

**T. SELVARAJ & CO.,**  
Chartered Accountants



**CA. T. SELVARAJ**, B.Com., F.C.A., M.B.I.M., D.N. & Y.S.  
**CA. N. MEENAKSHISUNDARAM**, B.A., F.C.A., M.B.I.M.,  
**CA. RM. SWAMINATHAN**, B.Com., F.C.A., Grad. C.W.A.,  
**CA. U. PAVADASAN**, B.Com., F.C.A., Grad. C.W.A.,

No. 32, DEWAN RAMA ROAD,  
PURASAWALKAM,  
CHENNAI - 600 084.  
Phone : 2642 8861, 4207 5569  
Email : tsrandco@gmail.com  
Website : www.tsrandco.com

## INDEPENDENT AUDITOR'S REPORT

To

**The Members of M/s. Navarathna Housing Finance Limited**

### Opinion

We have audited the financial statements of **M/s. Navarathna Housing Finance Limited**, (herein after referred to as "the Company"), which comprise the Balance sheet as at 31<sup>st</sup> March 2024, the statement of Profit and Loss and the Cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Emphasis Of Matter

We draw your attention to Note 26 to the Financial Statements in respect of Amalgamation of Navarathna Financial Services Limited with Navarathna Housing Financial Limited as approved by National Company



Law Tribunal vide its order dated 10<sup>th</sup> July 2023. However, the accounting treatment pursuant to the scheme has been given effect to from the date required under AS 14 – Amalgamation, which is the beginning of the preceding period presented i.e. April 1, 2022. Accordingly, the figures for the year ended March 31,2023 have been restated to give effect to the aforesaid merger. Our opinion is not modified in respect of this matter.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended March 31,2024. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter description	How the matter was addressed in the audit
<p>1. Classification of advances and provision made thereon:</p> <p>Classification of advances under four categories and provisions required on such advances as per prudential norms issued by the RBI in terms of Master Circular.</p> <p>This being most significant area of audit, is considered as key audit matter.</p>	<p>(i) We have perused relevant circulars issued from time to time, by the RBI;</p> <p>(ii) We checked the accounts and their classification;</p> <p>(iii) Wherever the accounts did not fall under the category of “standard”, we have checked whether they were classified as sub-standard or doubtful (I,II,III) or loss assets based on the criteria prescribed by the RBI</p>
<p>2. Income on non-performing assets (NPA):</p> <p>Income on NPA is recognized to the extent realized as per the prudential norms prescribed by the RBI. Income accounted in the preceding year and remaining unrealized is derecognized in respect of assets classified as NPAs during the year.</p> <p>Income recognition as per prudential norms is one of the major aspect of revenue recognition. Hence this is considered as a key matter in our audit.</p>	<p>Our audit process included, but was not restricted to:</p> <p>(i) Obtaining list of all NPAs;</p> <p>(ii) Examining the accounts that became non-performing during the year under audit; and</p> <p>(iii) Ensuring that income from such accounts are recognized only to the extent to which it is realized and remaining unrealized income is derecognized.</p>



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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Company's Annual Report, but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information, that are made available to us on the date of this report, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

### **Responsibilities of Management and Those Charged with Governance 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



## Report on Other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- 2) As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash flow statement dealt with by this report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representation received from the directors as on 31<sup>st</sup> March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
  - (g) According to the information and explanations given to us, the company has not paid or provided managerial remuneration requiring approval under section 197 read with Schedule V to the Companies Act.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The company does not have any pending litigation which would impact its financial position.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
    - iv.
      - 1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other



persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

2) The Management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

3) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations as provided under sub-clause iv (1) and (2) above, contain any material misstatement.

v. The dividend paid by the company during the year, in respect of the same declared for the previous year is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

The company has not declared any dividend during the year

(j) Based on our examination which included test checks, the company has used accounting softwares for maintaining its books of account which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with.

Place: Chennai  
Date: 29.05.2024

For T Selvaraj & Co.,  
Chartered Accountants  
Firm Registration No: 0037035

*RM Swaminathan*

RM Swaminathan  
Partner

Membership No. 203520

UDIN: 24203520BKREQEA1134



## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

**The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2024**

1. a. (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The Company does not hold any intangible assets. Accordingly reporting under paragraph 3 (i)(a) (B) of the order is not applicable.  
b. The Company has physically verified the Property, Plant and Equipment during the year and no material discrepancies were noticed on such verification.  
c. The Company does not hold any immovable properties. Accordingly reporting under paragraph 3 (i) (c) of the order is not applicable.  
d. The company has not revalued any of its Property, Plant, Equipment and Intangible Assets during the year. Accordingly reporting under paragraph 3(i) (d) of the order is not applicable.  
e. The company does not hold any benami property under Benami Transactions (Prohibition) Act, 1988 and no proceedings have been initiated or are pending against the Company under the said Act and rules made thereunder.
2. a. The Company does not hold any inventory. Accordingly reporting under paragraph 3 (ii) (a) of the order is not applicable.  
b. The Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions at any point of time during the year on the basis of security of current assets. Accordingly reporting under paragraph 3 (ii) (b) of the order is not applicable.
3. a. Since the Company's principal business is to give loans, reporting under paragraph 3(iii)(a) of the order is not applicable.  
b. The investments made and the terms and conditions of the grant of all loans and advances in the nature of loans are not prejudicial to the Company's interest. According to the information and explanations provided to us, the company has not provided any guarantee or given any security.  
c. & d. The company, being a Non-Banking Financial Company ('NBFC'), registered under provisions of RBI Act, 1934 and rules made thereunder, in pursuance of its compliance with provisions of the said Act/Rules, particularly, the Income Recognition, Asset Classification and Provisioning Norms, monitors repayments of principal and payment of interest by its borrowers as stipulated. In cases where repayment of principal or payment of interest is not received as stipulated, the cognizance thereof is taken by the Company in course of its periodic regulatory reporting.  
e. Since the Company's principal business is to give loans, reporting under paragraph 3(iii)(e) of the order is not applicable.



- f. According to the information and explanations given to us, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.
4. Based on information and explanations given to us, in respect of loans and investments, provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with, wherever applicable.
  5. The Company has not accepted any deposits from the public during the year and therefore reporting under paragraph 3(v) of the order is not applicable.
  6. Maintenance of cost records has not been specified by the Central Government under sub section (1) of section 148 of the companies Act, 2013 for the company for the business activities carried out by the Company. Therefore reporting under clause 3(vi) of the order is not applicable to the Company.
  7.
    - a. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the company is generally regular in depositing undisputed statutory dues including PF, ESI, Income tax, Goods and Service Tax with the appropriate authorities, wherever applicable. According to the information and explanation given to us, no undisputed amounts payable in respect of the said statutory dues were in arrears as at 31<sup>st</sup> March, 2023 for a period of more than six months from the date they become payable.
    - b. According to the information and explanation given to us, there are no dues of Income tax, Goods and Service Tax or other statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
  8. According to the information and explanation given to us, there were no transactions that were not recorded in the books of accounts during the previous years, that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.
  9.
    - a. According to the information and explanations given to us and based on the audit procedures performed by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
    - b. As represented, the company has not been declared as a wilful defaulter by any bank or financial institution or other lender.
    - c. No terms loans were obtained during the year and there were no term loans outstanding as at the end of the year. Accordingly reporting under paragraph 3(ix) (c) of the order is not applicable.
    - d. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have not been utilized for long term purposes.





- e. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly reporting under paragraph 3(ix) (e) of the order is not applicable.
- f. According to the information and explanations given to us and based on the audit procedures performed by us, we report that the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, the reporting under Clause 3(ix)(f) of the order is not applicable.
10. a. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly reporting under clause 3(x)(a) of the order is not applicable.
- b. The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly reporting under paragraph 3(x)(b) is not applicable.
11. a. Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality, we report that no fraud by the Company or on the Company has been noticed or reported during the year.
- b. No report under sub-section (12) of Section 143 of the Act has been filed by us, during the year under report, in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- c. According to the information and explanations given to us, no whistle-blower complaints were received by the Company during the year.
12. The Company is not a Nidhi Company. Accordingly reporting under paragraph 3(xii) of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. Company does not have an internal audit system and is not required to have an internal audit system as per the provisions of the Companies Act, 2013. Accordingly, reporting under paragraph, 3(xiv) of the order is not applicable.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly reporting under paragraph 3(xv) of the Order is not applicable.



16. a. The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and has obtained the registration under the said Act.
- b. The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- c. In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under Clauses 3(xvi)(c) of the order is not applicable.
- d. In our opinion and according to the information and explanations given to us, the Company does not have any Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India in the group. Accordingly, the reporting under Clauses 3(xvi)(d) of the order is not applicable.
17. The company has not incurred cash losses during the financial year and immediately preceding financial year.
18. There has been no resignation of the statutory auditors during the year. Accordingly reporting under paragraph 3 (xviii) of the order is not applicable.
19. In our opinion and according to the information and explanations given to us and on the basis of financial ratios, ageing and expected dates of realization of financial assets and payment of liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
20. Section 135 of the Companies Act, 2013, which requires spending on Corporate Social Responsibility, is not applicable to the Company. Accordingly reporting under paragraph 3 (xx) of the order is not applicable.

Place: Chennai  
Date: 29.05.2024

For T Selvaraj & Co.  
Chartered Accountants  
Firm Registration No: 0037035



RM Swaminathan  
Partner

Membership No. 203520

UDIN: 24 203520BKE Q EA1194



## Annexure B to the 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").**

#### **Opinion**

We have audited the internal financial controls over financial reporting of **M/s. Navarathna Housing Finance Limited ("the Company")** as of 31<sup>st</sup> March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion and to the best of our information and according to the explanations provided to us, the Company has, in all material respect, an adequate Internal Financial Controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2024, 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 ICAI.

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

The Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Branch 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that 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 judgement, including the assessment of the risks of material misstatement of the financial Statements, whether due to fraud or error.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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. 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 authorization 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.

Place: Chennai  
Date: 29.05.2024

For T Selvaraj & Co.  
Chartered Accountants  
Firm Registration No:0037035



RM Swaminathan  
Partner

Membership No. 203520

UDIN: 24 203520BKEQEA1134



**T. SELVARAJ & CO.,**  
Chartered Accountants



**CA. T. SELVARAJ**, B.Com., F.C.A., M.B.I.M., D.N. & Y.S.  
**CA. N. MEENAKSHISUNDARAM**, B.A., F.C.A., M.B.I.M.,  
**CA. RM. SWAMINATHAN**, B.Com., F.C.A., Grad. C.W.A.,  
**CA. U. PAVADASAN**, B.Com., F.C.A., Grad. C.W.A..

No. 32, DEWAN RAMA ROAD,  
PURASAWALKAM,  
CHENNAI - 600 084.

Phone : 2642 8861, 4207 5569

Email : tsrandco@gmail.com

Website : www.tsrandco.com

### Auditor's Report

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

As required by Paragraph 69 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ('the Master Directions') as amended by the Reserve Bank of India ('RBI') in exercise of powers conferred under section 45L and 45MA of the Reserve Bank of India Act, 1934 and section 30, 30A, 32 and 33 of the National Housing Bank Act, 1987 ('the Act') we report on the matters specified in Paragraph 70 and 71 of the Master Direction for the period April 1, 2023 to March 31, 2024.

- i) The Company has obtained a certificate of Registration from National Housing Bank ('NHB') under section 29 A of the NHB Act, 1987. as at March 31, 2024. The company's financial assets, in the business of providing finance for housing, constitute 48.47% of its total assets and housing finance for individuals also constitute 48.47% to its total assets as on March 31 2024 as against principal Business Criteria of 60% and 50% respectively laid down under Paragraph 4.1.17 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("Master Directions") on account of merger with a Non Banking Finance Company during the year. However, the company has been granted an extension to fulfill the Principal Business Criteria on or before 31<sup>st</sup> December 2024 by RBI vide their email dated 08.12.2023.
- ii) As on March 31, 2024, the company has met the Net Owned Fund (NOF) requirement as prescribed under section 29A of the Act, as amended by RBI in Paragraph 5.1 of the Master Direction, including paid up Preference Shares which are compulsorily convertible into equity.
- iii) The Company has complied with Section 29C of the Act.
- iv) The total borrowings of the company are within the limits prescribed under Paragraph 27.2 of the Master Direction.
- v) The Company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Master Direction.



- vi) The capital adequacy ratio as disclosed in the Schedule-II returns submitted to the National Housing Bank in terms of the Housing Finance Companies (NHB) Directions, 2010 has been correctly determined and is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed therein;
- vii) The Company has furnished the Schedule-II returns to the Bank on 25.11.2023 for the half year ended 30<sup>th</sup> September 2023 and on 24.05.2024 for the half year ended 31st March 2024 as against the due date of 12.11.2023 and 12.05.2024 respectively as specified in the Housing Finance Companies (NHB) Directions, 2010;
- viii) The Company is not required to furnish the Schedule-III return to the National Housing Bank on Statutory Liquid Assets as specified in the Housing Finance Companies (NHB) Directions, 2010 as it is a housing finance company that does not accept/hold public deposit and does not have an asset size of 100 crore and more;
- ix) The company has complied with the requirements contained in the Master Direction in the case of opening of new branches/offices or closing of existing branches/offices.
- x) The Company has not provided any loans against the security of its own shares or listed shares of other companies. In respect of loans against the security of Gold Jewellery, the Company has complied with the provisions contained in Paragraph 3.1.4 of the Master Direction.
- xi) The Board of Directors of the company has passed a resolution for non-acceptance of any public deposits.
- xii) The Company has not accepted any public deposits during the relevant year.

Place: Chennai  
Date: 29.05.2024

For T Selvaraj & Co.,  
Chartered Accountants  
Firm Registration No:003703S

*R. Swaminathan*

RM Swaminathan  
Partner

Membership No. 203520

UDIN: 24203520BKEQFD8964

