

T. SELVARAJ & CO.,

Chartered Accountants



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Independent Auditor's Report

To

The members of
NAVARATHNA FINANCIAL SERVICES LTD

1. Report on the Financial Statements

We have audited the accompanying financial statements of **NAVARATHNA FINANCIAL SERVICES LTD** ("the Company") which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year ended 31st March 2014, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flow of the Company in accordance with the Accounting Standards referred in subsection (3C) of Section 211 of Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control 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.



3. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards of Auditing issued by the Institute of Chartered Accountants of India. 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

4. Opinion

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



5. Report on Other Legal and Regulatory Requirements

- i. As required by the Companies (Auditor's Report) Order 2003 ("the Order"), as amended, issued by the Central Government of India in terms of subsection (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order. -
- ii. As required by section 227(3) of the Act, we report that:
 - a. We have 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 the company so far as appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 16/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013; and
 - e. On the basis of written representations received from the directors as on 31st March 2014, and taken on record by the Board of Directors, none of the directors are disqualified as on 31st March 2014, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

Place: Chennai

Date : 10.07.2014

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

RM. Swaminathan

RM. Swaminathan

Partner

Membership No.203520



Referred to in paragraph 5 (i) of our report of even date

Re: Navarathna Financial Services Ltd

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) The fixed assets of the company are physically verified by the management at reasonable intervals during the year. According to the information and explanations given to us, no material discrepancies have been noticed on such physical verification as compared to the book records.

(c) During the year, the company has not disposed off substantial part of its fixed assets.
- (ii) (a) The company is a service company and does not have any inventory. Thus paragraph 4(ii) of the order is not applicable.
- (iii) (a) In our opinion and according to the information and explanations given to us, the company has not given any loans from companies, firms or parties covered in the register maintained u/s. 301 of the Companies Act, 1956. The company has taken unsecured loans from four parties covered in the register maintained u/s 301 of the Companies Act 1956 amounting to Rs. 28.00 lakhs (year end balance after repayment of loan to on party is Rs. 23.59 lakhs).

(b) The rate of interest and other terms and conditions of the loans taken by the company are not prejudicial to the interest of the company.

(c) The company is regular in payment of principal and interest.
- (iv) In our opinion and according to the information and explanations given to us, there exists in the company an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of fixed assets and with regard to services provided by the Company. During the course of our audit, we have not observed any continuing failure to correct major weakness in the internal control system of the company.
- (v) (a) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements that needed to be entered into the register maintained under section 301 of the Companies Act, 1956.



- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from public.
- (vii) In our opinion and according to the information and explanations given to us, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) In our opinion and according to the information and explanations given to us, the Central Government of India has not prescribed the maintenance of cost records under section 209(1)(d) of the Act for any of the services rendered by the company.
- (ix) The company is regular in depositing with appropriate authorities undisputed statutory dues in respect of income tax and other applicable statutory dues.
- (x) The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) The Company did not have any outstanding dues to any financial institution, banks or debenture holders during the year. Accordingly, paragraph 4(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, during the year the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiii) In our opinion and according to the information and explanations given to us, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, the company is not dealing in or trading in shares, securities, debentures or other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the company has not given any guarantees in favour of banks and financial institutions for loans taken by others. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.



- (xvi) In our opinion and according to the information and explanations given to us, the company has not taken any term loans during the year. Therefore, the provisions of clause 4(xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvii) In our opinion and according to the information and explanations given to us, no funds raised on short term basis have been used for long term investment.
- (xviii) The company has made preferential allotment of shares during the year to parties covered in the register maintained under section 301 of the Companies Act, 1956. According to the information and explanations given to us, the price at which shares have been issues is not prejudicial to the interest of the company.
- (xix) The company has not issued any debentures during the year. Therefore, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xx) The company has not raised any money during the year by public issue. Therefore the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

RM. Swaminathan

RM. Swaminathan
Partner
Membership No.203520



Place: Chennai

Date: 10.07.2014