

Building Blocks

- The Foundation of Construction and Creativity



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02-22

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Notice of Annual General Meeting

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.



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

Ever since the start of the pandemic, tech-enabled business models have gained greater momentum. It has also resulted in large scale digitisation of organisations, encompassing every aspect of their operations. At Navi Finserv, we realise the importance of facilitating easy access to credit through a tech-enabled platform. With the deployment of Artificial Intelligence (AI), Machine Learning (ML), data science models, and automation, we are bringing scale and adding efficiency to our processes in order to make financial services simple, affordable, and accessible to all. From loan application to approval, our digitised methods have allowed users to conveniently access our products without the need for extensive documentation.

The Navi App has simplified the process of accessing credit. Along with the ability to derive customer insights, it helps to track customer journeys, record behaviours, and report performance on the app. Our significant digital lending capabilities have also allowed us to provide diverse, yet customized solutions to our customers. It has also eased collection efforts and provides immense opportunity for us to grow in the Indian retail lending space.



Navi Finserv at a glance

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 a non-banking financial institution 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 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. Further, a revised certificate of registration bearing number N-02.00270 dated May 18, 2022 was issued by the RBI to our Company pursuant to conversion of the Company from a private limited to a public limited company to commence/ or carry on the business of non-banking financial institution without accepting public deposits under Section 45 IA of the RBI Act, 1934.

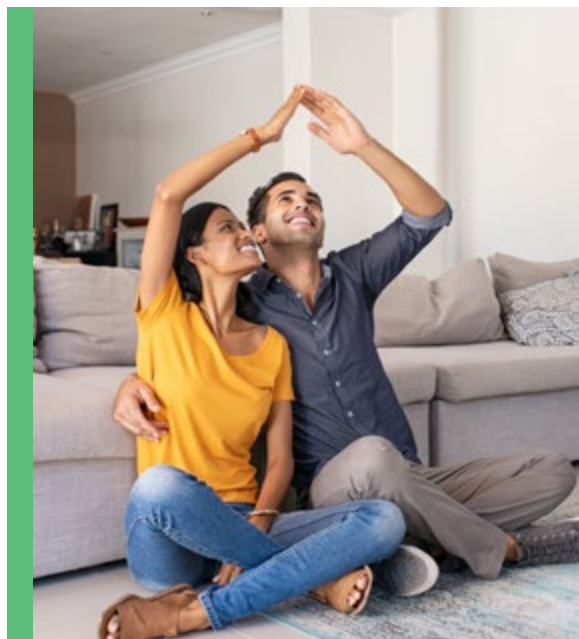
We are a rapidly growing, digital-first, non-banking financial company, offering personal as well as home loans, utilising strong in-house technology and product expertise to build customer-centric financial solutions. With a focus on meeting the growing credit demand within the country, through our personal loans we cater to a diverse clientele across the country.

We believe the digital lending process is one of the key differentiators driving business growth and our Company with the support of our Promoter is a full stack end-to-end digital lending player and is capable of having one of the lowest turnaround times amongst lenders in India, in the personal loans category. To ensure our growth is sustainable and profitable, we place strong focus on both credit quality and pricing. Our target segment is the young, digitally connected, middle-class population in India. With our extensive range of ticket sizes and tenors, we are able to address a large number of use cases such as: (a) planned personal expenses, e.g., home renovation, travel, high ticket purchases and weddings, (b) emergency medical expenses, and (c) short-term business needs.

The Company’s lending products (i.e. personal loans and home loans) are exclusively distributed through the ‘Navi’ app, which is a mobile application developed by our Promoter, Navi Technologies Limited (“Navi App”). Navi App provides an easy to use and engaging experience to our personal loan and home loan customers while minimising manual intervention and paperwork.

We launched our personal loans product under the “Navi” brand in April 2020. Under this business, we extend instant personal loans up to INR 2.0 Mn with tenors of up to 84 months through an entirely digital Navi App-only process.

Our Company’s home loans product was launched 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. Our Company offers loans up to INR 100 Mn with a tenor of up to 30 years.

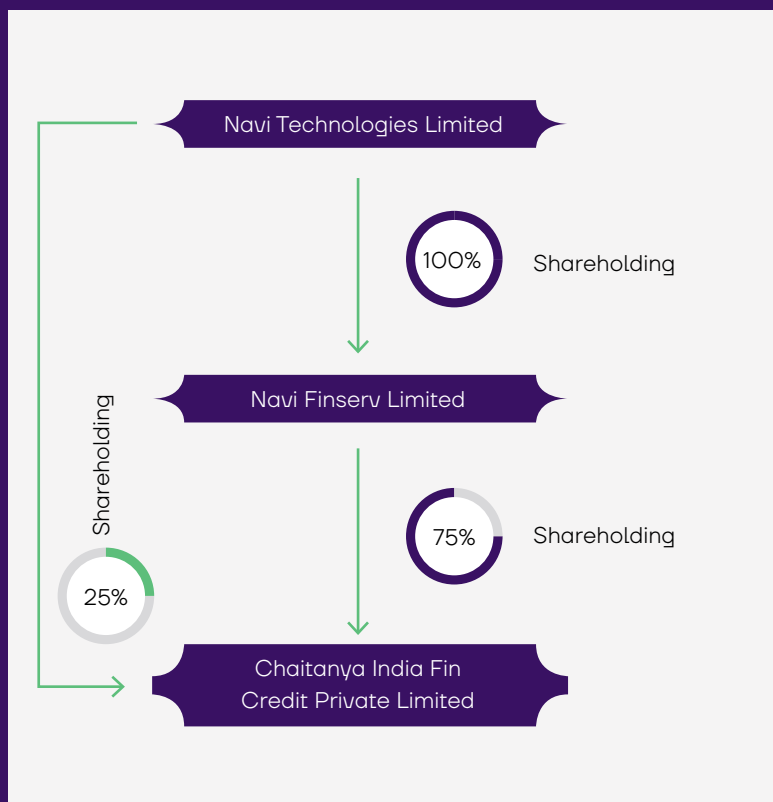


Our Promoter/ Holding Company

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 micro-finance 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, 2023, our Promoter holds 285,240,353 Equity Shares equivalent to 100.00% of the Equity Share capital of our Company.

Corporate structure



Rs. 78,596 Mn

Assets under management (AUM)

A/Stable

Credit rating

2.15+ Mn

Customers served

15+ Mn

App downloads*

*App downloads during the Financial Year 2022-23

A relentless journey

2020

- NTL acquires our Company and our wholly owned subsidiary CFCPL
- Change of name of our Company from Chaitanya Rural Intermediation Services Private Limited to Navi Finserv Private Limited
- Launch of 'Digital personal loan product' on the Navi App
- Rated – 'A stable Fitch', 'A- stable Crisil'

2021

- Launch of Digital housing loan product on the Navi App
- Disbursals crossed INR 20,000 Mn for personal loans
- Gross AUM of INR 15,000+ Mn as on December 31, 2021

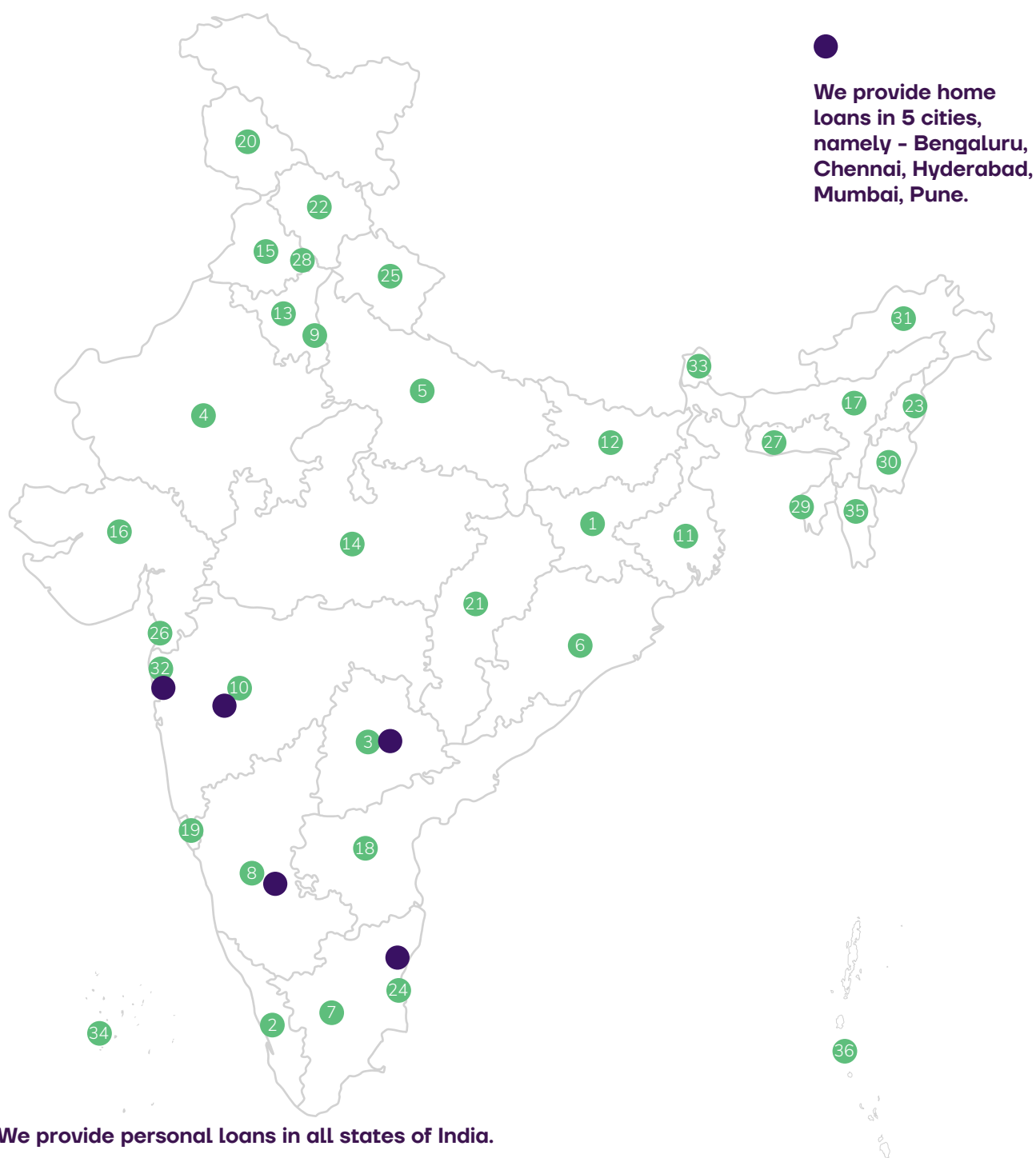
2022

- Converted from a private limited company to a public limited company
- Successfully completed its 1st Public Issue of Debt (INR 496 Crore)
- Crossed AUM of INR 50000 Mn in August 2022;
- Rating Upgrade from CRISIL from A – Stable to A Stable
- Started Co-lending with several financial services companies

2023

- Credit rating letter dated January 23, 2023, Rated A1 from CARE for short term fund raising for FY 2023
- First time Direct Assignment Transaction with a Public Sector Bank
- Equity infusion of INR 1,500 Mn by way of compulsorily convertible debentures acquisition by our Promoter
- Successfully completed its 2nd Public Issue of Debt (INR 4,810 Mn)

Our pan-India presence



- | | | | |
|------------------|--------------------|----------------------|-------------------------------|
| 1. Jharkhand | 10. Maharashtra | 19. Goa | 28. Chandigarh |
| 2. Kerala | 11. West Bengal | 20. Jammu & Kashmir | 29. Tripura |
| 3. Telangana | 12. Bihar | 21. Chattisgarh | 30. Manipur |
| 4. Rajasthan | 13. Haryana | 22. Himachal Pradesh | 31. Arunachal Pradesh |
| 5. Uttar Pradesh | 14. Madhya Pradesh | 23. Nagaland | 32. Dadra & Nagar Haveli |
| 6. Odisha | 15. Punjab | 24. Pondicherry | 33. Sikkim |
| 7. Tamil Nadu | 16. Gujarat | 25. Uttarakhand | 34. Lakshadweep |
| 8. Karnataka | 17. Assam | 26. Daman & Diu | 35. Mizoram |
| 9. Delhi | 18. Andhra Pradesh | 27. Meghalaya | 36. Andaman & Nicobar Islands |

Chairman's Message

Dear Shareholders,

At the conclusion of the fiscal year 2022-23, it is indeed an honour for me to be able to share my thoughts with you.

We are positioned in a large and growing opportunity in the digital financial services space. We also recognise our profound responsibility in driving financial inclusion in India by simplifying credit access through a technology-driven platform. There are several macro tailwinds supporting our growth including digital awareness of a large section of the population, predominantly young demographic, strong financial services infrastructure, and supportive government initiatives.

During FY23, we doubled down on building strong foundations for our business. We leveraged the strong technological acumen of Navi Technologies to develop robust underwriting systems backed by AI, ML and data science models. The exclusive offering of our digital-first products through sub apps for cash loans and home loans, which are downloadable on Navi App (herein referred to as Navi App), helped in strengthening our ability to gain customer insights, trace their journeys, understand customer behaviour, thereby helping us provide customised offerings to our customers. During this fiscal year, we also launched direct assignment and co-lending partnerships which have scaled rapidly since the launch in August 2022. We also established our in-house collections team in order to further enhance our collections

“

Our unwavering commitment is to harness the technological and data science expertise of Navi Technologies to achieve industry-leading cost efficiency.

efficiencies whilst simultaneously ensuring greater control over the customer's experience as a part of their overall journey with Navi.

With these foundational pillars in place, we are fortifying our digital-first business model and also exploring exciting avenues to further extend our footprint. We have introduced a diverse range of products including personal loans, home loans and micro-finance to serve clients from different sectors. Our commitment is to continue expanding on this robust foundation, whilst working towards our mission of making financial services simple, accessible, affordable to all.

In terms of financial and operational performance, Financial Year 2022-23 has been a remarkable year for us. Our total income increased by 200% to INR 13,370 Mn, while our AUM for personal loans jumped from INR 25,000 Mn to INR 71,440 Mn during FY23. We expect to further improve our performance as we move forward and continue to recognise the vast untapped potential across the financial services sector. This presents an exciting opportunity for a technology-driven company like us to carve out a substantial market share.

Our unwavering commitment is to harness the technological and data science expertise of Navi Technologies to achieve industry-leading cost efficiency. We anticipate that our machine learning models will become increasingly precise, as we scale and accumulate more consumer data, allowing us to identify creditworthy

customers with greater accuracy and maintain the quality of our assets.

While currently, we extend home loans to customers in 5 cities, we have ambitious plans to expand our footprint through digital channels and build collaborations. Our long-term vision is to simplify the customer journey by establishing a vast network of pre-approved residential projects.

With the help of these core strengths, we are well poised for expeditious growth. Our commitment to personalisation, coupled with our robust cybersecurity measures, strengthens our position as a leading digital financial institution. As India becomes more digitalised and the demand for faster, hassle-free and secured credit options rise, we remain optimistic of reaching more customers and creating better customer engagement and experience.

On behalf of the Board and the entire leadership team, I thank all our customers, lenders, investors and other stakeholders.

Regards,

Sachin Bansal

Executive Chairman &
Chief Executive Officer

MD's Message

Dear Shareholders,

I am delighted to write to you as we reflect upon our performance during the fiscal year 2022-23.

Our commitment to building a strong foundation for Navi's business has marked our performance over the last year, which has led to a number of unique accomplishments from the standpoint of business growth and financial performance. Whilst deftly navigating the dynamic economic landscape, not only have we been able to maintain our growth momentum but we have also emerged as one of the leading players in the financial services industry.

In terms of performance, this fiscal has been a remarkable year for us. Our total income for the Financial Year 2023 surged to INR 13,770.52 Mn, demonstrating a 3x growth compared to INR 4,598.93 Mn in the preceding financial year of 2022. Our Company's profit before tax for the year amounted to INR 1979.09 Mn as compared to a loss of INR 886.35 Mn in the previous fiscal.

Our total loan book stood at INR 63,700 Mn out of which the on-book secured portfolio stood at 6,170 Mn and the managed secured portfolio stood at INR 7,153 Mn. During the fiscal, we disbursed 1,851,417 personal loans amounting to INR 1,21,067.7 Mn, with an average ticket size of INR 65,392. We disbursed home loans across 5 cities in India, ending FY 23 at a total AUM of INR 7,153 Mn and fresh disbursement amount to a gross sanctioned amount of INR 6,880 Mn across 1,068 loans. Our prudent financial management

“

In terms of performance, this fiscal has been a remarkable year for us. Our total income for the Financial Year 2023 surged to INR 13,770.52 Mn, demonstrating a 3x growth compared to INR 4,598.93 Mn in the preceding financial year of 2022.

is also further evidenced by cash and bank balances amounting to INR 6,730 Mn.

I am also pleased to share that our micro-finance loan business, carried out through Chaitanya India Fin Credit Private Limited (CIFCPL), closed the fiscal year with an AUM of INR 38,405.46 Mn as against INR 22,575.97 Mn in the previous fiscal year.

During the year under review, we developed Navi Lending Cloud ('NLC'), an internal platform for real-time lending partnerships. This platform has completely changed the way we do business by facilitating seamless co-lending activities and allowing our lending partners to efficiently underwrite customers and define real-time credit parameters. In addition, NLC enables seamless availability of collections & settlement reports for our co-lenders, thereby streamlining reconciliation management. The platform also facilitates a simple and streamlined pool selection procedure and due diligence for the direct assignment of portfolios.

We are pleased to have active direct assignment and co-lending partnerships with 13 lenders (4 banks and 9 NBFC lenders). We have also completed direct assignments totalling INR 9857.9 Mn and co-lending disbursements totalling INR 9,322 Mn from August 2022 to March 2023.

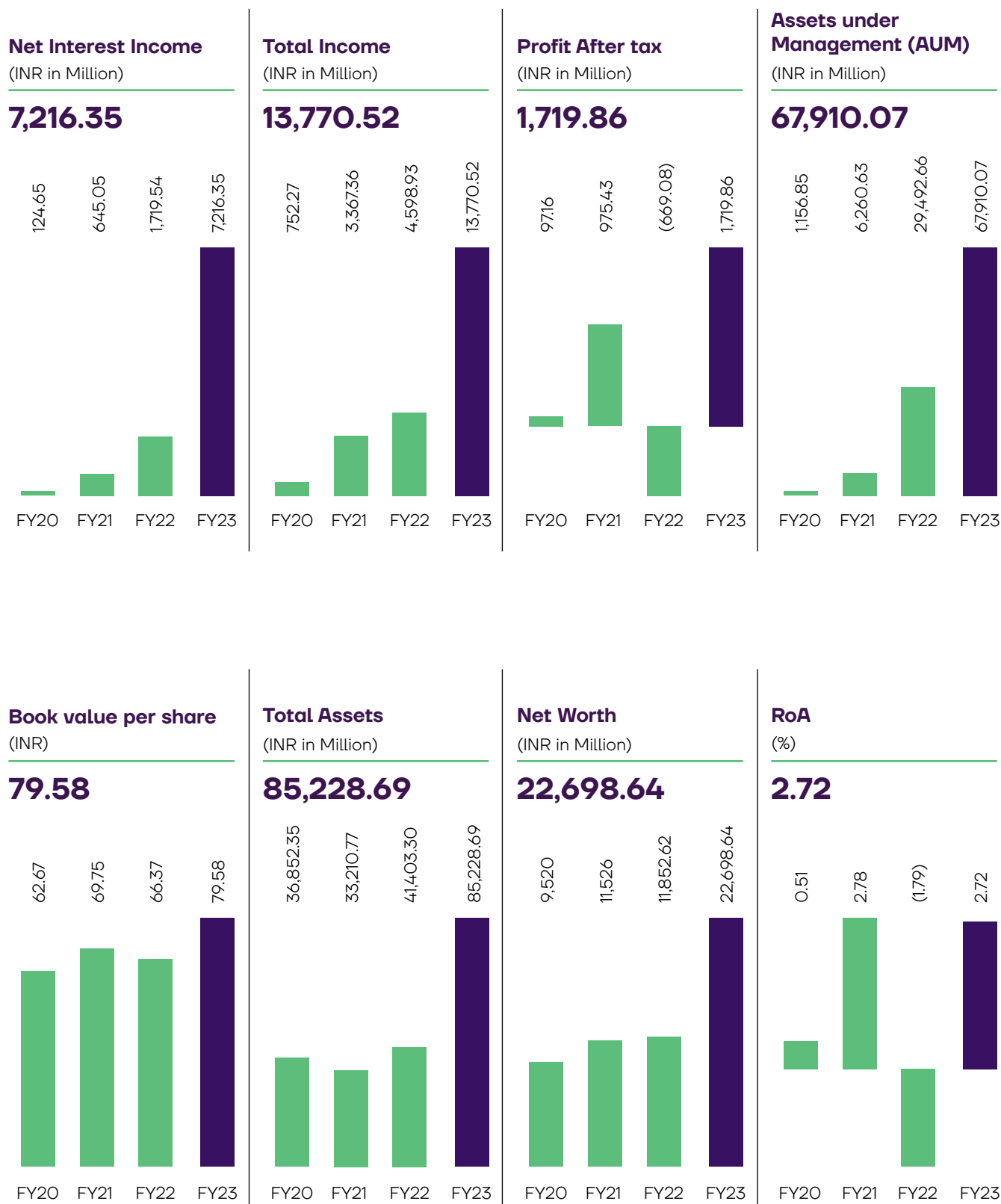
We recognise that our operating environment holds immense potential for driving substantial growth and shaping our own growth trajectory. With significant investments in technological infrastructure, machine learning models and data analytics, we continue to focus on technology and data science to improve our product offerings and overall customer experience. As part of our expansion plans, we will be leveraging digital platforms and partnerships with builders to expand our reach across India, streamlining the customer journey by establishing a network of pre-approved residential projects and utilising dedicated marketing channels. Additionally, we also aim to diversify our product lines by using customer insights to introduce differentiated offerings. We continue to remain open to exploring potential strategic acquisitions in the future.

I am grateful to all members of the Navi Finserv family for their constant support and to all stakeholders for their trust in our abilities. Together, we look forward to an eventful year ahead.

Regards,

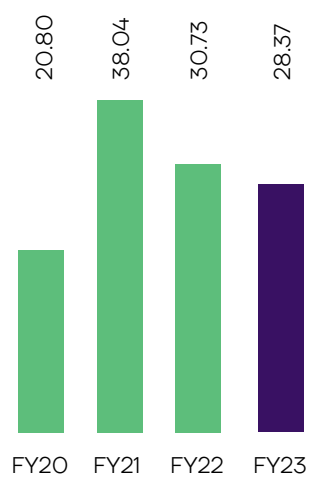
Ankit Agarwal
Managing Director

Financial Highlights



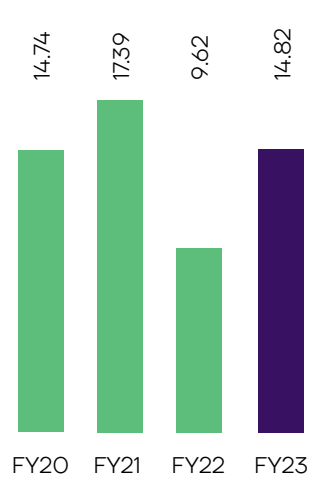
Capital Adequacy Ratio (%)

28.37



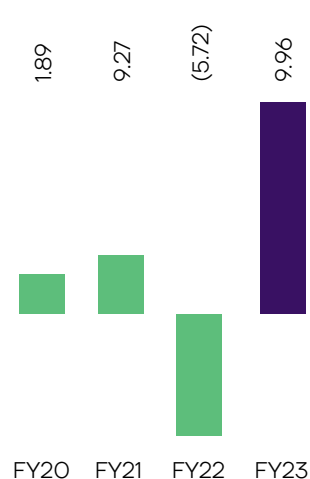
Net Interest Margin (%)

14.82



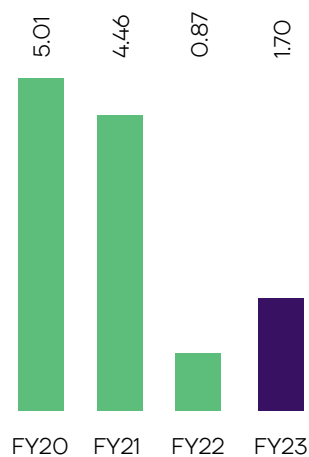
RoE (%)

9.96



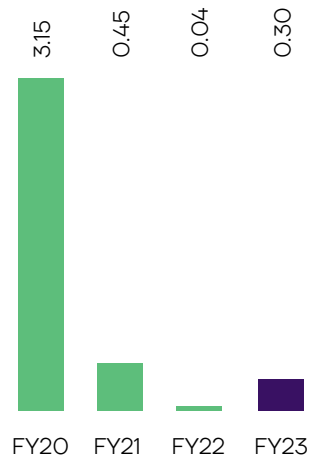
GNPA (%)

1.70



NNPA (%)

0.30



A distinctive portfolio

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, which are called ‘cash loans’ across our digital platforms. Under this business, we extend instant personal loans up to INR 2.0 Mn with tenors of up to 84 months through an entirely digital Navi App-only process. The annual interest rates we charge on the loans disbursed during the Financial Year ended March 31, 2023 were between 9.9% and 45%. Our Company utilises artificial intelligence based underwriting models developed by our Promoter, NTL to learn from a rapidly growing training dataset that contained 18.9 Mn repayment events as of March 31, 2023, with an average of 1.58 Mn repayment events added every month during the quarter ended March 31, 2023. As of March 31, 2023, over 84% of our personal loan customers had CIBIL credit scores of above 725 and over 47% had CIBIL credit scores above 750.

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 profiling and pricing each borrower is a major driver in creating a profitable lending business.

We launched our personal loans business to fulfil the needs of the



underserved Indian population and our digital personal loan offering is well-suited to address the needs of the growing digitally connected Indians.

We extend unsecured personal loans to individuals through a completely digital process on the Navi App. Accordingly, the entire customer journey for our personal loans business, including the application, disbursement and collections process is paperless. To avail a loan on the Navi App, the customers electronically

inputs their particulars including identification, work/income and other details as requested, following which they are provided approval for a maximum loan amount and tenor. After selecting the loan and EMI amount, the customers provide their bank account details for disbursement of the loan along with other details required for KYC verification (such as proof of address, a selfie photo and contact details), post which auto-payment for the EMIs is set up.

₹ 71,443.5 Mn.

Asset under management

18,51,417

Personal loans disbursed in FY23

< 4.5mins

Fastest disbursement

98.77%

Collection efficiency*

99.47%

PIN codes approved for loan coverage

₹ 65,392

Average Ticket Size in FY23

Customer profile

10,59,919 (~79%)

First-time personal loan borrowers

3,96,937 (~30%)

Repeat customers

11,13,823 (~83%)

Customers with CIBIL scores > 725

*Last 12 months average of current dues.

A distinctive portfolio (contd..)

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. We have been able to digitize and simplify the process of procuring a home loan. Our home loans customers are able to obtain an eligibility offer through a completely automated process that does not require any manual checks.

We currently source home loan customers directly through multiple channels, including our pre-approved residential projects database, the digital platform and through referral channels. In the long run, our focus is to make the customer journey more streamlined by creating a large network of pre-approved residential projects to simplify the legal and valuation checks.

Our Company with the technological support of our Promoter is in the process of creating a straight-through processing flow. This is done by growing the pre-approved residential projects and simplifying the legal and valuation checks. By leveraging the combination of machine learning-based underwriting models and pre-approved projects database, we aim to reduce our disbursal TAT to one to two days.

5 cities

Home loans disbursed

₹ 7,153 Mn.

Home Loan AUM

616

Total pre-approved builder projects

₹ 6.5 Mn.

Average ticket size

1,068

Loans disbursed

9.17%

Annualised yield

₹ 6,880 Mn.

Gross disbursement amount



Borrowings, Co-lending & Direct Assignment

Borrowings:

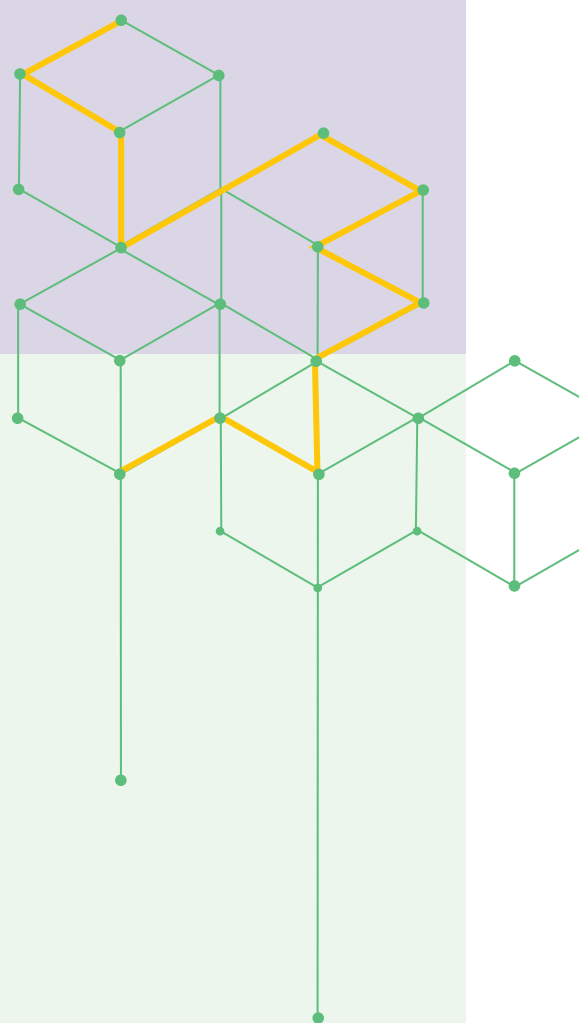
We continue to focus on raising debt capital from diversified sources and instruments including loans, debentures and commercial papers, and securitisation for financing the business operations and onward lending. The Company enjoys the credit rating of A/stable from CRISIL and India Ratings for its long-term debt programme and A1 from India Ratings and CARE for its short-term debt programme. Outstanding debt of the Company as on March 31, 2023 on a consolidated basis stood at INR 92,251 Mn and INR 57,626 Mn on a standalone basis. We received a credit rating upgrade from CRISIL during the year which reaffirms our prudent business and liability management strategy.

Co-lending and Direct Assignment:

We started our off-balance sheet program in Aug 2022 with the first direct assignment (DA) transaction of our personal loan book. The company since then has executed twenty-two (22) DA deals with large NBFCs, Private SCBs and Public sector banks across personal loan and home loan portfolios. The confidence in our underwriting and collection capabilities has been bolstered by the repeat deals we have done with our DA partners.

Our co-lending program for personal loans started in Oct 2022 and since then we have onboarded four (4) co-lending partners as of March 2023. Under this program we have disbursed personal loans worth INR 9,322 Mn as of March 2023.

To scale our off balance sheet partnerships (both DA and colending) we have built Navi Lending Cloud (NLC) – an native platform for our partners that simplifies pool shortlisting, due diligence, filter relaxations etc. The platform also offers a real time performance monitoring dashboard for partner portfolios along with customisable reports.



Poised for consistent growth

We recognise that our operating environment holds immense potential for driving substantial growth and shaping our growth trajectory. By utilising the power of AI & ML for enhancing our credit risk assessment, along with service automation, we are continuously striving to add efficiency to our processes. It also lends us a distinct advantage and enables us to stay ahead of competition. By focusing on personalisation, collaboration, and cybersecurity, we are determined to solidify our position as a leading digital financial institution, providing financial inclusion for a large majority of the unserved and underserved population.

Artificial Intelligence (AI) in credit risk assessment

AI has the potential to increase business profits across 16 different sectors by an average of 38% by 2035*. By automating and streamlining the lending process for both borrowers and loan officers, AI is helping to reduce the burden of manual labour.

The integration of AI and Machine Learning for credit risk assessment will be a pivotal growth driver for us. By harnessing the potential of AI, we can analyse vast amounts of data, enabling more accurate detection of fraudulent applications and potential defaulters. Real-time credit score assessments, with greater accuracy, will also empower us to make data-backed lending decisions swiftly, thereby fostering customer trust and loyalty.

Application Programming Interfaces (API)

The utilisation of APIs in the banking sector has emerged as a prominent trend, poised to revolutionise the industry. As financial institutions and banking service providers increasingly engage in collaborations with third-party entities, the potential for cross-selling transactions and seamless information sharing has improved. This progressive integration of APIs enhances the speed and security of transactions for customers and heightens customer experience.

Using APIs, we can gain invaluable insights from customer data and develop innovative revenue streams and new distribution channels. It is also expected to provide greater flexibility, freedom, and personalisation. This strategic approach to API integration is expected to fortify our position in the market, fuel business expansion, and strengthen our reputation as a progressive and customer-centric financial service provider.

Automation

Comprehensive automation, supported by AI, has brought about rapid changes in the lending sector. It has eliminated repetitive manual tasks, streamlined the loan application process and improved customer experience. With pre-filled applications, accurate data verification, and automatic flagging of missing information, bottlenecks are minimised, leading to faster approvals and heightened customer satisfaction.

These cutting-edge technologies have also enhanced our operational efficiency and accelerated approvals. It also empowers us to be agile, competitive, and poised for sustainable growth in a dynamic business landscape.

* <https://timesofindia.indiatimes.com/blogs/voices/current-digital-lending-trends-everyone-should-know/>

Deeper engagements with customers

The rising demand for personalised customer experiences in the financial services sector has prompted service providers deliver customised solutions across a wide spectrum of customers. The increasing popularity of online shopping among a young and aspirational Indian population has also resulted in a notable uptick in the digital lending space. In order to build deeper engagements with our customers, we would not only need to provide them with a wider range of financial products, but would also need to ensure that these are customised to their requirements in order to build long-term customer engagements and increase the overall customer lifetime value.

Open Credit Enablement Network

OCEN is a new paradigm enabling India to move closer to financial inclusion and democratisation of credit access. OCEN is an open network which standardises the building blocks that make up a typical credit cycle, using which various participants in the credit ecosystem can seamlessly connect with one another without needing to build bespoke APIs and infrastructure. In combination with real time data monitoring, this allows lenders to offer personalised credit products to a long tail of smaller borrowers that were previously out of reach.

Embracing the OCEN paradigm will drive financial inclusion and democratisation of credit access for a large base of the Indian population. Simultaneously, it will enable us to develop innovative credit solutions and seamlessly integrate them with existing offerings whilst also expanding our market reach and empowering us to cater to a broader customer base.

Collaboration and consolidation

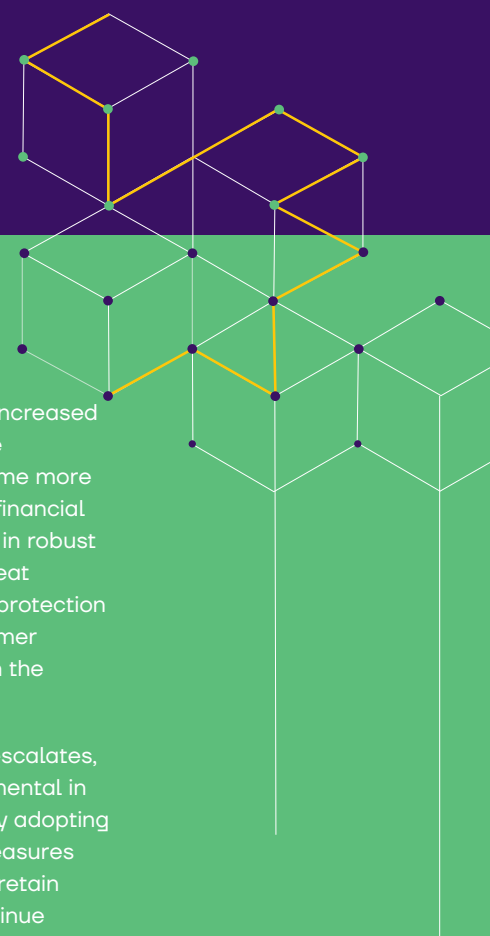
The digital lending guidelines introduced by the Reserve Bank of India (RBI) have led to a significant transformation in the lending industry, resulting in a foreseeable trend of collaboration and consolidation. To manage the compliance burden, smaller players have sought to align themselves with established entities and this trend is also expected to pave the way for strategic partnerships between traditional banks and fintech firms.

Through strategic alliances with other players in the financial services sector, we can expand our serviceable market, reach untapped customer segments, and bolster our overall business. Moreover, it will provide access to cutting-edge technological solutions designed to streamline processes, improve the efficiency of lending operations and strengthen our compliance standards.

Increasing focus on cybersecurity

The growth in digital transactions has increased threats pertaining to cybersecurity. The financial sector, in particular, has become more susceptible to data thefts. As a result, financial institutions are prioritising investments in robust cybersecurity measures, advanced threat detection systems, and stringent data protection protocols to safeguard sensitive customer information in order to maintain trust in the digital ecosystem.

As the risk of fraud and cyber threats escalates, prioritising cybersecurity will be instrumental in our growth strategy. We are proactively adopting steps to enhance our cybersecurity measures in order to protect customer data and retain their trust. Therefore, we intend to continue to lay more emphasis on building a robust cybersecurity framework to ensure sustainable, long-term growth.



Reflecting on our core capacities

At Navi Finserv, we combine the joint synergies of cutting-edge technology, extensive market reach, and data-driven decision-making to strengthen our core competencies. It lends us the expertise to fulfil the diverse credit requirements of our clients and empowers us to build a reputation as a robust and dynamic lender.



Mobile-first, app-only model

The Navi App enables seamless and unassisted applications for personal and home loans. It enables us to reach tech-savvy customers in tier-1 cities and beyond, without the need for intermediaries. It also ensures the lowest turnaround time for personal loans, with our fastest disbursements of personal loans taking less than 10 minutes.



Extensive reach

The digital-first distribution strategy eliminates the need for physical infrastructure and allows us to improve our reach, making financial services accessible for a wide array of customers, including personal loans disbursements across 99% of all Indian pin codes. The direct-to-customer approach harnesses a large pool of digitally connected customers and increases cross-selling opportunities, thereby increasing the potential customer lifetime value without incurring high costs.



Data-driven underwriting and risk management

Our strong underwriting capabilities, driven by data science and machine learning, go beyond traditional credit scores. Incorporating more than 400 variables and continuous learning from a growing training dataset, the models make credit accessible to a larger customer base. Besides, the proactive fraud detection system enhances risk assessment and enables higher approval rates and risk-priced interest rates.



Robust collection mechanisms

Our cohort-based collection model efficiently manages outstanding dues with digital reminders, tele-calling, and on-ground collection management. With a personal loan collection efficiency of 98.77%, granular tracking of loan portfolio metrics and performance that help in customer level risk management helps minimize the impact of economic cycles on collection efficiency and asset quality.



Diverse borrowing profile

We maintain a diversified funding profile by expanding funding sources and lender base, relying on long-term, medium-term and short-term borrowings, including term loans, non-convertible debentures, market-linked debentures, commercial papers, and securitisation. This approach provides flexibility in meeting funding requirements and managing interest rate risk.



Strong leadership and corporate governance

Backed by an experienced management, including the co-founder and promoter, we have established high corporate governance standards. The management team's deep expertise in financial services and technology industries contributes to our success and growth potential.



Technology-led growth potential

The highly scalable and technology-driven business model for personal loans help to grow the loan portfolio at a faster pace. The mobile application 'Navi' facilitates a digital lending process with no manual intervention, reducing operational complexities and enhancing efficiency. Despite high competition from banks and fintech companies, the technology-driven approach ensures significant growth potential.



Building strength strategically

With a relentless pursuit of excellence and an unwavering commitment to innovation, we are committed to introduce efficient financial solutions, to empower individuals and businesses alike. Our strategic approach, in alignment with emerging business trends, is expected to secure sustainable growth for the company and financial inclusion for a large section of our customers.

Focus on technology and data science

We have made substantial investments in technology infrastructure, machine learning models, and data analytics. Our emphasis on building technological expertise strengthens our product offerings and enhances customer experience. By leveraging advanced technology and data science capabilities, we have introduced innovative features like flexible EMI dates for personal loans. As we scale up and create a larger repository of customer data, the accuracy of machine learning models is expected to improve further, aiding better customer understanding and identification of credit-worthy customers.

Increasing reach across India

We plan to expand our presence across India. Our digital platforms and collaboration with builders in different parts of the country is expected to further improve our reach in the years ahead. By creating a large network of pre-approved residential projects, we intend to streamline the customer journey. Our digital-first distribution strategy has enabled us to approve personal loans easily for customers across all pin codes.

Foray into new product lines

We intend to explore new opportunities by leveraging our research capabilities and customer insights, which will play a crucial role in identifying and anticipating customer needs, resulting in the delivery of differentiated products and services. We are also open to strategic acquisitions to strengthen our current portfolio and to introduce new offerings. To expand our product portfolio with adjacent lending products in the long-term we have applied for a credit card license with the RBI.



Fortifying our business with technology-led processes

As a digital-first Company, we rely on cutting-edge technological solutions to optimise value creation for stakeholders and enhance customer experiences. The Navi App, a platform designed to elevate the customer journey for businesses as well as personal and home loan seekers, aims to streamline processes and add efficiency to our operations.

Loan Management System (LMS)

We utilise an enterprise-wide loan management system ("LMS"), which has been built and developed in-house by the Promoter of our Company. This LMS has both loan management and accounting capabilities, allowing us to effectively manage our loan portfolio and providing us with decision-making and operational support. This system covers the asset management of our business in addition to account management, risk management, document management and customer

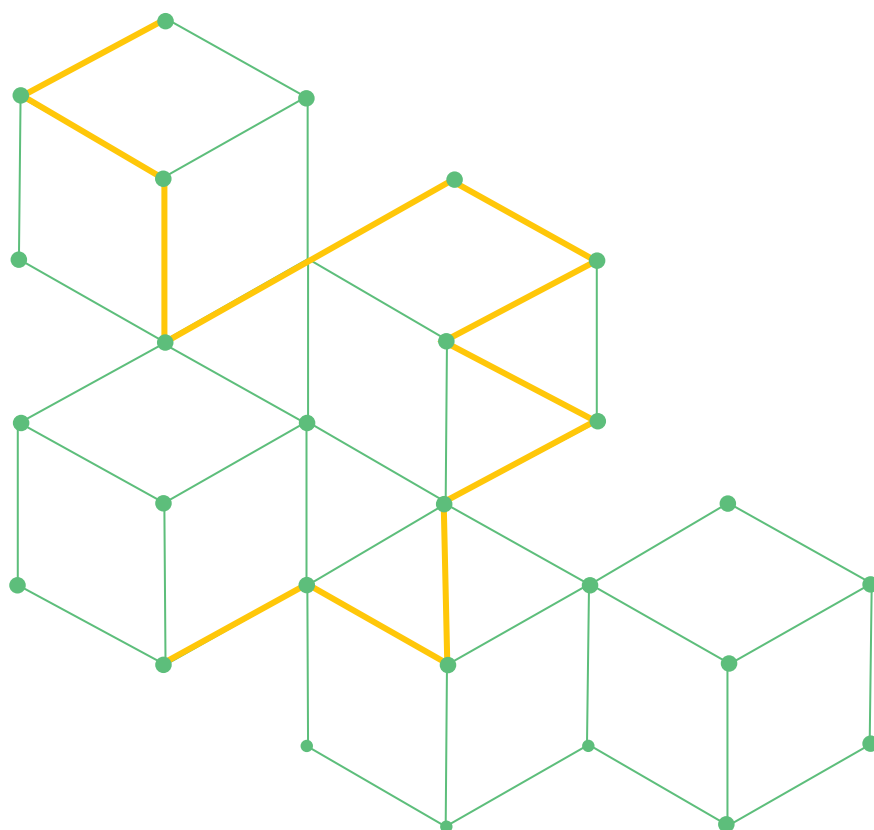
service throughout the full life cycle of loans, for both our personal loans and home loans businesses. It integrates all activities and functions under a single technology and data platform, bringing efficiencies to back-end processes and enabling us to focus our resources on delivering quality services to our customers. This system is also capable of being used via mobile, tablet and other digital devices and has a maker-checker functionality at every transaction stage that makes it reliable.

Collections Portal

We utilise our Promoter's developed collections portal that provides our collection teams several tools and features to assist them with the collections. Due dates for each customer are mapped out and easily accessible on the portal and officials are able to reach out to the customer directly via the portal through calls, digital messaging services and SMS communications.

We seek to implement best practices for data protection through a holistic combination of people, processes and technology. We have established a dedicated information security team with specializations in product security, cloud Security and IT Security, which is responsible for data security and privacy.

We also rely on certain third-party service providers in relation to the sourcing of data for potential customers. We have certain vendors who provide, among others, SMS scraping services, PAN verification with the NSDL, and Aadhaar XML download from the UIDAI.



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 Indian Institute of Technology, Delhi. He is 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 Indian Institute of Technology, Delhi and a master's degree in management from 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 University of Madras. He has previously been associated with State Bank of India ("SBI") and the Clearing Corporation of India Limited ("CCIL"). He has also been associated with State Bank of India where his last held position was managing director. As the nominee director, he was overseeing the operations of the seven associate banks of SBI and all the non-banking subsidiaries such as SBI Capital Markets Limited, SBI Funds Management Private Limited, SBI Life Insurance Company Limited, SBI DFHI Limited, SBI Global Factors Limited, SBI Cap Securities Limited, SBI Pension Funds Private Limited. He served 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. She is a fellow member of the Institute of Chartered Accountants of India. She has passed the professional program examination held by The 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 PricewaterhouseCoopers, 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 of Bank of Baroda. She has been a Director on our Board since July 6, 2020.

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. He joined Mirae Asset Global Investment Management Limited as Head of Asia Pacific Business Development and was based out of Hong Kong. His last held positions were chief executive officer at Mirae Asset Global Investment Management Limited. Prior to joining Mirae Asset Global Investment Management Limited, he was associated with Fidelity Business Services India Private Limited as their Associate Director – Asia Pacific Investment Marketing and was part of the Asia Business Team. He has been a Director on our Board since April 1, 2022.

Corporate Information

Mr. Ankit Surana

Chief Financial Officer

Ms. Prachi Mathur

Compliance Officer
(under Sebi Regulations)

Mr. Apurv Anand

Chief Technology and
Information Officer

Mr. Thomas Joseph

Company Secretary

Mr. Vinod Raghavan

Chief Compliance Officer

Mr. Aby George Eapen

Chief Risk Officer

Registered Office of the Company

2nd Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli,
Bengaluru, Karnataka 560102
Contact Number: 080 45113400
Facsimile: N/A
Email: corporate_finserv@navi.com
Website: www.navi.com/finserv

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 Narayanaswami 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

Price Waterhouse LLP, 5th Floor,
Tower D, The Millenia, 1&2 Murphy
Road, Ulsoor, Bengaluru 560008,
Karnataka, India,
Firm registration no.: 301112E/E300264,
Peer review certificate no.: 012776, Email:
abdul.majeed@pwc.com

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

IDBI Trusteeship Services Limited

Ground Floor, Universal Insurance
Building, Sir Phirozshah Mehta Rd, Fort,
Mumbai, Maharashtra 400001,
Email id: itsl@idbitrustee.com

List of lenders as of March 31, 2023

Aditya Birla Finance Ltd
AU Small Finance Bank
Axis Bank
Canara Bank
Cholamandalam Investment and
Finance Company
CSB Bank
Federal Bank
HDFC Bank
Hero Fincorp
Hinduja Leyland Finance Ltd
HSBC Bank
ICICI Bank
IDFC First Bank
Indian Overseas Bank
IndusInd Bank
Jana Small Finance Bank
JM Financial
Karur Vysya Bank
Kisetsu Saison Finance (India) Pvt Ltd
Kotak Mahindra Bank
Kotak Mahindra Investments Ltd
Mahindra & Mahindra Financial Services
Manappuram Finance Limited
MAS Financial Services Limited
Piramal Enterprises Ltd
RBL Bank
Shriram Housing Finance Ltd
State Bank of India
Tata Capital Financial Services Ltd
Ujjivan Small Finance Bank
Utkarsh Small Finance Bank
YES Bank

List of Co-lenders as of March 31, 2023

Piramal Capital and Housing Finance Ltd
Cholamandalam Investment and
Finance Company Ltd
Aditya Birla Finance Ltd
Tata Capital Ltd

Corporate Information (Contd..)

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

Committees of the Board

The constitution of the Committee as of March 31, 2023, is indicated in the Corporate Governance Report of the Company and this constitution stands as on the date of this report:

Audit Committee

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. Arindam Haraprasad Ghosh

Member

Risk Management Committee

Mr. Ranganathan Sridharan

Chairperson

Mr. Ankit Agarwal

Member

Mr. Aby George Eapen

Member

CSR Committee

Ms. Usha A Narayanan

Chairperson

Mr. Ranganathan Sridharan

Member

Mr. Arindam Haraprasad Ghosh

Member

Asset and Liability Committee

Mr. Ankit Agarwal

Chairperson

Mr. Ankit Surana

Member

Mr. Shobhit Agarwal

Member

Mr. Mahak Khabia

Member

Mr. Aby George Eapen

Member

Stakeholders Relationship Committee

Mr. Ranganathan Sridharan

Chairperson

Mr. Sachin Bansal

Member

Mr. Arindam Haraprasad Ghosh

Member

IT Strategy Committee

Mr. Ranganathan Sridharan

Chairperson

Mr. Sachin Bansal

Member

Mr. Apurv Anand

Member

Finance Committee

Mr. Ankit Agarwal

Chairperson

Mr. Sachin Bansal

Member

Debenture Committee*

Mr. Ankit Agarwal

Chairperson

Mr. Sachin Bansal

Member

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

Directors' Report

Dear Members,

It is our pleasure to present the Eleventh 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 2022-23. The consolidated performance of the Company and its subsidiary has been referred to wherever required.

In compliance with the applicable provisions of the Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ("**Act**") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("**Listing Regulations**"), this report covers the financial results and other developments during the financial year ended March 31, 2023.

Financial and Operational Highlights:

The Financial Statements of the Company for the year ended March 31, 2023, have been prepared in accordance with Indian Accounting Standards notified under Section 133 and Schedule III to the Companies Act 2013.

(Indian Rupees (INR) in Millions)

Particulars	Standalone		Consolidated	
	FY23	FY22	FY23	FY22
Total income	13,770.52	4,598.93	20,785.45	8,198.87
Finance cost	4,266.47	808.64	6,916.34	2131.62
Net income	9,504.05	3,790.29	13,869.11	6,067.25
Operating expenses	3,831.86	3,276.23	6,544.27	4,631.58
Pre provision operating profit	5,672.2	514.05	7,324.84	1,435.67
Impairment of financial instruments	3,693.1	1,400.4	3,978.77	1,618.92
Profit / (loss) before tax	1,979.09	(886.35)	3,346.07	(183.25)
Profit / (loss) after tax	1,719.86	(669.08)	2,641.61	(146.59)
Other comprehensive income / (loss)	0.92	(4.3)	(6.01)	(23.42)
Total comprehensive income	1,720.78	(673.38)	2,635.6	(170.01)

Key highlights of Standalone Financial Performance

- Total income increased by 199% to INR 13,770.52 Mn (PY INR 4,598.93 Mn). Total income mainly comprises of interest income on loans and advances and income from treasury operations. Loans and advances has increased to INR 63,695.19 Mn (PY INR 27,914.41 Mn);
- Finance cost has increased to INR 4,266.47 Mn (PY INR 808.64 Mn). Borrowings from lenders stands at INR 57,626.33 Mn as on March 31, 2023 against INR 28,226.75 Mn as on March 31, 2022;
- Operating expense increased by 16.96% mainly due to increase in employee benefit expenses to INR 845.02 Mn (PY INR 496.79 Mn);
- Loan losses and provision grew to INR 3693.1 Mn (PY INR 1400.4);
- Profit before tax increased to INR 1979.09 Mn compared to Loss before tax of INR 886.35 Mn in the previous year;
- Profit after tax increased to INR 1719.86 Mn compared to Loss after tax of INR 669.08 Mn in the previous year; and,
- The Company's Capital adequacy ratio as on March 31, 2023 is 28.37% which continued to be well above the RBI norms.

Key Operational Highlights

- The Digital Personal Loans portfolio of the Company as of March 31, 2023, was INR 61,618 Mn;
- The portfolio quality of Digital Personal Loans as of March 31, 2023, was 1.84% of Day past due ("**DPD**") 90; and,
- The Digital Housing Loan Portfolio of the Company as of March 31, 2023, was INR 6,272 Mn.

Transfer to Reserves

During the year under review, the Company has transferred INR 343.97 Mn to reserves created as per the norms laid down under Section 45-IC of the Reserve Bank of India Act, 1934.

Dividends

The Board of Directors has not recommended any dividend on Equity Shares for the Financial Year 2022-23 in order to augment the capital requirements for supporting the growth of the business of the Company, through retention of internal accruals.

Scale-based regulation for NBFC

The Company continues to comply with the Master Direction for Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 and all the applicable laws, regulations, guidelines, etc. prescribed by RBI from time to time.

The Company has been identified for categorisation as NBFC-Middle Layer under Scale Based Regulation (SBR), a Revised Regulatory Framework for NBFCs. The Board of Directors have framed various policies as applicable to the Company including Risk based internal audit policy. The Board periodically reviews the policies and approves amendments as and when necessary.

Internal Capital Adequacy Assessment Process

NBFCs are required to make a thorough internal assessment of the need for capital, commensurate with the risks in their business. This internal assessment shall be on similar lines as ICAAP prescribed for commercial banks under Pillar 2.

During the year under review, your Company has adopted these ICAAP requirements, and institutionalized this by framing the Enterprise Risk Management and Internal Capital Adequacy Assessment Process Policy.

Capital adequacy

Your Company being a Systemically Important Non-Deposit Accepting NBFC, is subject to the capital adequacy requirements prescribed by the Reserve Bank of India. 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, 2023, the Capital to Risk Assets Ratio (CRAR) stood at 28.37% 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 27.19% and Tier II capital adequacy ratio was at 1.18%.

Asset liability management (ALM)

The Company had a total borrowing of INR 57,626.33 Mn as on March 31, 2023. The Company has an active Asset Liability Committee (ALCO) which meets per the ALM Policy, and it continuously monitors asset-liability mismatches to ensure it as per prescribed RBI Guidelines, while also tracking liquidity sufficiency across various metrics. The Asset Liability Management (ALM) position of the Company, based on the maturity buckets as per the guidelines issued by RBI, is assessed using the behaviouralised maturity pattern.

Public Deposits

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.

Disclosures relating to Subsidiaries, Associates and Joint Ventures

The Company is a wholly owned subsidiary of Navi Technologies Limited (“**NTL**” or “**Promoter**”). As on March 31, 2023, Chaitanya India Fin Credit Private Limited (“**CIFCPL**”) was the Subsidiary of the Company (“**CIFCPL**” or “**Subsidiary**”). Pursuant to share purchase agreement dated April 03, 2023, our Company has sold 36,291,666 equity shares of face value ₹ 10 each of our Subsidiary to our Promoter for a consideration of ₹ 1,814.58 Mn on March 29, 2023.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 (“**the Act**”), a statement containing salient features of the financial statements of subsidiaries, joint venture and associate companies in Form AOC-1 as **Annexure III**.

Further, the Company does not have any Joint Venture or Associate Companies as on March 31, 2023.

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 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**”). Since the asset size of your Company is of more than INR 10,000 Mn, considered as a Middle Layer as per the Regulatory Structure for NBFCs.
- d) **Key business developments:** During the year under review, the Company
 - was converted from a private limited company to a public limited company and received approval from the Ministry of Corporate Affairs on April 05, 2022;
 - has successfully completed the first Public Issue of Debt amounting INR 4,960 Mn on June 08, 2022;

- has crossed an Asset under management ("AUM") of INR 50,000 Mn in August 2022;
- has received a rating upgrade from CRISIL from A – Stable to A Stable on December 02, 2022;
- has started Co-lending with several financial services companies; and,
- has received a rating of A1 from CARE for short term borrowings for Financial Year 2022-23 vide Credit rating letter dated September 16, 2022.

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: During the year under review, pursuant to share purchase agreement dated April 03, 2023, your Company has sold 36,291,666 equity shares of face value ₹ 10 each of Chaitanya India Fin Credit Private Limited to Navi Technologies Limited for a consideration of ₹ 1,814.58 Mn on March 29, 2023.

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:

There are no material changes and commitments affecting the financial position of the Company, which has occurred

between the end of the financial year of the Company i.e. March 31, 2023 and the date of the Directors' Report except as mentioned below:

The Board of Directors of Navi Technologies Limited (NTL) and Navi Finserv Limited (Company or NFL) had in its meeting on August 08, 2023, approved the disinvestment of 24.99999968% and 75.00000032% of equity shares being held by the NTL and NFL, respectively in Chaitanya India Fin Credit Private Limited (CIFCPL), a material subsidiary of NFL, by way of sale of shares in CIFCPL to Svatantra Microfin Private Limited (Purchaser), a NBFC - microfinance institution (Proposed transaction). The proposed transaction is subject to receipt of approval of Reserve Bank of India, shareholders of NFL and NTL and satisfaction of other conditions set forth in the share purchase agreement to be entered between the NTL, NFL, CIFCPL and the purchaser.

Details of Revision of Financial Statement or the Report

During the year under review 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 2022-23, the Authorized Share Capital of the Company was increased from INR 2,050,000,000 (Two Thousand and Fifty Million only) divided into 205,000,000 (Two Hundred and Five Million only) Equity Shares of INR 10 each to INR 6,000,000,000 (Six Thousand Million only) divided into 600,000,000 (Six Hundred Million only) Equity Shares of INR 10 each.

Issued, Subscribed and Paid-up Share Capital: During the Financial Year 2022-23, the company issued and allotted:

Sl. No.	Date of Allotment	Shares Allotted	Face Value (INR)	Premium, if any
1.	May 25, 2022	26,266,667	10	65
2.	May 30, 2022	33,733,333	10	65
3.	August 24, 2022	40,000,000	10	65
4.	December 22, 2022	6,666,667	10	65

As on the Financial Year ended March 31, 2023, the Issued, Subscribed and Paid-up Share Capital of the Company stood at INR 2,852,403,530/- (Rupees Two Thousand Eight Hundred Fifty-Two Million Four Hundred Three Thousand Five Hundred Thirty) divided into 285,240,353 (Two Hundred Eighty-Five Million Two Hundred Forty Thousand Three Hundred Fifty-Three) 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. 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 raised:

1. INR 400 Mn through issuance of privately placed Listed, Unsecured, Redeemable, Non-Convertible Debentures;
2. INR 1,500 Mn through issuance of compulsorily convertible debentures to Navi Technologies Limited;
3. INR 850 Mn through issuance of privately placed Unlisted, Unsecured, Redeemable, Non-Convertible Debentures;
4. INR 3,550 Mn through issuance of privately placed Listed, Secured, Redeemable, Non-Convertible Debentures;
5. INR 4,046.76 Mn through issuance of privately placed Unlisted, Secured, Redeemable, Non-Convertible Debentures;
6. INR 4,957.2 Mn through publicly placed Non-Convertible Debentures; and,
7. INR 11,511.5 Mn through Commercial Papers.

The proceeds of the above mentioned issues have been utilized in accordance with the objects of the issue as specified in the Placement Memorandum and Term sheet, as may be applicable.

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 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. Your Directors draw the attention of the members to Note 76 to the Financial Statement which sets out credit rating disclosure.

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 Listing Regulations a detailed analysis of the Company's performance is discussed in the Management Discussion and Analysis Report, as **Annexure I**.

Annual evaluation of Board, Committees, and Directors

The Board of Directors has carried out an annual evaluation of its own performance, board committees, and individual directors pursuant to the provisions of the Act. The performance of the board was evaluated by the Board after seeking inputs from all the directors on the basis of criteria such as the board composition and structure, effectiveness of board processes, information, and functioning, etc. The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of individual directors on the basis of criteria such as the contribution of the individual director to the board and committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

At the board meeting that followed the meeting of the Nomination and Remuneration Committee, the performance of the Board, its Committees, and individual directors was also discussed.

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 possess rich and varied experience, skills, expertise, and knowledge in the field of Banking and Finance.

The Company has received declarations from all its Independent Directors, confirming that they meet the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 alongwith rules framed thereunder read with the Listing Regulations. In the opinion of the Board, the Independent Directors are persons with integrity and possess requisite experience, expertise and proficiency required under applicable laws and the policies of the Company.

The Company's Board lays down the strategic objectives of the Company and guides the management in meeting interests of the shareholders. The following changes have taken place in the composition of the Board, during Financial Year 2022-23:

Appointment of Mr. Arindam Haraprasad Ghosh as Independent Director of the Company

Pursuant to the recommendation of the Nomination and Remuneration Committee and on the proposal of the Board of Directors, Mr. Arindam Haraprasad Ghosh was appointed on the Board as Independent Director of the Company for a term of five consecutive years commencing from April 01, 2022 vide an Ordinary Resolution passed by Members of

the Company at the Extraordinary General Meeting on April 01, 2022.

Arindam Haraprasad Ghosh 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.

Director liable to retire by rotation:

In line with the provisions of the Act and the Articles of Association of the Company, Mr. Sachin Bansal (DIN: 02356346) will retire by rotation at the ensuing AGM and, being eligible, have offered himself for re-appointment. The Board recommends his re-appointment for the consideration of the Members of the Company at the ensuing AGM.

Composition of the Board as of March 31, 2023:

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

Key Managerial Personnel (“KMP”):

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel of the Company as on March 31, 2023, are:

SL No.	Name of the KMP	Designation	Appointment/ Resignation	Date of Appointment/ Resignation
1.	Mr. Divyesh Jain*	Chief Financial Officer	Appointment	November 12, 2021
2.	Mr. Puneet Bhatia**	Company Secretary and Compliance Officer	Appointment	March 30, 2022
3.	Mr. Anuj Arora***	Company Secretary	Appointment	September 08, 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.

*Mr. Divyesh Jain had resigned from his position as Chief Financial Officer with effect from April 25, 2023 and thereafter the Company has appointed Mr. Ankit Surana as Chief Financial Officer of the Company with effect from April 26, 2023.

***Mr. Anuj Arora has resigned from his position as Company Secretary of the Company with effect from April 25, 2023 and thereafter the Company has appointed Mr. Thomas Joseph as Company Secretary of the Company with effect from April 26, 2023.

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, (“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.

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 lays down a framework:

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a director (executive/non-executive/ independent) of the Company (“**Director**”), KMP and Senior Management.
- To recommend policy relating to the remuneration of the Directors, KMP and Senior Management to the Board of Directors of the Company (“**Board**”).

- Evaluation of individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board.
- Board Diversity.

Details of the Nomination, Remuneration and Evaluation Policy is available on the website of the Company at: <https://navi.com/finserve/governance/policies>

Board Meetings

During the year under the review, the Board of Directors has met 12 (Twelve) 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. Further, the details of the meetings held are provided in the report on Corporate Governance forming part of the Annual Report.

Board Committees

The Company has constituted Committees as applicable to the Company as required under the applicable provisions of the laws and statutes.

Audit Committee:

During the year under review, the Audit Committee of your Company was reconstituted on April 07, 2022.

During the year under review, the Committee met 9 (nine) times to deliberate upon various matters and the requisite quorum was present throughout the meeting and the details of the meetings held are provided in the report on Corporate Governance forming part of the Annual Report.

Nomination and Remuneration Committee:

During the year under review, the Nomination and Remuneration Committee of your Company was reconstituted on April 07, 2022.

During the year under review, the Committee met 5 (five) times to deliberate upon various matters and the requisite quorum was present throughout the meeting and the details of the meetings held are provided in the report on Corporate Governance forming part of the Annual Report.

Stakeholder Relationship Committee:

During the year under review, the Stakeholder Relationship Committee of your Company was reconstituted on October 22, 2022.

During the year under review, the Committee met 2 (two) times to deliberate upon various matters and the requisite quorum was present throughout the meeting and the details of the meetings held are provided in the report on Corporate Governance forming part of the Annual Report.

Risk Management Committee

During the year under review, the Risk Management Committee of your Company was reconstituted on October 22, 2022.

During the year under review, the Committee met 5 (five) times to deliberate upon various matters and the requisite quorum was present throughout the meeting and the details of the meetings held are provided in the report on Corporate Governance forming part of the Annual Report.

Information Technology Strategy Committee

During the year under review, the Information Technology Strategy Committee of your Company was not reconstituted and was last reconstituted on February 11, 2022.

During the year under review, the Committee met 3 (three) times to deliberate upon various matters and the requisite quorum was present throughout the meeting and the details of the meetings held are provided in the report on Corporate Governance forming part of the Annual Report.

Asset and Liability Committee

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

During the year under review, the Committee met 7 (seven) times to deliberate upon various matters and the requisite quorum was present throughout the meeting and the details of the meetings held are provided in the report on Corporate Governance forming part of the Annual Report.

Corporate Social Responsibility Committee

During the year under review, the Corporate Social Responsibility Committee of your Company was reconstituted on October 22, 2022.

During the year under review, the Committee had met 2 (two) times to deliberate upon various matters and the requisite quorum was present throughout the meeting and the details of the meetings held are provided in the report on Corporate Governance forming part of the Annual Report.

Finance Committee

During the year under review, the Finance Committee of the Company was not reconstituted and was last reconstituted on April 07, 2022.

During the year under review, the Committee met 58 (Fifty Eighty) times to deliberate upon various matters and the requisite quorum was present throughout the meeting and the details of the meetings held are provided in the report on Corporate Governance forming part of the Annual Report.

Investment Committee

During the year under review, the Investment Committee of your Company got merged with the Finance Committee of your Company on April 07, 2022.

During the year under review, the Committee met 1 (One) time to deliberate upon various matters and the requisite quorum was present throughout the meeting and the details of the meetings held are provided in the report on Corporate Governance forming part of the Annual Report.

Debenture Committee

During the year under review, the Debenture Committee of your Company was constituted on April 11, 2022.

During the year under review, the Committee met 11 (Eleven) times to deliberate upon various matters and the requisite quorum was present throughout the meeting and the details of the meetings held are provided in the report on Corporate Governance forming part of the Annual Report.

Separate Meeting of Independent Directors

Pursuant to Clause VII (1) of Schedule IV of the Act, the Independent Directors had a separate meeting on January 16, 2023, *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.

Report on Corporate Governance

Pursuant to Listing Regulation read with Schedule V to the Listing Regulations, a report on Corporate Governance for the Financial Year 2022-23 along with the certificate from the Secretarial Auditors of the Company confirming the compliance with the regulations of Corporate Governance under the SEBI Listing Regulations is annexed as an **Annexure VII** and forms part of this Report.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013 and based on the framework of internal financial controls and systems of compliance which are established and maintained by the Company, audits conducted by the Internal, Statutory and Secretarial Auditors including audit of internal financial controls over financial reporting by the Statutory Auditors and reviews by the Management and the relevant Board Committees, including the Audit Committee and Risk Management Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during Financial Year 2022-23.

The Directors confirm to the best of their knowledge and ability, that:

1. in the preparation of the annual financial statements for the year ended March 31, 2023, the applicable accounting standards have been followed with no material departures;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2023, and of the profits/ (losses) of the Company for the year ended on that date;
3. 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
4. the Directors have prepared the annual financial statements on a going concern basis;
5. the Directors, have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are 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 II**.

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. 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://navi.com/finserve/governance/policies>

Consolidated Financial Statements

The Consolidated Financial Statements of the Company and its subsidiary for the Financial Year 2022-23 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 2022-23 are mentioned in the note no 43 of 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.

The Company has institutionalized systems for obtaining prior omnibus approval of the Audit Committee on an annual basis for transactions with related parties which are of a foreseeable and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted and a statement giving details of all transactions with related parties are placed before the Audit Committee for their review on a periodic basis.

In compliance with section 188(1) of the Companies Act, 2013, AOC-2 is enclosed as **Annexure- IV**. 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 43 of the Financial Statements.

The Policy on related party transactions as approved by the Board can be accessed on the Company's website at the given weblink: <https://navi.com/finserv/governance/policies>

Corporate Social Responsibility

During the year under review, your Company has spent INR 40 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 40 lakhs to the Olympic Gold Quest, Foundation for Promotion of Sports and Games ("**OGQ**") during the Financial Year 2022-23. The Company had focused on undertaking a CSR activity to help Indian athletes to win Olympic Gold medals. OGQ also holds the 80G & 12A Certificate. OGQ is a not-for-profit organization co-founded by Indian sports legends Geet Sethi and Prakash Padukone with a mission to help Indian athletes win Olympic and Paralympic Gold medals. In the last 3 Olympics at London 2012, Rio 2016 and Tokyo 2020, the training of 9 of the 15 medal winners for India was supported by OGQ.

OGQ has a vision to scout for potential medal talent, to help identify areas of support, to work with all stakeholders to aid deserving talent. At the Tokyo Olympics 2020, 4 of the 7 medal winners for India were supported by OGQ, viz., Mirabai Chanu, Ravi Kumar, PV Sindhu and Lovlina Borgohain. OGQ also supports athletes with physical disabilities, and at the Tokyo Paralympics, 10 of the 19 medal winners for India were supported by OGQ including Krishna Nagar who won the Gold medal in Para Badminton.

The CSR Policy of the Company, duly amended, may be accessed on the Company's website at the given weblink: <https://navi.com/finserv/governance/policies>

A brief outline of 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 V**" 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 2022-23.

Foreign Exchange Earnings and Outflow

Particulars	(Indian Rupees (INR) in Millions)	
	As on March 31, 2023	As on March 31, 2022
Foreign Exchange inflow	Nil	Nil
Foreign Exchange Outflow	1.68	6.98

Risk Management

The Company has in place an Enterprise 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 adequate risk management infrastructure in place which is capable of addressing these risks as and when they arise.

The Company adopts a five-stage approach for risk management, starting with 1) Risk identification, 2) Assessment of risk, 3) Determining response to the risk assessment, 4) Monitoring of risks and effectiveness of responses, and 5) Reporting of risks and risk limits in the Company.

The Company performs stress testing to assess the vulnerabilities to certain unlikely but plausible events such as an economic recession. Stress testing is carried out for major risks such as credit, liquidity and interest rate risks. Assumptions underlying the stress tests are reviewed annually to ensure integrity, accuracy and reasonableness of the stress testing framework. Results of the stress test are shared with relevant senior management & Board committees for decision making.

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. During the year under review, 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 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 Financial Year 2022-23 to Financial Year 2024-25 in the Annual General Meeting of the Company held on September 30, 2022 with the recommendation of the Audit Committee and the Board in its meeting held on August 09, 2022 and August 10, 2022, respectively.

Further, the Auditors' Report "with an unmodified opinion", given by the Price Waterhouse LLP, Statutory Auditors on the Financial Statements of the Company for Financial Year 2022-23 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.

In terms of Sections 139 and 141 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Price Waterhouse LLP have certified that they are eligible to continue as Statutory Auditors of the Company.

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, practicing company secretaries were appointed as the Secretarial Auditors of the Company for the Financial Year 2022-23.

The Secretarial Audit Report for the Financial Year 2022-23 forms part of the Annual Report as '**Annexure-VI**'.

In reference to the observations made by the Secretarial Auditor in Annexure A of the report issued, on the notice of non-compliance or deviations in the reporting, the Company has taken the corrective measures, and has set robust processes in place.

Certifications from Company Secretary in Practice

A certificate has been received from Rahul A & Associates, Practicing Company Secretaries that none of the Directors on the Board of the Company 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. The certificate is attached as an Annexure to the Corporate Governance Report.

The Report on Corporate Governance as stipulated in the Listing Regulations forms part of the Annual Report. The requisite certificate from Rahul A & Associates, Practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under the Listing Regulations is annexed as an **Annexure** to the Corporate Governance Report.

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 92(3) read with Section 134(3)(a) of the Companies Act, 2013, the Annual Return (Form MGT-7) as on March 31, 2023 is available on the Company's website at: <https://navi.com/finserve/governance/annual-return>

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 Complaint Committee ('ICC') to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy and the policy is gender neutral.

During the year under review, 1 (one) complaint was received during the year and was disposed off. No cases were pending for more than 90 days.

Acknowledgment

Your directors take this opportunity to 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 also 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 11, 2023

Place: Bangalore

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:

2nd Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru, Karnataka 560102

Correspondence Address/ Corporate Office:

Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru, Karnataka 560102

Annual General Meeting:

Day: Saturday

Date: September 29, 2023

Time: 09:30 AM

Mode of conducting the meeting: In person at the corporate office of the Company located at Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru, Karnataka 560102

Financial Year: Financial Year 2022-23

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 (Financial Year 2023-24)
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

Registrar and transfer agents

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

Further, Integrated Registry Management Services Private Limited is the Registrar and Share Transfer Agents for the unlisted equity shares of the Company.

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.

During the year under review, the Company had received 3 investor complaints and the same has been resolved.

Website of the Company

www.navi.com/finserv

Annexure I

Management Discussion and Analysis

Overview

Navi Finserv Limited was incorporated on February 14, 2012. The Company has an NBFC license with effect from March 11, 2016. Navi Finserv Limited was converted from a private limited company to a public company on April 05, 2022 with the approval of the Ministry of Corporate Affairs. With its systematic and focused approach, the Company delivers digital lending products for both personal and housing finance. The Company aims to be a pan India digital lending service company and provide a full spectrum of digital lending products with end to end service.

Our consistent focus is to fulfil the credit requirements for the mass 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.

Indian economic review

The Indian economy demonstrated resilience amid geopolitical tensions and high inflation-induced global economic headwinds and, according to the final advance estimates of the National Statistical Office (NSO), registered a growth of 7.2% in Financial Year 2022-23. The better-than-expected performance in Financial Year 2022-23 can largely be attributed to the relatively strong performance of the economy during the fourth quarter.

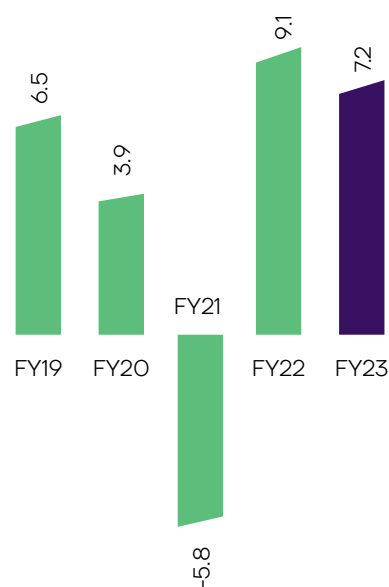
India's growth story has been underpinned by strong investment activity bolstered by a strong push in government-capex along with buoyant private consumption. Even though weak external demand and elevated inflation somewhat tempered growth expectations, the Indian economy continued exhibiting resilience.

The Indian government's initiatives, such as the PM Gati Shakti (National Master Plan), the National Monetisation Plan (NMP) and the Production Linked Incentive (PLI) plan, helped in fostering economic growth. Additionally, stronger prospects for manufacturing, services, agriculture, and related industries, along with improved business and consumer confidence, are expected to support domestic consumption. These factors, coupled with accelerated credit expansion, are anticipated to contribute to the overall economic growth in the near term.

The Reserve Bank of India (RBI) has also been maintaining a stable monetary policy stance given the sliding inflation

trajectory, positive macro tailwinds, and improved consumer aspirations. The sustained growth momentum of India has improved sentiments and created an ideal environment for attracting investments. With measures to rein in inflation, manage depreciation of the Indian currency, and mitigate the immediate impact of the fiscal deficit on the economy, business prospects are expected to improve considerably.

GDP growth %



(Source – National Statistical Office (NSO))

Industry overview

NBFCs have proven to be crucial players in the financial sector as evidenced by the growth in industry AUM from INR 36 lakh Mn in March 2008 to INR 270 lakh Mn in March 2022.

The ongoing improvement in macro-economic conditions continues to fuel the growth of NBFCs, bolstering their asset quality and balance sheet strength after the pandemic. Robust increase in consumer spending and the release of pent-up demand led to accelerated growth in personal and housing loans. Financial Year 2023-24 expects to see NBFCs AUM grow at 13%-14% according to Crisil Assocham reports.

Moreover, improved collections, controlled slippages, stable operating costs, and moderation of credit costs are set to enhance sector profitability, making it a promising period for NBFCs.

Indian FinTech sector

India is one of the world's most rapidly growing FinTech markets. The market size of the FinTech industry in India stood at USD 50 billion in 2021 and is projected to reach USD 150 billion by 2025. By 2025, the estimated Total Addressable

Market for the Indian Fintech industry is projected to reach USD 1.3 trillion. The Assets under Management is expected to reach USD 1 trillion and revenues are expected to reach USD 200 billion by 2030¹.

The regulatory framework and government initiatives are essential for the development of India's broader financial services ecosystem, which includes the FinTech and payments industries.

The Indian government and regulatory bodies maintain a steadfast commitment to develop the nation's digital payments and financial services landscape, as is evident from their various initiatives. These efforts have resulted in a significant growth in both the volume and value of digital payment transactions in India. The Government of India (GoI) and the Reserve Bank of India (RBI) have implemented measures to propel India towards becoming a fully digitized nation. The Budget 2023-24 announced the simplification of KYC by taking a risk based approach and expanding the scope of DigiLocker. It also proposed the establishment of a National Financial Information Registry (NFIR) to facilitate efficient flow of credit.

Growth drivers

Rising penetration of internet and smart phones

India is currently the second-largest market for internet users and has the second-highest number of smart phone users worldwide. It is anticipated that there will be 1 billion internet users in India by 2026, with 233 Mn households having internet connections, up 46% from 160 Mn in 2021. This will further improve the accessibility of digital financial services across the country.

Favourable demographics

In 2020, 55% of India's population was in the working age range of 20-59 years and this is expected to reach 56% by 2025. It is also anticipated that India will add 140 Mn middle-class families and 21 Mn high-income households by 2030 which will further propel demand in the Indian financial services sector.

Financial inclusion initiatives

The government has accelerated the digital revolution and expanded the reach of digital financial services to a greater number of citizens, particularly those living in rural areas, through programmes like the Pradhan Mantri Jan Dhan Yojana (PMJDY), Deen Dayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM), Direct Benefit Transfer, and Atal Pension Yojana.

Opportunities

1. Our Company's lending products (i.e. personal loans and home loans) are exclusively distributed through the 'Navi' app, which is a mobile application developed by our Holding Company, Navi Technologies Limited ("**Navi App**").

2. Navi Finserv's digital-first operating model, which facilitated the Company in achieving product-market fit during the pandemic, remains instrumental in maintaining the Company's agility and flexibility. This enables Navi Finserv to promptly adapt to macroeconomic changes, adverse events, regulatory guidelines, and customer feedback by swiftly implementing necessary adjustments.
3. The digital-first model enables the Company to establish a substantial nationwide presence without the requirement for physical branches. As a result, the Company is capable of operating in over 99% of the pincodes across the country.
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

In terms of potential threats, the Company anticipates that a macroeconomic slowdown resulting from international factors, heightened inflation, and the enduring consequences of the pandemic could pose challenges to the quality of its portfolio. In addition, the Company acknowledges that regulatory changes have the potential to pose a threat to its digital-first operating model.

Product wise performance

Digital Personal Loan

	FY23	FY22	Change FY 23 Vs FY 22
POS (Cr.)	6161.8	2,520.9	144%
PAR 90 Amt (Cr.)	113.4	22.9	395%
PAR 90%	1.84%	0.91%	102%
Interest Income and LPF (Cr.)	1100.5	234.06	370%

Housing Loan

	FY23	FY22	Change FY 23 Vs FY 22
POS (Cr.)	627.2	312.0	101%
PAR 90 Amt (Cr.)	0.2	0.0	-
PAR 90%	0.03%	0.0	-
Interest Income and LPF (Cr.)	40.15	7.4	481%

Outlook of business

The Company's personal loans, launched in April 2020, and housing loans product, launched in December 2020, are now experiencing steady growth. In terms of personal loans, the Company has significantly increased loan disbursements and effectively managed frauds and defaults. A growing proportion of the business comes from repeat and returning customers, allowing the Company to comfortably extend more exposure to both new and existing customers, while still maintaining strict adherence to their risk and credit parameters.

¹ <https://www.investindia.gov.in/sector/bfsi-FinTech-financial-services>

With the economy gradually returning to a semblance of normalcy, the demand for credit has revived. The Company is well-positioned to meet this demand, thanks to its digital model and robust processes, controls, and adaptability to respond to a changing landscape.

Risks and concerns

1. The Company anticipates that persistent macroeconomic challenges, characterized by high inflation and a high interest rate environment, have the potential to suppress credit demand
2. The Company also foresees that ongoing macroeconomic issues, such as high inflation and a high interest rate environment, may reduce the repayment capacity of individuals. This, in turn, could have an adverse impact on the quality of the company's loan book
3. The Company holds the belief that the growing leverage within its customer base, coupled with stagnant incomes, is a matter of concern
4. The decrease in the purchasing power of potential borrowers can have an impact on the sales of high-value items and housing, consequently affecting the sales of the Company.
5. Threats from cyber attacks impacting customer data are accentuated by the Company's digital-first approach to lending.

Internal control and their adequacies

1. The Company is in the process of establishing internal controls and Standard Operating Procedures (SOPs) to govern their operational processes. These controls and SOPs will specifically focus on activities such as reconciling disbursements, managing collections, and preventing and detecting fraud.
2. To prevent any potential leakage of customer data, the Company also verifies the access controls in place for Personally Identifiable Information (PII) data.
3. The Company has enhanced the monitoring of tech processes and integrations. It has the capability to swiftly identify API failures and internal system errors, aided by defined severity indexes that assist in prioritising efforts to resolve failures.
4. The internal audit function has been brought in-house for the past year, and it employs a risk-based approach to auditing. This approach is instrumental in enhancing the robustness and reliability of the Company's processes.

Human resources

The Company has implemented people-centric practices that enable it to attract and retain talent in a highly competitive market. It is dedicated to fostering a work culture that consistently provides the best opportunities for employees to reach their full potential. As an equal

opportunity employer, the Company embraces a meritocratic culture where high performers are given ample opportunities. This approach ensures that employees, including those on the frontlines, feel a sense of ownership and empowerment.

Moreover, the Company places a strong emphasis on nurturing young talent. It offers various avenues for employees to learn, grow, and advance their careers through transparent Internal Job Posting (IJP) and promotion policies. The IJP system allows employees to apply for roles that align with their interests, empowering them to acquire diverse skills and shape their career paths. This focus on multi-disciplinary development contributes to the cultivation of well-rounded talent within the Company.

The Company has implemented a leadership development programme aimed at training young talent for people manager roles. The Company also follows a comprehensive performance review process that provides employees with a 360-degree coverage of feedback. This approach ensures that performance assessments are data-driven and objective.

Additionally, the Company maintains a continuous focus on expanding its talent pool across vital domains such as technology, product development, analytics, and data. This emphasis on scaling talent ensures that the Company has the necessary expertise and capabilities to excel in these critical areas.

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

1. The Company has appointed Mr. Aby George Eapen as Chief Risk Officer of the company in August 2022;
2. As on the date of the report, your management intends to inform you that Mr. Divyesh Jain has stepped down from his position as Chief Financial Officer of the Company with effect from April 25, 2023 and thereafter the Company has appointed Mr. Ankit Surana as Chief Financial Officer of the Company with effect from April 26, 2023;
3. As on the date of the report, your management intends to inform you that Mr. Anuj Arora has stepped down from his position as Company Secretary of the Company with effect from April 25, 2023 and thereafter the Company has appointed Mr. Thomas Joseph as Company Secretary of the Company with effect from April 26, 2023;
4. The number of employees stands at 979 as of March 31, 2023;
5. Mr. Apurv Anand was appointed as Chief Technology & Information Officer effective June 01, 2023; and,
6. Various key positions to manage Technology and other key functions in the company were opened, and key hires have been onboarded.

Annexure II

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 2023	Ratio of remuneration to MRE
Puneet Bhatia	Company Secretary and Compliance Officer	April 01, 2022- June 30, 2022	–	03:1
Anuj Arora	Company Secretary	September 08, 2022 to March 31, 2023	5%	22:1
Divyesh Jain	Chief Financial Officer	April 01, 2022 to March 31, 2023	10%	49:1

- 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** - 5.34%.
- Number of Permanent employees on the rolls of the Company** – Total employees on the on rolls of the company as on Mar'23 is 979.
- 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 2022-23 is 17% 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 III

STATEMENT PURSUANT TO SEC 129 (3) OF COMPANIES ACT 2013, RELATING TO SUBSIDIARY COMPANY As on Financial Year ended on March 31, 2023

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, 2023
Reporting Currency	Indian Rupees (INR) in Millions
Share Capital	1,451.67
Reserves & Surplus	5,760.70
Total Assets	43,893.97
Total Liabilities	36,681.60
Investments	1347.82
Turnover	7,633.72
Profit/(Loss) before taxation	1,928.76
Other provisions for previous years	Nil
Provision for taxation	445.23
Profit/(Loss) after taxation	1,476.60
Proposed Dividend	NIL
Extent of shareholding (in percentage)	75%

- 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.

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

Sachin Bansal

Director, CEO
DIN: 02356346

Ankit Agarwal

Managing Director
DIN: 08299808

Date: August 11, 2023

Place: Bangalore

Annexure IV

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 arm's-length basis**—There were no contracts or arrangements, or transactions entered into during the year ended March 31, 2023, which were not at arm-length basis.
- Details of material contracts or arrangement or transactions at arm's-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("NTL")	Holding Company	87.97	6 (six) years with effect from December 01, 2021	Under the outsourcing agreement, NTL, inter alia, is providing the following services: 1. Information Technology 2. Loan Sourcing 3. Finance Operations 4. Customer Contact Centre 5. Administration and Procurement 6. Talent Acquisition	Initial Board Approval - September 29, 2020	NA
Navi Technologies Limited	Holding company	349.50	It is a one time transfer and is not defined by any duration.	Assignment of "Chaitanya" Trademark owned by the Company to NTL. NFL through the assignment deed assigned all interest in the "Chaitanya" TM and other derivative TM along with goodwill and all other rights under law to NTL.	June 29, 2022	NA

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	39.53	Unless terminated by either of the Parties	Royalty arrangement NFS being part of the Navi group has adopted usage of the "Navi" app as a means to engage with customers. Keeping in purview the current practice where NFS carries out it's business under the ™ owned by NTL, both the parties agreed to enter into a royalty sharing agreement. Whereby, NTL has agreed to license the ™ to NFS and NFS has agreed to make payments to NTL in the form of a fixed royalty amount on a quarterly basis. NFS pays NTL quarterly royalty fees of 1% of the Net Interest Income of NFS.	November 19, 2022	NA
Navi General Insurance Limited	Group Company	40.02	One year renewable contract.	Group health insurance product for the benefit of the customers of Company from Navi General Insurance Limited	November 11, 2022	

For & on behalf of the Board of Directors of Navi Finserv Limited

Sachin Bansal

Director, CEO

DIN: 02356346

Ankit Agarwal

Managing Director

DIN: 08299808

Date: August 11, 2023

Place: Bangalore

Annexure V

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	2	2
2	Mr. Ranganathan Sridharan	Independent Director	2	2
3	Mr. Ankit Agarwal*	Managing Director	2	1
4	Mr. Arindam Ghosh*	Independent Director	2	1

*The Committee was reconstituted by adding Mr. Arindam Ghosh, Independent Director, and removing Mr. Ankit Agarwal, Managing Director from the Committee.

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.navi.com/finserv.

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 (Indian Rupees (INR) in Millions)	Amount required to be set-off for the financial year, if any (Indian Rupees (INR) in Millions)
1.	FY 22-23	0.19	0.19

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

Particulars	Amount (Indian Rupees (INR) in Millions)
Profit/(Loss) – 2019-20	372.76
Profit/(Loss) – 2020-21	990.27
Profit/(Loss) – 2021-22	(775.07)
Average PROFIT for CSR purpose	195.99

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

Particulars	Amount (Indian Rupees (INR) in Millions)
2% of average Profit/Loss for last three years *	3.92
Excess spent in last year**	0.19
Balance to be spent/utilised in FY22-23	3.73

* Prescribed CSR Expenditure

**The Company had excess spent INR 0.19 Mn in the Financial Year 2021-22 and the same was adjusted against obligation of Financial Year 2022-23.

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years : INR **0.19 Mn**

(c) Amount required to be set off for the financial year, if any : INR **0.19 Mn**

(d) Total CSR obligation for the financial year (7a+7b- 7c). (after deducting the excess spent in last year) : INR **3.73 Mn**

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

Total Amount Spent for the Financial Year. (in Millions)	Amount Unspent				
	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.
	-	-	-	-	-

(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 (Indian Rupees (INR) in Millions)	Mode of implementation on - Direct (Yes/No).	Mode of implementation Through implementing agency.	
				State.	District.			Name.	CSR registration number.
1.	Olympic Gold Quest - Promotion of sports and Games	(vii)	Yes	Karnataka, Indian		4.00	No	Olympic Gold Quest, Foundation for Promotion of Sports and Games	CSRO0001100
TOTAL									

(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 4 Mn.**

(g) Excess amount for set off, if any

Sl. No.	Particular	Amount (Indian Rupees (INR) in Millions)
(i)	Two percent of average net profit of the company as per section 135(5)	3.92
(ii)	Total amount spent for the Financial Year	4.00
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.08
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.19
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.27

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

Date: August 11, 2023

Sachin Bansal
Chief Executive Officer

Usha A Narayanan
Chairman CSR Committee

Annexure VI

SECRETARIAL AUDIT REPORT OF NAVI FINSERV LIMITED FOR THE FINANCIAL YEAR ENDED 31STMARCH 2023

[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 Navi Finserv Private Limited)
CIN: U65923KA2012PLCO62537
Regd. Office: 2nd Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli,
Bangalore South-560102, Karnataka, India

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: U65923KA2012PLCO62537). 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 March 31, 2023, 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, 2021 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;
 - (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 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 a 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.

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.

We further report that there were delays in filing of some Forms with the Registrar of Companies, Ministry of Corporate Affairs and Additional fees for the delayed filing were paid.

**For Rahul A & Associates
Practicing Company Secretaries**

CS Rahul Aggarwal

Proprietor

ACS No. 42939;

CP No.19315

UDIN: AO42939E000937965

PR No.: 2688/2022

Place: Bengaluru

Date: September 04, 2023

Note: This report is to be read with our letter of even date which is annexed as **Annexure A and 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: Companies Act and Rules framed thereunder;
1.	The company has availed an Overdraft facility from Yes Bank Limited upto INR 1 Crore vide sanction letter dated 13th April, 2022 which was approved in Finance Committee Meeting dated 19th April, 2022 but the charge form for the same was not filed with Registrar of Companies, Karnataka.

Sl. No.	Observations: SEBI Regulations
1.	As per Regulation 7(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- The Company was required to submit the compliance certificate for the financial year ended 31st March, 2022 within 30th April, 2022. However, the same was submitted with BSE on 2nd May, 2022 with the delay of 2 days.
2.	As per Regulation 40(9) & 61(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Compliance Certificate from PCS was to be submitted within 30 days of the end of financial year 2021-22 i.e., by 30th April, 2022 but the same was filed on 30th June, 2022.
3.	As per Regulation 50(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- The listed entity shall give prior intimation to the stock exchange of at least two working days in advance, about the Board meeting in which any of the agenda items as specified in the regulation are dealt. The Company has not filed prior intimation of Finance Committee meeting dated 27/04/2022 for issue of Listed Market Linked Non- Convertible Debentures and Board Meeting held for the Quarter ended June, 2022 under Regulation 50(1) and the penalty for the same was paid.
4.	As per Regulation 51 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- The listed entity shall promptly inform the stock exchange(s) of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend or redemption of nonconvertible securities- The Company has not intimated the declaration of financial results for the period ended 31st March, 2022 and withdrawal of draft prospectus dated 13th April, 2022 within the prescribed time under Regulation 51. Further, pursuant to Para 16 of Part B of Schedule III, The Company was required to intimate the stock exchange within 30 minutes of the end of the Board Meeting held on 21st May, 2022. However, the Company has filed it beyond 30 minutes of the closure of the meeting.
5.	As per Regulation 52(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Statement indicating the utilization of issue proceeds of non-convertible securities, which shall be continued to be given till such time the issue proceeds have been fully utilised or the purpose for which these proceeds were raised has been achieved. The Company has delayed filing the details under this Regulation for the quarter ended 31st March, 2022 and has paid penalty for the same.
6.	As per Regulation 54(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- The listed entity shall disclose to the stock exchange in quarterly, half-yearly, year-to date and annual financial statements, as applicable, the extent and nature of security created and maintained with respect to its secured listed non-convertible debt securities. The Asset Cover Certificate for the quarter ended 31st December, 2022 was filed belatedly on both the stock exchanges and penalty for the same has been paid.
7.	As per Regulation 56(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- The listed entity shall also disclose to the Debenture Trustee at the same time as it has intimated to the stock exchange, all material events and/or information as disclosed under regulation 51 of these regulations in so far as it relates to the interest, principal, issue and terms of non-convertible debt securities, rating, creation of charge on the assets, notices, resolutions and meetings of holders of non-convertible debt securities. There has been delay in intimation to the Debenture Trustees in respect of issue of Non-Convertible Debentures and price sensitive information for Quarter 1

SL No.	Observations: SEBI Regulations
8.	As per Regulation 57(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- The Company was required to submit details for all the non-convertible securities for which interest/dividend/ principal obligations shall be payable during the quarter April – June 2022 on / before 26th March, 2022 for ISIN INE342T07080 and the penalty for the same has been paid.
9.	As per Regulation 60(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015- Intimation of Record Date - The listed entity shall give notice in advance of at least seven working days (excluding the date of intimation and the record date) to the recognised stock exchange(s) of the record date or of as many days as the stock exchange(s) may agree to or require specifying the purpose of the record date. The Company was required to intimate the stock exchange in case of Record date fixed as 11th May, 2022 for principal repayment of ISIN INE342T07015 on / before 4th May, 2022. However, the same was filed on 10th May, 2022 and penalty for the same was paid. The Company was required to intimate the stock exchange in case of Record date fixed as 15th May, 2022 for interest payment of ISIN INE342T07080 on / before 8th May, 2022. However, the same was filed on 10th May, 2022 and penalty for the same was paid. The Company was required to intimate the stock exchange in case of Record date fixed as 19th June, 2022 for interest payment of ISIN INE342T07106 and INE342T07114 on / before 11th June, 2022. However, the same was filed beyond the due date and penalty was paid. The Company was required to intimate the stock exchange on Record date fixed as 1st June, 2022 for ISIN INE342T07023. However, the same was filed beyond the due date and penalty was paid. The Company was required to intimate the stock exchange on Record date fixed as 2nd June, 2022 for ISIN INE342T07031. However, the same was filed beyond the due date and penalty was paid. The Company was required to intimate the stock exchange in case of Record date fixed for interest payment in the month of July 2022 for ISIN INE342T07189 and INE342T07205 on / before 10th June, 2022. However, the same was filed on 16th June, 2022 and penalty for the same was paid. The Company has not intimated the stock exchange on Record date fixed as 26th July, 2022 for ISIN INE342T07130. The Company was required to intimate the stock exchange in case of Record date fixed for interest payment in the month of August 2022 for ISIN INE342T07221 and INE342T07247 on / before 2nd September, 2022. However, the same was filed on 12th September, 2022 and the penalty for the same has been paid
10.	Other Observations: 1. As per Schedule III Disclosure/ intimation of below mentioned items is not done: i. Amendment in capital clause of MOA and Proceedings of extraordinary general meeting dated 21.05.2022, ii. Proceedings of extraordinary general meeting dated 01.04.2022 and iii. Amendment to Articles of Association in the EGM dated July 05, 2022.

Annexure-B

To
The Members
NAVI FINSERV LIMITED
(Formerly known as Navi Finserv Private Limited)
CIN: U65923KA2012PLC062537
Regd. Office: 2nd Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli,
Bangalore South-560102, Karnataka, India

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

- (1) Maintenance of secretarial records 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: AO42939E000937965

PR No.: 2688/2022

Place: Bengaluru
Date: September 04, 2023

Annexure VII

Corporate Governance Report for Financial Year 2022-23

A 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 ("**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 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. the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

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, 2023, the Board comprised 5 directors of which 2 were executive directors and 3 were Independent Directors and meets 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.

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 2022-23

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.

Pursuant to Framework for Scale Based Regulation for Non-Banking Financial Companies dated Oct 22, 2021 by RBI and SEBI listing regulations, 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, 2023 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, 2023
			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	1 - held as nominee shareholder
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 Nelcast Limited NC energy Limited	1	6	0
5.	Mr. Arindam Ghosh	Independent Director	-	Navi AMC Limited	0	3	0

*The information pertaining to the chairmanships/memberships of committees of the Board held by the directors includes only the Audit committee and Stakeholders' Relationship committee of public limited companies. Committee membership(s) include chairmanship(s)

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	✓	✓	✓	✓	✓	✓
5.	Mr. Arindam Haraprasad Ghosh	✓	✓	✓	✓	✓	✓

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 12 (Twelve) 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. Arindam Haraprasad Ghosh
1.	April 11, 2022	✓	✓	✓	✓	✓
2.	April 11, 2022	✓	✓	✓	✓	✓
3.	May 15, 2022	✓	✓	✓	Leave of Absence	✓
4.	May 21, 2022	✓	✓	✓	✓	✓
5.	May 26, 2022	✓	✓	✓	✓	✓
6.	June 29, 2022	✓	✓	✓	✓	✓
7.	August 10, 2022	✓	✓	✓	✓	✓
8.	September 08, 2022	✓	✓	✓	✓	✓
9.	November 11, 2022	Leave of Absence	✓	Leave of Absence	✓	✓
10.	November 19, 2022	Leave of Absence	✓	✓	✓	✓
11.	December 17, 2022	Leave of Absence	✓	✓	Leave of Absence	✓
12.	February 08, 2023	✓	Leave of Absence	✓	✓	✓

Separate Meeting of Independent Directors:

During the year under review, the Independent Directors had a separate meeting on January 16, 2023, 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 :

The Company adopted the Policy for familiarization program for Independent Directors in its meeting held on April 11, 2022 and In compliance with the requirements of the Listing Regulations, the Company has a familiarisation

programme for its independent directors to familiarise them with their roles, rights, responsibilities etc. Further, the details of such familiarisation programme imparted to independent directors during the Financial Year 2022-23, is uploaded on the website of the Company at : <https://navi.com/finserv/governance/policies>.

Code of Conduct | The Company has adopted the Code of Conduct for its directors and senior management personnel in accordance with applicable provisions of the Act and the SEBI Listing Regulations and the same is available on the website of the Company at : <https://navi.com/finserv/governance/policies>

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, 2023, and as on date is as follows:

Name of the Committee	As of March 31, 2023	As on date
Audit Committee	Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan, Member Mr. Arindam Haraprasad Ghosh, 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. Arindam Haraprasad Ghosh, Member	Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan, Member Mr. Arindam Haraprasad Ghosh, Member
Risk Management Committee	Mr. Ranganathan Sridharan, Chairperson Mr. Ankit Agarwal, Member Mr. Aby George Eapen, Member	Mr. Ranganathan Sridharan, Chairperson Mr. Ankit Agarwal, Member Mr. Aby George Eapen, Member
Stakeholders Relationship Committee	Mr. Ranganathan Sridharan, Chairperson Mr. Sachin Bansal, Member Mr. Arindam Haraprasad Ghosh, Member	Mr. Ranganathan Sridharan, Chairperson Mr. Sachin Bansal, Member Mr. Arindam Haraprasad Ghosh, Member
Corporate Social Responsibility Committee	Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan, Member Mr. Arindam Haraprasad Ghosh, Member	Ms. Usha A Narayanan, Chairperson Mr. Ranganathan Sridharan, Member Mr. Arindam Haraprasad Ghosh, Member
Asset and Liability Committee	Mr. Ankit Agarwal, Chairperson Mr. Divyesh Jain, Member Mr. Shobhit Agarwal, Member Mr. Mahak Khabia, Member Mr. Aby George Eapen, Member	Mr. Ankit Agarwal, Chairperson Mr. Ankit Surana, Member Mr. Shobhit Agarwal, Member Mr. Mahak Khabia, Member Mr. Aby George Eapen, 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. Apurv Anand, 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*	Mr. Ankit Agarwal, Chairman Mr. Sachin Bansal, Member	Mr. Ankit Agarwal, Chairman Mr. Sachin Bansal, Member

Brief description of terms of reference, composition and details of Chairperson and Members of the Committee and Details of Committee meetings and attendance of the Committee members

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;
- Recommendation 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;
 - Changes, if any, in accounting policies and practices and reasons for the same;

- c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) Modified opinion(s) in the draft audit report.
6. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
 7. 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 utilized for purposes other than those stated in the issue document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
 8. Approval or any subsequent modification 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. Evaluation 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, 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. Discussion with internal auditors of 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 a material nature and reporting the matter to the Board;
 17. Discussion 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; 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 of appointment of 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 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. The Audit Committee must ensure that an Information System Audit of the internal systems and processes is conducted at least once in a year to assess operational risks faced by the applicable NBFCs.
 23. Reviewing the utilization of loan and/or advances from investment by the company in the subsidiary exceeding ₹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
 24. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders;

Powers of the Audit Committee

The powers of the Audit Committee will include the following:

1. to investigate activity within its terms of reference;
2. to seek information from any employees;
3. to obtain outside legal or other professional advice; and
4. to secure attendance of outsiders with relevant expertise, if it considers necessary

Reviewing Power

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Management letters / letters of internal control weaknesses issued by the statutory auditors;
3. Internal audit reports relating to internal control weaknesses;

4. The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee; and
5. Examination of the financial statements and the auditors' report thereon; and
6. Statement of deviations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchanges(s) in terms of the Listing Regulations; and
 - b. annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of Listing Regulations.
3. Formulating of 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 or the Listing Regulations, or by any other regulatory authority;
14. Recommend to the board, all remuneration, in whatever form, payable to senior management;

During the year under review, the Audit Committee met 9 (nine) times on April 11, 2022, May 19, 2022, June 29, 2022, August 10, 2022, September 08, 2022, November 10, 2022, November 19, 2022, January 16, 2023 and February 07, 2023, 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	9
Mr. Ranganathan Sridharan	Member	9
Mr. Arindam Haraprasad Ghosh	Member	9

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 an 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.

During the year under review, the Nomination and Remuneration Committee met 5 (five) times on May 15, 2022, August 10, 2022, September 08, 2022, November 04, 2022, and February 08, 2023, 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	5
Mr. Ranganathan Sridharan	Member	4
Mr. Arindam Haraprasad Ghosh	Member	5

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 and Chairperson).

Risk Management Committee

Terms of Reference:

- To formulate a detailed Risk Management Policy which shall include a framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, strategic, reputational, operational, information & cyber security risks or any other risk as may be deemed to be material by the Risk Management Committee.
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate the identified material risks associated with the business of the Company;
- To monitor and oversee implementation of the Risk Management Policy (ERM & ICAAP Policy), including evaluating the adequacy of risk management systems;
- To review and approve risk appetite and ensure the Company is operating within the same.
- To ensure the Company's overall risk exposure is maintained at prudent levels and is consistent with available capital.
- To recommend the ERM & ICAAP Policy to the Board for approval. Oversee the ICAAP process including challenging the ICAAP and underlying assumptions.
- To review and recommend the capital plan detailing the Company's capital needs, anticipated capital utilization, desired level of capital, limits related to capital erosion and a contingency plan.
- To oversee and manage the overall liquidity profile of the Company, including review and approval of the Asset Liability Management Policy, review of liquidity measures that describe the nature of the Company's Liquidity Risk, and review of all breaches which have a material impact on the risk profile of the Company.
- To review the Risk Management Policy, annually, including by considering the changing industry dynamics,

regulator requirements, and evolving complexity of the business;

- To keep the Board of Directors informed of the nature and content of its discussions, recommendations and actions to be taken
- To ensure policy guidance and expectations regarding business continuity planning are in place; and
- To review the appointment, removal and terms of remuneration of the Chief Risk Officer

During the year under review, the Risk Management Committee met 5 (five) times on May 14, 2022, August 05, 2022, October 04, 2022, November 04, 2022, and February 03, 2023, 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	5
Mr. Ankit Agarwal	Member	4
Mr. Bhaskar Kumar*	Member	3
Mr. Aby George Eapen*	Member	2

*During the year, the Risk Management Committee of the Company was reconstituted on October 22, 2022, by adding Mr. Aby George Eapen and removing Mr. Bhaskar as a member from the Committee.

Stakeholders Relationship Committee

Terms of Reference:

- To consider and resolve the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, credit of securities, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and such other securities-holders related matters;
- To review of measures taken for effective exercise of voting rights by shareholders;
- To review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- To review 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;
- Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 or other applicable laws or by any other regulatory authority; and

6. Performing such other functions as may be necessary or appropriate for the performance of its duties.

During the year under review, the Stakeholders Relationship Committee met 2 (two) times on August 05, 2022, and February 08, 2023, 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	2
Mr. Sachin Bansal	Member	1
Mr. Ankit Agarwal*	Member	1
Mr. Arindam Haraprasad Ghosh	Member	1

*During the year, the Stakeholder Relationship Committee of the Company was reconstituted on October 22, 2022, by removing Mr. Ankit Agarwal as a member from the Committee.

Corporate Social Responsibility Committee

Terms and Reference

1. Formulation of a corporate social responsibility policy to the Board, indicating the activities to be undertaken by the Company in areas or subjects specified in the Companies Act, 2013. The activities should be within the list of permitted activities specified in the Companies Act, 2013 and the rules thereunder;
2. Recommending the amount of expenditure to be incurred, amount to be at least 2% of the average net profit of the Company in the three immediately preceding financial years or where the Company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years;
3. Instituting a transparent monitoring mechanism for implementation of the corporate social responsibility projects or programs or activities undertaken by the Company;
4. Monitoring the corporate social responsibility policy from time to time and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
5. Identifying corporate social responsibility policy partners and corporate social responsibility policy programmes;
6. Identifying and appointing the corporate social responsibility team of the Company including corporate social responsibility manager, wherever required; and

7. Performing such other duties and functions as the Board may require the corporate social responsibility committee to undertake to promote the corporate social responsibility activities of the Company or as may be required under applicable laws.

During the year under review, the Corporate Social Responsibility Committee had met 2 (two) times on August 10, 2022 and February 07, 2023, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Name of Member	Position	No. of Meetings attended
Ms. Usha A Narayanan	Chairperson	2
Mr. Ranganathan Sridharan	Member	2
Mr. Ankit Agarwal*	Member	1
Mr. Arindam Haraprasad Ghosh*	Member	1

*During the year, the Corporate Social Responsibility Committee of the Company was reconstituted on October 22, 2022, by removing Mr. Ankit Agarwal and adding Mr. Arindam Haraprasad Ghosh as a member from the Committee.

Asset and Liability Committee

Terms and Reference

1. Establishing the structure, responsibilities and controls for managing liquidity risk, and overseeing the liquidity position of the Company.
2. Reporting to the Board of Directors on the Company's overall liquidity risk profile, and ensuring adherence to the risk tolerance / limits set by the Board
3. Reviewing and approving liquidity measures used to support the management of liquidity on a quarterly basis; taking decisions related to the desired maturity profile and mix of incremental assets and liabilities, sale of assets as a source of funding
4. Approving stress testing assumptions and methodologies on a quarterly basis
5. Reviewing and reporting any breaches to the contingency funding trigger limits to the Board
6. Informing the Board of any material interactions with the Company's regulator on liquidity management issues

During the year under review, the Asset and Liability Committee had met 7 (seven) times on May 06, 2022, June 13, 2022, July 28, 2022, September 01, 2022, October 01, 2022, October 31, 2022, and January 24, 2023, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Name of Member	Position	No. of Meetings attended
Mr. Ankit Agarwal	Chairperson	7
Mr. Divyesh Jain	Member	7
Mr. Shobhit Agarwal	Member	7
Mr. Mahak Khabia	Member	7
Mr. Aby George Eapen	Member	1

*During the year, the Asset and Liability Committee of your Company was reconstituted on November 11, 2022, by adding Mr. Aby George Eapen as a member of the Committee.

IT Strategy Committee

Terms and Reference

1. Providing inputs to other committees of the Board and the senior management of the Company;
2. Reviewing and amending: (a) the IT strategies of the Company to bring it in line with the Company's corporate strategies; (b) reviewing and amending the Board policies, cyber security arrangements and any other matter related to IT governance;
3. Approving the Company's IT strategy and related policy documents and ensuring that the management has put in place an effective strategic IT planning process;
4. Ascertaining that the management has implemented processes and practices that ensure that the IT delivers value to the business;
5. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable;
6. Monitoring the method that the management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources; and
7. Ensuring proper balance of IT investments for sustaining the Company's growth and becoming aware about exposure towards IT risks and controls.

During the year under review, the Finance Committee had met 3 (three) times on May 10, 2022, August 05, 2022 and January 30, 2023, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Name of Member	Position	No. of Meetings attended
Mr. Ranganathan Sridharan	Chairperson	3
Mr. Sachin Bansal	Member	2
Mr. Anchit Jain	Member	3

Finance Committee

Terms and Reference

1. Approval of borrowings and investments, granting of loans or providing guarantee or security in respect of loans as per Section 179 (d) to (f) of the Companies Act, 2013, up to limits specified by the shareholders of the Company from time to time which is to:
 - a. to borrow monies;
 - b. to invest the funds of the Company; and
 - c. to grant loans or give guarantees or provide security in respect of loans;
2. To authorise sell-out / buy out, assignment and securitisation transactions;
3. To accept appointment / empanelment as BC (Business Correspondent) or micro insurance agent;
4. To avail all banking facilities such as, opening of accounts, online / net banking, CMS, trade finance, ECS, closing of accounts and any other such products offered by banks, on behalf of the Company, and also authorized to sub- delegate the powers to any of the officers of the Company;
5. To appoint authorized signatories or remove signatories for operating the Company's banking facilities (including online/ net banking);
6. Approval for allotment of debentures, equity shares and any other securities as issued under the Companies Act, 2013;
7. Redemption of debentures issued by the Company, as per the agreed terms and conditions.
8. Prepayment of loans and non-convertible debentures issued by the Company, as per the agreed terms and conditions;
9. Approval for split up of securities issued by the Company under the Companies Act, 2013;
10. To avail call or put option for the non-convertible debentures issued by the Company, as per the agreed terms and conditions;
11. To approve procurement of any services provided with respect to collection and aggregation of funds such as collection account in whatsoever name, cash management facilities from any bank or financial service provider and all matters associated with the same;
12. To approve procurement of any services provided by a bank with respect to disbursement / payment / transfer of funds such as Host to Host payment services, API (automated payment interface) facilities from any bank or financial service provider and all matters associated with the same;
13. Closing of any bank accounts and closing or terminating of any financial services availed in the past from any bank, financial institution or financial service provider;

14. To avail demat & trading facilities or setting up any other facilities for trading for treasury operations and appointment or removal of authorised signatories operating such facilities;
15. Appointment or change of registrar and transfer agent for the Company's debentures, equity shares and other securities issued under the Companies Act 2013 and admission of such securities on depositories; and
16. To authorise employees of the Company to execute agreements and to represent the Company in the ordinary course of business including, without limitation, registration of lease deeds, leave and license agreements and making representations to jurisdictional authorities.
17. To assist the Board in discharging its duties with respect to the investment matters of the Company. The detailed roles and responsibilities of the Committee related to the investments of the Company has been set out in the Board approved Investment Policy of the Company dated April 30, 2016, as amended from time to time.
18. Responsible for implementation of the Investment Policy of the Company, compliance with prudential norms, reviewing the investment operations and ensuring protection of the investment assets of the Company.
19. To enter into interest rate swap transactions and to:
 - a. Identify the counter parties for the aforementioned Transactions
 - b. Negotiate and enter into the aforementioned Transactions including creating any security or cash collateral as may be required to give effect to the transactions
 - c. take all actions as may be required to give effect to the Transactions
 - d. Authorise persons to negotiate and enter into the Transactions and take all necessary actions as may be required.

Finance Committee Meetings

During the year under review, the Committee had met 58 (fifty eight) times on April 04, 2022, April 13, 2022, April 19, 2022, April 27, 2022, April 27, 2022, April 29, 2022, May 09, 2022, May 10, 2022, May 13, 2022, May 25, 2022, May 30, 2022, June 01, 2022, June 13, 2022, June 23, 2022, June 27, 2022, June 28, 2022, July 08, 2022, July 13, 2022, July 20, 2022, July 21, 2022, July 27, 2022, August 02, 2022, August 10, 2022, August 19, 2022, August 29, 2022, September 08, 2022, September 17, 2022, September 19, 2022, September 27, 2022, September 30, 2022, October 10, 2022, October 12, 2022, October 20, 2022, October 26, 2022, October 27, 2022, October 31, 2022, November 14, 2022, November 18, 2022, November 21, 2022, December 12, 2022, December 15, 2022, December 16, 2022, December 23, 2022, December 28, 2022, December 30, 2022, January 02, 2023, January

16, 2023, January 31, 2023, February 09, 2023, February 17, 2023, February 21, 2023, February 27, 2023, March 16, 2023, March 22, 2023, March 28, 2023, March 30, 2023 and March 31, 2023, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Name of Member	Position	No. of Meetings attended
Mr. Ankit Agarwal	Member	58
Mr. Sachin Bansal	Member	58

Investment Committee*

Terms and Reference

1. Implementing the Investment Policy
2. Put in place Prudential norms and other guidelines, required to manage the investments
3. To put in place Investment operation team, including front, middle and back office
4. Reviewing investment operations and submit a report to the Board on the performance of the investment portfolio with regards to safety and soundness at periodic intervals, not less frequently than once in three months.
5. Formulating an effective system & processes, to ensure compliance to investment policies, regulatory compliance and protection of company's assets.
6. Suggesting changes in Investment Policy, in line with the investment environment and business requirements

During the year under review, the Investment Committee had met 1 (one) time on April 04, 2022, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Name of Member	Position	No. of Meetings attended
Mr. Ankit Agarwal	Member	1
Mr. Sachin Bansal	Member	1

Further, the Investment Committee got merged with the Finance Committee on April 07, 2022.

Debenture Committee*

Terms and Reference

1. negotiate, modify and approve the terms of the Issue including the actual size, timing, pricing and all other terms and conditions of the Issue including coupon rate, yield, retention of over subscription, if any, etc, and to accept any amendments, modifications, variations or alterations thereto and all other related matters, including the determination of the size of the Issue up to the maximum limit prescribed by the Board and the minimum subscription for the Issue;

2. accept and execute any declarations required in connection with draft prospectus, prospectus for issue of the NCDs, issue agreement, debenture trustee agreement, debenture trustee deed, deed of hypothecation, registrar agreement, and other necessary agreements, memorandum of understanding, deeds, general undertaking/indemnity, certificates, consents, communications, affidavits, applications (including those to be filed with the regulatory authorities, if any) ("**Transaction Documents**") and negotiate and agree to/ accept any changes and modifications to the terms and conditions contained in the Transaction Documents (whether before or after the execution of the Transaction Documents) together with all other documents, agreements, instruments, letters and writings required in connection with, or ancillary to, the Transaction Documents (the "**Ancillary Documents**") as may be necessary or required for the aforesaid purpose including to sign and/or dispatch all forms, filings, documents and notices to be signed, submitted and/or dispatched by it under or in connection with the documents to which the Company is a party as well as to accept and execute any amendments, amendment and restatements or modifications to the Transaction Documents, the Ancillary Documents and other deeds, documents and other writings as and when necessary, including any advertisements, corrigendum, amendments supplements thereto and to approve any corrections or alterations therein on behalf of the Board and to take all such further steps as may be required to give effect to the aforesaid resolutions;
3. negotiate and finalise fees payable to the Debenture Trustee, and all other persons providing services or otherwise associated with the issue of the NCDs;
4. make the necessary application for creation of International Securities Identification Number ("**ISIN**") to National Securities Depository Limited ("**NSDL**") or Central Depository Services Limited ("**CDSL**"), for rating certificates to the rating agency (the "Rating Agency"), and such other applications to all such authorities as may be necessary from time to time for the purpose of issuance of the aforesaid NCDs;
5. seeking the listing of the NCDs on any Indian stock exchanges, submitting the listing application to such stock exchange and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned Stock Exchange(s); and taking all actions that may be necessary in connection with obtaining such listing;
6. arrange for payment of the applicable stamp duty in respect of the above referred Transaction Documents and also in respect of all other transactions, documents and instruments executed in relation to the issue;
7. file with the relevant Registrar of Companies, all particulars in respect of the creation of charge/return of allotment for the issue of the NCDs in accordance with the Companies Act, 2013 and rules made thereunder, as may be required in the prescribed forms;
8. register the Transaction Documents and the Ancillary Documents with any authority, as may be required under Applicable Law;
9. appoint any person(s) as the true and lawful attorney to take all such actions as contemplated herein, for and on behalf of the Company, and to execute any power(s) of attorney granting the authority to such person(s) in this regard; and
10. appointing the lead managers, legal counsel, credit rating agencies, Registrar and Share Transfer Agents, Debenture Trustee, bankers to the issue, refund bank, sponsor bank, consortium member/ lead brokers, printers, advertising agency, professionals and other intermediaries to the issue in accordance with the provisions of the SEBI NCS Regulations and to remunerate them by way of commission, brokerage, fees or the like and to negotiate, modify, enter into, execute, deliver and register all deeds, contracts, agreements, memorandum of understanding, arrangements, or documents with such intermediaries or agencies as may be required or desirable in connection with the Issue including the listing of the NCDs on the Stock Exchange(s) and creation of security for the Debentures;
11. seeking, if required, any approval, consent or waiver from the Company's lenders, and/or parties with whom the Company has entered into various commercial and other agreements, and/or any/all concerned government and regulatory authorities in India, and/ or any other approvals, consents or waivers that may be required in connection with the issue, offer and allotment of the NCDs and creation of security;
12. approving/ adopting the financial statements (including reformatted financial statements) of the Company for the purpose of incorporating in the Offering Documents;
13. approving the materiality policy for the litigations to be disclosed in the Offering Documents;
14. granting of powers of attorney / authority, if required, to such officers / employees of the Company or of its subsidiary or any other concerned persons, as it may deem necessary, to do such acts, deeds and things as such attorney in his / her / its absolute discretion may deem necessary or desirable in connection with the Issue of the NCDs;
15. to get the NCDs admitted to National Securities Depository Limited and Central Depository Services (India) Limited, and to execute or ratify the necessary or requisite agreement(s) with those depositories and the registrar and transfer agent and to negotiate, finalise and execute or ratify the agreements, undertakings or other writings required, with these authorities / agencies for the Issue in the dematerialised form;

16. appointing the debenture trustee and execution of the trust deed in connection with the Issue, in accordance with the provisions of the SEBI NCS Regulations;
17. authorization of the maintenance of a register of holders of the NCDs;
18. open such Banks Accounts, Demat Accounts, Public Issue Account, Refund Account with Scheduled Commercial Banks, Institutions or Agencies as may be required for the Issue;
19. acceptance and appropriation of the proceeds of the Issue;
20. finalization of the date of allotment and finalization of the basis of allotment of the NCDs on the basis of the applications received and to approve and to issue and allot the NCDs and to approve all other matters relating to the Issue including acceptance and appropriation of the proceeds of the Issue, issuing debenture certificates and do all such acts, deeds, matters and things in relation to the allotment of the NCDs;
21. acceptance and appropriation of the proceeds of the Issue; and
22. to appoint independent Chartered Accountant(s), Statutory Auditors (both current and previous) to issue

such reports including financial reports/statements for the purpose of issue; do all acts, matters, deeds and things necessary or desirable in connection with or incidental to giving effect to the above resolutions and to execute on behalf of the Company, such deeds, documents, agreements and writings in this regard as may be necessary.

During the year under review, the Debenture Committee had met 11 (eleven) times on April 13, 2022, April 15, 2022, April 18, 2022, May 11, 2022, May 12, 2022, May 18, 2022, May 21, 2022, May 28, 2022, May 31, 2022, June 08, 2022 and February 08, 2023, to deliberate upon various matters and the requisite quorum was present throughout the meeting.

Name of Member	Position	No. of Meetings attended
Mr. Ankit Agarwal	Member	11
Mr. Sachin Bansal	Member	11

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.

Changes in KMP & SMP during the Financial Year 2022-23 and till the date of this report

Sl. No.	Name of the KMP/SMP	Designation	KMP/ SMP	Appointment/ Resignation	Date of Appointment/ Resignation
1.	Mr. Divyesh Jain	Chief Financial Officer	KMP	Appointment	November 12, 2021
2.	Mr. Divyesh Jain	Chief Financial Officer	KMP	Resignation	April 25, 2023
3.	Mr. Puneet Bhatia	Company Secretary and Compliance Officer	KMP	Appointment	March 30, 2022
4.	Mr. Puneet Bhatia	Company Secretary and Compliance Officer	KMP	Resignation	June 30, 2022
5.	Ms. Prachi Mathur	Compliance Officer	NA	Appointment	August 10, 2022
6.	Mr. Anuj Arora	Company Secretary	KMP	Appointment	September 08, 2022
7.	Mr. Anuj Arora	Company Secretary	KMP	Resignation	April 25, 2023
8.	Mr. Thomas Joseph	Company Secretary	KMP	Appointment	April 26, 2023
9.	Mr. Ankit Surana	Chief Financial Officer	KMP	Appointment	April 26, 2023
10.	Mr. Bhaskar Kumar	Head of Credit	SMP	Resignation	February 15, 2023
11.	Ms. Swati Hebbar	Head of Credit	SMP	Resignation	February 15, 2023
12.	Mr. Anchit Jain	Chief Information & Technology Officer	SMP	Resignation	May 31, 2023
13.	Mr. Apurv Anand	Chief Information & Technology Officer	SMP	Appointment	June 1, 2023
14.	Mr. Aby George Eapen	Chief Risk Officer	SMP	Appointment	August 10, 2022
15.	Mr. Abhishek Dwivedi	Head of Operations	SMP	Appointment	February 1, 2023

General Meetings

All the directors were present at the Annual General Meeting of the Company held on September 30, 2022 except Ms. Usha A Narayanan and Mr. Arindam Ghosh.

Further, Ms. Usha A Narayanan, Chairperson of Audit Committee and Nomination and Remuneration Committee has nominated Mr. Ranganathan Sridharan to attend the meeting on her behalf.

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

Date of AGM	Venue	Time	Whether Special Resolution was passed	Summary of Special Resolutions
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 ("AOA") 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")
30.09.2022	7th Floor, Prestige Rmz Stratech No.139, 2, Hosur Road, Koramangala Industrial Layout, S.G Palya, Bengaluru Karnataka-560095	09:00 AM	Yes	- To increase the overall Borrowing Limit of the Company - To approve the Borrowing of the Company by way of Issuance of Non-Convertible Debentures ("NCDs") - To approve the Borrowings of the Company by way of Issuance of Commercial Papers ("CPs")

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

website of the Company at <https://navi.com/finserv/investor-relations/financial-results>. The Company also sends the quarterly results via emails to Registrar and Share Transfer Agent and Debenture Trustees for further dissemination.

Management Discussion and Analysis Report

The Management Discussion and Analysis Report for the Financial Year 2022-23, prepared in accordance with the Listing Regulations, forms part of the Directors' Report.

General Shareholder Information

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

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.

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.

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

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 2022-23, 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 | Forming part of the Secretarial Audit Report

Details of the establishment of vigil mechanism whistle blower 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://navi.com/finserv/governance/policies>

Web link where policy on dealing with related party transactions | <https://navi.com/finserv/governance/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.

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 total unclaimed and unpaid amount as on March 31, 2023 was INR 46,171/- (principal plus interest). The unpaid/unclaimed amount of bonds transferred to IEPF during Financial Year 2022-23 is Nil.

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 April 01, 2022 to April 07, 2022.

Your Company is a high value debt listed entity, and hence 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.

Compliance Certificate on Corporate Governance

[Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Company: Navi Finserv Limited

(Formerly known as Navi Finserv Private Limited)

CIN: U65923KA2012PLCO62537

Regd. Office: 2nd Floor, Vaishnavi Tech Square,

Iballur Village, Begur Hobli,

Bangalore South-560102, Karnataka, India.

I, Rahul Aggarwal, Company Secretary in whole time practice, bearing Membership Number 42939, Certificate of Practice Number 19315, having office at D-1201, Salarpuria Melody, Nayandahalli, Mysore Road, Bangalore- 560039, Karnataka, India, having obtained the relevant information from Navi Finserv Limited (Formerly known as Navi Finserv Private Limited) (herein after referred as "**the Company**"), bearing Corporate Identification Number: U65923KA2012PLCO62537, having registered office at, 2nd Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bangalore South-560102, 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 2023, 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,

Place: Bengaluru

Date: September 04, 2023

For Rahul A & Associates
Practicing Company Secretaries

CS Rahul Aggarwal

Proprietor

ACS No. 42939;

CP No.19315

UDIN: A042939E000937965

PR No.: 2688/2022

To,

The Board of Directors

Navi Finserv Limited

2nd Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli,
Bengaluru, Karnataka - 560102

Dear Sir/Madam,

Sub: Compliance Certificate pursuant to the Regulation 17(8) of SEBI (Listing Obligations Disclosure Requirements) Regulations, 2015 for the quarter and year ended March 31, 2023

This is to certify that:-

- A. We have reviewed financial results for the quarter and year ended to the best of our knowledge and belief:-
 1. these results do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
- B. We have, to the best of our knowledge and belief, have not entered into any transactions by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct;
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies;
- D. We have indicated to the auditors and the Audit committee :-
 - (1) significant changes in internal control over financial reporting during the year;
 - (2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For Navi Finserv Limited

sd/-

Sachin Bansal
Executive Chairman and CEO

sd/-

Ankit Surana
Chief Financial Officer

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

(Formerly known as Navi Finserv Private Limited)

CIN: U65923KA2012PLCO62537

Regd. Office: 2nd Floor, Vaishnavi Tech Square,

Iballur Village, Begur Hobli,

Bangalore South-560102, Karnataka, India

I, Rahul Aggarwal, Company Secretary in whole time practice, bearing Membership Number 42939, Certificate of Practice Number 19315, having office at D-1201, Salarpuria Melody, Nayandahalli, Mysore Road, Bangalore- 560039, Karnataka, India, having obtained the relevant information from Navi Finserv Limited (Formerly known as Navi Finserv Private Limited) (herein after referred as the Company), bearing Corporate Identification Number: U65923KA2012PLCO62537, having registered office at, 2nd Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bangalore South-560102, 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, 2023 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:

Sl. 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,

For Rahul A & Associates
Practicing Company Secretaries

Place: Bengaluru

Date: September 04, 2023

CS Rahul Aggarwal

Proprietor

ACS No. 42939;

CP No.19315

UDIN: AO42939E000937965

PR No.: 2688/2022

Independent Auditor's Report

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 Standalone Balance Sheet as at March 31, 2023, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Standalone Statement of Cash Flow for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.(hereinafter referred to as "the standalone financial statements")
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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive income (comprising of profit and other comprehensive income), changes in equity and its cash flows for the year then ended.
3. We conducted our audit in accordance with the Standards on Auditing (SAs) 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 together with the ethical requirements that are relevant to our audit of the standalone 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.
4. Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment loss allowance based on expected credit loss (ECL) on Loans (Refer note 7 to the standalone financial statements) As at March 31, 2023, the outstanding balances towards Personal loans and Home loans granted by the Company and measured at amortise cost and fair value through other comprehensive income aggregate to INR 59,669.05 Million and INR 8,241.02 Million respectively, and the associated impairment allowances recognised in the books aggregate to INR 4,214.88 Million. The impairment allowance is determined in accordance with the Expected Credit Loss ('ECL') model specified under Ind AS 109 'Financial Instruments' and involves exercise of judgement by the management in estimating the expected losses using variables such as Staging, Exposure at Default, Probability of Default and Loss Given Default. Quantitative factors like days past due, behaviour of the portfolio and historical losses incurred on defaults identified by the Management and qualitative factors like nature of the underlying loan, deterioration in credit quality, uncertainty over realisability of security, judgement in relation to management overlays and related management overlays and related Reserve Bank of India ('RBI') guidelines, to the extent applicable, etc. are also taken into account in the ECL computation. In view of the significant balances carried and involvement of management's judgement around the determination of the impairment allowance and the complexity of the model, we determined this to be a Key Audit Matter.	The audit procedure performed by us to assess appropriateness of impairment allowance based on ECL on loans included the following: - We understood and evaluated the design and tested the operating effectiveness of the key controls put in place by the management over: - the assumptions used in the calculation of ECL and its various aspects such as determination of Staging of Loans, Exposure At Default, Probability of Default, Loss Given Default etc.; - the completeness and accuracy of source data used by the Management in the ECL computation; and - ECL computations - We assessed the Company's accounting policy in respect of loans and related ECL provisioning. - With the assistance of the auditor's expert, we verified the appropriateness of the methodology and models used by the Company and reasonableness of the assumptions used within the computation process to estimate the impairment allowance. - We test-checked the completeness and accuracy of source data used. - We recomputed the impairment allowance for a sample of loans across the loan portfolio to verify the arithmetical accuracy. - We evaluated the reasonableness of the assumptions and judgement involved in management overlays that form part of the impairment allowance, and the related approvals. - We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements. Based on the above audit procedures, we consider that the management's assessment of the ECL against loans are reasonable.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report (Financial Highlights, Directors' Report, Management Discussion and Analysis Report and Corporate Governance Report for FY 2022-23), but does not include the standalone financial statements and 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 and take appropriate action as applicable under the relevant laws and regulations.

Responsibilities of management and those charged with governance for the standalone financial statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the standalone financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. 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

8. Our objectives are to obtain reasonable assurance about whether the standalone 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 SAs 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 standalone financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the standalone 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 with reference to standalone 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 management's 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 standalone 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.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. 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.
 11. 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.
 12. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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

13. The standalone financial statements of the Company for the year ended March 31, 2022, were audited by another firm of chartered accountants under the Companies Act, 1956 who, vide their report dated May 21, 2022 expressed an unmodified opinion on those standalone financial statements.

Our opinion is not modified in respect of above matter.

Report on other legal and regulatory requirements

14. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

15. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Standalone Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in paragraph 15(b) above that the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (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:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements –

Refer Note 45 to the standalone financial statements;

- ii. The Company has made provision as at March 31, 2023, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 7. The Company did not have any derivative contracts as at March 31, 2023.
 - 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 March 31, 2023.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“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 (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 53.7 to the standalone financial statements);
 - (b) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“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 (Refer Note 53.7 to the standalone financial statements); and
 - (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
 - v. The Company has not declared or paid any dividend during the year.
 - vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Company, is applicable to the Company only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.
16. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse LLP**

Firm Registration Number: 301112E / E300264

Chartered Accountants

A.J.Shaikh

Partner

Membership Number: 203637

UDIN: 23203637BGXOZS7152

Place : Bangalore

Date : May 26, 2023

Annexure A to Independent Auditor's Report

Referred to in paragraph 15 (g) of the Independent Auditor's Report of even date to the members of Navi Finserv Limited on the Standalone financial statements as at March 31, 2023

Report on the Internal Financial Controls with reference to Standalone Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls with reference to standalone financial statements of Navi Finserv Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal

financial controls with reference to standalone financial statements was 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 system with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, 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 standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to standalone financial statements.

Meaning of Internal Financial Controls with reference to standalone financial statements

6. A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone financial statements includes 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 standalone 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 standalone financial statement

Inherent Limitations of Internal Financial Controls with reference to standalone financial statements

7. Because of the inherent limitations of internal financial controls with reference to standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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, the Company has, in all material respects, an adequate internal financial controls system with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **Price Waterhouse LLP**

Firm Registration Number: 301112E / E300264

Chartered Accountants

A.J.Shaikh

Partner

Place : Bangalore

Date: May 26, 2023

Membership Number : 203637

UDIN : 23203637BGXOZS7152

Annexure B to Independent Auditor's Report

Referred to in paragraph 14 of the Independent Auditors' Report of even date to the members of Navi Finserv Limited on the Standalone financial statements as of and for the year ended March 31, 2023

- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.
(B) The Company is maintaining proper records showing full particulars of Intangible Assets.
- (b) The Property, Plant and Equipment of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, the Company does not own any immovable properties (Refer Note 12 to the standalone financial statements). Therefore, the provisions of clause 3(i) (c) of the Order are not applicable to the Company.
- (d) The Company has chosen cost model for its Property, Plant and Equipment (including Right of Use assets) and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its standalone financial statements does not arise.
- ii. (a) The Company is in the business of rendering services and, consequently, does not hold any inventory. Therefore, the provisions of clause 3(ii)(a) of the Order are not applicable to the Company.
- (b) During the year, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks and financial institutions on the basis of security of current assets. The Company has filed quarterly returns or statements with such banks, which are in agreement with the unaudited books of account (Also refer Note 17 to the standalone financial statements)
- iii. (a) The Company is registered with Reserve Bank of India (RBI) under section 45-IA as a non-banking financial company, and its principal business is to give loans. Accordingly, the provisions of clause 3(iii) (a) of the Order are not applicable to the Company
- (b) Based on our examination and the information and explanations given to us, in respect of the loans, investments/ guarantees/ securities/ advances in nature of the loan, in our opinion, the terms and conditions under which such loans were granted/ investments were made/ guarantees provided/ security provided are not prejudicial to the Company's interest.
- (c) In respect of the loans/ advances in nature of loan, the schedule of repayment of principal and payment of interest has been stipulated by the Company. Considering that the Company is a non-banking financial company engaged in the business of granting loans to retail customers for personal purpose and housing, the entity-wise details of the amount, due date for payment and extent of delay have not been reported because it is not practicable to furnish such details owing to the voluminous nature of data generated in the normal course of the Company's business. Further, except for the instances where there are delays or defaults in repayment of principal and/ or interest and in respect of which the Company has recognised necessary provisions in accordance with the principles of Indian Accounting Standards (Ind AS) and the guidelines issued by the Reserve Bank of India ("RBI") for Income Recognition and Asset Classification (which has been disclosed by the Company in Note 7 and Note 67 to the standalone financial statements), the parties are repaying the principal amounts, as stipulated, and are also regular in payment of interest, as applicable.
- (d) In respect of the loans / advances in nature of loans, the total amount overdue for more than ninety days as at March 31, 2023 is INR 1,273.96 Mn. In such instances, in our opinion, based on information and explanations provided to us, reasonable steps have been taken by the Company for the recovery of the principal amounts and the interest thereon. Refer Note 48.1.5 in the financial statements for details of number of cases and the amount of overdue as at March 31, 2023.

- (e) The Company is registered with Reserve Bank of India (RBI) under section 45-IA as a non-banking financial company, and its principal business is to give loans. Accordingly, the provisions of clause 3(iii) (e) of the Order are not applicable to the Company.
- (f) The loans/advances in nature of loans granted during the year, including to promoters/related parties had stipulated the scheduled repayment of principal and payment of interest and the same were not repayable on demand.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and sub-section (1) of Section 186 of the Act in respect of the loans and investments made and guarantees and security provided by it. The provisions of sub-sections (2) to (11) of Section 186 are not applicable to the Company as it is a non-banking financial company registered with the RBI engaged in the business of giving loans.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits referred
- in Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Further, the provisions of sub-section (1) of Section 73 are not applicable to the Company as it is a non-banking financial company registered with RBI, engaged in the business of giving loans.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund and income tax though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including employees' state insurance, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities.

- (b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2023 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (INR in Millions)	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Income tax Act, 1961	Income tax	10.29	FY 2014 - 15	Commissioner of Income Tax Appeals-Bangalore	Amount has been paid under Protest amounting to 2.06*.
		0.70	FY 2016 - 17	Commissioner of Income Tax Appeals-Bangalore	

- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- ix. (a) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest to any lender during the year.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion, and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary. According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any joint ventures or associate companies during the year.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiary. According to the information and explanations given

to us and procedures performed by us, we report that the Company did not have any joint ventures or associate companies during the year.

- x. (a) In our opinion, and according to the information and explanations given to us, the monies raised by way of initial public offer or further public offer (including debt instruments) during the year have been applied for the purposes for which they were obtained and there were no delays default regarding the application.
- (b) The Company has made a preferential allotment/private placement of shares and compulsorily convertible debentures during the year, in compliance with the requirements of Section 42 and Section 62 of the Act. The funds raised have been used for the purpose for which funds were raised
- xi. (a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.
- (c) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, the Company has received whistle-blower complaints during the year, which have been considered by us for any bearing on our audit and reporting under this clause.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting

Standard 24 "Related Party Disclosures" specified under Section 133 of the Act.

- xiv. (a) In our opinion and according to the information and explanation given to us, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) The reports of the Internal Auditor for the period under audit have been considered by us.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is required to and has been registered under Section 45-IA of the Reserve Bank of India Act, 1934 as a Non deposit taking systematically important Investment and Credit Company.
- (b) The Company has conducted non-banking financial activities during the year and the Company holds a valid Certificate of Registration from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- xviii. There has been resignation of the statutory auditors of the Company during the year. As stated in the resignation letter dated September 30, 2022 of the outgoing statutory auditors, the resignation was pursuant to the "Guidelines for Appointment of Statutory Central Auditors (SCAs)/ Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)" issued by RBI on April 27, 2021. We noted no issues, objections or concerns raised by the outgoing statutory auditors in their aforesaid letter.
- xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 54 and 56 to the financial statements), ageing and expected dates of realisation of financial assets

and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans 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. As at balance sheet date, the Company does not have any amount remaining unspent under Section 135(5) of the Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Price Waterhouse LLP

Firm Registration Number: 301112E / E300264
Chartered Accountants

A. J. Shaikh

Partner

Bangalore
May 26, 2023

Membership Number 203637
UDIN : 23203637BGXOZS7152

Standalone Balance Sheet

(All amount in ₹ Millions, unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
I. ASSETS			
(1) Financial assets			
Cash and cash equivalents	5	3,092.57	3,744.88
Bank balances other than cash and cash equivalents	6	3,636.24	1,123.48
Derivative financial instruments		-	1.47
Loans	7	63,695.19	27,914.41
Investments	8	9,888.41	6,622.30
Other financial assets	9	2,765.64	1,165.88
(2) Non Financial assets			
Current tax assets (net)	10	-	161.54
Deferred tax asset (net)	11	734.00	470.24
Property, plant and equipment	12	67.95	4.99
Other intangible assets	13	-	0.03
Right to use asset		814.72	122.46
Other non-financial assets	14	533.97	71.62
TOTAL ASSETS		85,228.69	41,403.30
II. LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
Payables			
A. Trade Payables	15	-	-
(i) total outstanding dues of micro enterprises and small enterprises		11.18	0.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		740.26	862.18
B. Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	16	26,572.15	20,111.26
Borrowings (other than debt securities)	17	30,954.53	8,016.02
Subordinated liabilities	18	99.64	99.47
Lease liability	19	857.12	133.24
Other financial liabilities	20	2,833.71	194.28
(2) Non Financial liabilities			
Current tax liabilities (net)	21	108.21	-
Provisions	22	160.76	46.53
Other non financial liabilities	23	192.49	87.01
Total liabilities		62,530.05	29,550.68
(3) Equity			
Equity share capital	24	2,852.40	1,785.73
Other equity	25	19,846.24	10,066.89
Total equity		22,698.64	11,852.62
TOTAL LIABILITIES & EQUITY		85,228.69	41,403.30

The above Standalone Balance Sheet should be read in conjunction with accounting notes.

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

For **Price Waterhouse LLP**

Chartered Accountants

Firm's Registration No.: 301112E/E300264

A J Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Date : 26 May, 2023

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Bengaluru

Date : 26 May, 2023

Ankit Surana

Chief Financial Officer

Place: Bengaluru

Date : 26 May, 2023

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date : 26 May, 2023

Thomas Joseph

Company Secretary

M.No. A53322

Place: Bengaluru

Date : 26 May, 2023

Standalone Statement of Profit and Loss

(All amount in ₹ Millions, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations			
(i) Interest income	26	11,807.85	3,141.85
(ii) Fees and commission income	27	282.33	74.57
(iii) Net gain on fair value changes	28	222.97	1,354.77
(iv) Net gain on derecognition of financial instruments under amortised cost category	29	517.01	-
(I) Total revenue from operations		12,830.16	4,571.19
(II) Other income	30	940.36	277.4
(III) Total income (I+II)		13,770.52	4,598.93
Expenses			
(i) Finance costs	31	4,266.47	808.64
(ii) Fees and commission expenses	32	159.54	23.66
(iii) Net loss on derecognition of financial instruments under amortised cost category	33	-	1.64
(iv) Impairment on financial instruments	34	3,693.10	1,400.40
(v) Employee benefits expenses	35	845.02	496.79
(vi) Depreciation and amortisation expense	36	81.04	22.15
(vii) Other expenses	37	2,746.26	2,732.00
(IV) Total expenses		11,791.43	5,485.28
(V) Profit/(loss) before tax (III - IV)		1,979.09	(886.35)
(VI) Tax expense	39		
(1) Current tax		543.99	-
(2) Deferred tax credit		(264.07)	(217.27)
(3) Tax relating to earlier years		(20.69)	-
Total tax expense		259.23	(217.27)
(VII) Profit/(loss) for the year (V - VI)		1,719.86	(669.08)
(i) Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit plans		(6.35)	(5.75)
Income tax relating to the above		1.60	1.45
(ii) Items that will be reclassified to profit and loss			
Net change in fair value of loans measured at fair value through other comprehensive income		7.57	-
Income tax relating to the above		(1.90)	-
(VIII) Other comprehensive income/ (loss)		0.92	(4.30)
(IX) Total comprehensive income/ (loss) for the year (VII + VIII)		1,720.78	(673.38)
(X) Earnings per equity share of ₹ 10 each	40		
Basic (₹)		6.74	(3.94)
Diluted (₹)		6.71	(3.94)

The above Standalone Statement of Profit and Loss should be read in conjunction with accounting notes.

This is the Standalone Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse LLP**

Chartered Accountants

Firm's Registration No.: 301112E/E300264

A J Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Date : 26 May, 2023

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Bengaluru

Date : 26 May, 2023

Ankit Surana

Chief Financial Officer

Place: Bengaluru

Date : 26 May, 2023

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date : 26 May, 2023

Thomas Joseph

Company Secretary

M.No. A53322

Place: Bengaluru

Date : 26 May, 2023

Standalone Statement of Cash Flow

(All amount in ₹ Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash flow from Operating activities		
Profit/(loss) before tax	1,979.09	(886.35)
Adjustments		
Depreciation and amortisation expense	36.44	1.74
Amortisation on right of use asset	44.59	20.41
Interest Income on loans	(10,774.22)	(2,528.18)
Interest expense on lease liability	25.75	7.00
Impairment allowance on loans	2,636.63	615.16
Impairment allowance on investments	(25.87)	(8.51)
Loans written off	1,082.35	793.75
Loss on sale of portfolio	-	1.64
Income on lease modification	(4.44)	-
Net gain on derecognition of financial instruments under amortised cost category	(517.01)	-
Profit on sale of Trade mark	(349.51)	-
Net (gain) / loss on fair value changes on investment	9.95	(1,354.77)
Finance Costs	4,240.72	801.65
Employees Stock Option expenses	76.16	57.54
Operating profit before working capital changes	(1,539.37)	(2,478.92)
Movements in Working capital:		
(Increase) in loans*	(28,208.53)	(21,503.29)
Decrease/(Increase) in other financial assets	(1,599.76)	(818.37)
(Increase) in other non-financial assets	(462.35)	(40.78)
(Increase)/Decrease in investments	(5,064.77)	13,808.79
Increase in payables	(111.44)	723.53
Increase/(Decrease) in other financial liabilities	2,639.43	(420.70)
Increase/(Decrease) in non-financial liabilities	105.48	63.74
Increase in provisions	38.07	(43.89)
Interest payments	(3,809.42)	(808.65)
Cash (used in)/generated from operations	(38,012.66)	(11,518.54)
Direct taxes paid	274.25	147.50
Net cash flows (used in)/generated from operating activities (A)	(38,286.91)	(11,666.04)
B. Cash flow from Investing activities		
(Increase) in bank deposits with original maturity greater than 3 months	(2,512.76)	(485.92)
Purchase of property, plant and equipment and intangible assets	(99.35)	(3.75)
Proceeds from sale of investment in subsidiary	1,814.58	-
Proceeds from sale of intangible assets	349.51	-
Net cash flows (used in) /generated from investing activities (B)	(448.02)	(489.67)
C. Cash flow from Financing activities		
Proceeds from issue of equity shares	7,996.11	1,000.00
Equity Component of Debt Instrument	1,129.22	-
Proceeds from issue of debt securities	25,371.29	11,993.81
Repayment of debt securities	(19,303.95)	(2,589.34)
Proceeds from borrowings (other than debt securities) availed	81,061.96	76,244.15
Repayment of borrowings (other than debt securities)	(58,137.40)	(71,761.22)
Lease payments	(34.61)	(16.79)
Net cash flows generated from/(used in) financing activities (C)	38,082.62	14,870.61
Net increase in cash and cash equivalents (A+B+C)	(652.31)	2,714.88
Cash and cash equivalents at the beginning of the year	3,744.88	1,030.00
Cash and cash equivalents at the end of the year	3,092.57	3,744.88

Standalone Statement of Cash Flow

(All amount in ₹ Millions, unless otherwise stated)

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	As at 31 March 2023	As at 31 March 2022
i) Cash on hand	-	-
ii) Balances as deposits with maturity within 3 months	500.20	-
iii) Balances with banks (of the nature of cash and cash equivalents)	2,592.37	3,744.88
Total	3,092.57	3,744.88

The above Standalone Statement of Cash Flow should be read in conjunction with accounting notes.
This is the Standalone Statement of Cash Flow referred to in our report of even date.

For **Price Waterhouse LLP**
Chartered Accountants
Firm's Registration No.: 301112E/E300264

For and on behalf of the Board of Directors of
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)

A J Shaikh
Partner
Membership No. 203637

Place: Bengaluru
Date : 26 May, 2023

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)
Place: Bengaluru
Date : 26 May, 2023

Ankit Surana
Chief Financial Officer

Place: Bengaluru
Date : 26 May, 2023

Ankit Agarwal
Managing Director
(DIN: 08299808)

Place: Bengaluru
Date : 26 May, 2023

Thomas Joseph
Company Secretary
M.No. A53322

Place: Bengaluru
Date : 26 May, 2023

Standalone Statement of Changes in Equity

(All amount in ₹ Millions, unless otherwise stated)

A Equity share capital

Balance as at 1 April 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April, 2022	Changes in equity share capital during the period	Balance as at 31 March 2023
1,785.73	-	-	1,066.67	2,852.40

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

B Other equity

For the year ended 31 March 2023

Particulars	Reserves and surplus					Equity Component of Debt Instrument	Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings		
Balance at 31 March 2022	9,640.89	223.39	44.05	-	158.56	-	10,066.89
Amount relating to stock options granted				75.64		-	75.64
Total comprehensive income for the year	-	-	-	-	1,720.78	-	1,720.78
Issue of equity shares (net off issue expenses)	6,929.35	-	-	-	-	-	6,929.35
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	343.97	-	-	(343.97)	-	-
Issue of compulsary convertible debentures						1,129.22	1,129.22
Transfer to parent company				(75.64)		-	(75.64)
Balance at 31 March 2023	16,570.24	567.36	44.05	-	1,535.37	1,129.22	19,846.24

Standalone Statement of Changes in Equity

(All amount in ₹ Millions, unless otherwise stated)

For the year ended 31 March 2022

Particulars	Reserves and surplus					Equity Component of Debt Instrument	Total
	Securities premium	Reserve fund u/s 45-IC of RBI Act 1934	Capital Redemption Reserve	Employee stock options outstanding	Retained earnings		
Balance at 31 March 2021	8,774.22	223.39	44.05	-	831.95	-	9,873.60
Total comprehensive income for the year	-	-	-	-	(673.38)	-	(673.38)
Issue of equity shares	866.67	-	-	-	-	-	866.67
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	-	-	-
Balance at 31 March 2022	9,640.89	223.39	44.05	-	158.56	-	10,066.89

The above Standalone Statement of Changes in Equity should be read in conjunction with accounting notes. This is the Standalone Statement of Changes in Equity referred to in our report of even date.

For **Price Waterhouse LLP**
Chartered Accountants
Firm's Registration No.: 301112E/E300264

For and on behalf of the Board of Directors of
Navi Finserv Limited
(formerly known as Navi Finserv Private Limited)

A J Shaikh
Partner
Membership No. 203637

Place: Bengaluru
Date : 26 May, 2023

Sachin Bansal
Executive Chairman and
Chief Executive Officer
(DIN: 02356346)
Place: Bengaluru
Date : 26 May, 2023

Ankit Surana
Chief Financial Officer

Place: Bengaluru
Date : 26 May, 2023

Ankit Agarwal
Managing Director
(DIN: 08299808)

Place: Bengaluru
Date : 26 May, 2023

Thomas Joseph
Company Secretary
M.No. A53322

Place: Bengaluru
Date : 26 May, 2023

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

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, 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, interest rates and across futures, options and other derivatives and to carry on repo and reverse repo transactions.

2. 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.

3. Basis of preparation

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'), Companies (Indian Accounting Standards) Rules 2015 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 relevant provision of the Act.

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 instruments which are measured at fair value.

(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 some 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.

- 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

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

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 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 financial assets

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, recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognizes 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.

- Leases

- a. Determining the lease term of contracts with renewal and termination options – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

- b. Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to for its borrowings.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

4.2. Revenue recognition

i. Recognition of interest income

Interest income is recognized 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 fair value through profit or loss ('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 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/ paid 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 recognized in interest income with the corresponding adjustment to the carrying amount of the assets.

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

Interest income and impairment loss on financial assets measured at fair value through other comprehensive income (FVOCI) are recognized in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Delayed payment interest (penal interest and the like) levied on customers for delay in repayments/ non-payment of contractual cashflows is recognised on realisation.

ii. Fee and commission income

- a) Fee income from loans are recognised at point in time upon satisfaction of following:
 - i) Completion of service
 - ii) and realisation of the fee income.

- b) Servicing and collections fees on assignment and securitization transactions are recognised upon completion of service in accordance with the terms of relevant contract / agreements.

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 realisation basis.

iv. Dividend income

Dividend income is recognized 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. Net gain/loss on derecognition of financial instruments under amortised cost category

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognized as gain or loss on derecognition of such financial asset previously carried under amortisation cost category is presented separately under the respective head in the statement of profit and loss. The resulting interest only strip and subsequent unwinding is recognised under interest income

vi. Net gain/loss on fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Company on the balance sheet date is recognised as an unrealised gain/loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of profit and loss. Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date, the Company does not have any debt instruments measured at FVOCI.

vii. Other income

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

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

4.3. Finance costs

Finance costs represents interest expense recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities measured at amortised cost.

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/ received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Other borrowing costs ("others") would include commitment charges, loan processing charges, guarantee charges, loan facilitation charges, discounts/premium on borrowings, other ancillary costs incurred in connection with borrowings, or amortization of such costs, etc. Such finance costs that do not meet the definition of transaction costs directly attributable to issue of a financial liability and are therefore not included as a part of EIR, shall be presented under 'Other borrowing costs'.

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

equipment) 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 amortization 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. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight-line basis over a 3-year period or the license period whichever is lower.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

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

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

For amortization of intangibles, the amortization amount is allocated on a systematic basis over the best estimate of its useful life.

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 categorized 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;

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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 recognized 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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Loans are recognized when fund transfers are initialized to customer bank account or when the company assumes unconditional obligation to release the disbursement to the third party on direction of the borrower whichever is earlier.

The company recognises debt securities and borrowings when funds are received the bank account of the company.

Classification subsequent measurement of financial assets

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.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

Financial assets are measured at FVTOCI (Fair value through other comprehensive income)

A financial asset is measured at the FVTOCI if both the following conditions are met:

- a) The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- b) The contractual terms of the financial asset meet the SPPI test.

Interest income and impairment loss on financial assets measured at fair value through other comprehensive income (FVOCI) are recognized in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Financial assets measured at fair value through profit or loss

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- Debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Modification and Derecognition of Financial Assets

(a) Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The company renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Modification of loan terms is granted in cases where although the borrower made

all reasonable efforts to pay under the original contractual terms, there is a risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the cash flows of the loan (principal and interest repayment). When a financial asset is modified the company assesses whether this modification results in derecognition. In accordance with the company's policy, a modification results in derecognition when it gives rise to substantially different terms. Where a modification does not lead to derecognition, the company calculates the modification gain/loss comparing the gross carrying amount before and after the modification and accounts for the same in the Statement of Profit and Loss

(b) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:

- The Company has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities, when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

- The Company cannot sell or pledge the original asset other than as security to the eventual recipients
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of credit enhancement or a guarantee issued by the Originator over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised in the statement of profit and loss and re-assessed at the end of every reporting period.

Servicing of Assets /Liabilities

The Company transfers loans through direct assignment transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions for a fee, the Company recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the Company adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognized with corresponding amount is recognised in Statement of Profit and Loss.

Derivative Financial Instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate risk. Derivatives held include interest rate swaps. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. During the year, the Company do not have any cash flow hedge.

Financial liabilities and Equity classification

Classification as debt or equity –

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments –

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Company are recognised at the proceeds

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities –

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

De-recognition

A financial liability is de-recognized 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 a new liability. The difference in the respective carrying amounts is recognized 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Convertible Instruments

The fair value of the liability portion of compulsory convertible debentures (CCD) is determined using a interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the CCD. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured

4.8. Impairment of financial assets

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) (general approach) model for measurement and recognition of impairment loss on loans. For other financial assets, the Company follows simplified approach of ECL model.

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

Expected credit losses ('ECL') are recognised for applicable for loans, other financial assets held under amortised cost, debt instruments measured at FVOCI

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 categorizes 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 loans /investments up to 30 days by due (other than ever 90 cases) 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

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

impaired are classified under this stage. The Company classifies all loans over 30 Days Past Due (other than over 90 cases) 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 classifies all financial assets over 90 Days Past Due as credit impaired assets. The Company considers life time ECL for those assets.

The Company also considers loan accounts which has moved to 90 + Days Past Due during the year or in previous years and has not fully repaid the interest and principal as credit impaired or Stage 3 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-recognized and is still in the portfolio.
- **Exposure at Default (EAD)** -The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise. In case of Stage 3 loans EAD represents gross exposure as on the reporting 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 lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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 immovable assets. 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 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 subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognized 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

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognized 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 recognized 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 unrecognized 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 Other Comprehensive Income (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 recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

4.10. Leases

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate as on the date of lease commencement date

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 recognized 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 recognized 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 recognize 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 recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.11. Taxes

Current tax and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax comprises amount of tax payable in respect to the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to tax payable or receivable in respect of prior years.

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 where the Company operates and generates taxable income.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and is intended to realise the asset and settle the liability on a net basis or simultaneously.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are 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 is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority

4.12. Share based payments

- a) The fair value of options granted under the Employee Option Plan (provided by the Holding Company) is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- i. including any market performance conditions
- ii. excluding the impact of any service and non-market performance vesting conditions
- iii. including the impact of any non-vesting conditions

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

As the Company is awarding its Holding Company's equity instruments against goods or services received and has the obligation to settle the share based payment transaction, the Company is accounting or the same as movement in equity.

- b) The total expense is recognised 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. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity

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

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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 recognized 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 less accumulated impairment, if any

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.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

4.20. Trade and Other Payable

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of reporting period remaining unpaid. These amounts are unsecured and are usually paid in accordance with the payment terms agreed with vendors.

4.21. 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.

4.22. New Standards and amendments effective on or after April 01, 2022

(i) Ind AS 16, Property, Plant and Equipment

Proceeds before intended use of property, plant and equipment

The amendment clarifies that any excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Carve out from IAS 16, Property, plant equipment:

In May, 2020, IASB amended IAS 16, Property, plant equipment to prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management.

The said amendments have not been made under Ind AS 16. Further, paragraph 17(e) of Ind AS 16 has been amended to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

(ii) Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts – Cost of fulfilling a contract

The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

(iii) Ind AS 109, Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Based on the evaluation made by the Company, no impact is assessed in the financial statements of the Company on account of the above.

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends certain accounting standards, and are effective 1 April 2023. Below is a summary of such amendments:

(i) Disclosure of Accounting Policies- Amendments to Ind AS 1, Presentation of financial statements

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

(ii) Definition of Accounting Estimates- Amendments to Ind AS 8, Accounting policies, changes in accounting estimates and errors

The amendment clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period

(iii) Deferred tax related to assets and liabilities arising from a single transaction- Amendments to Ind AS 12, Income taxes

The amendment requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the

earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. Ind AS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.

Notes forming part of the Standalone Financial Statements

5. Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Cash in hand	-	-
Balances as deposits with maturity within 3 months	500.20	-
Balances with banks in current account	2,592.37	3,744.88
Total	3,092.57	3,744.88

(i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the reporting period.

(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

	As at 31 March 2023	As at 31 March 2022
Balance with banks and financial institutions to the extent held as margin money deposits against government securities trade, derivatives trade, working capital loans/overdraft facilities and Securitisation liabilities	3,636.24	1,123.48
Total	3,636.24	1,123.48

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

	As at 31 March 2023	As at 31 March 2022
Margin money against Government Securities trade	500.00	500.00
Margin money against derivatives trade	70.45	30.00
Working capital loans/Overdraft facilities	645.49	361.85
Securitisation liabilities	2,337.21	211.11
Total	3,553.15	1,102.96

7. Loans*

Particulars	As at 31 March 2023	As at 31 March 2022
A Loans (at amortised cost) (refer note (ii))		
i) Term loans	59,669.05	29,492.66
Less : Impairment loss allowance	(4,214.88)	(1,578.25)
	55,454.17	27,914.41
Loans (Fair value through OCI)		
i) Term loans	8,241.02	-
Less : Impairment loss allowance	-	-
	8,241.02	-
Total (Gross)	67,910.07	29,492.66
Less : Impairment loss allowance	(4,214.88)	(1,578.25)
Total (net)	63,695.19	27,914.41
B i) Secured by tangible assets (refer note (i))		
Amortised Cost	2,910.38	3,120.04
Less : Impairment loss allowance	(97.63)	(15.43)
	2,812.75	3,104.61
Fair value through OCI	3,362.05	-
Less : Impairment loss allowance	-	-
	3,362.05	-

Notes forming part of the Standalone Financial Statements

Particulars	As at 31 March 2023	As at 31 March 2022
ii) Unsecured		
Amortised Cost	56,758.67	26,372.62
Less : Impairment loss allowance	(4,117.25)	(1,562.82)
	52,641.42	24,809.80
Fair value through OCI	4,878.97	-
Less : Impairment loss allowance	-	-
	4,878.97	-
Total (gross)	67,910.07	29,492.66
Less : Impairment loss allowance	(4,214.88)	(1,578.25)
Total (net)	63,695.19	27,914.41
C Loans in India		
i) Public sector		
ii) Others		
Amortised Cost	59,669.05	29,492.66
Less : Impairment loss allowance	(4,214.88)	(1,578.25)
	55,454.17	27,914.41
Fair value through OCI	8,241.02	-
Less : Impairment loss allowance	-	-
	67,910.07	29,492.66
Less : Impairment loss allowance	(4,214.88)	(1,578.25)
Total (net)	63,695.19	27,914.41

(i) Loans secured by way of hypothecation of residential property.

(ii) Loans includes company's share of co-lended loans for which the company bears the risk and reward.

*The Company has not granted loans and advances in the nature of loans to Promoters, Directors, Key Managerial Personnel or related parties u/s(76) either repayable on demand or without specifying terms/period. Refer related party disclosure(Note 43).

8. Investments

Particulars	At cost	Amortised cost	At fair value through profit and loss	As at 31 March 2023 Total
Investments in -				
(i) Mutual funds*	-	-	60.77	60.77
(ii) Bonds and debentures	-	-	2,443.86	2,443.86
(iii) Government Securities	-	-	3,625.23	3,625.23
Equity instruments				
(iv) Subsidiary				
(a) Investment of 108,875,000 number of equity shares of Chaitanya India Fin Credit Private Limited ("Subsidiary Company") having a face value of ₹ 10.	3,741.75	-	-	3,741.75
(b) Deemed investment in subsidiary on account of ESOP issued to employees of the Subsidiary Company	16.80	-	-	16.80
Total gross (A)	3,758.55	-	6,129.86	9,888.41
Investments outside India				
Investments in India	3,758.55	-	6,129.86	9,888.41
Total gross (B)	3,758.55	-	6,129.86	9,888.41
Allowance for impairment loss (C)	-	-	-	-
Total - net D = A - C	3,758.55	-	6,129.86	9,888.41

There are no investments measured at Fair Value through Other Comprehensive Income.

*includes ₹60.66 millions pledged as margin for trading in interest rate futures.

Notes forming part of the Standalone Financial Statements

Particulars	At cost	Amortised cost	At fair value through profit and loss	As at 31 March 2022 Total
Investments in -				
(i) Mutual funds	-	-	338.02	338.02
(ii) Bonds and debentures	-	164.09	1,298.56	1462.65
(iii) Government Securities	-	-	994.66	994.66
(iv) Pass through certificates	-	238.09	-	238.09
(v) Others (quoted)	-	491.66	-	491.66
Equity instruments				
(iv) Subsidiary				
(a) Investment of 108,875,000 number of equity shares of Chaitanya India Fin Credit Private Limited ("Subsidiary Company") having a face value of ₹ 10.	3,244.60	-	-	3,244.60
(b) Deemed investment in subsidiary on account of ESOP issued to employees of the Subsidiary Company	16.80	-	-	16.80
Total gross (A)	3,261.40	893.84	2,631.24	6,786.48
Investments outside India		-	-	-
Investments in India	3,261.40	893.84	2,631.24	6,786.48
Total gross (B)	3,261.40	893.84	2,631.24	6,786.48
Allowance for impairment loss (C)	-	(164.18)	-	(164.18)
Total - net D = A - C	3,261.40	729.66	2,631.24	6,622.30

There are no investments measured at Fair Value through Other Comprehensive Income.

9. Other financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Security deposits	68.26	40.63
Insurance recoverable	2.43	2.46
Excess Interest Spread Receivable	390.54	-
Other receivable ^#	924.55	417.85
Receivable towards investments settlement*	1,379.86	704.94
Total	2,765.64	1,165.88

* Represents investments redemptions of securities pending for settlement as on 31 March 2023 which are subsequently settled on 3 April 2023.

^ Includes receivable from payment aggregators.

Includes related party receivables. Refer Note 43

10. Current tax assets (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Income tax	-	161.54
Total	-	161.54

Notes forming part of the Standalone Financial Statements

11. Deferred tax asset (net)

(in Rupees)

Particulars	As at 31 March 2023	As at 31 March 2022
Tax effect of items constituting deferred tax liabilities:		
Financial liabilities measured at amortised cost	69.02	39.86
Financial assets measured at amortised cost	295.55	122.35
Financial assets measured at fair value through other comprehensive income	1.90	-
Deferment of upfront EIS and servicing obligation recorded for assignment	98.29	-
Interest on non-performing loans	0.01	0.12
Deferred tax liabilities (total) (A)	464.77	162.33
Tax effect of items constituting deferred tax assets:		
Impairment allowance for loans	1,033.26	397.24
Financial assets measured at amortised cost	112.81	149.54
Impairment allowance for Investments	-	41.32
Provision for employee benefits	23.37	14.17
Lease accounting under Ind AS 116	20.59	2.70
Difference in written down value as per Companies Act and Income Tax Act	6.12	0.88
Financial assets measured at fair value through profit and loss	2.62	3.28
Accumulated losses	-	23.44
Deferred tax assets (total) (B)	1,198.77	632.57
Total Deferred tax Asset /(liabilities) (net)	734.00	470.24

Movement in deferred tax liabilities

Particulars	As at 31 March 2022	Charged/ (credited) to statement of profit and loss	Charged/ (credited) to other comprehensive income	As at 31 March 2023
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	39.86	29.16	-	69.02
Financial assets measured at amortised cost	122.35	173.20	-	295.55
Financial assets measured at fair value through other comprehensive income	-	-	1.90	1.90
Financial assets measured at fair value through profit and loss	-	98.29	-	98.29
Interest on non-performing loans	0.12	(0.11)	-	0.01
Deferred tax liabilities (total)	162.33	300.54	1.90	464.77

Movement in deferred tax assets

Particulars	As at 31 March 2022	Charged/ (credited) to statement of profit and loss	Charged/ (credited) to other comprehensive income	As at 31 March 2023
Tax effect of items constituting Deferred Tax Assets:				
Impairment allowance for loans	397.24	636.02	-	1,033.26
Financial assets measured at amortised cost	149.54	(36.73)	-	112.81
Impairment allowance for Investments	41.32	(41.32)	-	-
Provision for employee benefits	14.17	7.61	1.60	23.37
Lease accounting under Ind AS 116	2.70	17.89	-	20.59

Notes forming part of the Standalone Financial Statements

Particulars	As at 31 March 2022	Charged/ (credited) to statement of profit and loss	Charged/ (credited) to other comprehensive income	As at 31 March 2023
Difference in written down value as per Companies Act and Income Tax Act	0.88	5.24	-	6.12
Financial assets measured at fair value through profit and loss	3.28	(0.66)	-	2.62
Accumulated Losses	23.44	(23.44)	-	-
Deferred tax assets Total	632.57	564.61	1.60	1,198.77
Total Deferred tax Asset /(liabilities) (net)	470.24	264.07	(0.30)	734.00

Movement in deferred tax liabilities

Particulars	As at 31 March 2021	Charged/ (credited) to statement of profit and loss	Charged/ (credited) to other comprehensive income	As at 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 amortised cost	-	122.35	-	122.35
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	129.17	-	162.33

Movement in deferred tax assets

Particulars	As at 31 March 2021	Charged/ (credited) to statement of profit and loss	Charged/ (credited) to other comprehensive income	As at 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	130.87	-	149.54
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	346.44	1.45	632.57
Total Deferred tax Asset /(liabilities) (net)	251.52	217.27	1.45	470.24

Notes forming part of the Standalone Financial Statements

12. Property, plant and equipment

Particulars	Furniture and fixtures	Office equipments	Leasehold Improvement	Electrical equipment	Total
Gross block					
Gross Carrying Value					
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
Disposal of assets	-	-	-	-	-
Balance as at 31 March 2022	5.65	2.79	1.93	0.89	11.26
Additions	-	0.35	98.68	0.32	99.35
Disposal of assets	-	-	-	-	-
Balance as at 31 March 2023	5.65	3.14	100.61	1.21	110.61
Accumulated depreciation					
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
Disposal of assets	-	-	-	-	-
Balance as at 31 March 2022	4.03	1.28	0.73	0.23	6.27
Charge for the year	0.38	0.69	35.32	0.02	36.41
Disposal of assets	-	-	-	-	-
Balance as at 31 March 2023	4.41	1.97	36.03	0.25	42.66
Net block					
Balance as at 31 March 2022	1.62	1.51	1.20	0.66	4.99
Balance as at 31 March 2023	1.24	1.17	64.58	0.96	67.95

13. Intangible assets

Particulars	Application software	Trade mark	Computer Software	Total
Gross block				
Balance as at 31 March 2021	0.13	0.02	0.11	0.26
Additions	-	-	-	-
Disposal of assets	-	-	-	-
Balance as at 31 March 2022	0.13	0.02	0.11	0.26
Additions	-	-	-	-
Disposal of assets	-	0.02	-	0.02
Balance as at 31 March 2023	0.13	-	0.11	0.24
Accumulated depreciation				
Balance as at 31 March 2021	0.06	0.02	0.10	0.18
Charge for the year	0.04	-	0.01	0.05
Disposal of assets	-	-	-	-
Balance as at 31 March 2022	0.10	0.02	0.11	0.23
Charge for the year	0.03	-	-	0.03
Disposal of assets	-	0.02	-	0.02
Balance as at 31 March 2023	0.13	-	0.11	0.24
Net block				
Balance as at 31 March 2022	0.03	-	-	0.03
Balance as at 31 March 2023	-	-	-	-

Notes forming part of the Standalone Financial Statements

14. Non financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Advances to suppliers and others	77.83	38.41
Capital advances	237.24	-
Balance with government authorities	171.04	18.74
Income tax paid under dispute	2.06	2.06
Prepaid expenses	45.43	11.88
Others	0.37	0.53
Total	533.97	71.62

15. Trade payables*

Particulars	As at 31 March 2023	As at 31 March 2022
Dues to micro enterprises and small enterprises	11.18	0.70
Dues to creditors other than micro enterprises and small enterprises	740.26	862.18
Total	751.44	862.88

Refer note 41 for detailed disclosure

*Includes Related Party Payable. Refer note 43.

16. Debt securities

Particulars	As at 31 March 2023	As at 31 March 2022
Secured (at amortised cost)		
Redeemable non-convertible debentures*	20,171.56	12,879.95
Unsecured (at amortised cost)		
Redeemable non-convertible debentures*	4,105.27	6,500.56
Commercial papers*	2,295.32	730.75
Total	26,572.15	20,111.26
Borrowings in India	26,572.15	20,111.26
Borrowings outside India	-	-
Total	26,572.15	20,111.26

*Refer note 16.2 for terms of debt securities.

16.1 Reconciliation of liabilities from financing activities

Particulars	As at 31 March 2022	Cash flow			Non-cash Consideration received in the form of investments for NCDs issued	As at 31 March 2023
		Additions	Payment	Others		
Debt securities	20,111.26	25,371.29	(19,303.95)	393.55	-	26,572.15
Borrowings (other than debt securities)	8,016.02	81,061.96	(58,137.40)	13.95	-	30,954.53
Subordinated liabilities	99.47	-	-	0.17	-	99.64
Total liabilities from financial activities	28,226.75	1,06,433.25	(77,441.35)	407.67	-	57,626.32

Notes forming part of the Standalone Financial Statements

Particulars	As at 31 March 2021	Cash flow			Non-cash Consideration received in the form of investments for NCDs issued	As at 31 March 2022
		Additions	Payment	Others		
Debt securities	16,762.45	11,993.81	(2,589.34)	462.90	(6,518.57)	20,111.26
Borrowings (other than debt securities)	4,003.13	76,244.15	(72,245.01)	13.75	-	8,016.02
Subordinated liabilities	99.34	-	-	0.13	-	99.47
Total liabilities from financial activities	20,864.92	88,237.96	(74,834.35)	476.78	(6,518.57)	28,226.75

16.2 Terms of Securities

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Market Linked Debentures					
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 30 January 2026. Redemption premium is 8.37%	450	-	10,00,000	428.74	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 May 2025. Redemption premium is 9.9%	300	300	10,00,000	300.00	300.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 July 2024. Redemption premium is 9.25%"	500	500	10,00,000	500.00	500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 30 May 2024. Redemption premium is 9.00%	1,000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 27 March 2024. Redemption premium is 9.00%	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	1,500	10,00,000	1,500.00	1,500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 28 Feb 2024. Redemption premium is 8.65%	1,000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 23 February 2024. Redemption premium is 8.60%	1,000	1,000	10,00,000	1,000.00	1,000.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 24 May 2023. Redemption premium is 8.60%	2,000	2,000	10,00,000	2,000.00	2,000.00
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 17 June 2022. Redemption premium is 9.25%	-	1,500	10,00,000	-	1,500.00

Notes forming part of the Standalone Financial Statements

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 16 June 2022. Redemption premium is 10%	-	469	10,00,000	-	469.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 26 May 2022. Redemption premium is 10%	-	750	10,00,000	-	750.00
Total(A)	8,750	8,669		8,728.74	8,669.00
Note - The above rates are considered for calculating the interest accrual.					
Inter Company Debt					
9.5% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 30 March 2020 with call / put option. Maturity date is 31 December 2024 (Issued to parent company)	30,00,558	65,00,557	1,000	3,000.56	6,500.56
9.5% unsecured, unrated, Compulsarily Convertible Debentures dated 27 February 2023 Maturity date is 27 February 2026	15,00,000	-	1,000	361.46	-
Total (B)	45,00,558	65,00,557		3,362.01	6,500.56
Non Convertible Debenture					
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 December 2024. Interest rate is 9.50%	233	350	10,00,000	233.33	350.00
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 September 2024. Redemption premium is 9.50%	270	300	10,00,000	270.00	300.00
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 September 2024. Interest rate is 9.4%*	3,76,288	-	1,000	376.29	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 September 2024. Interest rate is 9.75%*	2,52,512	-	1,000	252.51	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 05 January 2024. Redemption premium is 9.90%	1,000	-	1,00,000	1,000.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 05 January 2024. Redemption premium is 9.90%	500	-	1,00,000	500.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 December 2023. Interest rate is 9.2%*	34,60,294	-	1,000	3,460.29	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 December 2023. Interest rate is 9.5%*	8,68,115	-	1,000	868.12	-
Unsecured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 15 November 2023. Redemption premium is 9.50%	400	-	10,00,000	400.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 September 2023. Redemption premium is 9.15%	800	800	10,00,000	800.00	800.00
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 25 August 2023. Redemption premium is 9.6%	300	-	10,00,000	300.00	-

Notes forming part of the Standalone Financial Statements

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 04 July 2023. Redemption premium is 9.50%	250	-	10,00,000	250.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 10 May 2023. Redemption premium is 9.15%	1,400	1,400	10,00,000	1,400.00	1,400.00
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 05 April 2023. Redemption premium is 9.18%	1,000	1,000	10,00,000	1,000.00	1,000.00
Total (C)	49,63,362	3,850		11,110.54	3,850.00
Unsecured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 July 2025. Redemption premium is 10.50%	3,500	-	10,00,000	350.00	-
Total (D)	3,500	-		350.00	-
Grand Total	94,76,170	65,13,076		23,551.30	19,019.56
EIR Adjustment				725.53	360.95
Total after EIR adjustment				24,276.83	19,380.51

*Represents Non convertible debentures issued to public.

Terms of debentures	Redemption Value		Face value per instrument	Carrying value	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 March 2022. Discount rate is 8.32%	-	-	95.03	-	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 13 January 2022. Discount rate is 7.75%	-	-	99.58	-	-
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
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 April 2023. Discount rate is 8.65%	155.50	-	97.32	151.33	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 5 April 2023. Discount rate is 8.40%	60.00	-	97.97	58.78	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 6 April 2023. Discount rate is 8.55%	200.00	-	97.94	195.87	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 10 April 2023. Discount rate is 8.40%	87.50	-	97.97	85.72	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 25 April 2023. Discount rate is 9.00%	60.00	-	97.69	58.61	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 26 April 2023. Discount rate is 9.00%	100.00	-	97.50	97.50	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 27 April 2023. Discount rate is 9.00%	120.00	-	97.45	116.94	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 01 June 2023. Discount rate is 9.00%	100.00	-	97.50	97.50	-

Notes forming part of the Standalone Financial Statements

Terms of debentures	Redemption Value		Face value per instrument	Carrying value	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Unsecured Rated Redeemable Commercial Paper. Maturity date is 8 June 2023. Discount rate is 9.00%	250.00	-	97.81	244.51	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 20 June 2023. Discount rate is 9.00%	100.00	-	97.20	97.20	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 26 June 2023. Discount rate is 8.50%	100.00	-	97.79	97.79	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 June 2023. Discount rate is 9.00%	200.00	-	96.48	192.96	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 30 June 2023. Discount rate is 8.50%	150.00	-	97.70	146.55	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 10 July 2023. Discount rate is 9.00%	250.00	-	97.06	242.64	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 13 July 2023. Discount rate is 8.50%	300.00	-	92.17	276.50	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 31 July 2023. Discount rate is 9.00%	100.00	-	95.73	95.73	-
Total	2,333.00	745.00		2,256.13	727.84
EIR Adjustment				39.19	2.91
Total after EIR adjustment				2,295.32	730.75

A. Nature of security

Secured by an exclusive charge by way of hypothecation of loan assets receivables.

B. Other information

- (i) The Company has not defaulted in the repayment of dues to its lenders.
- (ii) The Company has utilised the borrowings for the purpose for which it was obtained
- (iii) Market Linked Debentures are carrying variable interest rate which is linked to performance of specified indices over the tenure of the debentures. The embedded value of the derivative is negligible and is likely to remain negligible throughout the tenure of debentures. Therefore the market linked debentures have been classified at amortised cost. Few debentures have exercisable call/put option.

17. Borrowings (other than debt securities)

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings carried at amortised cost		
Term loans (Secured)		
- From banks*	11,741.96	4,272.22
- From financial institutions*	7,207.68	1,903.81
- Liability against securitised assets*	12,004.89	1,839.99
	30,954.53	8,016.02
Borrowings in India	30,954.53	8,016.02
Borrowings outside India	-	-
Total	30,954.53	8,016.02

Notes forming part of the Standalone Financial Statements

17.1 Terms of repayment of borrowings (other than debt securities) - [Term loan from Banks]

Original Maturity of loan	Interest rate	Original maturity period*	As at March 2023	As at March 2022
Monthly repayment schedule	Below 8%	Upto 2 years	-	130.00
	8%-10%	Upto 2 years	3,269.84	2,414.08
	8%-10%	2 to 4 years	1,582.03	758.30
	8%-10%	4 to 6 years	217.59	-
	10%-12%	Upto 2 years	1,828.42	-
	10%-12%	2 to 4 years	1,316.67	1,000.00
Quarterly repayment schedule	Below 8%	Upto 2 years	333.33	-
	8%-10%	Upto 2 years	56.25	-
	8%-10%	4 to 6 years	2,500.00	-
	10%-12%	2 to 4 years	700.00	-
Total			11,804.13	4,302.38
EIR Adjustment			(62.17)	(30.16)
Total after EIR Adjustment			11,741.96	4,272.22

Nature of security

Secured by an exclusive charge by way of hypothecation of loan assets receivables.

Terms of repayment of borrowings (other than debt securities) - [Term loan from Financial Institutions]

Original Maturity of loan	Interest rate	Original maturity period*	As at March 2023	As at March 2022
Monthly repayment schedule	Below 8%	Upto 2 years	1,452.99	-
	8%-10%	Upto 2 years	762.87	1,910.36
	10%-12%	Upto 2 years	3,478.75	-
	10%-12%	2 to 4 years	1,113.86	-
Quarterly repayment schedule	10%-12%	2 to 4 years	390.00	-
Total			7,198.47	1,910.36
EIR Adjustment			9.21	(6.55)
Total after EIR Adjustment			7,207.68	1,903.81

Nature of security

Secured by an exclusive charge by way of hypothecation of loan assets receivables.

Terms of repayment of liability against securitised assets

Original Maturity of loan	Interest rate	Original maturity period*	As at March 2023	As at March 2022
Monthly repayment schedule	8%-10%	Upto 2 years	8,693.62	1,844.76
	8%-10%	2 to 4 years	3,299.35	-
Total			11,992.97	1,844.76
EIR Adjustment			11.92	(4.77)
Total after EIR Adjustment			12,004.89	1,839.99

Notes forming part of the Standalone Financial Statements

Nature of security and Terms and Condition attached to debt securities and borrowings(other than debt securities)

(i) Nature of security

Secured by way of specific / pari passu charge on loan assets of the company

(ii) Other Information

- (i) The Company has not defaulted in the repayment of dues to its lenders.
- (ii) Liability against securitised assets represents the net outstanding value (Net of Investment in Pass-through Certificates) of the proceeds received by the Company from securitisation trust in respect of loan assets transferred by the Company pursuant to Deed of Assignment. The Company has provided Credit enhancement to the trust by way of cash collateral.
- (iii) The Company has utilised the borrowings for the purpose for which it was obtained
- (iv) The quarterly statements or returns of current assets filed by the company with banks are in agreement with books of account.

18. Subordinated liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Unsecured term loan		
- From banks*	99.64	99.47
	99.64	99.47
Subordinated liabilities in India	99.64	99.47
Subordinated liabilities outside India	-	-
Total	99.64	99.47

*Refer note 18.1 for terms of Subordinate liabilities..

18.1 Terms of repayment of subordinated liabilities

Original Maturity of loan	Interest rate	Original maturity period*	As at March 2023	As at March 2022
At the end of tenure / On demand	12%-15%	More than 6 years	100.00	100.00
Total			100.00	100.00
EIR Adjustment			(0.36)	(0.53)
Total after EIR Adjustment			99.64	99.47

*For residual maturity refer note 44

19. Lease liability

	As at 31 March 2023	As at 31 March 2022
Lease liability*	857.12	133.24

*Refer note 45D for detailed disclosure

Notes forming part of the Standalone Financial Statements

20. Other financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Insurance payables	0.78	0.65
Payable on account of assignment	838.61	-
Other payables*	248.93	17.51
Advance received from customers	1,745.39	176.12
Total	2,833.71	194.28

*Includes Related Party. Refer note 43.

21. Current tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022
Provision for tax (net of advance tax)	108.21	-
Total	108.21	-

22. Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits	114.76	25.92
Provision for gratuity	25.71	6.51
Provisions for compensated absences	20.29	14.10
Total	160.76	46.53

23. Other non financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues payable	100.21	81.59
Service liability	84.44	-
Other payable	7.84	5.42
Total	192.49	87.01

Notes forming part of the Standalone Financial Statements

24. Equity share capital

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised share capital		
600,000,000 equity shares of ₹ 10 each (31 March 2022: 205,000,000 equity shares of ₹ 10 each)	6,000.00	2,050.00
Total authorised capital	6,000.00	2,050.00
Issued, subscribed and fully paid up share capital		
285,240,353 Equity shares of ₹ 10 each (31 March 2022: 178,573,686 equity shares of ₹ 10 each)	2,852.40	1,785.73
Total equity share capital	2,852.40	1,785.73

(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. The company has issued 100,868,825 equity shares for consideration other than cash and bought back 4,405,281 equity shares during the last 5 years.

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of shares	Amount	No. of shares	Amount
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year/year	17,85,73,686	1,785.73	16,52,40,353	1,652.40
Add: Issued during the year/year	10,66,66,667	1,066.67	1,33,33,333	133.33
Add: ESOP exercised during the year	-	-	-	-
Less: Buy back of shares	-	-	-	-
Balance at the end of the year/year	28,52,40,353	2,852.40	17,85,73,686	1,785.73

(iii) Shares held by the holding company

Particulars	As at 31 March 2023*		As at 31 March 2022	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	28,52,40,353	100.00%	17,85,73,680	100.00%

*Out of the above 6 shares are held in the capacity of nominees of our promoter.

Notes forming part of the Standalone Financial Statements

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

Particulars	As at 31 March 2023*		As at 31 March 2022	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	28,52,40,353	100.00%	17,85,73,680	100.00%

(v) Shares held by promoters as at 31 March 2023:

	No. of shares	% of Total Shares	% Change during the year
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	28,52,40,353	100.00%	-

(vi) Shares held by promoters as at 31 March 2022:

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

25. Other equity

Particulars	As at 31 March 2023	As at 31 March 2023
Securities premium		
Opening balance	9,640.89	8,774.22
Add : Securities premium credited on share issue	6,933.33	866.67
Add : Transfer from ESOP reserve	-	-
Less : Share issue expenses	(3.98)	-
Less:		
a) Buy back of shares	-	-
b) Transfer to Capital Redemption Reserve	-	-
Closing balance	16,570.24	9,640.89
Reserve fund u/s 45-IC of RBI Act 1934		
Opening balance	223.39	223.39
Add: Transfer from retained earnings	343.97	-
Closing balance	567.36	223.39
Employee stock options outstanding		
Opening balance	-	-
Amount relating to stock options granted	75.64	-
Transfer to parent company	(75.64)	-
Closing balance	-	-
Retained earnings		
Opening balance	158.56	831.95
Add: Transferred from statement of profit and loss for the year	1,719.86	(669.08)
Add: Remeasurement of the net defined benefit plans, net of tax	(4.75)	(4.30)
Add: Net change in fair value of loans measured at fair value through other comprehensive income, net of tax	5.67	-
Less: Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(343.97)	-
Closing Balance	1,535.37	158.56

Notes forming part of the Standalone Financial Statements

Particulars	As at 31 March 2023	As at 31 March 2023
Equity Component of Compulsory convertible Debentures		
Opening Balance	-	-
Add: Issue during the year	1,129.22	-
Closing Balance	1,129.22	-
Capital Redemption Reserve		
Opening balance	44.05	44.05
Add: Created on buy back of equity shares	-	-
Closing balance	44.05	44.05
Total	19,846.24	10,066.89

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.

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.

Equity Component of Compulsory convertible Debentures (CCD)

During the year, the company has issued Compulsory convertible Debentures amounting to INR 1500 millions with mandatory conversion period of 3 years. This instrument bears a coupon interest rate of 9.50% till the maturity date. The conversion ratio is 1:1000 (i.e. each CCD shall convert into 1,000 Equity Shares). Refer below for details

Face Value of CCD	1,500.00
Equity component recognised (refer note above)	1,129.22
Difference Amount recognised in debt securities (refer note 16)	370.78

Notes forming part of the Standalone Financial Statements

26. Interest income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On financial assets measured at amortised cost		
Interest on loans	10,774.22	2,528.18
Interest on investments	17.57	185.08
Interest income on deposits with banks	137.70	59.18
Sub-total	10,929.49	2,772.44
On financial assets measured classified at fair value other comprehensive income		
Interest on loans	708.60	-
Sub-total	708.60	-
On financial assets measured classified at fair value through profit or loss		
Interest on investments	169.76	369.41
Sub-total	169.76	369.41
Total	11,807.85	3,141.85

Note : Loan origination income included in interest income is disclosed net of direct incremental costs of ₹ 1,922.50 million for the year ended 31 March 2023 (31 March 2022: ₹ 140.52 million) associated with origination of the underlying loans.

27. Fees and commission income

	For the year ended 31 March 2023	For the year ended 31 March 2022
Fee received on collections	282.33	74.57
Total	282.33	74.57

28. Net gain on fair value changes

	For the year ended 31 March 2023	For the year ended 31 March 2022
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
Investments		
Debt securities	213.80	790.06
Mutual fund	1.53	35.82
Future trading	21.64	358.67
Interest rate swaps	(14.00)	1.47
(ii) On financial instruments designated at Fair value through Profit or loss		
Equity instruments	-	139.55
(B) Net gain on financial instruments at amortised cost		
Pass through certificate	-	29.20
Total	222.97	1,354.77
Fair value changes		
- Realised	232.92	1,471.81
- Unrealised	(9.95)	(117.04)
Total	222.97	1,354.77

Notes forming part of the Standalone Financial Statements

29. Net Gain on derecognition of financial instruments under amortised cost category

	For the year ended 31 March 2023	For the year ended 31 March 2022
Net Gain on derecognition of financial instruments under amortised cost category	517.01	-
Total	517.01	-

30. Other income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit on sale of trade mark*	349.51	-
Profit on sale of equity shares of subsidiary*	561.73	-
Miscellaneous income	29.12	27.74
Total	940.36	27.74

*Refer Note 43 (Related Party Disclosure)

31. Finance costs

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On financial liabilities measured at amortised cost		
Interest on borrowings (other than debt securities)	1,919.72	334.26
Interest on debt securities*	2,207.04	447.10
Interest on subordinated liabilities	7.56	15.00
Interest on lease liability	25.75	7.00
Others	106.40	5.28
Total	4,266.47	808.64

*Includes amount paid to related parties, refer note 43.

32. Fees and commission expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Fees to service provider	72.65	17.89
Others - Collection Cost	86.89	5.77
Total	159.54	23.66

33. Net loss on derecognition of financial instruments under amortised cost category

	For the year ended 31 March 2023	For the year ended 31 March 2022
Loss on sale of loan portfolio	-	1.64
Total	-	1.64

Notes forming part of the Standalone Financial Statements

34. Impairment on financial instruments

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Loans written off *	1,082.35	793.75
Impairment allowance on financial assets under amortised cost	2,636.63	615.16
Impairment allowance on financial assets measured at fair value through other comprehensive income	-	-
Impairment allowance on investments	(164.18)	(8.51)
Investments written off	138.31	-
Total	3,693.10	1,400.40

*Net off recoveries from bad debts written off cases ₹ 234.71 millions (March 31, 2022: ₹ 87.01 millions).

35. Employee benefits expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries, wages and bonus	699.07	398.95
Contribution to provident and other funds	23.00	10.63
Gratuity expense (refer note 42)	8.94	5.37
Compensated absences	(1.15)	3.42
Employee share-based payment expense (refer note 46)	76.16	57.54
Staff welfare expenses	39.00	20.88
Total	845.02	496.79

36. Depreciation and amortisation expense

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation on tangible assets (refer note 12)	36.41	1.69
Amortisation on intangible assets (refer note 13)	0.03	0.05
Amortisation on Right of Use assets	44.59	20.41
Total	81.04	22.15

37. Other expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Rent and electricity charges	51.70	23.96
Customer onboarding and verification	338.94	287.47
Business Support Services	87.97	31.38
Traveling and conveyance	12.95	2.48
Communication costs	5.71	1.62
Repairs and maintenance	10.21	6.68
Software support charges	1,636.70	406.50
Legal and professional charges	419.79	158.92
Auditors' remuneration (refer note 37A)	12.98	6.08
Rates and taxes	20.47	7.91
Advertisement expenses	6.14	1,771.69
Director's sitting fees	9.81	5.01
Office and general expenses	18.02	8.76
Corporate social responsibility expenses (refer note 38)	4.01	9.16
Royalty Fees	39.53	-
Miscellaneous expenses	71.33	4.38
Total	2,746.26	2,732.00

Notes forming part of the Standalone Financial Statements

37A Auditor fees and expenses comprises of:

	For the year ended 31 March 2023	For the year ended 31 March 2022
As auditor:		
- Statutory audit and limited review fees	6.27	5.21
- Tax audit fees	-	0.22
- Special purpose audit fees	5.45	-
- Out of pocket	-	-
In any other manner:		
- Certification	0.71	0.65
Previous Auditor		
- Statutory audit and limited review fees	0.55	-

38. Corporate social responsibility expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
a) Gross amount required to be spent by the Company during the period as per section 135 of the Companies Act, 2013 read with Schedule VII	3.92	-
b) Amount spent during the period on :		
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above	4.01	5.50
c) Excess at the end of the period	(0.28)	-
d) Total of previous periods shortfall at the end of the period	-	-
e) excess amount to be spent :		
Opening balance	0.19	3.85
Amount spent during the period	4.01	5.50
Amount required to be spent during the period	3.92	9.16
Amount utilised towards CSR obligation for the period ended ended	3.92	9.35
f) Closing balance	0.28	0.19

There are no ongoing projects/CSR projects as at the reporting date to be reported under section 135(5)/section 135(6). There are no excess CSR expenditure under section 135(5).

39. Tax expense

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax	543.99	-
Deferred tax	(264.07)	(217.27)
Tax relating to earlier years	(20.69)	-
Total	259.23	(217.27)

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:

	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit/(Loss) before tax	1,979.09	(886.35)
Income tax rate	25.17%	25.17%
Expected income tax expense	498.10	(223.08)
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense		

Notes forming part of the Standalone Financial Statements

	For the year ended 31 March 2023	For the year ended 31 March 2022
Tax on expense not eligible for deduction	1.00	2.30
Tax Impact on Exempted Income	(229.34)	-
Others	(10.53)	3.51
Total income tax expense	259.23	(217.27)

40. Earnings per equity share (basic and diluted)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit/(Loss) for the year	1,719.86	(669.08)
Weighted-average number of equity shares for basic EPS (in millions)	255.17	169.70
Weighted-average number of potential equity shares for diluted EPS (in millions)	256.53	169.70
Earnings per share – Basic	6.74	(3.94)
Earnings per share – Diluted	6.71	(3.94)
Face Value per share	10.00	10.00

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

	For the year ended 31 March 2023	For the year ended 31 March 2022
The principal amount due thereon remaining unpaid to any supplier as at the year end.	11.18	0.70
The interest amount due thereon remaining unpaid to any supplier as at the year end.	-	-
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 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 year end.	-	-
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.	-	-

42. 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 ₹ 22.70 millions (31 March 2022: ₹ 10.6 millions) for Provident Fund contributions and ₹ 0.3 millions (31 March 2022: ₹ 0.03 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.

Notes forming part of the Standalone Financial Statements

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 Defined Benefit Plan of company is unfunded.

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 and other comprehensive income in respect of the defined benefit plan are as follows :

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Amount recognised in the statement of profit and loss		
Current service cost	13.08	4.34
Interest cost (net)	0.47	0.32
Transfer out	(4.61)	0.71
Amount recognised in the statement other comprehensive income		
Actuarial loss/(gain) recognised during the year	6.35	(1.76)
Amount recognised in the statement of profit and loss and other comprehensive income	15.29	3.61
Defined benefit plans		
Gratuity	25.71	6.51

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

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

Description	As at 31 March 2023	As at 31 March 2022
Present value of defined benefit obligation as at beginning of the year	6.51	5.20
Current service cost (Includes cost peratining to transferred employees)	13.08	5.05
Interest cost	0.47	0.32
Transfer out	-	(0.71)
Benefits paid	(0.70)	(1.59)
Actuarial (gain)/loss	6.35	(1.76)
Present value of defined benefit obligation as at the end of the year	25.71	6.51

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

Description	As at 31 March 2023	As at 31 March 2022
Fair value of plan assets as at 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	-	-

Notes forming part of the Standalone Financial Statements

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

Description	As at 31 March 2023	As at 31 March 2022
Present value of funded obligation as at the end of the year	25.71	6.51
Fair value of plan assets as at the end of the year	-	-
(Unfunded)/funded net liability recognized in balance sheet	(25.71)	(6.51)

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

Description	As at 31 March 2023	As at 31 March 2022
Actuarial loss/ (gain) on assets	-	-
Actuarial (gain) / loss on liabilities	-	-
Actuarial (gain) / loss from change in demographic assumption	-	-
Actuarial (gain) / loss from change in financial assumption	0.99	-
Actuarial (gain) / loss from experience adjustment	5.36	(1.76)
Total actuarial (gain) / loss	6.35	(1.76)

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

Description	As at 31 March 2023	As at 31 March 2022
Discount rate	7.34%	7.55%
Rate of increase in compensation levels	10.00%	10.00%
Rate of employee turnover	5.00%	5.00%
Retirement age	60	60

Notes to actuarial assumptions:

- Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.
- 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.
- 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.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(vii) Sensitivity analysis for gratuity liability

Particulars	As at 31 March 2023	As at 31 March 2022
Impact of change in discount rate		-
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(3.79)	(0.98)
- Impact due to increase of -100 basis points	4.71	1.22
Impact of change in salary increase		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	3.34	0.95
- Impact due to increase of -100 basis points	(2.94)	(0.84)

Notes forming part of the Standalone Financial Statements

Particulars	As at 31 March 2023	As at 31 March 2022
Impact of change in attrition rate		
Present value of obligation at the end of the year		
- Impact due to increase of +100 basis points	(1.24)	(0.37)
- Impact due to increase of -100 basis points	1.39	0.42

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	As at 31 March 2023	As at 31 March 2022
Within next 12 months	0.07	0.01
Between 1-5 years	0.27	6.50
Beyond 5 years	25.37	-

(ix) Expected future payouts(Discounted):

Description	As at 31 March 2023	As at 31 March 2022
Year I	0.07	0.01
Year II	0.07	0.01
Year III	0.07	0.01
Year IV	0.07	0.01
Year V	0.07	0.01
Year 6-10	0.35	0.05
Above 10 years	25.02	6.41

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

- Adverse salary growth
- Variability in mortality rates
- Variability in withdrawal rates

Notes forming part of the Standalone Financial Statements

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.

Disclosure for Compensated absences

(i) Amount recognised in the balance sheet

	As at 31 March 2023	As at 31 March 2022
Compensated absences	20.29	14.10

- The Company has not funded its Compensated Absences liability and the same continues to remain as unfunded as at March 31, 2023.
- The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
- Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.

43. Related parties disclosures

Names of related parties

Table 1 (As per Ind AS)

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 under common control	Navi AMC Limited ("Navi AMC")
	Navi General Insurance Limited ("Navi GI")
	Navi Mutual Fund
"Entities in which Directors are able to exercise control or have significant influence"	Flipkart Online Services Private Limited
Name of key managerial personnel	Designation
Mr. Sachin Bansal (Ultimate Controlling Party)	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)
Ms.Riya Bhattacharya	CEO (resigned w.e.f 11 February 2022)
Mr. Ankit Surana	CFO (appointed w.e.f 25 April 2023)
Mr. Divyesh Jain	CFO (w.e.f 12 November 2021 to 24 April 2023)
Mr. L N Gurumoorthy	CFO (resigned w.e.f 12 November 2021)
Mr. Samit Shankar Shetty	Non- Executive Director (resigned w.e.f 30 August 2021)

Notes forming part of the Standalone Financial Statements

Transactions with related parties

Name of related party	Nature of transaction	*For the year ended 31 March 2023	*For the year ended 31 March 2022
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Redemption of Non convertible debentures	3,500.00	7,520.00
	Face value of equity shares allotted	1,066.67	133.33
	Securities premium received on allotment of shares	6,933.33	866.67
	Issue of Compulsory convertible debenture	1,500.00	-
	Software support charges	1,636.65	406.17
	Loan sourcing fee	2,555.06	607.04
	Outsourcing services fees	87.97	31.38
	Sale of Trade Mark	349.50	-
	Sale of investment in debenture	-	996.94
	Interest paid on Compulsory convertible debenture	12.49	-
	Interest paid on non convertible debenture	40.61	-
	Sale of equity investment in CIFCPL	1,814.58	-
	Sale of Pass through certificates	1,055.70	-
	Lease rental	25.00	21.36
	Maintenance charges	-	1.03
	Insurance cross charge by NTL	-	0.90
	Reimbursement expenses cross charge to NTL	15.98	99.81
	Security deposit paid	-	174.0
	Employee cost (net) cross charged by NTL for transferred employees.	14.86	21.69
	ESOP funding scheme	15.44	11.48
	ESOP expense	76.16	57.54
	Royalty fee	39.53	-
Navi General Insurance Limited	Advance money paid for customer insurance policies	40.02	44.54
	Premium for issuance of customer insurance policies	33.39	43.93
	Advertisement expenses cross charged to Navi GI	-	21.29
	ESOP funding scheme cross charge to Navi GI	(0.16)	-
	ESOP expense cross charge to Navi GI	1.06	-
	Rent cross charge to Navi GI	0.26	-
	Subscription of Public Debt by Navi GI-Interest	0.45	-
	Employee cost cross charged to Navi Navi GI for transferred employees	0.44	4.31
Navi AMC Limited	Rent cross charge to Navi AMC	0.13	-
	Employee cost cross charged to Navi AMC for transferred employees	0.42	-
	ESOP funding scheme cross charge to Navi AMC	0.38	-
	ESOP expense cross charge to Navi AMC	1.58	-
	Advertisement expenses cross charged to Navi AMC	-	14.46
Navi Mutual Fund	Purchase of Mutual funds	-	879.96
	Sale of Mutual funds	229.99	769.30

Notes forming part of the Standalone Financial Statements

Name of related party	Nature of transaction	*For the year ended 31 March 2023	*For the year ended 31 March 2022
Chaitanya India Fin Credit Private Limited	Investment in equity shares	1,750.00	-
	Portfolio collections on buyout portfolio	1,558.80	-
	Payment of portfolio collections on buyout portfolio	214.50	-
	Purchase consideration for buyout of loan portfolio	-	1,674.13
	Subscription of debenture	229.40	-
	Redemption of debenture	102.03	-
	Inter Corporate loan given	950.00	550.00
	Inter Corporate loan repaid	950.00	550.00
	Sale of investment in pass through certificates	-	6769
	Payment of portfolio collections	4.35	-
	Interest received on inter company loan	5.52	0.35
Mr. Sachin Bansal	Loan advanced to director	0.60	-

* Includes GST paid on expenses to the extent ITC has not been claimed

Remuneration to KMPs

Name of related party	Nature of transaction	For the year ended 31 March 2023	For the year ended 31 March 2022
Ms.Riya Bhattacharya	Remuneration	-	15.40
Mr.Divyesh Jain	Remuneration	8.94	4.04
Mr.L N Gurumoorthy	Remuneration	-	7.05

Outstanding balances with related parties:

Name of related party	Nature of transaction	*For the year ended 31 March 2023	*For the year ended 31 March 2022
Chaitanya India Fin Credit Private Limited (CIFCPL)	Outstanding (payable)/receivable	(0.49)	(1.63)
	Trade Payable	-	-
	Other Payable	(0.49)	-
	Outstanding Receivable –financial activity	10.66	167.81
	Investment in CIFCPL	3,758.55	3,261.40
	Subscription of debenture by CIFCPL	127.39	-
Navi Mutual Fund	Mutual fund holdings	-	231.41
Navi AMC Limited	Outstanding receivable	0.13	-
	Outstanding (payable)	(2.45)	-
	Trade Payable	-	-
	Other Payable	(2.45)	-
Navi General Insurance Limited	Outstanding receivable	0.30	1.41
	Balance outstanding against advances paid for issuance of policies	8.19	1.58
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Outstanding (payable)	(675.77)	(610.24)
	Trade Payable	(403.44)	-
	Other Payable	(272.33)	-

Notes forming part of the Standalone Financial Statements

Name of related party	Nature of transaction	*For the year ended 31 March 2023	*For the year ended 31 March 2022
	Outstanding receivable	41.61	-
	Non-convertible debentures	(3,000.56)	(6,500.56)
	Equity component of Compulsory - convertible debentures	1,129.22	
	Debt component of Compulsory - convertible debentures	361.46	-
	Provision for employee benefits (ESOP expense)	(105.50)	(18.95)

* Includes GST paid on expenses to the extent ITC has not been claimed

Table 2 (In addition to Table 1, following are the related parties as per sec 2(76) of The Companies Act, 2013)

Table 1 (As per Ind AS)

Nature of relationship	Name of the related party
Company Secretary	Mr.Puneet Bhatia (upto 7 September 2022)
Company Secretary	Mr. Anuj Arora (upto 25 April 2023)
Company Secretary	Ms. Dimple J Shah (upto 7 January 2022)
Company Secretary	Mr. Thomas Joseph (w.e.f. 26 April 2023)
Independent Director	Mr. R Sridharan
Independent Director	Mr.Arindam Haraprasad Ghosh
Independent Director	Ms. Usha A Narayanan

Name of related party	Nature of transaction	For the year ended 31 March 2023	For the year ended 31 March 2022
Mr.Puneet Bhatia	Remuneration	0.49	0.23
Mr. Anuj Arora	Remuneration	3.81	-
Ms. Dimple J Shah	Remuneration	-	1.21
Mr. R Sridharan	Sitting fees*	3.50	2.62
Ms. Usha A Narayanan	Sitting fees*	2.70	2.40
Mr.Arindam Haraprasad Ghosh	Sitting fees*	2.80	-

* Includes GST paid on expenses to the extent ITC has not been claimed

Notes forming part of the Standalone Financial Statements

44. 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 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	3,092.57	-	3,092.57	3,744.88	-	3,744.88
Bank balances other than cash and cash equivalents	1,919.55	1,716.69	3,636.24	992.67	130.81	1,123.48
Derivative financial instruments	-	-	-	1.47	-	1.47
Loans	30,619.36	33,075.83	63,695.19	15,994.12	11,920.29	27,914.41
Investment	6,129.86	-	6,129.86	3,250.75	3,371.55	6,622.30
Other financial assets	2,697.39	68.25	2,765.64	1,133.68	32.20	1,165.88
Non-financial assets						
Current tax assets (net)	-	-	-	-	161.54	161.54
Deferred tax asset (net)	-	734.00	734.00	-	470.24	470.24
Property, plant and equipment	-	67.95	67.95	-	4.99	4.99
Other intangible assets	-	-	-	-	0.03	0.03
Right to use asset	102.77	711.95	814.72	-	122.46	122.46
Other non-financial assets	251.31	282.66	533.97	69.56	2.06	71.62
Total	44,812.81	36,657.33	81,470.14	25,187.13	16,216.17	41,403.30
Liabilities						
Financial liabilities						
Trade payables payables	-	-	-	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	11.18	-	11.18	0.70	-	0.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	740.26	-	740.26	862.18	-	862.18
Debt securities	21,560.51	5,011.64	26,572.15	10,533.23	9,578.03	20,111.26
Borrowings (other than debt securities)	16,487.49	14,467.04	30,954.53	5,109.79	2,906.23	8,016.02
Subordinated liabilities	-	99.64	99.64	-	99.47	99.47
Lease Liability	48.05	809.07	857.12	29.77	103.47	133.24
Other financial liabilities	2,833.71	-	2,833.71	194.28	-	194.28
Non financial liabilities						
Current tax liabilities (net)	108.21	-	108.21	-	-	-
Provisions	114.75	46.01	160.76	7.49	39.04	46.53
Other non financial liabilities	192.49	-	192.49	87.01	-	87.01
Total	42,096.65	20,433.40	62,530.05	16,824.45	12,726.24	29,550.68

Notes forming part of the Standalone Financial Statements

45. Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

	As at 31 March 2023	As at 31 March 2022
a. In respect of Income tax demands where the Company has filed appeal before the relevant authority.	11.00	57.18
Total	11.00	57.18

- The Company is of the opinion that for the above demands, based on the management estimate no significant liabilities are expected to arise.
- It is not practicable for the Company to estimate the timing of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.
- The Company does not expect any reimbursement in respect of the above contingent liabilities.
- Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/ authorities.

(B) Commitments not provided for

Particulars	As at 31 March 2023	As at 31 March 2022
Housing loans sanctioned pending disbursement	4,411.09	122.60

(C) Note for Co-Lending - Second Loss Guarantee

The company has provided second loss guarantee in relation to its co-lending business based on trigger of certain events as per the underlying agreements, the timing for the invocation of such second loss guarantee as well as the amount is currently undeterminable as it is dependent on future events. Based on the assessment made by the company no events triggering this during the year were noted.

(D) Lease disclosures

Particulars	As at 31 March 2023	As at 31 March 2022
Opening lease liabilities	133.24	15.13
Addition to lease liabilities during the year	780.82	127.90
Lease termination	(43.64)	-
Gain on lease modification	(4.44)	-
Interest expense on Lease liabilities	25.75	7.00
Cash outflow for leases	(34.61)	(16.79)
Closing lease liabilities	857.12	133.24

Particulars	As at 31 March 2023	As at 31 March 2022
Opening value of right of use assets	122.46	14.97
Addition to lease assets during the year	780.82	127.90
Lease termination	(43.97)	-
Less: Depreciation charge for the year	(44.59)	(20.41)
Closing lease Assets	814.72	122.46

Notes forming part of the Standalone Financial Statements

Amounts recognised in statement of profit or loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation charge on right of use assets	44.59	20.41
Interest on lease liabilities	25.75	7.00
Total	70.34	27.41

Amounts recognised in the statement of cash flows

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Amortisation on right of use assets	44.59	20.41
Interest on lease liabilities	25.75	7.00
Payment towards lease liabilities	34.61	(16.79)
Total	104.95	10.62

Maturity analysis of lease liabilities

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Within one year	48.05	29.77
After one year but not more than five years	282.52	103.47
More than five years	526.55	-
Total	857.12	133.24

Particulars	As at 31 March 2023	As at 31 March 2022
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	9	10
Range of remaining term	15-113 Months	21-58 Months
Average remaining lease term	48 months	34 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

46. 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.

Notes forming part of the Standalone Financial Statements

Under the plan, participants have been granted options which will vest as follows:

Scheme	Vesting Conditions	Exercise year	Exercise Price / Ratio	Other conditions
"Employee Share-option Plan (ESOP), 2019"	Vested in a graded manner over a year of 4 years.	Employees can exercise the vested options anytime post vesting of the options.	₹ 10/-Options :Shares =1:1	Options are exercisable in one or more tranches within a year of 10 years from the date of vesting, failing which the options shall lapse.

Details of ESOP plan

Pursuant to the plan, the Holding Company has granted 34,96,553 ESOPs to the employees of the Company during the year ended 31 March 2023. Outstanding options as on 31 March 2023 are 1,65,47,159.

For the year ended 31 March 2023 the Company has recorded stock compensation expenses of ₹ 76.16 millions (31 March 2022 ₹ 57.54 millions) which has been transferred by Holding Company.

Particulars	As at 31 March 2023	As at 31 March 2022
Options outstanding at the beginning	1,05,65,370	74,40,290
Granted during the year	34,96,553	79,32,700
Lapsed during the year	(27,66,609)	(6,10,580)
Transfer (to)/in during the year ended (net)	52,51,845	(41,97,040)
Options outstanding at the end	1,65,47,159	1,05,65,370

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	As at 31 March 2023	As at 31 March 2022	As at 31 March 2022
Fair value of the equity share as on grant date	38.31	38.22	38.20
Fair value of option as on grant date	30.49	30.98	30.81
Expected volatility (%)	30.8%-36.1%	30.1%	29.6%
Dividend yield (%)	0.0%	0.0%	0.0%
Risk-free interest rate (%)	6.6%-6.9%	6.4%	5.9%
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.

Notes forming part of the Standalone Financial Statements

47. Fair value measurement

47.1 Financial assets and liabilities

The financial instruments by category are as follows:

Particulars	Level	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Financial assets measured at fair value				
Through Profit & Loss				
Investments	Level 1	8	6,129.86	2,631.24
Through OCI				
Loans	Level 3	7	8,241.02	-
Financial assets measured at amortised cost				
Loans	Level 3	7	59,669.05	29,492.66
Investments	Level 3	8	-	729.66
Total			74,039.93	32,853.56
Financial liabilities measured at amortised cost				
Debt securities	Level 2	16	26,572.15	20,111.26
Borrowings (other than debt securities)	Level 2	17	30,954.53	8,016.02
Subordinated liabilities	Level 2	18	99.64	99.47
Total			57,626.32	28,226.75

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. Hence not considered in the above disclosure.

47.2 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	Level	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
Level 1 (Quoted prices in active market)				
Financial assets measured at FVTPL				
Investments in bonds, debentures and government securities			6,069.09	2,293.22
Investments in mutual funds			60.77	338.02
Derivative financial instruments			-	1.47
Total			6,129.86	2,632.71
Level 3 (Based on unobservable Inputs)				
Loans (Fair value through OCI)			8,241.02	-
Total			8,241.02	-

Notes forming part of the Standalone Financial Statements

Particulars	Basis of Valuation	For the year ended 31 March 2023	For the year ended 31 March 2022
Loans (Fair value through OCI)	Based on the discounted cashflow.	8,241.02	-

Particulars	As at 31 March 2023	As at 31 March 2022
Opening Balance	-	-
Purchase	-	-
Sale	-	-
Issuances	-	-
Settlements	-	-
Transfers to level 3	8,241.02	-
Transfers from level 3	-	-
Net interest income, net trading income and other income	-	-
Other comprehensive income	-	-
Closing	8,241.02	-

Sensitivity of fair value measurements to changes in discounting rate by 1%

Particulars	As at 31 March 2023	As at 31 March 2022
Loans (Fair value through OCI)	76.29	-
Total	76.29	-

47.3 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 2023		As at 31 March 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Loans	59,669.05	60,608.19	29,492.66	22,986.11
Investments	-	-	729.66	729.66
Total financial assets	59,669.05	60,608.19	30,222.32	23,715.77
Financial liabilities:				
Debt securities	26,572.15	23,837.65	20,111.26	18,420.73
Borrowings (other than debt securities)	30,954.53	31,788.16	8,016.02	7,549.53
Subordinated liabilities	99.64	108.54	99.47	75.21
Total financial liabilities	57,626.32	55,734.35	28,226.75	26,045.47

47.4 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.

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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.

48. 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, liquidity risk, market risk and interest rate risk. The Company has a robust financial risk management policy and framework in place to identify, evaluate, manage and mitigate various risks associated with its financial assets and financial liabilities 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 changes to the risk profile. Any change in the Company's risk management objectives and policies need 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 these risks and the related impact on financials.

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, borrower indebtedness limits, credit limits and collaterals taken for assets, wherever applicable
Liquidity risk	Financial liabilities	Cash flow forecasts	Raising money from primary secondary debt instruments, other credit facilities and sale of loan assets (whenever required)
Market risk - interest rate	Investments, borrowings, debt securities, Derivative Financial Instrument 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.

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48.1 Credit risk

A. 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 primary strategy is focused on lending to retail customers and therefore credit risk is the principal risk associated with the business.

The risk management framework of the Company seeks to have following controls objective 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

B. 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. The Company continuously monitors defaults of customers and other counterparties and incorporates this information into its credit risk controls.

48.1.1 Risk identification

Credit risk may originate in one or multiple of following ways mentioned below:

- Adverse selection of target market for undertaking lending activity
- Gap in credit assessment of borrower's credit worthiness
- Inability to accurately map the underlying credit risk to the parameters of the sanctioned loan
- Over-borrowing by customers

- Over-concentration in any geography/zone/customer segment 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

48.1.2 Risk assessment and measurement

The Company assesses and manages credit risk based on characteristics of underlying financial instruments.

48.1.3 Risk monitoring

Monitoring and follow up is an essential element in the overall risk management framework and is taken up 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. These investments are reviewed by the Finance Committee 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. Key performance indicators are continuously generated through monitoring alerts in the loan origination flow and post disbursement flow to highlight areas requiring

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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

- 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 scoring, 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 collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Appropriate policy-driven loan origination and collection process.

48.1.4 Risk mitigation

Risk mitigation or risk reduction is defined as the process of reducing risk exposures and/or minimizing the likelihood of incident occurrence.

Loans

The Company has created mechanisms for underwriting credit for digital personal loans and housing loans. The following risk mitigation measures are incorporated at each stage of the loan life cycle:

- loan origination - profile/income selection, document verification process, KYC checks, creditworthiness checks based on CIBIL, fraud database checks, device data
- loan underwriting - risk rating scoring, 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 collection and recovery - monitor repayments, days past due review, DPD stagewise collection framework
- Appropriate policy-driven loan origination and collection process.

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.

48.1.5 Impairment assessment

Investments

All investments are carried at fair value through profit and loss. Any mark to market movement is directly recognised in Statement of Profit and Loss.

Loans

The Company is engaged in the business of providing loans and access to credit to the customers. The tenure of which is upto 84 months for its personal loan product and upto 30 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).

Definition of default

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.

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 unlikelihood 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 upgradation from stage 3 when when the entire arrears of interest and principal has been paid for all facilities availed.

The Company's staging criteria for loans are as follows:

Stages	Days past due (DPD)
Stage 1	No over due
Stage 1	DPD 1 to 30
Stage 2	DPD 31 to 60
Stage 2	DPD 61 to 89
Stage 3	DPD > 89

Notes forming part of the Standalone Financial Statements

Forward looking approach

ECL is based on history of financial asset and also includes forward-looking statement covering the following

- 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
- Systemic events such as COVID-19 pandemic.

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.

$$\text{ECL} = \text{PD} \times \text{LGD} \times \text{EAD}$$

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.

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.

Expected credit losses for financial assets other than loans

31 March 2023	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	3,092.57	-	3,092.57
Bank balance other than cash and cash equivalents	3,636.24	-	3,636.24
Investments	6,129.86	-	6,129.86
Other financial assets	2,765.64	-	2,765.64
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	3,525.08	164.18	3,360.90
Other financial assets	1,165.88	-	1,165.88

The company has not provided ECL on cash and cash equivalents, bank balance other than cash and cash equivalents as these instruments are short term in nature and there is no history of defaults in the past. Also there has not been any changes in the credit rating of these custodians.

Notes forming part of the Standalone Financial Statements

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 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Days past Due								
No Over Due	64,387.60	-	-	64,387.60	28,781.06	-	-	28,781.06
DPD 1 to 30	1,072.20	-	-	1,072.20	216.34	-	-	216.34
DPD 31 to 60	-	956.32	-	956.32	-	185.26	-	185.26
DPD 61 to 89	-	337.99	-	337.99	-	51.95	-	51.95
DPD > 89	-	-	1,155.96	1,155.96	-	-	258.05	258.05
Total	65,459.80	1,294.31	1,155.96	67,910.07	28,997.40	237.21	258.05	29,492.66

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 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	28,997.40	237.21	258.05	29,492.66	5,674.55	306.82	279.26	6,260.63
New assets originated	58,939.98	1,094.73	832.65	60,867.36	28,219.98	160.67	109.77	28,490.42
Movement between stages								
Transferring from Stage 1	(886.92)	360.71	526.20	-	(413.94)	166.54	247.40	-
Transferring from Stage 2	3.98	(16.66)	12.68	-	6.59	(20.08)	13.49	-
Transferring from Stage 3	0.41	0.15	(0.55)	-	1.70	0.56	(2.26)	-
Assets repaid, derecognized and written off	(21,595.05)	(381.83)	(473.07)	(22,449.95)	(4,491.48)	(377.30)	(389.61)	(5,258.39)
Gross carrying amount - closing balance	65,459.80	1,294.31	1,155.96	67,910.07	28,997.40	237.21	258.05	29,492.66

Notes forming part of the Standalone Financial Statements

Overdue greater than 90 days as on March 31, 2023

No. of cases	Principal outstanding as at March 31, 2023	Total outstanding as at March 31, 2023
47,915	1,155.96	1,273.96

Reconciliation of ECL balance on loans is given below:

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	1,174.30	157.15	246.80	1,578.25	522.00	189.62	255.52	967.14
New assets originated	2,014.90	862.23	685.92	3,563.05	1,142.13	108.57	105.33	1,356.03
Movement between stages								
Transfers to Stage 1	(41.85)	16.27	25.58	-	(45.75)	17.35	28.40	-
Transfers to Stage 2	2.67	(9.99)	7.32	-	4.01	(12.51)	8.50	-
Transfers to Stage 3	0.36	0.10	(0.46)	-	1.66	0.55	(2.21)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(901.80)	(14.02)	(10.60)	(926.42)	(449.75)	(146.43)	(148.74)	(744.92)
Impairment allowance - closing balance	2,248.58	1,011.74	954.56	4,214.88	1,174.30	157.15	246.80	1,578.25

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 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Days past Due	-	-	-	-	-	-	-	-
DPD 1 to 30	-	-	-	-	238.03	-	-	238.03
DPD 31 to 60	-	-	-	-	-	-	-	-
DPD > 89	-	-	-	-	-	-	164.15	164.15
Total	-	-	-	-	238.03	-	164.15	402.18

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 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	238.03	-	164.15	402.18	2,113.19	-	227.44	2,340.63
New assets originated *	1,055.06	-	-	1,055.06	-	-	-	-
Movement between stages								
Transferring from Stage 1	-	-	-	-	-	-	-	-
Transferring from Stage 2	-	-	-	-	-	-	-	-

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Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Transferring from Stage 3	-	-	-	-	-	-	-	-
Assets repaid, derecognized and written off	(1,293.09)	-	(164.15)	(1,457.24)	(1,875.16)	-	(63.29)	(1,938.45)
Gross carrying amount- closing balance	-	-	-	-	238.03	-	164.15	402.18

Note: New assets originated is presented net of repayments made

Reconciliation of ECL balance on investments is given below:

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	0.03	-	164.15	164.18	2.11	-	170.58	172.69
New assets originated	-	-	-	-	-	-	-	-
Movement between stages								
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(0.03)	-	(164.15)	(164.18)	(2.08)	-	(6.43)	(8.51)
Impairment allowance - closing balance	-	-	-	-	0.03	-	164.15	164.18

Note: New assets originated is presented net of repayments made.

48.1.6 Movement in relation to Restructured Accounts

Particulars	Amount	ECL
Balance as at 1 April 2022	-	-
Add: Restructured Accounts during the year	7.58	7.32
Less: Upgradations during the year	-	-
Balance as at 31 March 2023	7.58	7.32

48.2 Liquidity risk and funding management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities

48.2.1. 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:

Notes forming part of the Standalone Financial Statements

Maturity pattern of liabilities as on 31 March 2023:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial liabilities					
Trade payables	740.35	11.09	-	-	751.44
Debt securities	21,560.51	4,112.64	-	-	25,673.15
Borrowings	20,742.20	14,181.75	285.29	-	35,209.24
Subordinated liabilities	15.04	112.37	-	-	127.41
Lease liability	48.05	132.37	150.15	526.55	857.12
Other financial liabilities	2,833.71	-	-	-	2,833.71
Total financial liabilities	45,939.86	18,550.22	435.44	526.55	65,452.07

Maturity pattern of 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 liabilities					
Trade payables	862.88	-	-	-	862.88
Debt securities	10,533.23	9,278.63	299.40	-	20,111.26
Borrowings	5,109.79	2,753.29	152.94	-	8,016.02
Subordinated liabilities	-	99.47	-	-	99.47
Lease liability	29.77	103.47	-	-	133.24
Other financial liabilities	194.28	-	-	-	194.28
Total financial liabilities	16,729.95	12,234.86	452.34	-	29,417.15

48.3 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 factors. 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. 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 and floating rate of interest and the Company is in a position to pass on the rise in interest rates to its borrowers.

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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 2023	Effect on Statement of Profit and loss for the year ended 31 March 2022
0.50% increase	46.82	106.90
0.50% decrease	(46.82)	(106.90)

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 2023	As at 31 March 2022
Investments carried at FVTPL valued using quoted prices in active market	6,129.86	2,631.24

Particulars	Effect on Statement of Profit and loss for the year ended 31 March 2023	Effect on Statement of Profit and loss for the year ended 31 March 2022
1% increase	61.30	26.31
1% decrease	(61.30)	(26.31)

49. Segment reporting

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Company. The Company operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single external customer amounted to 10% or more of the Company's total revenue in year ended 31st March, 2023 or 31st March, 2022

50. Transferred financial assets that are not derecognised in their entirety

During the period, the Company has securitisation with various parties. Under such arrangements, the company has transferred a pool of loans, which does not fulfil the derecognition criteria specified under IndAS 109 as the company has concluded that risk and rewards with respect to these assets are not substantially transferred. Following such transfer, the Company's involvement in these assets as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties.

Notes forming part of the Standalone Financial Statements

A. The value of Financial assets and liabilities as on :

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Carrying amount of transferred assets measured at amortised cost	13,854.77	1,841.06
Carrying amount of Associated liabilities	12,004.89	1,839.99
Fair value of assets	12,679.23	1,841.06
Fair value of associated liabilities	13,533.66	1,839.99

- B. The Company has transferred certain loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Company's balance sheet. The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/ (loss) on derecognition, per type of asset.

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Carrying amount of de-recognised financial asset	-	-
Carrying amount of Retained Assets at amortised cost	740.40	-
Gain on sale of the de-recognised financial asset	517.01	-

51. Expenditure in foreign currency

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Advertisement expenses	-	6.98
Membership and subscription fee	1.68	-

52. Trade payables aging schedule

As at 31 March 2023

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	
(i) MSME	11.18	-	-	-	11.18
(ii) Others	729.17	11.09	-	-	740.26
iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-

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	
(i) MSME	0.70	-	-	-	0.70
(ii) Others	862.18	-	-	-	862.18
iii) Disputed dues – MSME	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-

Notes forming part of the Standalone Financial Statements

53. Additional Regulatory Information

53.1 Details of benami property held

No proceedings have been initiated on or are pending against the company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

53.2 Borrowing secured against current assets

The company has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the company with banks and financial institutions are in agreement with the books of accounts.

53.3 Wilful defaulter

The company has not been declared wilful defaulter by any bank or financial institution or other lender.

53.4 Relationship with struck off companies

The company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

53.5 Compliance with number of layers of companies

The company has complied with the number of layers prescribed under the Companies Act, 2013, read with the Companies (Restriction on number of Layers) Rules, 2017.

53.6 Compliance with approved scheme(s) of arrangements

The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

53.7 Utilisation of borrowed funds and share premium

- i. The company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall
 - a. 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
 - b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
- i. 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:
 - a. 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
 - b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries"

53.8 Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account

53.9 Valuation of PP&E, right-of-use assets, intangible asset and investment property

The company has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

53.10 Title deeds of immovable properties not held in name of the company

The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in note 45(D) to the financial statements, are held in the name of the company.

53.11 Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

53.12 Utilisation of borrowings availed from banks and financial institutions

The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were taken.

53.13 There are no investment properties as on 31 March, 2023.

53.14 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.

53.15 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.

53.16 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

53.17 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

53.18 Previous year figures have been regrouped/ reclassified wherever applicable

DISCLOSURE PURSUANT TO RBI NOTIFICATION RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

54. Disclosure on ratios

Particulars	As at 31 March 2023	As at 31 March 2022
CRAR (%)	28.37%	30.73%
CRAR – Tier I capital (%)	27.19%	29.73%
CRAR – Tier II capital (%)	1.18%	1.00%

55. Asset Liability Management Maturity pattern of certain items of assets and liabilities:-

As at 31 March 2023

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	2,869.78	1,567.48	1,885.33	4,474.22	2,724.09	10,053.39	18,950.36	14,222.01	879.66	-	57,626.32
Assets											
Loans	1,115.76	881.37	2,175.79	3,793.38	3,460.92	8,698.03	10,494.12	19,918.46	5,420.46	7,736.90	63,695.19
Investments	6,129.86	-	-	-	-	-	-	-	-	3,758.55	9,888.41

*Amounts disclosed as per the behaviouralised pattern for Unsecured Loan portfolio and borrowings.

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	2,869.78	1,567.48	1,870.46	4,516.56	2,663.35	9,908.46	18,787.69	14,531.70	910.84	-	57,626.32
Assets											
Loans	2,596.88	722.84	1,763.39	2,563.06	2,808.94	7,706.14	10,661.42	22,757.34	6,870.87	5,244.31	63,695.19
Investments	6,129.86	-	-	-	-	-	-	-	-	3,758.55	9,888.41

^Based on Contractual pattern.

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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

DISCLOSURE PURSUANT TO RBI NOTIFICATION RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/O3.10.119/2016-17 dated September 01, 2016 (cont'd) and Public disclosure on liquidity risk in accordance with Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies as per RBI Circular dated RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/O3.10.001/2019-20 dated November 4, 2019

56. Liquidity Coverage Ratio

LCR Disclosure Template (Appendix I)

Particulars	Q1 FY23		Q2 FY23		Q3 FY23		Q4 FY23	
	Total Unweighed Value (Average)	Total Weighted Value (Average)	Total Unweighed Value (Average)	Total Weighted Value (Average)	Total Unweighed Value (Average)	Total Weighted Value (Average)	Total Unweighed Value (Average)	Total Weighted Value (Average)
High Quality Liquid Assets								
1 HQLA	5,983.00	5,983.00	7,339.50	7,339.50	4,168.30	4,168.30	5,755.30	5,755.30
Cash Outflows								
2 Deposits (for deposit taking companies)	-	-	-	-	-	-	-	-
3 Unsecured whole sale funding	2,415.00	2,777.30	2,040.90	2,347.00	1,358.50	1,562.30	1,301.00	1,496.10
4 Secured whole sale funding	1,026.30	1,180.20	1,229.30	1,413.70	2,004.60	2,305.30	3,724.30	4,282.90
5 Additional requirements, of which	-	-	-	-	-	-	-	-
(i) "Outflows related to derivative exposures and other collateral requirements"	-	-	-	-	-	-	-	-
(ii) Outflows related to loss of funding on Debt products	-	-	-	-	-	-	-	-
(iii) Credit and liquidity facilities	-	-	-	-	-	-	-	-
6 Other contractual funding obligations	854.00	982.10	670.00	770.50	352.30	405.10	1,039.90	1,195.90
7 Other contingent funding obligations	-	-	-	-	-	-	-	-
8 TOTAL CASH OUTFLOWS	4,295.30	4,939.60	3,940.20	4,531.20	3,715.40	4,272.70	6,065.20	6,974.90
Cash Inflows								
9 Secured lending	-	-	-	-	-	-	-	-
10 Inflows from fully performing exposures	2,675.00	2,006.30	3,299.10	2,474.30	3,459.90	2,594.90	3,797.60	2,848.20
11 Other cash inflows	130.00	97.50	110.00	82.50	92.10	69.10	8.00	6.00
12 TOTAL CASH INFLOWS	2,805.00	2,103.80	3,409.10	2,556.80	3,552.00	2,664.00	3,805.60	2,854.20
Total Adjusted Value								
13 TOTAL HQLA		5,983.00		7,339.50		4,168.30		5,755.30
14 TOTAL NET CASH OUTFLOWS		2,835.80		1,974.40		1,608.70		4,120.70
15 LIQUIDITY COVERAGE RATIO (%)		211.00%		371.70%		259.10%		139.70%

*Disclosure effective from year ended 31 March, 2023.

DISCLOSURE PURSUANT TO RBI NOTIFICATION RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

57. Exposures

(i) Exposure to Real Estate Sector:-

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
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;)	6,272.43	3,120.04
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 2023 and 31 March 2022.

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 2023		As at 31 March 2022	
	In original currency	In ₹	In original currency	In ₹
Trade payables				
USD	0.01	0.52	-	-

58. Details of financing of parent company products

The Company has not financed parent company products during the year ended 31st March 2023 and 31 March 2022.

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 2023 and 31 March 2022.

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 ₹ 61,637.63 millions (31 March 2022: ₹ 26,372.62 millions.) disclosed in Note 7 are without any collateral or security.

DISCLOSURE PURSUANT TO RBI NOTIFICATION RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

61. Registration obtained from other financial sector regulators:

The Company is registered with following other financial sector regulators:

- (a) Ministry of Corporate Affairs (MCA)
- (b) Ministry of Finance (Financial Intelligence Unit)
- (c) Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI)

62. Draw down from reserves:-

There has been no draw down from reserve during the year ended 31 March 2023 and 31 March 2022.

63. Concentration of advances, exposures and NPAs:

63.1 Concentration of advances

Particulars	As at 31 March 2023	As at 31 March 2022
Concentration of advances		
Total advances to twenty largest borrowers	509.83	530.78
Percentage of Advances to twenty largest borrowers to total advances of the NBFC	0.75%	1.80%

63.2 Concentration of exposures

Particulars	As at 31 March 2023	As at 31 March 2022
Concentration of exposures		
Total exposure to twenty largest borrowers / customers	555.90	530.78
Percentage of exposures to twenty largest borrowers/customers to total exposure	0.77%	1.80%

63.3 Concentration of NPAs

Particulars	As at 31 March 2023	As at 31 March 2022
Concentration of NPAs		
Total exposure to top four NPA accounts**	4.94	1.70

63.4 Sector-wise NPAs#:-

Particulars	As at 31 March 2023	As at 31 March 2022
	Percentage of NPAs to total advance to that sector	
1. Agriculture & allied activities	0.00%	2.77%
2. MSME	0.00%	0.00%
3. Corporate borrowers	0.00%	0.00%
4. Services	0.00%	1.83%
5. Unsecured personal loans	1.87%	0.91%
6. Housing Loans	0.04%	0.00%
7. Other personal loans	0.00%	0.00%

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64. Movement of NPAs

Particulars	As at 31 March 2023	As at 31 March 2022
i) Net NPAs to net advances (%)	0.32%	0.04%
ii) Movement of NPAs (Gross)		
Opening balance	258.05	279.26
Additions during the year	1,371.54	370.67
Reductions during the year	(473.63)	(391.88)
Closing balance	1,155.96	258.05
iii) Movement of Net NPAs		
Opening balance	11.25	23.74
Additions during the year	652.72	228.44
Reductions during the year	(462.56)	(240.93)
Closing balance	201.41	11.25
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
Opening balance	246.80	255.52
Provisions made during the year	718.82	142.23
Write-off/write-back of excess provisions	(11.07)	(150.95)
Closing balance	954.55	246.80

65. Investments

Particulars	As at 31 March 2023	As at 31 March 2022
(1) Value of investments		
(i) Gross value of investments	9,888.41	6,786.48
(a) In India	9,888.41	6,786.48
(b) Outside India	-	-
(ii) Impairment provisions on investments	-	(164.18)
(a) In India	-	(164.18)
(b) Outside India	-	-
(iii) Net value of investments	9,888.41	6,622.30
(a) In India	9,888.41	6,622.30
(b) Outside India	-	-
(2) Movement of impairment provisions on investments		
(i) Opening balance	164.18	172.69
(ii) Add : Provisions made during the year	-	(6.43)
(iii) Less : Write-off/write-back of excess provisions during the year	(164.18)	(2.08)
(iv) Closing balance	-	164.18

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66. Derivatives

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2023	As at 31 March 2022
i) Notional principal amount of exchange traded IR derivatives undertaken during the year		
Scrip names		
a) 579GS2030	-	2,768.84
b) 585GS2030	-	5,739.40
c) R610GS2031	18,032.05	19,396.51
d) R654GS2032	10,103.06	
e) R726GS2032	27,650.28	
ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31 March 2023 and 31 March 2022		
Scrip names		
a) Scrip no. 610GS2031	-	38.99
b) Scrip no. R726GS2032	1,443.86	-

Exchange Traded Interest Rate (IR) Derivatives

Particulars	As at 31 March 2023	As at 31 March 2022
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

67. Asset Classification as per RBI Norms

As at 31 March 2023

Particulars	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	65,459.80	2,248.58	63,211.21	202.36	2,046.22
	Stage 2	1,294.31	1,011.74	282.57	4.09	1,007.65
Subtotal		66,754.11	3,260.32	63,493.78	206.45	3,053.87
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,143.45	942.04	201.41	93.21	848.83
Doubtful - up to 1 year	Stage 3	11.97	11.97	-	11.97	-
- 1 to 3 years	Stage 3	0.55	0.55	-	0.55	-
- More than 3 years	Stage 3	-	-	-	-	-
Subtotal for NPA		1,155.97	954.56	201.41	105.73	848.83
Total	Stage 1	65,459.80	2,248.58	63,211.21	202.36	2,046.22
	Stage 2	1,294.31	1,011.74	282.57	4.09	1,007.65
	Stage 3	1,155.97	954.56	201.41	105.73	848.83
	Total	67,910.08	4,214.88	63,695.19	312.18	3,902.71

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As at 31 March 2022

Particulars	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

67.1 Provisions and contingencies

Break up of Provisions shown as expenditure in statement of profit and loss

	As at 31 March 2023	As at 31 March 2022
Provision towards non performing assets	707.76	(4.67)
Provision towards standard assets	1,928.87	619.83
Provision made towards income tax	543.99	-
Provision for gratuity	8.94	3.62
Provision for compensated absences	(1.15)	10.93

68. Balance Sheet Breakup

Particulars	As at 31 March 2023 Amount outstanding	As at 31 March 2022 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	20,171.56	12,879.95
Unsecured	4,105.27	6,500.56
(other than falling within the meaning of public deposits)		
b) Deferred credits	-	-
c) Term loans including accrued interest but not paid	30,954.53	8,016.02
d) Inter-corporate loans and borrowings	-	-
e) Commercial paper	2,295.32	730.76
f) Other loans:		
Other unsecured loans against assets of the Company	99.64	99.47
Secured loans against assets of the Company	-	-
Overdraft facility	-	-

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Particulars	As at 31 March 2023 Amount outstanding	As at 31 March 2022 Amount outstanding
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	6,272.43	3,120.04
b) Unsecured	61,637.63	26,372.62
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	-	-
Breakup of investments		
Current investments		
I Quoted		
i Shares		
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	2,443.86	1,298.56
iii Units of mutual funds	60.77	338.02
iv Government securities	3,625.23	994.66
v Others	-	491.66
II Unquoted	-	-
i Shares	-	-
a) Equity	-	-
b) Preference	-	-
ii Debentures and bonds	-	-
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	-

DISCLOSURE PURSUANT TO RBI NOTIFICATION RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

Particulars	As at 31 March 2023 Amount outstanding	As at 31 March 2022 Amount outstanding
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	-	-
2 Unquoted		
i Shares		
a) Equity	3,758.55	3,261.40
b) Preference	-	-
ii Debentures and bonds	-	164.09
iii Units of mutual funds	-	-
iv Government securities	-	-
v Others	-	238.09

68.1 Borrower group - wise classification of assets financed

As at 31 March 2023

Particulars	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	6,272.43	61,637.63	(4,214.88)	63,695.19
Total	6,272.43	61,637.63	(4,214.88)	63,695.19

As at 31 March 2022

Particulars	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

DISCLOSURE PURSUANT TO RBI NOTIFICATION RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

68.2 Investor group - wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Particulars	As at 31 March 2023		As at 31 March 2022	
	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	3,758.55	3,758.55	3,261.40	3,261.40
b) Companies in the same group	-	-	-	-
c) Other related parties	-	-	-	-
2 Other than related parties	6,129.86	6,129.86	3,525.08	3,360.90
Total	9,888.41	9,888.41	6,786.48	6,622.30

68.2 Investor group - wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

	As at 31 March 2023	As at 31 March 2022
i Gross non-performing assets		
a) Related parties	-	-
b) Other than related parties	1,155.96	258.05
ii Net non-performing assets		
a) Related parties	-	-
b) Other than related parties	201.41	11.25
iii Assets acquired in satisfaction of debt	-	-

69. Overseas assets

The Company does not have any joint venture or subsidiary abroad as on 31 March 2023 and 31 March 2022.

70. 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 2023 and 31 March 2022.

71. Disclosure on Restructured Accounts.

Refer Note 48.1.6 for details.

DISCLOSURE PURSUANT TO RBI NOTIFICATION RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

72. Customer complaints

Particulars	As at 31 March 2023	As at 31 March 2022
a) Number of complaints pending at the beginning of the year (Nos)	7	7
b) Number of complaints received during the year (Nos)	1,845	1,190
c) Number of complaints redressed during the year (Nos)	1,815	1,190
d) Number of complaints pending at the end of the year (Nos)	37	7
Maintainable complaints received by the NBFC from Office of Ombudsman		
e) Number of maintainable complaints received by the NBFC from Office of Ombudsman	313	51
Of e), number of complaints resolved in favour of the NBFC by Office of Ombudsman	289	48
Of e), number of complaints resolved through conciliation/mediation/ advisories issued by Office of Ombudsman	17	3
Of e), number of complaints resolved after passing of Awards by Office of Ombudsman against the NBFC	17	3
Number of Awards unimplemented within the stipulated time (other than those appealed)	-	-

73. Top five grounds of customer complaints received by NBFCs

Grounds of complaints, (i.e. complaints relating to)	Number of complaints pending at the beginning of the year	Number of complaints received during the year	% increase/ decrease in the number of complaints received over the previous year	Number of complaints pending at the end of the year	Of 5, number of complaints pending beyond 30 days
1	2	3	4	5=3-4	6
Current Year 2022-2023					
Collections Related	4	1274	286%	19	-
Credit Bureau Related	1	227	-56%	12	-
EMI Payment Related	0	114	165%	3	-
Fraud Related	1	109	14%	2	1
Disbursals Related	1	52	148%	1	-
Others	-	69	-63%	-	0
Total	7	1845	55%	37	1
Previous Year 2021-2022					
Collections Related	1	330	786%	1	1
Credit Bureau Related	3	513	675%	3	3
EMI Payment Related	-	43	16%	-	-
Fraud Related	2	96	223%	2	2
Disbursals Related	1	21	50%	1	1
Others	-	187	3%	-	-
Total	7	1190	124%	7	7

DISCLOSURE PURSUANT TO RBI NOTIFICATION RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

74. Related party transactions

Please refer to Note 43 for related party transactions and related disclosures. The company has no other related party other than disclosed in Note 43.

75. Information on instances of fraud

Instances of fraud for the year ended 31 March 2023

Nature of fraud	No of cases	Amounts of fraud	Recovery	Amounts written off/ provided for
Fraud Committed by other than staff	25	63.31	0.76	62.57

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

76. Credit rating

Instruments	Credit rating agency	As at 31 March 2023	As at 31 March 2022
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	IND A1

77. Disclosure of penalties imposed by the RBI and other regulators

The company has paid ₹ 2,05,320 as penalty to RBI/other regulators during the year ended 31 March 2023. No penalty has been imposed by the RBI and other regulators during the year ended 31 March 2022.

78. Details of financial assets sold to securitisation

S. No.	Particulars	As at 31 March 2023	As at 31 March 2022
	No. of accounts	1,58,983	72,069
i)	Aggregate value (net of provision) of accounts sold	15,729.80	1,844.76
ii)	Aggregate Consideration	16,278.30	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	-	-

DISCLOSURE PURSUANT TO RBI NOTIFICATION RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

79. 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 2023	As at 31 March 2022
i)	No of SPVs sponsored by the NBFC for securitisation transactions (in No.)	21	4
ii)	Total amount of securitized assets as per books of the SPVs sponsored by the NBFC	11,658.92	1,844.76
iii)	Total amount of exposures retained by the NBFC to comply with Minimum Retention Ratio (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)	2,437.80	211.11
	Others(MRR)	489.08	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	-	-
v)	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	21,369.80	1,844.76
vi)	Form and quantum (outstanding value) of services provided by way of, liquidity support, post-securitisation asset servicing, etc. (first loss – FD balance)	2,307.91	211.11
vii)	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided.	-	-
	(a) Amount paid	2,307.91	211.11
	(b) Repayment received	76.64	-
	(c) Outstanding amount	2,231.27	211.11
viii)	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	1.61%	-
ix)	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
	(a) Amount of Top Up	1.93	-
	(b) Count of Top Up	12.00	-
x)	Investor complaints (a) Directly/Indirectly received and; (b) Complaints outstanding	-	-

DISCLOSURE PURSUANT TO RBI NOTIFICATION RBI/DNBR/2016-17/45 Master Direction DNBR.PD.008/03.10.119/2016-17 dated September 01, 2016

80. Detail of assignment transactions:-

Mode of Transfer	For the year ended 31 March 2023	For the year ended 31 March 2022
Aggregate amount of loans transferred (in millions)	9,857.83	-
Weighted average residual maturity (in years)	4.03	-
Weighted average holding period (in years)	0.53	-
Retention of beneficial economic interest	10%	-
Tangible security coverage	12%	-

80A Details of stressed loans transferred during the year (to be made separately for loans classified as NPA and SMA)

Particulars	To ARCs	To permitted transferees	To other transferees (please specify)
No: of accounts	63802	-	-
Aggregate principal outstanding of loans transferred	1,615.63	-	-
Weighted average residual tenor of the loans transferred	0.06	-	-
Net book value of loans transferred (at the time of transfer)	1,615.63	-	-
Aggregate consideration	76.74	-	-
Additional consideration realized in respect of accounts transferred in earlier years	-	-	-

Public disclosure on liquidity risk in accordance with Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies as per RBI Circular dated RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated November 4, 2019

81. Top 10 borrowings

As at 31 March 2023		As at 31 March 2022	
Amount	% of Total borrowings	Amount	% of Total borrowings
33,623.98	58.35%	17,523.86	62.86%

82. Funding Concentration based on significant instrument/product

Name of the instrument/product	As at 31 March 2023		As at 31 March 2022	
	Amount	% of Total borrowings	Amount	% of Total borrowings
Non-Convertible Debentures	24,276.83	42.13%	18,908.33	63.99%
Term Loan	18,949.64	32.88%	6,042.10	20.45%
Commercial Papers	2,295.32	3.98%	727.84	2.46%
Liability against securitised assets	12,004.89	20.83%	1,838.39	6.22%

Note:

1. 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

83. Stock ratios:

a) Commercial papers as a % of total public funds, total liabilities and total assets –

As at 31 March 2023			As at 31 March 2022		
Total Public funds	Total Liabilities	Total Assets	Total Public funds	Total Liabilities	Total Assets
3.98%	3.67%	2.69%	Nil	2.46%	1.04%

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 2023			As at 31 March 2022		
Total Public funds	Total Liabilities	Total Assets	Total Public funds	Total Liabilities	Total Assets
5.62%	5.18%	3.80%	Nil	57.28%	24.30%

Notes forming part of the Standalone Financial Statements

84. 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. Ankit Surana
3. Mr. Shobhit Agarwal
4. Mr. Mahak Khabia

For **Price Waterhouse LLP**

Chartered Accountants

Firm's Registration No.: 301112E/E300264

A J Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Date : 26 May, 2023

Sachin Bansal

Executive Chairman and
Chief Executive Officer

(DIN: 02356346)

Place: Bengaluru

Date : 26 May, 2023

Ankit Surana

Chief Financial Officer

Place: Bengaluru

Date : 26 May, 2023

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Ankit Agarwal

Managing Director
(DIN: 08299808)

Place: Bengaluru

Date : 26 May, 2023

Thomas Joseph

Company Secretary
M.No. A53322

Place: Bengaluru

Date : 26 May, 2023

Notes forming part of the Standalone Financial Statements

Scale Based Disclosure - Loans to Directors, Senior Officers and relatives of Directors

Particulars	As on 31 March 2022		As on 31 March 2023	
	Sanctioned amount	Principal Outstanding amount	Sanctioned amount	Principal Outstanding amount
Directors and their relatives	-	-	0.60	0.19
Entities associated with directors and their relatives	-	-	-	-
Senior Officers and their relatives	38.00	33.80	38.00	33.03



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)(hereinafter referred to as the "Holding Company") and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023 and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income) , the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2023, and consolidated total comprehensive income (comprising of profit and other comprehensive loss), consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) 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 ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 sub-paragraph 16 of the Other Matters section below is sufficient and appropriate to provide a basis for our opinion

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, 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.

we have determined the matters described below to be the key audit matters to be communicated in our report

Key audit matter	How our audit addressed the key audit matter
Assessment of impairment loss allowance based on expected credit loss (ECL) on Loans (Refer note 7 to the consolidated financial statements) As at March 31, 2023, the outstanding balances towards Personal loans and Home loans granted by the Company and measured at amortised cost and fair value through other comprehensive income aggregate to INR 59,669.05 Million and INR 8,241.02 Million respectively, and the associated impairment allowances recognised in the books aggregate to INR 4,214.88 Million. The impairment allowance is determined in accordance with the Expected Credit Loss ('ECL') model specified under Ind AS 109 'Financial Instruments' and involves exercise of judgement by the management in estimating the expected losses using variables such as Staging, Exposure at Default, Probability of Default and Loss Given Default. Quantitative factors like days past due, behaviour of the portfolio and historical losses incurred on defaults identified by the Management and qualitative factors like nature of the underlying loan, deterioration in credit quality, uncertainty over realisability of security, judgement in relation to management overlays and related Reserve Bank of India ('RBI') guidelines, to the extent applicable, etc. are also taken into account in the ECL computation. In view of the significant balances carried and involvement of management's judgement around the determination of the impairment allowance and the complexity of the model, we determined this to be a Key Audit Matter.	The audit procedure performed by us to assess appropriateness of impairment allowance based on ECL on loans included the following: - We understood and evaluated the design and tested the operating effectiveness of the key controls put in place by the management over: - the assumptions used in the calculation of ECL and its various aspects such as determination of Staging of Loans, Exposure At Default, Probability of Default, Loss Given Default etc.; - the completeness and accuracy of source data used by the Management in the ECL computation; and - ECL computations - We assessed the Company's accounting policy in respect of loans and related ECL provisioning. - With the assistance of the auditor's expert, we verified the appropriateness of the methodology and models used by the Company and reasonableness of the assumptions used within the computation process to estimate the impairment allowance. - We test-checked the completeness and accuracy of source data used. - We recomputed the impairment allowance for a sample of loans across the loan portfolio to verify the arithmetical accuracy. - We evaluated the reasonableness of the assumptions and judgement involved in management overlays that form part of the impairment allowance, and the related approvals. - We evaluated the adequacy of presentation and disclosures in relation to impairment loss allowance in the standalone financial statements. Based on the above audit procedures, we consider that the management's assessment of the ECL against loans are reasonable.

5. The following Key Audit Matter was included in the audit report dated May 24, 2023, containing an unmodified audit opinion on the standalone financial statements of Chaitanya India Fin Credit Private Limited, the subsidiary company of the Holding Company issued by Varma & Varma an independent firm of Chartered Accountants reproduced by us as under:

Key audit matter**Expected credit losses on loan assets**

Refer note 3(v) of significant accounting policies and note 7 for the outstanding loan assets and note 45.1.5 of the Standalone Financial Statements for credit risk disclosures.

As at 31 March 2023, the Company has reported gross loan assets of Rs. 38,405.46 millions against which an impairment loss of Rs. 599.22 millions has been recorded. The Company recognised impairment provision for loan assets based on the expected credit loss approach laid down under 'Ind AS 109 – Financial Instruments'.

The expected credit loss is calculated using the percentage of probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each of the stages of loan portfolio.

Expected credit loss cannot be measured precisely but can only be estimated through use of statistics. The calculation of expected credit losses on loans is complex and is based on application of significant management judgement and the 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 and classified as Standard Assets as per IRAC Norms.
- If a significant increase in credit risk 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 90 days and classified as Standard Assets as per IRAC Norms.
- If a significant increase in credit risk 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 90 days and classified as Standard Assets as per IRAC Norms.
- If the loan is credit-impaired, it is then moved to 'Stage 3' i.e. the default in repayment is more than 90 days or classified as Non-Performing Assets as per IRAC Norms.

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 and assumptions involved in measuring ECL is required with respect to:

- determining the criteria for a significant increase in credit risk
- factoring in future economic assumptions
- techniques used to determine probability of default, loss given default and exposure at default.

These parameters are derived from the Company's internally developed statistical models, other historical data and trends observed during systemic and non-system scenarios.

How our audit addressed the key audit matter

Our audit focused on assessing the appropriateness of management's judgment and estimates used in the impairment analysis through procedures that included, but were not limited to, the following

- Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions. 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;
- Considered the Company's accounting policies for estimation of expected credit loss on loans and assessing compliance with the policies in terms of Ind-AS 109.
- 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;
- 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; and
- Assessed the appropriateness and adequacy of the related presentation and disclosures of note 45 "Risk Management" disclosed in the accompanying Standalone Financial Statements in accordance with the applicable accounting standards and related RBI circulars and Resolution Framework.

Other Information

6. The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report (Financial Highlights, Directors' Report, Management Discussion and Analysis Report and Corporate Governance Report for FY 2022-23) but does not include the consolidated financial statements and our and other 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 and take appropriate action as applicable under the relevant laws and regulations

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

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. 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 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated 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 Directors of the Holding Company, as aforesaid.

8. 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.
9. The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

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

10. 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 SAs 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.
11. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism 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 with reference to consolidated 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 management's 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 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 consolidated 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 to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 - Obtain sufficient appropriate audit evidence regarding the financial information 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 the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by 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.
12. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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 consolidated 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 Matters

15. The consolidated financial statements of the Group for the year ended March 31, 2022, were audited by another firm of chartered accountants under the Act who, vide their report dated May 21, 2022 expressed an unmodified opinion on those consolidated financial statements.
16. We did not audit the financial statements of subsidiary whose financial statements reflect total assets of Rs. 43,893.97 millions and net assets of Rs. 7,212.37 millions as at March 31, 2023, total revenues of Rs. 7,632.93 millions, total net profit after tax of Rs. 1,483.53 millions, and other comprehensive income/ (loss) of Rs. (6.93) millions for the for the year ended March 31, 2023, and net cash inflow of Rs. 1,451.53 millions for the period from April 1, 2022 to March 31, 2023, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of this subsidiary and our report in terms of sub-section (3) of Section 143 of the Act including report on Other Information insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

Our Opinion is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

17. As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we report that there are no qualifications or adverse remarks included by the respective auditors in their CARO 2020 reports issued in respect of the standalone financial statements of the companies which are included in these consolidated financial statements.
18. As required by Section 143(3) of 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 purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law have been kept by the Holding Company so far as it appears from our examination of those books, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind As specified under Section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015;
- (e) On the basis of the written representations received from the directors of the Holding Company and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comment in paragraph 17(b) above that the back-up of the books of account and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.
- (g) With respect to the adequacy of internal financial controls with reference to consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, – Refer Note 46 to the consolidated financial statements.
 - ii. The Group has made provision as at March 31, 2023, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 7. The Company did not have any derivative contracts as at March 31, 2023.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company, incorporated in India during the year.
 - iv. (a) The respective Managements of the Company and its subsidiary company which are companies 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, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiary to or in any other person(s) or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or the subsidiary ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. (Refer note 53.7 to consolidated financial statements)

- (b) The respective Managements of the Company and its subsidiary which are companies 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, as disclosed in the notes to the accounts, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiary from any person(s) or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or the subsidiary shall, 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. (Refer note 53.7 to consolidated financial statements)
- (c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiary which are

companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

- v. The Holding Company and its subsidiary, has not declared or paid any dividend during the year.
 - vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 (as amended), which provides for books of account to have the feature of audit trail, edit log and related matters in the accounting software used by the Group, is applicable to the Group, only with effect from financial year beginning April 1, 2023, the reporting under clause (g) of Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), is currently not applicable.
19. The Group, have paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For **Price Waterhouse LLP**

Firm Registration Number: 301112E / E300264

Chartered Accountants

A.J.Shaikh

Partner

Membership Number: 203637

UDIN: 23203637BGXOZT1134

Place : Bangalore

Date : May 26, 2023

Annexure A to Independent Auditor's Report

Referred to in paragraph 18(g) of the Independent Auditor's Report of even date to the members of Navi Finserv Limited on the consolidated financial statements as at March 31, 2023

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under clause (i) of sub-section 3 of Section 143 of the Act

1. In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of Navi Finserv Limited (hereinafter referred to as "the Holding Company") and its subsidiary, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company and its subsidiary, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements is applicable, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, "internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 its business, including adherence to the respective 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

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 Guidance Note issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those

Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was 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 system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 Holding Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls with reference to financial statements

6. A company's internal financial control 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 control with reference to financial statements includes 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.

to financial statements were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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 control 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, the Holding Company and its subsidiary, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference

Other Matters

9. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to the subsidiary, which is incorporated in India, is based on the corresponding reports of the auditors of such company incorporated in India. Our opinion is not modified in respect of this matter.

For **Price Waterhouse LLP**

Chartered Accountants

Firm Registration Number: 301112E/E300264

A.J. Shaikh

Partner

Place: Bengaluru

Date: May 26, 2023

Membership Number 203637

UDIN: 23203637BGXOZT1134

Consolidated Balance Sheet

(All amount in ₹ Millions, unless otherwise stated)

Particulars	Notes	As at 31 March 2023	As at 31 March 2022
I. ASSETS			
(1) Financial assets			
Cash and cash equivalents	5	6,508.78	5,709.55
Bank balances other than cash and cash equivalents	6	3,844.84	1,357.58
Loans	7	1,01,501.42	50,014.09
Investments	8	7,350.30	3,639.76
Other financial assets	9	3,385.93	1,347.63
(2) Non Financial assets			
Current tax asset (net)	10	-	167.90
Deferred tax asset (net)	11	822.98	557.94
Property, plant and equipment	12	210.38	74.31
Other intangible assets	13	30.81	27.94
Right to use asset		867.66	122.95
Other non-financial assets	14	716.35	107.53
TOTAL ASSETS		1,25,239.45	63,127.18
II. LIABILITIES AND EQUITY			
LIABILITIES			
(1) Financial liabilities			
Payables			
A. Trade Payables	15		
(i) total outstanding dues of micro enterprises and small enterprises		11.35	0.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		876.77	911.41
B. Other payables			
(i) total outstanding dues of micro enterprises and small enterprises		-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		-	-
Debt securities	16	28,206.67	22,466.49
Borrowings (other than debt securities)	17	61,911.51	25,660.05
Subordinated liabilities	18	2,133.29	499.94
Lease liability	19	912.59	133.91
Other financial liabilities	20	4,201.98	526.26
(2) Non Financial liabilities			
Current tax liabilities (net)	21	113.27	-
Provisions	22	394.44	193.20
Other non financial liabilities	23	311.27	144.34
Total liabilities		99,073.14	50,536.30
(3) Equity			
Equity share capital	24	2,852.40	1,785.73
Other equity	25	21,539.88	10,805.15
Equity attributable to owners of the Company		24,392.28	12,590.88
Non-controlling interests		1,774.03	-
Sub-total -Total equity		26,166.31	12,590.88
Total equity		26,166.31	12,590.88
TOTAL LIABILITIES & EQUITY		1,25,239.45	63,127.18

The above Consolidated Balance Sheet should be read in conjunction with accounting notes.

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

For **Price Waterhouse LLP**

Chartered Accountants

Firm's Registration No.: 301112E/E300264

A J Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Date : 26 May, 2023

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Bengaluru

Date : 26 May, 2023

Ankit Surana

Chief Financial Officer

Place: Bengaluru

Date : 26 May, 2023

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date : 26 May, 2023

Thomas Joseph

Company Secretary

M.No. A53322

Place: Bengaluru

Date : 26 May, 2023

Consolidated Statement of Profit and Loss

(All amount in ₹ Millions, unless otherwise stated)

Particulars	Notes	Year ended 31 March 2023	Year ended 31 March 2022
Revenue from operations			
(i) Interest income	26	18,368.35	6,342.77
(ii) Fees and commission income	27	307.39	93.89
(iii) Net gain on fair value changes	28	304.95	1,372.34
(iv) Net gain on derecognition of financial instruments under amortised cost category	29	1,399.35	361.40
(iv) Other operating income	30	26.00	-
(I) Total revenue from operations		20,406.04	8,170.40
(II) Other income	31	379.41	28.47
(III) Total income (I+II)		20,785.45	8,198.87
Expenses			
(i) Finance costs	32	6,916.34	2,131.62
(ii) Fees and commission expenses	33	159.54	23.66
(iii) Net gain on derecognition of financial instruments under amortised cost category	34	-	1.64
(iv) Impairment on financial instruments	35	3,978.77	1,618.92
(v) Employee benefits expenses	36	2,579.58	1,398.97
(vi) Depreciation and amortisation expense	37	157.98	50.14
(vii) Other expenses	38	3,647.17	3,157.17
(IV) Total expenses		17,439.38	8,382.12
(V) Profit/(loss) before tax (III - IV)		3,346.07	(183.25)
(VI) Tax expense	40		
(1) Current tax		988.12	105.57
(2) Deferred tax credit		(262.97)	(142.23)
(3) Tax relating to earlier years		(20.69)	-
Total tax expense		704.46	(36.66)
(VII) Profit/(loss) for the year (V - VI)		2,641.61	(146.59)
(VIII) Profit/(Loss) attributable to:			
Owners of the company		2,641.61	(146.59)
Non-controlling interests		-	-
(IX) Profit/(Loss) for the year (VII - VIII)		2,641.61	(146.59)
Other comprehensive income			
(A) (i) Items that will not be reclassified to profit and loss			
Remeasurement of the net defined benefit (liability)/asset		(8.49)	(7.49)
(ii) Income tax relating to the above		2.14	1.88
(B) (i) Items that will be reclassified to profit or loss		0.45	(23.80)
(ii) Income tax relating to items that will be reclassified to profit or loss		(0.11)	5.99
(X) Total other comprehensive income/(loss) net of tax		(6.01)	(23.42)
(XI) Total comprehensive income/(loss) for the year (VII + VIII)		2,635.60	(170.01)
(XII) Total comprehensive income attributable to:			
Owners of the company		2,635.60	(170.01)
Non-controlling interests		-	-
(XIII) Earnings per equity share (face value ₹ 10)	40		
Basic (₹)		10.35	(0.86)
Diluted (₹)		10.30	(0.86)

The above Consolidated Statement of Profit and Loss should be read in conjunction with accounting notes.

This is the Consolidated Statement of Profit and Loss referred to in our report of even date.

For **Price Waterhouse LLP**

Chartered Accountants

Firm's Registration No.: 301112E/E300264

A J Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Date : 26 May, 2023

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Bengaluru

Date : 26 May, 2023

Ankit Surana

Chief Financial Officer

Place: Bengaluru

Date : 26 May, 2023

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date : 26 May, 2023

Thomas Joseph

Company Secretary

M.No. A53322

Place: Bengaluru

Date : 26 May, 2023

Consolidated Statement of Cash Flow

(All amount in ₹ Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
A. Cash flow from Operating activities		
Profit/(Loss) before tax	3,346.07	(183.25)
Depreciation and amortisation	104.83	28.90
Employees Stock Option expenses	109.40	68.01
Amortisation on right of use asset	53.15	21.24
Interest expense on lease liability	29.45	7.08
Interest income earned on loans	(17,467.90)	(5,412.94)
Impairment allowance on loans	2,759.55	424.53
Loan written off	1,253.61	1,182.27
Impairment allowance on investments	(164.19)	(8.51)
Investment written off	138.32	-
Income on lease modification	(4.44)	-
(Profit)/Loss on sale of fixed assets (net)	0.09	-
Impairment on other assets	-	20.63
Profit on sale of Trade mark	(349.51)	-
Net gain on derecognition of financial instruments under amortised cost category	(1,399.35)	(361.40)
Finance Costs	6,886.89	2,124.54
Net (Gain)/Loss on fair value changes on derivative financial instrument	-	(1.47)
Net (Gain)/Loss on fair value changes on investment	(304.95)	(1,370.87)
Operating profit before working capital changes	(5,008.98)	(3,461.24)
Movements in working capital:		
(Increase)/Decrease in Loans*	(36,633.23)	(29,257.46)
(Increase)/Decrease in Investments	(3,379.71)	15,420.64
Decrease in Receivables	-	0.49
(Increase)/Decrease in Other financial assets	(2,038.30)	(1,173.93)
(Increase)/Decrease in Other non-financial assets	(608.82)	(58.80)
(Decrease)/Increase in Payables	(23.99)	771.89
Increase/(Decrease) in Other financial liabilities	3,675.72	(182.83)
Increase/(Decrease) in Non-financial liabilities	166.93	76.75
Increase/(Decrease) in Provisions	91.84	(37.68)
Interest payments	(6,826.49)	(1,642.40)
Cash (used in)/generated from operating activities	(50,585.03)	(19,544.56)
Direct taxes paid (net of refunds)	686.27	296.20
Net cash flows (used in)/generated from operating activities (A)	(51,271.30)	(19,840.76)
B. Cash flow from Investing activities		
(Increase) in bank deposits with original maturity greater than 3 months	(2,487.27)	(548.82)
Proceeds from sale of investment to non controlling interest	1,814.58	-
Purchase of property, plant and equipment and intangible assets	(223.01)	(76.07)
Proceeds from sale of property, plant and equipment and intangible assets	349.51	0.20
Net cash flows (used in) investing activities (B)	(546.19)	(624.69)

Consolidated Statement of Cash Flow

(All amount in ₹ Millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
C. Cash flow from financing activities		
Proceeds from issue of equity shares	7,996.11	1,000.00
Proceeds from issue of compulsory convertible debenture	1,129.22	-
Proceeds from issue of debt securities	25,872.46	11,993.81
Repayment of debt securities	(20,502.82)	(3,288.54)
Proceeds from borrowings (other than debt securities) availed	1,14,149.36	93,137.90
Repayment of borrowings (other than debt securities)	(77,733.11)	(78,318.43)
Proceeds from subordinated debt	2,026.92	-
Repayment of subordinated debt	(276.92)	-
Lease payments	(44.50)	(17.72)
Net cash flows generated from/(used in) financing activities (C)	52,616.72	24,507.02
Net increase in cash and cash equivalents (A+B+C)	799.23	4,041.57
Cash and cash equivalents at the beginning of the year	5,709.55	1,667.98
Cash and cash equivalents at the end of the year	6,508.78	5,709.55

Components of cash and cash equivalents

Cash and cash equivalents at the end of the year	For the year ended 31 March 2023	For the year ended 31 March 2022
Cash on hand	2.09	3.19
Balances with banks (of the nature of cash and cash equivalents)	6,506.69	5,706.36
Total	6,508.78	5,709.55

* Net off interest on loans

The above Consolidated Statement of Cash Flow should be read in conjunction with accounting notes.

This is the Consolidated Statement of Cash Flow referred to in our report of even date.

For **Price Waterhouse LLP**

Chartered Accountants

Firm's Registration No.: 301112E/E300264

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

A J Shaikh

Partner

Membership No. 203637

Place: Bengaluru

Date : 26 May, 2023

Sachin Bansal

Executive Chairman and

Chief Executive Officer

(DIN: 02356346)

Place: Bengaluru

Date : 26 May, 2023

Ankit Agarwal

Managing Director

(DIN: 08299808)

Place: Bengaluru

Date : 26 May, 2023

Ankit Surana

Chief Financial Officer

Place: Bengaluru

Date : 26 May, 2023

Thomas Joseph

Company Secretary

M.No. A53322

Place: Bengaluru

Date : 26 May, 2023

Consolidated Statement of Changes in Equity

(All amount in ₹ Millions, unless otherwise stated)

A Equity share capital

For the year ended 31 March 2023

Balance as at 1 April 2022	Changes in Equity Share Capital due to prior period errors	Restated balance as at 1 April 2022	Changes in equity share capital during the period	Balance as at 31 March 2023
1,785.73	-	-	1,066.67	2,852.40

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 period	Balance as at 31 March 2022
1,652.40	-	-	133.33	1,785.73

Consolidated Statement of Changes in Equity

(All amount in ₹ Millions, unless otherwise stated)

B Other equity

Particulars	Reserves and surplus								Total	Non-controlling interest
	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	Debt redemption reserve	Equity component of compound financial instruments	Gain/Loss on transactions with non-controlling interest	
Balance at 31 March 2021	8,744.91	299.82	44.05	-	991.53	18.18	10.00	-	-	-
Profit/(Loss) for the period after tax for the year	-	-	-	-	(170.01)	-	-	-	-	-
Issue of equity shares	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	-	-	-
Profit/(Loss) for the period after tax for the year	-	-	-	-	2,635.60	-	-	-	-	-
Issue of equity shares	6,933.33	-	-	-	-	-	-	-	-	-
Transferred from retained earnings to reserve fund u/s 45-IC of RBI Act 1934	-	296.71	-	-	(296.71)	-	-	-	-	-
Transfer to other comprehensive income (net of deferred tax)	-	-	-	-	6.01	(6.01)	-	-	-	-
Issue of compulsory convertible debenture	-	-	-	-	-	-	-	1,129.22	-	-
Sale of interest in the group to non-controlling interest	-	-	-	-	-	-	-	-	40.55	1,774.03
Less: Share issue expense	(3.97)	-	-	-	-	-	-	-	-	-
Balance at 31 March 2023	16,540.94	697.22	44.05	-	3,089.15	(11.25)	10.00	1,129.22	40.55	1,774.03

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

For Price Waterhouse LLP

Chartered Accountants

Firm's Registration No.: 30112/E/300264

For and on behalf of the Board of Directors of

Navi Finserv Limited

(formerly known as Navi Finserv Private Limited)

A J Shaikh	Sachin Bansal	Ankit Surana	Thomas Joseph	Ankit Agarwal
Partner	Executive Chairman and Chief Executive Officer	Chief Financial Officer	Company Secretary	Managing Director
Membership No. 203637	(DIN: 02356346)		M.No. A53322	(DIN: 08299808)
Place: Bengaluru	Place: Bengaluru	Place: Bengaluru	Place: Bengaluru	Place: Bengaluru
Date : 26 May, 2023	Date : 26 May, 2023	Date : 26 May, 2023	Date : 26 May, 2023	Date : 26 May, 2023

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

1. Corporate Information

Navi Finserv Limited (formerly known as Navi Finserv Private Limited) ('the Company' or 'the Holding 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, 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, interest rates and across futures, options and other derivatives and to carry on repo and reverse repo transactions.

2. 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. The Company and the Subsidiary Company together referred to as "Group".

3. Basis of Consolidation

The Consolidated financial statements comprise the financial statements of the Company, its subsidiary (being the entity that it controls) as at March 31, 2023. Control is evidenced when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting

or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the Consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the Consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the Consolidated financial statements to ensure conformity with the Group's accounting policies. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on March 31.

Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the Consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- (c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the Consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the noncontrolling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any noncontrolling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss

Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

3A. Particulars of Consolidation

The financial statements of the following subsidiary (incorporated in India) have been considered for consolidation:

Name of the Company	Percentage of voting power as on March 31, 2023	Percentage of voting power as on March 31, 2022
Chaitanya India Fin Credit Private Limited	75%	100%

4. Basis of preparation

These financial statements ("the financial statements") of the Group 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'), Companies (Indian Accounting Standards) Rules 2015 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 relevant provision of the Act.

(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 instruments which are measured at fair value.

(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 some 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.

• 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 Group determines the business model at a level that reflects how groups of financial assets are

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

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 Group 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 Group'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 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 financial assets

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

• Effective Interest Rate (EIR) method

The Group's EIR methodology, recognizes interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognizes 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

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

- Leases

- a. Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

- b. Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to for its borrowings.

4.2. Revenue recognition

i. Recognition of interest income

Interest income is recognized 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 fair value through profit or loss ('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 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/ paid between parties to the contract that are an

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

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

Interest income and impairment loss on financial assets measured at fair value through other comprehensive income (FVOCI) are recognized in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Delayed payment interest (penal interest and the like) levied on customers for delay in repayments/non-payment of contractual cashflows is recognised on realisation.

ii. Fee and commission income

- a) Fee income from loans are recognised at point in time upon satisfaction of following:
 - i) Completion of service
 - ii) and realisation of the fee income.
- b) Servicing and collections fees on assignment and securitization transactions are recognised upon completion of service in accordance with the terms of relevant contract / agreements.

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

The Group recognises recoveries against written off assets and fees received on collections on realisation basis.

iv. Dividend income

Dividend income is recognized when the Group'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.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

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

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognized as gain or loss on derecognition of such financial asset previously carried under amortisation cost category is presented separately under the respective head in the statement of profit and loss. The resulting interest only strip and subsequent unwinding is recognised under interest income

vi. Net gain/loss on fair value changes

Any differences between the fair values of financial assets classified as fair value through the profit or loss, held by the Group on the balance sheet date is recognised as an unrealised gain/loss. In cases there is a net gain in the aggregate, the same is recognised in "Net gains on fair value changes" under Revenue from operations and if there is a net loss the same is disclosed under "Expenses" in the statement of profit and loss. Similarly, any realised gain or loss on sale of financial instruments measured at FVTPL and debt instruments measured at FVOCI is recognised in net gain / loss on fair value changes. As at the reporting date, the Group does not have any debt instruments measured at FVOCI.

vii. Other income

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

4.3. Finance costs

Finance costs represents interest expense recognized by applying the Effective Interest Rate (EIR) to the gross carrying amount of financial liabilities measured at amortised cost.

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/ received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Other borrowing costs ("others") would include commitment charges, loan processing charges, guarantee charges, loan facilitation charges, discounts/premium on borrowings, other ancillary costs incurred in connection with borrowings, or amortization of such costs, etc. Such finance costs that do not meet the definition of transaction costs directly attributable to issue of a financial liability and are therefore not included as a part of EIR, shall be presented under 'Other borrowing costs'.

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 Group 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 equipment) 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	5-10 years
Computers and accessories	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicle - Motor car	8 years
UPS	10 years
Vehicle - Motor Bike	10 years

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

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 amortization 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. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Group.

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight-line basis over a 3-year period or the license period whichever is lower.

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

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

Amortization

For amortization of intangibles, the amortization amount is allocated on a systematic basis over the best estimate of its useful life.

4.6. Fair value measurement

The Group 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 categorized 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;

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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (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 Group 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.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

Financial assets:

Initial recognition and measurement

All financial assets are recognized 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 marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Loans are recognized when fund transfers are initialized to customer bank account or when the Group assumes unconditional obligation to release the disbursement to the third party on direction of the borrower whichever is earlier.

The Group recognises debt securities and borrowings when funds are received the bank account of the Group.

Classification subsequent measurement of financial assets

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.

Financial assets are measured at FVTOCI (Fair value through other comprehensive income)

A financial asset is measured at the FVTOCI if both the following conditions are met:

- a) The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.

- b) The contractual terms of the financial asset meet the SPPI test.

Interest income and impairment loss on financial assets measured at fair value through other comprehensive income (FVOCI) are recognized in statement of profit and loss. Any gain or loss on subsequent measurement is recognised in OCI and on derecognition the cumulative gain or loss recognised in OCI will be recycled to statement of profit and loss.

Financial assets measured at fair value through profit or loss

Items at fair value through profit or loss comprise:

- Investments (including equity shares) held for trading;
- Items specifically designated as fair value through profit or loss on initial recognition; and
- Debt instruments with contractual terms that do not represent solely payments of principal and interest.

Financial instruments held at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in the statement of profit and loss as incurred. Subsequently, they are measured at fair value and any gains or losses are recognised in the statement of profit and loss as they arise.

Modification and Derecognition of Financial Assets

(a) Modification of financial assets

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between the initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. The Group renegotiates loans to customers in financial difficulty to maximise collection and minimise the risk of default. Modification of loan terms is granted in cases where although the borrower made all reasonable efforts to pay under the original contractual terms, there is a risk of default or default has already happened and the borrower is expected to be able to meet the revised terms. The revised terms in most of the cases include an extension of the maturity of the loan, changes to the timing of the

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

cash flows of the loan (principal and interest repayment). When a financial asset is modified the Group assesses whether this modification results in derecognition. In accordance with the Group's policy, a modification results in derecognition when it gives rise to substantially different terms. Where a modification does not lead to derecognition, the Group calculates the modification gain/loss comparing the gross carrying amount before and after the modification and accounts for the same in the Statement of Profit and Loss

(b) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Group has transferred the financial asset if, and only if, either:

- The Group has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

Pass-through arrangements are transactions whereby the Group retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities, when all of the following three conditions are met:

- The Group has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Group cannot sell or pledge the original asset other than as security to the eventual recipients

- The Group has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Group is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Group has transferred substantially all the risks and rewards of the asset

Or

- The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

The Group considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Group has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Group's continuing involvement, in which case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of credit enhancement or a guarantee issued by the Originator over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Group could be required to pay.

In case where transfer of a part of financial assets qualifies for de-recognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is recognised as gain or loss on de-recognition of such financial asset previously carried under amortisation cost category. The resulting interest only strip initially is recognised in the statement of profit

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

and loss and re-assessed at the end of every reporting period.

Servicing of Assets /Liabilities

The Group transfers loans through direct assignment transactions. The transferred loans are de-recognised and gains/losses are accounted for, only if the Group transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions for a fee, the Group recognises either a servicing asset or a servicing liability for servicing contract. If the fee to be received is not expected to compensate the Group adequately for performing the servicing activities, a servicing liability for the servicing obligation is recognised. If the fee to be received is expected to be more than adequate compensation for the servicing activities, a servicing asset is recognized with corresponding amount is recognised in Statement of Profit and Loss.

Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate risk. Derivatives held include interest rate swaps. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain/loss is recognised in the statement of profit and loss immediately unless the derivative is designated and is effective as a hedging instrument, in which event the timing of the recognition in the statement of profit and loss depends on the nature of the hedge relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedges) or hedges of highly probable forecast transactions (cash flow hedges). A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. During the year, the Group do not have any cash flow hedge.

Financial liabilities and Equity classification

Classification as debt or equity –

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments –

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Group are recognised at the proceeds received. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities –

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in Statement of profit and loss.

De-recognition

A financial liability is de-recognized 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 a new liability. The difference in the respective carrying amounts is recognized 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 recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Convertible Instruments

The fair value of the liability portion of compulsory convertible debentures (CCD) is determined using a interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the CCD. The remainder of the proceeds is attributable to the equity portion of the compound instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

4.8. Impairment of financial assets

In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) (general approach) model for measurement and recognition of impairment loss on loans. For other financial assets, the Group follows simplified approach of ECL model.

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

Expected credit losses ('ECL') are recognised for applicable for loans, other financial assets held under amortised cost, debt instruments measured at FVOCI

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 Group 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 Group 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 Group categorizes 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 Group classifies all loans /investments up to 30 days by due (other than ever 90 cases) 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. The Group classifies all loans over 30 Days Past Due (other than over 90 cases) 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 Group classifies all financial assets over 90 Days Past Due as credit impaired assets. The Group considers life time ECL for those assets.

The Group also considers loan accounts which has moved to 90 + Days Past Due during the year or in previous years and has not fully repaid the interest and principal as credit impaired or Stage 3 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-recognized and is still in the portfolio.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

- Exposure at Default (EAD) – The Exposure at Default is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise. In case of Stage 3 loans EAD represents gross exposure as on the reporting 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 lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

Forward looking information

While estimating the expected credit losses, the Group reviews macro-economic developments occurring in the economy and the market it operates in. On a periodic basis, the Group 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 Group based on its internal data. While the internal estimates of PD, LGD rates by the Group 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 Group seeks to use collateral, where possible. The collateral comes in various forms, such as immovable assets. 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 Group may take possession of properties 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 Group reduces the gross carrying amount of a financial asset. However financial assets that are written off could still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any subsequent recoveries made are recognized in the statement of profit and loss.

4.9. Employee benefits:

The Group 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 Group pays fixed contributions into an independent fund administered by the government. The Group has no legal or constructive obligations to pay further contributions after its payment of the fixed contribution, which are recognized as an expense in the year in which the related employee services are received.

Defined benefit plans

The defined benefit plans sponsored by the Group 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 Group.

Gratuity is a post-employment benefit and is in the nature of a defined benefit plan. The liability recognized 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 unrecognized 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 Other Comprehensive Income (OCI) in the year in which such gains or losses are determined.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

Short-term employee benefits

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

4.10. Leases

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate as on the date of lease commencement date.

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 recognized 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 recognized based on contractual terms.

Leases that do not transfer to the Group 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 Group has elected not to recognize 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 Group

recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.11. Taxes

Current tax and Deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period.

Current tax comprises amount of tax payable in respect to the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to tax payable or receivable in respect of prior years.

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 where the Group operates and generates taxable income.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts and is intended to realise the asset and settle the liability on a net basis or simultaneously.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are 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 is recognised using the Balance Sheet approach on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets, if any, are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised either in other comprehensive income or in other equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

4.12. Share based payments

a) The fair value of options granted under the Employee Option Plan (provided by the Holding Group) is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- a. including any market performance conditions
- b. excluding the impact of any service and non-market performance vesting conditions
- c. including the impact of any non-vesting conditions

If the options vests in instalments (i.e. the options vest pro rata over the service period), then each instalment is treated as a separate share option grant because each instalment has a different vesting period.

As the Group is awarding its Holding Company's equity instruments against services received and has the obligation to settle the share based payment transaction, the Group is accounting the same as movement in equity.

b) The total expense is recognised 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. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

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

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used.

Impairment losses of continuing operations, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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 Group 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 Group'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 recognized 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 less accumulated impairment, if any

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 Group. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Group.

4.20. Trade and Other Payable

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of reporting period remaining unpaid. These amounts are unsecured and are usually paid in accordance with the payment terms agreed with vendors.

4.21. 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.

4.22 New Standards and amendments effective on or after April 01, 2022

(i) Ind AS 16, Property, Plant and Equipment

Proceeds before intended use of property, plant and equipment

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

The amendment clarifies that any excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

Carve out from IAS 16, Property, plant and equipment:

In May, 2020, IASB amended IAS 16, Property, plant and equipment to prohibit an entity from deducting from the cost of an item of property, plant and equipment the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management.

The said amendments have not been made under Ind AS 16. Further, paragraph 17(e) of Ind AS 16 has been amended to clarify that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment.

(ii) Ind AS 37, Provisions, Contingent Liabilities and Contingent Assets

Onerous Contracts – Cost of fulfilling a contract

The amendment explains that the cost of fulfilling a contract comprises: the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

(iii) Ind AS 109, Financial Instruments

The amendment clarifies which fees an entity includes when it applies the '10%' test in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Based on the evaluation made by the Group, no impact is assessed in the financial statements of the Group on account of the above

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 which amends certain accounting standards, and are effective 1 April 2023. Below is a summary of such amendments:

(i) Disclosure of Accounting Policies- Amendments to Ind AS 1, Presentation of financial statements

The amendment requires entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

(ii) Definition of Accounting Estimates- Amendments to Ind AS 8, Accounting policies, changes in accounting estimates and errors

The amendment clarifies how entities should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period

(iii) Deferred tax related to assets and liabilities arising from a single transaction- Amendments to Ind AS 12, Income taxes

The amendment requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

Summary of significant accounting policies and other explanatory information to the Standalone Financial Statements for the year ended 31 March 2023

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. Ind AS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

5. Cash and cash equivalents

	As at 31 March 2023	As at 31 March 2022
Cash in hand	2.09	3.19
Balances with banks in current account	6,006.44	5,696.10
Bank deposit with original maturity less than 3 months	500.25	10.26
Total	6,508.78	5,709.55

(i) There are no repatriation restrictions with respect to Cash and cash equivalents as at the end of the reporting period.

(ii) 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

	As at 31 March 2023	As at 31 March 2022
Balance with banks and financial institutions to the extent held as margin money deposits against term loans, Government securities trade and overdraft facilities*	3,844.84	1,357.58
Total	3,844.84	1,357.58

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

	As at 31 March 2023	As at 31 March 2022
Term loans **	168.90	233.90
Margin money against Government Securities Trade **	500.00	500.00
Overdraft facilities **	645.49	388.58
Margin money against derivatives trade **	70.45	30.00
Securitisation liabilities **	2,376.59	184.38
Total	3,761.43	1,336.86

**Lien in relation to above are only on the principal outstanding on fixed deposits.

7. Loans*

Particulars	As at 31 March 2023	As at 31 March 2022
A) Loans (at amortised cost)		
Secured		
Term loans	2,939.89	3,177.80
Less : Impairment loss allowance	(119.84)	(39.82)
	2,820.04	3,137.98
Unsecured		
Term loans#	93,104.58	47,659.66
Less : Impairment loss allowance	(4,693.67)	(2,013.98)
Total (A) - Gross	96,044.47	50,837.46
Less : Impairment loss allowance	(4,813.51)	(2,053.80)
Total (A) - Net	91,230.96	48,783.66
Loans (at fair value through OCI)		
Secured		
Term loans	3,362.05	-
Unsecured		
Term loans ^	6,904.49	1,224.27
Total (B) - Gross	10,266.54	1,224.27
Less : Impairment loss allowance	-	-
Total (B) - Net	10,266.54	1,224.27

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
B) Others (Loan to employees)		
Unsecured	4.52	6.91
Total (C) - Gross	4.52	6.91
Less : Impairment loss allowance	(0.60)	(0.75)
Total (C) - Net	3.92	6.16
Total (A+B+C) - Net	1,01,501.42	50,014.09
C) Loans in India		
i) Public sector	-	-
ii) Others		
Amortised Cost	96,048.99	50,844.37
Fair value through OCI	10,266.54	1,224.27
Total (gross)	1,06,315.53	52,068.64
Less : Impairment loss allowance	(4,814.11)	(2,054.55)
Total (net)	1,01,501.42	50,014.09

(i) Loans includes company's share of co-lended loans for which the company bears the risk and reward.

(ii) Includes loans secured by way of hypothecation of residential property.

For the year ended 31 March 2023, term loan includes ₹ 36,284.82 millions of Joint liability loans (31 March 2022 : ₹ 21,247.88 millions.)

^ For the year ended 31 March 2023, term loan includes ₹ 2,025.52 millions of Joint liability loans (31 March 2022 : ₹ 1,224.27 millions)

##The Company has not granted loans and advances in the nature of loans to Promoters, Directors, Key Managerial Personnel or related parties u/s 2(76) either repayable on demand or without specifying terms/period. Refer related party disclosure (Note 44).

8. Investments

Particulars	As at 31 March 2023	As at 31 March 2022
At fair value through profit and loss account ('FVTPL')		
(i) Mutual funds *	60.77	391.61
(ii) Pass through certificates	-	225.27
(iii) Bonds and debentures	3,664.30	1,298.56
(iv) Government securities	3,625.23	994.66
At amortised cost		
(i) Bonds and debentures	-	164.09
(ii) Pass through certificates	-	238.09
(iii) Repo lending	-	491.66
Total gross (A)	7,350.30	3,803.94
Investments outside India		
Investments in India	7,350.30	3,803.94
Total gross (B)	7,350.30	3,803.94
Less: Impairment loss allowance (C)	-	(164.18)
Total net - (A) + (B) - (C)	7,350.30	3,639.76

There are no investments measured at fair value through Other Comprehensive Income.

*includes ₹60.66 millions pledged as margin for trading in interest rate futures.

9. Other financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Security deposits	91.30	53.59
Excess interest spread receivable	938.69	266.55
Insurance recoverables	42.81	35.48
Other receivables # ^	961.03	324.19

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Receivable towards investments settlement *	1,379.84	704.94
Impairment loss allowance	(27.74)	(37.12)
Total	3,385.93	1,347.63

* Represents investments redemptions of securities pending for settlement as on 31 March 2023 which are subsequently settled on 3 April 2023

Includes related party receivables (refer note 44)

^ Includes receivable from payment aggregators.

10. Current tax assets (net)

Particulars	As at 31 March 2023	As at 31 March 2022
Income tax	-	167.90
Total	-	167.90

11. Deferred tax asset (net)

(in Rupees)

Particulars	As at 31 March 2023	As at 31 March 2022
Tax effect of items constituting deferred tax liabilities:		
Financial liabilities measured at amortised cost	110.52	67.28
Financial assets measured at amortised cost	295.55	122.35
Deferment of upfront EIS and servicing obligation recorded for assignment	212.41	61.82
Fair value charge of loans through other comprehensive income	1.20	1.09
Others	13.31	0.60
Deferred tax liabilities (total) - A	632.99	253.14
Tax effect of items constituting deferred tax assets:		
Impairment allowance for loans	1,158.49	498.88
Provision for employee benefits	51.02	32.59
Difference in written down value as per Companies Act and Income Tax Act	14.13	4.79
Financial assets measured at amortised cost	201.99	194.60
Lease accounting under Ind AS 116	20.59	2.70
Impairment allowance for investments	-	41.32
Financial assets measured at fair value through profit and loss	2.62	3.28
Impairment allowance for other receivables	7.13	9.49
Others	-	23.43
Deferred tax assets (total) - B	1,455.97	811.08
Total Deferred tax Asset /(liabilities) (net) - (B-A)	822.98	557.94

Movement in deferred tax assets/liabilities

Particulars	As at 31 March 2022	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2023
Tax effect of items constituting Deferred Tax Liabilities:				
Financial liabilities measured at amortised cost	67.28	43.24	-	110.52
Financial assets measured at amortised cost	122.35	173.20	-	295.55
Deferment of upfront EIS and servicing obligation recorded for assignment	61.82	150.59	-	212.41
Fair value charge of loans through other comprehensive income	1.09	-	0.11	1.20
Others	0.60	12.71	-	13.31
Total deferred tax liabilities	253.14	379.74	0.11	632.99

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Movement in deferred tax assets

Particulars	As at 31 March 2022	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income/equity	As at 31 March 2023
Tax effect of items constituting Deferred Tax				
Assets:				
Impairment allowance for loans	498.88	659.61	-	1,158.49
Provision for employee benefits	32.59	16.28	2.14	51.02
Difference in written down value as per Companies Act and Income Tax Act	4.79	9.34	-	14.13
Impairment allowance for investments	41.32	(41.32)	-	-
Financial assets measured at amortised cost	194.60	7.39	-	201.99
Financial assets measured at fair value through profit and loss	3.28	(0.66)	-	2.62
Impairment allowance for other receivables	9.49	(2.36)	-	7.13
Lease accounting under Ind AS 116	2.70	17.89	-	20.59
Others	23.43	(23.43)	-	-
Total deferred tax assets	811.08	642.74	2.14	1,455.97
Total Deferred tax Asset /(liabilities) (net)	557.94	263.00	2.03	822.98

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
Financial assets measured at amortised cost	-	122.35	-	122.35
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	-	0.48	-	0.48
Total deferred tax liabilities	83.17	175.96	(5.99)	253.14

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

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	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	152.88	-	194.60
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	-	23.41	-	23.41
Others	0.68	(0.66)	-	0.02
Total deferred tax assets	491.01	318.20	1.88	811.08
Total Deferred tax Asset /(liabilities) (net)	407.84	142.23	7.87	557.94

12. 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 2021	43.95	27.49	19.37	0.15	0.60	1.05	92.61
Additions during the period	40.09	15.90	3.85	-	1.33	4.68	65.85
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
Additions during the period	53.60	53.31	18.47	-	98.68	10.44	234.50
Disposal of assets	9.38	0.85	-	-	-	1.26	11.49
As at 31 March 2023	127.59	95.85	41.67	0.09	100.61	14.73	380.54
Accumulated depreciation							
Balance as at 31 March 2021	33.77	15.86	9.79	0.13	0.20	0.26	60.01
Charge for the period	14.98	5.36	1.82	0.01	0.53	1.33	24.03
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
Charge for the period	38.70	14.18	6.11	-	35.33	3.26	97.58
Disposal of assets	9.01	0.51	-	-	-	1.13	10.65
As at 31 March 2023	77.84	34.90	17.70	0.09	36.06	3.57	170.16
Net block							
Balance as at 31 March 2021	35.22	22.17	11.61	-	1.20	4.11	74.31
Balance as at 31 March 2023	49.75	60.95	23.97	-	64.55	11.16	210.38

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

13. Intangible assets

Particulars	Application software	Trade mark	Computer Software	Goodwill	Total
Gross block					
Balance as at 31 March 2021	0.13	0.02	11.12	13.95	25.22
Additions during the period	-	-	10.22	-	10.22
Disposal of assets	-	-	0.02	-	0.02
As at 31 March 2022	0.13	0.02	21.32	13.95	35.42
Additions during the period	-	-	10.08	-	10.08
Disposal of assets	-	0.02	-	-	0.02
As at 31 March 2023	0.13	-	31.40	13.95	45.48
Accumulated depreciation					
Balance as at 31 March 2021	0.06	0.02	2.53	-	2.61
Charge for the period	0.04	-	4.83	-	4.87
Disposal of assets	-	-	0.01	-	0.01
As at 31 March 2022	0.10	0.02	7.35	-	7.47
Charge for the period	-	-	7.22	-	7.22
Disposal of assets	-	0.02	-	-	0.02
As at 31 March 2023	0.10	-	14.57	-	14.67
Net block					
Balance as at 31 March 2022	0.03	-	13.96	13.95	27.94
Balance as at 31 March 2023	0.03	-	16.83	13.95	30.81

Note : The intangible assets do not include internally generated assets

14. Other non-financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Advances to suppliers and others	111.56	58.21
Capital advances	237.24	-
Advances with staff	3.21	0.02
Balance with government authorities	171.03	18.74
Income tax paid under dispute	4.67	4.67
Prepaid expenses	188.30	25.32
Others	0.34	0.57
Total	716.35	107.53

15. Trade payables*

Particulars	As at 31 March 2023	As at 31 March 2022
Trade Payable		
(i) total outstanding dues of micro enterprises and small enterprises (refer note 42) *	11.35	0.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises ^	876.77	911.41
Total	888.12	912.11

* Refer note 52 for detailed ageing schedule

^ Includes Related Party Payable (refer note 44)

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

16. Debt securities

Particulars	As at 31 March 2023	As at 31 March 2022
Secured (at amortised cost)		
Redeemable non-convertible debentures *	21,159.28	15,185.17
Unsecured (at amortised cost)		
Redeemable non-convertible debentures *	4,604.91	6,550.57
Commercial Papers *	2,442.48	730.75
Total	28,206.67	22,466.49
Borrowings in India	28,206.67	22,466.49
Borrowings outside India	-	-
Total	28,206.67	22,466.49

* Refer note 16.1 for interest rates, repayment terms and nature of security of debt securities.

16.1 Terms of debentures (at amortised cost)

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Market Linked Debentures	450	-	10,00,000	428.74	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 30 January 2026. Redemption premium is 8.37%"	300	300	10,00,000	300.00	300.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 May 2025. Redemption premium is 9.9%"	500	500	10,00,000	500.00	500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 31 July 2024. Redemption premium is 9.25%"	1000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 30 May 2024. Redemption premium is 9.00%"	1000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 27 March 2024. Redemption premium is 9.00%"	1500	1,500	10,00,000	1,500.00	1,500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 15 March 2024. Redemption premium is 8.60%"	1000	-	10,00,000	1,000.00	-
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 28 Feb 2024. Redemption premium is 8.65%"	1000	1,000	10,00,000	1,000.00	1,000.00
"Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 23 February 2024. Redemption premium is 8.60%"	2,000	2,000	10,00,000	2,000.00	2,000.00
"Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 24 May 2023. Redemption premium is 8.60%"	-	3,100	1,00,000	-	310.00
10.00% Senior, Secured, Rated, Listed, Redeemable, Transferable, Principal Protected Market Linked Non-Convertible dated 01 February 2021	-	650	10,00,000	-	650.00

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 21 March 2023. Redemption premium is 8.75%"	-	1,500	10,00,000	-	1,500.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 17 June 2022. Redemption premium is 9.25%"	-	469	10,00,000	-	469.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 16 June 2022. Redemption premium is 10%"	-	750	10,00,000	-	750.00
Secured Listed Rated Redeemable Principal Protected Market Linked Non-Convertible Debentures. Maturity Date is 26 May 2022. Redemption premium is 10%"	8,750	11,769		8,728.74	8,979.00
Total(A)					
Non- Convertible Debentures					
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 December 2024. Redemption premium is 9.50%	233	350	10,00,000	233.33	350.00
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 September 2024. Redemption premium is 9.50%	270	-	10,00,000	270.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 September 2024. Interest rate is 9.75%	252512	-	1,000	252.51	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 September 2024. Interest rate is 9.4%	376288	-	1,000	376.29	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 05 Janaury 2024. Redemption premium is 9.90%	500	-	1,00,000	500.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 05 Janaury 2024. Redemption premium is 9.90%	1000	-	1,00,000	1,000.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 December 2023. Interest rate is 9.5%	868115	-	1,000	868.12	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 08 December 2023. Interest rate is 9.2%	3460294	-	1,000	3,460.29	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 August 2023. Redemption premium is 9.15%	800	800	10,00,000	800.00	800.00
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 25 August 2023. Redemption premium is 9.6%	300	-	10,00,000	300.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 04 July 2023. Redemption premium is 9.50%	250	-	10,00,000	250.00	-
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 10 May 2023. Redemption premium is 9.15%	1400	1400	10,00,000	1,400.00	1,400.00
Secured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 05 April 2023. Redemption premium is 9.18%	1000	1000	10,00,000	1,000.00	1,000.00

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
"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	10,00,000	-	250.00
9.32% Rated, Unlisted, Senior, Secured, Redeemable, Taxable, Transferable, non-convertible debentures dated 30 March 2021	500	500	9,10,000	440.00	470.00
9.35% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 15 December 2020	-	2,500	1,00,000	-	57.70
10.25% Secured, Rated, Listed, Redeemable non-convertible debentures dated 19 November 2020	-	500	10,00,000	-	500.00
11.04% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 01 July 2020	500	500	10,00,000	500.00	500.00
11.80% Secured Senior, Rated, Listed, Redeemable non-convertible debentures dated 08 June 2020	150	150	10,00,000	150.00	150.00
Total (B)	49,64,112	7,950		11,800.54	5,477.70
Unsecured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 30 July 2025. Redemption premium is 10.50%	3500	-	10,00,000	350.00	-
Unsecured Listed Rated Redeemable Non-Convertible Debentures. Maturity Date is 15 November 2023. Redemption premium is 9.50%	400	-	10,00,000	400.00	-
12.40% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 21 Feb 2023	12,500	-	1,00,000	1,250.00	-
12.40% Subordinated, Rated, Unlisted, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 17 November 2022	750	-	5,00,000	375.00	-
12.40% Subordinated, Rated, Unlisted, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 17 November 2022	750	-	5,00,000	375.00	-
12.83% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 18 July 2022	500	-	10,00,000	500.00	-
14.50% Subordinated, Rated, Listed, Unsecured, Redeemable, Taxable, Non-Convertible Debentures dated 29 December 2016	-	15,00,00,000	1	-	150.00
14.50% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	-	50	10,00,000	-	50.00
17.00% Senior Unsecured, Rated, Listed, Transferable, Redeemable, Non-Convertible Debentures dated 11 February 2016	-	50	10,00,000	-	50.00
Total (C)	18,400	15,00,00,100		3,250.00	250.00
9.5% unsecured, unrated, Compulsorily Convertible Debentures dated 27 February 2023. Maturity date is 27 February 2026 (Issued to parent company)	15,00,000	-	1,000	361.46	-
0% unsecured, unrated, fully redeemable, Non-Convertible Debentures dated 30 March 2020 with call / put option. Maturity date is 31 December 2024 (Issued to parent company)	30,00,558	65,00,557	1,000	3,000.56	6,500.56
Total (D)	45,00,558	65,00,557		3,362.02	6,500.56
Unsecured Rated Redeemable Commercial Paper. Maturity date is 31 July 2023. Discount rate is 9.00%	100.00	-	95.73	95.73	-

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Terms of debentures	Number of debentures		Face value per instrument (in ₹)	Amount	
	As at 31 March 2023	As at 31 March 2022		As at 31 March 2023	As at 31 March 2022
Unsecured Rated Redeemable Commercial Paper. Maturity date is 13 July 2023. Discount rate is 8.50%	300.00	-	92.17	276.50	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 10 July 2023. Discount rate is 9.00%	250.00	-	97.06	242.64	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 30 June 2023. Discount rate is 8.50%	150.00	-	97.70	146.55	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 June 2023. Discount rate is 9.00%	200.00	-	96.48	192.96	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 26 June 2023. Discount rate is 8.50%	100.00	-	97.79	97.79	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 20 June 2023. Discount rate is 9.00%	100.00	-	97.20	97.20	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 8 June 2023. Discount rate is 9.00%	250.00	-	97.81	244.51	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 7 June 2023. Discount rate is 9.10%	150.00	-	97.83	146.74	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 01 June 2023. Discount rate is 9.00%	100.00	-	97.50	97.50	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 28 April 2023. Discount rate is 8.65%	155.50	-	97.32	151.33	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 27 April 2023. Discount rate is 9.00%	120.00	-	97.45	116.94	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 26 April 2023. Discount rate is 9.00%	100.00	-	97.50	97.50	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 25 April 2023. Discount rate is 9.00%	60.00	-	97.69	58.61	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 10 April 2023. Discount rate is 8.40%	87.50	-	97.97	85.72	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 6 April 2023. Discount rate is 8.55%	200.00	-	97.94	195.87	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 5 April 2023. Discount rate is 8.40%	60.00	-	97.97	58.78	-
Unsecured Rated Redeemable Commercial Paper. Maturity date is 25 July 2022. Discount rate is 8.10%	-	285.00	98.04	-	277.73
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 5 May 2022. Discount rate is 7.30%	-	250.00	98.23	-	245.58
Total (E)	2,483	745		2,402.87	727.84
Total (A+B+C+D+E)				29,544.17	21,935.10
EIR Adjustment				(1,337.50)	531.39
Total after EIR Adjustment				28,206.67	22,466.49

*Represents Non convertible debentures issued to public.

A. Nature of security

Secured by an exclusive charge by way of hypothecation of loan assets receivables.

B. Other information

(i) The Company has not defaulted in the repayment of dues to its lenders.

(ii) The Company has utilised the borrowings for the purpose for which it was obtained

(iii) Market Linked Debentures are carrying variable interest rate which is linked to performance of specified indices over the tenure of the debentures. The embedded value of the derivative is negligible and is likely to remain negligible throughout the tenure of debentures. Therefore the market linked debentures have been classified at amortised cost. Few debentures have exercisable call/put option.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

17. Borrowings (other than debt securities)

Particulars	As at 31 March 2023	As at 31 March 2022
Borrowings carried at amortised cost		
Term loans (Secured)		
- From banks*	38,645.95	18,159.74
- From financial institutions*	10,941.53	5,660.32
- Liability against securitised assets*	12,324.03	1,839.99
	61,911.51	25,660.05
Borrowings in India	61,911.51	25,660.05
Borrowings outside India	-	-
Total	61,911.51	25,660.05

* Refer note 17.1 for interest rates repayment terms and nature of security of borrowings.

17.1 Terms of repayment of borrowings (other than debt securities) - [Term loan from Banks]

Original Maturity of loan	Interest rate	Original maturity period*	As at 31 March 2023	As at 31 March 2022
Monthly repayment schedule	Below 8%	Upto 2 years	-	130.00
	8%-10%	Upto 2 years	18,754.37	11,800.07
	8%-10%	2 to 4 years	1,929.25	3,161.66
	8%-10%	4 to 6 years	217.59	-
	10%-12%	Upto 2 years	7,165.83	822.40
	10%-12%	2 to 4 years	1,427.08	1,000.00
	12%-15%	Upto 2 years	-	73.30
Quarterly repayment schedule	Below 8%	Upto 2 years	333.33	-
	8%-10%	Upto 2 years	1,001.25	262.50
	8%-10%	2 to 4 years	2,500.00	-
	10%-12%	Upto 2 years	2,526.70	-
	10%-12%	2 to 4 years	1,155.01	-
At the end of tenure / On demand	8%-10%	Upto 2 years	400.00	1,000.00
	10%-12%	Upto 2 years	1,400.00	-
Total			38,810.41	18,249.93
EIR Adjustment			(164.46)	(90.19)
Total after EIR Adjustment			38,645.95	18,159.74

Terms of repayment of borrowings (other than debt securities) - [Term loan from Financial Institutions] ^

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Original Maturity of loan	Interest rate	Original maturity period*	As at 31 March 2023	As at 31 March 2022
Monthly repayment schedule	Below 8%	Upto 2 years	959.24	-
	8%-10%	Upto 2 years	2,579.99	3,013.19
	8%-10%	2 to 4 years	-	380.49
	10%-12%	Upto 2 years	4,543.34	310.20
	10%-12%	2 to 4 years	1,113.86	18.70
Quarterly repayment schedule	8%-10%	Upto 2 years	233.33	233.30
	8%-10%	2 to 4 years	-	133.34
	10%-12%	Upto 2 years	350.00	-
	10%-12%	2 to 4 years	200.00	-
Half yearly repayment schedule	Below 8%	Upto 2 years	-	-
	8%-10%	Upto 2 years	432.00	650.50
	8%-10%	2 to 4 years	96.00	252.00
	8%-10%	4 to 6 years	-	24.00
	10%-12%	Upto 2 years	36.00	85.50
	10%-12%	2 to 4 years	-	27.00
Yearly repayment schedule	Below 8%	Upto 2 years	-	550.00
Total			10,543.76	5,678.22
EIR Adjustment			397.77	(17.90)
Total after EIR Adjustment			10,941.53	5,660.32

Terms of repayment of liability against securitised assets

Original Maturity of loan	Interest rate	Original maturity period*	As at 31 March 2023	As at 31 March 2022
Monthly repayment schedule	8%-10%	Upto 2 years	9,012.41	1,844.76
	8%-10%	2 to 4 years	3,299.35	-
Total			12,311.75	1,844.76
EIR Adjustment			12.28	(4.77)
Total after EIR Adjustment			12,324.03	1,839.99

*For residual maturity refer note 49.2

^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.

(i) Nature of security

Secured by an exclusive charge by way of hypothecation of loan assets receivables.

(ii) Other Information

- (i) The Group has not defaulted in the repayment of dues to its lenders
- (ii) The Group has utilised the borrowings for the purpose for which it was obtained
- (iii) Secured term loans from banks and financial institution are secured by way of specific / pari passu charge on loan assets of the group.
- (iv) Liability against securitised assets represents the net outstanding value (Net of Investment in Pass- through Certificates) of the proceeds received by the Group from securitisation trust in respect of loan assets transferred by the Group pursuant to Deed of Assignment. The Group has provided Credit enhancement to the trust by way of cash collateral.
- (v) The quarterly statements or returns of current assets filed by the group with banks are in agreement with books of account.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

18. Subordinated liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
At amortised cost		
Unsecured term loan		
- Term loan from bank/financial institutions *	252.46	300.38
- Debentures *	1,880.83	199.56
	2,133.29	499.94
Subordinated liabilities in India	2,133.29	499.94
Subordinated liabilities outside India		
Total	2,133.29	499.94

* Refer note 18.1 for interest rates repayment terms and nature of security of borrowings.

18.1 Terms of repayment of subordinated liabilities

Original Maturity of loan	Interest rate	Original maturity period*	As at March 2023	As at March 2022
At the end of tenure / On demand	12%-15%	Upto 2 years	-	150.00
	12%-15%	More than 6 years	2,000.00	-
	12%-15%	More than 6 years	100.00	100.00
	above 15%	Upto 2 years	150.00	100.00
	above 15%	2 to 4 years	-	150.00
Total			2,250.00	500.00
EIR Adjustment			(116.71)	(0.06)
Total after EIR Adjustment			2,133.29	499.94

18.2 Reconciliation of liabilities from financing activities

Particulars	Cash flow					As at 31 March 2023
	As at 31 March 2022	Additions	Payment	Others	Consideration received in the form of investments for NCDs issued	
Debt securities	22,466.49	25,872.46	(20,502.82)	370.54	-	28,206.67
Borrowings (other than debt securities)	25,660.05	1,14,149.36	(77,733.11)	(164.79)	-	61,911.51
Subordinated liabilities	499.94	2,026.92	(276.92)	(116.65)	-	2,133.29
Total	48,626.48	1,42,048.74	(98,512.85)	89.10	-	92,251.47

Particulars	Cash flow					As at 31 March 2022
	As at 31 March 2021	Additions	Payment	Others	Consideration received in the form of investments for NCDs issued	
Debt securities	19,855.09	11,993.81	(3,288.54)	424.70	(6,518.57)	22,466.49
Borrowings (other than debt securities)	10,783.53	93,137.90	(78,318.43)	57.05	-	25,660.05
Subordinated liabilities	498.40	-	-	1.54	-	499.94
Total	31,137.02	1,05,131.71	(81,606.97)	483.29	(6,518.57)	48,626.48

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

19. Lease liability

	As at 31 March 2023	As at 31 March 2022
Lease liability*	912.59	133.91
Total	912.59	133.91

* Refer note 46D for detailed disclosure

20. Other financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Payables towards assignment transactions	2,187.20	318.53
Insurance payables	0.78	0.65
Payable to employees	18.31	13.45
Advance received from customers	1,745.39	176.12
Retention money payable	1.85	-
Other Payables*	248.45	17.51
Total	4,201.98	526.26

* Includes Related Party Payable (refer note 44)

21. Current tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022
Tax payable	113.27	-
Total	113.27	-

22. Provisions

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits	238.08	98.84
Provision for gratuity (refer note 43)	86.35	45.10
Provisions for compensated absences	69.43	48.68
Other losses	0.58	0.58
Total	394.44	193.20

23. Other non financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Statutory dues payable	123.17	102.39
Contract liability	179.22	-
Other payable	8.88	41.95
Total	311.27	144.34

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

24. Equity share capital

Particulars	As at 31 March 2023	As at 31 March 2022
Authorised share capital		
600,000,000 equity shares of ₹ 10 each (31 March 2022: 205,000,000 equity shares of ₹ 10 each)	6,000.00	2,050.00
Total authorised capital	6,000.00	2,050.00
Issued, subscribed and fully paid up share capital		
285,240,353 Equity shares of ₹ 10 each (31 March 2022: 178,573,686 equity shares of ₹ 10 each)	2,852.40	1,785.73
Total equity share capital	2,852.40	1,785.73

(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 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 agreements entered with shareholders from time to time. The company has issued 100,868,825 equity shares for consideration other than cash and bought back 4,405,281 equity shares during the last 5 years

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	No. of shares	Amount	No. of shares	Amount
Equity share capital of ₹ 10 each fully paid up				
Balance at the beginning of the year	17,85,73,686	1,785.73	16,52,40,353	1,652.40
Add: Issued during the year	10,66,66,667	1,066.67	1,33,33,333	133.33
Add: ESOP exercised during the year	-	-	-	-
Less: Buy back of shares	-	-	-	-
Balance at the end of the year	28,52,40,353	2,852.40	17,85,73,686	1,785.73

(iii) Shares held by the holding company

Particulars	As at 31 March 2023*		As at 31 March 2022	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	28,52,40,353	100.00%	17,85,73,680	100.00%

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

Particulars	As at 31 March 2023*		As at 31 March 2022	
	No. of shares	% holding	No. of shares	% holding
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	28,52,40,353	100.00%	17,85,73,680	100.00%

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

(v) Shares held by promoters as at 31 March 2023:

	No. of shares	% of Total Shares	% Change during the year
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	28,52,40,353	100.00%	-

(vi) Shares held by promoters as at 31 March 2022:

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

25. Other equity

Particulars	As at 31 March 2023	As at 31 March 2022
Securities premium		
Opening Balance	9,611.58	8744.91
Add : Securities premium credited on share issue	6,933.33	866.67
Less: Share issue expense	(3.97)	-
Closing balance	16,540.94	9,611.58
Reserve fund u/s 45-IC of the Reserve Bank of India Act 1934		
Opening balance	400.51	299.82
Add: Transfer from retained earnings	296.71	100.69
Closing balance	697.22	400.51
Capital Redemption Reserve		
Opening balance	44.05	44.05
Add: Created on buy back of equity shares	-	-
Closing balance	44.05	44.05
Retained earnings		
Opening balance	744.25	991.53
Add: Transferred from statement of profit and loss for the period/year	2,635.60	(170.01)
Less: Appropriations/transfers:		
- Transfer to statutory reserve as per Section 45-IC of the RBI Act, 1934	(296.71)	(100.69)
- Transfer to other comprehensive income (net of deferred tax)	6.01	23.42
Closing Balance	3,089.15	744.25
Other comprehensive income		
Opening balance	(5.24)	18.18
Add: Transfer from retained earnings (net of deferred tax)	(6.01)	(23.42)
Closing balance	(11.25)	(5.24)
Debenture redemption reserve		
Opening	10.00	10.00
Add: Transfer from retained earnings	-	-
Less: Utilisation	-	-
Closing balance	10.00	10.00
Equity component of compound financial instruments		
Opening Balance	-	-
Equity component of compound financial instruments	1,129.22	-
Closing balance	1,129.22	-

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Non-controlling interest reserve		
Opening	-	-
Gain/Loss on transactions with non-controlling interest	40.55	-
Closing balance	40.55	-
Total	21,539.88	10,805.15

Non-controlling interest

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Non-controlling interest		
Opening	-	-
Non controlling interest recognised on sale of interest in the group	1,774.03	-
Closing balance	1,774.03	-

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 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.

Includes fair value gain/(loss) on measurement of loans at fair value.

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 ended 31 March 2020

Equity Component of Compulsory convertible Debentures (CCD)

During the year, the company has issued Compulsory convertible Debentures amounting to ₹ 1500 millions with mandatory conversion period of 3 years. This instrument bears a coupon interest rate of 9.50% till the maturity date. The conversion ratio is 1:1000 (i.e. each CCD shall convert into 1,000 Equity Shares). Refer below for details

Face Value of CCD	1,500.00
Equity component recognised (refer note above)	1,129.22
Difference Amount recognised in debt securities (refer note 16)	370.78

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

26. Interest income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On financial assets measured at Amortised cost		
Interest on loans	16,957.75	5,412.94
Interest on investments	17.57	193.92
Interest income on deposits with banks	149.08	71.21
Sub-total	17,124.40	5,678.07
On financial assets measured classified at fair value through profit or loss		
Interest on investments	733.80	423.85
Sub-total	733.80	423.85
On financial assets measured at FVTOCI		
Interest on loans	510.15	240.85
Sub-total	510.15	240.85
Total	18,368.35	6,342.77

27. Fees and commission income

	For the year ended 31 March 2023	For the year ended 31 March 2022
Fee received on collections	282.33	93.89
Commission income	25.06	-
Total	307.39	93.89

28. Net gain on fair value changes

	For the year ended 31 March 2023	For the year ended 31 March 2022
(A) Net gain on financial instruments at fair value through profit or loss		
(i) On trading portfolio		
Debt securities	213.78	790.06
Mutual fund	80.15	53.39
Future trading	21.64	358.67
Others	(10.62)	-
Interest rate swaps	-	1.47
(ii) on financial instruments designated at FVTPL:		
Debt securities	-	-
Equity instruments	-	139.55
(B) Net gain on financial instruments at amortised cost		
Debt securities	-	-
Pass through certificate	-	29.20
Total	304.95	1,372.34
Fair value changes		
- Realised	312.68	1,488.17
- Unrealised	(7.73)	(115.83)
Total	304.95	1,372.34

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

29. Net Gain on derecognition of financial instruments under amortised cost category

	For the year ended 31 March 2023	For the year ended 31 March 2022
Gain on sale of loan portfolio through assignment	1,399.35	361.40
Gain on sale of loan portfolio	-	-
Total	1,399.35	361.40

30. Other operating income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Income from advertisement and promotion	26.00	-
Total	26.00	-

31. Other income

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit on sale of property, plant and equipment	-	0.08
Profit on sale of trade mark *	349.51	-
Miscellaneous income	29.90	28.39
Total	379.41	28.47

*Refer Note 44 (Related party disclosure).

32. Finance costs

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
On financial liabilities measured at amortised cost:		
Interest on borrowings (other than debt securities)	4,135.36	1,258.10
Interest on debt securities*	2,442.74	754.57
Interest on subordinated liabilities	129.08	74.72
Interest on lease liability	29.45	7.08
Interest on income tax	0.02	4.98
Others	179.69	32.17
Total	6,916.34	2,131.62

*Includes amount paid to related parties , refer note 44.

33. Fees and commission expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Fees to service provider	72.65	17.89
Others	86.89	5.77
Total	159.54	23.66

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

34. Net loss on derecognition of financial instruments under amortised cost category

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Loss on sale of loan portfolio	-	1.64

35. Impairment on financial instruments

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Loans written off	1,253.61	1,182.27
Impairment allowance on financial assets under amortised cost	2,740.63	424.53
Impairment allowance on financial assets measured at fair value through other comprehensive income	18.92	-
Impairment allowance on investments	(164.19)	(8.51)
Investments written off	138.32	
Impairment loss allowance on other receivable	(8.52)	20.63
Total	3,978.77	1,618.92

36. Employee benefits expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and wages	2,170.89	1,178.18
Contribution to provident and other funds	143.56	71.17
Gratuity expense (refer note 43)	32.40	19.04
Compensated absences	26.10	13.18
Staff welfare expenses	97.23	49.39
Employee Share-based expense (refer note 47)	109.40	68.01
Total	2,579.58	1,398.97

37. Depreciation and amortization

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation on tangible assets (refer note 12)	97.58	24.03
Amortisation on intangible assets (refer note 13)	7.25	4.87
Amortisation on right of use assets	53.15	21.24
Total	157.98	50.14

38. Other expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Advertisement Expenses	6.33	1,771.94
Software support charges	1,649.62	412.48
Traveling and conveyance	318.85	165.59
Customer onboarding and verification	338.94	287.47
Legal and professional charges	664.14	255.48
Business Support Services	87.97	31.38
Rent and electricity charges	156.55	77.92

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Office and general expenses	105.52	50.13
Rates and taxes	36.57	9.83
Director's sitting fees	15.70	10.79
Auditors' remuneration *	18.38	9.30
Corporate social responsibility expenses	10.90	11.97
Royalty Fees on trade mark	39.53	-
Membership fee and subscription	11.31	5.07
Insurance	11.99	2.86
Repairs and maintenance - others	25.50	19.73
Meeting and training Expenses	37.39	12.01
Communication costs	40.07	18.93
Miscellaneous expenses	71.91	4.29
Total	3,647.17	3,157.17

*Auditor fees and expenses comprises of:

	For the year ended 31 March 2023	For the year ended 31 March 2022
As auditor:		
- Audit fees (including fees for limited review)	8.46	7.12
- Tax audit fees	0.27	0.49
- Special purpose audit	6.76	0.33
- Statutory audit and limited review fees to previous auditor	0.55	-
- Out of pocket expenses	0.52	0.04
- Out of pocket expenses to previous auditor	-	0.02
In any other manner:		
- Certification	1.83	1.30

39. Corporate social responsibility expenses

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
a) Gross amount required to be spent by the Company during the period as per section 135 of the Companies Act, 2013 read with Schedule VII	10.81	6.65
b) Amount spent during the period on :	-	-
(i) Construction / acquisition of any asset	-	-
(ii) On purpose other than (i) above	-	-
In cash	10.90	8.31
Yet to be paid	-	-
c) Excess at the end of the year	-	-
d) Total of previous periods shortfall at the end of the year	-	-
e) excess amount to be spent :	-	-
Opening balance	0.19	3.85
Amount spent during the year	10.90	8.31
Amount required to be spent during the year	10.81	12.16
Amount utilised towards CSR obligation for the year ended ended	10.81	-
f) Closing balance	0.28	0.19

There are no ongoing projects/CSR projects as at the reporting date to be reported under section 135(5)/section 135(6). There are no excess CSR expenditure under section 135(5)..

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

40. Tax expense

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax	967.43	105.57
Deferred tax	(262.97)	(142.23)
Total	704.46	(36.66)

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:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit before tax	3,346.07	(183.25)
Income tax rate	25.17%	25.17%
Estimated income tax expense	842.14	(46.12)
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expense:		
Adjustment for tax pertaining to prior years	(2.51)	-
Tax impact of expenses which are non-deductible	2.75	9.40
Tax impact on exempt income	(87.97)	-
Tax impact of deductions which are allowed under the Income Tax act, 1961	(39.43)	4.27
Impact of changes in tax rate	-	(21.17)
Others	(10.52)	16.96
Total income tax expense	704.46	(36.66)

41. Earnings per share (basic and diluted)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Profit/(Loss) for the year	2,641.61	(146.59)
Weighted-average number of equity shares for basic EPS (in millions)	255.17	169.70
Weighted-average number of potential equity shares for diluted EPS (in millions)	256.53	169.70
Earnings per share - Basic	10.35	(0.86)
Earnings per share - Diluted	10.30	(0.86)
Nominal value per share	10.00	10.00

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

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

	For the year ended 31 March 2023	For the year ended 31 March 2022
i) The principal amount due thereon remaining unpaid to any supplier as at the end of each reporting year.	11.35	0.70
ii) The interest amount due thereon remaining unpaid to any supplier as at the end of each reporting year.	-	-
iii) 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 reporting year.	-	-
iv) 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 reporting period) but without adding the interest specified under the MSMED Act, 2006.	-	-
v) The amount of interest accrued and remaining unpaid at the end of each reporting year.	-	-
vi) 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.	-	-

43. Retirement benefit plan

1. 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 ₹ 124.35 millions (31 March 2022: ₹ 65.92 millions) for Provident Fund contributions and ₹ 19.21 millions (31 March 2022: ₹ 5.25 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.

2. Defined Benefit Plan

Disclosure for gratuity

- (i) 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 Defined Benefit Plan of company is unfunded

Employee benefit obligations:

- (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 2023	For the year ended 31 March 2022
Current service cost	33.80	16.18
Interest cost (net)	3.22	1.97
Transfer from Group entities	(4.62)	0.89
Total	32.40	19.04

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

(iii) Actuarial loss/(gain) recognised during the year

Description	For the year ended 31 March 2023	For the year ended 31 March 2022
Gratuity	8.49	0.24

(iv) Balance recognised in the balance sheet is as under:

Description	For the year ended 31 March 2023	For the year ended 31 March 2022
Gratuity	86.35	45.10

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Present value of defined benefit obligation as at 31 March 2023 and 31 March 2022	45.10	31.63
Current service cost	33.80	16.89
Interest cost	3.22	1.97
Past service cost	-	-
Transfer out	-	(0.69)
Benefits paid	(4.26)	(4.92)
Actuarial (gain)/ loss	8.49	0.24
Present value of defined benefit obligation as at the end of the year	86.35	45.10

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Interest income	-	-
Employer direct benefits payments	-	-
Benefits paid	-	-
Benefits paid from the fund	-	-
Return on plan assets excluding interest income	-	-
Fair value of plan assets end of the year	-	-

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

Particulars	As at 31 March 2023	As at 31 March 2022
Present value of funded obligation as at the end of the year	86.35	45.10
Fair value of plan assets as at the end of the year funded status	-	-

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(All amounts in ₹ millions unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
(Unfunded)/funded net liability recognized in balance sheet	(86.35)	(45.10)

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

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Actuarial loss/ (gain) on assets		
Actuarial (gain) / loss on liabilities:		
Actuarial (gain) from change in demographic assumption		
Actuarial loss from change in financial assumption	(0.54)	(1.03)
Actuarial loss from experience adjustment	9.03	1.27
Total actuarial (gain)/loss	(8.49)	(0.24)

(ix) Principal assumptions used in determining gratuity liability are shown below:

Description	As at 31 March 2023	As at 31 March 2022
Rate of discounting	7.34% - 7.46%	7.08% - 7.55%
Expected rate of salary increase	7% - 10%	7% - 10%
Rate of employee turnover	5% - 23%	5% - 23%
Retirement age (years)	60	60

(x) Notes to actuarial assumptions:

- Gratuity is payable to the employees on death or resignation or on retirement at the attainment of superannuation age.
- 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.
- 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.
- The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

(xi) Sensitivity analysis for gratuity liability

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Impact of change in discount rate		
Present value of obligation at the end of the year		
Discount rate +100 basis points	(7.79)	(3.54)
Discount rate -100 basis points	9.34	4.18
Impact of change in salary increase		
Present value of obligation at the end of the year		
Salary growth+ 100 basis points	7.39	3.48
Salary growth- 100 basis points	(6.51)	(3.10)
Impact of change in attrition rate		
Present value of obligation at the end of the year		
Attrition rate + 100 basis points	(1.92)	(0.78)
Attrition rate - 100 basis points	2.08	0.84

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(All amounts in ₹ millions unless otherwise stated)

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.

Description	As at 31 March 2023	As at 31 March 2022
Within next 12 months	6.70	4.03
Between 1-5 years	14.07	41.07
Beyond 5 years	65.58	-

(xiii) Expected future payouts (discounted):

	As at 31 March 2023	As at 31 March 2022
Year I	6.70	4.03
Year II	5.06	3.13
Year III	3.85	2.36
Year IV	2.93	1.79
Year V	2.24	1.37
Year 6-10	7.95	4.40
Above 10 years	57.63	28.02

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.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

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

Disclosure for Leave encashment

Amount recognised in the balance sheet

Description	As at 31 March 2023	As at 31 March 2022
Defined benefit plans		
Leave encashment	69.43	48.68

44. Related parties disclosures

A 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)
Entities under common control	Navi General Insurance Limited ("Navi GI") Navi AMC Limited ("Navi AMC") Navi Mutual Fund
Ultimate Controlling Party	Sachin Bansal
Entities in which Directors are able to exercise control or have significant influence	Flipkart Online Services Private Limited
Name of key managerial personnel	Designation
Mr. Sachin Bansal	Executive Chairman and Chief Executive Officer
Mr. Ankit Agarwal	Managing Director
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. Ankit Surana	CFO (appointed w.e.f 25 April 2023)
Mr. Divyesh Jain	CFO (appointed w.e.f 12 November 2021 and resigned w.e.f 25 April 2023)
Mr. L N Gurumoorthy	CFO (resigned w.e.f 12 November 2021)

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

B Transactions with related parties

Name of related party	Nature of transaction	Year ended 31 March 2023*	Year ended 31 March 2022*
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Redemption of non-convertible debentures	3,500.00	7,520.00
	Face value of equity shares allotted	1,066.67	133.33
	Securities premium received	6,933.33	866.67
	Issue of Compulsory convertible debenture	1,500.00	-
	Sale of equity shares	1,814.58	-
	Sale of Trade Mark	349.51	-
	Sale of Pass through certificates	1,055.70	-
	Reimbursement of expenditure incurred from related party	42.94	3.40
	Interest paid on Compulsory convertible debenture	12.49	-
	Interest paid on non convertible debenture	40.61	-
	Loan sourcing fee	2,555.06	607.04
	Software support charges	1,636.65	406.17
	Outsourcing services fees	87.97	31.38
	Expense cross charged	15.98	-
	Royalty fees	39.53	-
	Sale of investment in debenture	-	996.94
	Lease rental	25.00	21.36
	Security deposit to be paid	-	1740
	Employee cost (net) cross charged to NTL for transferred employees	14.86	34.49
	Share based payments to employees	124.32	57.54
Navi General Insurance Limited	Advance money paid for customer insurance policies	40.02	44.54
	Premium for issuance of customer insurance policies	33.39	43.93
	Rent cross charge to Navi GI	0.26	-
	Share based payments to employees	0.90	-
	Subscription of Public Debt by Navi GI-Interest	0.45	-
	Employee cost cross charged to Navi GI for transferred employees	0.44	4.31
	Advertisement expenses cross charged to Navi GI	-	21.29
	Payment for employee medical insurance	-	0.36
	Refund of Balance towards Payment for Employee Medical Insurance	-	(0.19)
Navi AMC Limited	Advertisement expenses cross charged to Navi AMC	-	14.46
	Rent cross charge to Navi AMC	0.13	-
	Employee cost cross charged to Navi AMC for transferred employees	0.42	-
	Share based payments to employees	1.96	-

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(All amounts in ₹ millions unless otherwise stated)

Transactions with related parties (Contd.)

Name of related party	Nature of transaction	Year ended 31 March 2023*	Year ended 31 March 2022*
Navi Mutual Fund	Purchase of Mutual funds	(200.00)	1,179.96
	Sale of Mutual funds	484.05	1,021.64
	Gain/(Loss) on Redemption of Mutual Funds	1.91	-
Mr. Sachin Bansal	Loan advanced to director	0.60	-
Ms. Riya Bhattacharya	Remuneration	-	15.40
Mr. Divyesh Jain	Remuneration	8.94	4.04
Mr. L. N. Gurumoorthy	Remuneration	-	7.05

* Includes GST paid on expenses to the extent ITC has not been claimed

C Outstanding balances with related parties in ordinary course of business:

Name of related party	Nature of balance	Year ended 31 March 2023*	Year ended 31 March 2022*
Navi Technologies Limited (formerly known as Navi Technologies Private Limited)	Outstanding (payable)	(676.83)	(610.24)
	Outstanding receivable	41.61	-
	Non-convertible debentures	(3,000.56)	(6,500.56)
	Equity component of compulsory convertible debenture	1,129.22	-
	Debt component of compulsory convertible debenture	361.46	-
	Provision for employee benefits (ESOP expense)	(107.40)	(24.46)
Navi General Insurance Limited	CD Balance	8.19	1.41
	Outstanding receivable	0.30	1.58
Navi AMC Limited	Outstanding receivable	0.13	-
	Outstanding payable	(2.45)	-
Navi Mutual Fund	Mutual fund holdings	-	285.00

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(All amounts in ₹ millions unless otherwise stated)

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 2023			As at 31 March 2022		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets						
Financial assets						
Cash and cash equivalents	6,508.78	-	6,508.78	5,709.55	-	5,709.55
Bank balances other than cash and cash equivalents	1,982.39	1,862.45	3,844.84	1,113.95	243.63	1,357.58
Loans	53,608.75	47,892.67	1,01,501.42	29,938.41	20,075.68	50,014.09
Investment	7,350.30	-	7,350.30	3,529.61	110.15	3,639.76
Other financial assets	3,241.66	144.27	3,385.93	1,267.35	80.28	1,347.63
Non-financial assets						
Current tax assets (net)	-	-	-	6.36	161.54	167.90
Deferred tax asset (net)	-	822.98	822.98	-	557.94	557.94
Property, plant and equipment	-	210.38	210.38	2.29	72.02	74.31
Right to use asset	111.88	755.78	867.66	0.20	122.75	122.95
Other intangible assets	-	30.81	30.81	-	27.94	27.94
Other non-financial assets	380.64	335.71	716.35	102.84	4.69	107.53
Total	73,184.40	52,055.06	1,25,239.46	41,670.56	21,456.62	63,127.18
Liabilities						
Financial liabilities						
Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	11.35	-	11.35	0.70	-	0.70
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	876.77	-	876.77	911.41	-	911.41
Borrowings	58,357.68	33,893.79	92,251.47	26,923.20	21,703.28	48,626.48
Lease liabilities	57.88	854.71	912.59	30.04	103.88	133.92
Other financial liabilities	4,201.98	-	4,201.98	526.26	-	526.26
Non financial liabilities						
Current tax liabilities (net)	113.27	-	113.27	-	-	-
Provisions	254.58	139.86	394.44	93.76	99.44	193.20
Other non financial liabilities	298.85	12.42	311.27	138.12	6.22	144.34
Total	64,172.36	34,900.78	99,073.14	28,623.49	21,912.82	50,536.30

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

46. Contingent liabilities, commitments and leasing arrangements

(A) Contingent liabilities

	As at 31 March 2023	As at 31 March 2022
a. In respect of Income tax demands where the Group has filed appeal before the relevant authority..	28.63	70.61
b Others	1.16	-
Total	29.79	70.61

- The Group is of the opinion that for the above demands, based on the management estimate no significant liabilities are expected to arise.
- It is not practicable for the Group to estimate the timing of the cashflows, if any, in respect of the above pending resolution of the respective proceedings.
- The Group does not expect any reimbursement in respect of the above contingent liabilities.
- Future Cash outflows in respect of the above are determinable only on receipt of judgements/decisions pending with various forums/ authorities.

(B) Commitments not provided for

Particulars	As at 31 March 2023	As at 31 March 2022
Housing loans sanctioned pending disbursement	4,411.09	122.60
Estimated amount of contracts remaining to be executed on capital account, net of advances	5.70	1.13

(C) Note for Co-Lending - Second Loss Guarantee

The holding company has provided second loss guarantee in relation to its co-lending business based on trigger of certain events as per the underlying agreements, the timing for the invocation of such second loss guarantee as well as the amount is currently undeterminable as it is dependent on future events. Based on the assessment made by the holding company no events triggering this during the year were noted.

(D) Lease disclosures

Particulars	As at 31 March 2023	As at 31 March 2022
Opening lease liabilities	133.91	16.65
Addition to lease liabilities during the period	841.81	127.90
Lease termination	(43.64)	-
Gain on lease modification	(4.45)	-
Interest expense on lease liabilities	29.45	7.08
Cash outflow for leases	(44.49)	(17.72)
Closing lease liabilities	912.59	133.91

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening value of right of use assets	122.95	16.29
Addition to lease assets during the period	841.81	127.90
Lease termination	(43.95)	-
Less: Depreciation charge for the period	(53.15)	(21.24)
Closing right to use assets	867.66	122.95

Amounts recognised in statement of profit or loss

Particulars	As at 31 March 2023	As at 31 March 2022
Depreciation charge on right of use assets	53.15	21.24
Interest on lease liabilities	29.45	7.08
Total	82.60	28.32

Amounts recognised in the statement of cash flows

Particulars	As at 31 March 2023	As at 31 March 2022
Interest paid on lease liabilities	29.45	7.08
Payment towards lease liabilities	(44.50)	(17.72)
Total	(15.05)	(10.64)

Maturity analysis of lease liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Within one year	57.88	30.03
After one year but not more than five years	328.17	103.88
More than five years	526.54	-
Total	912.59	133.91

Particulars	As at 31 March 2023	As at 31 March 2022
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	9	10
Range of remaining term	15-113 Months	21-58 Months
Average remaining lease term	48 months	34 months
Subsidiary		
Nature of right of use asset	Office premises	Office premises
No. of right of use assets leased	2	3
Range of remaining term	8 months to 52 months	5 months to 20 months
Average remaining lease term	30.03 Months	11.45 months
Restrictions or covenants imposed by leases	None	None
Sale and leaseback transactions	None	None

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(All amounts in ₹ millions unless otherwise stated)

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:

Under the plan, participants have been granted options which will vest as follows:

Scheme	Vesting Conditions	Exercise year	Exercise Price / Ratio	Other conditions
Employee Share-option Plan (ESOP), 2019	Vested in a graded manner over a year of 4 years.	Employees can exercise the vested options anytime post vesting of the options..	₹ 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.

Pursuant to the plan, the Holding Company has granted 70,97,083 to the employees of the Group. Outstanding options as on 31 March 2023 are 2,06,02,530. The Stock compensation cost is computed under the fair value method and has been recognised over the vesting period up to 31 March 2023.

For the year ended 31 March 2023, the Group has recorded stock compensation expenses of ₹109.40 millions (31 March 2022: ₹68.01 millions) which has been granted by Holding Company.

Particulars	No. of options 31 March 2023	No. of options 31 March 2022
Options outstanding at the beginning	1,09,25,423	76,23,560
Granted during the year	70,97,083	79,32,700
Lapsed during the year	(23,75,411)	(4,02,961)
Transfer (to)/in during the year/period ended (net)	49,55,435	(42,27,876)
Options outstanding at the end	2,06,02,530	1,09,25,423

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	As at 31 March 2023	As at 31 March 2022
Fair value of the equity share as on grant date	38.31	38.20
Weighted average fair values at the measurement date	2.5-5.5	5.00
Expected volatility (%)	30.8%-36.1%	29.6%
Dividend yield (%)	0.0%	0.0%
Risk-free interest rate (%)	6.6%-6.9%	5.9%
Weighted average share price (INR)	₹ 10	₹ 10
Model used	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 period equivalent to the expected life of the option..

Notes forming part of the Consolidated Financial Statements

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48. Fair value measurement

Financial assets and liabilities

The financial instruments by category are as follows:

Particulars	Note	Level	As at 31 March 2023	As at 31 March 2022
Financial assets measured at fair value through P&L				
Investments	8	Level 1	7,350.30	2,684.83
Financial assets measured at fair value through OCI				
Investments in Pass through certificates	8	Level 2	-	225.27
Financial assets measured at amortised cost				
Loans	7	Level 3	10,266.54	1,224.27
Financial assets measured at amortised cost				
Loans	7	Level 3	96,048.99	48,789.82
Investments	8	Level 3	-	729.66
Total			1,13,665.83	53,653.85

Particulars	Note	Level	As at 31 March 2023	As at 31 March 2022
Financial liabilities measured at Fair Value				
Derivative financial instruments	15	Level 2	-	-
Financial liabilities measured at amortised cost				
Debt securities	16	Level 2	28,206.67	22,466.49
Borrowings (other than debt securities)	17	Level 2	61,911.51	25,660.05
Subordinated liabilities	18	Level 2	2,133.29	499.94
Total			92,251.47	48,626.48

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. Hence not considered in the above disclosure.

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:

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).

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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 2023	As at 31 March 2022
Level 1 (Quoted prices in active market)		
Financial assets measured at FVTPL		
Investments in mutual funds	60.77	391.61
Investments in bonds and debentures	7,289.53	2,293.22
Investment in futures	-	-
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
Level 3		
Financial assets measured at FVTOCI		
Loans	10,266.54	1,224.27
	17,616.84	4,134.37

Particulars	Basis of Valuation	As at 31 March 2023	As at 31 March 2022
Fair Value Level 3 assets	Based on the discounted cashflow.	10,266.54	1,224.27

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 2023		As at 31 March 2022	
	Carrying value	Fair value	Carrying value	Fair value
Financial assets:				
Loans	96,048.99	97,961.84	48,789.82	42,467.81
Investments	-	-	729.66	729.66
Total financial assets	96,048.99	97,961.84	49,519.48	43,197.47
Financial liabilities:				
Borrowings (includes debt securities and subordinated liabilities)	92,251.47	90,781.09	48,626.48	45,225.95
Total financial liabilities	92,251.47	90,781.09	48,626.48	45,225.95

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.

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(All amounts in ₹ millions unless otherwise stated)

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 Group'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.
Market risk - security price	Investments	Sensitivity analysis	Diversification of portfolio with focus on strategic investments.

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.

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49.1 Credit risk

A. 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

B. 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.

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
- Gap in credit assessment of borrower's credit worthiness
- Security gaps or temporary technical glitches in the loan origination application of the Group leading to loans being sanctioned to ineligible individual

- 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.
- Inability to accurately map the underlying credit risk to the parameters of the sanctioned loan

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 these 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.

- (i) Low credit risk
- (ii) Moderate credit risk
- (iii) High credit risk

The Group provides for expected credit loss based on the following:

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Nature	Assets covered	Basis of expected credit loss
Low credit risk	Cash and cash equivalents (excluding cash on hand), other bank balances, investments, loans, other 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.

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 disbursal 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:

- **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 scoring, credit assessment, independent assessment of legal validity and value of Property by experts etc.
- **Loan sanction** - Disbursement to high risk rated borrowers; early delinquency due to fraud
- **Loan pre and post disbursement** - disbursement in the bank Account only
- **Loan collection and recovery** - monitor repayments, Days past due review, DPD stagewise collection framework
- **Appropriate policy** - driven loan origination and collection process.

Investments - Risk concentration is minimized by investing in highly rated, investment grade bonds and debt instruments which have a very low risk of default. These investments are reviewed by the Board of Directors on a regular basis.

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

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.

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.

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49.1.5 Impairment assessment

Investments

All investments are carried at fair value through profit and loss. Any mark to market movement is directly recognised in Statement of Profit and Loss.

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 upto 84 months for its personal loan product, upto 30 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

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.

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.

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.

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.

$$ECL = PD * LGD * EAD$$

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.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

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 loans

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

31 March 2023	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash equivalents	6,508.78	-	6,508.78
Bank balance other than cash and cash equivalents	3,844.84	-	3,844.84
Investments	7,350.30	-	7,350.30
Other financial assets	3,413.67	(27.74)	3,385.93

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
Trade receivables	-	-	-
Investments	3,803.94	(164.18)	3,639.76
Other financial assets	1,384.74	(37.11)	1,347.63

The company has not provided ECL on cash and cash equivalents, bank balance other than cash and cash equivalents as there is no history of delay in withdrawal/servicing of interest and principal respectively.

No default history has been noted from payment aggregator/lessor with whom company has kept its security deposits..

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

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 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Internal rating grade								
Performing								
Standard grade- No Over Due	1,02,610.90	-	-	1,02,610.90	50,719.89	-	-	50,719.89
Standard grade- DPD 1 to 30	1,112.91	-	-	1,112.91	393.33	-	-	393.33
Standard grade- DPD 31 to 60	-	978.02	-	978.02	-	305.91	-	305.91
Standard grade- DPD 61 to 89	-	350.52	-	350.52	-	97.75	-	97.75
Non- performing								
Sub-standard	-	-	1,263.19	1,263.19	-	-	551.76	551.76
grade- DPD > 89								
Total	1,03,723.81	1,328.54	1,263.19	1,06,315.54	51,113.22	403.66	551.76	52,068.64

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 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount -opening balance	51,113.22	403.66	551.76	52,068.64	16,958.48	517.84	770.66	18,246.98
New assets originated	94,069.58	1,113.67	848.95	96,032.20	48,424.07	206.40	133.63	48,764.10
Movement between stages								
Transferring from Stage 1	(1,011.48)	404.67	606.81	-	(917.91)	447.12	470.79	-
Transferring from Stage 2	14.74	(50.39)	35.65	-	12.20	(95.74)	83.54	-
Transferring from Stage 3	1.01	0.23	(1.24)	-	2.15	1.54	(3.69)	-
Assets repaid, derecognized and written off	(40,463.26)	(543.30)	(778.74)	(41,785.30)	(13,365.77)	(673.50)	(903.17)	(14,942.44)
Gross carrying amount- closing balance	1,03,723.81	1,328.54	1,263.19	1,06,315.54	51,113.22	403.66	551.76	52,068.64

Note : New assets originated is presented net of collections made.

An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to Portfolio loans is, as follows (Cont'd):

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Reconciliation of ECL balance on loans is given below::

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance - opening balance	1,388.14	214.42	451.99	2,054.55	730.41	263.97	639.69	1,634.07
New assets originated	2,469.81	870.78	699.89	4,040.48	1,323.66	124.72	122.87	1,571.25
Movement between stages	-	-	-	-	-	-	-	-
Transfers to Stage 1	(43.22)	16.76	26.46	-	(56.68)	22.88	33.80	-
Transfers to Stage 2	6.34	(21.32)	14.98	-	5.71	(35.93)	30.22	-
Transfers to Stage 3	0.63	0.15	(0.78)	-	1.98	1.28	(3.26)	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(1,078.28)	(54.46)	(148.18)	(1,280.92)	(616.94)	(162.50)	(371.33)	(1,150.77)
Impairment allowance - closing balance	2,743.42	1,026.33	1,044.36	4,814.11	1,388.14	214.42	451.99	2,054.56

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 2023				As at 31 March 2022			
	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
Standard grade- DPD 31 to 60	-	-	-	-	-	-	-	-
Non-performing	-	-	-	-	-	-	-	-
Standard grade- DPD >61	-	-	-	-	-	-	164.15	164.15
	-	-	-	-	238.03	-	164.15	402.18

Note: Includes only Investments in unquoted bonds and debentures and pass through certificates.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

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 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount	238.03	-	164.15	402.18	2,769.52	-	227.44	2,996.96
-opening balance								
New assets originated	1,055.06	-	-	1,055.06	-	-	-	-
Movement between stages								
Transferring from Stage 1	-	-	-	-	-	-	-	-
Transferring from Stage 2	-	-	-	-	-	-	-	-
Transferring from Stage 3	-	-	-	-	-	-	-	-
Assets repaid, derecognized and written off	(1,293.09)	-	(164.15)	(1,457.24)	(2,531.49)	-	(63.29)	(2,594.78)
Gross carrying amount- closing balance	-	-	-	-	238.03	-	164.15	402.18

Note: New assets originated is presented net of repayments made.

Reconciliation of ECL balance on investments is given below:

Particulars	As at 31 March 2023				As at 31 March 2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance	0.03	-	164.15	164.18	2.11	-	170.58	172.69
- opening balance								
New assets originated	-	-	-	-	-	-	-	-
Movement between stages								
Transfers to Stage 1	-	-	-	-	-	-	-	-
Transfers to Stage 2	-	-	-	-	-	-	-	-
Transfers to Stage 3	-	-	-	-	-	-	-	-
Additional provision created during the year/(Assets repaid, derecognized and written off)	(0.03)	-	(164.15)	(164.18)	(2.08)	-	(6.43)	(8.51)
Impairment allowance - closing balance	-	-	-	-	0.03	-	164.15	164.18

Note: New assets originated is presented net of repayments made..

49.2 Liquidity risk and funding management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

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:

Maturity pattern of liabilities as on 31 March 2023:

Particulars	Less than 1 year	Over 1 year & upto 3 years	Over 3 years & upto 5 years	Over 5 years	Total
Financial liabilities					
Trade payables	877.03	11.09	-	-	888.12
Borrowings	62,627.45	30,341.77	784.93	1,880.82	95,634.97
Lease liabilities	57.88	157.07	171.10	526.55	912.59
Other financial liabilities	4,201.98	-	-	-	4,201.98
Total financial liabilities	67,764.35	30,509.93	956.03	2,407.37	1,01,637.66

Maturity pattern of 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 liabilities					
Trade payables	912.11	-	-	-	912.11
Borrowings(includes debt securities and subordinated liabilities)	26,923.20	21,200.04	503.24	-	48,626.48
Lease liability	30.04	59.25	44.62	-	133.91
Other financial liabilities	526.26	-	-	-	526.26
Total financial liabilities	28,391.61	21,259.29	547.86	-	50,198.76

49.3 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 Group's interest expenditure on borrowed funds.

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. Further, the Group's borrowings carry a fixed and floating 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.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

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 2023	Effect on Statement of Profit and loss for the year ended 31 March 2022
0.50% increase	184.24	240.87
0.50% decrease	(184.24)	(240.87)

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 2023	As at 31 March 2022
Investments carried at FVTPL valued using quoted prices in active market	7,350.30	2910.1

Particulars	Effect on Statement of Profit and loss for the year ended 31 March 2023	Effect on Statement of Profit and loss for the year ended 31 March 2022
1% increase	73.50	29.10
1% decrease	(73.50)	(29.10)

50. Segment reporting

There is no separate reportable segment as per Ind AS 108 on 'Operating Segments' in respect of the Group. The Group operates in single segment only. There are no operations outside India and hence there is no external revenue or assets which require disclosure. No revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue in year ended 31st March, 2023 and 31st March, 2022.

51. Expenditure in foreign currency

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Membership and subscription fee	1.68	-
Advertisement expenses	-	6.98

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

52. Trade payables aging schedule

As at 31 March 2023*

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	
(i) MSME	11.35	-	-	-	11.35
(iv) Disputed dues - Others	876.42	0.22	0.13	-	876.77

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	
(i) MSME	0.70	-	-	-	0.70
(iv) Disputed dues - Others	911.41	-	-	-	911.41

52A Transferred financial assets that are not derecognised in their entirety

- i) During the period, the Group has securitisation with various parties. Under such arrangements, the group has transferred a pool of loans, which does not fulfil the derecognition criteria specified under IndAS 109 as the group has concluded that risk and rewards with respect to these assets are not substantially transferred.

Following such transfer, the Group's involvement in these assets as follows:

- As a servicer of the transferred assets
- To the extent of credit enhancements provided to such parties.

The value of Financial assets and liabilities as on :

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Carrying amount of transferred assets measured at amortised cost	14,224.34	1,841.06	-
Carrying amount of Associated liabilities	12,322.94	1,839.99	-
Fair value of assets	12,679.23	1,841.06	-
Fair value of associated liabilities	13,533.66	1,839.99	-

- ii) The Group has transferred certain loans (measured at amortised cost) by way of direct bilateral assignment, as a source of finance. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been de-recognised from the Group's balance sheet. The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition, per type of asset.

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Carrying amount of de-recognised financial asset	-	-
Carrying amount of Retained Assets at amortised cost	2,211.39	494.92
Gain on sale of the de-recognised financial asset	1,399.35	133.07

52B Disclosure on ratios

Holding Company

Particulars	As at 31 March 2023	As at 31 March 2022
CRAR (%)	28.37%	30.73%
CRAR – Tier I capital (%)	27.19%	29.73%
CRAR – Tier II capital (%)	1.18%	1.00%

Subsidiary Company

Particulars	As at 31 March 2023	As at 31 March 2022
CRAR (%)	22.34%	17.38%
CRAR – Tier I capital (%)	16.01%	15.87%
CRAR – Tier II capital (%)	6.33%	1.52%

53. Additional Regulatory Information

53.1 Details of benami property held

No proceedings have been initiated on or are pending against the group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

53.2 Borrowing secured against current assets

The group has borrowings from banks and financial institutions on the basis of security of current assets. The quarterly returns or statements of current assets filed by the group with banks and financial institutions are in agreement with the books of accounts.

53.3 Wilful defaulter

None of the entities in the group have been declared wilful defaulter by any bank or financial institution or other lender.

53.4 Relationship with struck off companies

The group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

53.5 Compliance with number of layers of companies

The group has complied with the number of layers prescribed under the Companies Act, 2013, read with the Companies (Restriction on number of Layers) Rules, 2017.

53.6 Compliance with approved scheme(s) of arrangements

The group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year

53.7 Utilisation of borrowed funds and share premium

The group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- 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
- provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries

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:

- 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

Notes forming part of the Consolidated Financial Statements

(All amounts in ₹ millions unless otherwise stated)

53.8 Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account

53.9 Valuation of PP&E, right-of-use assets, intangible asset and investment property

The group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year.

53.10 Title deeds of immovable properties not held in name of the company

The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in note 45(D) to the financial statements, are held in the name of the company.

53.11 Registration of charges or satisfaction with Registrar of Companies

There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

53.12 Utilisation of borrowings availed from banks and financial institutions

The borrowings obtained by the company from banks and financial institutions have been applied for the purposes for which such loans were taken.

53.13 There are no investment properties as on 31 March, 2023.

53.14 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.

53.15 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.

53.16 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

53.17 The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

53.18 Previous year figures have been regrouped/ reclassified wherever applicable

Notes forming part of the Consolidated Financial Statements

54 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	As at 31 March 2023		Share in profit or loss		Year ended 31 March 2023		Share in total comprehensive income	
	Net Assets i.e., total assets minus total liabilities		As % of Consolidated profit or loss		Share in other comprehensive income		As % of total comprehensive income	
	As % of Consolidated net assets	Amount		Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent Company:								
Navi Finserv Limited	72.44%	18,953.98	43.84%	1,158.11	-15.12%	0.91	43.98%	1,159.02
Subsidiary Companies (Indian):								
Chaitanya India Fin Credit Private Limited	27.56%	7,212.34	56.16%	1,483.51	115.12%	(6.93)	56.02%	1,476.58
Name of the entity in the Group	As at 31 March 2022		Share in profit or loss		Year ended 31 March 2022		Share in total comprehensive income	
	Net Assets i.e., total assets minus total liabilities		As % of Consolidated profit or loss		Share in other comprehensive income		As % of total comprehensive income	
	As % of Consolidated net assets	Amount		Amount	As % of consolidated other comprehensive income	Amount	As % of total comprehensive income	Amount
Parent Company:								
Navi Finserv Limited	68.34%	8,605.17	456.41%	(669.08)	18.38%	(4.30)	396.07%	(673.38)
Subsidiary Companies (Indian):								
Chaitanya India Fin Credit Private Limited	31.66%	3,985.71	-356.41%	522.49	81.62%	(19.12)	-296.07%	503.37

For and on behalf of the Board of Directors of
Navi Finserv Limited
 (formerly known as Navi Finserv Private Limited)

For **Price Waterhouse LLP**
 Chartered Accountants
 Firm's Registration No.: 301112/E/300264

A J Shaikh
 Partner
 Membership No. 203637
 Place: Bengaluru
 Date : 26 May, 2023

Sachin Bansal
 Executive Chairman and Chief Executive Officer
 (DIN: 02356346)
 Place: Bengaluru
 Date : 26 May, 2023

Ankit Surana
 Chief Financial Officer
 Place: Bengaluru
 Date : 26 May, 2023

Thomas Joseph
 Company Secretary
 M.No. A53322
 Place: Bengaluru
 Date : 26 May, 2023

Ankit Agarwal
 Managing Director
 (DIN: 08299808)
 Place: Bengaluru
 Date : 26 May, 2023

Shorter Notice of Eleventh Annual General Meeting

SHORTER NOTICE IS HEREBY GIVEN THAT THE ELEVENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF NAVI FINSERV LIMITED (FORMERLY KNOWN AS NAVI FINSERV PRIVATE LIMITED) WILL BE HELD ON FRIDAY, SEPTEMBER 29, 2023, AT 09:30 AM, AT THE REGISTERED OFFICE OF THE COMPANY, AT 02ND FLOOR, VAISHNAVI TECH SQUARE, IBALLUR VILLAGE, BEGUR HOBLI, BENGALURU – KARNATAKA, 560102 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. TO RECEIVE, CONSIDER AND ADOPT THE STANDALONE AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING MARCH 31, 2023, TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON.
2. TO APPOINT A DIRECTOR IN PLACE OF MR. SACHIN BANSAL (DIN: 02573018), WHO RETIRES BY ROTATION PURSUANT TO THE PROVISIONS OF SECTION 152 OF THE COMPANIES ACT, 2013 AND BEING ELIGIBLE, OFFERS HIS CANDIDATURE FOR REAPPOINTMENT.

SPECIAL BUSINESS:

3. DISCUSS AND APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF NON-CONVERTIBLE DEBENTURES

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 (**“the Act”**) read with the Companies (Prospectus and Allotment of Securities) Rules, 2014, and the Companies (Share Capital and Debentures) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any amendment(s), statutory modification(s), variation(s) and/or reenactment(s) to any of the foregoing and other applicable guidelines, circulars, directions or laws), applicable Reserve Bank of India Guidelines 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 offer or invite subscriptions for secured/unsecured non-convertible debentures (**“Debentures”**), in one or more series/tranches, on private placement basis, during a period

of one year commencing from the date of the annual general meeting, on such terms and conditions as the Board may, from time to time, determine and consider proper and most beneficial to the Company, including as to when the Debentures be issued, the consideration for the issue, utilization of the issue proceeds and all matters connected therewith or incidental thereto.

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 4000,00,00,000/- (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 the Finance Committee of the Board of Directors 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."

4. **DIVESTMENT OF STAKE HELD IN CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED, A MATERIAL SUBSIDIARY 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 pursuant to the provisions of Regulation 24 and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), Sections 179 and 180(1)(a) of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 read with the Rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Memorandum and Articles of Association of the Company and other applicable notifications, clarifications, circulars, rules and regulations issued by the Government of India or other governmental or statutory authorities, and the requisite approvals, if any, of any relevant statutory, regulatory

or governmental authorities, and further subject to such terms and conditions as may be prescribed by any of the aforesaid authorities while granting such approvals, the consent of members of the Company, be and is hereby accorded to the Board of Directors of the Company for divestment by way of sale of in whole by the Company of its entire stake in Chaitanya India Fin Credit Private Limited ('CIFCPL'), a Non-Banking Financial Company-Micro Finance Institution ('NBFC-MFI'), a material subsidiary of the Company (representing 75.00000032% of the outstanding issued and paid-up capital of CIFCPL), to Svatantra Microfin Private Limited ('Purchaser'), a NBFC-MFI, for a purchase consideration of Rs. 1165,50,00,049 (Rupees One Thousand One Hundred Sixty Five Crores Fifty Lakhs Forty Nine), subject to certain closing adjustments as detailed in the SPA (defined hereinafter), ('**Proposed Transaction**'), on terms and conditions as set forth in the Share Purchase Agreement dated August 8, 2023, executed between the Company, Navi Technologies Limited, the holding company, CIFCPL and the Purchaser ('**SPA**'), which post divestment shall result in the Company ceasing to have any interest and control (direct or indirect) in CIFCPL;

RESOLVED FURTHER THAT the Board of Directors of the Company ('the Board', which term shall include its duly empowered Committee(s) constituted/to be constituted by it to exercise its powers including the powers conferred by this resolution) be and is hereby authorised to finalize, settle and execute required transactional documents in relation to the Proposed Transaction and/or as required in accordance with the SPA, including but not limited to agreements, arrangements (including with respect to indemnities, guarantees etc.), undertakings, letters and any other documents as may be required from time to time and to do and perform all such acts, deeds, matters and things, as may be required or deemed necessary and in the best interest of the Company to give effect to the resolution for completion of the Proposed Transaction, without being required to seek any further consent or approval of the shareholders of the Company, and to delegate all or any of the powers or authorities herein conferred or any Director(s) or Officer(s) or Authorized Representative(s) of the Company, advisor, consultant, agent or intermediary, as may be deemed necessary.

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**

Thomas Joseph
Company Secretary
Membership No. A53322

Date:
Place: Bangalore

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 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 3: DISCUSS AND APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF NON-CONVERTIBLE DEBENTURES

In terms of the provisions of section 42 of the Companies Act, 2013 and rules applicable there on for making of a private placement offer a special resolution has to be passed.

Further, 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 4000,00,00,000/- (Indian Rupees Four Thousand Crores Only), provided that the outstanding amount at any time during the period shall be within the overall borrowing limits of the Company.

In view of the requirements of section 42 of the Companies Act, 2013 and the above said rules made thereunder, the Company seeks approval of members at the general meeting by way of special resolution which will be valid for a period of 12 months from the date of passing thereof. Further, as per second proviso of Rule 14 of Chapter IV The Companies (Share Capital and Debentures) Rules, 2014, the outstanding amount at any time during the period shall be within the limits sanctioned under section 180(1)(c) of the Companies Act, 2013 and provided this, the disclosure requirements under first proviso of Rule 14 of Chapter IV The Companies (Share Capital and Debentures) Rules, 2014 is not applicable.

The Board recommends these resolutions for the approval of the members as "**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 4: DIVESTMENT OF STAKE HELD IN CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED, A MATERIAL SUBSIDIARY OF THE COMPANY

The Board of Directors of the Company (the '**Board**'), at its meeting held on August 8, 2023, approved the divestment by way of sale of its entire shareholding in Chaitanya India Fin Credit Private Limited ('**CIFCPL**'), a Non-Banking Financial Company-Micro Finance Institution ('**NBFC-MFI**') and a material subsidiary of the Company, representing 75.00000032% of the outstanding issued and paid-up capital of CIFCPL, to Svatantira Microfin Private Limited ('**Purchaser**'), a NBFC-MFI, that helps its women customers in rural villages become economically self-sustainable by

providing micro-loan, was in the best interest of the Company, for purchase consideration of 1165,50,00,049 (Rupees One Thousand One Hundred Sixty Five Crores Fifty Lakhs Forty Nine), subject to certain closing adjustments as detailed in the share purchase agreement], on terms and conditions set forth in a share purchase agreement dated August 8, 2023 executed between the Company, Navi Technologies Limited (the holding company), CIFCPL and the Purchaser ('**Proposed Transaction**'). The Proposed Transaction is subject to the terms of the share purchase agreement, including the approval from the Reserve Bank of India, the shareholders of the Company and such other approvals, consents, permissions and sanctions as may be necessary.

The Company has been on the path to build on its core competency i.e. digital lending and associated business, and evolve as a significant player in its key markets. Given its priorities and strategic focus, the Company decided to divest the entire stake held by the Company in CIFCPL. The Proposed Transaction provides growth capital for its strategic priorities and new growth initiatives.

Regulation 24(5) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('**SEBI Listing Regulations**') provides that a listed entity shall not dispose of shares in its material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without passing a special resolution in its general meeting, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under Section 31 of the Insolvency and Bankruptcy Code. CIFCPL's net worth exceeds 10% of the consolidated net worth of the Company and its subsidiaries in the immediately preceding accounting year. Pursuant to the SEBI Listing Regulations, CIFCPL's is a material subsidiary of the Company. Accordingly, the sale of the stake held by the Company, requires approval of the shareholders of the Company through a special resolution.

Section 180(1)(a) of the Companies Act, 2013 ('**the Act**') provides that a company shall not, except with the consent of the shareholders by way of a special resolution, sell, lease, or otherwise dispose of the whole, or substantially the whole of the undertaking of the Company. The term 'undertaking' has been defined to mean an undertaking in which the investment of the Company exceeds 20% of its net worth as per the audited balance sheet of the preceding financial year or which generates 20% of the total income of the company during the previous financial year. The expression 'substantially the whole of the undertaking' in any financial year has been defined to mean 20% or more of the value of the undertaking as per the audited balance sheet of the preceding financial year. Accordingly, the approval of the shareholders of the Company pursuant to the Section 180(1)(a) of the Act is being sought.

The Board is of the opinion that the Proposed Transaction demonstrates the management's continued commitment to create sustained long-term value for all stakeholders. The Proposed Transaction will further strengthen the Company's balance sheet and is in the overall best interest of the Company. The Board recommends passing of the resolution as set out in the Notice for approval of the Shareholders as a special resolution.

Mr. Sachin Bansal, Chairman and Chief Executive Officer and Mr. Ankit Agrawal, Managing Director of the Company also serve as Executive Directors on the Board of Directors of Navi Technologies Limited, the holding company.

None of the Directors or Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise in the resolution except to the extent of their shareholding in the Company, if any.

By order of the Board
For **Navi Finserv Limited**

Thomas Joseph
Company Secretary
Membership No. A53322

Place: Bangalore

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 29, 2023, at 09:30 AM at 2nd Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru – Karnataka, 560102

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 29, 2023, at 09:30 AM at 2nd Floor, Vaishnavi Tech Square, Iballur Village, Begur Hobli, Bengaluru – Karnataka, 560102 and at any adjournment thereof in respect of such resolutions as are indicated below:

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, 2023, TOGETHER WITH THE REPORTS OF THE BOARD OF DIRECTORS AND OF THE AUDITORS THEREON.	
2	TO APPOINT A DIRECTOR IN PLACE OF MR. SACHIN BANSAL WHO RETIRES BY ROTATION AND BEING ELIGIBLE, OFFERS HIMSELF FOR RE-APPOINTMENT	
3	DISCUSS AND APPROVE THE BORROWINGS OF THE COMPANY BY WAY OF ISSUANCE OF NON-CONVERTIBLE DEBENTURES	
4	DIVESTMENT OF STAKE HELD IN CHAITANYA INDIA FIN CREDIT PRIVATE LIMITED, A MATERIAL SUBSIDIARY OF THE COMPANY	

Signed this day of 2023

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.

Notes

[illegible]

Notes

[illegible]

Notes

[illegible]



Navi Finserv Limited

2nd Floor, Vaishnavi Tech Square,
Iballur Village, Begur Hobli, Bengaluru,
Karnataka 560102

