2021/Wednesday	6	6
9.	04.02.2021/ Thursday	6	6
10.	25.03.2021/ Thursday	6	6

15 DIRECTORS RESPONSIBILITY STATEMENT

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

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

16 SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

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

17 DEPOSITS:

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

18 DIRECTORS:

Ms. Devikala Venkatkumar(DIN: 02980171),Director of the Company, is liable to retire by rotation at the ensuing AGM pursuant to the provisions of Section 152 of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and the Articles of Association of your Company and being eligible has offered herself for re-appointment. Appropriate resolution for her re-appointment is being placed for the approval of Shareholders at the ensuing AGM.

The Board of Directors in the Board meetings held on 15th April, 2020 and 28th December, 2020 respectively has re-appointed Mr. Balamurugan Neelamegam and Mr. Palaniappan Alagappan (DIN: 07384487) as Independent Directors of the Company in terms of Section 149 and Section 152 of the Companies Act, 2013 subject to the approval of Shareholders for a term up to five consecutive years commencing from 30th May, 2020 and 25th December, 2020 respectively.The Board proposes to re-appoint Mr. Balamurugan Neelamegam, (DIN: 01254031) and Mr. Palaniappan Alagappan (DIN: 07384487) as Independent Directors of the Company in terms of Section 149 and Section 152 of the Companies Act, 2013 for a term up to five consecutive years commencing from 30th May, 2020 and 25th December, 2020 respectively. Appropriate resolution for their re-appointment is being placed for the approval of Shareholders at the ensuing AGM.

19 DECLARATION OF INDEPENDENT DIRECTORS:

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

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

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

21 STATUTORY AUDITORS:

The term of Appointment for M/s. Velumuthu Associates, (FRN: 004590S) Chartered Accountants, Chennai as Statutory Auditor concludes at this Annual General Meeting. The Board proposes the appointment of M/s. S Bala& Co., (FRN:013958S) Chartered Accountants, Chennai, for a period of 5 years. The Board has received the consent letter from Statutory Auditors and they are eligible for appointment. The Board recommends the appointment of M/s. S Bala& Co., (FRN:013958S) Chartered Accountants, Chennai at the ensuing Annual General Meeting for a period of five years (i.e) from FY 2021-22 to 2025-2026.

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

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

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

There were three Audit Committee meeting held during the year 2020-21(i.e.on 08th April, 2020, 20th July, 2020, 15th October, 2020, 11th January, 2021). All the members attended all the audit committee meetings.

23 SHARES:

During the year under review:

Increase in Authorised Share Capital	Rights Issue	Buy Back of Securities, Sweat Equity, Bonus Shares	Employees Stock Option Plan
The Authorised Share Capital of the Company has been increased from Rs. 13.00 Crore to Rs. 15.00 Crore by the Shareholders in the Extra-Ordinary General Meeting held on 27 th November, 2020.	Allotment of 12,55,846 Equity Shares on Right Basis in the Board Meeting held on 28 th December, 2020.	Nil	Nil

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

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

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

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

26 MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

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

27 REPORT ON SEXUAL HARASSMENT OF WOMEN AT WORK PLACE:

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

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

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

29 Transfer to Reserves as per Section 134 (3)(J) of the Companies Act, 2013:

The Company transferred Rs. 40.25 Lakh (previous year Rs. 32.62 Lakh) to Statutory Reserve as per Section 29 C of NHB Act.

COMPLIANCE WITH THE SECRETARIAL STANDARDS:**30** The Company has complied with the applicable Secretarial Standards specified by the Institute of Company Secretaries of India (ICSI)

31 **ACKNOWLEDGEMENTS:**

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

Date: 22nd July, 2021
Place: Chennai



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

Chokkalingam Palaniappan
Managing director
(DIN : 00884596)

For Navarathna Housing Finance Limited,

A handwritten signature in black ink, appearing to be "Balamurugan Neelamegam".

Balamurugan Neelamegam
Director
(DIN : 01254031)

**ANNEXURE II
FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

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

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

SL. No.	Name (s) of the related party	Nature of contracts/arrangements/transaction	Duration of the contracts/arrangements/transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
	a)	b)	c)	d)	e)	f)
1.	Mr. Chockalingam Palaniappan Managing Director of the Company	Remuneration	2020-2021	Rs.6,00,000	18.03.2019	Nil
2.	Mr. T.R.Ramanathan Relatives of Key Management Personnel	Professional charges	2020-2021	Rs.6,00,000	19.04.2019	Nil
3.	Mr. K Venkatkumar Relative of the Director of the Company	Loan received	2020-2021	Rs.50,00,000	15.04.2020	Nil
		Interest paid on Loan	2020-2021	Rs.4,36,876	15.04.2020	Nil
4.	Ms. Manimegalai Palaniappan Relative of the Director of the Company	Loan received	2020-2021	Rs. 2,00,000	15.04.2020	Nil
		Interest paid on Loan	2020-2021	Rs.20,482	15.04.2020	Nil
5.	Mr. AL Palaniappan Director of the Company	Loan received	2020-2021	Rs.2,00,000	15.04.2020	Nil
		Interest paid on Loan	2020-2021	Rs.20,636	15.04.2020	Nil
6.	Mr. Vallinayagam Chokkalingam Relative of the Director of the Company	Loan received	2020-2021	Rs.5,07,000	15.04.2020	Nil
		Interest Accrued but not paid on	2020-2021	Rs.61,100	15.04.2020	Nil

		Loan					
7.	Mr. A.R. Muthuraman Director of the Company	Interest paid on Loan	2020-2021	Rs.42,000	07.08.2019	Nil	
8.	Ms. Meenakshi Panayappan Relative of the Director of the Company	Interest Accrued But not paid on Loan	2020-2021	Rs.2,46,921	22.02.2020	Nil	
9.	Ms. Ramayee Relative of the Director of the Company	Interest paid on Loan	2020-2021	Rs.28,000	22.02.2020	Nil	
10.	Mr. R Ganesan Chief Financial Officer of the Company	Remuneration paid (Annually)	2020-2021	Rs. 9,85,006	10.10.2019	Nil	

Date: 22nd July, 2021

Place: Chennai

For Navarathna Housing Finance Limited



Chokkalingam Palaniappan
Managing director
(DIN : 00884596)




Balamurugan Neelamegam
Director
(DIN : 01254031)

ANNEXURE-III
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2021

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

I. REGISTRATION & OTHER DETAILS:		
1	CIN	U65922TN2015PLC100156
2	Registration Date	17.04.2015
3	Name of the Company	Navarathna Housing Finance Limited
4	Category/Sub-category of the Company	Company limited by shares Indian Non-Government Company
5	Address of the Registered office & contact details	First Floor 2/102,Third Street,Karpagam Avenue,R.A.Puram,Chennai,Tamilnadu-600028 prakala@gmail.com; nhflheadoffice@gmail.com; 044-42020942
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A

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

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

IV. SHARE HOLDING PATTERN									
(Equity share capital breakup as percentage of total equity)									
(i) Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2020]				No. of Shares held at the end of the year [As on 31-March-2021]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A Promoters									
(1) Indian									
a) Individual/HUF	11,55,000	5,37,500	16,92,500	13.48%	18,89,939	-	18,89,939	13.58%	11.67%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (1)	11,55,000	5,37,500	16,92,500	13.48%	18,89,939	-	18,89,939	13.58%	11.67%
(2) Foreign									
a) NRI Individuals	-	40,00,000	40,00,000	31.85%	44,26,047	-	44,26,047	32.04%	10.65%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	-	40,00,000	40,00,000	31.85%	44,26,047	-	44,26,047	32.04%	10.65%
TOTAL (A)	11,55,000	45,37,500	56,92,500	45.33%	63,15,986	-	63,15,986	45.72%	10.95%
B Public Shareholding									
1 Institutions									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1)	-	-	-	0.00%	-	-	-	0.00%	0.00%
2 Non-Institutions									
a) Bodies Corp									
i) Indian		10,52,001	10,52,001	8.38%	10,61,623		10,61,623	7.58%	0.91%
ii) Overseas				0.00%				0.00%	0.00%
b) Individuals				0.00%	0	0		0.00%	0.00%
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh		15,000	15,000	6.38%	5500		5,500	0.04%	-63.33%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	5,00,000	32,14,792	37,14,792	29.58%	41,84,698		41,84,698	30.29%	12.65%
c) Others (specify)									
Non Resident Indians		20,84,167	20,84,167	16.60%	16,96,499	5,50,000	27,46,499	16.26%	7.79%
Overseas Corporate Bodies				0.00%				0.00%	0.00%
Foreign Nationals				0.00%				0.00%	0.00%
Clearing Members				0.00%				0.00%	0.00%
Trusts				0.00%				0.00%	0.00%
Foreign Bodies - DR				0.00%				0.00%	0.00%
Sub-total (B)(2)	5,00,000	63,65,960	68,65,960	54.67%	69,48,320	5,50,000	74,98,320	54.28%	9.21%
Total Public (B)	5,00,000	63,65,960	68,65,960	54.67%	69,48,320	5,50,000	74,98,320	54.28%	9.21%
C Shares held by Custodian for GDRs & ADRs				0.00%				0.00%	0.00%
Grand Total (A+B+C)	16,55,000	1,09,03,460	1,25,58,460	100.00%	1,32,64,306	5,50,000	1,38,14,306	100.00%	10.00%

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	AR.MUHTURAMAN	50,000	0.40%	0	55,000	0.40%	0	10.00%
2	CHOKKALINGAM PALANIAPPAN	2,90,000	2.31%	0	3,39,836	2.46%	0	17.18%
3	MEENAKSHI CHOKKALINGAM	4,00,000	3.19%	0	4,40,891	3.19%	0	10.22%
4	RAMANATHAN THIRUPATHI	67,500	0.54%	0	74,829	0.54%	0	10.85%
5	MANONMANI RAMANATHAN	10,000	0.08%	0	11,089	0.08%	0	10.89%
6	DEVIKALA V	8,75,000	6.97%	0	9,68,294	7.01%	0	10.66%
7	K VENKAT KUMAR	40,00,000	31.85%	0	44,26,047	32.04%	0	10.65%

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

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	ARUNACHALAM MUTHURAMAN						
	At the beginning of the year	01.04.2020		50,000	0.40%		0.00%
	Changes during the year	28.12.2020	Allot	5,000	0.04%		0.00%
	At the end of the year	31.03.2021		55,000	0.40%	55,000	0.40%
2	CHOKKALINGAM PALANIAPPAN						
	At the beginning of the year	01.04.2020		2,90,000	2.31%		0.00%
	Changes during the year	28.12.2020	Allot	49,836	0.40%		0.00%
	At the end of the year	31.03.2021		3,39,836	2.46%	3,39,836	2.46%
3	MEENAKSHI CHOKKALINGAM						
	At the beginning of the year	01.04.2020		4,00,000	3.19%		0.00%
	Changes during the year	28.12.2020	Allot	40,891	0.33%		0.00%
	At the end of the year	31.03.2021		4,40,891	3.19%	4,40,891	3.19%
4	RAMANATHAN THIRUPATHI						
	At the beginning of the year	01.04.2020		67,500	0.54%		0.00%
	Changes during the year	28.12.2020	Allot	7,329	0.06%		0.00%
	At the end of the year	31.03.2021		74,829	0.54%	74,829	0.54%
5	THIRUPATHI RAMANATHAN MANONMANI						
	At the beginning of the year	01.04.2020		10,000	0.08%		0.00%
	Changes during the year	28.12.2020	Allot	1,089	0.01%		0.00%
	At the end of the year	31.03.2021		11,089	0.08%	11,089	0.08%
6	Devikala						
	At the beginning of the year	01.04.2020		8,75,000	6.97%		0.00%
	Changes during the year	28.12.2020	Allot	93,294	0.74%		0.00%
	At the end of the year	31.03.2021		9,68,294	7.01%	9,68,294	7.01%
7	K VENKAT KUMAR						
	At the beginning of the year	01.04.2020		40,00,000	31.85%		0.00%
	Changes during the year	28.12.2020	Allot	4,26,047	3.39%		0.00%
	At the end of the year	31.03.2021		44,26,047	32.04%	44,26,047	32.04%

(iv) Shareholding Pattern of top ten Shareholders

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

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Rajmohan Mohanarangan	2,50,000	1.99%	0	2,83,915	2.06%	0	13.57%
2	Navarathna Financial Services Ltd.	10,00,000	7.96%	0	10,00,000	7.24%	0	0.00%
3	Seetha Kasi Vishwanathan	3,12,500	2.49%	0	3,12,500	2.26%	0	0.00%
4	M Sornaganesh	6,25,000	4.98%	0	6,25,000	4.52%	0	0.00%
5	Saravana Kumar Kandaswamy	5,50,000	4.38%	0	5,50,000	3.98%	0	0.00%
6	D Chandramohan	5,00,000	3.98%	0	5,58,915	4.05%	0	11.78%
7	Shanmugasundaram N	5,00,000	3.98%	0	5,00,000	3.62%	0	0.00%
8	K Ramya	4,37,500	3.48%	0	5,32,364	3.85%	0	21.68%
9	S Kabhilan	4,02,500	3.21%	0	4,16,000	3.01%	0	3.35%
10	S K Viswanathan	3,12,500	2.49%	0	3,75,000	2.71%	0	20.00%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding as on 31.03.2021		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares

1	ARUNACHALAM MUTHURAMAN							
	At the beginning of the year	01.04.2020		50,000	0.40%			0.00%
	Changes during the year	28.12.2020	Allot	5,000	0.04%			0.00%
	At the end of the year	31.03.2021		55,000	0.40%	55,000		0.40%
2	CHOKKALINGAM PALANIAPPAN							
	At the beginning of the year	01.04.2020		2,90,000	2.31%			0.00%
	Changes during the year	28.12.2020	Allot	49,836	0.40%			0.00%
	At the end of the year	31.03.2021		3,39,836	2.46%	3,39,836		2.46%
3	THIRUPATHI RAMANATHAN MANONMANI							
	At the beginning of the year	01.04.2020		10,000	0.08%			0.00%
	Changes during the year	28.12.2020	Allot	1,089	0.01%			0.00%
	At the end of the year	31.03.2021		11,089	0.08%	11,089		0.08%
4	Devikala							
	At the beginning of the year	01.04.2020		8,75,000	6.97%			0.00%
	Changes during the year	28.12.2020	Allot	93,294	0.74%			0.00%
	At the end of the year	31.03.2021		9,68,294	7.01%	9,68,294		7.01%

V. INDEBTEDNESS

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

(Amt. Rs.)

Particulars	Secured Loans excluding deposits*	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	53,55,544.00	22,53,292.00	-	76,08,836.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	53,55,544.00	22,53,292.00	-	76,08,836.00
Change in Indebtedness during the financial year				
* Addition/(Reduction)	(25,33,344.00)	89,07,000.00	-	63,73,656.00
	-	-	-	-
Net Change	(25,33,344.00)	89,07,000.00	-	63,73,656.00
Indebtedness at the end of the financial year				
i) Principal Amount	28,22,200.00	1,11,60,292.00	-	1,39,82,492.00
ii) Interest due but not paid	-	3,29,677.00	-	3,29,677.00
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	28,22,200.00	1,14,89,969.00	-	1,43,12,169.00

*Secured Loan includes Term Loan and Current maturities of long-term debt

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL					
A. Remuneration to Managing Director, Whole-time Directors and/or Manager:					
SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount		
		Name	(Rs.)		
		Designation			
		CHOKALINGAM PALANIAPPAN			
		Managing Director			
1	Gross salary	6,00,000	6,00,000		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-		
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-		
2	Stock Option	-	-		
3	Sweat Equity	-	-		
	Commission	-	-		
4	- as % of profit	-	-		
	- others, specify	-	-		
5	Others, please specify	-	-		
		Total (A)	6,00,000	6,00,000	
B. Remuneration to Key Managerial Personnel other than MD/Manager/WTD					
SN.	Particulars of Remuneration	Name	Total Amount		
		Name	(Rs.)		
		Designation			
		R.GANESHAN			
		CFO			
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		9,85,006	9,85,006	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-	-	
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		-	-	
2	Stock Option		-	-	
3	Sweat Equity		-	-	
	Commission		-	-	
4	- as % of profit		-	-	
	- others, specify		-	-	
5	Others, please specify		-	-	
		Total (B)	9,85,006	9,85,006	
VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:					
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made if any (give Details)

A. COMPANY					
Penalty					
Punishment			N.A.		
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

For Navarathna Housing Finance Limited

Date: 22nd July, 2021
Place: Chennai



(Handwritten signature)

Chokkalingam Palaniappan
Managing Director
DIN: 00884596

(Handwritten signature)

BALAMURUGAN NEELAMEGAM
Director
DIN: 01254031

MANAGEMENT DISCUSSION ANALYSIS – 2020-21

The Members,
Navarathna Housing Finance Limited

Industry structure and developments.

Macro Level

Global

The entire financial year (2020-21), the COVID -19 pandemic prolonged and ensued **global economic downturn**, the most severe one since the Global Financial Crisis.

The lockdowns and social distancing norms brought the already slowing **global economy to a standstill**.

External risks have increased significantly, with weakened export demand, reduced investor confidence and non-availability of raw materials and intermediate inputs. The lockdown disrupted supply chains and led to a sharp fall in consumption

As per the IMF, it is estimated that Global Economic Output estimated to fall by 3.5% (January 2021 estimates)

Governments and central banks across the globe deployed various policy tools to support their economies such as lowering policy rates, quantitative easing measures, etc.

In India

GDP growth will recover from the temporary shock caused by the pandemic. An **early, intense lockdown provided a win-win strategy** to save lives, and preserve livelihoods via economic recovery in the medium to long-term.

V-shaped recovery, as seen in 7.5% decline in GDP in Q2 and recovery across all key economic indicators vis-à-vis the 23.9% GDP contraction in Q1

Industry and services estimated to contract by 9.6% and 8.8% respectively during FY21.

India adopted a **best strategy** of containment, fiscal, financial, and long-term structural reforms:

Calibrated fiscal and monetary support was provided, cushioning the vulnerable during the lockdown and boosting consumption and investment while unlocking

A favourable monetary policy ensured abundant liquidity and immediate relief to debtors while unclogging monetary policy transmission

As per the advance estimates by NSO, India's GDP is estimated to grow by (-) 7.7% in FY21 - a **robust sequential growth of 23.9%** in H2: FY21 over H1: FY21

The COVID-19 Pandemic and Lockdown

On account of the national lockdown in the Indian economy amidst rising global cases of COVID-9 cases, India's GDP growth in financial year 2020-21 is likely to be notably lower. COVID pandemic affected both demand and supply.

Efforts are being made to carefully open up economic activities including construction, factories, shops and stores across most parts of the country with adequate social distancing, use of masks and other stringent health protocols.

Further, the following package also announced by Regulators due to the spread of COVID 19 pandemic.

- Announcement of EMI moratorium and maintaining the Asset quality
- Targeted Long-Term Repo Operation (TLTRO) for the sector of Rs 50,000 crore and
- A special financing window through SIDBI, NABARD and NHB of another Rs 50,000 crore to enable financing NBFCs and HFCs

Industry

HFCs were undergoing a challenging period on the back of muted demand and emerging asset quality concerns. This was aggravated by the near halt in economic activities following the COVID-19 outbreak. Funding and liquidity positions of HFCs are likely to remain under pressure throughout the year, as collections stay subdued. Going forward, the industry focus will be more on asset quality and liquidity of HFCs, rather than growth. While all HFCs are facing significant headwinds because of the currently evolving situation, their ability to keep adequate liquidity and control the asset quality would be the key differentiator

Government and Central bank, have initiated multiple monetary and regulatory measures, like enhancement of systemic liquidity, providing Special Liquidity and Partial Credit Guarantee Scheme (PCGS) to provide liquidity to NBFCs, HFCs, MFIs and mutual funds.

As such, during the financial year under review, the industry have seen the deterioration of asset quality and reduced recovery, resulted in difficulty in cash flow management by the NBFC/HFCs.

Outlook for Real Estate/ Housing Industry

The overall on-book housing loan portfolio growth of HFCs and NBFCs slowed significantly during the year.

During the year the asset quality has deteriorated due to lockdown and the consequent impact on the borrowers' earning capacity and their cash flows. This had impact on all segments – Housing Loan (HL), Loan against Property (LAP) and Construction Finance (CF). Especially the asset quality of affordable and self-employed is more affected.

However, from the Government side, they have announced

- a) Announcement of Moratorium period of six months
- b) Bearing the Cumulative interest cost (Interest on interest) during the moratorium period.
- c) **Extensions on tax incentives by a year up to the end of fiscal 2021-22.** This includes additional tax deduction up to Rs 1.5 lakh on interest on housing loan (under Sec. 80EEA), and tax holiday for affordable housing projects, profits of startups, and investing capital gains in start-ups.

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 31.3.2021 company has a home loan portfolio of Rs.12.73 crores and mortgage loan portfolio is Rs. 5.52 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 2020-21)

Rs. in Lacs)

Particulars	FY 2019-20	FY 2020-21	Increase (%)
Shareholder's Fund	1,573.91	1802.17	14.50%
Loans & Advances Portfolio	1,556.70	1825.45	17.26%
Average Loans Portfolio	1,353.34	1691.08	24.96%
Total Income	300.01	343.98	14.66%
Interest Income	263.19	326.75	24.15%
Average Earning Rate	19.45%	19.32%	-0.67%
Profit Before Tax (PBT)	173.10	204.74	18.28%
Profit After Tax (PAT)	129.90	152.91	17.71%
Earnings Per Share (EPS)	1.03	1.19	15.53%
Gross NPA - Amount	14.05	10.07	-28.33%
- Percent	0.90%	0.55%	-38.89%
Provision for NPA	2.11	10.07	377.25%
Gross NPA - Amount	11.94	0	-100.00%
- Percent	0.77%	0.00%	-100.00%

Despite, the pandemic – Covid 19 affected the entire industry, our Company has shown growth as given

- Lending Portfolio increased by 17.26% (From Rs.1573.91 lacs to 1802.17 lacs)
- Total Income increased by 14.66% (From Rs.300.01 lacs to Rs.343.98 lacs)

- Profit Before Tax (PBT) increased by 18.28% (From Rs. 173.25 lacs to Rs. 204.74 lacs)
- Profit After Tax (PAT) increased by 17.71% (From Rs.129.90 lacs to 152.91 lacs)
- EPS has increased by increased by 15.53% (from 1.03 to 1.19)
- Gross NPA is 0.55% and Net NPA is 0.00% only

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 31.3.2021 the borrowings of the company stood at Rs. 139.82 Lacs (From Financial Institution – Rs. 28.22 lacs. ICD – Rs. 30.00 lacs and from the Related Parties- Directors& their Relatives - Rs. 81.60 lacs)

Capital Adequacy Ratio

The company is adequately capitalized with capital adequacy ratio of around 156.66 per cent as on March 31, 2021, 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) subject approval by the AGM.

Board of Directors

During the Financial Year, there is no change in the board of directors

AUDITORS AND AUDITORS' REPORT

The term of Appointment for M/s. Velumuthu Associates, (FRN: 004590S) Chartered Accountants, Chennai as Statutory Auditor concludes at this Annual General Meeting. The Board proposes the appointment of M/s. S Bala & Co., (FRN:013958S) Chartered Accountants, Chennai, for a period of 5 years. The Board has received the consent letter from Statutory Auditors and they are eligible for appointment. The Board recommends the appointment of M/s. S Bala & Co., (FRN:013958S) Chartered Accountants, Chennai at the ensuing Annual General Meeting for a period of five years (i.e) from FY 2021-22 to 2025-2026.

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

Date: 22nd July 2021

Place: Chennai



Independent Auditor's Report

To the Members of Navarathna Housing Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Navarathna Housing Finance Limited ('the Company') which comprise the Balance Sheet as at March 31, 2021, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Accounting Standards prescribed under section 133 of the Act read with the Companies (Accounting Standards) Rules, 2006, as amended ("Accounting Standards") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2021, its profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the 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.

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

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears

to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. we have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the 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 made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Other Matters:

The second wave of COVID-19 pandemic forced the Tamil Nadu government to enforce lockdown in the state. Chennai has been placed under lockdown from May 2021 to arrest the spread of the pandemic, which has been extended many times since. These circumstances have restricted our physical access to records and documents maintained by the Company at its registered office. Owing to this restriction, we carried out our audit remotely. The management has provided us scanned copies of documents we sought. The management has declared in its representation that all the data provided for audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company without any further manual modifications. We bring to the attention of the users that the audit of the financial statements has been performed under the aforesaid conditions.

Our audit opinion is not modified in respect of the above.

Report on Other Legal and Regulatory Requirements:

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

As required by section 143(3) of the Act, 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 Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of written representations received from the directors as on March 31, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in 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;



Velu Muthu Associates
Chartered Accountants

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Velu Muthu Associates
Chartered Accountants
FRN004590S

Velu Muthu

(Velu Muthu)
Proprietor
Membership No. 22976



Place: Chennai
Date: July 22, 2021

UDIN:21022976AAAAMD2004

Annexure A to Independent Auditor's Report

Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our Report of even date to the members of Navarathna Housing Finance Limited for the year ended March 31, 2021

- (i)
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) As explained to us, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of the fixed assets. No material discrepancies have been noticed in respect of the assets, which have been physically verified during the year.
 - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) The Company does not hold any inventories as it is engaged in provision of financial services. In view of the above, the provisions of clause (ii) of the paragraph 3 of the order are not applicable to the Company.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. In view of the above, the provisions of clause (iii) of the paragraph 3 of the Order are not applicable to the Company.
- (iv) The Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security.
- (v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76 of the Act and the rules framed there under. Therefore, the provisions of clause (v) of paragraph 3 of the Order are not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any services rendered by the Company and hence clause (vi) of paragraph 3 of the Order is not applicable to the Company.

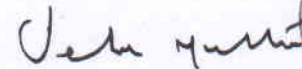


- (vii)
- (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Goods & Service Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2021 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to us there are no dues of income tax, service tax, VAT, CST, wealth tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or any bank(s).
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of paragraph 3 of the Order is not applicable.
- (x) No fraud by the company or on the company by its officers and employees has been noticed or reported during the year.
- (xi) In our opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order is not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company and hence not commented upon.

Velu Muthu Associates
Chartered Accountants

- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company and hence not commented upon.
- (xvi) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause (xvi) of paragraph 3 of the Order are not applicable to the Company.

For Velu Muthu Associates
Chartered Accountants
FRN.004590S



(Velu Muthu)
Proprietor
Membership No. 22976



Place: Chennai
Date: July 22, 2021

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 over financial reporting of Navarathna Housing Finance Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (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 we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls over Financial Reporting

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

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In 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 over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021.

For Velu Muthu Associates
Chartered Accountants
FRN.004590S



(Velu Muthu)
Proprietor
Membership No. 22976




Place: Chennai
Date: July 22, 2021

Navarathna Housing Finance Limited


Balance Sheet as at March 31, 2021

		(Amount in ₹)	
Particulars	Note	As at March 31, 2021	As at March 31, 2020
I Equity and Liabilities			
Shareholders' funds			
(a) Share capital	1	13,81,43,060	12,55,84,600
(b) Reserves and surplus	2	4,20,51,489	3,18,06,614
		18,01,94,549	15,73,91,214
Non current liabilities			
(a) Long term borrowings	3	1,15,60,292	50,75,492
(b) Deferred tax liability	4	21,71,004	11,94,858
		1,37,31,296	62,70,350
Current liabilities			
(a) Other current liabilities	5	38,60,016	32,20,161
(b) Short term provisions	6	15,52,732	8,91,897
		54,12,748	41,12,058
		19,93,38,593	16,77,73,622
II Assets			
Non current assets			
(a) Property, plant and equipment			
(i) Tangible assets	17	5,36,652	6,62,499
(b) Long term loans and advances	7	18,25,44,932	15,56,70,499
(c) Other non-current assets	8	8,39,303	6,26,599
		18,39,20,887	15,69,59,597
Current assets			
(a) Current investments	9	93,32,599	75,99,390
(b) Cash and cash equivalents	10	23,50,892	4,14,235
(c) Short term loans and advances	11	37,34,215	28,00,400
		1,54,17,706	1,08,14,025
		19,93,38,593	16,77,73,622
III Notes forming part of the Financial Statements	1-49		

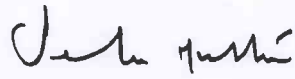
For and on behalf of the Board of
Navarathna Housing Finance Limited


Managing Director


Director


Chief Financial Officer

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


Velu Muthu
Proprietor
Membership No.: 022976



Place: Chennai
Date: July 22, 2021

Navarathna Housing Finance Limited

Statement of Profit and Loss for the year ended on March 31, 2021

(Amount in ₹)

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
I Revenue			
(a) Revenue from operations	12	3,37,72,721	2,80,71,491
(b) Other income	13	6,26,472	19,29,708
		<u>3,43,99,193</u>	<u>3,00,01,199</u>
II Expenditure			
(a) Employee benefit expense	14	55,50,230	54,45,330
(b) Depreciation and amortization expense	18	3,12,436	3,94,152
(c) Finance cost	15	17,52,625	6,72,318
(d) Other expenses	16	65,66,975	55,77,819
(e) Standard provisions (net)	17	(1,94,808)	6,01,413
		<u>1,39,87,458</u>	<u>1,26,91,032</u>
III Profit before exceptional and extraordinary items and tax		2,04,11,735	1,73,10,167
IV Exceptional items		-	-
V Profit before extraordinary items and tax		2,04,11,735	1,73,10,167
VI Extraordinary items		-	-
VII Profit before tax		2,04,11,735	1,73,10,167
VIII Tax expense			
Current year tax		41,67,330	35,61,336
Previous years' tax		-	954
Deferred tax		9,76,146	7,57,492
		<u>51,43,476</u>	<u>43,19,782</u>
IX Profit/(Loss) for the year		<u>1,52,68,259</u>	<u>1,29,90,385</u>
X Earnings per ₹.10/- share			
• Basic and diluted		1.19	1.03

Notes forming part of the Financial Statements 1-49

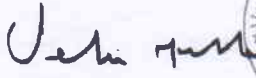
For and on behalf of the Board of
Navarathna Housing Finance Limited


Managing Director


Director


Chief Financial Officer

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


Velu Muthu
Proprietor
Membership No.: 022976



Place: Chennai
Date: July 22, 2021

Navarathna Housing Finance Limited

Cash Flow Statement for the year ended March 31, 2021

(Amount in ₹)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before extraordinary items and tax	2,04,11,735	1,73,10,167
<i>Adjustments for:</i>		
Depreciation and amortisation	3,12,436	3,94,152
Profit from Sale of Investments	(4,57,552)	(11,02,449)
Finance costs	17,52,625	6,72,318
Interest Income	-	(6,17,259)
Provisions for standard assets	(1,94,808)	6,01,413
Operating profit / (loss) before working capital changes	2,18,24,436	1,72,58,342
<i>Changes in working capital:</i>		
(Increase) / decrease in long-term loans and advances	(2,68,74,433)	(4,81,73,110)
(Increase) / decrease in other non-current assets	(2,12,704)	(1,76,199)
(Increase) / decrease in short-term loans and advances	(9,33,815)	(20,04,247)
Increase / (decrease) in short-term provisions	8,55,643	-
Increase / (decrease) in other current liabilities	7,50,999	61,883
Cash generated from operations	(45,89,874)	(3,30,33,331)
Cash flow from extraordinary items	-	-
Cash generated from operations	(45,89,874)	(3,30,33,331)
Net income tax (paid) / refunds	(41,67,330)	(35,62,290)
Net cash flow from / (used in) operating activities (A)	(87,57,204)	(3,65,95,621)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,86,589)	(1,35,611)
Investment in Mutual Funds	(4,15,22,979)	(2,51,81,000)
Redemption of Mutual Funds	4,02,47,322	4,89,25,189
Non-operating loan Received back	-	75,00,000
Interest income	-	6,17,259
Net cash flow from / (used in) investing activities (B)	(14,62,246)	3,17,25,837
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	1,25,58,460	-
Long-term borrowings procured	89,07,000	52,53,292
Repayment of loans	(25,33,344)	(15,33,344)
Finance cost	(17,52,625)	(6,72,318)
Dividend paid	(50,23,384)	-
Net cash flow from / (used in) financing activities (C)	1,21,56,107	30,47,630



Navarathna Housing Finance Limited

Cash Flow Statement for the year ended March 31, 2021

(Amount in ₹)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net increase/(decrease) in cash and cash equivalents during the year (A+B+C)	19,36,657	(18,22,154)
Add: Balance at the beginning of the period	4,14,235	22,36,389
Balance at the end of the period	<u>23,50,892</u>	<u>4,14,235</u>


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

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


Managing Director


Director


Chief Financial Officer


Velu Muthu
Proprietor
Membership No.: 022976



Place: Chennai
Date: July 22, 2021

Navarathna Housing Finance Limited

Notes forming part of the Financial Statements

(Amount in ₹)

Note No	Particulars	As at March 31, 2021	As at March 31, 2020
1	Share capital		
	Authorised		
	1,50,00,000 equity shares of ₹ 10 each (March 2020 - 1,30,00,000)	15,00,00,000	13,00,00,000
	Issued, subscribed and paid up		
	1,38,14,306 equity shares of ₹ 10 each fully paid-up (March 2020 - 1,25,58,460)	13,81,43,060	12,55,84,600
		13,81,43,060	12,55,84,600
1.1	Details of shareholders holding more than 5% shares:		
	Name of the shareholder	No.	%
		No.	%
	K Venkatkumar	44,26,047	32.04%
	V Devikala	9,68,294	7.01%
	Navarathna Financial Services Limited	10,00,000	7.24%
		40,00,000	31.85%
		8,75,000	6.97%
		10,00,000	7.96%
1.2	Reconciliation of Number of Shares		
	Particulars	No. of Shares	No. of Shares
	Shares at the beginning of the year	1,25,58,460	1,25,58,460
	Changes during the year	12,55,846	-
	Shares at the end of the year	1,38,14,306	1,25,58,460
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, 2021, dividend of ₹. 0.40 per share has been distributed to equity shareholders as final dividend for FY 2019-20. (Previous year – Nil).		
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.		



Navarathna Housing Finance Limited

Notes forming part of the Financial Statements

Note No	Particulars	As at March 31, 2021	As at March 31, 2020
(Amount in ₹)			
2	Reserves and Surplus		
i	Statutory Reserve (Refer Note 23)		
	Opening balance	56,57,286	23,95,336
	Amount transferred	40,25,125	32,61,950
	(A)	96,82,411	56,57,286
ii	Surplus in Profit and Loss Statement		
	Opening balance	2,61,49,328	1,64,20,893
	Add: Profit / loss for the period	1,52,68,259	1,29,90,385
	Less: Final dividend FY 2019-20	50,23,384	-
	Less: Transfer to statutory reserve	40,25,125	(32,61,950)
	(B)	3,23,69,078	2,61,49,328
	Total (A + B)	4,20,51,489	3,18,06,614
3	Long-term borrowings		
	Term loans		
	From other parties* (Secured)	4,00,000	28,22,200
	Loans from related parties** (Unsecured)	81,60,292	22,53,292
	Other loans and advances*** (Unsecured)	30,00,000	-
		1,15,60,292	50,75,492
3.1	Details of security and terms of repayment of loans		
	*Two term loans are taken from BIFCO Leasing and Finance Private Limited at an interest rate of 15% p.a each. For the 1st loan taken, the principal is payable in 36 monthly installments of ₹.1,11,112/- along with interest starting from March 31, 2019. For the 2nd term loan taken, the principal is payable in 30 monthly installments of ₹.1,00,000/- along with interest starting from February 29, 2020. These loans are secured against loans receivables and other book debts and guarantees of director Mr. Chokkalingam Palaniappan and advisor Mr. Thirupathi Ramanathan		
	**Loans from related parties are taken at an interest rate of 14% and are repayable on demand.		
	***Other loans and advances consists of two loans taken from unrelated parties. A loan with principal of ₹. 10,00,000/- is taken at an interest rate of 14% and the other loan with principal of ₹. 20,00,000/- is taken at an interest rate of 12.41% for which interest becomes due quarterly. Both the loans are repayable on demand.		
4	Deferred tax liability (net)		
	Deferred tax liability		
	Special Reserve under Income Tax Act, 1961	22,92,403	12,79,461
	Deferred tax asset		
	Fixed assets	(93,840)	(58,930)
	Disallowed expenses under Income Tax Act, 1961	(27,559)	(25,673)
		21,71,004	11,94,858

Navarathna Housing Finance Limited

Notes forming part of the Financial Statements

(Amount in ₹)

Note No	Particulars	As at March 31, 2021	As at March 31, 2020
5	Other current liabilities		
	Current maturities of long-term debt	24,22,200	25,33,344
	Outstanding expenses	5,18,127	5,30,172
	Interest accrued	3,29,677	10,430
	Statutory remittances	2,49,863	54,864
	Other liabilities	3,40,149	91,351
		<u>38,60,016</u>	<u>32,20,161</u>
6	Short term provisions		
	Provision for bad debts	8,55,643	-
	Statutory provision for assets		
	Standard assets	5,46,091	6,81,216
	Non-performing assets	1,50,998	2,10,681
		<u>15,52,732</u>	<u>8,91,897</u>
7	Long term loans & advances		
	Term loans - Secured	18,25,44,932	15,56,70,499
		<u>18,25,44,932</u>	<u>15,56,70,499</u>
8	Other non-current assets		
	Security deposits	8,39,303	6,26,599
		<u>8,39,303</u>	<u>6,26,599</u>
9	Current investments		
	Investments in mutual funds - Quoted	93,32,599	75,99,390
	Market value - ₹. 94,54,147/- [March 2021] and - ₹. 76,31,640/- [March 2020]		
		<u>93,32,599</u>	<u>75,99,390</u>
10	Cash and cash equivalents		
	Cash in hand	3,50,541	53,088
	Balance with banks [#] (in current accounts)	20,00,351	3,61,147
		<u>23,50,892</u>	<u>4,14,235</u>
	[#] There was no earmarked balance at March 31, 2021 (March 31, 2020: Nil).		
11	Short term loans and advances		
	Taxes paid (Net of provisions)	59,196	2,75,164
	Accrued interest	36,55,632	25,23,074
	Prepaid expenses	19,387	2,152
		<u>37,34,215</u>	<u>28,00,400</u>



Navarathna Housing Finance Limited

Notes forming part of the Financial Statements

(Amount in ₹)

Note No	Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
12	Revenue from operations		
	Interest	3,26,75,028	2,63,18,720
	Income from Other services	10,97,693	17,52,771
		<u>3,37,72,721</u>	<u>2,80,71,491</u>
13	Other income		
	Profits on sale of investments (net)	4,57,552	11,02,449
	Other interest	-	6,17,259
	Miscellaneous income	1,68,920	2,10,000
		<u>6,26,472</u>	<u>19,29,708</u>
14	Employee benefit expenses		
	Salary and wages	54,73,707	53,27,186
	Incentives	-	48,126
	Employer's contribution to ESI	30,657	20,893
	Staff welfare	45,866	49,125
		<u>55,50,230</u>	<u>54,45,330</u>
15	Finance costs		
	Interest on borrowings	17,52,625	6,23,268
	Other borrowing costs	-	49,050
		<u>17,52,625</u>	<u>6,72,318</u>
16	Other expenses		
	Administrative expenses	3,48,726	1,35,539
	Bad debts written off	22,54,863	26,46,149
	Provision for doubtful debts	8,55,643	-
	Business promotion expenses	22,597	26,013
	Communication expenses	1,56,354	1,44,397
	Conveyance and boarding expenses	1,53,730	4,34,580
	Electricity expenses	71,681	63,212
	Loan processing expenses	1,32,930	1,34,551
	Professional charges	13,63,650	11,02,281
	Rates & taxes	1,49,826	17,561
	Rent	8,99,854	7,56,747
	Other repairs and maintenance	1,19,727	96,615
	Miscellaneous expenses	37,394	20,174
		<u>65,66,975</u>	<u>55,77,819</u>
	* Professional charges includes auditor's remuneration. Refer Note 44 for details.		
17	General provisions		
	Provision for standard assets	(1,35,125)	3,90,732
	Provision for non-performing assets	(59,683)	2,10,681
		<u>(1,94,808)</u>	<u>6,01,413</u>



Navarathna Housing Finance Limited

Notes forming part of the financial statements

Note No. 18
Property Plant and Equipment - Tangible Asset

(Amount in ₹)

Particulars	Gross Block			Depreciation / Amortization			Net Block	
	As at April 1, 2020	Additions	Deductions/ Adjustments	As at March 31, 2021	For the year	Deductions/ Adjustments	As at March 31, 2021	As at March 31, 2020
Furniture & Fittings	4,23,724	1,67,006	-	5,90,730	47,093	-	4,18,600	2,98,687
Office Equipment	1,01,059	6,004	-	1,07,063	19,873	-	39,520	53,389
Computers	5,64,675	13,579	-	5,78,254	1,39,629	-	78,532	2,04,582
Leasehold Improvements	3,67,500	-	-	3,67,500	1,05,841	-	-	1,05,841
TOTAL	14,56,958	1,86,589	-	16,43,547	3,12,436	-	5,36,652	6,62,499

Previous Year - FY 2019-20

Particulars	Gross Block			Depreciation / Amortization			Net Block	
	As at April 1, 2019	Additions	Deductions/ Adjustments	As at March 31, 2020	For the Year	Deductions/ Adjustments	As at March 31, 2020	As at March 31, 2019
Furniture & Fittings	3,77,723	46,001	-	4,23,724	65,832	-	2,98,687	3,18,518
Office Equipment	1,01,059	-	-	1,01,059	19,262	-	53,389	72,651
Computers	4,75,065	89,610	-	5,64,675	1,86,261	-	2,04,582	3,01,233
Leasehold Improvements	3,67,500	-	-	3,67,500	1,22,797	-	1,05,841	2,28,638
TOTAL	13,21,347	1,35,611	-	14,56,958	3,94,152	-	6,62,499	9,21,040

NHFL



Annual Report 2021

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

19 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.

20 Basis of preparation

20.1 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.

20.2 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.

20.3 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 - 1. The Statement of Cash Flows has been prepared and presented as per the requirements of AS-3 'Cash Flow Statements'.

21 Significant Accounting Policies followed in preparing the Financial Statements

21.1 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

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

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.

21.2 Revenue recognition

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

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

21.3 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.

21.4 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.

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

21.5 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.

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

21.6 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.

21.7 Employee Benefits:

The provisions of the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 are not applicable during the current year as the number of employees, employed by the Company are less than the limits specified under the Act.

The Company contributes to Employees State Insurance on behalf of its employees.

21.8 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.

21.9 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.

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

21.10 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.

21.11 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.

21.12 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.

21.13 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.

21.14 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.

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

21.15 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.

21.16 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.

21.17 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.

21.18 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”.

21.19 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

22 Capital

Particulars	2020-21	2019-20
(i) CRAR (%)	156.66%	170.11%
(ii) CRAR - Tier-I Capital (%)	155.41%	169.15%
(iii) CRAR - Tier-II Capital (%)	1.25%	0.96%
(iv) Amount of subordinated debt raised as Tier- II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

23 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.

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

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	2020-21	2019-20
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	5,74,008	5,74,008
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	50,83,278	18,21,328
c) Total	56,57,286	23,95,336
Addition/ Appropriation/ Withdrawal during the year		
Add:		
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 account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	40,25,125	32,61,950
Less:		
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, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	5,74,008	5,74,008
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	91,08,403	50,83,278
c) Total	96,82,411	56,57,286

24 Investment

Particulars	2020-21	2019-20
24.1 Value of investments		
(i) Gross value of investments	93,32,599	75,99,390
(a) In India	93,32,599	75,99,390
(b) Outside India	-	-
(ii) Provisions for Depreciation	-	-
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of investments	93,32,599	75,99,390
(a) In India	93,32,599	75,99,390
(b) Outside India	-	-

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

Particulars	2020-21	2019-20
24.2 Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	-
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-bank of excess provisions during the year	-	-
(iv) Closing balance	-	-

25 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.

26 Securitisation

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

27 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	-	-	-	-	1,22,885	93,32,599	-
8-14 days	-	-	-	-	-	-	-
15-30/31 days	-	-	-	-	16,73,527	-	-
1-2 months	-	-	-	-	18,27,373	-	-
2-3 months	-	-	-	-	19,00,384	-	-
3-6 months	-	-	-	-	60,02,612	-	-
6-12 months	-	-	-	-	1,31,16,951	-	-
1-3 years	-	-	-	-	6,19,07,773	-	-
3-5 years	-	-	-	-	5,93,34,714	-	-
Over 5 years	-	-	-	-	3,66,58,713	-	-
Total	-	-	-	-	18,25,44,932	93,32,599	-

28 Exposures

28.1 Exposure to real estate sector

Category	2020-21	2019-20
a) Direct exposure		
(i) Residential mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	18,25,44,932	15,56,70,493

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

Category		2020-21	2019-20	
	(ii)	Commercial real estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure shall also include non-fund based limits	-	-
	(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a.	Residential	-	-
	b.	Commercial real estate	-	-
b)	Indirect exposure			
	Fund based and non-fund based exposure on NHB and HFCs	-	-	
Total exposure to real estate sector		18,25,44,932	15,56,70,493	

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

28.2 Exposure to capital market

Category		2020-21	2019-20
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	-
(ii)	Advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-
(vi)	Loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	-

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

Category		2020-21	2019-20
(vii)	Bridge loans to companies against expected equity flows / issues	-	-
(viii)	All exposures to Venture Capital Funds/Alternate Investment Funds (both registered and unregistered)	-	-
Total exposure to capital market		-	-

28.3 Financing of parent company products.

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

28.4 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.

28.5 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, 2021 (March 31, 2020: Nil).

28.6 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.

29 Registration obtained from other financial sector regulators

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

30 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.

31 Related Party Transactions and Disclosures:

a) List of Related Parties:

1. Individuals who exercise significant influence:
 - a. K. Venkatkumar

2. Enterprises over which Key Management Personnel exercise significant influence:
 - a. Prakala Wealth Management Private Limited
 - b. Navarathna Financial Services Limited
 - c. Chokkalingam Palaniappan – HUF

Navarathna Housing Finance Limited

Notes forming part of the Financial Statements

3. Key Management Personnel:
- a. Mr. Chokkalingam Palaniappan , Managing Director
 - b. Mr. R. Ganesan, Chief Financial Officer
4. Directors and Relatives of Key Management Personnel:
- a. Mr. T. R. Ramanathan, Relative of a director
 - b. Mr. A. R. Muthuraman, Director
 - c. Mrs. Meenakshi Panayappan, Relative of a director
 - d. Mrs. Ramayee, Relative of a director
 - e. Ms. Manimegalai Palaniappan, Relative of a director
 - f. Mr. AL Palaniappan, Director
 - g. Mr. Vallinayagam Chokkalingam, Relative of a director

b) Details of Transactions:

Nature of Transaction	Name of Related Party	2020-21	2019-20
Remuneration	Mr. Chokkalingam Palaniappan	6,00,000	6,00,000
Remuneration (Annual)	Mr. R Ganesan	9,85,006	10,07,172
Professional Charges	Mr. T. R. Ramanathan	6,00,000	6,00,000
Loan returned	Navarathna Financial Services Limited	-	75,00,000
Interest received	Navarathna Financial Services Limited	-	6,17,259
Loan Received	K Venkatkumar	50,00,000	-
Loan Received	Manimegalai Palaniappan	2,00,000	-
Loan Received	AL Palaniappan	2,00,000	-
Loan Received	Vallinayagam Chokkalingam	5,07,000	-
Loan Received	A R Muthuraman	-	3,00,000
Loan Received	Meenakshi Panayappan	-	17,53,292
Loan Received	Ramayee	-	2,00,000
Interest paid on loan	K Venkatkumar	4,36,876	-
Interest paid on loan	Manimegalai Palaniappan	20,482	-
Interest paid on loan	AL Palaniappan	20,636	-
Interest paid on loan	Vallinayagam Chokkalingam	61,100	-
Interest paid on loan	A R Muthuraman	42,000	23,869
Interest paid on loan	Meenakshi Panayappan	2,46,921	10,430
Interest paid on loan	Ramayee	28,000	2,377
Total		89,48,021	1,26,14,399

c) Outstanding Balances to Related Parties:

Name of Related Party	Nature	2020-21	2019-20
R. Ganesan	Payable	86,000	-
K Venkatkumar	Payable	49,94,757	-
Manimegalai Palaniappan	Payable	2,20,482	-
AL Palaniappan	Payable	2,19,088	-
Vallinayagam Chokkalingam	Payable	5,63,518	-
A R Muthuraman	Payable	3,00,000	3,00,000
Meenakshi Panayappan	Payable	19,92,124	17,53,292
Ramayee	Payable	2,00,000	2,00,000

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

32 Group structure

The Company is a stand-alone entity and does not have any holding, subsidiary, associate or joint venture entities.

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

The company is a HFC-ND and does not intend to issue non-convertible debentures. Hence, it did not apply to obtain ratings from any credit rating agencies.

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

There are no circumstances that warrant disclosures regarding prior period items and changes in accounting policies during the current year.

35 Consolidated Financial Statements (CFS)

The Company does not have any subsidiary - domestic as well as overseas, and accordingly is not required to prepare consolidated financial statements as per AS 21 - "Consolidated Financial Statements".

36 Break-up of provisions and contingencies in the Statement of Profit and Loss

Particulars	2020-21	2019-20
Provision for depreciation on investments	-	-
Provision towards NPA	(59,683)	2,10,681
Provision made towards income tax ^{##}	51,43,476	43,19,782
Provision for bad and doubtful debts	8,55,643	-
Provision towards Standard Assets	(1,35,125)	3,90,732

^{##} including provision for deferred tax

37 Break-up of loans and advances and provisions thereon (inclusive of interest accrued)

Particulars	Housing loans		Non-housing loans	
	2020-21	2019-20	2020-21	2019-20
Standard assets				
(a) Total outstanding amount	12,97,89,892	11,65,67,980	5,54,04,021	4,02,21,049
(b) Provisions made	3,24,475.00	5,20,332.00	2,21,616.00	1,60,884.00
Sub-standard assets				
(a) Total outstanding amount	2,98,744	14,04,542	7,07,907	2
(b) Provisions made	44,812.00	2,10,681.00	1,06,186.00	-
Doubtful assets - category I				
(a) Total outstanding amount	-	-	-	-
(b) Provisions made	-	-	-	-
Doubtful assets - category II				
(a) Total outstanding amount	-	-	-	-
(b) Provisions made	-	-	-	-

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

Particulars	Housing loans		Non-housing loans	
	2020-21	2019-20	2020-21	2019-20
Doubtful assets - category III				
(a) Total outstanding amount	-	-	-	-
(b) Provisions made	-	-	-	-
Loss assets				
(a) Total outstanding amount	-	-	-	-
(b) Provisions made	-	-	-	-
Total				
(a) Total outstanding amount	13,00,88,636	11,79,72,522	5,61,11,928	4,02,21,051
(b) Provisions made	3,69,287.00	7,31,013.00	3,27,802.00	1,60,884.00

38 Draw down from reserves

There has been no draw down from reserves during the year ended March 31, 2021 (year ended March 31, 2020 - Nil).

39 Concentration of public deposits, advances, exposures and NPAs

39.1 Concentration of public deposits

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

39.2 Concentration of advances

Particulars	2020-21	2019-20
Total loans & advances to twenty largest borrowers	2,78,80,818	2,80,52,008
Percentage of loans & advances to twenty largest borrowers to total advances of the HFC	15.27%	18.02%

39.2 Concentration of exposures (including off-balance sheet exposures)

Particulars	2020-21	2019-20
Total exposure to twenty largest borrowers	2,78,80,818	2,80,52,008
Percentage of exposures to twenty largest borrowers to total exposure of the HFC on borrowers	15.01%	17.83%

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

39.3 Concentration of NPAs

Particulars	2020-21	2019-20
Total exposure to top ten NPA accounts	10,06,647	14,04,544

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



Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

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

S.No.	Sector	2020-21	2019-20
A.	Housing loans		
1.	Individuals	0.23%	1.21%
2.	Builders/project loans	-	-
3.	Corporates	-	-
4.	Others(specify)	-	-
B.	Non-housing loans		
1.	Individuals	1.28%	-
2.	Builders/project loans	-	-
3.	Corporates	-	-
4.	Others(specify)	-	-

40 Movement of NPAs

Particulars		2020-21	2019-20
(i)	Net NPAs to net advances (%)	0.47%	0.77%
(ii)	Movement of gross NPAs		
	(a) Opening balance	14,04,544	-
	(b) Additions during the year	10,06,645	14,04,544
	(c) Reductions during the year	14,04,538	-
	(d) Closing balance	10,06,651	14,04,544
(iii)	Movement of net NPAs		
	(a) Opening balance	11,93,863	-
	(b) Additions during the year	8,55,645	11,93,863
	(c) Reductions during the year	11,93,863	-
	(d) Closing balance	8,55,645	11,93,863
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	2,10,681	-
	(b) Provisions made during the year	1,50,992	2,10,681
	(c) Write-off / write-back of excess provisions	2,10,675	-
	(d) Closing balance	1,50,998	2,10,681

41 Overseas assets

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

42 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.

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

43 Customer complaints

	Particulars	2020-21	2019-20
(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

44 Auditors Remuneration (Excluding GST):

Particulars	2020-21	2019-20
Audit Fees	1,75,000	1,65,000
Taxation services	1,15,000	1,00,000
Other services	1,30,000	75,000
Total	4,20,000	3,40,000

45 Earnings per share

Particulars	2020-21	2019-20
Profit after Tax - in ₹	1,52,68,259	1,29,90,385
Weighted Average Number of Equity Shares	1,28,68,121	1,25,58,460
Earnings Per Share (Basic & Diluted) - in ₹	1.19	1.03
Face Value Per Share - in ₹	10	10

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

47 Frauds

The Company has reported frauds amounting to ₹ 3,50,000 during year ended March 31, 2021 (March 31, 2020: Nil) 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.

48 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.

Navarathna Housing Finance Limited
Notes forming part of the Financial Statements

Particulars	2020-21	2019-20
Aggregate outstanding (as at March 31, 2020) of loans for which moratorium benefit was extended	10,15,18,571	10,15,18,571
Aggregate outstanding (as at March 31, 2020) of loans for which asset classification benefit was extended	48,58,990	48,58,990
Provisions made during the Q4 FY 2019-20 and Q1 FY 2020-21 as per above-mentioned circulars	4,81,920	2,40,960
Provisions adjusted during FY 2020-21 against slippages	2,66,124	NA
Residual provisions written back at March 31, 2021	2,15,796	NA

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

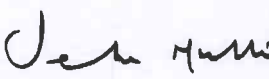
For and on behalf of the Board of
Navarathna Housing Finance Limited

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


Managing Director


Director


Chief Financial Officer


Velu Muthu
Proprietor
Membership No.: 022976



Place: Chennai
Date: July 22, 2021

Navarathna Housing Finance Limited

Annexure -1

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) Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:			
(a)	Debentures : Secured	-	-
	: Unsecured	-	-
	(other than falling within the meaning of public deposits*)		
(b)	Deferred credits	-	-
(c)	Term loans	28,22,200	-
(d)	Inter-corporate loans and borrowing	30,00,000	-
(e)	Commercial paper	-	-
(f)	Public deposits*	-	-
(g)	Other loans (Loans from related parties)	84,89,969	-
* Please see Note 1 below			
(2) Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):			
(a)	In the form of unsecured debentures	-	-
(b)	In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c)	Other public deposits	-	-
* Please see Note 1 below			
Assets side		Amount outstanding	
(3) Break-up of loans and advances including bills receivables [other than those included in (4) below]:			
(a)	Secured		-
(b)	Unsecured		-
(4) Break up of leased assets and stock on hire and other assets counting towards asset financing activities			
(i)	Lease assets including lease rentals under sundry debtors		
	(a) Financial lease		-
	(b) Operating lease		-
(ii)	Stock on hire including hire charges under sundry debtors		
	(a) Assets on hire		-
	(b) Repossessed assets		-
(iii)	Other loans counting towards asset financing activities		
	(a) Loans where assets have been repossessed		-
	(b) Loans other than (a) above		-

Navarathna Housing Finance Limited

(5) Break-up of investments					
Current investments					
1	Quoted				
	(i) Shares				
	(a)	Equity		-	
	(b)	Preference		-	
	(ii) Debentures and bonds				
	(iii) Units of mutual funds				
					93,32,599
	(iv) Government securities				
	(v) Others (please specify)				
					-
					-
2	Unquoted				
	(i) Shares				
	(a)	Equity		-	
	(b)	Preference		-	
	(ii) Debentures and bonds				
	(iii) Units of mutual funds				
	(iv) Government securities				
	(v) Others (please specify)				
					-
					-
Long term investments					
1	Quoted				
	(i) Shares				
	(a)	Equity		-	
	(b)	Preference		-	
	(ii) Debentures and bonds				
	(iii) Units of mutual funds				
	(iv) Government securities				
	(v) Others (please specify)				
					-
					-
2	Unquoted				
	(i) Shares				
	(a)	Equity		-	
	(b)	Preference		-	
	(ii) Debentures and bonds				
	(iii) Units of mutual funds				
	(iv) Government securities				
	(v) Others (please specify)				
					-
					-
(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		18,09,92,200	-	18,09,92,200
	Total		18,09,92,200	-	18,09,92,200

Navarathna Housing Finance Limited

(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	-
Total			-
** 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	10,06,651
	(ii)	Net non-performing assets	
	(a)	Related parties	-
	(b)	Other than related parties	8,55,653
	(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.		

