



Navi Finserv Limited

Annual Report

FY 2021-22

C●NTENTS



Pg. 16

Our portfolio
of offerings



Pg. 14

Diverse strengths,
distinctive
advantages



To know more about the company, log on to www.navifinserv.com or
Scan the QR code

Corporate Overview

About Navi Finserv	02
Navi Finserv – a snapshot	07
Expanding Horizons	08
Key Milestone/ Our journey so far	09
Chairman's Message	10
MD's Message	11
Financial Highlights	12
Diverse strengths, distinctive advantages	14
Our portfolio of offerings	16
Strategically driving progress	18
Aiding efficiency through technology-led processes	20
Board of Directors	22
Corporate information	23

Statutory Reports

Directors Report	25
Annexure I	35
Annexure II	37
Annexure III	39
Annexure IV	40
Annexure V	41
Annexure VI	42
Annexure VII	45

Financial Statements

Standalone Financial Statements	60
Consolidated Financial Statements	153
Notice of Annual General Meeting	235

Forward - looking statements

Some information in this report may contain forward - looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward - looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward - looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward - looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

About Navi Finserv

The Company was originally incorporated as Chaitanya Rural Intermediation Development Services Private Limited as a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Karnataka at Bangalore ("RoC") on February 14, 2012.

Our Company has obtained a certificate of registration bearing number N-02.00270 dated March 11, 2016, issued by the RBI to commence/ carry on the business of non-banking financial institutions without accepting public deposits under Section 45-IA of the RBI Act, 1934. Our Promoter acquired control over our Company on October 23, 2019. The name of our Company was changed to 'Navi Finserv Private Limited' pursuant to a certificate of incorporation issued by the RoC on April 22, 2020. A fresh certificate of registration was issued by RBI on May 15, 2020, pursuant to the name change of our Company from Chaitanya Rural Intermediation Development Services Private Limited to Navi Finserv Private Limited. Our Company was converted from a private limited company to a public limited company pursuant to a special resolution passed by our Shareholders on March 5, 2022, and the name of our Company was changed to 'Navi Finserv Limited'. Further, a fresh certificate of incorporation dated April 5, 2022, consequent upon change of name on conversion to a public limited company was granted by the RoC.

We are a non-deposit-taking, systemically important NBFC registered with RBI and a wholly owned subsidiary of Navi Technologies Limited ("NTL"). NTL is a technology-driven financial products and services company in India focusing on the digitally connected young middle-class population of India. Our Company

offers lending products like personal loans and home loans under the "Navi" brand.

We believe our digital lending process is one of the key differentiators driving business growth. Our Promoter has adopted a mobile-first approach, utilizing its strong in-house technology and product expertise to build customer-centric products. Our Company has entered into an Outsourcing Agreement with our Promoter for inter alia, technology-based services, cash management, loan distribution, operations, collections, risk management, ALM, taxation, and tax reporting and accounting. Pursuant to the Outsourcing Agreement, our products are exclusively distributed through the Navi App, the digital platform provided by our Promoter. Navi App provides an easy-to-use and engaging experience to our personal loan and home loan customers while minimizing manual intervention and paperwork.

The preceding two financial years (FY21 and FY22) have been truly challenging with the pandemic repeatedly disrupting socio-economic activity in multiple ways. This has catalysed a massive shift towards tech-enabled business models and large-scale digitisation in business operations, customer acquisition, and servicing in the financial services sector in India. As the Indian economy regains momentum and consumption is back on track, retail credit demand is surging significantly.

At Navi Finserv, our consistent focus is to fulfil the credit requirements of the underserved Indian population. The market remains underpenetrated because traditional lenders require extensive documentation and a robust credit score to sanction credit. However, a predominantly young population demands easier and faster access to credit with minimal documentation, enhancing the importance of full-stack digital lenders like us. Our personal loan offering is, therefore, suited to address the needs of digitally connected Indians. We have also been able to digitise and simplify the process of procuring home loans.

Our artificial intelligence-based underwriting models incorporate 400+ variables and learn from a rapidly growing training dataset, allowing our systems to identify unique users, track their journeys, record their behaviours and report the performance of the Navi app.

Our digital capabilities also allow us to classify customers into varied categories, based on ease of collection and thereby, calibrates our collection efforts.

The Indian retail lending space has significant room to grow both digitally and traditionally. The use of ML-based underwriting, rising adoption of small-ticket personal loans and cross-selling loans within the consumer internet ecosystem will help digital lending grow in India. There is also a large, secured



lending space (home loan, LAP, etc) that is underpenetrated by digital players.

Our microfinance loans business is carried out through our Subsidiary, Chaitanya India Fin Credit Private Limited (CIFICPL), to extend credit to low-income women in rural and semi-rural areas across India. Our Subsidiary's microfinance loans business runs on a joint liability group-lending model, wherein a small number of women form a group (typically four to seven) and guarantee one another's loans.

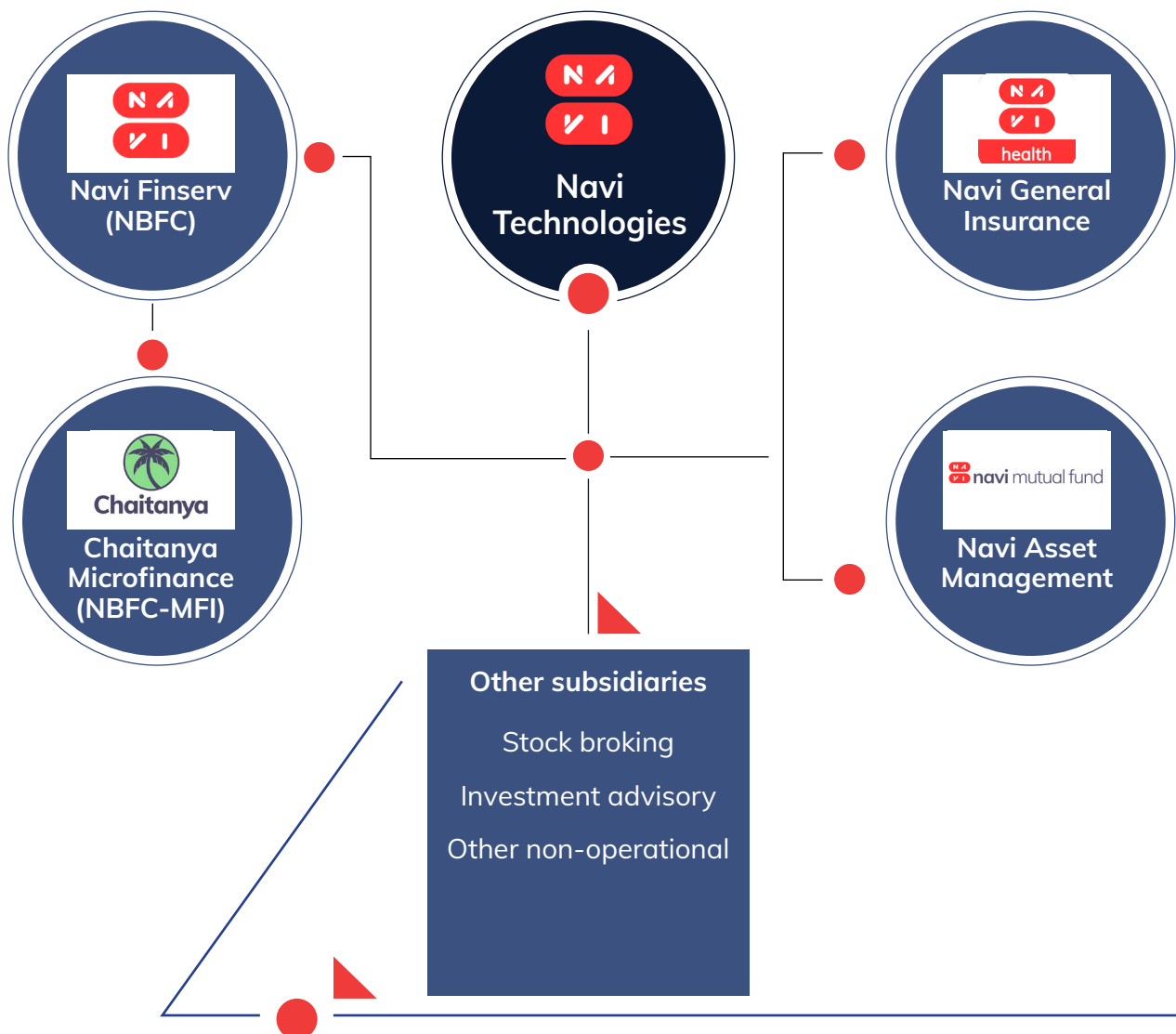
As of March 31, 2022, our Subsidiary's microfinance business had a closing AUM of ₹ 22575.97 Mn. Our microfinance loans are not offered through the Navi App and this business is operated separately from our other technology-based business lines.

About Navi Finserv (contd...)

We are among the country's fastest-growing digital-led credit finance companies, utilizing strong in-house technology and product expertise to build customer-centric financial solutions.

We are providing personal loan and home loan services to our customers, minimizing manual intervention and paperwork. Our mobile-first and app-only model ensures unassisted credit lending services, with one of the lowest turnaround times in the industry.

Navi Group



Our Promoter

Our Promoter, Navi Technologies Limited / NTL was originally incorporated on December 10, 2018, as a private limited company under the Companies Act, 2013 in the name of 'BAC Acquisitions Private Limited' and was issued a certificate of incorporation dated December 13, 2018, by the Deputy Registrar of Companies, Central Registration Centre. The name of our Promoter was changed to 'Navi Technologies Private Limited' pursuant to a special resolution passed by the Shareholders on September 27, 2019, and a fresh certificate of incorporation pursuant to the change of name dated October 14, 2019, was issued by the Registrar of Companies, Karnataka at Bangalore. Our Promoter was converted from a private limited company to a public limited company pursuant to a special resolution passed by the Shareholders on February 2, 2022, and the name of our Promoter was changed to 'Navi Technologies Limited'. A fresh certificate of incorporation dated February 15, 2022, consequent upon change of name on conversion to a public limited company was issued by the RoC.

Our Promoter is a technology-driven financial products and services company in India focusing on the digitally connected young middle-class population of India. Our Promoter also offers microfinance loans and general insurance business through its subsidiaries Chaitanya India Fin Credit Private Limited and Navi General Insurance Limited, respectively. The Company also

operates the asset management business through its subsidiary, Navi AMC Limited.

As of March 31, 2022, our Promoter holds 178,573,686 Equity Shares equivalent to 100.00% of the Equity Share capital of our Company.

Our Promoter, NTL has filed a Draft Red Herring Prospectus dated March 10, 2022, for an initial public offering with SEBI to raise up to ₹ 33,500 Mn. In the event of successful completion of the offering, our Promoter proposes to infuse up to ₹ 23,700 Mn into our Company which will further fund our growth.



OUR SUBSIDIARY, CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED - MICROFINANCE("MFI") LOANS

Our microfinance loans business is carried out through our Subsidiary, CIFCPL, to extend credit to low-income women in rural and semi-rural areas across India. Our Subsidiary's microfinance loans business runs on a joint liability group-lending model, wherein a small number of women form a group (typically four to seven) and guarantee one another's loans. As of March 31, 2022, our Subsidiary's microfinance business had a closing AUM of ₹ 22575.97 million. Our microfinance loans are not offered through the Navi App and this business is operated separately from our other technology-based business lines.

Our microfinance loans business is based on a joint liability group ("JLG") format of lending, under which a small group of women form a group (typically four to seven), and generally assume a joint liability to repay the installments of other borrowers in the group, in the event of a default by any member in the group. We believe that this model ensures credit discipline through peer support within the group, making our customers prudent in conducting their financial affairs and prompt in repaying their loans.

We believe that access to basic financial services can significantly increase economic opportunities for families in the lower-income segment. We grant microfinance loans that are principally utilized for livelihood and productivity-enhancing purposes. We grant microfinance loans for amounts up to ₹100,000 with tenors of up to 36 months, with principal and interest payments due on a fortnightly or monthly basis.

Navi Finserv – a snapshot

₹ 11,852.62 Mn

Net Worth

₹ 29,492.66 Mn

Assets under Management

2.39

Debt-Equity Ratio

₹ 27,879.76 Mn

Borrowings

30.73%

Capital Adequacy Ratio

0.04%

Net NPA

0.87%

Gross NPA

~93%

Country's Pincodes covered for
Personal Loans

8

Cities covered for Home Loans

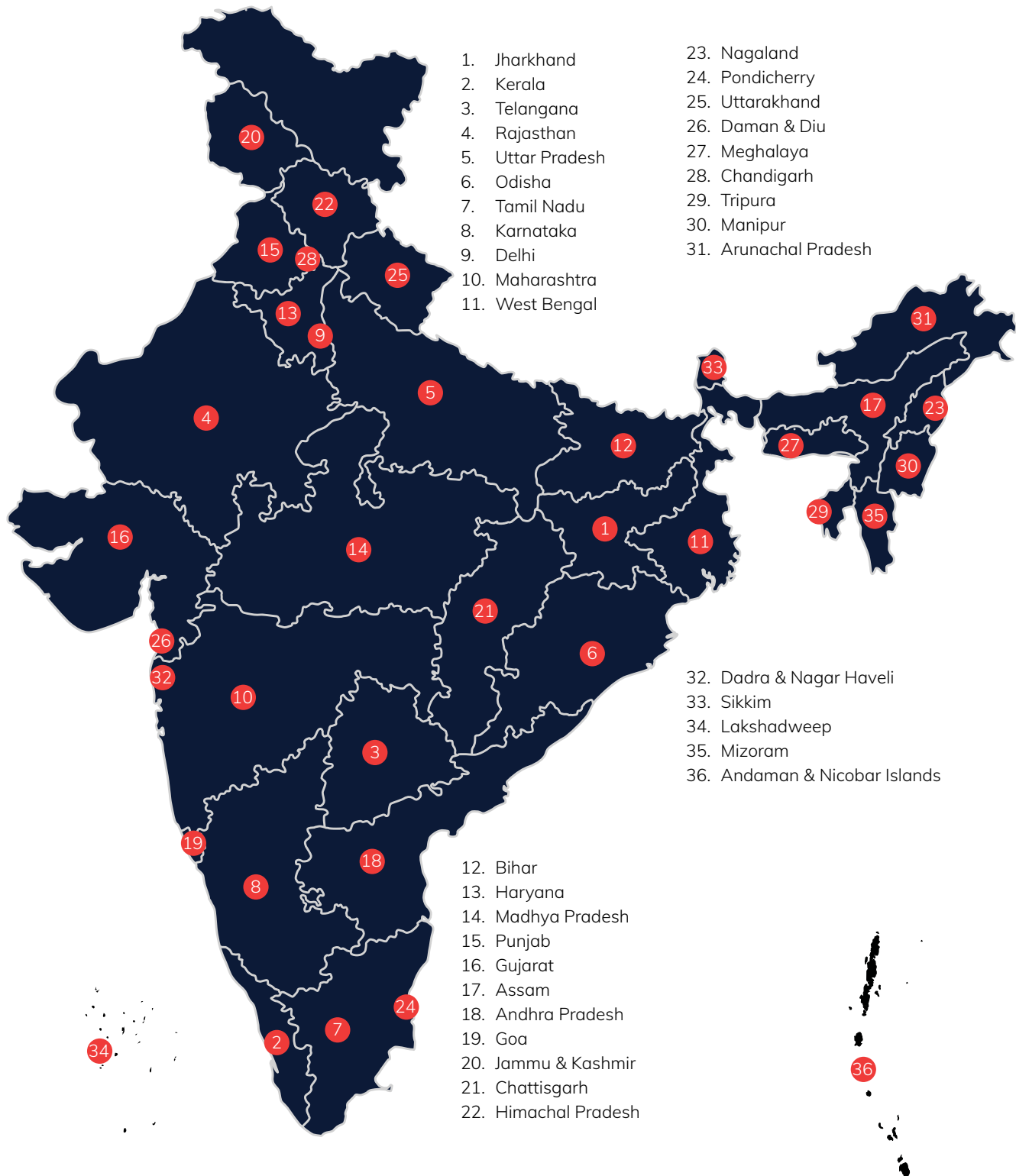
95%

Collection Efficiency of Personal Loan

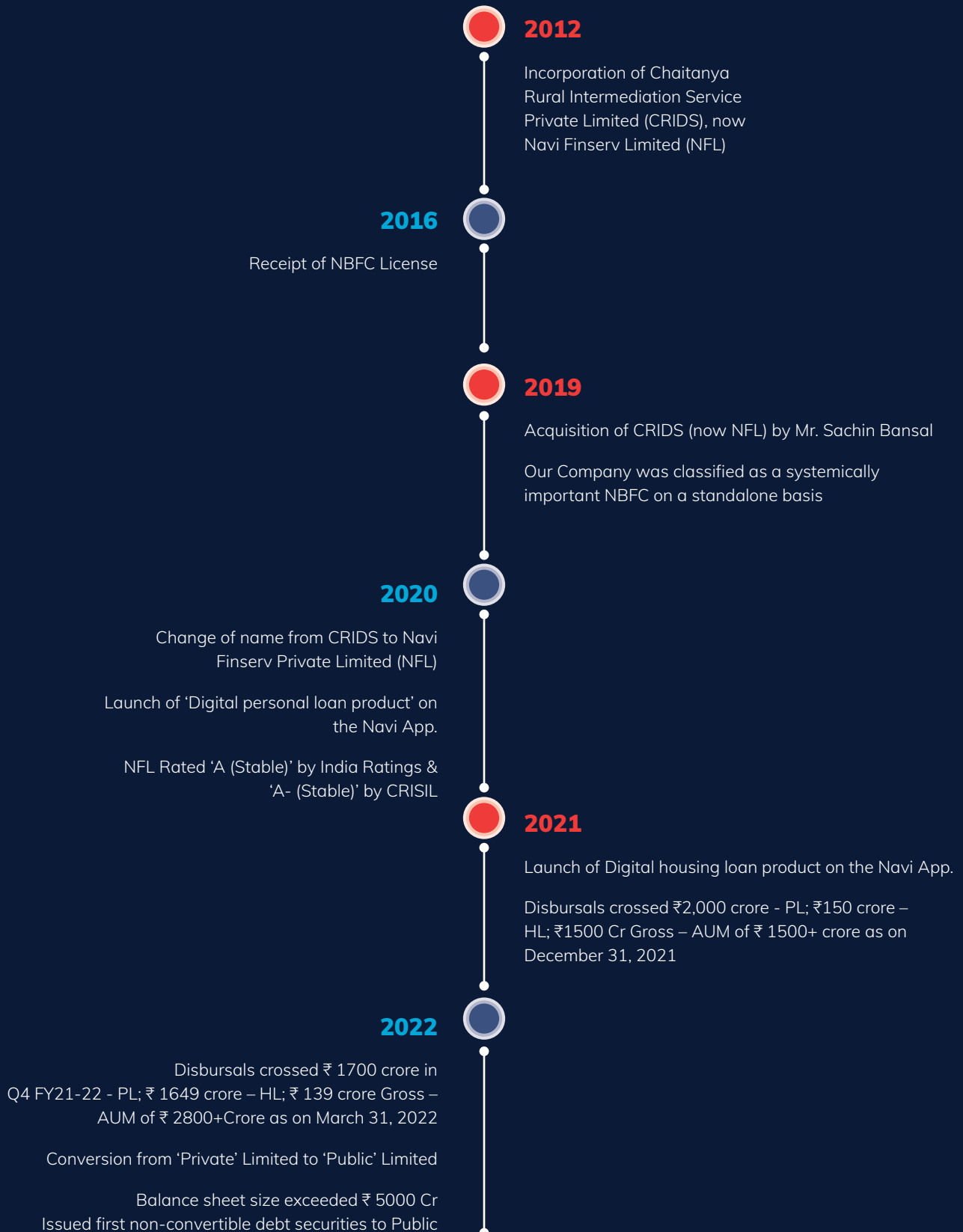
**A- (Stable):
CRISIL Rating,
A (Stable):
INDIA Rating**

Credit Rating

Expanding Horizons



Key Milestone/ Our journey so far



Chairman's Message

“

We continue to leverage technology to enhance customer experiences. Our digital personal loans have enabled us to ensure faster loan disbursements with reduced turnaround times.

Dear shareholders and stakeholders,

It gives me great pleasure to present our performance for the financial year 2021-22.

The Indian economy was roiled by multiple challenges in FY 2021-22, mostly on account of the lingering impact of the pandemic. The situation was further aggravated by geopolitical unrest in Europe, which led to runaway inflation and a fractured supply chain. However, despite uncertainties, India continued to have a fundamentally sound growth story. The Indian economy witnessed a major boost in consumer spending. The outlook for retail credit is positive due to the economic expansion tracking nominal gross domestic product (“GDP”) growth, rise in government and private capex, rising commodity prices, implementation of the production-linked incentive (“PLI”) scheme, the extension of emergency credit line guarantee scheme (“ECLGS”) for MSME and retail credit push.

Moreover, the Government's decision to promote ease of business and faster implementation of projects helped India register a decent performance amid tough global conditions.

With improving macroeconomic conditions, higher credit penetration, growing consumption, and disruptive digital trends, a significant rise in NBFC credit is also evident. Retail loans have been a primary growth driver for the Indian banking system in recent years,

particularly due to the growth of NPAs (non-performing assets) from corporate accounts.

It is strongly believed that India's growth story in the next 15 years will be directed by an aspirational millennial population. With growing income levels and greater reliance on digital modes, technology is expected to become more pervasive and would play an integral role in driving financial decisions.

The pandemic has accelerated the adoption of digital payment platforms. It has led to a tremendous shift in consumer behaviour and has increased the preference for digital financial services like digital loans. We are optimistic about maintaining the momentum in the financial space and aspire to introduce user-friendly products and services that will mobilise our growth, increase profitability and thereby, contribute to financial inclusion.

We continue to leverage technology to enhance customer experiences. Our digital personal loans have enabled us to ensure faster loan disbursements with reduced turnaround times. In addition, we have digitised the home loan application procedure to further simplify and make it convenient for our customers. We also rely on data science and machine learning-based underwriting capabilities to support our robust collection efforts. Through our mobile-first Navi application, we continue to deliver superior customer experience and endeavour to deliver

services within a shorter span of time, through a paperless process.

Our relentless efforts to enhance value creation is ably reflected by our performance during the fiscal year 2021-22. Our total revenue from operations during the year under review stood at ₹ 4571.19 Mn, and our PBT was ₹ (886.35) Mn. The GNPA and NNPA for the year were 0.87% and 0.04%, respectively, while net worth was ₹ 11,852.63 Mn. We maintained a standalone debt-to-equity ratio of 2.39 times and the AUM of the lending vertical amounted to ₹ 29492.66 Mn.

During the year, we disbursed 6.17 lakhs personal loans, totalling ₹ 32,217.06 Mn, and our personal loans business had an AUM of ₹ 25208.94 Mn. The home loan business, on the other hand, saw the disbursement of 853 home loans across eight cities in India, with an average ticket size of ₹ 4.71 Mn. The AUM of the home loan business was pegged at ₹ 3,119.74 Mn.

The Company has disbursed 814,375 loans through its MFI Business such as through CIFCPL, totalling ₹ 10595.4 Mn and has an AUM of ₹ 22575.97 Mn.

Going forward, we seek to leverage the macro tailwinds in our operating landscape to devise futuristic strategies for improving data handling, managing risks, and enhancing customer experience. We remain focused on improving our reach with exceptional products and experiences that will enable us to further grow our customer base.

I would like to thank all the stakeholders for the trust they have reposed in us. I would also like to express my gratitude to our employees, customers, regulators, and partners for their continued support in our growth journey.

Warm Regards,

Mr. Sachin Bansal

Executive Chairman &
Chief Executive Officer

MD's Message

Dear shareholders,

The fiscal year was a difficult year for businesses and communities. The pandemic reshaped the contours of our lives and livelihoods, followed by supply chain whiplash, and further disruption brought on by geopolitical hostilities. We are now staring at high interest rates and high inflation regime globally. However, amid the challenges, we tried to find a balance between efficiency and prudent policies and took the right steps at the right time to emerge resilient.

I am proud of our dedicated and disciplined team for stepping up to the challenge and going beyond their call of duty to deliver value for all our stakeholders while also maintaining focus on resilience and growth.

Despite the curveballs that the fiscal threw our way, 2021-22 proved to be a fruitful year for the Company. We have experienced substantial growth and have achieved reasonable success in realising our vision of improving financial inclusion in our country.

Our continued efforts towards enhancing value creation is ably reflected in our performance during the fiscal year 2021-22. In a year fraught with multiple headwinds, our total revenue stood at ₹ 4571.19 Mn, and our PBT at ₹ (886.35) Mn. The GNPA and NNPA for the year were 0.87% and 0.04%, respectively, while net worth was ₹ 11,852.62 Mn. We maintained a standalone debt to equity ratio of

2.39 times and the AUM of the lending vertical amounted to ₹ 29492.66 Mn.

During the fiscal, our interest income from loans increased from 229.54% on a standalone basis. We disbursed 6.17 lakh personal loans, totalling ₹ 32,217.06 Mn. Our personal loans AUM stood at ₹ 25,208.94 Mn. The home loan business saw disbursement of 853 home loans across eight cities in India, with an average ticket size of ₹ 4.71 Mn. The AUM of the home loan business was estimated to be ₹ 3,119.74 Mn.

Through our subsidiary Chaitanya India Fin Credit Private Limited – CIFICPL, we extend credit to low-income women in rural and semi-rural areas across India. Our microfinance loans business runs on a joint liability group-lending model, wherein a small number of women form a group (typically four to seven) and guarantee one another's loans. For CIFICPL, our assets under management (AUM) grew at an annualised rate of 88% to ₹ 22575.97 Mn. The scale and geographical diversity in the portfolio improved considerably. Going forward we are hoping to foray into newer geographies like Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Tamil Nadu, Rajasthan and Gujarat to contribute to an incremental growth.

This era of disruption also presents a unique opportunity for renewal. The exigencies of this disruption has pushed the boundaries of innovation. As we look to the next year and

beyond, we intend to capitalise on the growth drivers of digital financial services in India. Increasing penetration of digital services, trust building on digital financial players, alternative credit models to accelerate lending among segments with credit under-penetration and government initiatives like digital banking, thrust on UPI adoption will provide us a number of opportunities to grow in the long term.

Moreover, our Artificial intelligence and Machine Learning powered credit underwriting engine will position us well to capitalise on the emerging opportunities and high growth rate seen in the digital lending space. We have also achieved industry-leading GNPA/NNPA numbers that demonstrate the strength of our digital-led collections and strong technical foundation.

I would like to conclude by expressing my deep gratitude to our employees for their untiring efforts and dedication towards our organisation. I would also like to extend my gratitude to you, our shareholders, and all our stakeholders for your unwavering belief in us.

Regards,

Mr. Ankit Agarwal

Managing Director

Financial Highlights

Net Interest Income

(₹ in Mn)

FY20		124.65
FY21		645.05
FY22		1719.54

Total Income

(₹ in Mn)

FY20		752.27
FY21		3367.36
FY22		4598.93

Profit after tax

(₹ in Mn)

FY20		97.16
FY21		975.43
FY22		(669.08)

Book value per share

(₹)

FY20		62.67
FY21		69.75
FY22		66.37

Total Assets

(₹ in Mn)

FY20		36,852.35
FY21		33,210.77
FY22		41,403.30

Net Worth

(₹ in Mn)

FY20		9,520.50
FY21		11,526.00
FY22		11,852.62

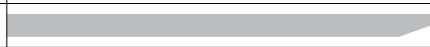
Asset under Management (AUM)

(₹ in Mn)

FY20		1,156.85
FY21		6,260.63
FY22		29,492.66

Total Deposits

(₹ in Mn)

FY20		NIL
FY21		NIL
FY22		NIL

Capital Adequacy Ratio

(%)

FY20		20.80
FY21		38.04
FY22		30.73

Net Interest Margin

(%)

FY20		14.74
FY21		17.39
FY22		9.62

RoA

(%)

FY20		0.51
FY21		2.78
FY22		(1.79)

RoE

(%)

FY20		1.89
FY21		9.27
FY22		(5.72)

Gross NPA

(%)

FY20		5.01
FY21		4.46
FY22		0.87

Net NPA

(%)

FY20		3.15
FY21		0.45
FY22		0.04

Diverse strengths, distinctive advantages



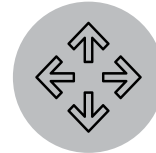
Mobile-first experience

Operating through a 'mobile-first' business model, the 'Navi application', available on both Android and iOS, provides our customers with a unique and easy-to-use experience for fulfilling their lending needs.



Fast turnaround time

Catering to the needs of the young, aspiring, and digitally connected Indians, our technology-led solutions enable us to meet the customer's personal and home loan needs in record time. Our disbursements for personal loans take 4.5 minutes on an average – among the fastest in the industry.



Reaching far and wide

Unlike traditional financial lending services, our digital-led robust framework has enabled us to serve a growing customer base across the country. Within 24 months of launch, we have approved personal loans to customers in 93% of all Indian pin codes and as on March 31, 2022, we had disbursed home loans across 8 cities in India.



Strong underwriting and risk management model

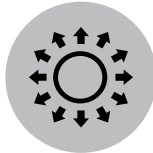
Our underwriting, pricing, and risk management are driven by data science, empowered by Artificial Intelligence and Machine Learning capabilities. These technologies help incorporate more than 400 variables and provide solutions from a rapidly growing training dataset.





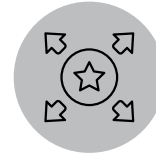
Robust collection mechanism

Our robust cohort-based collection model allows us to efficiently follow up and recover outstanding dues. To ensure timely collection, we send digital reminders to clients and physically follow up for payments, through tele-calling and on-ground collection management. Allocation of delinquent loans to these channels is driven by back-end analytics and payment behavior scorecards that help to maximize overall debt management efficiencies.



Granular lending book

Since inception, we have focused on expanding our customer base, offering financial lending services that meet diverse customer needs.



Strong leadership and experienced management

Led by Sachin Bansal, an experienced and successful entrepreneur, along with Ankit Agarwal, a seasoned professional in the banking field, the Company hugely benefits from the extensive expertise of its co-founders and promoters in the financial and technological space.



Our portfolio of offerings

We cater to the dynamic needs of our customers through innovative products encompassing personal loans and home loans.

Personal loans

We launched our personal loans business under the "Navi" brand in April 2020. Under this business, we extend instant personal loans up to ₹ 2.0 Mn with tenors of up to 72 months through an entirely digital Navi App-only process. We put a lot of emphasis on credit quality and pricing to ensure steady and profitable growth. The young, digitally savvy middle class in India is our target market. We can cover various use cases owing to our wide selection of ticket sizes and tenors. We offer Artificial Intelligence/ Machine Learning-based underwriting which is efficient and helps optimize cost.

Since our launch and up to March 31, 2022, we have disbursed 7,89,828 personal loans amounting to ₹ 38,955.77 Mn. As of March 31, 2022, our Company's personal loans business had an AUM of ₹ 25,208.94 Mn. During the financial year ending on March 31, 2022, our Company disbursed 6,17,091 personal loans amounting to ₹ 32,217.06 Mn, with an average ticket size of ₹ 52,207 (approx). The collection efficiency for our Company's personal loans disbursed subsequent to April 1, 2021, was 96.63% till March 31, 2022 (constituting 82.69% of disbursals).

We adopt an innovative cohort-based approach that segments customers based on a variety of factors including yield, risk, ticket size, and acquisition cost to identify low-risk and profitable cohorts. This approach is supplemented with regular customer research and sophisticated data analytics for us to provide tailored products to our customers. We believe analysing and pricing each borrower is a major driver in creating a profitable lending business.

~93%

PIN codes approved for loan coverage

89%

Asset Under Management

< 2 mins

Fastest disbursal

~97%

Collection efficiency

₹ 52,207

Average Ticket Size



To identify low-risk and profitable cohorts, we use a novel cohort-based approach that divides clients based on several variables, including yield, risk, ticket size, and acquisition cost. This strategy is complemented by ongoing customer research and sophisticated data analytics to offer tailored solutions to clients. We believe a key component for building a successful lending business is the profiling and pricing of each borrower. Our focus on these two factors enables us to consistently offer products that are best suited to our customers' needs.



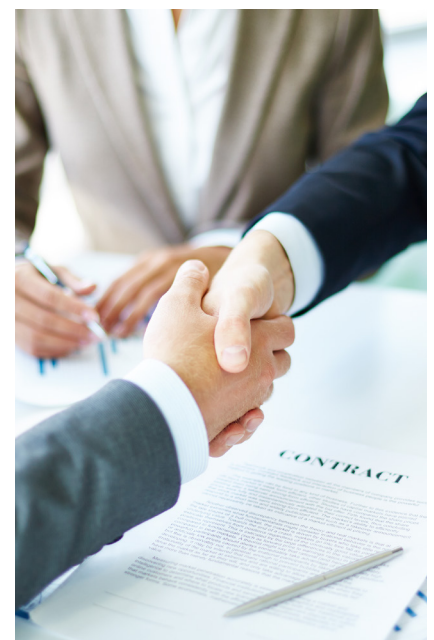
Home loans

We launched our home loans business under the “Navi” brand in February 2021 to extend: (a) home loans for ready-to-move-in, under-construction, and self-constructed properties, and (b) loans against property for constructed properties. As of March 31, 2022, we had disbursed home loans across eight cities in India. We offer loans up to ₹100 Mn with a tenor of up to 30 years. As of March 31, 2022, we had an AUM of ₹ 3,119.74 Mn and since launch, we have disbursed 870 loans with an average ticket size of ₹ 4.71 Mn.

We have been able to largely digitize and simplify the process of procuring a home loan. Our home loan customers

are able to obtain an eligibility offer through a completely automated process that does not require any manual checks.

Our pre-approved residential project database, digital platform, and referral channels help us to source home loan customers directly. Our long-term goal is to simplify the legal processes for approving home loans by building a network of pre-approved residential projects. It will also shorten the time for processing claims. We also aim to minimize the loan disbursement time for pre-approved projects to 1-2 days by utilizing our machine learning-based underwriting models.



Strategically driving progress

We focus on launching and maintaining product lines that drive the highest revenue pools from day 1 - the focus is not simply on customer acquisition but actually offering highly valuable products that benefit both the customers and the Company. Another lens we always maintain in new and existing products is the lens of what are the pain points we can solve for our customers - keeping in mind the tenet “solve for our customers, the rest will follow”

Focus on utilizing advanced technology

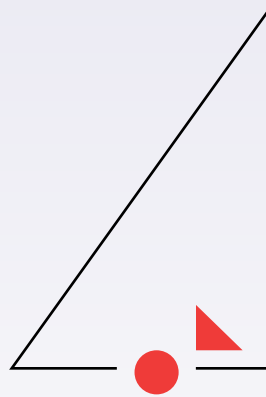
We are investing in modern technologies like machine learning models and data analytics capabilities to strengthen our product offerings and enhance customer experience. Our offerings, like Flexible EMI dates, dynamic pricing, and differential loan journeys for personal loans, is an innovative feature that has been introduced after careful calculation based on our technological expertise, data science capabilities, and microservices technology architecture developed by our Promoter, NTL. The accuracy of machine learning is anticipated to enhance our understanding of customers and maintain asset quality by accurately identifying credit-worthy customers.

Increasing reach across India

By virtue of being fully Digital, we are able to drive a branchless model for end-to-end sourcing and fulfillment of our Personal loans product - removing the limitations of physical presence to get business from certain geographies. Hence, we are active across 98% of India's pin codes, with 93% of pin codes being served in the financial year. We continue to push the boundaries on including more regions, and our marketing and sourcing campaigns encompass the entire country.

Foraying into new product lines

We use deep consumer insights to recognize and anticipate their needs and accordingly provide unique products and services. While introducing new product offerings, we rely on insights gained from our operations and customer feedback to - create products suited for fast growth while maintaining high portfolio quality and profitability. We also look at strategic acquisition options to strengthen the value proposition of the current portfolio and introduce new products, as needed. We hope to diversify our product offering by introducing complementary offerings adjacent to our current product suite and increasing our clients' wallet share.



Leveraging an integrated financial ecosystem

Customers can access a full range of related products and services through the Navi App. Its integrated financial service portfolio allows customers to easily browse through varied offerings on the app. The analytics tools will also enable us to easily analyse consumer data and devise cross-selling and up-selling opportunities. This, we believe, will improve client retention and increase the lifetime value of customers.

Optimizing borrowing costs and diversifying funding sources

Since day one, we have grown our financing sources and lender network, to create a diversified financial profile. Our diverse lender base and excellent credit rating have enabled us to maintain liquidity and lower the cost of capital. Going forward, it will enable us to increase our net interest margins, and provide higher return ratios with reduced borrowing costs.

Prudent risk management policies

Risk management forms an integral part of the Company's business strategy and is embedded into its operations. The Company and its subsidiary are exposed to a variety of risks, including credit risk, liquidity risk, interest rate & market risks, technology risk, operational risk, model risk, regulatory and compliance risk, reputational risk, and risks pertaining to the Covid-19 pandemic, among others. The Company has formulated a risk management policy and processes to identify, assess, manage and mitigate the risks that are encountered or may pose significant loss or threat to the Company.

In order to address the risks that are inherent to our business, a risk management governance structure that includes monitoring by our Board through committees, including our Risk Management Committee, Asset Liability Management Committee, and Audit Committee, and the monitoring of risks through internal limits based on our risk appetite are established

Our risk management practices determine our capacity to conduct business. We continuously train our risk-detection algorithms or models to improve our underwriting, risk management, and collection procedures. As our company grows, we intend to consistently modify the algorithms to implement strict risk management policies across the organization.

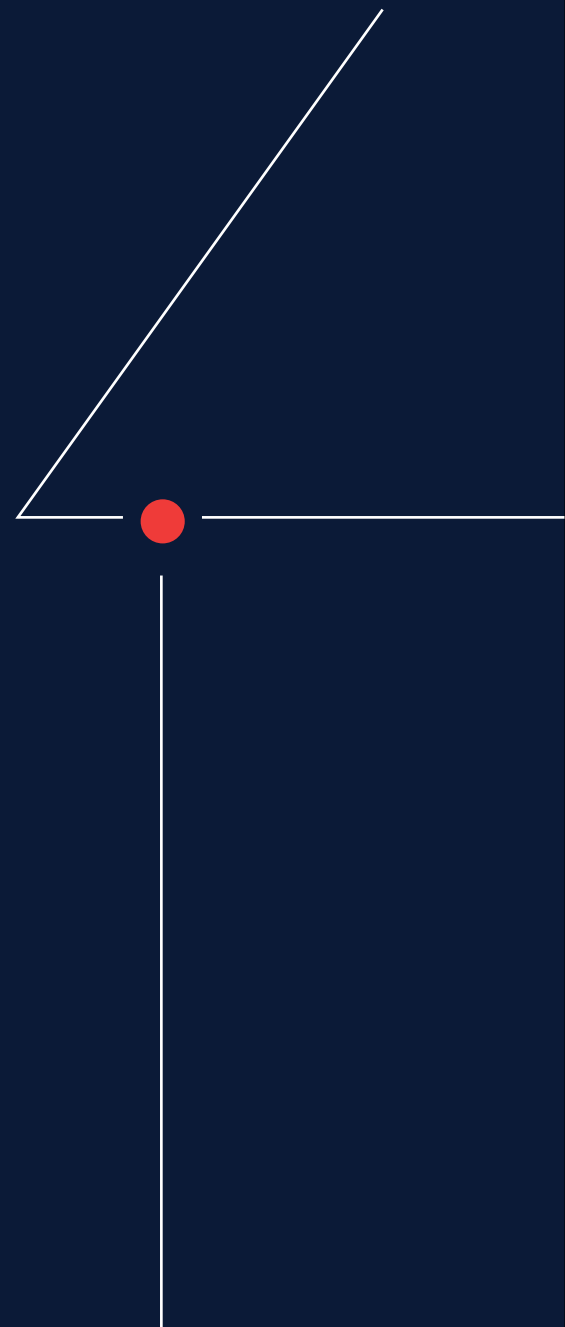


Aiding efficiency through technology-led processes

We take great pride in being technology-driven, supported by the technical expertise of our Promoter, NTL. Led by their expertise in application-led innovation, data analytics skills, and a sophisticated technology platform, Navi group aims to maximize the value proposition for consumers and deliver a seamless experience.

Our key front-end platform, the Navi App, has been used to digitize a significant portion of the client experience for both our business/personal loans and home loans. The app currently serves as a primary mode for processing loan applications.

The Company's advanced IT infrastructure aims to optimize operational efficiency and enhance the customer experience across business verticals including the following:



Loan Management System (LMS)

We use an enterprise-wide loan management system (LMS), specially created by our Promoter. It unifies all operations under a single platform that merges technology and data to improve back-end operations and significantly upgrade customer services. It has necessary checks and balances are maintained at every transactional phase, assuring its reliability. LMS assists us with loan management and accounting capabilities, offering operational and decision-making support. This system overlooks our business assets, accounts, risk, document management, and customer service throughout the lifecycle of loans, for personal as well as home loans. Customers can access LMS through mobile, tablet, and other digital devices.



Collections portal

The collection portal assists the collections team to easily track due dates and access relevant information for getting in touch with customers through calls and messages. We intend to integrate best practices for data protection through technologically advanced systems. It enables us to maintain the privacy of confidential customer information and aid efficiency. Along with a specialized IT team, we rely on third-party service providers to protect data and maintain a secure database.

Board of Directors

Sachin Bansal

Sachin Bansal is the Executive Chairman and Chief Executive Officer of our Company. He holds a bachelor's degree in computer science and engineering from the Indian Institute of Technology, Delhi. He was the co-founder of Flipkart.

Ankit Agarwal

Ankit Agarwal is the Managing Director of our Company. He holds a bachelor's degree in computer science and engineering from the Indian Institute of Technology, Delhi, and a master's degree in management from the Indian Institute of Management, Ahmedabad. He was previously associated with Bank of America as a director in global banking and markets. He was also associated with Deutsche Bank AG as their vice president.

Ranganathan Sridharan

Ranganathan Sridharan is an Independent Director of our Company. He holds a bachelor's degree in commerce from the University of Madras. He has previously been associated with the State Bank of India, Clearcorp Dealing Systems India Ltd, Legal Entity Identifier India Ltd, State Bank Capital Market Limited, overseen seven Associate Banks of SBI and all the non-banking subsidiaries, and as a member of committees set up by RBI and the Government of India, such as the Expert Group on Foreign Exchange Markets, Working Group on Introduction of Financial Holding Company Structure, Committee on Comprehensive Review of National Small Savings Fund, and Committee on Financial Benchmarks.

Usha A Narayanan

Usha A Narayanan is an Independent Director of our Company. She holds a bachelor's degree in commerce from the University of Madras and an associate member of the Institute of Chartered Accountants of India. She has passed the professional program examination held by the Indian Institute of Company Secretaries of India. She has more than two decades of audit experience with Lovelock &

Lewes Chartered Accountants LLP, a member firm of Price water house Coopers, and was a partner in Lovelock & Lewes Chartered Accountants LLP for a period of 15 years. She has previously been associated with the Bank of Baroda as an independent director and as a chairperson of the audit committee.

Arindam Haraprasad Ghosh

Arindam Haraprasad Ghosh is an Independent Director of our Company. He is a member of the Institute of Chartered Accountants of India. He is associated with Alphaniti Fintech Private Limited as the director and chief executive officer. Previously, he was associated with Mirae Asset Global Investment Management Limited as Head of Asia Pacific Business Development and with Fidelity Business Services India Private Limited as their Associate Director – Asia Pacific Investment Marketing and was part of the Asia Business Team.

Corporate information

Board and Committees

Mr. Sachin Bansal
Executive Chairman &
Chief Executive Officer

Mr. Ankit Agarwal
Managing Director

Ms. Usha A Narayanan
Independent Director

Mr. Ranganathan Sridharan
Independent Director

Mr. Arindam Haraprasad Ghosh*
Independent Director

Constitution of Committees of the Board as on date of this report is below:

Audit Committee

Ms. Usha A Narayanan, Chairperson,
Mr. Ranganathan Sridharan, Member
Mr. Arindam Ghosh, Member

Nomination & Remuneration Committee

Ms. Usha A Narayanan, Chairperson,
Mr. Ranganathan Sridharan, Member
Mr. Arindam Ghosh, Member

Risk Management Committee

Mr. Ranganathan Sridharan,
Chairperson
Mr. Ankit Agarwal, Member
Mr. Bhaskar, Member

CSR Committee

Ms. Usha A Narayanan, Chairperson
Mr. Ranganathan Sridharan, Member
Mr. Ankit Agarwal, Member

Asset and Liability Committee

Mr. Ankit Agarwal, Chairperson
Mr. Divyesh Jain, Member
Mr. Shobhit Agarwal, Member
Mr. Mahak Khabia, Member

Stakeholders Relationship Committee

Mr. Ranganathan Sridharan,
Chairperson
Mr. Sachin Bansal, Member
Mr. Ankit Agarwal, Member

IT Strategy Committee

Mr. Ranganathan Sridharan,
Chairperson
Mr. Sachin Bansal, Member
Mr. Ankit Jain, Member

Finance Committee**

Mr. Ankit Agarwal, Chairperson
Mr. Sachin Bansal, Member

Debenture Committee***

Mr. Ankit Agarwal, Chairperson
Mr. Sachin Bansal, Member

Chief Financial Officer

Mr. Divyesh Jain

Registrar and Share Transfer Agent

NSDL Database Management Limited

Kamala Mills Compound, 11th Floor,
Trade World, D Wing, Times Tower,
Lower Parel, Mumbai, Maharashtra
400013

Integrated Data Management Services Private Limited

Park View Basement II, 84, Gopathi
Narayanawami Chetty Rd,
Parthasarathi Puram, T. Nagar,
Chennai, Tamil Nadu 600017

Link Intime India Private Limited

C-101, 247 Park, LBS Marg, Vikhroli
(West), Mumbai 400 083 Tel: +91 22
4918 6200 Facsimile: (91 22) 4918
6195 Email: navifinserv.ncd@linkintime.
co.in Investor Grievance Email:
navifinserv.ncd@linkintime.co.in

Secretarial Auditor

Rahul A & Associates, D-1201,
Salarpuria Melody, Nayandahalli,
Mysore Road, Bangalore-560039,
Karnataka, India, Email: rahul@csra.in

Statutory Auditor

Walker Chandiok & Co LLP, 11th Floor,
Tower II One Financial Centre, S B Marg
Prabhadevi (W) Mumbai Maharashtra
400 013, India Tel: +91 22 6626 2699
Firm Registration No.: 001076N/
N500013 Email: manish.gujral@
walkerchandiok.in

*The Company had appointed Mr. Ghosh as an Independent Director of the Company on April 01, 2022.

**In FY 22-23, the Company has merged its Investment Committee into the Finance Committee of the Company

***Constituted Debenture Committee.

Debenture Trustee

Catalyst Trusteeship Limited Windsor,
6th Floor, Office No. 604, C.S.T. Road,
Kalina, Santacruz (East), Mumbai –
400098 Office: 022-49220555, Fax:
022-49220505 Email: dt.mumbai@
ctltrustee.com

**List of lenders as of
March 31, 2022**

Aditya Birla Finance Ltd
AK Capital Finance Ltd
AU Small Finance Bank Ltd
Axis Bank Ltd

Axis Mutual Fund
Canara Bank Ltd
CSB Bank Ltd
Federal Bank Ltd
HDFC Bank Ltd
Hero FinCorp Ltd
Hinduja Leyland Finance Ltd
HSBC Ltd
ICICI Bank Ltd
IDFC First Bank
Indian Overseas Bank
JM Financial
Kotak Mahindra Bank Ltd

Kotak Mahindra Investments Ltd
Mahindra & Mahindra Finance Ltd
MAS Financial Services
Northern Arc Money Market Alpha Trust
RBL Bank Ltd
South Indian Bank
State Bank of India
Sundaram Finance Ltd
Tata Capital Financial Services Ltd
Ujjivan Small Finance Bank
Utkarsh Small Finance Bank
Vivriti Short Term Bond Fund
YES Bank Ltd

Directors' Report

Dear Members,

It is our immense pleasure to present the Tenth Director's Report of Navi Finserv Limited ("**Company**" or "**NFL**") (formerly known as Navi Finserv Private Limited) along with the Standalone and Consolidated Audited Financial Statements for the Financial Year 2021-22. The Consolidated performance of the Company and its subsidiary has been referred to wherever required.

Company-specific information:

Financial Summary and Highlights:

The Financial Statements of the Company for the year ended March 31, 2022, have been prepared in accordance with Indian Accounting Standards notified under Section 133 and Schedule III to the Companies Act 2013.

Particulars	Standalone			Consolidated		
	FY22	FY21	Change over FY21 (%)	FY22	FY21	Change over FY21 (%)
Total income	4598.93	3367.36	36.57	8198.87	5652.36	45.05
Finance cost	808.64	122.13	562.11	2131.62	871.73	144.53
Net income	3790.29	3245.23	16.8	6067.25	4780.63	26.91
Operating expenses	3276.24	618.06	430.08	4631.58	1379.02	235.86
Pre provision operating profit	514.05	2627.17	(80.43)	1435.67	3401.61	(57.79)
Impairment of financial instruments	1400.40	1313.29	6.63	1618.92	1836.15	(11.83)
Profit / (loss) before tax	(886.35)	1313.88	(167.46)	(183.25)	1565.47	(111.71)
Profit / (loss) after tax	(669.08)	975.42	(168.59)	(146.59)	1181.66	(112.41)
Other comprehensive income / (loss)	(4.30)	(1.30)	230.77	(23.42)	21.06	(211.20)
Total comprehensive income	(673.38)	974.12	(169.13)	(170.01)	1202.72	(114.14)

Financial Performance Highlights (standalone):

- Total Income increased by 37% to INR4,598.93 Mn (PY 3,376.36 Mn). Total income of the company mainly comprises of Interest on Loan and Advances disbursed and Income from Treasury operations. Income growth during the period was mainly contributed by: - a. Growth in Interest income on Loans and Advances and Investment by 63% during the period to INR 3,216.42 Mn (PY 1,971.10). b. Fair valuation gains on Investment transactions amounting to INR 1,354.77 Mn (PY 1386.84 Mn).
- Total operating expenses excluding fair valuation loss (Employee benefits expenses+Depreciation+Other expenses)increased by 492% to INR 3274.60 Mn (PY 618.06 Mn). Major reasons for increase in operating expenses are as follows: - a. Other administrative expenses grew by 556% to INR 2,372 Mn (PY 416.50 Mn). Other administrative Expenditure during the period includes Marketing, software support and customer onboarding and verification. b. Increase in Employee benefit expense by 206% to INR 496.79 Mn (PY INR 162.52 Mn)
- Loan losses and provision grew to INR 1400.40 Mn (PY 1313.29 Mn)
- Profit before tax reduced by 167 % to INR (886.35) Mn loss (PY 1,313.88 Mn profit)
- Profit after tax reduced by 168% to INR (669.08) Mn loss (PY 975.42 Mn profit).
- The Company's Capital adequacy ratio as on 31st March 2021 was 30.73% which continued to be well above the RBI norms.

Key Operational Highlights

- The Digital Personal Loans portfolio of the Company as of March 31, 2022, stands at INR 25,060 Mn.
- The portfolio quality of Digital Personal Loans as of March 31, 2022, stands at 1.0% of Day past due("DPD") 90.
- The Digital Housing Loan Portfolio of the Company as of March 31, 2022, stands at INR 3,090 Mn.

Public Company

Navi Technologies Limited, the Holding Company of your Company converted to a public limited company on February 15, 2022. Further, your company converted to a public company on April 5, 2022.

General Shareholder information is provided under **Annexure I**.

Transfer to Reserves

During the year under review, the Company has not transferred to reserves created as per the norms laid down under Section 45-IC of the Reserve Bank of India Act, 1934 or to the General Reserve for the year under consideration on account of losses for the year. However, the Company is carrying the balance of INR 223.39 Mn as on March 31, 2022.

Dividends

The Board of Directors has not recommended any dividend on Equity Shares for the Financial Year 2021-22 in order to augment the capital requirements for supporting the growth of the business of the Company, through retention of internal accruals.

Major Events that Occurred During the Year

State of Company's Affairs

- a) **Segment-wise position of the business and its operations:** The Company is primarily engaged in the business of financing which is considered to be the only reportable business segment as per Ind AS 108, Operating Segments. The Company operates in the Republic of India and there are no other geographical segments.
- b) **Change in nature of the business:** There was no change in the nature of the business of the Company for the entire year under review.
- c) **Status of the Company:** The Company is registered with the Reserve Bank of India ("RBI") as a Non-Banking Financial Institution. The Company is categorized as a Systemically Important Non-Deposit taking Non-Banking Financial Company ("ND-SI-NBFC") and as an NBFC-Investment and Credit Company ("NBFC-ICC").
- d) **Key business developments:** There were no key business developments during the period under review.
- e) **Change in the financial year:** There was no change in the Financial Year of the Company in the entire year under review.
- f) **Capital expenditure programs:** NIL
- g) **Details and Status of Acquisition, Merger, Expansion, Modernization and Diversification:** Nil
- h) **Developments, Acquisition, and Assignment of material Intellectual Property Rights:** Nil
- i) **Any other material event having an impact on the affairs of the Company:** Nil

Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the Board's report: Nil

Details of Revision of Financial Statement or the Report

During the year, the Company has not revised its financial statements or the Report in respect of any of the three preceding financial years either voluntarily or pursuant to the order of a judicial authority.

Capital and Debt Structure of the Company:

Share Capital

Authorized Share Capital: During the Financial Year 2021-22, the Authorized Share Capital of the Company was increased from INR 1,75,00,00,000 (Rupees One Hundred and Seventy-Five Crore only) divided into 17,50,00,000 (Seventeen Crore Fifty lakh) Equity Shares of INR 10 each to INR 2,05,00,00,000 (Rupees Two Hundred and Five Crore only) divided into 20,50,00,000 (Twenty Crore Fifty lakh) Equity Shares of INR 10 each.

Issued, Subscribed and Paid-up Share Capital: During the Financial Year 2021-22, the company issued 1,33,33,333 Equity Shares of Rs. 10 each with a total premium of Rs. 65 aggregating to INR 75 per share. These shares were fully subscribed and paid up.

As on the Financial Year ended 31 March 2022, the Issued, Subscribed and Paid-up Share Capital of the Company stood at INR 1,78,57,36,860/- (Rupees One hundred and Seventy-Eight Crore Fifty Seven Lakhs Thirty Six Thousand Eight Hundred and Sixty only) divided into 17,85,73,686 (Seventeen Crore Eighty-Five Lakh Seventy Three Thousand Six Hundred and Eighty Six) Equity Shares of INR 10 each.

Issue of equity shares with differential rights:

During the year under review, the Company has not issued any Equity shares with differential rights.

Issue of Sweat Equity Shares:

During the year under review, the Company has not issued any Sweat Equity shares with differential rights.

Details of Employee Stock Options

The Company has not implemented any Employee Stock Option Scheme during the year. However, the employees have been granted ESOPs from the Holding Company – Navi Technologies Limited (formerly known as Navi Technologies Private Limited).

Shares held in trust for the benefit of employees where the voting rights are not exercised directly by the Employees: Not Applicable.

Issue of Debentures, bonds or any convertible securities:

During the year under review, the Company has issued Non-Convertible Debentures on a private placement basis, in various tranches as detailed below:

1. Offered and Issued 300, Secured, Rated, Listed, Redeemable Non-Convertible Debentures (“**NCDs**”) of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 30,00,00,000 (Indian Rupees Thirty Crores Only) by way of Private Placement on August 11, 2021.
2. Offered and Issued 650 Secured, Rated, Listed, Redeemable, Principal Protected Market Linked(PP-MLD) Non-Convertible Debentures (“**NCDs**”) of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 65,00,00,000 (Indian Rupees Sixty Five Crores Only) by way of Private Placement on September 17, 2021.
3. Offered and Issued 800, Secured, Rated, Listed, Redeemable Non-Convertible Debentures (“**NCDs**”) of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 80,00,00,000 (Indian Rupees Eighty Crores Only) by way of Private Placement on September 25, 2021.
4. Offered and Issued 2,000 Secured, Rated, Listed, Redeemable, Principal Protected Market Linked(PP-MLD) Non-Convertible Debentures (“**NCDs**”) of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 200,00,00,000 (Indian Rupees Two Hundred Crores Only) by way of Private Placement on November 19, 2021.
5. Offered and Issued 1,000 Secured, Rated, Listed, Redeemable Non-Convertible Debentures (“**NCDs**”) of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 100,00,00,000 (Indian Rupees One Hundred Crores Only) by way of Private Placement on December 23, 2021.
6. Offered and Issued 350, Secured, Rated, Listed, Redeemable Non-Convertible Debentures (“**NCDs**”) of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 35,00,00,000 (Indian Rupees Thirty Five Crores Only) by way of Private Placement on January 10, 2022.
7. Offered and Issued 500 Secured, Rated, Listed, Redeemable, Principal Protected Market Linked(PP-MLD) Non-Convertible Debentures (“**NCDs**”) of Face Value of INR 10,00,000 (Rupees Ten Lakhs Only) each, for cash aggregating to INR 50,00,00,000 (Indian Rupees Fifty Crores Only) by way of Private Placement on January 22, 2022.
8. Offered and Issued 1,000 Secured, Rated, Listed, Redeemable, Non-Convertible Debentures (“**NCDs**” or “**Debentures**”) of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs Only) each for Cash aggregating to Rs. 100,00,00,000 (Rupees Hundred Crores Only) with a Green shoe Option of 400 NCDs of face value of INR 10,00,000 (Rupees Ten Lakhs only) of INR 40,00,00,000 (Rupees Forty Crores Only) to retain additional subscription on a private placement basis on February 02, 2022.
9. Offered and Issued 1,000 Secured, Rated, Listed, Redeemable, Principal Protected, Market Linked, Non-Convertible Debentures (“**NCDs**” or “**Debentures**”) of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs Only) each, for Cash aggregating to Rs. 100,00,00,000 (Rupees Hundred Crores Only) with a Green shoe Option of 500 NCDs of face value of INR 10,00,000 (Rupees Ten Lakhs only) of INR 50,00,00,000 (Rupees Fifty Crores Only) to retain additional subscription on a private placement basis on February 17, 2022.
10. Offered and Issued 1,000 Secured, Rated, Listed, Redeemable, Principal Protected, Market Linked, Non-Convertible Debentures (“**NCDs**” or “**Debentures**”) of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs Only) each, for Cash aggregating to Rs. 100,00,00,000 (Rupees Hundred Crores Only) with a Green shoe Option of 500 NCDs of face value of INR 10,00,000 (Rupees Ten Lakhs only) of INR 50,00,00,000 (Rupees Fifty Crores Only) to retain additional subscription on a private placement basis on March 10, 2022.
11. Offered and Issued 300 Secured, Rated, Un-Listed, Redeemable, Principal Protected, Market Linked, Non-Convertible Debentures (“**NCDs**” or “**Debentures**”) of Face Value of Rs. 10,00,000 (Rupees Ten Lakhs Only) each, for Cash aggregating to Rs. 30,00,00,000 (Rupees Thirty Crores Only) on a private placement basis on March 29, 2022.

Further, the Company has been regular in making payments of principal and interest on all the outstanding NCDs issued by the Company on a private placement basis and there are no principal repayments or interest payments that are unclaimed by investors or unpaid by the Company after the date on which the NCDs were redeemed or interest has been paid.

Issue of Warrants:

During the year under review, the Company has not issued any warrants by way of preferential allotment, private placement or public issue

Credit Rating of Securities

Your Company believes that its credit rating and strong brand equity enable it to borrow funds at competitive rates. The credit rating details of the Company as on March 31, 2022 were as follows:

Rating Agency	Type of Instruments	Rating
India Ratings & Research	Principal protected market linked debentures (PPMLDs)	IND PP-MLD Aemr/ Stable
	Non-Convertible Debentures	IND A/ Stable
	Commercial papers	IND A1
	Pass through certificates	IND AA-(SO)/ Stable
CRISIL	Bank Lines	CRISIL A-/ Stable

Capital Adequacy

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("**CRAR**") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Company and its subsidiary Chaitanya India Fin Credit Private Limited (hereinafter referred to as "**Group**") ensures that it maintains a healthy CRAR at all the times.

As on March 31, 2022, the Capital to Risk Assets Ratio (CRAR) stood at 30.73 % which is higher than the minimum requirements of 15% CRAR stipulated by the Reserve Bank of India. Out of above, Tier I capital adequacy ratio was at 29.73% and Tier II capital adequacy ratio was at 1%.

Code of Conduct, Transparency & Client Protection

The Company has implemented the Reserve Bank of India's Fair Practice Code.

Investor Education and Protection Fund ("IEPF")

During the year under review, the Company was not required to transfer any amount to the IEPF.

Management Discussion and Analysis Report

In accordance with the applicable provisions of the Master Direction issued by the Reserve Bank of India ("**RBI**") and a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, as **Annexure II**.

Management

Directors and Key Managerial Personnel

The Board of Directors of your Company has an optimum combination of Executive and Non-Executive Directors in

adherence with the applicable provisions. The Directors have a rich and varied experience, skills, expertise, and knowledge in the field of Banking and Finance.

Composition of the Board as of March 31, 2022:

1. Mr. Sachin Bansal, Executive Chairman and Chief Executive Officer
2. Mr. Ankit Agarwal, Managing Director
3. Ms. Usha A Narayanan, Independent Director
4. Mr. Ranganathan Sridharan, Independent Director
5. Mr. Arindam Haraprasad Ghosh, Independent Director- The Company appointed him on April 01, 2022.

Appointment/ Re-appointment and Cessation of Directors of the Company

i) Resignation of Mr. Samit Shankar Shetty as Non-Executive Director of the Company

During the year under review, Mr. Samit Shankar Shetty resigned as Non-Executive Director of the Company with effect from August 31, 2021.

ii) Appointment of Mr. Ankit Agarwal as Managing Director of the Company

During the year under review, Mr. Ankit Agarwal was appointed as Managing Director of the Company with effect from February 11, 2022.

iii) Change in designation of Mr. Sachin Bansal from Non-Executive Director to Executive Chairman and Chief Executive Officer of the Company

During the year under review, the designation of Mr. Sachin Bansal was changed from Non-Executive Director to Executive Chairman and Chief Executive Officer of the Company with effect from February 11, 2022.

Details of the KMP and changes during the year:

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2022, are:

Sl. No.	Name of the KMP	Designation	Appointment/ Resignation	Date of Appointment/ Resignation
1.	Mr. L N Gurumoorthy	Chief Financial Officer	Resignation	November 12, 2021
2.	Mr. Divyesh Jain	Chief Financial Officer	Appointment	November 12, 2021
3.	Ms. Dimple J Shah	Company Secretary and Compliance Officer	Resignation	January 07, 2022
4.	Ms. Riya Bhattacharya	Chief Executive Officer	Resignation	February 11, 2022
5.	Mr. Sachin Bansal	Chief Executive Officer	Appointment	February 11, 2022
6.	Mr. Ankit Agarwal	Managing Director	Appointment	February 11, 2022
7.	Mr. Puneet Bhatia*	Company Secretary and Compliance Officer	Appointment	March 30, 2022

*Mr. Puneet Bhatia ceased to be the Company Secretary, Compliance Officer, and Key Managerial Personnel ("KMP") of the company with effect from June 30, 2022.

Declaration by Directors

All the Directors of the Company have confirmed that they satisfy the "fit and proper" criteria as prescribed under Chapter XI of RBI Master Direction No. DNBR. PD. 008/03.10.119/2016-17 dated 1st September 2016 and are not disqualified from being appointed/ continuing as Directors in terms of section 164(2) of the Companies Act, 2013.

Declaration by Independent Directors and statement on Compliance of Code of Conduct

All Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Companies Act 2013 stating that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact his/her ability to discharge his/ her duties with an objective independent judgment and without any external influence.

In accordance with the provisions of Section 150 of the Act read with the applicable Rules made thereunder, the Independent Directors of the Company have registered themselves in the data bank of Independent Directors maintained by the Indian Institute of Corporate Affairs, Manesar ("IICA"). The Independent Directors unless exempted, are required to pass an online proficiency self-assessment test conducted by IICA within one year from the date of their registration in the IICA databank.

Pursuant to the above, the Company has received Declarations of compliance under Rules 6(1) and 6(2) of the Companies (Appointment and Qualification of Directors) Rules, 2014, from all the Independent Directors of the Company confirming that they have registered their names in the data bank of Independent Directors maintained with the IICA and passed an online exam wherever applicable.

Performance Evaluation of the Board

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance

and that of its committees as well as the performance of the Directors individually (including Independent Directors).

Basis the feedback received from the directors, the Nomination and Remuneration Committee and the Board has reviewed the performance of the individual directors, the Chairman, the Managing Director including various committees established by the Board at their respective meetings.

Policies on Appointment of Directors and Senior Management and Remuneration of Directors, Key Managerial Personnel and Employees

The Company has adopted the Policy on Remuneration of Directors and the Remuneration Policy for Key Managerial Personnel and Employees of the Company in accordance with the provisions of sub-section (4) of Section 178 of the Companies Act 2013 and rules thereof. The Policy on Remuneration of Directors, as amended, and the Remuneration Policy for Key Managerial Personnel and Employees of the Company can be accessed on the Company's website at the given weblink: <https://www.navifinserv.com/wp-content/uploads/2022/08/NominationRemunerationandEvaluationPolicy.pdf>.

Board Meetings

During the year under the review, the Board of Directors has met 8 (Eight) times and the requisite quorum was present for all the Meetings. The maximum time gap between any two Meetings was not more than one hundred and twenty days.

Sl. No.	Date of Board Meeting	No. of Directors Present
1	May 28, 2021	05
2	June 24, 2021	05
3	September 06, 2021	04
4	September 16, 2021	04
5	November 12, 2021	02
6	November 26, 2021	03
7	February 11, 2022	03
8	March 30, 2022	04

Board Committees

The Company has constituted various Committees in order to comply with the requirements of the relevant provisions of applicable laws and statutes.

Audit Committee:

During the year under review, the Audit Committee of your Company was reconstituted on September 06, 2021.

During the year under review, the Committee met 7 (seven) times on June 23, 2021, September 02, 2021, November 12, 2021, November 26, 2021, December 13, 2021, February 11, 2022 and March 30, 2022, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Nomination and Remuneration Committee:

During the year under review, there were no changes in the constitution of the Committee, however the same was reconstituted on April 07, 2022.

During the year under review, the Committee met 4 (four) times on September 06, 2021, November 12, 2021, February 11, 2022, and March 30, 2022, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Risk Management Committee

During the year under review, the Risk Management Committee of your Company was reconstituted on May 28, 2021, September 30, 2021, and February 11, 2022.

During the year under review, the Committee met 4 (four) times on May 27, 2021, September 01, 2021, October 29, 2021, and February 09, 2022, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Information Technology Strategy Committee

During the year under review, the Information Technology Strategy Committee of your Company was reconstituted on May 28, 2021, and February 11, 2022.

During the year under review, the Committee met 1 (one) time on September 01, 2021, to deliberate upon various matters and the requisite quorum was present throughout the meeting and was unable to hold the second meeting due to operational reasons.

Asset and Liability Committee

During the year under review, the Asset and Liability Committee of your Company was reconstituted on May 28, 2021, November 26, 2021, and February 11, 2022.

During the year under review, the Committee met 4 (four) times on June 29, 2021, September 30, 2021, October 14, 2021, and February 10, 2022, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Corporate Social Responsibility Committee

During the year under review, the Corporate Social Responsibility Committee of your Company was reconstituted on September 06, 2021.

During the year under review, the Committee had met 3 (three) times on June 23, 2021, October 29, 2021, and March 30, 2022, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Finance Committee

During the year under review, the Finance Committee of your Company was reconstituted on September 06, 2021, December 02, 2021, and February 11, 2022.

During the year under review, the Committee met 40 (forty) times on April 08, 2021, May 11, 2021, June 16, 2022, July 08, 2021, July 15, 2021, July 26, 2021, August 11, 2021, August 25, 2021, August 30, 2021, September 17, 2021, September 21, 2021, September 25, 2021, September 28, 2021, September 30, 2021, October 29, 2021, November 19, 2021, November 24, 2021, November 30, 2021, December 13, 2021, December 14, 2021, December 23, 2021, December 24, 2021, December 30, 2021, January 03, 2022, January 05, 2022, January 10, 2022, January 18, 2022, January 22, 2022, January 28, 2022, February 02, 2022, February 04, 2022, February 10, 2022, February 17, 2022, February 23, 2022, March 10, 2022, March 15, 2022, March 23, 2022, March 29, 2022, March 30, 2022 and March 31, 2022, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Investment Committee

During the year under review, the Investment Committee of your Company was reconstituted on November 26, 2021, and February 11, 2022.

During the year under review, the Committee met 21 (Twenty One) times on April 22, 2021, May 05, 2021, May 20, 2021, May 31, 2021, June 14, 2021, June 22, 2021, June 30, 2021, July 11, 2021, July 15, 2021, August 23, 2021, September 06, 2021, September 14, 2021, September 27, 2021, September 30, 2021, October 01, 2021, October 25, 2021, November 29, 2021, December 21, 2021, January 11, 2022, March 07, 2022, and March 09, 2022, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Separate Meeting of Independent Directors

Pursuant to Clause VII (1) of Schedule IV of the Act, the Independent Directors had a separate meeting on March 17, 2022, inter alia to discuss:

- To consider and review the performance of Non-Independent Directors and the Board as a whole;
- To review and assess the quality, quantity, and timeliness of the flow of information between the Company's Management and the Board that is necessary for the Board to function and perform their duties effectively and reasonably.

All the Independent Directors were present throughout the meeting and the Meeting was conducted in a formal manner without the presence of the Whole-time Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel.

Recommendations of Audit Committee:

During the year under review, there were no instances where the Board of Directors of the Company did not accept the recommendations of the Audit Committee of the Board of the Company.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, your Directors, based on the representations received from the Operating Management and after due enquiry, confirm that:

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and are prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.
- The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws, and Secretarial Standards issued by Institute of Company Secretaries of India and that such systems were adequate and operating effectively.

Particulars of Employees and Related Information

Disclosures with respect to the remuneration of Directors, Key Managerial Personnel and Employees as required under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of

Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are provided in **Annexure III**.

In accordance with the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and particulars of the top ten employees in terms of remuneration drawn and of the aforesaid employees are set out in the annex to the Directors' Report. In terms of the provisions of Section 136(1) of the Companies Act, 2013 read with the rule, the Directors' Report is being sent to all shareholders of the Corporation excluding the annex. Any shareholder interested in obtaining a copy of the annex may write to the Company.

Further disclosures on managerial remuneration are annexed to this report.

Adequacy of Internal Financial Controls with Reference to Financial Statement

The Company has in place adequate Internal Financial Controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

Reporting of Frauds by Auditors

During the period under review, neither the Statutory Auditors nor Secretarial Auditors have reported to the Audit Committee/ Board or Central Government any instances of material fraud in the Company by its Officers or employees under section 143(2) of the Companies Act, 2013.

Vigil Mechanism/ Whistle Blower Policy

The Company as part of the 'vigil mechanism' has in place a 'Vigil Mechanism and Whistle Blower Policy' to deal with unethical behaviour, mismanagement, instances of actual or suspected fraud, if any and provides safeguards against victimization of employees who avail the mechanism. During the year, no person was denied access to the audit committee.

During the year under review, no cases under this mechanism were reported by the Directors and employees of the Company.

The Vigil Mechanism and Whistle Blower Policy has been placed on the website of the Company which can be accessed here on the Company's website at the given weblink: <https://www.navifinserv.com/wp-content/uploads/2022/08/VigilMechanismandWhistleblowerPolicy.pdf>.

Disclosures relating to Subsidiaries, Associates and Joint Ventures.

As on March 31, 2022, Chaitanya India Fin Credit Private Limited ("CIFCPL") was the Wholly Owned Subsidiary of the Company.

A statement containing the salient features of the financial statement of the Wholly Owned Subsidiary Company i.e., of CIFCPL is provided as **Annexure IV**.

Further, the Company does not have any Joint Venture or Associate Companies as on March 31, 2022.

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiary for the Financial Year 2021-22 were prepared in accordance with the relevant provisions of the Companies Act, 2013 and applicable Indian Accounting Standards along with all relevant documents and the Auditors' Report shall form part of the Annual Report.

Details of Deposits

The Company is registered with the Reserve Bank of India (RBI) as Non-Deposit Accepting NBFC under Section 45-IA of the RBI Act, 1934 and is classified as a Systemically Important Non-Deposit taking Non-Banking Financial Company and as an NBFC- Investment and Credit Company. The Board of Directors hereby confirms that the Company has not accepted any deposits as defined under the Companies Act, 2013.

Particulars of Loans, Guarantees, and Investments

During the year under review, the Company has duly complied with the provisions of Section 186 of the Companies Act, 2013 and rules made thereunder. Further, the details on loans, guarantees or investments made during the financial year are mentioned in the notes to the Financial Statements.

Particulars of contracts or arrangements with Related Party Transactions as per Section 188(1) of the Companies Act, 2013

During the year under review, there were no material significant related party transactions with the Company's Promoters, Directors, Key Managerial Personnel or other designated person which may have potential conflict with the interest of the Company at large.

All the Related Party Transactions entered were on an arm's length basis and in compliance with the applicable provisions of the Companies Act, 2013.

In compliance with section 188(1) of the Companies Act, 2013, AOC-2 is enclosed as **Annexure- V**. Further, details of Related Party Transactions as required to be disclosed as per Indian Accounting Standard 24 "Related Party Disclosures" specified under section 133 of the Note no 40 of the Financial Statements.

The Policy on related party transactions as approved by the Board may be accessed on the Company's website at the given weblink: <https://www.navifinserv.com/wp-content/uploads/2022/08/RelatedPartyPolicy.pdf>

Corporate Social Responsibility

During the year under review, your Company has spent INR 55 lakhs towards Corporate Social Responsibility on the CSR projects/programs and the Company is in compliance with the statutory requirements in this regard.

The Company has made a total contribution of INR 55 lakhs to the Hope Foundation School, Tannery Road. (the "**Foundation**") on March 31, 2022 which is a school in a slum area in Tannery Road. This is a government-recognized school, runs from kindergarten to the 10th standard and caters to the children of daily wage earners. The school is affiliated to Hope Worldwide.

The school was started in 1994 with a view to help underprivileged children in the community which is an urban slum and provide them a quality education. It offers digitalised learning for students and also has a Mid-day Meal Program in place. The HOPE Foundation is a non-sectarian charity established in 1991 (Registration number S/22367 of 1991 and have 12A tax-free status and 80G Income tax exemption.

The CSR Policy of the Company, duly amended, may be accessed on the Company's website at the given weblink: <https://www.navifinserv.com/corporate-governance>.

A brief outline of the CSR Policy and the CSR initiatives undertaken by the Company during the year as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 have been appended as "**Annexure VI**" to this Report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

The Company has not undertaken any activity relating to conservation of energy and technology absorption and the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of Rule 8 of the Companies (Accounts) Rules, 2014 does not arise.

However, the Company has been increasingly using information technology in its operations and promotes conservation of resources. There has been no foreign exchange earnings during the financial year.

Foreign Exchange Inflow and Outflow

(In INR Million)		
Particulars	As on 31.03.2022	As on 31.03.2021
Foreign Exchange Inflow	Nil	Nil
Foreign Exchange Outflow	6.98	2.31

Risk Management

The Company has in place a Risk Management Policy which provides for a robust risk management framework to identify and assess risks such as credit risk, market risk, operational

risk, liquidity risk, financial risk, regulatory and other risks. There is an adequate risk management infrastructure in place which is capable of addressing these risks as and when they arise.

Material orders of Judicial Bodies/ Regulators

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and the Company's operations in the future.

Compliance with Secretarial Standards

The Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

Maintenance of Cost Records

The Company, being an NBFC, the requirements under sub-section (1) of Section 148 of the Companies Act, 2013 w.r.t Maintenance of cost records are not applicable.

Listing on Stock Exchange

The non-convertible debentures issued by the Company are listed on the Wholesale Debt Market (WDM) of BSE Limited & National Stock Exchange of India Limited*.

*The Company has listed its first non-convertible debt securities to the Public on National Stock Exchange of India Limited in the month of June 2022.

Statutory Auditors

The Company has appointed Walker Chandiok & Co LLP, Chartered Accountants (ICAI FRN001076N /N500013), Bangalore as Statutory Auditors of the Company for period of five years from the conclusion of Seventh Annual General Meeting of the Company held on September 30, 2019 till conclusion of twelfth Annual General Meeting. However, as per the Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) ("**Guidelines**") issued by RBI, the tenure of Statutory auditor shall be 3 years and considering this the tenure of Walker and Chandiok LLP has completed and they didn't express their interest for re-appointment.

The Audit Committee and the Board has recommended the appointment of Price Waterhouse LLP (FRN 301112E/E300264) (situated at Plot No. Y 14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata- 700 091, having its registered office in Kolkata) as Statutory Auditors of the Company for the Financial Years from FY 2022-23 to FY 2024-25 in its meeting held on August 09, 2022 and August 10, 2022, respectively to the members for its approval in ensuing AGM.

Further, the Auditors' Report "with an unmodified opinion", given by the Walker and Chandiok LLP, Statutory Auditors on the Financial Statements of the Company for FY 2021-22, is disclosed in the Financial Statements forming part of this Annual Report.

There has been no qualification, reservation, adverse remarks or disclaimer given by the Statutory Auditor in their Report for the year under review

Secretarial Audit Report

Pursuant to the provisions of Section 204(1) of the Companies Act 2013 read along with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules 2020 and other applicable provisions, if any, of the Companies Act 2013, Rahul A & Associates, was appointed as the Secretarial Auditors of the Company for the financial year 2021 - 22.

The Secretarial Audit Report for the FY 2021-22 forms part of the Annual Report as '**Annexure-VII**'.

In reference to the observations made by the Secretarial Auditor in Annexure A of the report issued, on the notice non-compliance or deviations in the reporting, the Company has taken the corrective measures, strengthened the team and has set robust processes in place. The Management believes that with the changes brought in, such instances will be brought down.

RBI Guidelines

The Company being an ND-SI-NBFC and is an NBFC-ICC, is in compliance with the regulatory requirements as prescribed under the RBI Act, 1934, to carry on the business such. Further, the Company, being a Non-Deposit Accepting NBFC under Section 45-IA of the RBI Act, 1934, your Directors hereby confirm that the Company has not accepted any public deposit during the year under review and will not accept deposit in future without the prior approval of Reserve Bank of India.

Other Statutory Compliance

The Company has complied with all the mandatory regulatory compliances as required under the Companies Act, 2013, Secretarial Standards issued by the Institute of Company Secretaries of India, SEBI Regulations, various tax statutes and other regulatory bodies.

Extract of Annual Return

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return as on March 31, 2022, in Form No. MGT-7, will be uploaded on the website of the Company.

Disclosures Pertaining to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. The Policy aims to promote a healthy work environment and to provide protection to employees at the workplace and redress complaints of sexual harassment and related matters thereto. The Company has also constituted an Internal Complaints Committee to enquire into complaints of sexual harassment and recommend appropriate action.

Pursuant to the POSH Act and Rules framed thereunder during the Calendar Year 2021, there were no complaints received by the Company. Further following is the summary of complaints received and disposed-off.

- a) Number of complaint(s) received: NIL
- b) Number of complaint(s) disposed-off: NIL
- c) Number of cases pending for more than 90 days: NIL
- d) Number of workshops/awareness programs against sexual harassment carried out: 11 Batches

Material Events Subsequent to the date of Financial Statement

There are no material changes and commitments, affecting the financial position of the Company which occurred between the end of the FY 2021-22 and the date of this report.

Acknowledgment

Your directors acknowledge the support extended by Reserve Bank of India, Ministry of Corporate Affairs, Registrar of Companies and all other governmental and regulatory authorities for the guidance and support received from them including officials there from time to time. Your directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders including investors, customers, banks, financial institutions, rating agencies, debenture holders, debenture trustees and well-wishers for their continued support during the year. Your directors place on record their appreciation of the contribution made by the employees of your Company and its subsidiaries at all levels. Your Company's consistent growth was made possible by their hard work, solidarity, cooperation, and support.

By Order of the Board of Directors

For and on behalf of **NAVI FINSERV LIMITED**

Sachin Bansal
Executive Chairman & CEO
DIN: 02356346

Ankit Agarwal
Managing Director
DIN: 08299808

Date: August 10, 2022
Place: Bangalore

Annexure I

GENERAL SHAREHOLDER INFORMATION

Company Registration Details

The Company is registered in the state of Karnataka, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is U65923KA2012PLC062537.

Registered Office of the Company/correspondence address:

Registered Office:

Second Floor, AMR Tech Park, Sy. No. 23 & 24, Hongasandra Village, Hosur Road, Bangalore, Karnataka- 560068, India.

Correspondence Address/ Corporate Office:

Prestige RMZ Startech, 7th floor, Wing B, No. 139, 2, Hosur Rd, Koramangala Industrial Layout, S.G. Palya, Bengaluru, Karnataka 560095.

Annual General Meeting:

Day: Friday

Date: September 30, 2022

Time: 09:00 AM

Mode of conducting the meeting: In person at the corporate office of the Company located at Prestige RMZ Startech, 7th floor, Wing B, No. 139, 2, Hosur Rd, Koramangala Industrial Layout, S.G. Palya, Bengaluru, Karnataka 560095.

Financial Year: FY 21-22

Annual Report

The Annual Report containing inter alia, Audited Annual Accounts, Director's Report, Auditor's Report, and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and the Annual Report is also displayed on the website.

Details of securities listed on stock exchanges

The Company's debentures are listed on the following stock exchanges:

Name and address of the stock exchange	Security Code/Symbol	Payment of annual listing fees (FY 2022-23)
BSE Limited ("BSE") Phiroze Jeejeebhoy Towers Dalal Street, Mumbai 400 001 Tel : 91 22 2272 1233/4 Fax: 91 22 22721919 www.bseindia.com	938057	Paid
National Stock Exchange of India Limited ("NSE")* Exchange Plaza, C-I, Block G Bandra Kurla Complex Bandra East, Mumbai 400 051 Tel : 91 22 26598100/14 Fax: 91 22 26598120 www.nseindia.com	NAVIFIN	Paid

* The Company has listed its publicly placed debt securities on NSE in FY 22-23.

Registrar and transfer agents

Pursuant to Regulation 7 of the Listing Regulations, NDML Database Management Limited and Linkintime India Pvt Limited (from FY 22-23) continue to act as the Company's Registrar and Share Transfer Agents (the "RTA").

SEBI Complaints Redress System (Scores)

The investor complaints are processed in a centralized web-based complaints redress system by Securities and Exchange Board of India for debt listing. The salient features of this system are centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status. Till the date of the report the status of the investor complaints is NIL.

Website

www.navifinserv.com

Plant Location

Not applicable since the Company is engaged in the financial services business and hence does not have any plant.

By Order of the Board of Directors

For and on behalf of **NAVI FINSERV LIMITED**

Sachin Bansal

Executive Chairman & CEO
DIN: 02356346

Ankit Agarwal

Managing Director
DIN: 08299808

Date: August 10, 2022

Place: Bangalore

Annexure II

Management Discussion and Analysis Report

The industry landscape for lending is changing faster than ever, with FinTechs gaining new ground, traditional players getting into Digital ways of working and transacting. This has also prompted changes in the regulatory landscape, with new guidelines oriented towards Digital lending and FinTechs. It is important to continue building differentiators in terms of costs advantages and customer offerings - which necessitates trying out new journeys and tweaks in sourcing, processing, risk assessment, customer service and collections.

Opportunities

1. Our Digital first operating model, which enabled the Company to achieve product-market fit during the pandemic, continues to enable us to be agile and nimble - helping us swiftly make changes to keep pace with macro developments including adverse events, regulatory guidelines and customer feedback.
2. Digital first model also allows to have a significantly larger presence across the country without needing actual physical presence - we are thus able to operate in 90%+ pincodes of the country.

3. Swift uptake of the Account Aggregator framework, and upcoming opportunities like OCEN and ONDC would help newer generation NBFCs access both Customer Data and tap into markets in a cost-efficient way.
4. Changes in the regulatory environment opens up interesting opportunities for the Company, in terms of capturing market share from affected new-age lending players who may be adversely affected.

Threats

1. Macro-economic slowdown owing to international factors, far-reaching repercussions of the pandemic (and any further potential waves) can cause stress in the portfolio quality.
2. Regulatory changes could threaten the Company's digital operating model.

Product Wise Performance

Digital personal Loan	FY 22	FY 21	FY 20	Change FY 22 Vs FY 21
POS(Cr.)	2520.9	491.6	0.0	413%
PAR 90 Amt (Cr.)	22.9	23.9	0.0	(4)%
PAR 90%	0.91%	4.9%	0.0	-
Interest Income & LPF (Cr.)	123.1	60.30	0.0	104%

Housing Loan	FY 22	FY 21	FY 20	Change FY 22 Vs FY 21
POS(Cr.)	312.0	3.3	0.0	9355%
PAR 90 Amt (Cr.)	0.0	0.0	0.0	-
PAR 90%	0.0	0.0	0.0	-
Interest Income & LPF (Cr.)	4.2	0.01	0.0	41900%

Outlook of Business

Both our products - personal loans (launched in Apr 2020) and housing product (launched in Dec 2020) are now on a growth path, with key issues having being ironed out. On Personal loans we have significantly ramped up disbursements - brought frauds as well as defaults under control. An increasing portion of our business comes from repeat & returning customers, and we are comfortable taking more exposure on both new

to Company and repeat customers - while still keeping all our Risk & Credit parameters in check.

With the revival of the economy and a semblance of returning to normalcy, demand for credit has returned and the Company is well placed to cater to it, thanks to its Digital model and strong processes, controls & nimbleness to respond to changing landscape.

Risks and Concerns

1. Continued macroeconomic issues, leading to high inflation as well as a high Interest rate environment could lead to both:
 - a. dampening of credit demand
 - b. reduction in repayment capacity of individuals which would adversely impact book quality
2. Increased leverage in the customer's base as incomes stagnate is a concern.
3. Reduction in purchasing power of potential borrowers can impact sales of high-ticket items and housing which will impact sales of the Company.

Internal Control and their Adequacies

1. Internal controls and SOPs around operational processes are being defined - for reconciliation of disbursements, collections, fraud prevention and detection.
2. Similarly, you may want to check on the access controls around PII data to prevent any customer data leakages.
3. We have strengthened the monitoring around Tech processes & integrations. We are able to identify API failures & internal system errors very quickly and there are severity indexes defined based on the failure type which helps in prioritising efforts towards failure resolution.
4. Internal audit function has been inhouse the past one year and it follows a risk based internal audit approach, that is further helping to make the processes more robust and fool proof.

Material Development in HR

The Company has adopted people practices that enable it to attract and retain talent in an increasingly competitive market, and to foster a work culture that is always committed to providing the best opportunities to employees to realize their potential. It is committed as an equal opportunity employer.

The Company believes in a meritocratic culture where opportunities are given to high performers. This ensures

ownership and empowerment of our employees all the way down to its frontline-facing staff.

The Company has a strong orientation toward grooming young talent. The Company also provides its employees opportunities to learn, grow and take their careers forward through transparent Internal Job Posting (IJP) and promotion policies. IJP allows employees to apply for a role of their interest, thus giving them a choice to acquire multi-disciplinary skills to shape their careers. This also leads to the development of well-rounded talent for the Company.

The Company also has a leadership development program to groom young talent into people manager roles. Policies such as Flexi timing and work from home enable employees to have work balanced with other priorities. We have also introduced 'Your Dost', a counseling programme through which employees could connect with professional counselors on various issues with respect to mental health and well-being. We have a holistic performance review to give employees a 360 coverage of their feedback and make performance assessments data-driven and objective. We are constantly focused on scaling our talent pool across critical domains such as technology, product, analytics and data.

Significant changes have been made to the operating model and organizational structure of the Company, with a focus on scaling operations and making the Company more self-sufficient

- a. The Company has appointed Mr. Divyesh Jain as Chief Financial Officer of the Company in November 2021.
- b. The Company has appointed Mr. Sachin Bansal as Executive Chairman and Chief Executive Officer of the Company in February 2022.
- c. The Company had appointed Mr. Ankit Agarwal as Managing Director of the Company in February 2022.
- d. Various key positions to manage Risk, Fraud and other key functions in the company were opened, and key hires have been onboarded.
- e. The number of employees stands at 373 as of March 2022.

Annexure III

Disclosures required with respect to Section 197(12) of the Companies Act, 2013

The ratio of the remuneration of each director to the median employee's remuneration ("MRE") and such other details in terms of Section 197(12) read with Rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Remuneration paid to Whole Time Directors: NA

Remuneration paid to Key Managerial personnel:

Name	Designation	Period to be specified	% Increase/Decrease of remuneration in 2022	Ratio of remuneration to MRE
Riya Bhattacharya	CEO	April 01, 2021 - February 11, 2022	-	40:1
L N Guru Moorthy	CFO	April 11, 2021 - November 12, 2021	-	10:3
Divyesh Jain	CFO	November 12, 2022 to March 31, 2022	10%	2:1
Dimple Shah	Company Secretary	April 01, 2021 - January 07, 2022	-	10:3
Puneet Bhatia	Company Secretary	March 30, 2022- March 31, 2022	-	4:1

- The ratio of remuneration of each director to the median remuneration (MRE) of the employees of the Company for the financial year.** - NA
- The percentage increase in remuneration of each director and KMP in the financial year** - Mentioned in the above table
- The percentage increase in median remuneration of the employees in the financial year** - 30%
- Number of Permanent employees on the rolls of the Company** – Total employees on the on rolls f the company as on Mar'22 is 373.
- Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration** – Average percentile increase in the salaries of employees other than the managerial personnel in the financial year 2021-22 is 15% and there were no exceptional circumstances for increase in the managerial remuneration.
- Affirmation that the remuneration is as per the remuneration policy of the Company** - We affirm that the remuneration paid is as per the remuneration policy of the Company.

Annexure IV

STATEMENT PURSUANT TO SEC 129 (3) OF COMPANIES ACT 2013, RELATING TO SUBSIDIARY COMPANY As on Financial Year ended on March 31, 2022

Name of the Subsidiary	Chaitanya India Fin Credit Private Limited
The date since when the subsidiary was incorporated/acquired	November 12, 2014
Financial Year ending on	March 31, 2022
Reporting Currency	Indian Rupees (INR) in Millions
Share Capital	1,035.00
Reserves & Surplus	2,950.77
Total Assets	25154.71
Total Liabilities	25154.71
Investments	278.86
Turnover	3612.63
Profit/(Loss) before taxation	703.10
Other provisions for previous years	NIL
Provision for taxation	199.68
Profit/(Loss) after taxation	503.42
Proposed Dividend	NIL
Extent of shareholding (in percentage)	100%

- Names of subsidiaries which are yet to commence operations - Not applicable
- Names of subsidiaries which have been liquidated or sold during the year - Not applicable

Part B: Associates and Joint Ventures - The Company has no associate company or joint venture.

By Order of the Board of Directors

For and on behalf of **NAVI FINSERV LIMITED**

Sachin Bansal

Executive Chairman & CEO

DIN: 02356346

Ankit Agarwal

Managing Director

DIN: 08299808

Date: August 10, 2022

Place: Bangalore

Annexure V

FORM NO. AOC.2

Details of Related Party Transactions

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto

- Details of contracts or arrangements or transactions not at arms-length basis-** There were no contracts or arrangements, or transactions entered into during the year ended March 31, 2022, which were not at arm- length basis.
- Details of material contracts or arrangement or transactions at arms-length basis:**

Name(s) of the related party.	Nature of relationship	Transaction value (INR in Million)	Duration of contract/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as Advances if any
Navi Technologies Limited	Holding Company	1044.59 (inclusive of GST)	6 years with effect from October 01, 2020	Providing end-to-end technology support including vis-à-vis operations and enterprise-level system requirements of Subsidiary.	29 Sep 2020 and 26 Nov 21	NA

By Order of the Board of Directors

For and on behalf of **NAVI FINSERV LIMITED**

Sachin Bansal

Executive Chairman & CEO
DIN: 02356346

Ankit Agarwal

Managing Director
DIN: 08299808

Date: August 10, 2022

Place: Bangalore

Annexure VI

ANNUAL REPORT ON CSR ACTIVITIES

(Pursuant to Section 135 of the Companies Act, 2013)

At Navi, our mission is to build financial services that are simple, affordable, and accessible. We consider Corporate Social Responsibility ("CSR") not just as a statutory requirement for the organization, but a logical extension of our core values.

1. Brief outline on CSR Policy of the Company.

Navi Finserv Limited recognizes that the Company's contributions to Corporate Social Responsibility ("CSR") is an opportunity to improve the lives of individuals and communities that are traditionally underserved or economically underprivileged.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Usha A Narayanan	Independent Director	3	3
2	Mr. Ranganathan Sridharan	Independent Director	3	3
3	Mr. Samit S Shetty*	Non-executive Director	3	1
4	Mr. Ankit Agarwal	Managing Director	3	3

*Mr. Samit S Shetty has resigned from the office of Director w.e.f. August 31, 2021.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.:

The Company CSR Policy has been uploaded on the website of the Company which contains the details of the Composition of CSR committee and CSR projects approved by the Board and the web link can be accessed www.navifinserv.com.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

Impact assessment of CSR projects is not applicable as the Company's average CSR obligation in the three immediately preceding financial years does not exceed ten crore rupees or more and there are no CSR projects having outlays of one crore rupees or more.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set- off for the financial year, if any (in Rs)
1.	FY 20-21	38.48	38.48

6. Average net profit of the company as per section 135(5).

Particulars	Amount (in Lakhs)
Profit/(Loss) – 2018-19	107.23
Profit/(Loss) – 2019-20	3,727.56
Profit/(Loss) – 2020-21	9,902.70
Average PROFIT for CSR purpose	4579.16

7. (a) Two percent of average net profit of the company as per section 135(5)

Particulars	Amount (in Lakhs)
2% of average Profit/Loss for last three years *	91.58
Excess spent in last year**	(38.48)
Balance to be spent/utilised in FY21-22	53.10

* Prescribed CSR Expenditure

**The Company had excess spent INR 38.48 in the financial year 2020-21 and the same was adjusted against obligation of FY 2021-22.

- (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. **NIL**
- (c) Amount required to be set off for the financial year, if any : **38.48 lakhs**
- (d) Total CSR obligation for the financial year (7a+7b- 7c). **INR 53.10 lakhs**(after deducting the excess spent in last year)

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Lakhs)	Amount Unspent (in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
55.00	-	-	-	-	-

(b) Details of CSR amount spent against ongoing projects for the financial year: **NIL**

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in lakhs Rs.).	Mode of implementation on - Direct (Yes/No).	Mode of implementation Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Hope Foundation -Bangalore School	(ii) - Education for school childrens	Yes	Karnataka,	Indian	55	No	Hope Foundation -Bangalore School	CSR00000472
TOTAL						55			

- (d) Amount spent in Administrative Overheads – **NIL**
- (e) Amount spent on Impact Assessment, if applicable – **Not Applicable**
- (f) Total amount spent for the Financial Year (8b+8c+8d+8e)- **INR 55 lakhs**

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (in Rs.)
(i)	Two percent of average net profit of the company as per section 135(5)	53.10
(ii)	Total amount spent for the Financial Year	55.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	1.90
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	1.90

9. (a) Details of Unspent CSR amount for the preceding three financial years: NIL

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): NIL

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). NIL

(a) Date of creation or acquisition of the capital asset(s). **None**

(b) Amount of CSR spent for creation or acquisition of capital asset. **NIL**

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. **Not Applicable**

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). **Not Applicable**

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).
Not Applicable

Sachin Bansal
Executive Chairman & CEO

Usha A Narayanan
Chairman CSR Committee

Date: August 10, 2022
Place: Bangalore

Annexure VII

SECRETARIAL AUDIT REPORT OF NAVI FINSERV LIMITED

(FORMERLY KNOWN AS CHAITANYA RURAL INTERMEDIATION DEVELOPMENT SERVICES PRIVATE LIMITED)

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members

NAVI FINSERV LIMITED

(Formerly known as CHAITANYA RURAL INTERMEDIATION DEVELOPMENT SERVICES PRIVATE LIMITED)

CIN: U65923KA2012PLC062537

Regd. Office: Ground Floor, Salarpuria Business Center,
No 93, Koramangala Industrial Layout, Bengaluru, Karnataka,
India-560095

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **NAVI FINSERV LIMITED** (hereinafter called the “**Company**”) (CIN: U65923KA2012PLC062537). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2022, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter (**except as otherwise stated in Annexure A to this report**).

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on, 31st March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 (“SCRA”) and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (“SEBI Act”):

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(**Not applicable during the audit period**);
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations,2015(**Not applicable during the audit period**);
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009/2018; (**Not applicable during the audit period**);
- (d) Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (**Not applicable during the audit period**);
- (e) The Securities and Exchange Board of India (Issue and listing of Non-Convertible Securities) Regulations, 2021);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (**Not applicable during the audit period**) and
- (h) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998/2018 (**Not applicable during the audit period**).

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Securities and Exchange Board of India (Listing obligations and disclosure Requirements) Regulation 2015 (LODR Regulations).

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards etc. as mentioned above, **(except as otherwise stated in Annexure A to this report)**.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws / guidelines/rules applicable specifically to the Company:

- i. NBFC Regulations;
- ii. Guidelines issued by RBI; and
- iii. Order/Regulations issued by the Govt. of India from time to time

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for

seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Further, the Company has sought and obtained shorter notice consent of the Directors wherever applicable and Independent Directors were duly present at such Meetings.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the events/ actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards have taken place have been mentioned in observations sheet annexed and marked as Annexure A to this report.

For Rahul A & Associates
Practicing Company Secretaries

CS Rahul Aggarwal

Proprietor

ACS No. 42939;

CP No.19315

Place: Bengaluru

Date: 30.05.2022

UDIN: A042939D000439027

Note: This report is to be read with our letter of even date which is annexed as **Annexure B** and forms an integral part of this report.

Annexure A

Events/actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards have taken place during the Audit Period

Sl. No.	Observations
1.	As per the Companies Act, 2013: There were few discrepancies in filing form INC-22 as follows: As per Rule 25 of Companies (Incorporation Rules), 2014, in case of leased property, 'the notarized copy of lease or rent agreement in the name of the company along with a copy of rent paid receipt not older than one month;' should be enclosed to the form. But the same has not been attached. Further, the Utility Bill enclosed to the form is in the name of 'Vidarbha Properties' Commercial complex, Adugodi. However, As per the lease deed, owner of the property is 'Lovely Estates' even the address details mentioned is different.
	Observations related to SEBI Regulations:
1.	Regn 4(2)(b)- The notice of the AGM of the company were dispatched to the shareholders on 17th September, 2021 but the same was informed to the stock exchange on 26th October, 2021.
2.	Regn 6- there was no Company Secretary in the company from 8th January 2022 till 29th March 2022.
3.	Regn 50(2)- Company was supposed to submit the copy of AGM notice to the stock exchange on or before dispatching the notice to the shareholders, however, the notice of the AGM of the company were dispatched to the shareholders on 17th September, 2021 but the same was informed to the stock exchange on 26th October, 2021.
4.	Regn 50(3)- BM for approval of financials took place on 24.06.21 & as per regulation it should have been informed to Stock exchange by 21.06.21, but there is a delay of 1 day.
5.	Regn 51(1)- There is a delay in intimation of resignation of CEO & CS- they have resigned in BM dated 11.02.22 but the same was intimated on 14.02.22.
6.	Regn 51(1)- In AGM financials were adopted but no such intimation given to stock exchange post AGM.
7.	Regn 51(1)- Mr. Samit Shetty, director resigned in BM dated 06.09.21- but no such intimation given.
8.	Regn 51(1)- The company has issued Non-convertible debentures multiple times by passing a resolution by Finance Committee (committee of the Board to which borrowing powers has been delegated), but intimations were given to the stock exchange with a delay. The dates of Finance Committee meetings for which intimation should have been given are as follows- 1. September 17, 2021 2. September 25, 2021 3. January 10, 2022
9.	Regn 53(2)- A copy of annual report should be submitted to stock exchange on the date of sending the same to the shareholders, but we found that it was submitted on 26.10.21.
10.	Regn 56(1A)- The company is not making timely intimation to the Debenture Trustee of the various issue of non-convertible debentures & price sensitive information.
11.	Regn 57(1)- The company has submitted the certificate for making interest payment to non-convertible debenture holders beyond the statutory timelines of one working day in case of interest payment done on March 30, 2022.
12.	Regn 57(4)- The company was supposed to give prior intimation to the stock exchange regarding the interest/principal payment of non-convertible securities before beginning of the quarter April-June 2022, but the same was not done.
13.	Regn 60(2)- The company has not intimated about the Record Dates to the stock exchange within statutory timelines for the following record dates for interest payment- February 13, 2022 and March 15, 2022.

Annexure B

To

The Members

NAVI FINSERV LIMITED

(Formerly known as CHAITANYA RURAL INTERMEDIATION DEVELOPMENT SERVICES PRIVATE LIMITED)

CIN: U65923KA2012PLC062537

Regd. Office: Ground Floor, Salarpuria Business Center,
No 93, Koramangala Industrial Layout, Bengaluru, Karnataka, India-560095

Our report of even date is to be read along with this letter.

- (1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- (2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
- (3) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
- (4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
- (5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
- (6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management as conducted the affairs of the company

For Rahul A & Associates
Practicing Company Secretaries

CS Rahul Aggarwal

Proprietor

ACS No. 42939;

CP No.19315

UDIN: A042939D000439027

Place: Bengaluru

Date: 30.05.2022

Corporate Governance Report for FY 21-22

Company's philosophy on code of governance.

Our corporate governance is a reflection of our value system, encompassing our culture, policies, and relationships with our stakeholders. Integrity and transparency to achieve the Company's vision and objectives, in a legally compliant, transparent, and ethical manner and retaining the trust of our stakeholders at all times.

Pursuant to Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ("**SEBI Listing Regulations**"), the board of directors of the Company has laid down a code of conduct for all members of the board of directors and senior management of the listed entity.

In compliance with the SEBI Listing Regulations, the board of directors of the Company ("**Board**") has laid down the Code for the Board and the senior management personnel of the Company (i.e. officers/personnel of the Company who are members of its core management team excluding the Board and normally this shall comprise all members of management one level below the chief executive officer/managing director / whole time director/manager (including chief executive officer/manager, in case they are not part of the board) and shall specifically include company secretary and chief financial officer ("**Senior Management Personnel**"). The Code enables the Company to publicly state to its external stakeholders (suppliers, customers, consumers, and shareholders), the way in which they intend to do business.

Board Composition:

The Board has an optimum combination of executive and non-executive directors including independent directors. As on March 31, 2022, the Board comprised of 4 directors of which 2 were executive directors and 2 were Independent Directors and therefore, met the requirement of Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Act. The composition of the Board is in conformity with the Listing Regulations and the Act. The board mix provides a combination of professionalism, knowledge, and experience required for the financial services industry.

To ensure transparency in the nomination process, the Board has adopted a Nomination, Remuneration, and Evaluation Policy. This policy ensures reviewing and approving corporate goals and objectives relevant to the compensation of the executive Directors, evaluating their performance in light of those goals and objectives and, either as a committee or together with the other independent Directors (as directed by the Board), determine and approve executive Directors' compensation based on this evaluation; making recommendations to the Board with respect to KMP and Senior Management compensation and recommending incentive-compensation and equity-based plans that are subject to the approval of the Board. The profile of each of the directors is available on page no. of this report.

During the year under review, Mr. Samit Shankar Shetty has resigned as Non-Executive Director of the Company with effect from August 31, 2021, from the close of business hours on the said date.

Directorship/ Membership in other Companies

None of the directors of the Company hold directorships in more than twenty (20) companies, which includes ten (10) public companies. In accordance with the Listing Regulations, none of the directors of the Company has held directorships and/or independent directorships in more than seven (7) listed companies during the financial year 2021-22. Also, none of the directors are serving as a member of more than ten (10) committees or acting as the chairman of more than five (5) committees in accordance with the requirements of the Listing Regulations. Necessary disclosures regarding the committee positions, if any, held by the directors in other public companies have been made.

The information relating to the number and category of other directorships and committee chairmanships/ memberships of the Company's directors in other public companies including the names of the listed entities as on March 31, 2022 is given below for information of the members.

Sl. No.	Name of the Director	Designation in the Company	No of directorship in public entities excluding this listed entity		Number of committee positions held in other public entities* Including this listed entity		Number of equity shares held in the Company as of March 31, 2022
			Chairperson	Member	Chairperson	Member	
1	Mr. Sachin Bansal	Executive Chairman and Chief Executive Officer	1. Navi General Insurance Limited 2. Navi Technologies Limited	Navi Technologies Limited Navi General Insurance Limited Chaitanya India Fin Credit Private Limited	-	-	1 - held as nominee shareholder

Sl. No.	Name of the Director	Designation in the Company	No of directorship in public entities excluding this listed entity		Number of committee positions held in other public entities* Including this listed entity		Number of equity shares held in the Company as of March 31, 2022
			Chairperson	Member	Chairperson	Member	
2	Mr. Ankit Agarwal	Managing Director	-	Navi Technologies Limited Navi General Insurance Limited Chaitanya India Fin Credit Private Limited Navi AMC Limited	-	3	1 - held as nominee shareholder
3	Ms. Usha A Narayanan	Independent Director	-	Navi Technologies Limited Navi General Insurance Limited Chaitanya India Fin Credit Private Limited	3	3	0
4	Mr. Ranganathan Sridharan	Independent Director	-	Chaitanya India Fin Credit Private Limited	1	3	0

*For the purpose of computing Committee positions only Audit Committee and Stakeholders Relationship Committee have been considered.

Skills/expertise/competence of the Board of Directors:

The Board members have rich and varied experience in critical areas like Leadership, Corporate Governance, rich knowledge of financial markets, entrepreneurship, Industry Knowledge and experience, understanding of relevant applicable laws, rules and regulation and policy and risk management which are core elements for the proper functioning of the business.

Sl. No.	Name of the Director	Leadership skills	Industry Knowledge and expertise	Understanding of applicable laws	Corporate Governance	Financial Expertise	Risk Management
1	Mr. Sachin Bansal	✓	✓	✓	✓	✓	✓
2	Mr. Ankit Agarwal	✓	✓	✓	✓	✓	✓
3	Ms. Usha A Narayanan	✓	✓	✓	✓	✓	✓
4	Mr. Ranganathan Sridharan	✓	✓	✓	✓	✓	✓

Meeting and Attendance of Directors:

The Company has a well-established framework for the meetings of the Board and committees which seeks to systematize the decision-making process at the meetings in an informed and efficient manner.

During the year under the review, the Board of Directors has met 8 (Eight) times and the requisite quorum was present for all the Meetings. The maximum time gap between any two Meetings was not more than one hundred and twenty days.

Sl. No.	Date of Board Meeting	Attendance of Directors				
		Mr. Sachin Bansal	Mr. Ankit Agarwal	Ms. Usha A Narayanan	Mr. Ranganathan Sridharan	Mr. Samit S Shetty
1	May 28, 2021	✓	✓	✓	✓	✓
2	June 24, 2021	✓	✓	✓	✓	✓
3	September 06, 2021	✓	✓	✓	✓	Ceased to be director w.e.f August 31, 2022
4	September 16, 2021	✓	✓	✓	✓	-
5	November 12, 2021	-	✓	✓	-	-
6	November 26, 2021	-	✓	✓	✓	-
7	February 11, 2022	-	✓	✓	✓	-
8	March 30, 2022	✓	✓	✓	✓	-

Separate Meeting of Independent Directors:

During the year under review, the Independent Directors had a separate meeting on March 17, 2022, inter alia to discuss:

- To consider and review the performance of Non-Independent Directors and the Board as a whole;
- To review and assess the quality, quantity, and timeliness of the flow of information between the Company's Management and the Board that is necessary for the Board to function and perform their duties effectively and reasonably.

All the Independent Directors were present throughout the meeting and the Meeting was conducted in a formal manner without the presence of the Whole-time Directors, the Non-Executive Non-Independent Directors, or any other Management Personnel.

Familiarisation Program for Independent Directors | We would like to inform you that the Company has become a high-value debt-listed entity in November 2021, and since then the regulation has become applicable, wherein it also provides a window for ensuring compliance with these provisions within six months from the date of November 2021.

In view of the above, the Company adopted the said policy in its meeting held on April 11, 2022, and details related to

the Familiarisation Program for Independent Directors will be detailed and disclosed in the annual report of FY 22-23.

Code of Conduct | We would like to inform you that the Company has become a high-value debt-listed entity in November 2021, and since then the regulation has become applicable, wherein it also provides a window for ensuring compliance with these provisions within six months from the date of November 2021.

In view of the above, the Company adopted the said policy in its meeting held on April 11, 2022, and has obtained confirmation from all its directors and senior management personnel that they have complied with the provisions of the Code of Conduct for the financial year 2022-23.

COMMITTEE COMPOSITION, TERMS OF REFERENCE, AND THEIR MEETINGS:

The Board has constituted various committees, the names of which along with its members are given below. The members of these committees have specialized functional knowledge and expertise to efficiently and effectively manage its affairs. These committees monitor the activities as per the scope defined and terms of reference, which are reviewed as and when necessary.

The constitution of the Committee as of March 31, 2022, and as on date is as follows:

Name of the Committee	As of March 31, 2022	As on date
Audit Committee	Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan, Member Mr. Ankit Agarwal, Member	Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan, Member Mr. Arindam Haraprasad Ghosh, Member
Nomination & Remuneration Committee	Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan, Member Mr. Ankit Agarwal, Member	Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan, Member Mr. Arindam Haraprasad Ghosh, Member

Name of the Committee	As of March 31, 2022	As on date
Risk Management Committee	Mr. Ranganathan Sridharan, Chairperson Mr. Ankit Agarwal, Member Mr. Bhaskar Kumar, Member	Mr. Ranganathan Sridharan, Chairperson Mr. Ankit Agarwal, Member Mr. Bhaskar Kumar, Member
CSR Committee	Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan, Member Mr. Ankit Agarwal, Member	Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan, Member Mr. Ankit Agarwal, Member
Asset and Liability Committee	Mr. Ankit Agarwal, Chairperson Mr. Divyesh Jain, Member Mr. Shobhit Agarwal, Member Mr. Mahak Khabia, Member	Mr. Ankit Agarwal, Chairperson Mr. Divyesh Jain, Member Mr. Shobhit Agarwal, Member Mr. Mahak Khabia, Member
Stakeholders Relationship Committee	Mr. Ranganathan Sridharan, Chairperson Mr. Sachin Bansal, Member Mr. Ankit Agarwal, Member	Mr. Ranganathan Sridharan, Chairperson Mr. Sachin Bansal, Member Mr. Ankit Agarwal, Member
IT Strategy Committee	Mr. Ranganathan Sridharan, Chairperson Mr. Sachin Bansal, Member Mr. Anchit Jain, Member	Mr. Ranganathan Sridharan, Chairperson Mr. Sachin Bansal, Member Mr. Anchit Jain, Member
Finance Committee	Mr. Ankit Agarwal, Chairman Mr. Sachin Bansal, Member	Mr. Ankit Agarwal, Chairman Mr. Sachin Bansal, Member
Investment Committee*	Mr. Ankit Agarwal, Chairman Mr. Sachin Bansal, Member	In FY 22-23, the Company merged its Investment Committee into the Finance Committee of the Company.
Debenture Committee*	-	In FY 22-23, the Company constituted the Debenture Committee

Audit Committee

Terms of Reference:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient, and credible;
- Recommending to the Board, the appointment, remuneration, and terms of appointment of the statutory auditor of the Company;
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
- Approving payments to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements, and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act; b. Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly, half-yearly, and annual financial statements before submission to the Board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/ application of the funds raised through the proposed initial public offer by the Company;
- Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for subject to the conditions as may be prescribed, by the independent directors who are members of the Audit Committee;

9. Scrutinising of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the Company, wherever it is necessary;
11. Evaluating of internal financial controls and risk management systems;
12. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
13. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
14. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing, and seniority of the official heading the department, reporting structure coverage, and frequency of internal audit;
15. Discussing with internal auditors on any significant findings and follow up thereon;
16. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to the Board;
17. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
18. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends), and creditors;
19. Reviewing the functioning of the whistle-blower mechanism;
20. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience, and background, etc. of the candidate;
21. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority;
22. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in any subsidiary exceeding INR 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/investments existing as per applicable law; and
23. Considering and commenting on the rationale, cost-benefits, and impact of schemes involving merger, demerger, amalgamation, etc., on the Company and its shareholders.

Committee Meetings:

During the year under review, the Audit Committee met 7 (seven) times on June 23, 2021, September 02, 2021, November 12, 2021, November 26, 2021, December 13, 2021, February 11, 2022, and March 30, 2022, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

The attendance of the members of the committee at the above meetings was as under.

Name of Member	Position	No. of Meetings attended
Ms. Usha A Narayanan	Chairperson	7
Mr. Ranganathan Sridharan	Member	6
Mr. Ankit Agarwal	Member	5

Nomination and Remuneration Committee

Terms of Reference:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board, a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a. use the services of external agencies, if required;
 - b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c. consider the time commitments of the candidates.
3. Formulating criteria for evaluation of the performance of the independent directors and the Board;
4. Devising a policy on Board diversity;
5. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
6. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
7. Analysing, monitoring and reviewing various human resource and compensation matters;

8. Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
9. Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
10. Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
11. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;
12. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - a. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or
 - b. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.
13. Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority" and
14. Recommend to the Board, all remuneration, in whatever form, payable to senior management.

Committee Meetings:

During the year under review, the Nomination and Remuneration Committee met 4 (four) times on September 06, 2021, November 12, 2021, February 11, 2022, and March 30, 2022, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

The attendance of the members of the committee at the above meetings was as under.

Name of Member	Position	No. of Meetings attended
Ms. Usha A Narayanan	Chairperson	4
Mr. Ranganathan Sridharan	Member	3
Mr. Ankit Agarwal	Member	4

Pursuant to the applicable provisions and regulations, the Board has carried out an annual evaluation of its own performance and that of its committees as well as the performance of the Directors individually (including Independent Directors). Basis

the feedback received from the directors, the Nomination and Remuneration Committee and the Board has reviewed the performance of the individual directors, the Chairman, the Joint Managing Directors including various committees established by the Board at their respective meetings.

Risk Management Committee

Terms of Reference:

1. To formulate a detailed risk management policy which shall include:
 - (a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee.
 - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
 - (c) Business continuity plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee the implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken; and 6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

Committee Meetings:

During the year under review, the Risk Management Committee met 4 (four) times on May 27, 2021, September 01, 2021, October 29, 2021, and February 09, 2022, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

The attendance of the members of the committee at the above meetings was as under.

Name of Member	Position	No. of Meetings attended
Mr. Ranganathan Sridharan	Chairperson	4
Mr. Ankit Agarwal	Member	4
Mr. Bhaskar Kumar*	Member	2

*During the year, the Risk Management Committee of the Company was reconstituted on May 28, 2021, September 30, 2021, and February 11, 2022, Mr. Bhaskar was inducted as a member in the Committee by the Board on September 30, 2021.

Stakeholders Relationship Committee | We would like to inform you that the Company has become a high-value debt-listed entity in November 2021, and since then the regulation has become applicable, wherein it also provides a window for ensuring compliance with these provisions within six months from the date of November 2021. Further, to ensure compliance, the Board constituted the Stakeholder Relationship Committee on March 30, 2022, and no meetings were held during the year.

Terms of Reference:

- To consider and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of securities, non-receipt of the annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, and assisting with quarterly reporting of such complaints;

- To review measures taken for the effective exercise of voting rights by shareholders;
- To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company; and
- Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013 or the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Remuneration to Directors:

The Company is not paying any remuneration to Directors and sitting fees are being paid to Independent Directors for attending the Board and Committee Meetings.

General Meetings

All the directors were present at the Annual General Meeting of the Company held on September 21, 2021.

The details of Annual General Meetings ("AGM") held during the last 3 (three) years and the special resolutions passed thereat are as under.

Date of AGM	Venue	Time	Whether Special Resolution was passed	Summary of Special Resolutions
30.09.2019	NO. 145, 2ND FLOOR, NR SQUARE, 1ST MAIN ROAD, SIRSI CIRCLE, CHAMRAJPET, BANGALORE- 560018, KARNATAKA, INDIA	11:00 AM	Yes	TO OFFER AND ISSUE 8,62,81,277 EQUITY SHARES ON PRIVATE PLACEMENT CUM PREFERENTIAL ALLOTMENT BASIS AND APPROVAL OF LETTER OF OFFER IN FORM PAS-4
31.08.2020	NO. 145, 2ND FLOOR, NR SQUARE, 1ST MAIN ROAD, SIRSI CIRCLE, CHAMRAJPET, BANGALORE- 560018, KARNATAKA, INDIA	10:00 AM	Yes	TO AMEND THE ARTICLES OF ASSOCIATION OF THE COMPANY
21.09.2021	GROUND FLOOR, SALARPURIA BUSINESS CENTER NO 93, KORAMANGALA INDUSTRIAL LAYOUT BANGALORE 560095, KARNATAKA INDIA	10:00 AM	Yes	- TO AMEND THE ARTICLES OF ASSOCIATION ("AOA") OF THE COMPANY - TO AMEND THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION ("MOA") OF THE COMPANY - TO AMEND THE CAPITAL CLAUSE OF THE MEMORANDUM OF ASSOCIATION ("MOA") OF THE COMPANY - TO APPROVE THE ISSUANCE OF COMMERCIAL PAPERS ("CPs")

- whether any special resolution passed last year through postal ballot - NIL

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the financial year 2021-22, prepared in accordance with the Listing Regulations, forms part of the Directors' Report.

Means of communication:

The Company ensures the fully and timely disclosure of information regarding the Company's financial position and performance is an important part of the Company's corporate governance and code of conduct.

Quarterly Results

The quarterly/annual financial results are regularly submitted to the Stock Exchanges in accordance with the Listing Regulations and are also published in newspapers. The quarterly/annual results are also uploaded on the website of the Company at www.navifinserv.com. The Company also sends the quarterly results via emails to RTA for further dissemination.

General Shareholder Information

This is forming part of the Director's Report of the Company.

Accounting Standards followed by the Company

In the preparation of the financial statements, the Company has followed Indian Accounting Standard (Ind AS) referred to in Section 133 of the Act. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

Total fees paid to Statutory Auditors

Details relating to the fees paid to the Statutory Auditors of the Company and its subsidiaries, during the financial year 2021-22, are stated in note 38 to consolidated financial statements, which form part of the Annual Report.

Disclosures on materially significant related party transactions that may have potential conflict with the interests of the listed entity at large | Forming part of the Director's report.

Details of non-compliance by the listed entity, penalties, and structures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years | NIL

Details of the establishment of vigil mechanism whistleblower policy, and affirmation that no personnel has been denied access to the audit committee | Forming part of the Director's report.

Details of compliance with mandatory requirements and adoption of the nonmandatory requirements | Forming part of the Director's report.

Web link where policy for determining 'material' subsidiaries is disclosed | <https://www.navifinserv.com/policies/>

Web link where policy on dealing with related party transactions | <https://www.navifinserv.com/policies/>

Disclosure of commodity price risks and commodity hedging activities | NA

Details of the utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) | NA

Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof | No such instances have occurred

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 | Forming part of the Director's report.

Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount | Forming part of the Director's report.

Non-compliance of any requirement of corporate governance report of sub paras (2) to (10) above, with reasons thereof, shall be disclosed | The Company was in compliance with section 178 of Companies Act, 2013 and Regulation 19 of SEBI(Listing Obligations and Disclosure Requirements), 2015 prior to February 11, 2022 and the committee consisted of Ms. Usha A Narayanan, Independent Director(Chairperson), Mr. Ranganathan Sridharan, Independent Director(Member) and Mr. Ankit Agarwal, Non-executive Director(Member). However, the Company has appointed Mr. Ankit Agarwal as Managing Director of the Company w.e.f. February 11, 2022, which resulted in him being a member of NRC while holding an executive position. Further, the Committee was reconstituted by inducting Mr. Arindam Haraprasad Ghosh, Independent Director in place of Mr. Agarwal on April 07, 2022. And, now the Company is in compliance with section 178 of the Companies Act, 2013, and Regulation 19 of SEBI(Listing Obligations and Disclosure Requirements), 2015.

The corporate governance report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted | The Company has complied with the requirements of corporate governance as specified in the Listing Regulations. In addition, the Board has taken cognizance of the discretionary requirements as specified in Part E of Schedule II to the Listing Regulations and are being reviewed from time to time.

Disclosures with respect to demat suspense account/unclaimed suspense account | The Company doesn't hold any shares in demat suspense account/ unclaimed suspense account.

Transfer of dividend/shares to IEPF/IEPF Authority | NA**The disclosures of the compliance with corporate governance requirements specified in regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46**

| The Company is compliant with the corporate governance requirements specified in Regulations 17 to 27 and clause (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations, as applicable except as stated above the non-compliance as per Section 178 of Companies Act, 2013 and Regulation 19 of SEBI(Listing Obligations and Disclosure Requirements), 2015 from February 11, 2022 to April 07, 2022.

Further, We would like to inform you that the Company has become a high-value debt-listed entity in November 2021, and since then the regulation has become applicable, wherein

it also provides a window for ensuring compliance with these provisions within six months from the date of November 2021.

In view of the above, the Company adopted the policy for familiarization program for Independent Directors, policy for determining 'material' subsidiaries, code of conduct of the board of directors and senior management personnel, and Policy on related party transactions(this policy has been amended in line with the requirement of Regulation 23) on April 11, 2022, determining 'material' subsidiaries, code of conduct of the board of directors and senior management personnel, and Policy on related party transactions(this policy has been amended in line with the requirement of Regulation 23) on April 11, 2022

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Company : Navi Finserv Limited

Corporate Identification Number : U65923KA2012PLC062537

I, Akshay G, Company Secretary in whole time practice, bearing Fellow Membership Number 10967, Certificate of Practice Number 15584, having office at #615/22, IV Cross, Raghavendra Colony, Bilekahalli, Behind IIMB, Bannerughatta Road, Bengaluru – 560076, Karnataka, India, having obtained the relevant information from **Navi Finserv Limited** (herein after referred as the Company), bearing Corporate Identification Number: U65923KA2012PLC062537, having registered office at, Second Floor, AMR Tech Park, SY. No. 23 & 24 Hongasandra Village, Hosur Road Bengaluru – 560068, Karnataka, India, hereby state the following:

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of the Company, produced before me by the Company for the purpose of issuing this Certificate pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company and its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such statutory authority:

Sr. No.	Name	Designation	DIN	Date of Current designation	Date of original appointment
1	Ranganathan Sridharan	Independent Director	00868787	31/08/2020	31/08/2020
2	Arindam Haraprasad Ghosh	Independent Director	01423589	01/04/2022	01/04/2022
3	Sachin Bansal	Executive Chairman and CEO	02356346	11/02/2022	23/10/2019
4	Usha A Narayanan	Independent Director	06939539	06/07/2020	06/07/2020
5	Ankit Agarwal	Managing Director	08299808	11/02/2022	23/10/2019

Ensuring the eligibility of the appointment or for continuity of every Director on the Board, is the responsibility of the management of the Company. Our responsibility is to express an opinion on these, based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Thanking you,

Yours faithfully,

G Akshay & Associates

Practicing Company Secretary

Membership No. F10967

C.P. No. 15584

UDIN: F010967D001013914

Place: Bengaluru

Date: September 21, 2022

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

[Pursuant to Schedule V of Securities and Exchange Board of India
(Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Company : Navi Finserv Limited

Corporate Identification Number : U65923KA2012PLC062537

I, Akshay G, Company Secretary in whole time practice, bearing Fellow Membership Number 10967, Certificate of Practice Number 15584, having office at #615/22, IV Cross, Raghavendra Colony, Bilekahalli, Behind IIMB, Bannerghatta Road, Bengaluru – 560076, Karnataka, India, having obtained the relevant information from **Navi Finserv Limited** (herein after referred as the Company), bearing Corporate Identification Number: U65923KA2012PLC062537, having registered office at, Second Floor, AMR Tech Park, SY. No. 23 & 24 Hongasandra Village, Hosur Road Bengaluru – 560068, Karnataka, India, hereby state the following:

We have examined the compliance of conditions of Corporate Governance by **Navi Finserv Limited** ('the Company') for the year ended 31 March 2022, as per Regulations 17-27, clauses (b) to (i) of Regulation 46(2) and paragraphs C, of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations').

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C of Schedule V of the Listing Regulations.

We further state that the compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

Thanking you,

Yours faithfully,

G Akshay & Associates

Practicing Company Secretary
Membership No. F10967
C.P. No. 15584
UDIN: F010967D001013870

Place: Bengaluru

Date: September 21, 2022



Standalone Financial Statements

Independent Auditors' Report

To
The Members of
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

5. We have determined the matters described below to be the key audit matters to be communicated in our report.

Information Technology (IT) environment and modifications to the IT environment affecting financial reporting process

Key audit matter

The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. Further, the Company's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, provision on loans, amongst others. The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting.

How our audit addressed the key audit matter

We involved auditor's experts as part of our audit team to perform audit procedures which included, but were not limited to the following:

- Obtained an understanding of the Company's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit;
- Tested the design and operating effectiveness of the Company's IT controls over the IT applications as identified above;
- Evaluated the management's process for modifications to the IT systems which also included understanding around monitoring and authorization of such modifications. Tested such changes made to IT systems that had a significant impact on financial reporting;

Information Technology (IT) environment and modifications to the IT environment affecting financial reporting process

Key audit matter	How our audit addressed the key audit matter
Modifications to IT environment Our areas of audit focus included user access management, developer access to the production environment, changes to the IT environment across applications, networks, database and operating systems. Further, we also focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and automated controls, due to pervasive impact on the financial statements; we have determined the same as a key audit matter for current year audit.	- Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that, requests for access to systems were appropriately reviewed and authorized; tested controls around Company's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization; - Tested related system interfaces/system integrations including relevant approvals, configurations and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; - Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Impairment losses on loan portfolio including implementation of COVID-19 related measures

As at 31 March 2022, the Company has reported gross loan assets of ₹ 29,492.66 million against which an impairment allowance of ₹ 1,578.25 million has been recorded. Refer note 4.8 of significant accounting policies, note 7 for the outstanding loan assets and note 45.1.5 of the financial statements for credit risk disclosures.

Key audit matter	How our audit addressed the key audit matter
The calculation of impairment losses on loans is complex and is based on application of significant management judgement and use of different modelling techniques and assumptions which could have a material impact on reported profits. The Company has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: - If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Company i.e. the default in repayment is within the range of 0 to 30 days. If a significant increase in credit risk ('SICR') since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 89 days. - If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 89 days. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement in measuring ECL is required with respect to: - determining the criteria for SICR - factoring in future macro-economic assumptions - techniques used to determine probability of default and loss given default. The ECL for the respective stages has been derived basis the Company's internally developed statistical models, historical data, collections trends post reporting date and industrywide stress.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures: - Evaluated the Company's accounting policies for estimation of expected credit loss on loans in accordance with Ind AS 109; - Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions for existing and new loan products. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; - Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals; - Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the RBI circular and ensured whether such policy was in accordance with the RBI circular; - With respect to the management's assessment for the requirement of additional provisions to be made or not to be made on account of the impact of the COVID-19 pandemic, we understood and challenged evaluated the underlying assumptions used by the Company for such estimate by considering our understanding of the risk profiles of the customers of the Company;

Key audit matter	How our audit addressed the key audit matter
Implementation of COVID-19 related measures The Reserve Bank of India ('the RBI') had announced various relief measures for the borrowers which were implemented by the Company such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 27 March 2020, 17 April 2020 and 23 May 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021, which has been collectively considered by the management in identification and provisioning of NPAs. On the basis of an estimate made by the management, an additional provision amounting to ₹ 92.60 million has been recognised by the Company as at 31 March 2022 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Company. The basis of estimates and assumptions involved in arriving at the additional provisions are monitored by the Company periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI. Considering the significance of the above matter to the overall financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19 and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter for current year audit. We also draw attention to Note 3 of the accompanying standalone financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2022, as the same is fundamental to the understanding of the users of financial statements.	- Evaluated the appropriateness of the Company's determination of significant increase in credit risk ('SICR') in accordance with the applicable accounting standard considering impact of COVID-19 and moratorium announced in the RBI circular and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages; - Assessed the critical assumptions and inputs used in the model which amongst others included testing the collection trends of the portfolio and ensuring consistency of assumptions with other relevant publicly available macro-economic factors pertaining to impact of COVID-19. For forward looking assumptions used by the management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information; - Performed a critical assessment of assumptions including management's assessment of the impact of COVID-19 on these assumptions, moratorium facility availed by the customers and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); - Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically; - Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable. Assessed the appropriateness and adequacy of the related presentation and disclosures of note 45 "Financial risk management" disclosed in the financial statements in accordance with the applicable accounting standards.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information

is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

7. The accompanying standalone financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the

financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS specified under section 133 of the Act and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 design, implementation and maintenance of adequate 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.

8. In preparing the financial statements, the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
11. As part of an audit in accordance with Standards on Auditing, specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,

forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

15. As required by section 197(16) of the Act based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
17. Further to our comments in Annexure II, as required by section 143(3) of the Act based on our audit, we report, to the extent applicable, 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 of the accompanying standalone financial statements;
 - 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 standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified under section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2022 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 with reference to financial statements of the Company as on 31 March 2022 and the operating effectiveness of such controls, refer to our separate Report in Annexure II wherein we have expressed an unmodified opinion; 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in note 42 to the standalone financial statements, has disclosed the impact of pending litigations on its financial position as at 31 March 2022.
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2022.
- iv.
 - a. The management has represented that, to the best of its knowledge and belief, on 21 May 2022, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;
 - b. The management has represented that, to the best of its knowledge and belief, on 21 May 2022, no funds have been received by the Company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - c. Based on such audit procedures performed as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year ended 31 March 2022.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Place: Mumbai

Date: 21 May 2022

Membership No.: 105117

UDIN:22105117AJJSVV6706

Annexure I

referred to in Paragraph 16 of the Independent Auditor's Report of even date to the members of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) on the standalone financial statements for the year ended 31 March 2022

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and right of use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The property, plant and equipment and right of use assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification program adopted by the Company, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The Company does not own any immovable property (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee). Accordingly, reporting under clause 3(i)(c) of the Order is not applicable to the Company.
- (d) The Company has not revalued its Property, Plant and Equipment and Right of Use assets or intangible assets during the year.
- (e) No proceedings have been initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, reporting under clause 3(i)(e) of the Order is not applicable to the Company.
- (ii) (a) The Company does not hold any inventory. Accordingly, reporting under clause 3(ii)(a) of the Order is not applicable to the Company.
- (b) The Company has a working capital limit in excess of Rs 5 crore sanctioned by banks based on the security of current assets. The quarterly returns/statements, in respect of the working capital limits have been filed by the Company with such banks and such returns/statements are in agreement with the books of account of the Company for the respective periods, which were not subject to audit/review.
- (iii) (a) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(a) of the Order is not applicable to the Company.
- (b) The Company has not provided any guarantee or given any security during the year. However, the Company has granted loans or advances in the nature of loans and made certain investments and in our opinion, and according to the information and explanations given to us, such investments made are, prima facie, not prejudicial to the interest of the Company.
- (c) The Company is a Non-Banking Financial Company ('NBFC'), registered under section 45-IA of the Reserve Bank of India Act, 1934 and rules made thereunder and is regulated by various regulations, circulars and norms issued by the Reserve Bank of India including Master Circular – Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances. In respect of loans and advances in the nature of loans granted by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments/receipts of principal and interest are regular, except for certain instances as below:

Particulars – days past due	Total amount due (₹ in million)	No. of cases
1-30 days	214.11	9776
31-60 days	180.00	8051
61-89 days	49.79	2598
90 or more days	259.13	14762
Total	703.03	35187

- (d) According to the information and explanation given to us, the total amount which is overdue for more than 90 days in case of loans and advances in the nature of loans given in course of the business operations of the Company aggregates to ₹ 259.13 million as at 31 March 2022 in respect of 14,762 number of loans. Further, reasonable steps, as per the policy and procedures of the Company, have been taken for recovery of the principal and interest amounts overdue.
- (e) The Company is a Non-Banking Finance Company and its principal business is to give loans. Accordingly, reporting under clause 3(iii)(e) of the Order is not applicable to the Company.
- (f) The Company has not granted any loans or advances in the nature of loans, which are repayable on demand or without specifying any terms or period of repayment.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Act in respect of loans and investments. Further, the Company has not entered into any transaction covered under section 185 and section 186 of the Act in respect of guarantees and security.
- (v) In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits or there is no amount which has been considered as deemed deposit within the meaning of sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, reporting under clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of section 148 of the Act, in respect of Company's products/business activity. Accordingly, reporting under clause 3(vi) of the Order is not applicable.
- (vii) (a) In our opinion, and according to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no statutory dues referred in sub-clause (a) which have not been deposited with the appropriate authorities on account of any dispute except for the following:

Name of the statute	Nature of dues	Gross Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Income tax	10,318,960	2,059,208	FY 2014-15	Commissioner of Income Tax Appeals-Bangalore
Income tax Act, 1961	Income tax	704,458	-	FY 2016-17	Commissioner of Income Tax Appeals-Bangalore
Income tax Act, 1961	Income tax	45,178,790	-	FY 2019-20	Commissioner of Income Tax - Bangalore

- (viii) According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961) which have not been recorded in the books of accounts.
- (ix) (a) According to the information and explanations given to us, the Company has not defaulted in repayment of its loans or borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us including confirmations received from banks/ financial institution and/or other lenders and representation received from the management of the Company, and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purposes for which these were obtained.

- (d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary.
- (f) According to the information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiary.
- (x) (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments), during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) During the year, the Company has made preferential allotment of shares. In our opinion and according to the information and explanations given to us, the Company has complied with the requirements of section 42 and section 62 of the Act and the Rules framed thereunder with respect to the same. Further, the amounts so raised have been utilized by the Company for the purposes for which these funds were raised. During the year, the Company did not make preferential allotment or private placement of fully or partially or optionally convertible debentures.
- (xi) (a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the period covered by our audit, except for in some cases as identified by the management relating to fabrication of documents submitted by some customers with respect to digital personal loans sanctioned by the Company amounting to ₹ 48.08 million as stated under Note 71 to the accompanying financial statements. Further, the Company has ensured recovery of these amounts to the extent possible. The unrecovered amount of ₹ 44.04 million has been written off / provided for during the current year.
- (b) No report under section 143(12) of the Act has been filed with the Central Government for the period covered by our audit.
- (c) According to the information and explanations given to us including the representation made to us by the management of the Company, there are no whistleblower complaints received by the Company during the year.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, reporting under clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with sections 177 and 188 of the Act, where applicable. Further, the details of such related party transactions have been disclosed in the standalone financial statements, as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified in Companies (Indian Accounting Standards) Rules 2015 as prescribed under section 133 of the Act.
- (xiv) (a) In our opinion and according to the information and explanations given to us, the Company has an internal audit system as required under section 138 of the Act which is commensurate with the size and nature of its business.
- (b) We have considered the reports issued by the Internal Auditors of the Company till date for the period under audit.
- (xv) According to the information and explanation given to us, the Company has not entered into any non-cash transactions with its directors or persons connected with them and accordingly, provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) 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 by the Company.
- (b) According to the information and explanations given to us, the Company has conducted Non-Banking Financial activities during the year under a valid Certificate of Registration (CoR) from the RBI as per the Reserve Bank of India Act, 1934.
- (c) According to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the RBI. Accordingly, reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (xvii) The Company has not incurred cash losses in the current financial year but had not incurred cash losses in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the

standalone financial statements, our knowledge of the plans of the Board of Directors and management and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us, the Company does not have any unspent amount in respect of any ongoing or other than ongoing project as

at the expiry of the financial year. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Place: Mumbai

Date: 21 May 2022

Membership No.: 105117

UDIN:22105117AJJSVV6706

Annexure II

Independent Auditor's Report on the internal financial controls with reference to the standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the standalone financial statements of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) ('the Company') as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 risks of material misstatement 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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including

the possibility 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

financial controls with reference to financial statements 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 issued by the ICAI.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal

Place: Mumbai

Date: 21 May 2022

Manish Gujral

Partner

Membership No.: 105117

UDIN:22105117AJJSVV6706

Standalone Balance Sheet

as at 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
I ASSETS			
1 Financial assets			
Cash and cash equivalents	5	3,744.88	1,030.00
Bank balances other than cash and cash equivalents	6	1,123.48	637.56
Loans	7	27,914.41	5,293.49
Investments	8	6,622.30	25,650.52
Other financial assets	9	1,167.35	284.00
2 Non-financial assets			
Current tax assets (net)	10	161.54	14.04
Deferred tax asset (net)	11	470.24	251.52
Property, plant and equipment	12	4.99	3.74
Other intangible assets	13	0.03	0.08
Right to use asset		122.46	14.97
Other non-financial assets	14	71.62	30.85
Total assets		41,403.30	33,210.77
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Other payables			
(i) total outstanding dues of micro enterprises and small enterprises	15	0.70	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	15	6.24	77.96
Debt securities	16	19,636.57	16,718.08
Borrowings (other than debt securities)	17	8,143.72	4,014.57
Subordinated liabilities	18	99.47	99.34
Other financial liabilities	19	1,354.32	723.26
2 Non financial liabilities			
Provisions	20	46.53	27.13
Other non financial liabilities	21	263.13	23.27
Total liabilities		29,550.68	21,684.77
3 Equity			
Equity share capital	22	1,785.73	1,652.40
Other equity	23	10,066.89	9,873.60
Total equity		11,852.62	11,526.00
Total liabilities and equity		41,403.30	33,210.77

Statement of significant accounting policies and other explanatory information form an integral part of these standalone financials statements

This is the Balance Sheet as referred to in our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Standalone Statement of Profit and Loss

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations			
(i) Interest income	24	3,141.85	1,947.24
(ii) Fees and commission income	25	74.57	23.86
(iii) Net gain on fair value changes	26	1,354.77	1,386.84
(iv) Net gain on derecognition of financial instruments under amortised cost category	30	-	8.89
(I) Total revenue from operations		4,571.19	3,366.83
(II) Other income	27	27.74	0.53
(III) Total income (I+II)		4,598.93	3,367.36
Expenses			
(i) Finance costs	28	808.64	122.13
(ii) Fees and commission expenses	29	23.66	35.68
(iii) Net loss on derecognition of financial instruments under amortised cost category	30	1.64	-
(iv) Impairment on financial instruments	31	1,400.40	1,313.29
(v) Employee benefits expenses	32	496.79	162.52
(vi) Depreciation and amortisation expense	33	22.15	3.36
(vii) Other expenses	34	2,732.00	416.50
(IV) Total expenses		5,485.28	2,053.48
(V) (Loss)/Profit before tax (III - IV)		(886.35)	1,313.88
(VI) Tax expense	36		
(1) Current tax		-	517.36
(2) Deferred tax credit		(217.27)	(178.90)
Total tax expense		(217.27)	338.46
(VII) (Loss)/Profit for the period/year (V - VI)		(669.08)	975.42
(i) Items that will not be reclassified to profit and loss			
(ii) Remeasurement of the net defined benefit plans		(5.75)	(1.74)
(iii) Income tax relating to the above		1.45	0.44
(VIII) Other comprehensive (loss)/ income		(4.30)	(1.30)
(IX) Total comprehensive (loss)/ income for the year (VII + VIII)		(673.38)	974.12
(X) Earnings per equity share	37		
Basic (₹)		(3.94)	6.41
Diluted (₹)		(3.94)	6.41

Statement of significant accounting policies and other explanatory information form an integral part of these standalone financial statements

This is the statement of profit and loss as referred to in our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Standalone Statement of Cash Flow

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flow from Operating activities		
(Loss)/Profit before tax	(892.10)	1,312.14
Depreciation and amortisation expense	1.74	1.72
Amortisation on right of use asset	20.41	1.65
Interest expense on lease liability	7.00	0.39
Impairment allowance on loans	615.16	947.57
Impairment allowance on investments	(8.51)	146.29
Loans written off	793.75	219.43
Effective interest rate adjustment for financial instruments	(423.09)	29.84
Loss on sale of portfolio	1.64	0.02
Net (gain) / loss on fair value changes on investment	117.04	(321.87)
Operating profit before working capital changes	233.04	2,337.18
Movements in Working capital:		
(Increase) in loans	(23,563.76)	(5,426.15)
Decrease in receivables	-	45.11
(Increase) in bank deposits	(485.92)	(634.88)
Decrease in investments	12,401.12	9,955.38
(Increase) in other financial assets	(883.35)	(281.60)
(Increase) in other non-financial assets	(40.77)	(19.13)
(Decrease)/Increase in payables	(72.18)	74.37
(Decrease)/Increase in other financial liabilities	631.06	609.86
Increase in non-financial liabilities	239.86	16.14
Increase in provisions	19.40	81.72
Cash (used in)/generated from operations	(11,521.50)	6,757.99
Direct taxes paid	147.50	584.35
Net cash flows (used in)/generated from operating activities (A)	(11,669.00)	6,173.64
B. Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(2.94)	(3.49)
Proceeds from sale of property, plant and equipment and intangible assets	-	1.73
Net cash flows (used in) investing activities (B)	(2.94)	(1.76)
C. Cash flow from Financing activities		
Proceeds from issue of equity shares	1,000.00	1,031.37
Proceeds from issue of debt securities	11,993.81	2,719.00
Repayment of debt securities	(2,589.34)	(10,716.14)
Proceeds from borrowings (other than debt securities) availed*	76,244.15	26,576.19
Repayment of borrowings (other than debt securities)*	(72,245.01)	(24,944.83)
Lease payments	(16.79)	(1.94)
Net cash flows generated from/(used in) financing activities (C)	14,386.82	(5,336.33)
Net increase in cash and cash equivalents (A+B+C)	2,714.88	835.55
Cash and cash equivalents at the beginning of the year	1,030.00	194.45
Cash and cash equivalents at the end of the year	3,744.88	1,030.00

Standalone Statement of Cash Flow

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	For the year ended 31 March 2022	For the year ended 31 March 2021
i) Cash on hand	-	0.01
ii) Balances with banks (of the nature of cash and cash equivalents)	3,744.88	1,029.99
Total	3,744.88	1,030.00

*Includes CCIL repo borrowings and repayment of ₹ 67,691.61 millions and ₹ 70,753.05 millions respectively. Refer 16.1 for reconciliation of liabilities from financial activities.

Statement of significant accounting policies and other explanatory information form an integral part of these standalone financial statements

This is the Statement of Cash flow as referred to in our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Sachin Bansal

Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden

21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary
Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Standalone Statement of Changes in Equity

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

A Equity share capital

For the period ended 31 March 2022

Balance as at 1 April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April 2021	Changes in equity share capital during the year	Balance as at 31 March 2022
1,652.40	-	-	133.33	1,785.73

For the year ended 31 March 2021

Balance as at 1 April 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
1,513.29	-	-	139.11	1,652.40

B Other equity

For the period ended 31 March 2022

Particulars	Reserves and surplus						Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	
Balance at 1 April 2021	8,774.22	223.39	44.05	-	832.97	(1.03)	9,873.60
Total comprehensive income for the current year	-	-	-	-	(673.38)	-	(673.38)
Issue of equity shares	866.67	-	-	-	-	-	866.67
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	4.30	(4.30)	-
Balance at 31 March 2022	9,640.89	223.39	44.05	-	163.90	(5.33)	10,066.89

Standalone Statement of Changes in Equity

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

B Other equity (Contd..)

For the year ended 31 March 2021

Particulars	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Reserves and surplus				Total
			Capital Redemption Reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income - retirement benefits	
Balance as at 1 April 2020	7,874.57	28.57	44.05	7.39	52.36	0.28	8,007.22
Total comprehensive income for the current year	-	-	-	-	974.12	-	974.12
Issue of equity shares	882.85	-	-	-	-	-	882.85
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	194.82	-	-	(194.82)	-	-
Employee stock option reserve created	-	-	-	9.41	-	-	9.41
Transferred to security premium (refer note 24)	16.80	-	-	(16.80)	-	-	-
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	1.31	(1.31)	-
Balance as at 31 March 2021	8,774.22	223.39	44.05	-	832.97	(1.03)	9,873.60

Statement of significant accounting policies and other explanatory information form an integral part of these standalone financials statements

This is the Statement of Changes in Equity as referred to in our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

1. Corporate Information

Navi Finserv Limited (formerly known as Navi Finserv Private Limited) ('the Company') was formed on 14 February 2012 to carry on the business of sourcing, underwriting and carrying on the business of lending to individuals and entities including micro, small and medium enterprises, rural credit and other body corporates across India and provide credit related services as an NBFC, including, inter alia, (i) intermediation services for financial services agents and money transfer agents; (ii) credit linkage services; (iii) acting as a banking correspondent and (iv) generally carrying out all activities permissible to be carried out as an NBFC. The Company also carries on corporate treasury activities including: (i) investments in equity, mutual funds, alternative investment funds (AIFs), bonds, debentures, pass through certificates, receivables, sovereign funds and to extend to other persons and body corporates, loans and other instruments of similar nature for such consideration as the Company may deem fit; and (ii) the activity of trading in the equity, debt, gold, oil, currency, interest rates and commodities in and across futures, options and other derivatives and to carry on repo and reverse repo transactions.

During the year ended 31 March 2020, controlling stake in the Company was initially acquired by Mr. Sachin Bansal w.e.f. 24 October 2019 and was subsequently transferred to Navi Technologies Limited (formerly known as Navi Technologies Private Limited) ('the Holding Company') w.e.f. 30 March 2020.

The Company is a holding company of Chaitanya India Fin Credit Private Limited ('the Subsidiary Company') since 12 November 2014.

The Company has received Certificate of registration from Reserve Bank of India dated 11 March 2016, to carry on the business of Non-Banking Financial Institution without accepting deposits.

2. Statement of Compliance

These standalone financial statements ("the financial statements") of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') and presentation requirements of Division III of Schedule III to the Companies Act, 2013, applicable to NBFCs, as notified by the MCA, and applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

These Standalone Financial Statements of the Company are also compliant with the disclosures requirements made applicable to companies with effect from 1 April 2021 vide amendments to Schedule III of Companies Act, 2013 dated 24 March 2021.

The financial statements for the year ended 31 March 2022 were authorized and approved for issue by the Board of Directors on 21 May 2022.

3. Impact of COVID-19

The outbreak of the COVID-19 had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures there was an improvement in economic activity in the second half of fiscal 2021. Since then, India has experienced two waves of the COVID-19 pandemic following the discovery of mutant coronavirus variants, leading to the re-imposition of regional lockdowns measures in some parts of the country.

While the number of COVID-19 cases have reduced significantly and the Government of India has withdrawn most of the COVID-19 related restrictions, the Company continues to closely monitor any anticipated material changes to future economic conditions. During the current year ended 31 March 2022, there has been a significant increase in the portfolio size of digital loans and housing loans, owing to increased disbursements. Also, the Company has witnessed improved collection efficiencies during the year on their digital lending portfolio.

The Company has recognized provisions as on 31 March 2022, towards its loan assets to the extent of ₹ 1578.25 millions which includes an additional provision of ₹ 92.60 millions towards the future potential impact of COVID-19 based on the information available at this point of time including the economic forecasts, in accordance with the expected credit loss method. The Company believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial statement.

4. Significant accounting policies

4.1. Basis of preparation and measurement

(i) Going concern and basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values at the end of each reporting period. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

(ii) Use of estimates and judgements

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods. An overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed have been disclosed below. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

- Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principle and Interest ('SPPI') and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason

for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

- Provisions and other contingent liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

- Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- Impairment of loans and investment portfolio

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

- Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

the financial asset to the gross carrying amount of a financial asset.

- b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
- c. Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

ii. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

iii. Recoveries against written off assets and fees received on collections

The Company recognises recoveries against written off assets and fees received on collections on realization basis.

iv. Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

v. Other income

All other income is recognized on accrual basis when no significant uncertainty exists on their receipt.

4.2. Revenue recognition

i. Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

The EIR in case of a financial asset is computed

- a. As the rate that exactly discounts estimated future cash receipts through the expected life of

4.3. Finance costs

Finance costs represents interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities.

The EIR in case of a financial liability is computed

- a. As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

- b. By considering all the contractual terms of the financial instrument in estimating the cash flows.
- c. Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

4.4. Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/ capitalised with the related assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation

Depreciation on property, plant and equipment has been provided on the written down value method as prescribed in Schedule II of Companies Act 2013 or the rates determined by the management as per estimated useful life of the assets, whichever is higher. All individual assets (other than furniture and fixtures and office equipments) valued less than ₹ 5,000 are depreciated in full in the year of acquisition. The useful life of the assets is as follows:

Asset class	Useful life adopted by the Company
Electrical Installations and Equipment	5 years
Computers and accessories	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicle - Motor car	8 years
UPS	10 years

Depreciation is calculated on a pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed off.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognized.

4.5. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit or loss.

Amortization For amortization of intangibles, the amortization amount is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

4.6. Fair value measurement

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.7. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Financial assets carried at amortized cost – a financial asset is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The difference in the carrying amount of financial assets (net of impairment allowance) and the consideration received on the transfer of financial asset is recognised in the statement of profit or loss.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other payables, borrowings and payables towards assignment transactions.

Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.8. Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure: a) Financial assets that are investments in debt instruments, and are measured at amortised cost along with other financial assets such as e.g., loans, deposits, trade receivables and bank balances.

4.8.1. Overview of the Expected Credit Loss (ECL) Model

The Company records allowance for expected credit losses for all loans and other debt instruments not held at FVTPL in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss).

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due

(DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances/ investments and advances/investments upto 30 days default under this category. Stage 1 financial instruments also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument. The Company recognizes life time ECL for impairment of financial assets. A financial instrument after being classified as Stage 3 is reclassified to previous stages only after all overdues are paid.

4.8.2. Estimation of Expected Credit loss

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognised and is still in the portfolio.

The Company uses historical information where available to determine PD. Considering the different products, the Company has bifurcated its financial instruments into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years. For those pools where sufficient historical information is not available, the PD/default rates as being witnessed in

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

the industry is also used as an input to determine the PD for the company. For investments, the PD/default rates are considered as reported by external credit rating agencies.

- Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date.
- Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and the market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECL and the fair value is based on data provided by third party or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. The Company reduces the gross carrying amount of a financial asset. However financial assets that are written off could still be enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in the statement of profit and loss.

4.9. Employee benefits:

The Company provides employment benefits through various defined contribution and defined benefit plans.

Employee benefits include Provident Fund, Gratuity and Bonus.

Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company.

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

charged to the statement of OCI in the year in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

4.10. Leases

Identification of lease:

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Recognition of lease payments:

Rent expenses representing operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.11. Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by

the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12. Share based payments

The Company had formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan was recognised as an employee benefits expense with a corresponding increase in other equity upto the year ended 31 March 2021. The fair value of options granted under Employee Stock Option Plan is recognized as a deemed investment in subsidiary company with a corresponding increase in employee stock options outstanding reserve. The total amount to be recognized is determined by reference to the fair value of the options and is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

issued with any excess being recorded as share premium. This scheme has been closed during the year ended 31 March 2021.

4.13. Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.14. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets or cash generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4.15. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4.16. Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the

period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

4.17. Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates. The financial statements have been prepared and presented in Indian Rupees, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss in the year in which they arise.

4.18. Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with IndAS 27 Separate Financial Statements.

4.19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

4.20. Rounding off amount

All amounts disclosed in the financial statements and notes have been rounded off to the millions as per the requirements of Schedule III of the Act unless otherwise stated.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Cash in hand	-	0.01
Balances with banks in current account	3,744.88	1,029.99
Total	3,744.88	1,030.00

- (i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the reporting years.
- (ii) The Company has obtained bank overdraft facility, however, there is no overdrawn amount.
- (iii) The cash and cash equivalents for cash flow statement is same as cash and for cash equivalents.

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Term deposits with bank	20.52	16.22
Balance with banks and financial institutions to the extent held as margin money deposits against term loans, Government securities trade and overdraft facilities*	1,102.96	621.33
Total	1,123.48	637.56

* The term deposits with banks (excluding the interest accrued on term deposits) have been placed under lien for the following purposes:

Particulars	As at 31 March 2022	As at 31 March 2021
Term loans	-	-
Margin money against Government Securities trade	500.00	498.60
Margin money against derivatives trade	30.00	-
Working capital loans/Overdraft facilities	361.85	122.73
Securitisation liabilities	211.11	-
Total	1,102.96	621.33

7 Loans

Particulars	As at 31 March 2022	As at 31 March 2021
A) Loans (at amortised cost)		
i) Term loans	29,492.66	6,260.63
Total (gross)	29,492.66	6,260.63
Less : Impairment loss allowance	(1,578.25)	(967.14)
Total (net)	27,914.41	5,293.49
B) i) Secured	3,120.04	62.19
ii) Unsecured	26,372.62	6,198.44
Total (gross)	29,492.66	6,260.63
Less : Impairment loss allowance	(1,578.25)	(967.14)
Total (net)	27,914.41	5,293.49

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

7 Loans (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
C) Loans in India		
i) Public sector	-	-
ii) Individuals	29,492.66	6,250.63
iii) Corporates	-	10.00
Total (gross)	29,492.66	6,260.63
Less : Impairment loss allowance	(1,578.25)	(967.14)
Total (net)	27,914.41	5,293.49

8 Investments

Particulars	Amortised cost	At fair value through profit and loss	As at 31 March 2022 Total
Mutual funds (quoted)	-	338.02	338.02
Bonds and debentures (quoted)	-	1,298.56	1,298.56
Bonds and debentures (unquoted)	164.09	-	164.09
Pass through certificates (unquoted)	238.09	-	238.09
Government Securities (quoted)	-	994.66	994.66
Others (quoted)	491.66	-	491.66
Equity instruments			
- Subsidiaries (unquoted)	3,244.60	-	3,244.60
- Deemed investment in subsidiary on account of ESOP issued to employees of the Subsidiary Company)	16.80	-	16.80
Total gross (A)	4,155.24	2,631.24	6,786.48
Investments outside India	-	-	-
Investments in India	4,155.24	2,631.24	6,786.48
Total gross (B)	4,155.24	2,631.24	6,786.48
Allowance for impairment loss (C)	(164.18)	-	(164.18)
Total - net D = A - C	3,991.06	2,631.24	6,622.30

Particulars	Amortised cost	At fair value through profit and loss	As at 31 March 2021 Total
Mutual funds (quoted)	-	692.73	692.73
Bonds and debentures (quoted)	-	12,165.89	12,165.89
Bonds and debentures (unquoted)	277.46	-	277.46
Pass through certificates (unquoted)	2,063.17	-	2,063.17
Government Securities (quoted)	-	4,679.41	4,679.41
Others (quoted)	2,618.43	-	2,618.43

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

8 Investments (Contd..)

Particulars	Amortised cost	At fair value through profit and loss	As at 31 March 2021 Total
Futures (quoted)	-	63.50	63.50
Equity instruments			
- Subsidiaries (unquoted)	3,244.60	-	3,244.60
- Deemed investment in subsidiary on account of ESOP issued to employees of the Subsidiary Company)	16.80	-	16.80
- Others (unquoted)	1.22	-	1.22
Total gross (A)	8,221.68	17,601.53	25,823.21
Investments outside India	-	-	-
Investments in India	8,221.68	17,601.53	25,823.21
Total gross (B)	8,221.68	17,601.53	25,823.21
Allowance for impairment loss (C)	(172.69)	-	(172.69)
Total - net D = A - C	8,048.99	17,601.53	25,650.52

9 Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposits (unsecured, considered good)	40.63	0.66
Insurance recoverable	2.46	2.47
Other receivable	419.32	280.87
Receivable towards investments settlement*	704.94	-
Total	1,167.35	284.00

* Represents investments redemptions of securities pending for settlement as on 31 March 2022 which are subsequently settled on 4 April 2022.

10 Current tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Income tax	161.54	14.04
Total	161.54	14.04

11 Deferred tax asset (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Tax effect of items constituting deferred tax liabilities:		
Financial liabilities measured at amortised cost	39.86	6.69
Financial assets measured at fair value through profit and loss	-	26.17
Interest on non-performing loans	0.12	0.30
Deferred tax liabilities (total) (A)	39.98	33.16

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

11 Deferred tax asset (net) (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
Tax effect of items constituting deferred tax assets:		
Impairment allowance for loans	397.24	216.16
Financial assets measured at amortised cost	27.19	18.67
Impairment allowance for Investments	41.32	43.46
Provision for employee benefits	14.17	5.46
Lease accounting under Ind AS 116	2.70	0.19
Difference in written down value as per Companies Act and Income Tax Act	0.88	0.74
Financial assets measured at fair value through profit and loss	3.28	-
Accumulated losses	23.44	-
Deferred tax assets (total) (B)	510.22	284.68
Net deferred tax asset (B-A)	470.24	251.52

Movement in deferred tax liabilities

Particulars	As on 31 March 2021	Charged/ (credited) to statement of profit and loss	Charged/ (credited) to other comprehensive income	As on 31 March 2022
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	6.69	33.17	-	39.86
Financial assets measured at fair value through profit and loss	26.17	(26.17)	-	-
Interest on non-performing loans	0.30	(0.18)	-	0.12
Deferred tax liabilities (total)	33.16	6.82	-	39.98

Movement in deferred tax assets

Particulars	As on 31 March 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As on 31 March 2022
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	216.16	181.08	-	397.24
Financial assets measured at amortised cost	18.67	8.52	-	27.19
Impairment allowance for Investments	43.46	(2.14)	-	41.32
Provision for employee benefits	5.46	7.26	1.45	14.17
Lease accounting under Ind AS 116	0.19	2.51	-	2.70
Financial assets measured at fair value through profit and loss	-	3.28	-	3.28
Difference in written down value as per Companies Act and Income Tax Act	0.74	0.14	-	0.88
Others	-	23.44	-	23.44
Deferred tax assets Total	284.68	224.09	1.45	510.22
Total Deferred tax (Asset) (net)	251.52	217.27	1.45	470.24

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

11 Deferred tax asset (net) (Contd..)

Movement in deferred tax assets (cont)	As on 31 March 2020	Charged/ (credited) to statement of profit and loss	Charged/ (credited) to other comprehensive income	As on 31 March 2021
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	0.29	6.40	-	6.69
Deferment of upfront EIS and servicing obligation recorded for assignment	0.07	(0.07)	-	-
Interest on non-performing loans	2.98	(2.68)	-	0.30
Financial assets measured at fair value through profit and loss	-	26.17	-	26.17
Others	0.06	(0.06)	-	-
Deferred tax liabilities (total)	3.40	29.76	-	33.16

Particulars	As on 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As on 31 March 2021
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	14.36	201.80	-	216.16
Provision for employee benefits	1.24	3.78	0.44	5.46
Difference in written down value as per Companies Act and Income Tax Act	0.52	0.22	-	0.74
Financial assets measured at amortised cost	4.81	13.86	-	18.67
Financial assets measured at fair value through profit and loss	54.64	(54.64)	-	-
Others	0.01	43.64	-	43.65
Deferred tax assets Total	75.58	208.66	0.44	284.68
Total Deferred tax (Asset) (net)	72.18	178.90	0.44	251.52

12 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equipments	Vehicles	Leasehold Improvement	Electrical equipment	Total
Gross block							
Gross Carrying Value							
Balance as at 31 March 2020	1.41	5.17	0.59	0.86	-	0.31	8.34
Additions	1.25	0.31	0.76	-	0.60	0.58	3.50
Reversal on disposal of assets	2.66	-	-	0.86	-	-	3.52
Balance as at 31 March 2021	-	5.48	1.35	-	0.60	0.89	8.32
Additions	-	0.17	1.44	-	1.33	-	2.94
Reversal on disposal of assets	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	5.65	2.79	-	1.93	0.89	11.26

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

12 Property, plant and equipment (Contd..)

Particulars	Computer and accessories	Furniture and fixtures	Office equipments	Vehicles	Leasehold Improvement	Electrical equipment	Total
Accumulated depreciation							
Balance as at 31 March 2020	1.09	2.85	0.20	0.41	-	0.17	4.72
Charge for the year	0.22	0.63	0.51	0.05	0.20	0.02	1.63
Reversal on disposal of assets	1.31	-	-	0.46	-	-	1.77
Balance as at 31 March 2021	-	3.48	0.71	-	0.20	0.19	4.58
Charge for the year	-	0.55	0.57	-	0.53	0.04	1.69
Reversal on disposal of assets	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	4.03	1.28	-	0.73	0.23	6.27
Net block							
Balance as at 31 March 2020	0.32	2.32	0.39	0.45	-	0.14	3.62
Balance as at 31 March 2021	-	2.00	0.64	-	0.40	0.70	3.74
Balance as at 31 March 2022	-	1.62	1.51	-	1.20	0.66	4.99

13 Intangible assets

Particulars	Application software	Trade mark	Computer Software	Total
Gross block				
Balance as at 31 March 2020	0.13	0.02	0.11	0.26
Additions	-	-	-	-
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2021	0.13	0.02	0.11	0.26
Additions	-	-	-	-
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2022	0.13	0.02	0.11	0.26
Accumulated depreciation				
Balance as at 31 March 2020	0.02	0.01	0.06	0.09
Charge for the year	0.04	0.01	0.04	0.09
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2021	0.06	0.02	0.10	0.18
Charge for the year	0.04	-	0.01	0.05
Reversal on disposal of assets	-	-	-	-
Balance as at 31 March 2022	0.10	0.02	0.11	0.23
Net block				
Balance as at 31 March 2020	0.11	0.01	0.05	0.17
Balance as at 31 March 2021	0.07	-	0.01	0.08
Balance as at 31 March 2022	0.03	-	-	0.03

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

14 Other non-financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Advances to suppliers and others	38.41	7.83
Balance with government authorities	18.74	16.56
Income tax paid under dispute	2.06	2.06
Prepaid expenses	11.88	4.40
Others	0.53	-
Total	71.62	30.85

15 Other payables

Particulars	As at 31 March 2022	As at 31 March 2021
Dues to micro enterprises and small enterprises*	0.70	1.16
Dues to creditors other than micro enterprises and small enterprises	6.24	77.96
Total	6.94	79.12

*Refer note 49 for ageing schedule

16 Debt securities

Particulars	As at 31 March 2022	As at 31 March 2021
Secured (at amortised cost)		
Redeemable non-convertible debentures	12,408.17	2,697.52
Unsecured (at amortised cost)		
Redeemable non-convertible debentures	6,500.56	14,020.56
Commercial papers	727.84	-
Total	19,636.57	16,718.08
Borrowings in India	19,636.57	16,718.08
Borrowings outside India	-	-
Total	19,636.57	16,718.08

(i) Refer note 16.2 for interest rates, repayment terms and nature of security of debt securities.

16.1 Reconciliation of liabilities from financing activities

Particulars	As at 31 March 2021	Cash flow				Non-cash		As at 31 March 2022
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	
Debt securities	16,718.08	11,993.81	(2,589.34)	-	-	32.59	(6,518.57)	19,636.57
Borrowings (other than debt securities)*	4,014.57	76,244.15	(72,245.01)	(16.79)	127.90	18.90	-	8,143.72
Subordinated liabilities	99.34	-	-	-	-	0.13	-	99.47
Total liabilities from financial activities	20,831.99	88,237.96	(74,834.35)	(16.79)	127.90	51.62	(6,518.57)	27,879.76

*Includes CCIL repo borrowings and repayment of ₹ 67,691.61 millions and ₹ 70,753.05 millions respectively

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

16 Debt securities (Contd..)

Particulars	As at 31 March 2020	Cash flow				Non-cash		As at 31 March 2021
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation	Consideration received in the form of investments for NCDs issued	
Debt securities	24,736.70	2,719.00	(10,716.14)	-	-	(21.48)	-	16,718.08
Borrowings (other than debt securities)	2,372.27	26,576.19	(24,944.83)	(1.94)	17.07	(4.19)	-	4,014.57
Subordinated liabilities	99.25	-	-	-	-	0.09	-	99.34
Total liabilities from financial activities	27,208.22	29,295.19	(35,660.96)	(1.94)	17.07	(25.59)	-	20,831.99

* Includes CCIL repo borrowings and repayment of ₹ 25,606.19 millions and ₹ 22,544.75 millions respectively

16.2 Debt securities

Terms of debentures	Number of debentures		Face value	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 17 June 2022. Redemption premium is 9.25%	1,500.00	1,500.00	10,00,000	1,500.00	1,500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 16 June 2022. Redemption premium is 10%	469.00	469.00	10,00,000	469.00	469.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 26 May 2022. Redemption premium is 10%	750.00	750.00	10,00,000	750.00	750.00
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 30 March 2020 with call / put option. Maturity date is 31 December 2024	65,00,557	1,40,20,557	1,000	6,500.56	14,020.56
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 21 March 2023. Redemption premium is 8.75%	650	-	10,00,000	650.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 24 May 2023. Redemption premium is 8.60%	2,000	-	10,00,000	2,000.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 August 2023. Redemption premium is 9.15%	800	-	10,00,000	800.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 July 2024. Redemption premium is 9.25%	500	-	10,00,000	500.00	-

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

16 Debt securities (Contd..)

Terms of debentures	Number of debentures		Face value	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 23 February 2024. Redemption premium is 8.60%	1,000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 15 March 2024. Redemption premium is 8.60%	1,500	-	10,00,000	1,500.00	-
Sub-total (A)	65,09,726	1,40,23,276		15,669.56	16,739.56

#All the above mentioned repayments disclosed as per the contractual maturities of borrowing other than debt securities at gross carrying value.

Terms of debentures	Number of debentures		Face value	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 May 2025. Redemption premium is 9.90%	300	-	10,00,000	300.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 05 April 2023. Redemption premium is 9.1792%	1,000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 31 December 2024. Redemption premium is 9.5%	350	-	10,00,000	350.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 10 May 2023. Redemption premium is 9.15%	1,400	-	10,00,000	1,400.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 September 2023. Redemption premium is 9.6%	300	-	10,00,000	300.00	-
Sub-total (B)	3,350.00	-		3,350.00	-
Total (A)+(B)	65,13,075.71	1,40,23,275.71		19,019.56	16,739.56

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

16 Debt securities (Contd..)

Commercial Papers	Redemption value		Face value	Discounted value	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
Unsecured Rated Redeemable Commercial Paper. Maturity date is 5 May 2022. Discount rate is 7.30%	250.00	-	98.23	245.58	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 25 July 2022. Discount rate is 8.27%	210.00	-	97.39	204.53	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 25 July 2022. Discount rate is 8.10%	285.00	-	98.04	277.73	-
Total	745.00	-		727.84	-

#All the above mentioned repayments disclosed as per the contractual maturities of borrowing other than debt securities at gross carrying value.

17 Borrowings (other than debt securities)

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings carried at amortised cost		
Term loans (Secured)		
- From banks	4,269.39	639.50
- From financial institutions	1,902.71	3,359.94
- Liability against securitised assets	1,838.39	-
Lease liability (refer note 42)	133.24	15.13
	8,143.72	4,014.57
Borrowings in India	8,143.72	4,014.57
Borrowings outside India	-	-
Total	8,143.72	4,014.57

(i) Refer note 17.1 for interest rates, repayment terms and nature of security of borrowings.

17.1 Details of terms and conditions of Borrowings other than debt securities#

Borrowings (other than debt securities)

Sl no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2022	As at 31 March 2021
1	Monthly	15	Apr-21	8.50%	Exclusive charge on standard receivables (upto 30 days DPD) with a minimum cover of 1.20x	50.00	250.00
2	Monthly	18	Apr-21	9.60%	Exclusive charge on specific loan receivables arising out of Term loan from our bank excluding amount over due more than 3 months, keeping a minimum asset cover of 1.2x	83.33	150.00
3	Monthly	24	Apr-21	9.40%	First & exclusive charge on Book Debts to the extent of 1.20x with PAR (less than 30 days) of loan limit.	150.00	300.00

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

17 Borrowings (other than debt securities) (Contd..)

SI no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2022	As at 31 March 2021
4	Monthly	18	Feb-21	9.60%	Exclusive hypothecation of present and future Loan Receivables. Security margin- 120% of the loan principal outstanding during the currency of the loan.	55.56	222.22
5	Monthly	15	Apr-21	9.75%	Exclusive charge on specific loan receivables arising out of Loan lending.	20.00	20.00
6	Bullet repayment	1	Apr-21	3.50%	06.66% TAMIL NADU SDL 2030	-	977.47
7	Bullet repayment	1	Apr-21	3.50%	7.16% NI GOVT STOCK 2023	-	1,071.47
8	Bullet repayment	1	Apr-21	3.50%	06.73% TAMIL NADU SDL 2030	-	1,012.50
9	Monthly	24	Apr-22	9.20%	Exclusive Charge on receivables of standard asset portfolio and all current assets, present and future, with a minimum asset cover of 1.2 times. Receivables with DPD of more than 90 days not to be considered for asset cover. UDC for the facility amount.	150.00	-
10	Monthly	18	Jun-21	9.70%	First and exclusive charge on book debts to the extent of 1.2X with PAR (less than 30 Days) to be less than 5% of facility amount.	91.50	-
11	Monthly	18	Nov-21	9.60%	Exclusive hypothecation of present and future loan receivables (net of financial charges, NPA, other charges, etc.). Security margin is 120% for the loan principal outstanding during the currency of loan.	166.67	-
12	Monthly	18	May-21	8.80%	Primary security is current assets both future and present (inclusive of loan receivable). Proportionate charge on current assets at 1.2X times for term loan facility.	88.89	-
13	Monthly	24	Nov-21	9.80%	Exclusive first charge by the way of hypothecation of 110% on book debts. Two SPDC of ₹ 25 Cr each.	393.86	-
14	Monthly	18	Oct-21	8.90%	Exclusive charge by way of hypothecation of book debts arising out of the facility. The hypothecated assets must cover at least 1.25 times of the amount outstanding under the facility. The book debts not to include the amount overdue beyond 30 days.	66.67	-
15	Monthly	21	Sep-21	9.75%	First and exclusive charge on book debts/loan assets to the extent of 120% of the exposure created out of the bank's funding.	133.33	-
16	Monthly	36	Jan-22	8.25%	Exclusive charge by way of hypothecation of specific standard receivables with security cover of 110% of the loan amount during entire tenure of the loan.	458.30	-
17	Monthly	24	Jan-22	9.25%	First, exclusive and Continuing charge on identified loan receivable. Throughout the period security coverage of 110% of the amount outstanding shall be required to be maintained.	131.25	-
18	Monthly	24	Feb-22	9.25%	First and exclusive charge on book debts to the extent of 1.10X with PAR (less than 30 Days) of loan limit.	175.00	-
Sub-total (A)						2,214.36	4,003.66

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

17 Borrowings (other than debt securities) (Contd..)

Sl no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2022	As at 31 March 2021
19	Monthly	24	Jan-22	9.25%	First, exclusive and Continuing charge on identified loan receivable. Throughout the period security coverage of 110% of the amount outstanding shall be required to be maintained.	131.25	-
20	Bullet repayment	2	Apr-22	7.35%	50% FD shall be provided by the borrower and shall be lien marked in favour of Yes Bank limited.Exclusive charge on all specific identified receivables to the extent 1.15x on the exposure net off FD amount i.e., on INR 75 MM	130.00	-
21	Monthly	20	Apr-22	8.90%	Exclusive Charge on standard receivables,both present and future, with a minimum asset cover of 1.2 times. Stage 3 assets to be excluded.	300.00	-
22	Monthly	54	Sep-22	8.30%	Exclusive charge over the loan assets (Standard Assets) to be maintained at a minimum of 110% of loan value i.e 10% margin on receivables on a continuous basis during tenor of term loan	250.00	-
23	Monthly	24	Apr-22	9.40%	Exclusive charge on identified Personal loan assets created out of HSBC loan with asset cover of 1.2x and on identified home loan assets with assets cover of 1.05x.	500.00	-
24	Monthly	18	May-22	9.50%	Primary: First and exclusive charge over the standard loan assets / book debts Only standard pool of assets to be hypothecated to JMFPL, any substandard asset shall be replaced by the standard asset on immediate basis. Minimum 1.1 times of the Outstanding Facility Amount	750.00	-
25	Monthly	24	Mar-22	8.70%	Exclusive charge to be created on current assets at 1.1x times of the total loan amount.	287.50	-
26	Monthly	18	Apr-22	9.85%	Exclusive charge on portfolio of 1.1x times	350.00	-
27	Monthly	24 Months after initial moratorium of 6 Months	Aug-22	8.95%	Exclusive Hypothecation charge over specific poolof receivables/book debts created out of loan to the extent of outstanding loan amount and maintain 125% security at any point of time excluding receivables which are overdue.	299.63	-
28	Monthly	14	Apr-22	8.50%	Pool principal: ₹ 267.34 million (including an over collateral of 9.50% of the principal portion of receivables) -FDs aggregating to an amount of ₹ 267.34 million being 10% of the pool principal	241.94	-

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

17 Borrowings (other than debt securities) (Contd..)

SI no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2022	As at 31 March 2021
29	Monthly	15	Apr-22	8.75%	Pool principal: ₹ 1040.71 million (including an over collateral of 11.50% of the principal portion of receivables) FDs aggregating to an amount of ₹ 1040.71 mn being 10% of the pool principal	921.03	-
30	Monthly	9	Apr-22	8.70%	Pool principal: ₹ 239.64 million (including an over collateral of 10.00% of the principal portion of receivables) FDs aggregating to an amount of ₹ 239.64 mn being 10% of the pool principal	215.68	-
31	Monthly	11	Apr-22	9.00%	Pool principal: ₹ 512.19 million (Including an over collateral of ₹ 46.09 million being 9% of pool principal) ₹ 56.34 mn in the form of FD being 11% of pool principal	466.10	-
32	Monthly	30 Months after initial moratorium of 6 Months	Jul-22	10.50%	1.1X exclusive cover of standard book debts and receivables. Max DPD 60 Days.	1,000.00	-
Sub-total (B)						5,843.14	-
Total (A)+(B)						8,057.50	4,003.66

Note: Lease liability not included

#All the above mentioned repayments disclosed as per the contractual maturities of borrowing other than debt securities at gross carrying value.

18 Subordinated liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Unsecured term loan		
- From banks	99.47	99.34
	99.47	99.34
Subordinated liabilities in India	99.47	99.34
Subordinated liabilities outside India	-	-
Total	99.47	99.34

(i) Refer note 18.1 for interest rates, repayment terms and nature of security of subordinated liabilities

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

18 Subordinated liabilities (Contd..)

18.1 Details of terms and conditions of Subordinate liabilities#

Sl no.	Repayment terms	No. of instalments	Repayment commencement month	Interest rate terms	Nature of the security	As at 31 March 2022	As at 31 March 2021
1	Principal: Bullet Repayment. Interest: Monthly	84	Feb-18	15.00%	Unsecured	100.00	100.00
Total						100.00	100.00

#The above mentioned repayment disclosed as per the contractual maturities of subordinate liabilities at gross carrying value.

19 Other financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued on borrowings	480.22	48.05
Payables towards assignment transactions	-	0.66
Insurance payables	0.65	0.65
Other payables	17.51	11.12
Provision for expenses	855.94	60.23
Payable towards investments settlement	-	602.55
Total	1,354.32	723.26

20 Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits	25.92	15.62
Provision for gratuity (refer note 39)	6.51	5.20
Provisions for compensated absences (refer note 39)	14.10	6.31
Total	46.53	27.13

21 Other non financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	81.59	14.37
Deferred revenue	4.77	6.66
Advance received from customers	176.12	-
Other payable	0.65	2.24
Total	263.13	23.27

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

22 Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised share capital		
205,000,000 equity shares of ₹ 10 each (31 March 2021: 175,000,000 equity shares of ₹ 10 each)	2,050.00	1,750.00
Total authorised capital	2,050.00	1,750.00
Issued, subscribed and fully paid up share capital		
17,85,73,686 Equity shares of ₹ 10 each (31 March 2021: 165,240,353 equity shares of ₹ 10 each)	1,785.73	1,652.40
Total equity share capital	1,785.73	1,652.40

(i) Rights, preferences and restrictions attached to equity shares:

The Company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

(ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	16,52,40,353	1,652.40	15,13,29,020	1,513.29
Add: Issued during the year	1,33,33,333	133.33	1,33,33,333	133.33
Add: ESOP exercised during the year	-	-	5,78,000	5.78
Balance at the end of the year	17,85,73,686	1,785.73	16,52,40,353	1,652.40

(iii) Shares held by the holding company

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,680	100%	16,52,40,353	100%

(iv) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,680	100.00%	16,52,40,353	100.00%

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

22 Equity share capital (Contd..)

(v) Shares held by promoters as at 31 March 2022

Promoter name	No of shares	% of Total Shares	% Change during the period
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,680	100.00%	-

(v) Shares held by promoters as at 31 March 2021

Promoter name	No of shares	% of Total Shares	% Change during the period
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	16,52,40,353	100.00%	-

During the year ended 31 March 2020, the group exercised a buyback of 44,05,281 equity shares of ₹ 10 each including a premium of ₹ 59.54 per share. Also the company has not allotted shares by way of bonus during 5 years immediately preceding 31 March 2022.

23 Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Securities premium		
Opening balance	8,774.22	7,874.57
Add : Securities premium credited on share issue	866.67	882.85
Add : Transfer from ESOP reserve	-	16.80
Closing balance	9,640.89	8,774.22
Reserve fund u/s 45-IC of RBI Act 1934		
Opening balance	223.39	28.57
Add: Transfer from retained earnings	-	194.82
Closing balance	223.39	223.39
Employee stock options outstanding reserve		
Opening balance	-	7.39
Add: Stock option reserve created	-	9.41
Less: Transferred to securities premium	-	(16.80)
Closing balance	-	-
Other comprehensive income		
Opening balance	(1.03)	0.28
Add: Transfer from retained earnings	(4.30)	(1.31)
Closing balance	(5.33)	(1.03)
Retained earnings		
Opening balance	832.97	52.36
Add: Transferred from statement of profit and loss for the year	(673.38)	974.12
Less: Appropriations/transfers	-	-
Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	-	(194.82)
Transfer to other comprehensive income (net of deferred tax)	4.30	1.31
Closing Balance	163.89	832.97

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

23 Other equity (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
Capital Redemption Reserve		
Opening balance	44.05	44.05
Add: Created on buy back of equity shares	-	-
Closing balance	44.05	44.05
Total	10,066.89	9,873.60

Nature and purpose of reserves

Securities premium

The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Every year the Company transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

Other comprehensive income

Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses.

Employee stock options outstanding

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less any transfers to statutory reserve and dividend distributions paid to shareholders.

Capital Redemption Reserve

Capital Redemption Reserve has been created in accordance with Section 69 of the Companies Act, 2013, being the nominal value of the shares brought back by the Company during the year ended 31 March 2020.

24 Interest income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial assets measured at amortised cost		
Interest on loans	2,528.18	767.18
Interest on investments	185.08	874.91
Interest income - others	59.18	23.30
Sub-total	2,772.44	1,665.39

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

24 Interest income (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial assets measured classified at fair value through profit or loss		
Interest on investments	369.41	281.85
Sub-total	369.41	281.85
Total	3,141.85	1,947.24

Note : Loan origination income included in interest income is disclosed net of direct incremental costs of Rs.140.52 million for the year ended 31 March 2022 (PY: NIL) associated with origination of the underlying loans.

25 Fees and commission income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee received on collections	74.57	23.86
Total	74.57	23.86

26 Net gain on fair value changes

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
- Investments		
Debt securities	790.06	1,245.94
Mutual fund	35.82	155.16
Future trading	358.67	(172.74)
Interest rate swaps	1.47	-
(ii) on financial instruments designated at Fair value through Profit or loss		
Debt securities	-	22.63
Equity instruments	139.55	110.14
(B) Net gain on financial instruments at amortised cost		
Debt securities	-	6.19
Pass through certificate	29.20	19.52
Total	1,354.77	1,386.84
Fair value changes		
- Realised	1,471.81	1,064.97
- Unrealised	(117.04)	321.87
Total	1,354.77	1,386.84

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

27 Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Miscellaneous income	27.74	0.53
Total	27.74	0.53

28 Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	334.26	49.94
Interest on debt securities	447.10	44.37
Interest on subordinated liabilities	15.00	15.00
Interest on security deposits	-	0.21
Interest on lease liability (refer note 42)	7.00	0.39
Others	5.28	12.22
Total	808.64	122.13

29 Fees and commission expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee paid to business correspondents	17.89	31.66
Others	5.77	4.02
Total	23.66	35.68

30 Net gain/loss on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gain/(loss) on sale of loan portfolio	-1.64	8.89
Total	(1.64)	8.89

31 Impairment on financial instruments

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Portfolio loans written off	793.75	219.43
Impairment allowance on portfolio loans	615.16	947.57
Impairment allowance on investments	(8.51)	146.29
Total	1,400.40	1,313.29

During the year ended 31 March 2022, the Company has sold the digital loan portfolio sourced through business correspondents, which had an impairment allowance of ₹4.05 millions as on the date of transfer. The same has been considered for arriving at the net loss on derecognition of financial instruments under amortised cost category in Note no. 30.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

32 Employee benefits expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	398.95	142.15
Contribution to provident and other funds	10.63	4.39
Gratuity expense (refer note 39)	5.37	4.52
Compensated absences (refer note 39)	3.42	3.26
Employees Stock Option expenses	57.54	5.30
Staff welfare expenses	20.88	2.90
Total	496.79	162.52

33 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on tangible assets (refer note 12)	1.69	1.63
Amortisation on intangible assets (refer note 13)	0.05	0.08
Amortisation on Right of Use assets (refer note 42)	20.41	1.65
Total	22.15	3.36

34 Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Rent and electricity charges	23.96	1.44
Customer onboarding and verification	287.47	42.27
Business Support Services	31.38	-
Traveling and conveyance	2.48	5.37
Communication costs	1.62	0.41
Repairs and maintenance	6.68	0.39
Software support charges	406.50	123.20
Legal and professional charges	158.92	20.98
Auditors' remuneration*	6.08	1.91
Rates and taxes	7.91	10.28
Advertisement expenses	1,771.69	200.03
Director's sitting fees	5.01	3.83
Office and general expenses	8.76	3.06
Corporate social responsibility expenses (refer note 35)	9.16	2.75
Miscellaneous expenses	4.38	0.58
Total	2,732.00	416.50

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

34 Other expenses (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
*Auditor fees and expenses comprises of:		
As auditor:		
- Statutory audit fees	5.21	1.53
- Tax audit fees	0.22	0.22
- Out of pocket	-	-
In any other manner:		
- Certification	0.65	0.16

35 Corporate social responsibility expenses

(a) Gross amount required to be spent by the Company during the year ended 31 March 2022 is ₹ 9.16 millions

(b) Amount approved by the Board to be spent during the year is ₹ 9.16 millions

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
c) Amount spent		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above		
In cash	5.50	6.60
Yet to be paid	-	-
d) excess amount to be spent :		
Opening balance	3.85	-
Amount spent during the year	5.50	6.60
Amount required to be spent during the year	9.16	2.75
Amount utilised towards CSR obligation for the year ended 31 March 2022	9.35	-
Closing balance	0.19	3.85

36 Tax expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax	-	517.36
Deferred tax	(217.27)	(178.90)
Total	(217.27)	338.46

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

36 Tax expense (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(Loss)/Profit before tax (III - IV)	(886.35)	1,313.88
Income tax rate	25.17%	25.17%
Expected income tax expense	223.08	330.68
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		
Tax on expense not eligible for deduction	2.30	1.27
Impact of different tax rate on certain items	-	-
Others	3.51	6.52
Total income tax expense	217.27	338.46

37 Earnings per equity share (basic and diluted)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit/(Loss) for the year	(669.08)	975.42
Weighted-average number of equity shares for basic EPS (in millions)	169.70	152.21
Weighted-average number of potential equity shares for diluted EPS (in millions)	169.70	152.21
Earnings per share - Basic	(3.94)	6.41
Earnings per share - Diluted	(3.94)	6.41

38 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

Particulars	As at 31 March 2022	As at 31 March 2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	0.70	1.16
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan

(i) Defined Contribution Plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹ 10.60 millions (31 March 2021: ₹ 4.17 millions) for Provident Fund contributions and ₹0.03 millions (31 March 2021: ₹ 0.22 millions) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Schemes.

Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The liability of Gratuity is recognised on the basis of actuarial valuation.

The following tables summaries the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the gratuity plan.

(ii) Amount recognised in the statement of profit and loss in respect of the defined benefit plan are as follows :

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	4.34	1.98
Interest cost (net)	0.32	0.07
Actuarial loss/(gain) recognised during the year	(1.76)	(0.26)
Transfer out	0.71	2.47
Amount recognised in total comprehensive income	3.61	4.26

Amount recognised in the balance sheet is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
Defined benefit plans		
Gratuity	6.51	5.20

Gratuity

- (i) The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employee's last drawn basic salary per month computed proportionately for 15 days multiplied by the number of years of service.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan (Contd..)

(ii) Movement in the present value of defined benefit obligation recognised in the balance sheet

Description	31 March 2022	31 March 2021
Present value of defined benefit obligation as at the beginning of the year	5.20	1.07
Current service cost (Includes cost pertaining to transferred employees)	5.05	1.98
Interest cost	0.32	0.07
Transfer out	(0.71)	2.46
Benefits paid	(1.59)	(0.12)
Actuarial (gain)/loss	(1.76)	(0.26)
Present value of defined benefit obligation as at the end of the year	6.51	5.20

(iii) Movement in the plan assets recognised in the balance sheet

Description	31 March 2022	31 March 2021
Fair value of plan assets at the beginning of the year		
Expected return on plan assets	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the year	-	-

(iv) Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	31 March 2022	31 March 2021
Present value of funded obligation as at the end of the year	6.51	5.20
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	(6.51)	(5.20)

(v) Actuarial (gain)/loss recognised in other comprehensive income:

Description	31 March 2022	31 March 2021
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	(1.76)	(0.26)
Total Actuarial (gain) on liabilities	(1.76)	(0.26)
Total actuarial (gain)	(1.76)	(0.26)

(vi) Actuarial assumptions used for determination of the liability of the Company:

Description	31 March 2022	31 March 2021
Discount rate	7.55%	7.19%
Rate of increase in compensation levels	10.00%	6.00%
Rate of employee turnover	5.00%	5.00%
Retirement age	60	60

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan (Contd..)

Notes to actuarial assumptions:

- (a) Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.
- (b) These assumptions were developed by management with the assistance of independent actuarial appraisers. Discount factors are determined close to each year-end by reference to government bonds and that have terms to maturity approximating to the terms of the related obligation. Other assumptions are based on management's historical experience.
- (c) The discount rate is based on the prevailing market yield of Government of India bonds as at the balance sheet date for the estimated terms of obligations.
- (d) The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(vii) Sensitivity analysis for gratuity liability

Description	31 March 2022	31 March 2021
Impact of change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(0.98)	(0.66)
- Impact due to increase of -100 basis points	1.22	0.80
Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	0.95	0.74
- Impact due to increase of -100 basis points	(0.84)	(0.62)
Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(0.37)	(0.04)
- Impact due to increase of -100 basis points	0.42	0.03

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

(viii) Maturity profile of defined benefit obligation

Description	31 March 2022	31 March 2021
Within next 12 months	0.01	0.09
Between 1-5 years	6.50	5.11
Beyond 5 years	-	-

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan (Contd..)

(ix) Expected future payouts(Discounted)

Description	31 March 2022	31 March 2021
Year I	0.01	0.09
Year II	0.01	0.09
Year III	0.01	0.08
Year IV	0.01	0.08
Year V	0.01	0.07
Year 6-10	0.05	0.31
Above 10 years	6.41	4.48

Disclosure for Compensated absences

(i) Amount recognised in the balance sheet

Particulars	31 March 2022	31 March 2021
Defined benefit plans		
Compensated absences	14.10	6.31

(ii) Amount recognised in the statement of profit and loss

Description	31 March 2022	31 March 2021
Current service cost	1.70	0.76
Interest cost (net)	0.41	0.08
Transfer out	1.31	2.42
Actuarial loss/(gain) recognised during the year	7.51	2.01
Amount recognised in total comprehensive income	10.93	5.27

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

Description	31 March 2022	31 March 2021
Present value of defined benefit obligation as at the beginning of the year	6.31	1.19
Current service cost (Includes cost pertaining to transferred employees)	3.01	0.76
Interest cost	0.41	0.08
Benefits paid	(1.83)	(0.15)
Transfer out	(1.31)	2.42
Actuarial (gain)/loss	7.51	2.01
Present value of defined benefit obligation as at the end of the year	14.10	6.31

(iv) Movement in the plan assets recognised in the balance sheet

Description	31 March 2022	31 March 2021
Fair value of plan assets at the beginning of the year	-	-
Expected return on plan assets	-	-
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gain/(loss)	-	-
Fair value of plan assets at the end of the year	-	-

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan (Contd..)

(v) Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	31 March 2022	31 March 2021
Present value of funded obligation as at the end of the year	14.10	6.31
Fair value of plan assets as at the end of the year funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	(14.10)	(6.31)

(vi) Actuarial (gain)/loss recognised in other comprehensive income:

Description	31 March 2022	31 March 2021
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	-	-
Actuarial loss from experience adjustment	7.51	2.01
Total actuarial (gain) / loss on liabilities	7.51	2.01
Total actuarial (gain)/loss	7.51	2.01

(vii) Actuarial assumptions used for determination of the liability of the Company:

Description	31 March 2022	31 March 2021
Discount rate	7.55%	7.19%
Rate of increase in compensation levels	10.00%	6.00%
Rate of employee turnover	5.00%	5.00%
Retirement age	60	60

Notes to actuarial assumptions:

(viii) Sensitivity analysis for Leave Encashment

Description	31 March 2022	31 March 2021
Impact of change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(1.96)	0.74
- Impact due to increase of -100 basis points	2.46	0.91
Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	2.28	0.86
- Impact due to increase of -100 basis points	(1.86)	0.71
Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(0.54)	0.08
- Impact due to increase of -100 basis points	0.66	0.10

The above sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

39 Retirement benefit plan (Contd..)

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

(viii) Maturity profile of defined benefit obligation

Description	31 March 2022	31 March 2021
Within next 12 months	1.45	0.37
Beyond 1 yr	12.65	5.94

Plan characteristics and associated risks

1. Salary inflation risk

Higher than expected increases in salary will increase the defined benefit obligation

2. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligation depend upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service employees.

3. Actuarial risk

It is the risk that the benefits will cost more than expected. This can be due to one of the following reasons

- a) Adverse salary growth
- b) Variability in mortality rates
- c) Variability in withdrawal rates

4. Market risk

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

5. Legislative/Regulatory risk

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

6. Liquidity risk

The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

40 Related parties disclosures

Names of related parties

Nature of relationship	Name of the related party
Holding Company	Navi Technologies Limited (NTL) (formerly known as Navi Technologies Private Limited)
Subsidiary Company	Chaitanya India Fin Credit Private Limited (CIFCPL)
Entities in which Directors are able to exercise control or have significant influence	Navi AMC Limited
	Navi General Insurance Limited
	Flipkart Online Services Private Limited
Name of key managerial personnel	Designation
Mr. Sachin Bansal	Executive Chairman and Chief Executive Officer (appointed w.e.f 11 February 2022)
Mr. Ankit Agarwal	Managing Director (appointed w.e.f 11 February 2022)
Mr. Samit S Shetty	Non- Executive Director (resigned w.e.f 30 August 2021)
Ms. Riya Bhattacharya	CEO (resigned w.e.f. 11 February 2022)
Mr. Divyesh Jain	CFO (appointed w.e.f 12 November 2021)
Mr. L N Gurumoorthy	CFO (resigned w.e.f 12 November 2021)
Mr. Puneet Bhatia	Company Secretary (w.e.f 30 March 2022)
Ms. Dimple J Shah	Company Secretary (resigned w.e.f 7 January 2022)
Name of Directors	Designation
Usha A Narayanan	Independent Director
Arindam Haraprasad Ghosh	Independent Director
Ranganathan Sridharan	Independent Director

Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
Navi Technologies Limited	Redemption of Non convertible debentures	7,520.00	10,716.14
(formerly known as Navi Technologies Private Limited)	Face value of equity shares allotted	133.33	133.33
	Securities premium received on allotment of shares	866.67	866.67
	Software support charges	406.17	120.05
	Loan sourcing fee	607.04	-
	Payment of LPF collected on behalf of group company	-	84.20
	Platform management fee	-	0.38
	Digital marketing expense	-	16.90
	Professional fees	-	2.47
	Outsourcing services fees	31.38	-
	Sale of fixed assets	-	1.40
	Purchase of debentures	-	999.09

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

40 Related parties disclosures (Contd..)

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
	Sale of investment in debenture	996.94	-
	Lease rental	21.36	1.18
	Maintenance charges	1.03	-
	Insurance cross charge by NTL	0.90	-
	Advertisement expenses cross charge to NTL	99.81	-
	Security deposit paid	17.40	-
	Employee cost (net) cross charged by NTL for transferred employees	21.69	-
	ESOP funding scheme	11.48	-
	ESOP expense	57.54	5.30
Navi General Insurance Limited	Advance money paid for customer insurance policies	44.54	5.60
	Premium for issuance of customer insurance policies	43.93	5.28
	Advertisement expenses cross charged to Navi GI	21.29	-
	Employee cost cross charged to Navi GI for transferred employees	4.31	-
Navi AMC Limited	Advertisement expenses cross charged to Navi AMC	14.46	-
Navi Mutual Fund Limited	Purchase of Mutual funds	879.96	-
	Sale of Mutual funds	769.30	-
Mr. Samit Shankar Shetty	Remuneration	-	6.39
Ms. Riya Bhattacharya	Remuneration	15.40	1.60
Mr. Divyesh Jain	Remuneration	4.04	-
Mr. L N Gurumoorthy	Remuneration	7.05	0.25
Mr. Puneet Bhatia	Remuneration	0.23	-
Ms. Dimple J Shah	Remuneration	1.21	0.16
Mr. K Subramanyam Ravi	Sitting fees	-	0.68
Mr. R Sridharan	Sitting fees	2.62	1.42
Mr. Rachamadugu Nandakumar	Sitting fees	-	0.68
Ms. Usha A Narayanan	Sitting fees	2.40	1.06
Chaitanya India Fin Credit Private Limited	Investment in equity shares	-	1,140.00
	Purchase consideration for buyout of loan portfolio	1,674.13	1,883.64
	Consideration received on sale of portfolio	-	77.03
	Service fee paid	-	23.27
	Sale of fixed assets	-	0.34
	Inter Corporate loan given	550.00	100.00
	Inter Corporate loan repaid	550.00	100.00
	Sale of investment in Non convertible debenture	-	150.48

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

40 Related parties disclosures (Contd..)

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
	Sale of investment in pass through certificates	67.69	-
	Interest received on Non convertible debenture	-	16.34
	Interest received on inter company loan	0.35	0.66
	Interest received on compulsorily convertible debentures	-	14.09

* Includes GST paid on expenses to the extent ITC has not been claimed

Outstanding balances with related parties:

Name of related party	Nature of balance	As at 31 March 2022	As at 31 March 2021
Chaitanya India Fin Credit Private Limited	Outstanding (payable)/receivable - net	-1.63	5.38
	Outstanding Receivable -financial activity	167.81	219.02
	Investment in CIFCPL	3,261.40	3,261.40
Navi Mutual Fund Limited	Mutual fund holdings	231.41	-
Navi General Insurance Limited	Outstanding receivable	1.41	-
	CD balance	1.58	0.32
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Outstanding (payable)- net	(610.24)	(35.76)
	Non-convertible debentures	(6,500.56)	(14,020.56)
	Provision for employee benefits (ESOP expense)	(18.95)	(5.30)

41 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	3,744.88	-	3,744.88	1,030.00	-	1,030.00
Bank balances other than cash and cash equivalents	992.67	130.81	1,123.48	637.56	-	637.56
Loans	15,994.12	11,920.29	27,914.41	4,037.33	1,256.16	5,293.49
Investment	3,250.75	3,371.55	6,622.30	21,272.60	4,377.92	25,650.52
Other financial assets	1,135.15	32.20	1,167.35	283.71	0.29	284.00

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

41 Maturity analysis of assets and liabilities (Contd..)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Non-financial assets						
Current tax assets (net)	-	161.54	161.54	14.04	-	14.04
Deferred tax asset (net)	-	470.24	470.24	-	251.52	251.52
Property, plant and equipment	-	4.99	4.99	-	3.74	3.74
Right to use asset	-	122.46	122.46	-	14.97	14.97
Other intangible assets	-	0.03	0.03	-	0.08	0.08
Other non-financial assets	69.56	2.06	71.62	28.67	2.18	30.85
Total	25,187.13	16,216.17	41,403.30	27,303.91	5,906.86	33,210.77
Liabilities						
Financial liabilities						
Other payables						
(i) total outstanding dues of micro enterprises and small enterprises	0.70	-	0.70	1.16	-	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6.24	-	6.24	77.96	-	77.96
Debt securities	10,058.54	9,578.03	19,636.57	14,020.56	2,697.52	16,718.08
Borrowings (other than debt securities)	5,237.49	2,906.23	8,143.72	3,694.30	320.27	4,014.57
Subordinated liabilities	-	99.47	99.47	-	99.34	99.34
Other financial liabilities	1,354.32	-	1,354.32	723.26	-	723.26
Non financial liabilities						
Provisions	7.49	39.04	46.53	7.95	19.18	27.13
Other non financial liabilities	263.13	-	263.13	23.27	-	23.27
Total	16,927.91	12,622.77	29,550.68	18,548.46	3,136.31	21,684.77
Net	8,259.22	3,593.40	11,852.62	8,755.45	2,770.55	11,526.00

42 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
a. In respect of Income tax demands where the Company has filed appeal before the relevant authority.	57.18	11.00
b. In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	-	3.06
Total	57.18	14.06

- i) Future cash outflows in respect of above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

42 Contingent liabilities, commitments and leasing arrangements (Contd..)

(B) Commitments not provided for

Particulars	As at 31 March 2022	As at 31 March 2021
Housing loans sanctioned pending disbursement	122.60	-

(C) Usage of funds borrowed from Banks and Financial Institutions

The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

(D) Lease disclosures

Particulars	As at 31 March 2022	As at 31 March 2021
Opening lease liabilities	15.13	0.36
Addition to lease liabilities during the year	127.90	16.31
Interest expense on Lease liabilities	7.00	0.39
Cash outflow for leases	(16.79)	(1.93)
Closing lease liabilities	133.24	15.13

Particulars	As at 31 March 2022	As at 31 March 2021
Opening value of right of use assets	14.97	0.31
Addition to lease assets during the year	127.90	16.31
Less: Depreciation charge for the year	(20.41)	(1.65)
Closing lease Assets	122.46	14.97

Amounts recognised in statement of profit or loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation charge on right of use assets	20.41	1.65
Interest on lease liabilities	7.00	0.39
Total	27.41	2.04

Amounts recognised in statement of cash flow

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Amortisation on right of use assets	20.41	1.66
Interest paid on lease liabilities	7.00	0.39
Payment towards lease liabilities	(16.79)	(1.93)
Total	10.62	0.12

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

42 Contingent liabilities, commitments and leasing arrangements (Contd..)

Maturity analysis of lease liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Within one year	29.77	3.79
After one year but not more than five years	103.47	11.34
More than five years	-	-
Total	133.24	15.13

Particulars	As at 31 March 2022	As at 31 March 2021
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	10	4
Range of remaining term	21-58 Months	33-44 Months
Average remaining lease term	34 months	36 months
Future cash flows to which lessee is potentially exposed to		
Variable lease payments	-	-
Extension and termination options	-	-
Residual value guarantees	-	-
Leases not yet commenced to which the lessee is committed	-	-
Total	-	-
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None

43 Share based payments

ESOP Plan 2019

Under the Employee Share-option Plan (ESOP), introduced on 17 October 2019 by Navi Technologies Limited (herein referred to as the "Holding Company"), at its discretion, may grant share options of the Holding Company to any of the employees including employees of its wholly owned subsidiaries.

The Holding Company introduced the Plan for the benefit of the employees of all companies under the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Board/Compensation Committee at its sole discretion.

Under the plan, participants have been granted options which will vest as follows:

Scheme	Vesting Conditions	Exercise Period	Exercise Price / Ratio	Other conditions
Employee Share-option Plan (ESOP), 2019	Vested in a graded manner over a period of 4 years.	Employees must remain in service for a period of 3 years from the date of grant.	₹ 100/-Options : Shares = 1:1	Options are exercisable in one or more tranches within a period of 10 years from the date of vesting, failing which the options shall lapse.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

43 Share based payments (Contd..)

Details of ESOP plan

Pursuant to the plan, the Holding Company has granted 7,93,270 to the employees of the Company during the year ended 31 March 2022. Outstanding options as on 31 March 2022 are 10,56,537. The Stock compensation cost is computed under the fair value method and has been recognised on a straight line basis over the vesting period up to 31 March 2022.

For the year ended 31 March 2022 the Company has recorded stock compensation expenses of ₹ 57.54 millions (31 March 2021 ₹ 5.30 millions) which has been transferred by Holding Company.

Particulars	No. of options 31 March 2022	No. of options 31 March 2021
Options outstanding at the beginning	7,44,029	-
Granted during the year	7,93,270	7,44,029
Lapsed during the year	(61,058)	-
Transfer (to)/in during the year ended (net)	(4,19,704)	-
Options outstanding at the end	10,56,537	7,44,029

The fair value of share options granted is estimated at the date of grant using a Black Scholes Merton model, taking into account the terms and conditions upon which the share options were granted.

The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. The contractual term of the share options is ten years and there are no cash settlement alternatives for the employees. The holding Company does not have a practice of cash settlement for these awards.

Particulars	1 October 2021 - 31 March 2022	1 April 2021 - 30 September 2021	31 March 2021
Fair value of the equity share as on grant date	₹ 382.00	₹ 143.40	₹ 143.40
Weighted average fair values at the measurement date	5.00	7.50	7.50
Expected volatility (%)	29.6%	27.6%	27.5%
Dividend yield (%)	0.0%	0.0%	0.0%
Risk-free interest rate (%)	5.9%	6.6%	6.3%
Weighted average share price (INR)	₹ 100	₹ 100	₹ 100
Model used	Black Scholes Merton	Black Scholes Merton	Black Scholes Merton

Expected volatility during the expected life of the option can be estimated using historical volatility of the underlying asset observed during the year equivalent to the expected life of the option.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

44 Fair value measurement

44.1 Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Financial assets measured at fair value			
Investments	8	2,631.24	17,601.53
Financial assets measured at amortised cost			
Cash and cash equivalents	5	3,744.88	1,030.00
Bank balance other than cash and cash equivalents	6	1,123.48	637.56
Loans	7	27,914.41	5,293.49
Investments	8	3,991.06	8,048.99
Other financial assets	9	1,167.35	284.00
Total		40,572.42	32,895.57

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Financial liabilities measured at amortised cost			
Other payables	15	6.94	79.12
Debt securities	16	19,636.57	16,718.07
Borrowings (other than debt securities)	17	8,143.72	4,014.58
Subordinated liabilities	18	99.47	99.34
Other financial liabilities	19	1,354.32	663.02
Total		29,241.01	21,574.13

44.2 Fair value hierarchy of assets and liabilities

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation sale. Methods and assumptions used to estimate the fair values are consistent in all the years. Fair value of financial instruments referred to in note above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	As at 31 March 2022	As at 31 March 2021
Level 1 (Quoted prices in active market)		
Financial assets measured at FVTPL		
Investments in bonds and debentures	2,293.22	16,845.30
Investments in mutual funds	338.02	692.73
Investment in Futures	-	63.50
Total	2,631.24	17,601.53

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

44 Fair value measurement (Contd..)

44.3 Fair value of financial instruments measured at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments measured at amortised cost.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	3,744.88	3,744.88	1,030.00	1,030.00
Bank balance other than cash and cash equivalents	1,123.48	1,123.48	637.56	637.56
Loans	27,914.41	27,914.41	5,293.49	5,293.49
Investments	3,991.06	3,991.06	8,048.99	8,048.99
Other financial assets	1,167.35	1,167.35	284.00	284.00
Total financial assets	37,941.18	37,941.18	15,294.04	15,294.04
Financial liabilities:				
Other Payables	6.94	6.94	79.12	79.12
Debt securities	19,636.57	19,636.57	16,718.08	16,718.08
Borrowings (other than debt securities)	8,143.72	8,143.72	4,014.57	4,014.57
Subordinated liabilities	99.47	99.47	99.34	99.34
Other financial liabilities	1,354.32	1,354.32	663.02	663.02
Total financial liabilities	29,241.01	29,241.01	21,574.12	21,574.12

44.4 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management

The Company is a Systemically Important-Non Deposit Taking-Non-Banking Financial Company (NBFC-ND-SI) registered with the Reserve Bank of India. On account of its business activities it is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Company has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Company's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Company, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Company's risk management objectives and policies needs prior approval of its Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, Group guarantee (joint liability Group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required)
Market risk - interest rate	Investments, borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of fair valuation of investments and review of cost of funds and pricing of disbursements.
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments

The Company has a risk management policy which covers all the risk associated with its assets and liabilities. The Company has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company's treasury is responsible for managing its assets and liabilities, liquidity position, and the overall financial structure. It is also primarily responsible for the funding and interest rate risks of the Company.

45.1 Credit risk

A. Investments

This risk is common to all investors who invest in bonds and debt instruments and it refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both. Similarly, a lender bears the risk that the borrower may default in the payment of contractual interest or principal on its debt obligations, or both. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

B. Loans

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's substantial income is generated from lending to retail customers and therefore credit risk is the principal risk associated with the business.

The credit risk management policy of the Company seeks to have following controls and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

45.1.1 Risk identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of target market for undertaking lending activity (negative villages, migrant occupations, negative communities, etc.)
- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, determine validity of legal property documents)
- Security gaps or temporary technical glitches in the loan origination application of the company leading to loans being sanctioned to ineligible individuals
- Undue influence of Animator/Representative on customers (political influence / middlemen influencing decisions of customers)
- Over-borrowing by customers
- Upper cap on loan ticket size
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc.

Credit risk in investments may originate in one or multiple of following ways mentioned below:

- Adverse economic environment / regulatory changes impacting the credit / liquidity profile of underlying issuers
- Financial stress due to internal factors (such as over-leveraging by underlying issuers) resulting in lower demand for the security in the secondary market or leading to an impact on the issuer's ability to service debt obligations
- Any financial stress in the group entities of the underlying issuer impacting its refinancing ability
- Deterioration in the value of underlying collateral
- Aggressive growth / policies affecting the asset quality and in turn profitability and refinancing options
- Material frauds by promoters / key management personnel / employees
- Breach of any covenants triggering cross-default / liquidity shocks

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

45.1.2 Risk assessment and measurement

The Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk

The Company provides for expected credit loss based on the following:

Risk	Exposure arising from	Risk management
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Loans and investments	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans and investments	Life time expected credit loss or fully provided for

45.1.3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Company.

Investments - Risk concentration is minimized by investing in highly rated, investment grade bonds and debt instruments which have a very low risk of default. The Company lends to borrowers with a good credit score and generally most of the lending is secured against assets pledged by the borrower in favour of the Company. These investments are reviewed by the Board of Directors on a regular basis.

Loans - Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Company regularly monitors borrower repayments and borrowers are accordingly categorized in low risk and high risk.

The performance indicators are continuously generated through monitoring alerts in the loan origination flow and post disbursement flow to highlight areas requiring attention and action. Monitoring includes diagnostic studies of problem areas in collections performance and proactively taking actions.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
 - a. Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans with staging more than 90 Days past due);
 - b. Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
 - c. Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

45.1.4 Risk mitigation

Risk mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

Investments

With respect to investments, the Company maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities.

Loans

The Company has created mechanisms for underwriting credit and risk policy for digital personal loans and housing loans. The following risk mitigation measures has been suggested at each stage of loan life cycle:

- Loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data, regular updates to loan origination application based on security gaps and technical glitches identified etc
- Loan underwriting - Risk rating, credit assessment, independent assessment of legal validity and value of property by experts etc.
- Loan pre and post disbursement - disbursement in the bank account only, loan utilisation checks
- Loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Appropriate policy-driven loan origination and collection process.

It is the Company's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Company is exposed to and that they decide to take on. Continuous training and development emphasises that employees are made aware of the Company's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Company's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

45.1.5 Impairment assessment

Investments

The Company has commenced the treasury operations in investments in the year ended 31 March 2020 and all investments carried at amortised cost are categorised under respective stages. The Company has assessed the impairment allowance on the basis of $EAD \times PD \times LGD$. The default rates for these investments are considered based on external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The Company is engaged in the business of providing loans and access to credit to the customers. The tenure of which is ranging from 3 month to 36 months for its personal loan product and 5 years to 25 years for its housing loan product.

The Company's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies Note 4.8.1 (Overview of the Expected Credit Loss).

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments except in case of Investments where above 60 days past due is considered as credit impaired.

As a part of a qualitative assessment of whether a customer is in default, the Company also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Company carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Company's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the entire arrears of interest and principal has been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Company's internal credit rating grades and staging criteria for loans are as follows:

Internal rating grade	Internal rating description	Stages
Performing		
Standard grade - no overdue	No over due	Stage I
Standard grade - past due	DPD 1 to 30	Stage I
	DPD 31 to 60	Stage II
	DPD 61 to 89	Stage II
Non-performing		
Sub-standard grade	DPD => 90	Stage III

Frequency of recognition

Riskiness of a financial asset is recognized in the following frequency: -

- At the time of initial recognition all financial assets are recognized as low credit risk.
- Assets are evaluated on a daily basis till the time it is fully repaid and closed; they are evaluated basis their days past due (DPD) status at every day-end, and risk classification is made accordingly.
- An asset may be re-recognized if there is adverse field information regarding client default.

Forward looking approach

ECL is based on history of financial asset and also includes forward-looking statement. Ind-AS does not mandate to forecast about the future conditions over the entire expected life of a financial asset, and ensures to extrapolate projection from available, detailed information. These includes : -

- Internal historical credit loss experience
- Industry trend of credit loss of homogeneous assets
- Historical credit loss experience of other similar assets to homogeneous set of customers
- Changes in underwriting capacity, collection efficiency, and management strength
- Macroeconomic factors such as interest rates, industry policies, GDP growth, inflation, etc.
- Regulatory factors such as systemic risk events, policy changes, and statutory guidelines

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

- Systemic events such as COVID-19 pandemic, demonetization, Andhra Pradesh crisis, etc and special situations such as floods, cyclone, earthquake, etc.

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner. The Company calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Company in accordance with the contract and the cash flows that the Company expects to receive.

$$\text{ECL} = \text{PD} * \text{LGD} * \text{EAD}$$

Each item is defined as follows: -

ECL - Expected credit loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon.

PD - Probability of default

The Probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

i) Expected credit losses for financial assets other than loans

As at 31 March 2022	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	3,744.88	-	3,744.88
Bank balance other than cash and cash equivalents	1,123.48	-	1,123.48
Investments	6,786.48	164.18	6,622.30
Other financial assets	1,167.35	-	1,167.35
As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,030.00	-	1,030.00
Bank balance other than cash and cash equivalents	637.56	-	637.56
Investments	25,823.21	172.69	25,650.52
Other financial assets	284.00	-	284.00

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

Credit quality of assets

(a) Loans

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at 31 March 2022				As at 31 March 2021			
	Carrying value	Fair value	Fair value	Fair value	Carrying value	Fair value	Fair value	Fair value
Internal rating grade								
Performing								
Standard grade- No Over Due	28,781.06	-	-	28,781.06	5,461.76	-	-	5,461.76
Standard grade- DPD 1 to 30	216.34	-	-	216.34	212.79	-	-	212.79
Standard grade- DPD 31 to 60	-	185.26	-	185.26	-	147.56	-	147.56
Standard grade- DPD 61 to 89	-	51.95	-	51.95	-	159.26	-	159.26
Non- performing								
Sub-standard grade- DPD > 89	-	-	258.05	258.05	-	-	279.26	279.26
Total	28,997.40	237.21	258.05	29,492.66	5,674.55	306.82	279.26	6,260.63

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to portfolio loans is, as follows:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	5,674.55	306.82	279.26	6,260.63	1,068.80	30.06	57.99	1,156.85
New assets originated	28,219.98	160.67	109.78	28,490.43	5,664.25	306.72	244.69	6,215.66
Movement between stages								
Transferring from Stage 1	(413.94)	166.54	247.40	-	(16.16)	0.99	15.17	-
Transferring from Stage 2	6.59	(20.08)	13.49	-	0.74	(3.93)	3.19	-
Transferring from Stage 3	1.70	0.56	(2.26)	-	0.07	-	(0.07)	-
Assets repaid, derecognized and written off	(4,491.48)	(377.30)	(389.62)	(5,258.40)	(1,043.15)	(27.02)	(41.71)	(1,111.88)
Gross carrying amount -closing balance	28,997.40	237.21	258.05	29,492.66	5,674.55	306.82	279.26	6,260.63

Note : New assets originated is presented net of collections made.

Reconciliation of ECL balance on loans is given below:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	522.00	189.62	255.52	967.14	42.23	1.53	23.68	67.44
New assets originated	1,142.13	108.57	105.33	1,356.03	521.72	189.55	234.34	945.61

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Movement between stages								
Transfers to Stage 1	(45.75)	17.35	28.40	-	(0.21)	0.03	0.18	-
Transfers to Stage 2	4.01	(12.51)	8.50	-	0.03	(0.16)	0.12	-
Transfers to Stage 3	1.66	0.55	(2.21)	-	0.01	-	(0.01)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(449.75)	(146.43)	(148.74)	(744.92)	(41.78)	(1.33)	(2.80)	(45.91)
Impairment allowance - closing balance	1,174.30	157.15	246.80	1,578.25	522.00	189.62	255.52	967.14

Note - New assets originated is presented net of collections made.

(b) Investments

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- DPD 0 to 30	238.03	-	-	238.03	2,113.19	-	-	2,113.19
Standard grade- DPD 31 to 60	-	-	-	-	-	-	-	-
Non-performing								
Standard grade- DPD >61	-	-	164.15	164.15	-	-	227.44	227.44
	238.03	-	164.15	402.18	2,113.19	-	227.44	2,340.63

Note: Includes only Investments in unquoted bonds and debentures and pass through certificates.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to investments is, as follows:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	2,113.19	-	227.44	2,340.63	13,374.47	-	-	13,374.47
New assets originated *	-	-	-	-	50.00	-	-	50.00
Movement between stages								
Transferring from Stage 1	-	-	-	-	(299.99)	-	299.99	-
Transferring from Stage 2	-	-	-	-	-	-	-	-
Transferring from Stage 3	-	-	-	-	-	-	-	-
Assets repaid, derecognized and written off	(1,875.16)	-	(63.29)	(1,938.45)	(11,011.28)	-	(72.55)	(11,083.84)
Gross carrying amount-closing balance	238.03	-	164.15	402.18	2,113.19	-	227.44	2,340.63

Note: New assets originated is presented net of repayments made.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

Reconciliation of ECL balance on investments is given below:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	2.11	-	170.58	172.69	26.40	-	-	26.40
New assets originated	-	-	-	-	1.73	-	-	1.73
Movement between stages								
Transfers to Stage 1	-	-	-	-	(0.39)	-	0.39	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(2.08)	-	(6.43)	(8.51)	(25.64)	-	170.19	144.56
Impairment allowance - closing balance	0.03	-	164.15	164.18	2.11	-	170.58	172.69

Note: New assets originated is presented net of repayments made.

45.2 Liquidity risk and funding management

In assessing the Company's liquidity position, consideration shall be given to: (a) present and anticipated asset quality (b) present and future earnings capacity (c) historical funding requirements (d) current liquidity position (e) anticipated future funding needs, and (f) sources of funds. The Company maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities. The Company is currently having a mix of both short-term and long-term investments. The Company maintains a portfolio of other marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Company also enters into direct assignment transactions of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Company. Net liquid assets consist of cash, short-term bank deposits and investments in mutual funds and other investments in securities which are categorised as "held for sale" and are available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

45.2.1. Analysis of financial assets and liabilities by remaining contractual maturities

The tables below analyse the Company's financial assets and liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed in the table are the contractual cash flows:

Maturity pattern of assets and liabilities as on 31 March 2022:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	3,744.88	-	-	-	3,744.88
Bank balance other than cash and cash equivalents	992.67	130.81	-	-	1,123.48
Loans	15,994.12	8,263.17	1,170.85	2,486.27	27,914.41

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Investments	3,250.75	110.15	-	3,261.40	6,622.30
Other financial assets	1,135.15	1.27	28.47	2.46	1,167.35
Total financial assets	25,117.57	8,505.40	1,199.32	5,750.13	40,572.42
Financial liabilities					
Other payables	6.94	-	-	-	6.94
Debt securities	10,058.54	9,278.63	299.40	-	19,636.57
Borrowings	5,237.49	2,753.29	152.94	-	8,143.72
Subordinated liabilities	-	99.47	-	-	99.47
Other financial liabilities	1,354.32	-	-	-	1,354.32
Total financial liabilities	16,657.29	12,131.39	452.34	-	29,241.01
Net undiscounted financial assets/(liabilities)	8,460.28	(3,625.99)	746.98	5,750.13	11,331.41

Maturity pattern of assets and liabilities as on 31 March 2021:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	1,030.00	-	-	-	1,030.00
Bank balance other than cash and cash equivalents	637.56	-	-	-	637.56
Loans	4,037.32	1,209.27	21.58	25.32	5,293.49
Investments	21,272.60	832.13	283.18	3,262.61	25,650.52
Other financial assets	283.71	0.29	-	-	284.00
Total financial assets	27,261.19	2,041.69	304.76	3,287.93	32,895.57
Financial liabilities					
Other payables	79.12	-	-	-	79.12
Debt securities	14,020.56	2,697.52	-	-	16,718.08
Borrowings	3,694.30	317.64	2.63	-	4,014.57
Subordinated liabilities	-	-	99.34	-	99.34
Other financial liabilities	723.26	-	-	-	723.26
Total financial liabilities	18,517.25	3,015.16	101.97	-	21,634.37
Net undiscounted financial assets/(liabilities)	8,743.94	(973.47)	202.79	3,287.93	11,261.19

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

45.2.2 Systemic risk

Systemic risk refers to the risk of a breakdown of an entire system rather than simply the failure of individual parts. In a financial context, it denotes the risk of a cascading failure in the financial sector, caused by linkages within the financial system, resulting in a severe economic downturn.

The outbreak of the COVID-19 had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures there was an improvement in economic activity in the second half of fiscal 2021. Since then, India has experienced two waves of the COVID-19 pandemic following the discovery of mutant coronavirus variants, leading to the re-imposition of regional lockdowns measures in some parts of the country.

While the number of COVID-19 cases have reduced significantly and the Government of India has withdrawn most of the COVID-19 related restrictions, the Company continues to closely monitor any anticipated material changes to future economic conditions. During the current year ended 31 March 2022, there has been a significant increase in the portfolio size of digital loans and housing loans, owing to increased disbursements. Also, the Company has witnessed improved collection efficiencies during the year on their digital lending portfolio.

45.3 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. It is a form of systematic risk associated with the day-to-day fluctuation in the market prices of shares and securities and such market risk affects all securities and investors in the same manner. These daily price fluctuations follows its own broad trends and cycles and are more news and transaction driven rather than fundamentals and many a times, it may affect the returns from an investment. Market risks majorly comprises of two types - interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risks include borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is a type of systematic risk that particularly affects fixed rate debt instruments like bonds and debentures. The value of the fixed-rate debt instruments generally decline due to rise in interest rates and vice versa. The rationale is that a bond is a promise of a future stream of payments; an investor will offer less for a bond that pays-out at a rate lower than the rates offered in the current market. A rising interest rate scenario also affects the Company's interest expenditure on borrowed funds.

The Company monitors the interest rate scenarios on a regular basis and accordingly takes investments decisions as whether to invest in fixed rate debt instruments, shares and securities at a particular point of time. Further, the Company's borrowings carry a fixed rate of interest and the Company is in a position to pass on the rise in interest rates to its borrowers.

The Company's investments in debt instruments and pass through certificates are all fixed interest bearing instruments. Refer the price sensitivity analysis given below.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact of rate change in borrowings, as follows:

Particulars	Effect on Statement of Profit and loss for the year ended 31 March 2022	Effect on Statement of Profit and loss for the year ended 31 March 2021
0.50% increase	106.90	34.06
0.50% decrease	(106.90)	(34.06)

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

45 Risk management (Contd..)

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds etc. The Company is exposed to price risk arising mainly from investments carried at fair value through profit and loss which are valued using quoted prices in active markets (level 1 investments). A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

Particulars	As at 31 March 2022	As at 31 March 2021
Investments carried at FVTPL valued using quoted prices in active market	2,631.24	17,601.53

Particulars	Effect on Statement of profit and loss for the year ended 31 March 2022	Effect on Statement of profit and loss for the year ended 31 March 2021
1% increase	26.31	176.02
1% decrease	(26.31)	(176.02)

46 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company. The Company is in a single business segment (primary segment) of giving loans and making investments. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

47 Transferred financial assets that are not derecognised in their entirety

There are no transferred financial assets that are not derecognized in its entirety for the year ended 31 March 2022 and year ended 31 March 2021.

48 Expenditure in foreign currency

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Advertisement expenses	6.98	2.31
Travel expenses reimbursement	-	-

49 Trade payables aging schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	0.70	-	-	-	0.70
Others	6.24	-	-	-	6.24

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

49 Trade payables aging schedule (Contd..)

Particulars	Outstanding for following periods from due date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1.16	-	-	-	1.16
Others	77.96	-	-	-	77.96

50 Disclosure on ratios

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR (%)	30.73%	38.04%
CRAR – Tier I capital (%)	29.73%	36.56%
CRAR – Tier II capital (%)	1.00%	1.48%

51 The Company has filed quarterly statements of current assets with banks and financial institutions and the same are in agreement with the books of accounts.

52 The Company has filed all the registration of charges with ROC within the statutory period.

53 Investments

Particulars	As at 31 March 2022	As at 31 March 2021
(1) Value of investments		
(i) Gross value of investments	6,786.48	25,823.21
(a) In India	6,786.48	25,823.21
(b) Outside India	-	-
(ii) Impairment provisions on investments	(164.18)	(172.69)
(a) In India	(164.18)	(172.69)
(b) Outside India	-	-
(iii) Net value of investments	6,622.30	25,650.52
(a) In India	6,622.30	25,650.52
(b) Outside India	-	-
(2) Movement of impairment provisions on investments		
(i) Opening balance	172.69	26.40
(ii) Add : Provisions made during the year	(6.43)	171.92
(iii) Less : Write-off/write-back of excess provisions during the year	(2.08)	(25.64)
(iv) Closing balance	164.18	172.69

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

54 Derivatives

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2022	As at 31 March 2021
i) Notional principal amount of exchange traded IR derivatives undertaken during the year		
Scrip names		
a) 645GS2029	-	24,397.77
b) 726GS2029	-	-
c) 577GS2030	2,768.84	18,900.38
d) 579GS2030	-	1,618.88
e) 585GS2030	5,739.40	7,551.26
f) 610GS2031	19,396.51	-
ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31 March 2022 and 31 March 2021		
Scrip names		
a) Scrip no. 577GS2030	-	823.72
b) Scrip no. 585GS2030	-	97.45
b) Scrip no. 610GS2031	38.99	-

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2022	As at 31 March 2021
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	NA	NA
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	NA	NA

55 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006

55.1 Details of financial assets sold to securitisation

S. No.	Particulars	As at 31 March 2022	As at 31 March 2021
	No. of accounts	72,069	-
i)	Aggregate value (net of provision) of accounts sold	1,844.76	-
ii)	Aggregate Consideration	1,844.76	-
iii)	Additional Consideration (net of expenses) realized in respect of accounts transferred in earlier years	-	-
iv)	Aggregate gain/loss over net book value	-	-

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

55 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006 (Contd..)

55.2 Disclosure relating to securitisation

The information on securitisation of the Company as an originator in respect of outstanding amount of securitised assets is given below:

S. No.	Particulars	As at 31 March 2022	As at 31 March 2021
i)	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	4	-
ii)	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	1,844.76	-
iii)	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ration (MRR) as on the date of balance sheet	-	-
a	Off-Balance Sheet exposures	-	-
	First loss	-	-
	Others	-	-
b	On-Balance Sheet exposures	-	-
	First loss(cash collateral)	211.11	-
	Others(MRR)	215.14	-
iv)	Amount of exposures to securitisation transactions other than MRR		
a	Off-Balance Sheet exposures	-	-
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-
b	On-Balance Sheet exposures		
i)	Exposure to own securitisations		
	First loss	-	-
	Others	-	-
ii)	Exposure to third party securitisations		
	First loss	-	-
	Others	-	-

55.2 Details of financial assets sold to securitisation/reconstruction company for asset reconstruction:

The Company has not sold any financial assets to Securitisation/Reconstruction company for asset reconstruction during the year ended 31 March 2022 and 31 March 2021.

55.3 Detail of assignment transactions:-

Particulars	As at 31 March 2022	As at 31 March 2021
No. of accounts	-	-
Aggregate Value (net of provisions) of accounts sold	-	-
Aggregate consideration	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-
Aggregate gain/loss over net book value	-	-

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

55 Disclosure as per RBI circular no.DBOD.No.BP.BC.60/21.04.048/200506 dated February 1, 2006 (Contd..)

55.4 Details of non-performing financial assets sold

Particulars	As at 31 March 2022	As at 31 March 2021
No. of accounts	-	2,320
Aggregate Value (net of provisions) of accounts sold	-	53.94
Aggregate consideration	-	55.76
Aggregate gain/loss over net book value	-	1.81

The Company has not purchased non-performing financial assets during the year ended 31 March 2022 and 31 March 2021.

56 Asset Liability Management Maturity pattern of certain items of assets and liabilities:-

As at 31 March 2022

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 months	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Liabilities											
Borrowings	143.36	12.66	340.35	1,942.91	8,503.25	1,890.10	2,463.40	12,131.39	452.34	-	27,879.76
Assets											
Loans	473.45	174.21	848.70	1,781.50	2,011.47	4,529.89	6,174.90	8,263.17	1,170.85	2,486.27	27,914.41
Investments	2,234.83	-	17.19	9.23	897.52	29.30	62.68	110.15	-	3,261.40	6,622.30

As at 31 March 2021

Particulars	Upto 7 days	Over 08 days upto 14 days	Over 15 days upto 1 months	Over 1 month upto 2 months	Over 2 months upto 3 months	Over 3 months & upto 6 months	Over 6 months & upto 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Liabilities											
Borrowings	2,065.80	1,012.50	35.87	52.58	52.80	14,178.52	316.80	3,015.16	101.97	-	20,831.99
Assets											
Loans	136.71	35.26	59.17	442.09	411.14	1,186.82	1,766.13	1,209.27	21.58	25.32	5,293.49
Investments	15,508.23	1,676.50	48.00	71.41	3,143.14	310.31	515.01	832.13	283.18	3,262.61	25,650.52

Notes:

Above mentioned portfolio (own) does not include undrawn facilities, since there are no sanctioned disbursement schedule.

57 Exposures

(i) Exposure to Real Estate Sector:-

Particulars	As at 31 March 2022	As at 31 March 2021
A. Direct exposure		
i) Residential mortgages (Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;)	3,120.04	52.19

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

57 Exposures (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
ii) Commercial real estate: (Lending secured by mortgages on commercial real estates office buildings, retails space, multipurpose commercial premises, multi-family residential buildings, multi - tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits)	Nil	Nil
iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a) Residential	Nil	Nil
b) Commercial real estate	Nil	Nil

ii) Exposure to capital market

The Company does not have any exposure to capital market as at 31 March 2022 and 31 March 2021.

iii) Unhedged foreign currency exposure

The details of foreign currency exposures that are not hedged by derivative instrument or otherwise are as mentioned below:

Particulars	As at 31 March 2022		As at 31 March 2021	
	In original currency	In ₹	In original currency	In ₹
Trade payables				
USD	-	-	4,860	3,53,730

58 Details of financing of parent company products

The Company has not financed parent company products during the year ended 31st March 2022 and 31 March 2021.

59 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company does not have single or group borrower exceeding the limits during the year ended 31 March 2022 and 31 March 2021.

60 Unsecured advances

The Company has not extended any advances where the collateral is an intangible asset such as a charge over rights, licenses, authorisations, etc. The unsecured advances of ₹ 26,372.62 millions (31 March 2021: ₹ 6,198.44 millions.) disclosed in Note 7 are without any collateral or security.

61 Registration obtained from other financial sector regulators:-

The Company is registered with following other financial sector regulators:

- Ministry of Corporate Affairs (MCA)
- Ministry of Finance (Financial Intelligence Unit)
- Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

62 Related party transactions

Please refer to Note no 40 for related party transactions and related disclosures.

63 Provisions and contingencies

As at 31 March 2022

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	28,997.40	1,174.30	27,823.10	115.99	1,058.31
	Stage 2	237.21	157.15	80.06	0.95	156.20
Subtotal		29,234.61	1,331.45	27,903.16	116.94	1,214.51
Non-Performing Assets (NPA)						
Substandard	Stage 3	257.43	246.18	11.25	25.74	220.44
Doubtful - up to 1 year	Stage 3	0.62	0.62	-	0.62	-
- 1 to 3 years	Stage 3	-	-	-	-	-
- More than 3 years	Stage 3	-	-	-	-	-
Subtotal for NPA		258.05	246.80	11.25	26.36	220.44
Total	Stage 1	28,997.40	1,174.30	27,823.10	115.99	1,058.31
	Stage 2	237.21	157.15	80.06	0.95	156.20
	Stage 3	258.05	246.80	11.25	26.36	220.44
	Total	29,492.66	1,578.25	27,914.41	143.30	1,434.95

As at 31 March 2021

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
1	2	3	4	5=3-4	6	7 = 4-6
Performing assets						
Standard	Stage 1	5,674.55	522.00	5,152.55	22.70	499.31
	Stage 2	306.82	189.62	117.20	1.23	188.39
Subtotal		5,981.37	711.62	5,269.75	23.93	687.70
Non-Performing Assets (NPA)						
Substandard	Stage 3	258.57	236.82	21.75	25.90	210.92
Doubtful - up to 1 year	Stage 3	3.25	3.10	0.14	2.10	1.00
- 1 to 3 years	Stage 3	8.83	7.90	0.93	2.69	5.21

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

63 Provisions and contingencies (Contd..)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
- More than 3 years	Stage 3	8.61	7.70	0.92	4.31	3.39
Subtotal for NPA		279.26	255.52	23.74	34.99	220.52
Total	Stage 1	5,674.55	522.00	5,152.55	22.70	499.31
	Stage 2	306.82	189.62	117.20	1.23	188.39
	Stage 3	279.26	255.52	23.74	34.99	220.52
	Total	6,260.63	967.14	5,293.49	58.91	908.22

Break up of Provisions shown as expenditure in statement of profit and loss	For the year ended 31 March 2022	For the year ended 31 March 2021
Provision towards non performing assets *	(4.67)	255.39
Provision towards standard assets *	619.83	692.18
Provision made towards income tax	-	517.36
Provision for gratuity**	3.62	4.26
Provision for compensated absences**	10.93	5.27

During the year ended 31 March 2022, the Company has sold the digital loan portfolio sourced through business correspondents, which had an impairment allowance of ₹4.05 millions as on the date of transfer. The same has been considered for arriving at the net loss on derecognition of financial instruments under amortised cost category in Note no. 30.

* During the financial year 2020-21 the company has sold two wheeler and housing portfolio having an impairment allowance of ₹ 47.87 millions as on the date of transfer. The same has been considered for arriving at the net gain on derecognition of financial instruments under ammortised category in Note no.30.

** Includes actuarial gain/(loss) classified under other comprehensive income.

64 Draw down from reserves:-

There has been no draw down from reserve during the year ended 31 March 2022 and 31 March 2021.

65 Concentration of advances, exposures and NPAs:-

65.1 Concentration of advances

Particulars	As at 31 March 2022	As at 31 March 2021
Concentration of advances		
Total advances to twenty largest borrowers	530.78	44.21
Percentage of Advances to twenty largest borrowers to total advances of the NBFC	1.80%	0.71%

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

65 Concentration of advances, exposures and NPAs:- (Contd..)

65.2 Concentration of exposures

Particulars	As at 31 March 2022	As at 31 March 2021
Concentration of exposures		
Total exposure to twenty largest borrowers / customers	530.78	44.21
Percentage of exposures to twenty largest borrowers/customers to total exposure	1.80%	0.71%

65.3 Concentration of NPAs

Particulars	As at 31 March 2022	As at 31 March 2021
Concentration of NPAs		
Total exposure to top four NPA accounts**	1.70	1.06

** NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 Days Past Due is considered as default for classifying a financial instrument as credit impaired.

65.4 Sector-wise NPAs #-

Particulars	As at 31 March 2022	As at 31 March 2021
Sector	Percentage of NPAs to total advance to that sector	
1. Agriculture & allied activities	2.77%	0.20%
2. MSME	0.00%	0.00%
3. Corporate borrowers	0.00%	0.00%
4. Services	1.83%	0.03%
5. Unsecured personal loans	0.91%	4.77%
6. Other personal loans	0.00%	36.55%

NPA accounts refer to stage 3 assets. Stage 3 assets includes financial assets that have objective evidence of impairment at the reporting date as defined under Ind-AS. 90 days past due is considered as default for classifying a financial instrument as credit impaired.

66 Movement of NPAs

Particulars	As at 31 March 2022	As at 31 March 2021
i) Net NPAs to net advances (%)	0.04%	0.45%
ii) Movement of NPAs (Gross)		
Opening balance	279.26	57.99
Additions during the year	370.67	263.04
Reductions during the year	(391.88)	(41.77)
Closing balance	258.05	279.26
iii) Movement of Net NPAs		
Opening balance	23.74	34.31
Additions during the year	228.44	28.40
Reductions during the year	(240.93)	(38.97)
Closing balance	11.25	23.74

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

66 Movement of NPAs (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	255.52	23.68
Provisions made during the year	142.23	234.65
Write-off/write-back of excess provisions	(150.95)	(2.81)
Closing balance	246.80	255.52

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under:

Particulars	As at 31 March 2022 Amount outstanding	As at 31 March 2021 Amount outstanding
Liabilities side		
1 Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
a) Debentures		
Secured	12,879.95	2,741.89
Unsecured	6,500.56	14,020.56
(other than falling within the meaning of public deposits)		
b) Deferred credits	-	-
c) Term loans including accrued interest but not paid	8,014.41	4,018.26
d) Inter-corporate loans and borrowings	-	-
e) Commercial paper	730.76	-
f) Other loans:		
Other unsecured loans against assets of the Company	99.47	99.34
Secured loans against assets of the Company	-	-
Overdraft facility	-	-
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
a) In the form of unsecured debentures	-	-
b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
c) Other public deposits	-	-
Assets side		
3 Breakup of loans and advances including bills receivables		
a) Secured	3,120.04	62.19
b) Unsecured	26,372.62	6,198.44

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
	Amount outstanding	Amount outstanding
4 Breakup 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 Breakup of investments		
Current investments		
I Quoted		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	1,298.56	12,165.89
iii Units of mutual funds	338.02	692.73
iv Government securities	994.66	4,679.41
v Others	491.66	2,681.94
II Unquoted	-	-
i Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-
Long term investments		
1 Quoted		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
	Amount outstanding	Amount outstanding
2 Unquoted		
i Shares		
a) Equity	3,261.40	3,262.61
b) Preference	-	-
ii Debentures and bonds	164.09	105.15
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	238.09	2,062.80

67.1 Borrower group - wise classification of assets financed

As at 31 March 2022

Category	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 Related parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	3,120.04	26,372.62	(1,578.25)	27,914.41
Total	3,120.04	26,372.62	(1,578.25)	27,914.41

As at 31 March 2021

Category	Net of provisions			
	Secured	Unsecured	Provisions	Total
1 Related parties				
a) Subsidiaries	-	-	-	-
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	62.19	6,198.44	(967.14)	5,293.49
Total	62.19	6,198.44	(967.14)	5,293.49

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

67 Disclosure as required by para 19 of Non Banking Financial Company - Systemically Important non-deposit taking Company and deposit taking Company (Reserve Bank) Directions, 2016 is as under: (Contd..)

67.2 Investor group - wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	As at 31 March 2022		As at 31 March 2021	
	Market value / break up or fair value or NAV	Book value (Net of provision)	Market value / break up or fair value or NAV	Book value (Net of provision)
1 Related parties				
a) Subsidiaries	3,261.40	3,261.40	3,261.40	3,261.40
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	3,525.08	3,360.90	22,561.81	22,389.12
Total	6,786.48	6,622.30	25,823.21	25,650.52

67.3 Other information

Particulars	As at 31 March 2022	As at 31 March 2021
i Gross non-performing assets		
a) Related parties	-	-
b) Other than related parties	258.05	279.26
ii Net non-performing assets		
a) Related parties	-	-
b) Other than related parties	11.25	23.74
iii Assets acquired in satisfaction of debt	-	-

68 Overseas assets

The Company does not have any joint venture or subsidiary abroad as on 31 March 2022 and 31 March 2021.

69 Off-balance sheet SPVs sponsored

The Company has not sponsored any off-balance sheet SPVs which are required to be consolidated as per accounting norms for the year ended 31 March 2022 and 31 March 2021.

70 Customer complaints

Particulars	As at 31 March 2022	As at 31 March 2021
a) Number of complaints pending at the beginning of the year (Nos)	7	1
b) Number of complaints received during the year (Nos)	1,190	884
c) Number of complaints redressed during the year (Nos)	1,190	878
d) Number of complaints pending at the end of the year (Nos)	7	7

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

71 Information on instances of fraud

Instances of fraud for the year ended 31 March 2022

Nature of fraud	No of cases	Amounts of fraud	Recovery	Amounts written off/ provided for
Fraud Committed by other than staff *	195	48.08	4.04	22.46

*These 195 instances of fraud cover 662 loan accounts. These frauds are committed by the customers or third parties and not by the staff of the Company. As identified by the management, such frauds were mostly in the nature of fabrication of documents submitted by some customers with respect to digital loans sanctioned. The Company is in the process of continuously identifying the frauds and improvising the credit underwriting mechanisms and digital algorithms. Further the Company has developed a collection process to ensure recovery of these amounts to the extent possible. The unrecovered amount of ₹ 44.04 million has been charged to Statement of Profit and Loss during the year.

Instances of fraud for the year ended 31 March 2021

Nature of fraud	No of cases	Amounts of fraud	Recovery	Amounts written off/ provided for
Fraud Committed by other than staff *	134	10.22	0.02	10.09

*These 10 instances of fraud cover 134 loan accounts.

72 Credit rating

Instruments	Credit rating agency	As on 31 March 2022	As at 31 March 2021
Bank facilities	CRISIL	CRISIL A-/Stable	CRISIL A-/Stable
Non-convertible debentures	India Ratings	IND A/Stable	IND A/Stable
Principal protected market linked debentures	India Ratings	IND PP-MLD A emr/Stable	IND PP-MLD A emr/Stable
Commercial papers	India Ratings	IND A1	-

73 Disclosure of penalties imposed by the RBI and other regulators

No penalty has been imposed by the RBI and other regulators during the year ended 31 March 2022 and 31 March 2021.

74 Funding concentration based on significant counterparty (borrowings)

As at 31 March 2022			As at 31 March 2021		
Number of Significant Counterparties	Amount	% of Total borrowings	Number of Significant Counterparties	Amount	% of Total borrowings
26	25,046.24	84.76%	5	20,796.96	99.83%

Note

1. A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC-NDIS's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs
2. Total liabilities has been computed as total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.
3. Accrued interest on borrowings not considered.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

75 Top 10 borrowings

As at 31 March 2022		As at 31 March 2021	
Amount	% of Total borrowings	Amount	% of Total borrowings
17,523.86	62.86%	20796.73	99.84%

Note:

- Accrued interest on borrowings not considered.
- Total borrowing has been computed as gross total debt basis extant regulatory ALM guidelines.

76 Funding Concentration based on significant instrument/product

Name of the instrument/product	As at 31 March 2022		As at 31 March 2021	
	Amount	% of Total borrowings	Amount	% of Total borrowings
Non-Convertible Debentures	18,908.33	63.99%	16,718.07	77.10%
Term Loan	6,042.10	20.45%	3,061.44	14.12%
Commercial Papers	727.84	2.46%	-	-
Liability against securitised assets	1,838.39	6.22%	938.00	4.33%

Note:

- A "significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC-NDSI's, NBFC-Ds total liabilities and 10% for other non-deposit taking NBFCs

Total liabilities has been computed as Total assets less equity share capital less reserve & surplus and computed basis extant regulatory ALM guidelines.

- Accrued interest on borrowings not considered.

77 Stock ratios:

- a) Commercial papers as a % of total public funds, total liabilities and total assets –

As at 31 March 2022			As at 31 March 2021		
Total Public funds	Total Liabilities	Total Assets	Total Public funds	Total Liabilities	Total Assets
Nil	2.46%	1.04%	Nil		

- b) Non-convertible debentures (original maturity of less than one year) as a % of total public funds, total liabilities and total assets:- Nil

- c) Other short-term liabilities, if any as a % of total public funds, total liabilities and total assets:

As at 31 March 2022			As at 31 March 2021		
Total Public funds	Total Liabilities	Total Assets	Total Public funds	Total Liabilities	Total Assets
Nil	57.28%	24.30%	Nil	85.54%	55.85%

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

78 Institutional set-up for liquidity risk management

Board of Directors:

The Board has the overall responsibility for management of liquidity risk. The Board shall decide the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits decided by it.

Risk Management Committee:

The Risk Management Committee is responsible for evaluating the overall risks faced by the NBFC including liquidity risk.

Asset-Liability Management Committee (ALCO):

The ALCO ensures adherence to the risk tolerance/limits set by the Board as well as implements the liquidity risk management strategy of the NBFC.

The members of the ALCO are: -

1. Mr. Ankit Agarwal
2. Mr. Divyesh Jain
3. Mr. Shobhit Agarwal
4. Mr. Mahak Khabia

79 Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020

Particulars	As at 31 March 2022	As at 31 March 2021	As at 31 March 2020
Respective amounts in SMA/overdue categories, where the moratorium/deferment was extended in terms of paragraph 2 and 3 of the circular (as on 29 Feb 2020)	-	251.11	251.11
Of the above, respective amounts where the asset classification benefit is extended at year ended	-	5.14	234.14
Provision made in terms of Paragraph 5 of the Covid-19 regulatory package*			
In Q4 FY 2020		-	-
In Q4 FY 2021		-	-
Provision adjusted against slippages during the year in terms of paragraph 6 of the COVID-19 Regulatory Package*		-	-
Residual provision held at the year ended*		-	-

*Pursuant to paragraph 4 of RBI notification DOR.No.BP.BC.63/21.04.048/2019-20 dated 17 April 2020, NBFCs which are required to comply with Indian Accounting Standards (IndAS) shall continue to be guided by the guidelines duly approved by their Boards and as per ICAI Advisories for recognition of the impairments. Hence the provisioning requirements as mentioned in paragraph 5 and 6 is not applicable to the Company.

80 Disclosure as required by the RBI notification dated 07 April 2021

In accordance with the RBI notification dated 07 April 2021, the Company is required to refund / adjust any amount in the nature of "Interest on Interest" including penal interest charged to the borrowers during the moratorium period i.e., 01 March 2020 to 31 August 2020. The Company has assessed that no interest on interest, penal interest etc. was charged to the borrowers during the moratorium period and hence no liability has been created towards interest relief as on 31 March 2021.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

81 Additional Regulatory Information

81.1 There is no such immovable property whose title deeds are not held in the name of the Company.

81.2 There are no investment properties as on 31 March, 2022.

81.3 The Company has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

81.4 The Company has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

81.5 There are no loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

- (a) repayable on demand or
- (b) without specifying any terms or period of repayment

81.6 No proceeding has been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

81.7 The Company has not been declared wilful defaulter by any bank or financial Institution or other lender.

81.8 The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:

81.9 The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

81.10 No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013. NA

81.11 Utilisation of Borrowed funds and share premium

- (a) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:-
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- (b) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall :-
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements

for the year ended 31 March 2022

(All amount in ₹ millions unless otherwise stated)

81 Additional Regulatory Information (Contd..)

- 81.12** There are no such transaction or undisclosed income that need to be disclosed in accordance with this provision of Companies Act, 2013.
- 81.13** The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- 81.14** With respect to filing of quarterly statements of current assets with bank and financial statements by the Company, refer Note 51 of the financial statements.
- 81.15** With respect to filing of registration of charges with ROC by the Company, refer Note 52 of the financial statements.

82 Previous year figures have been regrouped/ reclassified wherever applicable

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Manish Gujral

Partner

Membership No. 105117

Sachin Bansal

Executive Chairman and
Chief Executive Officer

(DIN: 02356346)

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Mumbai

Date: 21 May 2022

Place: Sweden

21 May 2022

Place: Bengaluru

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022



Consolidated Financial Statements

Independent Auditor's Report

To
The Members of
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) ('the Holding Company') and its subsidiary, Chaitanya India Fin Credit Private Limited (the Holding Company and its subsidiary together referred to as 'the Group'), which comprise the Consolidated Balance Sheet as at 31 March 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at 31 March 2022, and their consolidated loss (including other comprehensive income), consolidated cash flows and the consolidated changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the

ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained together with the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph 16 of the Other Matters section below, is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. The auditors of Chaitanya India Fin Credit Private Limited, vide their audit report dated 14 May 2022, have expressed an unmodified opinion and have reported in the 'Emphasis of Matter' section that,

"We draw attention to Note no. 2B of the accompanying standalone financial statements, which describes the evaluation of the impact of global pandemic COVID-19 carried out by the management and the recoverability of the carrying value of various assets, the company's business operations, financial position and the uncertainties associated with such an evaluation in the present circumstances and that the impact may be different from that assessed as at the date of approval of these Standalone Financial Statements."

Our opinion is not modified in respect of the above matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
6. We have determined the matters described below to be the key audit matters to be communicated in our report.

Information Technology (IT) environment and modifications to the IT environment affecting financial reporting process	
Key audit matter	How our audit addressed the key audit matter
The Group is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. Further, the Group's accounting and financial reporting processes are dependent on the automated controls enabled by IT systems which impacts key financial accounting and reporting items such as loans, interest income, provision on loans, amongst others. The controls implemented by the Group in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications and is ultimately used for financial reporting. Modifications to IT environment Our areas of audit focus included user access management, developer access to the production environment and data migration testing, changes to the IT environment across applications, networks, database and operating systems. Further, we also focused on key automated controls relevant for financial reporting. Accordingly, since our audit strategy included focus on key IT systems and automated controls, due to pervasive impact on the consolidated financial statements; we have determined the same as a key audit matter for current year audit.	We involved auditor's experts as part of our audit team to perform audit procedures which included, but were not limited to the following: - Obtained an understanding of the Group's IT related control environment and conducted risk assessment and identified IT applications, databases and operating systems that are relevant to our audit. - Tested the design and operating effectiveness of the Group's IT controls over the IT applications as identified above; - Evaluated the management's process for modifications to the IT systems which also included understanding around monitoring and authorisation of such modifications. Tested such changes made to IT systems that had a significant impact on financial reporting; - Tested IT general controls particularly, logical access, changes management and aspects of IT operational controls. Tested that, requests for access to systems were appropriately reviewed and authorized; tested controls around Group's periodic review of access rights; inspected requests of changes to systems for appropriate approval and authorization. - Tested related system interfaces/system integrations including relevant approvals, configurations and other application layer controls identified during out audit and report logic for system generated reports relevant to the audit mainly for loans, interest income and impairment of loan assets for evaluating completeness and accuracy; - Where deficiencies were identified, tested compensating controls or performed alternative procedures.

Impairment losses on loan portfolio including implementation of COVID-19 related measures

As at 31 March 2022, the Group has reported gross loan assets of ₹ 52,068.64 million against which an impairment allowance of ₹ 2,054.55 million has been recorded. Refer note 4.8 of significant accounting policies, note 8 for the outstanding loan assets and note 49.1.5 of the consolidated financial statements for credit risk disclosures.

Key audit matter	How our audit addressed the key audit matter
The calculation of impairment losses on loans is complex and is based on application of significant management judgement and use of different modelling techniques and assumptions which could have a material impact on reported profits. The Group has applied a three-stage approach based on changes in credit quality to measure expected credit loss on loans which is as follows: - If the loan is not credit-impaired on initial recognition then it is classified in 'Stage 1' and its credit risk is continuously monitored by the Group i.e. the default in repayment is within the range of 0 to 30 days. - If a significant increase in credit risk ('SICR') since initial recognition is identified, it is moved to 'Stage 2' but is not yet deemed to be credit-impaired i.e. the default in repayment is within the range of 31 to 89 days.	Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through the following procedures: - Evaluated the Group's accounting policies for estimation of expected credit loss on loans in accordance with Ind AS 109. - Obtained an understanding of the modelling techniques adopted by the Group including the key inputs and assumptions for existing and new loan products. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios;

Information Technology (IT) environment and modifications to the IT environment affecting financial reporting process
Key audit matter

- If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 89 days.

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement in measuring ECL is required with respect to:

- determining the criteria for SICR
- factoring in future macro-economic assumptions
- techniques used to determine probability of default and loss given default. The ECL for the respective stages has been derived basis the Group's internally developed statistical models including that developed for new loan products launched during the year, historical data, collections trends post reporting date and industrywide stress.

Implementation of COVID-19 related measures

During the current year, the RBI has announced various relief measures for the borrowers which were implemented by the Group such as "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the RBI on 27 March 2020, 17 April 2020 and 23 May 2020 and RBI circular on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package" dated 07 April 2021 (collectively referred to as 'the RBI circulars'), which has been collectively considered by the management in identification and provisioning of NPAs.

On the basis of an estimate made by the management, an additional provision amounting to ₹ 114.37 million has been recognised by the Group as at 31 March 2022 on account of increase in default risk due to the impact of COVID-19 on recoverability of loans of the Group. The basis of estimates and assumptions involved in arriving at the additional provisions are monitored by the Group periodically and significantly depend on future developments in the economy due to COVID-19 including any new relief measures' announcements by the RBI.

Considering the significance of the above matter to the overall consolidated financial statements, additional complexities involved in the current year on account of ongoing impact of COVID-19, launch of new loan product and extent of management's estimates and judgements involved, it required significant auditor attention. Accordingly, we have identified this as a key audit matter for current year audit.

We also draw attention to Note 3 of the accompanying consolidated financial statements, regarding uncertainties involved and on the appropriateness of impairment losses provided on the above mentioned loan assets as on 31 March 2022, as the same is fundamental to the understanding of the users of consolidated financial statements.

How our audit addressed the key audit matter

- Assessed and tested the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognized. Also, evaluated the controls over the modelling process, validation of data and related approvals;
- Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the RBI circular and ensured whether such policy was in accordance with the RBI circular.
- With respect to the management's assessment for the requirement of additional provisions to be made or not to be made on account of the impact of the COVID-19 pandemic, we understood and challenged evaluated the underlying assumptions used by the Group for such estimate by considering our understanding of the risk profiles of the customers of the Group.
- Evaluated the appropriateness of the Group's determination of significant increase in credit risk ('SICR') in accordance with the applicable accounting standard considering impact of COVID-19 and moratorium announced in the RBI circular and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Group's categorization across various stages;
- Assessed the critical assumptions and inputs used in the model which amongst others included testing the collection trends of the portfolio and ensuring consistency of assumptions with other relevant publicly available macro-economic factors pertaining to impact of COVID-19. For forward looking assumptions used by the management in its ECL calculations, we held discussions with management and corroborated the assumptions using publicly available information.
- Performed a critical assessment of assumptions including management's assessment of the impact of COVID-19 on these assumptions, moratorium facility availed by the customers and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD);
- Performed an assessment of the adequacy of the credit losses expected within 12 months by reference to credit losses actually incurred on similar portfolios historically;
- Obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable.
- Assessed the appropriateness and adequacy of the related presentation and disclosures of note 49 "Financial risk management" disclosed in the consolidated financial statements in accordance with the applicable accounting standards.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

7. The Holding Company's Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

8. The accompanying consolidated financial statements have been approved by the Holding Company's Board of Directors. The Holding Company's Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated changes in equity and consolidated cash flows of the Group including its associates and joint ventures in accordance with the Ind AS specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 design, implementation and maintenance of adequate 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, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.
9. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
10. Those respective Board of Directors are also responsible for overseeing the financial reporting process of the companies included in the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
12. As part of an audit in accordance with Standards on Auditing specified under section 143(10) of the Act we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls.;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the

ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information/ financial statements of the entities or business activities within the Group, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial statements of such entities included in the financial statements, of which we are the independent auditors. For the other entities included in the financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

16. We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets

of ₹ 25,154.71 million and net assets of ₹ 3,985.77 million as at 31 March 2022, total revenues of ₹ 3,612.63 million and net cash inflows amounting to ₹ 1,326.68 million for the year ended on that date, as considered in the consolidated financial statements, and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to the aforesaid subsidiary, are based solely on the reports of the other auditors.

Our opinion above on the consolidated financial statements, and our report on other legal and regulatory requirements below, are not modified in respect of the above matters with respect to our reliance on the work done by and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act based on our audit and on the consideration of the reports of the other auditors, referred to in paragraph 16, on separate financial statements of the subsidiary, we report that the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
18. As required by clause (xxi) of paragraph 3 of Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act based on the consideration of the Order reports issued by us and by the respective other auditors as mentioned in paragraph 19 above, of companies included in the consolidated financial statements and covered under the Act we report that there are no qualifications or adverse remarks reported in the respective Order reports of such companies.
19. As required by section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiary incorporated in India whose financial statements have been audited under the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements;
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
 - c) The consolidated financial statements dealt with by this report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - d) In our opinion, the aforesaid consolidated financial statements comply with Ind AS specified under

section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015;

- e) The matters described in paragraph 4, of the Emphasis of Matter, in our opinion, may have an adverse effect on the functioning of the Holding Company and Chaitanya India Fin Credit Private Limited a subsidiary of the Holding Company;
- f) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company, and taken on record by the Board of Directors of the Holding Company and its subsidiary company, and the reports of the statutory auditors of its subsidiary company, covered under the Act, none of the directors of the Group companies, are disqualified as on 31 March 2022 from being appointed as a director in terms of section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, and its subsidiary companies covered under the Act, and the operating effectiveness of such controls, refer to our separate report in 'Annexure I' wherein we have expressed an unmodified opinion; and
- h) 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements and other financial information of the subsidiary incorporated in India whose financial statements have been audited under the Act:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, as detailed in Note 46 to the consolidated financial statements;
 - ii. The Holding Company and its subsidiary company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March 2022;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company covered under the Act, during the year ended 31 March 2022;
 - iv. a. The respective managements of the Holding Company and its subsidiary company, incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary respectively that,

to the best of their knowledge and belief, on the date of this audit report, no funds have been advanced or loaned or invested (either from borrowed funds or securities premium or any other sources or kind of funds) by the Holding Company or its subsidiary company to or in any persons or entities, including foreign entities ('the intermediaries'), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company, or any such subsidiary company ('the Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf the Ultimate Beneficiaries;

- b. The respective managements of the Holding Company and its subsidiary company incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiary that, to the best of their knowledge and belief, on the date of this audit report, no funds have been received by the Holding Company or its subsidiary company from any persons or entities, including foreign entities ('the Funding Parties'), with the understanding, whether recorded in writing or otherwise, that the Holding Company, or any such subsidiary company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ('Ultimate Beneficiaries') or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- c. Based on such audit procedures performed by us and that performed by the auditors of the subsidiary, as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the management representations under sub-clauses (a) and (b) above contain any material misstatement
- v. The Holding Company and its subsidiary company have not declared or paid any dividend during the year ended 31 March 2022.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Place: Mumbai

Date: 21 May 2022

Membership No.: 105117

UDIN:22105117AJSP3777

Annexure I

Annexure I to the Independent Auditor's Report of even date to the members of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) on the consolidated financial statements for the year ended 31 March 2022

Independent Auditor's Report on the internal financial controls with reference to financial statements under Clause (1) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

1. In conjunction with our audit of the consolidated financial statements of Navi Finserv Limited (formerly known as Navi Finserv Private Limited) ('the Holding Company') and its subsidiary, Chaitanya India Fin Credit Private Limited (the Holding Company and its subsidiary together referred to as 'the Group'), as at and for the year ended 31 March 2022, we have audited the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, which are companies covered under the Act, as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary company, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements 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 issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business, including adherence to the 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 Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company, as aforesaid, based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') 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 with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, 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 risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion and based on the consideration of the report of the other auditors on internal financial controls with reference to financial statements of the subsidiary company, the Holding Company and its subsidiary company, which are companies covered under the Act, have in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March 2022, based on the internal financial controls with reference to financial statements 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 issued by the Institute of Chartered Accountants of India.

Other Matter

9. We did not audit the internal financial controls with reference to financial statements insofar as it relates to one subsidiary company, which is a company covered under the Act, whose financial statements reflect total assets of ₹ 25,154.71 million and net assets of ₹ 3,985.77 million as at 31 March 2022, total revenues of ₹ 3,612.63 million and net cash inflows amounting to ₹ 1,326.68 million for the year ended on that date, as considered in the consolidated financial statements.. The internal financial controls with reference to financial statements in so far as it relates to such subsidiary company have been audited by other auditors whose reports have been furnished to us by the management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements for the Holding Company and its subsidiary company, as aforesaid, under Section 143(3)(i) of the Act in so far as it relates to such subsidiary company is based solely on the reports of the auditors of such companies. Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of the other auditors.

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Place: Mumbai

Date: 21 May 2022

Membership No.: 105117

UDIN:22105117AJJSZP3777

Consolidated Balance Sheet

as at 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	As at 31 March 2022	As at 31 March 2021
I ASSETS			
1 Financial assets			
Cash and cash equivalents	5	5,709.55	1,667.98
Bank balances other than cash and cash equivalents	6	1,357.58	808.76
Trade receivables	7	-	0.49
Loans	8	50,014.09	16,612.91
Investments	9	3,639.76	24,198.12
Other financial assets	10	1,347.63	194.34
2 Non-financial assets			
Current tax asset (net)	11	167.90	14.04
Deferred tax asset (net)	12	557.94	407.84
Property, plant and equipment	13	74.31	32.60
Other intangible assets	14	13.99	8.65
Goodwill		13.95	13.95
Right of use Asset	15	122.95	16.29
Other non-financial assets	16	107.53	44.97
Total assets		63,127.18	44,020.94
II LIABILITIES AND EQUITY			
LIABILITIES			
1 Financial liabilities			
Payables:	17		
- Trade payables		-	-
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		4.62	3.03
- Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		0.70	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		6.24	56.27
Debt securities	18	21,917.65	19,683.94
Borrowings (other than debt securities)	19	25,757.66	10,767.79
Subordinated liabilities	20	498.63	497.70
Other financial liabilities	21	1,837.14	984.73
2 Non-financial liabilities			
Current tax liabilities (net)	22	-	36.76
Provisions	23	193.20	161.08
Other non financial liabilities	24	320.46	67.59
Total liabilities		50,536.30	32,260.05
3 Equity			
Equity share capital	25	1,785.73	1,652.40
Other equity	26	10,805.15	10,108.49
Total equity		12,590.88	11,760.89
Total liabilities and equity		63,127.18	44,020.94

Statement of significant accounting policies and other explanatory information form an integral part of these consolidated financials statements.

This is the Consolidated Balance Sheet referred to in our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Standalone Statement of Profit and Loss

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	Notes	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations			
(i) Interest income		6,342.77	4,015.46
(ii) Fees and commission income		93.89	36.21
(iii) Net gain on fair value changes		1,372.34	1,409.50
(iv) Net gain on derecognition of financial instruments under amortised cost category		361.40	189.82
(I) Total revenue from operations		8,170.40	5,650.99
(II) Other income		28.47	1.37
(III) Total income (I+II)		8,198.87	5,652.36
Expenses			
(i) Finance costs		2,131.62	871.73
(ii) Fees and commission expenses		23.66	14.35
(iii) Net loss on derecognition of financial instruments under amortised cost category		1.64	-
(iv) Impairment on financial instruments		1,618.92	1,836.15
(v) Employee benefits expenses		1,398.97	744.69
(vi) Depreciation and amortisation expense		50.14	18.10
(vii) Other expenses		3,157.17	601.87
(IV) Total expenses		8,382.12	4,086.89
(V) (Loss)/Profit before tax (III - IV)		(183.25)	1,565.47
(VI) Tax expense			
(1) Current tax		105.57	637.01
(2) Deferred tax credit		(142.23)	(253.20)
Total tax expense		(36.66)	383.81
(VII) (Loss)/Profit for the year (V - VI)		(146.59)	1,181.66
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit (liability)/asset		(7.49)	0.02
(ii) Income tax relating to the above		1.88	(0.00)
(B) (i) Items that will be reclassified to profit or loss		(23.80)	28.12
(ii) Income tax relating to items that will be reclassified to profit or loss		5.99	(7.08)
(VIII) Other comprehensive income		(23.42)	21.06
(IX) Total comprehensive income for the year (VII + VIII)		(170.01)	1,202.72
(X) Earnings per equity share			
Basic (₹)		(0.86)	7.76
Diluted (₹)		(0.86)	7.76

Statement of significant accounting policies and other explanatory information form an integral part of these consolidated financials statements.

This is the Consolidated Statement of Profit and Loss as referred to in our report of even date

For Walker Chandio & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Consolidated Statement of Cash Flow

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Cash flow from operating activities		
(Loss)/Profit before tax	(214.54)	1,563.74
Depreciation and amortisation	28.90	18.10
Depreciation on right of use asset	21.24	-
Contribution to employee stock option scheme	-	9.41
Interest expense on lease liability	7.08	0.62
Impairment allowance on loans	424.53	1,393.85
Portfolio written off	1,182.27	219.43
Impairment allowance on investments	(8.51)	146.29
(Profit) on sale of fixed assets (net)	(0.08)	(0.66)
(Gain) on sale of mutual funds and securities	-	(42.92)
Effective interest rate adjustment for financial instruments	(454.43)	6.85
Loss on sale of portfolio	1.64	0.02
Impairment on other assets	20.63	7.62
Gain on sale of loan portfolio through assignment	(361.40)	(180.93)
Net change in fair value of loans measured at fair value through other comprehensive income	(23.80)	28.12
Net loss/(Gain) on fair value changes on investment	115.82	(321.79)
Operating profit before working capital changes	739.35	2,847.75
Movements in working capital:		
(Increase) / decrease in assets		
(Increase) in loans	(34,068.90)	(8,753.63)
Decrease in receivables	0.49	44.63
(Increase) in bank deposits	(548.82)	(665.49)
Decrease in investments	13,932.47	8,680.53
(Increase) in other financial assets	(1,173.92)	(435.59)
(Increase) in other non-financial assets	(62.56)	(25.08)
Increase / (decrease) in liabilities		
(Decrease)/Increase in payables	(48.90)	46.51
Increase in other financial liabilities	32.80	900.67
Increase in non-financial liabilities	1,072.48	69.32
Increase in provisions	32.12	115.31
Cash (used in)/generated from operating activities	(20,093.39)	2,824.93
Income taxes paid (net of refunds)	296.19	667.29
Net cash flows (used in)/generated from operating activities (A)	(20,389.58)	2,157.64
B. Cash flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(76.07)	(29.32)
Proceeds from sale of property, plant and equipment and intangible assets	0.20	6.04
Net cash flows (used in) investing activities (B)	(75.87)	(23.28)

Consolidated Statement of Cash Flow

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
C. Cash flow from financing activities		
Issue of equity shares	1,000.00	1,031.37
Proceeds from issue of debt securities	11,993.81	5,229.00
Repayment of debt securities	(3,288.54)	(11,521.89)
Proceeds from borrowings (other than debt securities) availed*	93,137.90	32,976.19
Repayment of borrowings (other than debt securities)*	(78,318.43)	(28,430.04)
Lease payments	(17.72)	(3.91)
Net cash flows generated from/(used in) financing activities (C)	24,507.02	(719.27)
Net increase in cash and cash equivalents (A+B+C)	4,041.57	1,415.08
Cash and cash equivalents at the beginning of the year	1,667.98	252.90
Cash and cash equivalents at the end of the year	5,709.55	1,667.98

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	For the year ended 31 March 2022	For the year ended 31 March 2021
Cash on hand	3.19	12.26
Balances with banks (of the nature of cash and cash equivalents)	5,706.36	1,655.72
Total	5,709.55	1,667.98

Statement of significant accounting policies and other explanatory information form an integral part of these consolidated financial statements.

This is the Consolidated Statement of Cash Flow as referred to in our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

A Equity share capital

For the year ended 31 March 2022

Balance as at 1 April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April 2021	Changes in equity share capital during the year	Balance as at 31 March 2022
1,652.40	-	-	133.33	1,785.73

For the year ended 31 March 2021

Balance as at 1 April 2020	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
1,513.29	-	-	139.11	1,652.40

B Other equity

Particulars	Reserves and surplus							Equity component of compound financial instruments	Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital redemption reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income	Debenture redemption reserve		
Balance as at 31 March 2020	7,873.04	59.27	44.05	14.78	60.42	(2.88)	-	1,036.88	9,085.56
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting year	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	1,202.72	-	-	-	1,202.72
Issue of equity shares	882.85	-	-	-	-	-	-	-	882.85
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	240.55	-	-	(240.55)	-	-	-	-
Employee stock option reserve created	16.80	-	-	18.82	-	-	-	-	35.62
Transfer to securities premium	-	-	-	(33.60)	-	-	-	-	(33.60)
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	(21.06)	21.06	-	-	-
Transfer to Debenture Redemption Premium	-	-	-	-	(10.00)	-	10.00	-	-
Premium utilised	(27.78)	-	-	-	-	-	-	-	(27.78)
Net interest paid on CCDs	-	-	-	-	-	-	-	27.78	27.78

Consolidated Statement of Changes in Equity

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Particulars	Reserves and surplus							Equity component of compound financial instruments	Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital redemption reserve	Employee stock options outstanding	Retained earnings	Other comprehensive income	Debt redemption reserve		
CCD converted to equity	-	-	-	-	-	-	-	(1,064.66)	(1,064.66)
Balance as at 31 March 2021	8,744.91	299.82	44.05	-	991.53	18.18	10.00	-	10,108.49
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the current reporting year	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	(170.01)	-	-	-	(170.01)
Issue of equity shares	866.67	-	-	-	-	-	-	-	866.67
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	100.69	-	-	(100.69)	-	-	-	-
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	23.42	(23.42)	-	-	-
Balance as at 31 March 2022	9,611.58	400.51	44.05	-	744.25	(5.24)	10.00	-	10,805.15

Statement of significant accounting policies and other explanatory information form an integral part of these consolidated financials statements

This is the Consolidated Statement of Cash Flow as referred to in our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076/N/500013

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

Sachin Bansal

Executive Chairman and
Chief Executive Officer
(DIN: 02356346)

Place: Sweden

Date: 21 May 2022

Ankit Agarwal

Managing Director
(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Puneet Bhatia

Company Secretary
Membership No.: A55096

Place: Bengaluru

Date: 21 May 2022

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

1. Corporate Information

Navi Finserv Limited (formerly known as Navi Finserv Private Limited) ('the Company') was formed on 14 February 2012 to carry on the business of sourcing, underwriting and carrying on the business of lending to individuals and entities including micro, small and medium enterprises, rural credit and other body corporates across India and provide credit related services as an NBFC, including, inter alia, (i) intermediation services for financial services agents and money transfer agents; (ii) credit linkage services; (iii) acting as a banking correspondent and (iv) generally carrying out all activities permissible to be carried out as an NBFC. The Company also carries on corporate treasury activities including: (i) investments in equity, mutual funds, alternative investment funds (AIFs), bonds, debentures, pass through certificates, receivables, sovereign funds and to extend to other persons and body corporates, loans and other instruments of similar nature for such consideration as the Company may deem fit; and (ii) the activity of trading in the equity, debt, gold, oil, currency, interest rates and commodities in and across futures, options and other derivatives and to carry on repo and reverse repo transactions.

During the year ended 31 March 2020, controlling stake in the Company was initially acquired by Mr. Sachin Bansal w.e.f. 24 October 2019 and was subsequently transferred to Navi Technologies Limited (formerly known as Navi Technologies Private Limited) ('the Holding Company') w.e.f. 30 March 2020.

The Company has received Certificate of registration from Reserve Bank of India dated 11 March 2016, to carry on the business of Non-Banking Financial Institution without accepting deposits.

The Company is treated as a Systemically Important Non-Deposit taking Non-Banking Financial Company as the assets size of the group (consolidated assets size of the Company and its Subsidiary Company together) exceeded ₹ 500 crores in the month of September 2018 (by virtue of RBI Master direction RBI/DNBR/2016-17/45 Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 01 September 2016).

2. Statement of Compliance

These consolidated financial statements ("the financial statements") of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('Act') and

presentation requirements of Division III of Schedule III to the Companies Act, 2013, applicable to NBFCs, as notified by the MCA, and applicable provisions of the Companies Act, 2013 and other applicable regulatory norms / guidelines.

The financial statements for the year ended 31 March 2022 were authorized and approved for issue by the Board of Directors on 21 May 2022.

3. Impact of COVID-19

The outbreak of the COVID-19 had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures there was an improvement in economic activity in the second half of fiscal 2021. Since then, India has experienced two waves of the COVID-19 pandemic following the discovery of mutant coronavirus variants, leading to the re-imposition of regional lockdown measures in some parts of the country.

While the number of COVID-19 cases have reduced significantly and the Government of India has withdrawn most of the COVID-19 related restrictions, the Group continues to closely monitor any anticipated material changes to future economic conditions.

The Holding Company is in the business of lending personal loans whereas the subsidiary company, Chaitanya India Fin Credit Private Limited is in the business of lending loans which are in the nature of micro-finance loans. Accordingly, the subsidiary company has recognized provisions as on 31 March 2022, towards its loan assets to the extent of ₹ 476.31 million which includes an additional provision of ₹ 21.77 million for the impact of COVID-19 pandemic, based on the information available at this point of time including economic forecasts in accordance with the expected credit loss method and believes that the extent to which the pandemic will impact the subsidiary company's performance will depend on ongoing as well as future developments which are highly uncertain.

The Group has recognized provisions as on 31 March 2022, towards its loan assets to the extent of ₹ 2,054.55 million which includes an additional provision of ₹ 114.37 million towards the future potential impact of COVID-19 based on the information available at this point of time including the economic forecasts, in accordance with the expected credit loss method. The Group believes that it has considered all the possible impact of the known events arising out of COVID-19 pandemic in the preparation of financial statements.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

4. Significant accounting policies

4.1. Basis of preparation and measurement

(i) Going concern and basis of measurement

The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis except for certain financial assets and financial liabilities are measured at fair values at the end of each reporting period. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy hitherto in use.

(ii) Use of estimates and judgements

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and notes thereto. The management believes that these estimates and assumptions are reasonable and prudent. However, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods. An overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed have been disclosed below. Detailed information about each of these estimates and judgments is included in the relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimate and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under circumstances.

- Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payments of Principle and Interest ('SPPI') and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance

measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

- Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

- Provisions and other contingent liabilities

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability requires the application of judgement to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and revised to take account of changing facts and circumstances.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

- Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

- Impairment of loans and investment portfolio

The measurement of impairment losses across all categories of financial assets requires judgement the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by several factors, changes in which can result in different levels of allowances.

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

- Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

The EIR in case of a financial asset is computed

- As the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Any subsequent changes in the estimation of the future cash flows is recognised in interest income with the corresponding adjustment to the carrying amount of the assets.

Interest income on credit impaired assets is recognised by applying the effective interest rate to the net amortised cost (net of provision) of the financial asset.

ii. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

iii. Recoveries against written off assets and fees received on collections

The Company recognises recoveries against written off assets and fees received on collections on realization basis.

iv. Dividend income

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

v. Other income

All other income is recognized on accrual basis when no significant uncertainty exists on their receipt.

4.2. Revenue recognition

i. Recognition of interest income

Interest income is recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial assets other than credit-impaired assets and financial assets classified as measured at FVTPL.

4.3. Finance costs

Finance costs represents interest expense recognised by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

The EIR in case of a financial liability is computed

- As the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the gross carrying amount of the amortised cost of a financial liability.
- By considering all the contractual terms of the financial instrument in estimating the cash flows.
- Including all fees paid between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Borrowing cost consists of interest and other cost that the Company incurred in connection with the borrowing of funds. All other borrowing costs are charged to the Statement of Profit and Loss as incurred basis the effective interest rate method.

4.4. Property, Plant and Equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes all expenses, direct and indirect, specifically attributable to its acquisition and bringing it to its working condition for its intended use. Incidental expenditure pending allocation and attributable to the acquisition of fixed assets is allocated/ capitalised with the related assets. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

Depreciation

Depreciation on property, plant and equipment has been provided on the written down value method as prescribed in Schedule II of Companies Act 2013 or the rates determined by the management as per estimated useful life of the assets, whichever is higher. All individual assets (other than furniture and fixtures and office equipments) valued less than ₹ 5,000 are depreciated in full in the year of acquisition. The useful life of the assets is as follows:

Asset class	Useful life adopted by the Company
Electrical Installations and Equipment	5 years
Computers and accessories	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicle - Motor car	8 years
UPS	10

Depreciation is calculated on a pro rata basis from the date on which the asset is ready for use or till the date the asset is sold or disposed off.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognized in the statement of profit and loss, when the asset is derecognized.

4.5. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the tax authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

Any gain or loss on disposal of an item of intangible assets is recognised in statement of profit or loss.

Amortization For amortization of intangibles, the amortization amount is allocated on a systematic basis over the best estimate of its useful life. Management estimates useful life of intangible assets to be 3 years.

4.6. Fair value measurement

The Company measures financial instruments at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

4.7. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets:

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

Financial assets carried at amortized cost – a financial asset is measured at the amortized cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. The difference in the carrying amount of financial assets (net of impairment allowance) and the consideration received on the transfer of financial asset is recognised in the statement of profit or loss.

Financial liabilities:

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other payables, borrowings and payables towards assignment transactions.

Subsequent measurement

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.8. Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are investments in debt instruments, and are measured at amortised cost along with other financial assets such as e.g., loans, deposits, trade receivables and bank balances.

4.8.1. Overview of the Expected Credit Loss (ECL) Model

The Company records allowance for expected credit losses for all loans and other debt instruments not held at FVTPL in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss).

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is the portion of Lifetime ECL that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the

change in the risk of default occurring over the remaining life of the financial instrument. The Company does the assessment of significant increase in credit risk at a borrower level. If a borrower has various facilities having different past due status, then the highest days past due (DPD) is considered to be applicable for all the facilities of that borrower.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1

All exposures where there has not been a significant increase in credit risk since initial recognition or that has low credit risk at the reporting date and that are not credit impaired upon origination are classified under this stage. The company classifies all standard advances/ investments and advances/investments upto 30 days default under this category. Stage 1 financial instruments also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

Stage 2

All exposures where there has been a significant increase in credit risk since initial recognition but are not credit impaired are classified under this stage. 30 Days Past Due is considered as significant increase in credit risk.

Stage 3

Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument. The Company recognizes life time ECL for impairment of financial assets.

4.8.2. Estimation of Expected Credit loss

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- Probability of Default (PD) - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously de-recognised and is still in the portfolio.

The Company uses historical information where available to determine PD. Considering the different products, the Company has bifurcated its financial instruments into various pools. For certain pools where historical information is available, the PD is calculated considering fresh slippage of past years.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

For those pools where sufficient historical information is not available, the PD/default rates as being witnessed in the industry is also used as an input to determine the PD for the company. For investments, the PD/default rates are considered as reported by external credit rating agencies.

- Exposure at Default (EAD) - The Exposure at Default is an estimate of the exposure at a future default date.
- Loss Given Default (LGD) - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realisation of any collateral.

Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and the market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, unemployment rates, benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays, if any, are embedded in the methodology to reflect such macro-economic trends reasonably.

Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in various forms, such as movable and immovable assets, guarantees, etc. However, the fair value of collateral affects the calculation of ECL and the fair value is based on data provided by third party or management judgements.

Collateral repossessed

In its normal course of business whenever default occurs, the Company may take possession of properties or other assets in its retail portfolio and generally disposes such assets through auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, assets under legal repossession processes are not recorded on the balance sheet.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect

of recovery. The Company reduces the gross carrying amount of a financial asset. However financial assets that are written off could still be enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognised in the statement of profit and loss.

4.9. Employee benefits:

The Company provides employment benefits through various defined contribution and defined benefit plans.

Employee benefits include Provident Fund, Gratuity and Bonus.

Defined contribution plans

A defined contribution plan is a plan under which the Company pays fixed contributions into an independent fund administered by the government. The Company has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognised as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Company define the amount of the benefit that an employee will receive on completion of services by reference to length of service and last drawn salary. The legal obligation for any benefits remains with the Company.

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognised in the financial statements in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs. The defined benefit obligation is calculated at or near the reporting date by an independent actuary using the projected unit credit method.

Actuarial gains and losses arising from past experience and changes in actuarial assumptions are credited or charged to the statement of OCI in the year in which such gains or losses are determined.

Short-term employee benefits

Expense in respect of other short term benefits is recognised on the basis of the amount paid or payable for the period during which services are rendered by the employee.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

4.10. Leases

Identification of lease:

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or whether the arrangement conveys a right to use the asset.

Recognition of lease payments:

Rent expenses representing operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognised based on contractual terms.

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.11. Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences arising between the tax bases of

assets and liabilities and their carrying amounts. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised for temporary differences, unused tax losses and unused tax credits if it is probable that future taxable amounts will arise to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.12. Share based payments

The Company had formulated an Employees Stock Option Schemes to be administered through a Trust. The fair value of options granted under Employee Stock Option Plan was recognised as an employee benefits expense with a corresponding increase in other equity upto the year ended 31 March 2021. The fair value of options granted under Employee Stock Option Plan is recognized as a deemed investment in subsidiary company with a corresponding increase in employee stock options outstanding reserve. The total amount to be recognized is determined by reference to the fair value of the options and is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. Upon exercise of share options, the proceeds received are allocated to share capital up to the par value of the shares issued with any excess being recorded as share premium. This scheme as closed in the current year

4.13. Earnings per equity share

Basic earnings per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

To calculate diluted earnings per equity share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

4.14. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets or cash

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

generating units to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

4.15. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

4.16. Dividend

Proposed dividends and interim dividends payable to the shareholders are recognized as changes in equity in the period in which they are approved by the shareholder's meeting and the Board of Directors respectively.

4.17. Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates. The financial

statements have been prepared and presented in Indian Rupees, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction. Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss in the year in which they arise.

4.18. Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are accounted for at cost in accordance with IndAS 27 Separate Financial Statements

4.19. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

4.20. Rounding off amounts

All amounts disclosed in the financial statements and notes have been rounded off to the millions as per the requirements of Schedule III of the Act unless otherwise stated.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

5 Cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Cash in hand	3.19	12.26
Balances with banks and financial institutions		
- Balances with banks in current account	5,696.10	1,255.72
- Bank deposit with original maturity less than 3 months	10.26	400.00
Total	5,709.55	1,667.98

(i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the year and prior year.

(ii) The cash and cash equivalents for cash flow statement is same as cash and cash equivalents.

6 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2022	As at 31 March 2021
Term deposits with bank	20.72	16.23
Balance with banks and financial institutions to the extent held as margin money deposits against term loans, Government securities trade and overdraft facilities	1,336.86	792.53
Total	1,357.58	808.76

The term deposits with banks (excluding the interest accrued on term deposits) have been placed under lien for the following purposes:

Particulars	As at 31 March 2022	As at 31 March 2021
Term loans	233.90	171.20
Margin money against Government Securities Trade	500.00	498.60
Margin money against derivatives trade	30.00	-
Working capital loans/overdraft facilities	388.58	122.73
Securitisation liabilities	184.38	-
Total	1,336.86	792.53

7 Trade receivables*

Particulars	As at 31 March 2022	As at 31 March 2021
Receivable from related parties	-	0.49
Total	-	0.49

* The Group does not have any receivables which are either credit impaired or where there is significant increase in credit risk.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

8 Loans

Particulars	As at 31 March 2022	As at 31 March 2021
A) Loans		
At amortised cost		
Secured		
Term loans	3,120.04	62.19
Mortgage housing loans	46.80	80.62
Small Business Loans(SBL)	2.94	6.22
Livestock Loan	8.03	15.14
Unsecured		
Term loans	26,411.77	6,198.44
Joint liability loans	21,247.88	9,787.38
At fair value through OCI		
Unsecured		
Joint liability loans	1,224.27	2,092.32
Total (A) - Gross	52,061.73	18,242.31
Less : Impairment loss allowance	(2,053.80)	(1,633.91)
Total (A) - Net	50,007.93	16,608.40
B) Others (Loan to employees)		
Unsecured	6.91	4.67
Total (B) - Gross	6.91	4.67
Less : Impairment loss allowance	(0.75)	(0.16)
Total (B) - Net	6.16	4.51
Total (A+B) - Net	50,014.09	16,612.91
C) Loans in India		
i) Public sector	-	-
ii) Individuals	52,068.64	18,236.98
iii) Corporates	-	10.00
Total - Gross	52,068.64	18,246.98
Less : Impairment loss allowance	(2,054.55)	(1,634.07)
Total - Net	50,014.09	16,612.91

9 Investments

Particulars	As at 31 March 2022	As at 31 March 2021
At fair value through profit and loss account ('FVTPL')		
Mutual funds (quoted)	391.61	1,592.77
Bonds and debentures (unquoted)	-	151.73
Commercial Paper	-	100.91
Pass through certificates (unquoted)	225.27	656.32
Bonds and debentures (quoted)	1,298.56	12,165.89
Government securities (quoted)	994.66	4,679.41
Futures (quoted)	-	63.50

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

9 Investments (Contd..)

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Bonds and debentures (unquoted)	164.09	277.46
Pass through certificates (unquoted)	238.09	2,063.17
Others (quoted)	491.66	2,618.43
Equity instruments:		
- Others (unquoted)	-	1.22
Total gross (A)	3,803.94	24,370.81
Investments outside India	-	-
Investments in India	3,803.94	24,370.81
Total gross (B)	3,803.94	24,370.81
Less: Impairment loss allowance (C)	(164.18)	(172.69)
Total net - (A) + (B) - (C)	3,639.76	24,198.12

10 Other financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Security deposits (unsecured, considered good)	53.59	9.19
EIS receivable on assignment	266.55	126.21
Insurance recoverables	35.48	23.72
Less: Impairment on insurance recoverable	(22.27)	(7.97)
Other receivables	324.19	51.81
Less: Impairment loss allowance on Other recoverables	(14.85)	(8.62)
Receivable towards investments settlement*	704.94	-
Total	1,347.63	194.34

* Represents investments redemptions of securities pending for settlement as on 31 March 2022 which are subsequently settled on 4 April 2022

11 Current tax assets (net)

Particulars	As at 31 March 2022	As at 31 March 2021
TDS Receivable and Advance tax paid	167.90	14.04
Total	167.90	14.04

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

12 Deferred tax asset (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Tax effect of items constituting deferred tax liabilities:		
Financial liabilities measured at amortised cost	67.28	17.91
Deferment of upfront EIS and servicing obligation recorded for assignment	61.82	31.71
Interest on non-performing loans	0.12	0.30
Financial assets measured at fair value through profit and loss	-	26.17
Fair value charge of loans through other comprehensive income	1.09	7.08
Others	0.49	-
Deferred tax liabilities (total) - A	130.80	83.17
Tax effect of items constituting deferred tax assets:		
Impairment allowance for loans	498.88	376.46
Provision for employee benefits	32.59	19.75
Difference in written down value as per Companies Act and Income Tax Act	4.79	4.39
Financial assets measured at amortised cost	72.25	41.72
Lease accounting under Ind AS 116	2.70	0.19
Impairment allowance for investments	41.32	43.46
Financial assets measured at fair value through profit and loss	3.28	-
Impairment allowance for other receivables	9.49	4.36
Accumulated losses	23.42	-
Others	0.02	0.68
Deferred tax assets (total) - B	688.74	491.01
Net deferred tax asset (B-A)	557.94	407.84

Note:

Movement in deferred tax assets/liabilities

Particulars	As at 31 March 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2022
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	17.91	49.37	-	67.28
Deferment of upfront EIS and servicing obligation recorded for assignment	31.71	30.11	-	61.82
Interest on non-performing loans	0.30	(0.18)	-	0.12
Financial assets measured at fair value through profit and loss	26.17	(26.17)	-	-
Fair value charge of loans through other comprehensive income	7.08	-	(5.99)	1.09
Others	-	0.49	-	0.49
Total deferred tax liabilities	83.17	53.62	(5.99)	130.80

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

12 Deferred tax asset (net) (Contd..)

Particulars	As at 31 March 2021	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2022
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	376.46	122.42	-	498.88
Provision for employee benefits	19.75	10.96	1.88	32.59
Difference in written down value as per Companies Act and Income Tax Act	4.39	0.40	-	4.79
Impairment allowance for investments	43.46	(2.14)	-	41.32
Lease accounting under Ind AS 116	0.19	2.51	-	2.70
Financial assets measured at amortised cost	41.72	30.53	-	72.25
Financial assets measured at fair value through profit and loss	-	3.28	-	3.28
Impairment allowance for other receivables	4.36	5.13	-	9.49
Accumulated losses	-	23.42	-	23.42
Others	0.68	(0.66)	-	0.02
Total deferred tax assets	491.01	195.85	1.88	688.74
Total deferred tax asset (net)	407.84	142.23	7.87	557.94

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2021
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	6.73	11.18	-	17.91
Deferment of upfront EIS and servicing obligation recorded for assignment	1.96	29.75	-	31.71
Interest on non-performing loans	2.99	(2.69)	-	0.30
Financial assets measured at fair value through profit and loss	-	26.17	-	26.17
Fair value charge of loans through other comprehensive income	-	-	7.08	7.08
Others	0.13	(0.13)	-	-
Total deferred tax liabilities	11.81	64.28	7.08	83.17
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	66.44	310.02	-	376.46
Impairment allowance for Investments	-	43.46	-	43.46
Provision for employee benefits	24.74	(4.99)	-	19.75
Difference in written down value as per Companies Act and Income Tax Act	4.11	0.28	-	4.39

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

12 Deferred tax asset (net) (Contd..)

Particulars	As at 31 March 2020	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2021
Financial assets measured at amortised cost	19.76	21.96	-	41.72
Financial assets measured at fair value through profit and loss	54.63	(54.63)	-	-
Impairment allowance for other receivables	2.70	1.66	-	4.36
Employee stock option scheme expense	1.13	(1.13)	-	-
Others	0.02	0.85	-	0.87
Total deferred tax assets	173.53	317.48	-	491.01
Total deferred tax asset (net)	161.72	253.20	(7.08)	407.84

13 Property, plant and equipment

Particulars	Computer and accessories	Furniture and fixtures	Office equipment's	Vehicles	Leasehold Improvement	Electrical equipment	Total
Gross block							
Gross Carrying Value							
Balance as at 31 March 2020	36.71	24.22	14.14	15.26	-	0.46	90.79
Additions during the year	10.04	3.27	5.23	-	0.60	0.59	19.73
Reversal on disposal of assets	(2.80)	-	-	(15.11)	-	-	(17.91)
Balance as at 31 March 2021	43.95	27.49	19.37	0.15	0.60	1.05	92.61
Additions during the year	40.09	15.90	3.85	-	1.33	4.68	65.85
Adjustments/ regrouping							
Reversal on disposal of assets	(0.67)	-	(0.02)	(0.06)	-	(0.18)	(0.93)
As at 31 March 2022	83.37	43.39	23.20	0.09	1.93	5.55	157.53
Accumulated depreciation							
Balance as at 31 March 2020	28.48	12.66	6.86	10.63	-	0.20	58.83
Charge for the year	6.70	3.20	2.93	0.59	0.20	0.06	13.68
Reversal on disposal of assets	(1.41)	-	-	(11.09)	-	-	(12.50)
Balance as at 31 March 2021	33.77	15.86	9.79	0.13	0.20	0.26	60.01
Charge for the year	14.98	5.36	1.82	0.01	0.53	1.33	24.03
Reversal on disposal of assets	(0.60)	-	(0.02)	(0.05)	-	(0.15)	(0.82)
As at 31 March 2022	48.15	21.22	11.59	0.09	0.73	1.44	83.22
Net block							
Balance as at 31 March 2020	8.23	11.56	7.28	4.63	-	0.26	31.96
Balance as at 31 March 2021	10.18	11.63	9.58	0.02	0.40	0.79	32.60
Balance as at 31 March 2022	35.22	22.17	11.61	-	1.20	4.11	74.31

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

14 Other intangible assets#

Particulars	Computer and accessories	Furniture and fixtures	Electrical equipment	Total
Gross block				
Balance as at 31 March 2020	0.13	0.02	6.40	6.55
Additions during the year	-	-	8.60	8.60
Reversal on disposal of assets	-	-	(3.88)	(3.88)
Balance as at 31 March 2021	0.13	0.02	11.12	11.27
Additions during the period	-	-	10.22	10.22
Reversal on disposal of assets	-	-	(0.02)	(0.02)
As at 31 March 2022	0.13	0.02	21.32	21.47
Accumulated depreciation				
Balance as at 31 March 2020	0.02	0.01	5.58	5.61
Charge for the year	0.04	0.01	0.84	0.89
Reversal on disposal of assets	-	-	(3.88)	(3.88)
Balance as at 31 March 2021	0.06	0.02	2.54	2.62
Charge for the period	0.04	-	4.83	4.87
Reversal on disposal of assets	-	-	(0.01)	(0.01)
As at 31 March 2022	0.10	0.02	7.36	7.48
Net block				
Balance as at 31 March 2020	0.11	0.01	0.82	0.94
Balance as at 31 March 2021	0.07	-	8.58	8.65
Balance as at 31 March 2022	0.03	-	13.96	13.99

#Other than internally generated

15 Right of use Asset

Particulars	As at 31 March 2022	As at 31 March 2021
Opening value of right of use assets	16.29	2.54
Addition to lease assets during the year	127.90	17.28
Less: Depreciation charge for the year	(21.24)	(3.53)
Closing value of right of use assets	122.95	16.29

16 Other non-financial assets

Particulars	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good		
Advances to suppliers and others	58.21	10.70
Advances to staff	0.02	1.23
Balance with government authorities	18.74	16.56
Income tax paid under dispute	4.67	4.67
Prepaid expenses	25.32	11.81
Others	0.57	-
Total	107.53	44.97

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

17 Payables

Particulars	As at 31 March 2022	As at 31 March 2021
I. Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4.62	3.03
Total	4.62	3.03
II. Other payables		
i) Dues to micro enterprises and small enterprises	0.70	1.16
ii) Dues to creditors other than micro enterprises and small enterprises	6.24	56.27
Total	6.94	57.43
Total(I+II)	11.56	60.46

18 Debt securities

Particulars	As at 31 March 2022	As at 31 March 2021
Secured (at amortised cost)		
Listed redeemable non-convertible debentures	14,173.17	4,919.07
Unlisted redeemable non-convertible debentures	466.08	494.61
Unsecured (at amortised cost)		
Unlisted redeemable non-convertible debentures	6,550.56	14,270.26
Commercial Papers	727.84	-
Total	21,917.65	19,683.94
Borrowings in India	21,917.65	19,683.94
Borrowings outside India	-	-
Total	21,917.65	19,683.94

(i) Refer note 18.1 for interest rates, repayment terms and nature of security of debt securities.

18.1 Terms of debentures (secured) (at amortised cost)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
12.40% Secured, Rated, Listed, Redeemable, Transferable, Non-Convertible Debentures dated 22 June 2017 with Call / Put option with exercise date on 29 June 2021. Redeemable on maturity if option not exercised or communication for roll-over received from lender.	250	250	10,00,000	250.00	250.00
14.50% Rated, Senior, Unsecured, Unlisted, Redeemable, Transferable, Principal Protected Market linked Non-Convertible Debentures dated 10 May 2018	-	2,000	1,00,000	-	200.00
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50	50	10,00,000	50.00	50.00
17.00% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	50	50	10,00,000	50.00	50.00

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

18.1 Terms of debentures (secured) (at amortised cost) (Contd..)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
14.50% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 29 December 2016	15,00,00,000	15,00,00,000	1	150.00	150.00
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	150	150	10,00,000	150.00	150.00
11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	500	500	10,00,000	500.00	500.00
9.90% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 30 September 2020	-	300	9,23,000	-	276.90
10.25% Secured, Rated, Listed, Redeemable non-convertible debentures dated 19 November 2020	500	500	10,00,000	500.00	500.00
9.35% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 15 December 2020	2,500	2,500	23,080	57.70	250.00
10.00% Senior, Secured, Rated, Listed, Redeemable, Transferable, Principal Protected Market Linked Non-Convertible dated 01 February 2021	3,100	3,100	1,00,000	310.00	310.00
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 2021	500	500	9,40,000	470.00	500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures.	1,500	1,500	10,00,000	1,500.00	1,500.00
Maturity Date is 17 June 2022. Redemption premium is 9.25%					
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures.	469	469	10,00,000	469.00	469.00
Maturity Date is 16 June 2022. Redemption premium is 10%					
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures.	750	750	10,00,000	750.00	750.00
Maturity Date is 26 May 2022. Redemption premium is 10%					
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 30 March 2020 with call / put option. Maturity date is 31 December 2024	65,00,556	1,40,20,557	1,000	6,500.56	14,020.56
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures.	650	-	10,00,000	650.00	-
Maturity Date is 21 September 2023. Redemption premium is 8.75%					
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures.	2,000	-	10,00,000	2,000.00	-
Maturity Date is 24 May 2023. Redemption premium is 8.783%					
Secured Listed Rated Redeemable Non-Convertible Debentures.	800	-	10,00,000	800.00	-
Maturity Date is 30 August 2023. Redemption premium is 9.15%					
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures.	500	-	10,00,000	500.00	-
Maturity Date is 31 July 2024. Redemption premium is 9.25%					
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures.	1,000	-	10,00,000	1,000.00	-
Maturity Date is 23 February 2024. Redemption premium is 8.60%					
Sub-total (A)				16,657.26	19,926.46
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures.	1,500	-	10,00,000	1,500.00	-
Maturity Date is 15 March 2024. Redemption premium is 8.60%					
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures.	300	-	10,00,000	300.00	-
Maturity Date is 31 May 2025. Redemption premium is 9.90%					
Secured Listed Rated Redeemable Non-Convertible Debentures.	1,000	-	10,00,000	1,000.00	-
Maturity Date is 05 April 2023. Redemption premium is 9.1792%					
Secured Listed Rated Redeemable Non-Convertible Debentures.	350	-	10,00,000	350.00	-
Maturity Date is 31 December 2024. Redemption premium is 9.5%					

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

18.1 Terms of debentures (secured) (at amortised cost) (Contd..)

Terms of debentures	Number of debentures		Face value in ₹	Amount	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 10 May 2023. Redemption premium is 9.15%	1,400	-	10,00,000	1,400.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 September 2023. Redemption premium is 9.6%	300	-	10,00,000	300.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 September 2023. Redemption premium is 9.6%	300	-	10,00,000	300.00	-
Sub-total (B)				5,150.00	-
Sub-total (A)+(B)				21,807.26	19,926.46

Commercial papers	Redemption Value		Face Value	Discounted Value	
	As at 31 March 2022	As at 31 March 2021		As at 31 March 2022	As at 31 March 2021
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 March 2022. Discount rate is 8.32%	250.00	-	98.23	245.58	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 13 January 2022. Discount rate is 7.75%	210.00	-	97.39	204.53	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 18 March 2022. Discount rate is 7.75%	285.00	-	98.04	277.73	-
Total	745.00	-		727.84	-

19 Borrowings (other than debt securities)

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings carried at amortised cost		
Term loans		
- From banks:		
Secured	18,133.46	4,723.57
- From financial institutions:		
Secured	5,651.90	6,027.57
- Securitisation liabilities	1,838.39	-
Lease liability	133.91	16.65
Total	25,757.66	10,767.79
Borrowings in India	25,757.66	10,767.79
Borrowings outside India	-	-
Total	25,757.66	10,767.79

* The term loans of subsidiary company are covered by unsecured microfinance JLG loans to the extent of minimum 100%-110% of outstanding. The Company assigns the book debts as per the sanction terms. Further in respect of term loans drawn during quarter 4 of FY 2021-22 aggregating to ₹ 6873.40 million, the Company will assign the book debts in due course as per the sanction terms. The borrowings have not been guaranteed by directors or others.

(i) Refer note 19.1 for interest rates repayment terms and nature of security of borrowings.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of Borrowings

Borrowings (other than debt securities)						As at 31 March 2022	As at 31 March 2021
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		
1	Monthly	15	Apr-21	8.50%	Exclusive charge on standard receivables (upto 30 days DPD) with a minimum cover of 1.20x	50.00	250.00
2	Monthly	18	Apr-21	9.60%	Exclusive charge on specific loan receivables arising out of Term loan from our bank excluding amount over due more than 3 months, keeping a minimum asset cover of 1.2x	83.33	150.00
3	Monthly	24	Apr-21	9.40%	First & exclusive charge on Book Debts to the extent of 1.20x with PAR (less than 30 days) of loan limit.	150.00	300.00
4	Monthly	18	Feb-21	9.60%	Exclusive hypothecation of present and future loan receivables. Security margin - 120% of the loan principal outstanding during the currency of the loan.	55.56	222.22
5	Monthly	15	Apr-21	9.75%	Exclusive charge on specific loan receivables arising out of loan lending.	20.00	20.00
6	Bullet repayment	1	Apr-21	3.50%	06.66% TAMIL NADU SDL 2030	-	977.47
7	Bullet repayment	1	Apr-21	3.50%	7.16% NI GOVT STOCK 2023	-	1,071.47
8	Bullet repayment	1	Apr-21	3.50%	06.73% TAMIL NADU SDL 2030	-	1,012.50
9	Monthly	24	Apr-22	9.20%	Exclusive Charge on receivables of standard asset portfolio and all current assets, present and future, with a minimum asset cover of 1.2 times. Receivables with DPD of more than 90 days not to be considered for asset cover. UDC for the facility amount.	150.00	-
10	Monthly	18	Jun-21	9.70%	First and exclusive charge on book debts to the extent of 1.2X with PAR (less than 30 Days) to be less than 5% of facility amount.	91.50	-
11	Monthly	18	Nov-21	9.60%	Exclusive hypothecation of present and future loan receivables (net of financial charges, NPA, other charges, etc.). Security margin is 120% for the loan principal outstanding during the currency of loan.	166.67	-
12	Monthly	18	May-21	8.80%	Primary security is current assets both future and present (inclusive of loan receivable). Proportionate charge on current assets at 1.2X times for term loan facility.	88.89	-
13	Monthly	24	Nov-21	9.80%	Exclusive first charge by the way of hypothecation of 110% on book debts. Two SPDC of Rs. 25 Cr each.	393.86	-
14	Monthly	18	Oct-21	8.90%	Exclusive charge by way of hypothecation of book debts arising out of the facility. The hypothecated assets must cover at least 1.25 times of the amount outstanding under the facility. The book debts not to include the amount overdue beyond 30 days.	66.67	-
15	Monthly	21	Sept-21	9.75%	First and exclusive charge on book debts/loan assets to the extent of 120% of the exposure created out of the bank's funding.	133.33	-
16	Monthly	36	Jan-22	8.25%	Exclusive charge by way of hypothecation of specific standard receivables with security cover of 110% of the loan amount during entire tenure of the loan.	458.30	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)						As at 31 March 2022	As at 31 March 2021
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		
17	Monthly	24	Jan-22	9.25%	First, exclusive and Continuing charge on identified loan receivable. Throughout the period security coverage of 110% of the amount outstanding shall be required to be maintained.	131.25	-
18	Monthly	24	Feb-22	9.25%	First and exclusive charge on book debts to the extent of 1.10X with PAR (less than 30 Days) of loan limit.	175.00	-
19	Monthly	24	Jan-22	9.25%	First and exclusive charge on specific receivables of the company arising out of onlending.	131.25	-
Sub-total (A)						2,345.61	4,003.66
20	Bullet repayment	2	Apr-22	7.35%	50% FD shall be provided by the borrower and shall be lien marked in favour of Yes Bank limited. Exclusive charge on all specific identified receivables to the extent 1.15x on the exposure net off FD amount i.e., on INR 75 MM	130.00	-
21	Monthly	20	Apr-22	8.90%	Exclusive Charge on standard receivables, both present and future, with a minimum asset cover of 1.2 times. Stage 3 assets to be excluded.	300.00	-
22	Monthly	54	Sept-22	8.30%	Exclusive charge over the loan assets (Standard Assets) to be maintained at a minimum of 110% of loan value i.e 10% margin on receivables on a continuous basis during tenor of term loan	250.00	-
23	Monthly	24	Apr-22	9.40%	Exclusive charge on identified Personal loan assets created out of HSBC loan with asset cover of 1.2x and on identified home loan assets with assets cover of 1.05x.	500.00	-
24	Monthly	18	May-22	9.50%	Primary: First and exclusive charge over the standard loan assets / book debts Only standard pool of assets to be hypothecated to JMFPL, any substandard asset shall be replaced by the standard asset on immediate basis. Minimum 1.1 times of the Outstanding Facility Amount	750.00	-
25	Monthly	24	Mar-22	8.70%	Exclusive charge to be created on current assets at 1.1x times of the total loan amount.	287.50	-
26	Monthly	18	Apr-22	9.85%	Exclusive charge on portfolio of 1.1x times	350.00	-
27	Monthly	24 Months after initial moratorium of 6 Months	Aug-22	8.95%	Exclusive Hypothecation charge over specific pool of receivables/book debts created out of loan to the extent of outstanding loan amount and maintain 125% security at any point of time excluding receivables which are overdue.	299.63	-
28	Monthly	14	Apr-22	8.50%	Pool principal: ₹ 267.34 million (including an over collateral of 9.50% of the principal portion of receivables) -FDs aggregating to an amount of ₹ 267.34 million being 10% of the pool principal	241.94	-
29	Monthly	15	Apr-22	8.75%	Pool principal: ₹ 1040.71 million (including an over collateral of 11.50% of the principal portion of receivables) FDs aggregating to an amount of ₹ 1040.71 million being 10% of the pool principal	921.03	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)						As at 31 March 2022	As at 31 March 2021
SI no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		
30	Monthly	9	Apr-22	8.70%	Pool principal: ₹ 239.64 million (including an over collateral of 10.00% of the principal portion of receivables) FDs aggregating to an amount of ₹ 239.64 million being 10% of the pool principal	215.68	-
31	Monthly	11	Apr-22	9.00%	Pool principal: ₹ 512.19 million (Including an over collateral of ₹ 46.09 million being 9% of pool principal) ₹ 56.34 million in the form of FD being 11% of pool principal	466.10	-
32	Monthly	30 Months after initial moratorium of 6 Months	Jul-22	10.50%	1.1X exclusive cover of standard book debts and receivables. Max DPD 60 Days.	1,000.00	-
33	Monthly	Upto 2 years	-	8%-10%	Secured by loan assets	1,102.83	250.00
34	Monthly	2 to 4 years	-	8%-10%	Secured by loan assets	380.49	-
35	Monthly	Upto 2 years	-	10%-12%	Secured by loan assets	310.20	475.24
36	Monthly	2 to 4 years	-	10%-12%	Secured by loan assets	18.70	250.00
37	Quarterly	Upto 2 years	-	8%-10%	Secured by loan assets	233.30	-
Sub-total (B)						7,757.40	975.24
38	Quarterly	2 to 4 years	-	8%-10%	Secured by loan assets	133.33	-
39	Quarterly	4 to 6 years	-	8%-10%	Secured by loan assets	-	1,200.00
40	Quarterly	2 to 4 years	-	12%-15%	Secured by loan assets	-	62.50
41	Half yearly	Upto 2 years	-	8%-10%	Secured by loan assets	650.50	187.50
42	Half yearly	2 to 4 years	-	8%-10%	Secured by loan assets	252.00	-
43	Half yearly	4 to 6 years	-	8%-10%	Secured by loan assets	24.00	-
44	Half yearly	Upto 2 years	-	10%-12%	Secured by loan assets	85.50	-
45	Half yearly	2 to 4 years	-	10%-12%	Secured by loan assets	27.00	247.50
46	Yearly	Upto 2 years	-	8%-10%	Secured by loan assets	550.00	-
47	Monthly repayment	Upto 2 years	-	8%-10%	Secured by loan assets	9,385.99	1,018.73
48	Monthly repayment	2 to 4 years	-	8%-10%	Secured by loan assets	2,403.36	303.20
49	Monthly repayment	Upto 2 years	-	10%-12%	Secured by loan assets	822.40	2,395.73
50	Monthly repayment	2 to 4 years	-	10%-12%	Secured by loan assets	-	6.70
51	Monthly repayment	Upto 2 years	-	12%-15%	Secured by loan assets	73.30	6.82
52	Monthly repayment	2 to 4 years	-	12%-15%	Secured by loan assets	-	304.53
53	Quarterly repayment schedule	Upto 2 years	-	8%-10%	Secured by loan assets	262.50	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

19.1 Details of terms and conditions of Borrowings (Contd..)

Borrowings (other than debt securities)						As at 31 March 2022	As at 31 March 2021
Sl no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		
54	Quarterly repayment schedule	2 to 4 years	-	10%-12%	Secured by loan assets	-	66.66
55	At the end of tenure / On demand	Upto 2 years	-	8%-10%	Secured by loan assets	1,000.00	-
Sub-total (C)						15,669.88	5,799.87
Total (A)+(B)+(C)						25,772.89	10,778.77

Notes:

- (a) Lease liabilities not included
- (b) All the above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

20 Subordinated liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
At amortised cost		
Unsecured term loan		
- Term loan from bank/financial institutions	299.07	298.81
- Debentures	199.56	198.89
	498.63	497.70
Subordinated liabilities in India	498.63	497.70
Subordinated liabilities outside India	-	-
Total	498.63	497.70

- (i) Refer note 20.1 for interest rates repayment terms and nature of security of borrowings.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

20.1 Details of terms and conditions of subordinated liabilities

Subordinated liabilities						As at 31 March 2022	As at 31 March 2021
SI no.	Repayment terms	No. of instalments	Repayment commencement	Interest rate terms	Nature of the security		
1	Principal: Bullet Repayment. Interest: Monthly	84	Feb-18	15.00%	Unsecured	100.00	100.00
2	At the end of tenure / On demand	Upto 2 years	-	12%- 15%	Unsecured	150.00	-
3	At the end of tenure / On demand	More than 6 years	-	12%- 15%	Unsecured	-	150.00
4	At the end of tenure / On demand	Upto 2 years	-	above 15%	Unsecured	100.00	-
5	At the end of tenure / On demand	2 to 4 years	-	above 15%	Unsecured	150.00	-
6	At the end of tenure / On demand	4 to 6 years	-	above 15%	Unsecured	-	50.00
7	At the end of tenure / On demand	More than 6 years	-	above 15%	Unsecured	-	200.00
Total						500.00	500.00

(a) The above mentioned repayments disclosed as per the contractual maturities of debt securities, borrowing other than debt securities and subordinate liabilities at gross carrying value.

21 Other financial liabilities *

Particulars	As at 31 March 2022	As at 31 March 2021
Interest accrued on borrowings	586.46	204.19
Payables towards assignment transactions	318.53	80.02
Insurance payables	0.65	0.65
Provision for expenses	900.54	80.93
Payable to employees	13.45	5.28
Payable towards investments settlement **	-	602.55
Other Payables	17.51	11.11
Total	1,837.14	984.73

* Refer note 21.1 for movement in financial liabilities

** Represents investments/ (redemptions) in securities which are pending for settlement as on 31 March 2021 which were subsequently settled on 6 April 2021.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

21.1 Reconciliation of liabilities from financing activities

Particulars	As at 31 March 2021	Cash flow		Non-cash			As at 31 March 2022	
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation		Consideration received in the form of investments for NCDs issued
Debt securities	19,683.94	11,993.81	(3,288.54)	-	-	47.01	(6,518.57)	-
Borrowings (other than debt securities)	10,767.79	93,137.90	(78,318.43)	(17.72)	127.90	60.22	-	-
Subordinated liabilities	497.70	-	-	-	-	0.93	-	-
Total	30,949.43	1,05,131.71	(81,606.97)	(17.72)	127.90	108.16	(6,518.57)	-
Particulars	As at 31 March 2021	Cash flow		Non-cash			As at 31 March 2021	
		Additions	Payment	Lease payments	Lease liability	Upfront fees and amortisation		Consideration received in the form of investments for NCDs issued
Debt securities	26,090.52	5,229.00	(11,509.24)	-	-	(38.35)	-	(87.99)
Borrowings (other than debt securities)	6,216.05	32,976.19	(28,432.96)	(3.91)	17.28	(4.86)	-	-
Subordinated liabilities	496.96	-	-	-	-	0.74	-	-
Total	32,803.53	38,205.19	(39,942.20)	(3.91)	17.28	(42.47)	-	(87.99)
								30,949.43

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

22 Current tax liabilities (net)

Particulars	As at 31 March 2022	As at 31 March 2021
Tax payable	-	36.76
Total	-	36.76

23 Provisions

Particulars	As at 31 March 2022	As at 31 March 2021
Provision for employee benefits	98.84	92.08
Provision for gratuity	45.10	31.63
Provisions for compensated absences	48.68	36.69
Other losses	0.58	0.68
Total	193.20	161.08

24 Other non-financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Statutory dues payable	102.39	37.19
Deferred revenue	41.26	27.79
Advance received from customers	176.12	-
Other payable	0.69	2.61
Total	320.46	67.59

25 Equity share capital

Particulars	As at 31 March 2022	As at 31 March 2021
Authorised share capital		
205,000,000 Equity shares of ₹ 10 each (31 March 2021: 175,000,000 equity shares of ₹ 10 each)	2,050.00	1,750.00
Total authorised capital	2,050.00	1,750.00
Issued, subscribed and fully paid up share capital		
178,573,686 Equity shares of ₹ 10 each (31 March 2021: 165,240,353 equity shares of ₹ 10 each)	1,785.73	1,652.40
Total equity share capital	1,785.73	1,652.40

(i) Rights, preferences and restrictions attached to equity shares:

The holding company has equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The holding company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

25 Equity share capital (Contd..)

(ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	Amount	No. of shares	Amount
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	16,52,40,353	1,652.40	15,13,29,020	1,513.29
Add: Issued during the year	1,33,33,333	133.33	1,33,33,333	133.33
Add: ESOP exercised during the year	-	-	5,78,000	5.78
Less: Buy back of shares	-	-	-	-
Balance at the end of the year	17,85,73,686	1,785.73	16,52,40,353	1,652.40

During the year ended 31 March 2022, the holding company allotted 13,333,333 equity shares ((31 March 2021: 133,33,333 equity shares) of ₹ 10 each at an issue price of ₹ 75 per share including premium of ₹ 65 per share to Navi Technologies Limited (formerly known as Navi Technologies Private Limited) ('the Parent Company).

(iii) Shares held by the holding company

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,686	100%	16,52,40,353	100%

(iv) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,686	100%	16,52,40,353	100%

(v) Shareholders holding more than 5% of shares of the Company as at balance sheet date:

Promoter name	No of shares	% of Total Shares	% Change during the period
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	17,85,73,685	100.00%	-

(vi) During the year ended 31 March 2020, the group exercised a buyback of 44,05,281 equity shares of ₹ 10 each including a premium of ₹ 59.54 per share. Also the Company has not allotted shares by way of bonus during 5 years immediately preceding 31 March 2022.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

26 Other equity

Particulars	As at 31 March 2022	As at 31 March 2021
Securities premium		
Opening Balance	8,744.91	7,873.04
Add : Securities premium credited on share issue	866.67	882.85
Add : Transfer from ESOP reserve	-	16.80
Less: Premium utilised	-	(27.78)
Closing balance	9,611.58	8,744.91
Reserve fund u/s 45-IC of the Reserve Bank of India Act 1934		
Opening balance	299.82	59.27
Add: Transfer from retained earnings	100.69	240.55
Closing balance	400.51	299.82
Capital Redemption Reserve		
Opening balance	44.05	44.05
Add: Created on buy back of equity shares	-	-
Closing balance	44.05	44.05
Employee stock options outstanding reserve		
Opening balance	-	14.78
Add: Stock option reserve created	-	18.82
Less: Transferred to securities premium	-	(33.60)
Closing balance	-	-
Retained earnings		
Opening balance	991.53	60.42
Add: Transferred from statement of profit and loss	(170.01)	1,202.72
Less: Appropriations/transfers:		
- Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(100.69)	(240.55)
- Transfer to other comprehensive income (net of deferred tax)	23.42	(21.06)
- Transfer to debenture redemption reserve	-	(10.00)
Closing Balance	744.25	991.53
Other comprehensive income		
Opening balance	18.18	(2.88)
Add: Transfer from retained earnings (net of deferred tax)	(23.42)	21.06
Closing balance	(5.24)	18.18
Debenture redemption reserve		
Opening	10.00	-
Add: Transfer from retained earnings	-	10.00
Closing balance	10.00	10.00
Equity component of compound financial instruments		
Opening Balance	-	1,036.88
Add : Net Interest Paid on CCDs	-	27.78
Less : Closing amount of CCDs converted to equity	-	(1,064.66)
Closing balance	-	-
Total	10,805.15	10,108.49

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

26 Other equity (Contd..)

Notes:

Nature and purpose of reserves:

Securities premium

Securities premium account: The amount received in excess of face value of the equity shares is recognised in Securities Premium. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

Every year the Group transfers a sum of not less than twenty per cent of net profit of that year as disclosed in the statement of profit and loss to its Statutory Reserve pursuant to Section 45-IC of the RBI Act, 1934.

Other comprehensive income

Re-measurement of the net defined benefit liability/(asset) comprises actuarial gain and losses.

Employee stock options outstanding

The account is used to recognise the grant date value of options issued to employees under Employee stock option plan and adjusted as and when such options are exercised or otherwise expire.

Retained earnings

Retained earnings are the profits that the Group has earned till date, less any transfers to statutory reserve and dividend distributions paid to shareholders.

Capital Redemption Reserve

Capital Redemption Reserve has been created in accordance with Section 69 of the Companies Act, 2013, being the nominal value of the shares brought back by the Company during the year.

27 Interest income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial assets measured at amortised cost		
Interest on loans *	5,412.94	2,670.35
Interest on investments	193.92	854.16
Interest income - others	71.21	35.57
Sub-total	5,678.07	3,560.08
On financial assets measured classified at fair value through profit or loss		
Interest on investments	423.85	292.35
Sub-total	423.85	292.35
On financial assets measured at FVOCI		
Interest on loans	240.85	163.03
Sub-total	240.85	163.03
Total	6,342.77	4,015.46

* Loan origination income of the holding company included in interest income is disclosed net of direct incremental costs of ₹ 140.52 million for the year ended 31 March 2022 (31 March 2021: Nil) associated with origination of the underlying loans.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

28 Fees and commission income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee received on collections	93.89	36.21
Total	93.89	36.21

29 Net gain on fair value changes

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio:		
Debt securities	790.06	1,245.93
Mutual fund	53.39	177.82
Future trading	358.67	(172.74)
Interest rate swaps	1.47	
(ii) on financial instruments designated at FVTPL:		
Debt securities	-	22.63
Equity instruments	139.55	110.14
(B) Net gain on financial instruments at amortised cost		
Debt securities	-	6.19
Pass through certificate	29.20	19.53
Total	1,372.34	1,409.50
Fair value changes		
- Realised	1,488.17	1,087.71
- Unrealised	(115.83)	321.79
Total	1,372.34	1,409.50

30 Net gain on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gain on sale of loan portfolio through assignment	361.40	180.93
Gain on sale of loan portfolio	-	8.89
Total	361.40	189.82

31 Other income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit on sale of property, plant and equipment	0.08	0.66
Miscellaneous income	28.39	0.71
Total	28.47	1.37

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

32 Finance costs

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
On financial liabilities measured at amortised cost:		
Interest on borrowings (other than debt securities)	1,258.10	488.50
Interest on debt securities	754.57	232.79
Interest on security deposits	-	0.21
Interest on subordinated liabilities	74.72	78.18
Interest on lease liability	7.08	0.62
Interest on income tax	4.98	9.20
Others	32.17	62.23
Total	2,131.62	871.73

33 Fees and commission expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Fee paid to business correspondents	17.89	10.33
Others	5.77	4.02
Total	23.66	14.35

34 Net loss on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Loss on sale of portfolio	1.64	-
Total	1.64	-

35 Impairment on financial instruments

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Portfolio loans written off	1,182.27	288.38
Impairment allowance on portfolio loans	424.53	1,393.85
Impairment allowance on investments	(8.51)	146.30
Impairment loss allowance on other receivable	20.63	7.62
Total	1,618.92	1,836.15

During the year ended 31 March 2022, the Company has sold the digital loan portfolio sourced through business correspondents, which had an impairment allowance of ₹ 4.05 millions as on the date of transfer. The same has been considered for arriving at the net loss on derecognition of financial instruments under amortised cost category in Note no. 34.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

36 Employee benefits expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries and wages	1,178.18	641.09
Contribution to provident and other funds	71.17	39.25
Gratuity expense (refer note 43)	19.04	13.81
Compensated absences (refer note 43)	13.18	11.54
Staff welfare expenses	49.39	20.74
Share based payments to employees (refer note 47)	68.01	18.26
Total	1,398.97	744.69

37 Depreciation and amortisation expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on tangible assets (refer note 13)	24.03	13.68
Amortisation on intangible assets (refer note 14)	4.87	0.89
Amortisation on right of use assets (refer note 15)	21.24	3.53
Total	50.14	18.10

38 Other expenses

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Advertisement expenses	1,771.94	200.46
Software support charges	412.48	126.40
Traveling and conveyance	165.59	72.22
Customer onboarding and verification	287.47	42.27
Business Support Services	31.38	-
Legal and professional charges	255.48	48.88
Rent and electricity charges	77.92	36.16
Office and general expenses	31.04	14.10
Rates and taxes	9.83	14.95
Printing and stationery	19.08	7.82
Miscellaneous expenses	4.30	0.34
Director's sitting fees	10.79	6.91
Auditors' remuneration *	9.30	3.63
Corporate social responsibility expenses (refer note 39)	11.97	3.17
Membership fee and subscription	5.07	2.69
Insurance	2.86	1.98
Repairs and maintenance - others	19.73	3.99
Meeting and training Expenses	12.01	2.57
Communication costs	18.93	13.33
Total	3,157.17	601.87

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

38 Other expenses (Contd..)

*Auditor's fees and expenses comprises of:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
As Auditor:		
- Audit fees (including fees for limited review)	7.12	2.88
- Tax audit fees	0.49	0.44
- Special purpose audit	0.33	-
- Out of pocket expenses	0.04	0.10
- Out of pocket expenses to previous auditor	0.02	-
In any other manner:		
- Certification	1.30	0.21

39 Corporate social responsibility expenses

(a) Gross amount required to be spent by the Group during the year ended 31 March 2022 is ₹ 11.97 millions

(b) Amount approved by the Board to be spent during the period is ₹ 11.97 millions.

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
c) Amount spent		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above		
In cash	8.31	7.02
Yet to be paid	-	-
d) excess amount to be spent :		
Opening balance	3.85	-
Amount spent during the year	8.31	7.02
Amount required to be spent during the year	11.97	3.17
Amount utilised towards CSR obligation for the year ended 31 March 2022	12.16	-
Closing balance	0.19	3.85

40 Tax expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current tax	105.57	637.01
Deferred tax	(142.23)	(253.20)
Total	(36.66)	383.81

The reconciliation of estimated income tax expense at statutory income tax rate to income tax expense reported in statement of profit and loss is as follows:

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

40 Tax expense (Contd..)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax (III - IV)	(183.25)	1,565.47
Income tax rate	25.17%	25.17%
Estimated income tax expense	(46.12)	394.00
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Adjustment for tax pertaining to prior years	9.40	(6.50)
Tax impact of expenses which are non-deductible	4.27	2.40
Tax impact of deductions which are allowed under the Income Tax act, 1961	(21.17)	(11.88)
Others	16.96	5.79
Total income tax expense	(36.66)	383.81

41 Other comprehensive income

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Items that will not be reclassified to profit and loss		
Actuarial gain/loss reclassified from gratuity expense to OCI	(7.76)	2.03
Actuarial gain/loss reclassified from Leave Encashment expense to OCI	0.27	(2.01)
	(7.49)	0.02
Income tax relating to above	1.88	-
Items that will be reclassified to profit and loss		
Net change in fair value of loans measured at fair value through other comprehensive income	(23.80)	28.12
Income tax relating to items that will be reclassified to profit or loss	5.99	(7.08)
Total	(23.42)	21.06

42 Earnings per share (basic and diluted)

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Net (loss)/profit for the year	(146.59)	1,181.66
Weighted-average number of equity shares for basic EPS (in millions)	169.70	152.21
Weighted-average number of potential equity shares for diluted EPS (in millions)	169.70	152.21
Par value per share	10.00	10.00
Earnings per equity share - Basic	(0.86)	7.76
Earnings per equity share - Diluted	(0.86)	7.76

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan

Defined contribution plan

The Group makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Group has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans for qualifying employees. Under the Schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹ 65.92 millions (31 March 2021: ₹ 37.72 millions) for Provident Fund contributions and ₹ 5.25 millions (31 March 2021: ₹ 1.53 millions) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Group are at rates specified in the rules of the Schemes.

Employee benefit obligations:

Balance recognised in the balance sheet is as under:

Particulars	As at 31 March 2022	As at 31 March 2021
Gratuity	45.10	31.63

Expense recognised in Statement of Profit and Loss is as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	16.18	9.69
Interest cost (net)	1.97	1.65
Transfer from Group entities	0.89	2.47

Expense recognised through other comprehensive income is as under:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Gratuity	0.24	(5.47)

Disclosure for gratuity

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Components of net gratuity cost charged to Statement of profit and loss		
Current service cost	16.18	9.69
Interest expense	1.97	1.65
Transfer from Group entities	0.89	2.47
Benefits paid	(4.92)	(2.61)
Actuarial gains	-	-
Total (A)	14.12	11.20
Components of remeasurement gains/losses in other comprehensive income		
Actuarial changes arising from changes in demographic assumptions	-	-
Actuarial changes arising from changes in financial assumptions	(1.03)	(0.78)
Experience adjustments	1.27	(4.69)
Total (B)	0.24	(5.47)
Total (A+B)	14.36	5.73

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan (Contd..)

Changes in the present value of the defined benefit obligation are as follows:	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of defined benefit obligation at the beginning of the year	31.63	25.90
Current service cost	16.89	9.69
Interest cost	1.97	1.65
Past service cost	-	-
Transfer out	(0.71)	2.47
Benefits paid	(4.92)	(2.61)
Actuarial (gain)/ loss	0.24	(5.47)
Defined benefit obligation at the end of the year	45.10	31.63
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer direct benefits payments	3.34	2.49
Benefits paid	(3.34)	(2.49)
Benefits paid from the fund	-	-
Return on plan assets excluding interest income	-	-
Fair value of plan assets end of the year	-	-
Reconciliation of present value of defined benefit obligation and the fair value of assets:		
Particulars	As at 31 March 2022	As at 31 March 2021
Present value of funded obligation as at the end of the year	45.10	31.63
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	(45.10)	(31.63)
Actuarial (gain)/loss recognised in other comprehensive income:		
Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Actuarial loss/ (gain) on assets		
Actuarial (gain) / loss on liabilities:		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	(1.03)	(5.21)
Actuarial loss from experience adjustment	1.27	(0.26)
Total Actuarial (gain) / loss on liabilities	0.24	(5.47)
Total actuarial (gain)/loss	0.24	(5.47)
Principal assumptions used in determining gratuity liability are shown below:		
Particulars	As at 31 March 2022	As at 31 March 2021
Rate of discounting	7.08% - 7.55%	6.68% - 7.19%
Expected rate of salary increase	7% - 10%	6% - 7%
Rate of employee turnover	5% - 23%	5% - 23%
Retirement age (years)	60	60

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan (Contd..)

Sensitivity analysis for gratuity liability

Particulars	As at 31 March 2022	As at 31 March 2021
Impact on defined benefit obligation		
Discount rate +100 basis points	(3.54)	(2.46)
Discount rate -100 basis points	4.18	2.89
Salary growth+ 100 basis points	3.48	2.58
Salary growth- 100 basis points	(3.10)	(2.23)
Attrition rate + 100 basis points	(0.78)	(0.40)
Attrition rate - 100 basis points	0.84	0.41

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

Maturity profile of defined benefit obligation

Particulars	As at 31 March 2022	As at 31 March 2021
Within next 12 months	4.03	2.63
Between 1-5 years	41.07	29.00
Beyond 5 years	-	-

Expected future payouts (discounted)	As at 31 March 2022	As at 31 March 2021
Year I	4.03	2.63
Year II	3.13	2.06
Year III	2.36	1.62
Year IV	1.79	1.23
Year V	1.37	0.96
Year 6-10	4.40	3.22
Above 10 years	28.02	19.91

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan (Contd..)

Disclosure for Leave encashment

(i) Amount recognised in the balance sheet

Particulars	As at 31 March 2022	As at 31 March 2021
Defined benefit plans		
Leave encashment	48.68	36.69

(ii) Amount recognised in the statement of profit and loss

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Current service cost	9.50	7.65
Interest cost (net)	2.37	1.47
Transfer out	1.31	2.42
Actuarial loss/(gain) recognised during the year	7.24	5.45
Amount recognised in total comprehensive income	20.42	16.99

(iii) Movement in the present value of defined benefit obligation recognised in the balance sheet

Description	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of defined benefit obligation as at the beginning of the year	36.69	24.15
Current service cost	10.81	7.65
Interest cost	2.37	1.47
Benefits paid	(7.12)	(4.45)
Transfer Out	(1.31)	2.42
Actuarial (gain)/loss	7.24	5.45
Present value of defined benefit obligation as at the end of the year	48.68	36.69

(iv) Movement in the plan assets recognised in the balance sheet

Description	As at 31 March 2022	As at 31 March 2021
Fair value of plan assets at the beginning of the year		-
Expected return on plan assets		
Contributions by employer	5.30	4.30
Benefits paid	(5.30)	(4.30)
Actuarial gain/(loss)		-
Fair value of plan assets at the end of the year	-	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan (Contd..)

(v) Reconciliation of present value of defined benefit obligation and the fair value of assets:

Description	As at 31 March 2022	As at 31 March 2021
Present value of funded obligation as at the end of the year	48.68	36.69
Fair value of plan assets as at the end of the period funded status	-	-
(Unfunded)/funded net liability recognized in balance sheet	(48.68)	(36.69)

(vi) Actuarial (gain)/loss recognised in other comprehensive income:

Description	As at 31 March 2022	As at 31 March 2021
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities		
Actuarial (gain) from change in demographic assumption	-	-
Actuarial loss from change in financial assumption	(0.77)	(0.79)
Actuarial loss from experience adjustment	8.01	6.24
Total Actuarial (gain) / loss on liabilities	7.24	5.45
Total actuarial (gain)/loss	7.24	5.45

(vii) Actuarial assumptions used for determination of the liability of the Company:

Description	As at 31 March 2022	As at 31 March 2021
Discount rate	7.08% - 7.55%	6.68% - 7.19%
Rate of increase in compensation levels	7% - 10%	6% - 7%
Rate of employee turnover	5% - 23%	5% - 23%
Retirement age	60	60

(vii) Actuarial assumptions used for determination of the liability of the Company:

Description	31 March 2022	31 March 2021
Impact of change in discount rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(3.72)	(1.08)
- Impact due to increase of -100 basis points	4.49	3.02
Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	4.01	2.69
- Impact due to increase of -100 basis points	(3.37)	(0.89)
Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(0.59)	(0.03)
- Impact due to increase of -100 basis points	0.70	0.21

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

43 Retirement benefit plan (Contd..)

The above sensitivity analysis is based on a change an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which was applied while calculating the defined benefit obligation liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to previous year.

(ix) Maturity profile of defined benefit obligation

Description	As at 31 March 2022	As at 31 March 2021
Within next 12 months	8.45	6.18
Beyond 1 year	40.23	30.51

Plan characteristics and associated risks

1. Salary inflation risk

Higher than expected increases in salary will increase the defined benefit obligation

2. Demographic risks:

This is the risk of volatility of results due to unexpected nature of decrements that include mortality attrition, disability and retirement. The effects of this decrement on the defined benefit obligation depend upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawal rate because the cost of retirement benefit of an employee serving a shorter tenor will be less compared to long service employees.

3. Actuarial risk

It is the risk that the benefits will cost more than expected. This can be due to one of the following reasons

- a) Adverse salary growth
- b) Variability in mortality rates
- c) Variability in withdrawal rates

4. Market risk

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

5. Legislative/Regulatory risk

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

6. Liquidity risk

The Company is making provisions for the entire gratuity liability as per actuarial valuation and follows a 'pay as you go' system to meet the liabilities as and when they fall due. Therefore, there is a liquidity risk involved that they may run out of cash.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

44 Related parties disclosures

(a) Names of related parties

Nature of relationship	Name of the related party
Holding Company	Navi Technologies Limited (formerly known as Navi Technologies Private Limited) (NTL)
Subsidiary Company	Chaitanya India Fin Credit Private Limited
Entities in which Directors are able to exercise control or have significant influence	Navi General Insurance Limited Navi AMC Limited Flipkart Online Services Private Limited
Name of key managerial personnel	Designation
Mr. Sachin Bansal	Executive Chairman and Chief Executive Officer (appointed w.e.f 11 February 2022)
Mr. Ankit Agarwal	Managing Director (appointed 11 w.e.f February 2022)
Mr. Samit S Shetty	Non- Executive Director (resigned w.e.f 30 August 2021)
Ms. Riya Bhattacharya	CEO (resigned w.e.f. 11 February 2022)
Mr. Divyesh Jain	CFO (appointed w.e.f 12 November 2021)
Mr. L N Gurumoorthy	CFO (resigned w.e.f 12 November 2021)
Mr. Puneet Bhatia	Company Secretary (w.e.f 30 March 2022)
Ms. Dimple J Shah	Company Secretary (resigned w.e.f 7 January 2022)
Name of Directors	Designation
Usha A Narayanan	Independent Director
Arindam Haraprasad Ghosh	Independent Director
Ranganathan Sridharan	Independent Director

(b) Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
Navi Technologies Limited	Redemption of non-convertible debentures	7,520.00	10,716.14
(formerly known as Navi Technologies Private Limited)	Face value of equity shares allotted	133.33	133.33
	Securities premium received	866.67	866.67
	Reimbursement of expenditure incurred from related party	3.40	7.77
	Loan sourcing fee	607.04	-
	Payment of LPF collected on behalf of group company	-	84.20
	Software support charges	406.17	120.05
	Outsourcing services fees	31.38	-
	Platform management fee	-	0.38
	Digital marketing expense	-	16.90
	Professional fees	-	2.47
	Sale of property, plant and equipments	-	1.40

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

44 Related parties disclosures (Contd..)

Name of related party	Nature of transaction	Year ended 31 March 2022*	Year ended 31 March 2021
	Sale of investment in debenture	996.94	-
	Advertisement expenses cross charge to NTL	99.81	-
	Purchase of debentures	-	999.09
	Lease rental	21.36	1.18
	Maintenance charges	1.03	-
	Insurance cross charge by NTPL	0.90	-
	Security deposit to be paid	17.40	-
	Employee cost (net) cross charged to NTL for transferred employees	34.49	-
	Share based payments to employees	57.54	5.30
	Others	-	0.48
Navi General Insurance Limited	Advance money paid for customer insurance policies	44.54	5.60
	Premium for issuance of customer insurance policies	43.93	5.28
	Employee cost cross charged to Navi GI for transferred employees	4.31	-
	Advertisement expenses cross charged to Navi GI	21.29	-
	Payment for employee medical insurance	0.36	3.78
	Refund of Balance towards Payment for Employee Medical Insurance	(0.19)	-
Navi AMC Limited	Advertisement expenses cross charged to Navi AMC	14.46	-
Navi Mutual Fund Limited	Purchase of Mutual funds	1,179.96	-
	Sale of Mutual funds	1,021.64	-
Mr. Samit Shankar Shetty	Sitting fee/Remuneration	0.70	1.81
	Provident fund and others	-	6.39
Ms. Riya Bhattacharya	Remuneration	15.40	1.60
Mr. Divyesh Jain	Remuneration	4.04	-
Mr. L N Gurumoorthy	Remuneration	7.05	0.25
Mr. Puneet Bhatia	Remuneration	0.23	-
Ms. Dimple J Shah	Remuneration and incentives	1.21	0.42
Mr. K Subramanyam Ravi	Sitting fees	-	1.22
Mr. R Sridharan	Sitting fees	5.12	2.42
Mr. Rachamadugu Nandakumar	Sitting fees	-	1.18
Ms. Usha A Narayanan	Sitting fees	4.50	1.84

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

44 Related parties disclosures (Contd..)

(c) Outstanding balances with related parties in ordinary course of business:

Name of related party	Nature of balance	As at 31 March 2022	As at 31 March 2021
Navi Technologies Limited	Outstanding (payable)/ receivable	(610.24)	(36.24)
(formerly known as Navi Technologies Private Limited)	Non-convertible debentures	(6,500.56)	(14,020.56)
	Provision for employee benefits (ESOP expense)	(24.46)	(7.86)
Navi General Insurance Limited	CD Balance	1.41	0.00
	Outstanding receivable	1.58	0.61
Navi Mutual Fund Limited	Mutual fund holdings	285.00	0.00

45 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled:

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	5,709.55	-	5,709.55	1,667.98	-	1,667.98
Bank balances other than cash and cash equivalents	1,113.95	243.63	1,357.58	671.37	137.39	808.76
Trade receivables	-	-	-	0.49	-	0.49
Loans*	29,938.41	20,075.68	50,014.09	11,381.16	5,231.75	16,612.91
Investment	3,529.61	110.15	3,639.76	23,081.59	1,116.53	24,198.12
Other financial assets	1,267.35	80.28	1,347.63	168.52	25.82	194.34
Non-financial assets						
Current tax assets (net)	6.36	161.54	167.90	14.04	-	14.04
Deferred tax asset (net)	-	557.94	557.94	-	407.84	407.84
Property, plant and equipment	2.29	72.02	74.31	-	32.60	32.60
Other intangible assets	-	13.99	13.99	-	8.65	8.65
Goodwill	-	13.95	13.95	-	13.95	13.95
Right to use asset	0.20	122.75	122.95	-	16.29	16.29
Other non-financial assets	102.84	4.69	107.53	36.98	7.99	44.97
Total	41,670.56	21,456.62	63,127.18	37,022.13	6,998.81	44,020.94
Liabilities						
Financial liabilities						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4.62	-	4.62	3.03	-	3.03

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

45 Maturity analysis of assets and liabilities (Contd..)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Other payables				-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	0.70	-	0.70	1.16	-	1.16
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6.24	-	6.24	56.27	-	56.27
Borrowings	26,366.77	21,807.17	48,173.94	22,092.84	8,856.59	30,949.43
Other financial liabilities	1,837.14	-	1,837.14	979.72	5.01	984.73
Non financial liabilities						
Current tax liabilities (net)	-	-	-	36.76	-	36.76
Provisions	93.76	99.44	193.20	82.42	78.66	161.08
Other non financial liabilities	314.24	6.22	320.46	63.92	3.67	67.59
Total	28,623.47	21,912.83	50,536.30	23,316.12	8,943.93	32,260.05
Net	13,047.09	(456.21)	12,590.88	13,706.01	(1,945.12)	11,760.89

46 Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
a. In respect of Income tax demands where the Company has filed appeal before the relevant authority.	70.61	24.07
b. In respect of GST where the Company has filed submission to Assistant Commissioner (State Tax-Karnataka)	-	3.06
Total	70.61	27.13

- i) Future cash outflows in respect of (a) and (b) above are determinable only on receipt of judgements /decisions pending with various forums/authorities. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

(B) Commitments not provided for

Particulars	As at 31 March 2022	As at 31 March 2021
Housing Loans sanctioned pending disbursement	122.60	-

Particulars	As at 31 March 2022	As at 31 March 2021
a. Estimated amount of contracts remaining to be executed on capital account, net of advances	1.13	-
b. For purchase / development of computer software	-	-
Total	1.13	-

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

46 Contingent liabilities, commitments and leasing arrangements (Contd..)

(C) Usage of funds borrowed from Banks and Financial Institutions

The Group has used the borrowings from banks and financial institutions for the specific purpose for which it was taken at the balance sheet date.

(D) Lease disclosures

Adoption of Indian Accounting standard - 116 "Leases"

The Group has adopted Ind AS 116, Leases effective 01 April 2019, as notified by the Ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules 2019, using modified retrospective approach from 01 April 2018 and charged depreciation on a straight line method basis on the right of use asset created on the transition date.

Carrying value of lease liability at the end of the reporting period.

Particulars	As at 31 March 2022	As at 31 March 2021
Opening lease liabilities	16.65	2.89
Addition to lease liabilities during the period/year	127.90	17.28
Interest expense on lease liabilities	7.08	0.39
Cash outflow for leases	(17.72)	(3.91)
Closing lease liabilities	133.91	16.65

Particulars	As at 31 March 2022	As at 31 March 2021
Opening value of right of use assets	16.29	2.54
Addition to lease assets during the year	127.90	17.28
Less: Depreciation charge for the year	(21.24)	(3.53)
Closing right to use assets	122.95	16.29

Amounts recognised in statement of profit or loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation charge on right of use assets	21.24	3.53
Interest on lease liabilities	7.08	0.39
Total	28.32	3.92

Amounts recognised in the statement of cash flows

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Amortisation on right of use assets	21.24	3.53
Interest paid on lease liabilities	7.08	0.62
Payment towards lease liabilities	(17.72)	(3.91)
Total	10.60	0.24

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

46 Contingent liabilities, commitments and leasing arrangements (Contd..)

Maturity analysis of lease liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Within one year	30.03	4.03
After one year but not more than five years	103.88	12.62
More than five years	-	-
Total	133.91	16.65

Particulars	As at 31 March 2022	As at 31 March 2021
Holding		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	10	4
Range of remaining term	21-58 Months	33-44 Months
Average remaining lease term	34	36
Subsidiary		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	3	7
Range of remaining term	5 month to 20 months	5 month to 32 months
Average remaining lease term	11	15
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None

(E) Revenue from contracts with customers

Set out below is the disaggregation of the Group's revenue from contracts with customers and reconciliation to statement of profit and loss account:

Particulars	As at 31 March 2022	As at 31 March 2021
Type of service		
Income from business correspondent operations	-	20.79
Total	-	20.79
Geographical markets		
India	-	20.79
Outside India	-	-
Total	-	20.79
Timing of revenue recognition		
Services transferred at a point in time	-	-
Services transferred over time	-	20.79
Total	-	20.79

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

46 Contingent liabilities, commitments and leasing arrangements (Contd..)

Contract balances

Particulars	As at 31 March 2022	As at 31 March 2021
Other receivables	-	0.49
Trade payable	4.62	3.03
Total payable	(4.62)	(2.54)

Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price

Particulars	As at 31 March 2022	As at 31 March 2021
Revenue as per contract	-	-
Adjustments	-	20.79
Revenue from contract with customers	-	20.79

Revenue recognition for contract with customers - Income from business correspondent operations

This consideration has been allocated amongst the performance obligations under the contract on the basis of relative standalone prices.

Revenue recognition: Revenue from both the performance obligations being sourcing of loans and servicing of loans shall be recognised over a period of time, as the customer benefits from these services and when it is delivered/performed by the Group.

47 Share based payments

ESOP Plan 2019

Under the Employee Share-option Plan (ESOP), introduced on 17 October 2019 by Navi Technologies Limited (herein referred to as the "Holding Company"), at its discretion, may grant share options of the Holding Company to any of the employees including employees of its wholly owned subsidiaries.

The Holding Company introduced the Plan for the benefit of the employees of all companies under the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Board/Compensation Committee at its sole discretion. Under the plan, participants have been granted options which will vest as follows:

Scheme	Vesting Conditions	Exercise Period	Exercise Price / Ratio	Other conditions
Employee Share-option Plan (ESOP), 2019	Vested in a graded manner over a period of 4 years.	Employees must remain in service for a period of 3 years from the date of grant.	₹ 100/-Options : Shares = 1:1	Options are exercisable in one or more tranches within a period of 10 years from the date of vesting, failing which the options shall lapse.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

47 Share based payments (Contd..)

Pursuant to the plan, the Holding Company has granted 10,00,889 to the employees of the Group. Outstanding options as on 31 March 2022 are 14,16,590. The Stock compensation cost is computed under the fair value method and has been recognised over the vesting period up to 31 March 2022.

For the year ended 31 March 2022, the Group has recorded stock compensation expenses of ₹68.01 millions (18.26 millions as on 31 March 2021) which has been granted by Holding Company.

Particulars	No. of options 31 March 2022	No. of options 31 March 2021
Options outstanding at the beginning	9,27,299	-
Granted during the year	10,00,889	9,27,299
Lapsed during the year	(91,894)	-
Transfer (to)/in during the year ended (net)	(4,19,704)	-
Options outstanding at the end	14,16,590	9,27,299

The fair value of share options granted is estimated at the date of grant using a Black Scholes Merton model, taking into account the terms and conditions upon which the share options were granted. The expected life used in the model has been adjusted, based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. The contractual term of the share options is ten years and there are no cash settlement alternatives for the employees. The Holding Company does not have a practice of cash settlement for these awards.

Further, in accordance with Para 43B-43C, Ind AS 102 Share based payments, although the Group is receiving the services of employees to whom share options are granted. But the options granted are not of its own equity instruments and the Group has no obligation to settle the share-based payment transaction.

Hence, the stock compensation cost in the books of the Group shall be recorded as a cash-settled transaction.

Particulars	31 March 2022	31 March 2021
Fair value of the equity share as on grant date	₹ 382.00	₹ 143.40
Weighted average fair values at the measurement date	5.00	7.50
Expected life of share options (years)	29.6%	27.5%
Expected volatility (%)	0.0%	0.0%
Dividend yield (%)	5.9%	6.3%
Risk-free interest rate (%)	₹ 100	₹ 100
Weighted average share price (INR)	Black Scholes Merton	Black Scholes Merton
Model used		

Expected volatility during the expected life of the option can be estimated using historical volatility of the underlying asset observed during the period equivalent to the expected life of the option.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

48 Fair value measurement

Financial assets and liabilities

The carrying amounts and fair values of financial instruments by category are as follows:

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Financial assets measured at fair value through Profit and loss			
Investments	9	2,910.10	19,410.52
Financial assets measured at fair value through OCI			
Loans	8	1,209.42	2,054.73
Financial assets measured at amortised cost			
Cash and cash equivalents	5	5,709.55	1,667.98
Bank balance other than cash and cash equivalents	6	1,357.58	808.76
Trade receivables	7	-	0.49
Loans	8	48,804.67	14,558.18
Investments	9	729.66	4,787.60
Other financial assets	10	1,347.63	194.34
Total		62,068.61	43,482.60

Particulars	Note	As at 31 March 2022	As at 31 March 2021
Financial liabilities measured at amortised cost			
Trade payables	17	4.62	3.03
Other payables	17	6.94	57.43
Debt securities	18	21,917.65	19,683.94
Borrowings (other than debt securities)	19	25,757.66	10,767.79
Subordinated liabilities	20	498.63	497.70
Other financial liabilities	21	1,837.14	984.73
Total		50,022.64	31,994.62

48.1 Fair value hierarchy of assets and liabilities

The fair value of financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation sale. Methods and assumptions used to estimate the fair values are consistent in all the years. Fair value of financial instruments referred to in note (a) above has been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets and liabilities and lowest priority to unobservable entity specific inputs.

The categories used are as follows:

Level 1: Quoted prices (unadjusted) for identical instruments in an active market;

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs).

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

48 Fair value measurement (Contd..)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

Particulars	As at 31 March 2022	As at 31 March 2021
Level 1 (Quoted prices in active market)		
Financial assets measured at FVTPL		
Investments in mutual funds	391.61	1,592.77
Investments in bonds and debentures	2,293.22	16,845.30
Investment in commercial paper	-	100.91
Investment in futures	-	63.50
Level 2 (Directly or indirectly observable market inputs other than Level 1 inputs)		
Financial assets measured at FVTPL		
Investments in Pass through certificates	225.27	656.32
Financial assets measured at FVTOCI		
Loans	1,209.42	2,054.73
	4,119.52	21,313.53

48.2 Fair value of financial instruments measured at amortised cost

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group financial instruments measured at amortised cost.

Particulars	As at 31 March 2022		As at 31 March 2021	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Cash and cash equivalents	5,709.55	5,709.55	1,667.98	1,667.98
Bank balance other than cash and cash equivalents	1,357.58	1,357.58	808.76	808.76
Other receivables	-	-	0.49	0.49
Loans	50,014.09	50,014.09	16,612.91	16,612.91
Investments	3,639.76	3,639.76	24,198.12	24,198.12
Other financial assets	1,347.63	1,347.63	194.34	194.34
Total financial assets	62,068.61	62,068.61	43,482.60	43,482.60
Financial liabilities:				
Trade Payables	4.62	4.62	3.03	3.03
Payables	6.94	6.94	57.43	57.43
Debt securities	21,917.65	21,917.65	19,683.94	19,683.94
Borrowings (other than debt securities)	25,757.66	25,757.66	10,767.79	10,767.79
Subordinated liabilities	498.63	498.63	497.70	497.70
Other financial liabilities	1,837.14	1,837.14	984.73	984.73
Total financial liabilities	50,022.64	50,022.64	31,994.62	31,994.62

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

48 Fair value measurement (Contd..)

48.3 Valuation methodologies of financial instruments measured at amortised cost

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Financial assets at amortised cost

The fair value of loans given to customers are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

The fair value of investments are estimated using a cash flow model based on contractual cash flows using actual maturities.

Financial liability at amortised cost

The fair value of borrowings, debt securities and subordinate liabilities are estimated using a discounted cash flow model based on contractual cash flows using actual or estimated yields.

Short term financial assets and liabilities

The fair value of cash and cash equivalents, bank balances, trade receivables, other financial assets and other financial liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's loans have been contracted at market rates of interest. Accordingly, the carrying value of these approximates fair value.

49 Risk management

Risk is an integral part of the Group's business and sound risk management is critical for the success. On account of its business activities, the Group is exposed to various financial risks associated with financial products such as credit or default risk, market risk, interest rate risk, liquidity risk and inflationary risk. However, the Group has a robust financial risk management system in place to identify, evaluate, manage and mitigate various risks associated with its financial products to ensure that desired financial objectives are met. The Group's senior management is responsible for establishing and monitoring the risk management framework within its overall risk management objectives and strategies, as approved by the Board of Directors. Such risk management strategies and objectives are established to identify and analyse potential risks faced by the Group, set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and assess risk management performance. Any change in Group's risk management objectives and policies needs prior approval of its Board of Directors. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement	Risk management
Credit risk	Financial assets (excluding cash in hand)	Ageing analysis and credit risk modelling	Structured and standardized credit appraisal process, Field credit assessment, diversification of asset base, Group guarantee (joint liability Group loans), borrower indebtedness limits, diversification of asset base, credit limits and collaterals taken for assets, wherever applicable.
Liquidity risk	Financial liabilities	Cash flow forecasts	Committed borrowing and other credit facilities and sale of loan assets (whenever required).
Market risk - interest rate	Investments, borrowings, debt securities and subordinated liabilities carrying variable interest rates	Sensitivity analysis	Review of fair valuation of investments and review of cost of funds and pricing of disbursements.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Risk	Exposure arising from	Measurement	Risk management
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments.
Operational risk	Internal processes, policies, systems, and people	Assessment of risk controls	Maker-Checker matrix for each processes, system based checks, monitoring of exceptions, fraud risk analysis and process corrections, business continuity management.

The Group has a risk management policy which covers all the risk associated with its assets and liabilities. The Group has implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Group. The risk management process is continuously reviewed, improved and adapted in tandem with internal metamorphosis and changing external environment. The process of continuous evaluation of risk also includes taking stock of the risk landscape on an event-driven basis.

The Group has an elaborate process for risk management. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Group's treasury is responsible for managing its assets and liabilities, liquidity position, and the overall financial structure. It is also primarily responsible for the funding and interest rate risks of the Group.

49.1 Credit risk

A. Investments

This risk is common to all investors who invest in bonds and debt instruments and it refers to a situation where a particular bond issuer is unable to make the expected principal payments, interest rate payments, or both. Similarly, a lender bears the risk that the borrower may default in the payment of contractual interest or principal on its debt obligations, or both. The Group continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

B. Loans

Credit risk is the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's substantial income is generated from lending to retail customers and therefore credit risk is the principal risk associated with the business.

The credit risk management policy of the Group seeks to have following controls and key metrics that allows risks to be identified, assessed, monitored and reported in a timely and efficient manner in compliance with regulatory requirements.

- Standardize the process of identifying new risks and designing appropriate controls for these risks
- Minimize losses due to defaults or untimely payments by borrowers
- Maintain an appropriate credit administration and loan review system
- Establish metrics for portfolio monitoring
- Design appropriate credit risk mitigation techniques

49.1.1 Risk identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of target market for undertaking lending activity (negative villages, migrant occupations, negative communities, etc.)
- Gap in credit assessment of borrower's credit worthiness (Failure to collect KYC documents, verify residential address, assess income source, determine validity of legal property documents)

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

- Security gaps or temporary technical glitches in the loan origination application of the Group leading to loans being sanctioned to ineligible individuals
- Undue influence of Animator/Representative on customers (political influence / middlemen influencing decisions of customers)
- Over-borrowing by customers
- Upper cap on loan ticket size
- Improper use of loan amount than the designated activity
- Over-concentration in any geography/branch/zone etc.

Credit risk in investments may originate in one or multiple of following ways mentioned below:

- Adverse economic environment / regulatory changes impacting the credit / liquidity profile of underlying issuers
- Financial stress due to internal factors (such as over-leveraging by underlying issuers) resulting in lower demand for the security in the secondary market or leading to an impact on the issuer's ability to service debt obligations
- Any financial stress in the entities of the underlying issuer impacting its refinancing ability
- Deterioration in the value of underlying collateral
- Aggressive growth / policies affecting the asset quality and in turn profitability and refinancing options
- Material frauds by promoters / key management personnel / employees
- Breach of any covenants triggering cross-default / liquidity shocks

49.1.2 Risk assessment and measurement

The Group assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics. The Group assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors specific to the class of financial assets.

- Low credit risk
- Moderate credit risk
- High credit risk

The Group provides for expected credit loss based on the following:

Risk	Exposure arising from	Risk management
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, trade receivables and other financial assets	12 month expected credit loss
Moderate credit risk	Loans, investments and other financial assets	Life time expected credit loss or 12 month expected credit loss
High credit risk	Loans, investments and other financial assets	Life time expected credit loss or fully provided for

49.1.3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up very seriously at all levels within the organization. Monitoring and controlling risks is primarily performed based on limits established by the Group.

Investments - Risk concentration is minimized by investing in highly rated, investment grade bonds and debt instruments which have a very low risk of default. The Group lends to borrowers with a good credit score and generally most of the lending is secured against assets pledged by the borrower in favour of the Group. These investments are reviewed by the Board of Directors on a regular basis.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Loans - Borrower risk categorization is an effective tool to flag potential problems in the loan accounts and identify if any corrective action plan are to be taken. The Group regularly monitors borrower repayments and borrowers are accordingly categorized in low risk and high risk.

The performance indicators are continuously generated through monitoring alerts in the loan origination flow and post disbursement flow to highlight areas requiring attention and action. Monitoring includes diagnostic studies of problem areas in collections performance and proactively taking actions.

The risk monitoring metrics have been defined to track performance at each stage of the loan life cycle:

- Credit Origination - KYC pendency, if any; deviation index from the defined policies and procedures
- Credit sanction - Disbursement to high risk rated borrowers; early delinquency due to fraud
- Credit monitoring -
- Portfolio at risk - The metrics provides an indication of potential losses that may arise from overdue accounts. (loans staging more than 90 Days past due);
- Static pool analysis - Provides an indication about the portfolio performance vis-a-vis the vintage of the loans and helps compare performance of loans generated in different time periods
- Collection and recovery - collection efficiency, roll forward rates and roll backward rates.

49.1.4 Risk mitigation

Risk Mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

Investments

With respect to investments, the Group maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities.

Loans

The following risk mitigation measures have been suggested at each stage of loan life cycle:

- Loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data, regular updates to loan origination application based on security gaps and technical glitches identified etc.
- Loan underwriting - Risk rating, credit assessment, independent assessment of legal validity and value of property by experts etc.
- Loan pre and post disbursement - disbursement in the bank account only, loan utilisation checks
- Loan collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Appropriate policy-driven loan origination and collection process.

It is the Group's policy to ensure that a robust risk awareness is embedded in its organisational risk culture. Employees are expected to take ownership and be accountable for the risks the Group is exposed to that they decide to take on. Continuous training and development emphasizes that employees are made aware of the Group's risk appetite and they are supported in their roles and responsibilities to monitor and keep their exposure to risk within the Group's risk appetite limits. Compliance breaches and internal audit findings are important elements of employees' annual ratings and remuneration reviews.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

49.1.5 Impairment assessment

Investments

The Group has commenced the treasury operations in investments in the year ended 31 March 2020. The Group has assessed the impairment allowance on the basis of $EAD \times PD \times LGD$. The default rates for these investments are considered as reported by external credit rating agencies. Exposure at default (EAD) is the carrying value of the investments (net of credit enhancement).

Loans

The Group is also engaged in the business of providing loans and access to credit to the customers and joint liability group (JLG). The tenure of which is ranging from 3 month to 36 months for its personal loan product, 5 years to 25 years for its housing loan product and 12 months to 24 months for joint liability group (JLG).

The Group's impairment assessment and measurement approach is set out in this note. It should be read in conjunction with the Summary of significant accounting policies Note 4.8.1 (Overview of the Expected Credit Loss).

Definition of default and cure

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments except in case of Investments where above 60 days past due is considered as credit impaired.

As a part of a qualitative assessment of whether a customer is in default, the Group also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Group carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate.

It is the Group policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when the entire arrears of interest and principal has been paid. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

The Group's internal credit rating grades and staging criteria for loans are as follows:

Internal rating grade	Internal rating description	Stages
Performing		
Standard grade - no overdue	No over due	Stage I
Standard grade - past due	DPD 1 to 30	Stage I
	DPD 31 to 60	Stage II
	DPD 61 to 89	Stage II
Non-performing		
Sub-standard grade	DPD => 90	Stage III

Frequency of recognition

Riskiness of a financial asset is recognized in the following frequency: -

- At the time of initial recognition all financial assets are recognized as low credit risk.
- Assets are evaluated on a monthly frequency till the time it is fully repaid and closed; they are evaluated basis their days past due (DPD) status at every month-end, and risk classification is made accordingly.
- An asset may be re-recognized if there is adverse field information regarding client default.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Forward looking approach

ECL is based on history of financial asset and also includes forward-looking statement. Ind-AS does not mandate to forecast about the future conditions over the entire expected life of a financial asset, and ensures to extrapolate projections from available, detailed information. These include : -

- Internal historical credit loss experience
- Industry trend of credit loss of homogeneous assets
- Historical credit loss experience of other similar assets to homogeneous set of customers
- Changes in underwriting capacity, collection efficiency, and management strength
- Macroeconomic factors such as interest rates, industry policies, GDP growth, inflation, etc.
- Regulatory factors such as systemic risk events, policy changes, and statutory guidelines
- Systemic events such as COVID-19 pandemic, demonetization, Andhra Pradesh crisis, etc and special situations such as floods, cyclone, earthquake, etc.

Measurement of ECL

Expected Credit Loss or ECL is measured in the following manner. The Group calculates ECL based on probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

$$\text{ECL} = \text{PD} \times \text{LGD} \times \text{EAD}$$

Each item is defined as follows: -

ECL - Expected credit loss

Present value of difference between contractual cash flows and actual cash flows expected to be received over a given time horizon

PD - Probability of default

The Probability of default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

LGD - Loss given default

The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD

EAD- Exposure at default

Cash flows that are at risk of default over a given time horizon, The Exposure at Default is an estimate of the exposure at a future default date.

i) Expected credit losses for financial assets other than loans

As at 31 March 2022	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	5,709.55	-	5,709.55
Bank balance other than cash and cash equivalents	1,357.58	-	1,357.58
Investments	3,803.94	(164.18)	3,639.76
Other financial assets	1,384.74	(37.11)	1,347.63

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

As at 31 March 2021	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	1,667.98	-	1,667.98
Bank balance other than cash and cash equivalents	808.76	-	808.76
Trade receivables	0.49	-	0.49
Investments	24,370.82	(172.70)	24,198.12
Other financial assets	210.93	(16.59)	194.34

Credit quality of assets

(a) Loans

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- No Over Due	50,719.89	-	-	50,719.89	16,421.37	-	-	16,421.37
Standard grade- DPD 1 to 30	393.33	-	-	393.33	537.11	-	-	537.11
Standard grade- DPD 31 to 60	-	305.91	-	305.91	-	267.39	-	267.39
Standard grade- DPD 61 to 89	-	97.75	-	97.75	-	250.45	-	250.45
Non- performing	-	-	-	-	-	-	-	-
Sub-standard grade- DPD > 89	-	-	551.76	551.76	-	-	770.66	770.66
Total	51,113.22	403.66	551.76	52,068.64	16,958.48	517.84	770.66	18,246.98

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Portfolio loans is, as follows:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	16,958.48	517.84	770.66	18,246.98	9,469.55	56.66	127.18	9,653.39
New assets originated	48,424.07	206.40	133.63	48,764.10	15,454.77	318.17	264.76	16,037.70
Movement between stages	-	-	-	-	-	-	-	-
Transferring from Stage 1	(917.91)	447.12	470.79	-	(926.29)	384.93	541.36	-
Transferring from Stage 2	12.20	(95.74)	83.54	-	2.31	(19.92)	17.61	-
Transferring from Stage 3	2.15	1.54	(3.69)	-	0.10	0.04	(0.14)	-
Assets repaid, derecognized and written off	(13,365.77)	(673.50)	(903.17)	(14,942.44)	(7,041.96)	(222.04)	(180.11)	(7,444.11)
Gross carrying amount-closing balance	51,113.22	403.66	551.76	52,068.64	16,958.48	517.84	770.66	18,246.98

Note : New assets originated is presented net of collections made.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Reconciliation of ECL balance on loans is given below:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	730.41	263.97	639.69	1,634.07	207.90	7.05	59.95	274.90
New assets originated	1,323.66	124.72	122.87	1,571.25	694.36	191.42	247.53	1,133.31
Movement between stages	-	-	-	-	-	-	-	-
Transfers to Stage 1	(56.68)	22.88	33.80	-	(20.78)	8.34	12.44	-
Transfers to Stage 2	5.71	(35.93)	30.22	-	0.35	(3.37)	3.02	-
Transfers to Stage 3	1.98	1.28	(3.26)	-	0.02	0.03	(0.05)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(616.94)	(162.50)	(371.33)	(1,150.77)	(151.44)	60.50	316.80	225.86
Impairment allowance - closing balance	1,388.14	214.42	451.99	2,054.55	730.41	263.97	639.69	1,634.07

Note - New assets originated is presented net of collections made.

(b) Investments

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances.

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing	-	-	-	-	-	-	-	-
Standard grade- DPD 0 to 30	238.03	-	-	238.03	2,113.19	-	-	2,113.19
Standard grade- DPD 31 to 60	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	-	-
Standard grade- DPD >61	-	-	164.15	164.15	-	-	227.44	227.44
	238.03	-	164.15	402.18	2,113.19	-	227.44	2,340.63

Note: Includes only Investments in unquoted bonds and debentures and pass through certificates.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to investments is, as follows:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	2,113.19	-	227.44	2,340.63	13,374.47	-	-	13,374.47
New assets originated *	-	-	-	-	50.00	-	-	50.00
Movement between stages	-	-	-	-	-	-	-	-
Transferring from Stage 1	-	-	-	-	(299.99)	-	299.99	-
Transferring from Stage 2	-	-	-	-	-	-	-	-
Transferring from Stage 3	-	-	-	-	-	-	-	-
Assets repaid, derecognized and written off	(1,875.16)	-	(63.29)	(1,938.45)	(11,011.29)	-	(72.55)	(11,083.84)
Gross carrying amount-closing balance	238.03	-	164.15	402.18	2,113.19	-	227.44	2,340.63

Note: New assets originated is presented net of repayments made.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Reconciliation of ECL balance on investments is given below:

Particulars	As at 31 March 2022				As at 31 March 2021			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	2.11	-	170.58	172.69	26.40	-	-	26.40
New assets originated	-	-	-	-	1.74	-	-	1.74
Movement between stages	-	-	-	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	(0.39)	-	0.39	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(2.08)	-	(6.43)	(8.51)	(25.64)	-	170.19	144.55
Impairment allowance - closing balance	0.03	-	164.15	164.18	2.11	-	170.58	172.69

Note: New assets originated is presented net of repayments made.

49.2 Liquidity risk and funding management

In assessing the Group's liquidity position, consideration shall be given to: (a) present and anticipated asset quality (b) present and future earnings capacity (c) historical funding requirements (d) current liquidity position (e) anticipated future funding needs, and (f) sources of funds. The Group maintains a well-diversified portfolio of investments in shares and securities which are saleable at any given point of time. A dedicated team of market experts are monitoring the markets on a continuous basis, which advises the management for timely purchase or sale of securities. The Group is currently having a mix of both short-term and long-term investments. The Group maintains a portfolio of other marketable assets that are assumed to be easily liquidated and undrawn cash credit limits which can be used in the event of an unforeseen interruption in cash flow. The Group also enters into direct assignment transactions of their loan portfolio, the funding from which can be accessed to meet liquidity needs. In accordance with the Group's policy, the liquidity position is assessed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Group. Net liquid assets consist of cash, short-term bank deposits and investments in mutual funds and other investments in securities which are categorised as "held for sale" and are available for immediate sale, less issued securities and borrowings due to mature within the next month. Borrowings from banks and financial institutions, issue of debentures and bonds are considered as important sources of funds to finance lending to customers. They are monitored using the advances to borrowings ratio, which compares loans and advances to customers as a percentage of secured and unsecured borrowings.

49.2.1. Analysis of financial assets and liabilities by remaining contractual maturities

The tables below analyse the Group's financial assets and liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual cash flows:

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

Maturity pattern of assets and liabilities as on 31 March 2022:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	5,709.55	-	-	-	5,709.55
Bank balance other than cash and cash equivalents	1,113.95	152.81	90.82	-	1,357.58
Loans	29,938.41	16,321.67	1,253.25	2,500.76	50,014.09
Investments	3,529.61	110.15	-	0.00	3,639.76
Other financial assets	1,267.35	44.19	31.02	5.07	1,347.63
Total financial assets	41,558.87	16,628.82	1,375.09	2,505.83	62,068.61
Financial liabilities					
Trade payables	4.62	-	-	-	4.62
Other Payables	6.94	-	-	-	6.94
Borrowings(includes debt securities and subordinated liabilities)	26,366.77	21,259.30	547.87	-	48,173.94
Other financial liabilities	1,837.14	-	-	-	1,837.14
Total financial liabilities	28,215.47	21,259.30	547.87	-	50,022.64
Net undiscounted financial assets/(liabilities)	13,343.40	(4,630.48)	827.22	2,505.83	12,045.97

Maturity pattern of assets and liabilities as on 31 March 2021:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial assets					
Cash and cash equivalents	1,667.98	-	-	-	1,667.98
Bank balance other than cash and cash equivalents	671.37	122.37	15.02	-	808.76
Trade receivables	0.49	-	-	-	0.49
Loans	11,381.16	5,072.82	131.81	27.12	16,612.91
Investments	23,081.59	832.13	283.18	1.22	24,198.12
Other financial assets	168.52	25.82	-	-	194.34
Total financial assets	36,971.11	6,053.14	430.01	28.34	43,482.60
Financial liabilities					
Trade payables	3.03	-	-	-	3.03
Other Payables	57.43	-	-	-	57.43
Borrowings(includes debt securities and subordinated liabilities)	22,092.84	8,024.60	831.99	-	30,949.43
Other financial liabilities	979.72	5.01	-	-	984.73
Total financial liabilities	23,133.02	8,029.61	831.99	-	31,994.62
Net undiscounted financial assets/(liabilities)	13,838.09	(1,976.47)	(401.98)	28.34	11,487.98

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

49.3 Systemic Risk

Systemic risk refers to the risk of a breakdown of an entire system rather than simply the failure of individual parts. In a financial context, it denotes the risk of a cascading failure in the financial sector, caused by linkages within the financial system, resulting in a severe economic downturn.

The outbreak of the COVID-19, a systemic risk and global pandemic had led to a nation-wide lockdown in April-May 2020. This was followed by localised lockdowns in areas with a significant number of COVID-19 cases. Following the easing of lockdown measures, there was an improvement in economic activity in the second half of fiscal 2021. India experienced a "second wave" of the COVID-19 pandemic in April-May 2021 following the discovery of mutant coronavirus variants, leading to the re-imposition of regional lockdowns. These were gradually lifted as the second wave subsided resulting in a gradual increase in economic activity. The world is now experiencing another outbreak of COVID-19 pandemic on account of new coronavirus variant and as a precautionary measure India has started to reimpose localised / regional restrictions. The impact of COVID-19 on Group result remain uncertain and will dependent on future developments, which are highly uncertain at this point in time.

The Group is continuously assessing the potential impact of the COVID-19 on it's operations. During such an uncertain period the focus of the management is to be financially well capitalised and maintain adequate liquidity to service its obligations, sustain its operations and also look at any appropriate investment/lending opportunities.

49.4 Market risk

Market Risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market factor. It is a form of systematic risk associated with the day-to-day fluctuation in the market prices of shares and securities and such market risk affects all securities and investors in the same manner. These daily price fluctuations follows its own broad trends and cycles and are more news and transaction driven rather than fundamentals and many a times, it may affect the returns from an investment. Market risks majorly comprises of two types - interest rate risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risks include borrowings and investments.

49.5 Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. It is a type of systematic risk that particularly affects fixed rate debt instruments like bonds and debentures. The value of the fixed-rate debt instruments generally decline due to rise in interest rates and vice versa. The rationale is that a bond is a promise of a future stream of payments; an investor will offer less for a bond that pays-out at a rate lower than the rates offered in the current market. A rising interest rate scenario also affects the Group's interest expenditure on borrowed funds.

The Asset Liability Committee shall manage its rate sensitivity position to ensure the long run earning power of the Group. In addressing this challenge, the ratios of rate sensitive assets (RSA) to rate sensitive liabilities (RSL) and gap (RSA minus RSL) to equity, as well as gap to total assets will be reviewed based on 30, 60, 90, 180, and 365-day, 1-2 year, and greater than 2 year definitions. More importantly, however, special emphasis is to be placed on the change in net interest income that will result from possible fluctuations in interest rates, changing account volumes, and time. The Asset Liability Management Committee evaluates asset liability management, and ensures that all significant mismatches, if any, are being managed appropriately. The Group monitors the interest rate scenarios on a regular basis and accordingly takes investments decisions as whether to invest in fixed rate debt instruments, shares and securities at a particular point of time.

Management of interest margin

The spread or interest margin, otherwise known as "Gap", is the difference between the return on assets and the expenses paid on liabilities. Assets are classified as Rate Sensitive Assets and fixed Rate Assets. Liabilities are classified as Rate Sensitive Liabilities and fixed Rate Liabilities. An asset or liability is identified as sensitive if cash flows from the asset or liability change in the same direction and general magnitude as the change in short-term rates. The cash flows of insensitive (or non-sensitive) assets or liabilities do not change within the relevant time period.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

49 Risk management (Contd..)

The sensitivity of the statement of profit and loss is the effect of the assumed changes in interest rates on the profit or loss for a year, based on the floating rate non-trading financial assets and financial liabilities held as at the Balance Sheet date.

The Group has Board approved Interest rate policy for managing interest rate risk and policy for determining the interest rate to be charged on the loans given.

The Group's investments in debt instruments and pass through certificates are all fixed interest bearing instruments. Refer the price sensitivity analysis given below.

The following table demonstrates the sensitivity to a reasonably possible change in the interest rates on the portion of borrowings affected. With all other variables held constant, the profit before taxes affected through the impact of rate change in borrowings, as follows:

Particulars	Effect on Statement of Profit and loss For the year ended 31 March 2022	Effect on Statement of Profit and loss For the year ended 31 March 2021
0.50% increase	240.87	154.75
0.50% decrease	(240.87)	(154.75)

49.6 Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. It arises from financial assets such as investments in equity instruments, bonds, mutual funds etc. The Group is exposed to price risk arising mainly from investments carried at fair value through profit and loss which are valued using quoted prices in active markets (level 1 investments). A sensitivity analysis demonstrating the impact of change in market prices of these instruments from the prices existing as at the reporting date is given below:

Particulars	As at 31 March 2022	As at 31 March 2021
Investments carried at FVTPL valued using quoted prices in active market	2,910.10	19,410.52

Particulars	Effect on Statement of profit and loss for the year ended 31 March 2022	Effect on Statement of profit and loss for the year ended 31 March 2021
1% increase	29.10	194.11
1% decrease	(29.10)	(194.11)

49.7 Prepayment risk

Prepayment risk is the risk that the group will incur a financial loss because its customers and counterparties repay or request repayment earlier or later than expected, such as fixed rate mortgages when interest rates fall.

49.8 Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Group cannot expect to eliminate all operational risks, but it endeavors to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access management, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

50 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group. The Group is in single business segment (primary segment) of giving loans and making investments. The entire revenues are billable within India and there is only one geographical segment (secondary segment).

51 Credit rating

The Group has obtained credit ratings from the following credit rating agencies during the year ended 31 March 2022.

Holding Company

Particulars	Credit rating agency	As at 31 March 2022	As at 31 March 2021
Bank facilities	CRISIL	CRISIL A-/Stable	CRISIL A-/Stable
Non-convertible debentures	India Ratings	IND A/Stable	IND A/Stable
Principal protected market linked debentures	India Ratings	IND PP-MLD A emr/ Stable	IND PP-MLD A emr/ Stable
Commercial papers	India Ratings	IND A1	-

Subsidiary Company

Particulars	Credit rating agency	As at 31 March 2022	As at 31 March 2021
Bank facilities	ICRA	A (-) Stable	A (-) Stable
Bank facilities	CRISIL	A (-) Stable	A (-) Stable
Bank facilities	Acuite	NA	NA
Bank facilities	BWR	NA	NA
Non-Convertible, Redeemable, Cumulative preference shares	BWR	NA	NA
Non Convertible debentures	ICRA	A (-) Stable	A (-) Stable
Non Convertible debentures	India Ratings	A Stable	NA
Non Convertible debentures	CRISIL	A (-) Stable	A (-) Stable
Principal protected market linked debentures	India Ratings	IND PP-MLD Aemr/ Stable	NA
Sub-Ordinated debt	ICRA	A (-) Stable	A (-) Stable
Commercial papers	India Ratings	A1	NA
Commercial papers	ICRA	A1	A1

52 Capital

The Group maintains an actively managed capital base to cover risks inherent in the business which includes issued equity capital, share premium and all other equity reserves attributable to equity holders of the Group.

As an NBFC, the RBI requires us to maintain a minimum capital to risk weighted assets ratio ("CRAR") consisting of Tier I and Tier II capital of 15% of our aggregate risk weighted assets. Further, the total of our Tier II capital cannot exceed 100% of our Tier I capital at any point of time. The capital management process of the Group ensures to maintain a healthy CRAR at all the times.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

52 Capital (Contd..)

Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years.

Holding Company

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR (%)	30.73%	38.04%
CRAR – Tier I capital (%)	29.73%	36.56%
CRAR – Tier II capital (%)	1.00%	1.48%

Subsidiary Company

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR (%)	17.38%	26.39%
CRAR – Tier I capital (%)	15.87%	24.46%
CRAR – Tier II capital (%)	1.52%	1.92%

53 Expenditure in foreign currency

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Advertisement expenses	6.98	2.31

54 Trade receivables aging schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Receivable from related parties	-	-	-	-	-

As at 31 March 2021

Particulars	Outstanding for following periods from due date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Receivable from related parties	0.49	-	-	-	0.49

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

55 Trade payables aging schedule

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	0.70	-	-	-	0.70
Others	10.72	-	0.14	-	10.86

As at 31 March 2021

Particulars	Outstanding for following periods from due date				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	1.16	-	-	-	1.16
Others	59.16	0.14	-	-	59.30

56 Additional Regulatory Information

56.1 There is no such immovable property whose title deeds are not held in the name of the Group.

56.2 There are no investment properties as on 31 March, 2022.

56.3 The Group has not revalued its Property, Plant and Equipment (including Right-of Use Assets) based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

56.4 The Group has not revalued its Intangible assets based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

56.5 There are no loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013,) either severally or jointly with any other person, that are:

- (a) repayable on demand or
- (b) without specifying any terms or period of repayment

56.6 No proceeding has been initiated or pending against the Group for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

56.7 The Group has not been declared wilful defaulter by any bank or financial Institution or other lender.

56.8 The Group has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956:

56.9 The Group has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

56.10 No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022

(All amounts in ₹ millions unless otherwise stated)

56 Additional Regulatory Information (Contd..)

56.11 Utilisation of Borrowed funds and share premium

- (a) The Group has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:-
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries;
- (b) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall :-
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

56.12 There are no such transaction or undisclosed income that need to be disclosed in accordance with this provision of Companies Act, 2013

56.13 The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

56.14 The Group has filed quarterly statements of current assets with banks and financial institutions and the same are in agreement with the books of accounts.

56.15 The Group has filed all the registration of charges with ROC within the statutory period.

57 Previous year figures have been regrouped/ reclassified wherever applicable.

Summary of significant accounting policies and other explanatory information

for the year ended 31 March 2022
(All amounts in ₹ millions unless otherwise stated)

58 Disclosure of additional information pertaining to the Parent Company, and its subsidiary per Schedule III of Companies Act, 2013

Name of the entity in the Group	Year ended 31 March 2022				
	As at 31 March 2022		Share in other comprehensive income		
	Net Assets i.e., total assets minus total liabilities	Share in profit or loss	Share in other comprehensive income	As % of consolidated other c comprehensive income	Amount
Parent Company:					
Navi Finserv Limited	68.34%	456.41%	(669.08)	18.38%	(4.30)
Subsidiary Companies (Indian):					
Chaitanya India Fin Credit Private Limited	31.66%	-356.41%	522.49	81.62%	(19.12)
					503.37

Name of the entity in the Group	Year ended 31 March 2021				
	As at 31 March 2021		Share in other comprehensive income		
	Net Assets i.e., total assets minus total liabilities	Share in profit or loss	Share in other comprehensive income	As % of consolidated other comprehensive income	Amount
Parent Company:					
Navi Finserv Private Limited	70.39%	82.55%	975.42	-6.20%	(1.30)
Subsidiary Companies (Indian):					
Chaitanya India Fin Credit Private Limited	29.61%	17.45%	206.24	106.20%	22.36
					19.01%
					228.60

This is the Consolidated Statement of Cash Flow as referred to in our report of even date

For Walker Chandiok & Co LLP

Chartered Accountants

Firm's Registration No.: 001076N/500013

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Manish Gujral

Partner

Membership No. 105117

Place: Mumbai

Date: 21 May 2022

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Sweden

Date: 21 May 2022

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date: 21 May 2022

Divyesh Jain

Chief Financial Officer

Place: Srinagar

Date: 21 May 2022

Puneet Bhatia

Company Secretary

Membership No:- A55096

Place: Bengaluru

Date: 21 May 2022

Shorter Notice of Tenth Annual General Meeting

SHORTER NOTICE IS HEREBY GIVEN THAT THE TENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NAVI FINSERV LIMITED (FORMERLY KNOWN AS NAVI FINSERV PRIVATE LIMITED) WILL BE HELD ON FRIDAY, SEPTEMBER 30, 2022 AT 09:00 AM AT 7TH FLOOR, PRESTIGE RMZ STARTECH, NO. 139, 2, HOSUR RD, KORAMANGALA INDUSTRIAL LAYOUT, S.G. PALYA, BENGALURU, KARNATAKA 560095 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

ITEM NO 1: TO RECEIVE, CONSIDER AND ADOPT THE STANDALONE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING MARCH 31, 2022 TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON.

To consider and thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

“RESOLVED THAT the Standalone and Consolidated Audited Financial Statements of the Company for the financial year ended March 31, 2022 including the Audited Balance Sheet as at March 31, 2022, Statement of Profit & Loss account and Cash flow statements for the year ended March 31, 2022 and the Reports of the Board of Directors and Auditors thereon; along with all annexures as laid before this Annual General Meeting be and hereby received, considered and adopted.

RESOLVED FURTHER THAT each of the Directors of the Company or the Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to file the requisite e-forms with Registrar of Companies, Bangalore and do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution.

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary of the Company be and are hereby jointly or severally authorized to issue a certified true copy of the above-mentioned resolution to anyone concerned or interested in the matter.”

ITEM NO 2: TO APPOINT AND FIX REMUNERATION OF STATUTORY AUDITORS OF THE COMPANY

To consider and thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

“RESOLVED THAT pursuant to provisions of section 139 and other applicable provisions of the Companies Act, 2013 and the Companies(Audit and Auditors) Rules 2014, as amended from

time to time and Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs) dated April 27, 2021 issued by the Reserve Bank of India (“**RBI Guidelines**”), approval of the members be and is hereby accorded to appoint Price Waterhouse LLP (FRN 301112E/E300264) (situated at Plot No. Y 14, Block EP, Sector V, Salt Lake Electronic Complex, Bidhan Nagar, Kolkata- 700 091, having its registered office in Kolkata) as Statutory Auditors of the Company from the conclusion of this AGM till the conclusion of AGM to be held in 2025 (Financial Years from FY 2022-23 to FY 2024-25) at such remuneration as may be determined by the Board of Directors of the Company (including its committees thereof) in consultation with the Auditors.

RESOLVED FURTHER THAT each of the Directors of the Company or the Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to file the requisite e-forms with Registrar of Companies, Bangalore and do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution.

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary of the Company be and are hereby jointly or severally authorized to issue a certified true copy of the above-mentioned resolution to anyone concerned or interested in the matter.”

ITEM NO 3: TO APPOINT A DIRECTOR IN PLACE OF MR. SACHIN BANSAL WHO RETIRES BY ROTATION AND, BEING ELIGIBLE OFFERS HIMSELF FOR RE-APPOINTMENT.

To consider and thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION:**

“RESOLVED THAT, pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, the approval of members of the Company, be and is hereby accorded to reappoint Mr. Sachin Bansal (DIN: 02356346) as a director, who is liable to retire by rotation.

RESOLVED FURTHER THAT each of the Directors of the Company or the Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to file the requisite e-forms with Registrar of Companies, Bangalore and do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution.

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary of the Company be and are hereby jointly or severally authorized to issue a certified true copy of the above-mentioned resolution to anyone concerned or interested in the matter.”

SPECIAL BUSINESS:**ITEM NO 4: TO INCREASE THE OVERALL BORROWING LIMITS OF THE COMPANY**

To consider and if thought fit to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT in supersession of all the resolutions passed under Section 180(1)(c) of the Companies Act, 2013 on 13th November 2019, 27th February 2020 and March 05, 2022, the approval of the members of the company be and is hereby accorded under Section 180(1)(c) of the Companies Act, 2013, the rules and regulations there under and all other applicable provisions of the Companies Act, 2013 and other applicable law, and subject to the provisions of the Memorandum and Articles of Association of the Company, to borrow any sum or sums of moneys from time to time notwithstanding that the money or monies to be borrowed, together with the monies already borrowed by the Company, may exceed aggregate of its paid-up capital and free reserves, apart from temporary loans apart from temporary loans obtained from the Company's bankers in the ordinary course of business of the Company, however, the total amount so borrowed shall not exceed INR 10,000 Crore (Indian Rupees Ten Thousand Crores Only).

RESOLVED FURTHER THAT each of the Directors of the Company or the Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to file the requisite e-forms with Registrar of Companies, Bangalore and do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution.

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary of the Company be and are hereby jointly or severally authorized to issue a certified true copy of the above-mentioned resolution to anyone concerned or interested in the matter.”

ITEM NO 5: TO APPROVE MORTGAGE/PLEDGE / HYPOTHECATE/CREATE CHARGE ON THE ASSETS OF THE COMPANY

To consider and if thought fit to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT in supersession of all the resolutions passed under Section 180(1)(a) of the Companies Act, 2013 on 13th November 2019, 27th February 2020 and March 05, 2022, the approval of the members of the company be and is hereby accorded under Section 180(1)(a) of the Companies Act, 2013, the rules and regulations thereunder and all other applicable provisions of the Companies Act, 2013 and other applicable law, and subject to the provisions of the Memorandum and Articles of Association of the Company, to pledge, mortgage, hypothecate and/or create charge on the assets of the Company on all the immovable and movable assets of the Company in favour of the Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the

Company in respect of such borrowings provided that the maximum extent of the indebtedness secured by the assets of the Company does not exceed INR 10,000 Crore (Indian Rupees Ten Thousand Crores Only).

RESOLVED FURTHER THAT each of the Directors of the Company or the Company Secretary or the Chief Financial Officer of the Company be and are hereby severally authorized to file the requisite e-forms with Registrar of Companies, Bangalore and do all such acts deeds and things as may be deemed necessary, proper or desirable on behalf of the Company to give effect to the aforementioned resolution.

RESOLVED FURTHER THAT the Directors of the Company and the Company Secretary of the Company be and are hereby jointly or severally authorized to issue a certified true copy of the above-mentioned resolution to anyone concerned or interested in the matter.”

ITEM NO 6: TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF NON-CONVERTIBLE DEBENTURES(“NCDS”)

To consider and if thought fit to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Sections 42, 71 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, and subject to all the applicable laws and Regulations, including but not limited to SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, the Listing Agreement entered into with the Stock Exchange (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the provisions of the Memorandum and Articles of Association of the Company the approval of the members of the company be and is hereby accorded to borrow from time-to-time by making offer(s) or invitation(s) to subscribe or issuance of Non-Convertible Debentures (NCD), whether secured or unsecured, listed or unlisted, on private placement basis, in one or more tranches, an amount not exceeding INR 4,000 Crore (Indian Rupees Four Thousand Crores only) during a period of one year from the date of consent of the members of the Company on such terms and conditions as the Board may determine from time to time and consider proper and that the said borrowing shall be within the overall borrowing limits of the Company as may be approved by the Members from time-to-time.

RESOLVED FURTHER THAT the following shall be terms for the issue pursuant to which NCDs may be offered to prospective offerees in one or more tranches and allotted in accordance therewith (the **“Approved Terms”**):

- **Aggregate Issue Size:** INR 40,00,00,00,000/- (Indian Rupees Four Thousand Crores Only)
- **Tenor of issue:** Minimum of 12 months up to 60 months.
- **Interest Rate:** Senior debt less than 12% and sub debt less than 15%

- **Security:** Up to 1.35x of receivables (inclusive of cash/cash equivalents up to 0.05x of the aggregate NCD amount)
- **Type of Instrument:** Secured / Unsecured Rated Redeemable Listed / Unlisted Non-Convertible Debentures (including Market-Linked Debentures).

RESOLVED FURTHER THAT approval of the members of the company be and is hereby accorded to the Board or through its delegated committee constituted by the Board of the Company to identify the prospective investors to which the offers for the Issue may be made, to investors from amongst, without limitation, the following categories:

- Scheduled Commercial Banks
- Small Finance Banks
- Development Finance Institutions
- Alternative Investment Funds
- High Net Worth Individual (HNIs)
- Non-Banking Financial Company (NBFCs)
- Foreign Portfolio Investors
- Mutual Funds

RESOLVED FURTHER THAT approval of the members of the company be and is hereby accorded to the Board or through its delegated committee constituted by the Board of the Company to: (A) determine the terms and conditions of the offer to any identified investor in one or more tranches subject to there being no deviation from the Approved Terms and the opening and closing of the offers (which terms and conditions shall not be contrary to the Approved Terms); and (B) approve terms vis-à-vis allotment, listing, redemption, interest, payment and other terms, etc., and to take all necessary steps and to do all such acts deeds matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto, including, without limitation, completing the allotment and listing of the NCDs.

RESOLVED FURTHER THAT approval of the members of the company be and is hereby accorded to delegate the powers to the Board or through its delegated committee constituted by the Board to identify and appoint the debenture trustee, legal counsel and such other intermediaries, advisors or agents (by whatever name called) as may be required to be appointed in connection with the Issue, including their successors and agents.

RESOLVED FURTHER THAT that the Board or its delegated committee constituted by the Board be and is hereby authorized to appoint Signatory(ies) to approve and finalize, sign, execute and deliver all such documents in relation to the Issue and allotment from time to time and to do all other acts, deeds, things and matters to the expedient interest of the Company for the Issue and allotment or as may be necessary or expedient to give effect to this resolution.

RESOLVED FURTHER THAT any Director or the Company Secretary or Chief Financial Officer of the Company be hereby severally authorized to apply to NSDL / CDSL for

dematerialization of the NCDs and to make application to Stock Exchange for listing the NCDs and do all such acts, deeds, matters and things and execute all such applications as may be required by NSDL / CDSL / Stock exchange or the Debenture Holders, for the purpose of issuance and allotment of the NCDs.

RESOLVED FURTHER THAT any Director or the Company Secretary of the Company be and are hereby authorized to furnish the foregoing Resolution as certified true copies to any persons concerned with the same."

ITEM NO 7: TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF COMMERCIAL PAPERS("CPs")

To consider and if thought fit to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the limits sanction under sections 180(1)(c) and as per all other applicable provisions, if any, of the Companies Act, 2013, read along with applicable rules under the Companies Act, 2013 (including statutory modification(s), amendment(s) or re-enactment thereof and any circulars, notifications, clarifications, rules passed thereunder from time to time), and any other applicable law, and the Memorandum and Articles of Association of the Company and such other approvals, consents, sanctions, permissions, as may be necessary from all appropriate statutory and regulatory authorities, if any and to the extent necessary, approval of the members of the company be and is hereby accorded for the issue and offer of up to INR 1500,00,00,000 (Indian Rupees One Thousand and Five Hundred Crores) Listed / Unlisted Unsecured Commercial Paper ("**CPs**") in the form of Usance Promissory Notes to be issued in one or more tranches (the "**Issue**") during a period of one year from the date of this resolution as specified in draft offer letter(s) / information memorandum(s) to be circulated at the time of each such Issue and it shall be within the overall borrowing limits of the Company as approved by the shareholders from time to time.

RESOLVED FURTHER THAT the following shall be terms for the Issue pursuant to which CPs may be offered to prospective offerees in one or more tranches and allotted in accordance therewith (the "**Approved Terms**"):

- **Aggregate Issue Size:** INR 15,00,00,00,000 (Indian Rupees One Thousand and Five Hundred Crores)
- **Tenor:** Between 1 to 12 months
- **Cost:** All-in-Cost to be less than 10%
- **Type of Instrument:** Unsecured Listed / Unlisted Rated / Unrated Redeemable Commercial Paper.

RESOLVED FURTHER THAT approval of the members of the company be and is hereby accorded to the Board or through its delegated committee constituted by the Board of the Company to: (A) determine the terms and conditions of the offer to any identified investor in one or more tranches subject to there being no deviation from the Approved Terms and the opening

and closing of the offers (which terms and conditions shall not be contrary to the Approved Terms); and (B) approve terms vis-à-vis allotment, listing, redemption, interest, payment and other terms, etc., and to take all necessary steps and to do all such acts deeds matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to this resolution and for matters connected therewith or incidental thereto, including, without limitation, completing the allotment and listing of the Commercial Paper.

RESOLVED FURTHER THAT approval of the members of the company be and is hereby accorded to delegate the powers to the Board or through its delegated committee constituted by the Board to identify and appoint the Issuing and Paying Agent (IPA), Registrar and Share Transfer Agent, Depository, legal counsel and such other intermediaries, advisors or agents (by whatever name called) as may be required to be appointed in connection with the Issue, including their successors and agents.

RESOLVED FURTHER THAT that the Board or its delegated committee constituted by the Board be and is hereby authorized to appoint Signatory(ies) to approve and finalize, sign, execute and deliver all such documents in relation to the Issue and allotment from time to time and to do all other acts, deeds, things and matters to the expedient interest of the

Company for the Issue and allotment or as may be necessary or expedient to give effect to this Resolution.

RESOLVED FURTHER THAT any Director or the Company Secretary or Chief Financial Officer of the Company be hereby authorized to apply to NSDL / CDSL for dematerialization of the CPs and to make application to Stock Exchange for listing the CPs and do all such acts, deeds, matters and things and execute all such applications as may be required by NSDL / CDSL / Stock exchange or the CP Holders, for issuance of the CPs.

RESOLVED FURTHER THAT any Director or the Company Secretary of the Company be and are hereby authorized to furnish the foregoing Resolution as certified true copies to any persons concerned with the same."

By order of the Board
For **Navi Finserv Limited**

Anuj Arora
Company Secretary
Mem No: 28442

Place: Bangalore
Date: September 27, 2022

NOTES

1. The Explanatory Statement under Section 102 of the Companies Act, 2013, as amended, in respect of the special business is annexed herewith and forms part of the notice.
2. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. . Copy of blank Proxy Form is duly enclosed to this notice.
3. Pursuant to Section 20(2) of the Companies Act and Rule 35 of the Companies (Incorporation) Rules, 2014, as amended, companies are permitted to send official documents to their shareholders electronically.
4. All documents referred to in the notice and in the accompanying explanatory statement are open for inspection at the registered office of the Company.
5. In case of corporate shareholders proposing to participate at the meeting through their representative, necessary authorization under Section 113 of the Companies Act, 2013 for such representation may please be forwarded to the Company.
6. Attendance Slip is duly annexed to this notice.
7. This Meeting has been convened at a shorter notice, subject to receipt of requisite consent from the shareholders of the Company.

Route Map:



EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO 4: TO INCREASE THE OVERALL BORROWING LIMITS OF THE COMPANY

To meet the growing business needs of the Company which would require borrowing from banks and financial institutions from time to time to meet the fund requirement of the Company to carry on its business. Accordingly, it is proposed to increase the Borrowing limit from the existing INR 8000 Crores to INR 10000 Crores.

As per section 180(1)(c) of the Companies Act, 2013 the Board of Directors of a company shall borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business only with the consent of the members of the company by way of special resolution.

Board of Directors recommends approval by the members as a special resolution.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

ITEM NO 5: TO APPROVE MORTGAGE/PLEDGE / HYPOTHECATE/CREATE CHARGE ON THE ASSETS OF THE COMPANY

As per section 180(1)(a) of the Companies Act, 2013 consent of the members is required to pledge, mortgage, hypothecate and/or create charge on the assets of the Company on all the immovable and movable assets of the Company in favour of the Banks, Financial Institutions, any other lenders or debenture trustees to secure the amount borrowed by the Company in respect of such borrowings provided that the maximum extent of the indebtedness secured by the assets of the Company does not exceed INR 10000 Crores (INR Ten Thousand Crores Only) at any time.

Board of Directors recommends approval by the members as a special resolution.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

ITEM NO 6: TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF NON-CONVERTIBLE DEBENTURES("NCDS")

To manage the borrowing program, the Company proposes to pass a special resolution to allow the Company to offer NCDs, within the limits sanctioned under section 180(1)(c) of the Companies Act, 2013, on a private placement basis in terms of the provisions of Section 42 and 71 of the Companies Act, 2013 read with the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules") for the next one year upto a limit of INR 4000 Crores only.

Board of Directors recommends approval by the members as a special resolution.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

ITEM NO 7: TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF COMMERCIAL PAPERS("CPs")

Management has the proposal for issuance of Commercial Papers ("CPs") up to a limit not exceeding INR 1500 Crores. Pursuant to the limits sanctioned under section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013, read along with the applicable rules under the Companies Act, 2013 (including statutory modification(s), amendment(s) or re-enactment thereof and any circulars, notifications, clarifications, rules passed thereunder from time to time), SEBI (Issue and Listing of Debt Securities) Regulations, 2008 and any other applicable law, and the Memorandum and Articles of Association of the Company consent of the members is required for issuance of Commercial Papers ("CPs").

Board of Directors recommends approval by the members as a special resolution.

None of the Directors, Key Managerial Personnel or their respective relatives are in any way concerned or interested, financially or otherwise, in this resolution.

By order of the Board
For **Navi Finserv Limited**

Anuj Arora
Company Secretary
Mem No: 28442

Place: Bangalore
Date: September 27, 2022

Attendance Slip

Members or their proxies are requested to present this form for admission, duly signed in accordance with their specimen signatures registered with the Company.

Regd. Folio. No/DP.Id/ Client id	
Name of shareholder:	
Address of shareholder:	
Proxy Name:	
Address of proxy:	

I/We hereby record my/our presence at the Annual General Meeting of the company to be held on Friday, September 30, 2022 at 09:00 AM at Wing B, 7th Floor, Prestige RMZ Startech, No. 139, 2, Hosur Rd, Koramangala Industrial Layout, S.G. Palya, Bengaluru 560095, Karnataka

Please (✓) in the box

1. Member ☐

2. Proxy ☐

Signature of member/Proxy

FORM NO MGT- 11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member :
Registered address :
E-mail Id :
Folio No :
DP ID :

I, being the member of Equity shares of the above named company, hereby appoint

Name :
Address :
E-mail ID :
Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the company to be held on Friday, September 30, 2022 at 09:00 AM at Wing B, 7th Floor, Prestige RMZ Startech, No. 139, 2, Hosur Rd, Koramangala Industrial Layout, S.G. Palya, Bengaluru 560095, Karnataka and at any adjournment thereof in respect of such resolutions as are indicated below:

Special Business

Resolution No	Particulars	Favor / against
1	TO RECEIVE, CONSIDER AND ADOPT THE STANDALONE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING MARCH 31, 2022 TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON.	
2	TO APPOINT AND FIX REMUNERATION OF STATUTORY AUDITORS OF THE COMPANY	
3	APPOINTMENT OF MR. SACHIN BANSAL AS A DIRECTOR, LIABLE TO RETIRE BY ROTATION	
4	TO INCREASE THE OVERALL BORROWING LIMITS OF THE COMPANY	
5	TO APPROVE MORTGAGE/PLEDGE /HYPOTHECATE/CREATE CHARGE ON THE ASSETS OF THE COMPANY	
6	TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF NON-CONVERTIBLE DEBENTURES("NCDs")	
7	TO APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF COMMERCIAL PAPERS("CPs")	

Signed this day of 2022

Signature of shareholder

Signature of Proxy holder(s)

Affix Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

This image shows a single page from a notebook or ledger. It features a series of evenly spaced, thin grey horizontal lines running across the width of the page. The background is plain white, and there are no margins, text, or other markings present.

Notes



Navi Finserv Limited

Second Floor, AMR Tech Park, Sy. No. 23
& 24, Hongasandra Village, Hosur Road,
Bangalore, Karnataka- 560068, India.