

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 2017, 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, 2017, 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, 2017 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31st March, 2017, 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.



- iv) The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 30 to the financial statements.

Place: Chennai
Date: 12.06.2017

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 2017, 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/guarantees and securities requiring compliance with Section 185 and 186 of the Companies Act, 2013. In respect of investment made by the company, the Company has complied with the provisions of Section 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, 2017 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: 12.06.2017

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 2017 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 2017, 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

Place: Chennai
Date: 12.06.2017

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


RM. Swaminathan
Partner
M No: 203520



Navarathna Financial Services Ltd
Balance Sheet as at 31st March 2017

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016
A. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share capital	1	458,29,000	458,29,000
(b) Reserves and Surplus	2	222,86,109	177,15,719
2. Share Application Money Pending Allotment		-	-
3. Non Current Liabilities			
(a) Long Term Borrowings	3	576,98,419	131,95,319
(b) Deferred Tax Liabilities	4	3,071	1,68,421
(c) Long term provisions	5	19,37,885	9,67,887
4. Current Liabilities			
(a) Short Term Borrowings	6	191,50,244	318,78,656
(b) Trade Payables	7	7,43,878	4,27,280
(c) Other current liabilities	8	138,16,593	130,87,646
(d) Short term provisions	9	45,74,744	24,74,620
Total		1660,39,943	1257,44,548
B. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
i) Tangible Assets	10	10,82,534	11,97,893
(b) Non Current Investments	11	80,00,000	80,00,000
(c) Long-term loans and advances	12	378,43,436	218,55,158
2. Current Assets			
(a) Current Investments	13	-	4,95,204
(b) Cash and Bank Balances	14	47,25,234	42,26,269
(c) Short Term Loans and Advances	15	1117,03,792	885,36,467
(d) Other current assets	16	26,84,947	14,33,557
Total		1660,39,943	1257,44,548

See accompanying notes forming part of the financial statements

For Navarathna Financial Services Limited



Managing Director

TRR Narayana

Director

Place : Chennai

Date : 12.06.2017

As per our report annexed
For T Selvaraj & Co.,
Firm Regn. No. 003703S
Chartered Accountants



RM Swaminathan

Partner

M.No. 203520



Navarathna Financial Services Ltd
Statement of Profit and Loss for the year ended 31st March 2017

Particulars	Note No	For the year ended 31st March 2017	For the year ended 31st March 2016
1.Revenue from Operations	17	336,86,139	249,90,393
2.Other Income	18	40,785	26,915
Total Revenue		337,26,924	250,17,308
3.Expenses			
(a)Employee Benefit Expenses	19	60,49,863	41,14,029
(b)Finance Costs	20	81,66,341	65,05,862
(c)Depreciation	10	2,63,911	2,17,825
(d)Other Expenses	21	32,52,034	29,11,113
(e)Provisions and Write Off	22	42,30,548	15,52,265
Total Expenses		219,62,697	153,01,094
4.Profit Before Tax		117,64,227	97,16,214
5.Tax Expense			
-Current Tax Expense		40,50,000	30,35,000
-Deferred Tax Expense		(1,65,350)	12,853
-Excess tax provision of earlier years written back		(335)	(3,067)
		38,84,315	30,44,786
6. Net Profit/(Loss) for the year After Tax		78,79,912	66,71,428
7.Earnings Per Share of Face Value Rs. 10/- each - Basic & Diluted		1.72	1.46

See accompanying notes forming part of the financial statements

For Navarathna Financial Services Limited



Managing Director

TRR Ramamani

Director

As per our report annexed
For T Selvaraj & Co.,
Firm Regn. No. 003703S
Chartered Accountants



RM Swaminathan
Partner

M.No. 203520

Place : Chennai
Date : 12.06.2017

Navarathna Financial Services Ltd
Cash Flow Statement for the year ended 31.03.2017

Particulars	2016-17	2015-16
A. Cash Flow From Operating Activities		
Profit / (Loss) before taxation	117,64,227	97,16,214
Adjustments for:		
Depreciation and Amortisation	2,63,911	2,17,825
Net Gain sale on current Investments	(1,52,417)	(59,804)
Loss on Sale of fixed assets	13,495	-
Standard Assets Provision	3,59,338	-
NPA Provision	6,10,660	45,587
Operating Cash Flow Before Working Capital Changes	128,59,214	99,19,822
Working Capital Changes :		
Adjustments for (increase)/ decrease in operating assets		
(Increase) / Decrease in Long Term Loans and Advances	(159,88,278)	(104,06,155)
(Increase) / Decrease in Short Term Loans and Advances	(231,67,325)	(139,00,241)
(Increase) / Decrease in Other Current Assets	(12,51,390)	(10,47,291)
Adjustments for increase/ (decrease) in operating liabilities		
Increase / (Decrease) in Trade Payables	3,16,598	(5,69,229)
Increase / (Decrease) in Other Current Liabilities	10,67,169	8,46,803
Cash generated from / (used in) Operations	(261,64,012)	(151,56,291)
Income Taxes paid during the year	(25,09,458)	(34,95,155)
Net Cash generated from / (used in) Operating Activities during the year - A	(286,73,470)	(186,51,446)
B. Cash Flow From Investing Activities		
Capital Expenditure of Fixed Assets	(1,65,047)	(5,27,414)
Proceeds from sale of Fixed Assets	3,000	-
Purchase of Non Current Investments	-	(80,00,000)
Purchase / Sale of Current Investments	6,47,621	3,12,335
Net Cash generated from / (used in) Investing Activities during the year - B	4,85,574	(82,15,079)
C. Cash Flow From Financing Activities		
Share Application Money Received / utilised for allotment	-	(1,92,500)
Short term borrowings	(127,28,412)	218,78,656
Long term borrowings	441,64,878	78,51,929
Dividend Paid (including Corporate Dividend Tax)	(27,49,605)	(21,99,684)
Net Cash generated from / (used in) Financing Activities during the year - C	286,86,861	273,38,401
Net increase / (decrease) in cash and cash equivalents (A + B + C)	4,98,965	4,71,876



Cash and Cash Equivalent as at the beginning of the year	42,26,269	35,61,893
Cash and Cash Equivalent as at the end of the year (Refer Note 1)	47,25,234	42,26,269
* Comprises:		
(a) Cash on hand	11,44,002	10,88,811
(b) Balances with banks		
(i) in current accounts	35,81,232	20,46,244
(i) in deposit accounts	-	10,91,214
	47,25,234	42,26,269

Note: 1. Cash and Cash Equivalents represent Cash, Balances with Banks in Current Account and Fixed Deposits for a period less than or equal to three months

2. Figures in brackets indicate Cash outgo

See accompanying notes forming part of the financial statements

For Navarathna Financial Services Limited

Chokkalingam Palaniappan
Managing Director

TR Rulamonmani

Director

Place : Chennai

Date : 12.06.2017

As per our report annexed
For T Selvaraj & Co.,
Firm Regn. No. 003703S
Chartered Accountants

RM Swaminathan
Partner

M.No. 203520



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2017

Note 1: Share Capital

Particulars	As at 31st March 2017		As at 31st March 2016	
	Number of Shares	Amount	Number of Shares	Amount
(a) Authorised Equity shares of ` 10 each each with voting rights	55,00,000	550,00,000	55,00,000	550,00,000
(b) Issues, Subscribed and fully paid up Equity shares of ` 10 each each with voting rights	45,82,900	458,29,000	45,82,900	458,29,000
Total	45,82,900	458,29,000	45,82,900	458,29,000

(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, 2016			
- Number of shares	45,82,900	-	45,82,900
- Amount (`)	458,29,000	-	458,29,000
Year ended 31 March, 2015			
- Number of shares	45,82,900	-	45,82,900
- Amount (`)	458,29,000	-	458,29,000

Notes forming part of the Financial Statements for the year ended 31st March 2017

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

Class of shares / Name of shareholder	As at 31st March 2017		As at 31st March 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights:				
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.Chandresekhar	2,68,500	5.86%	2,68,500	5.86%
Ms V.Devikala	9,26,500	20.22%	9,26,500	20.22%



Note 2: Reserves & Surplus

Particulars	As at 31st March 2017	As at 31st March 2016
(a) Securities premium account		
Opening Balance	45,29,600	45,29,600
Additions during the year	-	-
Utilisation for the year	-	-
Closing Balance	45,29,600	45,29,600
(b) Surplus/(Deficit) from Statement of Profit and Loss		
Opening balance	96,83,017	70,95,480
Add : Net Profit Transferred from Statement of Profit & Loss	78,79,912	66,71,428
	175,62,929	137,66,908
Less: Transfer to Statutory Reserve	15,75,982	13,34,286
Less: Proposed Dividend	27,49,740	22,91,450
Less: Dividend Distribution Tax Payable	5,59,782	4,58,155
Closing Balance	126,77,425	96,83,017
(c) Statutory Reserve		
Opening balance	35,03,102	21,68,816
Add : Transfer from Surplus in Profit & Loss Statement for the year	15,75,982	13,34,286
Closing Balance	50,79,084	35,03,102
Total	222,86,109	177,15,719

Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2017

Note 3: Long Term Borrowings

Particulars	As at 31st March 2017	As at 31st March 2016
Secured, Considered Good		
Shriram City Union Finance Limited	92,44,189	78,72,565
Inter Corporate Deposits from Kuvera Real Assets P Ltd., - Unsecured, Considered Good	-	-
Unsecured, Considered Good		
Inter corporate Deposit Received (Repayable after 5 years - Interest rate is 11.50% p.a.)	430,00,000	-
Loans and advances from Directors and Relatives	54,54,230	53,22,754
Total	576,98,419	131,95,319



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2017

Note 4: Deferred Tax Liabilities

Particulars	As at 31st March 2017	As at 31st March 2016
Deferred Tax Asset	-	-
Deferred Tax Liability	3,071	1,68,421
Total	3,071	1,68,421

Note 5: Long Term Provisions

Particulars	As at 31st March 2017	As at 31st March 2016
Provision for Standard Assets	12,81,638	9,22,300
Provision for NPA	6,56,247	45,587
Total	19,37,885	9,67,887

Note 6: Short Term Borrowing

Particulars	As at 31st March 2017	As at 31st March 2016
Secured , Considered Good		
Overdrafts with Banks	191,50,244	218,78,656
Working capital facility from Shriram City Union Finance Ltd.,	-	100,00,000
Total	191,50,244	318,78,656



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2017

Note 7: Trade Payables

Particulars	As at 31st March 2017	As at 31st March 2016
Sundry Creditors	1,80,000	1,67,200
Outstanding Liabilities	5,63,878	2,60,080
Total	7,43,878	4,27,280

Note 8: Other current liabilities

Particulars	As at 31st March 2017	As at 31st March 2016
Interest Accrued on Secured Loans	1,74,104	2,57,828
Interest received in advance	43,52,880	43,40,815
Statutory Liabilities Payable	4,33,210	1,23,142
Current maturities of long-term borrowings	77,43,011	80,81,233
Others	11,13,388	2,84,628
Total	138,16,593	130,87,646

Note 9: Short Term Provisions

Particulars	As at 31st March 2017	As at 31st March 2016
Provision for Taxation(Net of Taxes paid and TDS)	12,65,222	(2,74,985)
Proposed Dividend	27,49,740	22,91,450
Dividend Distribution Tax Payable	5,59,782	4,58,155
Total	45,74,744	24,74,620

Note 11: Non Current Investments

Particulars	As at 31st March 2017		As at 31st March 2016	
	No of Units	Amount	No of Units	Amount
UNQUOTED				
Investment in Equity Shares of Navarathna Housing Finance Limited (Face Value Rs. 10 each fully paid)	8,00,000	80,00,000	8,00,000.00	80,00,000
Total	8,00,000	80,00,000	8,00,000	80,00,000

Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st march 2017

Note 10: Fixed Assets

Particulars	Gross Block			Depreciation Block					Net Block	
	As on 01.04.2016	Additions	Deletions	As on 31.03.2017	Upto 31.03.2016	For the Year	Withdrawn For Asset Sold	Upto 30.03.2017	As on 31.03.2017	As on 31.03.2016
Computers	3,76,301	54,575		4,30,876	1,83,221	1,04,260		2,87,481	1,43,395	1,93,080
Electrical Fittings	36,322			36,322	9,569	3,287		12,856	23,466	26,753
Furniture & Fittings	9,78,856	66,972		10,45,828	2,06,760	93,049		2,99,809	7,46,019	7,72,096
Office Equipment	3,76,093	43,500	32,000	3,87,593	1,70,129	63,315	15,505	2,17,939	1,69,654	2,05,964
Total	17,67,572	1,65,047	32,000	19,00,619	5,69,679	2,63,911	15,505	8,18,085	10,82,534	11,97,893



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2017

Note 12: Long Term Loans & Advances

Particulars	As at 31st March 2017	As at 31st March 2016
Secured, considered good:		
Loans against security of jewellery	57,300	86,200
Loans against other securities	303,15,502	199,37,726
	303,72,802	200,23,926
Unsecured, considered good:		
Unsecured loans	62,23,634	6,30,667
Rental Deposits	12,47,000	11,97,000
Other Deposits	-	3,565
	74,70,634	18,31,232
Total	378,43,436	218,55,158

Long Term Loans & Advances includes Non-Performing Assets of Rs. 11,33,147/-

Note 13: Current Investments

Particulars	As at 31st March 2017		As at 31st March 2016	
	No of Units	Amount	No of Units	Amount
UNQUOTED				
HDFC Liquid Fund-Growth (units acquired during the year is 242693.98 sold during the year is 251879.29)	-	-	-	-
Sundaram Flexi Fund STP Bonus Option (No units have been acquired nor sold during the year)	-	-	50,356.98	4,95,204
Total		-		4,95,204

Note 14: Cash & Bank Balances

Particulars	As at 31st March 2017	As at 31st March 2016
i) Cash and Cash Equivalents		
Cash in Hand	11,44,002	10,88,811
Balance in Banks		
-in current accounts	35,81,232	20,46,244
-in deposit accounts	-	10,91,214
Total	47,25,234	42,26,269



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2017

Note 15: Short Term Loans and Advances

Particulars	As at 31st March 2017	As at 31st March 2016
Secured, considered good:		
Loans against security of jewellery	294,92,523	464,60,383
Loans against other securities	559,69,687	228,25,802
Unsecured Loans Considered good	262,41,582	192,50,282
Total	1117,03,792	885,36,467

Short Term Loans & Advances includes Non-Performing Assets of Rs. 32,92,336/-

Note 16: Other current assets

Particulars	As at 31st March 2017	As at 31st March 2016
Unsecured considered good:		
Interest Accrued On Other Loans	26,06,216	13,60,552
Advances recoverable in cash or in kind or for value to be received	78,731	73,005
Total	26,84,947	14,33,557



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2017

Note 17: Revenue from operations		
Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Interest Income from Financing Operations	299,11,271	239,18,060
Other Incidental Income from Financing Operations	32,40,213	9,21,293
Gain on sale of current investments	1,52,417	59,804
Interest on FD	37,522	91,236
Recovery of Bad debts	3,44,716	-
Total	336,86,139	249,90,393

Note 18: Other Income

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Commission Received	4,116	8,602
Miscellaneous Income	36,669	18,313
Total	40,785	26,915

Note 19: Employee benefit expense

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Salaries and Wages	59,20,170	39,73,035
Staff Welfare Expenses	1,29,693	1,40,994
Total	60,49,863	41,14,029

Note 20: Finance Costs

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Interest paid on Term Loans	44,85,771	48,64,803
Interest paid on working capital borrowings	25,74,483	12,03,975
Interest paid ICD	9,55,987	-
Other Borrowing Cost	1,50,100	4,37,084
Total	81,66,341	65,05,862



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2017

Note 21: Other Expenses

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Power and Fuel	1,02,856	82,011
Legal and Professional	2,48,144	1,69,885
Rent	9,76,500	7,55,645
Audit Fees		
- For Audit	2,00,000	1,83,200
- For Taxation matters	-	30,915
Communication Expenses	2,72,566	1,87,209
Credit Rating Fees	63,000	45,600
Travelling Expenses	4,83,944	3,74,205
Printing & Stationery	92,601	80,080
Insurance	1,12,103	1,35,807
Jewel Loan Auction Charges	1,300	38,789
Loss on Auction of Jewellery	1,72,418	1,22,779
Repairs and maintenance - Buildings	1,980	3,25,300
Repairs and maintenance - Computers	34,970	35,650
Repairs and maintenance - Others	58,593	78,113
Loss on sale of fixed Assets	13,495	-
Miscellaneous Expenses	4,17,564	2,65,925
Total	32,52,034	29,11,113

Note 22: Provisions and Write Off

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Bad Debts written off	32,60,550	15,06,678
Provision for Non Performing Assets	6,10,660	45,587
Provision for Standard Assets	3,59,338	-
Total	42,30,548	15,52,265



NAVARATHNA FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements

Note 23: 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 15th May 2012.

Note 24: 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 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.

j. Employee Benefit Expense

Short Term Employee Benefits:

Short Term Employee Benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.



Post Employment Benefits:

Defined Contribution Plan (Provident Fund & ESI):

Contributions are made in accordance with the statute, and are recognized as an expense when employees have rendered service entitling them to the contributions.

Note 25: Earnings Per Share – Basic and Diluted

	2016-2017	2015-2016
(a) Profit/(Loss) for the year after taxation (in Rs.)	78,79,884	66,71,428
(b) Weighted Average No. of equity shares of face value of Rs. 10/- each (in numbers)	45,82,900	45,82,900
(c) Basic and diluted Earnings Per Share (in Rs.)	1.72	1.46

Note 26: Deferred Tax Liability comprises of the following:

	(Amount in Rs.)	
	31.03.2017	31.03.2016
a) Deferred Tax Liability		
Relating to depreciation	3,071	20,045
Relating to Short Term Capital Loss	-	1,48,376
b) Deferred Tax Asset	-	-
Net Deferred Tax (Asset)/Liability	3,071	1,68,421

Note 27: Contingent Provisions against Standard Assets:

The company has made provisions against Standard Assets @ 0.50% on Loans against gold jewellery and 1.00% on Loans against other securities as against the statutory requirement of 0.35% provision on all Loans.



Note 28: 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	Key Management Personnel
Meenakshi Panayappan	Relative of KMP
RM PL Meenakshi	Relative of KMP

(Amount in Rs.)

Nature of Transactions	Transactions for the year	Year-end balance
Director's Remuneration (KMP)	6,71,600 (5,20,000)	(-) (-)
Unsecured Loan (KMP)	- (-)	2,56,000 (2,56,000)
Unsecured Loan (Relative of KMP)	71,835 (4,39,000)	5,50,034 (4,78,199)
Interest Paid (KMP)	40,960 (40,960)	(-) (-)

Note 29: Disclosure pursuant to "Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015":

(Amount in Rs.)

Sl No.	Particulars		
	<u>Liabilities Side:</u>	Amount Outstanding	Amount Overdue
(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 (from financial institutions)	16,987,200 (1,59,53,798)	- (-)



	(d) Inter Corporate loans and borrowing	4,30,00,000 (-)	- (-)
	(e) Commercial Paper	- (-)	- (-)
	(f) Public Deposits	- (-)	- (-)
	(g) Other Loans –		-
	(i) Unsecured loans from directors and their relatives	54,54,230 (53,22,754)	(-)
	(ii) Overdraft from Banks	1,91,50,244 (2,18,78,656)	(-) (-)
	(iii) Working Capital loan from financial institution	- (1,00,00,000)	(-) (-)
	<u>Assets Side:</u>		
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
	(a) Secured	11,84,41,228 (9,06,70,663)	
	(b) Unsecured	3,24,65,216 (1,98,80,949)	
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities.	- (-)	
	(i) Lease assets including lease 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)	<u>Break-up of Investments:</u>	
	<u>Long Term Investments:</u>	
	1. <u>Quoted:</u>	
	(i) Shares:	
	(a) Equity	-
		(-)
	(b) Preference	-
		(-)
	(ii) Debentures and Bonds	-
		(-)
	(iii) Units of Mutual Funds	-
		(-)
	(iv) Government Securities	-
		(-)
	(v) Others	-
		(-)
	2. <u>Unquoted:</u>	
	(i) Shares:	
	(a) Equity	80,00,000
		(80,00,000)
	(b) Preference	-
		(-)
	(ii) Debentures and Bonds	-
		(-)
	(iii) Units of Mutual Funds	-
		(-)
	(iv) Government Securities	-
		(-)
	(v) Others	-
		(-)
	<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	-		
		(-)		
	(v) Others	-		
		(-)		
	2. <u>Unquoted:</u>			
	(i) Shares:			
	(a) Equity	-		
		(-)		
	(b) Preference	-		
		(-)		
	(ii) Debentures and Bonds	-		
		(-)		
	(iii) Units of Mutual Funds	-		
		(4,95,204)		
	(iv) Government Securities	-		
		(-)		
	(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 group	-	-	-
		(-)	(-)	(-)
	(c) Other related parties	-	-	-
		(-)	(-)	(-)



	2. Other than related parties	11,79,31,831 (9,06,38,125)	3,23,18,366 (1,98,67,900)	15,02,50,197 (11,05,06,025)
	Total	11,74,57,710 (9,06,38,125)	3,24,78,736 (1,98,67,900)	14,99,36,446 (11,05,06,025)
(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 group	80,00,000 (80,00,000)	80,00,000 (80,00,000)	
	(c) Other related parties	- (-)	- (-)	
	2. Other than related parties	- (4,95,204)	- (4,95,204)	
	Total	80,00,000 (84,95,207)	80,00,000 (84,95,207)	
(7)	Other Information			
	Particulars	Amount		
(i)	Gross Non-Performing Assets			
	(a) Related Parties	- (-)		
	(b) Other than related parties	44,25,483 (4,55,858)		
(ii)	Net Non-Performing Assets			
	(a) Related Parties	- (-)		
	(b) Other than related parties	37,46,526 (4,10,271)		
(iii)	Assets acquired in satisfaction of debt	- (-)		

Figures in brackets represents figures as on 31.03.2016



Note 30: Specified Bank Notes (SBN)

The company has held and transacted the following amount of SBN during the period 08-11-2016 to 30-12-2016 as provided in the table below:

Particulars	SBNs	Other Denominat ion Notes	Total
Closing cash in hand as on 08-11-2016	21,69,000	1,99,435	23,68,435
Add: Permitted Receipts	-	1,65,13,253	1,65,13,253
Less: Permitted Payments	-	1,56,40,754	1,56,40,754
Less: Amount Deposited in Banks	21,69,000	-	21,69,000
Closing cash in hand as on 30-12-2016	-	10,71,934	10,71,934

Note 31: Loan against security of single product:

Loans against security of single product - Gold Jewellery constitutes 18.56% of total assets as on 31.03.2017.

Note 32: Regrouping:

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

For Navarathna Financial Services Limited

Managing Director

TRR Ramonmani

Director

**Place: Chennai
Date : 12.06.2017**

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



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