

**Independent Auditor's Report**

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

**Report on the Financial Statements**

I have audited the accompanying financial statements of Navarathna Housing Finance Limited ('the Company') which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on March 31, 2018, the summary of significant accounting policies and other explanatory information.

**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.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit.

I have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

I conducted my audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion and to the best of my information and according to the explanations given to me, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

1. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2018;
2. In the case of Statement of Profit and Loss, of the profit for the year ended on that date;
3. In the case of Cash Flow Statement, the cash flows for the year ended on that date.

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

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), as amended by the Central Government of India in terms of sub-section (11) of section 143 of the Act, I give in the "Annexure A" a statement on the matters specified in Paragraph 3 and 4 of the Order.
2. As required by section 143(3) of the Act, I report that:
  - a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
  - b) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
  - c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In my opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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".



## Independent Auditor's Report

Velu Muthu Associates  
Chartered Accountants

- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Velu Muthu Associates  
Chartered Accountants  
FRN 004590S

  
(Velu Muthu)  
Proprietor  
Membership No. 22976



Place: Chennai

Date: June 21, 2018

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

**Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of my Report of even date to the members of Navarathna Housing Finance Limited for the year ended March 31, 2018**

- (i)
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to me, the fixed assets have been physically verified by the management during the year in a phased periodical manner, which in my opinion is reasonable, having regard to the size of the Company and the nature of the fixed assets. No material discrepancies have been noticed in respect of the assets, which have been physically verified during the year.
  - (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) The provisions of paragraph (ii) of the order are not applicable to the Company, as the Company is engaged in the financial services sector.
- (iii) The Company has 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 my comments above, clauses iii (a) to iii (c) of the paragraph 3 of the Order are not applicable to the Company and not commented upon.

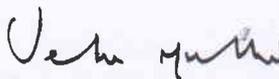
- (iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits from the public within the meaning of section 73 to 76 of the Act and the rules framed there under. Therefore, the provisions of this clause are not applicable to the Company.
- (vi) Since the Company is engaged in the financial services sector, provisions of Section 148(1) of the Companies Act, 2013 is not applicable to the Company.
- (vii)
- (a) According to information and explanations given to me and on the basis of my examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Goods & Service Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to me, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2018 for a period of more than six months from the date on when they become payable except for TDS payable of Rs. 7500/-.
  - (b) According to the information and explanation given to me there are no dues of income tax, service tax, VAT, CST, wealth tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.

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Velu Muthu Associates  
Chartered Accountants

- (viii) In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of dues to any financial institution or any bank(s).
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of my knowledge and belief and according to the information and explanations given to me, no fraud by the Company and no material fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) In my opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In my opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
- (xiii) In my opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- (xvi) In my opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Velu Muthu Associates  
Chartered Accountants  
FRN.004590S

  
(Velu Muthu)  
Proprietor  
Membership No. 22976



Place: Chennai

Date: June 21, 2018

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

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

I have audited the internal financial controls over financial reporting of Navarathna Housing Finance Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**Auditors' Responsibility**

My responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on my audit. I conducted my audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by The Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

My audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. My audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing whether the risk of a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

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

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

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

**Opinion**

In my opinion, to the best of my information and according to the explanations given to me, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018; however, the Company is in the process of establishing written down criteria, processes and procedures to support 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.

For Velu Muthu Associates  
Chartered Accountants  
FRN.004590S



*Velu Muthu*

(Velu Muthu)  
Proprietor  
Membership No. 22976

Place: Chennai

Date: June 21, 2018

# Navarathna Housing Finance Limited

## Balance Sheet as at March 31, 2018

Particulars	Note	(Amount in ₹)	
		As at March 31, 2018	As at March 31, 2017
<b>I Equity and Liabilities</b>			
<b>Shareholders' Funds</b>			
(a) Share Capital	1	10,15,25,010	10,15,25,010
(b) Reserves and Surplus	2	98,03,232	69,33,194
		11,13,28,242	10,84,58,204
<b>Current Liabilities</b>			
(a) Other Current Liabilities	3	5,51,304	93,300
(b) Short term Provisions	4	1,93,319	(98,170)
		7,44,623	(4,870)
		11,20,72,865	10,84,53,334
<b>II Assets</b>			
<b>Non Current Assets</b>			
(a) Property Plant and Equipment			
Tangible assets	5	8,27,807	-
(b) Non-Current Investment	6	7,89,46,464	-
(c) Deferred Tax Asset		12,812	12,046
(d) Long Term Loans and Advances	7	3,07,70,746	-
(e) Other non-current assets	8	3,30,000	1,50,000
		11,08,87,829	1,62,046
<b>Current Assets</b>			
(a) Current Investments	9	-	10,69,55,732
(b) Cash and Cash Equivalents	10	8,93,503	1,89,338
(c) Other Current Assets	11	2,91,533	11,46,218
		11,85,036	10,82,91,288
<b>Total</b>		11,20,72,865	10,84,53,334

### III Notes forming part of the Financial Statements

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

Managing Director

Director



**Velu Muthu Associates**  
Chartered Accountants  
Firm Registration No. 004590S

(Velu Muthu)  
Proprietor  
Membership No.: 22976



Place: Chennai

Date: June 21, 2018

# Navarathna Housing Finance Limited

## Statement of Profit and Loss for the year ending March 31, 2018

Particulars	Note	(Amount in ₹)	
		Year ended March 31, 2018	Year ended March 31, 2017
<b>I Revenue</b>			
(a) Revenue from Operations	12	24,88,549	-
(b) Other Income	13	62,24,463	76,07,527
<b>Total Revenue</b>		<b>87,13,012</b>	<b>76,07,527</b>
<b>II Expenditure</b>			
(a) Employee Benefits Expense	14	19,03,347	96,490
(b) Depreciation and amortization expense		91,180	-
(c) Other Expenses	15	29,56,359	3,92,511
(d) Provisions / Write-off (net)		1,53,854	-
<b>Total Expenses</b>		<b>51,04,740</b>	<b>4,89,001</b>
<b>III Profit before exceptional and extraordinary items and tax</b>		36,08,272	71,18,526
<b>IV Exceptional items</b>		-	-
<b>V Profit before extraordinary items and tax</b>		36,08,272	71,18,526
<b>VI Extraordinary items</b>		-	-
<b>VII Profit Before Tax</b>		36,08,272	71,18,526
<b>VIII Tax Expense</b>			
Current Tax		7,39,000	21,87,578
Deferred Tax		(766)	66,382
		7,38,234	22,53,960
<b>IX Profit/(Loss) for the year</b>		<b>28,70,038</b>	<b>48,64,566</b>
<b>X Earnings per s 10/- Share</b>			
• Basic and Diluted		0.28	0.48

Notes forming part of the Financial Statements

1 - 15

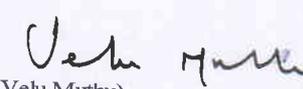
For and on behalf of the Board of  
Navarathna Housing Finance Limited

  
Managing Director

  
Director



**Velu Muthu Associates**  
Chartered Accountants  
Firm Registration No. 004590S

  
(Velu Muthu)  
Proprietor  
Membership No.: 22976



Place: Chennai

Date: June 21, 2018

NHFL

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# Navarathna Housing Finance Limited

## Cash Flow Statement for the year ended March 31, 2018

Particulars	(Amount in ₹)	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>A. Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before extraordinary items and tax	36,08,272	71,18,526
Adjustments for:		
Depreciation and amortisation	91,180	-
Profit from Sale of Investments	(47,81,922)	-
Dividend received from MF	(5,26,105)	-
Interest Expense	-	-
Interest Income	(9,16,436)	(76,07,527)
Operating profit / (loss) before working capital changes	<u>(25,25,011)</u>	<u>(4,89,001)</u>
Long-Term Loans and Advances	(3,07,70,746)	-
Other Non-Current Assets	(1,80,766)	11,26,499
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Other Current Assets	8,54,685	-
Adjustments for increase / (decrease) in operating liabilities:		
Current Liabilities	4,58,004	7,050
Short-term provisions	2,91,489	(10,76,705)
Operating profit / (loss) after working capital changes	<u>(3,18,72,345)</u>	<u>(4,32,157)</u>
Cash flow from extraordinary items	-	-
Cash generated from operations	(3,18,72,345)	(4,32,157)
Net income tax (paid) / refunds	(7,38,234)	(22,53,960)
<b>Net cash flow from / (used in) operating activities (A)</b>	<u><b>(3,26,10,579)</b></u>	<u><b>(26,86,117)</b></u>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(9,18,987)	-
Investment in Mutual Funds	(21,68,01,607)	-
Redemption of Mutual Funds	14,26,37,065	-
FD Invested	(51,03,888)	(47,59,057)
FD Redeemed	11,20,59,620	-
Interest income	9,16,436	76,07,527
Dividend received from MF	5,26,105	-
<b>Net cash flow from / (used in) investing activities (B)</b>	<u><b>3,33,14,744</b></u>	<u><b>28,48,470</b></u>
<b>C. Cash Flow from Financing Activities</b>		
Net Proceeds from Share Capital	-	-
<b>Net cash flow from / (used in) financing activities (C)</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>Net increase / (decrease) in cash and cash equivalents during the year</b>	<b>7,04,165</b>	<b>1,62,353</b>
Add: Balance at the beginning of the year	1,89,338	26,985
Balance at the end of the year	<u><b>8,93,503</b></u>	<u><b>1,89,338</b></u>

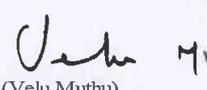
For and on behalf of the Board

  
Managing Director

  
Director



Refer my audit report of even date  
Velu Muthu Associates  
Chartered Accountants  
Firm Registration No. 004590S

  
(Velu Muthu)  
Proprietor  
Membership No.: 022976



Place: Chennai

June 21, 2018

Place: Chennai

# Navarathna Housing Finance Limited

## Notes forming part of the Financial Statements

(Amount in ₹)

Note No	Particulars	As at March 31, 2018	As at March 31, 2017
1	<b>Share Capital</b>		
	<b>Authorised Capital</b>		
	11,000,000 Equity Shares of ₹10 each	11,00,00,000	11,00,00,000
	<b>Issued, Subscribed and Paid up</b>		
	10,152,501 Equity Shares of ₹10 each fully paid up	10,15,25,010	10,15,25,010
		<b>10,15,25,010</b>	<b>10,15,25,010</b>

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

Name of the Shareholder	No. of Shares	No. of Shares
K Venkatkumar	37,50,000	37,50,000
Saravanakumar Kandaswamy	5,50,000	5,50,000
Navarathna Financial Services Limited	8,00,000	8,00,000

Name of the Shareholder	% of Shareholding	% of Shareholding
K Venkatkumar	36.94%	36.94%
Saravanakumar Kandaswamy	5.42%	5.42%
Navarathna Financial Services Limited	7.88%	7.88%

### 1.2 Reconciliation of Number of Shares

Particulars	No. of Shares	No. of Shares
Shares at the beginning of the year	1,01,52,501	1,01,52,501
Changes during the year	-	-
Shares at the end of the year	1,01,52,501	1,01,52,501

## 2 Reserves and Surplus

### i Statutory reserves

Opening Balance	-	-
Amount transferred u/s 29C of the NHB Act, 1987	5,74,008	-
	(A) <b>5,74,008</b>	-

### ii Surplus in Profit and Loss Statement

Opening Balance	69,33,194	20,68,628
Add: Profit / Loss for the period	28,70,038	48,64,566
Less: Transfer to Statutory Reserve	(5,74,008)	-
	(B) <b>92,29,224</b>	<b>69,33,194</b>

### Total (A + B)

<b>98,03,232</b>	<b>69,33,194</b>
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## 3 Other Current Liabilities

Audit Fees Payable	1,77,000	70,800
Statutory Remittances	65,074	7,500
Outstanding Expenses	2,76,301	15,000
Other Liabilities	32,929	-
	<b>5,51,304</b>	<b>93,300</b>



# Navarathna Housing Finance Limited

## Notes forming part of the Financial Statements

Note No	Particulars	(Amount in ₹)	
		As at March 31, 2018	As at March 31, 2017
<b>4</b>	<b>Short Term Provisions</b>		
	Provision for Taxation (Net of TDS)	39,465	(98,170)
	Provision for Standard Assets	1,53,854	-
		<u>1,93,319</u>	<u>(98,170)</u>
<b>6</b>	<b>Non - Current Investments</b>		
	BNP Paribas Mutual Fund	45,67,310	-
	Franklin Templeton Mutual Fund	3,06,45,595	-
	Invesco Mutual Fund	85,06,361	-
	Kotak Mutual Fund	1,58,65,576	-
	UTI Mutual Fund	1,93,61,622	-
		<u>7,89,46,464</u>	<u>-</u>
<b>7</b>	<b>Long Term Loans &amp; Advances</b>		
	Home Loan [Pre-EMI]	1,95,62,205	-
	Home Loan Flat [Pre-EMI]	97,21,269	-
	Mortgage Loan	14,87,272	-
		<u>3,07,70,746</u>	<u>-</u>
<b>8</b>	<b>Other Non - Current assets</b>		
	Deposit with Insurance	20,000	-
	Rental Advance	3,10,000	1,50,000
		<u>3,30,000</u>	<u>1,50,000</u>
<b>9</b>	<b>Current Investments</b>		
	Balances with banks in deposits accounts		
	• Deposits accounts (with original maturity less than 12 months)	-	10,69,55,732
		<u>-</u>	<u>10,69,55,732</u>
<b>10</b>	<b>Cash and Cash Equivalents</b>		
	Cash in Hand	21,736	7,275
	Balance with Banks		
	• Current Balances	8,71,767	1,82,063
		<u>8,93,503</u>	<u>1,89,338</u>
<b>11</b>	<b>Other Current Assets</b>		
	Accrued Interest - Income	2,91,533	11,46,218
		<u>2,91,533</u>	<u>11,46,218</u>



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# Navarathna Housing Finance Limited

## Notes forming part of the Financial Statements

Note No	Particulars	(Amount in Rs)	
		As at March 31, 2018	As at March 31, 2017
<b>12</b>	<b>Revenue from Operations</b>		
	Interest on Housing Loan	16,25,556	-
	Interest on Mortgage Loan	1,50,257	-
	Processing Fees	6,58,500	-
	CRIF & CIBIL Report Charges	16,950	-
	Documentation and other Charges	37,286	-
		<u>24,88,549</u>	<u>-</u>
<b>13</b>	<b>Other Income</b>		
	Dividend Received	5,26,105	-
	Interest Received - Fixed Deposits	9,16,436	76,07,527
	Penal Interest		-
	Profit/Loss from redemption of mutual funds	47,81,922	-
		<u>62,24,463</u>	<u>76,07,527</u>
<b>14</b>	<b>Employee Benefit Expenses</b>		
	Salary and Wages	18,89,877	77,333
	Staff Welfare	13,470	19,157
		<u>19,03,347</u>	<u>96,490</u>
<b>15</b>	<b>Other Expenses</b>		
	Accounting Charges	1,35,124	-
	Advertisement	52,381	-
	Auditors Remuneration		
	- Statutory Audit	1,47,500	47,200
	- Taxation Services	29,500	23,600
	- Other Services	21,000	-
	Bank Charges	643	-
	Business Promotion Expenses	69,827	-
	Repairs and Maintenance		
	- Building Maintenance	65,433	-
	- Computer & Printer Maintenance	22,100	-
	Credit Score Charges	13,955	-
	CERSAI Reg. Charges	5,777	-
	Power & Fuel	30,272	-
	Incentives	1,17,959	-
	Membership Fees	40,250	-
	Postage & Telegraph	10,464	150
	Printing & Stationary	21,173	-
	Professional Fees	12,83,299	-
	Rates & Taxes	1,170	1,67,575
	Rent	4,60,250	75,000
	Telephone Charges	45,999	-
	Travel & Conveyance	2,78,194	50,835
	Office Expenses	65,138	28,151
	Webhosting Charges	32,232	-
	Misc Expenses	6,719	-
		<u>29,56,359</u>	<u>3,92,511</u>



## Navarathna Housing Finance Limited

Notes forming part of the financial statements

**Note No. 5**  
**Property Plant and Equipment - Tangible Asset**

Particulars	Gross Block			Depreciation / Amortization			Net Block			
	As at April 1, 2017	Additions	Deductions/ Adjustments	As at March 31, 2018	Upto April 1, 2017	For the year	Deductions/ Adjustments	Upto March 31, 2018	As at April 1, 2017	As at March 31, 2018
Furniture & Fittings	-	2,38,037	-	2,38,037	-	16,297	-	16,297	-	2,21,740
Office Equipment	-	64,060	-	64,060	-	12,360	-	12,360	-	51,700
Computers	-	2,37,390	-	2,37,390	-	45,417	-	45,417	-	1,91,973
Mobile Phone	-	12,000	-	12,000	-	526	-	526	-	11,474
Leasehold Improvements	-	3,67,500	-	3,67,500	-	16,580	-	16,580	-	3,50,920
<b>TOTAL</b>	-	<b>9,18,987</b>	-	<b>9,18,987</b>	-	<b>91,180</b>	-	<b>91,180</b>	-	<b>8,27,807</b>
<b>Previous Year</b>	-	-	-	-	-	-	-	-	-	-

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## Navarathna Housing Finance Limited

### Note 16

#### 1) Background:

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

#### 2) Significant Accounting Policies followed in preparing the Financial Statements:

##### a) Basis of preparation of financial statements:

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

##### b) Use of estimates:

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

##### c) Investments:

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

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

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

##### d) Revenue Recognition:

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

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



## Navarathna Housing Finance Limited

and charges for delayed payments and additional interest income on delayed EMI/Pre-EMI and cheque bouncing, if any, which are accounted for on receipt basis as per the guidelines issued by the NHB.

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

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

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

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

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

**f) Earnings per Share:**

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

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

**g) Fixed Assets:**

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

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

**h) Depreciation & Amortization:**

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

**i) Cash and Cash Equivalents:**

Cash comprises cash on hand and demand deposits with bank.

**j) Taxes on Income:**

Current income tax expense comprises taxes on income from operations in India and in foreign jurisdictions. Income tax payable in India is determined in accordance with the provisions of the

## Navarathna Housing Finance Limited

Income Tax Act, 1961. Tax expense relating to foreign operations is determined in accordance with tax laws applicable in countries where such operations are domiciled.

### k) Deferred Tax:

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

### l) Segment Reporting:

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

### m) Operating Cycle:

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

### 3) Remuneration to Auditors (Exclusive of GST)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Statutory Audit	1,25,000/-	40,000/-
Taxation Services	25,000/-	20,000/-
Other Services	21,000/-	-

### 4) Deferred Tax Asset/(Liability)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation	(21,204/-)	-
Disallowances in the current year	34,016/-	12,046/-
<b>Total</b>	<b>12,812/-</b>	<b>12,046/-</b>

### 5) Related Party Transactions

#### A) List of Related Parties:

#### 1. Key Management Personnel:

a. Mr. Chokkalingam Palaniappan - Shareholder & Managing Director

#### 2. Relatives of Key Management Personnel:

a. Mr. T. R. Ramanathan



## Navarathna Housing Finance Limited

### 3. Entities with Key Managerial Personnel in Common

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

### B) Transactions with Related Parties:

Particulars	Party	Year ended March 31, 2018	Year ended March 31, 2017
Remuneration	Mr. Chokkalingam Palaniappan	1,24,000/-	-
Professional Charges	Mr. T. R. Ramanathan	1,24,000/-	-
Professional Charges	M/s. Chokkalingam Palaniappan - HUF	1,35,124/-	-

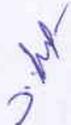
- 6) Debtor and creditor balances are subject to confirmation.
- 7) Based on the extent of information available with the management, there are no transactions with the Micro and small enterprises.
- 8) Prior year figures have been re-grouped wherever necessary to conform to the current year classification.

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

Refer my audit report of even date  
**Velu Muthu Associates**  
Chartered Accountants  
Firm Registration No. 004590S



Managing Director



Director



(Velu Muthu)

Proprietor

Membership No.: 22976



Place: Chennai

Date: June 21, 2018