

**Navarathna Financial Services Ltd**

Notes forming part of the Financial Statements for the year ended 31st March 2015

**Note 1: Share Capital**

Particulars	As at 31st March 2015		As at 31st March 2014	
	Number of Shares	Amount	Number of Shares	Amount
(a) Authorised Equity shares of ` 10 each each with voting rights	55,00,000	5,50,00,000	55,00,000	5,50,00,000
(b) Issues, Subscribed and fully paid up Equity shares of ` 10 each each with voting rights	45,82,900	4,58,29,000	45,82,900	4,58,29,000
<b>Total</b>	<b>45,82,900</b>	<b>4,58,29,000</b>	<b>45,82,900</b>	<b>4,58,29,000</b>

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	Opening Balance	Fresh issue	Closing Balance
Equity shares with voting rights Year ended 31 March, 2015			
- Number of shares	45,82,900	-	45,82,900
- Amount (`)	4,58,29,000	-	4,58,29,000
Year ended 31 March, 2014			
- Number of shares	45,82,900	-	45,82,900
- Amount (`)	4,58,29,000	-	4,58,29,000

**(ii) Details of shares held by each shareholder holding more than 5% shares:**

Class of shares / Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
<b>Equity shares with voting rights:</b>				
Mr T Sockalingam	4,65,450	10.16%	4,65,450	10.16%
Mr TR Ramanathan	3,22,850	7.04%	3,22,850	7.04%
M/s Prakala Wealth Management Pvt Ltd	4,36,150	9.52%	4,36,150	9.52%
Ms Sockalingam Vallikannu	4,65,000	10.15%	4,65,000	10.15%
Ms Subramanian Vallikannu	3,30,000	7.20%	3,30,000	7.20%
Mr A Baskar	3,30,000	7.20%	3,30,000	7.20%
M/s Kuvera Real Assets and Consulting Pvt Ltd	6,53,500	14.26%	6,53,500	14.26%
Mr A.Chandrasekar	2,68,500	5.86%	2,68,500	5.86%
Ms V.Devikala	9,26,500	20.22%	9,26,500	20.22%



**Navarathna Financial Services Ltd**

Notes forming part of the Financial Statements for the year ended 31st March 2015

**Note 2: Reserves & Surplus**

Particulars	As at 31 March, 2015	As at 31 March, 2014
<b>(a) Securities premium account</b>		
Opening Balance	45,29,600	7,80,000
Additions during the year	-	37,49,600
Utilisation for the year	-	-
<b>Closing Balance</b>	<b>45,29,600</b>	<b>45,29,600</b>
<b>(b) Surplus/(Deficit) from Statement of Profit and Loss</b>		
Opening balance	46,95,004	14,50,181
Add : Net Profit Transferred from Statement of Profit & Loss	57,50,200	40,56,029
	1,04,45,204	55,06,210
Less: Transfer to Statutory Reserve	11,50,040	8,11,206
Less: Proposed Dividend	18,33,160	-
Less: Dividend Distribution Tax Payable	3,66,524	-
<b>Closing Balance</b>	<b>70,95,480</b>	<b>46,95,004</b>
<b>(c) Statutory Reserve</b>		
Opening balance	10,18,776	2,07,570
Add : Transfer from Surplus in Profit & Loss Statement for the year	11,50,040	8,11,206
<b>Closing Balance</b>	<b>21,68,816</b>	<b>10,18,776</b>
<b>Total</b>	<b>1,37,93,896</b>	<b>1,02,43,380</b>

**Note 3: Share Application Money Pending Allotment**

Particulars	As at 31 March, 2015	As at 31 March, 2014
Share Application Money Pending Allotment	-	1,92,500
<b>Total</b>	<b>-</b>	<b>1,92,500</b>



**Note 4: Long Term Borrowings**

Particulars	As at 31 March, 2015	As at 31 March, 2014
<b>Unsecured, considered good</b>		
<b>a) Other Loans and Advances</b>		
Loans and advances from Directors and Relatives	21,25,284	23,59,284
<b>b) Deposits</b>		
ICD From Kuvera Real Assets P Ltd.,	50,00,000	-
<b>Secured , Considered Good</b>		
<b>c) Term Loans</b>		
Shriram City Union Finance Limited	45,24,674	-
<b>Total</b>	<b>1,16,49,958</b>	<b>23,59,284</b>



**Note 4 : Long-term borrowings (contd.)**

Particulars					
Notes:					
(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings:					
Particulars	Terms of repayment and security	As at 31 March, 2015		As at 31 March, 2014	
		Secured	Unsecured	Secured	Unsecured
<b>a) Loans and advances from related parties</b>					
Vasantha	The loan is repayable with interest of 13% p a	-	10,00,000	-	10,00,000
V Sundaram	The loan is repayable with interest of 13% p a	-	3,59,284	-	3,59,284
T Ramanathan	The loan is repayable with interest of 13% p a	-	-	-	10,00,000
Chokkalingam Palaniappan	The loan is repayable with interest of 16% p a	-	2,56,000	-	-
SV Sundaram	The loan is repayable with interest of 16% p a	-	5,00,000	-	-
Meenakshi RMPL	The loan is repayable with interest of 16% p a	-	10,000	-	-
<b>Total- Loans and Advances from Related Party</b>		-	<b>21,25,284</b>	-	<b>23,59,284</b>
<b>b) Deposits</b>					
ICD from Kuvera Real Assets P Ltd.,	The loan is repayable with interest of 16% p a	-	50,00,000	-	-
<b>Total Deposits</b>		-	<b>50,00,000</b>	-	-
<b>c) Term Loans other parties</b>					
Shiram City Union Finance Limited Rs 200lacs( Rs 65 lakhs disbursed)	The loan is secured by Hypothecation of MSME Loan receivables on exclusive First charge basis .The average rate of Interest is 21 % and repayable in 36 monthly instalments.	45,24,674	-	-	-
<b>Total Term Loans from other parties</b>		<b>45,24,674</b>	-	-	-



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2015

Note 5: Deferred Tax Liabilities

Particulars	As at 31 March, 2015	As at 31 March, 2014
Deferred Tax Asset	(14,564)	(29,158)
Deferred Tax Liability	1,70,132	1,61,240
<b>Total</b>	<b>1,55,568</b>	<b>1,32,082</b>

Note 6: Short Term Borrowing

Particulars	As at 31 March, 2015	As at 31 March, 2014
Secured , Considered Good		
a) Term Loans		
Shriram City Union Finance Limited	1,00,00,000	-
<b>Total</b>	<b>1,00,00,000</b>	<b>-</b>

Note 7: Trade Payables

Particulars	As at 31 March, 2015	As at 31 March, 2014
Sundry Creditors	1,72,653	1,10,790
Outstanding Liabilities	8,23,856	60,000
<b>Total</b>	<b>9,96,509</b>	<b>1,70,790</b>



**Note 6 : Short-term borrowings (contd.)**

Particulars					
<b>Notes:</b>					
(i) Details of terms of repayment for the short-term borrowings and security provided in respect of the short term borrowings:					
Particulars	Terms of repayment and security	As at 31 March, 2015		As at 31 March, 2014	
		Secured	Unsecured	Secured	Unsecured
<b>a) Term Loans other parties</b>					
Shiram City Union Finance Limited Rs 100 lacs	The loan is secured by Hypothecation of Gold Receivables. The average rate of Interest is 18 % and repayable in 12 monthly instalments.	1,00,00,000	-	-	-
<b>Total Term Loans from other parties</b>		1,00,00,000	-	-	-



**Note 8: Other current liabilities**

Particulars	As at 31 March, 2015	As at 31 March, 2014
Interest Payable	-	-
Income received in advance	40,33,992	8,23,036
TDS Payable	98,468	23,112
Payables on purchase of fixed assets	27,150	30,000
Current maturities of long-term borrowings	17,74,665	-
Managerial Remuneration Payable	-	97,097
<b>Total</b>	<b>59,34,275</b>	<b>9,73,245</b>

**Note 9: Short Term Provisions**

Particulars	As at 31 March, 2015	As at 31 March, 2014
Provision for Taxation(Net of Taxes paid and TDS)	1,88,237	2,90,903
Provision for Standard Assets	9,22,300	2,84,501
Proposed Dividend	18,33,160	-
Dividend Distribution Tax Payable	3,66,524	-
<b>Total</b>	<b>33,10,221</b>	<b>5,75,404</b>



Notes forming part of the Financial Statements for the year ended 31st March 2015

Note 10: Fixed Assets

Particulars		Gross Block			Depreciation Block			Net Block	
Description	As on 01.04.2014	Additions	As on 31.03.2015	Upto 31.03.2014	For the Year	Upto 31.03.2015	As on 31.03.2015	As on 31.03.2014	
Computers	1,32,900	1,12,100	2,45,000	51,712	54,940	1,06,652	1,38,348	81,188	
Electrical Fittings	12,122	24,200	36,322	4,187	2,101	6,288	30,034	7,935	
Furniture & Fittings	5,27,898	2,24,838	7,52,736	77,197	58,236	1,35,433	6,17,303	4,50,701	
Office Equipment	2,06,100	-	2,06,100	55,762	47,719	1,03,481	1,02,619	1,50,338	
Total	8,79,020	3,61,138	12,40,158	1,88,858	1,62,996	3,51,854	8,88,304	6,90,162	

Previous year's figures

4,35,785      4,43,235      8,79,020      78,417      1,10,441      1,88,858      6,90,162



**Navarathna Financial Services Ltd**

Notes forming part of the Financial Statements for the year ended 31st March 2015

**Note 11: Long Term Loans & Advances**

Particulars	As at 31 March, 2015	As at 31 March, 2014
<b>Secured, considered good:</b>		
Loans against security of jewellery	1,26,600	7,48,300
Loans against other securities	1,02,62,183	7,92,880
	1,03,88,783	15,41,180
<b>Unsecured, considered good:</b>		
Rental Deposits	10,58,000	6,75,000
Other Deposits	2,220	820
	10,60,220	6,75,820
<b>Total</b>	<b>1,14,49,003</b>	<b>22,17,000</b>

**Note 12: Current Investments**

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	No of Units	Amount	No of Units	Amount
<b>UNQUOTED</b>				
HDFC Floating Rate Income Fund-STP (units sold during the year is 230195.159)	-	-	2,30,195.16	50,00,000
HDFC Liquid Fund-Growth (units acquired during the year is 929833.013 and units sold during the year is 1175319.55)	9,185.28	2,52,531	2,54,671.82	63,26,409
Sundaram Flexi Fund STP Bonus Option (No units have been acquired nor sold during the year)	50,356.98	4,95,204	50,356.98	4,95,204
Sundaram Money Fund Growth (units sold during the year is 19279.095)	-	-	19,279.10	5,18,569
<b>Total</b>	<b>59,542</b>	<b>7,47,735</b>	<b>5,54,503</b>	<b>1,23,40,182</b>

**Note 13: Cash & Bank Balances**

Particulars	As at 31 March, 2015	As at 31 March, 2014
<b>i) Cash and Cash Equivalents</b>		
Cash in Hand	14,59,756	7,80,714
Balance in Banks		
-in current accounts	11,02,137	9,41,240
-in deposit accounts	10,00,000	-
<b>Total</b>	<b>35,61,893</b>	<b>17,21,954</b>



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2015

Note 14: Short Term Loans and Advances

Particulars	As at 31 March, 2015	As at 31 March, 2014
<b><u>Secured, considered good:</u></b>		
Loans against security of jewellery	5,01,26,002	3,93,12,963
Loans against other securities	2,45,10,224	41,76,979
Unsecured, Considered good	-	-
<b>Total</b>	<b>7,46,36,226</b>	<b>4,34,89,942</b>

Note 15: Other current assets

Particulars	As at 31 March, 2015	As at 31 March, 2014
<b><u>Unsecured considered good:</u></b>		
Interest Accrued On Other Loans	1,49,559	-
Interest Accrued On FD	9,102	-
Commission receivable	1,173	-
Others	2,26,432	16,445
<b>Total</b>	<b>3,86,266</b>	<b>16,445</b>



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2015

Note 16: Revenue from operations

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Interest Income	1,47,56,925	81,32,753
Other Incidental Income	9,64,720	6,03,579
Interest on FD	10,114	-
<b>Total</b>	<b>1,57,31,759</b>	<b>87,36,332</b>

Note 17: Other Income

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Net Gain on sale of current investments	5,32,124	4,80,183
Commission Received	8,454	9,271
<b>Total</b>	<b>5,40,578</b>	<b>3,96,688</b>

Note 18: Employee benefit expense

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Salaries and Wages	30,57,700	13,85,326
Staff Welfare Expenses	93,882	16,933
<b>Total</b>	<b>31,51,582</b>	<b>6,32,640</b>



**Navarathna Financial Services Ltd**

**Notes forming part of the Financial Statements for the year ended 31st March 2015**

**Note 19: Finance Costs**

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Interest paid on :		
i) Borrowings	18,94,925	3,66,762
ii) Others	-	657
<b>Total</b>	<b>18,94,925</b>	<b>3,10,346</b>

**Note 20: Other Expenses**

Particulars	For the year ended 31st March 2015	For the period ended 31st March 2014
Power and Fuel	52,926	21,080
Legal and Professional	1,25,500	1,14,451
Rent	5,00,800	2,17,450
Audit Fees	1,54,467	1,01,124
Communication Expenses	1,47,208	18,572
Travelling Expenses	2,11,237	31,463
Stationary	73,846	23,784
Insurance	1,28,280	1,00,003
Repairs and maintenance - Buildings	2,000	1,21,095
Repairs and maintenance - Computers	11,981	40,380
Repairs and maintenance - Others	32,922	1,26,525
Bad & Doubtful Debts	38,806	-
Miscellaneous Expenses	2,81,376	1,75,319
<b>Total</b>	<b>17,61,349</b>	<b>10,91,246</b>



## NAVARATHNA FINANCIAL SERVICES LIMITED

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### Notes forming part of the financial statements

#### **Note 21: Corporate Information**

Navarathna Financial Services Limited (NFSL) is a public limited company incorporated under Indian Companies Act, 1956 with the primary object of carrying on money lending business. Accordingly the company had applied for registration with Reserve Bank of India (RBI) as Non-Banking Financial Institution during the financial year 2012-13 and has obtained the Certification of Registration on 15<sup>th</sup> May 2012.

#### **Note 22: Significant Accounting Policies**

##### **a. Accounting Convention**

The financial statements have been prepared on the historical cost convention and in accordance with the mandatory accounting standards. These financial statements have been prepared in accordance with Generally Accepted Accounting Principles and in accordance with the Accounting Standards as prescribed by the Institute of Chartered Accountants of India and referred to in section 133 of the Companies Act 2013.

The company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by Reserve Bank of India for Non-Deposit taking Non-Banking Financial Companies

##### **b. Use of Estimates**

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities as of the date of the financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.



c. **Revenue Recognition:**

Interest income including overdue interest is recognized on accrual basis. Expenditures are generally accounted on accrual as they are incurred.

d. **Fixed Assets and Depreciation:**

Fixed Assets are stated at Cost less depreciation. Depreciation on Tangible assets is provided on Straight Line Method over the Useful lives of assets as prescribed under Part C of Schedule II to the Companies Act, 2013.

e. **Investments:**

Current Investments are stated at lower of cost or market value or net asset value. Profit / (Loss) on Sale of Investments is recognized based on average cost of investment.

f. **Related Party Disclosures:**

Information on transactions with related parties has been provided in the format specified by ASI-13. Disclosure is made party wise, in respect of material related party transactions as specified in ASI-13.

g. **Taxation:**

**Income Tax:**

The current charge for income taxes is calculated in accordance with the relevant tax regulations.

**Deferred Tax:**

Deferred tax resulting from timing differences between taxable and accounting income is accounted for using the tax rates and laws that are enacted or



substantively enacted as on the balance sheet date. The deferred tax asset is recognized when there is virtual certainty that the asset will be realized in future.

#### **h. \* Earnings Per Share**

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share. Basic earnings per share is computed by dividing the net profit/(loss) after tax by the weighted average number of equity shares outstanding during the year. The Company does not have any outstanding securities convertible into equity shares of the Company and hence there is no dilution in the Earnings per share

#### **i. Provisions And Contingent Liabilities**

- i. The Company creates a provision where there is a present obligation as a result of a past event, which could be reliably estimated, and it is probable that an outflow of resources embodying economic benefits will be required for its settlement.
- ii. Disclosures for a contingent liability is made when there is a possible obligation or a present obligation that probably will not require an outflow of resources.

Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### **Note 23: Earnings Per Share – Basic and Diluted**

	2014-2015	2013-2014
(a) Profit/(Loss) for the year after taxation (in Rs.)	5750200	4056029
(b) Weighted Average No. of equity shares of face value of Rs. 10/- each (in numbers)	4582900	3611499
(c) Basic and diluted Earnings Per Share (in Rs.)	1.25	1.12



**Note 24: Deferred Tax Liability comprises of the following**

		(Amount in Rs.)	
		31.03.2015	31.03.2014
a) Deferred Tax Liability			
* Relating to depreciation		21756	7836
Relating to Short Term Capital Loss		148376	153404
b) Deferred Tax Asset			
Relating to Preliminary Expenses		(14564)	(29158)
<b>Net Deferred Tax (Asset)/Liability</b>		<b>155568</b>	<b>132082</b>

**Note 25: Contingent Provisions against Standard Assets:**

The company has made provisions against Standard Assets @ 0.50% on Loans against gold jewellery and 2.00% on Loans against other securities as against the statutory requirement of 0.25% provision on all Loans.

**Note 26: Related Party Disclosure:**

The following are the list of related parties as envisaged in Accounting Standard 18 issued by Institute of Chartered Accountants of India (ICAI) pertaining to related party disclosures :

<u>Name of the Related Party</u>	<u>Nature of Relationship</u>
Chokkalingam Palaniappan C. Meenakshi	Key Management Personnel Relative of KMP

(Amount in Rs.)

<b>Nature of Transactions</b>	<b>Transactions for the year</b>	<b>Year end balance</b>
Directors' Remuneration (KMP)	3,25,000	Nil
Unsecured Loan (KMP)	2,56,000	2,56,000
Interest Paid (KMP)	18,067	Nil
Professional Charges (Relative of KMP)	94,500	Nil



**Note 27: Disclosure pursuant to Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007:**

(Amount in Rs.)

Sl No.	Particulars		
	<b><u>Liabilities Side:</u></b>	<b>Amount Outstanding</b>	<b>Amount Overdue</b>
(1)	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid:		
	(a) Debentures		
	- Secured	- (-)	- (-)
	- Unsecured (other than falling within the meaning of public deposits)	- (-)	- (-)
	(b) Deferred Credits	- (-)	- (-)
	(c) Term Loans	1,62,99,339 (-)	- (-)
	(d) Inter Corporate loans and borrowing	- (-)	- (-)
	(e) Commercial Paper	- (-)	- (-)
	(f) Other Loans – representing unsecured loans from directors and their relatives	71,25,284 (23,59,284)	- (-)
	<b><u>Assets Side:</u></b>		
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
	(a) Secured	8,50,25,009 (4,50,31,122)	
	(b) Unsecured	- (-)	
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities.		
	(i) Lease assets including rentals under sundry debtors:		
	(a) Financial Lease	- (-)	
	(b) Operating Lease	- (-)	



	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	- (-)
	(b) Repossessed Assets	- (-)
	(iii) Other loans counting towards AFC activities:	
	(a) Loans where assets have been repossessed	- (-)
	(b) Loans other than (a) above	- (-)
(4)	<b><u>Break-up of Investments:</u></b>	
	<u>Current Investments:</u>	
	1. <u>Quoted:</u>	
	(i) Shares:	
	(a) Equity	- (-)
	(b) Preference	- (-)
	(ii) Debentures and Bonds	- (-)
	(iii) Units of Mutual Funds	- (-)
	(iv) Government Securities (Net of amortization)	- (-)
	(v) Others	- (-)
	2. <u>Unquoted:</u>	
	(i) Shares:	
	(a) Equity	- (-)
	(b) Preference	- (-)
	(ii) Debentures and Bonds	- (-)
	(iii) Units of Mutual Funds	7,47,735 (1.23.40,183)
	(iv) Government Securities (Net of amortization)	- (-)
	(v) Others	- (-)



(5)	Borrower group-wise classification of assets financed as in (2) and (3) above:			
	Category	Amount Net of Provisions		
		Secured	Unsecured	Total
	1. Related Parties	- (-)	- (-)	- (-)
	(a) Subsidiaries	- (-)	- (-)	- (-)
	(b) Companies in the same management	- (-)	- (-)	- (-)
	(c) Other related parties	- (-)	- (-)	- (-)
	2. Other than related parties	8,50,25,009 (4,50,31,122)	- (-)	8,50,25,009 (4,50,31,122)
	Total	8,50,25,009 (4,50,31,122)	- (-)	8,50,25,009 (4,50,31,122)
(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):			
	Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	
	1. Related Parties			
	(a) Subsidiaries	- (-)	- (-)	
	(b) Companies in the same management	- (-)	- (-)	
	(c) Other related parties	- (-)	- (-)	
	2. Other than related parties	7,47,735 (1,23,40,182)	7,47,735 (1,23,40,182)	
	Total	7,47,735 (1,23,40,182)	7,47,735 (1,23,40,182)	
(7)	Other Information			
	Particulars	Amount		
(i)	Gross Non-Performing Assets			
	(a) Related Parties	- (-)		
	(b) Other than related parties	- (-)		



(ii)	Net Non-Performing Assets	
	(a) Related Parties	- (-)
	(b) Other than related parties	- (-)
(iii)	Assets acquired in satisfaction of debt	- (-)

Figures in brackets represents figures as on 31.03.2014

**Note 28: Loan against security of single product:**

Loans against security of single product - Gold Jewellery constitutes 54.82% of total assets as on 31.03.2015.

**Note 29: Capital to Risk Assets Ratio (CRAR):**

Capital to Risk Assets Ratio as on 31.03.2015 is 67.67% (Tier-I Capital) as against the minimum requirement of 12% for NBFCs primarily engaged in lending against gold jewellery.

**Note 30: Regrouping:**

Previous year's figures have been regrouped to conform to current year's classification.

**For Navarathna Financial Services Limited**



**Managing Director**

*TR Ramanamani*  
**Director**

**Place: Chennai**  
**Date : 08.06.2015**

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



**RM Swaminathan**  
**Partner**  
**M. No. 203520**

