

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 2018, 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, 2018, 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, 2018 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31st March, 2018, 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: 10.08.2018

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 2018, 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, Goods and Services tax and any other statutory dues with the appropriate authorities.

According to the information and explanation given to us, no undisputed amounts payable in respect of Provident fund, Income tax, Service tax, Goods and Services tax, were in arrears as at 31st March, 2018 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, Goods and Services 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.

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

Place: Chennai
Date: 10.08.2018


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 31st March 2018 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.



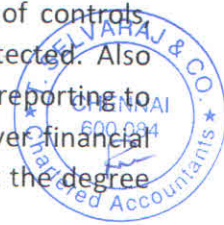
- 4) Our audit involves, performing procedures to obtain audit evidence about the adequacy of the internal financial controls systems over financial reporting and their operational effectiveness. Our audit of Internal financial controls over financial reporting included obtaining an understanding of 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 2018, 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: 10.08.2018

For T Selvaraj & Co
Chartered Accountants
Firm's Regn. no: 0037035

R. Swaminathan

RM. Swaminathan
Partner
M No: 203520



Navarathna Financial Services Ltd
Balance Sheet as at 31st March 2018

Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
A. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share capital	1	51,527,590	45,829,000
(b) Reserves and Surplus	2	33,530,908	22,286,109
2. Share Application Money Pending Allotment		-	-
3. Non Current Liabilities			
(a) Long Term Borrowings	3	118,103,808	57,698,419
(b) Deferred Tax Liabilities	4	-	3,071
(c) Long term provisions	5	4,492,930	1,937,885
4. Current Liabilities			
(a) Short Term Borrowings	6	11,509,384	19,150,244
(b) Trade Payables	7	13,586,341	743,878
(c) Other current liabilities	8	17,774,263	13,816,593
(d) Short term provisions	9	6,178,346	4,574,744
Total		256,703,570	166,039,943
B. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
i) Tangible Assets	10	1,030,545	1,082,534
(b) Non Current Investments	11	8,000,000	8,000,000
(c) Long-term loans and advances	12	70,523,150	37,843,436
(d) Deferred Tax assets	13	5,066	-
2. Current Assets			
(a) Cash and Bank Balances	14	7,597,330	4,725,234
(b) Short Term Loans and Advances	15	159,419,252	109,263,083
(c) Other current assets	16	10,128,227	5,125,656
Total		256,703,570	166,039,943

See accompanying notes forming part of the financial statements

For Navarathna Financial Services Limited


Chokkalingam Palaniappan
DIN: 00884596
Managing Director


Manonmani Ramanathan
DIN: 03361666
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 : 10.08.2018

* Navarathna Financial Services Ltd
Statement of Profit and Loss for the year ended 31st March 2018

Particulars	Note No	For the year ended 31st March 2018	For the year ended 31st March 2017
1.Revenue from Operations	16	67,555,141	33,686,139
2.Other Income	17	81,469	40,785
Total Revenue		67,636,610	33,726,924
3.Expenses			
(a)Employee Benefit Expenses	18	7,978,335	6,049,863
(b)Finance Costs	19	17,666,500	8,166,341
(c)Depreciation	10	250,336	263,911
(d)Other Expenses	20	18,539,393	3,252,034
(e)Provisions and Write Off	21	4,974,765	4,230,548
Total Expenses		49,409,329	21,962,697
4.Profit Before Tax		18,227,281	11,764,227
5.Tax Expense			
-Current Tax Expense		5,430,000	4,050,000
-Deferred Tax Expense		(8,137)	(165,350)
-Excess tax provision of earlier years		61,568	(335)
		5,483,431	3,884,315
6. Net Profit/(Loss) for the year After Tax		12,743,850	7,879,912
7.Earnings Per Share of Face Value Rs. 10/- each - Basic & Diluted		2.77	1.72

See accompanying notes forming part of the financial statements

For Navarathna Financial Services Limited

Chokkalingam Palaniappan
DIN: 00884596
Managing Director

Manonmani Ramanathan
DIN: 03361666
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 : 10.08.2018

Navarathna Financial Services Ltd
Cash Flow Statement for the year ended 31.03.2018

Particulars	2017-18	2016-17
A. Cash Flow From Operating Activities		
Profit / (Loss) before taxation	18,227,281	11,764,227
Adjustments for:		
Depreciation and Amortisation	250,336	263,911
Net Gain sale on current Investments	-	(152,417)
Loss on Sale of fixed assets	-	13,495
Standard Assets Provision	846,523	359,338
NPA Provision	1,135,002	610,660
Provision for gratuity	573,520	-
Operating Cash Flow Before Working Capital Changes	21,032,662	12,859,214
Working Capital Changes :		
Adjustments for (increase)/ decrease in operating assets		
(Increase) / Decrease in Long Term Loans and Advances	(32,679,714)	(15,988,278)
(Increase) / Decrease in Short Term Loans and Advances	(50,156,169)	(23,167,325)
(Increase) / Decrease in Other Current Assets	(5,002,571)	(1,251,390)
Adjustments for increase/ (decrease) in operating liabilities		
Increase / (Decrease) in Trade Payables	12,842,463	316,598
Increase / (Decrease) in Other Current Liabilities	6,414,708	1,067,169
Cash generated from / (used in) Operations	(47,548,621)	(26,164,012)
Income Taxes paid during the year	(4,926,790)	(2,509,458)
Net Cash generated from / (used in) Operating Activities during the year - A	(52,475,411)	(28,673,470)
B. Cash Flow From Investing Activities		
Capital Expenditure of Fixed Assets	(198,347)	(165,047)
Proceeds from sale of Fixed Assets	-	3,000
Purchase of Non Current Investments	-	-
Purchase / Sale of Current Investments	-	647,621
Net Cash generated from / (used in) Investing Activities during the year - B	(198,347)	485,574
C. Cash Flow From Financing Activities		
Share Application Money Received / utilised for allotment	8,547,885	-
Short term borrowings	(7,640,860)	(12,728,412)
Long term borrowings	57,948,351	44,164,878
Dividend Paid (including Corporate Dividend Tax)	(3,309,522)	(2,749,605)
Net Cash generated from / (used in) Financing Activities during the year - C	55,545,854	28,686,861



Net increase / (decrease) in cash and cash equivalents (A + B + C)	2,872,096	498,965
Cash and Cash Equivalent as at the beginning of the year	4,725,234	4,226,269
Cash and Cash Equivalent as at the end of the year (Refer Note 1)	7,597,330	4,725,234
* Comprises:		
(a) Cash on hand	2,041,074	1,144,002
(b) Balances with banks		
(i) in current accounts	5,556,256	3,581,232
(i) in deposit accounts	-	-
	7,597,330	4,725,234

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
DIN: 00884596
Managing Director

3/4


TRR Manonmani

Manonmani Ramanathan
DIN: 03361666
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 : 10.08.2018

Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2018

Note 1: Share Capital

Particulars	As at 31st March 2018		As at 31st March 2017	
	Number of Shares	Amount	Number of Shares	Amount
(a) Authorised Equity shares of ` 10 each each with voting rights	5,500,000	55,000,000	5,500,000	55,000,000
(b) Issues, Subscribed and fully paid up Equity shares of ` 10 each each with voting rights	5,152,759	51,527,590	4,582,900	45,829,000
Total	5,152,759	51,527,590	4,582,900	45,829,000

(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, 2018			
- Number of shares	4,582,900	569,859	5,152,759
- Amount (`)	45,829,000	5,698,590	51,527,590
Year ended 31 March, 2017			
- Number of shares	4,582,900	-	4,582,900
- Amount (`)	45,829,000	-	45,829,000

Notes forming part of the Financial Statements for the year ended 31st March 2018

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

Class of shares / Name of shareholder	As at 31st		As at 31st March 2017	
	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	531,943	10.32%	465,450	10.16%
Mr TR Ramanathan	369,200	7.17%	323,050	7.05%
M/s Prakala Wealth Management Pvt Ltd	498,457	9.67%	436,150	9.52%
Ms Sockalingam Vallikannu	531,429	10.31%	465,000	10.15%
Ms Subramanian Vallikannu	377,143	7.32%	330,000	7.20%
Mr A Baskar	377,143	7.32%	330,000	7.20%
M/s Kuvera Real Assets and Consulting Pvt Ltd	735,429	14.27%	643,500	14.04%
Mr A.Chandrasekar	289,400	5.62%	289,400	6.31%
Ms V.Devikala	1,070,286	20.77%	936,500	20.43%



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2018

Note 2: Reserves & Surplus

Particulars	As at 31st March 2018	As at 31st March 2017
(a) Securities premium account		
Opening Balance	4,529,600	4,529,600
Additions during the year	2,849,295	-
Utilisation for the year	-	-
Closing Balance	7,378,895	4,529,600
(b) Surplus/(Deficit) from Statement of Profit and Loss		
Opening balance	12,677,425	9,683,017
Add : Net Profit Transferred from Statement of Profit & Loss	12,743,850	7,879,912
	25,421,275	17,562,929
Less: Transfer to Statutory Reserve	2,548,770	1,575,982
Less: Proposed Dividend	3,606,931	2,749,740
Less: Dividend Distribution Tax Payable	741,415	559,782
Closing Balance	18,524,159	12,677,425
(c) Statutory Reserve		
Opening balance	5,079,084	3,503,102
Add : Transfer from Surplus in Profit & Loss Statement for the year	2,548,770	1,575,982
Closing Balance	7,627,854	5,079,084
Total	33,530,908	22,286,109

Note 3: Long Term Borrowings

Particulars	As at 31st March 2018	As at 31st March 2017
Secured, Considered Good		
Shriram City Union Finance Limited	5,767,763	9,244,189
Lakshmi Vilas Bank	5,555,552	-
Unsecured, Considered Good		
Inter corporate Deposit Received (Repayable after 5 years - Interest rate is 14% p.a.)	92,000,000	43,000,000
	2,500,000	-
Loans and advances from Directors and Relatives	12,280,493	5,454,230
Total	118,103,808	57,698,419



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2018

Note 4: Deferred Tax Liabilities

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred Tax Liability	-	3,071
Total	-	3,071

Note 5: Long Term Provisions

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for Standard Assets	2,128,161	1,281,638
Provision for NPA	1,791,249	656,247
Provision For Gratuity	573,520	-
Total	4,492,930	1,937,885

Note 6: Short Term Borrowing

Particulars	As at 31st March 2018	As at 31st March 2017
Secured , Considered Good		
Overdrafts with Banks	11,509,384	19,150,244
Working capital facility from Shriram City Union Finance Ltd.,	-	-
Total	11,509,384	19,150,244



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2018

Note 7: Trade Payables

Particulars	As at 31st March 2018	As at 31st March 2017
Sundry Creditors	13,361,341	180,000
Outstanding Liabilities	225,000	563,878
Total	13,586,341	743,878

Note 8: Other current liabilities

Particulars	As at 31st March 2018	As at 31st March 2017
Interest Accrued on Secured Loans	80,481	174,104
Interest received in advance	-	4,352,880
Statutory Liabilities Payable	2,513,878	433,210
Current maturities of long-term borrowings	5,285,973	7,743,011
Others	9,893,931	1,113,388
Total	17,774,263	13,816,593

Note 9: Short Term Provisions

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for Taxation(Net of Taxes paid and TDS)	1,830,000	1,265,222
Proposed Dividend	3,606,931	2,749,740
Dividend Distribution Tax Payable	741,415	559,782
Total	6,178,346	4,574,744

Note 11: Non Current Investments

Particulars	As at 31st March 2018		As at 31st March 2017	
	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)	800,000	8,000,000	800,000	8,000,000
Total	800,000	8,000,000	800,000	8,000,000



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st march 2018

Note 10: Fixed Assets

Particulars	Gross Block			Depreciation Block					Net Block	
	As on 01.04.2017	Additions	Deletions	As on 31.03.2018	Upto 31.03.2017	For the Year	Withdrawn For Asset Sold	Upto 30.03.2018	As on 31.03.2018	As on 31.03.2017
Computers	430,876	95,099	-	525,975	287,481	89,693	-	377,174	148,801	143,395
Electrical Fittings	36,322	-	-	36,322	12,856	3,287	-	16,143	20,179	23,466
Furniture & Fittings	1,045,828	24,400	-	1,070,228	299,809	96,769	-	396,578	673,650	746,019
Office Equipment	387,593	78,848	-	466,441	217,939	60,587	-	278,526	187,915	169,654
Total	1,900,619	198,347	-	2,098,966	818,085	250,336	-	1,068,421	1,030,545	1,082,534



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2018

Note 12: Long Term Loans & Advances

Particulars	As at 31st March 2018	As at 31st March 2017
<u>Secured, considered good:</u>		
Loans against security of jewellery	-	57,300
Loans against other securities	34,482,275	30,315,502
	34,482,275	30,372,802
<u>Unsecured, considered good:</u>		
Unsecured loans	34,793,875	6,223,634
Rental Deposits	1,247,000	1,247,000
Other Deposits	-	-
	36,040,875	7,470,634
Total	70,523,150	37,843,436

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

Note 13: Deferred tax assets

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred Tax Asset	5,066	-
Total	5,066	-

Note 14: Cash & Bank Balances

Particulars	As at 31st March 2018	As at 31st March 2017
i) Cash and Cash Equivalents		
Cash in Hand	2,041,074	1,144,002
Balance in Banks		
-in current accounts	5,556,256	3,581,232
-in deposit accounts	-	-
Total	7,597,330	4,725,234



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2018

Note 15: Short Term Loans and Advances

Particulars	As at 31st March 2018	As at 31st March 2017
<u>Secured, considered good:</u>		
Loans against security of jewellery	20,198,484	27,051,814
Loans against other securities	23,148,277	55,969,687
Unsecured Loans Considered good	116,072,491	26,241,582
Total	159,419,252	109,263,083

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

Note 16: Other current assets

Particulars	As at 31st March 2018	As at 31st March 2017
<u>Unsecured considered good:</u>		
Interest Accrued On Other Loans	7,069,101	2,606,216
Interest Accrued On Jewel Loans	1,876,060	2,440,709
Advances recoverable in cash or in kind or for value to be received	65,435	78,731
GST Input Credit	1,117,631	-
Total	10,128,227	5,125,656



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2018

Note 16: Revenue from operations		
Particulars	As at 31st March 2018	As at 31st March 2017
Interest Income from Financing Operations	58,590,849	30,146,370
Other Incidental Income from Financing Operations	7,755,002	3,005,114
Gain on sale of current investments	-	152,417
Interest on FD	1,303	37,522
Recovery of Bad debts	1,207,987	344,716
Total	67,555,141	33,686,139

Note 17: Other Income

Particulars	As at 31st March 2018	As at 31st March 2017
Commission Received	622	4,116
Miscellaneous Income	80,847	36,669
Total	81,469	40,785

Note 18: Employee benefit expense

Particulars	As at 31st March 2018	As at 31st March 2017
Salaries and Wages	7,376,530	5,920,170
Provision for Gratuity	573,520	-
Staff Welfare Expenses	28,285	129,693
Total	7,978,335	6,049,863

Note 19: Finance Costs

Particulars	As at 31st March 2018	As at 31st March 2017
Interest paid on Term Loans from Banks and Financial Institutions	2,857,729	3,908,281
Interest paid on Loan from Directors and their Relatives	1,444,341	577,490
Interest paid on working capital borrowings	2,297,959	2,574,483
Interest paid on ICD	10,793,680	955,987
Other Borrowing Cost	272,791	150,100
Total	17,666,500	8,166,341



Navarathna Financial Services Ltd

Notes forming part of the Financial Statements for the year ended 31st March 2018

Note 20: Other Expenses

Particulars	As at 31st March 2018	As at 31st March 2017
Power and Fuel	112,810	102,856
Legal and Professional	12,744,505	248,144
Rent	1,080,954	976,500
Audit Fees		
- For Audit	250,000	200,000
- For Taxation matters	-	-
Communication Expenses	225,025	272,566
Fees paid to Credit Information Companies	1,105,829	63,000
Travelling Expenses	600,888	483,944
Printing & Stationery	100,814	92,601
Insurance	-	112,103
Jewel Loan Auction Charges	3,500	1,300
Loss on Auction of Jewellery	-	172,418
Repairs and maintenance - Buildings	400	1,980
Repairs and maintenance - Computers	25,595	34,970
Repairs and maintenance - Others	105,792	58,593
Loss on sale of fixed Assets	-	13,495
Rates & Taxes	1,365,883	1,825
Miscellaneous Expenses	817,398	415,739
Total	18,539,393	3,252,034

Note 21: Provisions and Write Off

Particulars	As at 31st March 2018	As at 31st March 2017
Bad Debts written off	2,993,240	3,260,550
Provision for Non Performing Assets	1,135,002	610,660
Provision for Standard Assets	846,523	359,338
Total	4,974,765	4,230,548



NAVARATHNA FINANCIAL SERVICES LIMITED

Notes forming part of the financial statements

Note 22: Corporate Information

Navarathna Financial Services Limited (NFSL) is a public limited company incorporated under Companies Act 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 23: 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:**

i) Income/Expenditure is generally accounted for on accrual basis, unless otherwise stated.

ii) Income on Non-Performing Assets (NPA's) is recognised on realisation in terms of the RBI guidelines.

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.

Defined Benefit Plan (Gratuity):

The Company is accounting Gratuity expenses based on an actuarial valuation, as at the balance sheet date, using the Projected Unit Credit method.



24. Employee Benefits:

Defined Contribution Plan:

During the year the company has recognised the following amounts in the Profit and Loss Account:

Particulars	2017-18	2016-17
Contribution to Provident Fund	1,98,551	1,61,008
Contribution to ESI	60,973	56,644

Defined Benefit Plan (Gratuity –Non-Funded):

- A. The Company has determined the liability for employee benefits as at 31st March 2018 in accordance with Accounting Standard – 15 (revised) "Employee Benefits" issued by the ICAI and as provided in the Companies (Accounting Standard) Rules, 2006.
- B. Defined Benefit Plan – as per Actuarial Valuation as on 31st March 2018 – Gratuity:

Particulars	2017-18	2016-17
	Amount (in Rs.)	Amount (in Rs.)
Changes in the present value of obligations:		
Present value of obligation as at the beginning of the year	-	-
Interest cost	-	-
Current service cost	5,73,520	-
Benefits paid	-	-
Actuarial loss on obligation	-	-
Present value of obligation as at the end of the year	5,73,520	-
Expense recognized in the statement of Profit & Loss for the year ended 31 st March 2016		
Current service cost	5,73,520	-
Interest cost	-	-
Net Actuarial (Gain) / Loss to be Recognized	-	-
Expense recognized in the Statement of Profit & Loss	5,73,520	-



Actuarial Assumptions	31st March 2018	31st March 2017
Discount rate	7.70% p.a.	-
Expected rate of return on plan assets	Not Applicable	-
Rate of Salary Escalation	8% p.a.	
Attrition rate	20% p.a.	-
Retirement Age	60 Years	
Mortality rate	Indian Assured Lives Mortality (2006-08) Ult.	-

Note 25: Earnings Per Share – Basic and Diluted

	2017-2018	2016-2017
(a) Profit/(Loss) for the year after taxation (in Rs.)	1,27,43,850	78,79,912
(b) Weighted Average No. of equity shares of face value of Rs. 10/- each (in numbers)	45,96,951	45,82,900
(c) Basic and diluted Earnings Per Share (in Rs.)	2.77	1.72

Note 26: Deferred Tax Liability comprises of the following:

	(Amount in Rs.)	
	31.03.2018	31.03.2017
a) Deferred Tax Liability Relating to depreciation	-	3,071
b) Deferred Tax Asset Relating to depreciation	5066	-
Net Deferred Tax (Asset)/Liability	(5,066)	3,071



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 0.25% 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
RM Palaniappan	Relative of KMP
Meenakshi Panayappan	Relative of KMP
RM PL Meenakshi	Relative of KMP

(Amount in Rs.)

<u>Nature of Transactions</u>	<u>Transactions for the year</u>	<u>Year-end balance</u>
Director's Remuneration (KMP)	5,83,400 (6,71,600)	(-) (-)
Unsecured Loan (KMP)	54,20,000 (-)	56,76,000 (2,56,000)
Unsecured Loan (Relative of KMP)	9,20,129 (71,835)	14,70,163 (5,50,034)
Interest Paid (KMP and Relative of KMP)	1,61,089 (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.)

<u>Sl No.</u>	<u>Particulars</u>		
	<u>Liabilities Side:</u>	<u>Amount Outstanding</u>	<u>Amount Overdue</u>
(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)	16,609,288 (1,69,87,200)	- (-)
	(d) Inter Corporate loans and borrowing	9,45,00,000 (4,30,00,000)	- (-)
	(e) Commercial Paper	- (-)	- (-)
	(f) Other Loans –		-
	(i) Unsecured loans from directors and their relatives	1,22,80,493 (54,54,230)	(-)
	(ii) Overdraft from Banks	1,15,09,384 (1,91,50,244)	(-) (-)
	(iii) Working Capital loan from financial institution	- (-)	(-) (-)
	Assets Side:		
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
	(a) Secured	8,30,72,195 (11,79,21,520)	
	(b) Unsecured	15,45,68,368 (3,29,84,924)	
(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	- (-)		
	(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	8,19,98,626 (11,74,57,710)	15,38,50,688 (3,24,78,736)	23,58,49,314 (14,99,36,446)
	Total	8,19,98,626 (11,74,57,710)	15,38,50,688 (3,24,78,736)	23,58,49,314 (14,99,36,446)
(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	- (-)		- (-)
	Total	80,00,000 (80,00,000)		80,00,000 (80,00,000)
(7)	Other Information			
	Particulars	Amount		
(i)	Gross Non-Performing Assets			
	(a) Related Parties	- (-)		
	(b) Other than related parties	61,74,661 (44,25,483)		
(ii)	Net Non-Performing Assets			
	(a) Related Parties	- (-)		
	(b) Other than related parties	43,83,412 (32,92,336)		
(iii)	Assets acquired in satisfaction of debt	- (-)		

Figures in brackets represents figures as on 31.03.2018



Note 30: Loan against security of single product:

Loans against security of single product - Gold Jewellery constitutes 7.86% of total assets as on 31.03.2018.

Note 31: Regrouping:

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

For Navarathna Financial Services Limited



Managing Director

H/4



TRR Loganathan

Director

Place: Chennai

Date : 10.08.2018

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



RM Swaminathan
Partner
M. No. 203520

