

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 Thursday, 27th August, 2020 at 11.00A.M through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM') facility to transact the following:

Ordinary Business:

- 1.To receive and adopt the Audited Balance sheet as at 31st March 2020, Profit and Loss Account and Cash Flow Statement of the Company for the period ended 31st March 2020, 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 2019-2020.
- 3.To elect a Director in place of Mrs. Thirupathi Ramanathan Manonmani (DIN: 03361666), who retires by Rotation and being eligible offers herself for re-appointment.

Notes for e-AGM Notice:

1. 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 and Circular No.17/2020 dated 13th April, 2020 ("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'.

2. 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 2019-20 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 2019-20 will also be available on the Company's website www.navarathnahousing.com

Registered Office: No.2/102, Third Street, First Floor, Karpagam Avenue, R.A. Puram, Chennai - 600 028.

Tel: 044-4202-0942 / 4207-3710, Email: navarathnahousing@gmail.com

CIN : U65922TN2015PLC100156

3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM 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.

4. The Register of Members and the Share Transfer Books of the Company will remain closed from 14th August 2020 to 20th August 2020 (both days inclusive), for determining the eligibility of shareholders to participate in the AGM and Dividend.

5. 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.

6. 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

7. 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.

8. Non-resident Indian members are requested to inform the RTA, M/s.KFin Technologies Private Limited, Hyderabad immediately about:

9. (i) Change in their residential status on return to India for permanent settlement.

10. (ii) 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.

11. 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.

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

- 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.
- Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience.
- 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.
- 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.
- Members who need assistance before or during the AGM, can contact Ms. Divya Balasubramanian 89391-17522.

By the Order of the Board
For Navarathna Housing Finance Limited



Managing Director
(DIN: 00884596)

Date: 05th August, 2020
Chokkalingam Palaniappan
Place: Chennai

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, 2020.

1	FINANCIAL SUMMARY	Amount in Rs.	
		For the period ended 31.03.2020	For the period ended 31.03.2019
	Total Revenue	3,00,01,199	2,03,55,911
	Total Expenses	1,26,91,032	76,52,587
	Profit or Loss before Exceptional and Extraordinary items and Tax	1,73,10,167	1,27,03,324
	Profit or Loss before Tax	1,73,10,167	1,27,03,324
	Less: Current Tax	35,61,336	31,44,100
	Previous years' tax	954	96,049
	Deferred Tax	7,57,492	4,50,178
	Profit or Loss After Tax	1,29,90,385	90,12,997

2 DIVIDEND:

The Directors are pleased to recommend for approval of the members a final dividend of Rs. 0.40/- per Equity share for the financial year.

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

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

4 REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS:

The Company made a revenue of Rs. 3,00,01,199/- during the year. The Company made a profit of Rs. 1,29,90,385/- in comparison to previous year profit of Rs. 90,12,997/-. Your Directors are optimistic about Company's business and hopeful of better performance in next year. There was no change in the nature of business of Company

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

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

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

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

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

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

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

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

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

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

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review. M/S. Navarathna Financial Services Limited has repaid Rs. 75,00,000 to the Company.

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 year the committee met on 10th September, 2019, 07th October, 2019. All the members attended the committee meeting.

13 ANNUAL RETURN:

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

14 NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW:
The Company has conducted 11 Board meetings during the financial year under review.

S No	Date/Day of Board Meeting	Board Strength	No of Directors Attended
1.	19.04.2019/ Friday	5	5
2.	17.07.2019/ Wednesday	5	5
3.	07.08.2019/Wednesday	5	5
4.	10.09.2019/Tuesday	6	6
5.	10.10.2019/ Thursday	6	6
6.	19.10.2019 / Saturday	6	6
7.	11.12.2019/Wednesday	6	6
8.	06.01.2020/Thursday	6	6
9.	22.02.2020/Saturday	6	6
10.	09.03.2020/Monday	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. Thirupathi Ramanathan Manonmani (DIN: 03361666), 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 Company received a notice dated 7th August, 2019 from a shareholder of the Company under Section 160 of the Companies Act, 2013, stating his intention to propose the candidature of Ms. Devikala Venkatkumar (DIN: 02980171) for the office of Director of the Company, along with the deposit as prescribed. The Appointment of Ms. Devikala has been approved by the Shareholders at AGM held on 31st August, 2019.

19 DECLARATION OF INDEPENDENT DIRECTORS:

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

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

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

21 STATUTORY AUDITORS:

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

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

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

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

There were four Audit Committee meeting held during the year 2019-20 (i.e. on 15th April, 2019, 01st August, 2019, 14th October, 2019 and 8th February, 2020). All the members attended all the audit committee meetings.

23 SHARES:

During the year under review:

Increase in Authorised Share Capital	Buy Back of Securities & Sweat Equity	Rights Issue	Bonus Shares	Employees Stock Option Plan
Nil	Nil	Nil	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 **COMPLIANCE WITH THE SECRETARIAL STANDARDS:**

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

30 **ACKNOWLEDGEMENTS:**

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

Navarathna Housing Finance Limited,

Date: 05th August, 2020
Place: Chennai




Chokkalingam Palaniappan
Managing Director
(DIN : 00884596)


Balamurugan Neelamegam
Director
(DIN : 01254031)

ANNEXURE I
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. Chokkalingam Palaniappan Managing Director of the Company	Remuneration	2019-2020	Rs.6,00,000	18.03.2019	Nil
2.	Mr. T.R.Ramanathan Relatives of Key Management Personnel	Professional charges	2019-2020	Rs.6,00,000	19.04.2019	Nil
3.	Mr. A.R. Muthuraman Director of the Company	Loan received	2019-2020	Rs.3,00,000	07.08.2019	Nil
		Interest paid on Loan	2019-2020	Rs. 23,869	07.08.2019	Nil
4.	Ms. Meenakshi Panayappan Relative of the Director of the Company	Loan received	2019-2020	Rs. 17,53,292	22.02.2020	Nil
		Interest paid on Loan	2019-2020	Rs. 10,430	22.02.2020	Nil
5.	Ms. Ramayee Relative of the Director of the Company	Loan received	2019-2020	Rs.2,00,000	22.02.2020	Nil
		Interest paid on Loan	2019-2020	Rs. 2,377	22.02.2020	Nil
6.	M/s. Navarathna Financial Services Limited Enterprises over which Key Management Personnel exercise significant influence	Interest received	2019-2020	Rs. 6,17,259	31.10.2018	Nil
		Loan returned	2019-2020	Rs. 75,00,000	N.A.	Nil

7.	Mr. R Ganesan Chief Financial Officer of the Company w.e.f 10.10.2019	Remuneration paid (Annually)	2019-2020	Rs. 10,07,172	10.10.2019	Nil
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Date: 05th August, 2020
Place: Chennai



[Signature]
Chokkalingam Palaniappan
Managing director
(DIN : 00884596)

[Signature]
Balamurugan Neelamegam
Director
(DIN : 01254031)

For Navarathna Housing Finance Limited

ANNEXURE-II
FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2020

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

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Activities of specialized institutions granting credit for house purchases	54192	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-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	-	817,500	817,500	6.51%	1,155,000	537,500	1,692,500	6.51%	107.03%
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)	-	817,500	817,500	6.51%	1,155,000	537,500	1,692,500	13.48%	107.03%
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	4,000,000	4,000,000	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub Total (A) (2)	-	-	-	0.00%	-	4,000,000	4,000,000	31.85%	0.00%
TOTAL (A)	-	817,500	817,500	6.51%	1,155,000	4,537,500	5,692,500	6.51%	0.00%
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 Funds	-	-	-	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	-	1,052,001	1,052,001	8.38%	-	1,052,001	1,052,001	8.38%	0.00%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	15,000	15,000	0.12%	-	15,000	15,000	0.12%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	4,589,792	4,589,792	36.55%	500,000	3,214,792	3,714,792	36.55%	-19.06%
c) Others (specify)									
Non Resident Indians	-	6,084,167	6,084,167	48.45%	-	2,084,167	2,084,167	48.45%	-65.74%
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):-	-	11,740,960	11,740,960	93.49%	500,000	6,365,960	6,865,960	54.67%	-41.52%
Total Public (B)	-	11,740,960	11,740,960	93.49%	500,000	6,365,960	6,865,960	54.67%	-41.52%
C. Shares held by Custodian for GDRs & ADRs									
	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	-	12,558,460	12,558,460	100.00%	1,655,000	10,903,460	12,558,460	61.18%	-41.52%

(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	50,000	0.40%	0	0.00%
2	CHOKKALINGAM PALANIAPPAN	290,000	2.31%	0	290,000	2.31%	0	0.00%
3	MEENAKSHI CHOKKALINGAM	400,000	3.19%	0	400,000	3.19%	0	0.00%
4	RAMANATHAN THIRUPATHI	67,500	0.54%	0	67,500	0.54%	0	0.00%
5	MANOHMANI RAMANATHAN	10,000	0.08%	0	10,000	0.08%	0	0.00%
6	DEVIKALA V	875,000	6.97%	0	875,000	6.97%	0	0.00%
7	K VENKAT KUMAR	4,000,000	31.85%	0	4,000,000	31.85%	0	0.00%

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

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

(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	250,000	1.99%	0	250,000	1.99%	0	0.00%
2	Navarathna Financial Services Ltd.	1,000,000	7.96%	0	1,000,000	7.96%	0	0.00%
3	Seetha Kasi Viswanathan	250,000	1.99%	0	250,000	1.99%	0	0.00%
4	M Somaganesh	625,000	4.98%	0	625,000	4.98%	0	0.00%
5	Saravana Kumar Kandaswamy	550,000	4.38%	0	550,000	4.38%	0	0.00%
6	D Chandramohan	500,000	3.98%	0	500,000	3.98%	0	0.00%
7	Shanmugasundaram N	500,000	3.98%	0	500,000	3.98%	0	0.00%
8	K Ramya	437,500	3.48%	0	437,500	3.48%	0	0.00%
9	S Kabilan	402,500	3.21%	0	402,500	3.21%	0	0.00%
10	S K Viswanathan	312,500	2.49%	0	312,500	2.49%	0	0.00%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding as on 31.03.2020		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	01.04.2019		50,000	0.40%		0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31.03.2020		50,000	0.40%	50,000	0.40%
2	CHOKKALINGAM PALANIAPPAN						
	At the beginning of the year	01.04.2019		290,000	2.31%		0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31.03.2020		290,000	2.31%	290,000	2.31%
3	THIRUPATHI RAMANATHAN MANONMANI						
	At the beginning of the year	01.04.2019		10,000	0.08%		0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31.03.2020		10,000	0.08%	10,000	0.08%
4	Devikala						
	At the beginning of the year	01.04.2019		875,000	6.97%		0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year	31.03.2020		875,000	6.97%	875,000	6.97%

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	2,555,544.00	-	-	2,555,544.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,555,544.00	-	-	2,555,544.00
Change in Indebtedness during the financial year				
* Addition	266,656.00	2,253,292.00	-	2,519,948.00
* Reduction	-	-	-	-
Net Change	266,656.00	2,253,292.00	-	2,519,948.00
Indebtedness at the end of the financial year				
i) Principal Amount	2,822,200.00	2,253,292.00	-	5,075,492.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	2,822,200.00	2,253,292.00	-	5,075,492.00

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Name: CHOKALINGAM PALANIAPPAN	(Rs.)
		Designation: Managing Director	
1	Gross salary	600,000	600,000
	(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)	600,000	600,000
	Ceiling as per the Act	N.A.	

B. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name	Total Amount
		Name: Ms. JYOTHI KUMARI	(Rs.)
		Designation: Company Secretary	
		R. GANESHAN	
		CFO	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	90,000	704,598
	(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)	90,000	704,598

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					

Date: 05th August, 2020
Place: Chennai



For Navarathna Housing Finance Limited
Chokalingam Palaniappan
Managing Director
DIN: 00884596

BALAMURUGAN NEELAMEGAM
Director
DIN: 01254031

Annexure - III

Management Discussion And Analysis

Industry Structure and Developments

Macro Level

Global

During the Financial Year (2019-20), the global macro-economic situation was dominated by uncertainties, market disruptions and trade tensions. This resulted in slowdown in economic growth. Lower interest rates and easy monetary policies of major global central banks boosted leverage. As a result, indebtedness of government and household segment showed an upward trend. Global stock markets stayed volatile largely as sentiment kept changing depending on the unfolding events around US-China tariff actions. Yet, the year under review saw global stock markets touch record highs

In India

Financial Year 2019-20 was started with the expectation of slowdown in economy. The GDP growth was also continuously falling and it was 8.30% in FY 2017, 7.00% in FY 2018, 6.10% in FY 2019 and expected to be much less for the year 2020.

In line with slowdown in economic growth in FY2020, bank credit recorded a dismal 6.10% year on year growth as of March 27, 2020 — largely driven by growth in personal loans. Credit growth to industry and services has been decelerating sharply.

It is evident that the economic slowdown is real, consumer confidence is declining and RBI has pegged the GDP growth rate at much lower levels than previous years. Lenders are finding ways to manage their books, improve demand and stay in the business in long-run.

The COVID-19 Pandemic and Lockdown

COVID-19 pandemic has spread across the world. Crores of people have been affected throughout the world and lacs of people are affected in our country. In India, lockdown has been implemented since March, 2020 and this has created very big blow on the society and businesses. 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. Even so, returning to the pre-COVID-19 normal seems a long way away. Some Expert Economists estimate that the GDP growth during the H1 of the current Financial Year may be zero or negative and that H2 may be marked by gradual growth. The Government and the 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.

Industry

As per National Housing Bank (NHB), housing finance market has seen a steady growth over the years with the overall share of outstanding individual housing loans of banks and HFCs to GDP (at market prices) having increased from 6.6% in FY2011 to 9.6% in FY2019. However, the growth in the housing finance sector has witnessed moderation since FY2019 in the backdrop of a slowdown in economic activity.

During FY2020, the transition of supervision of HFCs from NHB to RBI was announced. With this change, all players in the housing finance sector are now governed by a single regulator. Also, with banks transitioning to external benchmark linked pricing of loans, there would be greater transparency in pricing of home-loans across various providers of finance to home loan buyers. In order to provide a growth impetus to the housing sector multiple policy measures were announced, some of which were:

- reduced GST on certain category of housing,
- income tax relief for home loan customers and developers of affordable housing,
- measures to introduce liquidity for home loan providers like
 - o relaxation of on-lending guidelines
 - o relaxation of minimum holding periods in securitization/assignment guidelines and
 - o NHBs Liquidity infusion facility (LIFT)

Further, the following package was 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) of Rs 50,000 crore for the sector and
- a special financing window through SIDBI, NABARD and NHB of another Rs 50,000 crore to enable financing NBFCs and HFCs

As such, during the current financial year the industry will see deterioration of asset quality and reduced recovery, resulting in difficulty in cash flow management by the NBFC/HFCs.

Outlook for Real Estate Industry

The Indian Real Estate sector is projected to reach US\$ 180 billion by FY2020. In addition, the sector is anticipated to generate nearly 15 million jobs over the next 5 years. The Indian Government is planning to make an investment of about US\$ 1 trillion under the “Housing For All” initiative by FY 2025. It is projected that affordable housing will drive the demand factor for the real estate sector for the next 10 years. Among the commercial segment, the warehousing space is expected to reach 247 million sq.ft. in FY2020.

There are millions of Indian households with aspirations of becoming homeowners and are searching for homes that they can afford within their budget. Ironically, India is also faced with a large stock of housing comprising unsold completed units and under construction units which are in need of last mile funding.

The housing sector has benefitted from the government's flagship housing programme, Pradhan Mantri Awas Yojana (PMAY). According to the Ministry of Housing and Urban Affairs, under the PMAY, over one crore homes have been sanctioned, of which 33.5 lac houses have been completed and 64 lac units are already under construction. The Credit Linked Subsidy Scheme (CLSS) -- a component under the PMAY has also enabled several households to become homeowners owing to the upfront subsidy given to eligible beneficiaries.

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 31.3.2020, company has a home loan portfolio of Rs.11.60 crores and mortgage loan portfolio is Rs. 3.97 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. True to its main objective of improving home ownership in the country, NHFL continues to remain a purely retail home loan player in LIG and lower MIG space. The customer profiles continue to be dominated by the unorganized sector, salaried and professional and self employed category. The average ticket size of the loan is Rs. 5 Lacs.

Performance Highlights (FY 2019-20) (Rs. in Lacs)

Particulars	FY 2018-19	FY 2019-20	Increase (%)
Shareholder's Fund	1,444.01	1,574.02	9.00%
Loans & Advances Portfolio	1,149.97	1,556.70	35.37%
Average Loans Portfolio	728.84	1,353.34	85.68%
Total Income	203.56	300.01	47.38%
Interest Income	140.50	263.19	87.32%
Average Earning Rate	19.28%	19.45%	0.87%
Profit Before Tax (PBT)	127.03	173.25	36.39%
Profit After Tax (PAT)	90.13	130.02	44.25%
Earnings Per Share (EPS)	0.84	1.04	23.81%
Gross NPA - Amount	-	14.05	
- Percent	-	0.90%	
Provision for NPA	-	2.11	
Gross NPA - Amount	-	11.94	
- Percent	-	0.77%	

- Lending Portfolio increased by 35.37% (From Rs.1149.97 lacs to 1556.70 lacs)
- Total Income increased by 45.37% (From Rs.203.56 lacs to 300.01 lacs)
- Profit Before Tax (PBT) increased by 36.39% (From Rs.127.03 lacs to 173.25 lacs)
- Profit After Tax (PAT) increased by 44.25% (From Rs.90.13 lacs to 130.02 lacs)
- EPS has increased by increased by 23.66% (from 0.84 to 1.04 or 8.40% to 10.40%)
- Gross NPA is 0.90% and Net NPA is 0.77% 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 31.3.2020 the borrowings of the company stood at Rs. 76.09 lacs (From Financial Institution – Rs. 53.56 lacs and from the Related Parties- Directors& their Relatives - Rs. 22.53 lacs)

Capital Adequacy Ratio

The company is adequately capitalized with capital adequacy ratio of around 170% as on March 31, 2020, against RBI minimum stipulation of 15%.

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 giving them ample opportunity to grow. Our focus is on meticulous execution of tasks. We inculcate a 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: 05th AUGUST 2020

Place: Chennai

Independent Auditor's Report

To the Members of Navarathna Housing Finance Limited

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Navarathna Housing Finance Limited ('the Company') which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In my opinion and to the best of my information and according to the explanations given to me, the aforesaid 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 2020, its profit and its cash flows for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note no: 18.9 on the impact of COVID 19 Pandemic in the financial statements in which the management has described the probable impact on the company and the environment in which it operates as well as the measures taken and planned to deal with these circumstances or events. This note also indicates that uncertainties exist and that currently it is not possible to reasonably estimate the future impact. Our opinion is not modified in this matter.

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 my auditor's report thereon.

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, I am also responsible for expressing my opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

Other Matters:

In the last month of FY 2020, the COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lockdowns of all economic activity. Chennai and rest of Tamil Nadu has been placed under lockdown from March 24, 2020 to *arrest the spread of the pandemic, which has been* extended many times since. These circumstances have restricted my physical access to records and documents maintained by the Company at its registered office. Owing to this restriction, I carried out my audit remotely based on the advisory on "Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. and the management has provided me scanned copies of

documents I 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. I performed alternative audit procedures to comply with the requirements of the Standards on Auditing, where the prescribed audit procedures in the Standards were impracticable due to the before-mentioned restrictions.

I bring to the attention of the users that the audit of the financial statements has been performed under the aforesaid conditions.

My 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, I give in the "Annexure A" a statement on the matters specified in Paragraph 3 and 4 of the Order, to the extent applicable.

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

- a) I have sought and obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purpose of my audit;
- b) In my opinion, proper books of account as required by law have been kept by the Company so far as appears from my examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In my opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of written representations received from the directors as on March 31, 2020, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, 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 my separate report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in my opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in my opinion and to the best of my information and according to the explanations given to me:
 - i. The Company does not have any pending litigations which would impact its financial position;



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

UDIN: 20022976AAAADP8488

Date: August 5, 2020

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, 2020

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

- (vii)
- (a) According to information and explanations given to me and on the basis of my examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Goods & Service Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to me, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanation given to me there are no dues of income tax, service tax, VAT, CST, wealth tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (viii) In my opinion and according to the information and explanations given to me, the Company has not defaulted in repayment of dues to any financial institution or any bank(s).
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of my knowledge and belief and according to the information and explanations given to me, no fraud by the Company and no material fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) In my opinion, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) In my opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In my opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) Based upon the audit procedures performed and the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

Velu Muthu Associates
Chartered Accountants

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

For Velu Muthu Associates
Chartered Accountants
FRN.004590S

Velu Muthu



(Velu Muthu)
Proprietor
Membership No. 22976

Place: Chennai
Date: August 5, 2020

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, 2020 in conjunction with my 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.

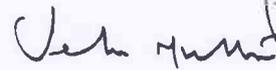
Inherent Limitations of Internal Financial Controls over Financial Reporting

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, 2020.

For Velu Muthu Associates
Chartered Accountants
FRN.004590S



(Velu Muthu)
Proprietor
Membership No. 22976

Place: Chennai
Date: August 5, 2020

Navarathna Housing Finance Limited

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

Annual Report

Financial Year
2019-2020

Navarathna Housing Finance Limited
First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram, Chennai,
Tamil Nadu - 600028

Balance Sheet as at March 31, 2020

(Amount in ₹)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
I Equity and Liabilities			
Shareholders' funds			
(a) Share capital	1	12,55,84,600	12,55,84,600
(b) Reserves and surplus	2	3,18,06,614	1,88,16,229
		<u>15,73,91,214</u>	<u>14,44,00,829</u>
Non current liabilities			
(a) Long term borrowings	3	50,75,492	25,55,544
(b) Deferred tax liability		11,94,858	4,37,366
		<u>62,70,350</u>	<u>29,92,910</u>
Current liabilities			
(a) Other current liabilities	4	32,20,161	19,58,278
(b) Short term provisions	5	8,91,897	2,90,484
		<u>41,12,058</u>	<u>22,48,762</u>
		<u>16,77,73,622</u>	<u>14,96,42,501</u>
II Assets			
Non current assets			
(a) Property, plant and equipment			
(i) Tangible assets	6	6,62,499	9,21,040
(b) Non-current investments	7	75,99,390	3,02,41,130
(c) Long term loans and advances	8	15,56,70,499	11,49,97,389
(d) Other non-current assets	9	6,26,599	4,50,400
		<u>16,45,58,987</u>	<u>14,66,09,959</u>
Current assets			
(a) Cash and cash equivalents	10	4,14,235	22,36,389
(b) Other current assets	11	28,00,400	7,96,153
		<u>32,14,635</u>	<u>30,32,542</u>
Total		<u>16,77,73,622</u>	<u>14,96,42,501</u>

III Notes forming part of the Financial Statements 1 - 18

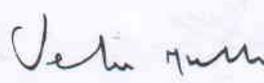
For and on behalf of the Board of
Navarathna Housing Finance Limited


 Managing Director


 Director


 Chief Financial Officer

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


 Velu Muthu
 Proprietor
 Membership No.: 022976



Place: Chennai
Date: August 5, 2020

Navarathna Housing Finance Limited

First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram, Chennai,
Tamil Nadu - 600028

Statement of Profit and Loss for the year ended on March 31, 2020

		(Amount in ₹)	
Particulars	Note	For the year ended March 31, 2020	For the year ended March 31, 2019
I Revenue			
(a) Revenue from operations	12	2,80,71,491	1,60,28,063
(b) Other income	13	19,29,708	43,27,848
		<u>3,00,01,199</u>	<u>2,03,55,911</u>
II Expenditure			
(a) Employee benefit expense	14	54,45,330	38,28,503
(b) Depreciation and amortization expense		3,94,152	3,09,127
(c) Finance cost	15	6,72,318	1,09,121
(d) Other expenses	16	55,77,819	32,69,206
(e) Standard provisions (net)	17	6,01,413	1,36,630
		<u>1,26,91,032</u>	<u>76,52,587</u>
III Profit before exceptional and extraordinary items and tax		1,73,10,167	1,27,03,324
IV Exceptional items		-	-
V Profit before extraordinary items and tax		1,73,10,167	1,27,03,324
VI Extraordinary items		-	-
VII Profit before tax		1,73,10,167	1,27,03,324
VIII Tax expense			
Current year tax		35,61,336	31,44,100
Previous years' tax		954	96,049
Deferred tax		7,57,492	4,50,178
		<u>43,19,782</u>	<u>36,90,327</u>
IX Profit/(Loss) for the year		<u>1,29,90,385</u>	<u>90,12,997</u>
X Earnings per ₹.10/- share			
• Basic and diluted		1.03	0.84

Notes forming part of the Financial Statements

1 - 18

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

As per my 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: August 5, 2020

Navarathna Housing Finance Limited

First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram, Chennai,
Tamil Nadu - 600028

Cash Flow Statement for the year ended March 31, 2020

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before extraordinary items and tax	1,73,10,167	1,27,03,324
Adjustments for:		
Depreciation and amortisation	3,94,152	3,09,127
Profit from Sale of Investments	(11,02,449)	(38,66,034)
Finance costs	6,72,318	1,09,121
Interest Income	(6,17,259)	(4,53,288)
Provisions for standard assets	6,01,413	1,36,630
Operating profit / (loss) before working capital changes	1,72,58,342	89,38,880
Changes in working capital:		
(Increase) / decrease in long-term loans and advances	(4,81,73,110)	(7,67,26,643)
(Increase) / decrease in other non-current assets	(1,76,199)	(1,20,400)
(Increase) / decrease in other current assets	(20,04,247)	(10,98,479)
Increase / (decrease) in short-term provisions	-	5,54,394
Increase / (decrease) in other current liabilities	61,883	73,630
Cash generated from operations	(3,30,33,331)	(6,83,78,618)
Cash flow from extraordinary items	-	-
Cash generated from operations	(3,30,33,331)	(6,83,78,618)
Net income tax (paid) / refunds	(35,62,290)	(32,40,149)
Net cash flow from / (used in) operating activities (A)	(3,65,95,621)	(7,16,18,767)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(1,35,611)	(4,02,360)
Investment in Mutual Funds	(2,51,81,000)	(6,48,22,919)
Redemption of Mutual Funds	4,89,25,189	11,73,94,287
Non-operating loan provided	-	(75,00,000)
Non-operating loan Received back	75,00,000	-
Interest income	6,17,259	4,53,288
Net cash flow from / (used in) investing activities (B)	3,17,25,837	4,51,22,296

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Navarathna Housing Finance Limited

First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram, Chennai,
Tamil Nadu - 600028

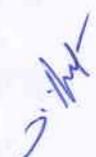
Cash Flow Statement for the year ended March 31, 2020

(Amount in ₹)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
C. Cash Flow from Financing Activities		
Proceeds from issue of share capital	-	2,40,59,590
Long-term borrowings procured	52,53,292	40,00,000
Repayment of loans	(15,33,344)	(1,11,112)
Finance cost	(6,72,318)	(1,09,121)
Net cash flow from / (used in) financing activities (C)	30,47,630	2,78,39,357
Net increase/(decrease) in cash and cash equivalents during the year	(18,22,154)	13,42,886
Add: Balance at the beginning of the year	22,36,389	8,93,503
Balance at the end of the year	4,14,235	22,36,389

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

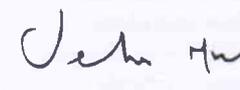

Managing Director


Director


Chief Financial Officer

Place: Chennai
Date: August 5, 2020

As per my report of even date attached
Velu Muthu Associates
Chartered Accountants
Firm Regn. No. 0045908


Velu Muthu
Proprietor
Membership No.: 022976



Navarathna Housing Finance Limited

First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram, Chennai,
Tamil Nadu - 600028

Notes forming part of the Financial Statements

Note No	Particulars	As at March 31, 2020	As at March 31, 2019
(Amount in ₹)			
1	Share capital		
	Authorised		
	1,30,00,000 (1,30,00,000) equity shares of ₹.10 each	<u>13,00,00,000</u>	<u>13,00,00,000</u>
	Issued, subscribed and paid up		
	1,25,58,460 (1,25,58,460) equity shares of ₹.10 each fully paid up	<u>12,55,84,600</u>	<u>12,55,84,600</u>
		<u>12,55,84,600</u>	<u>12,55,84,600</u>
1.1	Details of shareholders holding more than 5% shares:		
	Name of the shareholder	No. of shares	No. of shares
	K Venkatkumar	45,50,000	45,50,000
	Navarathna Financial Services Limited	10,00,000	10,00,000
	Name of the Shareholder	% of Shareholding	% of Shareholding
	K Venkatkumar	36.23%	36.23%
	Navarathna Financial Services Limited	7.96%	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	1,01,52,501
	Changes during the year	-	24,05,959
	Shares at the end of the year	<u>1,25,58,460</u>	<u>1,25,58,460</u>
2	Reserves and Surplus		
i	Statutory reserve created as per section 29C of National Housing Bank Act, 1987 (Refer Note 2.1 below)		
	Opening balance	23,95,336	5,74,008
	Amount transferred	32,61,950	18,21,328
	(A)	<u>56,57,286</u>	<u>23,95,336</u>
ii	Surplus in Profit and Loss Statement		
	Opening balance	1,64,20,893	92,29,224
	Add: Profit / loss for the period	1,29,90,385	90,12,997
	Less: Transfer to statutory reserve	(32,61,950)	(18,21,328)
	(B)	<u>2,61,49,328</u>	<u>1,64,20,893</u>
	Total (A + B)	<u>3,18,06,614</u>	<u>1,88,16,229</u>

Navarathna Housing Finance Limited
First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram, Chennai,
Tamil Nadu - 600028

Notes forming part of the Financial Statements

Note No	Particulars	(Amount in ₹)	
		As at March 31, 2020	As at March 31, 2019
2.1	Details of Statutory Reserves		
	Opening balance		
	(a) Statutory reserve u/s 29C of National Housing Bank, 1987	5,74,008	5,74,008
	(b) Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the National Housing Bank Act, 1987	18,21,328	-
		<u>23,95,336</u>	<u>5,74,008</u>
	Add: Addition during the year		
	(a) Statutory reserve u/s 29C of National Housing Bank, 1987	-	-
	(b) Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the National Housing Bank Act, 1987	32,61,950	18,21,328
		<u>32,61,950</u>	<u>18,21,328</u>
	Closing balance		
	(a) Statutory reserve u/s 29C of National Housing Bank, 1987	5,74,008	5,74,008
	(b) Special Reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve under section 29C of the National Housing Bank Act, 1987	50,83,278	18,21,328
		<u>56,57,286</u>	<u>23,95,336</u>
3	Long-term borrowings		
	Term loans		
	From other parties (Secured)	28,22,200	25,55,544
	(Secured against loans receivables and other book debts and guarantees of director Mr. Chokkalingam Palaniappan and advisor Mr. Thirupathi Ramanathan)		
	**Loans from related parties (Unsecured)	22,53,292	-
		<u>50,75,492</u>	<u>25,55,544</u>

3.1 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 principle 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 principle is payable in 30 monthly installments of ₹.1,00,000/- along with interest starting from February 29, 2020.

**Three loans are taken from Related parties. The 1st loan is taken at an interest rate of 13% p.a and interest is payable half yearly. The 2nd and 3rd loans are taken at an interest rate of 15% p.a and interest is payable annually.



Navarathna Housing Finance Limited

First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram, Chennai,
Tamil Nadu - 600028

Notes forming part of the Financial Statements

Note No	Particulars	As at March 31, 2020	As at March 31, 2019
(Amount in ₹)			
4	Other current liabilities		
	Current maturities of long-term debt	25,33,344	13,33,344
	Outstanding expenses	5,30,172	3,96,519
	Interest accrued and not due on borrowings	10,430	-
	Interest received in advance	-	21,174
	Statutory remittances	54,864	21,270
	Other liabilities	91,351	1,85,971
		<u>32,20,161</u>	<u>19,58,278</u>
5	Short term provisions		
	Statutory provision for assets		
	Standard assets	6,81,216	2,90,484
	Non-performing assets	2,10,681	-
		<u>8,91,897</u>	<u>2,90,484</u>
7	Non-current investments		
	Trade investments - Quoted		
	Investments in mutual funds	75,99,390	3,02,41,130
	Market value - ₹. 76,31,430/- [2020] and - ₹. 3,03,05,863/- [2019]		
		<u>75,99,390</u>	<u>3,02,41,130</u>
8	Long term loans & advances		
	Term loans	15,56,70,499	10,74,97,389
	Loans to related parties		
	Navarathna Financial Services Limited	-	75,00,000
		<u>15,56,70,499</u>	<u>11,49,97,389</u>
9	Other non-current assets		
	Security deposits	6,26,599	4,50,400
		<u>6,26,599</u>	<u>4,50,400</u>
10	Cash and cash equivalents		
	Cash in hand	53,088	30,602
	Balance with banks		
	Current balances	3,61,147	22,05,787
		<u>4,14,235</u>	<u>22,36,389</u>
11	Other current assets		
	Accrued interest	25,23,074	13,63,230
	Provision for taxation (Net of TDS)	2,75,164	(5,93,859)
	Prepaid expenses	2,162	26,782
		<u>28,00,400</u>	<u>7,96,153</u>



Navarathna Housing Finance Limited
First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram, Chennai,
Tamil Nadu - 600028

Notes forming part of the financial statements

Note No. 6
Property Plant and Equipment - Tangible Asset

(Amount in ₹)

Particulars	Gross Block			Depreciation / Amortization				Net Block		
	As at April 1, 2019	Additions	Deductions/ Adjustments	As at March 31, 2020	As at April 1, 2019	For the Year	Deductions/ Adjustments	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Furniture & Fittings	3,77,723	46,001	-	4,23,724	59,205	65,832	-	1,25,037	2,98,687	3,18,518
Office Equipment	1,01,059	-	-	1,01,059	28,408	19,262	-	47,670	53,389	72,651
Computers	4,75,065	89,610	-	5,64,675	1,73,832	1,86,261	-	3,60,093	2,04,582	3,01,233
Leasehold Improvements	3,67,500	-	-	3,67,500	1,38,862	1,22,797	-	2,61,659	1,05,841	2,28,638
TOTAL	13,21,347	1,35,611	-	14,56,958	4,00,307	3,94,152	-	7,94,459	6,62,499	9,21,040
Previous Year	9,18,987	4,02,360	-	13,21,347	91,180	3,09,127	-	4,00,307	9,21,040	8,27,807



Navarathna Housing Finance Limited
First Floor 2/102, Third Street, Karpagam Avenue, R.A. Puram, Chennai,
Tamil Nadu - 600028

Notes forming part of the Financial Statements

(Amount in ₹)

Note No	Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
12	Revenue from operations		
	Interest	2,63,18,720	1,40,49,532
	Income from Other services	17,52,771	19,78,531
		<u>2,80,71,491</u>	<u>1,60,28,063</u>
13	Other income		
	Profits on sale of investments (net)	11,02,449	38,66,034
	Other interest	6,17,259	4,53,288
	Dividend received	-	-
	Miscellaneous income	2,10,000	8,526
		<u>19,29,708</u>	<u>43,27,848</u>
14	Employee benefit expenses		
	Salary and wages	53,27,186	36,92,089
	Incentives	48,126	1,12,473
	Employer's contribution to ESI	20,893	-
	Staff welfare	49,125	23,941
		<u>54,45,330</u>	<u>38,28,503</u>
15	Finance costs		
	Interest on borrowings	6,23,268	44,221
	Other borrowing costs	49,050	64,900
		<u>6,72,318</u>	<u>1,09,121</u>
16	Other expenses		
	Administrative expenses	1,35,539	2,14,647
	Bad debts written off	26,46,149	-
	Business promotion expenses	26,013	58,103
	Communication expenses	1,44,397	1,23,362
	Conveyance and boarding expenses	4,34,580	4,00,865
	Electricity expenses	63,212	59,060
	Loan processing expenses	1,34,551	92,355
	Professional charges *	11,02,281	12,47,415
	Rates & taxes	17,561	1,76,509
	Repairs to buildings	-	1,59,000
	Rent	7,56,747	6,27,425
	Other repairs and maintenance	96,615	99,713
	Miscellaneous expenses	20,174	10,752
		<u>55,77,819</u>	<u>32,69,206</u>
	* Professional charges includes auditor's remuneration. Refer Note 18.3 for details.		
17	General provisions		
	Provision for standard assets	3,90,732	1,36,630
	Provision for non-performing assets	2,10,681	-
		<u>6,01,413</u>	<u>1,36,630</u>



Navarathna Housing Finance Limited

First Floor 2/102, Third Street, Karpagam Avenue, R. A. Puram, Chennai,
Tamil Nadu - 600028

Notes forming part of the Financial Statements

Note 18:

1 Corporate Information:

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

2.1 Method of Accounting:

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

2.2 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.

2.3 Cash and Cash Equivalents:

Cash comprises cash on hand and demand deposits with bank.

2.4 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.

2.5 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.

2.6 Revenue recognition

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

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

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

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



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Notes forming part of the Financial Statements

2.7 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.

2.8 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.

2.9 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.

2.10 Employee Benefits:

(i) 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 was less than the limits specified under the Act.

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

2.11 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.

2.12 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.



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Notes forming part of the Financial Statements

2.13 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.

2.14 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.

2.15 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.

2.16 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.

2.17 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.

2.18 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.

2.19 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”.



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Notes forming part of the Financial Statements

2.20 Operating Cycle:

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

3 Auditors Remuneration (Excluding GST):

Particulars	2019-20	2018-19
Audit Fees	1,65,000	1,50,000
Taxation services	1,00,000	1,00,000
Other services	75,000	1,15,000
Total	3,40,000	3,65,000

4 Deferred Tax:

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

Particulars	2019-20	2018-19
Depreciation	58,930	17,265
Disallowances	25,673	52,062
Reserve u/s 36(1)(viii) of Income Tax Act	(12,79,461)	(5,06,693)
Deferred Tax Asset/(Liability)-Net	(11,94,858)	(4,37,366)

5 Related Party Transactions and Disclosures:

a) List of Related Parties:

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

- Prakala Wealth Management Private Limited
- Navarathna Financial Services Limited
- Chokkalingam Palaniappan – HUF

2. Key Management Personnel:

- Mr. Chokkalingam Palaniappan , Managing Director
- Mr. R. Ganesan, Chief Financial Officer (w.e.f October 10, 2019)

3. Directors and Relatives of Key Management Personnel:

- Mr. T. R. Ramanathan
- Mr. A. R. Muthuraman, Director
- Mrs. Meenakshi Panayappan, Relative of Director
- Mrs. Ramayee, Relative of Director

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Notes forming part of the Financial Statements

b) Details of Transactions:

Nature of Transaction	Name of Related Party	2019-20	2018-19
Remuneration	Mr. Chokkalingam Palaniappan	6,00,000	3,00,000
Remuneration (Annual)	Mr. R Ganesan	10,07,172	-
Professional Charges	Mr. T. R. Ramanathan	6,00,000	3,00,000
Professional Charges	Chokkalingam Palaniappan - HUF	-	-
Loan given	Navarathna Financial Services Limited	-	75,00,000
Loan returned	Navarathna Financial Services Limited	75,00,000	-
Interest received	Navarathna Financial Services Limited	6,17,259	4,53,288
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	A R Muthuraman	23,869	-
Interest paid on loan	Meenakshi Panayappan	10,430	-
Interest paid on loan	Ramayee	2,377	-
Total		1,26,14,399	85,53,288

c) Outstanding Balances to Related Parties:

Name of Related Party	Nature	2019-20	2018-19
Navarathna Financial Services Limited	Receivable	-	75,00,000
A R Muthuraman	Payable	3,00,000	-
Meenakshi Panayappan	Payable	17,53,292	-
Ramayee	Payable	2,00,000	-

6 Earnings per share

Particulars	2019-20	2018-19
Profit after Tax - in Rs.	1,29,90,385	90,12,997
Weighted Average Number of Equity Shares	1,25,58,460	1,07,45,751
Earnings Per Share (Basic & Diluted) - in Rs	1.03	0.84
Face Value Per Share - in Rs.	10	10

- 7 Debtor and creditor balances are subject to confirmation.
- 8 Based on the extent of information available with the management, there are no transactions with the Micro and small enterprises.
- 9 COVID-19, a global pandemic has spread across our Country and there is an unprecedented level of disruption on socio-economic front due to this. The Government of India declared a lock down effective from March 25, 2020 which was initially till April 14, 2020 and then extended many times since with a few relaxations in a phased manner. There is a high level of uncertainty as to when the lockdown would be lifted completely and the time required to restore normalcy.



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Notes forming part of the Financial Statements

The impact of the COVID-19 on the Company's business disbursements and the asset quality depends on the time taken for economic activities to resume to normal levels, which remains uncertain. In accordance with the COVID-19 Regulatory Package announced by the Reserve Bank of India on March 27, 2020, the Company has extended to its customers, the option of moratorium for instalments falling due between March 1, 2020 and May 31, 2020. In line with the RBI notification issued on April 17, 2020, for all accounts wherein the moratorium has been extended, the standstill provision for asset classification as on February 29, 2020 has been followed. In line with the said notification, the details of loans, where moratorium was extended and Covid-19 related provision is given below:

Particulars	Amount-Rs.
(i) Amount due in respect of overdue contracts	62,23,728
(ii) Amount due on contracts where asset classification benefits was extended on 31st March 2020	48,19,190
(iii) Provision held against (ii) above, as on 31st March 2020 (Covid-19 reserve as per RBI Circular DT. April 17, 2020)	2,40,960

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

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

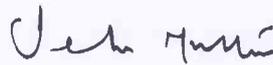

Managing Director


Director


Chief Financial Officer

Place: Chennai
Date: August 5, 2020

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


Velu Muthu
Proprietor
Membership No.: 022976

