

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.,

CA. S. VIDYA, M.Com., F.C.A.,

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

Phone : 2642 8861, 4207 5569

Telefax : 044 - 2642 8861

Email : tsrandco@gmail.com

Website : www.tsrandco.com

INDEPENDENT AUDITOR'S REPORT

To

The Members of **M/s. Navarathna Financial Services Limited**

Report on the Financial Statements

We have audited the accompanying financial statements of **M/s. Navarathna Financial Services Limited**, (herein after referred to "the Company") which comprises the Balance Sheet as at March, 31 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Financial Statements").

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 (hereinafter referred to as "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. The Board of Directors of the Company are responsible for 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 the design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosure in the financial statements. These procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 Act 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 31st March, 2016, and its profits, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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 purpose of our audit.



b) In our opinion proper books of account as required by law have been kept by the Company so far as 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 written representation received from the Directors of the Company as on 31st March, 2016 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31st March, 2016, 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'; and


g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i) The Company did not have any pending litigations to be reported in the financial statements.
- ii) The Company does not have any material foreseeable losses on long-term contracts.
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Chennai
Date: 20.06.2016



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


RM Swaminathan
Partner
M.No. 203520

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 31st March 2016, we report that:

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b. The Company has physically verified the fixed assets during the year and no material discrepancies were noticed on such verification.
c. The Company does not hold any immovable properties. Therefore paragraph 3 (i) (c) of the order is not applicable.
2. The Company does not hold any physical inventory. Therefore paragraph 3 (ii) of the order is not applicable.
3. The Company has not granted any loans to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013,
4. The Company has not given/made any loans, investments, guarantees and securities requiring compliance with Section 185 and 186 of the Companies Act, 2013.
5. The Company has not accepted any deposits from the public during the year. Therefore 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.
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 Provident fund, Employee state Insurance, Income tax, Service tax with the appropriate authorities, wherever applicable.

According to the information and explanation given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Service tax, were in arrears as at 31st March, 2016 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, Service tax or other statutory dues which have not been deposited with the appropriate authorities on account of any dispute.

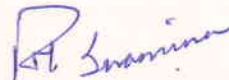


8. According to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution or bank.
9. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The company has applied the term loan for the purpose for which the same is raised during the year.
10. According to the information and explanations given to us, no material fraud by the company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
11. Managerial remuneration has been paid during the year in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
12. The Company is not a Nidhi Company. Accordingly 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 ever applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
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 non-cash transactions with directors or persons connected with him. Accordingly, paragraph, 3(xv) of the order is not applicable.
16. The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and such registration has been obtained accordingly.

Place: Chennai
Date: 20.06.2016



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


RM Swaminathan
Partner
M.No. 203520

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**

- 1) We have audited the internal financial controls over financial reporting of **M/s. Navarathna Financial Services Limited** (the Company) as at 31 March 2016 in connection with our audit of the financial statements of the Company for the year ended on that date

Management's Responsibility of Internal Financial Controls

- 2) The Management of the Company 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 ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial control 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 ('the Act')

Auditor's Responsibility:

- 3) Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal Financial Controls Over Financial Reporting ('the Guidance note') and the Standards on Auditing ('the Standards'), issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 aspects.
- 4) Our audit involves, performing procedures to obtain audit evidence about the adequacy of the internal financial controls systems over financial reporting and their operational effectiveness. Our audit of Internal financial controls over financial reporting included



obtaining an understanding of internal financial control 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 risk of material misstatements of the financial statements, whether due to fraud or error.

- 5) We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

- 6) 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
- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
 - 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 authorisations of the management and directors of the company; and
 - 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 Limitation of Internal Financial Controls over Financial Reporting

- 7) Because of the inherent limitations of internal financial controls over financial reporting, including the possibilities 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 be deteriorate

Opinion

- 8) In our opinion, the company has in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over

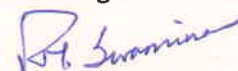


financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in Guidance Note on audit of Internal Financial Controls issued by the ICAI

For T Selvaraj & Co
Chartered Accountants
Firm's Regn. no: 003703S



Place: Chennai
Date: 20.06.2016


RM. Swaminathan
Partner
M No: 203520